

**2025**

**Sustainability Report**



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# About This Report

## Report Overview

Zhejiang Medicine Co., Ltd. upholding a strong sense of social responsibility, releases an annual sustainability report. This report systematically discloses the Company's and its subsidiaries' core concepts, clear objectives, implementation progress, and future strategic plans in the field of sustainable development.

## Basis of Preparation

This report is prepared in accordance with *the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, while also referencing the GRI Standards issued by the Global Sustainability Standards Board (GSSB), the United Nations Sustainable Development Goals (SDGs), and the concerns in capital market Environmental, Social, and Governance (ESG) ratings.

## Data Sources

The information used in the report is from Zhejiang Medicine Co., Ltd. and its subsidiaries.

## Title Description

For ease of expression and reading, "ZMC", "we", "us" and "the Company" in this report refer to Zhejiang Medicine Co., Ltd. Unless otherwise stated, the terms used in this report and the abbreviations of subsidiaries have the same meanings as defined in the Company's *2025 Annual Report*.

## Reporting Entity and Periodicity

Unless otherwise specified, the policies, statements, and data in this report cover the Company's actual business scope, and the reporting entity is consistent with that of the Company's *2025 Annual Report*. The reporting period is from January 1, 2025 to December 31, 2025.

## Statement of Reliability

The Board of Directors is responsible for the authenticity, accuracy, and completeness of the report's content.

## Confirmation and Approval

The Board of Directors reviewed and approved this report on April 23, 2026.

## Accessing This Report

ZMC's sustainability report is released at the same time as the annual financial report. You can obtain the electronic version of this report in simplified Chinese and English from the following website. In case of any inconsistency between the versions, please refer to the simplified Chinese version.

 **Website:** <https://www.zmc.top/investor.html>

 **Company Headquarters Address:** 168 Zhiyuanzhong Avenue, Binhai New Town, Shaoxing, Zhejiang Province

# A Letter From Our Chairman



Li Nanxing ▲ Chairman of Zhejiang Pharmaceutical Co., Ltd

2025 marks a pivotal year — the conclusion of the 14th Five-Year Plan and a critical sprint toward the Healthy China 2030 goals. Globally, ESG is moving from consensus to action, and from concept to practice.

With the full emergence of "new quality productive forces", the paradigm of high-quality development, characterized by innovation-driven growth and digital-intelligent integration, is rapidly reshaping the landscape of the healthcare industry. Facing the converging trends of biotechnology and digitalization, and the parallel pursuit of precision medicine and universal health, ZMC is committed to deeply embedding ESG principles into its development strategy, steadfastly advancing on the path of high-quality development, and continuously creating shared value.

## Innovation-Driven Development, Forging the Engine of Growth

We regard technological innovation as the fundamental driver of our long-term growth, fully implementing our "Three Highs, Two Lows, One Combination" product strategy to drive the critical transformation from a "generic-focused" approach to an "innovation-led" one. Concurrently, we have established the Technology Innovation and New Drug Screening Committee, chaired by the Chairman of the Board, which brings together expertise of internal academic leaders and external specialists to create a collaborative and scientifically sound innovation governance system. Leveraging this platform, we focus on core therapeutic areas including anti-infectives, hormones, diabetes, and oncology, with a progressive pipeline of R&D projects accumulating powerful momentum for our long-term development.

## Green Transformation, Charting a Low-Carbon Pathway

We actively respond to global climate action initiatives and proactively align with the national "dual carbon" strategic goals, making climate change mitigation and greenhouse gas emission reduction a key priority for the Company's sustainable development. Guided by the philosophy of "energy conservation, carbon reduction, and green development", we have established a closed-loop management system covering the entire process of "energy procurement, usage, monitoring, and improvement". Through technology-driven management, we have built a data-driven digital energy management system, comprehensively enhancing our refined management capabilities.

## Social Responsibility, Harnessing the Power of Shared Progress

We integrate the principle of "people-centeredness" into our organizational development and community engagement practices, striving to build harmonious and win-win workplace environments and community relationships. Upholding the values of diversity, equity, and inclusion, we are dedicated to protecting the physical and mental health of our employees, supporting their work-life balance, and fostering a healthy and vibrant work atmosphere. Simultaneously, leveraging our resources and industry strengths, we regularly conduct public welfare and charitable activities, using concrete actions to unite social forces and collaborate with all sectors to build a harmonious development ecosystem. Through these dedicated efforts, we translate responsibility into action, ensuring that the benefits of development reach a wider community.

## Compliance Governance, Solidifying the Foundation of Trust

We continuously improve our corporate governance structure, emphasizing the professionalism and diversity of our Board of Directors to enhance the scientific and inclusive nature of our decision-making, thereby solidifying the foundation for sustainable development. In the areas of integrity, compliance, and information security, the Company strengthens its management of anti-corruption, bribery, and conflicts of interest. By enhancing our policy framework and reinforcing our risk culture, we build a robust defense line for compliant operations. Simultaneously, we have established a comprehensive data security protection system to ensure the safe and stable operation of core assets, fulfilling our responsibilities as a listed company to higher standards and building a trustworthy brand image.

Looking ahead to 2026, ZMC will steadfastly pursue a path of innovation-driven, green, low-carbon, open, and collaborative development. Leveraging the strategic pillars of greenization, digitalization, and internationalization, we will promote the symbiotic co-prosperity of ESG and business growth. We deeply recognize that only by aligning with the times, coexisting with society, and living in harmony with nature can we achieve enduring success. We look forward to joining hands with all stakeholders, expressing our commitment through responsibility and defining the future through action, as we collectively stride toward a healthier, greener, and more sustainable future.

# About ZMC

## Corporate Profile

Zhejiang Medicine Co., Ltd., established in May 1997, is a large-scale, joint-stock comprehensive pharmaceutical enterprise. In August 1999, approved by the China Securities Regulatory Commission, the Company publicly issued 58 million shares of Class A shares in RMB, and in October of the same year, its stock was listed on the Shanghai Stock Exchange.

ZMC is a national-level innovative enterprise and a national high-tech enterprise, currently possessing more than ten major branches (subsidiaries), including Zhejiang Medicine Co., Ltd. Xinchang Pharmaceutical Factory, Zhejiang Medicine Co., Ltd. Changhai Biological Company, Zhejiang LaiYi Medicine Co., Ltd., Novus Pharmaceuticals Co.,Ltd., Zhejiang Changhai Pharmaceuticals Co., Ltd., NovoCodex Biopharmaceuticals Co., Ltd., as well as one R&D organization: the Pharmaceutical Industry Research Institute.

## Main Business

ZMC's main business lines consist of life nutrients, pharmaceutical manufacturing, and pharmaceutical commerce. Over the years, the Company has developed specialized and large-scale production capabilities in a series of products, including fat-soluble vitamins, vitamin-like substances, quinolone antibiotics, and anti-resistance antibiotics. Products such as synthetic vitamin E, vitamin A, natural vitamin E,  $\beta$ -carotene, canthaxanthin, vancomycin hydrochloride, teicoplanin, and daptomycin hold leading positions both domestically and internationally. The Company's preparation products, including Levofloxacin and Sodium Chloride Injection, Vancomycin Hydrochloride for Injection ("Laikexin"), Teicoplanin for Injection ("Jialixin"), Miglitol Tablets ("Laiping"), and Nemonoxacin Malate Capsules and Injection ("Taijiexin"), occupy important positions in the domestic market.

## Business Layout

ZMC actively pursues comprehensive industry collaborations. In terms of business cooperation, the Company has established long-term and stable partnerships with renowned domestic and international enterprises, as well as distributors possessing strong marketing and customer service capabilities. Besides, the Company collaborates deeply with various medical and pharmaceutical associations, organizing academic promotional activities to foster technical exchanges and advancements in the industry.

## Development Strategy

ZMC adheres to the development strategy of "innovation and entrepreneurship, competitive development, developing the enterprise through science and technology, and strengthening the enterprise through talents". The Company focuses on the core line of product development, prioritizes structural adjustment, integrates various resources, strengthens original technological innovation and technological innovation for its competitive products, advances the international certification for its superior product lines, and vigorously promotes clean production and a circular economy. Based on a global vision, the Company has built a comprehensive market network, established a positive brand image, fostered an advanced corporate culture, and significantly enhanced its core competitiveness. At present, ZMC has grown into a pharmaceutical enterprise with advanced technologies, large scale, strong strength, and influential presence in the global market.

## Corporate Culture



### Corporate Philosophy

Win-win, care, innovation



### Corporate Purposes

Caring for human health




### Corporate Spirit

Unity, hard work, innovation, dedication

# ESG Highlights Performance

## Environmental

- Total GHG Emissions Decreased by **8.14%** Year-on-Year
- Investment in GHG Emission Reduction Increased by **86.95%** Year-on-Year
- Total Energy Consumption Decreased by **3.50%** Year-on-Year
- Total Volume of Recycled and Reused Water Increased by **24.27%** Year-on-Year
- 100%** of the Company's Operating Sites Have Undergone Specific Environmental Risk Assessment



## Governance

- Proportion of Employees at All Levels Who Have Received Anti-commercial Bribery and Anti-corruption Training Exceeds **90%**
- 0** Confirmed Legal Lawsuits Involving Corruption of the Company and Its Employees
- 0** Corruption-related Reports Received



## Social

- Female Employees Accounted for **37.86%**
- Employee Training Coverage Reached **97%**
- Total Employee Training Hours Amounted to **378,692** Hours
- Material Suppliers That Completed the Environmental and Social Questionnaire Assessment Represented **98.56%**
- R&D Investment Totalled RMB **580** Million
- Total Product Recalls Were **0**
- Product Sampling Inspection Pass Rate Was **100%**



## Awards and Honours

<p>Top 500 Listed Companies in China's Manufacturing Industry by Value 2024</p> <p>January 2025</p>	<p>Top 100 Pharmaceutical Enterprises in China's Pharmaceutical Market (Chemical Drugs) 2024</p> <p>March 2025</p>	<p>Pioneer Enterprise in Green and Sustainable Development of Health and Beauty Industry 2025</p> <p>April 2025</p>
<p>Top 100 China Pharmaceutical Enterprises by Comprehensive R&amp;D Strength 2025</p> <p>June 2025</p>	<p>Top 100 China Chemical Pharmaceutical Enterprises by R&amp;D Strength 2025</p> <p>June 2025</p>	<p>CPHI China Leading Enterprise of Pharma Internationalization Award</p> <p>June 2025</p>
<p>Top 100 Enterprises in China's Pharmaceutical Industry by Main Business Revenue 2024</p> <p>July 2025</p>	<p>Selected in "Top 100 China Pharmaceutical Industry by Comprehensive Competitiveness 2025"</p> <p>August 2025</p>	<p>Shortlisted in "Top 500 Private Enterprises in R&amp;D Investment 2025"</p> <p>September 2025</p>

# 01

## Responsible Operations Building a Solid Foundation for Development

The Company adheres to the management philosophy of "people-oriented, innovation-driven", deeply integrating sustainable development into its strategic planning and daily operations. By continuously improving its governance structure, the Company is committed to building a responsible governance system and working with all stakeholders to promote the long-term implementation of sustainable development goals.

### Contribution to the SDGs

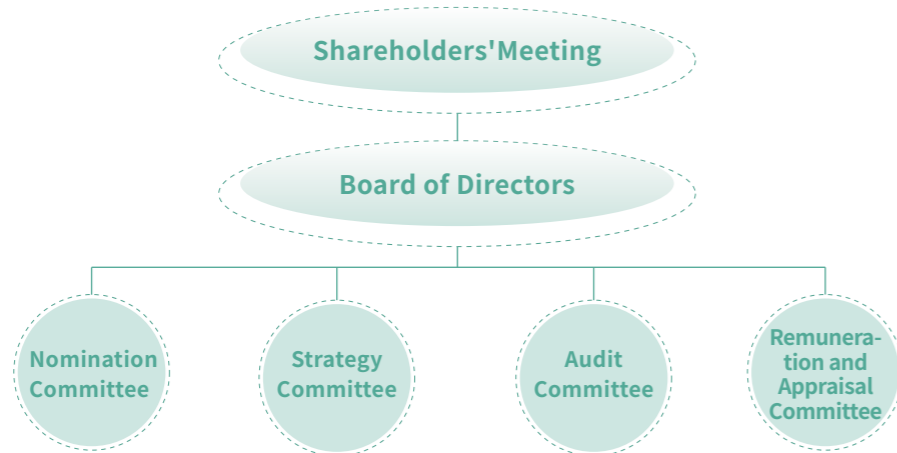


# Advancing Corporate Governance

## Governance Structure

ZMC strictly complies with the *Company Law of the People's Republic of China*, the *Guidelines for the Articles of Association of Listed Companies*, and other relevant laws, regulations, and normative documents, upholding the standardization and transparency of corporate governance. In 2025, in response to regulatory guidance and its own development needs, the Company adjusted its governance structure to a "two-meeting" legal entity governance structure centered on the Shareholders' Meeting and the Board of Directors, with the Audit Committee under the Board assuming supervisory functions, thereby establishing a balanced and efficient governance model. Concurrently, the Company revised and improved the *Company's Articles of Association* and related policies to continuously enhance governance effectiveness.

### ZMC Corporate Governance Structure



### Shareholders' Meeting

- The Shareholders' Meeting is the highest authority of the Company. We have established detailed rules of procedure for the Shareholders' Meeting and organize the meeting in accordance with these rules.
- The Company adheres to the principle of fairness, ensuring that the controlling shareholder exercises its shareholder rights through the Shareholders' Meeting in accordance with the law. We prevent insider trading and conflicts of interest through clear investor communication strategies and well-defined information dissemination policies.
- The Company maintains complete independence from its controlling shareholder in key areas such as personnel allocation, asset management, financial operations, organizational structure, and business development, ensuring the independence and autonomy of corporate governance.

### Board of Directors

- In terms of corporate governance, ZMC follows the guiding principles of the *Company Law of the People's Republic of China* and the *Company's Articles of Association* to rigorously select directors and independent directors.
- The Board of Directors has established four special committees: Audit Committee, Nomination Committee, Strategy Committee, and Remuneration and Appraisal Committee. Each committee has clearly defined functions and detailed implementation rules.
- The convening and resolution procedures of the Board of Directors strictly comply with the *Company's Articles of Association* and the *Rules of Procedure for the Board of Directors*, ensuring the standardization and transparency of the meeting process.

ZMC places high importance on the diversity of its Board of Directors. In 2025, the Company added a new female employee director, further optimizing gender and structural diversity. In terms of member selection, the Company values the complementary diversity of industry knowledge, professional backgrounds, and management experience. The professional expertise of Board members covers key areas such as risk management, law, industry operations, and sustainable development, continuously enhancing the scientific and inclusive nature of decision-making.

During the reporting period:  
The percentage of female directors on the Board was **33.33%**

## Protection of Investor Rights and Interests

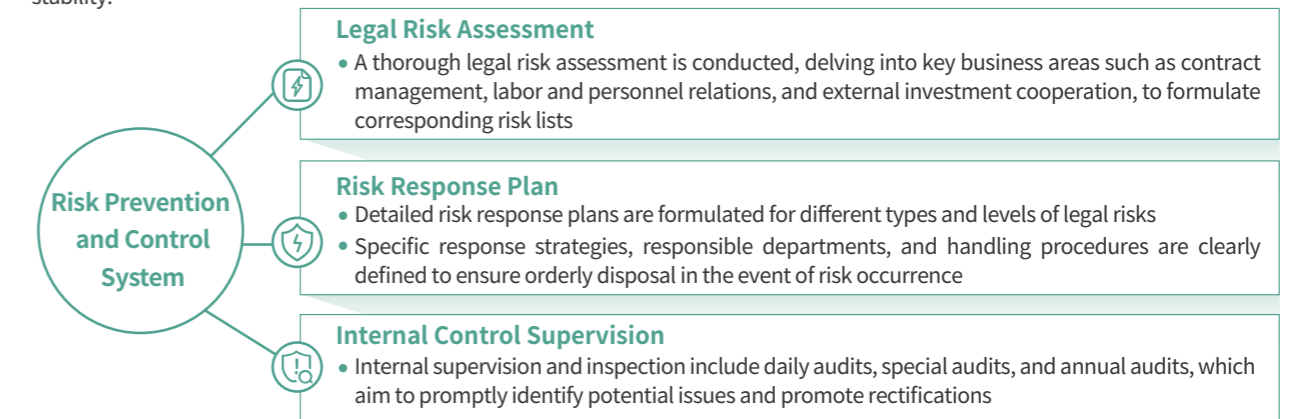
We adhere to the principles of openness, fairness, and impartiality, disclosing corporate information in a timely, accurate, and complete manner to safeguard investors' legitimate rights and interests and enhance the Company's brand image. Through various channels such as the Shareholders' Meeting, results briefings, investor interaction platforms, and dedicated feedback email, the Company actively engages in investor relations management, regularly disclosing semi-annual and annual financial reports to ensure that shareholders and investors have timely access to the Company's financial condition, governance structure, and strategic development.

## Risk Management

A sound and efficient risk management and internal control system is a critical safeguard for ZMC to achieve its strategic goals. Based on the *Basic Standards for Enterprise Internal Control*, the *Supporting Guidelines for Enterprise Internal Control*, and its actual operational needs, the Company continuously improves its internal control system, developing and regularly updating core policy documents such as the *Internal Control Management System - Manual of Control Activities* and the *Internal Control Management System - Manual of Corporate Governance*.

In 2025, the Company systematically revised its relevant internal control and risk management policies, further strengthening operational compliance, asset security, and the reliability of financial information, effectively supporting corporate governance effectiveness and sustainable development capabilities.

The Company has established a systematic risk prevention and control system. By proactively identifying, scientifically assessing, and effectively responding to various legal risks, it mitigates legal disputes and potential losses, ensuring operational compliance and stability.



### Legal Risk Assessment

- A thorough legal risk assessment is conducted, delving into key business areas such as contract management, labor and personnel relations, and external investment cooperation, to formulate corresponding risk lists

### Risk Response Plan

- Detailed risk response plans are formulated for different types and levels of legal risks
- Specific response strategies, responsible departments, and handling procedures are clearly defined to ensure orderly disposal in the event of risk occurrence

### Internal Control Supervision

- Internal supervision and inspection include daily audits, special audits, and annual audits, which aim to promptly identify potential issues and promote rectifications

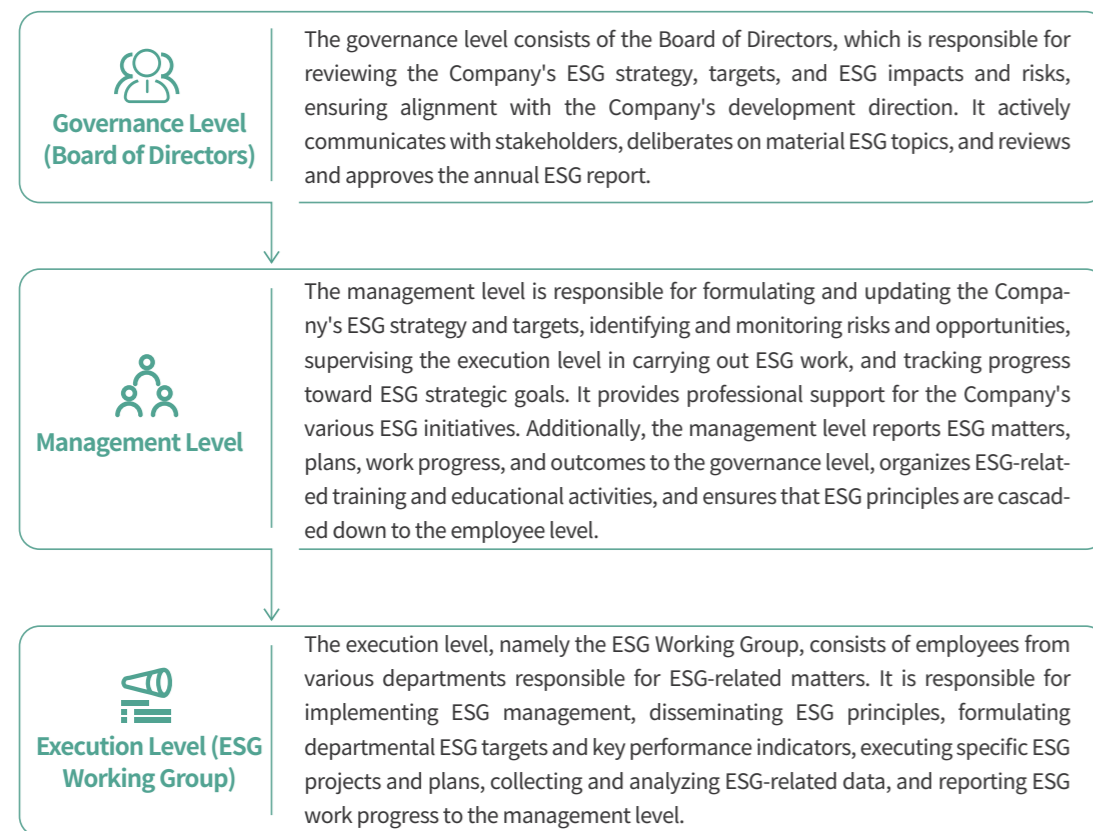
In terms of risk assessment, the Company leverages its information systems to achieve end-to-end contract management, participates in major commercial negotiations and project reviews, and completes legal reviews of suppliers. By strengthening source control of cooperation risks, conducting regular compliance screening, and dynamically tracking policy implementation, the Company enhances its internal control level. In legal affairs management, the Company actively pursues trademark protection and criminal case filings for counterfeit products, while properly handling labor disputes, consumer complaints, clinical liability disputes, and intellectual property issues. Additionally, each year the Company organizes annual internal control inspections, AEO and import/export internal audits, and other special audits, ensuring the normalization and standardization of internal audit work.

# Sustainable Development Governance

## ESG Governance Structure

ZMC has established a three-tier ESG governance structure comprising the governance level, management level, and execution level, working in synergy to ensure sound decision-making and effective oversight of ESG-related matters. This structure clearly defines the roles and responsibilities, decision-making processes, and supervision mechanisms at each level, as well as the frequency of regular reporting. It facilitates the deep integration of ESG management into the Company's daily operations and annual performance appraisal system, supporting the implementation and execution of its sustainable development strategy.

### ZMC ESG Governance Structure







To continuously enhance the strategic decision-making capability of the Board of Directors, the Company regularly organizes ESG-themed meetings, systematically deepening the Board's knowledge and understanding of relevant standards and policy trends. This ensures that Board members accurately grasp industry regulatory trends and effectively fulfill the governance level's leading role in sustainable development.

## Stakeholder Communication

ZMC places high importance on stakeholder communication. By establishing a regular two-way communication mechanism with eight key stakeholder groups, including employees, customers, and suppliers, the Company gains an in-depth understanding of their expectations and needs. Together with its stakeholders, ZMC strives to continuously improve its sustainable development management capabilities.

Stakeholders	Key Focus Areas	Communication Channels and Frequency
 <b>Shareholders/Investors</b>	<ul style="list-style-type: none"> <li>Compliant Operations</li> <li>Compliant Information Disclosure</li> <li>Anti-Corruption and Business Ethics</li> <li>Risk Management</li> <li>Shareholder Returns</li> <li>Product Innovation and R&amp;D</li> <li>Industry Development Trends</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' Meeting (Regular and Ad Hoc)</li> <li>Results Briefings (Regular)</li> <li>Investor Interaction Platform (Ad Hoc)</li> <li>On-Site Visits (Regular and Ad Hoc)</li> <li>Telephone And Email Interviews (Regular)</li> </ul>
 <b>Government</b>	<ul style="list-style-type: none"> <li>Lawful and Compliant Operations</li> <li>Occupational Health and Safety</li> <li>Fulfillment of Social Responsibility</li> <li>Biodiversity</li> <li>Emissions Management</li> </ul>	<ul style="list-style-type: none"> <li>On-Site Inspections and Work Reports (Ad Hoc)</li> <li>Correspondence (Ad Hoc)</li> <li>Regular Information Disclosure of Listed Companies (Ad Hoc)</li> <li>Telephone and Email Interviews (Ad Hoc)</li> <li>Questionnaires (Ad Hoc)</li> <li>Information Submission (Ad Hoc)</li> <li>Online and Offline Meetings (Ad Hoc)</li> </ul>
 <b>Regulatory Authorities (Zhejiang Securities Regulatory Administration, Shanghai Stock Exchange, etc.)</b>	<ul style="list-style-type: none"> <li>Shareholder Returns</li> <li>Compliant Information Disclosure</li> <li>Lawful and Compliant Operations</li> <li>Investor Relations Management</li> </ul>	<ul style="list-style-type: none"> <li>Online Service Platform of China Securities Regulatory Commission (Ad Hoc)</li> <li>Shanghai Stock Exchange Business Management System (Ad Hoc)</li> <li>Telephone and Email Interviews (Ad Hoc)</li> <li>Questionnaires Survey (Ad Hoc)</li> <li>Information Submission (Ad Hoc)</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Protection of Employees' Rights &amp; Interests</li> <li>Remuneration and Benefits</li> <li>Employee Training and Development</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Employee Work Groups (Ad Hoc)</li> <li>Employee Suggestion Boxes (Ad Hoc)</li> <li>Employee Representative Congresses (Ad Hoc)</li> <li>Labor Union Email (Ad Hoc)</li> </ul>

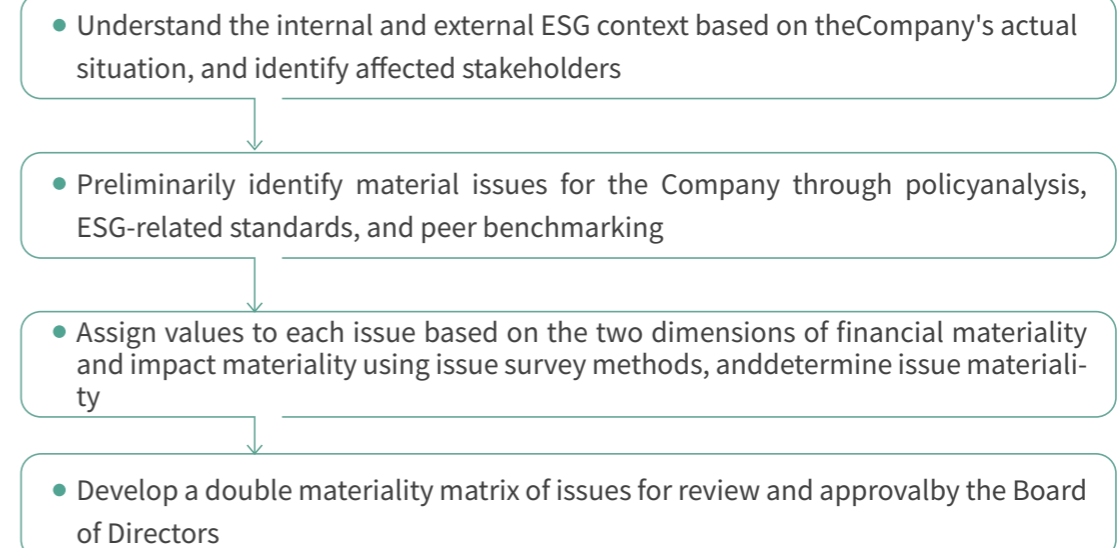
Stakeholders	Key Focus Areas	Communication Channels and Frequency
 <b>Clients/Customers</b>	<ul style="list-style-type: none"> <li>Product Quality and Safety</li> <li>Protection of Customers' Legal Rights and Interests</li> <li>Responsible Marketing</li> <li>Intellectual Property Protection</li> <li>Information Security Protection</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated Visits (Ad Hoc)</li> <li>Telephone, Email, etc. (Ad Hoc)</li> <li>Customer Satisfaction Surveys (Regular)</li> </ul>
 <b>Supplier</b>	<ul style="list-style-type: none"> <li>Product Quality and Safety</li> <li>Open and Fair Procurement</li> <li>Customer Information and Privacy Protection</li> <li>Compliance with Business Ethics</li> <li>Sustainable Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>Public Bidding (Ad Hoc)</li> <li>On-Site Audits (Regular and Ad Hoc)</li> <li>Supplier Management (Ad Hoc)</li> <li>Supplier Training (Ad Hoc)</li> </ul>
 <b>Non-Profit Organization / Community Organization</b>	<ul style="list-style-type: none"> <li>Supporting Community Development</li> <li>Participation in Public Welfare Activities</li> <li>Advocating Environmental Protection and Public Welfare</li> <li>Caring for Disadvantaged Groups</li> </ul>	<ul style="list-style-type: none"> <li>Company Official Website (Regular and Ad Hoc)</li> <li>Communication and Interviews (Ad Hoc)</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>Compliant Information Disclosure</li> <li>Maintaining Good Cooperation</li> <li>Special Interviews</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated Visits (Ad Hoc)</li> <li>Telephone, Email, etc. (Ad Hoc)</li> <li>Customer Satisfaction Surveys (Regular)</li> </ul>

## Identification of Material Issues

ZMC regards the identification of material issues as a key component of its sustainable development management. The Company continuously monitors domestic and international ESG-related policies and regulations, industry development trends, and capital market focal points. In accordance with the requirements for issue materiality management and disclosure set forth in the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, the Company regularly conducts double materiality assessments of issues.

In 2024, the Company broadly collected opinions from internal and external stakeholders through questionnaire surveys, and, in conjunction with professional advice from third-party experts, conducted in-depth analysis, review, and discussion of the identified issues, forming a double materiality matrix that serves as a key reference for the Company's sustainable development management. In 2025, we reviewed the results of the double materiality assessment, considering changes in the external environment and the Company's development. We concluded that the results remain applicable and have used them as the basis for this year's sustainable development management.

## ZMC Materiality Analysis Process





- Product and Technology Innovation
- Product Quality and Safety Management
- Energy Utilization
- Compliant Operation and Business Ethics
- Responsible Marketing
- Supply Chain Management
- Product Accessibility
- Customer Service
- Data Security and Privacy Protection
- Occupational Health and Safety

- Pollutant Prevention and Control Management
- Employee Career Development and Training
- Ethics in Technology
- Water Resource Utilization
- Social Welfare and Rural Revitalization
- Environmental Compliance Management
- Employee Rights and Interests
- GHG Emission Management
- Circular Economy
- Tackling Climate Change

Financial Materiality Issue	Governance, Strategy	Impact	Risk	Opportunity	Indicator and Target	
					Target	Target Achievement Status
Product and Technology Innovation	Refer to "Sustainability Governance" and "Product and Technology Innovation" sections	Provide patients with more effective and safer innovative drugs, improving public health	R&D failure may lead to sunk costs	Help open new business opportunities and revenue growth points	Incentivize core technology R&D and innovation, actively promote related patent R&D and filing	During the reporting period, 23 invention patent applications filed, 46 invention patents granted
					Strengthen product quality management system and continuously improve product quality	During the reporting period, 5 quality system documents were established and 33 were revised
Product Quality and Safety Management	Refer to "Sustainability Governance" and "Product Quality and Safety Management" sections	Good product quality ensures consumer drug safety	Product issues may lead to recalls, lawsuits, etc	Exceed customer expectations and gain new business opportunities	Improve pharmacovigilance management system to ensure consumer drug safety	During the reporting period, 21 pharmacovigilance system documents were updated

Financial Materiality Issue	Governance, Strategy	Impact	Risk	Opportunity	Indicator and Target	
					Target	Target Achievement Status
Energy Utilization	Refer to "Sustainability Governance" and "Low-Carbon Operations" sections	High energy consumption in production operations may negatively impact surrounding communities and global climate	Inefficient energy management increases operating costs	Efficient energy management helps reduce costs and improve economic benefits	Improve energy utilization efficiency	During the reporting period, adhered to green operations philosophy, implemented multiple energy-saving tech transformation projects
					Reduce energy consumption by 3% annually	During the reporting period, standard coal equivalent consumption (equivalent value) of overall production enterprises decreased by 3.50% year-on-year
Compliant Operation and Business Ethics	Refer to "Sustainability Governance" and "Business Ethics and Anti-Corruption" sections	Compliant operations help build an honest business environment and promote healthy, sustainable industry development	Violations of compliance and business ethics lead to compensation and fines	Identify policy opportunities in advance and gain market advantage	Conduct regular business ethics training to build a culture of integrity	During the reporting period, total anti-corruption and business ethics training reached 9,796 hours
					Zero major penalties, investigations by authorities, lawsuits, or rectification events due to business ethics or corruption	During the reporting period, no such events occurred

Financial Materiality Issue	Governance, Strategy	Impact	Risk	Opportunity	Indicator and Target	
					Target	Target Achievement Status
<b>Responsible Marketing</b>	Refer to "Sustainability Governance" and "Responsible Marketing and Anti-Unfair Competition" sections	Ensure accurate product information transmission and protect consumers from misleading	Marketing compliance issues may lead to legal lawsuits, loss of consumer trust, and other negative impacts	Compliant marketing protects consumer rights, wins consumer trust, and helps maintain corporate reputation and market position	Conduct regular responsible marketing training to continuously improve internal team marketing compliance	Promote responsible marketing concepts to relevant employees through quarterly, semi-annual, and year-end meetings to eliminate misleading promotion
<b>Supply Chain Management</b>	Refer to "Sustainability Governance" and "Supply Chain Management" sections	Strengthen compliance and ESG management across upstream and downstream supply chains to promote sustainable industry development	Supply chain management failures lead to increased operating costs and reduced profitability	Stable and compliant supply chain ensures timely product/service delivery and enhances customer trust	Continuously improve the signing rate of supplier quality assurance agreement commitment letters	During the reporting period, signing rate for quality assurance agreements with Class A, B, and C material suppliers reached 100%
<b>Product Accessibility</b>	Refer to "Sustainability Governance" and "Product Accessibility" sections	Promote health equity by improving product accessibility	Numerous similar products on the market lead to greater competition in quality, price, service, etc.	Enhance price and quality advantages, improve product affordability, expand global markets, increase market coverage, and boost brand trust	Continuously promote the process of making it easier for patients to understand, purchase, and safely use company products	During the reporting period, continuously improved product accessibility by optimizing channel layout and including products in the national medical insurance catalog

Financial Materiality Issue	Governance, Strategy	Impact	Risk	Opportunity	Indicator and Target	
					Target	Target Achievement Status
<b>Customer Service</b>	Refer to "Sustainability Governance" and "Customer Relationship Management" sections	High-quality customer service provides patients with a better medication experience	Failure to establish good customer relationships leads to reduced market share	Enhanced customer satisfaction drives revenue growth	Identify customer needs and demands through multiple channels, continuously monitor user feedback and respond actively	During the reporting period, complaint response rate and resolution rate reached 100%
<b>Data Security and Privacy Protection</b>	Refer to "Sustainability Governance" and "Data Security and Privacy Protection" sections	Information security and data breaches may affect value chain partners, leading to leakage of trade secrets	Data breaches lead to increased technology investment costs, reduced market share, legal lawsuits, fines, and other negative impacts	Enhance customer trust and ensure continuity of operations and business activities	Zero major information security leaks, zero major information system failures, zero business continuity interruptions	During the reporting period, no such events occurred
<b>Occupational Health and Safety</b>	Refer to "Sustainability Governance" and "Occupational Health and Safety" sections	Proactive occupational health and safety management helps create a safer work environment and improve employee work experience	Workplace accidents and occupational diseases lead to reduced productivity, reputational damage, and increased labor costs	Healthy and safe work environment promotes operational stability and reduces compliance costs such as insurance premiums	Continuously strengthen the construction of occupational health and safety management system	During the reporting period, Xinchang-pharma, Changhai Biological, Fangyuanxin, Changhai Pharma and Novus all obtained ISO 45001:2018 certification

# 02

## Green Transformation Advancing Toward a Low-Carbon Future

### Responsive Issues

- Tackling Climate Change
- GHG Emission Management
- Energy Utilization
- Environmental Compliance Management
- Pollution Prevention and Control Management
- Water Resource Utilization
- Circular Economy
- Biodiversity

ZMC integrates environmental management comprehensively into its operations, establishing a systematic carbon management system, continuously improving energy efficiency, and ensuring all production activities strictly comply with environmental requirements. The Company actively implements refined pollution prevention and control measures, optimizes water resource allocation and utilization, deeply explores circular economy models, and strives to reduce resource consumption. At the same time, the Company places high importance on the impact of its production and operations on ecosystems, diligently fulfils its biodiversity protection responsibilities, and is committed to promoting harmonious co-existence with the natural environment while realizing economic value.

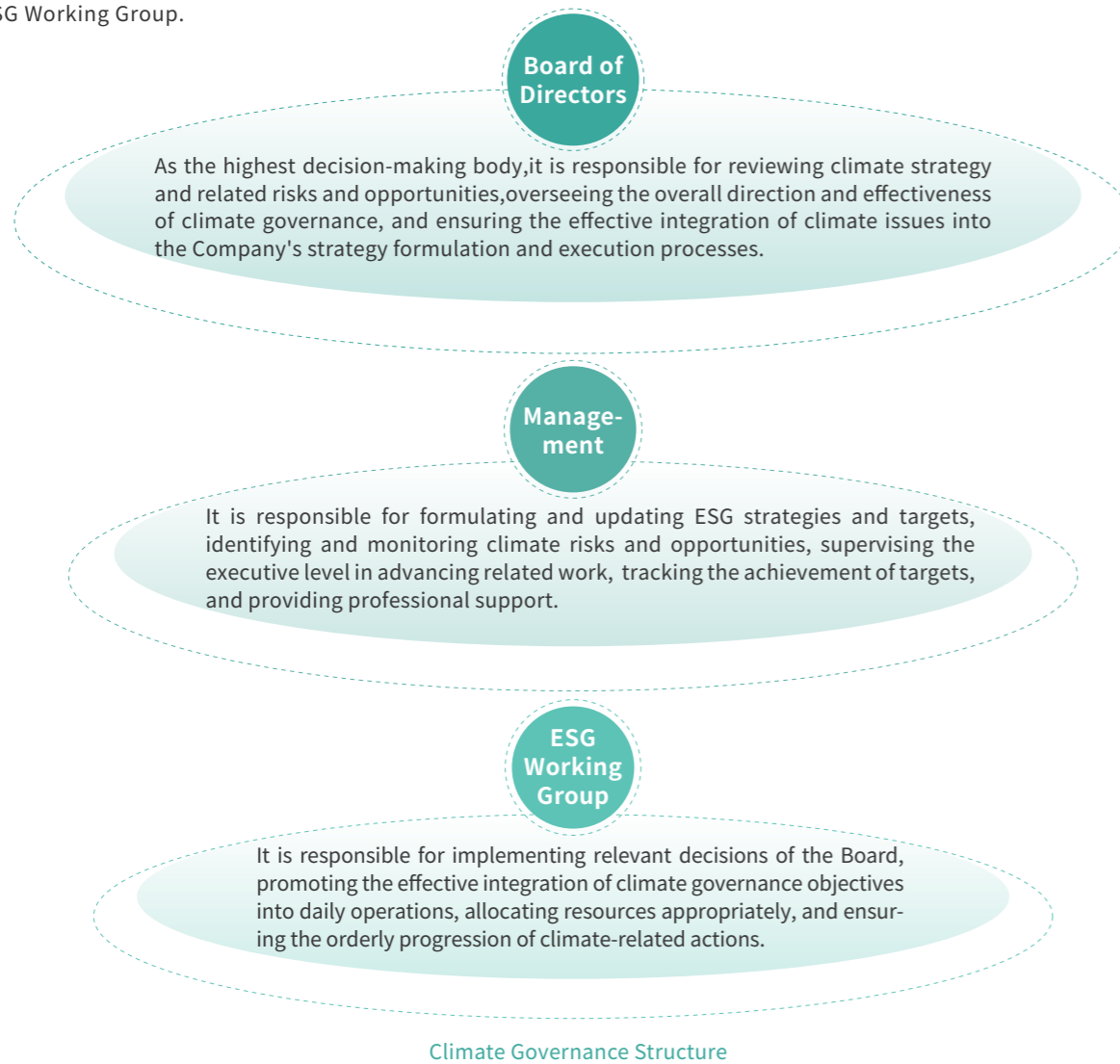
### Contribution to the SDGs



# Tackling Climate Change

## Governance

The Company places high importance on the governance and response to climate change-related topics, and has established a three-tiered interlinked governance structure comprising the Board of Directors, management, and the ESG Working Group.



## Strategy

ZMC adopts a scientific and systematic approach to formulating its climate change management strategy, actively exploring cleaner and more sustainable operational models. The Company conducts systematic assessments from the two dimensions of physical risk and transition risk, identifies climate change-related risks and potential impacts, and develops targeted response measures to enhance climate resilience.

Risk Type	Specific Risk	Potential Impact	Response Measures
Physical Risk	Extreme weather events and natural disasters such as typhoons and floods	<ul style="list-style-type: none"> <li>Disruption to the stability of supply of raw materials and equipment, potentially leading to production interruption or capacity reduction, adversely affecting the continuity of the Company's R&amp;D activities and the execution of production plans, thereby impacting overall operational efficiency and financial stability.</li> <li>Greater challenges to supply chain resilience, potentially causing logistics disruptions and affecting product delivery.</li> </ul>	<ul style="list-style-type: none"> <li>Develop specialized protocols such as the <i>Emergency Response Plan for Headquarters Building, Novus Pharmaceuticals Co., Ltd. Special Emergency Response Plan for Typhoon, Flood and Inundation Prevention, Zhejiang Fangyuanxin Bio-pharmaceutical Co., Ltd. Comprehensive Emergency Drill Plan</i>, and the "One Factory, One Policy" emergency plan for heavy pollution weather, ensuring actions are grounded in established procedures.</li> <li>Establish a 24-hour emergency command center duty mechanism to track meteorological changes in real time; upon receipt of a typhoon warning, issue an <i>Urgent Notice on Flood and Typhoon Prevention</i> and arrange for leading cadres to be on duty, ensuring efficient communication and command.</li> <li>Conduct annual special emergency drills; pre-position necessary materials and protective equipment to ensure rapid response and effective handling in the event of an emergency.</li> <li>Purchase accidental property insurance against extreme weather events such as typhoons and freezing conditions, using risk transfer mechanisms to reduce potential financial impacts of disasters.</li> </ul>
Transition Risk	Policy and compliance risk	<ul style="list-style-type: none"> <li>With the accelerated implementation of global policies on climate change and increasingly stringent domestic regulatory oversight on "dual carbon" (carbon peak and carbon neutrality), the Company faces increasingly complex compliance challenges. Failure to meet carbon emission reduction targets in a timely manner may lead to project approval delays or additional carbon compliance costs.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously promote technological progress in production processes, such as applying continuous equipment and optimizing process routes, to reduce carbon emissions at source.</li> <li>Systematically carry out product-level carbon accounting to quantify environmental impacts and provide data support for precise carbon reduction.</li> <li>Several of the Company's subsidiaries have obtained ISO 14001 environmental management system certification, ensuring ongoing compliance.</li> </ul>

Risk Type	Specific Risk	Potential Impact	Response Measures
	Market and technology risk	<ul style="list-style-type: none"> <li>Downstream customers impose increasingly stringent requirements on the green attributes of the supply chain. If the pace of carbon reduction lags behind peers, the Company may be excluded from the list of preferred suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Benchmark against advanced industry practices and actively participate in the formulation of green standards.</li> <li>Advance the construction of a "Zero-waste Group" to build differentiated competitiveness through low-carbon management.</li> </ul>
	Reputational risk	<ul style="list-style-type: none"> <li>With the growing prevalence of responsible investment principles, financing thresholds will continue to rise. Poor ESG performance will weaken the Company's attractiveness in capital markets, leading to narrower financing channels and higher financing costs.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a clearly defined ESG governance structure, deepen ESG issue management, and integrate ESG management into the Company's strategy and decision-making processes.</li> <li>Establish a regular investor communication mechanism to accurately address capital market concerns and demands regarding ESG performance.</li> </ul>

Furthermore, we proactively capture strategic opportunities arising from climate change, including building a competitive market advantage through lower energy consumption costs by optimizing energy and process flows, and attracting more long-term capital pursuing sustainable development through excellent ESG performance. We will continue to deepen low-carbon management, enhance our resilience against natural disasters, and strive to establish a new high ground for technology export in the industry's green transition, thereby laying a solid foundation for our future sustainable development.

## Impacts, Risks, and Opportunities Management

In accordance with regulatory requirements, we systematically assess the potential impacts of climate change on our strategy and financial position through a multi-departmental collaboration mechanism, and classify and prioritise relevant risks based on their degree of impact. For significant climate-related risks identified, we develop and implement response strategies such as optimising the energy mix, improving resource utilisation efficiency, and promoting the development and application of low-carbon technologies. At the same time, we actively seize transitional opportunities arising from climate action, incorporate climate factors into our business decisions, continuously improve our climate governance mechanisms, and steadily enhance our adaptive capacity and management resilience in response to climate change.

## Metrics and Targets

The Company has established clear targets for carbon emission and energy management, systematically advancing carbon reduction efforts across all aspects of its production and operations, and continuously reducing the climate impact of its business activities. For details, see Section 2.2 Low-Carbon Operations. For carbon emission-related data, see the Key Performance Indicator table in the Appendix.

# Low-Carbon Operations

## Low-Carbon Management

ZMC continues to advance low-carbon operations management, actively responds to global climate action initiatives, and proactively aligns with China's strategic goals of achieving carbon peak by 2030 and carbon neutrality by 2060, making climate change response and greenhouse gas emission reduction key priorities for the Company's sustainable development.

The Company has established a low-carbon management organizational system led by the Energy Saving, Carbon Reduction and Emission Reduction Leading Group, with the Energy Saving, Carbon Reduction and Emission Reduction Office established under it responsible for specific implementation. The Leading Group is responsible for approving the direction and key tasks of energy saving and carbon reduction work; the Office undertakes the functions of planning and promoting daily work, process tracking, implementation coordination, and effect evaluation, forming a closed-loop work process of "target breakdown - implementation follow-up - evaluation and feedback".

In 2025, we comprehensively upgraded the institutional system, revising and issuing the *Zhejiang Medicine Co., Ltd. Energy Conservation and Carbon Emission Reduction Project Assessment Scheme* and the *Zhejiang Medicine Co., Ltd. Carbon Emission Management Measures*. We strengthened control at the project source, ensuring the scientific basis and effectiveness of energy saving and carbon reduction projects through a pre-approval review mechanism. At the same time, by establishing a standardized carbon business tendering and bidding process, clarifying carbon accounting standards, and compiling the *Corporate Carbon Emission and Product Carbon Footprint Accounting Manual* as an operational guide, we have formed a full-chain carbon management system covering project application, process management, and data accounting, laying a solid foundation for sustainable development.

### Carbon Accounting

The Company continuously advances the precise quantification of greenhouse gas emissions, continuously improves the full-process management covering data monitoring, emissions accounting and information disclosure, and ensures the systematic, scientific and effective management of carbon emissions.

#### System Development for Accounting

Annual emissions inventory is conducted in accordance with the ISO 14064-1 international standard, achieving standardization and institutionalization of accounting methodologies.

#### Data Quality Assurance

Independent third-party organizations are engaged to verify annual emissions data, ensuring accuracy, completeness and transparency, and providing a reliable basis for emission reduction decisions.

#### Product Carbon Footprint

The Company steadily advances the lifecycle carbon emission accounting of key products. As of the end of the reporting period, the carbon footprint accounting of 18 products has been completed cumulatively, continuously strengthening the data foundation for carbon management.

#### Carbon Accounting Management Mechanism

## Implementation of Decarbonization Practices

To enhance energy efficiency and reduce energy consumption, we actively organize the application and research of energy-saving and carbon-reduction projects, consolidating the technical foundation. At the same time, we carefully plan thematic publicity activities, continuously strengthen employees' energy conservation and environmental protection education, and promote the integration of green concepts into daily operations.

### Case

#### Thematic Publicity Campaign on Energy Conservation and Carbon Reduction

In positive response to the themes of the 2025 National Energy Conservation Publicity Week ("Energy Efficiency and Renewal-led Leadership") and the National Low-Carbon Day ("Low-Carbon Pioneers, Greening the Future"), ZMC issued the *Notice on Launching the 2025 ZMC Thematic Publicity Campaign on Energy Conservation, Carbon Reduction and Emission Reduction* on 20 June 2025, initiating the annual series of publicity campaigns on energy conservation, carbon reduction and emission reduction. ZMC's headquarters and its subsidiaries including Changhai Pharma, Novus, Keming Biopharmaceuticals, Xinchang-pharma, Zhongxian Biotechnology and Keming Biopharmaceuticals jointly participated.

During the campaign, the Company planned and carried out various forms of online and offline thematic publicity. As one of the key components, a themed cultural wall contest attracted active responses from various workshops and departments, with 42 submissions collected. Following internal evaluation and employee voting, outstanding works were selected and commended, further fostering a company-wide atmosphere of attention to and participation in energy conservation. Additionally, to strengthen employees' awareness of energy conservation and carbon reduction, the Company set up an offline knowledge quiz session in Changhai industrial park, attracting over 800 employees, achieving a positive outcome of promoting learning through competition and action through learning.



Thematic Publicity Campaign on Energy Conservation and Carbon Reduction

As of the end of the reporting period, ZMC:

Has cumulatively applied for **86** energy conservation, carbon reduction and emission reduction projects.

Has cumulatively completed **82** energy conservation and carbon reduction retrofitting projects.

Has cumulatively completed acceptance inspection for **33** energy conservation and carbon reduction projects.

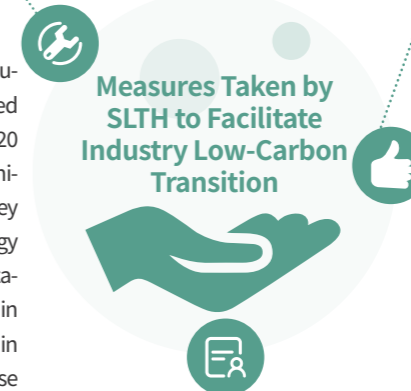
## Promoting the Low-Carbon Transition of the Industry

On the basis of continuously strengthening its own carbon management capabilities, ZMC actively assumes industry leadership responsibilities. We have deeply participated in the revision of the industry group standard *Technical Specification for Zero-Carbon Factory Evaluation (Pharmaceutical Industry Enterprises)* organized by the China Energy Conservation Association, helping to promote the standardized development and widespread implementation of zero-carbon factory evaluation systems within the industry.

Furthermore, SLTH, a subsidiary of ZMC, as the sole carrier operator of the pharmaceutical and chemical Environment, Health and Safety (EHS) platform, firmly pursued green development concepts in 2025 and adopted multiple measures to advance the low-car-

### Technological Innovation

Focusing on the development of continuous processes, the Company has achieved technological breakthroughs in over 20 projects and successfully overcome technical bottlenecks in more than 60 key reaction steps. Continuous flow technology has been extended to over 20 industrialization projects, achieving a 30% increase in reaction efficiency, a 25% reduction in energy consumption, and a 60% decrease in safety risks, driving the iterative upgrade of green production technologies in the industry.



### Pollution and Carbon Reduction

A special campaign on Leak Detection and Repair (LDAR) was carried out, providing professional testing services to 42 enterprises and repairing over 3,000 leakage points, reducing annual VOCs emissions by more than 200 tonnes. A full-chain solution covering "three wastes" treatment and energy conservation and carbon reduction has been developed, providing pollution and carbon reduction services to pharmaceutical and chemical industrial parks and optimizing park energy efficiency and emission intensity.

### Industry Collaboration

Communication platforms have been established, and industry annual conferences, practical carbon reduction sharing sessions and technical matchmaking meetings have been organized to facilitate green technology exchange and resource sharing, leading regional low-carbon transformation.



Zhejiang Province "Ten Chains, Hundred Venues, Thousand Enterprises" Technical Matchmaking Session

## Energy Management

ZMC thoroughly implements the concept of "energy conservation, carbon reduction and green development" and strictly complies with the *Energy Conservation Law of the People's Republic of China*. The Company has formulated and implemented the *Energy Management Procedure*, establishing a closed-loop control system covering the entire process of "energy procurement – usage – monitoring – improvement", continuously consolidating the foundation of energy management.

The Company has set a target of reducing energy consumption by 3% year-on-year. In 2025, through the implementation of energy management and various energy-saving measures, the total equivalent standard coal consumption (equivalent value) of the Company's production enterprises decreased by 3.50% year-on-year, exceeding the annual energy-saving target.

### Digital Energy Management

The Company is committed to enhancing energy management through technological empowerment, building a data-driven digital energy management system to comprehensively improve energy utilization efficiency and the level of refined management.

Based on the needs of digital transformation, the Company has built an integrated power management platform in Changhai industrial park and completed iterative upgrades. This platform enables unified aggregation and visual monitoring of power data and equipment operation status. By introducing customized big data models for AI intelligent analysis, the platform can deeply mine data value, generate equipment operation optimization strategies, and achieve automated and intelligent control of high-energy-consumption power equipment such as chillers, fans and water pumps, significantly improving energy utilization efficiency and equipment operation and maintenance levels.



Integrated Power Management Platform

### Case

#### Digital Electricity Monitoring at Changhai Biological

Relying on continuous system upgrades, Changhai Biological base has achieved high-precision data collection (at 5-minute intervals) from over 500 electricity meters across the Company, and supports the instant generation of electricity consumption reports for any time period and any meter. In 2025, the Company further established data links between high-voltage operating parameters and the Distributed Control System (DCS), providing solid data support for in-depth data analysis and efficient equipment control.

Through refined and transparent electricity management, the Company provides high-precision energy consumption data for each electricity-consuming unit, assisting each production link to accurately identify energy-saving potential and providing a scientific basis for the Company's refined energy management.

### Energy Structure Optimization

In 2025, ZMC comprehensively advanced the diversification and greening of its energy structure. In terms of new energy technology application, the Company fully utilized the abundant solar resources in its region and continuously explored the new "photovoltaic + energy storage" energy management model.



In 2025, the photovoltaic project at Keming Biopharmaceuticals was officially connected to the grid and generated electricity,

with a total power generation of **3,489.08** MWh

reducing greenhouse gas emissions by **1,872.24** tonnes of CO<sub>2</sub> equivalent

In 2025, the photovoltaic project at Novus operated stably,

with a total power generation of **1,958.31** MWh

reducing greenhouse gas emissions by **1,050.83** tonnes of CO<sub>2</sub> equivalent



Keming Biopharmaceuticals Photovoltaic Project

To further optimize the energy consumption structure, the Company centrally purchased green electricity certificates, continuously expanding the proportion of clean energy used and reducing greenhouse gas emissions.



Changhai Biological Green Electricity Certificate

### Energy Efficiency Improvement

ZMC vigorously promotes green operations, focusing on process optimization and energy recovery and utilization, achieving dual benefits of reduced operating costs and environmental protection.

### Case

#### Automation Energy-Saving Retrofit Project for the Ethylene Glycol Loop in the Tetrahydrofuran (THF) Recovery System

In 2025, the Company implemented an automation energy-saving retrofit for the ethylene glycol circulation loop in the THF recovery system. By adding interlocking automatic control devices at key points, the Company dynamically and precisely regulated the ethylene glycol supply flow rate based on the THF concentration in the tail gas, ensuring the condensation recovery effect while avoiding energy waste caused by ineffective circulation of excessive low-temperature ethylene glycol.

Post-retrofit, the refrigeration system load was significantly reduced, and ethylene glycol loss decreased markedly, achieving an annual power saving of 372,600 kWh, equivalent to a reduction of 198.46 tCO<sub>2</sub> in carbon dioxide emissions, realizing the dual optimization of environmental compliance and energy conservation and consumption reduction.



Automation Energy-Saving Retrofit Project for the Ethylene Glycol Loop in the THF Recovery System

### Case

#### Anaerobic Biogas Energy Utilization and Steam Co-Generation Project

In 2025, the Company utilized the anaerobic biogas generated from the wastewater treatment process as a resource, introducing it into the waste heat boiler system associated with the VAR incinerator, recovering the high-temperature thermal energy from biogas combustion and co-generating steam. This project reduced direct greenhouse gas emissions while achieving the conversion of waste energy into usable thermal energy.

During the reporting period, this project co-generated a cumulative total of 3,112 tonnes of steam, achieving a carbon dioxide emission reduction of 989.3 tonnes, forming a virtuous cycle of synergistic efficiency between environmental treatment and energy recovery.



Anaerobic Biogas Energy Utilization and Steam Co-Generation Project



◆ At the headquarters building, an intelligent air conditioning control system has been implemented to enhance energy efficiency and reduce unnecessary energy consumption.



◆ A daily morning and evening lighting inspection system has been established to strengthen the standardized management of lighting equipment and avoid electricity waste.

#### ZMC Low-Carbon Office Measures



# Environmental Governance and Control

## Environmental Management

ZMC has always prioritized environmental compliance in its corporate development. The Company strictly adheres to relevant national and local environmental laws and regulations and has formulated a series of environmental risk management systems, including the *Environmental Safety Hazard Inspection Management Procedure* and the *Daily Supervision and Management Procedure*, continuously strengthening environmental risk management and ensuring comprehensive environmental compliance. During the reporting period, Keming Biopharmaceuticals, a subsidiary of the Company, obtained ISO 14001 environmental management system certification for the first time, while Xinchang-pharma, Changhai Biological, Fangyuanxin, Changhai Pharma and Novus successfully passed the annual surveillance audit for ISO 14001 certification.

### Environmental Risk Management

We systematically conduct environmental risk assessments and commission third-party environmental impact assessment units to compile environmental risk assessment reports. By establishing a full-process environmental risk prevention and control system covering source control, process supervision and end-of-pipe treatment, we continuously strengthen environmental compliance management across our subsidiaries and comprehensively enhance our capacity for environmental risk prevention and control.

Environmental Risk Management Measures

- Establishment of a Multi-level Inspection and Hazard Identification Mechanism

The Company implements a regular inspection system combining territorial responsibility and supervisory personnel. Through a multi-level control model, we conduct dynamic monitoring of environmental safety and promptly rectify relevant environmental hazards, ensuring that environmental risks remain under control.
- Improvement of the Emergency Response Plan System

To effectively respond to emergencies, each subsidiary of the Company has developed targeted environmental emergency response plans. In 2025, Xinchang-pharma, Keming Biopharmaceuticals and Changhai Pharma completed the update and filing of their sudden environmental incident emergency response plans, while Changhai Biological completed its environmental assessment and revision of its environmental emergency response plan, and organized various departments and workshops to develop site-specific response plans.
- Conduct of Environmental Emergency Drills

The Company regularly organizes environmental emergency drills to test the effectiveness of the plans and the team's practical response capabilities. In 2025, Keming Biopharmaceuticals conducted an emergency drill simulating the detachment and fire of a flexible hose during the unloading of anhydrous ethanol from a tank truck at the tank farm, continuously improving the emergency response capability of frontline personnel.
- Strengthening of Environmental Compliance Supervision and Inspection

The Company implements a strict regular inspection mechanism for each subsidiary: comprehensive inspections are led by relevant departments on a quarterly basis, covering the establishment and implementation of sudden environmental incident emergency response plans and risk assessment reports, the execution of emergency drills, the operational status of environmental protection facilities, the management of hazardous waste warehouses, the compliance of various operational records and solid waste management ledgers, ensuring that all environmental risk control measures are effectively implemented.

During the reporting period, ZMC:

Did not experience any major administrative penalties or criminal liability arising from environmental incidents or pollutant discharges.



## Water Resources and Wastewater Management

ZMC strictly implements a comprehensive water resources and wastewater management system, continuously improving water resource utilization efficiency and environmental compliance levels.



» The Company actively promotes water resource recycling and consumption reduction, formulating and implementing the *Water Conservation Plan Management Procedure*, establishing a water conservation management network covering all levels, refining water consumption quota targets, and forming a water conservation management system with clear responsibilities and comprehensive procedures.



» The Company has formulated foundational systems including the *Water Pollution Prevention and Control Management Procedure* and the *Wastewater Pollution Prevention and Control Management Procedure*. In 2025, each subsidiary further updated specifications such as the *Online Monitoring Management Procedure* and the *Wastewater Treatment Standard Operating Procedure*, and added a series of documents including the *Wastewater Supervision and Management Procedure* and the *Daily Management of Environmental Online Monitoring Data and Emergency Response Procedures for Exceeding Standards*, achieving penetrating supervision of water usage and discharge across all sectors including production, research and development, engineering construction and logistics and domestic activities, ensuring that the generation of water pollutants and abnormal discharges are effectively controlled.

Water Resources and Wastewater Management System

### Water Conservation Management Measures

The Company focuses on the economical use of water resources, vigorously promoting the upgrading of water-saving processes and the development and utilization of unconventional water sources, continuously improving the efficiency of water resource recycling.



#### Steam Condensate Recovery and Reuse Project

In 2025, the Company carried out technical retrofitting of the steam systems in its vitamin and fermentation production workshops. After recovery and treatment, the steam condensate from the workshops was used as feedwater for the waste heat boiler in place of fresh water, achieving cascading use of water resources and heat recovery. This retrofit project achieved an annual condensate reuse of 157,370 tonnes, significantly reducing fresh water intake and wastewater discharge, lowering production costs while effectively alleviating pressure on the water environment.

Case **Reclaimed Water Reuse Project**

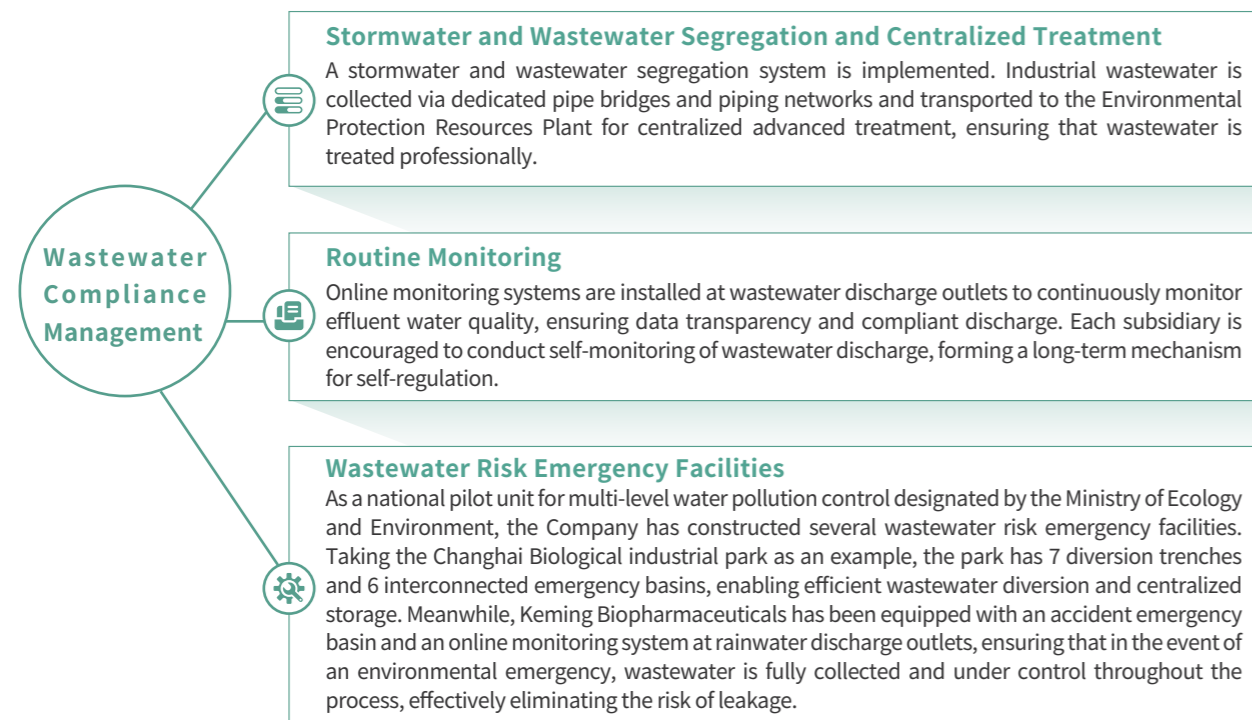
In 2025, the Company comprehensively optimized the drainage from utility systems, introducing treated and compliant reclaimed water into the incinerator scrubbing tower as a make-up water source in place of fresh industrial water. This retrofit project achieved an annual reclaimed water reuse of 22,196 tonnes, reducing fresh water intake while decreasing wastewater discharge, effectively lowering the water consumption of the incineration unit and expanding the reuse pathways of unconventional water resources in end-of-pipe treatment facilities.



Reclaimed Water Reuse Project

**Wastewater Management Measures**

For industrial wastewater generated from processes such as fermentation and washing, we have implemented full-chain management measures from source prevention to end-of-pipe treatment, continuously ensuring compliant wastewater discharge through professional treatment, ongoing monitoring and investment in facilities.



Installation of Online Wastewater Monitoring



Emergency Basin for Wastewater Discharge Incidents

In addition, the Company actively promotes wastewater reduction efforts, continuously improving environmental performance through process optimization and water resource recycling. At Changhai Biological, we implemented cooling optimization for the end-of-pipe wastewater treatment system, adding a closed-circuit counter-flow cooling tower for wastewater cooling to enhance treatment efficiency. At Changhai Pharma, on the basis of ensuring stable product quality compliance, we deeply implemented a cascading use and recycling model for water resources, significantly reducing fresh water intake and total wastewater discharge, achieving a reduction of 350 tonnes of wastewater per batch for the antibiotic series products.

**Waste Gas Management**

ZMC comprehensively strengthens the management of waste gas generated from production and testing processes, continuously reducing the potential impact of waste gas emissions on the ecological environment and public health. The Company has established a comprehensive three-tier atmospheric control system, encompassing documents such as the atmospheric pollution prevention and control management procedures, the fugitive emission management procedure, and workshop-specific waste gas control procedures. In 2025, the subsidiary Keming Biopharmaceuticals added the *Waste Gas Supervision and Management Procedure*, strengthening daily supervision and inspection of waste gas emissions within the plant site. Changhai Biological focused on the addition and revision of procedures for end-of-pipe waste gas treatment facilities, the master pipe management system for waste gas, and the environmental online monitoring management system, further consolidating the foundation for refined waste gas management.

We have set a target of 100% compliant waste gas emissions for 2025, continuously optimizing process control and end-of-pipe treatment to ensure the systematic and effective nature of waste gas management and steadily improve environmental governance levels.

The main air pollutants generated during the Company's production processes are volatile organic compounds (VOCs), nitrogen oxides and soot. We strictly implement the *Atmospheric Pollution Prevention and Control Management Procedure*, installing online monitoring systems at all major waste gas emission outlets for 24-hour continuous monitoring of key indicators. We upload monitoring data in real time to provincial and municipal environmental protection platforms, achieving government-enterprise data sharing. In addition, in accordance with the requirements of the *Pollutant Discharge Permit Management Regulations*, the Company engages qualified third-party organizations each year to conduct regular testing of pollution factors at each emission outlet, ensuring the rigor and compliance of monitoring data.

VOCs

- » Condensation systems are installed for pre-treatment.
- » After pre-treatment, the waste gas is directed to tail gas absorption towers (water scrubbing, acid/alkali scrubbing or sodium hypochlorite scrubbing) for absorption treatment, and is ultimately merged into the main header and sent to the incinerator for combustion.
- » Online monitoring systems are installed at incinerator emission outlets to monitor key indicators such as oxygen content, temperature, nitrogen oxides and sulphur dioxide in real time.

Nitrogen Oxides and Soot

- » A combination of denitrification facilities with quenching, scrubbing and dust removal is employed to ensure compliant waste gas emissions.
- » Online monitoring systems are installed at equipment emission outlets to rigorously monitor key indicators such as oxygen content, temperature, nitrogen oxides and sulphur dioxide.

Waste Gas Pollutant Treatment Processes and Facilities

Case

Upgrading of Waste Gas Treatment Facilities

To enhance the capacity for end-of-pipe waste gas treatment, Changhai Biological constructed a new TO incinerator and added a dedicated header pipe for hydrogen-containing waste gas, bringing hydrogen-containing and olefin waste gases generated from various workshops into the new system for centralized treatment. The TO incinerator is currently operating stably, and the treatment capacity for hydrogen-containing waste gas has been increased from the original 3,000 m<sup>3</sup>/h to 5,000 m<sup>3</sup>/h. This equipment not only reduces the frequency of unplanned shutdowns of the RTO furnace, lowering safety and environmental risks, but also achieves energy recovery, with an increase in steam production of approximately 150 tonnes per day, realizing the dual objectives of environmental protection and cost reduction.



Waste Gas Incinerator

During the reporting period, ZMC:

All waste gas emissions complied with standards, and no environmental penalties were imposed.



To continuously reduce the environmental impact of our operations, we actively promote waste gas emission reduction and recycling, systematically strengthening waste gas management through process optimization, equipment upgrades and other measures.

Process Optimization

- » To address fugitive emission points in the production process, Changhai Biological implemented a process improvement at the trim filtering stage, replacing the original plate-and-frame filter with a basket filter, effectively reducing fugitive waste gas escape during disassembly, cleaning and replacement, thereby lowering waste gas emissions at the source.

Resource Recovery

- » The Company actively explores waste gas resource utilization pathways. Changhai Pharma has installed and is stably operating an ammonia recovery unit, which collects and reuses ammonia-containing waste gas generated during production. This project recovers approximately 36 tonnes of high-concentration ammonia water annually, reducing waste gas emissions while achieving resource recycling, delivering positive environmental benefits.

Waste Gas Emission Reduction Practices

## Waste Management

ZMC strictly complies with the requirements of national and local environmental protection laws and regulations, vigorously promoting the management of waste based on the principles of "reduction, resource utilization and harmlessness", and comprehensively improving the level of standardized governance.

In 2025, we continuously improved the internal management system, revising and implementing the *Solid Waste Management System*, which systematically regulates the classification, collection and disposal processes for various types of solid waste. The Company has encouraged each subsidiary to refine management requirements based on their actual production and operations, clarifying the responsibilities of personnel at each level to ensure that waste management responsibilities are fully delegated. Utilizing an information management platform, the Company has established an Office Automation (OA) approval process, enabling online workflow and process control for key links such as solid waste utilization and outsourced disposal, thereby improving management efficiency and transparency. Through full-process closed-loop management, we ensure that every step from waste generation to disposal complies with regulatory requirements.

ZMC promotes standardized waste management through a combination of internal disposal and external collaboration, selecting high-quality disposal units via a tendering mechanism. At the source, we strictly implement waste classification and promote the resource utilization of general solid waste such as waste paperboard and wood. For hazardous waste, we prioritize collaboration with green and low-carbon enterprises that possess resource utilization capabilities. In 2025, the Company continued to deepen the construction of a green supply chain in the field of waste disposal, receiving the "Green Chain Symbiosis Award" from Fengdeng Green Energy Environmental Protection, a downstream partner.



Waste Management "Green Chain Symbiosis Award"

In addition, through systematic training and awareness campaigns and typical case studies, we actively carry out special education on compliant waste disposal, continuously enhancing the sense of responsibility and operational standardisation of frontline personnel, effectively ensuring that waste management requirements are implemented at the grassroots level.

**Case** Special Training on Compliant Waste Disposal

To deepen compliant waste management and enhance employee responsibility awareness, on 5 June 2025, the Company specially invited an instructor from the Shaoxing Environmental Supervision Detachment to conduct a special training session. The training focused on the requirements for compliant disposal of corporate solid waste, combining in-depth analysis of typical cases with exchanges and sharing on current hot topics in solid waste management and industry best practices, laying a foundation for building a systematic and standardized waste management system.



Special Training on Compliant Waste Disposal

**Waste Reduction**

We actively pursue zero-waste management, with the overarching objectives of reducing the intensity of solid waste generation, improving the level of resource utilization, ensuring harmless disposal and effectively preventing environmental risks, aiming to achieve continuous solid waste reduction over the next three years. To advance the implementation of these objectives, the Company established a "Zero-Waste Enterprise Group" leadership team and, in 2025, revised and implemented the *Solid Waste Reduction and Comprehensive Utilization Incentive Scheme*, establishing an incentive mechanism for solid waste reduction and comprehensive utilization to encourage broad employee participation. During the reporting period, the Company achieved a negative growth rate in the intensity of solid waste generation.

**Production Stage**

» A waste recycling process has been introduced. In fermentation product manufacturing, hydrolytic acidification technology is used to treat fermentation residues, reducing waste generation while converting the by-product biogas into steam, achieving resource recovery and utilization. Through process optimization, the pollutant generation coefficient per unit of major products has decreased by 3% compared with the previous period.

**Packaging Stage**

» We have adopted a series of measures including packaging reduction and recycling, innovatively converting some drum-packed and bag-packed materials into more environmentally friendly and efficient packaging forms such as tank containers and ISO containers, and systematically reducing the overall volume of packaging materials used.

**Office Management**

» The Company actively promotes green office practices and implements paperless office operations. Through electronic notifications, announcements and approval forms, paper consumption is effectively reduced. Meanwhile, waste paper and waste paperboard from office operations are collected uniformly and disposed of in a standardized manner, effectively reducing the total volume of domestic waste and office waste.

» We have established a comprehensive wooden pallet recovery system, promoting resource recycling through sorting and reuse.

**Process and Equipment Upgrades**

» Changhai Pharma has achieved recovery and reuse of certain production solvents through process changes, reducing waste solvent generation.

» Zhongxian Biotechnology has upgraded its filtration equipment, significantly reducing the moisture content of spent activated carbon from 60% to 30%, reducing the disposal volume of spent activated carbon by 47.8 tonnes annually.

**Cultural Development**

» We actively organize cultural awareness activities related to waste reduction, calling on employees to deeply understand and participate in waste reduction practices, jointly fostering a green and low-carbon corporate culture.

Waste Reduction Management Measures

**Case** "Zero-Waste Enterprise" Themed Environment Day Event

On 5 June 2025, focusing on the theme of "Striving to Build a Provincial Zero-Waste Enterprise Group", we successfully hosted a themed Environment Day event through activities including environmental knowledge poster exhibitions and employee QR code quizzes with prize draws, attracting over 1,100 employees to actively participate in the quiz. This event not only effectively enhanced employees' environmental awareness and literacy in an engaging and educational manner, but also, through extensive interaction, stimulated employees' initiative and enthusiasm to actively participate in the construction of a "Zero-Waste Enterprise Group", embedding green and low-carbon concepts deeply in their minds, and laying a solid grassroots foundation for building a waste reduction culture with full employee participation and fostering the internal drive for the Company's green development.



Environment Day Event

## Circular Economy

The Company continuously explores pathways to efficient resource utilization and waste reduction at source, driven by both "internal recycling" and "industrial chain collaborative recovery", establishing a full lifecycle management system for packaging materials to maximize resource value.



**Internal Recycling**

- The Company has established a comprehensive internal packaging recycling mechanism, whereby relatively intact and reusable ton bags, raw material and auxiliary material drums, and pallets are centrally collected, uniformly managed, and allocated among subsidiaries. For example, some used raw material ton bags are repurposed for containing waste residue, extending their service life while reducing operating costs.

**In 2025**

» The Company internally recycled a total of **39** batches of packaging materials, including **418** reused ton bags (woven bags), **1,737** transfer pallets, and **348** 950L plastic drums.

- To improve circulation efficiency, the Company has established a "Waste Packaging Internal Transfer Information Group" to publish real-time information on the types and quantities of recyclable packaging materials. Subsidiaries apply through the OA process, and upon verification of packaging information, the transfer is completed.



**Industrial Chain Collaborative Recovery**


- The Company actively promotes collaboration between upstream and downstream supply chains, incorporating packaging recovery into procurement management. Based on material characteristics, we have developed a list of packaging drums eligible for return to the factory, and have clearly written recovery clauses into procurement contracts. After materials arrive and are placed into storage, used empty drums and pallets are temporarily stored centrally, and when a certain quantity has accumulated, they are collected uniformly by the supplier for return to the factory and reuse.

**In 2025**


» the Company completed a cumulative total of **253** returns of packaging drums and pallets to factories, including **15,069** packaging drums and **2,118** pallets returned for reuse.

## Biodiversity Protection

We strictly comply with laws and regulations related to biodiversity protection. Through practical measures such as conducting environmental impact assessments, constructing environmental treatment facilities, and strengthening online monitoring and self-monitoring, we minimize the impact of our operations on the ecosystem and promote the harmonious development of the Company with surrounding communities and the natural environment.



**Standardized Project Construction**




**Strengthened Environmental Monitoring**

- The Company strictly complies with laws and regulations including the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and the *Water Pollution Prevention and Control Law of the People's Republic of China*. During project construction, environmental impact assessments are conducted in accordance with legal requirements, and qualified professional institutions are commissioned to carry out environmental impact testing, comprehensively assessing the potential impact of pollutant emissions on employees, local community residents and surrounding ecosystems.

- To promptly assess the impact of operational activities on the surrounding environment, the Company has established a self-monitoring mechanism, conducting regular testing of key environmental elements such as wastewater, waste gas and soil. During the reporting period, all monitoring results complied with national and local emission standards, and no environmental pollution incidents occurred. Through continuous monitoring and dynamic control, the Company has effectively reduced the potential pressure of production and operations on surrounding biological habitats, safeguarding regional ecological balance through concrete actions.

During the reporting period, ZMC:

Strictly complied with the ecological protection red line control requirements and did not conduct any production or business activities in the relevant areas.



# 03

## Innovation-Driven Creating Borderless Healthcare

### Responsive Issues

- Product and Technology Innovation
- Product Quality and Safety Management
- Customer Service
- Product Accessibility

ZMC has always maintained an unremitting pursuit of product excellence, adhering to an innovation-driven approach as its engine and deeply implementing the strategic policy of "combining innovation and generic manufacturing, with innovation as the priority". While continuously advancing technological innovation, the Company has fully implemented stringent full-process quality control and product safety management to ensure product excellence. In addition, the Company has established a professional response mechanism, continuously optimized service experience, and built a multi-channel domestic and international supply network, promoting access to high-quality medicines for more patients.

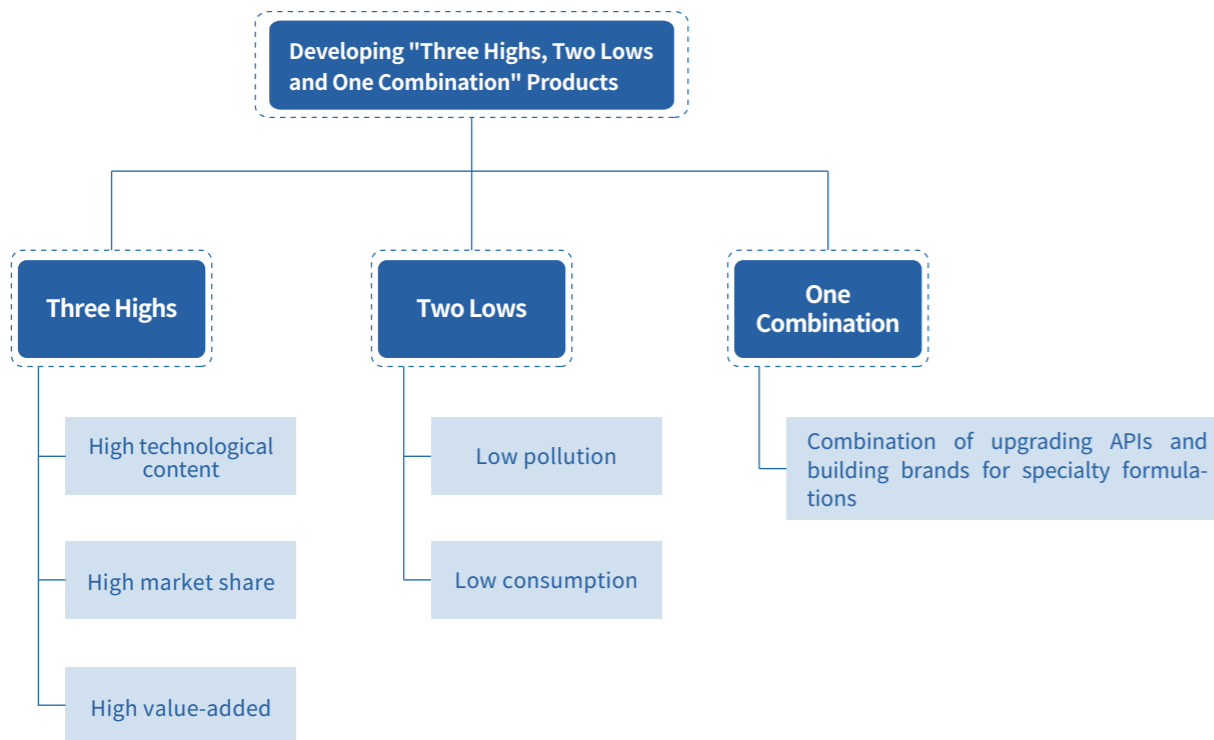
### Contribution to SDGs



# Product and Technology Innovation

## /// Innovation R&D Strategy

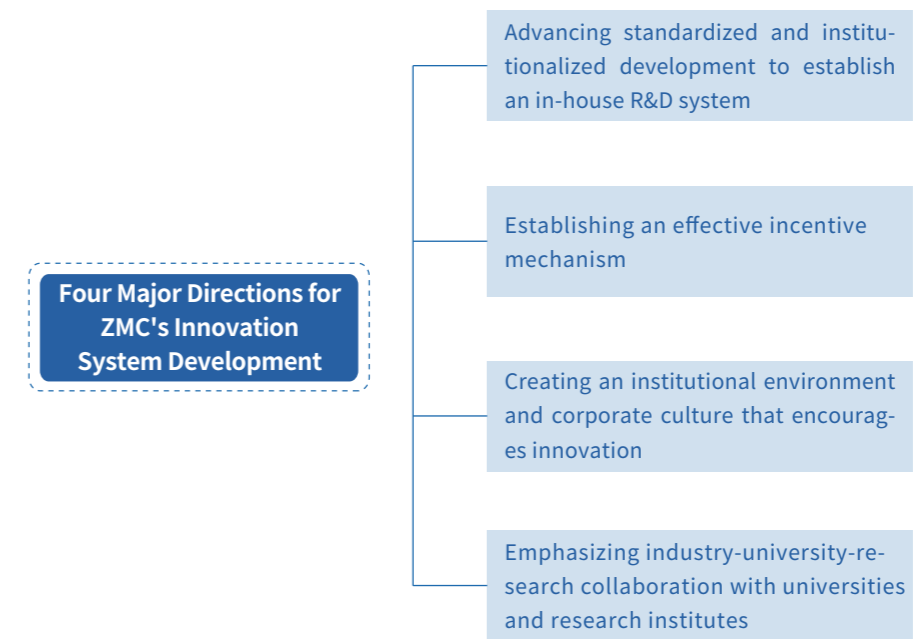
The Company has consistently and resolutely implemented the strategy of "revitalizing the enterprise through science and technology", driven by innovation, integrating resources and coordinating efforts to achieve breakthroughs in technological innovation. In the process of fully implementing the "Three Highs, Two Lows and One Combination" product strategy, it has successfully achieved a strategic transformation in product development from "primarily generic" to "primarily innovative".



ZMC "Three Highs, Two Lows and One Combination" Product Development Strategy

## /// Innovation R&D and Management System

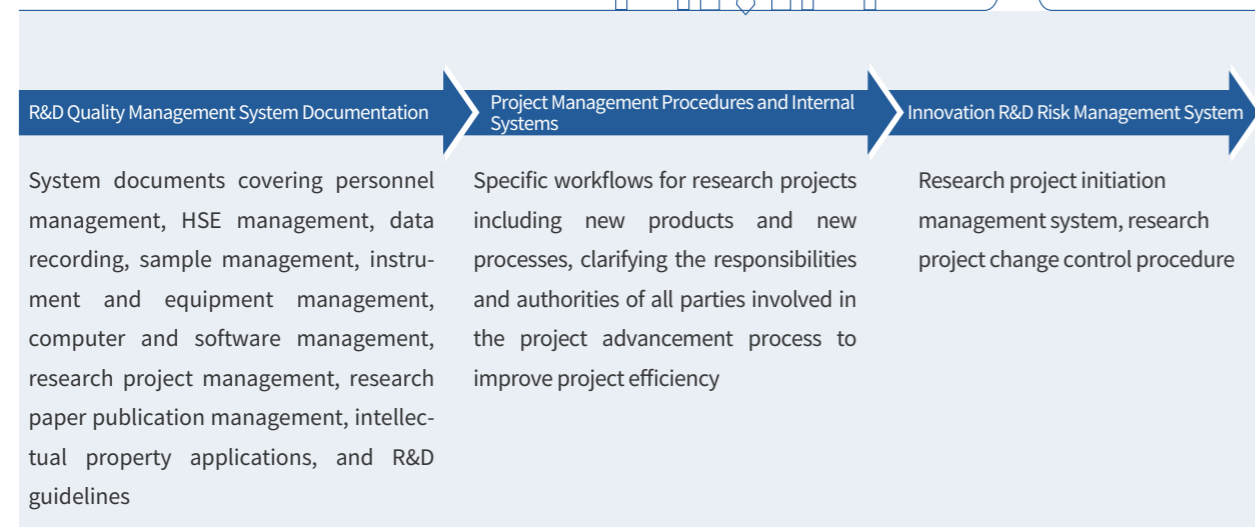
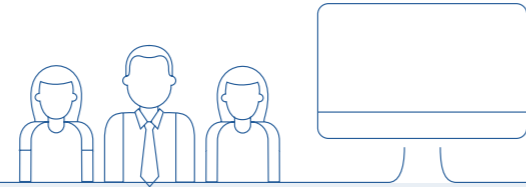
ZMC has established a Technology Innovation and New Drug Screening Committee headed by the Chairman, with the Chairman serving as the Director and the academic leaders of the Research Institute as members. Meanwhile, an advisory committee comprising experts in relevant fields has been engaged to provide consultation and decision-making recommendations for the Company's new product development, as well as to continuously monitor and mitigate potential R&D risks, laying the foundation for the Company's sustained business development.



ZMC Innovation System Development Framework



ZMC Research Institute strictly complies with relevant laws, regulations and guidelines on drug development, including the *Drug Administration Law of the People's Republic of China*, the *Measures for the Administration of Drug Registration* and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guideline principles ICH Q1, ICH Q2, ICH Q3, ICH Q7 and ICH Q8, while also taking into account the policy requirements of the target registration market, establishing a comprehensive R&D quality management system. In addition, the Company conducts targeted assessments of R&D projects at the project initiation stage to identify potential risks in innovation-driven R&D, and assigns dedicated personnel to track project progress during the early stages of project development, ensuring timely and appropriate resource allocation and strategic adjustments, thereby effectively controlling risks associated with innovation-driven R&D.



During the reporting period, the Company newly established or revised over 70 documents and guidelines related to the quality management system. In line with resource integration requirements and new official inspection regulations, the Company reviewed and optimized workflows for warehouse, sample, reagent and consumable management, further refined the responsibilities and time limits for each party involved in the registration application document review process, and established corresponding usage and maintenance procedures for newly introduced equipment. At the same time, in accordance with the newly issued industry group standard *Method for Assessing Permitted Daily Exposure of Drugs*, the Company clarified internal PDE assessment requirements and division of responsibilities, laying a foundation for improving R&D quality management.

## Innovation R&D Achievements

ZMC has a rich product portfolio, with R&D focused on key areas including anti-infective drugs, vitamin formulations, diabetes treatments, targeted cancer therapies, hormones and drugs for digestive system diseases.



### As of the end of the reporting period

The Company had **8** ongoing new drug and new product R&D projects, **5** varieties at the clinical study or bioequivalence (BE) stage, **14** applications for production submitted, and **33** generic drugs under development. In the future, the Company will continue its innovation-driven R&D in the areas of anti-infectives, hormones, diabetes and anti-cancer treatments, and expects to submit applications for and launch **3** new drugs and novel formulation drugs as well as **11** generic drug formulations, further consolidating its leading position in the domestic and international markets for anti-infective drugs, vitamin formulations and hormone drugs.

### Case

#### ZMC "2309 Tablet" R&D Project

XC2309 is a novel potassium-competitive acid blocker (P-CAB) antisecretory drug used for the treatment of acid-related digestive system diseases. ZMC initiated the development of the "2309 Tablet" R&D project in 2023, and received clinical trial approval notices for the tablet and injection formulations in November 2023 and August 2025, respectively. In January 2025, the supplementary application for additional tablet specifications was approved.

As of the end of the reporting period, the tablet project had completed three Phase I clinical studies and one Phase II clinical study on efficacy and safety as planned, as well as pre-critical clinical communications. Phase III clinical studies are planned to commence in 2026. In terms of pharmaceutical development, process validation production of the active pharmaceutical ingredient (API) was completed in 2025, while process optimization for the tablet and quality studies for both the API and tablet are ongoing. Concurrently, the injection project completed non-clinical studies and pharmaceutical development prior to IND submission, and received the clinical trial approval notice in August 2025. Phase I clinical trials are currently ongoing, and the preparation of clinical samples for Phase II has been completed. A supplementary application for an additional dosage form is expected to be submitted in 2026.

### Case

#### ZMC "Nemonoxacin Malate Capsules for Uncomplicated Urinary Tract Infection" R&D Project

Nemonoxacin malate, as a typical non-fluorinated quinolone antibacterial agent, exhibits good antibacterial activity against common pathogens of uncomplicated urinary tract infection (uUTI) and has significant advantages against *Enterococcus*. Based on the product's PK/PD data, the Company initiated a clinical project for this product's new indication in 2022, with the aim of addressing the limited availability of oral antibacterial options for the clinical treatment of uUTI.

As of the end of the reporting period, ZMC had completed the relevant clinical studies for the new indication. The results demonstrated that efficacy met the primary endpoint, consistent with post-market data, and the safety profile was good. The NDA submission for the project was successfully completed in October 2025.

**Case** ZMC "Biotransformation Platform" Collaborative Project

Against the backdrop of rapid developments in synthetic biology, to continuously drive technological iteration and leverage the Company's existing industrial structure to build a robust steroid industry chain, thereby expanding and enriching the Company's product portfolio and contributing new sales growth drivers, the Company established a biotransformation platform in collaboration with Zhejiang University of Technology in 2025.

In 2025, the biosynthesis project for bisnoralcohol largely completed its preliminary development and optimization studies, and is currently undergoing technology transfer and validation. Projects for other products such as coenzyme Q10 have also achieved initial improvements in potency. It is anticipated that in the coming years, some projects will move towards industrialization, enabling the implementation of a new industrial chain that uses phytosterols (a by-product of the natural vitamin E process) as the starting material, combining chemical synthesis and biotransformation technologies to produce downstream plant-derived steroid products.

## Intellectual Property Management

ZMC regards innovation-driven development and intellectual property protection as key elements of its business strategy, strictly complying with a series of laws and regulations including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*, while continuously improving its intellectual property protection system leveraging the Company's own R&D resource advantages.

ZMC integrates patent protection throughout the entire process of technology R&D, product launch and market operation. By conducting targeted search analysis, market monitoring and infringement assessment at each stage, the Company effectively identifies potential intellectual property risks and responds promptly through strategies such as patent portfolio adjustment, technology design-around and legal action preparation, thereby establishing a robust risk defense barrier and protecting the Company's legitimate rights and R&D achievements.

**As of the end of the reporting period:**

Number of valid patents: **422** items

## Product Quality and Safety Management

### Quality Management System

ZMC, in fulfilling its corporate mission of "caring for human health", has always regarded quality as the lifeblood of the enterprise. The Company has established an independent three-tier quality assurance system, embedding the quality policy of "fairness, accuracy, efficiency and customer first" throughout the entire product lifecycle, effectively ensuring product quality and safety as well as consumers' legitimate rights and interests.

The Company strictly complies with domestic and international laws and regulations, including the *Drug Administration Law of the People's Republic of China*, the *Measures for the Administration of Drug Registration*, the *Measures for the Supervision and Administration of Drug Production*, the *Technical Guideline for Post-Approval Pharmaceutical Changes of Marketed Chemical Drugs*, and the *Good Practice for Pharmacovigilance*, establishing and continuously improving its quality management system to enhance product quality.

**During the reporting period, ZMC:**

Formulated **5** quality system documents and revised **33** quality system documents, based on relevant laws and regulations and the Company's actual circumstances.

We have an independent quality management department responsible for quality assurance throughout the entire process of product R&D, production, distribution and use, implementing a "one-vote veto" system for product quality. In 2025, the Quality Operations Department further integrated and coordinated quality resources, promoting group-level management. By optimizing the organizational structure and clarifying functional responsibilities, the Company has maximized resource utilization and comprehensively enhanced staff professional competence and quality supervision capabilities.

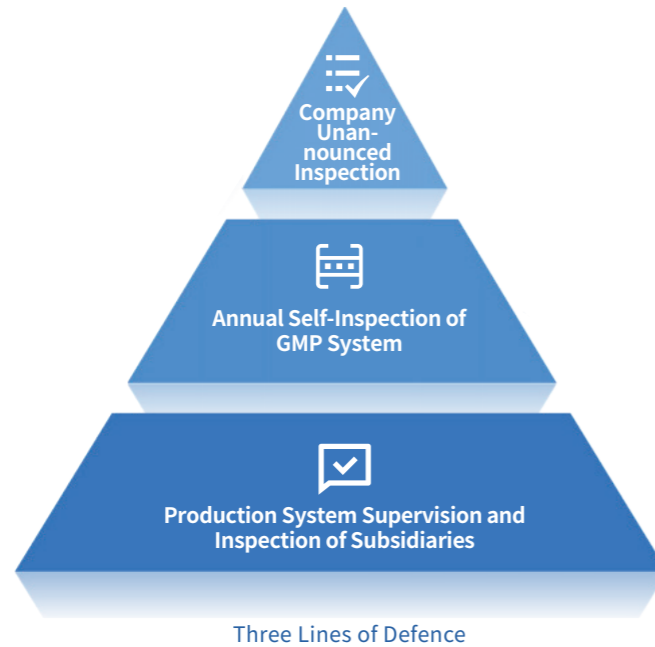
### Quality Certification and Audit

#### Quality Management Certification

In 2025, the internationalization of ZMC's quality management system continued to accelerate, with the intensity of international certifications reaching new heights. In the domestic market, the Company successfully passed GMP certification. In the international market, the Company extensively accepted and successfully passed numerous official certifications including FDA, MHRA, BJV, WHO, Iran, Kosher and Halal. Notably, in 2025, the Company's oral formulation products successfully passed the US FDA certification, achieving a significant breakthrough in market access for formulation products in Europe and the United States.

## Quality Audit

The Company has established a routine internal and external audit mechanism, continuously undergoing supervision and inspection by domestic and international drug regulatory authorities, constructing three lines of defence for quality audits that are comprehensive and clearly structured.



In 2025, the Company underwent a cumulative total of 56 external audits of various types. These included 5 foreign official audits covering authoritative regulatory bodies such as the FDA, PMDA and BJV; 29 domestic official audits covering regulatory authorities at various levels including the National Medical Products Administration, Zhejiang Provincial Drug Inspection Centre, Zhejiang Provincial Drug and Cosmetic Evaluation Center, and Shaoxing Municipal Market Supervision Administration; and 22 system certification audits covering various international certifications including Kosher, Halal, GMP+, FAMI-QS, FSSC 22000, ISO 9001 and SGS. In addition, the Company successfully passed the UK QP and Iranian official audits, with continued improvement in international recognition of its quality management system.

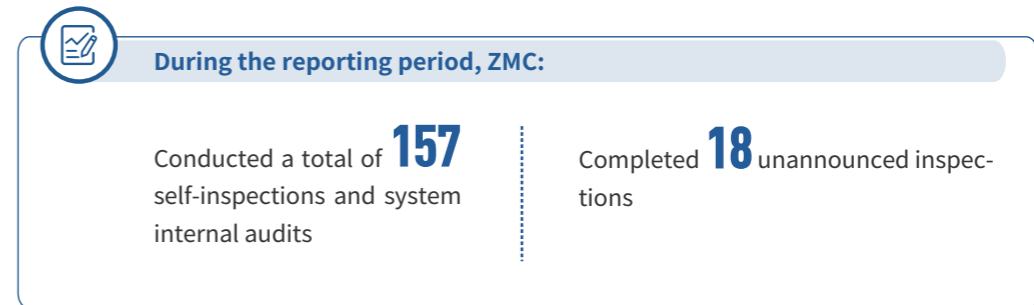
### Case

#### FDA Audit of Xinchang-pharma

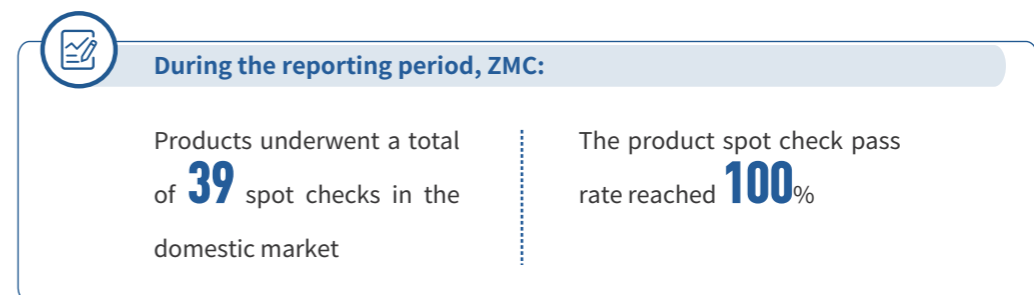
From 4 to 7 March 2025, Xinchang-pharma, a subsidiary of ZMC, underwent a CGMP on-site inspection by the US FDA. The inspection covered four systems: quality, materials, production and laboratory control for oral solid dosage forms and active pharmaceutical ingredients (APIs). In June, Xinchang-pharma received an official notification letter and an Establishment Inspection Report (EIR) from the FDA, confirming its compliance with US pharmaceutical CGMP quality system requirements and successfully passing this routine FDA inspection.

The successful completion of this inspection has enhanced the international competitiveness of the Company's formulations and APIs, laid a solid foundation for expanding into the US and global pharmaceutical markets with other products, and created more favorable preconditions for further international cooperation in the future. ZMC will continue to drive pharmaceutical R&D innovation, continuously improve product quality and production process standards, and provide strong technical support for the Company's sustainable development.

In terms of internal audit, we have continuously strengthened our internal quality supervision mechanism. Each subsidiary and branch has established a comprehensive self-inspection plan and system internal audit regime, conducting regular internal quality self-inspections, proactively identifying issues through self-examination, and formulating and implementing corresponding corrective actions. Meanwhile, the Quality Operations Department organizes and conducts unannounced inspections across the entire Group. For issues identified during various audit inspections, each subsidiary and branch has completed defect rectification in a timely manner as planned, forming effective closed-loop management.



In addition, ZMC and its subsidiary products regularly underwent spot checks in the domestic market, verifying the stable and reliable product quality and the effective operation of the quality system.



## Quality Control

### Product Quality Testing

The Company regards product quality testing as the core link of quality control, establishing a product quality testing system featuring "full-process testing, multi-dimensional control and intelligent empowerment", covering all stages of the production process to ensure that each batch of products is of qualified quality, safe and controllable.



ZMC Product Quality Testing Process

Following the principle of "consolidating similar testing services and minimizing the use of external testing units", in 2025 the Company, through qualification screening and tender price comparison, eliminated external testing units with high costs, slow response times and poor service, achieving the centralization of external testing resources and further standardizing the management process for outsourced testing. In terms of unannounced inspections, the Company has unified the standards for such inspections. Drug inspections are conducted strictly in accordance with the *Good Manufacturing Practice for Drugs*, covering the six major GMP systems, while inspections for health foods, foods and feed additives are primarily conducted in accordance with *21 CFR PART 117*. Through unified and standardised testing procedures, the Company rigorously controls product quality.

### Digital Application

To improve the standardization and accuracy of the water quality sampling process, enhance product quality stability, and reduce personnel workload, ZMC has built a new water quality sampling function module based on its LIMS (V12) system, optimizing business processes through digital means and advancing the automation and intelligent transformation of departmental operations.

**Case** **Upgrade of the Water Quality Sampling Module in the LIMS System**

To improve the standardization and accuracy of water quality sampling and reduce manual workload, ZMC built a new water quality sampling module in its LIMS system, advancing the automation of quality control.

The module achieves three major functions: First, digitalization of business processes, converting water quality sampling-related data such as sampling points, schedules, plans and ELN reports from offline paper format to online electronic data; second, online approval, supporting schedule setting and approval, enabling timed or manual initiation of sample requests, with online review and approval of test results upon system acceptance, achieving electronic approval processes and reports; third, full audit trail, providing complete traceability of operations such as setting sampling areas, rooms and points, as well as test report issuance, enhancing compliance.

### Quality Assessment

To further strengthen the quality team, comprehensively and accurately evaluate the performance of employees, objectively and fairly supervise and motivate quality personnel, and drive overall management and skill levels to a new stage, the Quality Operations Department formulated and piloted a quality assessment scheme in 2025.

Departmental assessments are divided into quarterly assessments and annual assessments. Supervisors and heads from relevant business departments evaluate both managers and employees, with assessment content covering work quantity, work quality, work timeliness, team spirit and personal capabilities. The heads of each secondary department refine the scoring criteria, assess the time required for individual tasks, establish work hour standards, and evaluate the completion of personnel work. Through assessment, differences among employees are identified, allowing them to learn from each other's strengths, and targeted training is provided for areas of weakness to help employees improve their professional capabilities, thereby further enhancing work efficiency.

## Post-Market Product Quality Management

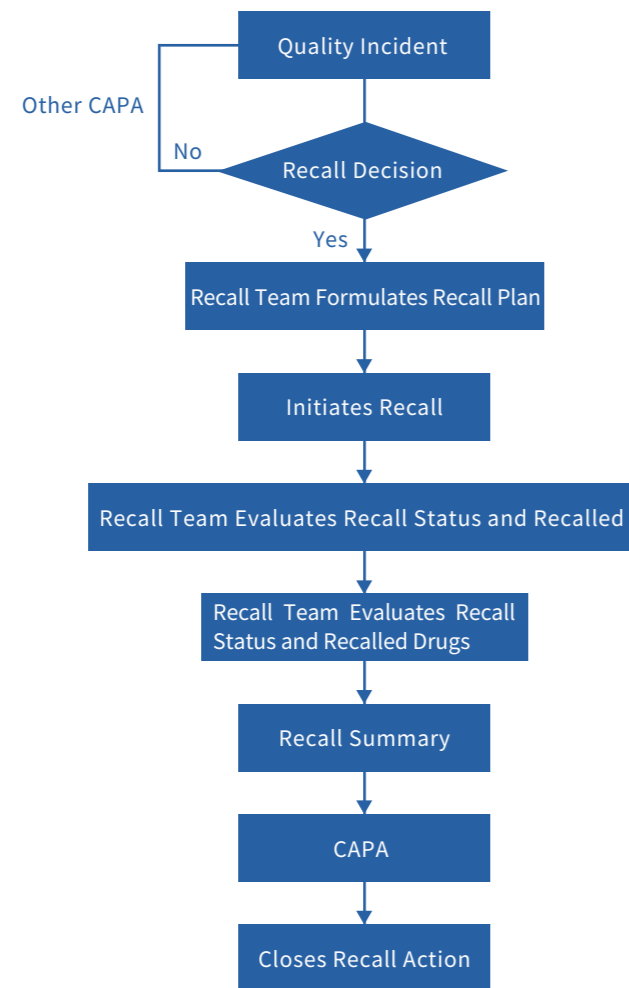
### Product Traceability

To ensure the safety of the Company's drugs, rigorously control product quality and maintain continuous compliance with relevant regulatory and standards requirements, ZMC has established a dedicated traceability process for each product sold, safeguarding consumer rights and ensuring transparency, compliance and controllability throughout the entire product supply chain.

Using the product batch as the starting point, we trace backwards through all raw materials used in the production process, accurately identifying the original supplier for each different category of raw material. By designing and refining an information traceability template, we systematically record key information, ensuring that every link in the supply chain is clearly traceable without omitting any critical node. The Company plans to further extend the scope of supply chain investigation through information such as place of origin, main raw materials and production processes indicated on labels, continuously strengthening traceability efforts.

## Product Recall

ZMC strictly complies with laws and regulations including the *Measures for the Administration of Drug Recall* and the *Measures for the Administration of Food Recall*, has formulated the *Drug Recall Management Procedure*, and has established a comprehensive drug safety traceability and product recall mechanism, with clearly defined recall procedures.



ZMC Product Recall Process



Did not experience any major quality or safety liability incidents or product recall events related to its products.



The Company conducts product recall drills annually to ensure that, in the event of any identified quality or safety risk in its products, recall operations can be carried out quickly and effectively, minimizing any impact on public drug safety.

### Case Product Recall Drill

On 5 December 2025, ZMC, in strict accordance with laws, regulations and the Company's standard operating procedures (SOPs), jointly conducted a drug mock recall drill with its subsidiary Xinchang-pharma. This drill simulated the full initiation of a recall procedure upon the discovery of foreign matter in the product "Levofloxacin and Sodium Chloride Injection". The Company rapidly coordinated the relevant departments including quality, sales, production and warehousing, carrying out the recall work in strict compliance with the prescribed procedures. Through cross-departmental collaboration, the Company successfully completed the (mock) recall of this product within the required timeframe.

Upon evaluation, ZMC confirmed that this mock recall met the requirements of relevant laws and regulations, fully demonstrating the Company's ability to recall pharmaceutical products from the market in a timely, complete and rapid manner. Through this drill, the Company further validated the effectiveness of its drug safety traceability and recall mechanism, enhancing cross-departmental emergency coordination efficiency.

## Quality Culture Building and Training

Adhering to the principle that "Talent is the Company's Most Valuable Asset", ZMC actively collaborates with third-party professional platforms to provide employees with systematic pharmaceutical professional knowledge learning platforms, continuously enhancing the team's professional competence.

Each department carries out various trainings in accordance with the annual training plan. Meanwhile, based on business needs and the latest industry requirements, the Company from time to time nominates personnel for external training to ensure that their knowledge base remains aligned with the industry frontier. Through diverse training activities, the Company enhances the quality awareness and professional capability of all employees.



#### During the reporting period, ZMC:

Conducted a total of **20** special training sessions on laws, regulations and quality

Over **1,000** participants involved

Training coverage rate reached **100%**

Case

Quality Culture Activities

The Company places great emphasis on enhancing the regulatory knowledge of its mid-to-senior level management, organizing special training sessions on key and newly issued regulations on a quarterly basis to ensure that management stays abreast of industry regulatory developments and compliance requirements.

The Company has repeatedly invited renowned domestic and international experts to deliver training sessions, conducting in-depth training on topics including the *Sterile Special, API Regulatory Information and Defect Sharing, Compliance Guidance Manual for Drug Marketing Authorisation Holders (Drug Manufacturers), Risk Assessment Guidance for Drug Co-Line Production*, and the Agilent series, continuously strengthening professional technical capabilities. In response to internal and external audit needs, the Company routinely conducts audit defect sharing training sessions such as *FDA Preparation and Key Audit Considerations, 483 Inspection Defect Analysis, and WHO Audit Defect Training*, enhancing the audit readiness and risk prevention awareness of all employees.



Training Session



Second Prize (Team Category) in the Competition

In September 2025, the ZMC representative team, demonstrating solid professional knowledge and outstanding performance, won the second prize (team category) in the Shaoxing Pharmaceutical Industry Production Quality Management Vocational Skills Competition, fully showcasing the effectiveness and professional competence of the Company's quality talent development.

## Pharmacovigilance

To systematically implement pharmacovigilance activities, in accordance with the *Good Practice for Pharmacovigilance* and taking into account the Company's actual circumstances, ZMC has established a pharmacovigilance organization and set up a Drug Safety Committee, clarifying the responsibilities of relevant departments to ensure the orderly and standardized conduct of the Company's pharmacovigilance work.

### Drug Safety Committee

- The Company's President serves as the Director, with members including the Pharmacovigilance Officer and the heads of the Pharmacovigilance Department and relevant departments.
- Responsible for the assessment of major drug risks, the handling of major or urgent drug incidents, risk control decision-making, and other significant matters related to pharmacovigilance.

### Pharmacovigilance Office

- The Pharmacovigilance Officer serves as the head of the Office, with professionals from relevant departments as members.
- As the executing body, it is responsible for routine pharmacovigilance work.

Pharmacovigilance Organizational Management Structure



### During the reporting period, ZMC:

Updated **21** system documents in response to regulatory updates and domestic and international regulatory requirements.

The Company's pharmacovigilance management system covers the entire drug lifecycle, defining pharmacovigilance workflows, division of responsibilities and operating standards, and establishing robust adverse reaction collection channels, information retrieval mechanisms, and risk assessment systems, achieving real-time monitoring, timely analysis and effective handling of adverse drug reactions and events. At the same time, the Company has strengthened the pharmacovigilance system for exported products, aligning with international pharmacovigilance management standards to ensure that pharmacovigilance work is comprehensive, standardized and efficient.

Specific Pharmacovigilance Measures			
Product Adverse Event Monitoring	Adverse Reaction Reporting Collection	Signal Detection	Exported Product Pharmacovigilance
<ul style="list-style-type: none"> <li>Proactive post-marketing safety monitoring is conducted for the innovative drug nemonoxacin malate and sodium chloride injection. For unexpected adverse reactions identified after the product's launch, pharmacovigilance personnel and multiple clinical and pharmaceutical experts are convened to evaluate the safety information, and the product labelling is revised based on the assessment results to implement risk control.</li> <li>In 2025, in response to the CDE's review opinions, the Company organized multiple internal discussions and invited experts to conduct reviews, continuously refining and revising the safety information in the product labelling and submitting response materials.</li> </ul>	<ul style="list-style-type: none"> <li>The Company reviews, analyzes, evaluates and reports feedback data from the Drug Adverse Reaction Direct Reporting System for drug marketing authorization holders.</li> <li>Independent channels for collecting adverse reaction information have been established, including through medical institutions, pharmaceutical distributors, telephone calls and complaints, academic literature, the internet and related channels, and post-marketing studies and projects, to proactively collect and report adverse drug reaction information.</li> </ul>	<ul style="list-style-type: none"> <li>Signal detection is conducted on suspected adverse drug reaction information collected through various channels to identify new drug safety risks in a timely manner.</li> <li>Appropriate, scientific and effective signal detection methods, including manual detection methods and computer-assisted detection methods, are selected based on the Company's specific circumstances and product risk characteristics, with reasonable detection frequencies and strategies being established.</li> <li>Relevant information is aggregated, and detected signals are evaluated to comprehensively determine whether a signal constitutes a new drug safety risk.</li> </ul>	<p>For the exported formulation vancomycin hydrochloride for injection, the Company has established procedures including the <i>Individual Case Safety Report Handling (Overseas)</i> and the <i>Preparation, Review and Submission of Periodic Adverse Drug Experience Reports (PADER)</i>, and has signed safety data exchange agreements with agents, strictly complying with regulatory requirements to conduct individual case collection and risk signal monitoring activities, with timely handling of any safety information collected.</p>
<ul style="list-style-type: none"> <li>In November 2025, the new version of the nemonoxacin malate and sodium chloride injection labelling was officially approved.</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, ZMC and its subsidiaries (Xinchang-pharma, Novus) submitted a total of 20,378 adverse reaction reports.</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, over 24,000 signals were reviewed, 320 signal detection reports for 30 product varieties were completed, and 6 signal assessment reports were completed.</li> </ul>	<ul style="list-style-type: none"> <li>In 2025, the Company received no valid individual case reports relating to the exported formulation vancomycin hydrochloride for injection, and submitted 4 Periodic Adverse Drug Experience Reports (PADER) to the US Food and Drug Administration (FDA).</li> </ul>

ZMC Pharmacovigilance Measures

In addition, the Company regularly conducts internal training on adverse reaction reporting and handling to enhance employees' awareness and capability in reporting post-marketing suspected adverse drug reaction information.

### Case Company-Wide Training on Operating Procedures for Collecting Post-Marketing Suspected Adverse Drug Reaction Information

In September 2025, the Company conducted a company-wide training on the operating procedures for collecting post-marketing suspected adverse drug reaction information. The training systematically explained the definitions of terms related to adverse drug reactions, as well as the scope of suspected adverse reaction collection, reporting procedures, information collection channels and relevant precautions, enhancing employees' sensitivity to and awareness of reporting suspected adverse drug reaction information, further consolidating the foundation of the Company's post-marketing drug safety monitoring system.

### Case Company-Wide Training on the Good Practice for Pharmacovigilance and Related Guidelines

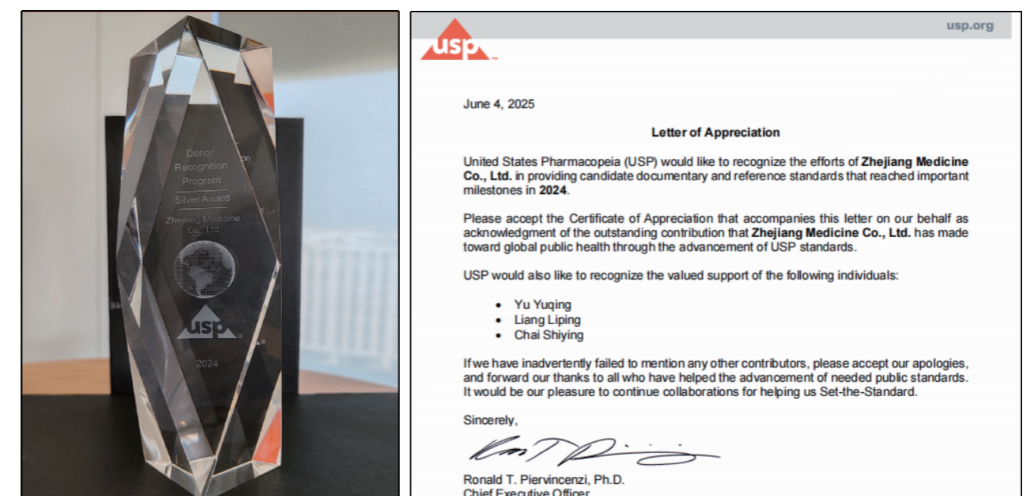
In November 2025, the Company conducted a company-wide training on the *Good Practice for Pharmacovigilance* and related guidelines, systematically explaining topics including the construction of national pharmacovigilance laws and regulations, relevant basic concepts, the organizational structure of the Company's pharmacovigilance system and the responsibilities of relevant departments, monitoring and reporting, and risk assessment, laying a good foundation for the subsequent coordinated advancement of pharmacovigilance work.

## Industry Recognition

ZMC continues to advance quality development, achieving significant results in active participation in the formulation of international pharmacopoeia standards and the development and revision of national standards, further consolidating the Company's quality leadership position within the industry. In 2025, ZMC and its subsidiary Changhai Biological successfully completed SMETA 4P certification, marking the achievement of internationally recognized levels in social responsibility management. Regarding the revision of national food safety standards, the *Food Additive Lutein* standard, in which the Company participated, was officially released in March 2025 and came into effect in September 2025.

### Case Establishment of a New USP Standard

As the only domestic enterprise participating in the formulation of the USP standard for Daptomycin, ZMC played a key role in the standard-setting process. The Company repeatedly tested and validated the draft methodology and conducted product quality assessments, while maintaining professional technical exchanges with the United States Pharmacopeia (USP). The discussion draft was officially published in the Pharmacopoeial Forum (PF) on 1 May 2025 for public comment. In June 2025, the USP presented ZMC with a Standard Participation Trophy and a letter of appreciation, recognizing the Company's significant contribution to the development of international standards.



Trophy and Letter of Appreciation

# Customer Relationship Management

## Customer Communication Mechanism

ZMC places great emphasis on customer relationship management, establishing a comprehensive management system throughout the customer cooperation lifecycle and a standardized customer communication mechanism to maintain good customer relationships and build a robust, mutually trusting cooperative ecosystem.

The Company has formulated the *User Access Management Procedure*, establishing a standardized user access procedure to efficiently collect and promptly process customer feedback, continuously improving product quality and service levels. Based on the actual circumstances and needs of different customers, the Company's sales department personnel conduct communications with customer units using both "correspondence visits" and "dedicated visits", classifying customer feedback into "quality issues" and "non-quality issues" and carrying out subsequent tracking and handling in accordance with internal management procedures. In 2025, the Company continued to improve its customer communication mechanism, establishing QA and QC professionals at its subsidiaries to directly liaise with customers, with QA supervisors providing feedback to customers on product quality-related matters, effectively enhancing the convenience and efficiency of communication between customers and the Company, and maintaining a consistently high level of customer satisfaction.



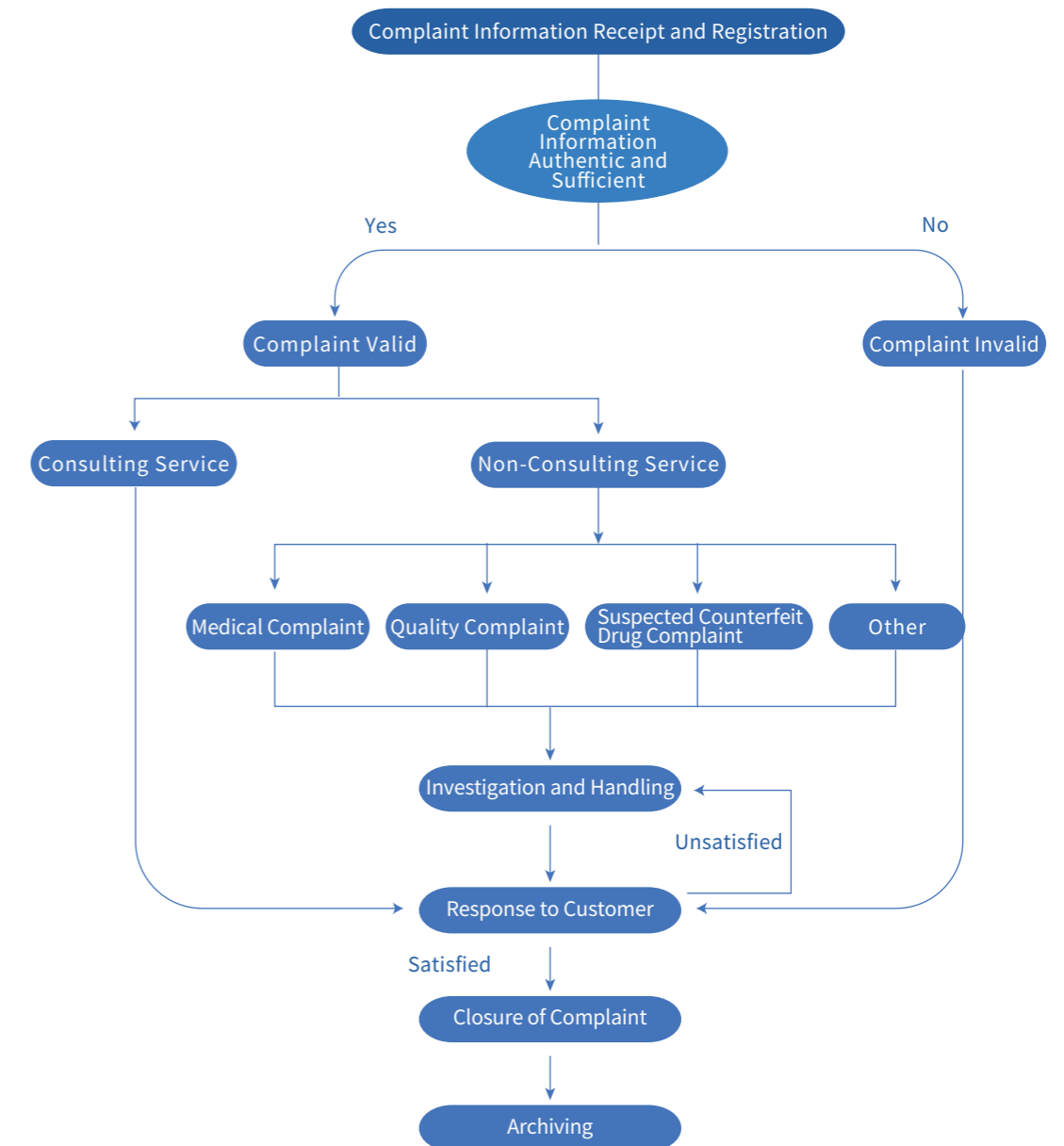
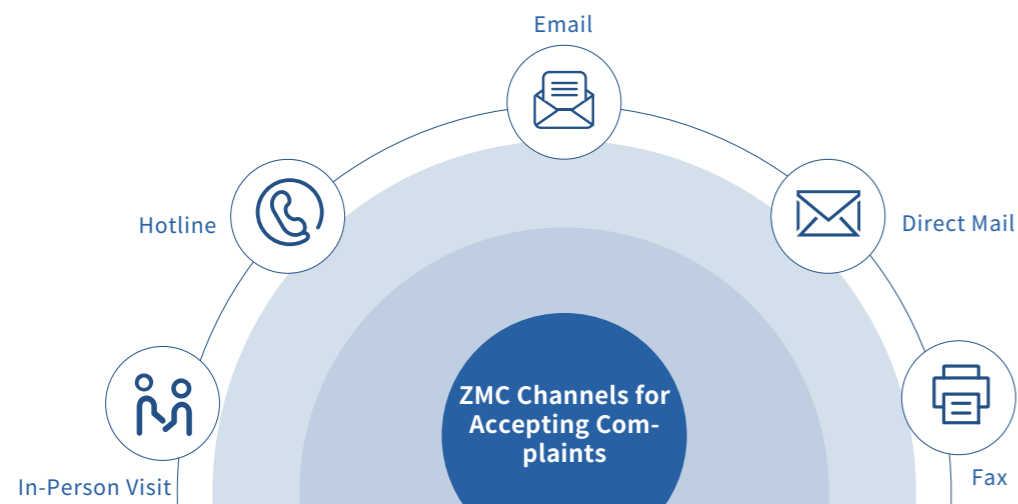
In 2025, ZMC:

Achieved a customer satisfaction survey  
return rate of **100%**

Achieved a customer satisfaction rate of  
**99.5%**

## Customer Complaint Handling

ZMC continuously focuses on customer experience and feedback, formulating and implementing the *Drug Complaint Handling Procedure* and the *Post-Marketing Product Customer Complaint Management System*. Customers may submit suggestions and opinions to the Company through various channels including in-person visits, letters, phone calls, fax or email. Upon receiving a complaint, the Company promptly registers it, assesses the authenticity and sufficiency of the complaint information, and processes it by category based on the assessment results, ensuring that every customer feedback is effectively responded to and properly resolved.



ZMC Complaint Handling Process

In 2025, ZMC conducted cause investigations and formulated corresponding corrective actions for all types of complaint issues, actively implementing rectifications. During the reporting period, the Company achieved a response rate and a resolution rate of 100% for complaints.

# Product Accessibility

ZMC has always adhered to a patient-centric, research-based and market-oriented approach, committed to providing a wide range of high-quality medicines to broader patient populations and continuously improving the accessibility of its products in the market.

Through measures such as conducting academic promotion, facilitating the inclusion of specific drugs into the national medical insurance reimbursement list, and enhancing the coverage and accessibility of its drugs in healthcare institutions at various levels, the Company continuously strengthens awareness of and trust in its products across all sectors of society, increases the clinical utilization rate and brand influence of its products, and effectively meets patients' medication needs. At the same time, the Company is steadily advancing the global expansion of its products, with multiple products currently exported to various countries and regions, and plans to further expand its global presence through targeted internationalization strategies, enabling patients in more countries and regions to access safe and effective treatment options.

## ZMC Specific Measures to Enhance Product Accessibility

### Promotion and Dissemination

On the sales side, the Company actively conducts academic promotion and organises free public education activities on medication knowledge.

In 2025, the Company conducted over 500 academic promotion activities, of which more than 400 were aimed at introducing the clinical value and key usage points of its products to clinicians.

### Enabling Price Accessibility

The Company advances the inclusion of more products into the national medical insurance reimbursement list and the national volume-based procurement list, improving the affordability of its drugs.

In 2025, through negotiations with the national medical insurance authority, nemonoxacin malate injection maintained its status as a national medical insurance negotiated drug; peramivir injection also successfully passed the national medical insurance drug negotiation.

### Expanding Coverage

The Company continuously promotes the end-user access of its products, increasing the coverage of its drugs in hospitals and pharmacies across various regions.

In 2025, the Company increased the end-user access for nemonoxacin capsules and nemonoxacin injection, covering 258 hospitals and 163 hospitals respectively. Among these, nemonoxacin capsules are now accessible in over 1,900 retail pharmacies.

In 2025, the Company focused its efforts on expanding market coverage and deepening end-user access, continuously optimizing its channel layout. As of the end of the Reporting period, the number of endpoints covered by key products was as follows:

Product Name	Pharmacies	Hospitals
Miglitol Tablets	14,627	5,752
Nemonoxacin Malate Capsules	1,912	1,082
Nemonoxacin Malate and Sodium Chloride Injection	115	1,355
Vancomycin Hydrochloride for Injection	153	3,130

# 04

## Resilient Chain Collaboration Gathering Momentum for Value Co-Existence

### Response to Issues

Supply Chain Management



ZMC is consistently committed to building a stable, high-quality, and sustainable supply chain system. Through the implementation of supplier lifecycle management, we exercise strict control over every stage from access and assessment to exit, ensuring the reliability and resilience of the supply chain. On this basis, we actively practice sustainable development principles by integrating responsible requirements such as green procurement, labor rights protection, and ethical cooperation into the entire supply chain management process. Together with our upstream and downstream partners, we strive to contribute to the sustainable development of the industry and the advancement of global sustainable development goals.

### Contribution to SDGs



# Supply Chain Management

## Supplier Full Lifecycle Management

ZMC places high importance on the standardized and refined management of its suppliers. The Company has established internal policies and management documents, including the *Material Supplier Management System*, *Equipment and Material Supplier Management System*, *Supplier Development Management Measures*, and *Supplier Code of Conduct*, focusing on key dimensions such as procurement process management and supplier management. During the reporting period, in response to new developments in procurement business and the collaborative requirements of information system implementation, the Company revised and improved policies including the *Bidding Management System*, *Material Procurement Management System*, *Procurement Management System for Equipment, Materials, Engineering, and Services*, and *Equipment and Material Supplier Management System*. These revisions support the Company's procurement management in advancing from "compliance-driven operations" to a higher level of "scientific decision-making, refined management, transparency, and value creation".

The Company has established and continuously improves its supplier management procedures, ensuring that material suppliers meet requirements from the source and guaranteeing a reliable and stable supply of materials.

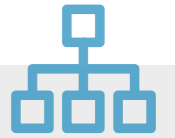
### ZMC Supplier Management Measures

#### Access and Qualification Review

- » Based on the quality characteristics and safety risks of different materials, suppliers are required to sign relevant documents such as the *Quality Assurance Agreement* and *Hazardous Chemicals Safety Agreement*, ensuring that suppliers comply with relevant quality standards and specifications, thereby effectively reducing quality and safety risks at the source of cooperation;
- » Suppliers are required to clearly specify the manufacturer information for the materials supplied in the contract and provide qualification documents such as the manufacturer's business license, production license, quality system certification certificate, and product inspection report, demonstrating the legality and compliance of the material source;
- » Suppliers must submit the *Material Supplier Questionnaire completed* and stamped by the manufacturer, covering key information such as production processes, quality control procedures, recent environmental compliance status, and production capacity planning, enabling the Company to fully understand the source production situation.

#### File Management

- » **Supplier File Establishment:** Before approving the purchase of new material suppliers, strictly collect relevant qualification documents such as quality agreements and questionnaires to establish complete supplier files;
- » **Supplier File Maintenance:** Dynamically maintain and regularly update established files, including timely updating of information when supplier changes occur, validity period checks, and organization and preservation of periodic management documents;
- » **Supplier File Cancellation:** When cooperation with a supplier terminates, immediately stop file updates and procurement activities, and archive the original file for future inspection and traceability.



#### Annual Evaluation and Tiered Management

- » Following the principle of "classification, tiering, and dynamic management", classify materials into four categories (A, B, C, and D) based on factors such as material properties, criticality to production, and impact on user safety, and implement differentiated management models and approaches for different categories of suppliers;
- » Annually, relevant departments conduct annual quality reviews of material suppliers, completing the *Annual Material Supplier Quality Review Form*. Based on scoring results, suppliers are classified into three tiers: excellent, qualified, and unqualified, with corresponding management measures applied: excellent suppliers are prioritized for procurement, qualified suppliers are listed as options, and procurement from unqualified suppliers is terminated.



#### Supplier Audit

- » Based on material category, supplier classification, and system certification status, flexibly adopt a combination of on-site audits and questionnaire audits. Through regular reviews of qualified suppliers' compliance with requirements, timely identify issues and propose targeted improvement recommendations. During the reporting period, the Company completed 227 on-site audits and 1,098 questionnaire audits.
- » On-site audits focus on core aspects such as production workshop environment and facilities, raw material procurement and warehouse management, standardization of production process execution, quality testing equipment and operational standardization, and personnel qualifications and training systems. Following the audit, a detailed audit report is issued. If non-conformities are identified, the manufacturer must complete corrective actions within the specified timeline and submit a corrective action report for the Company's review and verification.



#### During the reporting period:

- 100% of Category A, B, and C material suppliers signed Quality Assurance Agreement ✓
- 100% of Category D material suppliers had quality standards specified in their procurement contracts, with a contract signing rate of 100% ✓
- 100% of tank trucks transporting hazardous chemicals signed Safety Agreements ✓

## Supply Chain Resilience

In response to uncertainties such as global geopolitical fluctuations and changes in trade policies, ZMC continuously strengthens its supply chain risk management capabilities. By enhancing risk identification and control and promoting domestic substitution, the Company steadily improves its supply chain resilience and security, ensuring the stability of its production and operations.

During the reporting period, the Company conducted systematic risk identification for all suppliers, focusing on key areas such as geopolitical risks, supply continuity, and compliance. A risk register was developed, and tiered risk management was implemented. For identified risks and potential issues, the Company established a regular monitoring and corrective mechanism, while continuously optimizing its supplier access, evaluation, and exit management mechanisms, ensuring that effective risk response capabilities are in place at every stage of the supply chain.

### Case Domestic Substitution of Key Materials

To reduce dependence on imported materials and enhance the self-control capability of its supply chain, the Company actively promotes domestic substitution of imported materials. By introducing high-quality domestic suppliers to replace foreign sources, the Company lowers costs while strengthening its resource reserves. For diatomaceous earth and CP sodium hydroxide, which were previously dependent on imports, the Company implemented domestic substitution plans, achieving full substitution in 2025.

## Supply Chain Digitalization

ZMC continues to advance the digital transformation of its supply chain, striving to enhance the quality and efficiency of supply chain management. In 2025, building on the optimization of its Enterprise Resource Planning (ERP) system and with the development of the Supplier Relationship Management (SRM) system as a core focus, the Company established an integrated management system covering the entire supplier lifecycle, the tendering and procurement process, and procurement execution. As of the end of the reporting period, this information system has been fully rolled out across all entities, including ZMC, Xinchang-pharma, and Changhai Biological.

### 2025 Digital System Upgrades



The Company continues to carry out regular improvements and optimizations to the ERP system, focusing on enhancing the responsiveness and data accuracy of material requirements planning, purchase order execution tracking, and inventory-finance integration. Through process reengineering and data governance, the information gap between procurement and finance has been further bridged, improving business processing efficiency and ensuring data consistency and traceability.



The SRM system has been successfully launched and is in trial operation, covering three core modules: supplier lifecycle management, tendering and procurement management, and post-procurement collaboration. It is deeply integrated with internal systems, creating a data-driven supplier management platform that facilitates internal and external collaboration:

- **Supplier Full Lifecycle Management:** Establishes a unified qualified supplier database, enabling fully digital management of supplier access, qualification review, performance evaluation, and risk monitoring.
- **Online and Transparent Tendering and Procurement Processes:** Covers the entire procurement process including sourcing, bidding, quoting, negotiation, and award. Built-in compliance rules enable automatic approvals and complete process traceability.
- **Closed-Loop Procurement Collaboration:** Seamlessly integrated with ERP, OA, and contract management systems, connecting key nodes such as demand submission, order execution, goods receipt and storage, reconciliation, and payment. This enables real-time order delivery tracking and reduces communication errors.
- **External Platform Integration and Channel Expansion:** Integrates with external information platforms and e-commerce platforms, enabling real-time access to market price information and supporting online price comparison and order placement.

### Case SRM System Specialized Training

To ensure the smooth launch of the SRM system and promote the digital upgrade of supplier management, the Company organized specialized training on the supplier information system in October 2025. The training covered core functions such as system registration, tendering and procurement processes, order confirmation, delivery note management, reconciliation, invoicing, and payment collection inquiries. This training helped suppliers master platform operations and improve business collaboration efficiency with the Company.



SRM System Specialized Training Session

# Responsible Supply Chain

## Sustainable Supply Chain Development

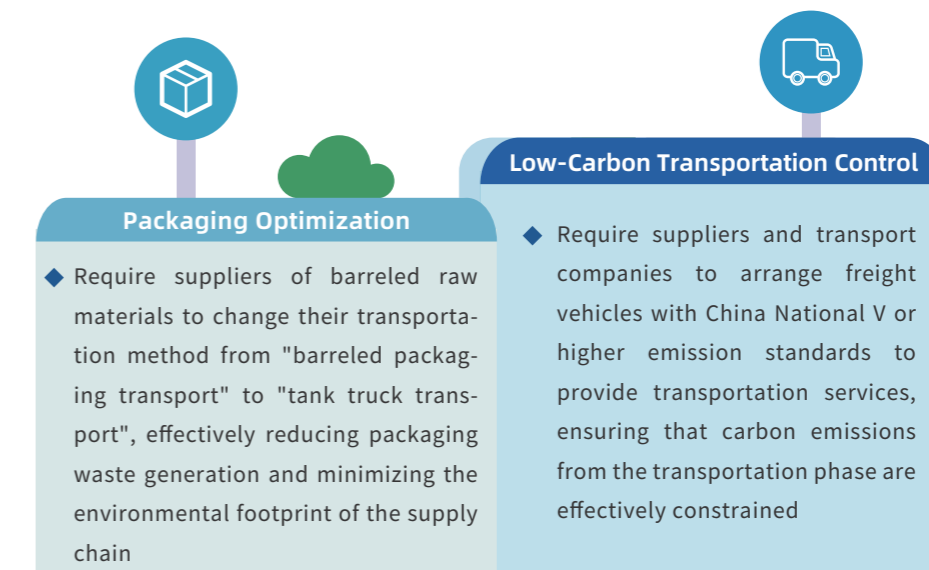
ZMC deeply integrates sustainability principles into its supply chain management, committing to work with upstream and downstream partners to promote green and low-carbon development and sustainable transformation of the industrial chain, thereby minimizing the negative environmental and social impacts of its value chain.

### ZMC Sustainable Supply Chain Management Measures



The Company is comprehensively advancing green supply chain management, covering suppliers of core raw materials, packaging, and logistics. As of the end of the reporting period, the Company has completed green assessments of its major suppliers.

### Green Supply Chain Collaborative Practices



## Supply Chain Empowerment

While strengthening responsible supply chain management, the Company has built a comprehensive supplier empowerment system. Through capacity building and knowledge sharing, it helps suppliers improve their environmental, social, and compliance performance, achieving collaborative development and mutual benefits across the upstream and downstream supply chain.

### Case

#### Hazardous Chemicals Transportation Safety Specialized Training

To standardize the transportation management of hazardous chemicals and further reduce safety risks during transportation and unloading, the Company organized specialized training on hazardous chemicals transportation safety in September 2025 for carrier representatives of various hazardous chemical suppliers. Targeted discussions were held on potential risks in the transportation process, effectively enhancing suppliers' compliance awareness and operational capabilities in transportation safety.



Hazardous Chemicals Transportation Safety Specialized Training Session

### Case

#### Supplier ESG Specialized Training

In 2025, the Company organized ESG specialized training and communication sessions for core suppliers, focusing on key topics such as environmental management, greenhouse gas emissions, hazardous waste disposal, social responsibility, and occupational health and safety. International standards, including ISO 14064, ISO 45001, and SA 8000, were systematically explained. The Company conducted multiple rounds of training throughout the year. As of the end of the reporting period, core suppliers, including those of major raw materials, packaging, and logistics, had been largely covered.

By closely integrating training and coaching with supplier evaluations, the Company has established a "training – corrective action – improvement" closed-loop management system, helping suppliers enhance their ESG management while steadily improving the sustainability level of the supply chain.

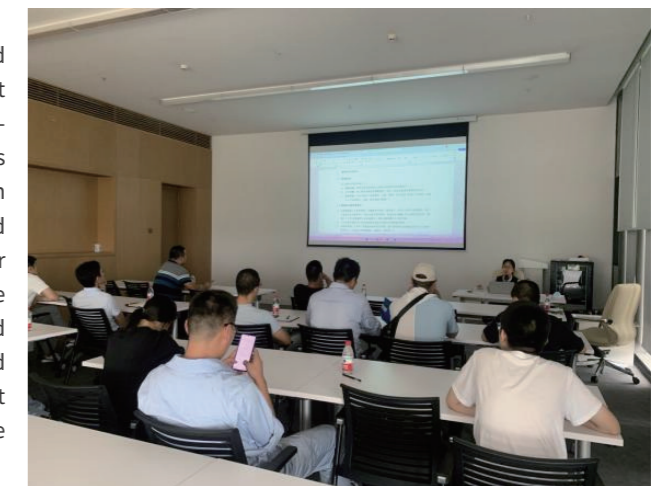


Supplier ESG Specialized Training Session

### Case

#### Procurement Personnel HSE and Sustainable Procurement Training

The Company conducted specialized HSE and sustainable procurement training for all procurement personnel, covering topics such as regulatory awareness, supplier green access standards, and business ethics. All procurement staff participated. Through case studies and assessments, environmental and social responsibilities were integrated into supplier management. The training effectively enhanced the team's risk identification capabilities, strengthened source control in the green supply chain, ensured compliance and transparency in the procurement process, and supported the Company's sustainable development goals.



Procurement Personnel HSE and Sustainable Procurement Training Session

# 05

## Compliance-Driven Development Safeguarding Sustainable Development

### Responsive Issues

- Compliant Operation and Business Ethics
- Responsible Marketing
- Ethics in Technology
- Data Security and Privacy Protection



ZMC adheres to the concept of compliant operation, continuously strengthens employees' awareness of fair competition and the construction of business ethics, systematically improves the compliance risk prevention and control level of each business link, ensures the standardized operation of the enterprise in accordance with the law, and helps the Company achieve sustainable and high-quality development.

### Contribution to SDGs



# Business Ethics and Anti-Corruption

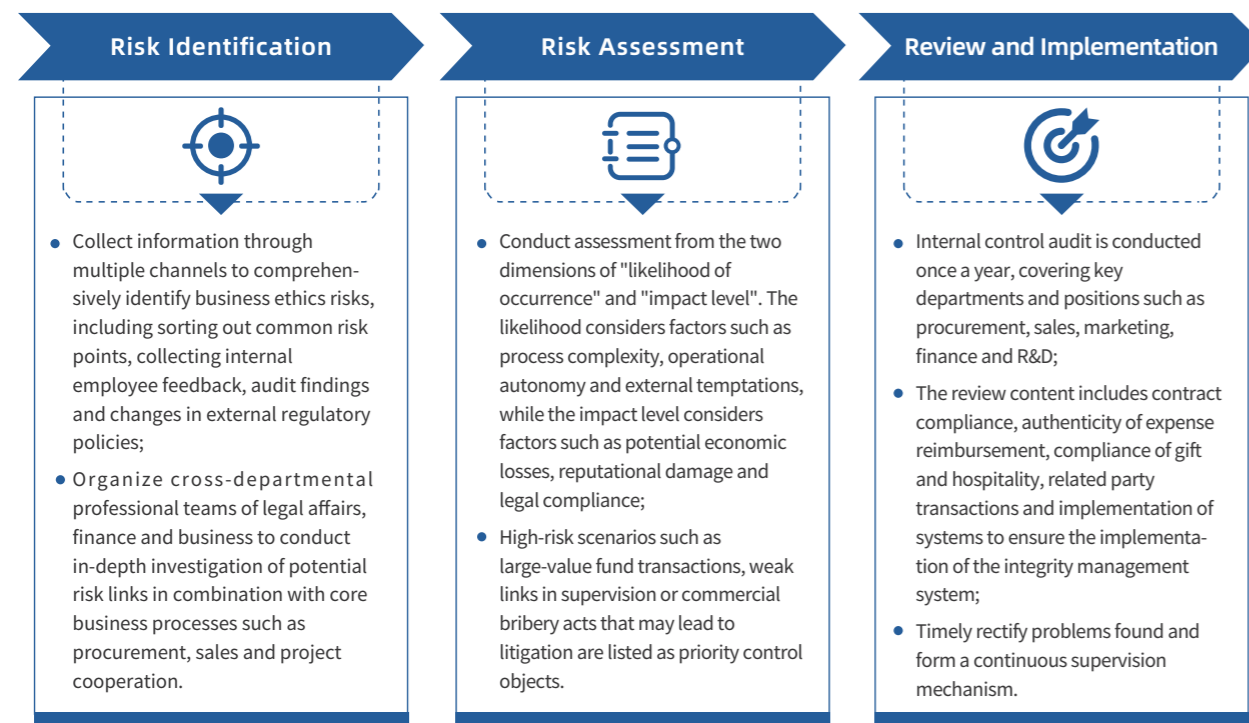
## Business Ethics Management System

ZMC has formulated and implemented internal systems such as *Integrity Management System*, *Administrative Measures for Supervisors of Bidding and Procurement Procedures*, *Provisions on Regulating the Business Conduct of Relatives of Cadres and Employees in Key Positions*, to fully implement and comply with the requirements of laws and regulations such as *Anti-Money Laundering Law of the People's Republic of China*, *Interim Provisions on Prohibiting Commercial Bribery*, and *Company Law of the People's Republic of China*. In 2025, the Company systematically revised the *Employee Handbook*, further strengthened the management of anti-corruption, bribery and conflict of interest, strictly prohibited employees from soliciting or accepting cash, valuables and extravagant entertainment, and required that excessive or suspicious gifts must be declared; clearly prohibited acts such as money laundering, benefit transfer, and illegal profit-seeking, and simultaneously improved the accountability mechanism, strengthened the control of corruption, commercial bribery and other acts, and improved the level of integrity and compliance.

The Company organized employees in key positions to sign the *Integrity Employment Commitment Letter*, clarifying their specific obligations in preventing commercial bribery and fulfilling compliance responsibilities; for leading cadres, core management team and personnel in key positions, the Company formulated special code of conduct and management guidelines, and required them to sign documents such as *Report Form of Personal Major Matters of the Company's Cadres*. Through the combination of system construction and process control, the Company continuously strengthened the control of integrity and compliance. During the reporting period, ZMC had no incidents of being dismissed or disciplined, and/or being investigated by competent authorities due to commercial bribery or corruption.

## Business Ethics Risk Management

The Company has built a business ethics management process of "Identification - Assessment - Review and Implementation", aiming to strengthen the closed-loop control of business ethics risks.



Business Ethics Risk Management Process

To promote the process-based and online implementation of risk control measures, and effectively embed them into the business system, the Company launched the expense control system in 2025, further standardizing the reimbursement process for travel and daily expenses, and improving the efficiency of risk prevention and management. At the same time, the Company launched the construction of the Supplier Relationship Management (SRM) system, strengthened the control of supplier access and procurement costs, and prevented business ethics risks from the source.



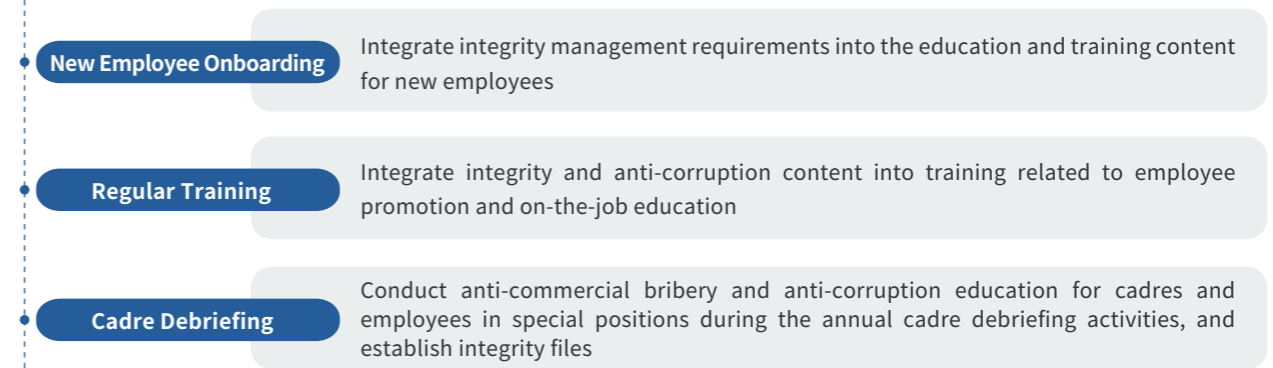
### During the reporting period:

Number of major violations, investigations by competent authorities, lawsuits or rectification requirements arising from business ethics or corruption issues: **0**

## Training and Culture Construction

The Company attaches great importance to the construction of business ethics culture, and relies on regular education and training to promote the integration of the integrity concept into daily management.

### Regular Training for Employees of ZMC



In 2025, the Company incorporated integrity and anti-corruption education into the company-level annual training plan, and organized a special training once a year for all employed cadres and employees in key departments such as procurement, finance, bidding and tendering, and marketing. The training content covers the integrity employment system, anti-corruption policies and typical case analysis, aiming to strengthen employees' compliance awareness and improve the ability of risk prevention of integrity in key positions.



### Special Training on Anti-fraud

In 2025, ZMC carried out special training on anti-fraud, systematically analyzed the current status of corporate fraud, identified common fraud methods in high-risk areas such as procurement, sales, finance and bidding and tendering, including false contracts, benefit transfer and expense fraud. The training focused on explaining the construction path of the corporate anti-fraud system, including system design, process specification and authority control, and emphasized the key links of implementation. At the same time, combined with typical cases, it deeply analyzed the supervision mechanism and investigation process of fraud acts, improving employees' compliance awareness and risk identification ability.



**During the reporting period:**

Percentage of employees who received anti-commercial bribery and anti-corruption training: **100%**

## Reporting Management

ZMC adheres to the "zero tolerance" stance against corruption and fraud, and firmly safeguards the Company's compliant operation and the legitimate rights and interests of employees. The Company advocates full participation in governance, encourages reporting of violations through diversified channels, and jointly builds a fair, transparent and honest corporate environment.

### Reporting Channels of ZMC

- ✉ Email Address of the Disciplinary Committee, Zhejiang Medicine Co., Ltd.    jiwei-office@zmc.top
- ☎ Phone Number of the Disciplinary Committee, Zhejiang Medicine Co., Ltd.    0575-86047330

The Company has established a sound fraud complaint and handling mechanism, which provides rapid response, in-depth investigation and disposal in accordance with laws and regulations for all reported matters. At the same time, the Company strictly protects the privacy of informants, eliminates any form of discrimination or retaliation, effectively guarantees the safety and professional rights and interests of informants, and continuously improves the enthusiasm and trust of employees to participate in supervision.



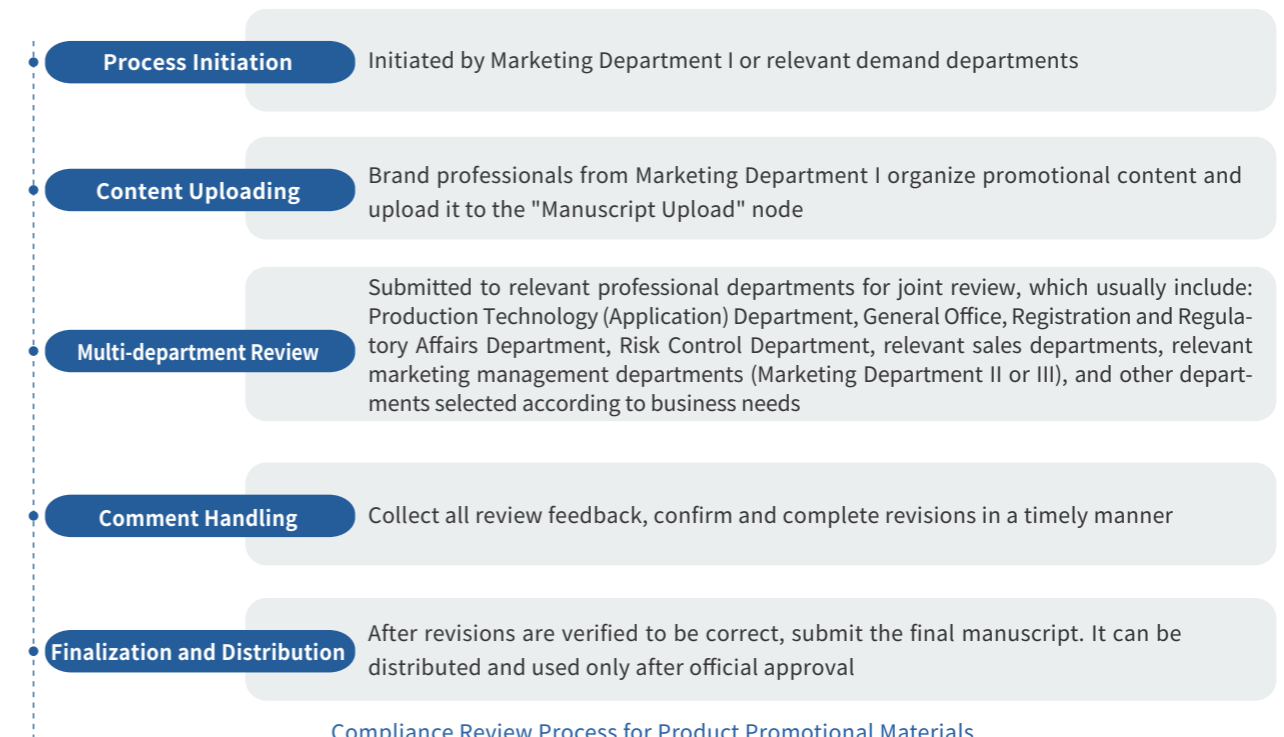
# Responsible Marketing and Anti-Unfair Competition

## Responsible Marketing

The Company implements a compliance marketing accountability system covering sales departments, sales representatives and agents, and strictly enforces compliance management on publicity and contracts. In compliance with the *Advertising Law of the People's Republic of China* and other relevant laws and regulations, ZMC requires all employees to be familiar with the business norms in areas such as product promotion and drug bidding, and stipulates that sales and promotion personnel must sign the *Anti-Commercial Bribery Regulations in the Field of Drug Procurement and Sales* with medical institutions at all levels.

Before the release of external publicity materials, the Company strictly follows the *Compliance Review Process for Product Publicity Materials* to ensure all content is lawful and compliant. The signing of marketing and promotion-related contracts is implemented in accordance with the authority matrix specified in the *Contract Management System*. For outsourcing companies, a compliance system has been established with reference to the *Engineering Contractor Management System (Trial)*, the *Material Supplier Management System*, and the *Equipment and Material Supplier Management System*.

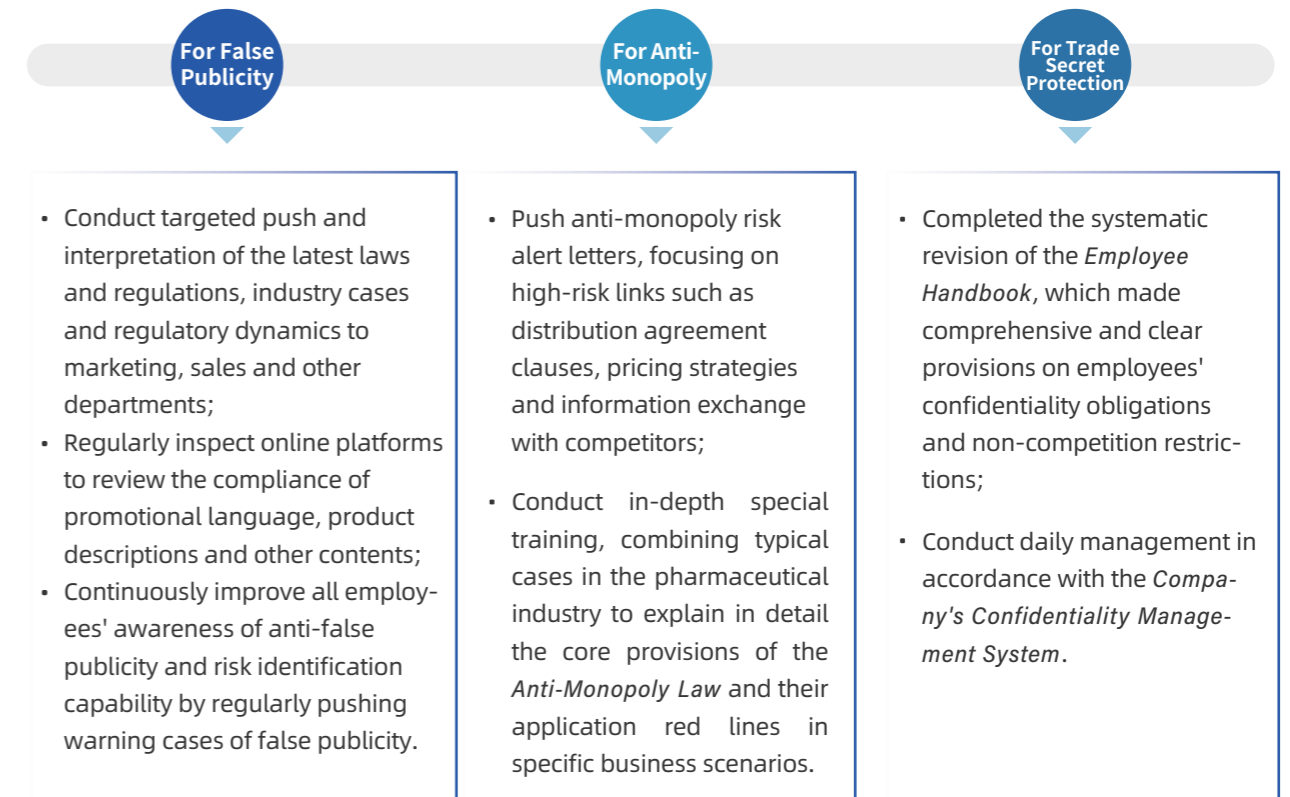
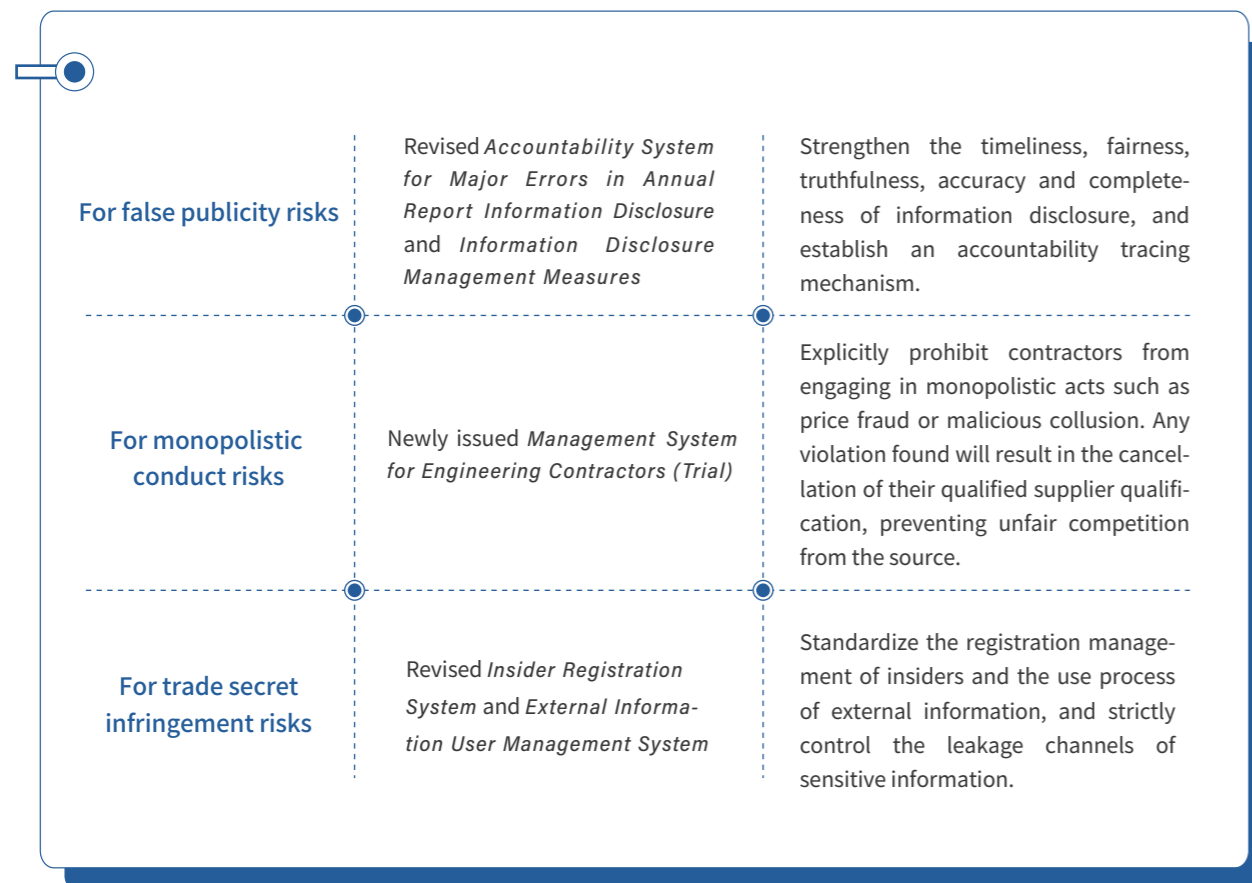
To enhance the authenticity, completeness and authority of external information release and strengthen news and publicity management, ZMC has formulated the *Public Opinion Monitoring and Crisis Public Affairs Management System* to improve emergency response and media relationship management. In 2025, the Company further revised the *Document Issuance Management Procedure of Zhejiang Medicine Co., Ltd.* to enhance the standardization and scientific rigor of document issuance, ensuring efficient, accurate, and orderly information dissemination.



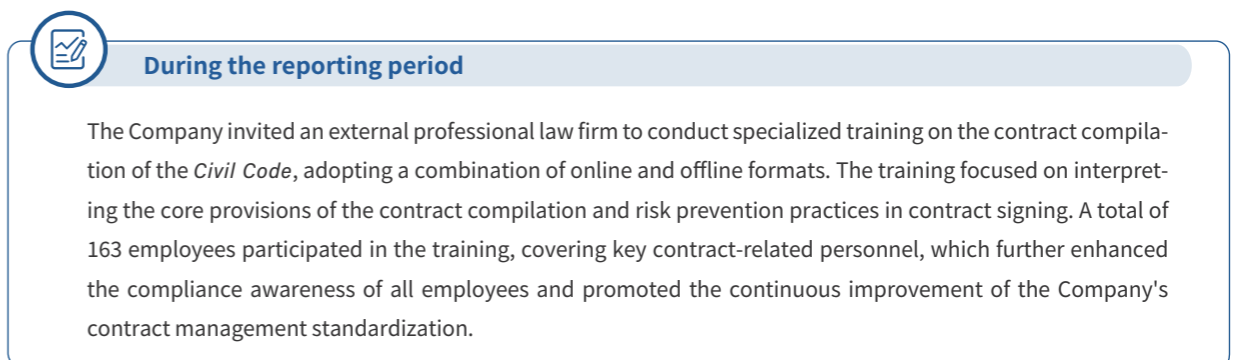
## Anti-Unfair Competition

ZMC strictly abides by the requirements of laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China*, and *Several Provisions on Prohibiting Infringement of Trade Secrets*, establishes and improves the relevant institutional system, and actively prevents and responds to risks such as false publicity, monopolistic practices, and trade secret infringement.

The Company has formulated and implemented the *Anti-Monopoly Compliance Guidelines*, which cover key links such as risk control of monopoly agreements, prevention of abuse of dominant market position, and declaration and review of concentration of business operators, to ensure that all business activities fully comply with anti-monopoly laws and regulations. At the same time, the Company carefully reviews business contracts in accordance with the *Contract Management System*, and promptly requires and guides business departments to rectify clauses that have risks of unfair competition or monopoly, so as to strengthen risk control from the source. In 2025, the Company systematically optimized the systems related to fair competition in combination with regulatory requirements and business practices, effectively supporting the fairness and compliance of the Company in market competition.



Management Measures for Anti-Unfair Competition



# Science and Technology Ethics

## Clinical Trial Safety Management

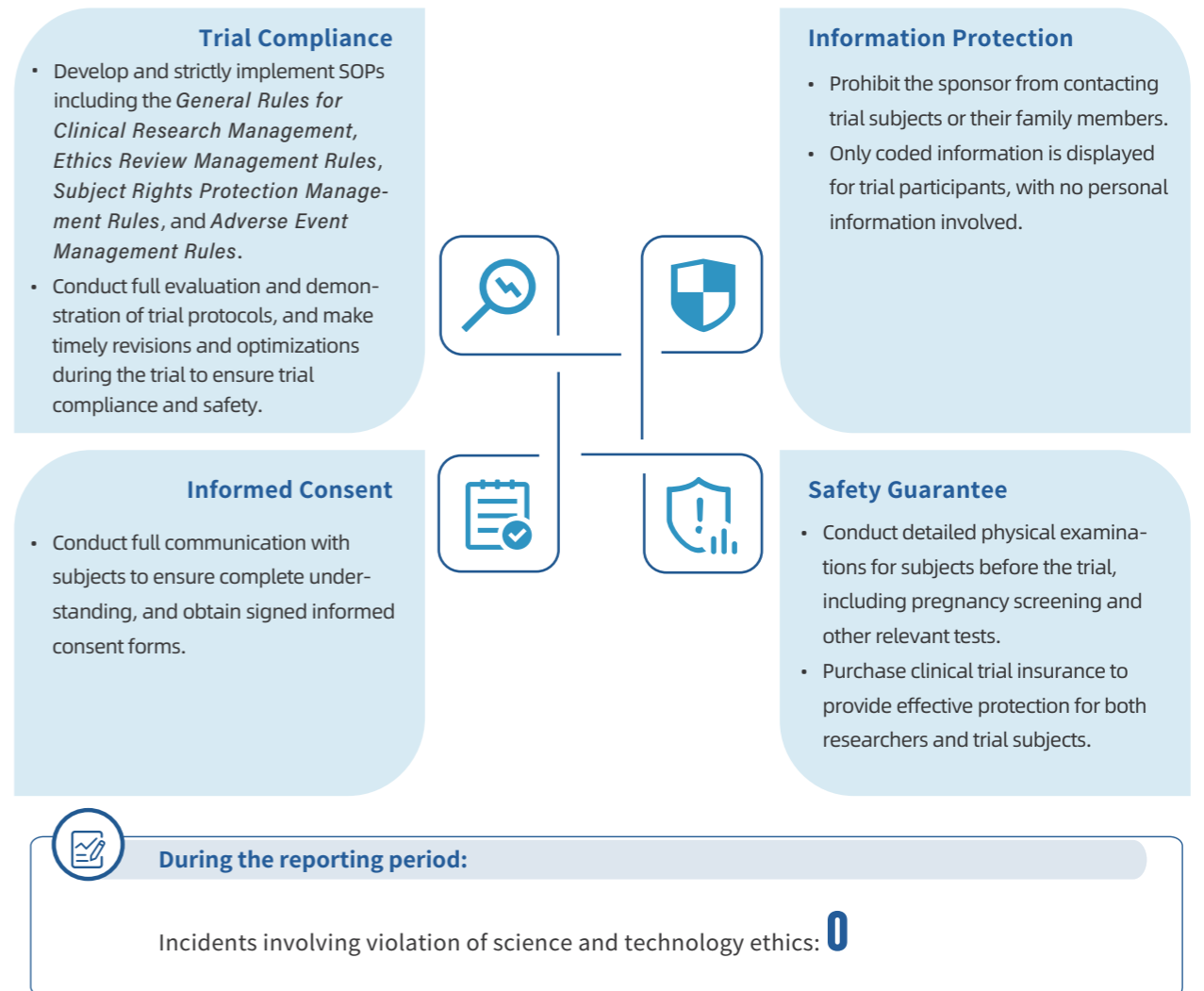
In the process of pharmaceutical clinical R&D, ZMC strictly complies with national laws, regulations and international industry standards, and fully follows core norms including the *Declaration of Helsinki*, *Good Clinical Practice (GCP)* and *Good Laboratory Practice (GLP)*. Meanwhile, the Company has established a sound internal management system, formulated and implemented a series of regulations such as the *General Rules for Clinical Research Management*, *Ethics Review Management Rules*, *Subject Rights Protection Management Rules*, and *Adverse Event Management Rules*, so as to ensure the compliance, scientific validity, and ethical acceptability of the entire clinical and non-clinical research process.

ZMC has set up a Drug Safety Committee composed of professionals in R&D, production, quality and other fields, which is fully responsible for ethical review and scientific evaluation of projects, as well as judgment and decision-making on major safety incidents. During clinical trials in different regions, all multi-center clinical projects adopt a unified version of trial protocols and complete registration and filing on the national clinical trial registration platform in a unified manner, effectively reducing regional differences and ensuring standardized and high-quality implementation of research. In addition, during project implementation, in addition to conducting regular reviews in strict accordance with ethical approval documents, the Company evaluates the necessity of protocol revisions based on project progress and actual protocol implementation, timely carries out protocol updates and optimization, and effectively guarantees the scientific validity, effectiveness and safety of clinical trials.

## Subject Protection

ZMC regards the informed consent of research participants as a core link in adhering to ethical norms and protecting subject rights and interests in clinical trials. The Company has established a sound informed consent management system and formulated the *Research Participant Rights Protection Management Rules*, clarifying the principles, operational procedures and job responsibilities of informed consent, and effectively protecting research participants' right to know, voluntary participation right and privacy right.

## Subject Protection Measures of ZMC



## Animal Experiment Ethics

To ensure the ethical compliance of animal experiments, ZMC has established a sound animal experiment management system based on laws, regulations and industry norms such as the *Declaration of Helsinki*, *Regulations on the Administration of Laboratory Animals*, and *Measures for the Administration of Laboratory Animal Licenses*. Meanwhile, the Company implements full-process supervision over third-party institutions entrusted with animal experiments, strictly reviews their qualifications and operating specifications, and ensures that experimental design and implementation conform to ethical principles, fully respecting and safeguarding the life dignity and rights of laboratory animals while ensuring the rigor of scientific research.

In 2025, the Company optimized its animal experiment model, shifting from full outsourcing to conducting part of simple experiments by utilizing the research institute affiliated to the drug inspection authority. The Company leased venues at the Drug Safety Evaluation Research Center of Zhejiang Institute for Food and Drug Control to carry out early in vivo efficacy research on a preclinical ADC project, and strictly implemented the relevant internal management systems of the center to ensure a standardized and transparent research process.

# Data Security and Privacy Protection

ZMC attaches great importance to data security and privacy protection, and strictly complies with relevant laws and regulations in the place of operation such as the *Cybersecurity Law of the People's Republic of China* and the *Consumer Rights Protection Law of the People's Republic of China*. The Company actively introduces industry-leading security products and professional services to fully ensure the safe, stable and efficient operation of the Company's core data assets and information systems. In 2025, the Company revised and improved the *Data Security Control Procedure* and *Information Security Incident Control Procedure*, clarifying the security management requirements throughout the data lifecycle and further standardizing the Company's information security management.

The Company has set up a dedicated information security implementation team to conduct regular supervision and management of corporate information and data security. At the beginning of each year, it formulates and implements the annual work plan for the information security management system. Core work includes setting information security objectives, identifying internal and external environments and applicable laws and regulations, conducting risk assessments, and implementing monitoring and measurement, striving to build a comprehensive data and information security assurance system.

To strengthen data and information security management, the Company initiated the development of an ISO 27001 information security management system in 2019 and officially passed the on-site certification audit for ISO/IEC 27001:2013 in 2021, obtaining the information security management system certification. Since initially obtaining the certification, the Company has strictly followed the system requirements to promote normalized operations and continuous improvement, successfully passing the triennial recertification audits as well as the annual surveillance audits in non-certification years. As of the end of the reporting period, ZMC, Changhai Biological, Xinchang-pharma, Novus and Changhai Pharma have all obtained ISO 27001 Information Security Management System certification.



In terms of data security protection, the Company's core information systems are all deployed locally on the intranet. Virtualization technology is adopted to ensure the high availability of servers, while the "two locations and three centers" data backup for core information systems is realized through internal dedicated lines, guaranteeing data integrity and business continuity. At the network level, the Company deploys firewalls at all network boundaries and traffic probes in subsidiaries and branches, ensuring the stable and secure operation of the corporate network through multi-layer technical defense lines. For customer data, the Company only stores a small amount of customer information in locally deployed information systems and opens accounts in strict accordance with the principle of least privilege.

## ISO 27001 Certification



## 2025 Cybersecurity Construction Achievements:

- Platform Construction:** Completed the local construction of the situation awareness and probe platform;
- Asset Inventory:** Conducted a comprehensive investigation of digital assets exposed on the public network, identified 16 associated domain names, and promptly addressed 8 potential risks;
- Vulnerability Scanning:** Carried out regular vulnerability scanning, identified and disposed of a total of 3,392 potential risks in hosts and application systems, reducing system exposure risks;
- Penetration Testing:** Simulated hacker attack techniques to test the effectiveness of core systems, and identified and fixed 27 security vulnerabilities throughout the year.

To ensure the effective implementation of the information security management system in all subsidiaries, the information security implementation team formulates an internal audit plan at the beginning of each year, establishes an internal audit team to conduct internal audits on the operation of the system across the entire company, and implements closed-loop tracking of non-conformities identified in the audits until all rectifications are completed. After the internal audit, members of the Information Security Management Committee and the implementation team hold a management review meeting to comprehensively evaluate the suitability, adequacy and effectiveness of the system operation. During the reporting period, the Company conducted a total of 14 information security audits.

Case

### Emergency Drills

In 2025, ZMC carried out 27 emergency drills for the Company and all its subsidiaries, covering diverse scenarios including unauthorized personnel vandalism, system vulnerabilities, cyberattacks, data destruction, data breaches, data loss, network failures, software failures, server failures, storage device failures, power failures, critical terminal failures, human error, and natural disasters. Each drill resulted in a complete drill plan and drill report, effectively improving the Company's overall emergency response capability.

Case

### Information Security Awareness Training

In 2025, ZMC organized 2 company-wide cybersecurity awareness training sessions, covering cybersecurity background, typical security incidents, interpretation of relevant laws and regulations, and information security practices in work and daily life. Trainees were required to complete assessments after the training to ensure its effectiveness. Through training, employees' awareness of information security risks has been effectively enhanced, helping to prevent security incidents such as data breaches and cyberattacks caused by human negligence, thereby laying a solid foundation for the Company's data security protection.



## 浙江医药2025年10月 信息安全意识培训

警钟长鸣：树立牢固的信息安全意识

ZMC Information Security Training



#### During the reporting period:

Information security or customer privacy leakage incidents: **0**



# 06

## People-Oriented Building a Platform for Dream Realization

### Response to Issues

Employee Rights and Interests

Employee Career Development and Training

Occupational Health and Safety

ZMC is committed to building a harmonious and win-win labor relationship. In terms of employee rights protection, we strictly adhere to compliant employment standards, establish a diversified welfare system, and improve employee communication mechanisms to ensure that every employee's reasonable needs are addressed in a timely manner. In the area of employee career development and training, the Company has built a comprehensive talent cultivation system, empowering employees to enhance their professional skills and advance their careers through systematic training programs and clear promotion pathways. In terms of occupational health and safety, we strictly implement the work safety responsibility system, continuously optimize the working environment, and regularly conduct occupational health examinations and safety education training, dedicating ourselves to protecting the physical and mental health of our employees.

### Contribution to SDGs




# Protection of Employee Rights and Interests

## Compliant Employment

ZMC strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other relevant laws and regulations in its operating locations, while actively responding to international initiatives and standards such as the *Universal Declaration of Human Rights* and the *International Labour Organization Conventions*. The Company is committed to creating a fair and compliant employment environment and fully safeguarding the legitimate rights and interests of all its employees. As of the end of the reporting period, the Company's subsidiary, Xinchang-pharma, has successfully obtained SA 8000 certification for social responsibility management systems.


To strengthen its management foundation, the Company has established and continuously improves a series of management regulations centered on the *Employee Handbook*, ensuring that all employment practices, including recruitment, hiring, and termination, are lawful and compliant.

### Overview of ZMC's Basic Employee Rights




**Recruitment and Employment**

- » Child labor is prohibited. The Company strictly implements a candidate age verification mechanism during the recruitment process, eliminating the risk of child labor at the source
- » An *Underage Worker Register* is maintained, and an underage worker information form is established to provide adequate protection measures for underage workers
- » All forms of forced labor are prohibited. The *Employment Management Procedure* specifies the necessary onboarding information and materials required for new employees and stipulates that original ID cards shall not be withheld
- » A clear remedial procedure is established. In the event of inadvertent child labor, the Company will immediately report to the local labor management authorities, arrange for the child to be returned to their place of origin and placed under the care of their guardian, with all round-trip transportation and accommodation costs borne by the Company. The Company will also provide financial support for the child to complete the compulsory nine-year education



**Working Hours and Leave**

- » A standard 40-hour workweek is implemented, with work and rest schedules arranged according to the actual circumstances of each position. Overtime work required for business needs must be approved in advance, and the Company will pay overtime compensation or arrange compensatory time off in accordance with relevant regulations
- » Employees are entitled to statutory holidays. The Company also provides maternity and paternity leave in accordance with local regulations, and 10 days of annual childcare leave for employees with children under the age of three



**Compensation and Benefits**

- » A compensation structure consisting of base salary, performance bonuses, long-term incentives (such as equity incentives), and benefit subsidies has been established. Year-end bonuses are distributed based on the Company's performance and individual performance assessments
- » The Company regularly participates in industry compensation surveys to ensure that overall compensation levels remain competitive in the talent market

Zhejiang Medicine Co., Ltd. In terms of internal supervision, the Company adopts a combination of departmental self-inspections and special audits, conducting regular reviews of labor protection and employee welfare through document reviews, employee interviews, and on-site inspections, covering all branches and all employment processes, to ensure the effective implementation of all policies. On this basis, the Company has further established a multi-tiered management system encompassing pre-employment screening and regular audits, while annual audits and ad hoc spot checks ensure the long-term maintenance of compliance. Once potential risks are identified, the Company takes immediate corrective actions, resolutely preventing incidents of child labor, forced labor, or other violations of labor rights.

**During the reporting period:**

No confirmed incidents of forced labor, child labor, discrimination, or serious violations of labor rights were identified within the Company's own operations or its supply chain.

## Diversity, Equity, and Inclusion

ZMC consistently upholds the values of diversity, equity, and inclusion, ensuring that employees are not subject to discrimination or differential treatment based on gender, age, race, physical condition, or other factors during employment. Additionally, the Company actively provides employment opportunities for persons with disabilities who are capable of working, making appropriate arrangements in job assignments based on their physical conditions to ensure that every employee can contribute their strengths in suitable roles, thereby practicing employment equality through concrete actions.

The Company firmly opposes all forms of workplace violence and harassment, explicitly prohibiting any conduct that causes disturbance or harm to employees through verbal, written, visual, or physical means. The Company has established a strict disciplinary mechanism for violations of the above provisions. Individuals involved, as well as those who obstruct investigations, retaliate against complainants, or make false and malicious complaints, will be subject to serious disciplinary action.

Regarding the protection of female employees, the Company explicitly stipulates that female employees shall not be assigned to prohibited jobs, including work in low-temperature environments, high-intensity physical labor, and tasks exceeding the standard limits for continuous heavy lifting. For female employees engaged in work involving toxic, hazardous, or dangerous substances, they may apply for temporary transfer from their original positions upon pregnancy, effectively safeguarding their physical and mental health and fostering a caring work environment.

The Company has established clear diversity targets and is promoting their achievement through systematic measures such as targeted recruitment programs and employee training. Progress on these targets is incorporated into the annual performance assessments of managers, with the goal of continuously building a diverse, equitable, and inclusive workplace environment.

**As of the end of the reporting period:**

Proportion of female employees:	Total number of veteran employees:	Total number of employees from ethnic minorities:
<b>37.86%</b>	<b>135</b> 人	<b>106</b> 人

## Employee Benefits and Care

People-Oriented  
Building a Platform for Dream Realization

ZMC consistently adheres to a people-oriented philosophy, building a comprehensive and multi-tiered welfare system for its employees and continuously enhancing their sense of well-being and belonging.

### ZMC Employee Welfare System

<b>Statutory Benefits</b>	<ul style="list-style-type: none"> <li>○ Pay social insurance and housing provident fund contributions for all employees in accordance with the law, and ensure that employees are entitled to statutory holidays</li> </ul>
<b>Health Protection Benefits</b>	<ul style="list-style-type: none"> <li>○ Provide employee health checkups and offer medical mutual aid</li> <li>○ Maintain employee gym facilities</li> </ul>
<b>Living Security Benefits</b>	<ul style="list-style-type: none"> <li>○ Provide allowances linked to job positions and working environments, including position allowances, reserve training allowances, shift allowances, meal allowances, regional allowances, housing allowances, and transportation allowances</li> <li>○ Provide subsidies linked to personal qualifications, including tenure subsidies and professional title subsidies</li> <li>○ Assist employees in financial difficulty and provide care and support to employees in special circumstances such as childbirth, illness, or hospitalization</li> <li>○ Provide education grants for employees' children</li> </ul>
<b>Incentive Benefits</b>	<ul style="list-style-type: none"> <li>○ Establish special award funds to provide timely recognition for technological innovation, business breakthroughs, and outstanding teams</li> <li>○ Implement equity incentive plans for core talent</li> </ul>
<b>Festival Benefits</b>	<ul style="list-style-type: none"> <li>○ Distribute benefits to employees during personal milestones such as marriage and birthdays, as well as during major holidays</li> </ul>

### Case "Cultural Connection" – Bringing Culture to the Frontline

In 2025, the Shaoxing City Workers' Cultural Palace and the Shaoxing Binhai New Area Federation of Trade Unions jointly visited Changhai Biological industrial park to carry out the "Cultural Connection" initiative, bringing cultural benefits to frontline workers. The event, primarily featuring "blessing giving and Spring Festival couplet distribution," conveyed New Year wishes and positive sentiments to every employee. It not only created a strong festive atmosphere but also used traditional culture as a bond, allowing employees to feel the warm care of the trade union organization.



Bringing Culture to the Frontline Event

### Case Summer High-Temperature Care Activity

To effectively implement heatstroke prevention and cooling measures, ZMC conducted a summer high-temperature care activity in August 2025, distributing over 1,300 heatstroke prevention and cooling items to frontline employees working in high-temperature positions, bringing coolness and care to them. This care activity not only made frontline employees feel the Company's genuine concern and attention but also provided strong support for the safe and stable operation of summer production.



High-Temperature Care Event

Based on strengthening employee welfare, the Company also focuses on employees' work-life balance, organizing a variety of cultural and sports activities to help employees relax after work and fostering a healthy and positive work atmosphere.

### Case "National Unity" Series of Activities

To promote interaction and communication among employees from different ethnic groups, ZMC organized the second "National Unity" series of cultural and sports activities in 2025. Featuring traditional ethnic sports as the main vehicle, these activities attracted broad participation from employees of various ethnicities, fostering understanding and deepening friendships through competition and collaboration, and creating an inclusive and united workplace atmosphere.

- **Flying Embroidery Ball Competition:** 22 teams participated in this traditional Zhuang ethnic sport, enhancing team camaraderie during the competition
- **Colorful Divine Arrow Archery Competition:** 16 teams participated, allowing employees to experience the focus and strength of competitive traditional sports
- **Board Shoe Racing:** 15 teams participated, narrowing the distance between employees of different ethnicities and strengthening team collaboration



Flying Embroidery Ball Competition



Colorful Divine Arrow Archery Competition



Board Shoe Racing

### Case Craftsmanship and Beauty, Colorful Life "Employee Cultural Service Activity

In 2025, Zhejiang Medicine and Shaoxing Cultural Palace jointly held the "Craftsmanship and Beauty, Colorful Life" themed employee cultural service activity, aiming to help employees embrace colorful cultural life in their busy work, draw strength for progress, and empower enterprises with high-quality development through culture. This event is linked by culture and relies on diverse immersive experience forms to allow employees to have close contact with traditional skills, enhance mutual friendship through interactive communication, and integrate art into employees' daily lives.

## Employee Communication

ZMC places high importance on employee feedback and communication. Through annual employee satisfaction surveys, the Company continuously understands employee feedback and optimizes management mechanisms to enhance employee satisfaction, loyalty, and performance.

To facilitate open communication channels and stimulate employee participation, the Company has formulated the *Work Plan for Systematically Promoting the Normalization of Reasonable Suggestion Activities*. An integrated online and offline communication platform has been established, allowing employees to submit suggestions at any time through online groups, labor union email, offline suggestion boxes, and employee representative congresses. All suggestions are uniformly evaluated and reviewed by the Reasonable Suggestion Improvement Team. Feasible suggestions approved by the review are implemented by relevant professional departments. Concurrently, the Company provides appropriate rewards to employees who make reasonable suggestions, forming a closed-loop management mechanism of "suggestion – review – implementation – incentive", continuously driving corporate management optimization.

### Case ZMC 2025 Collective Bargaining

In 2025, in strict compliance with national laws and regulations and internal democratic management procedures, the Company actively fostered harmonious and stable labor relations. Corporate representatives and employee representatives (the labor union) conducted orderly collective bargaining on the expiring *Collective Wage Agreement*. The negotiations followed the principles of legality, equality, and good faith, with thorough discussions on key terms and specific implementation rules, aiming to ensure the legality, fairness, and sustainability of the compensation and benefits system.

The resulting *Collective Wage Agreement* was submitted to the Employee Representative Congress for review and subsequently filed with the higher-level competent human resources and social security authorities as required, completing all statutory democratic procedures and administrative filing processes. The agreement covers all eligible employees. As of the end of the reporting period, 100% of eligible employees had signed the collective agreement, effectively safeguarding the statutory rights and interests of all employees and ensuring the implementation of the negotiated outcomes.



#### As of the end of the reporting period:

Employee collective agreement signing rate:

**100%**

Completion rate of corrective actions for reasonable suggestions submitted by employees:

**100%**

Regarding labor rights issues such as discrimination and harassment, the Company has established a standardized complaint handling mechanism and set up diverse and accessible reporting channels to ensure that employee concerns are resolved fairly and promptly. Employees may provide feedback (either identified or anonymously) through their immediate supervisors, the Human Resources Department, the labor union, or dedicated mailboxes. All complaints are jointly reviewed and investigated by the Human Resources Department and the labor union, with all related records fully archived for traceability. Additionally, the Company strictly protects the confidentiality of anonymous complainants and explicitly prohibits any form of retaliation, continuously enhancing the transparency and security of its communication mechanisms.

## Employee Career Development and Training

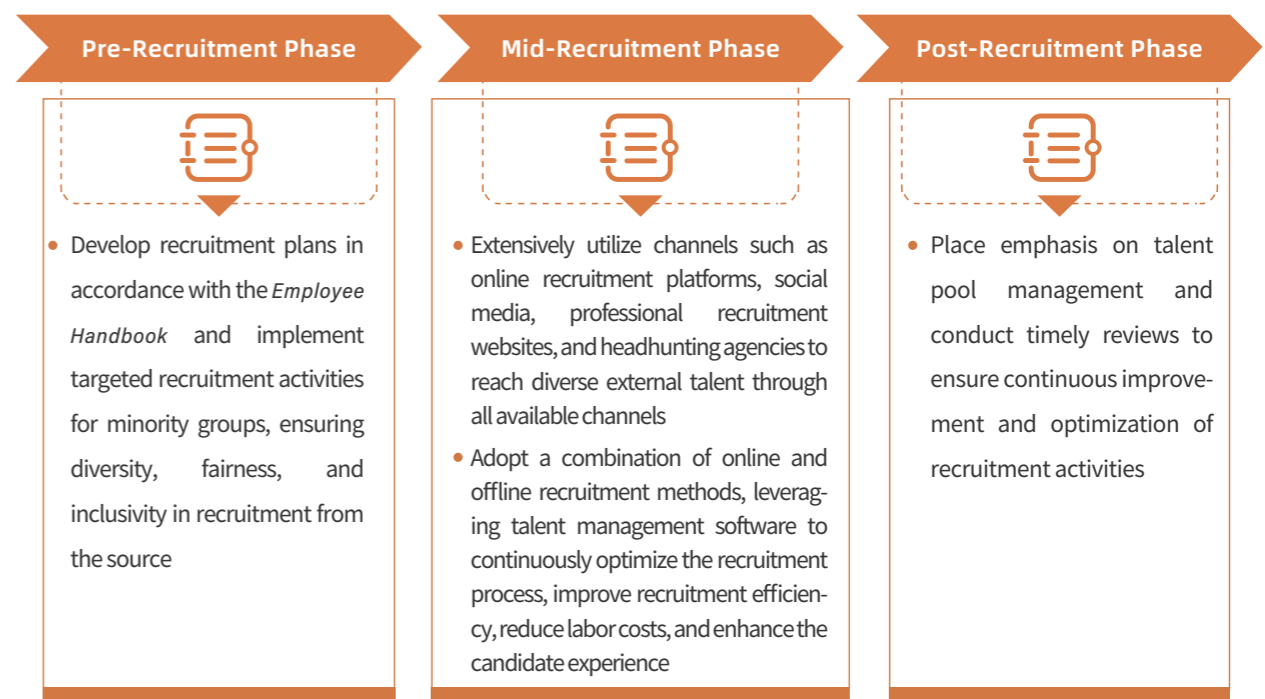
### Talent Pipeline Development

ZMC is committed to building a systematic and diversified talent pipeline. Through a scientific talent review mechanism, the Company accurately identifies its talent landscape and, combined with diverse internal and external channels, attracts a wide range of talent, laying a solid talent foundation for the Company's long-term development.

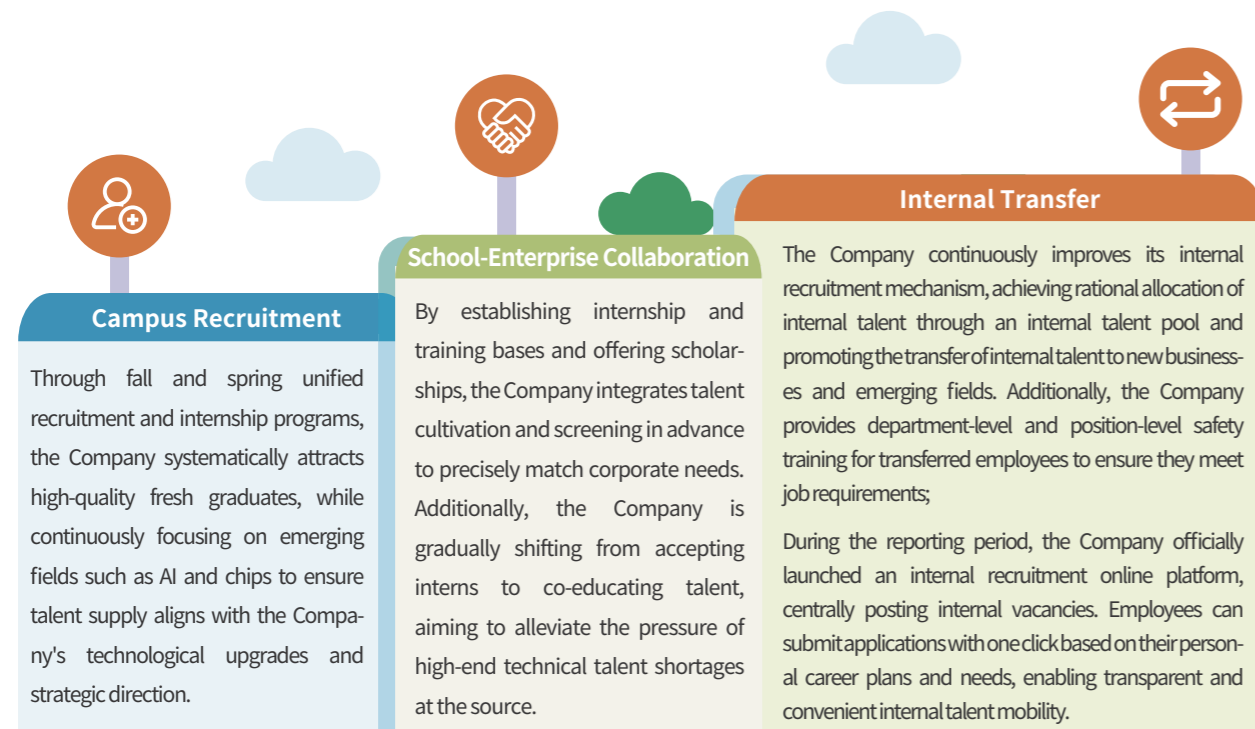
To accurately assess the talent landscape, the Company has established the *Talent Review System* and conducts regular talent reviews covering both administrative and technical tracks from December to March each year. By introducing composite assessment tools such as self-assessments, 360-degree reviews, and performance interviews, we ensure that evaluations of each employee are both in-depth and comprehensive. Based on the review results, the Company can proactively plan recruitment and succession plans for key positions and tailor development and retention strategies for key talent, thereby providing a scientific basis for talent management decisions and ensuring dynamic alignment between talent supply and strategic development needs.

The Company adheres to a philosophy of sourcing talent both internally and externally. By optimizing the end-to-end recruitment process, it continues to expand talent acquisition channels, including internal transfers, campus recruitment, and school-enterprise collaborations, aiming to provide a broad development platform for employees at different career stages.

#### ZMC Recruitment Process



## ZMC Talent Pipeline Development Measures



## Case Zhejiang University of Technology Career Fair

In November 2025, the Company's recruitment team participated in the fall career fair and held a dedicated information session. As a key partner university for many years, Zhejiang University of Technology provided an opportunity for the Company, amid a challenging job market, to position this campus recruitment as a critical juncture for upgrading the school-enterprise partnership from "project collaboration" to "strategic synergy", aiming to achieve precise alignment between talent supply and corporate needs through closer coordination.

This recruitment event adopted a model combining "targeted information sessions" with "college-specific career fairs", precisely targeting students from the College of Chemistry and related disciplines. The recruitment team screened collected resumes on-site and immediately organized interview sessions such as group discussions, significantly shortening the recruitment cycle. The career fair received over 100 resumes, achieving the preset recruitment goals with high quality, while further consolidating the strategic partnership with the partner university, laying the foundation for deeper future collaboration.

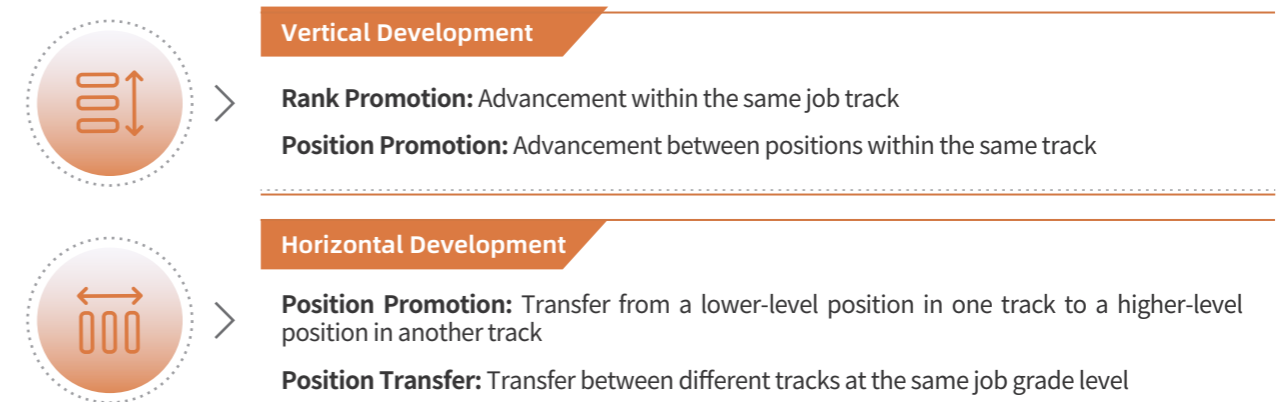


Career Fair Event

## Employee Promotion and Career Development

ZMC consistently places employee career development at the core of its corporate strategy, committed to creating fair, transparent, and sustainable growth opportunities for different types of talent. To break the "single-log bridge" of career development, the Company has established a multi-track career development system featuring three parallel career paths: management, technical, and skilled trades. This system provides development pathways tailored to the strengths and aspirations of different employees, with clearly defined job grade levels and competency standards covering technical, R&D, marketing, and functional tracks, and establishing job grades such as specialist, senior specialist, and chief specialist. Employees can pursue vertical advancement within their own track or horizontal expansion through cross-track job transfers, offering flexible and diverse development opportunities and effectively optimizing the internal talent structure.

### ZMC Career Promotion System

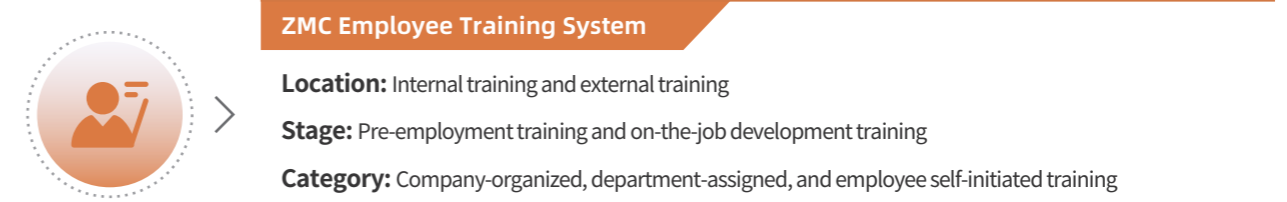


Based on the establishment of a clear career promotion system, the Company continuously improves its performance appraisal mechanism, deeply aligning employees' individual development goals with the Company's strategic objectives. During the reporting period, the Company revised a series of appraisal policies, including the *ZMC Subsidiary Annual Performance Appraisal Plan*, the *ZMC Administrative Job Grade Management Measures*, and departmental-level performance management policies. These revisions further refined the appraisal indicator system, weight allocation, and scoring rules. By cascading the Company's strategic objectives down to departments and individuals, the appraisal policies are both strategically oriented and operationally practical, providing a basis for decisions on annual bonuses, salary adjustments, and promotion opportunities.

## Employee Training

Following the training principles of "integrating the Company's operational management needs with employees' career development, and combining company-led training with employee self-directed learning", ZMC is committed to building a training system that covers all employees, spans all career stages, and takes diverse forms, continuously empowering employee growth and organizational development.

### ZMC Employee Training System





### Training Content

**Category:** Administrative management, human resources management, production management, research and development, equipment management, quality management, HSE, project management, special operations, financial management, etc.

**Management Level:** Senior management, middle management, frontline management

The Company has established and implements the *Training Management Procedure*, relying on standardized policies to promote orderly training activities. At the end of each year, the Human Resources Department organizes departments to conduct an annual training needs survey and develops an annual training plan based on the findings, ensuring that training content is closely aligned with the Company's business needs and employees' career development. During the reporting period, the Company organized diverse training activities for all employees, new hires, and employees in specific positions, covering key areas such as safety and environmental protection, information security, pharmacovigilance, and product quality, effectively enhancing employees' overall competence and job proficiency.



### AI Tools Empowerment Training

In proactive response to the widespread application of AI technology in human resources management, during the reporting period, the Company organized specialized training on the theme of "AI-Powered Courseware Development". The training aimed to help the HR team master the application of AI tools, improve work efficiency and decision-making quality in areas such as recruitment, training, employee services, and data analysis, and explore integrating AI capabilities into HR strategy to drive the organization's digital transformation.

The Company also places high importance on employees' academic and professional skills advancement. Employees can apply for on-the-job academic education and vocational skills certification training through the Company's OA system. Upon successfully passing the required assessments, employees are eligible for full reimbursement of training expenses, effectively reducing the financial burden of further education. Additionally, the Company actively nominates promising technical and management personnel to pursue further studies at overseas universities and research institutions, helping them gain exposure to cutting-edge international technologies and management concepts, thereby building a global talent strategy network.



### Shenyang Pharmaceutical University Advanced Pharmaceutical Professionals Training Program

ZMC has established a joint training program with Shenyang Pharmaceutical University, allowing ZMC employees to participate in the university's Advanced Pharmaceutical Professionals Training Program. The program lasts one to one and a half years, offering 12 specialized courses. Classes are held intensively on weekends each month, providing employees with opportunities for face-to-face learning with university experts and scholars, helping them master cutting-edge knowledge and practical skills in the pharmaceutical field. During the reporting period, the program continued, with 34 employees participating.

# Occupational Health and Safety

## Occupational Health and Safety Management System

ZMC has always adhered to the management policy of "Safety First, Full Participation, Continuous Improvement", and is committed to implementing occupational health and work safety principles in every aspect of its production and operations. The Company strictly complies with national laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and effectively protects employees' physical and mental health and the safety of the working environment. To improve management efficiency and strengthen responsibility implementation, the Company has established the HSE Supervision Department and Emergency Command Center. All subsidiaries and branches have set up HSE departments, environmental protection treatment centers and emergency teams, forming a top-down and comprehensive systematic management network.

Based on the requirements of international standards such as ISO 45001:2018 and national standards such as *Occupational Health and Safety Management Systems—Requirements with Guidance for Use* (GB/T 45001-2020), the Company has compiled HSE management manuals, procedural documents and various third-level documents, clarifying the management requirements for occupational health and safety and forming a standardized operation mechanism. The Company regularly organizes internal and external audits every year, and conducts recertification reviews every three years to ensure the continuous and effective operation of the management system. As of the end of the reporting period, Xinchang-pharma, Changhai Biological, Fangyuanxin, Changhai Pharma and Novus have all obtained ISO 45001:2018 Occupational Health and Safety Management System certification.

The Company has set clear occupational health and safety and environmental protection goals and regularly reviews the progress of

### ZMC 2025 Occupational Health and Safety Goals

- No general and above accidents for which the Company bears primary responsibility
- No safety and environmental liability incidents with significant negative impacts
- No serious occupational disease incidents



## Occupational Health and Safety Protection

ZMC is committed to building a safe and healthy working environment. Focusing on key dimensions such as source risk identification, environmental and personal protection, and emergency response capability building, the Company has established a full-chain occupational health and safety protection system covering prevention, control, and emergency response, integrating safety principles into every aspect of its production and operations.

## Occupational Health and Safety Protection Measures of ZMC

### Risk Identification and Response

Formulated the *Management Procedure for Hazard Source Identification and Risk Assessment* to provide normative guidance for hazard source identification, assessment and response;

Each production workshop regularly conducts hazard identification work, with clear division of responsibilities based on job roles. Scientific tools such as Hazard and Operability Analysis, LEC Method, and Job Hazard Analysis are used to systematically identify and assess hazards that may pose risks to employee health and safety;

Conduct annual internal audits of the occupational health and safety management system to systematically check the completeness and accuracy of hazard source identification forms in each workshop, ensuring the comprehensiveness and effectiveness of identification work.

### Process Transformation and Equipment Inspection

Continuously promote production process optimization and technological transformation to reduce safety risks and occupational health hazards from the source;

Formulated the *Equipment and Facilities Management Procedure*, ensuring equipment integrity through a combination of regular inspections and daily maintenance, and eliminating "running, emitting, dripping and leaking" phenomena. Equipment operators are responsible for daily maintenance and cleaning, while maintenance personnel conduct regular inspections to promptly detect and eliminate defects, and simultaneously keep maintenance records to ensure the safe and stable operation of production facilities.

### Workplace Safety Protection

Monitor the sources and emissions of dust at each production stage and implement targeted control measures to ensure that dust is effectively managed at the production stage, thereby protecting the health of employees engaged in or exposed to occupational dust;

Regularly conduct factory boundary noise testing to ensure noise emissions meet the emission standards of the place of operation.

### Personal Safety Protection

Formulated the *Labor Protection Articles Management Regulations*, distributing personal protective equipment such as safety helmets, safety shoes and gloves to employees according to the risk characteristics of their positions, and providing hearing protection equipment such as earplugs and earmuffs for occupational hazard factors such as noise to prevent occupational diseases;

Provide pre-employment physical examinations, post-employment physical examinations and annual occupational health examinations for employees, and increase the frequency and adjust examination items for employees in special positions as appropriate;

Avoid employees with occupational contraindications engaging in operations they are contraindicated for, and implement job rotation for employees engaged in toxic operations as appropriate.

### Emergency Capacity Improvement

Formulated the *Emergency Plan for Safety Accidents* and regularly carry out multi-themed emergency drills to continuously improve the emergency response capability of all employees to safety incidents;

In terms of emergency equipment support, purchased an 18-ton foam fire truck to meet the long-term fire fighting needs of large chemical and oil tank fires;

A fire water intake terminal has been set up in the Changhai industrial park to provide a continuous, sufficient and convenient emergency water source for fire trucks and fixed fire protection systems.

### Case

## Process Transformation Practice of Changhai Pharma

In 2025, to further reduce potential safety risk factors in the production process, Changhai Pharma carried out a number of process transformation projects:

- By removing the dangerous chemical process oxidation link in a product's process, safety risks such as reaction runaway, fire and explosion were reduced from the source. A continuous extraction device was added, making the operating conditions milder and the process more controllable, improving production efficiency while reducing safety risks.
- By removing the intermediate drying and packaging links in a product's process and adopting a continuous closed production method, materials were continuously circulated in fully enclosed equipment, effectively eliminating the risk of dust combustion and explosion. At the same time, the simplification of the process flow reduced intermediate material transfer and manual intervention, significantly reducing employees' repetitive labor intensity.

### Case

## Emergency Drills for Work Safety Accidents

In June 2025, Fangyuanxin organized an emergency drill for the flash explosion of heat transfer oil furnaces. The drill simulated a scenario where a medium-temperature heat transfer oil furnace in the power workshop, which was in a deactivated state, experienced a flash explosion during startup, causing natural gas leakage and fire and resulting in personnel injuries. After the simulated danger occurred, the on-duty employees immediately reported the situation to the workshop director, who quickly issued instructions to report to the industrial park emergency command center and simultaneously report to the Company's chairman. Upon receiving the alarm, the industrial park emergency command center immediately launched the comprehensive emergency plan and organized accident emergency rescue.



Emergency Drill

In December 2025, Keming Biopharmaceuticals carried out a comprehensive emergency drill for work safety accidents in the tank farm, simulating a scenario where the discharge hose of an anhydrous ethanol tank truck accidentally fell off during unloading in the tank farm, causing ethanol leakage, and the leaked ethanol caught fire due to static electricity. After discovering the simulated danger, the on-site operators immediately notified the internal operators and urgently closed the tank truck discharge valve, while using on-site fire fighting equipment to conduct initial fire disposal. After receiving the support request, the emergency command headquarters quickly launched the company-level comprehensive emergency plan, coordinated and commanded all emergency teams to take action, used fire foam guns to accurately extinguish the fire at the leakage point, and simultaneously used water mist to cool and protect the surrounding unloading pump area.

Through a series of emergency drills, the Company effectively tested the feasibility and connectivity of emergency plans at all levels, improved employees' practical combat capabilities and collaborative awareness, and provided a guarantee for the stable operation of the Company's work safety.



Third Prize in the Group Category  
of Shaoxing Emergency Rescue  
Force Skills Competition

## Occupational Health and Safety Culture

ZMC deeply integrates cultural construction into occupational health and safety management. Through diversified training and cultural activities, the Company continuously creates a positive atmosphere of full participation and comprehensively improves employees' occupational health and safety protection capabilities.

### Case Fire Fighting Skills Competition

In June 2025, closely following the theme of the National Work Safety Month "Everyone Talks About Safety, Everyone Knows How to Respond to Emergencies", ZMC organized an employee fire fighting skills competition. The competition aimed to test employees' practical fire fighting capabilities through practical competitions and strengthen the construction of grassroots fire fighting teams. Teams were formed by subsidiaries and branches, with a total of 8 teams and 40 employees competing on the same stage.

The competition items closely followed the actual needs of fire emergency response on the production frontline, setting up three practical subjects: On-site Air Respirator Donning Operation, One-person Two-bucket Shuttle Run and Single Main Line Two Water Nozzles Operation. Using competitions as a form of training, the event stimulated the enthusiasm of all employees to participate in safety construction.



Fire Fighting Skills Competition

### Case HSE Series Training for Management Personnel

To further strengthen the risk awareness and bottom-line thinking of management personnel, ZMC organized a series of HSE training sessions for management personnel during the reporting period, aiming to enhance the core ability of the management to coordinate safety management.

The Company invited experts from the China Chemical Safety Association to deliver on-site training. The training content focused on key challenges in safety management for hazardous chemical enterprises, covering core modules such as the interpretation of work safety standardization, safety leadership development, case studies of major accidents and typical hazardous chemical incidents, and criteria for identifying major production safety hazards at hazardous chemical enterprises.



HSE Series Training for Management Personnel

**4** special training sessions were conducted throughout the year

Cumulative training duration reached **16** class hours

Approximately **240** managerial person-times participated

The Company continuously implements the reward system for Certified Safety Engineers, providing special subsidies for full-time work safety management personnel and fire facility operators to encourage them to deepen their professional expertise and improve their skills in the field of occupational health and safety. At the same time, the Company organizes all employees to participate in monthly HSE knowledge training, qualification examinations, post examinations and quarterly spot checks, and links assessment results with HSE performance bonuses to stimulate employees' learning motivation through positive incentives.

# 07

## Staying True to Our Mission Jointly Building a Harmonious Society

### Response to Material Issues

Social Welfare and Rural Revitalization

In the journey toward high-quality development, ZMC has taken the initiative to act as an industry leader, actively participated in standard setting and industry co-building, and promoted the standardized and intelligent upgrading of the pharmaceutical industry through practical actions. Meanwhile, the Company has always adhered to its original aspiration and mission, deeply integrated sustainable development with social value creation, and continued to focus on public welfare fields such as education support and rural revitalization, achieving the same-frequency resonance between the Company's growth and social well-being.

### Contribution to SDGs



# Industry Engagement

## Industry Standard Setting

The Company actively participates in the construction of domestic and foreign industry standard systems. In 2025, ZMC successfully established a new monograph for the United States Pharmacopeia (USP), marking a new step in the Company's international standard research capabilities. Meanwhile, the Company led or participated in the formulation of 3 national standards and 3 group standards, and continued to promote the optimization and upgrading of multiple enterprise standards, covering key areas such as product quality control, production process specifications, and testing methods, contributing to the industry's standardization construction.

## Industry Exchange and Empowerment

### Government-Enterprise Cooperation

As an important member of the government-enterprise cooperation platform of Zhejiang Provincial Center for Drug Evaluation, the Company actively participates in the construction of regional drug review capabilities, responds to the draft inspection guidelines for public comments issued by the National Medical Products Administration (NMPA), and puts forward professional suggestions to help the scientific implementation of policies. At the same time, the Company has long maintained close cooperation with Zhejiang Pharmaceutical Industry Association and Shaoxing Pharmaceutical Industry Association, promoting the coordinated development of the regional pharmaceutical industry through regular exchanges and joint seminars.

### Industry-University-Research Integration

ZMC adheres to innovation-driven development and deepens school-enterprise collaboration. In 2025, the Company jointly established the Research Center for Health Market Operation with Zhejiang Gongshang University. Relying on the university's disciplinary advantages, combined with the Company's practical accumulation and standardization research foundation in the health industry, the center focuses on technological application and management model innovation in the health field, and is committed to building a national influential industry-university-research integrated scientific research platform.

In addition, facing the rapid development trend of synthetic biology, the Company jointly built a biotransformation technology platform with Zhejiang University of Technology to promote technological breakthroughs in the steroid industrial chain. As of the end of the reporting period, the project has completed the preliminary development and process optimization of the bisnoralcohol biosynthesis project, and entered the technology transfer and verification stage; other projects such as coenzyme Q10 have also achieved initial improvement in potency, and it is expected to form a new product chain of plant-derived steroids in the future.

### Industry Training and Forums

ZMC attaches great importance to professional capacity building and the improvement of industry influence, closely tracks domestic and foreign regulatory trends, and in response to the situation of intensive industry changes and new regulations, timely organizes all employees to conduct special training on new regulations and guidelines, and continuously improves the quality system according to requirements, ensuring that policies and regulations are effectively implemented in R&D practices. At the same time, the Company requires key technical personnel to always pay attention to new technologies and trends in the industry, and actively participate in industry-related training and seminars such as the USP Pharmaceutical Innovation Symposium, training on *Chinese Pharmacopoeia* and drug registration inspection.



2025 USP Pharmaceutical Innovation



2025 Chinese Pharmacopoeia and Drug Registration Inspection Training

### Case

#### Annual Conference of Pharmaceutical Preparation Committee of Shanghai Pharmaceutical Association, and Symposium on Pharmaceutical Preparation Development and Translation

In December 2025, the "2025 Annual Conference of Pharmaceutical Preparation Committee of Shanghai Pharmaceutical Association, and Symposium on Pharmaceutical Preparation Development and Translation", co-hosted by the Pharmaceutical Preparation Committee of Shanghai Pharmaceutical Association and School of Pharmacy of Fudan University, was successfully held. The Dean of ZMC Pharmaceutical Industry Research Institute led the team to participate as the host of the special report. The conference focused on the transformation from basic research to industrialization and clinical application in the field of pharmaceutical preparations, faced the bottlenecks in the current process of industry-university-research-application integration, gathered experts and scholars in the industry, and more than 80 members and youth members of the Pharmaceutical Preparation Committee attended the conference. Through keynote speeches and group discussions, the conference gathered consensus and pointed out the direction for the development of the discipline.



Group Photo of 2025 Academic Symposium on Innovative Preparation R&D and Translation of Industrial Pharmaceutical Preparation Committee

### Case

#### Training on the Group Standard Assessment Method for Permitted Daily Exposure of Drugs

To reduce the risk of cross-contamination in drug co-production, cleaning verification residue risks, and improve R&D personnel's ability to scientifically quantify risk assessment, the Company specially organized R&D technical backbones and management personnel to conduct training related to the *Assessment Method for Permitted Daily Exposure of Drugs*. On the basis of mastering the underlying logic of the standard clauses, the Company built an internal PDE assessment and management procedure, and sorted out the in-production products together with industry experts according to the procedure. In 2025, the Company newly built or upgraded more than 10 PDE assessment reports for related products, providing a basis for resource optimization, improving production efficiency and strengthening the quality system.



Group Standard Training

# Social Co-Building

## Social Welfare

While deeply cultivating its main business and promoting the high-quality development of its business, ZMC relies on its own resources and industrial advantages, actively carries out public welfare and volunteer activities, and earnestly fulfills its social responsibilities as a corporate citizen. The Company has integrated public welfare charity and volunteer practice into its sustainable development plan, regularly organizes public welfare activities such as blood donation and care for the elderly, gathers social forces through practical actions, and works with all sectors to build an ecological system for harmonious development.

### ZMC Regularly Organizes Volunteer Service Activities

- Community Barbershop Service**  
 The Company has set up a convenient hair salon in the dormitory building for shift workers within the industrial park, providing convenient services for all employees from Monday to Friday. The project serves 150 person-times annually, with an investment of RMB 3,000.
- Free Vehicle Maintenance Service**  
 The Company set up a volunteer service point in the employee dormitory, providing free maintenance of electric bikes and bicycles for employees, serving more than 1,300 person-times annually, with a cumulative investment of RMB 20,000.
- "Warming the Elderly: Youth Power Lights Up Silver Life" Volunteer Service**  
 On April 13, 2025, the Company's Youth League Committee, together with all general youth league branches, went to Lihai Senior Care Center to carry out elderly care volunteer services. A total of 20 league cadres and volunteers participated, with an investment of RMB 8,000.
- Special Clean-up of Abandoned Vehicles**  
 On October 27, 2025, the Company organized volunteers together with the Security Department to carry out a special clean-up operation of "abandoned vehicles". A total of 12 people participated in the comprehensive investigation and cleaning of long-term idle vehicles in each public parking lot of the plant area, effectively improving the parking order and the plant environment.
- Blood Donation Activity**  
 On October 31, 2025, the Company cooperated with Shaoxing Central Blood Station to organize all employees to carry out a blood donation activity. A total of 50 employees participated in the blood donation, with a total blood donation volume of 17,700 ml.



Care Home Visits

Clean-up of Abandoned Vehicles

Blood Donation Activity

## Rural Revitalization

ZMC has always upheld social responsibility, actively supported rural revitalization and development, took the initiative to participate in investment and construction work related to village development and people's prosperity, and helped build a harmonious society and promote the construction of a better society through practical actions. In 2025, the Company continued to consolidate and expand the achievements of poverty alleviation, focused on the overall requirements of common prosperity, and boosted the growth of village collective economy through industrial poverty alleviation.

During the reporting period:  
 Total investment in rural poverty alleviation and revitalization projects reached  
**RMB 150,000.**

# Appendix

## Key Performance Indicator

### ○Economic Performance Table

Indicator	Unit	2025	2024	2023
Total operating revenue	RMB million	8,880.60	9,375.22	7,794.15

### ○Environmental Performance Table

Indicator	Unit	2025	2024	2023			
<b>Tackling Climate Change</b>							
Total annual GHG emissions	tCO <sub>2</sub> e	591,180.93	643,556.83	570,236.11			
GHG emissions	Scope 1 GHG emissions		tCO <sub>2</sub> e	102,691.32	122,299.79	107,088.81	
	Scope 2 GHG emissions		tCO <sub>2</sub> e	488,489.61	521,257.04	463,147.30	
	By country/region	Mainland China	tCO <sub>2</sub> e	591,097.82	643,468.16	570,143.90	
		Other regions	tCO <sub>2</sub> e	83.11	88.67	92.21	
	By source type	GHG emissions from combustion		tCO <sub>2</sub> e	51,170.45	44,503.80	52,796.06
		GHG emissions from production/processing		tCO <sub>2</sub> e	51,520.87	76,932.77	52,435.22
Total annual GHG emission reduction	tCO <sub>2</sub> e	18,245.32	53,135.81	44,880.81			
Annual investment in GHG emission reduction	RMB 10,000	2,135.61	1,142.35	69.30			
GHG emission reduction performance	By scope boundary	Scope 1 reduction	tCO <sub>2</sub> e	0	1,040.95	0	
		Scope 2 reduction	tCO <sub>2</sub> e	18,245.32	52,094.86	44,880.81	

Indicator		Unit	2025	2024	2023	
GHG emission reduction performance	By reduction measure	Direct reduction from production process redesign	tCO <sub>2</sub> e	0	0	166.98
		Direct reduction from equipment retrofitting	tCO <sub>2</sub> e	5,111.20	1,951.17	852.16
		Direct reduction from process improvement	tCO <sub>2</sub> e	12,144.82	2,670.21	1,421.71
		Direct reduction from fuel switching	tCO <sub>2</sub> e	989.30	48,514.43	42,439.97
GHG emission intensity	GHG emissions per unit operating revenue	tCO <sub>2</sub> e /RMB million	66.57	68.64	73.16	
Total losses caused by extreme weather events		RMB million	35.00	0	2.50	
Property all-risks insurance sum insured		RMB million	812.60	851.16	1,033.51	
Property all-risks insurance actual claims paid		RMB million	56.53	202.61	130.39	
<b>Energy Utilization</b>						
Total annual energy consumption		tce	159,644.22	165,433.89	149,522.21	
By type	Direct energy consumption	tce	24,855.72	16,375.68	19,042.43	
	Indirect energy consumption	tce	134,788.49	149,058.21	130,479.78	
Total non-renewable energy consumption		tce	29,138.33	23,951.97	26,194.03	
Non-renewable energy consumption	Petrol	L	0	40.11	40.11	
	Diesel	L	3,468.29	718,175.60	1,082,059.76	
	Natural gas	m <sup>3</sup>	18,688,514.00	12,312,544.00	14,317,617.00	
	Fuel oil	t	2,987.00	4,692.00	4,091.29	
	LPG	t	6.53	8.84	8.09	
Acetylene		t	0.04	0	0	

Indicator		Unit	2025	2024	2023	
Clean energy consumption	Total clean energy consumption	tce	669.48	202.42	2,545.15	
	Wind energy	MWh	0	0	0	
	Hydropower	MWh	0	0	0	
	Geothermal energy	MWh	0	0	0	
	Biomass energy	t	0	0	0	
	Self-generated PV consumption	MWh	5,447.39	1,647.04	0	
	Marine energy	MWh	0	0	0	
	Methanol	t	0	0	3,746.18	
Purchased energy consumption	Purchased electricity	MWh	431,467.45	484,660.78	419,169.10	
	Purchased hot water	MWh	0	0	0	
	Purchased steam	MWh	662,549.10	698,524.37	563,917.72	
	Purchased green electricity	Wind power	MWh	0	0	0
		PV	MWh	422.85	12.72	0
		Hydropower	MWh	0	0	0
	Purchased green certificates	MWh	38,000.00	33,262.89	0	
Energy intensity	Energy consumption per unit operating revenue	tce /RMB million	17.98	17.65	19.18	
Annual electricity saved		MWh	1,649.37	1,644.14	2,719.47	
<b>Pollutant Prevention and Control Management</b>						
Air pollutants	Total annual waste gas emissions		m <sup>3</sup>	1,680,331,760.90	1,386,034,957.00	1,576,559,893.80
	Particulate matter (PM)	Annual emissions	kg	2,597.59	5,079.00	4,635.09
		Permitted annual emissions	kg	36,399.00	0	0
	Sulphur oxides (SO <sub>x</sub> )	Annual emissions	kg	4,673.60	3,843.50	3,009.50
		Permitted annual emissions	kg	87,483.00	79,284.00	74,215.00
	Nitrogen oxides (NO <sub>x</sub> )	Annual emissions	kg	68,136.00	92,280.00	74,868.00
		Permitted annual emissions	kg	271,282.30	239,694.00	227,022.00
	Volatile organic compounds (VOCs)	Annual emissions	kg	7,501.25	17,611.00	15,283.00
		Permitted annual emissions	kg	55,852.00	212,848.00	198,489.00

Indicator		Unit	2025	2024	2023	
Water pollutants	Chemical Oxygen Demand (COD)	Annual emissions	t	364.74	293.98	247.47
		Permitted annual emissions	t	507,270.55	1,279.81	1,274.10
	Biochemical Oxygen Demand (BOD)	Annual emissions	t	0	0	35.17
		Permitted annual emissions	t	/	/	/
	Ammonia nitrogen (NH <sub>3</sub> -N)	Annual emissions	t	3.93	13.51	9.21
		Permitted annual emissions	t	35,511.14	90.98	90.58
	Total nitrogen (TN)	Annual emissions	t	42.68	27.26	19.70
		Permitted annual emissions	t	60,883.73	142.89	142.21
	Total phosphorus (TP)	Annual emissions	t	0.04	0	0.58
		Permitted annual emissions	t	/	/	/
<b>Water Resource Utilization</b>						
Total annual water withdrawal <sup>1</sup>		t	3,086,429.00	4,189,004.50	3,601,655.73	
Total annual water consumption <sup>2</sup>		t	966,115.94	2,658,485.74	2,167,054.15	
Reutilization rate <sup>3</sup>		%	98.69	97.81	97.93	
Total volume of water recycled and reused		t	232,802,936.00	187,335,996.60	170,282,623.64	
Water use intensity <sup>3</sup>		t/RMB million	108.79	283.57	278.04	
Total annual wastewater discharge <sup>4</sup>		t	2,120,313.06	1,530,518.76	1,434,601.58	
Waste water category	Industrial wastewater	t	2,027,538.06	1,530,518.76	1,434,601.58	
	Domestic sewage	t	92,775.00	0	0	
<b>Waste Management</b>						
Total annual waste generation		t	34,128.32	25,665.36	20,783.76	

1 The Company's water withdrawal in the current year came 100% from municipal water supply.  
2 Historical total water consumption data were previously reported in accordance with A-share listing requirements, including water withdrawal (e.g., fresh water) and recycled water volumes. In 2025, the Company adjusted the definition of total water consumption in accordance with GRI standards, whereby "total water consumption = total water withdrawal - total wastewater discharge", and retrospectively adjusted the data for 2023-2024 accordingly.  
3 In accordance with the change in total water consumption data, relevant historical data have been uniformly and retrospectively adjusted.  
4 In the current year, 100% of wastewater was disposed of through municipal wastewater treatment facilities.

Indicator		Unit	2025	2024	2023	
Non-hazardous waste	Total non-hazardous waste generation	t	7,842.17	5,300.22	2,050.00	
	Disposal method	Recycling/reuse	t	3,317.00	3,041.10	0
		Incineration	t	4,525.17	2,259.12	2,050.00
		Landfill	t	0	0	0
		Other	t	0	0	0
Hazardous waste	Total hazardous waste generation	t	26,286.15	20,365.14	18,733.76	
	Disposal method	Recycling/reuse	t	14,229.51	5,152.66	5,754.66
		Incineration	t	11,757.20	15,039.64	12,949.71
		Landfill	t	299.44	172.84	29.39
		Other	t	0	0	0
Waste emission intensity	Waste emissions per unit operating revenue	t/RMB million	3.84	2.74	2.67	
	Non-hazardous waste emissions per unit operating revenue	t/RMB million	0.88	0.57	0.26	
	Hazardous waste emissions per unit operating revenue	t/RMB million	2.96	2.17	2.40	
Percentage of unused or expired drugs collected for recycling or disposal relative to total product sales		%	0	/	/	
<b>Circular Economy</b>						
Total weight of packaging materials used for the Company's products		t	7,899.00	8,130.50	7,201.50	
Product packaging	Non-renewable materials	t	3,246.00	3,340.00	2,958.50	
	Renewable materials	t	4,653.00	4,790.50	4,243.00	
<b>Environmental Compliance Management</b>						
Percentage of operating sites that have undergone specific environmental risk assessments		%	100	100	100	
Amount of major administrative penalties imposed by ecological and environmental authorities due to environmental incidents during the reporting period		RMB 10,000	0	0	0	

## OSocial Performance Table

Indicator		Unit	2025	2024	2023
<b>Employee Employment</b>					
Total number of employees		Person	5,311	5,815	6,227
By gender	Male	Person	3,300	3,573	3,765
	Female	Person	2,011	2,242	2,462
By age	Under 30 (excluding 30)	Person	1,473	1,430	1,711
	30-50	Person	3,224	3,614	3,692
	Over 50 (excluding 50)	Person	614	771	824
By region	Mainland China	Person	5,309	5,813	6,225
	Hong Kong, Taiwan, Macau	Person	0	1	0
	Overseas	Person	2	1	2
By education level	Doctoral degree	Person	25	25	33
	Master's degree	Person	242	255	245
	Bachelor's degree	Person	2,153	2,284	2,322
	Other	Person	2,891	3,251	3,627
By job grade	Senior management	Person	87	73	72
	Management	Person	752	830	882
	Regular employee	Person	4,472	4,912	5,273
By employment contract	No fixed term or permanent contract	Person	3,205	3,324	3,114
	Fixed term or temporary contract	Person	2,106	2,491	3,113
Total number of employees with disabilities		Person	11	15	17
Total number of veteran employees		Person	135	123	137
Total number of employees from ethnic minority groups		Person	106	118	146
Percentage of female employees		%	37.86	38.56	39.54
Percentage of female senior management		%	25.29	20.55	19.44

Indicator		Unit	2025	2024	2023
Percentage of employees from minority or disadvantaged groups <sup>5</sup>		%	4.74	4.40	4.82
Total number of new hires		Person	256	411	649
By age	Under 30 (excluding 30)	Person	176	299	498
	30-50	Person	75	106	135
	Over 50 (excluding 50)	Person	5	6	16
By gender	Male	Person	178	293	398
	Female	Person	78	118	251
By region	Mainland China	Person	255	411	649
	Hong Kong, Taiwan, Macau	Person	0	0	0
	Overseas	Person	1	0	0
Percentage of new hires		%	4.82	7.07	10.42
By age	Under 30 (excluding 30)	%	11.95	20.91	29.11
	30-50	%	2.33	2.93	3.66
	Over 50 (excluding 50)	%	0.81	0.78	1.94
By gender	Male	%	5.39	8.20	10.57
	Female	%	3.88	5.26	10.19
By region	Mainland China	%	4.80	7.07	10.43
	Hong Kong, Taiwan, Macau	%	0	0	0
	Overseas	%	50.00	0	0
Total number of employee turnover		Person	613	823	630
By age	Under 30 (excluding 30)	Person	238	364	305
	30-50	Person	272	253	194
	Over 50 (excluding 50)	Person	103	206	131
By gender	Male	Person	379	495	357
	Female	Person	234	328	273

<sup>5</sup> The statistical categories for employees from minority or disadvantaged groups include employees with disabilities, veteran employees, and employees from ethnic minority groups.

Indicator		Unit	2025	2024	2023
By region	Mainland China	Person	613	822	29
	Hong Kong, Taiwan, Macau	Person	0	0	0
	Overseas	Person	0	1	1
Employee turnover rate		%	11.54	14.15	10.12
By age	Under 30 (excluding 30)	%	16.16	25.45	17.83
	30-50	%	8.44	7.00	5.25
	Over 50 (excluding 50)	%	16.78	26.72	15.90
By gender	Male	%	11.48	13.85	9.48
	Female	%	11.64	14.63	11.09
By region	Mainland China	%	11.55	14.14	10.10
	Hong Kong, Taiwan, Macau	%	0	0	0
	Overseas	%	0	100	50
<b>Employee Rights</b>					
Number of employees entitled to parental leave	Male	Person	3,300	3,573	3,765
	Female	Person	2,011	2,242	2,462
	Total	Person	5,311	5,815	6,227
Number of employees who took parental leave	Male	Person	158	84	61
	Female	Person	132	126	112
	Total	Person	290	210	173
Percentage of operating sites that have undergone human rights impact or risk assessments		%	60	/	/
Percentage of operating sites with labor and human rights certifications		%	53	/	/
Number of confirmed major labor disputes (including lawsuits, fines, etc.)		Case	0	0	0
Number of individuals involved in confirmed major labor disputes (including lawsuits, fines, etc.)		Person	0	0	0
<b>Employee Career Development and Training</b>					
Employee training coverage rate		%	97	100	100
Training expenditure		RMB 10,000	281.58	381.09	260.45
Average training hours per employee		Hour	71	78	71

Indicator		Unit	2025	2024	2023
By job grade	Senior management	Hour	43	39	38
	Management	Hour	73	74	77
	Regular employee	Hour	72	79	70
By gender	Male	Hour	72	78	71
	Female	Hour	69	77	69
Employee regular performance and career development review coverage rate		%	97	100	100
By job grade	Senior management	%	100	100	100
	Management	%	100	100	100
	Regular employee	%	96	100	100
By gender	Male	%	97	100	100
	Female	%	97	100	100
<b>Occupational Health and Safety</b>					
Number of work-related fatalities		Person	0	0	0
Employee work-related injury insurance coverage rate		%	100	100	100
Employee work-related injury insurance expenditure		RMB 10,000	306.84	283.83	175.78
Work safety liability insurance coverage rate		%	71	57	80
Work safety liability insurance expenditure		RMB 10,000	98.35	133.25	164.11
HSE training expenditure		RMB 10,000	36.96	38.54	36.63
Employee HSE training hours		Hour	145,086	182,681	154,554
By job grade	Board of Directors	Hour	561	522	546
	Regular employee	Hour	144,525	182,159	154,008
By gender	Male	Hour	94,681	118,340	102,118
	Female	Hour	50,405	64,341	52,436

Indicator		Unit	2025	2024	2023
<b>Social Welfare and Rural Revitalization</b>					
Total investment in rural revitalization		RMB 10,000	15.00	7.00	7.00
Number of beneficiaries of rural revitalization		Person	800	800	800
Charitable, volunteer, and other public welfare activities	Number of participants	Person	1,592	1,237	1,230
	Cumulative activity hours	Hour	2,673.00	2,512.00	2,460.00
	Investment amount	RMB 10,000	428.96	396.66	886.64
<b>Supply Chain Management</b>					
Total number of current suppliers		/	2,203	1,965	1,884
By region	Mainland China	/	2,185	1,941	1,855
	Hong Kong, Macau, Taiwan	/	0	1	1
	United States	/	6	7	8
	Europe	/	6	7	9
	Other regions	/	6	9	11
By category	Production material suppliers	/	1,114	941	907
	Equipment suppliers	/	1,089	1,024	977
	Other suppliers	/	0	0	0
Number of suppliers participating in environmental and social assessments <sup>6</sup>		/	1,098	889	853
By assessment method	Questionnaire assessment	/	1,098	706	679
	On-site audit	/	227	183	174
	Other	/	0	0	0
By assessment result	Suppliers with significant risks identified	/	2	0	0
	Suppliers taking improvement actions after assessment	/	10	0	0
	Suppliers with terminated cooperation (eliminated) after assessment	/	2	0	0
Percentage of material suppliers receiving environmental and social questionnaire assessments		%	98.56	75.03	74.86

<sup>6</sup> Supplier environmental and social assessment is only applicable to material suppliers.

Indicator		Unit	2025	2024	2023
Total number of new suppliers in the current year		/	138	81	72
By region	Mainland China	/	138	81	72
	Hong Kong, Macau, Taiwan	/	0	0	0
	United States	/	0	0	0
	Europe	/	0	0	0
	Other regions	/	0	0	0
By category	Production material suppliers	/	73	34	33
	Equipment suppliers	/	65	47	39
	Other suppliers	/	0	0	0
Number of new suppliers participating in environmental and social assessments		/	86	36	32
By assessment method	Questionnaire assessment	/	86	19	17
	On-site audit	/	21	17	15
	Other	/	0	0	0
By assessment result	Suppliers with significant risks identified	/	10	0	0
	Suppliers taking improvement actions after assessment	/	45	5	4
	Suppliers not granted access after assessment	/	3	0	1
Number of suppliers that signed integrity commitment letters or related documents		/	2,185	1,798	1,688
By region	Mainland China	/	2,185	1,798	1,688
	Hong Kong, Macau, Taiwan	/	0	0	0
	United States	/	0	0	0
	Europe	/	0	0	0
	Other regions	/	0	0	0
By category	Production material suppliers	/	1,096	863	822
	Equipment suppliers	/	1,089	935	866
	Other suppliers	/	0	0	0

Indicator		Unit	2025	2024	2023
<b>Product Quality and Safety Management</b>					
Number of actions such as surprise inspections, seizures, arrests, or criminal charges taken against counterfeit products		Case	0	0	0
Number of deaths caused by the Company's products during the reporting period		Person	0	0	0
Number of major safety and quality liability incidents related to products or services during the reporting period		Case	0	0	0
Number of product recalls during the reporting period		Case	0	0	0
Total volume of products recalled during the reporting period		Item	0	0	0
Number of times the Company was subject to regulatory actions or penalties related to clinical trial management and pharmacovigilance		Case	0	0	0
Total monetary losses resulting from legal proceedings related to clinical trials		RMB 10,000	0	0	0
<b>Customer Service</b>					
Number of customer complaints <sup>7</sup>		Case	11	12	8
<b>Data Security and Privacy Protection</b>					
Complaints received regarding infringement of customer privacy	Complaints from external sources	Case	0	0	0
	Complaints from regulatory authorities	Case	0	0	0
Confirmed data security incidents		Case	0	0	0
Total number of confirmed customer data leaks, thefts, or losses		Case	0	0	0
Number of information security audits conducted		Times	14	14	6
Number of information security simulation drills conducted		Times	27	26	26
<b>Product and Technology Innovation</b>					
Investment in R&D Innovation		RMB million	580	749	860
R&D investment as a percentage of operating revenue		%	6.53	7.99	11.03
Total number of R&D personnel		Person	610	772	751
Percentage of R&D personnel		%	11.26	13.28	12.06

<sup>7</sup> In 2025, there were no customer complaints regarding major quality or health issues. The Company addressed all complaint incidents accordingly, achieving a 100% complaint resolution rate.

Indicator		Unit	2025	2024	2023	
Number of patent applications during the reporting period	Domestic	Number of invention patent applications	Item	20	37	13
		Number of utility model patent applications	Item	1	3	2
		Number of design patent applications	Item	0	0	0
	Overseas	Number of invention patent applications	Item	2	2	9
	Total	Item	23	42	24	
Number of patents granted during the reporting period	Domestic	Number of invention patents granted	Item	21	22	24
		Number of utility model patents granted	Item	7	10	5
		Number of design patents granted	Item	0	1	0
	Overseas	Number of invention patents granted	Item	18	5	13
	Total	Item	46	38	42	
Cumulative number of valid patents <sup>8</sup>	Domestic	Number of invention patents held	Item	243	230	211
		Number of utility model patents held	Item	46	12	11
		Number of design patents held	Item	26	20	20
	Overseas	Number of invention patents held	Item	107	109	107
	Total	Item	422	371	349	
Number of patents applied to main business	Domestic	Number of invention patents	Item	243	230	211
		Number of utility model patents	Item	46	12	11
		Number of design patents	Item	26	20	20
	Overseas	Number of invention patents	Item	107	109	107
	Total	Item	422	371	349	
Number of subsidiaries with High-Tech Enterprise qualification		/	8	7	7	

<sup>8</sup> In 2025, the Company removed certain patents that had become invalid. As a result, the cumulative number of valid patents in certain subcategories for 2025 is lower than the cumulative number of valid patents for 2024.

## OGovernance Performance Table

Indicator		Unit	2025	2024	2023
<b>Compliant Operation and Business Ethics</b>					
Corruption reports received	Total number of reports received	Case	0	0	0
	Corruption incidents confirmed through internal review	Case	0	0	0
	Incidents involving employee dismissal or disciplinary action	Case	0	0	0
	Incidents involving termination of contracts with business partners	Case	0	0	0
Confirmed legal proceedings involving the Company and its employees related to corruption		Case	0	0	0
Legal proceedings related to corruption involving the Company and its employees that have been concluded		Case	0	0	0
Total monetary losses resulting from legal proceedings related to corruption involving the Company and its employees		RMB 10,000	0	0	0
Number of confirmed legal proceedings for violations of anti-unfair competition, anti-trust, and anti-monopoly laws		Case	0	0	0
Concluded legal proceedings for violations of anti-unfair competition, anti-trust, and anti-monopoly laws		Case	0	0	0
Amount of compensation awarded in legal proceedings for violations of anti-unfair competition, anti-trust, and anti-monopoly laws		RMB 10,000	0	0	0
Number of directors who received anti-commercial bribery and anti-corruption training		Person	8	/	/
Percentage of directors who received anti-commercial bribery and anti-corruption training		%	66.67	/	/
Number of employees who received anti-commercial bribery and anti-corruption training		Person	4,992	2,373	1,737
By job grade	Senior management	Person	84	45	44
	Management	Person	745	360	292
	Regular employee	Person	4,163	1,968	1,401
Percentage of employees who received anti-commercial bribery and anti-corruption training		%	93.99	40.81	28.89
By job grade	Senior management	%	96.55	61.64	61.11
	Management	%	99.07	43.37	33.11
	Regular employee	%	93.07	40.07	26.57

## A-Share Index

Usage Instructions	ZMC complies with the requirements of the <i>Guideline</i> from January 1, 2025, to December 1, 2025.
Standards Used	<i>Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)</i>

Disclosure Requirements	Corresponding Articles	Location
Sustainability Information Disclosure Framework	Article 11 to 19	Sustainable Development Governance
Climate Change Tackling	Article 21 to 28	Tackling Climate Change
Pollutant Discharge	Article 30	Environmental Governance and Control
Waste Disposal	Article 31	Environmental Governance and Control
Ecosystem and Biodiversity Protection	Article 32	Environmental Governance and Control
Environmental Compliance Management	Article 33	Environmental Governance and Control
Energy Usage	Article 35	Low-Carbon Operation
Usage of Water Resources	Article 36	Environmental Governance and Control
Circular Economy	Article 37	Environmental Governance and Control
Rural Revitalization	Article 39	Social Co-Building
Contribution to the Society	Article 40	Social Co-Building
Innovation-Driven	Article 42	Product and Technology Innovation
Ethics of Science and Technology	Article 43	Science and Technology Ethics
Supply Chain Security	Article 45	Supply Chain Management
Equal Treatment to Small and Medium-Sized Enterprises	Article 46	The Company consistently treats small and medium-sized enterprises (SMEs) fairly and equally. During the reporting period, there were no material overdue payments outstanding.
Safety and Quality of Products and Services	Article 47	Product Quality and Safety Management
Data Security and Customer Privacy Protection	Article 48	Data Security and Privacy Protection
Employees	Article 50	Protection of Employee Rights and Interests Employee Career Development and Training Occupational Health and Safety
Due Diligence	Article 52	Sustainable Development Governance Responsible Supply Chain Business Ethics and Anti-Corruption
Communication with Stakeholders	Article 53	Sustainable Development Governance
Anti-Commercial Bribery and Anti-Corruption	Article 55	Business Ethics and Anti-Corruption
Anti-unfair Competition	Article 56	Responsible Marketing and Anti-Unfair Competition

## GRI Index

Statement of use	ZMC has reported with reference to the GRI Standard for the period from January 1, 2025 to December 31, 2025.
Standards Used	Foundation 2021

GRI Standards	GRI	Location
GRI 2 The organization and its reporting practices 2021	2-1 Organizational details	About ZMC
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency, and contact point	About This Report
	2-4 Restatements of information	About This Report
GRI 2 Activities and workers 2021	2-6 Activities, value chain and other business relationships	About ZMC
	2-7 Employees	Protection of Employee Rights and Interests Employee Career Development and Training
	2-8 Workers who are not employees	Customer Relationship Management Supply Chain Management
GRI 2 Governance 2021	2-9 Governance structure and composition	Advancing Corporate Governance Sustainable Development Governance
	2-10 Nomination and selection of the highest governance body	Advancing Corporate Governance
	2-11 Chair of the highest governance body	A Letter From Our Chairman
	2-12 Role of the highest governance body in overseeing the management of impacts	Advancing Corporate Governance Sustainable Development Governance
	2-13 Delegation of responsibility for managing impacts	Advancing Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	Advancing Corporate Governance Sustainable Development Governance
	2-15 Conflicts of interest	Sustainable Development Governance
	2-16 Communication of critical concerns	Advancing Corporate Governance Sustainable Development Governance
	2-17 Collective knowledge of the highest governance body	Sustainable Development Governance
	2-18 Evaluation of the performance of the highest governance body	Sustainable Development Governance
	2-19 Remuneration policies	Advancing Corporate Governance Sustainable Development Governance
	2-20 Process to determine remuneration	Advancing Corporate Governance

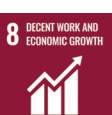
GRI Standards	GRI	Location
GRI 2 Strategy, policies and practices 2021	2-22 Statement on sustainable development strategy	Sustainable Development Governance
	2-23 Policy commitments	Advancing Corporate Governance Sustainable Development Governance
	2-24 Embedding policy commitments	Advancing Corporate Governance Sustainable Development Governance
	2-25 Processes to remediate negative impacts	Sustainable Development Governance
	2-26 Mechanisms for seeking advice and raising concerns	Sustainable Development Governance
	2-27 Compliance with laws and regulations	Advancing Corporate Governance Sustainable Development Governance
	2-28 Membership associations	Advancing Corporate Governance Sustainable Development Governance
	GRI 2 : Stakeholder engagement 2021	2-29 Approach to stakeholder engagement
GRI 3: Disclosures on material topics 2021	3-1 Process to determine material topics	Sustainable Development Governance
	3-2 List of material topics	Sustainable Development Governance
	3-3 Management of material topics	Sustainable Development Governance
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Environmental Governance and Control
	101-2 Management of biodiversity impacts	Environmental Governance and Control
	101-4 Identification of biodiversity impacts	Environmental Governance and Control
	101-8 Ecosystem services	Environmental Governance and Control
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Tackling Climate Change
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics and Anti- Corruption
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics and Anti- Corruption
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics and Anti- Corruption
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible Marketing and Anti-Unfair Competition

GRI Standards	GRI	Location
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Environmental Govern- ance and Control
	301-2 Recycled input materials used	Environmental Govern- ance and Control
	301-3 Reclaimed products and their packaging materials	Environmental Govern- ance and Control
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Low-Carbon Operation
	302-2 Energy consumption outside of the organization	Low-Carbon Operation
	302-3 Energy intensity	Low-Carbon Operation
	302-4 Reduction of energy consumption	Low-Carbon Operation
	302-5 Reductions in energy requirements of products and services	Low-Carbon Operation
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Govern- ance and Control
	303-2 Management of water discharge-related impacts	Environmental Govern- ance and Control
	303-3 Water withdrawal	Environmental Govern- ance and Control
	303-4 Water discharge	Environmental Govern- ance and Control
	303-5 Water consumption	Environmental Govern- ance and Control
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Tackling Climate Change Low-Carbon Operation
	305-2 Energy indirect (Scope 2) GHG emissions	Tackling Climate Change Low-Carbon Operation
	305-3 Other indirect (Scope 3) GHG emissions	Tackling Climate Change Low-Carbon Operation
	305-4 GHG emissions intensity	Tackling Climate Change Low-Carbon Operation
	305-5 Reduction of GHG emissions	Tackling Climate Change Low-Carbon Operation
	3305-6 Emissions of ozone-depleting substances (ODS)	Tackling Climate Change Low-Carbon Operation
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Tackling Climate Change Low-Carbon Operation

GRI Standards	GRI	Location
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Governance and Control
	306-2 Management of significant waste-related impacts	Environmental Governance and Control
	306-3 Waste generated	Environmental Governance and Control
	306-4 Waste diverted from disposal	Environmental Governance and Control
	306-5 Waste directed to disposal	Environmental Governance and Control
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management Responsible Supply Chain
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Protection of Employee Rights and Interests
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Protection of Employee Rights and Interests
	401-3 Parental leave	Protection of Employee Rights and Interests
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Career Development and Training
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Career Development and Training
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Career Development and Training

GRI Standards	GRI	Location
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Protection of Employee Rights and Interests
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protection of Employee Rights and Interests
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Protection of Employee Rights and Interests
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protection of Employee Rights and Interests
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Management
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Management
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Customer Relationship Management Product Quality and Safety Management
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Relationship Management Product Quality and Safety Management
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Quality and Safety Management
	417-2 Incidents of non-compliance concerning product and service information and labeling	Product Quality and Safety Management
	417-3 Incidents of non-compliance concerning marketing communications	Product Quality and Safety Management
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Privacy Protection

## SDGs Index

SDGs	Corresponding Chapter	ZMC Initiatives
	Staying True to Our Mission, Jointly Building a Harmonious Society	<ul style="list-style-type: none"> <li>Actively participate in rural poverty alleviation and revitalization projects, and support rural revitalization and common prosperity through practical actions.</li> </ul>
	Innovation-Drive, Creating Borderless Healthcare	<ul style="list-style-type: none"> <li>Promote the inclusion of products in the National Medical Insurance Drug List, expand the coverage of drugs in medical institutions, and guarantee the medication needs of patients.</li> <li>Promote the international layout of products, and bring safe and effective treatment solutions to patients in more countries and regions.</li> </ul>
	People-Oriented, Building a Platform for Dream Realization Staying True to Our Mission, Jointly Building a Harmonious Society	<ul style="list-style-type: none"> <li>Jointly establish the Research Center for Health Market Operation with Zhejiang Gongshang University, build an industry-university-research integrated scientific research platform, and promote technological innovation and talent training in the health field.</li> <li>Build a sound training system, support employees to improve their professional skills, and empower employees' growth.</li> </ul>
	People-Oriented, Building a Platform for Dream Realization	<ul style="list-style-type: none"> <li>Adhere to the values of diversity and inclusion, and ensure that employees are not discriminated against due to gender factors.</li> <li>Pay attention to the protection of female employees, and effectively create a caring and healthy working environment.</li> </ul>
	Green Transformation, Advancing Toward a Low-Carbon Future	<ul style="list-style-type: none"> <li>Continuously reduce the intake of fresh water and the total discharge of wastewater through process optimization, cascade utilization and recycling of water resources.</li> </ul>
	Green Transformation, Advancing Toward a Low-Carbon Future	<ul style="list-style-type: none"> <li>Make full use of solar energy resources, continuously explore the "photovoltaic + energy storage" energy management model, and promote the application of clean energy.</li> </ul>
	People-Oriented, Building a Platform for Dream Realization	<ul style="list-style-type: none"> <li>Adhere to compliant employment, and eliminate all acts of child labor and forced labor.</li> <li>Provide employment opportunities for people with disabilities and arrange positions reasonably to guarantee decent work.</li> </ul>

SDGs	Corresponding Chapter	ZMC Initiatives
	Innovation-Drive, Creating Borderless Healthcare	<ul style="list-style-type: none"> <li>In-depth implementation of the strategy of "developing the enterprise through science and technology", and promote breakthroughs in key technological innovation through resource integration and collaborative research.</li> </ul>
	People-Oriented, Building a Platform for Dream Realization	<ul style="list-style-type: none"> <li>Uphold the principles of fairness and justice, and ensure that every employee has equal opportunities in terms of employment, remuneration, training, promotion and other aspects.</li> </ul>
	Green Transformation, Advancing Toward a Low-Carbon Future	<ul style="list-style-type: none"> <li>Strengthen waste gas management through measures such as process optimization and equipment upgrading, and reduce the negative environmental impact of the operation process.</li> </ul>
	Green Transformation, Advancing Toward a Low-Carbon Future Resilient Chain Collaboration, Gathering Momentum for Value Co-Existence	<ul style="list-style-type: none"> <li>Establish the working leading group for "Waste-free Enterprise Group", aiming to reduce the intensity of solid waste generation and improve the level of resource utilization, and promote the continuous reduction of solid waste.</li> <li>Focus on core issues such as anti-commercial bribery, energy conservation and carbon reduction, and labor rights, and continuously promote sustainable procurement.</li> </ul>
	Green Transformation, Advancing Toward a Low-Carbon Future	<ul style="list-style-type: none"> <li>Continuously improve the climate risk identification and assessment system, and formulate targeted response strategies.</li> <li>Incorporate climate factors into business decisions, and improve the adaptability and management resilience to climate change.</li> </ul>
	Responsible Operations, Building a Solid Foundation for Development Resilient Chain Collaboration, Gathering Momentum for Value Co-Existence Compliance-Driven Development, Safeguarding Sustainable Development	<ul style="list-style-type: none"> <li>Establish and improve the listed company governance system, and strengthen risk management.</li> <li>Require supply chain partners to comply with compliance requirements such as integrity and anti-corruption, and build an honest supply chain ecosystem.</li> <li>Improve the internal system system, strengthen the management of anti-corruption, bribery and conflict of interest, and strictly prohibit acts such as money laundering and benefit transfer.</li> </ul>

## Definition Form

Unless otherwise specified in the context, the meanings of the following terms mentioned in this year's sustainability report are as follows:

Terms	Definition
ZMC	Zhejiang Medicine Co., Ltd.
Xinchang-pharma	Zhejiang Medicine Co., Ltd. Xinchang Pharmaceutical Factory
Changhai Biological	Zhejiang Medicine Co., Ltd. Changhai Biological Company
Novus	Novus Pharmaceuticals Co., Ltd.
Changhai Pharma	Zhejiang Changhai Pharmaceuticals Co., Ltd.
NovoCodex	NovoCodex Biopharmaceuticals Co., Ltd.
SLTH	Zhejiang SLTH Technology Co., Ltd.
Fangyuanxin	Zhejiang Fangyuanxin Bio-pharmaceutical Co.,Ltd.
Keming Biopharmaceuticals	Zhejiang Keming Biopharmaceuticals Co., Ltd.
Zhongxian Biotechnology	Zhejiang Zhongxian Biotechnology Co.,Ltd.

## Feedback Form

Thank you for reading *2025 Sustainability Report of Zhejiang Medicine Co., Ltd.*. To better meet your needs, provide you and all stakeholders with more valuable information, and help the Company improve its comprehensive management capabilities and work performance, as well as enhance its ability to fulfill social responsibilities, we sincerely hope that you can put forward your valuable comments on the report and feedback to us through the following methods. For the following questions, please tick your response:

### 1.Which of the following stakeholders do you belong to?

- Employees  
  Government and Regulatory Authorities  
  Shareholders and Investors  
 Customers and Users  
  Suppliers  
  Media  
  Community and the Public

### 2.What is your overall impression of this report?

- Very Good  
  Good  
  Fair  
  Poor  
  Very Poor

### 3.How do you think the Company performs in the following aspects?

- Corporate Governance:  
 Excellent  
 Good  
 Fair  
 Poor  
 Very Poor  
 Environmental Management:  
 Excellent  
 Good  
 Fair  
 Poor  
 Very Poor  
 Social Responsibility:  
 Excellent  
 Good  
 Fair  
 Poor  
 Very Poor  
 ESG Management:  
 Excellent  
 Good  
 Fair  
 Poor  
 Very Poor

### 4.How do you rate the following aspects of this report?

- Information Disclosure:  
 Very High  
 Relatively High  
 Fair  
 Relatively Low  
 Very Low  
 Accuracy:  
 Very High  
 Relatively High  
 Fair  
 Relatively Low  
 Very Low  
 Completeness:  
 Very High  
 Relatively High  
 Fair  
 Relatively Low  
 Very Low  
 Readability:  
 Very High  
 Relatively High  
 Fair  
 Relatively Low  
 Very Low  
 Layout Design:  
 Very High  
 Relatively High  
 Fair  
 Relatively Low  
 Very Low

### 5.What are your comments and suggestions on the Company's work to promote sustainable development?

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### 6.What are your comments and suggestions on the compilation of the Company's Environmental, Social and Governance (ESG) report?

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