

# SUSTAINABLE DEVELOPMENT REPORT

2024

Sirio Pharma Co., Ltd.

# About This Report

## Report Scope

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This 2024 Sustainability Report has been prepared by Sino Pharma Co., Ltd. and covers the Company's environmental, social, and governance (ESG) practices from January 1, 2024, to December 31, 2024.

The scope of this report includes Sino Pharma Co., Ltd. and all of its wholly owned and majority owned subsidiaries. To ensure the continuity and comparability of the information presented, some data and disclosures may extend beyond the 2024 reporting period.

## Reporting Principles

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This report has been developed in accordance with both international and domestic sustainability reporting standards and guidelines, including:

- The Global Reporting Initiative (GRI) Standards
- ISO 26000:2010 – Guidance on Social Responsibility, issued by the International Organization for Standardization (ISO)
- Self-Regulatory Guidelines No. 17 for Listed Companies on the Shanghai Stock Exchange Sustainability Reporting (17th), issued by the Shanghai Stock Exchange (SSE)
- Guide Manual to the Corporate Sustainability Disclosure (16th), issued by the Ministry of Finance of the People's Republic of China.

## Content Selection

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In preparing this report, Sino followed the principle of materiality, completeness, and responsiveness outlined in the GRI Standards. The report covers topics across economic, social, and environmental dimensions, with a particular focus on the Company's responsibilities in corporate governance, product responsibility, environmental stewardship, employee well-being, and philanthropy and community engagement. All data and information were collected in accordance with the Company's established operational procedures to ensure accuracy and reliability.

## Abbreviations

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For ease of reference, Sino Pharma Co., Ltd. is referred to as "the Company"/"Sino"/"we"/"Sino (Group) Co., Ltd." is referred to as "Sino (Group)" "Sino (Guangdong) Co., Ltd." is referred to as "Sino (Guangdong)". Copyright © 2024 Sino Pharma Co., Ltd. All rights reserved.

## Publication

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This report is published annually and made available in both print and digital formats. The digital version can be accessed via the Company's official website at <http://www.sinopharma.com>. This report is available in both Chinese and English. In the event of any discrepancies or differences in interpretation between the two versions, the Chinese version shall prevail.

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## Our Mission, Vision & Core Values



Advanced nutrition science and technology, deliver value to health

**Mission**



Innovation leader in nutrition science and technology, first choice of customers

**Vision**



Service, Innovative,  
Responsible, Initiative, Open

**Values**

# Message from the CEO

## Sustainably Advancing Health Through Growth

For more than three decades, we at Hita have remained true to our purpose: “Advance nutrition science and technology, deliver value to health.” Guided by this mission, we have continuously deepened our international presence, working with global partners to support better health worldwide. Today, Hita stands as a global nutrition powerhouse with five R&D centers and seven manufacturing sites strategically located in China, the United States, and Germany. Our products and services reach customers in over 80 countries and regions, powered by the expertise and dedication of over 1,500+ employees. The Hita Group has become a trusted partner to a growing number of leading health and nutrition brands around the globe. In Hita, faced with a complex and evolving external environment, we remained resilient and agile. By fully leveraging our strengths in global integration and technological innovation, we delivered our world-leading mainstream nutritional solutions, achieving robust growth.

## Sustainably Driving R&D

At the core of Hita's identity lies innovation. We have never ceased in our pursuit of scientific discovery in the field of nutrition. By increasing investment in research and development, our five R&D centers in China, the U.S., and Europe continually drive global progress. Our dedicated researchers consistently launch new products that meet international standards and are well-received by the market. To date, we have been granted over 80 invention patents, a testament to our commitment to scientific excellence. The innovation means little without quality. And for us, quality is everything. From initial product development through to supply chain management, intelligent manufacturing, and final delivery, every step is carefully monitored and managed. Our 2,888-square-meter Quality Inspection Center, equipped with 68 testing protocols, accredited by China National Accreditation Service for Conformity Assessment (CNAS), reflects our unwavering commitment to product safety and excellence.

## Sustainably Protecting the Planet

If we all share a common home, our planet, protecting it is a responsibility we embrace with conviction. At Hita, we are advancing sustainability across our entire value chain. We have introduced more plant-based alternatives to traditional dietary supplements and continue to source ingredients from environmentally responsible suppliers, including those certified by the Forest of the Sea, to ensure a wider selection of organic and eco-friendly products to our clients and their consumers. To support these efforts, we have established environmental management systems, conducted cleaner production audits, and continuously improved energy and resource efficiency throughout our operations. In response to the global call for carbon neutrality, we are actively engaged in climate action, undertaking carbon inventory assessments and pursue carbon footprint calculations to foster a greener future for the nutritional & health food industry through responsible production.

## Sustainably Empowering Employee Growth

At Hita, we place great importance on team building and talent development. We attract professionals from diverse cultural backgrounds, valuing cultural integration and inclusivity. We respect local traditions and values, listen to employees' voices, and honor their lifestyles, beliefs, and working styles. We foster open communication and learning among employees, encourage cross-departmental collaboration, and facilitate the sharing of knowledge, information, and resources. The Company is committed to creating a dynamic and innovative workplace that supports employee growth. We promote international exchanges and provide global career opportunities, enabling employees to work and learn in diverse cultural settings, broaden horizons, and develop competencies.

## Sustainably Giving Back to Society

Fulfilling social responsibility is not only a cornerstone of our sustainable development, but also a key driver of our long-term competitiveness. We integrate this commitment into our business strategy and management, actively participating in philanthropy and community initiatives. Through regular involvement in donations, disaster relief, and community support, we strive to achieve a balanced and harmonious development across corporate growth, employees' personal development, environmental sustainability, and social contribution.

Now at the edge of “standing firm,” Hita is both mature in purpose and vibrant in spirit. Like Confucius once said, “(virtually) I stand firm” (this is a time to shoulder greater responsibility and visibility into the future). Our aspiration is to become a century-old enterprise. In hundred years, is more than a millennium; it represents a legacy of responsibility and resilience, of action and integrity, of innovation and stability. Our working mission remains: To advance global health. We extend our deepest gratitude to all who have walked alongside us, our partners, clients and friends. As we look toward the future, let us continue to explore, innovate, lead, and grow together. Together, we will propel the health food industry forward and make lasting contributions to public well-being and sustainable economic development.

Chairman & Chief Executive Officer of Hita

# Discovering Sirio

## Company Overview

Founded in 1992, Sino Pharma Co., Ltd. is a global leader in contract research, development, and manufacturing (CDMO) of nutritional and health foods. Anchored by our dual strategic pillars of technological innovation and globalization, we deliver entire end-to-end solutions for clients across the nutrition and health industry from formulation research and product development, manufacturing, packaging, logistics, and marketing support. In September 2019, Sino was listed on the Shanghai Stock Exchange (Shanghai Stock Code: 600745), becoming the first Chinese listed CDMO enterprise in the nutrition and health food sector. We are also among the few in the industry capable of offering a comprehensive portfolio of dosage forms, including capsules, granules, tablets, liquids, powders, and hard capsules.



## Milestones of Growth





## Products & Services

### Comprehensive Dosage Form Capabilities

We offer analysis and development and manufacturing capabilities across a full spectrum of dosage forms. Supported by a dedicated marketing team and a cutting-edge R&D organization, we continuously introduce innovative nutritional and health foods that address diverse customer needs and improve product differentiation. Our product portfolio spans multiple categories. Core dosage forms include softgels, granules, and liquids. Standard formats encompass tablets, powders, and hard capsules. At the same time, we continue to push the boundaries of innovation with advanced formats such as popping droplets, waxy granules, Paraglyte plant-based softgels, and Libellus/3M Gel Tablets, offering differentiated solutions to meet evolving consumer preferences.

#### Standard Dosage Forms



Granules



Liquids



Softgels



Tablets



Hard Capsules



Powders

#### Innovative Dosage Forms

Paraglyte®  
Plant-Based Softgel

Libellus/3M Gel Tablet



Popping Droplet



Crystal Droplet



Coating Gummy



Libellus/3M Gel Tablet

## Products & Services

### Providing Evidence-Based Nutritional Products for Every Stage of Life

Glaxo's product portfolio covers a full spectrum of function categories, thoughtfully designed to support wellness across every stage of life. For the general population, we offer products that promote foundational health, including essential vitamins and minerals, immune support, and energy enhancement. For women, our solutions focus on beauty and wellness, as well as weight management to support holistic health and vitality. For middle-aged and older adults, we provide targeted support for bone and joint health, cardiovascular and cognitive function, and metabolic balance. Our comprehensive offerings are tailored to maximize existing health of individuals of all ages from infants and children, to adolescents, adults, and seniors, obtaining trusted nutritional support throughout the entire lifecycle.



#### Pregnancy & Prenatal

Folic acid, arginine, multivitamins, DHA, algae oil. From preconception to birth, providing comprehensive nutrition to support a healthy pregnancy and early fetal development.



#### Infancy & Early Childhood

Multivitamins, probiotics, lutein, DHA, algae oil. Multi-nutrient support to fuel growth and development during early childhood.



#### Adolescence & Young Adults

Multivitamins, collagen, protein, probiotics, whey protein, glucosamine. Strengthening the foundation of health for young people, supporting growth, immunity, and vitality.



#### Middle-Age & Seniors

Protein, Coenzyme Q10, fish oil, glucosamine, probiotics. Benefits: Supporting the health and nutrition of middle-aged and older adults in the easy way.

### Our Clients

#### A global client base across multiple markets and channels including pharmaceutical companies

Driven by our commitment to technological innovation and globalization, Glaxo has become a leading CMO in China's nutritional and health food industry, with global competitiveness and deep specialization in R&D solutions. We deliver end-to-end services including production strategy and planning, formula development and upgrade, regulatory registration support, manufacturing and packaging, and product delivery and post-market surveillance. Glaxo is proud to be the first company in China to achieve large-scale production of plant-based whey, and the first publicly listed enterprise in China with a R&D nutrition and health focus at its core. Our manufacturing capabilities span a broad range of dosage forms, including whey, gummies, liquids, tablets, powders and hard capsules, with integrated support for production and other functional ingredients.

With over 50 years of focused expertise, we serve a global client base across multiple markets and channels including pharmaceutical companies, direct selling enterprises, non-direct selling brand owners, pharmacy chains, modern retailers, food & cosmetics brands, and social commerce platforms expanding into health and wellness. Our clients span China, Europe, and the Americas, forming a stable high-retention ecosystem of premium partners. We are proud to maintain strategic collaboration with industry leaders such as H&M Group, Bayer, Merck, Citi, Johnson, Glaxo and Total Global.

## Economic Performance

In 2024, guided by our vision to become 'an innovation leader in nutrition science and technology, first choice of customers,' Sino continued to deepen its focus in the nutritional and health food (NHF) sector, following our business strategy with strategic and precision, we made steady and measurable progress across key initiatives outlined in our 2024 roadmap. In 2024, the Company achieved a total revenue of RMB 4.211 billion, representing a year-on-year growth of 17.68%, reflecting solid economic performance.

Metric	2024	2023	2024
Total Assets (RMB 100 million)	47.84	51.76	54.84
Operating Revenue (RMB 100 million)	14.10*	12.82	12.13
Operating Costs (RMB 100 million)	11.14	10.46	10.64
Government Subsidies (RMB 10,000)	710.1	1005.1	444.0
R&D Investment (RMB 10,000/year)	8671.4	10477.4	12499.4*

The Company achieved a total revenue in 2024

**4.211** RMB billion



Representing a year-on-year growth

### SWOT Analysis

Guided by the vision to become 'an global innovation leader in the nutritional and health industry, and the first choice for our customers,' the Company is strategically focused on technological innovation and globalization. Through a combination of organic growth and strategic acquisitions, Sino is committed to becoming a leading global NHF in the nutritional and health food sector.

#### Opportunities and Challenges

Opportunities stem primarily from the sustained global growth of the nutritional and health food industry and the rising consumer awareness of health and wellness. From a global perspective, the industry remains in a strong growth phase. In the wake of the pandemic, consumers have become significantly more health-conscious, further fueling demand and driving momentum across the sector. Challenges arise from the intensifying market competition. In recent years, the competitive landscape in the nutritional and health food industry has grown increasingly complex. The influx of new players, rapid emergence of new sales channels, and constantly evolving product demands have all contributed to a highly competitive and dynamic market environment.

#### Strengths

The Company's strengths lie in its globalized operational footprint and strong R&D capabilities, enabling localized supply in key markets around the world. With manufacturing sites and R&D centers established in China, Europe, and the United States, the Company has built a globally integrated supply chain spanning three continents, while actively expanding into Southeast Asia and other emerging markets. In addition, the Company has formed strategic partnerships with numerous well-known enterprises and laboratories and services have received integrated recognition from both clients and the industry.

### Future Strategic Plans

The Company's strategic plan centers on two key pillars: technological innovation and globalization. By pursuing both organic growth and strategic acquisitions, we aim to achieve transformative development. Through R&D-driven innovation, we seek to capture emerging demand in global markets and break through traditional industry limitations, with the ultimate goal of becoming a leading global NHF in the nutritional and health food sector.

Building on its global competitive advantages, the Company will continue to deepen its focus on the nutritional and health food industry, truthfully leverage its strengths across four strategic pillars, namely: global market insights, product innovation, global supply chain integration, and international market expansion.

The Company's operational priorities for 2025 include strategic category planning, global business expansion, frontier technology (F&D), and supply chain optimization.



## Awards & Recognitions

- 1 **Policy Implementation Under the Lens of Neoliberal Principles**  
Date Issued: 2023  
Issuing Organization: International Monetary Fund  
Issued On: 2023-09-01
- 2 **Global & National Perspectives on Work Safety Modernization**  
Date Issued: 2023  
Issuing Organization: Global Infrastructure Anti-Corruption Centre  
Issued On: 2023-09-01
- 3 **How AI Shocks and Impacts**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 4 **Understanding Institutions for Poverty Alleviation**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 5 **Performance in Public Markets and Public Privatization**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 6 **Market Realization Institutions and AI**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 7 **Building Institutions to Strengthen Health Industry**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 8 **Industry Innovation: Research Councils and Academic Institutions for the Research and Industrialization of post-graduate college technology**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 9 **Large Public Market Privatization Institutions and AI**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 10 **Market Institutions for Industrial Property Protection in Developing Countries**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 11 **National High-Speed Railways**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 12 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 13 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 14 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 15 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 16 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
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Issued On: 2023-09-01
- 17 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 18 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 19 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01
- 20 **High-Speed Railways: Technology Research and Development for Industrialization and Global Trade**  
Date Issued: 2023  
Issuing Organization: European Central Bank  
Issued On: 2023-09-01

### Association Memberships

Organization Name	Membership Role	Membership Term
China Chamber of Commerce for Import & Export of Medicines & Health Products	Executive Director / 1st Council	Since 2005
Guangdong Society for Preventive Medicine	Vice President / 4th Council	2007-2020
Shenzhen High-Tech Enterprises Association	Executive Member	Since 2020
China Nutrition and Health Food Association	Member	2007-2020
Shenzhen Inspection and Testing Association	Executive Member	2017-2020
Guangdong Health Food Chamber of Commerce	Executive Member	Since 2019
Association of Technical Review and Certification for Food and Drug Evaluation	Executive Member	Since 2019
Chinese Nutrition Society	Member	Since 2019
Guangdong Association of Technical Review and Certification for Food and Drug Evaluation	Member	Since 2019
Shenzhen Emergency Management Association	Member	Since 2020
Shenzhen Health Industry Association	Vice President	Since 2020
Shenzhen Commerce Chamber of Commerce	Member	Since 2020
Shenzhen Association of International Business and Technological Cooperation Zone	Member	Since 2020
Shenzhen Federation of Industry and Commerce (General Chamber of Commerce)	Executive Member	Since 2020

# ESG Governance: Building a Robust Foundation

At the heart of everything we do lies an unwavering commitment to integrity. By upholding the rule of law and the highest ethical standards, we strive to cultivate a business environment rooted in fairness, equity, and integrity. This principled foundation not only safeguards our operations, it paves the way for sustainable, long-term growth.





# Sustainability Strategy

At Bore, our mission is to advance nutrition science and technology, and deliver value to health, a vision grounded in the belief that our health is inherently sustainable. Our ESG strategy is built on three interconnected pillars: healthy products, a healthy supply chain, and a healthy society. These pillars guide our actions as we harness the power of scientific innovation and responsible practices to generate enduring value, not only for our customers and stakeholders, but also for the greater good of human health and planetary well-being.



## Healthy Products

Grounded in a customer commitment to fast safety, we champion sustainability throughout the product lifecycle from research and development to manufacturing. Leveraging our Bore E-CO2® (Efficient Energy Technology Platform), we drive innovation in product development while minimizing environmental impact. In our production facilities, we are transitioning toward fully automated, intelligent manufacturing lines to respond to climate change, we conduct comprehensive carbon inventory assessments and implement targeted carbon reduction initiatives.



## A Healthy Supply Chain

We are committed to safeguarding employee rights and cultivating a workplace that is diverse, inclusive, and growth-oriented. At the same time, we are building a sustainable supply chain management system that promotes shared responsibility across environmental and social dimensions. By working closely with our suppliers, we encourage sustainable practices across every stage from raw material sourcing and processing to packaging, empowering our customers to make responsible choices.



## A Healthy Society

This activity aligns with national efforts on targeted poverty alleviation, offering support to employees facing hardship and engaging in a broad range of philanthropic programs. Through these initiatives, we enhance our social responsibility and contribute meaningfully to sustainable development of the communities in which we operate.

Strategic Pillar	Strategic Plan and Action	Strategic Goal
Healthy Products	<p>Strictly complying with product safety standards, enhancing the operations of the GMP (Good Manufacturing Practice) testing center, establishing and understanding product withdrawal and recall procedures.</p> <p>Leveraging the Bore E-CO2® (Efficient Energy Technology Platform) to apply lean manufacturing, optimize resource utilization, absorption and sustainability, and reduce waste.</p> <p>Promoting sustainable packaging by transitioning 100% to recyclable and biodegradable materials, and seeking for packaging reduction and waste reduction.</p> <p>Advancing smart manufacturing to achieve fully automated production from raw material storage to final delivery, improving production efficiency and quality while reducing land and water resource usage.</p>	<p>100% of products meet fast safety standards with fast safety incidents and product recalls.</p> <p>100% of product categories follow the Bore E-CO2®.</p> <p>100% of packaging meets customers' sustainability expectations.</p>
	<p>Based on ESG scenarios:            +100% increase in carbon footprint reduction by 2030            +100% automated production by 2030            +100% automated production lines by 2030            +100% land savings by 2030 through the implementation of vertical storage systems at the Bore Biotech Center</p>	
A Healthy Supply Chain	<p>Protecting employee rights while fostering a diverse, inclusive, and growth-oriented platform for employee development, ensuring occupational health and safety.</p> <p>Establishing a sustainable procurement management system, enhancing supplier compliance and Code of Conduct and Product Carbon Footprint traceability, collaborating with suppliers to use healthy sustainable materials.</p> <p>Building a professional compliance team, strengthening compliance oversight and mitigating regulatory risks, actively engaging in domestic and international product standard setting to promote sustainable industry practices.</p>	<p>Maintain zero occupational workplace safety incidents and occupational disease cases.</p> <p>Complete global rollout of the Bore system by 2030.            100% of suppliers sign the Supplier Code of Conduct Agreement.</p>
		Zero regulatory violations across all global operations
A Healthy Society	Engaging in diverse philanthropic initiatives, implementing targeted poverty alleviation efforts to promote sustainable development of the community.	Employees contribute no fewer than 1,000 volunteer hours annually.

# Code of Business Ethics

## Integrity and Compliance

At Hies, we are deeply committed to upholding the highest standards of business ethics, honesty, and integrity. These core values are embedded across every aspect of our operations, from product development and quality management to business partnerships and anti-corruption efforts. We honor the spirit of contractual agreements, strictly adhere to our obligations, and actively protect the company's legitimate rights while respecting and safeguarding the legitimate interests of our partners. To ensure a clear and transparent business environment, we have established a robust supervision and reporting system, including open whistleblowing channels for customers, suppliers, and employees. This fosters a clean business policy based on integrity and mutual trust, with decisive actions taken against any violations.

Throughout the reporting period, we confirmed incidents of corruption or major legal disputes occurred, a testament to our unwavering commitment to ethical business practices and our pursuit of excellence in corporate governance.

### Business Ethics Performance Statistics

Metric	2023	2024	2024
Anti-Corruption Training Sessions Attended	1000	80	1000
Customer Facility Visits (times/year)	0	0	0

### Anti-Corruption and Anti-Bribery

Our strict policies on bribery and corruption ensure that the company meets the Code of Business Conduct for Employees and the Code of Business Conduct for Partners and Professionals, which mandate that all employees and third parties strictly comply with our anti-corruption policies and refrain from any form of bribery or corrupt activity. In addition, we have implemented a Robust Supervision and Reporting Policy to guide and oversee employees at all appropriate levels regarding the acceptance of gifts.

### Anti-Unfair Competition

In strict accordance with national laws and regulations including the Anti-Unfair Competition Law, Hies has developed and implemented robust policies such as the Employee Handbook, which explicitly prohibit employees from engaging in any form of unfair business practices, gain competitive advantage, or protect intellectual property and sensitive business information. All employees are required to report and safeguard trade secrets of both the company and its partners. To enhance awareness and accountability, Hies offers structured anti-competitive agreements (ACA) and incorporates confidentiality clauses in business contracts with external stakeholders.

### Business Ethics Training

Our Code of Business Conduct for Employees clearly outlines the ethical standards that all staff members must uphold, including anti-bribery and corruption, unfair competition policies. These standards are fully integrated into the onboarding program for new employees and are reinforced in the company's Employee Handbook. In addition, Hies conducts regular targeted training sessions on key topics such as confidentiality protection and anti-competitor behavior aimed at ensuring ethical awareness across the organization. As of the end of the reporting period, 100% of employees had received and acknowledged their business ethics policies and all employees had signed the Employee Ethics Commitment Letter.

### Auditing and Supervision

Hies has established a comprehensive compliance investigation framework, supported by confidential and accessible whistleblower channels for employees and external parties. Reports or complaints may be submitted anonymously via phone suggestion boxes and dedicated email at [ethics@hies.com](mailto:ethics@hies.com). Upon receiving a report, the relevant internal departments initiate a thorough investigation, with strict confidentiality measures in place. The company adheres to a zero-tolerance policy for violations and strictly prohibits any form of retaliation ortribution against whistleblowers.





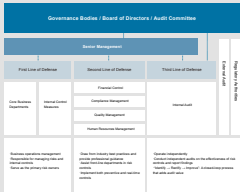
# Enterprise Risk Management

## The "Three Lines of Defense" Framework

To strengthen the Company's risk governance capabilities, Sino has established a comprehensive "Three Lines of Defense" risk management model, covering core areas including operations, finance and compliance. This framework ensures a systematic, integrated approach to identifying, assessing, and mitigating risks.



To ensure a robust and adaptive approach to enterprise risk management, Sino has adopted a full-fledged risk management model that spans four key stages: Risk Identification → Risk Assessment → Risk Monitoring → Risk Response. The Company conducts risk identification and evaluation at three regular intervals, annually, quarterly, and monthly, across all organizational levels, including the corporate, business unit, and departmental levels. Risks are assessed in multiple dimensions, such as strategic, market, financial, operational, and legal and compliance. Each risk is prioritized based on its likelihood of occurrence and potential impact, and the results are visualized through a risk heat map. This may serve as a decision-making tool for deploying targeted mitigation strategies including optimizing business processes, enhancing internal controls, and implementing insurance coverage to hedge against operational risks.



# Enterprise Risk Management

## Internal Control System

Sino adheres to the COSO Internal Control Integrated Framework, structuring its internal control system around five fundamental components: control environment, risk assessment, control activities, information & communication, and monitoring activities. This framework is designed to achieve three primary objectives, namely: enhancing operational efficiency, ensuring the reliability of financial reporting, and maintaining compliance with applicable laws and regulations. Sino has implemented a comprehensive internal control system that spans its operations in China, the United States, and Europe. This system covers both the corporate level and business unit level, enabling a fully integrated and pervasive approach to risk control and management. This ensures compliance and operational effectiveness of the Company's control and operations. In 2024, the Audit Committee of the Board of Directors conducted an evaluation of internal control effectiveness. The results confirmed that no material weaknesses were identified in the Company's internal control over financial reporting.



### Internal Control Processes and Authorization Structure

Sino has established a comprehensive set of internal control policy documents, based on a Headquarters Standard + Global/Regional/Local model. These documents provide detailed definitions of internal control requirements across key business processes, serving as a reference in the Company's efforts to institutionalize and standardize internal controls across all operations.

### Authorization Matrix with Clearly Defined Responsibilities

To further clarify accountability and improve decision-making efficiency, Sino completed a progressive optimization of its authorization system in 2024. This initiative involved reexamining 544 approval items in alignment with the Company's three major functional modules, resulting in an authorization matrix that spans three levels of approval (i.e. CEO --> VP --> Department Heads), covers 161 business categories across 24 departments, and defines 261 specific authorization items. This matrix ensures that each management level operates within a clearly defined scope of authority. In parallel, various subsidiaries have implemented structured and localized authorization systems, enabling centralized oversight from headquarters.

### Audit Transformation and Value-Driven Feedback Loop

The Company is committed to building a structured internal audit system, tailored to its unique operations. By executing the "Three Transformations of Audit" (i.e. process standardization, audit methodology innovation, and digitalization), we aim to enhance audit efficiency and create a robust system that delivers continuous value. In 2024, the Internal Audit Department conducted 101 audits, including three special purpose audits, and six trigger audits (initiated in response to risk signals or operational anomalies). Audits were conducted from four structural perspectives: business process flow, and departmental management structures. This dual lens approach enabled deep, cross-functional penetration into critical operational areas such as sales, procurement, human resources, IT asset management and treatment. Through these audits, potential risks and control gaps were identified in a timely manner, followed by targeted remediation efforts. This suggests a continuous improvement cycle of Audit --> Remediation --> Enhancement.

## Sino's Distinctive Internal Audit Framework



# Enterprise Risk Management

## Information Security and Data Protection

To effectively safeguard its information assets and reinforce the foundation for business continuity, E.ON has closely aligned its practices with the ISO/IEC 27001 international standard and continues to make strategic investments in digital infrastructure. The Company has implemented a range of advanced cybersecurity technologies, including Zero Trust Network Access (ZTNA), Web Application Firewall (WAF), Endpoint Detection and Response (EDR), Security Information and Event Management (SIEM), and log auditing systems. A robust Information Security Management System has been developed, covering a wide range of domains such as asset identification, the precise design and efficient implementation of security strategies, and the establishment of a well-structured and responsive organizational framework. It incorporates enterprise-level risk controls, comprehensive asset management, strict personnel security measures, and reliable safeguards for physical and environmental security. The system also encompasses secure and stable operations, consistent communication management, rigorous access controls based on defined responsibilities, and adherence to secure system development and maintenance practices. It further ensures timely detection, reporting, and handling of security incidents, along with compliance with relevant laws, standards, and internal policies. Together, these measures safeguard the confidentiality, integrity, and availability of the Company's information assets. In 2024, E.ON obtained its ISO/IEC 27001 for Information security management systems (ISMS), demonstrating that its information security practices meet globally recognized standards.



Infographic illustrating E.ON's commitment to information security management systems (ISMS).

### Cybersecurity

As a core pillar of E.ON's information security program, cybersecurity remains a top strategic priority. The Company has designed a robust and resilient network architecture, supported by a range of protective technologies, including firewalls, intrusion detection systems (IDS), antivirus and malware detection platforms, and security auditing and monitoring tools. These technologies enable continuous network monitoring and real-time threat detection, helping proactively prevent and respond to a broad spectrum of risks from technical threats (e.g., hacking, ransomware, malware) to social engineering attacks (e.g., phishing, impersonation).

### Access Security

Access to internal systems is strictly controlled and managed. Based on Zero Trust Architecture, we provide secure remote access solutions for suppliers, associations, and business employees. Key features of the Zero Trust approach include security hardening, which prevents unauthorized data downloads or leaks, and strict compliance checks for external visitors whose devices must pass security baseline inspections before gaining access to internal systems.

### Data Security

E.ON is and encryption measures are implemented throughout the entire data lifecycle, covering both transmission and storage processes. These measures ensure protection against interception or tampering during data transmission, prevention of unauthorized access or leakage during data storage, and full safeguarding of the confidentiality, integrity, and security of customer data. To further enhance privacy compliance, the E.ON Germany facility issued a Data Privacy Protection Statement, outlining the Company's technical controls and organizational policies to protect personal and corporate data in accordance with the General Data Protection Regulation (GDPR).

### In 2024

Approximately  
1700  
Completed training sessions

100%  
is coverage rate for training

### Employee Training and Awareness

E.ON regularly organizes training programs focused on data privacy and information security awareness, which include anti-phishing training, cybersecurity education, IT risk management workshops, and specialized sessions on digital security. Additionally, the Company has developed strict information security policies and operational procedures to enhance employees' awareness of cybersecurity risks and strengthen their prevention and response capabilities. In 2024, E.ON conducted approximately 1,700 training sessions, achieving a 100% employee coverage rate for information security training.



### Incident Response and Threat Handling

E.ON has established a comprehensive incident response mechanism, operating 24/7 year-round to ensure continuous threat monitoring and rapid response. The system enables rapid identification, analysis, escalation and resolution of security incidents, and the minimization of potential damage and risk.

### Security Audits and Compliance Inspections

The Company conducts regular internal and external security audits to evaluate (third) effectiveness, and identify and remediate vulnerabilities in a timely manner. In addition, compliance audits and inspections are performed periodically to ensure adherence to relevant laws, regulations, and industry standards.

Through this multi-layered protection strategy, E.ON has built a robust (third). This framework not only safeguards the Company's own information assets, but also delivers high levels of data privacy and security assurance to clients and partners, supporting business continuity and operational resilience amidst increasingly complex cyber threat environments.

## Material ESG Issues

### Stakeholder Engagement

Stakeholder Group	Customers	Shareholders & Investors	Suppliers & Contractors	Employees	Environment	Government & Regulators	Communities & NGOs
ESG Issues of Concern	<ul style="list-style-type: none"> <li>Food safety management</li> <li>Product quality testing</li> <li>Customer satisfaction and complaints</li> <li>Product R&amp;D and innovation</li> <li>Product recalls and withdrawals</li> <li>Alergen management</li> </ul>	<ul style="list-style-type: none"> <li>Return and growth</li> <li>Enterprise risk management</li> <li>Information security management</li> </ul>	<ul style="list-style-type: none"> <li>Code of business ethics</li> <li>Intellectual property protection</li> <li>Sustainable procurement</li> </ul>	<ul style="list-style-type: none"> <li>Pain compensation and benefits</li> <li>Employee rights protection</li> <li>Occupational safety and health</li> <li>Training and development</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Clean production management</li> <li>Climate change response</li> <li>Raw materials and carbon products</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Tax compliance and contributions</li> <li>Support for economic development</li> </ul>	<ul style="list-style-type: none"> <li>Driving local economic development</li> <li>Fulfilling social responsibility</li> <li>Participation in philanthropic initiatives</li> </ul>
Current status and trend	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Customer complaints</li> <li>Customer demand and communication meetings</li> </ul>	<ul style="list-style-type: none"> <li>Periodic reports</li> <li>Ad hoc announcements</li> <li>Investor dialogue sessions</li> <li>Earnings presentations</li> <li>General shareholder meetings</li> </ul>	<ul style="list-style-type: none"> <li>Supplier meetings</li> <li>Report disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction surveys</li> <li>Internal meetings</li> <li>Safety management systems</li> <li>Internal trainings</li> <li>Employee satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with government authorities</li> <li>Report disclosures</li> <li>Engagement with industry</li> </ul>	<ul style="list-style-type: none"> <li>Government meetings</li> <li>Sanctions</li> <li>Create impediments and engagement</li> </ul>	<ul style="list-style-type: none"> <li>Regular information disclosures</li> <li>Site visits</li> </ul>

This is committed to respecting and protecting the legitimate rights and interests of all stakeholders, and to achieving balanced value creation across shareholders, employees, customers, communities, and other relevant parties. To gain a deeper understanding of stakeholder needs and expectations, the Company adheres to internationally recognized standards and regulatory guidelines, including ISO 26000 (2011), Guidelines on Global Reporting (GRI Sustainability Reporting Elements), and Risk Reporting Guidelines No. 47 for Listed Companies on the Shanghai Stock Exchange Sustainability Reporting (2016). This applies a Double Materiality Assessment methodology, which considers ESG issues from two key perspectives: the degree to which an issue affects the Company's economic, environmental, and social performance; and the degree to which an issue affects stakeholders. This dual lens approach ensures that the Company prioritizes issues that are both strategically significant to its operations and material to stakeholders' interests.

This year's Sustainability Report is based on stakeholder survey and a materiality assessment of key ESG topics. Through ongoing communication and engagement, the Company aims to accurately identify material ESG issues and manage them effectively to advance its sustainability goals.

## Material ESG Issues

### Information Disclosure

We identify material issues related to sustainable development by referencing standards such as The Global Reporting Initiative (GRI) Standards (GRI 2021-2022), Guidance on Social Responsibility issued by the International Organization for Standardization (ISO), Self-Regulatory Guidelines for A-Listed Companies on the Shanghai Stock Exchange Sustainability Reporting (2024) issued by the Shanghai Stock Exchange (SSE), and Basic Standards for Corporate Sustainability Disclosure (2024) issued by the Ministry of Finance of the People's Republic of China. The Company continuously engages with stakeholders through various channels to assess the significance and level of concern associated with these material issues.

#### High-Risk Issues

- |   |                                    |                                   |   |
|---|------------------------------------|-----------------------------------|---|
| 1. Food safety management               | 1. Talent management               | 2. Fair compensation and benefits | 2. Climate change response              |
| 2. Product quality safety               | 2. Research and growth             | 3. Employee rights protection     | 3. Environmentally friendly products    |
| 3. Customer satisfaction and complaints | 3. Enterprise risk management      | 3. Occupational safety and health | 3. Compliance with laws and regulations |
| 3. Product safety and innovation        | 3. Information security management | 3. Green production management    | 3. Tax compliance and contributions     |

#### Medium-Risk Issues

- 1. Product recalls and withdrawals
- 1. Code of business ethics
- 1. Intellectual property protection
- 1. Sustainable procurement
- 1. Training and development

#### Low-Risk Issues

- 1. Work-life balance
- 1. Support for economic development
- 1. Offshore asset custody management
- 1. Fulfilling social responsibility
- 1. Participation in philanthropic initiatives

### ESG Materiality Assessment Matrix



# Innovation-Driven: Advancing Nutrition Science

At Danisco, innovation is more than a strategy. It is a belief in the power of science to elevate lives. We continuously increase our investment in research and development, using technology as a catalyst to transform ideas into high-quality nutritional solutions that truly meet the evolving needs of our customers. Rooted in our unshakable food safety philosophy “safety above all, with everyone involved,” we ensure uncompromising quality management across the entire lifecycle. We do not just deliver products; we deliver peace of mind. We inspire the entire industry toward healthier development and a more flourishing future.



## Innovation Management Excellence

### Innovation R&D Platform

At Sino, we view research and innovation as the driving engine of product leadership. This continues to increase investment in product innovation, application development, and material research, while attracting top-tier R&D professionals around the world. With over three decades of dedicated experience, we have built a comprehensive and multidisciplinary R&D team with proven strength in market insight and product design, regulatory validation and safety research, clinical efficacy studies and product location. Our researchers, many of whom are graduates of world-renowned institutions, combine deep scientific expertise with global vision, enabling them to swiftly translate emerging consumer needs into compliant, safe, and market-ready innovations. This capability is the cornerstone of Sino's continuous leadership in the global nutrition and health industry.

Sino has established five global R&D centers, where research teams are led by scientists with doctoral degrees and focus on developing evidence-based nutritional solutions for all life stages. Dedicated to formulation development and innovative dosage forms, our Shanghai Headquarters houses a complete pilot-scale production line and capabilities in standards development and safety validation. Positioned as a "platform that activates innovation," our Shanghai R&D Center specializes in evidence-based formula research, novel ingredient development, efficacy and mechanistic studies, and post-market evaluation. In Asia, Singapore, and in our co-innovation with clients, we also have centers in the United States (China), Frankfurt (Germany) and California (USA), which serve as strategic innovation hubs. Together, these five centers form a globally integrated innovation ecosystem, sharing best practices, technologies and rapidly transforming product concepts into commercialized solutions that improve daily well-being.

To date, Sino has established a robust and diversified innovation ecosystem, anchored by a number of government-recognized R&D platforms, including Guangdong International Engineering Technology Research Center for Health Foods, Guangdong Provincial Engineering Technology Center, Animal Feed Additive Engineering Technology Center, Shuangmu Municipal Engineering Research Center, and Wuhan Key Laboratory. We have also strengthened our intellectual and talent infrastructure by founding the Guangdong Provincial Good Food Institute, and serving as a Patent Pool administrator under the Guangdong Intellectual Property Protection Center. With a proven ability to rapidly translate scientific breakthroughs into market-ready products, Sino currently holds a portfolio of over 6,000 mature formulations. These span the full human lifecycle from infants and youth to adults, seniors, as well as specialized populations such as pregnant women, meeting a wide spectrum of health and nutrition needs. Through continuous innovation, Sino brings new products to market every year, not only responding to consumer demands, but also proactively filling gaps in the global health and wellness landscape.

### Featured Case Study: Sino E-CURE (A Bioinspired Efficacy Technology Platform)

As part of our ongoing innovation in plant-based health and wellness, Sino has partnered with premium raw material suppliers to launch BioCore™, a highly potent product. This innovation is powered by our proprietary Sino E-CURE (A Bioinspired Efficacy Technology Platform). To date, this platform has obtained 19 global invention patents, secured 161 clients, launched 46 new products, and won 11 health food registration approval.

The platform significantly enhances the bioavailability of key nutrients, improving, for example, the bioavailability of GABA by 8.74 times, while minimizing production loss and raw material waste. This results in lower resource consumption and a reduced carbon footprint. Its targeted bioenhancement technology optimizes plant-derived extracts like Gynostemma and Citrus Extract, reducing reliance on synthetic components and synthetic additives. By increasing the utilization efficiency of natural ingredients, the platform supports clients' greater product development, standardized quality control protocols further reduce defect rates and material losses.

The Sino E-CURE (A Bioinspired Efficacy Technology Platform) delivers significant societal value by enhancing the accessibility and safety of health products. The bioinspired enhancement technologies may address a persistent challenge in nutrition: high consumption absorption. By improving nutrient uptake, the platform supports populations with compromised digestive function, such as children, the elderly, and other vulnerable groups, thereby advancing health equity. Key innovations include precision-optimized hydrolysis to release synergistic potential of collagen peptides, and probiotic microencapsulation in product line extracts from gastric acid and ensure targeted intestinal delivery. By setting a new standard in evidence-based functional nutrition, our E-CURE empowers the sector to shift toward higher quality and greater efficiency, ultimately contributing to improved public health outcomes on a global scale.

19

Obtained global invention patents

150

Secured clients

24

Launched new products

11

Health food registrations approval

## R&D Achievements

Over the years, Hito has consistently increased its investment in research and development, delivering a strong record of innovation and commercialization. To date, the Company has secured 107 invention patents, contributed to the development of 105 domestic and international food safety standards, developed a portfolio of 4,600+ mature nutritional and health food formulations, obtained 110 health food registration certificates and 261 filing certificates, and launched 600+ new products, with a domestic commercialization rate exceeding 90%. In addition, Hito has participated in four scientific research projects at the municipal level and above, transforming research outcomes into tangible economic value. Hito has also built industry-academia research partnerships with nine top-tier universities, including Shizuoka Agricultural University, Peking University, Shanghai Jiao Tong University, Jiangnan University and South China University of Technology. As part of the 14th Five-Year National Key R&D Program, Hito is jointly leading a major research initiative under the "Key Technologies for Food Nutrition and Safety" program. The project, titled "Health Regulation of Food Components on the Digestive System and Intestinal Microbiota," explores the science behind how food ingredients influence gut health and immune balance.

With cutting-edge R&D and deep technical expertise, Hito has earned widespread industry recognition. The Company has been honored as a "National High-Tech Enterprise" and a "Guangdong Province Intellectual Property Demonstration Enterprise." In Hito, Hito's newly developed products and technologies received multiple awards with international events, marking another milestone in innovation leadership.

107 Invention  
PatentsContributor to  
41 National &  
International  
Standards4,600+  
Matured  
Nutritional &  
Health Food  
Formulations110 Health Food  
Registration  
Certificates261 Health Food  
Filing CertificatesParticipant in a  
National &  
Regional  
Research  
Project

Metric	2020	2023	2024
R&D Investment (RMB: 10,000/year)	6201.6	15607.4	12095.47
R&D Investment as % of Operating Revenue	3.63%	3.08%	3.68%
R&D Personnel (persons/year)	554	1117	1411
Granted Invention Patents (Cumulative)	27	91	107
Approved Health Food Certificates (Cumulative)	291	592	593
Mature Nutritional & Health Food Formulas (Cumulative)	550	6000	6500+

The "Ginkgo Biloba Leaf Candy" was named a Guangdong Province  
Famous High-Tech Product

The projects "Development and Industrialization of Natural Plant-Based  
Softgels" and "Development and Commercialization of High-Load Lipid  
Gel Matrix Technology" were recognized as resulting an internationally  
advanced level by the Guangdong Food Industry Association, and both  
received First Prize in the Association's Science & Technology Awards

The project "Nutrient Control Softgel Development and  
Commercialization" won a National Prize in the same awards

The products "Ten South Ginseng Ginseng Granules" and "Golden  
Tahara and Ten South Ginseng Ginseng Granules" were awarded the title of Famous Brand Protected by the  
Guangdong Food Industry Association

Hito's proprietary ingredients, 1-phenyl-2-*l*-threo-glucose and  
Phosphatidyl Choline Proline were honored with the  
FFVGS Annual Ingredient Award

A clinical study on Glucosamine, conducted in collaboration  
with Shanghai Jiao Tong University and Guangxi Central  
People's Hospital, was listed as a poster at the 10th  
International Symposium on Phytochemicals in Medicine and  
Food (ASPPM24).



## R&D Achievements

### Patents & Product Registrations

As of the end of 2024, Nissin and its subsidiaries had a total of 140 patents, including 87 invention patents. In 2024 alone, the Company secured 17 new invention patents, including 16 in China, five in Japan, five in Australia, and two in Canada. In terms of regulatory milestones, Nissin currently holds 113 health food registration certificates, and 100 health food filing certificates. During the reporting period, the Company added two new registration certificates, and 10 new filing certificates. These achievements showcase the Company's strong capabilities in technological innovation and product development. They also lay a solid foundation for global expansion, reinforcing the Company's leadership in the nutrition and health industry while delivering safer, higher-quality products and services to consumers.

\* In 2024

87

Invention Patents

List of Invention Patents Granted in China (2024)

Patent Title	Patent Number	Category	Grant Date
Starch Gel Composition Having High Gel Content, and Preparation Method Thereof and Application Thereof	ZL202310263556.8	Invention Patent	2024.1.12
Film-Forming Composition Containing Gelatin Gum and Starch, and its Application in Soft Capsules	JPH2024-0167	Invention Patent	2024.12.18
Starch Composition for Regulating Lipid Metabolism Function	ZL202310263555.8	Invention Patent	2024.1.12
Starch Preparation for Regulating Gut Microbiota Balance in the Host Intestine	ZL202310263554.1	Invention Patent	2024.1.12
Starch Gel Composition with High Gel Content, Manufacturing Method and Use Thereof	JPH2024-0168	Invention Patent	2024.12.18
Soft Capsule Shell and Soft Capsules	ZL202310263553.8	Invention Patent	2024.1.12
Soft Capsule Shell and Soft Capsules	ZL202310263552.1	Invention Patent	2024.1.12
Soft Capsule Shell and Soft Capsules	JPH2024-0169	Invention Patent	2024.12.18
Film-Forming Composition Containing Gelatin Gum and Starch, and Application in Soft Capsules	ZL202310263551.8	Invention Patent	2024.1.12
Prebiotic Composition for Promoting Intestinal Transit and Bacterial Movement	ZL202310263550.2	Invention Patent	2024.1.12
Soft Capsule High Composition, Soft Capsules, and Preparation Method and Application Thereof	ZL202310263549.2	Invention Patent	2024.1.12
Starch Film-forming composition and method for preparing capsule shell	ZL202310263547.0	Invention Patent	2024.1.12
Film shell containing Soft Candy	ZL202310263546.8	Invention Patent	2024.1.12
Starch Gel Composition Having High Gel Content, and Preparation Method Thereof and Application Thereof	ZL202310263544.8	Invention Patent	2024.1.12
Starch Film-Forming Compositions and Methods of Their Use for Preparing Capsule Shells	ZL202310263543.8	Invention Patent	2024.1.12
Starch Containing Soft Candy and its Preparation Method	ZL202310263542.8	Invention Patent	2024.1.12
Film-Based Gummi Composition with Gelling Agent and its Preparation Method	ZL202310263541.8	Invention Patent	2024.1.12
Film-Based Gummi Soft Candy	ZL202310263540.8	Invention Patent	2024.1.12

Patent Title	Patent Number	Category	Date
High-Density Film Production Method and Preparation	ZL202210263539.8	Invention Patent	2024.1.12
Gummi/Target Formulation/Preparation for Improving/Controlling, Enhancing Intestinal Barrier Function, and Regulating Gut Microbiota	ZL202210263538.8	Invention Patent	2024.1.12
Film-Forming Composition, Gelatin Capsule, and Preparation Method Thereof	ZL202210263537.8	Invention Patent	2024.1.12
High-Density and Starch Protein Liquid Shells	ZL202210263536.8	Invention Patent	2024.1.12
Emulsified Composition	ZL202210263535.8	Invention Patent	2024.1.12
Composition for Reducing Sugar Absorption and Fat Absorption	ZL202210263534.8	Invention Patent	2024.1.12
Composition for gastric Distension and Acid Secretion	ZL202210263533.8	Invention Patent	2024.1.12
Anti-Digestion Composition and its Application in Soft Capsules	ZL202210263532.8	Invention Patent	2024.12.18
Method for Continuous Determination of Viscosity, GI, and GI in Stomach	ZL202210263531.8	Invention Patent	2024.12.12
Soft Capsule Shell and Soft Capsules	JPH2024-0170	Invention Patent	2024.12.18
Emulsified Composition and its Application in Soft Capsules	ZL202210263530.1	Invention Patent	2024.12.18
Starch Film-Forming Composition and Manufacturing Method for Capsule Shell Using Same	JPH2024-0171	Invention Patent	2024.12.18
Gelling Agent Composition, its Preparation Method, and Application	ZL202210263529.8	Invention Patent	2024.12.18
Composition Containing Compositing Two Polymers in Gummi, and Products Containing the Same	ZL202210263528.8	Invention Patent	2024.12.18
New Starch Composition and Process for Producing the Same	ZL202210263527.2	Invention Patent	2024.12.18
Gummi Coating Composition	ZL202210263526.4	Invention Patent	2024.12.18
Method for Preparing Functional Fruit Gummi Candy	ZL202210263525.8	Invention Patent	2024.12.18
Composition for Regulating Intestinal Barrier Function in the Gut Cavity	ZL202210263524.8	Invention Patent	2024.12.18
Preparation Composition for Producing Gummi-Coated Fruit and its Preparation Method	ZL202210263523.8	Invention Patent	2024.12.18

## R&D Achievements

### Participation in Standards Development

Sino actively contributes to the formulation and advancement of high-quality standards across the health and nutrition industry. Its efforts and efforts, the Company has participated in the development of 10 United States Pharmacopoeia (USP) standards, the revision of 10 national standards, the drafting of 10 industry standards, and the drafting of 10 group standards. A major milestone was achieved in June 2024, when the standard for Microencapsulated Capsule Gels, mainly contributed by Sino, was successfully included in the USP and officially implemented globally on December 1 of the same year. The inclusion marks Sino as the first Chinese enterprise to participate in standard-setting process of the USP-United States Pharmacopoeia. This achievement underscores Sino's technological leadership within the global nutrition and health industry and significantly enhances its competitiveness in international markets.



\*United States Pharmacopoeial Convention  
award of Sino for contributing to the USP

#### Standards Led or Participated in by Sino in 2024 (National and Industry Standards)

Standard Title (with Participation Type)	Standard Code
Lead drafting of Test Method for Evaluating Withdrawing Effect of Oral Cosmetic Products	TC97T 600.000
Participated in drafting of Test Method for Evaluating Metabolizing Effect of Oral Cosmetic Products	TC97T 611.000
Participated in drafting of Evaluation Requirements for "Preventer" Standards: Edible Protein Preparations	TC97T 657...000
Participated in drafting of General Rules for Packaging Research Packaging of Commodities	GB/T 14386.000
Participated in drafting of Determination of Capsules Gels in Health Foods	GB/T 16961.000
Participated in drafting of Determination of Capsules in Health Foods	GB/T 16961.000
Participated in drafting of Capsule Gels in Health Foods (GAG)	GB/T 16961.000
Participated in drafting of Capsule Gels in Health Foods (GAG)	GB/T 16961.000
Participated in drafting of Protein Terminology	T_0000 000.000
Participated in drafting of General Technical Requirements for Dynamic Index (GI) Labeling in Foods	T000.00000.000

## Food Safety & Quality Monitoring

“

We place the highest priority on product quality and regulatory compliance, firmly upholding the food safety and quality policy “Quality First, Full Participation, Continuous Improvement, Customer Satisfaction.” 100% pass rate on factory release, over 90% customer satisfaction, and zero food safety incidents.

”

The Company places the highest priority on product quality and regulatory compliance, firmly upholding the food safety and quality policy “Quality First, Full Participation, Continuous Improvement, Customer Satisfaction.” Food safety and quality are central to all aspects of our operations. Over the years, this has consistently increased its investments in quality management systems, while instilling a culture of company-wide engagement in food safety and product quality assurance. This has resulted in the formation of a robust, professional quality management team. In strict accordance with national standards, the Company has established a robust food safety management system and obtained a series of internationally recognized certifications, including ISO 9001 (Australia), IFS, AS-GAP (UK), BRC-GAP (UK), ISO 22000 Food Safety Global Standard (UK), HACCP for Quality Management Systems (International), HACCP Certification, Organic Certifications (China, EU, USA) and Halal Certification. These comprehensive food safety and quality frameworks ensure that we consistently meet our core quality objectives: 100% pass rate on factory release, over 90% customer satisfaction, and zero food safety incidents.



## Food Safety Risk Management

The safety and efficacy of products are fundamental to the reputation and success of any national and health food brand. In alignment with HACCP principles and built upon Good Manufacturing Practice (GMP), the Company has developed a proactive control system designed to proactively manage food safety hazards. This system aims to surface new-born defects during production and minimize food safety risks throughout the entire value chain.

Food safety risk management activities occur at every stage of the product lifecycle, including supplier management (covering material inspection), production process monitoring (critical product testing), and post-market surveillance and incident handling. Food safety control requirements are integrated from the product development stage, where the Company conducts comprehensive hazard analysis covering all materials and processes. Critical Control Points (CCPs) are identified during both the design and manufacturing phases. Around these CCPs, this establishes preventive control plans and monitoring procedures to proactively prevent hazards from entering the food supply by design. This approach overcomes the limitations of traditional food safety methods, such as on-site checks and end-product testing, by enabling inspectors to focus on the most safety-critical points during production, thereby enhancing the effectiveness of food safety risk management. From 2022 to 2024, the Company maintained a 100% pass rate on factory release products and recorded zero food safety incidents.



Conduct Hazard Analysis



Identify CCPs and Set Critical Limits



Establish Monitoring Procedures for CCPs



Implement Corrective Actions for Deviations



Verify System Performance and Effectiveness

### Product Quality Performance Statistics (2022-2024)

Metrics	2022	2023	2024
Product Pass Rate on Factory Release (%)	100	100	100
Number of Food Safety Incidents (yearly)	0	0	0

## Food Safety & Quality Monitoring

### Allergen Management

Allergens are specific food components that can trigger adverse immune responses in sensitive individuals. Identifying food allergens are naturally occurring proteins, and to date, more than 160 types of foods have been identified as potential sources of allergen reactions. To effectively control allergen-related food safety risks and ensure potential exposure to the lowest possible level, the Company has implemented a Food Allergen Control Policy. A series of preventive and control measures are in place to safeguard consumer health and safety.



Allergen control measures

#### 01

The Company conducts allergen risk assessments in accordance with the standards, the Australia New Zealand Food Standards Code (ANZFS) and the U.S. Food Allergen Labeling and Consumer Protection Act (FALCPA). These assessments are used to identify known or potential allergenic substances that may be present in our products.

#### 02

For all new materials (including packaging components, and processing aids), the Company performs detailed allergen investigations to identify any ingredients that may pose an allergenic risk. During new product development, allergen assessments are conducted on all related raw and auxiliary ingredients, processing aids, contact materials, and any newly introduced substances to determine the likelihood of allergen presence.

#### 03

During production, allergen-containing and non-allergen products are handled in segregated areas, and are subjected to strict labeling and identification protocols to prevent cross-contaminant and avoid product mix-up. When dealing allergen-related materials, products, equipment, utensils, and production environments, personnel must use dedicated allergen-specific cleaning tools.

#### 04

In compliance with applicable international and regional food regulations, the Company ensures accurate allergen labeling and inspection. Moreover, Product Formulations, processing aids, and contact materials are thoroughly reviewed to determine whether they contain any regulated allergenic substances. If allergens are identified, they are clearly disclosed in official product documentation and labeling to uphold consumers' right to health and rightful informed choices.



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## Intelligent Manufacturing Facilities

The Company operates manufacturing sites in Querétaro, Mexico; Pilsen (Germany); and City of Industry, California (USA). These sites support the production of a wide range of health and nutrition products, including softgels, gummies, tablets, liquids, powders, and prebiotics. To drive continuous improvement in intelligent manufacturing, the Company has made significant investments in digital infrastructure and has implemented a comprehensive suite of smart manufacturing technologies. Through the integration of Enterprise Resource Planning (ERP), Product Lifecycle Management (PLM), Manufacturing Execution System (MES) and Supervisory Control and Data Acquisition (SCADA), the Company has established a data-driven, intelligent manufacturing system that combines lean production, automation, and digital connectivity.



Robotics Area



Automated Production Equipment in Smart Building

## Intelligent Manufacturing Facilities

### Product Inspection & Testing

As a key pillar of product quality assurance, the Company's Inspection Center plays a vital role in safeguarding consumer health and brand integrity. The center is housed in a 2,000-square-meter facility, designed and operated in accordance with international laboratory standards, and supported by a robust system of international procedures and protocols to ensure the accuracy and reliability of all inspection results. In 2017, the Inspection Center was accredited by the CNAS, affirming its competence to perform testing and calibration services in compliance with recognized national and international standards. The CNAS accreditation is mutually recognized by countries and regions that are signatories to international mutual recognition agreements, enhancing the global acceptance of our testing results. The center is equipped with over 600 advanced analytical instruments and operates fully integrated Laboratory Information Management Systems (LIMS). It has the capability to conduct testing for over 2,000 analytical parameters, with a self-inspection rate exceeding 99.9% for health foods. The LIMS system enables comprehensive, standardized management across sample tracking, testing workflow, and resource allocation. This intelligent inspection infrastructure supports the smooth entry of consumer products into global markets, enhancing confidence and international recognition.

**2000**

It has the capability to conduct testing for analytical parameters

**99.9%**

With a self-inspection rate for health foods



Testing laboratory and inspection of health inspection facility



Thermal analysis instrument used in the laboratory facilities



## Customer Experience Enhancement

### Customer Satisfaction Surveys

To proactively understand customer needs and continuously enhance product and service quality, the Company conducts an annual customer satisfaction survey in the third quarter of each year. This survey targets clients representing the top 80% of annual sales revenue and is conducted through multiple channels, including telephone interviews, email, fax, and face-to-face visits. The purpose is to gather feedback on customer satisfaction with the Company's products and services. The survey assesses product quality (three indicators: appearance and taste, quality consistency, and compliance with quality standards), delivery performance (five indicators: on-time delivery, lead time, delivery quantity accuracy, etc.), and sales and service (two indicators) and technical support (two indicators).

The Business Department is responsible for compiling, analyzing, and evaluating the customer satisfaction survey results, submitting in the preparation of the Annual Customer Satisfaction Survey Report. This report is submitted to the Management Representative on part of the Company's quality management review process. Based on the survey outcomes, all relevant departments assess feedback categorized as very dissatisfied, dissatisfied, or neutral. Root cause analysis is conducted to identify underlying issues, and corresponding corrective, preventive, and improvement actions are proposed and discussed during management review meetings.

#### Customer Complaints and Satisfaction Statistics (2022-2024)

Item	2022	2023	2024
Customer Satisfaction Rate (%)	94	93	93

### Product Recall System

The Product Recall System serves as a vital safeguard for protecting legitimate rights and interests of consumers. By promptly identifying and withdrawing products with potential defects, the Company minimizes the likelihood of injury or harm, and ensures the protection of consumer health, safety, and property.



Product Recall System and Recall Control Procedure

The Company has established a Product Withdrawal and Recall Control Procedure, which classifies recalls into Level I, Level II, and Level III, based on the severity of potential risks associated with the affected product. Each level is governed by a corresponding recall process to ensure an appropriate, risk-based response. Upon initiating a recall, the Company promptly notifies the relevant regulatory authorities, and carries out the recall process in accordance with their requirements. Progress updates are submitted to the authorities at regular intervals, and continue until the withdrawal or recall is externally confirmed. All withdrawn or recalled products are securely stored in designated quarantine areas and may not be released without formal approval. The Quality Management Department leads a cross-functional investigation to determine the root cause of the issue and implements appropriate corrective and preventive actions.



# Green First: Protecting Our Planet

We are proud to stand with the United Nations in advancing the global call for sustainable development, not as participants, but as pioneers of green transformation in the nutritional and health food industry. Guided by a deep sense of responsibility and a spirit of innovation, we are reimagining how food can nourish both people and the planet. From advancing international certifications such as organic standards and Friend of the Sea, to embedding robust environmental management into our operations, we are constantly raising the bar for environmental performance. Every action we take reflects a simple but powerful belief: A healthier planet begins with us. And a sustainable future belongs to us all.





## Green Product Certifications

### Organic Products

As global awareness of environmental protection continues to rise, consumers are paying closer attention to the sustainability of the products they buy. Organic products are cultivated and processed using methods that completely avoid synthetic pesticides, chemical fertilizers, and growth regulators. Guided by natural cycles and ecological principles, these products rely on sustainable farming techniques that help maintain the health and balance of ecosystems. As a result, organic products offer a clean, safe, and environmentally friendly option, and are widely recognized as a hallmark of green living. Organic certification, provided by leading international organizations, is designed to ensure the quality of organic production and processing. It addresses growing consumer demand for environmentally friendly products, while also reducing pollution and supporting the sustainable development of society, the economy, and the environment.

Our Company has long been committed to the research, development, production, and certification of organic products. In strict alignment with global organic certification standards, we apply a comprehensive approach from product development to production management and quality assurance to protect consumer health and safety at every stage. As of 2024, eight of our products had earned organic certification, reflecting our ongoing leadership in green innovation and steadfast commitment to a more sustainable future.






2023 Organic Product Certification Statistics | 2024 Organic Product Certification Statistics

Year	2023	2024	2025
Number of Certified Organic Product Types (units)	7	8	8

### Plant-Based Products

Plant-based dietary supplements, valued for their natural origins and sustainable sourcing, are increasingly recognized for their environmental friendliness. In line with the global awareness of sustainable development continues to rise, more consumers are turning to plant-based sources of vitamins, minerals, and dietary supplements. To meet this growing demand, Nio is committed to advancing products that support both human health and planetary well-being. We are continuously increasing the use of plant-based supplement technologies, expanding our portfolio to serve the evolving needs of the global market. We have developed a range of plant-based softgel product lines, including Plantaphyll, gellan gum, and GellanClearTM.

Excellent Plant-Based Source	High Stability	Easy to Swallow	Easy to Store and Transport	Neutral Taste	Good Effect	Environmentally Friendly
 <p><b>Carageenan Softgel</b></p> <p>Transparent soft gelatin capsules, suitable for immediate-release products, high bioavailability, and environmental friendliness.</p>	 <p><b>Gellan Gum Softgel</b></p> <p>Transparent soft gelatin capsules with a slightly sticky texture, high bioavailability, and environmental friendliness.</p>	 <p><b>Esteric Plant-Based Softgel (Non-Carotene)</b></p> <p>Non-sticky, transparent soft gelatin capsules, suitable for immediate-release products, high bioavailability, and environmental friendliness.</p>				

2024 Plant-Based Softgel Product Lineup

## Friend of the Sea Certification

To safeguard marine ecosystems and mitigate the impacts of overfishing and overexploitation, the World Sustainability Organization (World Friend of the Sea (FOS)) certification program, an internationally recognized initiative for sustainable seafood. Centered on the protection of marine environments, the certification establishes a rigorous set of standards for fisheries and aquaculture operations, fisheries-practical tools and proven methodologies for the sustainable management of marine resources, driving the industry toward more responsible and future-ready practices.

As sustainability becomes an increasingly critical focus for both consumers and clients, Sino has embraced the FOS international standards and developed strict internal compliance protocols. In the sourcing of fish oil raw materials used throughout the production of fish oil products, we ensure that 100% of our FOS-certified offerings are made exclusively with FOS-certified fish oil, with a zero-tolerance policy on non-certified inputs. In 2023, we proudly attained FOS certification, a milestone that reflects our unwavering commitment to marine environmental protection and the measurable progress we are making in support of sustainable seafood supply chains.



## Plastic Reduction in Packaging Materials

The widespread use and disposal of packaging materials have caused significant environmental harm, making sustainable packaging a growing focus of public and industry attention. Guided by the principle "Using Green First for a Sustainable Future," the Company promotes green packaging initiatives to improve resource efficiency, support the circular economy, and make concrete contributions to environmental protection.

### Use of Recycled PET (RPET)

Recycled PET (RPET) is an eco-friendly material produced from discarded PET plastics, such as mineral water and color bottles. It offers excellent physical performance and is 100% recyclable. After use, RPET can be regenerated and reintroduced into the production cycle, avoiding downstream recycling that reduces dependence on virgin petrochemical resources and minimizes environmental impact.

To reduce plastic waste, the Company has redesigned its packaging by replacing conventional virgin plastic with RPET bottles. In 2024 alone, this initiative resulted in the substitution of 68 tons of traditional PET with RPET, reducing the use of fossil-based plastics and cutting an estimated 162 tons of CO<sub>2</sub> equivalent emissions annually.



100%  
RPET plastic, recyclable

### Plastic Reduction in Packaging Materials

Plastic packaging and plastic waste pose various risks to both environmental and human health. Once released into the environment, these materials can contaminate oceans, soil, and groundwater, disrupt agricultural production, and harm ecosystems and human health. In response, an increasing number of countries and regions have introduced plastic restriction policies. To meet rising customer expectations and comply with existing environmental regulations, Sino has taken proactive steps to reduce plastic use across its packaging systems. By optimizing product packaging design and enhancing production processes, the Company has reduced both the weight and volume of various plastic packaging formats. In 2024 alone, these measures resulted in the elimination of approximately 26 tons of plastic. Looking ahead, we remain committed to advancing our environmental initiatives through continuous innovation, and to reducing sustainable packaging solutions that support our customers' climate and compliance goals.

In 2024

26 tons/year  
Elimination of plastic

## Environmental Management Systems



*Compliance-Driven, Systematic, Fully Engaged, and Prevention-Oriented*



Rita strictly complies with the ISO 14001 international standard and has established and implemented comprehensive Environmental Management Systems (EMS), obtaining ISO 14001 certification. Through the development of a robust Environment, Health, and Safety (EHS) organizational structure, the Company continues to scale up investments in environmental protection, conducts regular environmental risk assessments, and sets measurable environmental performance indicators (EPis) and operational control procedures to ensure the compliant discharge of four “three wastes” – wastewater, waste gas, and solid waste. Between 2023 and 2024, our Shaoxing and Jinhua manufacturing sites collectively invested RMB 7.16B in million in environmental protection initiatives, providing a strong foundation for sustained improvements in environmental performance. During this period, the Company maintained a zero-incident record with no environmental pollution events and no administrative or financial penalties imposed by regulatory authorities. In recognition of our achievements, Rita was awarded the title of “National Green Factory” in 2023, underscoring our proven excellence and unwavering commitment to environmental stewardship.



Source: Rita's Environmental Protection Department

### Environmental Risk Identification

The Company has established and implemented a Procedure for Environmental Risk Identification and Evaluation. This framework defines management, control, and monitoring measures for significant environmental aspects, and sets quantifiable environmental performance targets. Regular ERM inspections are conducted to proactively identify potential issues and mitigate environmental risks in a timely manner.

### Environmental Compliance Evaluation

We have also developed and implemented a Procedure for Environmental Compliance Evaluation, which includes annual compliance audits and third-party testing to assess the Company's adherence to applicable environmental laws, regulations, and other relevant requirements in the operation of our Environmental Management Systems. From 2022 to 2024, the Company achieved a 100% compliance rate in the discharge of effluent wastewater and waste gas, and ensured that all hazardous waste was disposed of in full accordance with regulatory standards.

### Environmental Awareness Training

The Company delivers targeted environmental training and assessments for employees across various roles and functions. Training topics include water and air pollution control, waste management, fundamentals of environmental management, and key climate concepts such as carbon neutrality and carbon emissions reduction. These programs aim to strengthen employees' environmental awareness and operational competencies.

### Internal Audits and Management Reviews

To ensure the effectiveness of the EMS, the Company has established a dedicated team of qualified internal auditors. Each year, the Company conducts both internal ERM audits and external third-party audits to identify compliance gaps and highlight best practices during system implementation. Audit findings are incorporated into Internal Audit Reports, which are submitted to senior management to support continuous system improvements. In addition, senior management holds regular management review meetings to evaluate audit results, and define the Company's strategic environmental direction and implementation roadmap for the future.



Awarded the title of "National Green Factory"

## Environmental Management Systems

Erin Environmental Performance Statistics (2022-2024)  
(Including data from Erin's Shantou, Guangdong, and Juchai production facilities)

Environmental Metric	2022	2023	2024
Environmental Protection Investment (RMB '000/year)	310.27	313.48	316.27
Water Resource Consumption (T/year)	52633.00	52435.00	52627.00
Wastewater Discharge (T/year)	32664.00	31337.00	30764.00
Water Reuse Volume (T/year)	14630.00	12800.00	12000.00
Wastewater Treatment Compliance Rate (%)	100%	100%	100%
Waste Gas Emission Compliance Rate (%)	100.00%	100.00%	100.00%
Total Electricity Consumption (kWh)	47866.271	488075.20	493203.00
Steam Consumption (T/year)	30000	34043	39603
Gasoline Consumption (L/year)	48830.00	3641.33	7644.38
Natural Gas Consumption (m³/year)	202803.31	202803.00	202704.00
Coal Consumption (L/year)	6343.00	4487.00	4552.00
Solid Waste Discharge (T/year)	827.04	630.26	570.26
Hazardous Waste Discharge (T/year)	3.89	3.33	3.38
Reusable or Recyclable Waste (T/year)	756.34	644.28	793.33
Waste Recycling Rate (%)	89.00%	83.30%	86.78%
Total CO2 Discharge (T/year)	18.44	162.47	27.36

Erin Environmental Performance Statistics (Shantou Production Facility, 2022-2024)

Environmental Metric	2022	2023	2024
Environmental Protection Investment (RMB '000/year)	60.27	60.28	60.29
Water Resource Consumption (T/year)	246,500	247,800	250,600
Wastewater Discharge (T/year)	18768	10139	10070
Water Reuse Volume (T/year)	47000	0	0
Wastewater Treatment Compliance Rate (%)	100	100	100
Waste Gas Emission Compliance Rate (%)	100	100	100
Total Electricity Consumption (kWh)	21,491,383	21,440,426	21,470,260
Gasoline Consumption (L/year)	5760	5734	4000
Natural Gas Consumption (m³/year)	1,903,340	1800,800	1840040
Coal Consumption (L/year)	10200	4637	5460
Solid Waste Discharge (T/year)	820.70	803.7047	886.470
Hazardous Waste Discharge (T/year)	10.43	9.38	10.74
Reusable or Recyclable Waste (T/year)	497.63	634.78	852.33
Waste Recycling Rate (%)	83.47%	87.68%	87.60%
Total CO2 Discharge (T/year)	3.580	4.386	4.881

## Clean Production & Resource Efficiency

"To achieve the environmental goal of 'zero emissions, zero pollution,' the Company is fully committed to advancing clean production management. Our efforts focus on the treatment of the "three wastes" (wastewater, waste gas, and solid waste) and the optimization of resources and energy consumption. We conduct thorough cleaner production audits and reviews to systematically identify areas for improvement. Through technological innovation and management optimization, we continuously improve energy efficiency and resource utilization, minimize pollutant emissions, and promote resource recycling. Our ultimate objective is to build green, low-carbon and clean production facilities.



### Cleaner Production Audit

In 2024, Site launched a voluntary cleaner production audit initiative, implementing 28 cleaner production measures including 10 low-carbon projects and 18 medium- to high-investment projects. By the end of 2024, all projects had been completed, resulting in annual savings of 3.6 million kWh of electricity, 25,300 tons of water, and a reduction of 31,045 tons of solid waste. These efforts not only realize environmental and economic benefits, significantly improving the Company's environmental management and overall performance. In 2024, Site passed the official acceptance review of its voluntary cleaner production audit, conducted by the Shanghai Municipal Bureau of Industry and Information Technology, in accordance with relevant procedures and evaluation criteria.

#### In 2024

**2.6** million kWh/year  
Annual savings of electricity

**23,300** Tons/year  
Water save

**31,045** Tons/year  
Reduction of solid waste

### Summary of Benefits from Voluntary Cleaner Production Audit

Category	Number of Projects	Investment (RMB '00,000)	Environmental Benefit	Economic Benefit (RMB '00,000)
Medium-Cost Items	28	31.40	1) Saved 684,000 kWh/year of electricity, reducing carbon emissions by 494.76 tons/year; 2) Saved 26,000 tons/year of water; 3) Reduced solid waste by 30,110 tons/year, reduced hazardous waste by 16 tons/year; 4) Reduced consumption of 1,610 kg paper board/year, saved 600 kg/year of waste filter bags, 2,000 kg bags/year, reduced 610,000 plastic barrels/year, saved 2,800 packaging materials/year, reduced mold use and battery consumption.	49.68
Low-carbon/High-Cost Items	6	160.19	1) Saved 1,644,000 kWh/year of electricity, saved 10,000 m³/year of natural gas, reduced carbon emissions by 1,267.00 tons/year; 2) Reduced nitrogen oxide emissions by 1,000 kg/year, improved energy management.	475.98
Total	34	191.59		525.66

## Clean Production & Resource Efficiency

### Water Pollution Control

Sino consistently prioritizes the reduction of environmental impacts as a core benchmark for enhancing its manufacturing performance. To that end, the Company has invested in wastewater treatment facilities and manufacturing sites and established standardized Wastewater Treatment Operating Procedures. Operational staff strictly adhere to these protocols to ensure the safe, compliant, and efficient treatment of wastewater, ensuring full regulatory discharge compliance. In addition, Sino has implemented reclaimed water reuse systems that repurpose treated reclaimed water for firefighting systems, cooling tower circulation, landscaping irrigation, and toilet flushing, effectively reducing the Company's overall freshwater consumption.

Across its various manufacturing sites, the Company pursues a broad range of water conservation measures, including the replacement of outdated equipment, reclaimed water reuse, and optimization of production processes. These efforts have yielded strong conservation results. In recognition of its achievements in water resource management, Sino was honored as a "Water-saving Enterprise of Guangdong Province" in 2020.



Water Reclamation Treatment Facility

#### Summary of Water Resource Management Improvement Projects (2018-2024)

Project Name	Implementation Period	Estimated Annual Water Savings (m³)	Completion Date	Implementation Status
Adoption of collected water for sanitation tasks in the steel liquid workshops	2018	1000	10/2021-2022	Done
Cooling tower packing material replacement	2018	100	May 2018	Done
Optimization of boiler wastewater treatment	2018	100	February 2018	Done
Reclaimed water reuse	2018	20,000	April 2018	Done
Energy saving optimization of purified water system by collecting continuous steam supply into intermittent supply	2018	20,000	10/2021-2022	Done
Replacement of boiler feedwater softening equipment and adoption of multi-channel automatic valve and regeneration system	2018	100	June 2018	Done
Purified water system upgraded with a standby shutdown feature to reduce unnecessary (30) water consumption during idle periods	2018	10,000	May 2018	Done (partial)

### Solid Waste Management

To reduce the environmental impact of solid waste, Sino has established the Waste Management/Control Procedures, grounded in the principles of reduction, resource recovery, and harmless disposal. These procedures govern the classification, storage, and disposal of solid waste across all operations.

Key measures include:

#### Measure 1

Employee training on proper waste classification to improve the resource reuse rate of solid waste and promote a zero-waste to landfill approach wherever feasible.

#### Measure 2

Prioritizing recycling and energy recovery through incineration for the treatment of hazardous waste. For hazardous materials that exceed the Company's internal disposal capacity, Sino partners with licensed third-party providers to ensure their safe, compliant, and environmentally sound disposal.

## Climate Change Response

The Risk Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) issued a stark warning: the increasing frequency of extreme weather events and natural disasters is intensifying the negative impacts and risks associated with climate change. These developments are exerting profound and far-reaching effects on ecosystems, societies, and economic activities. To achieve the target set forth in the Paris Agreement, that is, limiting the rise in global average temperature to within +1.5°C, climate change mitigation and the transition to a green, low-carbon economy have become central priorities for the international agenda. The global momentum toward low-carbon

transformation continues to accelerate. Aligned with this trend, the Chinese government announced its "dual carbon" targets in September 2020 to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060. These commitments mark a historic step toward a comprehensive green transition and signal strengthened climate responsibility across all levels of society and industry.

### Organizational Carbon Emissions Accounting

Wine conducts organizational carbon emissions accounting in accordance with the ISO 14064:2018 standard. Based on the results, the primary sources of emissions for Wine and Wine Guangdong are purchased electricity and natural gas combustion, while for Wine Anhui, the main emission sources are purchased electricity and purchased steam. To ensure the accuracy and reliability of its carbon accounting, the Company engaged an independent third-party verification agency to conduct a comprehensive review of its 2022-2024 carbon emissions data. Following the review, Wine received formal carbon verification statements issued by the third-party agency.

#### Carbon Emission Statistics (Wine's Shanghai Facility, 2022-2024)

Environmental Indicator	2022	2023	2024
Scope 1 Emissions (tCO <sub>2</sub> e/year)	1246.0	1282.32	1276.42
Scope 2 Emissions (tCO <sub>2</sub> e/year)	12562.9	12532.4	12609.51
Total Scope 1 & 2 tCO <sub>2</sub> e Emissions (tCO <sub>2</sub> e/year)	13808.9	13814.72	13885.93
Scope 3 Emissions (tCO <sub>2</sub> e/year)	0	26288.68	26332.51

Note: The electricity scope 3 data is based on the ISO 14064 methodology and was verified by the third-party agency and is presented in tCO<sub>2</sub>e/year.

#### Carbon Emission Statistics (Wine Anhui, 2022-2024)

Environmental Indicator	2022	2023	2024
Scope 1 Emissions (tCO <sub>2</sub> e/year)	0	3.48	422.26
Scope 2 Emissions (tCO <sub>2</sub> e/year)	0	19632.68	19612.18
Total Scope 1 & 2 tCO <sub>2</sub> e Emissions (tCO <sub>2</sub> e/year)	0	19636.16	19614.44
Scope 3 Emissions (tCO <sub>2</sub> e/year)	0	14962.51	14887.31

Note: The electricity scope 3 data is based on the ISO 14064 methodology and was verified by the third-party agency and is presented in tCO<sub>2</sub>e/year.

#### Carbon Emission Statistics (Wine Guangdong, 2022-2024)

Environmental Indicator	2022	2023	2024
Scope 1 Emissions (tCO <sub>2</sub> e/year)	891.66	886.3	820.26
Scope 2 Emissions (tCO <sub>2</sub> e/year)	2647.33	1621.54	491.35
Total Scope 1 & 2 tCO <sub>2</sub> e Emissions (tCO <sub>2</sub> e/year)	3539.00	2507.84	1311.61
Scope 3 Emissions (tCO <sub>2</sub> e/year)	0	415.98	2428.56

#### Carbon Emission Statistics (Wine USA, 2022-2024)

Environmental Indicator	2022	2023	2024
Scope 1 Emissions (tCO <sub>2</sub> e/year)	434.24	796.33	862.99
Scope 2 Emissions (tCO <sub>2</sub> e/year)	11996.3	12111.33	11932.68
Total Scope 1 & 2 tCO <sub>2</sub> e Emissions (tCO <sub>2</sub> e/year)	12430.54	12907.67	12795.67

## Climate Change Response

### Product Carbon Footprint Assessment

To better understand greenhouse gas emissions associated with different stages of the product life cycle and to identify opportunities for low-carbon product development and supply chain decarbonization, Nide launched a Product Carbon Footprint Assessment Program in 2024. In accordance with the ISO 14067:2023 Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification, the Company selected two representative products for carbon footprint evaluation and benchmarking: *Turbo-Com II Plan 60 Bridge Capsule* and *Plan 60 Supply Carrier*. The objective is to support the formulation and implementation of product-level carbon reduction strategies, while also providing a robust data foundation for future development of carbon-neutral products.

↑ kg of Turbo-Com II Plan 60 Bridge Capsule: 0.04 kg CO<sub>2</sub>e

↑ kg of Plan 60 Supply Carrier: 0.01 kg CO<sub>2</sub>e



\*Based on data provided for Product Carbon Footprint

### Our Carbon Reduction Actions

#### Energy Management Systems

At Nide manufacturing sites have established Energy Management Systems in accordance with ISO 50001 and ISO 14001:2015 (Requirements for Energy Management Systems). Guided by the Company's energy policy "energy conservation and emissions reduction, resource efficiency, circular reuse and green development to build an environmentally friendly enterprise," Nide has adopted a structural and systematic approach to energy management. Key initiatives include conducting energy reviews, establishing energy performance indicators, baseline consumption levels, and targets and objectives, defining methods and criteria for energy management, and developing and implementing energy-saving programs and action plans. Through effective operation of the systems, Nide has achieved notable improvements in energy efficiency and made considerable progress in reducing energy consumption and emissions.

At Nide Germany, energy management is aligned with national and EU regulations, including the German Energy Efficiency for (GfE) the German Federal Emission Control Act (Emissions) and Directive 2012/27/EU on Energy Efficiency and energy services. At Plan 60 (China, Inc./P60) site, Nide emphasizes the subsidiary's continuous improvement efforts in energy performance. This includes establishing a systematic energy management system, defining energy strategies and operational objectives, and conducting regular performance measurement and reporting. Together, these efforts enable a systematic, comprehensive, and sustainable reduction in both energy use and environmental impact.

#### Cleaner Production Audit

In 2023, Nide launched its voluntary cleaner production audit initiative, implementing a total of 65 cleaner production measures, including site energy saving and carbon reduction initiatives. These measures are expected to save approximately 2.6 million kWh of electricity annually and reduce carbon emissions by 1,687.7 t CO<sub>2</sub>e per year.

#### Energy Performance Monitoring

Nide ensures regular monitoring, measurement, analysis, and evaluation of both energy performance and overall effectiveness of its Energy Management Systems. This includes setting progress toward established goals and targets, and investigating any significant deviations in energy performance. To ensure continuous improvement, the Company also performs internal audits and management reviews to promptly identify and address any issues in energy management practices. According to internal data, both energy consumption per unit output value and total energy consumption at the Bremen facility showed a declining trend in 2024, reflecting notable improvements in energy efficiency.

#### Energy Consumption Statistics (Nide's Bremen Facility: 2022-2024)

Metric	2022	2023	2024
Total Comprehensive Energy Consumption (tons of standard coal)	6,076.53	4,715.18	4,242.83
Comprehensive Energy Consumption per unit Output Value (tons of standard coal / 10,000 RMB)	0.348	0.2299	0.226



\*Validation: Electricity Audit for Energy Management System



## Climate Change Response

### Summary of Carbon Reduction Projects under Cleaner Production Initiatives

Category	Number of Projects	Key Carbon Reduction Project	Environmental Benefit
Hot/Low-Cool Plants	4	Upgrade of solar storage system for carbon heating in the molten liquid workshop	Save 4,000,000 kWh/year, reduce 3,200 tCO <sub>2</sub> /year
		Using high-temperature circulation in sinter sinterization systems to replace compressed air heating	Save 60,000 kWh/year, reduce 47.6 tCO <sub>2</sub> /year
		Air compression system optimization	Save 100,000 kWh/year, reduce 80 tCO <sub>2</sub> /year
		Air conditioning control in the water packaging workshop	Save 20,000 kWh/year, reduce 15.8 tCO <sub>2</sub> /year
		Upgrade of five-layer drain valve management improvement	Save 10,000 kWh/year, reduce 7.9 tCO <sub>2</sub> /year
Medium-High-Cool Plants	3	Facility upgrade and renovation of the cogged workshop	Save 1,400,000 kWh/year, reduce 1,120 tCO <sub>2</sub> /year
		Upgrade of compressed air post-treatment unit and centralized group control system	Save 400,000 kWh/year, reduce 320,000 tCO <sub>2</sub> /year
		Energy-saving retrofit for heat pump air conditioning system	Save 60,000 kWh/year, save 1.5,000 m <sup>3</sup> natural gas/year, reduce 60.7 tCO <sub>2</sub> /year

### Projected Energy-Saving and Carbon Reduction Projects at Brio Jethu

Project Name	Project Description	Planned Implementation Year	Estimated Carbon Reduction (tCO <sub>2</sub> /year)
Wireless monitoring system for steam traps	Annual steam savings of approximately 100 tons	2025	80.8
Recovery of flash steam from condenser, safe cooling, cooling approximately 400 tons of steam annually	P10: Flash steam recovery from condensate	2025	507.6
Energy-saving fan project	Use of specialized water fans to replace fans, pressure air for power, resulting in annual electricity savings of approximately 20,000 kWh	2025	11.6
P10: Heat pump-based waste heat recovery from steam condensate	P10: High-grade steam condensate is used to generate 0.4 bar flash steam via a heat pump. This low-pressure steam is utilized by five high-pressure steam, resulting in the production of 0.4 bar steam, which is then recovered at the central stage for industrial heat utilization.	2025	200
Replacing steam heating with heat pump system in rotary kiln and air conditioning units	P10: Low-temperature air conditioning system retrofit with heat pump for furnace regeneration, replacing steam heating and reducing electricity consumption by 100,000 kWh per year	2025	200

### Energy-Saving Retrofit at Brio Jethu

Brio Jethu has provided energy conservation awareness and training, encouraging employees to contribute ideas and suggestions for energy-saving and emissions reduction initiatives. The subsidiary has implemented a range of measures including production process optimization, energy efficiency upgrades of energy-intensive production equipment, general energy-saving measures, and optimization of the energy structure to reduce energy consumption and carbon emissions in manufacturing operations. As of the end of 2024, Brio Jethu had completed several key energy retrofit projects, including the implementation of centralized group control system for compressed air, centralized control upgrade for the critical water system of central air conditioning, retrofit of high-efficiency steam boilers, and upgrade of compressed air storage, leading to a 10% reduction in energy consumption. In 2024, Brio Jethu has strengthened training on energy management fundamentals, and advanced additional retrofit projects throughout 2024. The carbon savings is 6% year-on-year reduction in comprehensive energy consumption per 10,000 of output value.



Energy recovery and conversion of waste energy

Heat recovery of high-temperature waste gas

### Environmental Volunteer Event

On August 16, 2024, Brio Jethu organized a volunteer beach cleanup event to protect the ocean and preserve the beauty of nature.



# Inclusion & Care: Growing Together



At Xerox, people are at the heart of everything we do. We are committed to protecting employee rights and fostering a workplace built on respect, equality, inclusion, and openness. Through an ever-evolving talent development system, we open doors to opportunity, growth, and shared success. Together, we are not just building careers. We are growing a future, hand in hand.



## Our People



We are guided by the belief that diligence, perseverance, and the full realization of every individual's potential are the engines of progress. Our human resources policies are rooted in principles of diversity, non-discrimination, equity and fairness. We are deeply committed to protecting the legal rights of all employees, and we maintain a zero tolerance policy against child labor, harassment, and discrimination in any form. We do not tolerate bias based on gender, age, ethnicity, sexual orientation, disability, religion, or any other identity. Instead, we strive to cultivate a workplace that is inclusive, respectful, and empowering, a place where everyone can bring their whole selves to work and realize their full potential.



People are the cornerstone of our continued growth. In China, we are guided by the belief that diligence, perseverance, and the full realization of every individual's potential are the engines of progress. Our human resources policies are rooted in principles of diversity, non-discrimination, equity and fairness. We are deeply committed to protecting the legal rights of all employees, and we maintain a zero tolerance policy against child labor, harassment, and discrimination in any form. We do not tolerate bias based on gender, age, ethnicity, sexual orientation, disability, religion, or any other identity. Instead, we strive to cultivate a workplace that is inclusive, respectful, and empowering, a place where everyone can bring their whole selves to work and realize their full potential.

As of the end of 2024, Gite has employed 2,700+ people, including 863 employees from ethnic minority backgrounds. Women hold 20% of middle and senior management positions. As diverse workforce not only strengthens innovation but also shapes a more dynamic and collaborative culture, laying a strong foundation for Gite's long-term sustainable development.

Percentage of Male Employees (%)



Proportion of Female Managers in Middle and Senior Manager



Number of Ethnic Minority Employees



Number of Employees with Disabilities



Total Employees in China



Employee Age Distribution (Under 30/30-39/40-49/50-59)

2022	2023	2024
Male: 275,000 (25%)	Male: 280,000 (25%)	Male: 285,000 (25%)
Female: 200,000 (18%)	Female: 205,000 (18%)	Female: 210,000 (18%)
Male: 150,000 (14%)	Male: 155,000 (14%)	Male: 160,000 (14%)
Female: 100,000 (9%)	Female: 105,000 (9%)	Female: 110,000 (9%)
Male: 50,000 (5%)	Male: 55,000 (5%)	Male: 60,000 (5%)
Female: 30,000 (3%)	Female: 35,000 (3%)	Female: 40,000 (3%)

Employee Education Background (Bachelor / High School / Junior High or below)

2022	2023	2024
Male: 400,000 (35%)	Male: 405,000 (35%)	Male: 410,000 (35%)
Female: 300,000 (27%)	Female: 305,000 (27%)	Female: 310,000 (27%)
Male: 150,000 (14%)	Male: 155,000 (14%)	Male: 160,000 (14%)
Female: 100,000 (9%)	Female: 105,000 (9%)	Female: 110,000 (9%)
Male: 50,000 (5%)	Male: 55,000 (5%)	Male: 60,000 (5%)
Female: 30,000 (3%)	Female: 35,000 (3%)	Female: 40,000 (3%)

## Employee Rights Protection

This upholds the core values of respect, fairness, and inclusiveness in all aspects of employee rights protection. We strictly comply with the laws, laws and regulations of the countries in which we operate, including China, Germany, and the United States, to ensure that the fundamental rights of all employees are fully safeguarded. We provide equal employment opportunities for our global workforce, prohibit all forms of discrimination, and promote diversity and inclusion in the workplace.

1) The Company strictly prohibits the use of child labor and forced labor, and opposes all forms of discrimination, harassment, threats, and abuse. Special emphasis is placed on the protection of female employees and employees with disabilities. We have established a *Prohibition of Forced and Coerced Labor Management Procedures*, which explicitly forbids practices such as: selecting migrants, withholding identity documents, or using violence, threats, or any unlawful restriction of personal freedom to force labor. During the reporting period, the Company received no complaints related to discrimination, discrimination, or forced labor, and no related major incidents occurred.

2) The Company has established *Anti-Harassment Management Policy*, based on the principles of fair competition, merit-based selection, job suitability, and non-discrimination. We provide free training to support community development and ensure a transparent and equitable recruitment process. In 2024, the Company provided employment opportunities for 26 individuals with disabilities, underscoring our strong commitment to diversity and inclusion.

3) To foster a fair and inclusive workplace, we strictly prohibit any form of discrimination based on age, gender, nationality, religion, political belief, race, physical disability, or personal background. The Company also fully respects employees' freedom of religious belief, and makes reasonable accommodations in both space and time for religious practices, cultivating a diverse and inclusive corporate culture.

4) We provide employees with multiple effective communication channels. Employees can report or appeal any human rights violations, unreasonable treatment, or unfair practices encountered during recruitment or at the workplace through the Company website or the HR Department's email. The Company ensures a prompt response, conducts investigations in accordance with internal procedures, and takes appropriate action to safeguard employee rights effectively.



The Company strictly prohibits the use of child labor and forced labor, and opposes all forms of discrimination, harassment, threats, and abuse. Special emphasis is placed on the protection of female employees and employees with disabilities. We have established a *Prohibition of Forced and Coerced Labor Management Procedures*, which explicitly forbids practices such as: selecting migrants, withholding identity documents, or using violence, threats, or any unlawful restriction of personal freedom to force labor. During the reporting period, the Company received no complaints related to discrimination, discrimination, or forced labor, and no related negative incidents occurred.



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## Employee Rights Protection

### Employee Compensation and Benefits

Hite adheres to a people-oriented philosophy in all aspects of employee compensation and benefits. We are committed to providing our global workforce with a competitive compensation system and comprehensive benefits package, aiming to enhance employee satisfaction and sense of belonging. The Company has implemented a robust and reasonable leave policy to fully protect employees' rights to rest. In addition, we have established a fair and transparent compensation mechanism that ensures employees receive reasonable remuneration commensurate with their contributions.

Employee Compensation and Benefits Performance Statistics (2022-2024)

Metric	2022	2023	2024
Ratio of Average Employee Salary to Local Minimum Wage (China)	3.8x : 1	4.02x : 1	4.25x : 1
Ratio of Average Employee Salary to Local Minimum Wage (Bris, Germany)	1.56x : 1	1.68x : 1	1.82x : 1
Ratio of Average Employee Salary to Local Minimum Wage (Bris, USA)	1.85x : 1	1.88x : 1	1.95x : 1
Employee Turnover Rate in China (%)	8.0%	7.2%	6.5%
Employee Turnover Rate in Bris, Germany (%)	14.7%	13.9%	14.20%
Employee Turnover Rate in Bris, USA (%)	24.8%	23.5%	22.4%
Employee Salary Growth Rate (%)	5.6x : 8%	6.5% : 7%	6.8% : 8%
Gender Pay Ratio (Male to Female, Same Position)	1.0	1.0	1.0
Labour Contract Signing Rate (%)	100	100	100

ii) The Company complies with the labor laws and regulations of countries such as China, the United States, and Germany, ensuring that all employees are enrolled in statutory social insurance programs such as China's "Five Social Insurances and One Housing Fund" or equivalent schemes. We also provide a variety of leave options, including statutory holidays, offshore leave, paid annual leave, and paid sick leave, to help employees balance their work and family responsibilities.

2) In addition to statutory benefits, Hite Global offers a range of enhanced employee benefits, including education assistance, paid leave for open and home marriage duration, parental bonding leave, Employee Assistance Program (EAP), etc. These programs help strengthen employees' sense of belonging and satisfaction.

3) Hite also provides a wide array of lifestyle and wellness benefits, such as holiday gift allowances, maternity and wedding gift bonuses, birthday gifts, assistance payments for transportation or critical illness, and employee discounts on company products. These initiatives reflect our holistic commitment to employee well-being.

4) For employees facing special circumstances such as disabilities, illness, or work-related injuries, the Company has established targeted support mechanisms. These programs offer personalized assistance to help affected employees and their families alleviate stress, improve quality of life, and experience the Company's genuine care and compassion.



## Workplace Safety & Health

Glaxo places health and safety of its employees as a top priority, strictly adhering to the International standard ISO 45001:2018. We have established and implemented a comprehensive Occupational Health and Safety Management System, guided by the "Compliance-Driven, Systematic, Fully Engaged, and Proactive/Inherent" approach. A robust safety governance framework has been put in place, supported by systematic hazard identification, risk assessment, and control mechanisms, to ensure a safe working environment across all operations. The Company has various safety targets, including zero serious safety incidents, zero occupational diseases, and total recordable incident rate (TRIR) of 0.1 per 100,000 man-hours. We are committed to achieving and continuously improving these safety objectives.

Thanks to our outstanding performance in occupational health and safety management, Glaxo was awarded the China's Work Safety Standardization Certificate in 2022 and passed the ISO 45001 Certification for Occupational Health and Safety Management Systems in 2023. Looking ahead, the Company will continue to strengthen safety management and create an even safer and healthier work environment for all employees, contributing to the achievement of our sustainable development goals.

### Occupational Safety Statistics (2023-2024)

Items	2023	2022	2021
Number of Work-Related Fatalities and Serious Injuries (person/year)	0	0	0
Number of Occupational Diseases Cases (person/year)	0	0	0
Rate TRIR per 100,000 Man-Hours	0.00	0	0.07
Rate Incident Rate (%)	0.00	0.00	0.00
Rate Serious TRIR per 100,000 Man-Hours	0.00	0.00	0.00
Rate Serious Incident Rate (%)	0.00	0.00	0.00
Rate Occuping TRIR per 100,000 Man-Hours <sup>1</sup>	n/a	0	0
Rate Occuping Incident Rate (%)	n/a	0	0

Notes: <sup>1</sup>Occupying TRIR (Occupation Injury Rate) and <sup>2</sup>Occupation Injury Rate: Rate of injury per 100,000 man-hours during the reporting period.

### Safety Management Framework

The Company has established a robust safety governance system, with the JPMG Manufacturing Division designated as the primary risk owner of safety management. Each subsidiary has setup a dedicated health department staffed with full-time safety professionals who oversee daily operations related to safety, occupational health, and fire prevention, ensuring full implementation of the Company's safety production responsibility system.

### Safety Awareness and Training

To strengthen employee safety awareness, the Company has developed a comprehensive safety training program in compliance with legal requirements. Regular initiatives include accident case studies, certification-based training and other specialized safety activities. For new employees, Glaxo implements three-tier safety education system covering the company level, workshop level, and team level, progressively enhancing their safety awareness and emergency response capabilities, thereby laying a solid foundation for safe operations.



Occupational Safety Training Session

### Risk Identification and Control

Glaxo has implemented a risk-proactive mechanism that includes both qualitative risk control and hazard identification and assessment. Departments regularly conduct hazard source analysis and risk level assessments, followed by the development of targeted control measures based on the results. Additionally, a digital management system has been introduced to enable analysis and tracking of hazard identification, verification, and closure, ensuring an efficient and closed-loop hazard management process.

### Emergency Response and Drills

The Company has developed emergency response plans for potential incidents such as major accidents, chemical spills, and fire emergencies. These plans undergo expert review to ensure their practicality and effectiveness. To continuously enhance employees' emergency response capabilities, the Company conducts regular emergency drills each year.



Emergency Drill Scenario

Emergency Drill Scenario

# Training & Career Development

## Talent Development System

The Company is committed to continuously enhancing employees' professional, job skills, expertise, and management capabilities, and has built a comprehensive employee training and development system. In alignment with the Company's strategic goals and the diverse training needs of employees, we have designed a talent development framework that offers personalized learning pathways. The training system is structured by position level and course type. By position level, it covers executive training, mid- and frontline management training, and general employee training. By course type, general competency training, professional skills training, and management skills training are included.

Newly onboarded employees participate in an onboarding training program to gain an understanding of the Company's culture and business processes. Newly promoted managers are offered comprehensive transition training programs and action learning opportunities to help them build managerial experience and master the fundamentals of team leadership. For midlevel and frontline managers, the Company engages professional external instructors to deliver training focused on developing systematic management approaches and enhancing overall leadership capabilities. To support its senior executive team, the Company offers external training programs designed to expand their perspectives and enhance their comprehensive, multidisciplinary abilities. Through this well-structured training and development system, the Company not only offers employees ample opportunities for growth, but also provides strong impetus for the organization's sustainable development.



Launch of the 2024 Executive Development Programs to Deepen Leadership and Drive Strategic Goals



Official Launch of the Midlevel and Frontline Management Leadership Program in July 2024



New employees explore company culture, industry trends, professional expertise, and management processes through the Onboarding Onboarder (Onboard)



## Training & Career Development

### Career Development Pathways

The Company has established a sound and transparent promotion system, which stipulates the position to which based on employees' knowledge, skills, competencies, and performance. Employees are encouraged to pursue career growth through continuous improvement of their capabilities and performance.

#### The Company's promotion management adheres to four core principles

- 1. Balancing internal promotions with external recruitment, prioritizing internal advancement
- 2. Maximizing each individual's potential through flexible open-to-learn mobility
- 3. Building talent pipelines with structured, multi-path development opportunities
- 4. Valuing both moral integrity and capability, with performance-based advancement

Employee Training Performance Statistics (2021-2024)

Metric	2021	2022	2023
Total Annual Training Hours (Hours/Year)	42049.3	40076	41240
Total Training Investment (RMB 10,000/Year)	101.4	106.1	107.8
State LGA Training Investment (USD/Year)	80000	76000	68000
Number of Training Course Types in State China (Types/Year)	120	128	147
Number of Training Course Types in State LGA (Types/Year)	10	12	11
Average Training Hours per Employee of State China (Hours/Person/Year)	26.1	26.0	26.0
Average Training Hours per Employee of State LGA (Hours/Person/Year)	26	26	22

To meet the diverse development needs of employees, the Company has designed a dual-track career development framework, consisting of a management track and a professional one. The first track ranges from S1 to S10, supporting progression from entry-level management roles to senior leadership positions. It provides career longevity from P1 to P10, enabling employees to deepen their technical expertise and grow as domain experts. Through an open, fair, and impartial promotion process and evaluation system, the Company provides clear career advancement pathways, unleashing employees' potential and mobility, and achieving shared growth between individuals and the organization.



Dual-Track Career Development Pathways to Management and Professional Routes



## Employee Engagement & Well-being

The Company fulfills its social responsibilities and is committed to building a vibrant and joyful workplace culture. We provide employees with a high-quality healthy and people-oriented work environment, including amenities such as meeting rooms, mother's rooms, dedicated rest areas, and employee cafeterias, all designed to enhance workplace well-being. We regularly organize a variety of cultural and recreational activities, including the Nine Family Day, Nine Autumn Festival garden party, and basketball tournaments, creating opportunities for meaningful interaction between the Company and its employees while strengthening cohesion and building team camaraderie. In recent years, the Company's labor union has been honored with several prestigious awards, including May 1st Labor Award of Guangdong Province, Shenzhen Welfare Pension Award Model Welfare Home of Guangdong Province, and Shenzhen Labor Union Excellence Prize.

These achievements not only reflect the Company's strong commitment to employee well-being, but also highlight our efforts and contributions in fostering harmonious labor relations.

Annual Employee Basketball Tournament Held at the Shenzhen Health quarters in 2024

Employee Table Tennis Activities

Annual Employee Basketball Game Held in July 2024 within the Shenzhen Site



In 2024, Bata partnered with Huoshang Music Club and Local Music Education to form the "Bata-Huoshang Local Music Club" with 60 employees' children participating. The club competed in the International Youth Symphony Music Festival (Shenzhen) and won First Prize in the Top Instrument Competition.



In 2024, the Company received the "Most Valuable Contribution Award" from the Shenzhen Health Industry Association on "Teachers' Day".

Mid-Autumn Festival Carnival Held at both Shenzhen and Wenzhou Sites



Site 2024 Hosted a Halloween Fun Costume Contest



Site 2024 Organized a Nine Family Picnic in November 2024



# Giving Back: Shaping a Better Future

At times, giving back is not an obligation. It is part of who we are. We champion the principles of responsible sourcing and strive to build a more sustainable value chain across our products.

But our purpose goes beyond products. With compassion at our core, we stand beside vulnerable communities, channeling care into action and joining hands with partners across sectors to create lasting impact.

Together, we light the way toward a brighter future, infusing sustainability with warmth, purpose, and hope.



## Sustainable Procurement

### “In Global, for Local”

Embracing the concept “In Global, for Local,” the Company leverages multinational production capabilities off to three major manufacturing sites in China, the U.S., and Europe, along with a global supply chain network, to fully maximize production needs of both international and local markets. We are committed to building a lean, agile, and resilient supply chain, creating localized R&D and responsive delivery, while effectively addressing and mitigating supply chain risks.

To manage supplier risk and enhance supply chain resilience, the Company adheres to a sustainable procurement policy. Compliance with laws and regulations is the baseline for selecting, monitoring, and evaluating suppliers. We carefully identify partners that meet regulatory requirements, and monitor their performance in environmental management, legal compliance, labor conditions, and business ethics to drive sustainable growth across the value chain. 100% of our suppliers have signed our Anti-Corruption Commitment, and there have been no reported incidents involving child labor or forced labor.

#### Sustainable Procurement Performance Statistics

Metric	2023	2022	2021
Supplier Anti-Corruption Commitment Signing Rate (%)	100	100	100
Supplier Greenhouse Gas Emissions Reporting Rate (%)	2	2	2.41%

### Supplier Management

The Company has established a comprehensive supplier audit and annual evaluation system to continuously monitor and assess supplier performance in environmental, social responsibility, and governance (ESG) areas. Priority is given to suppliers that demonstrate outstanding social responsibility performance for long-term partnerships. For suppliers failing to meet the required standards, corrective action plans are mandated, with a set timeframe for completion. If timely improvements are not made, the Company reserves the right to suspend or terminate cooperation.



Supplier Management Training Session, August 2023

### Supplier Admission

This adopts a rigorous screening and evaluation process for supplier admission. The Strategic Procurement Department, together with relevant departments, conducts preliminary assessments of potential suppliers across multiple dimensions, including business qualifications, quality assurance systems, and raw material control and management capabilities. Based on the evaluation results, suppliers are subject to tiered management. Those scoring below 60 points are disqualified from entering the supplier system. Before formal cooperation begins, all suppliers are required to sign the Supplier Code of Conduct Commitment, pledging full compliance with national and regional laws and regulations in areas such as anti-corruption, social responsibility, business ethics, environmental protection and occupational health and safety management.



## Sustainable Procurement

### Green Procurement

The Company is committed to advancing the development of a green and ecological supply chain. Suppliers are encouraged to adopt sustainable business practices on the foundation of compliance with laws and regulations to reduce resource consumption, minimize pollution emissions, and protect environmental impact.

In 2024, the Company launched an initiative to collect carbon emission data from suppliers and conduct procurement footprint assessments, driving suppliers to take active steps in carbon reduction. Greenhouse gas savings were attributed to 9% of suppliers in 2024, and over the next three to five years, we aim to engage a broader supplier base to jointly address the risks of climate change.

To streamline resources and synergies, several of our products have received P1 level of the Blue (P10+) certification. This promotes the use of sustainable and responsible practices among raw material suppliers, focused in aquaculture and marine harvesting, enhancing the environmental performance of our product value chain and reinforcing our commitment to ecological conservation.

### SRM Project

The Supplier Relationship Management (SRM) Project, led by the Strategic Procurement Department, aims to enhance Xibo's supplier management through the implementation of a dedicated SRM system. By establishing a unified global procurement structure and process framework, and leveraging a digital platform, the project integrates supplier management, sourcing, and contract administration across the Company. The SRM system supports end-to-end procurement processes, including supplier registration, qualification, sourcing activities, and contract negotiations. The ultimate goal is to maximize the efficiency of procurement operations.

As global food safety regulations become increasingly stringent, the SRM project plays a critical role in enhancing supplier data management and traceability, enabling end-to-end visibility and ensuring full compliance across the procurement lifecycle. The SRM project is built on the industry renowned Xibo platform, and its implementation is led by a cross-functional multinational procurement team to ensure strategic alignment of requirements across business units and the standardization of processes. This initiative significantly improves operational efficiency, reduces resource waste associated with inefficient procurement activities, and promotes the sustainable development of the entire supply chain, benefiting both upstream suppliers and downstream customers.

The SRM project was launched in the second half of 2024, completing several key modules such as China R&D, China R&D Management Module, China R&D Reporting, L&L, R&D and Europe R&D. The full rollout of all modules is expected to be completed by the end of 2025. The project is being implemented in phased stages, following a structured approach:

- i) Organizational Structure & Strategic Objectives;
- ii) Business Framework;
- iii) Business Processes & Capability Matrix;
- iv) i) System Implementation & Release.

This roadmap is steadily enhancing the integration and sharing of resources among thousands of suppliers across China, the U.S., and Europe. The system enables cross-platform data visualization and reporting, facilitating the consolidation and analysis of procurement data to continuously optimize purchasing practices and maximize the overall value of supply chain resources. This means that, moving forward as the Company introduces sustainability requirements for upstream suppliers, the SRM project will enable the implementation of globally unified standards and the sharing of supplier resource data to maximize strong sustainability performance across all regions.

### Global Procurement, Global Supply

Enabling digital transformation and upgrade of procurement from offline to online through the SRM system



Collaboration  
Online

Management  
Online

Resources Online

Process Online

## Philanthropy & Community Initiatives

Guided by our mission to “advance nutrition science and technology, deliver value to health,” Hain is committed to advancing global well-being. We view corporate philanthropy not merely as a responsibility, but as a vital component of our sustainable development strategy and a driver of our core competitiveness. By integrating philanthropic initiatives with our business operations and growth strategy, we strive to achieve a harmonious balance between our own success and our contributions to society. Over the past three years, we have invested a total of RMB 1.2888 billion in charitable causes. This commitment has earned us numerous accolades, including the “Rural Revitalization Contribution Award,” the “Star of Charity and Compassion,” the “Outstanding Contribution to Poverty Alleviation,” and the “Red Cotton Cup’ Bronze Award for Poverty Alleviation in Guangdong Province.”

### Outstanding Contribution to Poverty Alleviation

People's Government of Jiangxi Province, Nanchang City  
2024-2025

### Red Cotton Cup' Bronze Award for Poverty Alleviation in Guangdong Province

People's Government of Jiangxi Province, Nanchang City  
2024-2025

### Rural Revitalization Contribution Award

People's Government of Jiangxi Province, Nanchang City  
2024-2025



## Management of Philanthropic Initiatives

Hain has established a dedicated Philanthropy Committee responsible for setting charitable goals, planning annual activities and budgets, and forging partnerships with social organizations to promote and implement philanthropic projects. This committee plays a crucial role in volunteer management, ensuring volunteer activity assurance, outcome delivery, and publicity. The structured approach ensures efficient implementation of our initiatives and underscores our commitment and ongoing contributions to social responsibility.

Our philanthropic programs are categorized into three distinct areas: Signature Programs, Regular Initiatives, and Emergency Relief. Signature Programs leverage our industry expertise and product portfolio to address specific needs, such as children's nutrition, elderly nutrition and health, and educational support. Regular initiatives involve responding to calls from government and social organizations, including participation in programs such as the “High-Quality Development Initiative for Counties, Towns, and Villages” and poverty alleviation efforts. Emergency Relief focuses on providing aid during crises, including donating essential supplies, providing relief supplies after heavy weather (floods or poverty), and eliminating poverty.

### Roles and Responsibilities of Philanthropy Committee

#### Philanthropy Management

- Philanthropy Planning and Budgeting
- Establishing External Partnerships
- Implementation and Promotion

#### Volunteer Event Management

- Defining Roles and Responsibilities for Philanthropy
- Volunteer Recruitment
- Implementation and Outcome Reporting



# Philanthropy & Community Initiatives

## Effectiveness of Charitable Donations

Between 2020 and 2024, Sino Corporation participated in various charitable donations, disaster relief efforts, social responsibility projects, and poverty alleviation initiatives. Our total contributions during this period amounted to RMB 1,268.6 million. Details of these activities are provided in the table below:

Sino's Charitable Donation Record (2020-2024)

Date	Recipient Organization	Details	Amount (RMB)
2020-12-31	Guangdong Pharmaceutical University Education Development Foundation	Sino Group Innovation Day Laboratory Establishment Fund	1,000,000.00
2020-1-12	Shenzhen Naiti Community Charity Association, Naiti Substation (Longhu Station) Shenzhen	Spring Festival care visits to senior citizens	500,000.00
2020-4-1	Longhu Station General Charity Federation, Shenzhen	H.30 Poverty Alleviation Program	500,000.00
2020-8-29	Longhu Station General Charity Federation, Shenzhen	Guangdong Substation Cleaning Project	500,000.00
2020-9-22	Shenzhen Naiti Community Charity Association, Naiti Substation (Longhu Station) Shenzhen	Mid-Autumn Festival care visits to senior citizens	500,000.00
2020-10-18	Shenzhen Red Cross Society	Public donation for Health Bridge of Love	50,000.00
2020-12-16	Shenzhen General Charity Federation	Millions of Lights of Love Charity Campaign Donation	1,000,000.00
2020-3-8	Shenzhen Naiti Community Charity Association, Naiti Substation (Longhu Station) Shenzhen	Spring Festival care visits to senior citizens	500,000.00
2020-3-21	Guangdong Chuanwen Sports Co., Ltd.	Sponsorship of the 6th Huanan Trail Running Challenge	500,000.00
2020-5-28	Longhu Station General Charity Federation, Shenzhen	Joint community culture square renovation under the High Quality Development Initiative for Counties, Towns, and Villages	1,000,000.00
2020-6-24	Chongqing Station General Charity Federation, Shenzhen	H.30 Health Power Initiative in Songli Town, Chongqing Station	50,000.00
2020-9-16	Shenzhen Naiti Community Charity Association, Naiti Substation (Longhu Station) Shenzhen	Mid-Autumn Festival care visits to senior citizens	500,000.00
2020-10-17	Shenzhen Philharmonic Choir	Sponsorship of the Choir's 45th Anniversary Celebration	200,000
2020-8-8	Beijing Materials in Beijing	Donation of first batch of supplies to the Beijing Foundation for Unlabeled Persons	500,000.00

## Philanthropy & Community Initiatives

### High-Quality Development Initiative for Counties, Towns, and Villages

The "High-Quality Development Initiative for Counties, Towns, and Villages" is Guangdong Pictet's top priority strategy for advancing high-quality development. It serves as a key initiative to promote coordinated urban, rural, and regional development. The Company, alongside with development agencies of the Longhai District CPC Committee and Government, are prioritizing participation in this initiative to help drive balanced urban, rural and regional development. We support rural revitalization through a variety of pilot village initiatives, including sponsoring and planting trees, developing villages-as-friendly landscapes, and co-creating "Four Rural Gardens" (namely, small vegetable gardens, fruit orchards, flower beds, and garden paths, together with local residents). These efforts contribute to building healthy, vibrant, and harmonious rural communities where people and nature thrive together.

### "Guangdong Poverty Alleviation Day" Initiative

We support the "Guangdong Poverty Alleviation Day" campaign and from time to time, organize or participate in charitable donations, disaster relief, and other philanthropy programs. These efforts reflect the Company's commitment to improving community well-being, using philanthropy as an effective way to give back to society and fulfill corporate social responsibility. In 2023, the Company's headquarters donated RMB 100,000 to the Longhai District General Charity Federation in support of the "Public Poverty Alleviation Initiative." Two funds were allocated to various public welfare efforts in Longhai District, with part of the donation specifically assigned to assist vulnerable groups in the Single Household, including low-income households, students in difficult circumstances, and single mothers facing financial hardship. In recognition of these contributions, the Company was honored as a "Giving Enterprise for Public Welfare and Rural Revitalization Support."

### Voluntary Blood Donation Campaign

On May 14, 2024, our Shenzhen facility, in collaboration with the Trade Union of the Shenzhen Electronics and Technological Development Zone, organized a voluntary blood donation drive. A total of 210 employees participated, contributing a combined donation of 1,010 milliliters of blood, demonstrating their commitment to social good and public health support.



### Sino Germany Philanthropy and Community Initiatives

Employees at Sino's Germany facility were deeply committed to giving back to the community, engaging in philanthropic initiatives. Between 2022 and 2023, Sino Germany donated a total of 215,000 to various local organizations, including the German Red Cross, Public Primary School, a special education school for individuals with disabilities, a volunteer fire brigade, and a marine sports club. Through generous actions, the subsidiary has extended care and support to the community, demonstrating the Company's strong sense of social responsibility and commitment to people-oriented values.



### Community Care Day Initiative

In October 2023, Sino USA partnered with the Los Angeles Regional Food Bank to support efforts in combating hunger in the County. Our volunteers prepared food packages filled with essential items for low-income families, including seniors and children, providing critical support to households facing food insecurity and helping ensure access to nutritious meals. Through this initiative, we aim to build a brighter and healthier future for families in the community. By extending a helping hand, we offer hope.



### Sponsorship of the Nanhai Trail Cross-Country Race

We are a strong supporter of community sports development, and an active sponsor of public athletic events. Since 2021, the Company has sponsored the Nanhai Trail Cross-Country Race for three consecutive years. In April 2023, the 15th Sino Nanhai Trail Cross-Country Race was held in Nanhai, Shenzhen. We contributed RMB 100,000 in sponsorship for the event, demonstrating our commitment to promoting community sports initiatives and supporting efforts to enhance public health and fitness.







Sustainability Performance Data Table

Category	Metric	2022	2023	2024
Economic Performance	Total Assets (RMB 100 million)	81.86	81.94	82.86
	Operating Revenue (RMB 100 million)	33.87	33.83	43.71
	Operating Costs (RMB 100 million)	17.28	20.99	28.86
	Government Subsidies (RMB 10,000)	779.8	1380.3	684.2
	R&D Investment (RMB 10,000)	8071.6	10089.4	12193.89
	Total Training Investment (RMB 10,000)	331.4	388.3	429.8

Category	Metric	2022	2023	2024
Social Performance	R&D Investment (RMB 10,000/Year)	8071.6	10089.4	12193.89
	R&D Investment as % of Operating Revenue	3.43%	3.00%	3.04%
	R&D Personnel (Persons/Year)	328	337	383
	Granted Invention Patents (Cumulative)	27	50	87
	Approved Health Food Certificates (Cumulative)	219	323	388
	Customer Satisfaction Rate (%)	92%	93%	93%
	Employee Salary Growth Rate (%)	17%-19%	4.0%-7%	3.0%-8%
	Gender Pay Ratio (Male to Female, Same Position)	2:1	2:1	2:1
	Labour Contract Signing Rate (%)	100%	100%	100%
	Total Training Investment (RMB 10,000/Year)	331.4	388.3	429.8
	Total Annual Training Hours (Hours/Year)	125819.3	86176	81268
	Average Training Hours per Employee (Hours/Person/Year)	26.1	24.0	32.8
	Work-Related Fatalities (Persons/Year)	0	0	0
	Number of Occupational Disease Cases (Cases/Year)	0	0	0

Category	Metric	2022	2023	2024
Environmental Performance	Environmental Protection Investment (RMB 10,000/Year)	318.37	283.08	286.29
	Total Water Consumption (T/Year)	50763.88	124076.00	148681.00
	Waste Recycling Rate (%)	81.20%	83.10%	86.78%
	Total Water Consumption (T/Year)	50763.88	124076.00	148681.00
	Wastewater Discharge (T/Year)	120848.88	343377.00	403589.00
	Wastewater Treatment Compliance Rate (%)	100%	100%	100%
	Total CO2 Discharge (T/Year)	18.44	62.87	27.38
	Waste Gas Emission Compliance Rate (%)	100%	100%	100%
	Solid Waste Discharge (T/Year)	889.56	1020.38	1115.26
	Hazardous Waste Discharge (T/Year)	13.89	13.13	16.18
	Reusable or Recyclable Waste (T/Year)	786.34	684.38	781.33
	Waste Recycling Rate (%)	81.20%	83.10%	86.78%
	Total Electricity Consumption (KWh/Year)	47844370	68627120	89470900
	Steam Consumption (T/Year)	18262	26263	19443
	Natural Gas Consumption (M3/Year)	2038213.38	2008201.00	2037164.00
	Oil/Gas Consumption (KG/Year)	10346.88	9087.00	8002.00

## GRI content index in accordance

Statement of use		Birk has reported in accordance with the GRI Standards for the period from January 1, 2024 to December 31, 2024.	
GRI 1 used	GRI 1 - Foundation GRI 1		
GRI 2 used	GRI 2 - Economic	Location	2024
The organization and its reporting practices			
2-1	Organizational details	7	
2-2	Entities included in the organization's sustainability reporting	7	
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## We Value Your Feedback

Dear Valued Reader,

Thank you for taking the time to read the 2024 Sustainability Report of Sino Pharma Co., Ltd. We value your feedback and invite you to share any thoughts or suggestions you may have regarding this report. Please complete the form below and return it to us by mail, fax, or email.

Name: \_\_\_\_\_ Tel: \_\_\_\_\_ Email: \_\_\_\_\_

### 1. Which sections of the report did you find most informative?

- |   |   |   |
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| <input type="checkbox"/> Greening Sino                                | <input type="checkbox"/> Green First (Protecting Our Planet)            | <input type="checkbox"/> Inclusion & Care: Growing Together   |
| <input type="checkbox"/> ESG Governance: Building a Robust Foundation | <input type="checkbox"/> Innovation Driven: Advancing Nutrition Science | <input type="checkbox"/> Giving Back: Shaping a Better Future |

### 2. How would you rate this report overall?

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### 3. Please share any suggestions for improving our next annual report.

\_\_\_\_\_

### 4. Contact Us:

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