

PharmaBlock Sciences (Nanjing), Inc.

Climate Change Policy

Purpose

In order to clarify the principles of climate change management for PharmaBlock Sciences (Nanjing), Inc. (hereinafter referred to as “PharmaBlock,” “the Company,” or “We”), and to commit to effectively managing climate change risks in our operations and collaboration with the value chain, mitigating the impact of climate change on our business, and promoting the achievement of our long-term goal of net-zero emissions, this Policy is hereby established.

Applicable Scope

This Policy applies to PharmaBlock and its subsidiaries and affiliates worldwide, as well as to the Company's suppliers, service providers, contractors, and other key business partners.

Guideline

PharmaBlock supports the concept of a community with a common future for humanity and regards addressing climate change as an inescapable responsibility. We are committed to sustainable development, reducing carbon emissions from our operations, collaborating with partners to create a green and low-carbon value chain, and actively participating in efforts to combat climate change, contributing to the global fight against climate change.

Our Management Principle

PharmaBlock actively responds to the Paris Agreement and adheres to the following principles for addressing climate change:

- Promote technological innovation and lean management to continuously improve energy efficiency, thereby reducing carbon emissions in our operations.
- Implement low-carbon operations and take action to mitigate issues such as climate change, water scarcity, and biodiversity loss.
- Actively explore the use of renewable energy to optimize the Company's energy mix.
- Publicly disclose the Company's performance and governance on climate change to ensure the transparency of climate-related information.

Actions to Reduce Greenhouse Gas Emissions

Reducing greenhouse gas emissions is a crucial pathway for us to mitigate the adverse impacts of climate change and improve human health. Based on this, we have established targets for energy consumption and greenhouse gas emission reduction: to achieve a 20% reduction in both energy consumption intensity and greenhouse gas emission intensity by 2030, using 2022 as the baseline year.

PharmaBlock

In order to fulfill our commitment to energy consumption and greenhouse gas emission reduction goals, we will take the following measures:

- Actively promote technological innovation and the industrial application of green and low-carbon technologies, and choose low-carbon production processes from the source.
- Develop and implement energy-saving and consumption-reduction projects, improve energy utilization methods, and continuously enhance comprehensive energy efficiency.
- Promote the elimination and replacement of high-energy-consuming equipment, and gradually introduce the use of high-efficiency equipment.
- Establish energy consumption and greenhouse gas emission reduction targets, and set up an assessment mechanism to ensure the achievement of these goals.
- Actively explore and increase the use of renewable energy to reduce the climate impact of energy consumption.
- Establish an Energy and Carbon Emissions Management Organization responsible for orderly promoting carbon emission reduction efforts.
- Promote carbon emission management and monitoring mechanisms. We will monitor carbon emission levels in various aspects such as process R&D, production operations, office management, outsourcing services, and logistics, to help transition the Company's business towards a low-carbon model.
- Regularly conduct supervision and audits of carbon emission management at each site, and organize the inventory of greenhouse gas emissions.
- Conduct sustainability audits on key suppliers, and include carbon emission performance in the audit scope.

PharmaBlock recognizes that the engagement of multiple stakeholders is crucial for addressing climate change. We are committed to collaborating closely with customers, suppliers, communities, and other stakeholders to jointly build a low-carbon value chain and share our insights and best practices.

In addition, through internal training and awareness campaigns, we encourage all employees to participate in energy-saving and emission reduction activities, advocate for green office practices and low-carbon commuting, and contribute to mitigating climate change.

Risks and Opportunities of Climate Change Program

Climate change brings about extreme weather and impacts on ecosystems and the environment, which can potentially cause severe damage to infrastructure (such as factories, production facilities, etc.), leading to business disruptions, economic losses, and even posing a threat to human life.

In addition, our clients are increasingly prioritizing the environmental performance and climate change responses of their suppliers in their procurement policies. To achieve sustainable development, meet customer demands, and to provide better products and services, we will identify and assess the climate change-related risks and opportunities, and incorporate them into the Company's business continuity plans and risk management processes.

Reporting and Disclosure

We believe that Company reporting and disclosures help hold companies accountable for their climate change actions. We will report on our progress in reducing energy consumption and greenhouse gas emissions in a timely and transparent manner, in accordance with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD), to meet the needs and expectations of all stakeholders.

Our Governance

PharmaBlock has established a management structure led by the Board of Directors, guided by the ESG Executive Committee, and executed by the ESG Task Force and relevant business departments. In addition, the Company together with its worldwide sites have established energy and carbon emission management organizations to ensure the implementation of the Company's Climate Change Policy.

This Policy is reviewed and approved by the Company's ESG Executive Committee to ensure alignment with our climate change strategy. At the same time, the Company has established internal management systems and procedures for energy conservation, emission reduction, and carbon accounting to identify the risks and opportunities posed by climate change, thereby effectively promoting the Company's climate change actions.

The Company has developed key performance indicators related to climate change, which are also incorporated into the performance assessment and compensation system for ESG management personnel. The Board of Directors will regularly review climate change performance to ensure that relevant policies and management systems are implemented and supervised. Additionally, we will continue to transparently disclose our significant actions and key performance metrics related to climate change in our annual Environmental, Social, and Governance (ESG) Report to highlight our progress in addressing climate change.

Supplementary Provisions

This Policy is formulated and revised by the Company's ESG Executive Committee. It takes effect from January 2024.