
3SBIO INC.

Terms of Reference of Environmental, Social and Governance (ESG) Committee

1. Purpose

- 1.1 In the new edition of *Environmental, Social and Governance (ESG) Reporting Guide* issued by The Stock Exchange of Hong Kong in December 2019, mandatory disclosure requirements are put forward for ESG governance structure of listed companies. In order to further strengthen ESG management, 3SBio Inc. (the "Company") sets up ESG Committee (the "Committee"), guide the Company and its subsidiaries ("the Group") to carry out and implement ESG work according to *ESG Reporting Guide* and other relevant provisions by The Stock Exchange of Hong Kong.
- 1.2 The goal of the Committee is to establish a sustainable enterprise, promote the continuous improvement of the Group's ESG management and performance, enhance the recognition of capital market for the Group's ESG work, and become an ESG leader in the biological pharmaceutical industry.

2. Composition

- 2.1 The Committee consists of three to four directors. All committee members are appointed and dismissed by the board of directors.
- 2.2 The board of directors appoints a member of the Committee as chairman. The chairman of the Committee shall attend the annual general meeting of shareholders to answer questions of shareholders about the affairs of the Committee.

3. Meetings

- 3.1 Unless otherwise specified herein, the articles of association of the Company (the "Articles"), as amended from time to time, which contains provisions governing the meetings and proceedings of the board of directors, shall apply to the meetings and proceedings of the Committee.
- 3.2 The Committee shall meet at least twice a year. In case of important matters requiring resolution, the Chairman of the Committee may request an interim meeting.
- 3.3 The Committee meeting shall be convened and presided over by the Secretary of the Committee. The notice of the meeting shall be sent to the members three days before the meeting is held; the Secretary of the Committee shall be the Secretary of the Company or his/her delegate(s).
- 3.4 In the absence of the Chairman of the Committee at any meeting, the Committee shall elect one of its members present to act as its acting chairman.
- 3.5 A meeting of the Committee shall be held only when more than two-thirds of the members (or their delegates) are present. The resolution made at the meeting shall be valid only when more than half of the members (or their delegates) present approve it.
- 3.6 The Committee may invite other members of the board of directors or senior

management to attend the meeting, express opinions, as attendees without voting rights; external consultants may also be invited to attend meetings of the Committee.

3.7 The Secretary of the Committee shall be responsible for the minutes, and the members (or their delegates) attending the meeting shall sign the minutes.

3.8 The meeting shall be held in the form of on-site, video or telephone. On the premise that the members can fully express their opinions, an interim meeting can be held by means of communication voting with the consent of the convener of the meeting.

4. Responsibilities and Duties of the Committee

4.1 Without prejudice to any provisions of the corporate governance code, the Committee shall perform the following duties:

(a) Guide and review the formulation of the Group's ESG administrative policies and strategies to ensure that they are in line with the needs of the Group and comply with applicable legal and regulatory requirements;

(b) Monitor the development and implementation of the Group's ESG objectives, including: to establish the Group's ESG management performance objectives; to review the progress of the objectives, and to provide suggestions on the actions needed to achieve the objectives;

(c) Monitor external ESG trends and report to the board of directors important trends affecting the formulation of ESG policies, strategies and objectives;

(d) Guide and review the identification and ranking of important ESG issues of the Group;

(e) Review the Company's annual Environmental, Social and Governance Report and other ESG related disclosures, and provide suggestions to the board of directors for approval;

(f) Identify ESG risks related to the Group, assess the impact of such risks on the Company and advise the board of directors on risk response;

(g) Provide ESG related training materials to the board of directors;

(h) Other duties authorized by the board of directors.

4.2 The Committee has the duty to guide and review the key ESG issues of the Group, including health care accessibility, product safety and quality, human capital development, hazardous emissions and wastes, climate change and carbon emissions, etc. The Committee shall regularly review the performance of the Group on important ESG issues, review the progress in achieving objectives, and regularly report the management progress of ESG issues to the board of directors. The board of directors shall perform the duty of management and supervision on the above ESG issues. The committee shall provide advice and necessary support on the actions required to achieve the objectives.

4.3 The progress and results of the Group's ESG work shall be submitted to the Committee for deliberation and reported to the board of directors in the form of regular reports and special reports; the regular reports shall include quarterly reports, interim reports and annual reports; in case of significant changes in the external ESG environment or policies, they shall be submitted to the Committee and the board of directors through ESG special reports.

5. Responsibilities and Duties of ESG Working Group

5.1 The ESG working group shall carry out the specific work of ESG management under the guidance of the Committee.

5.2 The ESG working group is composed of Risk-control & Compliance Department, Public Relations Department, Internal Audit Department, Procurement Department, Human Resource Department, Finance Department, Research & Development Center, Central Medical Project Department, Department of Disease Management, Legal Department, as well as one person sent respectively by Environment, Health and Safety Department, Quality Department and Labor Union of each production base. Its responsibilities include:

- (a) Formulate and implement specific ESG work plans according to the Group's ESG management policies, strategies and objectives;
- (b) Regularly count and analyze the ESG performance data, and submit it to the Committee for review so as to understand the progress of the Group's ESG management performance objectives;
- (c) Regularly retrieve the negative information of ESG and submit it to the Committee for consideration so that it can understand the ESG risk of the Group;
- (d) Assist in the preparation of the Group's annual ESG report, and submit it to the Committee and the board of directors for review and approval for disclosure;
- (e) Submit other information required by the Committee and the board of directors for ESG decision-making;
- (h) Other duties assigned by the Committee.

6. Authority

6.1 The Committee shall have the right:

- (a) To receive such training and resources (including employees) as he/she considers necessary for the performance of his/her duties;
- (b) To receive any advice or assistance provided by external consultants or experts (including corporate social responsibility consultants and legal advisers), and the related costs shall be borne by the Company;
- (c) To receive any data, records or reports provided by any employee of the Group for the performance of his/her duties and to require any employee to attend Committee meetings and answer questions when necessary.

7. Supplementary Provisions

7.1 Matters not covered in this system shall be implemented in accordance with relevant national laws and regulations, relevant rules of the place where the Company's shares are listed and the *Articles of Association* of the Company.

These articles shall come into force as of the date of approval by the board of directors.