



# 2021 Environmental, Social and Governance Report

## MISSION

To improve patients' lives by timely providing them with quality and affordable protein therapeutics through technical innovation and operational excellence.

## VISION

Be the most trusted biopharma providing innovative and affordable medicines for all patients.

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# About This Report

This is the third Environmental, Social and Governance (“ESG”) report published by Shanghai Henlius Biotech, Inc. (“Henlius”, “We” or “the Company”). The purpose of this report is to provide shareholders, employees, government, customers, patients, partners, public and other stakeholders with an objective and accurate account of the Company’s measures and achievements in sustainable development, with a focus on ESG.

## Basis and Reference

The report is compiled as required by the *Environmental, Social and Governance (ESG) Reporting Guide, Appendix 27 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*. It also drew reference from the *Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules* released by The Stock Exchange of Hong Kong Limited. The compilation of the report follows and aligns with the GRI Standards.

## Period of Reporting

The reporting period covers the information and data of the Company from 1 January 2021 to 31 December 2021 (the “reporting period” or the “current year”). The latest practicable date is 31 March 2022, the same as that of the 2021 Annual Report of the Company.

## Scope of Reporting

The disclosure scope of this report covers Shanghai Henlius Biotech, Inc. (stock code 2696.HK) and its subsidiaries, which is consistent with that of the 2021 Annual Report of the Company.

## Disclosure of Reporting

This report is disclosed alongside the “Shanghai Henlius Biotech, Inc. 2021 Annual Report”; and the financial data involved are consistent with the 2021 Annual Report. In this report, the amounts mentioned are in RMB unless otherwise specified. Other data and cases mainly come from the Company’s statistical reports and related documents.

## Report Verification

Henlius has commissioned an external agency to provide independent verification services for this report and provide verification statements. The scope of verification of this report is the office area and manufacturing facilities in Xuhui and Songjiang, Shanghai of Henlius.

## Report Retrieval

The report is published in Simplified Chinese, Traditional Chinese and English. In the event of any discrepancy between the Chinese and English versions, the Simplified Chinese version shall prevail. For environmental protection, we recommend reading the electronic version of the report, which is available on the Company’s website ([www.henlius.com](http://www.henlius.com)).

*The design of this report's cover and color pages is from the excellent award winner of the first "Henlius Cup" School Creative Design Competition*



# Chairman Message



“ A company must shoulder its social responsibilities to maintain its competitive edge and keep momentum for sustainable growth. Looking forward, we will stay down-to-earth and fulfil responsibilities for shareholders, employees, the environment, and the public. ”

Wenjie Zhang

Chairman, Executive Director, Chief Executive Officer

2021 is a year of rapid development for China's biopharmaceutical industry. Henlius is honored to be a witness and an active participant. During the 11 years since the incorporation of the Company, we have been staying true to the mission of "improving patients' lives by timely providing them with quality and affordable protein therapeutics through technical innovation and operational excellence". We saw great progress in research and development (R&D), manufacturing and commercialization, while continuously cementing the entire chain. We translate R&D efforts into clinical results, continue to build advantages of our integrated manufacturing platform, maximize commercial value of patient-centric products, and accelerate the evolution towards Biopharma.

With the successive launching of HANBEITAI (bevacizumab), the new indication rheumatoid arthritis (RA) of HANLIKANG (rituximab) and PD-1 inhibitor HANSIZHUANG (serplulimab), we now have successfully launched 5 products in China and 1 product in Europe, totaling 13 indications approved, benefiting more than 170,000 patients worldwide. Among which, the New Drug Application (NDA) of HANSIZHUANG has been accepted by the National Medical Products Administration (NMPA) on March 25, 2022. It is indicated for the treatment of microsatellite instability-high (MSI-H) solid tumors, providing a new treatment option for patients and further empowering domestic precision immunotherapy for tumors in China. In the future, we will adhere to our innovative R&D strategy: while strengthening cooperation between Shanghai and California Innovation Centers and actively improving the efficiency of in-house innovation, we will work closely with partners to introduce external resources to supplement the existing pipeline.

Since incorporation, we have been upholding the highest international standards. Xuhui Manufacturing Facility and its supporting quality management system have obtained the EU and China GMP certification to ensure high-quality supply. We sharpen the advantages of an integrated manufacturing platform and continue to ramp up the capacity progress. We also actively apply state-of-

the-art manufacturing technologies, such as continuous manufacturing technology, and relentlessly explore lean production to reduce costs and increase efficiency, as well as promote localized supply and meet market demand.

While fueling business growth, Henlius is also striving to put sustainable development into practice. We gradually embed sustainable development concepts into our daily work and formulate a corporate sustainable development strategy. We built an ESG management strategy pivoting on four sustainable development pillars to make sustainable development a reality. On top of that, Henlius has set up an ESG Committee under the board of directors, and has strictly implemented ESG work through an ESG leading group and an ESG working group, comprehensively strengthening the Company's ESG governance capabilities, and thus realizing sustainable growth and operations.

Henlius values talents as key assets and adheres to the principle of "Compliant Employment". We have established a fair and sound C&B performance management system, and designed an appropriate promotion path, so as to give back to employees and attract more talents. We have carried out a series of diverse and targeted training courses to cultivate talents and have implemented a number of employee care measures to enhance their sense of belonging. The Company hopes to help employees grow personally and professionally through comprehensive talent management.

Henlius understands that green operation is a key factor for a corporate to achieve sustainable development. Therefore, the Company continuously strengthens environmental governance, improves the environment, health and safety (EHS) management system and functions, and enhances climate risk management capabilities. We are paying efforts to reach the 5-Year Environmental Goal. We continue to explore better measures for energy conservation and emission reduction, reduce the impact of corporate activities on the

environment, and contribute to the country's goal of realizing carbon peaking and carbon neutrality.

While focusing on its own development, Henlius also actively cooperates with all walks of life to contribute to the industry development. Sticking to the "win-win" principle, we maintain close contact with suppliers and build a systematic supplier management system to ensure high-quality and stable operation of the supply chain. We explore a variety of partnership and participate in industry exchanges to gain insight into industry forefront. We also carry out technical, strategic cooperation and pool industry resources. We drive social impact and keep up with the times.

As a responsible international innovative biopharmaceutical company, Henlius has never forgotten its corporate social responsibility. We have invested a lot of resources in supporting the construction of rural primary medical care, and continued to promote public welfare project, "HANQUYOU Rural Medical Service – Public Welfare Activity", which benefited the majority of grass-roots patients. We actively carried out a number of patient care projects and improved the management of patients' diseases, while taking into account the full-cycle health management, "leaving no HER2 patients behind". A company must shoulder its social responsibilities to maintain its competitive edge and keep momentum for sustainable growth. Looking forward, we will stay down-to-earth and fulfil responsibilities for shareholders, employees, the environment, and the public.

Looking back on the past year, we are fully aware that our achievement was inseparable from the support of national policies and the joint force from all sectors of the society and internal, external stakeholders of the Company. I have every confidence in delivering the next chapter in our success. Henlius will uphold its initial goals and missions to make progress and evolve towards Biopharma, bringing more high-quality and affordable biologics to patients around the world!

# Henlius in 2021

## Governance

### Corporate Governance

An ESG leading group and an ESG working group established; a working group responsibilities manual published

The ESG management strategy updated and optimized

An ESG board statement published to state the board's responsibilities

### Compliance Operations

**1** anti-corruption compliance training session for executives and **28** anti-corruption compliance training sessions for employees with 100% training coverage for all employees

**0** lawsuits and cases involving corruption or unfair competition

### Intellectual Property Protection

**21** invention patents applied

**6** invention and utility model patents obtained

## Core Businesses

### Technology and Innovation

launched in China	Indications approved	Clinical approvals
<b>5</b> products	<b>13</b>	<b>70+</b>

5 products launched in China, 1 product in Europe with 13 indications approved and 1 NDA accepted by the NMPA; and more than 70 clinical approvals obtained worldwide

### International Recognition

China's **1st** continuous manufacturing clinical production workshop built

**18** key lean operation key projects initiated and completed

All employees participating in the improvement activities with a total of **75** improvement projects completed

Awarded Shanghai Drug Manufacturer Credit Assessment **Grade A**, the highest level of its kind

### Quality Culture Building

Quality training hours **77,976** hours

Reached **937** employees

Average training hours per capita **83** hours

## Collaboration

Partnering with more than **20** key material local suppliers, saving RMB **10.05** million in procurement costs

**Partnering with Shandong Cancer Hospital, Jilin Cancer Hospital, Liaoning Cancer Hospital** for the development of cancer treatment in China

**Partnering with Promega** for the development of MSI-H solid tumor companion diagnostic kit

**Partnering with Novacyte Therapeutics** for the development of ADC

**Partnering with Tencent and Medbanks** for the building of innovative patient management service platform

## Employees

### Employment

A total of **2,234** employees, with an increase of **19.27%** compared with 2020

Diverse employment, with **54%** employees being female

Hiring disabled employees

High-caliber talent with Bachelor's degree and above weighing **82%**

Doctor's degree weighing **4%**

Master's degree weighing **26%**

Bachelor's degree weighing **51%**

### Talent Development

Employee training hours per capita reaching

**52.39** hours, with an increase of **300%** over 2020

### Employee Caring

A total of **12,582** hours of EHS training provided with **7,907** person-times

Training hours per capita reaching **5.63** hours

**100%** coverage rate of safety drills

**0** major employee safety accidents

## Environment

Carrying out climate change risk identification and taking measures to mitigate, adapt and resist climate change

The reclaimed water reuse system adopted in manufacturing facility

Environmental protection investment hitting

**4.06** million, with an increase of

**59%** over 2020

## Charity

The total investment in public welfare activities reaching RMB **6.02** million

A total of **10** social welfare projects carried out

Awarded the Golden Flag Award for Corporate Social Responsibility Gold Award

# Company Overview

## About Henlius

Henlius (2696.HK) is a global biopharmaceutical company with the vision to offer high-quality, affordable and innovative biologic medicines for patients worldwide with a focus on oncology, autoimmune diseases, and ophthalmic diseases. As of today, 5 products have been launched in China, 1 in Europe, 13 indications were approved, and 1 NDA was accepted by the NMPA. Since the establishment in 2010, Henlius has built an integrated biopharmaceutical platform with core capabilities of high-efficiency and innovation embedded throughout the whole product life cycle including R&D, manufacturing and commercialization. It has established global innovation centers and a Shanghai-based manufacturing facility certificated by China and the EU Good Manufacturing Practice (GMP).

Henlius has always adhered to the concept of "Reliable Quality, Affordable Innovation", and is committed to bringing affordable and high-quality biological drugs to more patients in need.





We stay true to the core concept of "quality, speed, innovation". We adopt an honest and reliable approach, while delivering results in an efficient manner. Focusing on science and strategy, we stay hungry for knowledge by sharing together, and uphold the spirit of pursuing excellence, daring to innovate, and maintaining high quality. "Henlius" is not only the name of the Company, but also the embodiment of Henlius' core values:

Henlius' core values

- H**onesty
- E**xecution
- N**urturing
- L**eadership
- I**nnovation
- U**ncompromising on Quality
- S**cience & Strategy-Oriented

Corporate Footprint

In China for Global



## Corporate Strategy

Henlius remains committed to the overall strategy of “maximizing biosimilar commercial value, relying on self-innovative R&D capabilities complemented with external collaboration and license-in and accelerating innovation with full speed”. Seeing great progress in R&D, manufacturing

and commercialization, the Company is evolving to a biopharma with more full-fledged scale and competitive edges. Meanwhile, Henlius is enhancing all-around organizational capabilities and shaping quality-centric corporate culture by building the culture, leadership team, mid-level management team, compliance and process optimization.



## Business and Product

Henlius has pro-actively built a diversified and high-quality product pipeline covering over 20 innovative monoclonal antibodies (mAbs) and has continued to explore immuno-oncology combination therapies with proprietary HANSIZHUANG (anti-PD-1 mAb) as backbone. Apart from the launched products HANLIKANG (rituximab), the first China-developed biosimilar, HANQUYOU (trastuzumab, Zerceptac<sup>®</sup> in Europe),

the first China-developed mAb biosimilar approved both in China and Europe, HANDAYUAN (adalimumab) and HANBEITAI (bevacizumab), the innovative product HANSIZHUANG (serplulimab) has been approved by the NMPA for the treatment of MSI-H solid tumors and its NDA for the treatment of squamous non-small cell lung cancer is under review. What's more, Henlius has conducted over 20 clinical studies for 12 products and 9 combination therapies worldwide, expanding its presence in major market as well as emerging market.

# Product Pipeline

Product	Target	Indication	Clinical Progress								Partners
			Pre-clinical	IND	Phase 1	Phase 2	Phase 3	NDA	Launched	Partners	
<b>Marketed products</b>	<b>HANLIKANG<sup>(1)</sup></b> (rituximab)	<b>CD20</b>	<b>Non-Hodgkin lymphoma, chronic lymphocytic leukemia and rheumatoid arthritis<sup>(2)</sup></b>			[Progress bars]				FOSUN PHARMA, FARMACIA	
	<b>HANQUYOU<sup>(3)</sup></b> (trastuzumab)	<b>HER2</b>	<b>Breast cancer and metastatic gastric cancer</b>			[Progress bars]				accord, Cipla, Biochem, mAbScience	
	<b>HANDAYUAN<sup>(4)</sup></b> (adalimumab)	<b>TNF-α</b>	<b>Rheumatoid arthritis, ankylosing spondylitis, psoriasis and uveitis</b>			[Progress bars]				万邦医药, FOSUN PHARMA, Getz	
	<b>HANBEITAI<sup>(5)</sup></b> (bevacizumab)	<b>VEGF</b>	<b>Metastatic colorectal cancer, locally advanced, recurrent or metastatic non-squamous non-small cell lung cancer</b>			[Progress bars]					
	<b>HANSIZHUANG<sup>(6)</sup></b> (serplulimab)	<b>PD-1</b>	<b>MSI-H solid tumours</b>			[Progress bars]				XKbio	
HLX10 (serplulimab) <sup>(7)</sup>	+Chemo	PD-1	Squamous non-small cell lung cancer 1L			Global multi-centre clinical trial					
<b>Under clinical research</b>	HLX10 (serplulimab) <sup>(7)</sup>	+Chemo	PD-1	Extensive-stage small cell lung cancer 1L			Global multi-centre clinical trial ★ Met primary endpoint OS				
				Metastatic esophageal squamous-cell carcinoma 1L			[Progress bars]				
				Neo-/adjuvant treatment of gastric cancer			[Progress bars]				
	+HANBEITAI	PD-1+VEGF	Non-squamous non-small cell lung cancer 1L			[Progress bars]					
			Hepatocellular carcinoma 1L			[Progress bars]					
			Metastatic colorectal cancer 1L			[Progress bars]					
	+HLX07	PD-1+EGFR	Squamous-cell carcinoma of the head and neck 2L			[Progress bars]					
			Squamous non-small cell lung cancer 1L			[Progress bars]					
	HLX04-O <sup>(8)</sup>		VEGF	Wet age-related macular degeneration			[Progress bars]				ESSEX 亿视
	HLX22	+HANQUYOU	HER2+HER2	Gastric cancer			[Progress bars]				
	HLX07 <sup>(9)</sup>		EGFR	Solid tumours (non-small cell lung cancer, esophageal carcinoma, etc.)			[Progress bars]				
	HLX208 <sup>(10)</sup>		BRAF V600E	Solid tumours (metastatic colorectal cancer, non-small cell lung cancer, etc.) LCH and ECD			[Progress bars]				
	HLX11 (pertuzumab)		HER2	Breast cancer			[Progress bars]				
	HLX05 (cetuximab) <sup>(11)</sup>		EGFR	Metastatic colorectal cancer and squamous-cell carcinoma of the head and neck			[Progress bars]				Jingze
	HLX12 (ramucirumab)		VEGFR2	Gastric cancer, metastatic non-small cell lung cancer and metastatic colorectal cancer			[Progress bars]				
HLX20 <sup>(12)</sup>		PD-L1	Solid tumours			[Progress bars]					
HLX14 (denosumab)		RANKL	Osteoporosis			[Progress bars]					
HLX26		LAG-3	Solid tumours and lymphomas			[Progress bars]					
HLX35 <sup>(13)</sup>		EGFR x 4-1BB	Solid tumours			[Progress bars]				BINACEA	
HLX301 <sup>(14)</sup>		PD-L1 x TIGIT	Solid tumours			[Progress bars]					
HLX13 (ipilimumab)		CTLA-4	Melanoma, renal cell carcinoma and metastatic colorectal cancer			[Progress bars]					
HLX15 (daratumumab)		CD38	Multiple myeloma			[Progress bars]					
HLX23 <sup>(15)</sup>		CD73	Solid tumours			[Progress bars]					

- (1) Approved by the NMPA in February 2019, being the first domestic biosimilar.
- (2) The only rituximab approved for the treatment of rheumatoid arthritis in China.
- (3) Approved for marketing in China and nearly 20 European countries and regions, trade name registered in Europe: Zercepac®
- (4) Approved by the NMPA in December 2020.
- (5) Approved by the NMPA in December 2021.
- (6) Indication of MSI-H solid tumours approved in March 2022.
- (7) IND approved in China, the United States, the EU etc.
- (8) IND approved in China, Australia, the United States, Singapore, and the EU countries.
- (9) IND approved in China and the United States.
- (10) Commercialisation rights in China including Hong Kong, Macao and Taiwan China were obtained.
- (11) Commercialisation rights in China have been granted to Shanghai Jingze.
- (12) IND approved in China and Australia.
- (13) Global commercialisation rights excluding Chinese mainland, Hong Kong, Macao and Taiwan China have been granted to Binacea.
- (14) Clinical Trial Notification has been acknowledged by the Therapeutic Goods Administration in Australia.
- (15) IND approved in the United States.



# Honor and Recognition

2021.1	The 13th China Health Annual Forum · Top Ten New Medicine (HANQUYOU)	People's Daily Health app, health.people.com
2021.2	2020 Outstanding Medical Innovation Leading Enterprise	Operator Finance Network
2021.3	Most Innovative Global Biopharmaceutical Company 2021	Global Health & Pharma
2021.4	Top 10 Pharmaceutical Pioneer Enterprises in 2020	Medical Scientists Summit Organizing Committee, "Physician Daily"
2021.5	National Worker Pioneer (Henlius HLX-01 Project Core Team)	All-China Federation of Trade Unions
2021.5	Red Cross Society of China Fujian Branch "Honor Certificate for Charity"	Red Cross Society of China Fujian Branch
2021.7	2020 Top 20 China Biopharmaceutical Companies	MENET, China Pharmaceutical Industry Top 100 Ranking Committee
2021.8	Famous and Excellent Products in 2020 (HANLIKANG & HANQUYOU)	Shanghai Pharmaceutical Profession Association
2021.9	Chinese Antibody Drug Enterprise Top 30 Innovation Star in 2020	MENET, the Expert Committee of the Top 100 Innovative Chinese Biopharmaceutical Enterprises
2021.10	Shanghai Worker Pioneer (HANQUYOU Core Project Team)	Shanghai Federation of Trade Unions
2021.10	Innovation Billboard "The Best Business Development in 2021 (TOP10)"	2021 Nanjing International New Medicine and Life Health Industry Innovation Investment Summit
2021.11	Certificate of Excellence in ESG Reporting	The Hong Kong Management Association
2021.11	The 17th China Golden Awards for Excellence in PR	China International Public Relations Association
2021.11	2021 Changchun Award	Shanghai United Media Group - JIEMIAN
2021.11	2021 Golden Flag Award for CSR	Golden Flag Award Organizing Committee
2021.12	Pudong New District Strong-growth Company	Shanghai Pudong New Area People's Government
2021.12	2021 Top 100 Chinese Pharmaceutical Innovation Companies, the First Tier	China Pharmaceutical Enterprise Association, etc.
2021.12	Top 10 Independent Innovation of Shanghai High-tech Achievement Transformation Project	Science and Technology Commission of Shanghai Municipality
2021.12	2021 "Jinzhong Award" Excellent Business Practice Award in China Biopharmaceutical Industry	JRJ.com
2021.12	Shanghai Drug Manufacturer Credit Assessment Grade A	Shanghai Association for Quality
2021.12	The 4th ONE FOSUN Charity Week 2021 "Top Ten Charity Projects"	Shanghai Fosun Foundation
2022.1	The 6th "Jin Gang Stocks" Most Valuable Pharmaceutical and Medical Company	Zhitongcaijing.com



## Governmental Support

Over the years, the rapid and steady development of the Company is inseparable from the all-round support of government bodies. During the reporting period, Henlius was awarded the Shanghai Enterprise Technology Center, Shanghai Specialized & Innovative SME, Research & Development Enterprise in Pudong New Area, Shanghai "Science and Technology Innovation Action Plan" Biomedical Technology Support Project, Shanghai High-tech achievement transformation project.

## Government Science and Technology Project Support

- National Science and Technology Major Project in the 13th Five-year Plan of China ——Major New Drug Research & Development Project
- National Technology Transformation Project (Songjiang Facility)
- Shanghai "Science and Technology Innovation Action Plan" Biomedical Technology Support Project
- Shanghai Industry Transformation and Upgrade Program (Xuhui Facility)
- Shanghai Industry Transformation and Upgrade Program ——Projects to Build a Robust Foundation for Industrial Development
- Shanghai Major Construction Projects, Shanghai Strategic Emerging Industry Projects (Songjiang Facility)

## Qualifications

- High and New Technology Enterprises
- Shanghai Anti-tumor Biologic Engineering and Technology Research Centre
- Shanghai Enterprise Technology Center
- Shanghai Specialized & Innovative SME
- Shanghai Technology Giant Enterprise
- Postdoctoral Program in Pudong New Area
- Research & Development Enterprise in Pudong New Area
- Xuhui Enterprise Technology Research Centre

# ESG Governance

## Sustainable Development

### ESG Management Strategy

Henlius embraces the concept of sustainable development and puts it into practice through our operations. While cultivating business and creating economic value, it earnestly fulfills its social responsibilities and creates value for social development. Henlius takes corporate, talent, environmental and social sustainable development seriously as the cornerstone of our ESG management. In the future, Henlius will continue to improve the level of environmental, social and governance, bringing health to patients with high-quality and affordable innovative biologics. We share the

results with the society, continue to promote the development of human health, and realize the core value of a pharmaceutical company. We are committed to "becoming the most trusted biopharma providing innovative and affordable medicines for all patients."

### ESG Management Framework

To implement the Company's sustainable development concept and strategy, Henlius has established an ESG Committee under the board of directors to further enhance the board's supervision of the Company's ESG. In 2021, to strengthen the management of related affairs at the Company's strategic level, we continue to improve our ESG work system, strengthening the optimization of green operations, compliance

management, employee development, corporate governance and other projects. We also standardize the Company's social donations and public welfare projects. We drive continuous improvement of ESG capacity and information disclosure. To ensure scientific and efficient decision-making on the Company's ESG-related affairs, Henlius has established an ESG leading group and an ESG working group to coordinate the Company's ESG work, in order to promote the sustainable development of the Company and effective implementation of the strategy.

## Henlius' ESG Management Strategy

Take innovation as the driving force to fuel the development of companies.

Make health accessible by focusing on affordability of medicines.

In terms of corporate sustainable development, Henlius has been adhering to the original aspiration of "affordable innovation and reliable quality" for a long time. By building an efficient and innovative integrated platform, Henlius has continued to launch monoclonal antibody biologics with high quality and excellent price. Henlius strives to benefit more patients with unmet medical needs at home and around the world, improves the availability of drugs, and helps the sustainable development of the pharmaceutical industry.

Prevent environmental pollution and reduce energy consumption.

Improve the level of environmental management and strive to seek green development.

In terms of environmental sustainable development, the Company takes "preventing environmental pollution and reducing energy consumption" as its environmental management policy, and continues to explore and apply new technologies to prevent pollution, actively promote energy conservation and emission reduction, and reduce the negative impact of corporate operations on the environment. The Company pays attention to improving the level of environmental management, is committed to improving the environmental protection system, optimizing environmental protection measures, and strives to seek green development.

Emphasis on the diversified development and sustainable training of talents to help employees and enterprises grow together.

Pay attention to the physical and mental health of employees and gather high-caliber talents.

In terms of sustainable development of talents, Henlius has always regarded human resources as the Company's greatest asset and attached great importance to the personal development of employees. Henlius is committed to maintaining tolerance and vitality, continuously attracting high-quality talents, providing employees with a better development platform and a safe and healthy working environment, and fully realizing the three excellences of "values", "ability" and "results".

Pay close attention to social needs and gather social charitable forces.

Focus on diversified public welfare activities and create sustainable social value.

In terms of sustainable social development, Henlius actively participates in social welfare, practices corporate social responsibilities and obligations, and continues to give back to the society with practical actions. As a pharmaceutical company, the Company actively leverages its corporate advantages and continues to carry out various public welfare activities centered on patients, effectively helping patients, vulnerable groups and the public, and promoting the development of national health. At the same time, we always pay attention to social trends, actively respond to the call of national policies, extend a helping hand in time for major disasters and events, and assume corporate responsibility.



## ESG Management Framework



## Henlius ESG Board Statement



○.....

The board of directors assumes overall responsibility and plays a leading and supervisory role in the Company's overall ESG strategy and ESG risk management. During the operations of the Company, the board of directors is responsible for assessing and determining ESG-related risks, and ensuring that the Company establishes appropriate and effective ESG risk management and internal control systems. The ESG Committee under the Board of Directors is responsible for approving ESG-related policies and ESG reports, confirming the accuracy of performance indicators and data, and reporting to the Board of Directors. The ESG Committee consists of five members appointed by the board from among board members, including three independent non-executive directors.



○.....

In order to promote and implement ESG agenda, the Company's ESG Committee has set up an ESG leading group and an ESG working group. The ESG leading group is responsible for formulating ESG-related goals, policies, specific measures, performance indicators and effect evaluation plans; it regularly reports to the ESG Committee and the Board of Directors. As the lead coordinator of ESG work, the ESG working group is composed of relevant employees from various key functional departments. It is responsible for coordinating various ESG communication tasks, promoting specific implementation of the Company's ESG strategies and policies, and is committed to putting ESG management concepts into daily operations in every aspect.



○.....

Henlius has established regular communications with stakeholders through various channels, so as to identify and evaluate material ESG issues. The Company's identification of important ESG issues is mainly based on the materiality assessment by an independent third party. The final assessment results are formulated after discussion and upon approval by the ESG Committee and Board of Directors. Based on the priority of material ESG issues obtained from the assessment, Henlius will update relevant policies and measures to better respond to the demands of various stakeholders and continuously improve the Company's governance level in all aspects.



○.....

Regarding the R&D, manufacturing and commercialization, in order to effectively prevent and control various internal and external risks, the Company's board of directors is responsible for supervising important ESG issues and identifying relevant risks and opportunities. The Company's Audit Committee is responsible for overseeing the Company's overall risk management and internal control issues, while the ESG Committee is specifically responsible for assessing environmental and social-related risks and providing recommendations to the Board of Directors on the governance of relevant risks. The board of directors reviews and approves the risks to be disclosed, and formulates corresponding countermeasures in advance to better deal with ESG risks and mitigate their negative impact on company operations.

## Stakeholder Engagement

Henlius attaches great importance to stakeholder communication. The Company is committed to establishing an efficient communication mechanism with stakeholders

to ensure the effectiveness and normalization of communication. During the reporting period, Henlius has communicated with stakeholders for multiple times, gaining in-depth understanding and responding to the needs and expectations of various stakeholders. This allows stakeholders

to participate in the Company's major decision-making and strategic adjustments, improving the Company's operations and driving the Company's sustainable development.

Stakeholders	Concerns	Communication channels
Shareholders/ investors	Compliance operations Corporate governance Product innovation and R&D Product quality and safety Anti-corruption and business ethics	- General Meeting of Shareholders - Brokerage Summit - Results presentation - Information disclosure of listed companies - On-site visits
Government/ regulators	Compliance operations Industry cooperation and development Product quality and safety Anti-corruption and business ethics Product innovation and R&D Emissions management Efficient use of water resources Efficient use of energy	- Participating in industry standards formulation - Participating in policy formulation - Providing suggestion - Participating in government projects - Written communication or conference call with government departments
Partners	Industry cooperation and development Product quality and safety	- Industry exchanges - Visits - Talks
Clients	Inclusive healthcare Responsible advocacy Anti-corruption and business ethics Customer rights and privacy protection Product quality and safety	- Customer service and customer complaint handling - Customer satisfaction questionnaire - Press release on official WeChat account and video account - Press release on official website - Company hotline
Employees	Employee communication and care Employee rights protection Occupational health and safety Employee training and promotion Compliant employment	- Employee interviews - Internal email - Trade union and workers' congress - Employee care activities - Employee training and promotion - Employee satisfaction survey - Corporate culture activities
Suppliers	Sustainable supply chain management Compliance operations Anti-corruption and business ethics	- Supplier audit and communication - Green supply chain management - Supplier conference
Media	Industry cooperation and development Anti-corruption and business ethics Product quality and safety Product innovation and R&D Community charity	- Information disclosure of listed companies - Press release on official website - Press conference/media communication meeting - Media interview - Press release on official WeChat account and video account
Communities and the public	Emissions management Efficient use of energy Community charity	- Site investigation - Charitable projects - Environmental impact analysis and management - Working meeting of government environmental supervision departments - Communicating with neighborhood committees



## Materiality Assessment

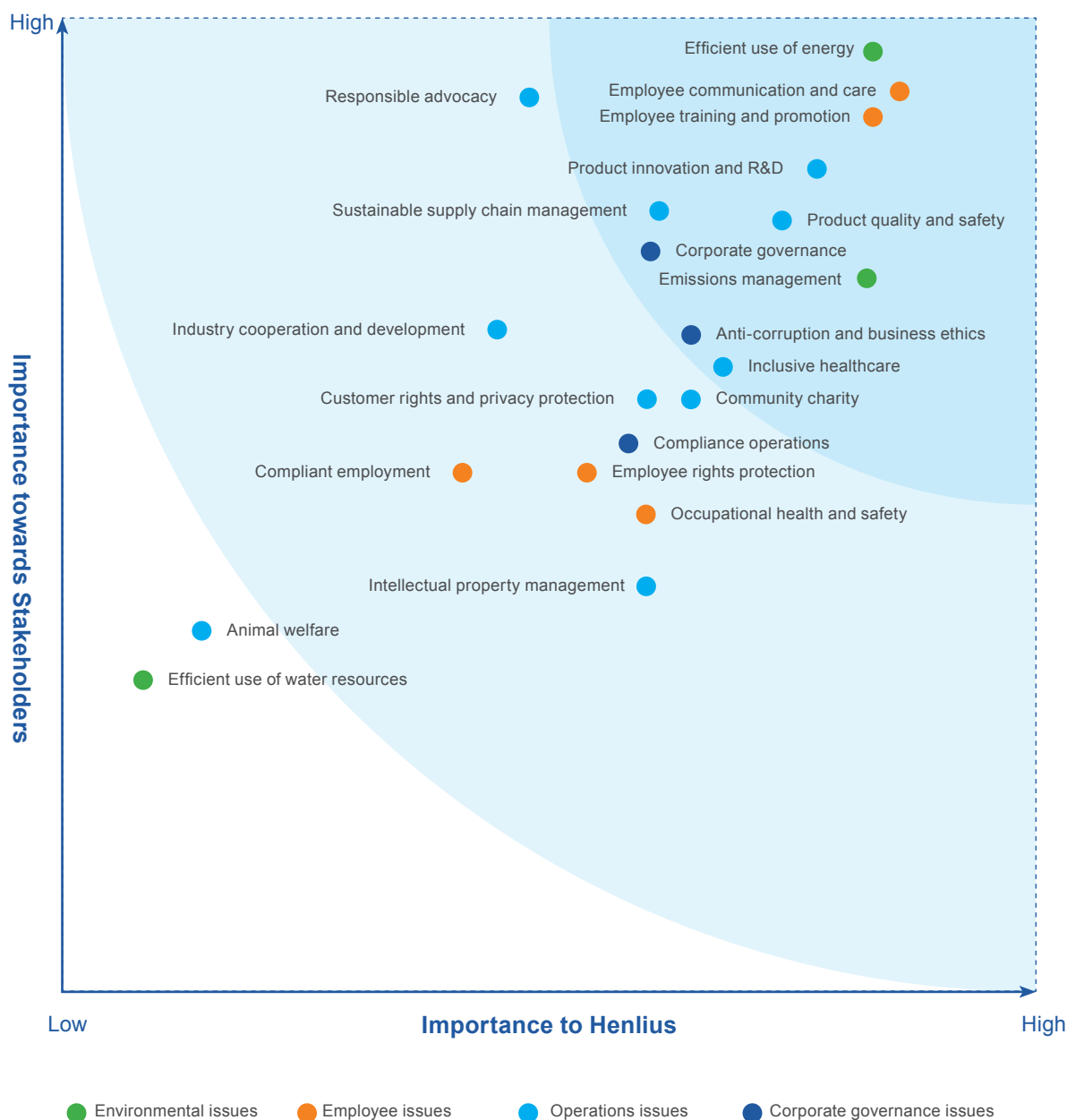
Henlius is committed to building long-term, stable and mutually trusting, friendly relations with various stakeholders to achieve win-win results and maximize value. During the reporting period, Henlius conducted a number of in-depth interviews with internal stakeholders to understand the expectations and demands of various stakeholders in terms of sustainable development, while catching up with national and international development trends and

benchmarking against leading domestic and foreign counterparts. We have identified and evaluated material ESG issues that are of great concern to various stakeholders and consistent with the Company's development strategy, and presented them in the form of a material issue matrix.

Henlius has included 21 issues into the material issues matrix, of which 10 issues were evaluated as highly important, namely efficient use of energy, employee

communication and care, employee training and promotion, product innovation and R&D, product quality and safety, sustainable supply chain management, corporate governance, emissions management, anti-corruption and business ethics, inclusive healthcare. This report focuses on the disclosure of information on the 10 highly important topics.

## Material Issues Matrix of Henlius



# Responsible Management and Development



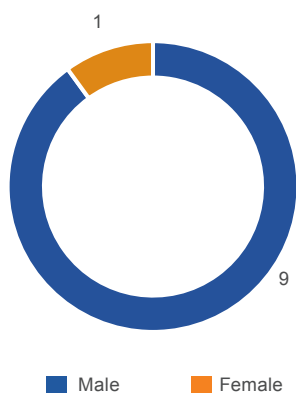
Over the years, Henlius is committed to practicing the highest standards of corporate governance, enhancing corporate value and maintaining operational stability through compliant and efficient management, and further safeguarding the interests of shareholders. The Company strictly abides by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guidelines for the Governance of Listed Companies*, *Listing Rules of the Hong Kong Stock Exchange*, *Code of Governance for Listed Companies* and other laws and regulations. We have set up a corporate governance framework, and formulated a series of policies and procedures in accordance with the *Corporate Governance Code* to further strengthen the board's ability to operate and manage the Company's strategy and business implementation, and to exercise appropriate supervisions. Henlius continues to improve its corporate governance structure, strictly abide by the highest standards of business ethics, fully mobilize resources from all parties, improve the level of diversity and compliance of governance, and effectively protect the legitimate rights and interests of all stakeholders.



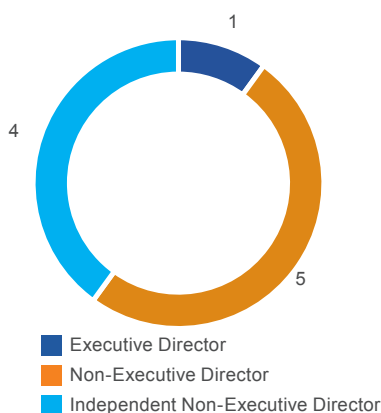


# Corporate Governance

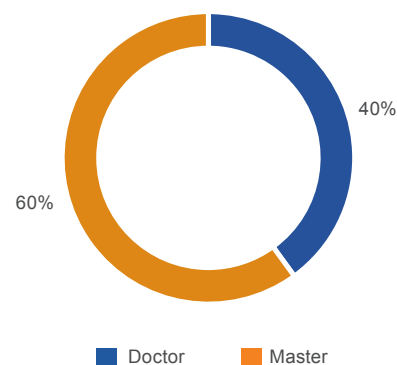
**Board Gender**



**Board Type**



**Proportion of Directors with Doctorate**



## Board Governance Structure

To enhance the governance effectiveness of Henlius, the Company attaches great importance to the diversity of board members in terms of gender, background and professional fields. During the reporting period, the Board

of Directors of the Company consisted of 10 directors, including 1 executive director, 5 non-executive directors and 4 independent non-executive directors, with 1 female director. All directors of the Company possess rich industry experience and outstanding educational background, and 40% of the directors have obtained doctorates.

Name	Position	Gender	Age	Education Background
WENJIE ZHANG	Chairman and Executive Director	Male	55	Master
Qiyu Chen	Non-Executive Director	Male	49	Master
Yifang Wu	Non-Executive Director	Male	52	Master
Xiaohui Guan	Non-Executive Director	Female	51	Master
AIMIN HUI	Non-Executive Director	Male	59	Doctor
Zihou Yan	Non-Executive Director	Male	58	Master
Tak Young So	Independent Non-Executive Director	Male	51	Master
Lik Yuen Chan	Independent Non-Executive Director	Male	53	Doctor
Guoping Zhao	Independent Non-Executive Director	Male	73	Doctor
Ruilin Song	Independent Non-Executive Director	Male	59	Doctor

## Diverse Management

The Board of Directors of the Company has established 5 committees to supervise all aspects of the Company's affairs: the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy Committee and the ESG Committee.

### Audit Committee

The main responsibilities of the Audit Committee are to assist the Board in monitoring financial information and periodic reports, review and supervise the internal financial reporting system, risk management and internal control systems. It is also responsible for advising the Board on the appointment of external auditors, including reviewing, and monitoring the independence of external auditors. During the reporting period, the Audit Committee convened general assembly for 4 times to review quarterly, interim, and annual financial results and periodic reports, risk management and internal control systems, as well as the appointment of external auditors and non-audit services to evaluate if there is any misconduct.

### Remuneration Committee

The main functions of the Remuneration Committee include formulating remuneration structure of directors and senior management, and establishing a formal and transparent process for formulating remuneration policies. It also makes recommendations to the board of directors, reviews, and approves the compensation needed for the termination of appointments to executive directors and senior management, etc. During the reporting period, the Remuneration Committee convened general assembly for 6 times to review the senior management's remuneration policy, remuneration package and matters related to the Company's equity incentives, and to make recommendations to the Board of Directors in this regard.

### Nomination Committee

The main functions of the Nomination Committee include reviewing the structure, size and composition of the Board, formulating and reviewing the Board Diversity Policy, making recommendations on the appointment and succession planning of directors and other senior executives, evaluating the independence of independent non-executive directors and, before making a nomination, assessing the board's skills, knowledge and experience. During the reporting period, the Nomination Committee convened general assembly for 4 times to review the structure, size, composition of the board of directors, the diversity policy of board members, the independence of independent non-executive directors, and propose suggestions to the Board of Directors on the nomination of the senior management staff based on the Company's actual operation needs.

### Strategy Committee

The main functions of the Strategy Committee include researching and formulating the Company's long-term development strategic plan, doing research on the major investment, financing, major capital operation, and asset management projects stipulated in the Articles of Association or other internal management systems of the Company. The committee makes recommendations to the board of directors in this regard, monitoring and reviewing the implementation of the above projects and other major events that affect the development of the Company. During the reporting period, the Strategy Committee convened general assembly twice to study the Company's long-term development strategy and major investment decisions and make recommendations to the Company's board of directors.

### ESG Committee

The main functions of the ESG Committee include formulating ESG vision, objectives, strategies and frameworks, and reviewing their implementation and achievement, monitoring and reviewing key ESG trends and related risks and opportunities to ensure that there are effective policies in place to promote the relationship between the group and its stakeholders while protecting the reputation of the group. During the reporting period, the ESG Committee convened general assembly once, reviewed and approved the 2020 ESG Report of Henlius, and discussed the Company's environmental goals and implementation plans. Looking ahead, the ESG Committee will regularly review and discuss the progress of environmental goals to ensure the feasibility of action plans and the effective implementation of relevant work.

## General Meeting of Shareholders, Board Meeting and Its Committees Meeting and Supervisory Meeting

The board of directors, the supervisory board and the subordinate committees of the Company carried out various tasks in a compliant, efficient and orderly manner in accordance with relevant provisions of the Company's articles of association and various implementation rules. During the reporting period, the Company held 13 Board Meetings, in which a total of 54 proposals were discussed. The proposals mainly included: BD transactions, connected transactions, financial loan/guarantee matters, personnel-related matters (mainly including chairman election and senior management appointment), regularly report relevant matters, amendments to the Company's Articles of Association, establishment of subsidiaries, use of previously raised funds, changes to the use of some H-share raised funds, and extension of the validity period of matters related to the

Science and Technology Innovation Board and authorization. In 2021, the Company held 4 Supervisor Meetings, and a total of 12 proposals were discussed. The proposals mainly included: regular reporting related matters, appointment of external auditors, appointment of non-audit services, and special reports on the use of the previous raised funds, etc. The Company held a total of 4 General Meeting of Shareholders and reviewed a total of 22 proposals. The proposals mainly included the use of the previous raised funds, the change of the use of some H-share raised funds, and the extension of the validity period of related and authorization-related matters on the Science and Technology Innovation Board, amendments to the bylaws, etc.

## Risk Management

Henlius has established a complete crisis management mechanism to prevent various potential crises and respond to different emergencies. In order to standardize the Company's crisis incident handling process, we formulate relevant response policies in an organized and planned manner to effectively avoid and control the negative impact of any crisis. The Company has established a crisis management committee and working group, formulated and strictly implemented the Crisis Management System, monitoring, evaluating, resolving and reviewing potential crises, and setting up effective measures to prevent similar incidents from happening again. In the process of handling all crises, the Company strictly follows the principles of "being timely, comprehensive and objective".

After monitoring a crisis or a potential crisis, the insider is required to report to the department as soon as possible, and the head of the department should report to the crisis management working group and set up a task force. The task force will judge whether there is an escalation risk. If there is, the task force needs to tackle it based on the escalated crisis strategy.

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Henlius held **13** Board Meetings,  
in which a total of **54** proposals  
were discussed

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# Embedding Compliance Culture

Henlius takes compliance management and maintaining high standards of business ethics as the foundation of the Company's operations. The Company has always adhered to the core value of "integrity and reliability". We continuously improve the internal risk control and compliance management system, carrying out business ethics management from anti-corruption management, responsible publicity, information security protection, intellectual property protection, etc. We prevent the occurrence of behaviors that can damage the interests of the Company and its shareholders, while ensuring healthy, stable and sustainable development of the Company.

## Compliance Culture

Since its establishment, Henlius has strictly complied with significant laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, and compliance standards of regulatory agencies, including but not limited to the *Pharmaceutical Administration Law of the People's Republic of China*, the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Interim Provisions on the Prohibition of Commercial Bribery in Pursuing Business Goals*, *Foreign Corrupt Practices Act*, etc. Moreover, the Company formulated and released a series of internal management systems to standardize the Company's compliance operations, including the *Anti-Corruption Regulations*, *Compliance and Integrity Violations Reporting and Handling Measures*, *Measures on the Management of Acceptance of Gifts in Official Activities*, *Employee Behavior Standards and Related Policies*, etc. These systems explicitly regulate the behavior of the Company and its employees regarding corruption and bribery, unfair competition, conflicts of interest, etc.

During the reporting period, Henlius continued to improve the internal management system, committed to improving the level of internal governance and control. In September 2021, the Company updated the *Measures for Reporting and Handling of Compliance*

and Integrity Violations, supplemented the *Measures for Handling of Violations Found in Compliance and Financial Review*, and refined the extent of violations and their corresponding method of handling. In addition, in March 2021, the Company updated the *Standards of Employee Conduct and Related Policies* mainly in the areas of the types of expenses, standards and procedures to meet the latest legal and regulatory requirements, the progress of Company development and systematic construction.

The Company attaches utmost importance to integrity, adhering to the work policy of "utilizing both punishment and prevention, focusing on prevention, investigating cases and correcting mistakes", and severely punishes corrupt behavior. In order to ensure the effectiveness of the Company's compliance operations and business ethics management and control links, the Company has established a compliance committee directly led by the chairman of the board. This committee is responsible for authorizing relevant departments to investigate violations and make resolutions based on the evaluation results of violation in order to prevent bribery, extortion, fraud, money laundering and other similar incidents. The Compliance Committee of the Company is coordinated by Legal and Compliance, Audit, Finance, Human Resources and other relevant departments. During the reporting period, the members of the committee were re-elected to jointly build and continuously improve the internal supervision, reporting channels and processing procedures to promote the integrity

and compliance of the Company.

## Anti-corruption and Business Ethics

In order to standardize business processes and improve business transparency, the Company formulates and strictly implements the *Compliance and Integrity Violation Incident Reporting and Handling Methods*. It also helps employees understand all violations, and provide feedback effectively and solve problems quickly when problems occur. We accept relevant complaints through public channels, such as mailboxes, phone calls, and complaint letters. The Company handles all violations in accordance with the principles of "encouraging reporting principle, truthful compliance principle, anti-retaliation principle, confidentiality principle, and avoidance principle".

The Company attaches great importance to the protection of personal safety of whistleblowers and witnesses. We have zero tolerance for retaliation, and strictly prohibit any infringement of legitimate rights and interests of whistleblowers and witnesses. According to the *Confidentiality Principle*, the Legal and Compliance Department of the Company keep the content of the report and the information of the whistleblower strictly confidential. For those who violate the confidentiality regulations by reporting clues, disclosing reporting information, violating work disciplines, revealing personal information of witnesses, resulting in



Compliance Committee

retaliation or other serious consequences for whistleblowers or witnesses and their family, the Company will consider handing the suspected case over to judicial institution based on the severity level. During the reporting period, Henlius did not have any lawsuits or cases involving corruption or unfair competition.

The Company attaches great importance to strengthen the compliance awareness and mindset of all employees. Compliance training is one of the key tasks of the Compliance Department of Henlius. The Company has deepened all employees' awareness of the importance of legal compliance risk prevention and control through an array of training programs, and improved all employees' awareness of business risk prevention, control and compliance to normalize compliance education

To strengthen its compliance culture,

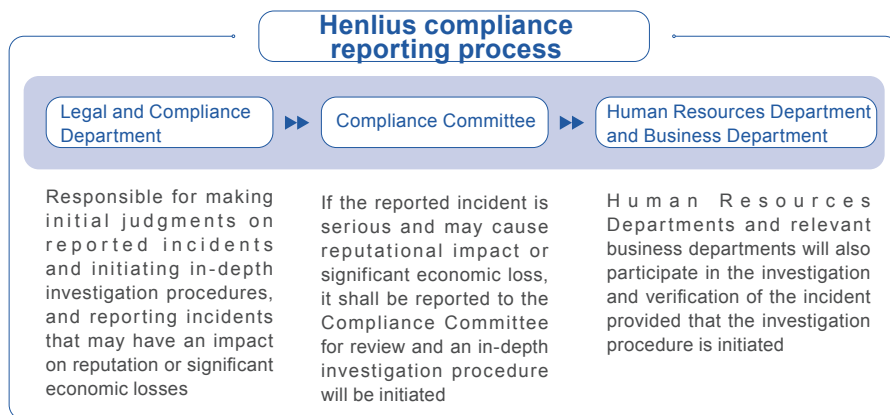
during November and December 2021, the Company launched an annual compliance certification project, supervising all employees to take online compliance examinations and conducting annual compliance certification for employees who have passed. A Compliance Confirmation Letter was then co-signed. As of the end of December, all employees had completed compliance certification.

During the reporting period, the Company conducted a total of 28 anti-corruption compliance training sessions for employees, with a full coverage rate of 100%. The Company provided a variety of compliance training programs for all employees, including interpretation of compliance policies, corruption and prevention in the field of construction projects, response to emergencies, etc. to enrich employees' compliance knowledge and improve internal risk prevention awareness.

Henlius conducted a total of **28** anti-corruption compliance training sessions for employees, with a full coverage rate of **100%**



5 Key Handling Principles



**CASE** 2021 Corporate Compliance Day



To deepen employees' awareness of compliance, protect and drive the Company's long-term stable development, Henlius' second "Win-win by Compliance" Day was successfully held on May 26, with a total of 500 on-site and online activities. More than 280 employees actively participated in the event. Besides, the one-week compliance knowledge contest before Compliance Day also received responses from more than 280 employees. On the Corporate Compliance Day, Mr. Wenjie Zhang, Chairman, Executive Director and Chief Executive Officer of Henlius, Mr. Gino Li, Chief Financial Officer and Vice President, Mr. Kurt Yu, Chief Commercial Officer and Vice President, Mr. Hao Ji, Vice President of Fosun Pharma and Head of Integrity Inspection Department, and Mr. Kun Fu, General Manager of the Compliance and Legal Department of Jiangsu Wanbang, attended the event and gave guidance and suggestions. Law enforcement officers of the Shanghai Municipal Administration for Market Regulation were also invited to conduct training on issues such as anti-unfair competition in the pharmaceutical industry.

# Responsible Publicity

The content released by Henlius includes relevant products and other information in the Company's daily business activities. All publicity activities carried out by the Company strictly abide by applicable laws, regulations related to advertising and labeling and industry standards wherever it operates, including the *Advertising Law of the People's Republic of China*, the *US Federal Trade Commission Act*, the *US Truth in Advertising Act* and so on. During the reporting period, Henlius launched three regulations: *Brand Document Management Regulation*, *Press Release Regulation* and *Public Activities and Media Interview Process Management*

*Regulation*, to standardize the compliance and ensure the appropriateness of all the Company's marketing activities.

In addition, Henlius has formulated a *News Release System*, which was announced and launched through the Company's website, media interviews, WeChat public account and at important press conferences and other official channels, to standardize and unify the Company's news release process and release relevant information in a timely, unified and accurate manner. It establishes a sound public image of the Company, and protect the Company's legitimate rights and interests, ensuring the

consistency of the Company's external caliber while promoting the corporate brand image in a reasonable and compliant manner. Except for the Company's designated spokesperson, any other leaders and employees in the Company are not allowed to accept media interview invitations or inquiries from relevant departments.

During the reporting period, the Company did not have any administrative penalties or lawsuits arising from marketing violations.

# Information Security Protection

Henlius attaches great importance to data security and commercial information protection. The Company strictly abides by the laws and regulations related to information security and personal privacy where it operates, including the *Consumer Rights Protection Law of the People's Republic of China*, *Network Security Law*, etc. The Company internally formulates and strictly implements information security protection related systems such as the *Information Security Management Manual*, *Information Security Management System for Personnel*, *Network Security Management System*, *Information System Operation Procedures*, and constantly improves the information security management system. It ensures that the business operates in a safe and stable environment, and protects the privacy and security of the Company and all stakeholders.

security management policy of "full participation, clear responsibility, prevention-oriented, rapid response, risk control, and continuous improvement ". The information security management work of the Company, in accordance with the PDCA\*<sup>1</sup> principle, continues to promote and optimize various information security work, ensure the security and control of the organization's information management system, and ensure that the business secrets of the Company and its partners are systematically protected.

can be quickly repaired, and the operational capability is greatly improved. During the reporting period, the security vendor notified the Apache Log4j2 remote code execution vulnerability at 18:00 on December 10, the vendor released the vulnerability scanning tool at 20:00, and completed the vulnerability and repair at 23:45. The vulnerability attack was blocked by the firewall.

In addition, to ensure protection of subject personal information during clinical process, the Company must obtain a research agreement signed by the subjects to obtain the patient's informed consent before conducting clinical research. During the research, the research purpose is explained in detail to the subjects, as well as research overview, possible benefits, risks and discomforts of the subjects. Moreover, it is indicated to the subjects that their personal information will be kept strictly confidential to protect the subjects' right to know.

The Company always adheres to the information

The Company continues to enhance its information security protection capabilities by purchasing firewall products to prevent external intrusions, using access devices to prevent terminal intrusions in network access, and using bastion machines to prevent administrator rights leakage. Through intrusion detection and vulnerability scanning, security vulnerabilities are reinforced in advance. All high risk security vulnerabilities

# Intellectual Property

Intellectual property rights have long been an important asset of Henlius. Henlius adheres to the intellectual property management policy of "inspiring inventions and enhancing market competitiveness", and continues to improve the intellectual property management system and the infringement liability investigation system. During the reporting period, the Company completed an annual audit of the *Enterprise Intellectual Property Management (GB/T 29490-2013)*, maintaining the validity of the Company 's "Intellectual Property Management System Certification".

The Company strictly follows the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Law of the People's Republic of China Against Unfair Competition*, etc. In addition, an internal intellectual property management system is established to effectively safeguard the legitimate rights and interests of the Company. During the reporting period, with the Intellectual Property Manual as the overarching guiding document, the Company has secondary and procedure documents

- R&D Project Management**
  - Undergo end-to-end patent search analysis and tracking for projects; at key stages before, during and after a project, proactively develop risk examination and early warning analysis to identify risks and monitor on a regular basis, set up authorized interventions or patent annulment challenge strategy for potential patents.
- External Partnerships**
  - Conduct due diligence regarding intellectual property (IP) for partnership projects, reach consensus on IP rights before project inception;
  - Relevant business departments work together to monitor IP risks involved during business operations; any infringement or infringed cases are required to be reported right away to evaluate and decide on appropriate dispute resolutions, actively protecting legal corporate rights.
- Confidentiality and Management**
  - Conduct IP background check on onboarding employees and IP and confidential data audit on offboarding employees to strengthen the management of work invention and confidential data handling personnel;
  - Classify and protect IP rights based on innovation level and implementation situations; conduct tiered management for IP rights such as patents and trademarks.

\*[1]. PDCA is the combination of Plan, Do, Check and Action. The PDCA principle refers to the four stages of "planning, executing the plan, checking the plan, adjusting the plan and continuously improving" in each task, so as to carry out quality management activities scientifically and effectively




including the regulations for intellectual property management, confidentiality management, and incentives and punishment for intellectual properties. We strive to maintain information confidentiality, intellectual property-related risk control and dispute response mechanisms, and strictly investigate and control intellectual property risks.

In 2021, Henlius applied for a total of 21 invention patents and obtained 6 invention and utility model patents. During the reporting period, the Company did not have any infringement incidents.

## Intellectual Property Training

Henlius is committed to combining the construction of intellectual property culture with the Company's development, comprehensively promoting the intellectual property culture, and improving the intellectual property awareness of all employees through daily work exchanges and in-depth diversified publicity and training at all levels.

During the reporting period, Henlius organized 2 intellectual property trainings for business development and R&D within the Company, and dispatched corporate intellectual property leaders and full-time personnel to participate in various intellectual property trainings and conferences more than 10 times.



**Multi-channel Promotion**

Make full use of multiple channels including the Company's website, WeChat public account, company meetings at all levels and daily work exchanges to showcase Henlius' intellectual property work achievements, and introduce the work functions of the intellectual property department, so as to convey the intellectual property concept to all employees.



**Multi-level Training**

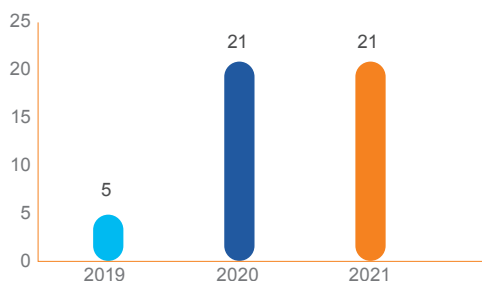
We make diverse training plans to meet the needs of employees at different levels and functions. Through the combination of internal training, external experts, and expatriate training and exchanges, the professional training and concepts of intellectual property rights are popularized by classification and layers



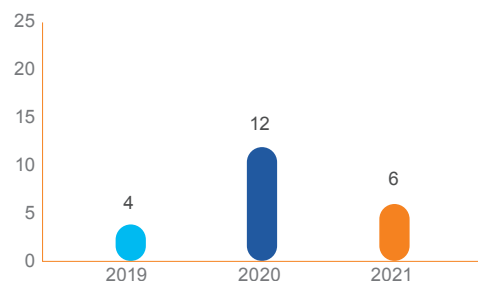
**All-around Enhancement**

Henlius actively spoke out and participated in discussions in national, municipal or district-level intellectual property-related institutions, associations, and intellectual property professional lectures and conferences to improve the Company's social influence.

## 2019-2021 Henlius Patent Application and Approval



Applied patent



Approved invention and utility model patents

## Channels to Elevate IP Awareness

**For R&D employees**

Focus on improving the innovation protection awareness and basic knowledge of intellectual property rights of employees in R&D-related departments. Building upon the progress last year, we carried out intensive training on basic knowledge of intellectual property and information retrieval.

**For Distribution Management, Marketing and Procurement and other departments related to intellectual property operations**

Focus on improving their awareness and expertise in trade secret protection, intellectual property rights protection and early warning of infringement disputes. In 2021, special training was given to relevant personnel of the Company on key intellectual property issues in business cooperation.

**For full-time IP management personnel**

Professional qualifications are required, and opportunities to participate in professional training are provided every year to promote knowledge updating and professional skills improvement.

# Quality and Innovation



Henlius regards drug innovation and R&D as the cornerstone of corporate development. We continue to invest in R&D and to optimize the manufacturing processes. We build a quality management system for the whole life cycle, adhere to lean operations, save operating costs while improving product quality, providing customers with affordable and reliable quality products.





# Access to Healthcare

**5** Products

Launched in China

**1** Product

Launched in Europe

Products benefiting patients worldwide to date

**170,000+**



Henlius remains its initial goals with the mission of "To improve patients' lives by timely providing them with quality and affordable protein therapeutics through technical innovation and operational excellence". Since 2021, the Company has successively launched HANBEITAI, the only bevacizumab with phase III clinical data for metastatic colorectal cancer in China, HANLIKANG, the Company's first product, for the treatment of rheumatoid arthritis, and HANSIZHUANG, the Company's first innovative product, providing high-quality and affordable treatment options for more patients. To date, the Company has successfully launched 5 products in China and 1 product in Europe.

## HANLIKANG



In February 2019, HANLIKANG (rituximab), the first product independently developed by Henlius, was approved by the NMPA. It became the first biosimilar drug developed and approved in China in accordance with the *Technical Guidelines for the Development and Evaluation of Biosimilars (Tentative)* released in 2015. In February 2022, HANLIKANG for the treatment of the innovative indication of rheumatoid arthritis (RA) was approved for marketing for which the original drug has not yet been approved in Chinese mainland. To date, HANLIKANG has benefited more than 100,000 Chinese patients. HANLIKANG (100mg/10ml) has been included into the medical insurance procurement platform in 30 provinces in Chinese mainland, and completed the tendering process on the procurement platform in 28 provinces. It has been procured by more than 70% of major hospitals. HANLIKANG (500mg/50ml) has completed the tendering process on the procurement platform in 19 provinces and has been included into the medical insurance procurement platform in 14 provinces in Chinese mainland.



Zercepac® in the EU

## HANQUYOU

HANQUYOU (trastuzumab, Zercepac® in Europe) was launched for the commercial sales by the European Commission and the NMPA in July and August 2020, respectively. It is the first “Chinese” monoclonal antibody biosimilar approved for sale in China and Europe. HANQUYOU is indicated for the treatment of HER2-positive early breast cancer, metastatic breast cancer and metastatic gastric cancer, covering all the approved indications of the original research. It has benefited about 40,000 Chinese patients with HER2-positive breast cancer and gastric cancer. In 2021, HANQUYOU(150mg) has completed the tendering process on the procurement platform and was included into the medical insurance procurement platform for all provinces in Chinese mainland. The new specification of 60mg/vial has also been approved, and has completed the tendering process on the procurement platform in 25 provinces and was included into the medical insurance procurement platform in 31 provinces in Chinese mainland, benefiting more patients with the combination of dual specifications.



## HANDAYUAN

HANDAYUAN (adalimumab) was officially granted the NDA approval by the NMPA in December 2020. It currently covers four indications, including rheumatoid arthritis, ankylosing spondylitis, psoriasis and uveitis. This product is the only adalimumab biosimilar evaluated in a Phase 3 clinical study among Chinese patients with plaque psoriasis. Up to date, HANDAYUAN has successfully completed the tendering process on the procurement platform in 27 provinces and was included into the medical insurance procurement platform in 30 provinces in Chinese mainland, benefiting more than 20,000 patients.



## HANBEITAI

HANBEITAI (bevacizumab) was officially approved by the NMPA in December 2021 for the treatment of metastatic colorectal cancer and advanced, metastatic or recurrent non-small cell lung cancer. It became the only bevacizumab biosimilar with phase III clinical data for metastatic colorectal cancer in China.



## HANSIZHUANG

HANSIZHUANG (serplulimab) is the first self-developed innovative PD-1 inhibitor of Henlius and was approved by the NMPA on March 22, 2022 for the treatment of microsatellite instability-High (MSI-H) solid tumors, providing an alternative treatment option for patients. With HANSIZHUANG as the backbone, Henlius actively promotes its synergy with other in-house products of the Company and innovative therapies, and conducts and accelerates various clinical trials with immuno-oncology combination therapies worldwide, covering a wide range of high-incidence solid tumors, including lung cancer, esophageal carcinoma, head and neck carcinoma, gastric cancer, etc.

Henlius strives to bring more affordable and high-quality innovative biological drugs to patients in emerging markets with urgent medical needs. The Company has reached a commercial partnership with KG Bio to develop and commercialize several indications and treatments of HANSIZHUANG (serplulimab) in 10 countries across Southeast Asia. We cooperate with FARMA DE COLOMBIA to promote HANLIKANG in

Colombia, Peru, Ecuador, and Venezuela; and many commercial partners such as Accord, Cipla, mAbxience, etc., reaching license agreement for the commercialization of Zercepac® in the Middle East, North Africa, Colombia, Malaysia, Argentina, Uruguay, Paraguay and other emerging markets. In February 2022, the Company and Getz Pharma entered into a licensing and supply agreement for HANDAYUAN, granting Getz

the rights to commercialize HANDAYUAN in 11 countries including Pakistan, the Philippines, Kenya, etc., covering a total population of about 840 million, supporting the Company global blueprint.

# R&D Innovation

Henlius enhances internal innovation capacities and external cooperation, and strives for continuous innovation. The Company actively strengthens its internal innovation capabilities by organizing and coordinating R&D forces in China and the United States. More than 80% of the products in the pipeline are independently developed by the Company. In addition, supplemented by external cooperation, we actively introduce innovative products to create synergies with

pipeline products. Integrating the Company's long-term strategy, Henlius has laid out a diversified, high-quality product pipeline, covering therapeutic areas including oncology, autoimmune diseases, and ophthalmic diseases, and more than 20 innovative monoclonal antibodies; while 12 products and 9 immuno-oncology combination therapies were carried out with more than 20 clinical trials worldwide. With our anti-PD-1 monoclonal antibody HANSIZHUANG (serplulimab)

as backbone, we also comprehensively promoted the layout of products, such as immuno-oncology combination therapies, innovative bispecific antibody and antibody-drug conjugates (ADC). The Company carries out science education to public in terms of HANSIZHUANG, popularizes disease and health knowledge, and improves public awareness.

## The Company's first self-developed innovative monoclonal antibody HANSIZHUANG (serplulimab)

### Innovative R&D to Provide Patients with New Treatment Options

1. First indication of MSI-H solid tumor approved for marketing, "pan-tumor" treatment benefits a wide range of patient groups
2. The clinical data of multiple indications are impressive, and the survival period is significantly prolonged
3. Multiple cancer types are deployed with large tumor coverage, and 9 immuno-oncology combination therapies are actively promoted

### International quality, Speeding up "Globalisation"

1. Enrolled over 2,800 subjects in clinical trials worldwide and 2 international multi-center Phase III clinical trials have enrolled more than 30% Caucasians, making HANSIZHUANG an anti-PD-1 monoclonal antibody with one of the largest global clinical data pools
2. The manufacturing facility has passed the EU GMP certification to achieve international quality throughout the industry chain
3. Regulatory filling are planned for more indications in China and the EU this year, benefiting patients around the world

### National Brand, Actively Undertaking Social Responsibility

1. Carry out popular science education around HANSIZHUANG, popularize disease and health knowledge, and improve public awareness
2. Prepare psychological care projects for patients to help regain their confidence and actively fight cancer

## Product in development - HLX208

As of last executable date, HLX208 has carried out phase II clinical studies on the rare disease BRAF V600E mutant adult Langerhans histiocytosis (LCH) and Erdheim-Chester disease (ECD) patient population, and has completed the first patient dosing in China.

## Publications in 2021

Henlius insists on academic exchanges, committed to sharing scientific research experience with the industry. We grow together with industry partners, and publish reports to major journals at home and abroad. During the reporting period, we published a total of 10 academic journals, involving products such as HANLIKANG, HANQUYOU, HANDAYUAN, HANBEITAI, HLX07 (innovative anti-EGFR monoclonal antibody), etc. We participated in 7 academic conferences, including the annual meeting of the American Society of Clinical Oncology (ASCO), the annual meeting of the Chinese Society of Clinical Oncology (CSCO), and the annual meeting of the American Association for Cancer Research (AACR). At these most authoritative academic exchange events in the global oncology field, the Company released the latest clinical research progress, and displayed current international cutting-edge clinical oncology scientific research results and tumor treatment technologies.

## ILP Smart Lab Platform

Henlius actively explores information technology to empower innovative R&D. During the reporting period, Henlius Bioanalytical Science Department (BAS) actively promoted the construction of laboratory information management system and introduced "ILP Smart Laboratory Platform", which was officially put into use in November 2021. Based on scientific laboratory management theory and computer database technology, the platform connects laboratory analytical instruments through a computer network to establish a laboratory-centered distributed management system. This realizes network sharing and paperless recording of inspection data, effectively improving the compliance and management levels of the laboratory.

Building upon the internal innovation capabilities, the Company actively introduces

external products to supplement existing pipelines and release more innovation potential. In January 2021, Henlius entered into an exclusive license agreement with Chiome Bioscience, Inc., pursuant to which, the Company licensed in an exclusive right for antibodies targeting human TROP2 (trophoblast cell surface antigen 2) and to research, develop, manufacture and commercialize the related intellectual property rights in China (including Hong Kong, Macau and Taiwan regions of China). In May 2021, Henlius and NeuPharma formally signed a cooperation agreement and licensed in an exclusive right for HLX208, the BRAF V600E inhibitor, to develop, manufacture, commercialize and sublicense in China (including Hong Kong, Macau and Taiwan regions of China). This cooperation is an important footprint for Henlius to accelerate diversified innovation. It is expected to enhance the diversity of product targets and types, and complement the Company's various self-developed drugs.

# Lean Manufacturing

To continuously promote comprehensive commercial development of the Company and ensure stable supply of high-quality products, Henlius focused on further improving its commercial manufacturing capacity in 2021. To date, the Company's Xuhui Facility has a total commercial manufacturing capacity of 24,000 liters, while Songjiang First Plant has also completed the construction of 24,000 liters. It is expected to be put into commercial production in 2022. Songjiang Second Plant has a planned land area of 200 mu. The designed manufacturing capacity of the first phase stage one and stage two is 36,000 liters, and the planned manufacturing capacity of the first phase stage three is 60,000 liters. In addition, the Company actively promotes lean manufacturing projects. Through the introduction and application of international cutting-edge manufacturing technology, it can effectively control production costs, improve production efficiency and create a production platform with cost advantages. At the same time, it effectively improves the staff's lean management concept and enhance the Company's internal lean improvement awareness and capability of the Company.

## Improving Process Development

The improvement and optimization of manufacturing technology is the key of Henlius to ensure production of high-quality, affordable biopharmaceuticals. It is also the core competitiveness for a fast-growing biopharmaceutical companies. In 2021, Henlius continued to focus on the development of continuous manufacturing technology and exploration of localization of supply chain, aiming to improve production level and efficiency.

Henlius proactively promotes the exploration of continuous manufacturing technology, and builds a continuous manufacturing platform for antibody drugs by itself. It is expected to greatly reduce unit production costs, reduce solid waste pollution, and help the Company achieve the goal of streamlining production processes while improving production efficiency. The traditional production method of biopharmaceuticals is batch-fed manufacturing. With the advancement of technology, continuous manufacturing has been adopted in more and more companies, the most of which, though, are European and American companies. Domestic attempts are still limited to upstream perfusion. Breakthroughs in downstream intelligent continuous manufacturing are still insufficient. In 2021, Henlius continued to promote the development and industrialization of continuous manufacturing technology in Songjiang First Plant. It successfully completed the pilot scale-up of continuous manufacturing processes for two products. The Company built China's first continuous clinical production workshop

(including upstream perfusion and downstream intelligent continuous manufacturing), and successfully achieved end-to-end continuous manufacturing, which greatly increased the single-batch manufacturing capacity compared with traditional batch production. The quality is stable and controllable. The workshop provides valuable data for Henlius to explore continuous manufacturing.

In response to changes in domestic and international environments, the Company has stepped up the evaluation of localization of consumables, fillers and production equipment, while reducing its dependence on international suppliers. The Company has established an independent research platform for extractable and leachable (E&L). Henlius makes use of the platform experimental data to efficiently evaluate the impact of packaging materials of finished products and disposable materials in contact in manufacturing process to ensure adherence to supply product's quality compliance, while reducing time and economic costs. In addition, Henlius conducts a strict review of the supplier's qualifications, quality risk assessment and technology to ensure that localization assessment work is in place.

## Committed to Lean Operations

Starting from 2021, to standardize the Company's lean operation management, Global Manufacturing Engineering Technology Department led other departments to form a pilot team to improve product supply capacity and optimize product process stability. It aims to enhance employee lean ability and reduce unit costs. By exploring pain points of end-to-end business processes, a total of 18 key lean operation projects have been established and completed. In addition, it ignited employee enthusiasm and promoted improvement activities of excellent ideas from all employees. A total of 75 excellent ideas were realized.

During the reporting period, the first phase of the Company's lean production was completed, achieving remarkable results with a total income of around RMB 10 million. Among them, the single-batch output of commercial products has increased by about 10%, while the consumption of disposable consumables has decreased by about 3%. A total of 20 local material suppliers have been added to reduce material costs and improve material supply stability. In addition to economic benefits, the Company's employees have been fully trained on lean production with stronger awareness. Henlius plans to promote and implement lean management throughout the Company in the future.

To date, the Company's Xuhui Facility has a total commercial manufacturing capacity of **24,000** liters, while Songjiang First Plant has also completed the construction of **24,000** liters. It is expected to be put into commercial production in 2022. The total designed manufacturing capacity of the first phase stage one and stage two of Songjiang Second Plant is **36,000** liters, and the planned manufacturing capacity of the first phase stage three is **60,000** liters.



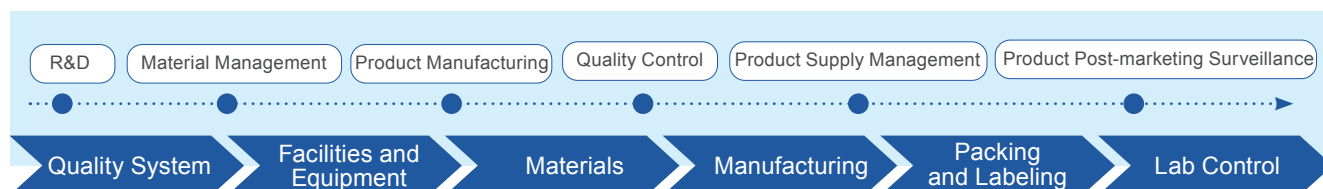
Lean Production Training



Virus Removal Device Operation

# Quality Assurance

## Henlius Quality System



### Authoritative Endorsement

Since its establishment, Henlius has adhered to the highest international standards, established a quality management system in line with quality standards of China, the United States and the European Union, and carried out quality research and process production. The quality management system spans from research and development to material management, product manufacturing, quality control, product supply management and particularly, product post-marketing surveillance, laying the foundation for globalisation.

Henlius is compliant with significant laws and regulations related to the health and safety of products and services, and strictly implements the *Drug Administration Law of the People's Republic of China*, the *Decision of the China Food and Drug Administration on Matters concerning Adjusting the Registration Administration of Imported Drugs*, *Good Manufacturing Practice for Pharmaceutical Products (amended in 2010)*, the *Measures for the Administration of Drug Registration*, the *Good Practice for Non-clinical Laboratory Studies* and other domestic and international laws and regulations where it operates. Integrating the Company's operations, we continuously refine and implement the *Quality Policy Manual* and *Quality Management System*. We adopt overall GMP requirements, detailed Quality Policy Requirements (QPR) and Standard Operating Procedures (SOP) documents to ensure that the products meet their intended use and also registration requirements. Previously, Xuhui Facility and the accompanying quality management systems are certificated by China and the EU GMP. They have also passed multiple on-site inspections or audits conducted by the NMPA, EMA, the EU QP and international commercial partners such as Accord and Cipla. During the reporting period, Xuhui Facility passed the on-site GMP compliance inspections conducted by Shanghai Medical Products Administration for two drugs, HANBEITAI (bevacizumab) and HANSIZHUANG (serplulimab). The second

line of preparation production added by HANLIKANG (rituximab) also passed the GMP compliance on-site inspection by Shanghai Medical Products Administration. In addition, we also get approved to add the Songjiang First Plant for the production of HANQUYOU. In 2021, the Company was awarded Shanghai Drug Manufacturer Credit Assessment Grade A, the highest level of its kind.

### Optimized Quality Management

To improve quality management efficiency, Henlius adopts a paperless electronic system in the quality management process, which was optimized in 2021. In 2021, Henlius introduced quality processes, such as OOS/OOT, complaint, supplier management and auditing, into the existing TrackWise quality management system. It optimized the approval efficiency of related quality processes, optimizing and upgrading the document management system. The existing document numbering rules and document categories have also been improved to enhance Henlius' traceability in quality document management. In 2021, Henlius newly implemented the NetBackup backup and recovery system to establish a complete enterprise-level data backup and recovery mechanism. This improves data backup and recovery under the premise of ensuring data security, reliability, and traceability, effectively supporting the medium and long-term growth of the business.

Henlius strictly abides by the laws and regulations of the relevant companies where they operate, and has set up a standard procedure to deal with rejected materials and products to regulate management of rejected raw materials, packing materials, drug substance and finished products. A separate zone was made for rejected materials and products to effectively isolate them. A conspicuous sign is posted for people to identify the zone. The materials and products are properly stored and placed under control. When there are rejected materials or products, Global Quality Operations Department will have

evaluation and decide the way to dispose of them. After the disposal plan is approved, the materials and products will be handled under the supervision of Global Quality Operations Department.

In 2021, Henlius has undergone and successfully passed two unannounced inspections organized by the Shanghai Medical Products Administration. In addition, the Company regularly conducts quality audits and self-inspection activities to evaluate the GMP compliance of the Company's production quality management system. During the reporting period, Henlius carried out a total of 15 self-inspections within the Company, focusing on the Company's organizational structure, personnel hygiene and training, site and utility facilities and equipment validation and verification, etc. The inspection dimensions covered the six major parts of GMP. In the second half of 2021, Henlius invited domestic professional consulting companies to conduct a gap analysis on the Songjiang Plant against the requirements of overseas regulatory agencies, aiming to further promote the integration of Henlius' quality management system with international standards.

### Quality Culture Building

Henlius is fully aware of the importance of quality and safety to pharmaceutical companies. For GMP system employees, the Company has an advanced training system, a complete training programme and a wealth of quality activities.

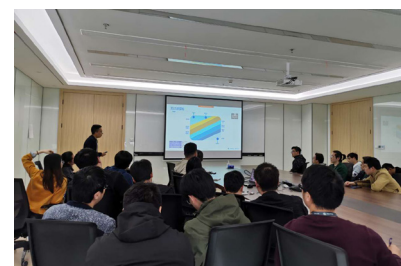
Henlius adopted the UL training management system ComplianceWire and connected it with Documentum, the document management system. The parallel use of the two systems has greatly optimized the training efficiency of GMP employees and helped Henlius to build quality informatization.

For GMP system employees, the Company has established a sound training system, including compulsory courses for new employees, pre-job training courses and on-the-job training



courses. The Company has incorporated trainings, such as GMP basic knowledge, good record practices, ComplianceWire training management system and Documentum document management system, into the required courses for new employee orientation training. Employees would also receive pre-job training before they take up their jobs independently. They will continue to receive various on-the-job trainings, such as GMP annual training. In 2021, GMP annual trainings were carried out on 25 training topics, such

as "Cross-Contamination Prevention in GMP Process", "Data Integrity and Computer System Verification", "Environmental Monitoring and Aseptic Dressing", and "Training on Drug Administration Law and Related Foreign Regulations". During the reporting period, the total training time of Henlius' GMP personnel in 2021 reached 77,976 hours\*<sup>1</sup>, and the per capita training time reached 83 hours. The total number of training people was 937 person-times.



GMP Training

## CASE Henlius Quality Month



Henlius Quality Knowledge Competition

Every September is the Company's "Quality Management Month". In September 2021, the Company actively launched the "Henlius Quality Knowledge Contest" with the theme of "Learn Quality Regulations and Deepen Henlius Quality". The organizer has established a knowledge question bank covering multiple topics, such as drug-related laws and regulations, microbiological knowledge, and company quality documents. Through the Company's training platform, Henlius Learning Academy, the Company has set up 10 competition levels, with random questions, and the difficulty of the competition escalates. From October 25, 2021 to October 27, 2021, a total of 388 people participated in the competition.

## Clinical Drug Safety

Henlius is deeply concerned about medication safety of subjects in all aspects of medication. In clinical trials, Henlius strictly follows the *Pharmaceutical Administration Law of the People's Republic of China*, the *Biosafety Law of the People's Republic of China*, the *Measures for the Administration of Drug Registration of the People's Republic of China*, the "Good Practice for the Management of Clinical Studies", the *ICH-GCP guidelines (International Conference for Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use - Good Clinical Practice)*, the *EU General Data Protection Regulation (GDPR)*, *Clinical Trials Regulations for Medicinal Products for Human Use (EU CTR No.536/2014)*, the *US HIPAA (Health Insurance Portability and Accountability Act)*, *21 CFR clinical trial-related provisions* and other local laws and regulations in China, the EU and the US. Henlius strictly screens subjects and partner institutions. For subject enrollment, the Company follows the SOP of "Subject Eligibility and Trial Selection" to check and screen subjects, and protects subject privacy by withholding their personal information during the whole communication process. Henlius follows the "Investigator Selection and Qualification Confirmation" while selecting the clinical partners. The Company's clinical operation project management team arranges personnel to conduct research in hospitals qualified for clinical trials after project training, and selects qualified hospitals and investigators with active willingness to participate as well as sufficient potential subject pool to join the clinical trials.

In addition, Henlius adheres to the principle of "no trivial matter in clinical trials and the safety of subjects". We always put the rights and interests of subjects first in clinical trials, and establish a "pre-warning of clinical response"

mechanism. The Company strictly follows clinical trial quality management standard, and take out relevant clinical trial insurance for each subject participating in clinical trial. This is to ensure that the subjects participating in clinical trial are well covered throughout the process, so that the rights and interests of the subjects are protected. If the clinical trial is extended, we sign an agreement with the insurance company in advance to extend the corresponding insurance coverage period. This is to ensure that when adverse events or serious adverse events occur during the trial, the subjects can receive corresponding compensation in a timely manner, protecting the subjects' health to the greatest extent.

During the reporting period, Henlius formulated and actively implemented the "Drug Signal Management Work System" to conduct real-time and regular signal detection and management. If a new safety risk arises for a Henlius product, corresponding risk minimization measures will be taken, such as updating the clinical trial protocol, investigator's manual, informed consent forms and drug instructions, etc., to reduce the negative impact on the health of patients and subjects.

## Post-Marketing Drug Safety

Henlius always adheres to the principle of "putting patients first". After launching a drug, Henlius will comprehensively collect adverse events, promptly evaluate and submit adverse reaction reports to regulatory authorities, monitor drug safety signals, assess drug risks, and take appropriate risk mitigation measures to ensure patient drug safety to the maximum extent. In accordance with relevant laws and regulations, the Company formulates and implements the *Adverse Event Reporting Policy for All Staff*, *Adverse Event Monitoring System*, *Adverse Event Collection*, *Processing*

*and Reporting*, and *Regular Safety Summary Report*, *Risk Management Plan and Risk Control Plan* and other systems in accordance with the Company's actual situation and strategy, and established the Global Drug Safety Committee (GDSC) and the Benefit-Risk Council (BRC), responsible for identifying, evaluating and Communicate risks related to product safety, and take appropriate risk minimization measures to build a relatively sound pharmacovigilance system.

Henlius calls upon all employees to strictly implement adverse event reporting policy, and to record adverse events as comprehensively as possible through the Company's website, email, 24-hour hotline and fax. The Company regularly conducts training on "Adverse Event Reporting Policy for All Employees" for all employees, and incorporates that into new employee orientation, so as to deepen each Henlius employee's awareness of the importance of product safety and report product safety in a timely manner.

Henlius actively safeguards the rights of consumers, and swiftly fulfills its product recall obligations after product complaints, shouldering its social responsibilities. Henlius has formulated the *Product Recall Management in combination with the laws, regulations and industry norms of the places where it operates*, such as the *Administrative Measures for Drug Recalls*, *Quality Specifications for Pharmaceutical Production (2010)* and *European Practices for the Administration of Pharmaceutical Production*, and the actual operation of the Company, we also conduct regular product mock recall drills to validate the existing recall system. During the reporting period, Henlius did not have any product recall incidents, and the complaints received were mainly related to appearance, damaged packaging or getting wet.

\*[1]. The calculation caliber is the total duration of employee quality training/the number of employees in Quality Department.



## Business Integrity



A high-quality and stable upstream and downstream supply chain is the cornerstone of the Company's steady development. It is key for the Company to grow and develop. Henlius continues to strengthen supplier management and optimize supply chain operations. We establish strategic cooperation with strong alliances to help the industry to achieve efficient development. Moreover, Henlius attaches great importance to the positive impact of industry development for the Company internally and externally. We contribute to the healthy development of the pharmaceutical industry by participating in technical cooperation within the industry and jointly building industry standards.

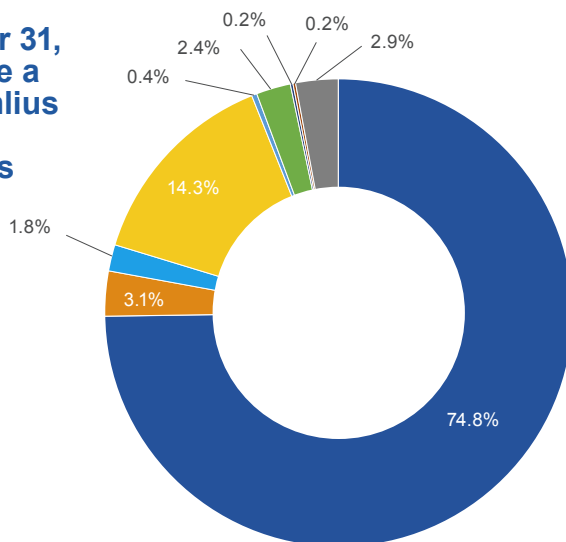


# Responsible Procurement

With the development of Henlius' business, the scope of responsibilities of the Company's indirect procurement has also been expanded. The procurement expenditure has increased simultaneously, which has put forward higher requirements for the effectiveness of fund use and compliance risk control. In line with the future development strategy, on January 1, 2021, the Central Indirect Procurement Department was officially established to centrally manage indirect procurement. Due to the establishment of the Central Indirect Procurement Department, indirect procurement management work that were previously shared by various departments have been incorporated into a centralized indirect procurement management within two quarters. A complete supporting indirect procurement management system has been set up, covering medium and long-term procurement strategies, systematic procurement policies, standardized procurement processes, compliance risk control optimization, supplier relationship management, procurement management reports and Dashboard, etc. Also, the department formulated and released the *General Outline of Indirect Procurement Management System* and four SOPs, namely *P2P Process Standard Operating Procedure*, *Supplier Master Data Management*, *Procurement Contract Management Standard Operating Procedure*, *Supplier Relationship Management*, *Standard Operating Procedures* to optimize and standardize the procurement management process.

As of December 31, 2021, there were a total of 547 Henlius suppliers\*<sup>1</sup>. The breakdown is as follows:

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## Supplier Access

Henlius has established a strict supplier access management system. Through the formulation of relevant internal management systems and standardized review and access procedures, suitable, high-quality and stable suppliers have been selected to ensure high-quality procurement and supply. The Company has formulated and implemented the *Supplier Management Regulations*, which clarifies the various work contents of supplier access, covering all aspects of the whole process of access, including supplier selection, evaluation, approval and cancellation. In the regulations, the Company lists the qualification requirements and evaluation standards for suppliers, and defines the selection principles and supplier approval process requirements to ensure the objectivity, fairness and science-oriented feature of access work.

For suppliers who provide key materials, the Company conducts on-site audits to increase inspections of access, ensuring that suppliers' on-site operations comply with relevant regulations and production operation

standards. Henlius has formulated a standard workflow for on-site audits, and set up targeted key audit items and audit plans according to the nature of suppliers' business, helping to identify various defects and put forward rectification requirements, and ultimately form an audit report. The Company relays the audit report to the supplier as a reference for subsequent rectification, and keeps in touch with the supplier to arrange a second audit after rectification. For non-critical material suppliers, the Company has also formulated targeted written audits and qualification audit plans to ensure that approved suppliers meet the Company's access requirements. During the reporting period, the Company conducted pre-access on-site audits for 34 key material suppliers (Class A suppliers).

In addition, Henlius has implemented strict management regulations for the admission of packaging material suppliers. For outsourcing material centralized procurement project, the Company requires suppliers on the shortlist to possess environmental system certification, occupational health and safety management system certification. The quality management

system certification is a proof of relevant qualifications to ensure high-quality supply and reasonable, controllable supply chain risks.

During the reporting period, 1.83% of Henlius suppliers obtained ISO 14001\*<sup>2</sup> system certification, and 3.47% obtained ISO 13485\*<sup>3</sup>: 2016 system certification.

## Supplier Management

Henlius has established a management system for existing suppliers, and implemented continuous and strict follow-up management on suppliers after admission. The Company implements hierarchical management of suppliers, and divides suppliers into three categories: A, B, and C, according to the level of the supplier and the level of materials involved in providing services. For the suppliers of key materials in category A, the Company will require them to sign a special *Establishment and Requirements of Quality Assurance Agreements* to ensure that the quality of key materials is guaranteed.

Henlius has formulated an annual supplier

Henlius total suppliers

**547**

- East China
- South China
- Central China
- North China
- Northwest China
- Southwest China
- Northeast China
- Hong Kong, Macao and Taiwan
- Overseas

\* [1]. The sum of suppliers in the Supply Chain Department and in the Indirect Procurement Department.

[2]. ISO14001 Environmental Management System

[3]. ISO13485 Medical Device Quality Management System

## Audit Result Handling Methods

Excellent Supplier	Qualified Supplier	Alternative Supplier	Unqualified Supplier
<p>A score of 90-100 is considered an excellent supplier.</p> <p>Suppliers assessed as excellent for two consecutive years may consider extending the frequency of on-site audits or written audits.</p>	<p>A score of 80-89 is considered a qualified supplier.</p> <p>Procurement can be carried out normally, and defective items can be fed back to the supplier for rectification and tracked in the next year's annual assessment.</p>	<p>A score of 60-79 is considered an alternative supplier.</p> <p>It is recommended to increase its audit frequency in the periodic audit plan at the beginning of the year.</p>	<p>A score below 60 points is an unqualified supplier.</p> <p>Its supply qualification should be temporarily revoked, and it will be determined whether to re-evaluate according to the subsequent rectification.</p>

quality audit plan, and periodically conducts management evaluations of suppliers' quality performance based on multiple evaluation basis, such as suppliers' performance, material quality, material deviation, and on-site audit results. For three different categories of suppliers, the Company has formulated corresponding evaluation standards to ensure the objectivity and fairness of the quality audit. The audit results are divided into four score ranges. For suppliers in different score ranges, the Company has also established corresponding audit results processing methods.

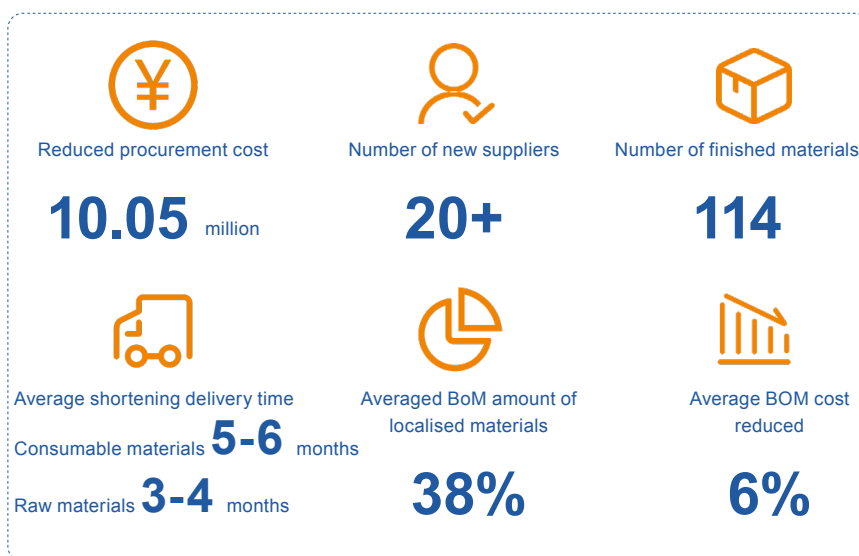
While continuously managing supply quality, Henlius also pays attention to the EHS management capabilities and performance levels of suppliers in particular. For direct material suppliers (such as raw materials, auxiliary materials, packaging materials, etc.), the Company regularly conducts supplier EHS written audits and EHS on-site audits to evaluate suppliers' management status and performance level in environmental protection. For suppliers who fail the audit, a 3-month rectification period will be given. If the rectification results remain unqualified, we will revoke the supplier's supply qualification and terminate the cooperative relationship.

For the risk management of existing suppliers, the Company makes full use of "Qixin.com" as a supplier risk monitoring tool. We regard compliance operations and corporate credit-related information as the key monitoring targets. Key dynamic reminders for the Company are set up, including qualification certificates expiration reminders, timely reminders for business exceptions, etc. This is to receive risk warnings in a timely manner. For the identified supplier risks, we will cooperate with a third-party consulting agency to conduct an in-depth investigation of the suppliers, forming an investigation report, and finally submitting it to the relevant person in charge for approval. Suppliers that fail to pass the approval will be terminated.

## Sustainable Supply Chain

Henlius attaches great importance to the business performance of suppliers. We adhere to the corporate core value of "honesty and reliability" and insist on delivering the concept of clean supply to the supply chain.

## SCM - Overview of Material Localization Progress 2021



By formulating the Supplier Code of Conduct, the Company clearly regulates many aspects of supplier business behavior, strengthens supplier business behavior management, and resolutely resists all unethical business behaviors. In addition, each supplier of Henlius signed the *Anti-Commercial Bribery Commitment Statement* and reached a consensus with the Company on anti-commercial bribery to ensure the healthy and orderly development of the business partnership between the two parties. For suppliers who violated the commitment statement, the Company has set a penalty and may choose to terminate cooperation with the supplier and place it in the integrity blacklist.

To further realize the sustainable development of upstream and downstream supply chains, Henlius actively promotes the transformation and upgrading of green supply chains. We also strengthen the sense of responsibility for green supply, and ignite the enthusiasm of suppliers to achieve green supply. We encourage suppliers to sign the *Green Supply Chain Proposal* and cooperate to improve the environmental management and performance of the supply chain. With an emphasis on "environmental awareness" and "economic development", we aim to jointly achieve sustainable development

of the industrial chain. As one of the decisive factors for realizing a green supply chain, logistics and transportation are also the direction of supply chain optimization that Henlius focuses on. To realize green cold chain logistics, we prioritize the use of reusable, environmentally, and friendly phase change materials as thermal insulation materials to reduce resources. Moreover, priority will be given to the use of new energy refrigerated transport vehicles to reduce carbon footprint. As of the last enforceable date, the percentage of new suppliers who signed the green supply chain clause was 92.3%.

While building a sound green supply chain, Henlius is continuously promoting the development of localized supply, gradually realizing the localization of supply chain through effective methods, such as clarifying the focus of local procurement. Supplier sourcing channels have been expanded with formulated periodic development plans. In 2021, we developed more than 20 local suppliers, saving RMB 10.05 million in procurement costs and shortening the supply period of multiple products. While we achieved cost reduction and efficiency enhancement, the Company's business continuity has been enhanced.

## Supplier Communication

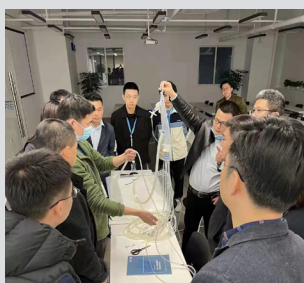
Henlius pays attention not only to the management performance of suppliers, but also to communication with suppliers. We discuss issues related to product supply in a timely manner, understand the business demands of both parties, and realize information sharing. The Company makes full use of various communication channels, such as telephone and email, offline and online meetings, supplier conferences, etc. to establish real-time contact with suppliers and stabilize cooperative relationships.

### CASE Indirect Procurement Supplier Conference 2021



Henlius established an Indirect Procurement Department in January 2021 to independently take charge of indirect procurement matters by sorting out and integrating some procurement functions. To help suppliers to further understand Henlius' business, policies, functions and development strategies of the indirect Procurement Department, the Company held the first Indirect Procurement Supplier Conference in November 2021. The Company's function units, including marketing and commercial operations, R&D and compliance, participated in the supplier conference, and shared Henlius' market strategy, R&D direction, compliance requirements and related policy processes. Also, the Company provided special content training for intermediate procurement suppliers, and the two parties reached a consensus on future cooperation.

### CASE 2021 Localization/Multi-Channel Procurement Project



In 2021, Henlius launched its localization/multi-channel procurement project, successively introduced two local material suppliers (Lechun and Hanpu), and established strategic cooperative relations with them in terms of procurement negotiation, delivery and after-sales service, etc. The links are continuously optimized to ensure the supply of materials, while actively improving the supplier communication mechanism to support the Company's corporate strategic development in an all-round approach. The project will be promoted as the Company's supplier management model to improve the Company's procurement quality and supplier management system.

# Industrial Cooperation

## Domestic Cooperation

### Technical Cooperation

Henlius has established strategic cooperative relationships with multiple partners along its value chain both inside and outside the industry, leveraging advantages of both parties and integrating high-quality resources to jointly promote the development of the enterprise itself while creating more business value.

#### CASE 2021 New Strategic Partners



#### Shanghai Promega Biological Products Co., Ltd.

This year, Henlius and Shanghai Promega Biological Products Co., Ltd. (Promega) reached a strategic agreement to jointly develop Henlius' innovative PD-1 inhibitor serplulimab in China (excluding Hong Kong, Macau and Taiwan) and commercialized companion diagnostic kits for the indication of high microsatellite instability (MSI-H) solid tumors. This aims to provide more tumor patients with accurate screening and appropriate immunotherapy solutions.



#### Novacyte Therapeutics Biomedical Technology (Beijing) Co., Ltd.

In 2021, Henlius and Novacyte Therapeutics Biomedical Technology (Beijing) Co., Ltd. reached a strategic cooperation on the joint development of antibody conjugated drugs (ADC). According to the agreement, the two parties will leverage their respective technical advantages, namely the antibody independently developed by Henlius and the new generation ADC technology platform of Novacyte Therapeutic, to jointly develop and evaluate multiple innovative ADC drug candidates to accelerate the development and launch of drug candidates.



#### Tencent, Sipai Health Technology

During the reporting period, Henlius signed a memorandum of strategic cooperation with Tencent and Medbanks Health Technology. The three parties will fully integrate their expertise and advantages in their respective fields. Integrating Henlius' rich experience and industry insights in the field of biomedicine, the three parties will carry out in-depth cooperation in areas such as Internet medical care, online disease popularization, etc., to create a full-process patient management model covering online + offline, in-hospital + out-of-hospital. This aims to help patients carry out standardized treatment and obtain better treatment effects, thereby prolonging the survival period of patients and improving patient quality of life.

## Institute-enterprise Cooperation

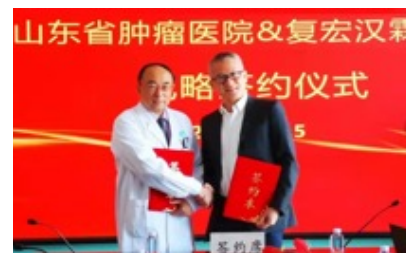
Henlius has established strategic cooperative relationships with major hospitals to promote clinical and translational medical research, and strengthen the cultivation of innovative, compound and applied talent, aiming to improve the capabilities of accurate diagnosis and treatment of tumors, and benefit a broader tumor patient population.



Liaoning Cancer Hospital



Jilin Cancer Hospital



Shandong Cancer Hospital

## Overseas Cooperation

Henlius adheres to the mission of "improving patients' lives by quality and innovative medicines". We work with domestic and foreign partners to actively expand overseas markets, improve the accessibility of innovative medicines and bring benefits to patients around the world.

Accord is one of our important business partners in the overseas commercialization of Henlius HANQUYOU (brand name in Europe: Zercepac®). In 2021, Zercepac® (150mg) was successfully launched in nearly 20 European countries and regions, including the United Kingdom, Germany, Spain, France, Italy, Ireland and Hungary. In July 2021, the marketing application for Zercepac® (150mg) was approved by the Swiss Medicines Agency.

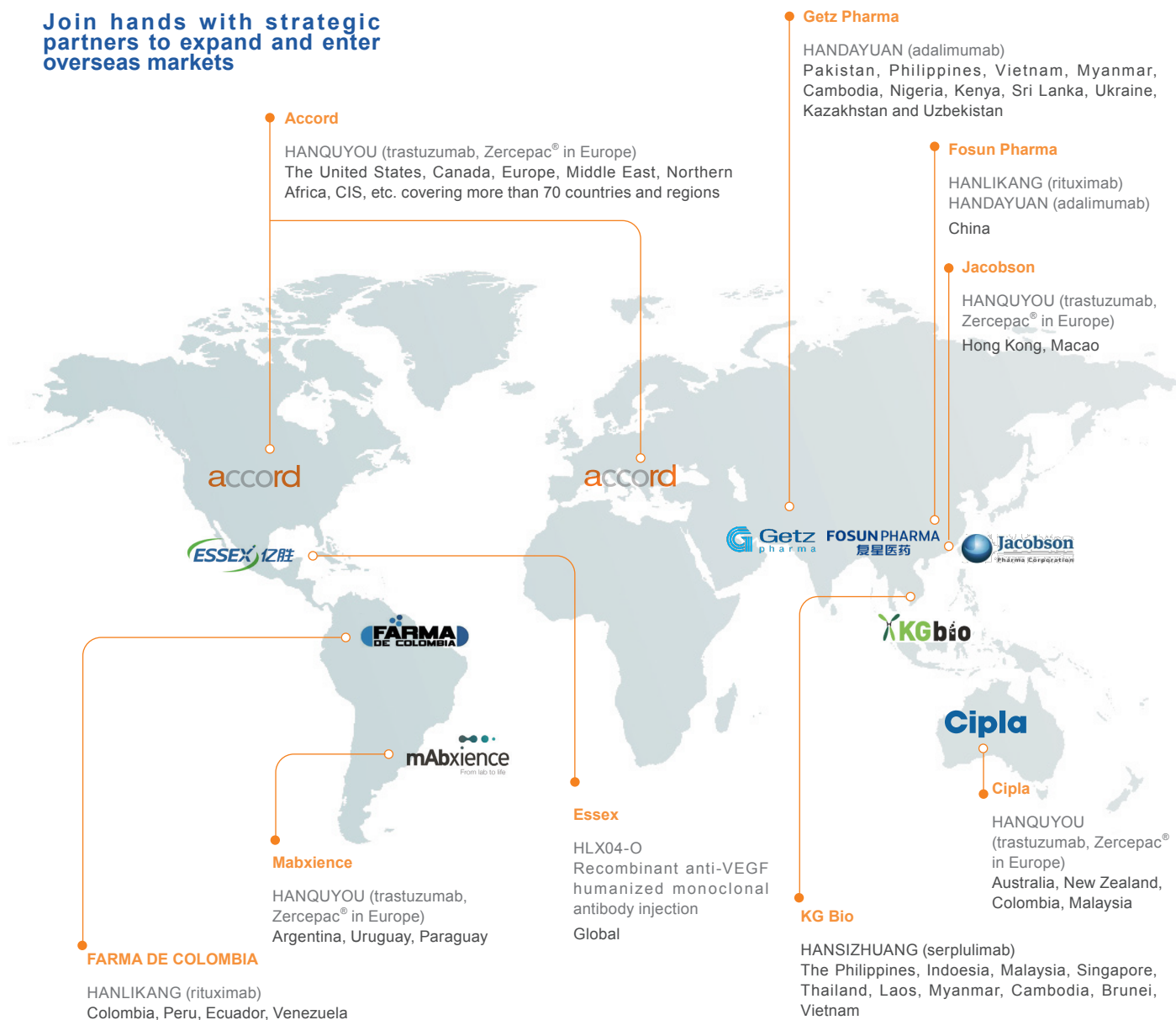
In addition, in April and June 2021, Zercepac® 60mg and 420mg new specifications products were approved for marketing in the EU respectively, providing local patients with more dosage options and flexible combination regimens. In the first half of the same year, the Company also signed a formal agreement with Intas, the parent company of Accord, to increase the commercialization of HANQUYOU in the United States and Canada, reaching the mainstream biological drug market in Europe and the United States. As of October 2021, the external authorization of HANQUYOU is present in more than 80 countries and regions, fully covering mainstream markets in Europe and the United States and many emerging markets.

In October 2020, Henlius and Essex Bio reached a cooperation to jointly develop

HLX04-O (recombinant anti-VEGF humanized monoclonal antibody injection) in China, Australia, the European Union, the United States and other countries and regions around the world. HLX04-O has been approved for clinical research in China, Australia, the United States, Singapore, and Latvia, Hungary, Spain and other EU countries, and international multi-center clinical trials are accelerated.

In the journey of "going overseas" for domestic high-quality biological drugs, Henlius has achieved one milestone after another from external authorization to product commercialization, accumulating rich experience for the follow-up products to the world. This lays a solid foundation for the Company's global development.

## Join hands with strategic partners to expand and enter overseas markets





# Industry Empowerment

## Build Industry Standards

Henlius is committed to working with different internal and external parties in the industry to jointly improve the development of pharmaceutical industry and promote positive industry development. The Company actively participates in the formulation of industry standards, leverages its own advantages to help the industry achieve standardized development. During the reporting period,

Henlius participated in a number of research work on the formulation of industry standards led by official organizations, and contributed to the promotion of high-quality development of the industry.

production technology, R&D, clinical, industry policy analysis, and internationalization. In 2021, a total of more than 80 people attended the conference, including more than 50 senior managers and over 30 middle managers.

## Conference Participation

Henlius actively participates in external industry conferences, with topics focused on advanced production processes, such as continuous flow

### **CASE** A Joint Study of Monoclonal Antibody Reference Materials and Quality Control Methods

In 2021, Henlius participated in the joint research work with the United States Pharmacopoeia (USP) and the Center for Food and Drug Inspection of the NMPA on monoclonal antibody reference materials and quality control methods. This reflects the importance of the quality control methods of monoclonal antibody drugs between China and the United States. With the subsequent formulation and introduction of relevant standards, the evaluation of monoclonal antibody drugs was further unified and improved, which is the key to the promotion of industry development and the protection of people's health.

### **CASE** Revision of the Sterility Sub-volume of GMP Guide

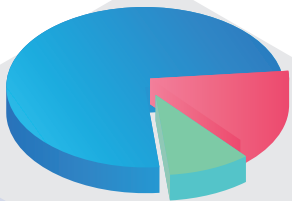
In 2021, Henlius participated for the first time in the revision of the sterile sub-volume of the GMP guidelines led by the State Food and Drug Administration. We shared and took in charge of the compilation of the quality standards and requirements for the downstream purification and production of monoclonal antibodies for biological products. In addition, Henlius actively participated in review meetings, and worked with domestic first-class biopharmaceutical companies to jointly promote world-class industry experience, regulatory requirements, and regulatory trends in the industry.



# Our People



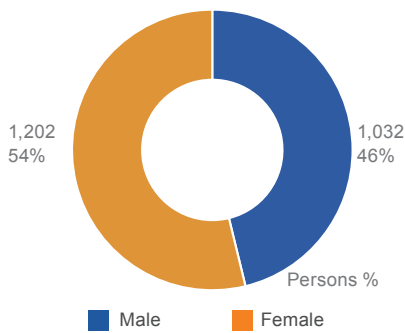
Henlius always adheres to the value of "people-oriented", and believes the concept of "attracting people with ideas, uniting people with results, cultivating people through work, and evaluating people with performance". We are committed to building common growth and mutual achievement and employment relationship. On the basis of creating a healthy and harmonious working place, the Company comprehensively protects the rights and interests of employees by establishing compliant employment relationships; builds a comprehensive talent training system to promote employees' self-development; establishes a fair and scientific promotion incentive mechanism to ignite employees' potential; and carries out a variety of caring activities to appreciate employees for their hard work. During the reporting period, Henlius complied with all material laws and regulations relating to compensation and termination, recruitment and promotion, working hours, leave, equal opportunity, diversity, anti-discrimination and benefits.



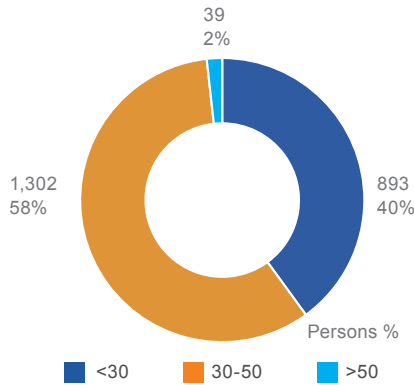


# Employee Management

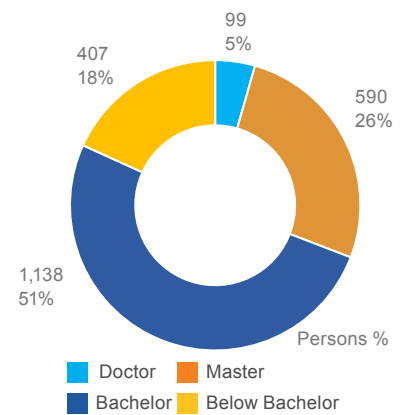
**Total Number of Employees by Gender**



**Total Number of Employees by Age**



**Total Number of Employees by Education Background**



## Talent Recruitment

Henlius takes legality and compliance as its employment principle, under the premise of strictly abiding by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China* and other laws and regulations. We formulate and continuously improve *Henlius Employee Handbook*, *Henlius Remuneration and Welfare System* and other internal employee management systems. The Company strictly prohibits the employment of child labor or forced labor, and eliminates discrimination caused by geographical, gender, ethnic and other factors. We also fully verify the information in recruitment process to avoid hiring unqualified employees. During the reporting period, the Company revised the *Henlius Employee Handbook*, and added the punishment measures for employees providing false or incorrect information in the employment chapter to prevent possible violations. We rigorously verify the identity of new employees before they join us through measures such as compliant information collection. Any violations of compliance requirements will be promptly reported to the relevant authorities. Employees can report child or forced labor incidents at any time, and we will implement severely punishment provided that the relevant behavior is verified. During the reporting period, the Company complied with significant laws and regulations relating to the prevention of child or forced labor, and did not employ child labor or forced labor. The labor contract signing rate is 100%.

The Company advocates the establishment of a good working relationship among employees

with mutual respect as the fundamental principle, and resolutely resists workplace discrimination for any reason. Regarding workplace sexual harassment, the Company firmly adheres to a "zero tolerance" policy. Violators and those who interfere with incident investigation, retaliate, and falsely report will receive the same punishment, i.e. termination of the employment relationship. During the reporting period, no workplace discrimination or sexual harassment occurred in the Company.

During the reporting period, Henlius had a total of 2,234 employees.

## Diversified Employment

Henlius follows the "most suitable" principle in recruitment process. The Company strictly stipulates that relevant personnel shall not use ethnicity, gender, religious belief, age, household registration and marriage and childbirth status as recruitment conditions or reasons for refusing employment to ensure equal opportunity in recruitment. Under the continuous influence of the pandemic, the Company has continuously increased recruitment channels, adopting a variety of recruitment models to attract talent and establish an internal recommendation policy for employees. We also added various types of internal referral bonuses during the year, such as special internal referrals for fresh graduates, urgent recruitment referrals and other internal referral programs, to encourage employees to actively refer outstanding talents. In addition, the Company has promoted online recruitment channels, launched online live broadcasts, and achieved broader talent coverage in a more flexible way.

## Incentive Plan

Henlius has a complete salary incentive system with salary management policies and an equity incentive plan. Through a reasonable salary structure and effective incentive measures, the Company not only strengthens the employee engagement, but also unleashes their potential. During the reporting period, the Company realized the performance appraisal of all employees. The Company has further improved its performance management methods to help employees achieve their personal goals through a more scientific and systematic performance management model. The Company has set a full performance management cycle. The whole cycle is divided into three stages with different contents to manage, namely goal setting stage, performance review and adjustment stage, and performance assessment stage.

Henlius worked with its employees to set three types of personal goals, namely business goals, behavioral goals and development goals. Different categories of goals have their own evaluation rules and mechanisms, including a scoring system and a rating system. The Company gives a final rating on employee performance based on the score and rating, and offers performance bonuses according to the evaluation results. In 2021, the Company launched the Major Contribution Project Incentive Award, targeting all employees to recognize and reward outstanding teams and individuals that made significant contributions last year.

**CASE** East China University of Science and Technology Station | Henlius 2022 Campus Recruitment



On October 11, 2021, Henlius' 2022 campus recruitment again came to East China University of Science and Technology, which has long-term friendly exchanges and cooperation with the Company. Under the influence of the school motto of "Be Diligent and Realistic, Be Inspirational and Virtuous" and by virtue of advanced educational resources, East China University of Science and Technology has continuously sent a large number of high-quality professionals in the field of biomedicine to Henlius.

Mr. Wenjie Zhang, Chairman, Executive Director and CEO of Henlius, started with his own personal experience, and helped students determine their career development choices from three areas: industry, occupation and enterprise. The sharing was inspiring. As an outstanding alumna of East China University of Science and Technology, Ms. Jasmin Wang, Deputy General Manager of Henlius Quality, has joined the Company since its inception. She shared with the students on site that she has worked at Henlius for 11 years and grown with the Company. She talked about the whole process of a drug from research and development to the successful launch to benefit patients and the challenges within the process.

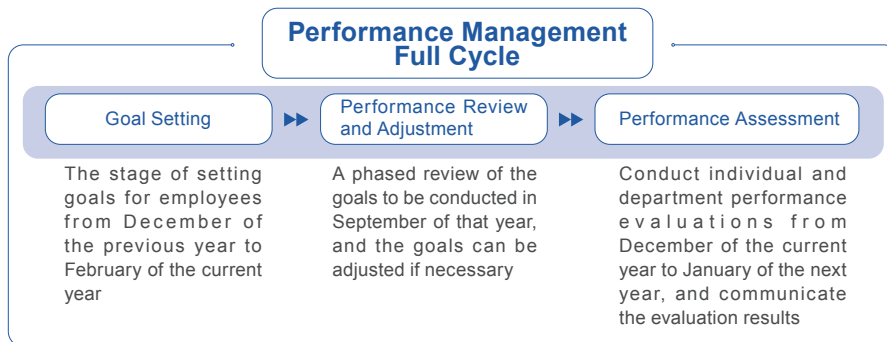
# Employee Communication and Welfare

## Welfare and Care

Henlius has continuously enriched employees' welfare, ensuring employees' basic rights and interests. We provide employees with favorable benefits. The benefits include various monthly subsidies, supplementary provident funds, supplementary medical/health and other commercial insurance, annual medical check-ups and festival packet. In 2021, the Company added employer liability insurance and transportation accident insurance voluntarily insured by enterprises to further protect the rights and safety of employees.

In December 2019, the Company formally established the Henlius United Labor Union to bring more care to employees at work and in daily life. Every year on March 8th, the Company sends gifts to female employees. It has also set up a private, tidy and warm nursery space for breastfeeding employees. In addition, the second Henlius generation, i.e. children of employees, receive holiday gifts from the Company's labor union on Children's Day every year. The labor union also regularly organizes yoga, football, badminton and table tennis activities every week, and establishes a "reasoning club" to regularly carry out popular reasoning activities, aiming to offer an array of leisure activities for employees. The labor union offers condolences to employees who were hospitalized due to illness, bereaved, or had major family difficulties, and paid out condolences worth more than RMB 100,000 in total.

The Labor Union, as the representative of employees, has established a standardized



and effective collective negotiation mechanism on matters involving employee rights. There are 19 members of the Henlius United Labor Union Committee from all departments of the Company. The committee consists of 1 chairman, 2 vice-chairmen, and 3 female staff members, complying with *Women Staff Committee Work Regulations* of the All-China Federation of Trade Unions. Through equal consultation and collective contract system, the Labor Union coordinates labor relations and safeguards the labor rights and interests of employees.

## Employee Communication

Henlius attaches great importance to maintain communication with employees and listens carefully to the voice of each employee. The Company has set up a HR business partner position, and a specific person is responsible

for all HR matters in the department. There are multiple communication channels, including phone calls, emails and interviews, to allow employees of different positions and ranks to give feedback to the Company and put forward their needs at any time. The Company simplifies the communication process between various ranks, increases the frequency of communication between different ranks, and appropriately adjusts management strategies according to employee feedback to achieve effective talent management. In 2021, Henlius launched the "Talk with Executives" Town-hall Meeting, where employees of all levels can directly talk with the Company's executives to express their opinions and ideas.

Henlius conducts an employee satisfaction survey every year to actively collect employee feedback and understand their satisfactions with the Company's operational governance and

talent management. This helps us to improve our talent management and appropriately adjust human resources management strategies. The employee satisfaction survey is mainly based on employee engagement and organizational support. The two major sections cover a number of talent management areas for employees to evaluate and score. In 2021, the completion rate of Henlius' survey was 100%, with a score of 91 points for employee engagement and 90 points for organizational support. Compared with survey results in 2020, the scores in both areas have improved significantly.

To further enhance internal communications and shape corporate culture, Henlius launched a new internal communication platform "go Henlius" for all employees in 2021. It provides a platform on which internal insights can be voiced from top to bottom, including CEO message, executive quotes and employee stories. It tracks the Company's internal hot topics such as milestone events in a timely manner, and further expand the internal influence of the events. It regularly shares news clipping with employees through which they could understand the external voices. Cross-functional communications are also strengthened via offline activities such as the first Henlius Carnival.

As of December 31, 2021, the employee turnover rate of Henlius was 20.19%. In the context of the continuous sound development of pharmaceutical industry, there are frequent exchanges of talent among pharmaceutical companies. The Company has taken various measures to develop, retain and attract more talent, continuously injecting fresh blood into the development of the Company and industry.

**CASE "Talk with Executives" Town-hall Meeting**



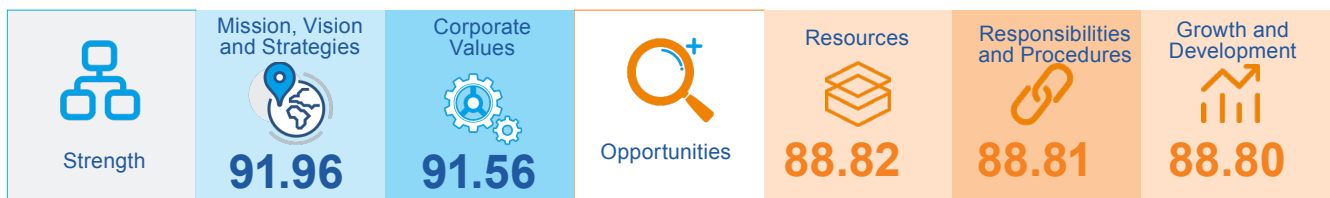
In 2021, Henlius organized three "Talk with Executives" Town-hall Meetings for all employees. Each meeting was attended by Company's senior management. Questions were collected from employees in advance and discussed in the meetings. During which, employees of all levels can directly ask executives questions and they exchanged ideas. After the meetings, a summary was published and circulated to all employees. Feedback from employees was collected to continuously improve communication channels and efficiency.

**CASE The First Henlius Carnival**







To strengthen cross-departmental communications, accelerate the implementation of the rules and regulations of each functional department, and deepen employees' understanding of functional role, the Public Relations Department, in corporation with Human Resources Department, Information Technology Department, Finance Department, Indirect Procurement Department, Legal Department, Compliance Department and Admin Department, organized the first Henlius Carnival. It helped streamline management process, embed corporate culture while better enabling business unit. Over 500 employees participated in the event on December 24.

**Employee Satisfaction Survey Analysis**



# Talent Development

## 2021 Employee Learning and Development Project

 <p><b>Sail Setting Series</b></p> <p>The sail setting series is suitable for new employees of the Company, focusing on new employee orientation training, helping new employees fully understand the corporate culture and system, and master the knowledge and skills required for the position.</p>	 <p><b>Keep Sailing Series</b></p> <p>The keep sailing series is suitable for all employees, focusing on the continuous training of hard skills for employees' positions and the continuous improvement of related soft skills.</p>	 <p><b>Voyage Series</b></p> <p>The voyage series is suitable for managers, focusing on leadership skills training and the improvement of talent management capabilities.</p>	 <p><b>Pilot Series</b></p> <p>The pilot series is suitable for the director level, focusing on the training of the Company's operational capabilities such as enterprise management and strategy formulation.</p>
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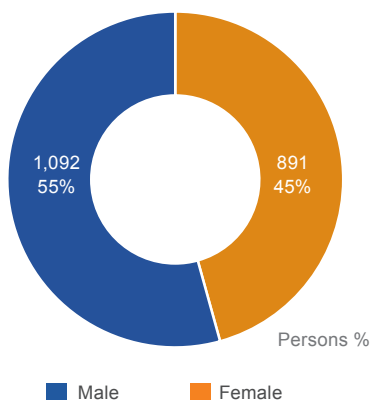
## Employee Training

High-quality and continuous employee training is the key to helping employees improve their soft and hard skills; it is also a decisive factor for the stable development of an enterprise. Henlius Learning Academy is the training center of Henlius, as well as a platform for the learning and development of Henlius employees. Henlius Learning Academy formulates a suitable annual training calendar for employees of different bandings every year according to the Company's strategy and employee needs. The 2021 learning and development curriculum framework includes: Sail Setting Series-New Employee Course, Keep Sailing Series-General Course, Voyage Series-Management Course, Pilot Series-Director Management/Leadership Course, Sharing Course-Executive sharing courses, office skills, market and industry information. The meticulously-matched learning content is made up of 70% experience, 20% exposure and 10% education. The highly matched learning topics and rich content support the Company to achieve effective and efficient employee training.

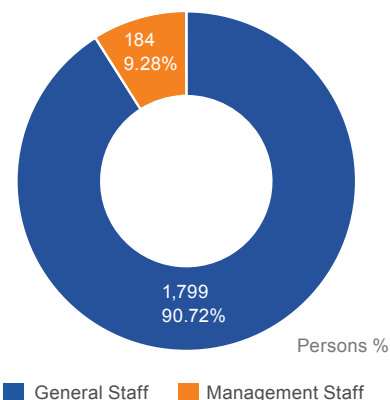
Among them, the Graduate Sail Setting Program is a highlight training program in the Sail Setting series. The program aims to help fresh graduates quickly adapt to their role transition from school to workplace, gain an in-depth understanding of corporate culture, and equip necessary skills in the workplace in a comprehensive manner.

Management staff constitute a decisive factor for the Company to achieve high-quality development. They also play an important role in leading the team to grow. Henlius constantly develops and explores training courses to help management staff master and refine their management skills. In 2021, the Company introduced Techmark business simulation training course to the Pilot series. This course is taught by the EMBA program of a first-class business school in China. It targets middle and senior managers of enterprises. It aims to help participants quickly learn and master core skills of enterprise operations, and cultivate overall, systematic and developmental strategic decision-making thinking.

Employee Training by Gender



Employee Training by Banding



### CASE 2021 Graduate Sail Setting Program



The 2021 Graduate Sail Setting Program spanned four days. For the first time, Henlius adopted a multi-day and multi-modular training model, developed customized and diversified courses, and set up course content and training forms according to the characteristics of freshmen. The four-day content includes course lectures, site visits, compulsory knowledge assessment and so on, helping fresh graduates to master relevant knowledge and understand the basic situation of the Company. Team building and group activities enhance the teamwork mindset of fresh graduates. In addition, the newly added CEO face-to-face session provides a platform for fresh graduates to communicate and interact with the CEO on the spot.

**CASE** Techmark Business Simulation Training



In August 2021, Henlius launched a two-day, one-night Techmark business simulation training course, which covered all directors and senior managers of the Company. The course content covers theoretical knowledge learning as well as group practical operation. In the early stage, the lecturer explained the main skills and knowledges of the core functional departments of the enterprise to the participants, laying a solid foundation for the practical operations of the group in the later stage. The simulated operating period has six financial quarters, and the teams competed to simulate three products that are designed, produced and sold in three countries with different economic conditions. After the operation period, the actual evaluation results will be based on the five financial indicators of each group. In this course, participants not only gained an in-depth understanding of various capabilities required for enterprise operations, but also improved key management skills and enterprise operation capabilities through simulated operations.

## Talent Development

Henlius attaches great importance to career development of employees. It supports employees to set personal development goals through performance management methods, and formulates an excellent promotion mechanism to plan a clear career development path for employees.

Henlius Leadership Development and Assessment Center tailored leadership assessment and development activities for middle and senior leaders in 2021, building competency modeling and carrying out online and offline assessment supplemented by talent review and individual development planning, aiming to help participants know themselves better and strengthen the leadership of the Company.

The Company's annual talent review sorts out the status of talent development through matrix talent analysis and position evaluation, and adjusts talent management strategies. Talent review takes continuous performance and talent potential as the two major evaluations, and divides human resources into nine categories through the low, medium and high levels set in each dimension, and formulates targeted management methods for each category of talents.

During the reporting period, the Company identified a total of 103 key positions in talent review, of which 70% of the 97 key positions were high-potential talents, and 72% of the key positions had successors.

In addition, we cooperated with 8 universities in biology and pharmacy to carry out 20 school-enterprise joint talent training projects, covering nearly 500 teachers and students. We signed a postdoctoral researcher training agreement with Zhejiang University, established a joint practice base with East China University of Science and Technology and Donghua University, and completed joint training or intern program for nearly 50 interns. We worked together to train high-

## Matrix Talent Analysis

Continuous Performance	More ↑	<p>4. <b>[Expert]</b> Performance better than expected, excellent achievements within established field but not exceeding area of work.</p> <p><b>HL</b></p>	<p>7. <b>[Expand work areas and job duties]</b> Performance better than expected, excellent achievements with attempts to go beyond area of work.</p> <p><b>HM</b></p>	<p>9. <b>[Entrusted with larger responsibilities]</b> Outstanding performance, ready to shoulder higher level tasks; can expand job duties and be entrusted with larger responsibilities.</p> <p><b>HH</b></p>	
	<p>2. <b>[Elimination in consideration]</b> Performance reaching expectations, but lack improvement motivation or capability.</p> <p><b>ML</b></p>	<p>5. <b>[More dynamic attention needed]</b> Performance reaching expectations, with certain growth potential; can be provided with more guidance and support to improve performance, and be offered with development opportunities.</p> <p><b>MM</b></p>	<p>8. <b>[Assignment of challenging tasks]</b> Performance reaching expectations, strong growth potential displayed.</p>		
	Less/Depth	<p>1. <b>[Immediate elimination]</b> Performance not meeting expectations, no improvement possibility.</p> <p><b>LL</b></p>	<p>3. <b>[Elimination in consideration]</b> Performance not meeting expectations, to be provided with more guidance to identify the obstacles of unleashing full potential.</p> <p><b>LM</b></p>	<p>6. <b>[More dynamic attention needed]</b> Performance not meeting expectations, requires time, experience and appropriate support and guidance.</p> <p><b>LH</b></p>	
		<b>Learning mindset / potential</b>			More →

quality professionals for the biopharmaceutical industry and promote the development of the industry. With Shanghai Jiaotong University, Fudan University, Shanghai University of Science and Technology, East China University of Science and Technology, Nanjing Forestry University and other colleges and universities, we organize scientific research lectures, open days and other activities from time to time to promote school-enterprise exchanges. They were well received by teachers and students.



# Health and Safety

## Safe Production

Ensuring the physical and mental health of employees is an important responsibility of an enterprise; it is also an important prerequisite for stable operations of the Company. To standardize the production operations of employees and reduce safety risks, Henlius established a comprehensive EHS management system and formulated an internal EHS management system, including the *Environment, Health and Safety Management Protocol*, *Occupational Health Management Regulations*, *Special Equipment Management Procedures and Hazardous Work Control Procedures*, etc. In 2021, the Company supplemented the safety production operation requirements by updating the *Environment, Health and Safety Management Protocol*, and further improved the safety production operation specifications. In addition, the Company provides employees with training on laws and regulations related to production safety, analyzes the meaning of laws and regulations for employees. The Company improved the level of safety management by improving employees' safety awareness of compliance with laws and regulations.

The manufacturing process of Henlius involves contact with chemicals, some of which are hazardous chemicals. To reduce and avoid safety hazards that may be caused by improper

operations, the Company strengthened the management of hazardous chemicals throughout the cycle. From procurement, storage to use, it is necessary to clearly record the operations of relevant personnel in each link for subsequent traceability. For hazardous chemical operators and management personnel, the Company not only provides necessary protection configurations, but also arranges additional special training to enhance their skills and awareness of safe operations. In addition, the Company conducted a unified census of the hazardous chemicals involved in production, and established a list of hazardous chemicals. This is to ensure that employees fully understand safety hazards and precautions of each chemical, so the Company can improve targeted protection configurations for employees.

During the reporting period, Henlius lost 0 working days due to work-related injuries. The number of deaths due to work in the past three years was 0.

## Enhanced Self-protection Awareness

Henlius constantly explores effective methods to help employees improve their self-protection ability in daily work and life. We aim to improve their ability to identify potential dangers, and enhance relevant safety awareness. We have

set up an EHS column in the office area to promote various safety tips and established the work concept of "safety first". Moreover, we carried out EHS training programs on various safety topics to popularize safety knowledge among employees. After the training, employees would undergo an exam to test their safety knowledge. During the reporting period, Henlius carried out 12,582 hours of EHS training, with an average EHS per capita training time of 5.63 hours and 7,907 person-times. In addition, we have carried out various types of safety drills, such as fire safety drills, biosafety laboratory drills and emergency plan drills, in various office sites to improve employees' emergency response capabilities.

During the reporting period, Henlius launched the safety reporting system of "Reporting Potential Hazards Any Time". The launch of this system can help the Company to discover hidden safety hazards in the office area in a more timely and effective manner, and carry out follow-up rectification and tracking. The system is available to all employees, contractors, and visitors. The Company encourages all parties to actively put forward safety suggestions, discover potential safety hazards, and help the Company strengthen safety management. During the reporting period, Henlius complied with significant laws and regulations related to the provision of a safe working environment and the protection of employees from occupational hazards.

### CASE Safety Production Law Amendment Training



During the reporting period, Henlius prepared a comprehensive training course for employees in accordance with the newly revised *Safety Production Law of the People's Republic of China*. This course opens for all employees. It not only helps employees understand the main differences between the old and new Acts, but also highlights the amendments.

### CASE 2021 Xuhui Facility Fire Safety Drill



In October 2021, Henlius conducted a fire safety drill at the Xuhui Facility, covering all employees in the factory area. This helped optimize the emergency response plan for fire accidents through practical operation of the entire emergency process. Also, employees improved self-rescue capabilities and crisis response capabilities by familiarizing themselves with escape routes and learning to use fire-fighting equipment.

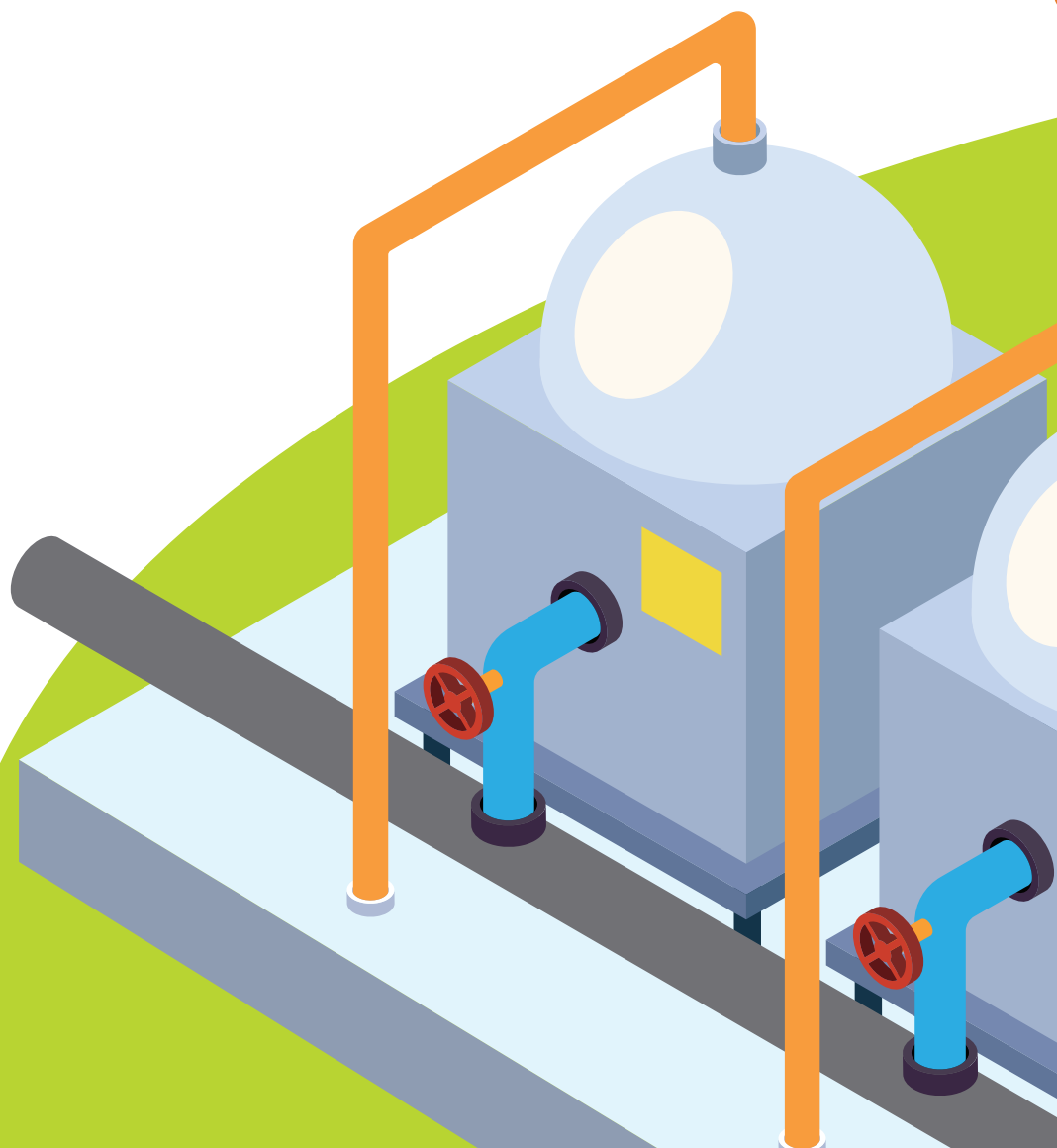
### CASE Safety Reporting System - "Reporting Potential Hazard Any Time"



Reporting Potential Hazard Any Time is mainly used for the reporting of safety hazards and EHS suggestions and feedback. Relevant personnel can fill in and submit by scanning the QR code. The EHS Department will evaluate the reported information and design improvement plans according to the actual situation. EHS also constantly improves the evaluation mechanism and efficiency. In addition, the Company has established an employee reporting reward mechanism. Employees who report effectively and with the number of reports reaching the reward range will be rewarded.

# Environmental Protection and Sustainability

Henlius always adheres to the environmental management policy of "preventing environmental pollution and reducing energy consumption", actively assumes corporate social responsibility, continuously improves its environmental management system, implements various efforts to address climate change, and stays committed to green operations. The Company pays close attention to the risks and opportunities brought by climate change, sets environmental targets in line with the actual situation of production and operation, continuously optimizes various energy-saving and emission reduction initiatives, vigorously promotes the concept of environmental protection and green operation, and strives to improve environmental performance.





# Climate Change

In recent years, growing greenhouse gas emissions have had a catastrophic impact on the global climate, with a lot of health impacts coming along. Therefore, pharmaceutical companies will gain more dominance in the megatrend of global climate change.

Henlius actively responds to climate change, carries out identification of relevant risks of climate change, and promotes the development and management of the Company's sustainable development based on such risks. We pay close attention to the trend of global greenhouse gas emissions, actively respond to national-level carbon emission management plans, and help the country achieve dual carbon goals of carbon peaking before 2030 and carbon neutrality before 2060. In view of disasters that may be caused by different extreme weather, we have identified the relevant climate change risks and prepared corresponding plans. This is to ensure stable manufacturing operation of Henlius' facilities in extreme climates, and reduce negative impacts on production, operations and brand reputation caused by climate change.

## Governance

From 2021 onwards, the Company's board of directors and ESG committee are responsible for formulating and regularly reviewing the implementation of climate change-related matters, including carbon emissions, energy consumption and other targets, while regularly reviewing the achievements. The board of directors authorizes the ESG committee to comprehensively supervise ESG management and discuss issues related to climate change. To this end, our ESG working group actively carries out climate change risk identification and takes measures to mitigate, adapt and resist climate change.

## Risk Management

The Company began identifying climate change risks and opportunities in 2021. In the future, we will use a climate change risk management system as part of our enterprise risk management function to better manage and prevent the financial impacts from climate change, and develop action plans around these changes. According to the guidelines of the *Task Force on Climate-related Financial Disclosure* (TCFD), Henlius mainly divides climate change risks into physical risks and transition

risks based on business and environmental conditions. Physical risk refers to the risks associated with shocks to physical assets, including acute and chronic risks. Transition risk refers to the risks associated with transitioning to a low-carbon economy, covering reputational risk, policy and legal risk, market risk and technology risk that may be affected by climate change.

Henlius has identified climate change risks that may have a financial impact on the Company's business by referring to government planning, policies and historical records of extreme weather where it operates geographically. During the reporting period, we systematically sorted out the risks and opportunities related to climate change, and discussed and identified six climate change risks and opportunities affecting Henlius.

Climate change also brings opportunities to enterprises and industries. Henlius is committed to fully identifying the opportunities created by climate change. In terms of production value, Henlius actively develops a low-carbon and sustainable industrial chain to enhance its resilience and industrial value. In terms of business layout, Henlius continues to explore new technologies and applications, such as the application of new energy technologies, to help the Company reduce climate change risks and transform into a low-carbon economy, aiming to maintain its competitiveness in the industry under the climate change environment.

## Corporate Target

The Company adheres to the concepts of integrity and sustainable development. It advocates and guarantees harmonious development of enterprises, society, and the environment, while adhering to sustainable development of the environment and society. The Company prevents pollution, and actively promotes energy conservation and emission reduction. Also, it protects ecological diversity, and builds an environment-friendly community. At present, it has become a global consensus to strengthen cooperation and response to global climate change. Henlius has formulated greenhouse gas emission reduction targets\*<sup>1</sup> based on the industry and its own conditions and has taken a series of measures to make efforts to create a low-carbon and environmentally friendly future for the industry.

## Key performance

Greenhouse Gas Reduction Targets:

Taking commercial production capacity as the unit, focusing on single-use production technology, and committing to reduce carbon emission intensity by **15%** compared with the base year of 2021 by 2025;

\* [1]. Intensity targets in terms of commercial capacity (i.e., single-uses production facilities).

Risk of Climate Change		Risk Description
Technology	Front-end Costs of Environmental Protection Technology Application	The adoption of technologies such as sewage discharge detection stations and reclaimed water reuse systems reduce drainage pollution and promote water recycling, which may increase the up-front operating costs.
	Front-end Costs of Low-Carbon Technology Transition	Henlius adopts single-use manufacturing technology and other technologies to improve production process and reduce carbon emissions, which may lead to an increase in up-front operating costs.
Policy and Regulation	Existing Requirements and Legal Policy	Existing laws, regulations and industry standards include the <i>Environmental Protection Law of the People's Republic of China</i> and the <i>Energy Conservation Law of the People's Republic of China</i> . Emerging regulations include government-specified carbon neutrality and carbon peaking goals. Companies that fail to comply with escalating laws and regulations can result in fines, warnings and business loss.
Reputation	Stakeholders' Growing Concern about Negative Feedback	Corporate stakeholders are increasingly concerned about green and low carbon, climate change issues and the possible impacts. For example, investors expect the Company to adopt green production operations, and the government expects Henlius to achieve energy conservation and emission reduction targets to eliminate environmental pollution. Stakeholders may ask companies to provide information on climate change related strategies, goals and performance. Inadequate disclosure by a business could affect its performance and revenue.
Market	Changes in Customer Behavior	Many corporate customers are developing or have already developed carbon neutrality strategies and require upstream suppliers to contribute together. If the Company fails to contribute or act, it may lose related orders and reduce revenue.
	Uncertain Market Signals	Climate change may lead to the spread or mutation of diseases, such as the continued fermentation or uncertainty of the COVID-19 pandemic, which may cause continuous growing demand of the pharmaceutical industry.
Physical Risk	Acute Risk	Increased severity of extreme weather events such as typhoons and floods: <ol style="list-style-type: none"> <li>Suppliers may not be able to deliver products on time due to extreme weather events, resulting in the inability to carry out manufacturing work;</li> <li>Extreme weathers may endanger the safety of workers (Henlius and its supply chain), and affect workforce management and employee occupational safety management;</li> <li>Insurance costs may increase due to extreme weather;</li> <li>The fixed assets or properties of Henlius may be damaged or destroyed due to extreme weather.</li> </ol>
	Chronic Risk	Average temperature rise: Average temperature rise may increase operating costs of business, such as energy cost increase and longer periods (if any) of employees' summer heat subsidies.



### Resource Efficiency Opportunities

- Use recycling technologies: further improve the recycling of water resources, adopt a reclaimed water reuse system, and use the recycled water for green space irrigation, etc.
- More efficient production process: in the process of product research and development, the productivity of energy utilization is improved, the consumption is reduced, and the operating cost of the enterprise is reduced.



### Energy Opportunities

- Low-emission energy sources: use of the clean energy in production operations.
- New technology application: technologies such as solar panels can be used to supply energy in the production plant.



### Market and Product Service Opportunities

- Customers are placing increasing demands on the sustainability of their supply chains, and businesses need to improve and keep our environmental management aligned with our customers' strategies and needs, which can make us more competitive with our peers.

# Environmental Management

## EHS Management System and Responsibilities



## Environmental Investment

Indicator	Unit	2020	2021
Environmental investment	10,000CNY	255.1	405.87

Henlius understands the importance of environmental protection, and therefore strictly follows laws and regulations of the places where it operates. This includes the *Law of the People's Republic of China on the Prevention and Control of Air Pollution* and the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*. According to the aforementioned laws and regulations, Henlius has optimized the internal environmental management system and regulations in line with its development, such as the *Waste Gas Management Regulations*, *Wastewater Discharge Management Regulations* and *Solid Waste Management Regulations*. It has taken the conditions of various departments and manufacturing bases of the Company, as well as the internal environmental management system and regulations into account. This enhances Henlius' compliance in environmental protection and ensures the sustainable development of the industry and the Company.

During the reporting period, Henlius continued to make good use of *Pollution Prevention and Control Responsibility System*. By establishing the Company's environmental management organizational structure and job responsibilities at all levels, Henlius carried out environmental protection with a top-down management system,

and revised the *Environment, Health and Safety Management Manual*. During the reporting period, Henlius took a series of measures to strengthen the management of energy, waste gas, waste water and waste, reducing the impact of environmental pollution and waste of resources. Henlius has invested about RMB 4.059 million in environmental protection.

## Energy Management

Henlius strictly abides by the *Energy Conservation Law of the People's Republic of China* and other laws and regulations where it operates. The Company takes energy conservation and consumption reduction as an important cornerstone for the completion of low-carbon production, and advocates to improve energy efficiency and reduce carbon footprint. At present, the Company's main energy sources are purchased electricity and natural gas. Henlius proactively promotes low-carbon production measures, such as the green office concept and lean production, based on its own operation conditions, and we further promoted "paperless office" to all departments of the Company.

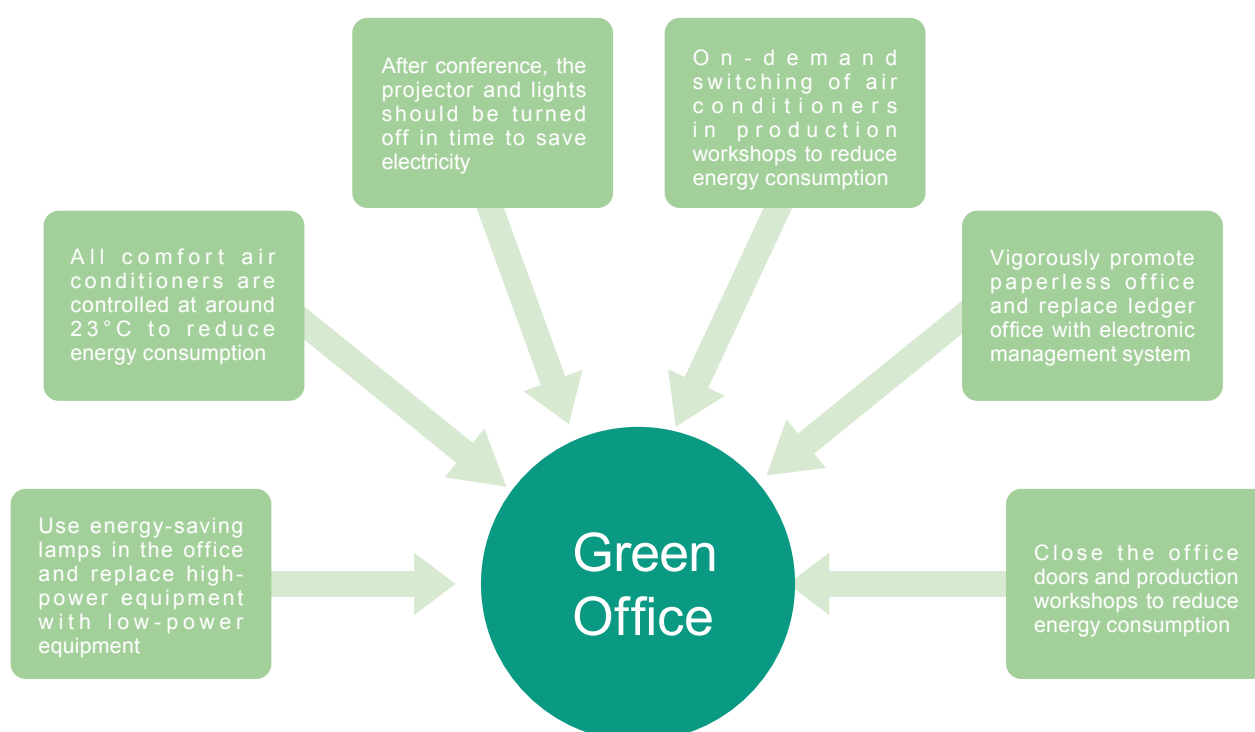
### KPI

#### Energy saving goals:

Taking commercial production capacity as the unit and focusing on single-use production technology, it promises that by 2025, the energy consumption intensity will be reduced by **15%** compared with the base year of 2021;

## Energy Statistics 2019-2021

Indicator	Unit	2019	2020	2021
Outsourced electricity	kilowatt-hour	10,438,200	20,089,862	24,583,212
Natural gas	cubic meter	1,057,926	2,559,789.50	2,878,404
Gasoline	Liter	13,945.06	0	11,558.48
Direct energy consumption	GJ	40,721.30	97,476.12	109,970.05
Indirect energy consumption	GJ	37,577.52	72,323.50	88,499.56
Energy consumption	GJ	78,298.82	169,799.62	198,469.62
Energy consumption intensity	GJ/Liter	/	/	9.92
Scope 1 Greenhouse Gas Emissions	tons of carbon dioxide equivalent	2,328.02	5,534.75	6,249.15
Scope 2 Greenhouse Gas Emissions	tons of carbon dioxide equivalent	7,105.98	14,133.21	17,294.29
Total Greenhouse Gas Emissions	tons of carbon dioxide equivalent	9,434	19,667.96	23,543.44
Greenhouse Gas Emissions Intensity	tons of carbon dioxide equivalent per liter	/	/	1.177



## Water Resources Management

Henlius keeps in mind the concepts of water resource protection and water conservation, strictly implements the laws and regulations of the places where it operates, such as the *Water Law of the People's Republic of China*. It formulates relevant management policies and strengthens the recycling of water resources considering the Company's own operations. During the reporting period, our main water source was municipal water. To achieve greater recycling of water resources and compliance with discharge regulations, we gave the full launch of a reclaimed water reuse system in Songjiang and Xuhui facilities, using the recycled water for Green watering, circulating cooling water replenishment system, etc. In 2021, the Songjiang facility reused 23,437.9 cubic meters of reclaimed water, while the Xuhui production base reused 3,334 cubic meters of reclaimed water.

### Water use target:

Taking commercial production capacity as the unit, it promises that by 2025, the water intensity will be reduced by **8%** compared with the base year of 2021



Reclaimed water reuse system

### Total Water Consumption 2019-2021

Indicator	Unit	2019	2020	2021
Total water consumption	cubic metre	108,013	233,594	284,617
Water consumption intensity	cubic metre/Liter	/	/	14.23

## Packaging Material Management

Henlius' packaging materials are mainly used in product production, transportation, sales and storage. We adhere to the principle of "cherishing resources, reducing energy consumption, and promoting sustainability". We strictly abide by relevant laws and regulations of the places where the Company operates, and strive to optimize the material management system. From product packaging design, product production process optimization to material transportation improvement, we actively promote the lightweight of packaging materials, and strengthen the internal recycling of waste packaging materials in enterprises to improve the utilization efficiency of packaging materials. During the reporting period, the total amount of Henlius' packaging materials was 139.08 tons.

## Emission Management

Henlius strictly abides by relevant laws and regulations of the places it operates on the exhaust gas and greenhouse gas emissions, sewage to water and land, and the hazardous and harmless wastes and formulates the Company's internal management system based on its operations. The Company strictly implements emission group environmental goals set at the beginning of each year and takes control measures for the discharge of wastewater and waste gas pollutants.

The pollutants emitted by the exhaust gas mainly come from the volatilization of a small number of chemical reagents, acid-base and organic reagents in the production and inspection process. Henlius strictly follows the *Emission Standard of Air Pollutants for Pharmaceutical Industry (GB37823-2019)*, *Shanghai Emission Standard of Pollutants for Biopharmaceutical Industry (DB31/373-2010)*, *Comprehensive Emission Standard of Air Pollutants (DB31/933-2015)*, *Odor (Odor) Pollutant Emission Standard (DB31/1025-2016)* and *Boiler Air Pollutants (DB31/387-2018)* and other operating laws and regulations and industry standards. We constantly amend the Henlius' management system of *Exhaust Gas Management Regulations*. In addition, a fume hood is installed in the laboratory, while equipment, such as exhaust pipes and exhaust fans, is used to collect and treat exhaust gas in a centralized manner. In 2021, the hazardous waste warehouse fans in the Xuhui production base were upgraded to ensure the compliance of exhaust gas pollutants.

Wastewater discharge pollutants mainly come from chemical oxygen demand (COD), ammonia nitrogen (NH<sub>3</sub>-N) and total nitrogen in production wastewater, experimental wastewater, pure water preparation wastewater and steam condensate, domestic sewage, and cooling tower blowdown. Henlius strictly abides by the *Shanghai Biopharmaceutical Industry Pollutant Discharge Standard (DB31/373-2010)* and the *Comprehensive Wastewater Discharge Standard (DB31/199-2018)* and other laws, regulations and industry standards of the Company's operating area. Integrating Henlius' operation conditions, we constantly revise our *Wastewater Discharge Management Regulations*. In 2021, Henlius upgraded the sewerage equipment in Songjiang and Xuhui facilities, which significantly improved the efficiency, effectiveness and capacity of sewage treatment. An online monitoring system for wastewater discharge that connects to the local environmental protection bureau was installed to ensure the wastewater discharge and system operations can be monitored at all times.



Discharge Monitoring System

### Waste Target:

Taking commercial production capacity as the unit, we promise that by 2025, **100%** of hazardous waste will be disposed of in compliance with regulations, and the emission intensity of solid waste will be reduced by **10%**



Waste is mainly divided into general solid waste and hazardous waste. General solid waste primarily includes activated sludge and domestic waste. Henlius has compliantly disposed of it through recycling in the park and entrusting it to the sanitation department. For the management of general solid waste, we have formulated ledger management of general solid waste, and track and manage the general solid waste by recording the use and disposal of waste. Hazardous wastes mainly includes waste culture bags, waste filters, waste organic resins, substandard medicines and waste activated carbon. Henlius adopts a management ledger and transfer bill system, and regularly entrusts

institutions with corresponding hazardous waste treatment qualifications. In 2021, according to *SOP-00204 Yishan Road Solid Waste Management Regulations*, the EHS department sterilized active waste and classified it according to the label. For example, the yellow label is for hazardous waste that needs to be sterilized. After collection, it was sterilized and recorded in the ledger to ensure correct classification and reduce secondary pollution. Henlius strictly follows the *Standards for Pollution Control of Hazardous Waste Storage (GB18597-2001)*, *Technical Specifications for Collection, Storage and Transportation of Hazardous Wastes (HJ2025-2012)* and *Standards for Pollution*

*Control of General Industrial Solid Waste Storage and Disposal Sites (GB18599-2001)* and other operating laws and regulations. Integrating the Company's operations, Henlius has formulated the *Solid Waste Management Regulations* and *Hazardous Waste Management Regulations* to refine the types of hazardous waste generated by various departments, as well as to ensure complete collection and proper disposal hazardous waste.

**Due to an increase in production capacity, the pollutant emissions of Henlius during the reporting period increased compared with 2020. Details of the emissions are as follows:**

Indicator	Unit	2019	2020	2021
Total domestic waste	Tons	213.89	341.82	383.65
Total general industrial solid waste	Tons	19.72	142.72	207.50
Total hazardous waste	Tons	61.59	113.64	177.21
Hazardous waste intensity	Tons/liter	/	/	0.009
Total solid waste	Tons	295.20	598.18	768.36
Solid waste emission intensity	Tons/liter	/	/	0.038

# Social Responsibility



Henlius actively participates in social public welfare and puts corporate social responsibilities and obligations into practice. We continue to give back to the society with pragmatic actions. As a pharmaceutical company, the Company actively leverages its corporate edge and continues to carry out various public welfare activities centered on patients, effectively helping patients, vulnerable groups and the public, while promoting the development of national health. In addition, we keep up with latest social trends, actively respond to the call of national policies, give a hand in a timely manner for major disasters and events, and assume corporate responsibility.





# Industry-wide Cooperation

Henlius actively devotes itself to public welfare undertakings, leverages its edge, builds platforms, forms teams, and seeks partners, such as public welfare organizations and patient associations, aiming to jointly promote the development of social welfare projects. Within the Company, Henlius established an employee volunteer organization, "Lan Jinglin," in 2019. It has initiated several recruitments within the Company; and employees are self-registered. It has continuously expanded the "Henlius Gennie" volunteer team and strengthened the Company's public welfare influence. Also, it has created a positive internal corporate cultural atmosphere. Regarding external cooperation, the Company has established long-term cooperative relationships with many non-profit organizations. We continued to promote different projects, including "Leaving No HER2-positive Patient Behind" ecosystem construction.

## Diversified Cooperation

In 2019, Henlius signed a contract with the Shanghai Fosun Public Welfare Foundation to formally establish the Shanghai Fosun Foundation's Henlius Public Welfare Special Fund. In addition, the Company successively cooperated with Beijing New Sunshine Charity Foundation, Shanghai Pink Angel Cancer Patient Care Center, Xiamen Red Cross Foundation, Wu Jieping Medical Foundation, and Shanghai Youth Development Foundation. The collaborations focus on health education, patient care, and rural medical care public welfare projects. In 2021, the Company signed a public welfare strategic cooperation agreement with the Beijing Aipu Cancer Patient Care Foundation and Rehabilitation Branch of the China Anti-Cancer Association. This cooperation aims to strengthen the public's awareness and understanding of tumor diseases. By integrating resources and its advantages, it has garnered social charitable forces, carried forward the concept of optimistic and healthy public welfare, and jointly carried out a series of public welfare projects, such as disease popularization education and tumor patient care, to promote the development of cancer prevention and treatment.

## Building a Diagnosis and Treatment Ecosystem

In 2020, Henlius launched the public welfare project "Leaving No HER2-positive Patient Behind". The project targets HER2 positive

patients. Multi-dimensional public welfare activities were carried out. It was honored by "2021 Golden Flag Award for Corporate Social Responsibility Gold Award". In 2021, the Company continued to promote this project. The following outlines the progress of each sector.

### Detection and Diagnosis Cooperation

The HANQUYOU Breast Cancer HER2 FISH Public Welfare Testing Project launched nationwide on January 1, 2021. At present, the project has provided free HER2 FISH testing for a total of 333 breast cancer patients from 101 hospitals in 24 provinces. It helps patients take precise medication. With further involvement of HANQUYOU in the market, the project will cover more areas.

### Big Data Cooperation

The RWS (Real World Research) project launched in September 2020. It covers more than 10,000 breast cancer doctors in hundreds of hospitals across the country, and enrolls more than 12,000 patients. It is expected to accumulate a strong real-world experience for HANQUYOU research data.

To benefit more patients, the "Medical Research on Biosimilar Drugs" project officially launched in July 2021. It planned to recruit new breast clinicians across the country to participate in research. Research doctors are required to fill in adverse reaction records and biosimilar drugs after completing the patient's first medication. As of December 13, the project has included more than 13,000 cases from over 2,000 clinicians.

### Patient Management Collaboration

HANQUYOU Care with Henlius is a patient management project carried out through cooperation with WeDoctor's Internet hospital platform, it presents an "online care package" to patients with HER2-positive breast cancer, helping patients and their attending physicians to establish a better relationship. It also connects doctors and patients to help patients manage the full cycle of their disease. The project launched at the end of December 2020, and patients were enrolled in January 2021. As of December 7, 2021, more than 2,000 patients have been enrolled.

The surgical teaching exchange project of

HANQUYOU with the theme of "Graceful Curves, Reappearance of Skillful Hands" will go into its second phase in April 2021. It makes use of live broadcast interaction to build a communication platform for surgeons. As of now, the project has held 24 sessions, covering more than 1,400 doctors and viewing more than 9,500 times.

The first-phase of the project of the Wu Jieping Medical Foundation Breast Cancer Targeted Therapy Special Scientific Research Fund has been warmly praised by clinical experts; while the second-phase scientific research application has completed project recruitment and final review stages during the reporting period. The Wu Jieping Youth Fund has also completed the project recruitment and final review stages during the reporting period. Two projects supported experts to further explore the field of breast cancer treatment and provided them with a platform for sharing and communication.

### Drug Access Cooperation

The Company assists young physicians to carry out market access research projects for oncology drugs, covering young physicians in the Yangtze River Delta region. This promotes the development of Yangtze River Delta medical insurance, medical, and pharmaceutical linkage projects, so that more young physicians become aware of the current clinical accessibility of biosimilars and bioinnovative drugs in China. This embarks on research work under the current situations, focusing on pharmacoeconomics, the impact of medical insurance budgets, bidding on the Internet, and centralized procurement of medicines with volume.

### Public Welfare Cooperation

Excellent medical assistance - HANQUYOU Rural Medical Care Public Welfare (please refer to the case studies in a subsequent post for more details)

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2021 Henlius : total amount of donation

**RMB 6,020,321.47**

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**CASE** Excellent Medical Assistance - HANQUYOU Rural Medical Care Public Welfare

"Excellent Medical Assistance - HANQUYOU Rural Medical Care Public Welfare Tour" is a public welfare project jointly launched by Henlius, Fosun Foundation, People's Daily Health Client and People's Daily Health Times. It helps improve medical conditions, diagnosis and treatment level, and hospital management capabilities of remote villages in China. The aim is to increase the awareness of rural people on breast cancer and other tumor diseases, while achieving early diagnosis and early treatment.

The project invited well-known local oncology medical experts and hospital management teams to visit villages and towns to conduct public welfare training for local village doctors and villagers. Topics include the prevention, diagnosis and treatment of breast cancer and other tumor diseases. They also conduct consultations for difficult cases, provide free clinics, and offer hospital management services. Furthermore, the experts communicated with local medical parties and gave guidance on the clinic management and construction, inspected village clinics, and visited village doctors and patients in difficulty. It has been carried out for two consecutive years. The public welfare team has visited 6 remote suburban counties across the country, including Jinzhai County in Anhui, Qiongzong County in Hainan, Deqin County in Yunnan, and Guangchang County in Jiangxi. Over 60 clinical experts and more than 1,000 patients participated. More than 600 primary medical personnel were benefited, donating a total of more than RMB 60,000 of materials to the local village clinic.

On June 12, 2021, the expert team of Yunnan Cancer Hospital visited Xuanwei City, Yunnan Province, to carry out public welfare activities in rural area.



On June 17, 2021, a team of young experts from the Breast Oncology Group of the Oncology Branch of the Chinese Medical Association visited Deqin County, Yunnan Province, to carry out public welfare activities in rural area.



On July 24, 2021, a team of experts from Jiangxi Cancer Hospital visited Guangchang County, Jiangxi Province, to carry out public welfare activities in rural areas.



On November 10, 2021, a team of experts from the First Affiliated Hospital of the University of Science and Technology of China visited Jinzhai County, Anhui Province, to carry out public welfare activities in rural areas.



**CASE** Mother's Day Breast Cancer Health Charity Salon



On May 8, 2021, Mother's Day Breast Cancer Health Charity Salon "Dance with Love, Enjoy Youth" was successfully held in Shanghai. The event was co-hosted by Shanghai Fosun Foundation and Shanghai Pink Angel Cancer Patient Care Center, supported by Henlius. A number of breast cancer patients, medical experts, psychological consultants and other guests gathered together centering on the "Mother". We discussed and shared topics such as fertility preservation for breast cancer patients, precautions for pregnancy preparation, parent-child communication, and emotional management. The event invited 4 breast cancer patients at different life nodes to participate in the event and share their stories. They talked about the journeys of battle with cancer, and discussed in depth their understanding of the identity of "mother", demonstrating the anti-cancer concept of "dance with love, coexist with cancer." In the last part of the activity, all guests engaged in making floral-scented wax cards from scratch. The project won "Top Ten Outstanding Public Welfare Projects" in the 4<sup>th</sup> ONE FOSUN Charity Week.

# Community Engagement

## Rural Revitalization

Henlius actively responded to the Country's call, consolidated the overall success in poverty alleviation, and drove rural revitalization. We collaborated with different sectors of society and garnered forces to help rural areas, putting corporate social responsibilities into practice.

### CASE Helping Xishuangbanna Dai Autonomous Prefecture to Alleviate Poverty



In 2021, the Henlius United Labor Union actively participated in consumption collaboration work, and the counterpart assistance in the procurement of native products in Xishuangbanna Dai Autonomous Prefecture. That was to help the locals achieve "poverty alleviation throughout the state", and further consolidate and expand the achievements of poverty alleviation. Henlius allocated a total of RMB 220,000 in donations, and delivered purchased local products to every employee of Henlius, allowing them to experience poverty alleviation, and letting them know they have contributed to poverty alleviation and established correct values.

## Aid to Henan

On July 20, 2021, Henan and other places encountered extreme heavy rainfall and suffered dangerous situations. Urgent help from across the country was ushered to Henan. More than 30 employees of Henlius United Labor Union stationed in Henan were affected to various degrees. Henlius united with leaders, committee members and employees of the labor union to care for the victims in Henan, and swiftly sent condolence cards to colleagues residing in Henan. During the disaster relief period, Henlius disaster-affected employees strived to help medical institutions where they work, the neighborhoods and communities where they live, and the vulnerable people around them to fight the disaster together.



Photo taken by employees of Henlius

# Appendix I Key Performance Table

## Environmental Performance\*<sup>1</sup>

Indicator	Unit	2019	2020	2021
<b>Energy Use</b>				
Natural gas consumption *2	M <sup>3</sup>	1,057,926	2,559,789.50	2,878,404.00
Gasoline (self-owned vehicle gasoline consumption)	Liter	13,945.06	0	11,558.48
Power consumption (purchased power)	Kilowatt	10,438,200	20,089,862	24,583,212
Energy consumption	GJ	78,298.82	169,799.62	198,469.62
Energy consumption intensity *3	GJ/Liter	/	/	9.92
Energy consumption intensity *4	GJ/10,000CNY	8.61	2.89	1.18
<b>Resource Usage</b>				
Water consumption	M <sup>3</sup>	108,013	233,594	284,617
Water consumption intensity *5	M <sup>3</sup> / Liter	/	/	14.23
Water consumption intensity *6	M <sup>3</sup> /10,000CNY	11.88	3.98	1.69
Total amount of recycled water	M <sup>3</sup>	100	2,164,709.43	2,122,725.00
Total amount of packaging material used in finished products	Ton	7.79	43.02	139.08
Packaging materials used in finished products intensity *7	Ton/Liter	/	/	0.007
Packaging materials used in finished products intensity *8	Ton/10,000CNY	0.00086	0.00073	0.00083
Total investment in environmental protection costs	10,000CNY	55	255.10	405.87
<b>Emissions</b>				
<b>Air emissions</b>				
NOx emissions	Ton	0.61	0.30	0.53
Sulfur dioxide emissions	Ton	0.05	0.03	0.08
Total non-methane hydrocarbon emissions	Ton	0.02	0.03	0.25
Particulate Matter Emissions	Ton	0.03	0	0.00
<b>Wastewater</b>				
Industrial wastewater discharge	Ton	2,229	11,285.70	47,347.50
Chemical Oxygen Demand (COD) Emissions	Ton	0.22	0.64	4.17
Ammonia nitrogen (NH <sub>3</sub> -N) emissions	Ton	0.01	0.01	0.20
<b>Waste</b>				
Total domestic waste	Ton	213.89	341.82	383.65
Total General Industrial Solid Waste	Ton	19.72	142.72	207.50
Total Hazardous Waste	Ton	61.59	113.64	177.21
Hazardous waste intensity *9	Ton/Liter	/	/	0.009
Hazardous waste intensity *10	Ton/10,000CNY	0.007	0.002	0.001

Indicator	Unit	2019	2020	2021
Total solid waste	Ton	295.20	598.18	768.36
Solid Waste Emission Intensity *11	Ton/Liter	/	/	0.038
Solid Waste Emission Intensity *12	Ton/10,000CNY	0.032	0.010	0.005

### Greenhouse gas emissions

Greenhouse Gas Emissions		9,434.00	19,667.96	23,543.44
Scope 1 greenhouse gas emissions	Tons of carbon dioxide equivalent	2,328.02	5,534.75	6,249.15
Scope 2 greenhouse gas emissions		7,105.98	14,133.22	17,294.29
Greenhouse gas emission intensity *13	Tons of carbon dioxide equivalent per Liter	/	/	1.177
Greenhouse gas emission intensity *14	Tons of carbon dioxide equivalent per 10,000CNY	1.037	0.335	0.140

\* [1]. Since the Company's R&D center in California does not involve production, and the performance of environmental resource use and pollutant discharge is relatively small, the environmental performance of this report does not include the Company's R&D center in California.

[2]. In 2017 and 2018, the main direct energy consumption was diesel; to form inter-annual data comparability, the natural gas consumption data in 2017 and 2018 were converted from diesel consumption.

[3]. In units of commercial capacity (i.e. single-use production equipment)

[4]. In units of 10,000CNY

[5]. In units of commercial capacity (i.e. single-use production equipment)

[6]. In units of 10,000CNY

[7]. In units of commercial capacity (i.e. single-use production equipment)

[8]. In units of 10,000CNY

[9]. In units of commercial capacity (i.e. single-use production equipment)

[10]. In units of 10,000CNY

[11]. In units of commercial capacity (i.e. single-use production equipment)

[12]. In units of 10,000CNY

[13]. In units of commercial capacity (i.e. single-use production equipment)

[14]. In units of 10,000CNY

### Employees' performance

Performance indicators	Unit	2019	2020	2021
<b>Employee Hiring</b>				
Number of employees	Capita	1,172	1,873	2,234
Number of male employees	Capita	501	876	1,032
Number of female employees	Capita	671	997	1,202
Number of employees over 50 years old	Capita	37	32	39
Number of employees aged 30-50	Capita	532	807	1,302
Number of employees under the age of 30	Capita	603	1,034	893
Number of employees working in mainland China	Capita	1,087	1,833	2,203
Number of employees working in Hong Kong, Macao and Taiwan	Capita	44	5	0
Number of employees working in the United States	Capita	41	35	31
Number of Employees by Education: Ph.D.	Capita	103	99	99
Number of Employees by Education: Master	Capita	427	537	590



Performance indicators	Unit	2019	2020	2021
Number of Employees by Education: Undergraduate	Capita	484	938	1,138
Number of employees by Education: Below College Level	Capita	158	299	407
Turn over rates *1	%	10.12	13.19	20.19
Employee Turnover Rate by Gender: Male Employees	%	/	13.35	22.81
Employee Attrition Rate by Gender: Female Employees	%	/	13.05	17.78
Employee turnover by age: over 50	%	/	/	22.00
Employee turnover by age: 30-50 years old	%	/	/	19.73
Employee turnover by age: less than 30 years old	%	/	/	20.76
Employee Attrition Rate by Region: Mainland China	%	/	/	19.92
Employee Turnover Rate by Region: Overseas	%	/	/	35.42
<b>Employee Health and Safety</b>				
Number of work-related injuries	Case	0	5	0
Work-related fatalities	Capita	0	0	0
Death rate due to work	%	0	0	0
Lost rate per million man-hours	/	0	1.75	0
<b>Employee Training</b>				
Employee training expenses	10,000CNY	239	63.70	296.93
Employee training coverage	%	93.77	81.69	88.76
Male employee training coverage	%	91.62	80.37	86.34
Female employee training coverage	%	95.38	82.85	90.85
Basic staff training coverage	%	/	/	90
Management staff training coverage	%	/	/	76
Training time per employee *2	Hour	12.99	17.61	52.39
Average training time for male employees *3	Hour	13.04	16.88	57.42
Average training time for female employees *4	Hour	12.96	18.25	48.07
Average training time for general staff *5	Hour	/	/	56.30
Average training time for management employees *6	Hour	/	/	20

\* [1]. The calculation caliber in 2021 is the number of departures / (number of departures + total number of employees) \* 100

[2]. Since 2020, the Company has introduced online E-Learning training, combined with online and offline training, the average training time of employees is 52.39 hours.

The calculation caliber is the total online and offline time/total number of employees.

[3]. The calculation caliber is the total online and offline time/total number of male employees.

[4]. calculation caliber is the total online and offline time/total number of female employees.

[5]. The calculation caliber is the total online and offline time/total number of general staff.

[6]. The calculation caliber is the total online and offline time/total number of management staff.

## Product Quality and Safety

Performance indicators	Unit	2019	2020	2021
Total number of violations related to health and safety, labelling of products and services provided	Case	0	0	0
Total number of violations of laws and regulations in marketing	Case	0	0	0
Total number of violations of customer privacy violations	Case	0	0	0
Percentage of total products sold or shipped subject to be recalled for safety or health reasons	%	0	0	0
Number of complaints received about products and services	Case	5	0	10
Complaint handling rate about products and services	%	100	/	100

## Supplier Performance

Performance Indicator	Unit	2020	2021
East China	Company	126	409
South China	Company	1	17
Central China	Company	1	10
North China	Company	8	78
Northwest region	Company	0	2
Southwest Region	Company	1	13
Northeast area	Company	1	1
Hong Kong, Macao and Taiwan	Company	0	1
Overseas	Company	2	16
Total number of suppliers	Company	140	547

## Anti-corruption Performance

Performance indicators	Unit	2019	2020	2021
Number of completed corruption lawsuits against the Company and its employees	Case	0	0	0
Number of anti-corruption training provided to directors	Time	/	0	1
Number of directors attending anti-corruption training	Capita	/	1	10
Number of anti-corruption training provided to employees	Time	/	9	28
Number of employees participating in anti-corruption training	Capita	/	1,267	2,115

## Social Welfare Performance

Performance indicators	Unit	2019	2020	2021
Social welfare investment	10,000CNY	428.02	760	602.03

# Appendix II GRI Content Index

Disclosure Issues/Disclosure Items	Topics	Sections
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
<b>Organizational profile</b>		
102-1	Name of the organization	About Henlius
102-2	Activities, brands, products, and services	About Henlius
102-3	Location of headquarters	About Henlius
102-4	Location of operations	About Henlius
102-6	Market service	About Henlius
102-7	Scale of the organization	About Henlius
102-8	Information on employees and other workers	Our People
102-9	Supply chain	Business Integrity
102-10	Significant changes to the organization and its supply chain	Business Integrity
102-13	Membership of associations	Business Integrity
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Chairman Message
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	About Henlius
<b>Governance</b>		
102-18	Governance structure	Responsible Management and Development
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	ESG Governance
102-42	Identifying and selecting stakeholders	ESG Governance
102-43	Approach to stakeholder engagement	ESG Governance
102-44	Key topics and concerns raised	ESG Governance
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	About This Report
102-46	Defining report content and topic boundaries	About This Report
102-47	List of material topics	ESG Governance
102-48	Restatements of information	About This Report
102-49	Changes in reporting	About This Report
102-50	Reporting period	About This Report
102-51	Date of most recent report	About This Report
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	About This Report

Disclosure Issues/Disclosure Items	Topics	Sections
102-55	GRI Content Index	Appendix II: GRI Context Index
<b>Substantive issues</b>		
<b>Economy</b>		
<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	Appendix II: GRI Context Index
<b>GRI 205: Anti-Corruption 2016</b>		
205-1	Operations assessed for risks related to corruption	Responsible Management and Development
205-2	Communication and training about anti-corruption policies and procedures	Responsible Management and Development
205-3	Confirmed incidents of corruption and actions taken	Responsible Management and Development
<b>GRI 206: Anti-Competitive Behavior 2016</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible Management and Development
<b>Environment</b>		
<b>GRI 301: Materials 2016</b>		
301-1	Materials used by weight or volume	Environmental Protection and Sustainability
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organization	Environmental Protection and Sustainability
302-2	Energy consumption outside of the organization	Environmental Protection and Sustainability
302-3	Energy intensity	Environmental Protection and Sustainability
302-4	Reduction of energy consumption	Environmental Protection and Sustainability
302-5	Reductions in energy requirements of products and services	Environmental Protection and Sustainability
<b>GRI 303: Water 2016</b>		
303-1	Water withdrawal by source	Environmental Protection and Sustainability
303-3	Water recycled and reused	Environmental Protection and Sustainability
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	Environmental Protection and Sustainability
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Protection and Sustainability
305-4	GHG emission intensity	Environmental Protection and Sustainability
<b>GRI 306: Effluents and Waste 2016</b>		
306-1	Water discharge by quality and destination	Environmental Protection and Sustainability
306-2	Waste by type and disposal method	Environmental Protection and Sustainability

Disclosure Issues/Disclosure Items	Topics	Sections
<b>GRI 308: Supplier Environmental Assessments 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Business Integrity
<b>Social</b>		
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	Our People
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People
<b>GRI 403: Occupational Health and Safety 2016</b>		
403-1	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our People
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Our People
404-2	Programs for upgrading employee skills and transition assistance programs	Our People
404-3	Percentage of employees receiving regular performance and career development reviews	Our People
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Our People
<b>GRI 406: Anti-Discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Our People
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Quality and Innovation
<b>GRI 417: Marketing and Labeling 2016</b>		
417-1	Requirements for product and service information and labelling	Responsible Management and Development
417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible Management and Development
417-3	Incidents of non-compliance concerning marketing communications	Responsible Management and Development
<b>GRI 418: Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible Management and Development

# Appendix III HKEX Index

## Environmental, Social and Governance Reporting Guide - Content Index

ESG Subject Areas, General Disclosures and KPIs			Corresponding Chapter
<b>Environment</b>			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection and Sustainability
	A1.1	The types of emissions and respective emissions data.	Environmental Protection and Sustainability
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainability
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainability
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainability
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection and Sustainability
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection and Sustainability
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection and Sustainability
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainability
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection and Sustainability
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection and Sustainability
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection and Sustainability
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection and Sustainability
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Protection and Sustainability
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection and Sustainability

ESG Subject Areas, General Disclosures and KPIs			Corresponding Chapter
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection and Sustainability
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection and Sustainability
<b>Social</b>			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People
	B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Our People
	B1.2	Employee turnover rate by gender, age group and geographical region.	Our People
B2: Health and Safety	General Disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our People
	B2.1	Number and rate of work-related fatalities, occurred in each of the past three years including the reporting year.	Our People
	B2.2	Lost days due to work injury.	Our People
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our People
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Our People
	B3.2	The average training hours completed per employee by gender and employee category.	Our People
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our People
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our People
	B4.2	Description of steps taken to eliminate such practices when discovered.	Our People

ESG Subject Areas, General Disclosures and KPIs			Corresponding Chapter
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Business Integrity
	B5.1	Number of suppliers by geographical region.	Business Integrity
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Business Integrity
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Business Integrity
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Business Integrity
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality and Innovation Responsible Management and Development
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality and Innovation
	B6.2	Number of products and service related complaints received and how they are dealt with.	Quality and Innovation
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Responsible Management and Development
	B6.4	Description of quality assurance process and recall procedures.	Quality and Innovation
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Responsible Management and Development
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Responsible Management and Development
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Management and Development
	B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Management and Development
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility



## Appendix IV Feedback

In order to continuously improve the sustainable development of Henlius, we would like to collect your useful feedback, which will serve as an important basis for us to improve our work. We sincerely thank you for your valuable suggestions on this report.

### Your Information:

Name:

Unit:

Contact Number:

Email Address:

### Your Feedback:

1. In general, the 2021 Henlius ESG Report is :

- Very good       Quite good       Okay       Not so good       Not good at all

2. The disclosure of the 2021 Henlius ESG Report is:

- Very informative       Quite informative       Okay       Not so informative       Not informative at all

3. The quality of information disclosed in the 2021 Henlius ESG Report is:

- Very high       Quite high       Okay       Quite low       Very low

4. Which of the following areas in the 2021 Henlius ESG Report need to be strengthened:

- Idea elaboration       Data&charts       Case studies       Topics       Images

5. In the 2022 Henlius ESG Report, you would like to add a section on:

- Corporate governance, in particular:
- Environmental protection, in particular:
- Social advancements, in particular:
- Others, in particular:

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Scan QR code and feed back your comments online



## ASSURANCE STATEMENT

### **SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI HENLIUS BIOTECH, INC. FOR 2021**

#### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD.(thereafter as "SGS") was commissioned by SHANGHAI HENLIUS BIOTECH, INC.(thereafter as "HENLIUS") to conduct an independent assurance of the 2021 Environmental, Social and Governance Report (thereafter as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report of Shanghai Xuhui Office (located at 5/F,7/F 9/F, Innov Tower, Zone A, No. 1801 Hongmei Road, Xuhui District, Shanghai, P. R. China), Shanghai Xuhui Base (located at Buildings B, C and D, Kelong Science and Technology Park, No. 1289, Yishan Road, Xuhui District, Shanghai, P. R. China) and Shanghai Songjiang Base (No.1 Factory is located at Jinlingzhidu Building No.1, No.5155 Guangfulin Road, Songjiang District, Shanghai, P. R. China, No.2 Factory is located at the Second Construction Project Department at the crossing of Wenjun Road and Dingsong Road, Songjiang District, Shanghai, P. R. China) for remote assurance. Data and information of other companies were not included in this assurance process.

The information in the Report of HENLIUS and its presentation are the responsibility of the management, governing body of HENLIUS. SGS has not been involved in the preparation for any of the materials included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all HENLIUS's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the GRI STANDARDS for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the Report against the GRI STANDARDS, HKEX Environmental, Social and Governance(ESG) Reporting Guide.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and record review and validation with external bodies and/or stakeholders wherever necessary.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

#### **STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating more than 2,600 affiliates in more than 140 countries. SGS affirms our independence from HENLIUS, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CSR Lead Assuror, SAI Registered SA8000 auditor, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor, ISO 37001 auditor, and ISO 14064 Verifier.

#### **VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the Report verified is accurate, reliable and provides a fair and balanced representation of HENLIUS sustainability activities in 2021.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders.

We believe that the organisation has chosen an appropriate option for the reporting.

#### **GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

In our opinion the Report is presented in accordance with the core option for GRI STANDARDS and fulfills all the required content and quality criteria.

#### **Principles**

##### **Stakeholder Engagement**

HENLIUS establishes a diversified stakeholder dialogue mechanism to ensure the effective engagement of stakeholders in sustainability management, and integrates sustainability behaviors into its decisions and activities.

##### **Sustainability Context**

HENLIUS considers these factors in terms of data disclosure by analyzing from the environmental, social and governance stakeholders.

##### **Materiality**

HENLIUS can fully demonstrate the principle of materiality in the Report. The Report discloses that the logic for the formulation of materiality issues was a combination of policy research, peers benchmarking, stakeholder interviews, etc., which is consistent with the company's development strategy. Finally, a matrix of substantive issues was formed. The content reflects the organisation's actions in important environmental, social and governance aspects.

##### **Completeness**

HENLIUS uses the social responsibility subjects as framework to disclose relevant information and data, and fully reflects the significant economic, environmental and social impacts.

##### **Balance**

HENLIUS unbiasedly discloses the performance of the company based on the expectations of stakeholders, avoiding possible inappropriate influence on the decision-making or judgement of the readers of the Report.

##### **Comparability**

HENLIUS compares historical data using trend charts and tables to illustrate the improvement of year-to-year performances.

##### **Accuracy**

HENLIUS's reporting mechanism is objective and comprehensive, which can disclose more information to stakeholders and reveal that the concept of social responsibility management is consistent with the expectations of stakeholders.

##### **Timeliness**

HENLIUS discloses its sustainability performance in a timely manner. Stakeholders can obtain up-to-date information to make a reasonable decision.

**Clarity**

The Report is straightforward and understandable to stakeholders with a reasonable knowledge of HENLIUS and its industry. HENLIUS considers the utilization and type of information and adopts various expressions such as descriptions, charts, pictures and other forms while disclosing information.

**Reliability**

The data and information can be traced and verified through internal collection, recording, compilation, analysis and disclosure to ensure the quality and materiality of information. In addition, an independent external organisation also provides the reliability of the Report.

**Management Approach**

The Report has disclosed the management approach of identified material topics.

**General Disclosures**

The general disclosure requirements of the GRI STANDARDS core option in the Report can all be met.

**Topic-Specific Disclosures**

Topic-specific disclosures such as the importance of economic, environmental and social impacts on the organisation and the substantive impact on stakeholder assessments and decisions has been described in details.

**Limitations of assurance**

The assurance scope only covered the Shanghai Xuhui and Songjiang offices and production areas of HENLIUS and did not involve assurance of the original data of other sites. The data for assurance of report information was from the Headquarters.

The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents didn't involve external stakeholders.

As the financial information in the 2021 financial report has passed independent assurance, the assurance does not contain traceability and assurance of such information.

**Signed:**



**For and on behalf of SGS-CSTC**

**David XIN Director**

**Knowledge**

**16/F Century Yuhui Mansion, No.73, Fucheng Road, Beijing, China**

**Mar. 28, 2022**

**WWW.SGS.COM**





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