

信達生物製藥 Innovent Biologics, Inc.

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1801



2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Catalogue

Chapter 1 Introduction of the Report	2
1. About the report	2
2. Chairman's statement	3
Chapter 2 Overview of the Company	5
1. Company profile	5
2. 2018 Memorabilia	6
Chapter 3 Stakeholders and Substantive Issues	7
1. Identification and analysis of stakeholders	7
2. Selection and evaluation of substantive issues	8
Chapter 4 Compliance Governance: Sustainable Operation and Development	10
1. Corporate governance mechanism	10
2. Transparency of information disclosure	11
3. Compliance operation	12
4. Strict control of procurement management	14
Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs	16
1. Leading technology platform	16
2. Innovative R&D ecology	19
3. International strategic cooperation	21
4. High standards customer service	23
Chapter 6 People-oriented Approach: Creating a Better Life	24
1. Employment system	24
2. Salary and welfare system	24
3. Occupational health and safety	25
4. Talent cultivation	27
5. Employee care	31
6. Promoting development of society	33
Chapter 7 Ecological Harmony: Creating a Concept of Green Operation	34
1. Environmental management	34
2. Waste management	34
3. Use of resources	36
Chapter 8 Appendix	37
1. Index table	37
2. 2018 statistical tables	42

Chapter 1 Introduction of the Report

1. About the report

- Reporting Period:

This Environmental, Social and Governance Report (the “Report”) covers the period from January 1, 2018 to December 31, 2018.

- Scope of entities

Entities covered in the Report are *Innovent Biologics, Inc.*; *Innovent Biologics (HK) Limited.*; *Innovent Biologics (Suzhou) Co. Ltd.*; *Suzhou Innovent Biotechnology Co. Ltd.*; *Shanghai Xinsheng Biotechnology Branch of Innovent Biologics (Suzhou) Co. Ltd.*; *Beijing Biotechnology Branch of Innovent Biologics (Suzhou) Co. Ltd.* and *Innovent Biologics (USA), Inc.*

- Basis of preparation

The Report is prepared based on Appendix 27 Environmental, Social and Governance Reporting Guide (“ESG Guide”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and a summary of the major revision.

- Selection of indicators

The indicators in the Report were selected and elaborated following the principles of “materiality, quantitative, balance, and consistency” to disclose the performances in major issues. We will make continuous adjustments and optimization to the disclosure indicators in subsequent reports.

- Sources of information

All qualitative and quantitative information contained in the Report comes from public information, internal documents and relevant statistics of Innovent Biologics, Inc.

- Company name in short

Innovent Biologics, Inc. is also referred to as “Innovent”, “The Company” or “We” for convenience.

- Form of release

The online version of the report will be published on the official sites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and Innovent (www.innoventbio.com) for reading and downloading.

Chapter 1 Introduction of the Report



Dr. De-Chao Michael Yu

Executive Director, Chairman of the Board,
President and Chief Executive Officer

2. Chairman's statement

2018 was a year of challenges and growth.

In October 2018, our company, Innovent Biologics, Inc., successfully completed its initial public offering and listing on The Hong Kong Stock Exchange. We received the "Hong Kong Equity Issue of the Year" award and the "Asia-Pacific IPO of the Year" award from Thomson Reuters International Finance Review for our successful listing. These achievements are recognition of our efforts and development over the years and our commitment of continuous endeavours to live up to the expectations of our investors.

In 2018, we enhanced our corporate governance and maintained active communication with investors to ensure transparency and fairness of information disclosure; we adhered to anti-corruption and anti-bribery policies and measures in place, and strictly enforced protection of proprietary and third-party intellectual property rights and trade secrets to ensure compliance of our business operations. Meanwhile, we worked closely with our suppliers and continuously strengthened supply chain management to fuel the sustainable development of our business.

In 2018, we continued to invest in innovative medical technologies and promote the research and development of new drugs. We expanded our pipeline to include 20 new drug candidates encompassing both biologics and small molecules. In the past few months, we submitted two more new drug applications (NDAs) to the National Medical Products Administration (NMPA) and both of the applications have been accepted; we increased the number of our registered clinical trials from six to nine; and the number of granted "National Major New Drug Innovation and Development Projects" increased from two to four. In addition, we continued to rapidly advance ongoing and planned clinical research in China and the United States, and expanded our production and commercialization capabilities to support the continued expansion, development and successful launch of our product pipeline.

Chapter 1 Introduction of the Report

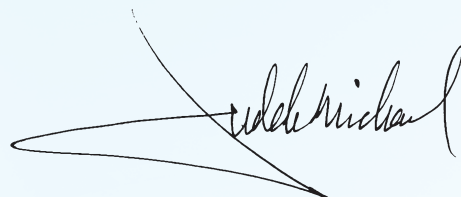
On December 24, 2018, the anti-PD-1 antibody Tyvyt® (sintilimab injection) we co-developed with Eli Lilly was approved for marketing in China for relapsed or refractory classical Hodgkin's lymphoma (r/r cHL). Within a week after the approval, our production facilities received GMP certification issued by the NMPA, and the commercial production of Tyvyt® (sintilimab injection) passed the final test. At this point, as a domestically-developed and approved innovative PD-1 inhibitor with international quality, Tyvyt® (sintilimab injection), our lead product, successfully embarked on its highly anticipated commercialization path to benefit a greater number of patients. While promoting our own innovation and development, we also play an active role in assisting the formulation of industry standards and creating an innovation-oriented environment for China's pharmaceutical industry.

In 2018, we adhered to building an international technology platform to develop drug products for the global market and deepen our strategic cooperation with international pharmaceutical companies. In addition to our strategic cooperation with Eli Lilly, Adimab and Hanmi, we also established strategic cooperation with Hutchison MediPharma and Incyte in November and December 2018, respectively.

In 2018, we continued to uphold our "people-oriented" principle and safeguarded the rights of our employees according to relevant laws and regulations. At the same time, we also offered personnel training and optimized our organizational structure to create a harmonious and efficient working environment. As of December 31, 2018, we had a total of 959 employees, among whom about approximately one-third received a master's degree or above. We actively organized staff trainings, established the Innovent College and optimized the Innovent Forum with an aim to building a world-class team of talents specialized in biopharmaceutical R&D, commercialization and marketing.

We also attached great importance to environmental protection. We strengthened our control and treatment of various types of production and domestic wastewater that might be generated by scientific research, production and other activities in order to reduce the adverse effects of such wastewater and pollutants discharge on surrounding environment and personal health, and we strived to build an energy management system and promoted energy conservation and emission reduction initiatives within our company.

Going forward, we will continue to create an atmosphere of harmony, progress and innovation; and will coordinate the interests of all parties including our customers, Shareholders, enterprises, employees and the society to realize the wish of all parties for a better life. Bearing our original intentions in mind, we will continue to explore and work hard on the basis of innovation by adhering to global standards of quality to develop high-quality biopharmaceutical drugs that are affordable to ordinary people. To fulfill our missions, we will collaborate with our partners who share our vision to jointly create a new era of China's biomedical industry, so that more ordinary people can enjoy the results of health brought by scientific and technological progress!



Chapter 2 Overview of the Company

1. Company Profile

Established in 2011, Innovent is committed to developing, manufacturing and commercializing high quality innovative medicines for the treatment of major diseases such as cancer. On October 31, 2018, Innovent was listed on the Main Board of The Stock Exchange of Hong Kong Limited with the stock code: 01801.HK.

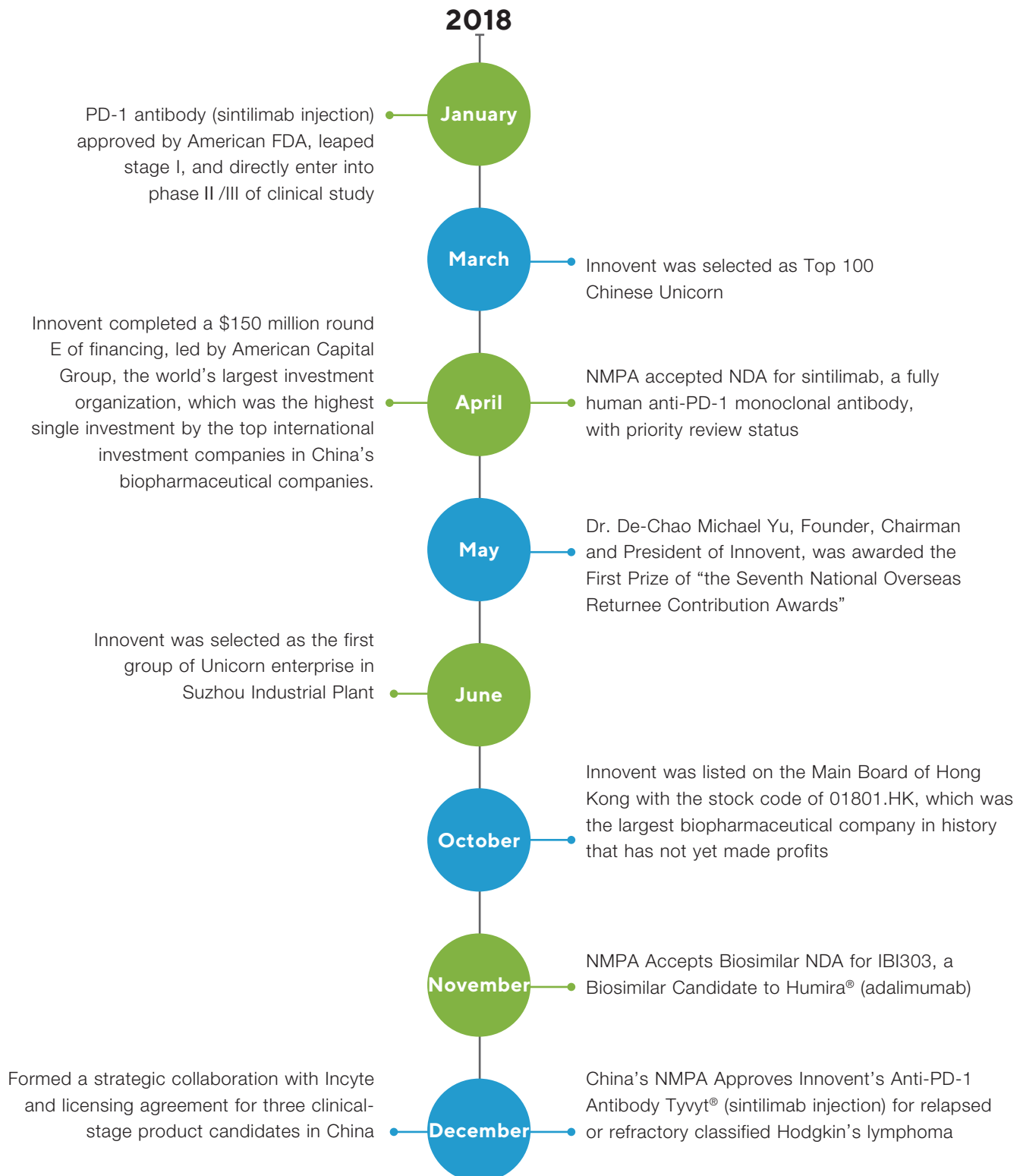
Since it was founded, Innovent has developed a fully-integrated platform which includes R&D, CMC (Chemistry, Manufacturing, and Controls), clinical development and commercialization capabilities. Leveraging the platform, the company has built up a robust pipeline of 20 innovative assets in the fields of oncology, ophthalmology, autoimmune, and cardiovascular diseases. Of which, fourteen have entered into clinical development, four have entered Phase 3 clinical trials, two monoclonal antibodies have their New Drug Application (NDA) under review and have been granted with priority review status, and one, Tyvyt® (sintilimab injection), is now approved for relapsed or refractory classical Hodgkin's lymphoma (r/r cHL).

Innovent has built a biopharmaceutical production facility that operates under global standards. The design and operation of the clinical and commercial facilities are in compliance with the cGMP standards of National Medical Products Administration (NMPA), Food and Drug Administration (FDA) and European Medicines Agency (EMA). The existing production lines have already passed GMP audits by the Industrial production requirements of international pharmaceutical company. Innovent has built an international team of advanced talents in high-end biological drug development and commercialization, including many overseas experts. Based on independent innovation products, the company and Eli Lilly have reached two comprehensive strategic cooperation with a total amount of more than \$1.5 billion, creating a number of "China first".

Inspired by the spirit of "Start with Integrity, Succeed through Action", Innovent's mission is to develop and commercialize high quality biopharmaceutical products that are affordable to ordinary people.

Chapter 2 Overview of the Company

2. 2018 Memorabilia



Chapter 3 Stakeholders and Substantive Issues

The ESG report focuses on substantive issues of stakeholders' concern. In order to better understand the needs and concerns of stakeholders, Innovent analyzed the stakeholders and substantive issues in the form of questionnaires to identify important stakeholders and substantive issues.

1. Identification and analysis of stakeholders

Innovent regards the expectations and requirements of stakeholders as an important factor for enterprises to formulate ESG governance. We use the rights-interests model to evaluate the importance of stakeholders, so as to identify the more important part of the company's important stakeholders.

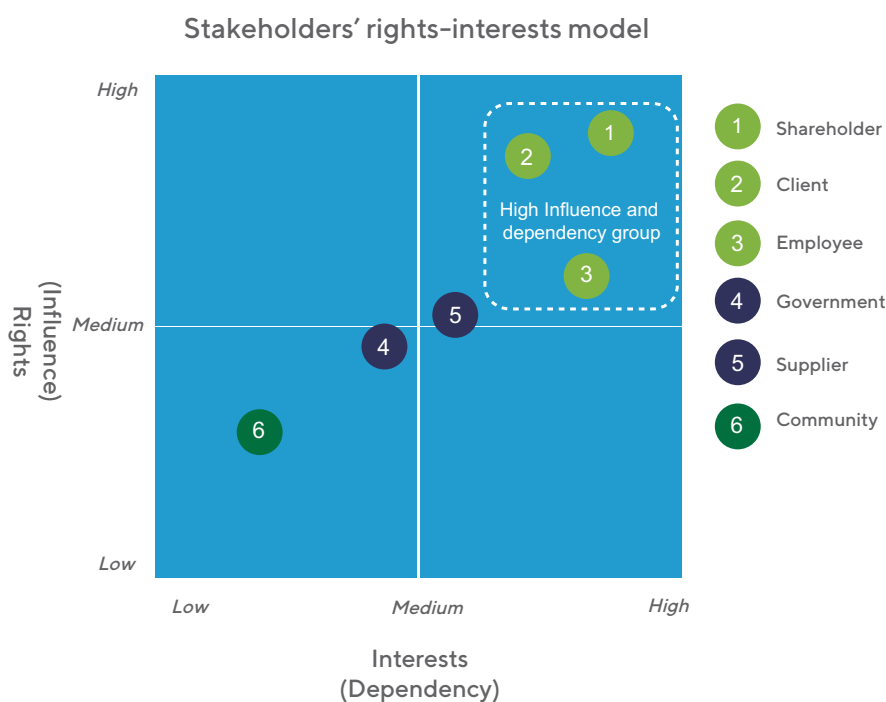


Diagram: Stakeholders' rights-interests model

As shown in the diagram, clients, employees and shareholders are the most important stakeholders of Innovent. These three stakeholders have higher scores on the two dimensions of influence and dependence on us. Therefore, while disclosing the key indicators required by the ESG guidelines, this report will focus on disclosing the substantive issues of concern of these three parties.

Chapter 3 Stakeholders and Substantive Issues

2. Selection and evaluation of substantive issues

Through the analysis of substantive issues, we can gain insight into the concerns of stakeholders and clarify the direction of writing ESG reports. In 2018, on the basis of careful analysis of national policies and industry dynamics, and according to the actual development of the Company, Innovent conducted a communication survey with six stakeholders, namely shareholders, customers, employees, suppliers, government and communities and the public. From the two dimensions of “importance to enterprises” and “importance to stakeholders”, we analyse the substantive issues of importance to both sides.

In 2018, Innovent issued and retrieved 31 questionnaires to communicate with stakeholders, and used the Matrix of Importance Assessment of Substantive Issues to summarize the scoring results. Finally, 19 substantive issues of environment, society and governance were identified and classified into three levels: low, medium and high, as shown in the figure below.

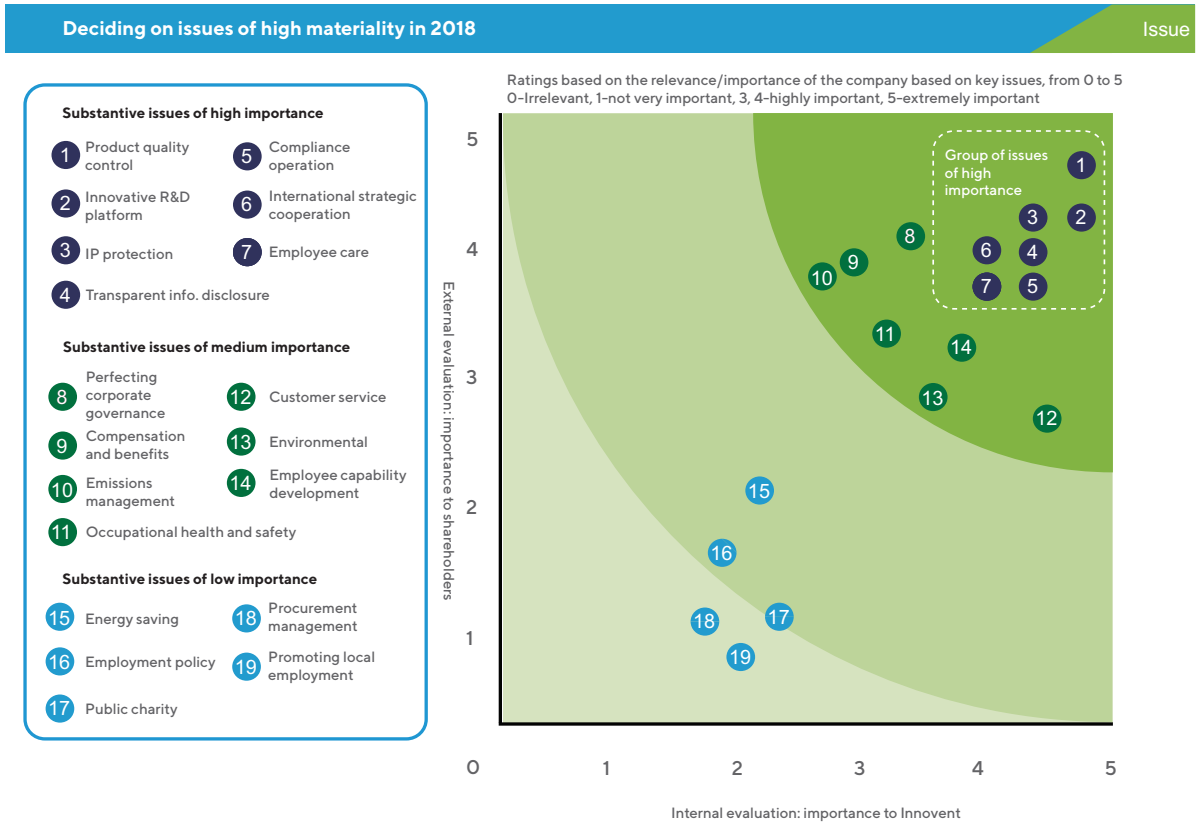


Diagram: Matrix of Substantive Issue Assessment

Innovent has established different communication channels for clients, employees, shareholders, suppliers, governments, communities and the public, and maintained close and regular communication to ensure that substantive issues of stakeholders can be effectively realized. The communication process between Innovent and different stakeholders is shown in the following diagram.

Chapter 3 Stakeholders and Substantive Issues


Stakeholder	Concerned substantive issues	Corporate communication and response
Shareholder 	<ul style="list-style-type: none"> • Compliant operation • Perfecting corporate governance • Transparent information disclosure • International strategic cooperation 	<ul style="list-style-type: none"> - Implement relevant policies - Strengthen anti-corruption - Efficient operation system - Strengthen corporate governance - Hold general meeting of shareholders - Strengthen communication with investors (conference, visit reception, daily communication, analyst evaluation of feedbacks) - Periodic information disclosure - Optimize cooperation platform
Client 	<ul style="list-style-type: none"> • Product quality control • Innovative R&D platform • Customer service • IP protection • International strategic cooperation 	<ul style="list-style-type: none"> - Establish sound quality management system - Improve production capacity - Enhance R&D and innovation capacity - Drive customer benefit - Conduct customer satisfaction surveys - Strictly protect intellectual property rights - Optimize cooperation platform
Employee 	<ul style="list-style-type: none"> • Employee care • Occupational health and safety • Employee capability development • Employment system • Compensation and benefits 	<ul style="list-style-type: none"> - Corporate culture construction - Establish employee communication mechanism - Enhance employee welfare - Employee incentive - Ensure health and safety of employees - Staff training - Fair recruitment - Provide a reasonable salary system - Provide reasonable promotion path
Government 	<ul style="list-style-type: none"> • Compliant operation • Transparent information disclosure • Environmental protection • Emissions management • Energy saving 	<ul style="list-style-type: none"> - Implement relevant policies - Strengthen anti-corruption - Periodic information disclosure - Comply with environmental laws and regulations - Reduce emissions - Save resources
Supplier 	<ul style="list-style-type: none"> • Procurement management • Compliant operation 	<ul style="list-style-type: none"> - Strengthen procurement management - Implement relevant policies - Strengthen anti-corruption
Public and Community 	<ul style="list-style-type: none"> • Promoting local employment • Public charity • Environmental protection • Emissions management • Energy saving 	<ul style="list-style-type: none"> - University-enterprise cooperation - Public welfare activities - Comply with environmental laws and regulations - Reduce emissions - Save resources

Diagram: Communication with and response to stakeholders

Chapter 4 Compliance Governance: Sustainable Operation and Development

1. Corporate governance mechanism

- Modern Corporate Governance

In 2018, Innovent adhered to modern concept of corporate management and governance. We strived to achieve high standard of corporate governance and continued to enhance operation efficiency and competitiveness so as to protect the interests of shareholders, enhance the benefits of customers and employees, and promote the value and commitments of enterprises. The Company abided by the requirements of the PRC Securities Law, the Listing Rules published by HKEx, Code of Corporate Governance for Listed Companies and other applicable laws and regulations and normative requirements, and then constructed a strict governance structure according to the standards of modern enterprise system and corporate governance conventions. In our organizational structure, the general meeting is the supreme decision-making body; the board of directors is the decision-making and supervision body for daily business; and the board has established four committees, namely the audit committee, the remuneration committee, the nomination committee and the strategy committee, for overseeing particular aspects of the Company's affairs; the management is responsible for the management and operation of daily business. In 2018, the board consists of 6 members, including 2 executive directors, 1 non-executive director and 3 independent non-executive directors, which has complied with the relevant requirements of the Listing Rules relating to appointment of at least three independent non-executive directors representing one-third of the board.

- ESG Governance

Innovent adhered to the concept of sustainable development in its internal operation and governance. With development of high quality biopharmaceuticals affordable to ordinary people as our mission, we based on innovation, insisted on strict quality control and value transmission. Innovent coordinated the development of the Company, environmental protection, the rights and interests of employees and customers, and social responsibility, etc. We took the concept of sustainable development as the work principle and guideline of operation management to guide the daily work and life of employees so as to ensure that the concept of sustainable operation can be implemented. In the future, we will continue to optimize the corporate governance measures for sustainable development, improve business execution and regulatory procedures, and make regular review, summary and improvement to better fulfill the Company's responsibilities to society, shareholders, employees, clients and other stakeholders.

Innovent also set up an Environmental, Social and Governance Working Group (ESG Group) within the company so as to escort its ESG management. The ESG team covered key functional departments such as EHS team of the engineering department, the human resources and administration department as well as departments of supply chain management, investor relations, corporate publicity, compliance, internal audit and legal affairs. The ESG Group guided and practiced social responsibility affairs to ensure the further implementation of social responsibility work by improving assessment indicators in daily operation.

We were committed to integrating risk management and control into the whole process of the Company's ESG planning, decision-making, business execution and supervision process, while focusing on important business sectors, high-risk areas and highly important substantive issues.

The board of directors and the management participated in ESG governance of the Company. The board of directors regularly assessed ESG-related risks; the management regularly checked the effectiveness of the internal control system and reported to the board of directors; in daily work implementation, the ESG group communicated with stakeholders through meetings, questionnaires and other forms, evaluated ESG-related risks and demands and made responds thereto, and regularly reports the progress and achievements of ESG governance to the management, so as to improve the work according to feedbacks.

Chapter 4 Compliance Governance: Sustainable Operation and Development

According to the general disclosure requirements of the Environmental, Social and Governance Guidelines, we have included in this Report identified major environmental, social and governance issues, aiming to disclose the performance of Innovent in the operation process on a balanced basis.

2. Transparency of information disclosure

During the Reporting Period, the Company insisted on transparency of information disclosure, safeguarded investors' interests, and strictly abided by Listing Rules published by HKEx on "information disclosure" and "general disclosure responsibility" to ensure the reliability, transparency and timeliness of information disclosure.

The Company has formulated *Management of Information Disclosure*, which clearly stipulates the definition, procedures and scope of information disclosure, so as to ensure that the information can be identified and evaluated quickly and be disclosed in a timely manner within the prescribed time. For related party transactions to be disclosed, the Company shall submit them to the Stock Exchange for approval in accordance with the management rules, and then information can be published after approval. At the same time, we have standardized the contents, disclosure requirements, procedure and precautions of insider information to ensure that it is disclosed to the public within reasonable and practical limits. The Company also clearly stipulates that insider trading is strictly prohibited in the *Management Procedures of Information Disclosure*.

In order to ensure full and transparent communication, since its listing on the Stock Exchange in October 2018, the Company has actively communicated with domestic and overseas analysts, institutional investors and potential investors through various effective channels. According to the relevant listing rules and regulations, Innovent timely announces its major business progress through announcements and press releases, analyst meetings, road shows, investor conferences and industry conferences BBS, investor visits and receptions and the group's website.

During the Reporting Period, the Company actively communicated with investors to fully strengthen their understanding of the Company. Innovent conducted many meetings or teleconference with investors, and organized roadshows in Europe, America and Asia. We also participated in investment summits organized by financial institutions in Europe, America and Asia, including "JPMorgan Chase 36th Annual Medical Summit", "Morgan Stanley 17th Asia-Pacific Summit" and "Goldman Sachs Asia-Pacific Medical Forum in 2018", etc. In addition, the Company also received hundreds of investors to visit our plant facilities and laboratory. Our innovation ability, quality control and platform construction have been consistently praised by investors.

Case: Innovent actively participated in Investor Conference

From November 28 to 30, 2018, Innovent was invited to attend the 17th Annual Asia-Pacific Summit of Morgan Stanley in Singapore. As one of the largest annual conferences in Morgan Stanley, business leaders and investors from the Asia-Pacific region gathered here together. The participants were mainly large overseas institutional investors.

Innovent communicated with investors through a three-day group meeting and one-to-one meeting, and held animated discussion on the development of Innovent and biopharmaceuticals. At the meeting, we actively communicated with investors, deepening investors' understanding and recognition of Innovent.

Chapter 4 Compliance Governance: Sustainable Operation and Development

3. Compliance management

The Company insists on abiding by relevant laws and regulations of the People's Republic of China and Hong Kong, to ensure the Company's compliant operation. The Company always adheres to anti-corruption and anti-bribery and pays attention to trade secret protection, R&D compliance and effective intellectual property protection.

- Anti-corruption and Anti-bribery

The Company insists on zero tolerance for corruption and commercial bribery. The Company abides by *Law of the People's Republic of China for Countering Unfair Competition*, *Certain Issues Concerning the Application of Law in Handling Criminal Cases of Commercial Bribery* and other anti-corruption laws. We are committed to establish a well compliance system and corporate culture. The Company has formulated the *General Rules for Compliance* and a series of compliance policies, which are applicable to all employees, directors and shareholders as well as all employees of related companies. The *General Rules for Compliance* clearly stipulates that corruption and bribery must be avoided in daily operations, and all employees must comply with legal and ethical standards when interact with various stakeholders. Our leaders at all levels of the Company will supervise the employees' behaviours and provide counselling if necessary. For employees who violate the rules, the Company will punish them according to the seriousness of the case.

In order to strengthen the implementation of corporate compliance policies, the Company actively carried out compliance trainings during the Reporting Period. All employees were required to complete the compliance trainings when they are on board. In 2018, a total of 19 online and offline compliance trainings were completed, covering 1,166 person-times. In the subsequent operation, The Company will hold several irregular special compliance trainings every year, and conduct at least one overall compliance training for all employees and suppliers every year; the participation and completion of compliance trainings will affect the performance of employees' functions and the business cooperation between suppliers and the Company.

Case: Compliance trainings of Innovent

On November 6, 2018, Innovent held an internal conference with the theme of "Innovent Oncology College". During the conference, more than 150 first-line sales personnel participated in the one-hour compliance training. Employees actively discussed their understandings and questions with the compliance department, which further strengthened their awareness of compliance risk in the process of continuous thinking and answering questions.



Picture: Compliance training of Innovent

Chapter 4 Compliance Governance: Sustainable Operation and Development

There was no corruption case occurred in 2018.

- Trade secret protection

The Company has formulated *Confidentiality Management Regulations*, *Confidentiality Code of Innovent people* and other systems to provide specific and clear confidentiality guidelines to all employees, actively promote the publicity of confidentiality, and improve employees' awareness of practising confidentiality in daily work.

The Company's system documents clearly regulate the confidentiality behaviours that employees should observe and execute, and employees are forbidden to disclose the Company's trade secrets in any form. Meanwhile, all employees entering the Company need to sign the "Entry Commitment Letter" which clarifies the obligation of protecting trade secrets.

In case of any leakage or infringement of trade secrets, relevant business departments and legal departments of the Company will immediately follow up and deal with the case so as to reduce adverse losses or scope of influence.

- R&D compliance

In the daily R&D activities, we adhere to all relevant laws and regulations, and accept the effective supervision of relevant departments. Our scientific research or related experimental work always adheres to the goal of "benefiting patients and promoting the progress of science and medicine". Therefore, we are committed to making clinical trials more and more transparent. The Company will always maintain a respectful attitude towards life and science in our innovation and exploration.

- Intellectual property protection

As a leading biopharma company, Innovent always focuses on the protection and management of intellectual property rights to ensure that the research and development results can be effectively converted into practical value. While protecting our own intellectual property rights, we will not infringe upon the intellectual property rights of others.

The Company strictly complies with Trademark Law of the PRC, Patent Law of the PRC, and their implementation rules, and internally formulates and reviews Intellectual Property Handbook, Trademark Management System, Patent Application Maintenance Control Procedures, Intellectual Property Award Measures and other Control Procedures from time to time. Therefore, we have clearly defined the intellectual property protection policies, management objectives, and intellectual property management responsibilities at all levels.

Innovent has set up an intellectual property management organization with full-time staff to continuously improve the intellectual property management system. All relevant departments shall be responsible for the application, acquisition, and daily management of intellectual property rights, so as to ensure the information and work can be effectively transmitted and promoted within the Company. In this way, the Company's intellectual property rights can be effectively protected.

While protecting our own intellectual property rights, we also respect the achievement of others. The Company regularly conducts the investigation of intellectual property rights by novelty-checking and retrieving, and issues the analysis report. Therefore, we can prevent the infringement of other company's intellectual property rights.

Chapter 4 Compliance Governance: Sustainable Operation and Development

As of December 31, 2018, the Company has filed:



144 patent applications



81 trademark registrations



2 copyright registrations



10 domain name registrations

During the Reporting Period, the Company did not have any litigation or disputes caused by infringement of intellectual property rights.

4. Strict control of procurement management

In the production and operation of an enterprise, supply and purchase play an important role in its development. Innovent continuously strengthens the management of suppliers, actively communicates with supplier, and jointly realizes the sustainable development of the Company.

Innovent has formulated policy documents such as Procurement Management Procedures, Supplier Management Policies and Procedures as well as Materials Procurement Management Procedures to strictly regulate the procurement process of the Company and standards of supplier management, including the inclusion, change and performance management of suppliers. We adopt strict criteria for admittance and selection of suppliers to ensure procurement compliance and that procurement of products meets quality standards and fulfils the requirements for product quality and safety while promoting benign cooperation with suppliers.

In the procurement process, we base on strict responsibility management standards, follow Supplier Management Strategies and Regulations, and use the annual and quarterly vendor management board platform to build a sustainable supply chain system, so as to promote the joint development of the Company and suppliers.

- Supplier management
 - Supplier Introduction

The Company has established strict standards for supplier access. We conduct background checks on suppliers. Only suppliers who meet the requirements for procurement quality, after-sales and delivery date, no violation record or dishonesty and having a good reputation in the industry may be included in the selection list. According to the Company's "Purchasing Management Regulations", after comparing the three suppliers of similar suppliers or technical standards and business bidding, the cooperative suppliers are determined. According to the *Procurement Management Regulation*, only after the comparison of three similar suppliers' price, technology and commercial tenders, the cooperative suppliers can be determined.

For potential new suppliers, a third-party diligence questionnaire shall be conducted according to the anti-corruption and anti-commercial bribery SOP, then the suppliers shall provide registration certificates. At last the *Standard Contract Provisions for Anti-corruption and Anti-bribery* and confidentiality agreement must be signed.

New suppliers that provide Good Manufacturing Practice ("GMP") and Good Clinical Practice ("GCP") related materials and services must be audited by the Company's quality department and be included in the Company's qualified supplier list before they can execute procurement and suppliers. The frequency of audit is at least once a year to ensure compliance and superior quality of procurement practices.

- Supplier Performance Management

The main evaluation indicators of suppliers include quality, cost, delivery, service, technology and other aspects. The Company regularly conducts performance communication and feedback to suppliers, then adjusts strategic plans based on the feedback results. For example,

Chapter 4 Compliance Governance: Sustainable Operation and Development

- Expanding cooperation with excellent suppliers;
- Switching for suppliers whose performance evaluation is not up to standard and no effective improvement measures are taken;
- For suppliers with poor performance, cooperative disputes, risks, litigation or arbitration, or suppliers with unfair competition, fraud, breach of contract, infringement, etc., the Company ranks them in the list of controlled companies, stops cooperating with them and communicates with suppliers for rapid improvement. After a supplier has met the rectification requirements will be released from the controlled list and carry out relevant cooperation.
- For suppliers in the list of controlled enterprises, if they cause great loss, serious circumstance or bad influence to the Company, we will put them on the blacklist and permanently stop cooperating with them.

The Company signs a *Compliance Commitment Letter* with the partner suppliers to require the companies to abide by applicable regulations and business ethics, and adopts a zero-tolerance attitude toward suppliers' non-compliance behaviours.

As of December 31, 2018, the Company had 1,231 suppliers that reached the standards, mainly in Jiangsu, Shanghai and Beijing. Among them, there are 466 suppliers in Jiangsu, accounting for 38%; 374 suppliers in Shanghai, accounting for 30%; 187 suppliers in Beijing, accounting for 15%. The specific supplier distribution chart is shown in the table below.

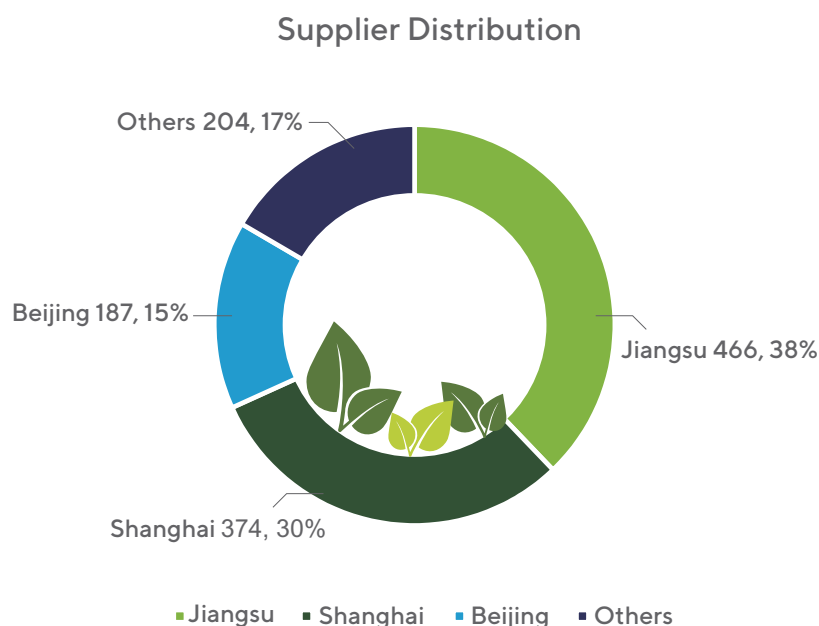


Diagram: Supplier Quantity Distribution Map

Supplier management is an important part of Innovent's long-term concern. We will continue to strictly control the procurement process, and adhere to compliance standard to promote the sustainable development of the supply chain.

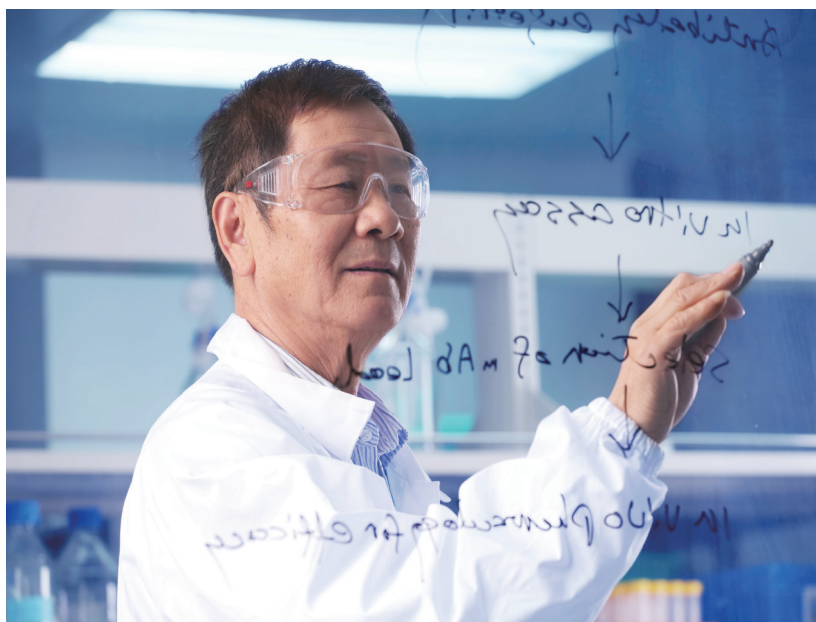
Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs

1. Leading Technology Platform

Innovent attaches great importance to the development of new drugs and the construction of related technology platform, we now have state-of-the art technology platforms that encompass the entire life cycle of innovative biologics development, including R&D platform, CMC (Chemistry, Manufacturing and Controls) platform, clinical development platform and commercialization platform. We have completed the integration and optimization of the platform, forming an efficient operation system and laying a solid foundation for Innovent to continuously produce innovative drugs. The company has also started upgrading its end-to-end electronic operating systems, which will ensure that the clinical development team performs at the global standards of quality and efficiency.

- R&D Platform

Innovent has established a comprehensive research and development system, including a discovery platform for therapeutic monoclonal antibodies, covering hybridomas, phage display and yeast display, etc.; an antibody optimization platform, covering antibody humanization, affinity maturation and Fc transformation, etc.; an antibody evaluation platform, covering in vivo potency analysis, in vivo pharmacodynamics analysis, evaluation of pharmacodynamics in vivo and drugability analysis, etc. The company has also established its own platforms for novel antibodies such as bi-specific antibodies and nanobodies, and we have quickly established a robust antibody R&D pipeline for various indications.



Picture: Innovent new drug research and development lab work

Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs

- CMC Platform

Based on the concept of Quality by Design (QbD), Innovent has established a comprehensive, product-oriented platform that facilitates product candidates' drugability assessment, high expression antibody production cell line development, cell culture, purification, formulation and fill/finish process development and scale-up, analytical development, technology transfer, commercial manufacturing and quality system.



Picture: Innovent M1b manufacturing plant

In terms of quality research, Innovent has established a quality system in accordance with the local and international Good Manufacturing Practice (GMP) standards. The quality system has been systematically implemented to support the manufacturing, quality control, storage, sales and transportation of pharmaceutical products. The Quality System consists of Quality Control, Quality Assurance and Validation.

In order to ensure that Innovent always operates under a high standard quality system and that all products are inspected and approved for clinical or commercial use, we conduct quarterly JMQC quality meetings with Eli Lilly. At the JMQC meeting, we will review the production and supply of Lilly's products in the previous quarter, as well as the performance of relevant quality indicators, then analyse the problems that occurred and give improvements. In addition, a long-term plan and direction for commercial operations will be developed and tracked on a regular basis.

Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs



Picture: JMQC quality meetings with Eli Lilly

At the same time of industrialization, Innovent has established a high-end biopharmaceutical industrialization base that meets the GMP requirements of NMPA, FDA and EMA with quality management objectives. The base building has a surface area of 93,000 square meters. Among them, the existing Phase I production lines have already passed GMP audits by an international pharmaceutical company, which is among the few Chinese biopharmaceutical production lines that meet the GMP standards of the US FDA. It is also equipped with world-class and China's leading technological apparatus, pharmaceutical water, clean air-conditioning, utility systems, online monitoring systems and other facilities.

- Clinical Development Platform

Innovent has built a comprehensive clinical trial operating platform for developing innovative drugs, covering the full process for all study stages from Phase I through Phase III, while also being ready to support Phase IV post-marketing clinical trials. It has also established essential functions including clinical medical functions, clinical pharmacology, clinical trial operations, data management and statistical analysis, PV, and regulatory affairs.

- Commercial Platform

As a high-end biotech company driven by innovative drug development, Innovent has established a comprehensive commercial platform that focuses on areas including marketing, sales, market access, channel management, and medical affairs. Our mission is to commercialize high quality biopharmaceuticals and benefit more patients.

Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs

2. Innovative R&D ecology

Innovation is the driving force behind the long-term development of biopharmaceutical companies. Innovent insists on innovation, and devoted to reducing R&D costs, attracting high-quality high technology talents. At the same time, we help to formulate industry R&D standards, and shape a good innovation R&D ecology in the industry.

- Actively develop research and development of new drugs

New drug research and development is the strategic highlight of international scientific and economic competition. As a leading biopharmaceutical company, Innovent is committed to the innovation in drug development. As of December 31, 2018, Innovent has expanded the number of new drugs in development to 20, covering the fields of biological drugs and small molecule drugs, as well as the four major diseases including tumor, ocular fundus disease, autoimmune disease and metabolic disease, which has formed a new drug listing echelon. Among them, 14 varieties entered clinical studies and 4 entered phase III clinical studies. We increased the total number of registered clinical trials from six to nine, and the total number of major national drug innovation projects approved increased from two to four.

Case: Tyvyt® (sintilimab injection) developed by Innovent and Eli Lilly has been approved

Eli Lilly is one of the strategic partners of Innovent since its inception.

On December 27, 2018, Innovent and Eli Lilly jointly announced that the innovative cancer drug Tyvyt® (sintilimab injection) jointly developed by the two sides was officially approved by the NMPA. Thereafter, Innovent was awarded the *Certificate of GMP for Pharmaceutical by NMPA*.

The drug is an innovative biopharmaceutical with international quality and global intellectual property. Tyvyt® (sintilimab injection) is a type of immunoglobulin G4 monoclonal antibody, which binds to the PD-1 molecule on the surface of T-cells, blocks the PD-L1 (Programmed Cell Death-1 Ligand-1, PD- L1 pathway) and reactivates T-cells to kill cancer cells.



Picture: GMP Certificate

Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs

Tyvyt® (sintilimab injection), an innovative PD-1 inhibitor with international quality, has received support from the National Major Scientific and Technological Special Project for “Significant New Drugs Development”. The listing marked the entry of anti-cancer immunotherapy into an “innovative era in China”.



Picture: Innovent's Anti-PD-1 Antibody Tyvyt®

Dr. De-Chao Michael Yu, founder, chairman and president of Innovent, said “this approval reflects the contribution of innovative Chinese drugs in the field of cancer immunotherapy. At the same time, it also demonstrates the ability of Innovent in the field of macromolecular drug development.”

- Strengthen internal innovation drive and assist in setting industry standards

Promoting the innovation and development of any industry cannot be separated from the intrinsic drive of the main enterprises. Reducing the cost of innovation and attracting technological talents is an important way for Innovent to continuously promote innovation.

Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs

Innovent has set up a professional research team. As of December 31, 2018, there are 342 R&D personnel in 959 employees of Innovent, accounting for 35.7%. Among all employees in the Company, 201 are masters or above, accounting for nearly 60%. Innovent and high-quality technological talents attract each other and jointly promote the innovation and development of the Company.

To capitalise on the tremendous market opportunities both in China and beyond, we have developed a fully-integrated platform consisting of advanced research, discovery, development, manufacturing and commercialisation capabilities. These capabilities have enabled the Group to build a robust pipeline of innovative and commercially promising monoclonal antibodies and other drug assets in the fields of oncology, ophthalmology, and autoimmune and metabolic diseases. The full integration of our platform enables smooth collaboration between different functional groups at key points in the lifecycle of a drug candidate with the aim of increasing both the speed of development and the likelihood of success while at the same time reducing the cost of development.

The development of innovation needs a good innovative environment in the industry. As of December 31, 2018, Innovent has participated in drafting industry regulations and formulating industry standards for many times, and we promoted the publishing of domestic biosimilar drug policies, including the Drug Registration Regulations, the Drug Administration Law and Guideline for Biosimilar Development and Assessment. It has contributed to the improvement of an innovative environment for Chinese medicine.

3. International strategic cooperation

Since its inception in 2011, Innovent has been committed to developing, producing and selling innovative drugs for the treatment of major diseases such as cancer. Looking back on the development experience of the past seven years, Innovent has set up the mission “To commercialize high quality biopharmaceutical products that are affordable to ordinary people” at the beginning of its establishment, and an important foundation for achieving this mission is to comply with “international standards”.

The development of Innovent is inseparable from the path of “four internationalizations”. With outstanding innovation ability, Innovent has established a team of international level. Based on this, using international capital, we have built a world-class technology platform and developed products for the international market. Therefore, Innovent is striving to build its own research and development capabilities, and also pays great attention to cooperating with the world’s top pharmaceutical companies. Our Company has already reached strategic cooperation with international pharmaceutical companies such as Eli Lilly, Adimab, Incyte and Hanmi.

Case: Innovent carries out strategic cooperation in new fields

In November and December 2018, Innovent entered into collaboration with Incyte and Hutchison MediPharma. The cooperation with Incyte will expand our portfolio from focusing on macromolecule drugs to taking into account both large and small molecules which in turn will broaden our product pipeline.

Through cooperation, Innovent will create more opportunities for combination therapy through the synergistic effect of large and small molecular drugs, and develop more abundant and excellent therapeutic methods, which will bring infinite possibilities to meet the clinical needs of patients.

Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs



Picture: Innovent and Incyte cooperation signing ceremony

Case: Innovent and Eli Lilly continue to carry out deep cooperation

Eli Lilly is one of the strategic partners of Innovent since its inception. As of December 31, 2018, we have cooperated for about four years, which is still the most extensive and comprehensive cooperation between multinational pharmaceutical enterprises and domestic biological enterprises so far.

The comprehensive strategic collaborations between Eli Lilly and Innovent have been widely regarded as a significant milestone in the global pharmaceutical industry. This cooperation has acquired a lot of “Chinese First”, and this is the first time that Chinese enterprises have authorized the international market of innovative biopharmaceuticals to the top 500 groups in the world, and is one of the largest biotech drug development collaborations in China to date between a multi-national company and a domestic company.



Picture: Innovent and Eli Lilly cooperation signing ceremony

Chapter 5 Commitment to Innovation: Developing High Quality Biological Drugs

4. High standard customer service

Innovent always upholds the concept of serving customers, in the pursuit of excellence in high-quality research and development, we constantly explore how to provide customers with perfect after-sales service, and strictly implement customer privacy protection policy.

- Impeccable after-sales service

The Company has established system documents such as *Product Complaint Management Regulations*, *Recall Management Regulations* and *Return Management Regulations*. It has clearly standardized the Company's product quality complaint process, product recall process, as well as the evaluation and processing of product return, so as to reduce product quality problems.

The Company stipulates complaint channels (including hotlines and mailboxes) that reflect drug quality defects on the drug packaging, and any form of product complaints (incoming calls, letters, faxes, visits, etc.) related to the quality of the listed products must be strictly handled in accordance with the Company's management procedures. The Company has set up a professional staff team to conduct preliminary assessment of drug complaints, and investigate quality complaints and adverse reactions. We would like to communicate with the customers about these complaints, all these records will be saved, and analyzed and annual reviews and analyses will be carried out.

The Company has established product recall procedures and standards for recalling potentially unsafe medicines. Within the Company, a recall team and full-time personnel are set up to formulate the recall preparation plan. In the event of a recall, the Company communicates with the regulatory authorities during the recall process and reports the recall status. The Company clearly stipulates that problems founded such as quality complaints, adverse reactions originating from the market, and deviations in the production and shipping process of the Company, etc., must consider its defect of patients and degree of hazards, then take necessary recall measures to minimize the impact on patients.

Innovent will no longer sell and ship products returned due to quality, and do destruction treatment. All returned information will be recorded in detail to ensure the traceability of evaluation process.

- Customer privacy information protection

Innovent focuses on the protection of customer privacy information and has clearly defined in the *Compliance General Rules*. The Company clearly stipulates that business personnel must collect and use the personal information of patients, medical personnel or employees in the business activities legally and reasonably, at the same time, we inform them of the purpose and specific content of the information collection, and retain the right of them to refuse providing personal information. In addition to the reasonable use of privacy information, the Company shall adopt well means to protect information security, and ensure that only necessary colleagues related to business are authorized to access personal information, and shall not spread it in any form, so as to ensure the effective protection of privacy information.

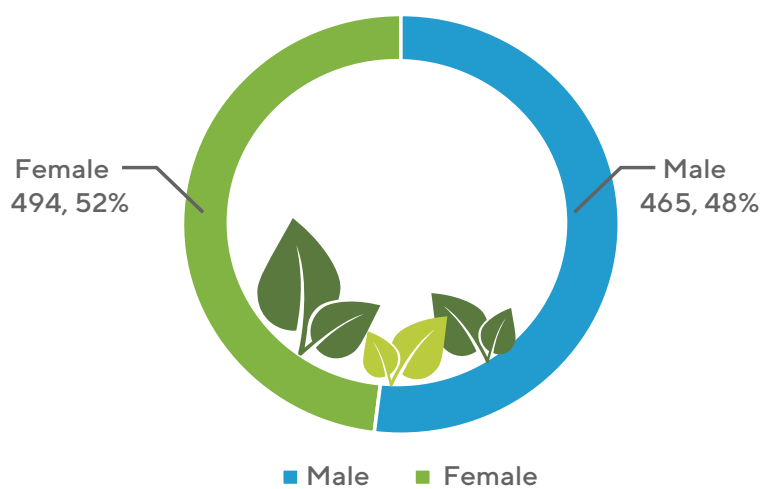
During the reporting period, there was no product recall, return or complaint. In the following development, the Company will continue to improve its product quality, operation management, service system, and strictly and, actively protect customer information, so as to provide customers with the highest standard of service quality.

Chapter 6 People-orientation: Creating a Better Life

1. Employment system

In 2018, there were 959 employees in Innovent, among them 48% were male employees and 52% were female employees. All male and female employees achieved equal pay for equal work.

Innovent Employee Distribution



Picture: Employee Distribution Map (by Gender)

Innovent regards employees as the Company's most valuable wealth, and firmly believes that talent development is an important factor to promote the sustainable development of enterprises. Therefore, we are committed to maintaining equal and diversified employment opportunities, treating all employees equally and fairly, in order to establish a harmonious and efficient staff team. Innovent abides by the relevant provisions of the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Employment Promotion Law of the People's Republic of China*, and explicitly prohibits the use of child labour and forced, debt-paying or contractual labour. In 2018, the use of child labour and forced labour did not occur at all operating points of the Company. In the recruitment process, we do not discriminate against factors such as gender, age, rank, nationality, race, religious belief, marital status and disability, so as to ensure every employee who joins our Company will be treated equally.

2. Salary and welfare system

In line with the principle of "people-oriented, distribution according to work", Innovent has established a fair, equitable and reasonable salary management system, giving full play to the enthusiasm and creativity of employees, in order to achieve the Company's business objectives.

In terms of salary, we insist on safeguarding and guaranteeing the legitimate rights and employees' interest according to the law, and hope to build a relationship of trust with employees. We strictly abide by the local government's minimum wage management regulations to ensure that the basic wages of all types of employees are not lower than the requirements of laws and regulations. At the same time, we will review the existing salary and welfare system from time to time, then adjust and design a more competitive salary system within the scope of the enterprise's ability to pay.

Chapter 6 People-orientation: Creating a Better Life

In terms of welfare, Innovent fulfils its responsibilities and obligations according to the relevant law and pays all social insurance, including basic old-age insurance, medical insurance, unemployment insurance, industrial injury insurance, maternity insurance and housing provident fund, on time. In addition, the Company buys supplementary commercial medical insurance and accident insurance for employees. Our employees enjoy rest days, holidays, paid annual vacations, family visits and other kinds of holidays stipulated by the state laws and the company system. Their overtime and vacation salaries are also strictly implemented in accordance with the state policies and the company system. At the same time, we provide transportation allowance, communication allowance and meal allowance for our employees. Our employees can also enjoy three meals a day in the company canteen.

To better retain, incentivize and reward talents, the Company has established a pre-IPO share award plan, a post-IPO employee stock ownership plan and a restricted share plan to grant qualified employees.

3. Occupational health and safety

Innovent abides by the relevant provisions of the *Production Safety Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Basic Standards for Standardization of Safety Production of Enterprises*. We formulate *Manual of Environmental, Safety and Occupational Health Management* and pass the three-level enterprise evaluation of production safety standardization.

To this end, we have established an EHS Management Committee within the Company. The committee establishes and maintains an EHS management system with “planning, implementation, inspection, and review” as the operating mode, and meets the requirements of *ISO45001:2018*. Through the implementation of the “planning, implementation, inspection, and review” cycle process, the Company’s occupational health management is continuously improved, and the appropriateness of the system is consistently maintained.

We pay attention to work safety analysis; occupational health management; EHS training management; the management of special equipment; chemical management; the placement of highly toxic products; fire safety management and the distribution of protective equipment for employees in the production process. We expect to minimize or avoid occupational hazards, and ensure the safety and health of every employee. In 2018, there was no work-related injury or death in Innovent.

- Work safety analysis

We conduct hazard identification and risk assessment of work processes, including analysis of new and modified processes prior to launch, and regular review of existing processes to ensure employees work in a safe environment and control risks to an acceptable level.

- Occupational health management

According to the evaluation of occupational hazards, we control the relevant factors, and the occupational hazard factors are monitored annually. The Company informs employees who are at risk of occupational diseases, regularly organizes occupational health examination and training, and distributes personal protective equipment up to standard for preventing occupational diseases.

Chapter 6 People-orientation: Creating a Better Life

- EHS training management

We identify the training requirements of different posts in accordance with the requirements of the relevant laws and regulations and risks. We provide safety education and training for new employees at three levels including the company level, department level and post level to ensure that they are qualified for the post. At the same time, we conduct the initial training and review training of EHS related principals, special equipment operators, special operations personnel, structural firefighters and first responders.

- Management of special equipment

Special equipment mainly refers to boilers, pressure vessels (including gas cylinders), pressure pipes, lifting equipment, transformer and distribution facilities, which are dangerous. In order to ensure that the use of special equipment and special operations are always in a safe and controlled state, the Company formulates and follows the *Special Equipment/Special Operations Management Regulations* to ensure the safety of employees.

We require special equipment manufacturers and installation units must have the corresponding production and installation qualifications, special operators must be trained by vocational and technical training centres, pass assessment, and obtain “special operation certificate” before they can take up their posts.

- Chemical management

Innovent has a special chemical warehouse, designed according to the top level, covering chemicals that are easy to make poisons, explosions, acids, alkalis, organic solvents and so on. *Hazardous Chemicals Management Regulations* is formulated to regulate the procurement, storage, use, and destruction process. Our chemicals-related staff must have the “Chemical Operation” job certificate, and pass the corresponding training and assessment, then the Company has the corresponding personal protective requirements for the use of various chemicals. MSDS, notification cards and management system are posted in the storage area and regularly checked by government authorities.

- Placement of highly toxic products

Innovent formulates and follows the *Regulations for the Administration of Highly Toxic Products and the QC Highly Toxic Products Management Regulation* to strengthen the safety management of the highly toxic products by QC departments and the management of incoming and outgoing materials, ensuring the health of operators and avoid safety accidents. Personnel engaged in the storage, operation and emergency treatment of highly toxic chemicals must be trained in relevant laws, regulations and safety knowledge, professional technology and emergency rescue knowledge. Only after passing the examination, can they take up their posts.

- Administration of fire prevention and control

In order to enhance staff’s fire awareness, and test the functions of Company’s firefighting facilities, then improve staff’s emergency response ability in emergencies. Innovent conducts two company-wide fire drills every year, so that employees can receive fire safety education, better understand the Company’s fire prevention system and fire escape routes. In addition to fire drills, we also organized funny games, voluntary firefighter training and safety knowledge contests, so that employees can further understand the use of firefighting equipment in these lively and interesting activities, and understand the firefighting concept of “prevention first, combination of prevention and elimination”.

Chapter 6 People-orientation: Creating a Better Life

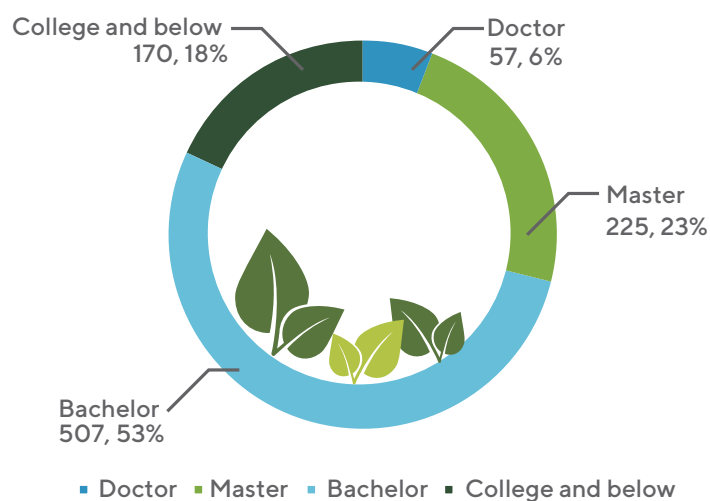
- Personal equipment management

Innovent has formulated and abided by the *Regulations for the Management of Labour Protection Goods* to regulate the management of the Company's labour insurance Goods, so as to ensure the individual protection of employees and their safety in the production process. EHS department is responsible for training the basic operation of labour supplies, so that employees can know more about protecting themselves, protecting others and handling in emergencies. We aim to let every employee understand the importance of choosing protective equipment that meets their own requirements.

4. Talent cultivation

Personnel management and training is the core of corporate management, which is also the basic principles of the Company's survival and development. We are committed to cultivating and building a team of high-end biopharmaceutical R&D, industrialization and marketing talents with international advanced level. The number of employees reaches 959, among them nearly 30% have master's degree or above.

Innovent Employee Distribution



In order to ensure the effectiveness and quality of training development, establish a high-quality, high-standard, and highly-united team to realize the strategy and goal of promoting the Company's rapid development and continuous operation. The Company has formulated and followed the Training Management System, built a comprehensive training system, established "Innovent College" and "Innovent Forum" to provide a platform for the Company's employees to learn and grow, which play an important role in the implementation of corporate strategy, promoting corporate culture, enhancing individual and team capabilities. The main methods of training include induction training for new employees, on-the-job training for employees, professional lectures, management cadre training and on-the-job education promotion.

Chapter 6 People-orientation: Creating a Better Life

Case: Induction training for new employees

In order to help new employees to quickly learn the corporate culture and integrate into the corporate, the human resources and administration department organizes a series of training courses for new employees, which mainly covers the Company's culture, salary and welfare, EHS safety training, R&D data editing standards and project management training.

In the training process, the instructor leads us to look at the whole development process of the Company from an overall perspective. Through experiential learning, such as "Corporate Culture Experience Camp", new employees can fully feel the importance, practicability and feasibility of corporate culture, and strengthen the staff's sense of identity and sense of belonging.

Employee Feelings: The new employee induction training course is detailed and comprehensive, which lays a solid foundation for our new employees to understand the Company and quickly integrate into the working environment. In the training teachers, we have seen the spirit of the Innovent person, who is dedicated and aggressive.



Picture: Induction training for new employees

Chapter 6 People-orientation: Creating a Better Life

Case: Management Cadre Training

Every year, Innovent launches a series of management cadre training to cultivate a core management leading team that meets the Company's requirements development and recognize the Company's corporate culture. The managers at all levels can combine the Company's strategic objectives and focus on "building teams, determining strategies, and leading teams", to build a system of platforms for the sectors they oversee, form a hard-working team and work hard together to create win-win situations.



Picture: "What kind of management cadres will Innovent need" lecture

On April 4, 2018, Dr. De-Chao Michael Yu, Chairman of the Board and President of Innovent, gave the company's management cadres an annual lecture on "What kind of management cadres will Innovent need" to help management cadres integrate into the Company faster, clearly position themselves, understand and meet the Company's expectations and requirements, improve team capabilities, and work together to successfully realize the Company's mission and strategic goals.



Picture: Training of How to select staff that meet the requirements

On June 29, July 6 and July 14, 2018, 104 managerial cadres were trained in "How to select staff that meet the requirements".



Picture: Training of Implementation of the career development plan for core employees

On May 11 and 12, 2018, 65 managerial in two batches cadres were trained in "implementation of the career development plan for core employees".

Chapter 6 People-orientation: Creating a Better Life

Case: Innovent Forum

Innovent regularly organised “Innovent Forum” activities in the Company. By inviting experienced experts inside and outside to share their experience, our employees can learn professional knowledge, exchange academic knowledge with experts and keep abreast of the latest developments, so as to create a good learning atmosphere for Innovent and improve the overall quality of employees. A total of 24 Innovent forums were successfully held in 2018, and 9 external experts were invited.



Picture: the 7th Innovent Forum

On June 12, 2018, the 7th of “Innovent Forum” themed “Immuno-oncology Research Progress of ASCO in 2018” was held. The speaker was Dr. Hui Zhou, Department of Medical Science and Strategic Oncology.



Picture: the 19th Innovent Forum

On November 20, 2018, the 19th “Innovent Forum” themed “Animal Cell Mass Culture Technology Applied to the Industrialization of Antibody Drugs” was held. The speaker was Professor Tan Wensong, from East China University of Science and Technology.

Chapter 6 People-orientation: Creating a Better Life

5. Employee care

Innovent attaches great importance to the cultural life of employees and the construction of corporate culture, we strive to create a harmonious environment for the growth of employees and the enterprise. Therefore, we advocate the combination of work and leisure. While supporting employees to complete their work tasks, we also carry out various activities to enrich their spare time, such as some Festival cultural activities and family day activities, to enhance the emotional communication between employees, so as to cultivate their sense of identity and belonging to the enterprise.

Case: Cultural Activities

On March 2, 2018, Innovent carried out lantern riddles guessing and dumpling eating activities during the Lantern Festival. The lively riddles guessing activities made all Innovent employees feel a strong festival atmosphere after their intense work. On that day, the Company was filled with festival warmth and laughter.



Picture: Celebration of the Lantern Festival

Chapter 6 People-orientation: Creating a Better Life

On June 9, 2018, Innovent held a “Family Day” activity for employees. The participants were all Innovent employees and their families. The family members of Innovent staff visited the exhibition hall, laboratory and production plant to learn the Company’s principal operations and its development process. They also visited the science museum to learn the development process of biomedicine and the basic knowledge of science popularization.



Picture: Family Day activities of Innovent in 2018

Chapter 6 People-orientation: Creating a Better Life

Case: “Face to Face with Executives” Symposium Activity

In order to better listen to the voices of employees and understand the needs of employees from a practical point of view, Innovent holds a “face to face with executives” symposium each month. High-level leaders and employees at the basic level build efficient communication channels, and talk about their work and life together. During the communication, the staff expressed their feeling, and with the desire of professional awe and responsibility for the enterprise, they talked freely about their opinions and suggestions on career planning, company management and corporate development. Some employees also consulted the company leaders about their problems and confusions encountered in their work, the scene atmosphere was relaxed and harmonious.



Picture: Face to Face with executives

6. Promoting development of society

Since its founding in 2011, Innovent has successfully entered into industry-academia-research cooperation with many renowned universities in China and abroad, including Sichuan University, Sun Yat-Sen University, Hanyang University of Korea, Institut Pasteur of Shanghai under the Chinese Academy of Sciences and Shanghai Institute of Organic Chemistry under the Chinese Academy of Sciences, etc. The Suzhou Antibody New Drug Development and Industrialization Engineering Technical Research Center and the Innovent-Sichuan University Biotechnology Drug Research and Development Center have also been set up to promote the coordinated development of industry-academia-research integration and boost the development and upgrading of enterprises.

Such cooperation is in line with the urgent need of the government and enterprises to carry out scientific and technological innovation and industry-academia-research cooperation under the background of innovation-driven strategies. It is an effective practice for deepening industry-academia-research cooperation such as industry-academia-research cooperation between schools and enterprises and exploring the establishment of a long-term mechanism, which can facilitate the relevant universities and institutes to continue to vigorously support scientific and technological innovation, and promote the accumulation of various types of innovative resources in Suzhou and Jiangsu.

Chapter 7 Ecological Harmony: Creating a Concept of Green Operation

1. Environmental management

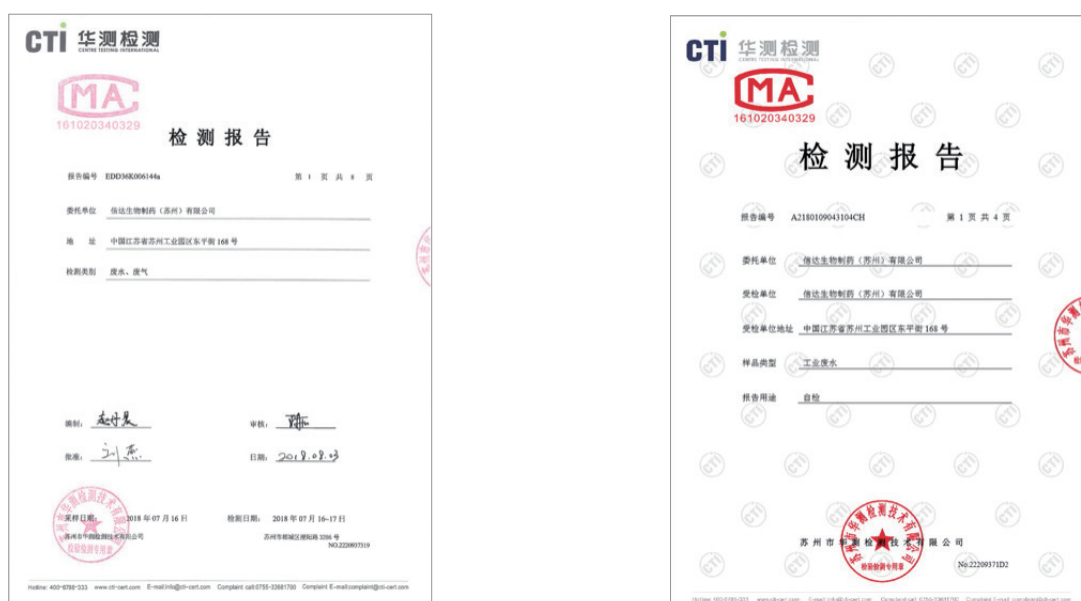
Innovent attaches importance to environmental protection when establishing the largest domestic biopharmaceutical industrialization technology platform and production base in line with international standards.

We comply with laws and regulations relevant to environmental protection and occupational health, such as *Environmental Protection Law of the People's Republic of China*. We formulated and followed the *Environmental, Safety and Occupational Health Management Manual*, meeting the requirements of ISO14001:2015 environmental management system, and take pollution prevention, environmental protection and environmental improvement as one of the Company's key tasks.

Under the organization and coordination of the EHS Management Committee, through the execution of the "planning, implementation, supervision and inspection, correction and review" cycle process, the Company's environmental management is continuously improved, and the appropriateness of the environmental management system is consistently maintained. In order to reduce the pressure or impact on the environment caused by resource consumption and waste discharge in the Company's operation, we adhere to legal compliance requirements for emissions throughout the R&D and production process, and continuously improve the efficiency in resource utilization. At the same time, we carry out external review in accordance with the requirements, timely improve the problems found in the review, and adhere to the green business philosophy.

2. Waste management

Innovent is equipped with professional environmental management personnel to carry out effective waste management monitoring. We regularly employ qualified testing institutions to conduct environmental tests on the Company and issue EIA reports to evaluate the production of wastewater, waste gas and so on. During the Reporting Period, no excessive waste production occurred in Innovent.



Picture: Reports of Environmental Tests

Chapter 7 Ecological Harmony: Creating a Concept of Green Operation

- Solid waste management

Pursuant to the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, Innovent formulated *Waste Management Regulations* to standardize the waste collection and treatment procedures, and ensure that the waste discharge meets the relevant national environmental emission standards. In 2018, total wastes produced by Innovent were 290 tons, including 110 tons of hazardous wastes, 100 tons of household wastes and 80 tons of construction wastes.

For hazardous wastes, relevant departments collect them in categories, transfer them to the temporary storage area in accordance with the requirements, and place them in corresponding garbage bags or containers. Then, the engineering department is responsible for the management of the area. Finally, the qualified hazardous waste disposal companies regularly transport them to qualified treatment plants. At the same time, the Company reduces the production of harmful waste through new production technology: the Company uses stainless steel reactor, compared with the abandoned reactor, the waste production per unit product is greatly reduced.

For general wastes, such as general solid wastes, we collect them through ordinary garbage cans (black garbage bags). Then, the cleaning staff move them to the designated place. Finally, sanitation companies regularly transport the wastes out of the factory for processing. The Company also recycles the wastes that can be recycled, including approximately 10 tpa of paper and cardboard boxes; and approximately 5,000 tpa of non-metallic waste.

- Waste gas management

During the Reporting Period, Innovent complied with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and ensures that waste gas emissions during the production process comply with national integrated emission standard of air pollutants. We monitor the Company's emissions to ensure that current environmental regulations are met. Emissions are required not to exceed standard limits.

We have corresponding measures for the treatment of waste gases based on their sources. For example, the waste gas generated during the production process must be discharged through the exhaust outlet of the workshop after being filtered by the medium-high efficiency filter in the exhaust outlet. The gas in the wastewater treatment station, must be purified by the water spray absorption tower before being discharged to the atmosphere through a 12-meter high exhaust pipe. For the waste gas generated by biosafety cabinets in laboratories, it must be filtered by a high-efficiency filter before it is discharged to the atmosphere. The replaced filters must be collected and disposed as hazardous wastes. Through the above measures, our emissions during the Reporting Period were relatively low. In 2018, the emissions of nitrogen oxides, sulfoxides and PM were 0.0028 tons, 0.0082 tons and 0.0006 tons.

Chapter 7 Ecological Harmony: Creating a Concept of Green Operation

- Wastewater management

During the Reporting Period, Innovent complied with Law of the People's Republic of China on Prevention and Control of Water Pollution, restricting discharging of industrial and domestic wastewater that is generated during activities such as research and production, and reducing the adverse effects of wastewater discharging on the surrounding environment and personnel health. The Company has a wastewater treatment station for professional treatment of wastewater generated. Untreated wastewater or treated wastewater that does not meet the national discharging limits cannot be discharged. Every year, the Company employs a professional environmental monitoring agency to carry out water quality test for our wastewater outlet at least once, ensuring the compliance in terms of wastewater treatment and discharge by the Company. The Company also partially recycles the concentrated water produced from the production of purified water and injected water, which are used for landscape ponds and green watering, saving up to 5,000 tons of water a year.

3. Use of resources

Energy is an important pillar of the national economy and social development. During the Reporting Period, Innovent complied with the relevant provisions of Law of the People's Republic of China on Conserving Energy, focusing on the establishment of energy management system and incorporating energy efficiency into the framework of management measures. Furthermore, we are committed to promoting the concept of "energy conservation and carbon reduction" among all employees. In 2018, our greenhouse gas emissions amounted to only 7.94 tons, including 7.79 tons of carbon dioxide and 0.15 tons of methane, and no excess emissions occurred.

Indicators	Unit	2018 Data
Electric power	MWH	14.2400
Heat	Kilojoule	177817390.1500
Diesel consumption	Ton	4.0000
Gasoline consumption	Ton	4.0000
Water Consumption	M3	312000.0000
Packaging material	Ton	5.1000

In terms of water resources management, we always adhere to the concept of "saving water". In the R&D and production process, we emphasize efficient use of water. In daily work and life, we insist on cultivating employees' awareness and habits of saving water, and put up clearly visible banners in public areas. We also installed sensor faucets in all the sinks, saving 100 tons of water per year. In 2018, the Company's total water consumption amounted to 312,000.00 cubic meters, and the water consumption per capita was 520 cubic meters.

Case: Factory lighting replaced by LED energy-saving lamp tube

In response to the *Energy Conservation Law* promulgated by the state, Innovent has carried out energy-saving and emission reduction projects within the Company. For example, we aim to replace lighting fixtures with LED energy-saving lamps. LED cold light illumination lamps are composed of LED module, exciter, tube head assembly, lamp tube and other devices, which can replace the existing incandescent lamps and other thermal light source lamps. Moreover, the LED lamp has a longer lighting life span, which is helpful for Innovent to strengthen the concept of "Saving and Recycling". Our investment in lighting renovation is expected to be RMB 77,000, and to save RMB 423,603 in five years.

Chapter 8 Appendix

1. Index table

Level	Code	Section
<i>A Environmental</i>	A1 Emissions	
	Information on:	Environmental management,
	(a) the policies; and	Waste management,
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Use of resources
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
	A1.1	2018 statistical tables
	The types of emissions and respective emissions data.	
	A1.2	2018 statistical tables
	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.3	2018 statistical tables
	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.4	2018 statistical tables
	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.5	Waste management
	Description of measures to mitigate emissions and results achieved.	
	A1.6	Waste management
	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	
	A2 Use of Resources	
	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of resources

Chapter 8 Appendix

Level	Code	Section
	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).	2018 statistical tables
	A2.2	
	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2018 statistical tables
	A2.3	
	Description of energy use efficiency initiatives and results achieved.	Use of resources
	A2.4	
	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of resources
	A2.5	
	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2018 statistical tables
	A3 The Environment and Natural Resources	
	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental management
	A3.1	
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental management
<i>B Social</i>	B1 Employment	
	Information on:	
	(a) the policies; and	Employment system
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Salary and welfare system
	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	

Chapter 8 Appendix

Level	Code	Section
	B1.1	2018 statistical tables
	Total workforce by gender, employment type, age group and geographical region.	
	B1.2	N/A
	Employee turnover rate by gender, age group and geographical region.	
	B2 Health and Safety	
	Information on:	
	(a) the policies; and	Occupational health and safety
	(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.	
	B2.1	Occupational health and safety,
	Number and rate of work-related fatalities.	2018 statistical tables
	B2.2	Occupational health and safety,
	Lost days due to work injury.	2018 statistical tables
	B2.3	Occupational health and safety
	Description of occupational health and safety measures adopted how they are implemented and monitored.	
	B3 Training and Development	
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent cultivation
	B3.1	N/A
	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
	B3.2	N/A
	The average training hours completed per employee by gender and employee category.	

Chapter 8 Appendix

Level	Code	Section
	B4 Labour Standards	
	Information on:	
	(a) the policies; and	Employment system
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
	B4.1	
	Description of measures to review employment practices to avoid child and forced labour.	Employment system
	B4.2	
	Description of steps taken to eliminate such practices when discovered.	Employment system
	B5 Supply Chain Management	
	Policies on managing environmental and social risks of the supply chain.	Strict control of procurement management
	B5.1	
	Number of suppliers by geographical region.	Strict control of procurement management,
		2018 statistical tables
	B5.2	
	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Strict control of procurement management
	B6 Product Responsibility	
	Information on:	
	(a) the policies; and	High standards of customer service
	(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.	
	B6.1	
	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	High standards of customer service, 2018 statistical tables

Chapter 8 Appendix

Level	Code	Section
	B6.2	High standards of customer service,
	Number of products and service related complaints received and how they are dealt with.	2018 statistical tables
	B6.3	Compliance management
	Description of practices relating to observing and protecting intellectual property rights.	
	B6.4	High standards of customer service
	Description of quality assurance process and recall procedures.	
	B6.5	High standards of customer service
	Description of consumer data protection and privacy policies, how they are implemented and monitored.	
	B7 Anti-corruption	
	Information on:	
	(a) the policies; and	Compliance management
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
	B7.1	Compliance management,
	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.	2018 statistical tables
	B7.2	Compliance management
	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
	B8 Community Investment	
	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.	Promote development of society
	B8.1	Promote development of society
	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
	B8.2	N/A
	Resources contributed (e.g. money or time) to the focus area.	

Chapter 8 Appendix

2. 2018 statistical tables

Environmental data statistics ¹			
Category	Name	Unit	Data
Exhaust emissions	Nitrogen oxide	Ton	0.0082
	Sulfoxide	Ton	0.0028
	PM (Particulate Matter, Dust, Smoke)	Ton	0.0006
Greenhouse gases	Carbon dioxide	Ton	7.7900
	Methane	Ton	0.1500
	Greenhouse emissions per capita	Ton/person	0.0132
	Methane	Ton	0.1500
Waste	Hazardous waste	Ton	110.0000
	Hazardous waste per capita	Ton/person	0.1833
	Innocuous waste	Ton	180.0000
	Innocuous waste per capita	Ton/person	0.3000
Wastewater discharge	Discharge of domestic Wastewater	m ³	151,340.8000
	Discharge of industrial wastewater	m ³	40,394.0000
Energy	Electric power	MWH	14.2400
	Electricity per capita	MWH/person	0.0237
	Heat	KJ	177,817,390.1500
	Heat per capita	KJ/person	296,362.3169
	Diesel consumption (including production involved and vehicle use)	Ton	4.0000
	Diesel consumption per capita	Ton/person	0.0067
	Gasoline consumption (including production involved and vehicle use)	Ton	0.0000
	Gasoline consumption per capita	Ton/person	0.0000
	Natural gas consumption	10,000 M ³	1.0900
	Natural gas per capita consumption	10,000 M ³ /person	0.0018
	Oxygen consumption ²	10,000 M ³	1.5351
	Nitrogen consumption ³	10,000 M ³	1.1878
Water consumption	Water Consumption	M ³	312,000.0000
	Water consumption per capita	M ³ /person	520.0000
Packaging material	Packaging materials	Ton	5.1000

¹ The data range of environmental segment includes Innovent Biologic, Inc.; Innovent Biologics (Suzhou) Co., Ltd.; Suzhou Innovent Biotechnology Co., Ltd. We will ignore the data of Innovent Biologics (HK) Limited; Shanghai Xinsheng Biotechnology Branch of Innovent Biologics (Suzhou) Co. Ltd.; Beijing Biotechnology Branch of Innovent Biologics (Suzhou) Co. Ltd. and Innovent Biologics (USA), Inc., because they have no actual production. The density data of environmental section is calculated on the basis of 600, the total number of employees in Suzhou.

Chapter 8 Appendix

Social data statistics⁴

Category	Name	Unit	Data
Employee structure	Total number of employees	Person	959
Total number of employees/by gender	Male	Person	465
	Female	Person	494
Total number of employees/by age	Under 30 years old	Person	478
	30 to 50 years old	Person	465
	Over 50 years old	Person	16
Total number of employees/by education	Doctor	Person	57
	Master's degree	Person	225
	Bachelor	Person	507
	College and below	Person	170
Total number of employees/by region	Suzhou	Person	600
	Beijing	Person	55
	Shanghai	Person	117
	Other	Person	187
Total number of employees/by rank	Senior management	Person	26
	Intermediate management	Person	178
	General staff	Person	755
New employees	Total number of new employees	Person	658
New employees/by gender	Male	Person	301
	Female	Person	357
New employees/by age	Under 30 years old	Person	339
	30 to 50 years old	Person	314
	Over 50 years old	Person	5
New employees/by region	Suzhou	Person	322
	Beijing	Person	53
	Shanghai	Person	96
	other	Person	187
New employees/by rank	Senior management	Person	13
	Intermediate management	Person	117
	General staff	Person	528

Chapter 8 Appendix

Social data statistics ⁴			
Work injury	Number of injured workers	Person	0
	Number of work-related deaths	Person	0
	Number of working days lost due to work injury	Person	0
Employee training	Number of trainees	Person	959
	Senior management	Person	26
	Intermediate management	Person	178
	General staff	Person	755
Employee training percentage	Senior management	%	100.0000%
	Intermediate management	%	100.0000%
	General staff	%	100.0000%
Total number of hours of employee training	Senior management	Hour	1,299.0000
	Intermediate management	Hour	6,766.0000
	General staff	Hour	24,538.0000
Average hours of employee training	Senior management	Hour	49.9600
	Intermediate management	Hour	38.0100
	General staff	Hour	32.5000
Supplier	Jiangsu	Unit	466
	Shanghai	Unit	374
	Beijing	Unit	187
	Other	Unit	204
Customer complaints	Product and service complaints	Piece	0
	Safety and health-related recalls percentage	%	0.0000%
Anti-corruption	Number of corruption cases	Piece	0

² Total oxygen consumption refers to the consumption of oxygen in the experiment, not involving per capita density.

³ Total nitrogen consumption refers to the consumption of nitrogen in the experiments, not involving per capita density.

⁴ The data range of social segment includes Innovent Biologic, Inc.; Innovent Biologics (HK) Limited; Innovent Biologics (Suzhou) Co., Ltd.; Suzhou Innovent Biotechnology Co. Ltd.; Shanghai Xinsheng Biotechnology Branch of Innovent Biologics (Suzhou) Co., Ltd., Beijing Biotechnology Branch of Innovent Biologics (Suzhou) Co., Ltd., and Innovent Biologics (USA), Inc.

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