



2019

Corporate Social Responsibility Report

Shanghai Henlius Biotech, Inc.

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A MESSAGE FROM THE CHAIRMAN

Dear friends,

2019 marked a meaningful anniversary for Henlius (stock code: 2696. HK). At the beginning of the year, we launched our biosimilar product HLX01 (rituximab injection)—汉利康®, changing the domestic monoclonal antibody (mAb) market landscape, offering an alternative option for quality treatment and improving the availability and affordability of high-quality biologic drugs for patients. In September, our company went public on the Main Board of the Stock Exchange of Hong Kong Limited, fueling our sustainable development. With continued innovation, we took active actions to fulfill our corporate social responsibilities and provided patients with high-quality and affordable biologic drugs. We dedicated ourselves to public welfare, worked to contribute to society and stayed committed to our mission of becoming an outstanding corporate.

As a global innovative biopharmaceutical company, we have been dedicated to providing high-quality and affordable biologic drugs and growing to be the most trusted and admired biotech company since our foundation in 2010. We have been actively fulfilling our obligations to patients, employees, partners, communities and other stakeholders. To benefit more patients, we have laid solid foundation for sustainable development with sound corporate governance and strategic planning and built quality standards that are up to the requirements of the U.S. the European Union (EU) and China. In 2019, the Xuhui Facility and supporting quality management system had passed the on-site inspections and/or audits by the EU qualified person (QP) and international business partners including Accord Healthcare and Cipla. In addition, supported by efficient research and development (R&D) and innovation platform, we were committed to innovative mAb drugs and immuno-oncology combination therapies with anti-PD-1 mAb as backbone on an integrated platform covering the entire product lifecycle from R&D, commercial-scale production to commercialisation.

Employees are the most valuable driving force for development. We provide employees with equal opportunities and multiple platforms so that everyone can work passionately and live happily here. Business partners have given us utmost support. Joining hands with domestic and global leading pharmaceutical companies, we have been exploring the unknown world. We have been committed to giving back to society and to innovation-driven and environmentally friendly development. In an agreement with the Fosun Foundation, we established a special Henlius foundation. In 2019, we carried out charity projects including Understanding Lymphoma and caring for breast cancer patients. We also took an active part in promoting the rural doctor project to help rural areas get rid of poverty through better access to health care. We continued supporting the poor county of Yonghe in Shanxi Province. With the efforts, we advanced our pursuit of harmonious development of the company, environment and society.

For the first time after our public listing, we deliver a CSR report and present what we have achieved in 2019 CSR to all our employees, partners and stakeholders. Taking advantage of the enabling environment for innovation in the domestic biopharmaceutical sector, we will carry on our mission and core values, stay resilient, fulfill our CSR, bring health to patients and create value for society.

Qiyu Chen, Chairman

Company Overview

About Henlius

Henlius (2696.HK) is a global biopharmaceutical company with the vision to offer high-quality, affordable and innovative biologic medicines for patients worldwide with a focus on oncology and autoimmune diseases. Since its inception in 2010, Henlius has built an integrated biopharmaceutical platform with core capabilities of high-efficiency and innovation embedded throughout the whole product life cycle including R&D, manufacturing and commercialisation. It has three R&D facilities in Shanghai, Taipei and California and a Shanghai-based manufacturing facility certificated by China and the European Union (EU) Good Manufacturing Practice (GMP).

Henlius has pro-actively built a diversified and high-quality product pipeline covering over 20 innovative monoclonal antibodies (mAb) and has continued to explore immuno-oncology combination therapies with proprietary HLX10 (anti-PD-1 mAb) as backbone. Up to date, in addition to 汉利康® (HLX01, rituximab) launched commercially and two products (HLX02 trastuzumab and HLX03 adalimumab) under New Drug Application (NDA) review to be potentially launched within 2020, Henlius has conducted over 20 clinical studies for 10 products and 8 combination therapies worldwide. Products have been licensed out to nearly 100 countries and regions. Moreover, the business partner Accord submitted a Marketing Authorisation Application (MAA) for HLX02 to European Medicines Agency (EMA). In May 2020, Henlius received the EMA Committee for Medicinal Products for Human Use (CHMP) positive opinion for HLX02, which is expected to become the first China-manufactured biosimilar to be launched in the EU markets.



Company name in Chinese

上海复宏汉霖生物技术股份有限公司



Foundation
2010



Head office
Shanghai, China



Company name in English

Shanghai Henlius Biotech, Inc.



Stock code
2696.HK



Staff number
1,172



Mission

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



Vision

Be the most trusted and admired biotech company providing innovative and affordable medicines for all patients.



Core Values

Honesty, Execution, Nurturing, Leadership, Innovation, Uncompromising on Quality, Science & Strategy-oriented

Shanghai Henlius Biotech, Inc.



Wholly-owned Subsidiary



Branch



Product pipeline

Main lines of business of our company and corresponding progress of R&D are as follows: (the tallying is based on the timeline for the 2019 annual report)

Product (Reference Drug)		Target	Indication	Pre-clinical	IND	Phase 1	Phase 2	Phase 3	NDA	Launched	Partners
★ 汉利康® (rituximab) ⁽¹⁾		CD20	Non-Hodgkin lymphoma								BIOSIDUS
With near-term commercial visibility	HLX01 (rituximab)	CD20	Rheumatoid arthritis ⁽²⁾								
	HLX02 (trastuzumab) ⁽³⁾	HER2	Breast cancer and metastatic gastric cancer								accord Jacobson Cipla mAbxience
	HLX03 (adalimumab) ⁽⁴⁾	TNF-α	Psoriasis, ankylosing spondylitis and rheumatoid arthritis								FOSUN PHARMA 安森诺
	HLX04 (bevacizumab)	VEGF	Metastatic colorectal cancer and non-squamous non-small cell lung cancer Wet age-related macular degeneration and diabetic retinopathy ⁽²⁾								
Under clinical research	HLX10	Monotherapy	Solid tumours								XKbio 药明康德
			Chronic hepatitis B								
	HLX10	+Chemo	Metastatic esophageal squamous-cell carcinomas								
			Squamous non-small cell lung cancer								
			Extensive-stage small cell lung cancer								
			Gastric cancer								
			Cervical cancer								
	+HLX04	PD-1+VEGF	Non-squamous non-small cell lung cancer								
			Hepatocellular carcinoma								
	+HLX07	PD-1+EGFR	Squamous-cell carcinoma of the head and neck								
	HLX07	EGFR	Solid tumours								
	HLX06	VEGFR 2	Solid tumours								
	HLX05 (cetuximab) ⁽⁵⁾	EGFR	Metastatic colorectal cancer and squamous-cell carcinoma of the head and neck								Jingze
	HLX12 (ramucirumab)	VEGFR 2	Gastric cancer, metastatic non-small cell lung cancer and metastatic colorectal cancer								
Pre-clinical	HLX20	PD-L1	Solid tumours								药明康德
	HLX22	HER2	Breast cancer and gastric cancer								
	HLX55 ⁽⁶⁾	c-MET	Solid tumours								
	HLX11 (pertuzumab)	HER2	Breast cancer								
	HLX13 (ipilimumab)	CTLA-4	Melanoma, renal cell carcinoma and metastatic colorectal cancer								
	HLX14 (denosumab)	RANKL	Osteoporosis								
	HLX56 ⁽⁷⁾	DR	Solid tumours								
	HLX26	LAG3	Solid tumours								
	HLX23	CD73	Solid tumours								
	HLX15 (daratumumab)	CD38	Multiple myeloma								
	HLX09	CTLA-4	Solid tumours								
	HLX24	CD47	Solid tumours								
	HLX59	CD27	Solid tumours								
	HLX51	OX40	Solid tumours								
	HLX52	TIM-3	Solid tumours								
	HLX53	TIGIT	Solid tumours								
	HLX58	Claudin 18.2	Solid tumours								
	HLX63	GPC3	Solid tumours								

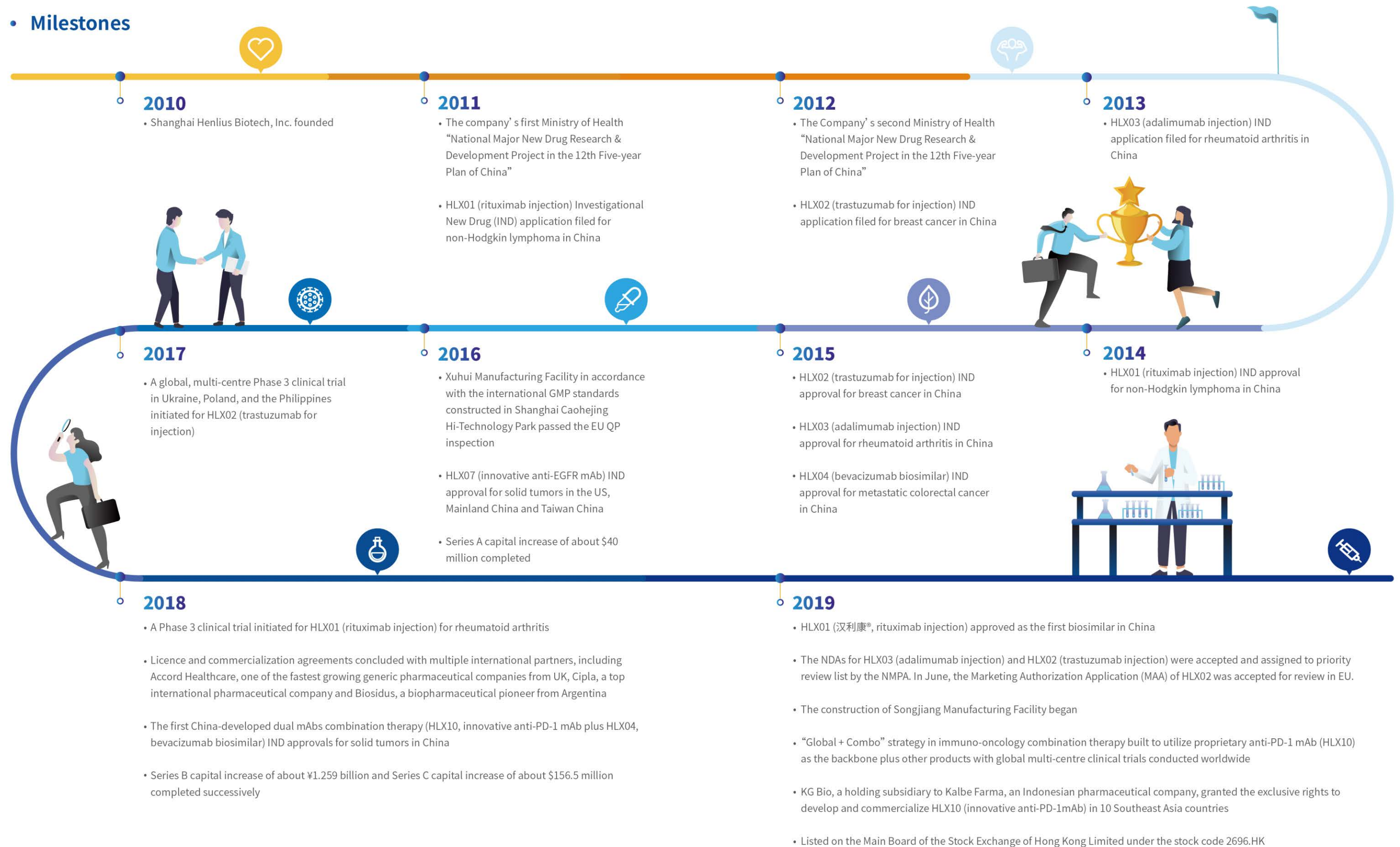
Tumour-specific target ●
Angiogenesis target ●
Tumour immunology target ●
Combination therapy ●
Others ●

(1) Approved by the NMPA in February 2019, being the first domestic biosimilar
(2) Considered as biologic medicine since the reference product has not yet been approved for the relevant indications
(3) MAA for HLX02 has been accepted by the NMPA and the EMA, and HLX02 is the first china-developed mAb biosimilar accepted for MAA review by the EMA
(4) NDA for HLX03 has been accepted by the NMPA
(5) Commercialisation rights in China have been granted to Shanghai Jingze
(6) Commercialisation rights in certain countries such as China, Southeast Asia, Central Asia and South Asia were obtained
(7) Commercialisation rights in China were obtained

Corporate honor



• Milestones

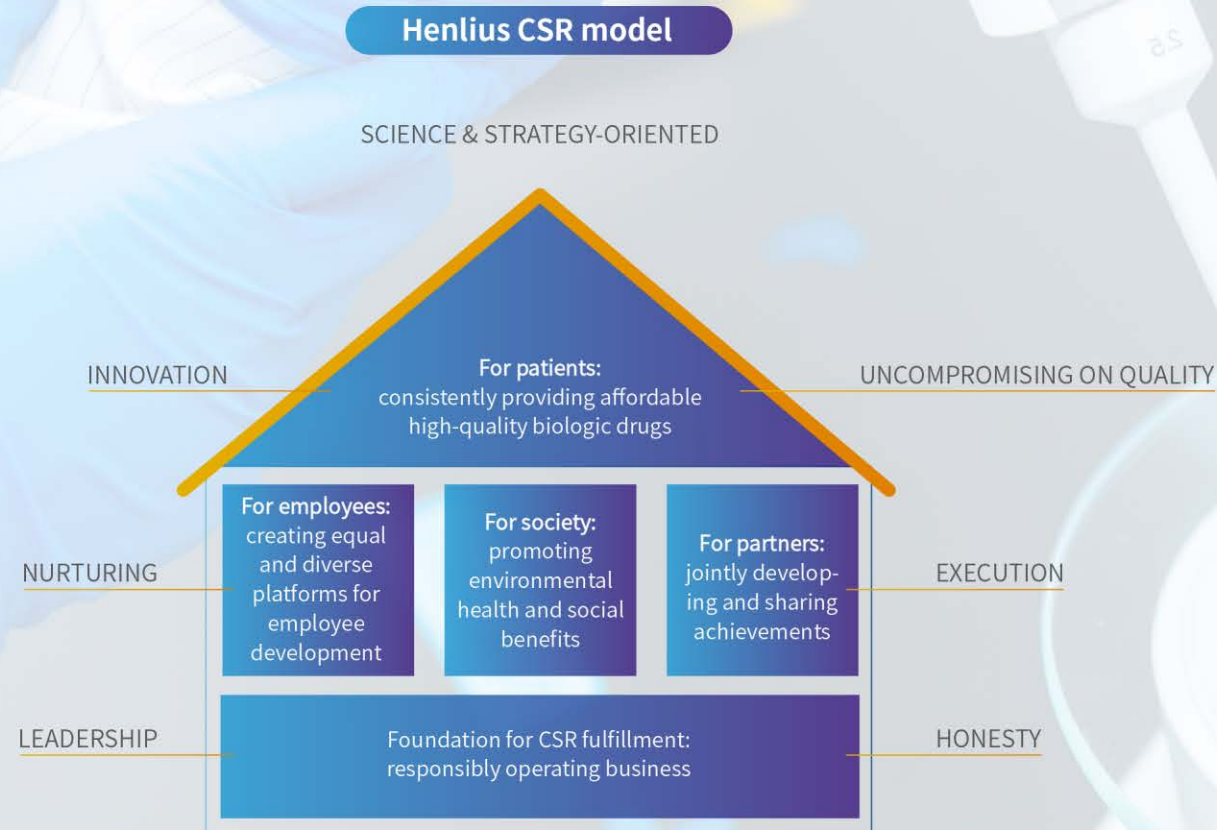


Our CSR vision

Our CSR vision has its root in our corporate culture. The mission of improving patients' lives by timely providing them with quality and affordable biologic drugs through technical innovation and operational excellence and the vision of becoming the most trusted and admired biotech company providing innovative and affordable medicines for all patients give strong support to Henlius when it comes to fulfilling its promises for stakeholders. The company has been upholding the unity of corporate economic responsibilities and social responsibilities and committed to providing more affordable and high-quality biologic drugs for patients across the world.

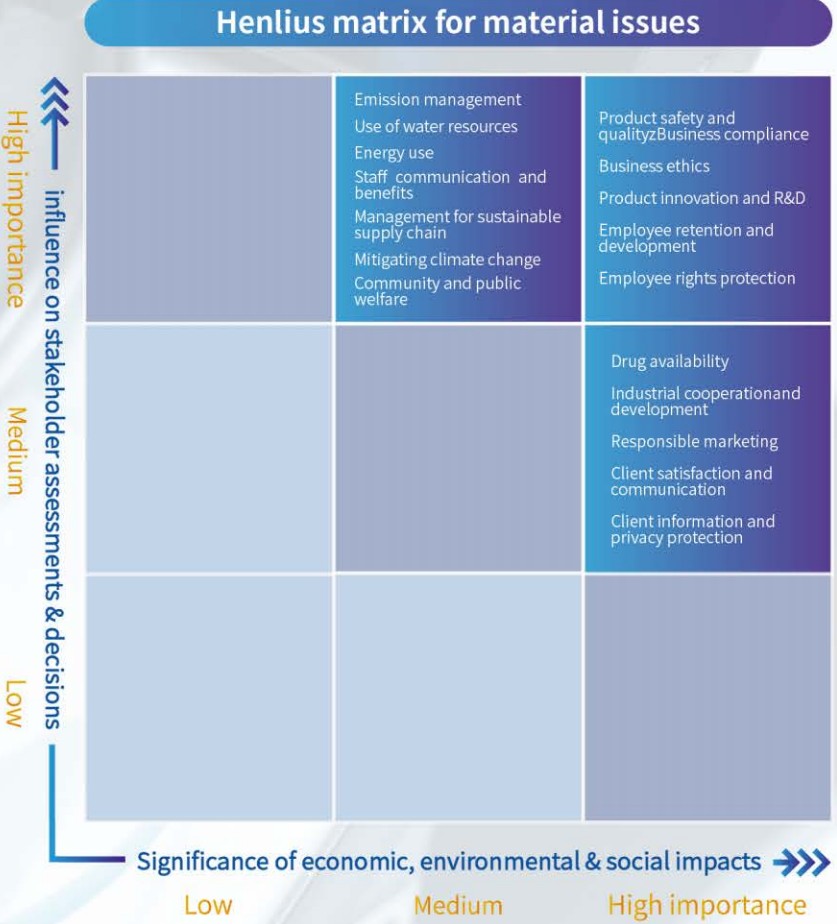
CSR model

The CSR model of Henlius is based on responsible business operation. It combines responsibilities for employees, society and partners in pursuing the CSR goal of bringing benefits to global patients by providing them with high-quality and affordable biologic drugs.



Analysis of substantial topics

In line with GRI Standards for sustainability reporting, the Environmental, Social and Governance (ESG) Reporting Guide (2015) by the Stock Exchange of Hong Kong Limited and our business and operation realities, Henlius drew experience and practices of global peers and identified and selected 18 ESG issues related to the company. After an evaluation on the importance of these agendas, the company made a final matrix for substantial issues.



Communications with stakeholders

The sustainable development of Henlius cannot be achieved without the trust and support of various stakeholders. The company has been maintaining close communications through effective channels including information disclosure as a listed company as well as platforms like its official website and WeChat account.

The company welcomes voices from stakeholders including government and regulators, stock holders and investors, clients, employees, suppliers, communities and media and public and gives timely and active responses to these voices.

Stakeholders' concerns and communication channels		
Stakeholders	Concerns	Communication channels
Government and regulators	Business compliance, industrial cooperation and development, product safety and quality, business ethics, product innovation and R&D, emission management, energy use	Participating in industry standards formulation, participating in policy formulation, providing suggestion and participating in government projects
Shareholders and investors	Product innovation and R&D, product safety and quality, business compliance, business ethics	Information disclosure, stock holders' meeting, meeting with investors
Clients	Drug availability, responsible marketing, business ethics, client information and privacy protection, client satisfaction and communication	Conducting customer satisfaction survey, establishing customer service process and customer compliant handling process
Employees	Employee communication and benefits, employee rights protection, employee retention and development	Trade union and congress of employees, employee caring activities, employee training, performance management and promotion
Suppliers	Sustainable supply chain management, business compliance, business ethics	Supplier audit and communications, green supply chain management
Partners	Industrial cooperation and development, commercial cooperation	Industry exchanges, exploring global cooperation
Communities	Emission management, energy use, community and public welfare	Analysis of environmental impact and management, charity projects
Media and the public	Industrial cooperation and development, business ethics, product safety and quality, product innovation and R&D, community and public welfare	Information disclosure as a listed company, releasing information on official website and WeChat platform, holding media conference

CSR management structure

The company established a commission for CSR. The CEO heads the commission and is in charge of strategic management of CSR-related issues to ensure efficient decision making. Under the commission, a working group for CSR report was established. Public Relationship department leads the working group and takes charge of planning and coordinating CSR-related work as well as information communication and disclosure. The working group assesses risks relating to CSR and urges functional departments to implement CSR-related measures.



Feature: Affordable Innovation for Global Patients

Henlius has been staying true to its original mission of providing affordable innovative drugs to the public. “We should offer an option that is effective, safe and affordable to patients,” said Dr. Scott Shi-Kau Liu, co-founder of Henlius. The words guide the decade-long development of the company and represents the vision all Henlius people are striving for.

In February 2019, HLX01 (rituximab injection)—汉利康® independently developed by Henlius, was approved by the NMPA. It became the first biosimilar drug developed and approved in China in accordance with the *Technical Guide lines for the Development and Evaluation of Biosimilars (Tentative)* released in 2015.

Lymphoma is the most common blood tumor in the world. Statistics by leading medical journal Lancet in 2018 showed that only 38.3 percent of lymphoma patients survived in five years in China, compared with 57.3 percent and 68.1 percent in Japan and the U.S. Since the rituximab was launched on the Chinese market, death rate of non-Hodgkin lymphoma has dropped significantly. However, Reference Listed Drugs (RLD) are expensive and many patients cannot have access to effective treatment due to financial burden. The launching of 汉利康® drives broad accessibility of rituximab and also relieves the burden for the national healthcare. It is expected that if 汉利康® is included in the National Reimbursement Drug List, the number of patients benefited will reach 2,000, 4,100, 6,100, 8,200 and 10,200 respectively in the next five years¹.

Trade name

汉利康®

Generic name

Rituximab Injection

Indications

Non-Hodgkin Lymphoma³



High quality

- Granted the Certificate of Good Manufacturing Practices for Pharmaceutical Products, People's Republic of China
- The manufacturing facility and the quality management system are up to the standards of China, the EU and the U.S.

Benefiting patients

- Offering lymphoma patients more treatment options. As of the end of 2019, more than 7,000 patients had benefited from it

Equivalence established

- No clinically meaningful differences from originators
- Study results on the similarity between 汉利康® and the originator have been published on the journal of mAbs²

1.Yanpeng Xu, Liqi Xie, Erhui Zhang, Wenyuan Gao, Linlin Wang, Yang Cao, Michael Hongwei Xie, Weidong Jiang & Scott Liu (2019) Physicochemical and functional assessments demonstrating analytical similarity between rituxan biosimilar HLX01 and the MabThera®, mAbs, DOI: 10.1080/19420862.2019.1578147

2.Data source: The Cost-effectiveness and Budget Impact Analysis of Rituximab (Hanlikang) for Patients with Diffuse Large B-cell Lymphoma in China

3.Three indications:1)Relapsed or refractory, follicular lymphoma;2)Previously untreated stages III-IV follicular, non-Hodgkin's lymphoma; and3)CD20-positive, diffuse large B-cell, non-Hodgkin's lymphoma (DLBCL)

Highly anticipated: opening a new era in China's biosimilar sector

Biologic drugs are expensive. The demands for biologic drugs for treating tumors and immune system diseases remain high but mainly depend on imports. Such drugs have not been fully included in the National Reimbursement Drug List. After rounds of negotiations, dozens of biologic drugs have been included in the list and thus the prices drop substantially. However, the annual expense per patient on biologic drugs for tumors is still close to RMB100,000. Many patients could ill afford such a burden.

For many years, there had been no companies developing biosimilar drugs in China as it entails high cost and demanding technology. With its strong technology platform, Henlius has been dedicated to the sector. After more than 600,000 hours of R&D and over 10,000 tests over 10 years, it has overcome many difficulties and had 汉利康®, the first domestic biosimilar product in China launched in 2019.

As the first mAb biologic drug approved under the biosimilar regulatory pathway, 汉利康® changes the domestic mAb market landscape, fills in a gap in China's market for biosimilars and offers alternative options to patients. It greatly drives the accessibility of high-quality biologic drugs and also represents a notable achievement on the part of China's biopharmaceutical industry.

Benefiting patients around the world

Henlius has been regarding the welfare of patients across the world as a driving force for its development. To benefit more hematology patients, improve the prevention, diagnosis and treatment of the disease across China, the company initiated a medical education charity event of Understanding Lymphoma in January 2019 through the Rural Doctor Poverty Alleviation Project Platform sponsored by Fosun Foundation. The event covered lectures, training programs, free treatment activities and workshops for case discussion in state-level poor counties to help local health professionals and people know more about the disease.

At the “2019 China Pharmaceuticals Industry Wisdom Growing Forum” and awarding ceremony for the most valuable pharmaceutical projects, Understanding Lymphoma: A Medical Education Charity Event won the “Greatest Charity Event in BioPharma Industry”.



汉利康® Understanding Lymphoma: A Medical Education Charity Event

In 2018, Henlius made field trips to Yonghe County in Shanxi Province under Rural Doctor Poverty Alleviation Project Platform sponsored by Fosun Foundation. In the poor county, local medical resources were insufficient, and the expertise and diagnostic tools of rural doctors also lagged behind. It was found that local people have limited healthcare knowledge and many of them failed to have their diseases diagnosed and treated at the early stages. As a result, they had the diseases developed into severe conditions, exacerbating the incidence of poverty.

Against the backdrop, Henlius set its eyes on impoverished rural areas amid efforts to contribute to the national poverty reduction fight. Based on the platform established by the Fosun Foundation, in cooperation with Fosun Pharmaceutical Distribution Jiangsu Co., Ltd., it carried out 汉利康® Understanding Lymphoma, a medical education charity event, working to improve the prevention, diagnosis and treatment of lymphoma in the state-level poor counties.

The project was launched in January 2019 starting with an academic lecture in the provincial capital. Then, activities were held in poverty counties including Xinjiang, Henan, Jiangxi, Yunnan, Chongqing, Sichuan, Anhui and Hainan. The company sent a medical expert team to train local doctors on knowledge of lymphoma and offered patients free treatment and caring among other activities with an aim of rooting out the fundamental cause of poverty and helping local healthcare professionals and people know more about the disease.

As of 2019

11
poverty counties covered

40+
medical experts involved

500+
patients - benefited

2,000+
rural doctors benefited



I'm very glad to be a member of the education event and come here at Beichuan. We are here to pass on love and share our experience in treating lymphoma for local people. At the same time, I find it is particularly meaningful to work with the charity team and to make some contributions to poverty reduction and healthy China initiative.

—Professor Jun Zhu,
Party Secretary of Oncology Hospital
of the Peking University

Good drugs and expertise cannot be effective until they reach the patients. This is very important to the improvement of local medical level. I hope our efforts, together with that of local healthcare professionals, can make diagnosis and treatment more effective for local patients. I think we could make a difference.

—Professor Huiqiang Huang,
Deputy Chief of Internal Medicine,
Cancer Prevention and Treatment
Center, Sun Yat-sen University

Foundation of Responsibilities Fulfillment:

Responsible Operation

Responsible operation is the cornerstone of sustainable development for the company. Henlius is fully aware of the importance of honoring commercial ethics and business compliance, regarding them as the strategic guarantee for CSR. Henlius commits to high standard of operational practice and lives up to the expectations and support of stakeholders.



Compliance culture and business ethics

The company regards compliance culture and business ethics as the foundation of its responsible operation. It has been honoring code of ethics and following laws and regulations including the *Advertisement Law of the People's Republic of China*, the *Law of the People's Republic of China against Unfair Competition*, *Anti-Monopoly Law of the People's Republic of China* and the *Interim Provisions on Prohibition of Commercial Bribery in Pursuing Business Goals*. The company works to enhance employees' awareness of compliance business and foster enabling culture for business compliance and employs a transparent policy of fighting commercial bribery to enhance the capability for manage business compliance and guard against risks in this regard.

The company built a Compliance Commission to ensure compliance rules and commercial ethics are well honored in every link of the business operation and prevent bribery, blackmailing, fraud and money laundry from happening. The company introduced the *Codes of Conduct for Employees and Supporting Policies*. It conducts at least two due diligence investigations on its third-party partners to identify risks in compliance. At the same time, the company requires that all employees sign a letter of commitment to clean business, and that new recruits and employees in key positions take regular training courses on business compliance so that the compliance culture holds appeal among employees on a daily basis. In 2019, the company launched six training sessions on business compliance, each of which lasted for about one hour.

To prevent possible irregularities, wrongdoings and corruptions, the company issued regulations on reporting and dealing with wrongdoings relating to business compliance and integrity as well as principles for dealing with wrongdoers in business compliance. The documents regulate procedures for in-house supervision, reporting and handling of wrongdoings. The company pledges protection for informants and witnesses and punishes those who revenge on informants and witnesses in line with anti-corruption regulations. The punishments include but are not limited to dismissal and termination of labor contracts. Those breaking laws and regulations will be handed over to judiciary authorities.

[Case]

In 2019, to ensure the effective implementation of the *Code of Conducts for Employees and Supporting Policies* and enhance employees' understanding of compliance regulations, the company launched several training programs. A total of **215** employees attended the training programs.

Organizational Structure of Henlius Compliance Commission



Procedure to Report Wrongdoings Regarding to Business Compliance in Henlius

01

Legal and Compliance Department

Responsible for preliminary review of reported cases, opening an official investigation, reporting wrongdoings that may seriously damage corporate reputation or cause major economic losses

02

Compliance Commission

Review cases that may seriously damage corporate reputation or cause major economic losses and initiate official investigation

03

Human Resources Department and Related Business Department

Human Resources Department and related business department will get involved to verify evidence if an official investigation is initiated

Apart from in-house efforts to foster enabling culture for compliance business and anti-commercial-bribery management, the company also requires its suppliers to honor business ethics. Its suppliers need to sign an *Anti-Commercial-Bribery Agreement* as a way to regulate their acts.

The company also respects ethics, truths and science in market promotion and provides patients and hospitals truthful and reliable product information and ensures the efficacy and safety of drugs for the benefits of patients. In 2019, the company committed no irregularities regarding market promotion.

The company values the information security and privacy of its employees, clients and consumers. In the *Regulations for Management of Employees' Information Security*, the company requires all employees to keep the information of clients and users stored in the corporate system safe. No employees should leak, alter or destroy such information, nor sell it or provide it to any other third parties.

Excerpts of Henlius' Anti-Commercial-Bribery Agreement

Article 7 Party B shall abide by the following rules during the cooperation:

01

not offer or promise Party A any bribes or unjustified benefits;

02

not offer Party A any kickbacks or commissions; otherwise it will be punished on bribery;

03

.....

08

not lend money or other properties to employees of Party A;

09

not abuse powers for personal gains or jeopardize clean business practices.



Intellectual property right protection

The company regards effective intellectual property right protection as part of its core competitiveness and follows the guiding principle of encouraging invention and creation to improve market competitiveness in intellectual property management. In accordance with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China* and the *Law of the People's Republic of China Against Unfair Competition*, Henlius has built an intellectual property right (IPR) management system based on the *Enterprise Intellectual Property Management (GB/T29490-2013)* to safeguard its intellectual property rights and guard against IPR infringement.

It has established a complete IPR management system and passed the authentication in line with the *Enterprise Intellectual Property Management (GB/T29490-2013)* in March 2020. With the *Intellectual Property Manual* as the overarching guiding document, the company has secondary and procedure documents including the regulations for intellectual property management, confidentiality management, and incentives and punishment for intellectual properties. These documents explain how to apply for, manage and maintain intellectual property rights and encourage the development of intellectual property rights. They ensure that intellectual property rights are protected from production to sales, procurement, external cooperation and foreign trade. Intellectual properties under protection include patents, trademarks, copyrights and trade secrets.

The company's IPR management system is applicable to three R&D centres in Shanghai, California, and Taiwan China. Apart from the company's IPR management system, the R&D centres in California and Taiwan China should flesh out a relatively independent and unified IPR management system based on local laws and regulations and local business strategies.

The company's IPR department reviews and revises all documents under the management system on a regular basis. Major decisions regarding IPR management are made by leadership meetings. There are full-time or part-time IPR managers in the three R&D centres. They communicate daily work of IPR through regular meetings.

Overview of Henlius measures for confidentiality management



- Only specific staff can have access to confidential information
- Confidential materials and documents are marked with special signs and shall not be copied by principle
- In regions with confidential information, conspicuous signs reading "off-limit" should be posted at the entrance
- Access control system shall be equipped for certain areas

REGION China	REGION China
PATENT Preparation and application of an ANTI-VEGF mAb	PATENT Preparation and application of an ANTI-PDGFRα mAb
PATENT NO. ZL201811466201.5	PATENT NO. ZL201811435007.0
DATE OF AUTHORIZATION 2019-02-22	DATE OF AUTHORIZATION 2019-02-26
REGION China	REGION Europe
PATENT A Humanised ANTI-PD-1 antibody	PATENT ANTI-EPIDERMAL GROWTH FACTOR RECEPTOR (EGFR) ANTIBODIES
PATENT NO. ZL201410838610.9	PATENT NO. EP3148581B1
DATE OF AUTHORIZATION 2019-08-02	DATE OF AUTHORIZATION 2019-10-09

In 2019,
the company applied for five invention patents, four of which were granted.

Respecting R&D ethics

The company's clinical research involves the use of animal models. Its current mouse models cover four mouse tumour types and 18 human tumour types. Its R&D centre in Taiwan conducts animal experiments. In doing so, it strictly follows the *Guideline for the Care and Use of Laboratory Animals* made by the Council of Agriculture in Taiwan. The company also established the Institutional Animal Care and Use Committee to manage and oversee compliance in laboratory animal use.

At the same time, the R&D centres of the company follow three Rs principles of Replacement, Reduction and Refinement, regard animal welfare as a priority and promise to practice codes of ethics in animal experiments.

For Patients:

Provide High-quality and Affordable Biologic Drugs

Staying true to our mission of “improving patients’ lives by timely providing them with quality and affordable protein therapeutics through technical innovation and operational excellence.” Henlius has been living the core values of “quality, speed and innovation.” Product quality has been the focus of the company. High-standard quality management and highly productive R&D and innovation platforms constitute the foundation.



High-standard quality management

Since its foundation, Henlius has been putting quality first by keeping in line with the highest international quality standards. Taking a science and technology-oriented approach, we have embraced high-quality in our daily work. Our ever-improving quality management system ensures our products meet global regulatory requirements and patients’ expectations. In its business operation, the company has been strictly abiding by laws and regulations including the *Good Manufacturing Practice for Pharmaceutical Products (amended in 2010)*, *Provisions for Drug Registration*, *Good Laboratory Practice for Pharmaceutical Products*, the *Drug Administration Law of the People’s Republic of China* and the decisions of the state food and drug administration on adjusting registration of imported drugs. It has involved in no irregularities or wrongdoings related to product health and safety, commercials, trademarks and privacy terms.

In 2019, Henlius built a comprehensive quality management system that meets the standards of the U.S., EU and China. It covers the whole product lifecycle from R&D to material management, product manufacturing, quality control, product supply management and product post marketing surveillance. The company’s management reviews quality management on a regular basis and takes part in decision making for improving quality system. It established a global quality operation team responsible for coordinating the implementation of the quality management system and the realization of quality management goals. Xuhui Manufacturing Facility and the accompanying quality management systems have passed multiple on-site inspections and/or audits conducted by EU QP and the international commercial partners, in each case in accordance with exacting standards. The facility has obtained GMP certification.

The company’s first product 汉利康® has been approved with the GMP certificate by the National Medical Products Administration (NMPA). On April 23, 2020, the company’s drug substance (DS) line and drug product (DP) line for HLX02 trastuzumab biosimilar have successfully passed the European Union (EU) Good Manufacturing Practice (GMP) on-site inspection and the company has received two EU GMP Certificates (Certificate of GMP Compliance of a Manufacturer) from Poland’s Chief Pharmaceutical Inspector. The Songjiang Manufacturing Facility is also under construction in line with international GMP standards. It fully adopts the new technologies (single-use technology, continuous flow technology etc.) to align with the design criteria of biomedical automation, informatization and intelligence.

- The single-use bioreactors the company adopts are estimated to generally reduce capital expenditure by up to 50% and production costs by up to 25% to 30%, and spare the efforts for clean-up and disinfection after each production cycle, which reduces per-batch production time and decreases the risk of contamination.
- In addition, the company strives to achieve further cost efficiency through the focus on exploring continuous process technologies in-house (instead of standard batch feeding process), which is expected to significantly bring down per-unit manufacturing costs and reduce liquid and solid wastes pollution, while at the same time significantly increasing productivity by virtue of various innovative technologies such as proprietary cell culture media and modified cell line construction.

Laboratory management

To ensure safety in laboratories and avoid cross contamination, the company sets up separate bioassay laboratory, microbiology laboratory, and sterility test laboratory, microbial limit test laboratory and positive sample laboratory and spares sufficient storage room for samples. The company made a set of management rules to regulate quality control in laboratories. They cover management of samples, equipment and hazardous chemicals. Laboratories are responsible for testing samples, the whole process of which should be unfolded in strict accordance with corporate rules on quality management. In 2019, the company introduced regulations on laboratory inspections. The compliance team of the Quality Department inspects laboratories every two weeks and releases reports of the inspection. The Quality Department follows up and urges laboratories to rectify problems suggested in the report.

In 2019, the company launched the Laboratory Information Management System (LIMS) to further improve management of laboratories. LIMS provides systematic support to management of product lot, stability study, environment monitoring and inventories in laboratories. It helps improve work flow in the laboratories.

Henlius work flow for product quality test



• Supply chain management

The company introduced regulations on supplier management, defining the principles and procedure for supplier selection, evaluation and management. The Supply Chain Management Department is responsible for shortlisting suppliers. The company categorizes suppliers into three types of A, B and C, each of which applies a specific procedure for written audit, qualification verification and on-site audit.

The company's Quality Validation Department makes annual supplier audit plans. It sets up in-house audit group to conduct annual quality evaluation on suppliers. The Quality Department issues a notice of quality improvement to suppliers who need to improve their quality or re-evaluate the vendors. In addition, the company establishes sustainable partnerships with suppliers and maintains sound two-way communications to jointly improve product quality.

As a member company of Fosun Pharma, Henlius actively responds to the green supply chain initiative and takes part in the training and audit program of extended audit for green supply chain launched by Fosun Pharma. Henlius delivers letter of green chain initiative to suppliers to improve environment management in the section of supply chain. It works with companies along the supply chain to advance energy saving, emission reduction and green development, limiting the environmental impacts of their business operation.



[Case]

Henlius invited suppliers to deliver good practice training

In 2019, the company invited Merck to deliver good practice training to its employees. The training covered the storage, unpacking, visual examination, installing and operation of single-use products. The training results were tested with hands-on practice. After the training, the company saw substantial reduction in complaints about the product. Employees are able to use the product more efficiently in a standard manner.

• Quality control in production

The company works to foster a culture of valuing quality. Every year, it holds the "Henlius Quality Day" event, when all departments take part in to learn quality-related knowledge. The principle of "quality first" has been imbedded in daily work.

The company launches regular quality training for employees involved in drug manufacturing. The contents cover the entire life cycle of products. In 2019, it held training programs targeting GMP employees on 18 themes including the testing for virus safety of mAb products, control on cell culture for antibody drugs and risk management.



[Case]

Henlius held training for data reliability


In July 2019, the company invited third-party experts to give training on data reliability under the GMP system. The training involved introduction to data reliability, legal background, analysis of FDA warning letter, definition of data reliability, principles and verification on computer system. Combining explanation of legal provisions with case study, the training enabled employees to better understand the importance of data reliability.

The training program included lecturing and after-class studies. A total of 260 employees attended lecturing and 188 employees took part in after-class studies. In addition, a written test was launched to help employees better remember what they had learnt. Statistics showed that all exam takers passed the written exam.

• **Management of packaging and labels**


In accordance with the *Provision for Drug Insert Sheets and Labels*, Henlius made a management procedure for product labels to regulate the design, printing and changes of labels. In 2019, targeting commercialized products, the company introduced regulations on management for design of printed package materials, plate making and approving.

Henlius’ measures on managing product labels




Design of insert sheets and label

- Design labels and insert sheets for products launched in domestic market in accordance with the product introduction approved by the NMPA and the *Provision for Drug Insert Sheets and Labels*.
- Design products launched in foreign markets in accordance with local laws and regulations.



Label printing

- Sign quality agreement with suppliers of packaging materials.
- When the labels are delivered, they can only be put into use after their size, color and contents are examined.



Label changing

- Change of the packing materials is based on the regulation on change control and any change should be reported to competent regulator.
- The old packaging materials should be destroyed under the supervision of Quality Department.

• **Management of rejected materials and**

The company set up a standard procedure to deal with rejected materials and products to regulate management of rejected raw materials, packaging materials, drug substance and finished products. A special zone was made for rejected materials and products to effectively isolate them. A conspicuous sign is posted for people to identify the zone. The materials and products are properly stored and placed under control.

When there are rejected materials or products, the Quality Department will have evaluation and decide the way to dispose of them. After the disposal plan is approved, the materials and products will be handled under the supervision of the Quality Department.

• **Life-cycle tracking**

The company set up a special Pharmacovigilance Department and well-established adverse drug reaction monitoring system. It put in place mechanisms for all-staff adverse event report, adverse event monitoring system, and adverse event collecting, handling and reporting. With the efforts, it makes constant monitoring on product safety, reports adverse reaction in a timely manner and takes active and effective measures for risk control to ensure safety in drug use. In November 2019, the company conducted a drill to recall HLX01 (汉利康®) stimulation, verifying the effectiveness of its product recall system to ensure swift action in case of emergency.

The company opens 24-hour hotline, email, telegram and online platform to collect information about drug safety and hands the information over to the Quality Department in a timely manner. All employees and outsourced suppliers are required to take training on adverse event reporting in required periods so that they can report such events in a timely manner. The pharmacovigilance department reviews and updates training contents to ensure the accuracy and effectiveness.

The company set up a standard procedure for recalled product management. In accordance with Measures for the *Management of Drug Recall*, *Good Manufacturing Practice for Pharmaceutical Products (amended in 2010)* and the *European Union Guide to Good Manufacturing Practice for Medicinal Products*, the company conducts drug recall drills on a regular basis to test the effectiveness of its recall system.

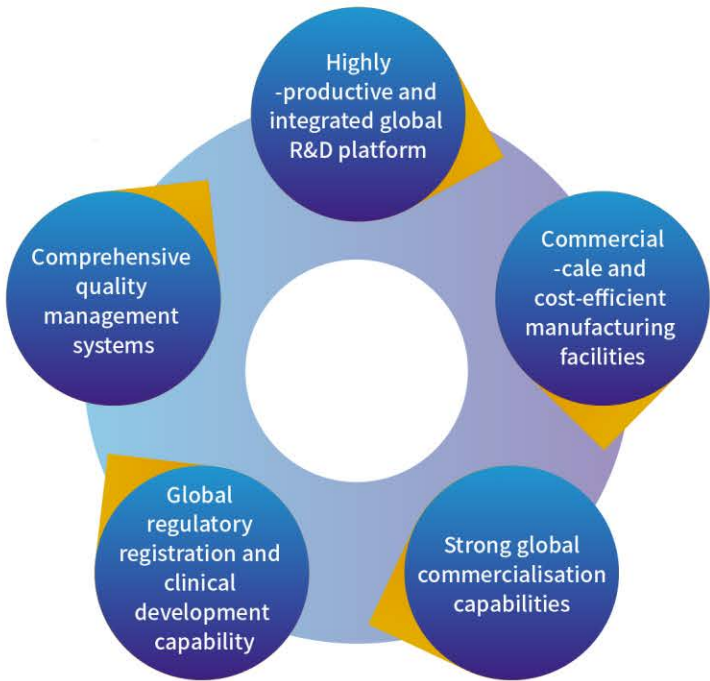
Improving drug availability with innovation

The core capability of effective innovation lays the foundation for the growth of pharmaceutical companies. As a leading company in the mAb sector, Henlius has been upholding the innovation principle of making drugs affordable and keeping sustainable driving force for innovation by pooling global R&D resources and building independent technological platform toward the goals of developing more reliable high-quality biologic medicines and improving the accessibility of drugs.

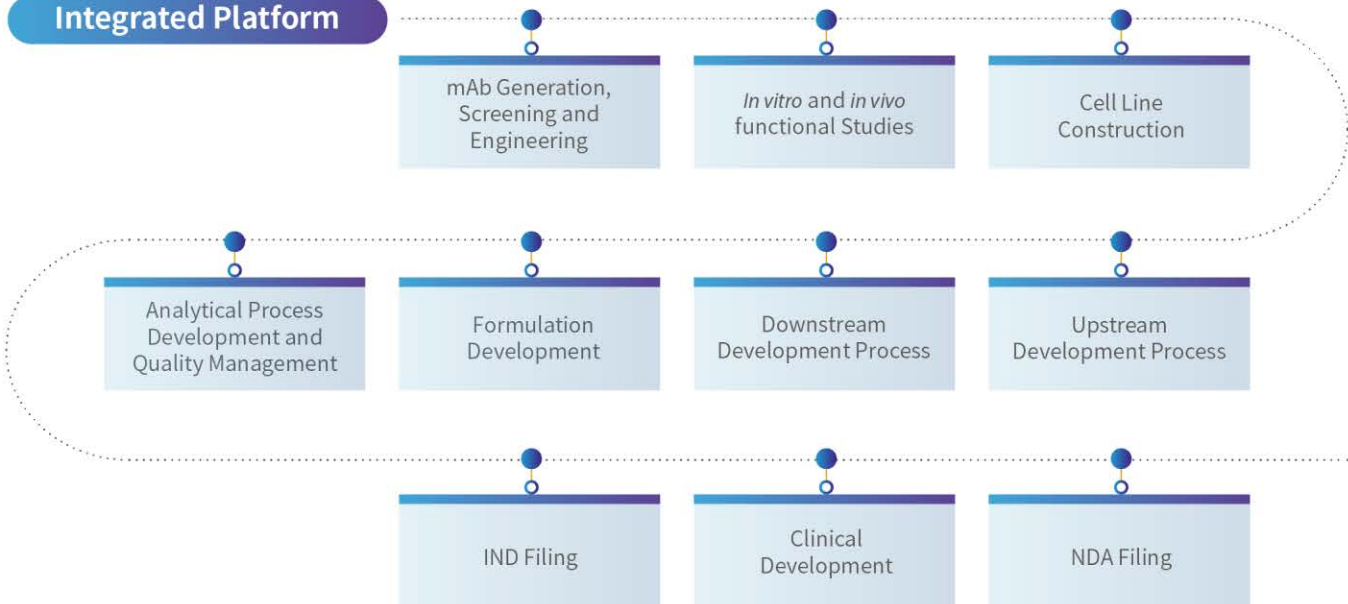
The company had been recognized as a state-level high and new technology enterprise, and obtained the approval to build a Shanghai Anti-tumour Biologic Medicine Engineering and Technology Research Centre. In 2019, the company invested RMB1.407 billion in R&D, a year-on-year increase of 44.66 percent. The expenditure was mainly used for pipeline expansion, pre-clinical R&D, clinical trial and R&D team expansion.

End-to-end independent technology platform

The core capability of effective innovation is embedded in the entire value chain of pharmaceutical industry. The company has an independent end-to-end technological platform spanning the discovery of mAb to *in vitro* and *in vivo* functional studies, clinical development and operation and regulatory filing. The platform is the driving force and foundation for its R&D efforts.

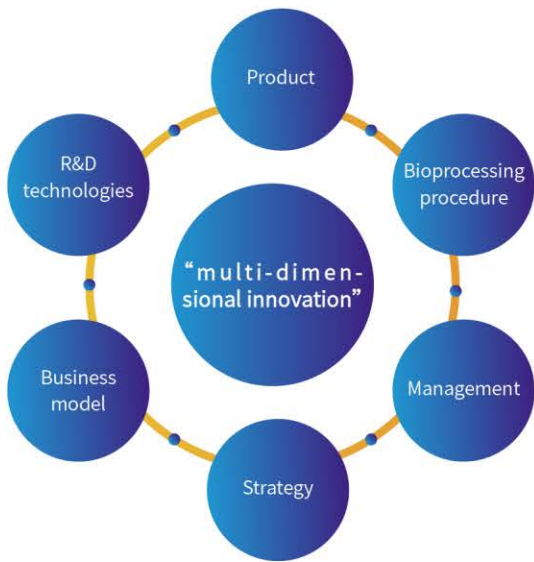


Integrated Platform



Multi-level and multi-dimensional




The company's innovation is not only about products and R&D technologies, but also about the bio-processing procedure, business model, management and strategy. The multi-level and multi-dimensional innovation revolves around the mission and vision of the company, and is aimed at developing, producing and commercialising high-quality affordable biologic drugs in new methods.



Globally integrated R&D platform

As an innovation-oriented biopharmaceutical company, Henlius has built an integrated and efficient global R&D platform with key facilities in Shanghai, Taipei and California. The three R&D centres closely collaborate with each other to ensure the highly productive and cost-efficient R&D processes. They built a complete technological platform and strong independent R&D capabilities. There are more than 200 R&D professionals in the three centres. The company will keep the edges of each centre and strengthen manpower for them so that they can better play their distinctive roles and run productively and efficiently.

Global Integrated R&D Platform

 Shanghai	 Taipei	 California
Shanghai Centre is mainly in charge of R&D in later stages, such as process and formulation development. It enables Henlius to leverage the abundance of high-calibre talent in Shanghai as well as its proximity to the manufacturing facility, where Henlius intends to manufacture the approved products on a commercial scale.	Taipei Centre is mainly responsible for lead development, optimization and new drug clinical registration and trial focusing on screening candidate drugs. It analyzes pharmacology with various animal pharmacodynamics models including pharmacokinetics, pharmacodynamics and toxicity tests and determines and improves the efficacy of shortlisted drugs for clinical trials with repeated <i>in vivo</i> and <i>in vitro</i> analysis.	California Centre provides Henlius with quick access to the latest developments and cutting-edge technologies in the mAb field, mainly responsible for early-stage R&D with a focus on cell line construction and screening.

To attract more R&D talents, the company offers incentives to employees who recommend new R&D professionals. At the same time, it introduced a mechanism for IPR incentives. Holders or designers of duty-related inventions will be rewarded. The IPR, benefits and honors of duty-related inventions will be important qualifications for employees to have professional title promotion, job promotion and other awards.

For the Employees:

Build an Equal and Diversified Development Platform

We are firmly convinced that our long-term development depends on talents. We respect and care for our employees. We protect their lawful rights & interests and benefits. We also provide them with training and development opportunities, and are committed to making them achieve their long-term goals in a healthy and safe environment.



Employee rights & interests and benefits

Henlius strictly abides by relevant laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Social Insurance Law of the People's Republic of China*. The Company has formulated *Henlius Employee Handbook* and *Henlius Compensation & Benefits System*, advocates a policy on equal and non-discriminatory employment, protects employees' legal interests and benefits in terms of performance, compensation, benefits, career promotion and strives to build a harmonious and stable employment relationship.

We resolutely ban the employment of child laborers, eliminate forced labor, respect and protect employees' personal privacy, respect employees whatever their gender, race, ethnicity, religion and cultural background, object to employee discrimination of any form, advocate equal pay for equal work, and are committed to building a platform for diversified and equal talent development. In addition, we carry out a variety of activities to build a harmonious and comfortable working environment.

Henlius' key performance of employment in 2019

Total employees:	Proportion of female employees:	Proportion of male employees:	Labor contract signing rate:	Social insurance coverage of employees in the Chinese mainland:
1,172	57.3%	42.7%	100%	100%

An overview of Henlius employment management systems

Employment and hours of work

- Follow the principles of compliance with laws and regulations and equal & fair employment.
- Carry out relevant employment management work in accordance with corresponding national laws and regulations and stipulations in HR management files such as *Henlius Employee Handbook*, including hiring, demission, promotion, transfer, man-hour management, and attendance, etc.
- Working hours is subject to the requirements of local laws and regulations.

Promotion and vacation

- Assessment and promotion in accordance with individual's behaviors.
- Determination of employees' pay grade in accordance with the elements such as job category, nature of work, and qualification, etc.
- According to *Henlius Work Attendance and Vacation Policy* and *Henlius Compensation and Benefits Policy*, employees are entitled to annual vacation, full-pay sick leave, supplementary commercial insurance, various subsidies, welfare benefits and team-building activities.



[Case]

A variety of employee activities

Henlius organizes monthly birthday parties with different themes, providing the employees with an excellent platform for communication and creating a harmonious birthday atmosphere.

On October 1, 2019, Henlius organized an activity celebrating the 70th anniversary of the founding of the People's Republic of China.



Employee training and development

Henlius formulates the *Employee Training Management Policy* and keeps improving its internal employee training system to build a platform for employee's growth and development. The HR Department develops annual training plans and arranges specific implementation procedures for the courses.

The employee training system covers all contract workers. 7-8 training with different themes are carried out each month, covering new employee orientation, general courses, leadership management courses and development programs, etc.

Investments in employee training

Unit: RMB10,000



Key performance of Henlius employee training in 2019

Employee training coverage rate:

93.77%

Total hours of employee training¹:

15,230 Hours

Per-capita training hours of female employees:

12.96 Hours

Per-capita training hours of male employees:

13.04 Hours

1.The employee training hours (and per-capita training hours of male and female employees) in this report do not include GMP or EHS related employee training.

2.The leadership development programs include the leadership development program for new directors, the leadership development program for directors, and the leadership development program for executives.

The employee training system of Henlius





[Case]

The featured “Training by Executives” courses

In order to create a “learning” atmosphere, improve the quality and ability of employees, and promote communication and sharing of professional knowledge, Henlius has opened the “Training by Executives” courses since 2017. The courses were taught by executives and experts on a monthly basis. Each course was attended by about 120 employees. By the end of 2019, 25 courses had been held with a total attendance of 2,441 employees.

The content and scope of the “Training by Executives” are subject to the expertise of instructors, covering technical expertise of R&D, quality technology, registration, production & operation, and supply chain, as well as general knowledge about finance, career planning and management by objectives. The courses are taught mainly in the form of theories and supplemented by questions and answers (Q&A), discussions and after-class quiz. The courses aim to impart knowledge and facilitate interactions between employees and executives.



[Case]

Henlius launched UL training management system ComplianceWire™

In 2019, Henlius launched the UL training management system ComplianceWire™, which is an effective automatic employee training management system for enhancing the capacity of employee training management. In the process of system launching, Henlius has held talks with cooperative agencies for several times on how to automatically carry out induction training, on-the-job training, and job-transfer training, and how to automatically manage employee training results and reports. Henlius has introduced the Good Clinical Practice (GCP) management training course in the system, aiming to further enhance employees’ understanding of the quality system via the system training course.

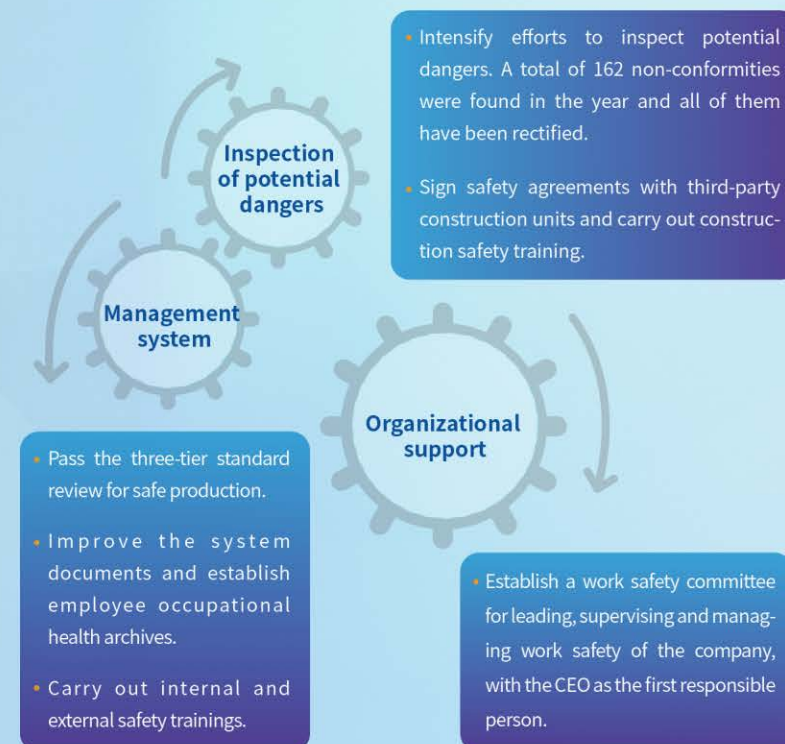
Occupational health and safety

Henlius has established the Environmental, Health and Safety (EHS) Management System and formulated the *Environmental and Occupational Health and Safety Management Manual*, which serves as the basic standard for its environmental management and occupational health and safety management. Besides, Henlius has formulated the *Occupational Health Management Regulations, Procedures for Special Equipment Management*, and *Procedures for Dangerous Operation Control*, etc., for the purpose of strict monitoring over and management of occupational health risks at workplace. Henlius carries out safety training and emergency drills regularly to protect the health and safety of its employees.

In 2019, Henlius worked vigorously to raise the safety awareness of its employees. For new employees, Henlius conducted three-tier safety education and issued a three-tier registration card for safety education and training. Meanwhile, Henlius, by integrating theory with practice, organized several safety drills with different themes, including the drill against leakage of hazardous wastes, drill of hazardous wastes leakage from level-2 bio-safety laboratory, and fire drill, so as to ensure that all the emergency plans are effective and feasible, and all the organizations operate efficiently.

In order to ensure operational safety, the EHS Department organized various safety training activities, so as to raise the safety awareness and standard operational capabilities of internal staff and external construction parties. In 2019, Henlius carried out safety training and safety education for on-site operations for external construction parties, and onboarding EHS training, semi-annual safety training, fire control training, and fire drill for all internal employees. In addition, Henlius organized relevant employees to take part in special training such as Red Cross Preliminary First Aid Training, laboratory safety training and handling safety training for warehouse personnel, so as to ensure that employees at important posts can learn adequate knowledge about safety protection.

In 2019, no leakage of major hazardous chemicals or hazardous waste took place in Henlius.



[Case]

Drill of leakage of hazardous wastes from level-2 bio-safety laboratory

In October 2019, Henlius carried out an emergency drill simulating leakage of laboratory hazardous wastes with biological activity. In the simulation drill, a hazardous waste bin was knocked over and lots of infectious wastes spilt over. The emergency drill leadership team started the contingency plan on emergent environmental incidents and carried out a series of activities ranging from discovery, reporting, evacuation and site disposal. During the emergency drill, evacuation, on-site alerts and emergency rescue were carried out successfully and swiftly, proving the reliability of the contingency plan and the coordinated response capability of the emergency response team, and raising employees’ vigilance against incidents and their emergency response capability.



For Partners:

Create and Share the Fruits of Development

Henlius, together with international professional organizations and academic institutions, actively carries out academic exchanges and spread knowledge, creates and shares the fruits of development, and assists China's bio-pharmaceutical industry in developing with great vitality. Meanwhile, it strives for global cooperation to benefit more patients all over the world.



Give a hand to the industrial development

Henlius, by giving full play to its advantages, cooperates with its partners to establish and improve the quality standard for China's mAb biological medicines in line with leading international standards. In spite of China's poor industrial quality standard in the early stage, Henlius actively assisted in the preparations for the establishment of "China Protein Drug Quality Alliance," took part in soliciting opinions on Technical Guidelines for the Development and Evaluation of Biosimilars (Tentative), assisted in the formulation of the quality standards of the Center for Drug Evaluation (CDE) of the former State Food and Drug Administration of China for biosimilar drugs and innovative mAb, and made contributions to the establishment and enhancement of China's protein drug quality standard. In addition, Henlius took active part in the compilation of industrial technical documents such as the Compilation of Applications and Technical Documents of Overseas Single-use Pharmaceutical Systems and the Biosimilars of Monoclonal Antibodies to give a hand to the industrial development.

nature masterclasses

自然大师课堂



[Case]

Henlius "Nature Masterclasses"

In November 2019, Henlius hosted the offline training courses in cooperation with the Nature Masterclasses. At the training, Alfredo Sansone and Julia Eckhoff, who are senior editors of the Nature Communications, a journal published by the Nature Publishing Group, were invited to serve as facilitators for over 30 science researchers from dozens of organizations including Beijing Cancer Hospital, Fudan University Zhongshan Hospital, Shanghai Pulmonary Hospital, and Sun Yat-sen University Cancer Hospital. The two-day training aims to share professional knowledge and academic writing skills. By relying on Nature's professional expertise, academic communication platform and network for scientific research, Henlius has set up a professional learning platform covering training and panel discussions for science researchers, providing them with opportunities for one-on-one comments and face-to-face instructions, assisting them in improving the quality of their scientific research papers and making continuous progresses, and promoting the dissemination of professional knowledge.





[Case]

Chinese Antibody Society in Henlius

In October 2019, the 4th “Visiting Famous Enterprises” session of the Chinese Antibody Society was held in Henlius, attended by more than 70 antibody specialists from all over the world. The Chinese Antibody Society has always been pursuing its purpose of building a platform for exchanges and cooperation in the field of antibody drug. Henlius, as a partner of the Chinese Antibody Society, actively joined hand in hand to promote the development of antibody drug of China.

Amongst the participants, CICC Henlius Research Department Executive General Manager Peng Zou and Fudan University Shanghai Cancer Center Medical Oncology Chief Physician Xichun Hu were specially invited to make a speech. Chinese Antibody Society Vice President Peng Lin, Henlius Co-founder & CEO Scott Shi-Kau Liu and Co-founder & Chief Scientific Officer Weidong Jiang made keynote speeches, respectively. At the site, about 40 members of the Chinese Antibody Society were invited to visit Henlius’ production shop and laboratory and to know more about Henlius’ continuous flow production technologies and modern equipment.



[Case]

“2019 Yangtze River Delta (Shanghai and Zhejiang) Regional Collaboration Biological Product Training”

In 2019, Shanghai Center for Drug Evaluation and Inspection, together with Zhejiang Drug Inspection Center, held “2019 Yangtze River Delta (Shanghai and Zhejiang) Regional Collaboration Biological Product Training” to further increase the level of high-quality development of the pharmaceutical industry and supervision over biological products in the Yangtze River Delta. Specifically, Henlius organized a special training on the production of mAb.

At the training, Henlius experts made speeches titled *The Applications of mAb Production Technique and New Technologies in GMP On-site Inspection*, *Quality Attributes and Quality Control of mAb Products*, and *The Basic Thought on the Development of the Downstream mAb Technological Process*, discussed with experts and other presenters in the aspects of production techniques, quality management, quality control, etc., aiming to increase the quality of China’s antibody biologic drugs.

Expand global footprint

Since its inception in 2010, Henlius has established internationalization strategy, actively implemented the comprehensive strategy of internationalized R&D and operation, and facilitated the commercialization of its products in the international market.

Propelled by a vision of product development through global coordination, integration and innovation, Henlius has established R&D facilities in Shanghai, Chinese Taipei and California collaborating with each other to ensure the highly productive and cost-efficient R&D processes. Meanwhile, Henlius operates globally and has reached strategic cooperation agreements with global leading medical companies to expeditiously capture local market share through the established capabilities and resources of the partners and offer high-quality, affordable and bio-innovative drugs to patients worldwide.

In 2019, Henlius has secured more partnership and proactively expanded global footprint. To date, Henlius has reached strategic cooperation agreements with many global leading pharmaceutical companies including Accord Healthcare, Cipla, Biosidus, Jacobson, KG Bio and Farma De Colombia for the 3 core products to access nearly 100 countries and regions in Europe, Latin America, Southeast Asia, the Middle East and North Africa etc.

Commercial cooperation

HLX01 (汉利康®, rituximab injection): Biosidus, a biopharmaceutical pioneer from Argentina, has been exclusively authorized by Henlius to commercialize HLX01 in Argentina, Paraguay, Uruguay, and Bolivia, and Farma De Colombia, a Colombia-based pharmaceutical company, has been exclusively licensed by Henlius to commercialize HLX01 in Colombia, Peru, Ecuador and Venezuela.

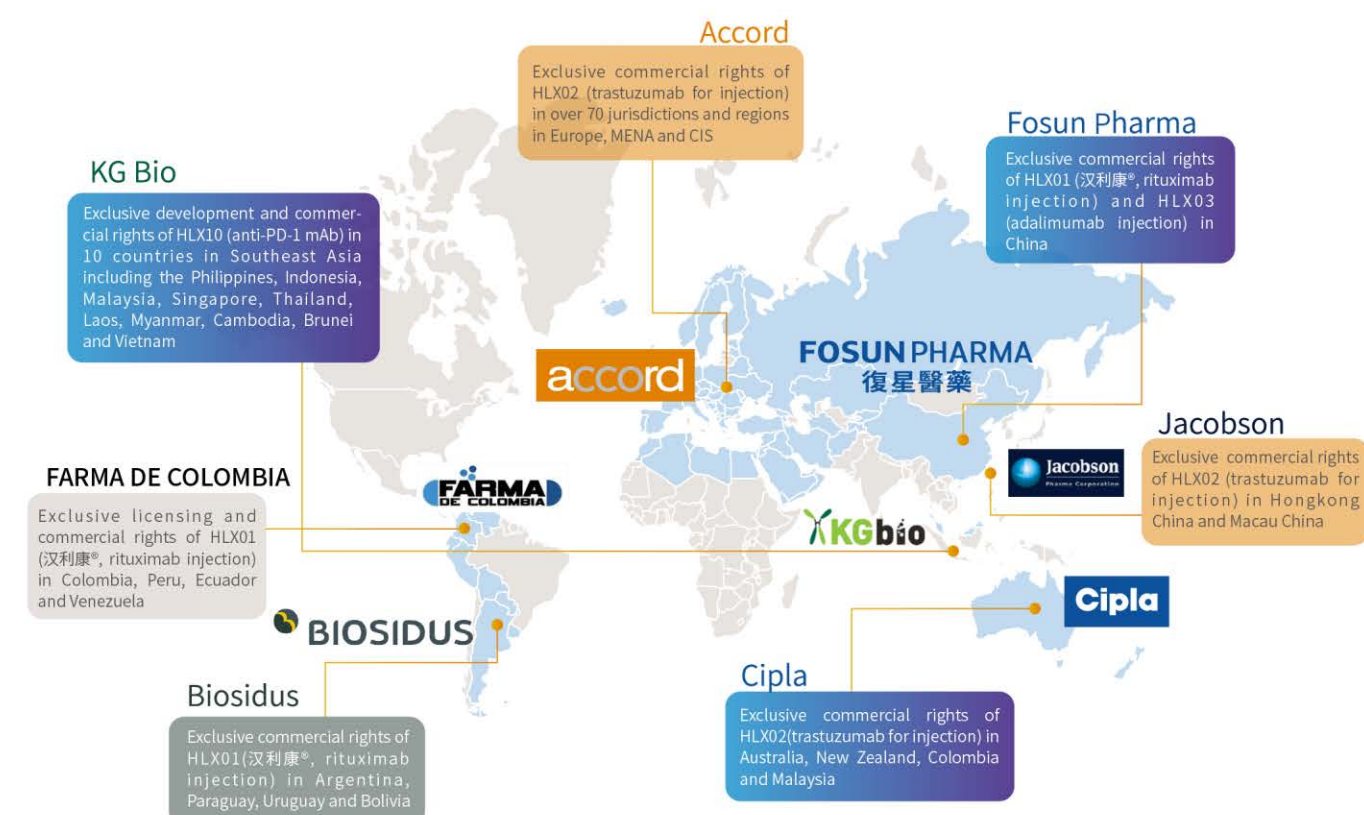
HLX02 (trastuzumab for injection): Accord Healthcare, one of the fastest growing generic pharmaceutical companies, has been exclusively authorized by Henlius to commercialize HLX02 in over 70 countries in Europe, the Middle East, North Africa and some Commonwealth of Independent States (CIS); Cipla, a top international pharmaceutical company, has been exclusively authorized by Henlius to commercialize HLX02 in Australia, New Zealand, Colombia, and Malaysia; Jacobson, a pharmaceutical firm in Hong Kong, has been exclusively authorized by Henlius to commercialize HLX02 in Hongkong China and Macau China.

HLX10 (Anti-PD-1 mAb): KG Bio, an Indonesian pharmaceutical company, has been granted the exclusive rights to develop and commercialize HLX10 in 10 Southeast Asia countries.

Technical cooperation

Henlius cooperated with WuXi Diagnostics to explore the global development of the PD-L1 Accompanying Diagnostic Kits;

Henlius cooperated with Ascentage Pharma to conduct clinical trials of the combination therapy between HLX01 and APG-2575, a novel, orally administered Bcl-2 selective inhibitor developed by Ascentage Pharma, for the treatment of chronic lymphocytic leukemia in China.



For the Society:

Promote Environmental Health and Social Welfare

Henlius focuses on its development and makes achieving harmonious coexistence between and win-win outcomes of the environment and society an important part of the performance of its social responsibilities. Henlius keeps improving the environmental management system, strives to reduce the environmental impact of its operations, and leverages its advantages to meet the requirements of the public and drive social progress.



Environmental protection

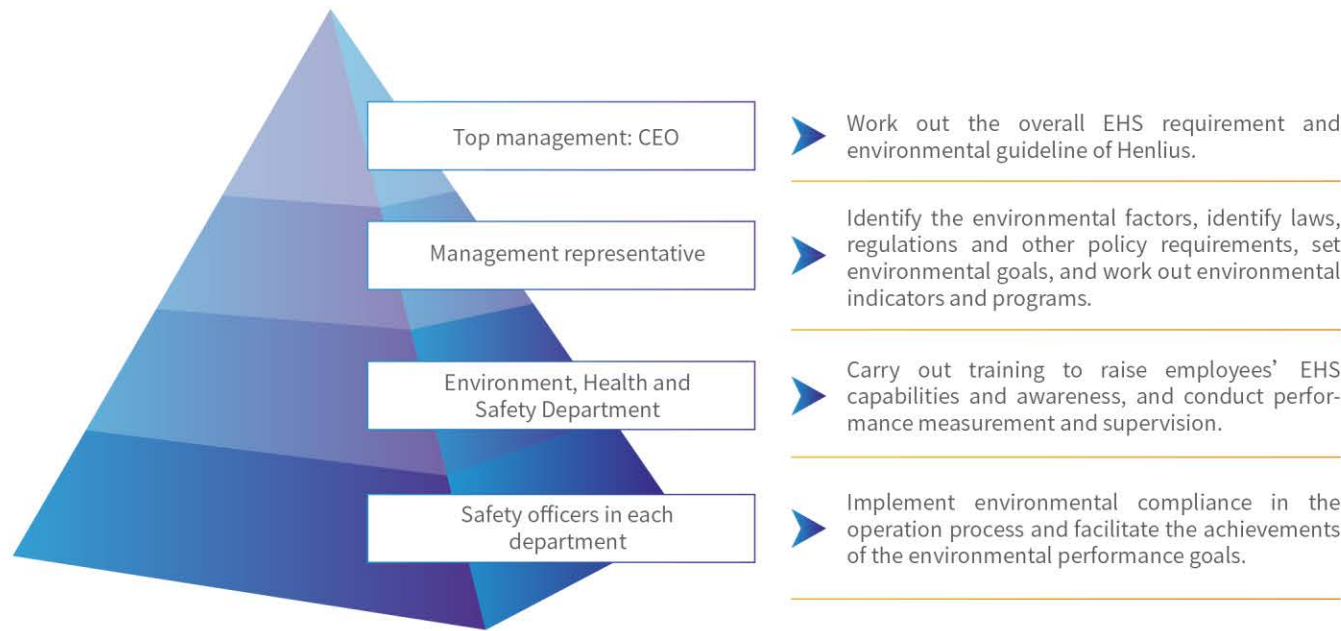
Henlius has established the EHS management system and developed the *Environment and Occupational Health and Safety Management Manual*. EHS management representative, needs to be responsible for the EHS management system and report EHS operations to the top management on a regular basis. The EHS department is responsible for regularly monitoring and recording resource utilization as well as exhaust gas, wastewater and noise, so as to ensure compliance of the operating activities. All employees of Henlius are required of EHS-related training, as well as regular special training and semi-annual training related to environmental protection, so as to raise their awareness of environmental protection. In 2019, Henlius carried out EHS training for 2,573 persons for a total of 13,209.5 hours and was not punished by relevant departments for any environmental problem.

EHS Management Principles

- We put employees top on our priorities. We prevent environmental pollutions and ensure health and safety.
- We cherish resources and save energies for sustainable development.
- We are well-positioned to serve patients worldwide with in-house innovation and quality products.



Environmental management system and functions



Environmental impact analysis

Resource utilization	
Main energy types: electricity, natural gas	
Key performance indicators	2019
Electricity consumption(MWh)	10,438.20
Electricity consumption per unit of R&D and production cost (MWh/RMB10,000)	0.05
Consumption of natural gas(cubic meter)	1,057,926.00
Consumption of natural gas per unit of R&D and production cost(cubic meter/RMB10,000)	4.91
Main water sources: municipal water	
Key performance indicators	2019
Water consumption(cubic meter)	108,013.00
Water consumption per unit of R&D and production cost(cubic meter/RMB10,000)	0.50
Other resources: packaging materials for finished products	
Key performance indicators	2019
The total quantity of packaging materials for finished products(ton)	7.79
The total quantity of packaging materials for finished products per unit of R&D and production cost(ton/RMB10,000)	0.04



Pollutant emission	
Main exhaust gas pollutants: oxynitride, sulfur dioxide	
Key performance indicators	2019
Emission of oxynitride(ton)	0.605
Emission of sulfur dioxide(ton)	0.053
Emission of non-methane hydrocarbon(ton)	0.018
Emission of particulate matter(ton)	0.033
Main wastewater pollutants: COD, ammonia nitrogen	
Key performance indicators	2019
Emission of industrial wastewater(cubic meter)	2,229.00
COD emission (kg)	220.71
Emission of ammonia nitrogen(kg)	7.70
Main hazardous wastes: waste culture bags, waste filters, laboratory waste liquid, etc.	
Main harmless wastes: packaging cartons, household wastes	
Key performance indicators	2019
Hazardous wastes emission(ton)	61.59
Harmless wastes emission(ton)	233.61

• **Reduce the impact of pollutants**

Henlius has formulated corresponding management systems for exhaust gas, wastewater, noise and solid wastes, carries out quarterly monitoring in strict accordance with the environmental monitoring plan made at the beginning of each year, and takes pollution control measures against wastewater and exhaust gas, to ensure that all pollutant emissions meet the standards. We take strict measures for classified collection of general wastes and hazardous wastes, recycle and dispose of solid wastes safely or entrust the environmental sanitation department for disposal of the solid wastes. In 2019, Henlius updated its *Hazardous Wastes Management Regulations* and sorted the hazardous wastes in detail,

to avoid wrong handling of general wastes and hazardous wastes due to improper identification and reduce emissions of hazardous wastes.

Henlius, in accordance with the requirements of relevant environmental protection departments on “disclosure of environmental information of enterprises and public institutions,” publicizes environmental monitoring data timely and accurately, and accepts oversight of the public. During the reporting period, no violation against laws and regulations related to pollutant emission has occurred in Henlius.

Pollution control factors and compliance

Pollution control factors	Reference standards	Compliance
Exhaust gas	<ul style="list-style-type: none">Emission Standard of Air Pollutants for Pharmaceutical Industry(GB37823-2019)Pollutant Emission Standard of the Bio-pharmaceutical Industry of Shanghai (DB31/373-2010)Integrated Emission Standards of Air Pollutants(DB31/933-2015)Emission Standards for Odor Pollutants (DB31/1025-2016)Emission Standards for Boiler Air Pollutants(DB31/387-2018)	Up to standard
Wastewater	<ul style="list-style-type: none">The Discharge Standard of Pollutants of the Bio-pharmaceutical Industry of Shanghai (DB31/373-2010)Integrated Wastewater Discharge Standard of Shanghai	Up to standard
Noise	<ul style="list-style-type: none">Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008), Category 2 Standard	Up to standard
Solid wastes	<ul style="list-style-type: none">Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001)Technical Specification for Hazardous Waste Collection, Storage and Transportation(HJ2025-2012)Standard for Pollution on the Storage and Disposal Site for General Industrial Solid Wastes(GB18599-2001)	Disposal rate: 100%

Type and treatment of pollutants

Pollutants	Main pollutant sources	Management system	Treatment method
Exhaust gas pollutants	<ul style="list-style-type: none">Volatilization of a small amount of chemical reagent, acid, alkali and organic reagent used in the process of production and test, low exhaust gas emission	Regulations on Exhaust Gas Management	<ul style="list-style-type: none">At Henlius, all experimental operations related to volatile chemicals are carried out in ventilation cabinet, and the volatile chemicals are absorbed by activated carbon via exhaust duct and roof exhaust fan, and finally exhausted to the air.In 2019, Henlius completed the boiler improvement and acceptance check, ensuring that the emission of exhaust gas pollutants meets the standards.
Wastewater pollutants	<ul style="list-style-type: none">Production wastewater, laboratory wastewater, sewage from preparation of pure water, steam condensate water, domestic wastewater and cooling tower wastewater, the main pollutants are COD, ammonia nitrogen, and total nitrogen, etc.	Regulations on Management of Wastewater Discharge	<ul style="list-style-type: none">Henlius' production and the experimental process involve cell culture. Therefore, it inactivates production and laboratory wastewater before discharging the wastewater to the effluent monitoring tank, then the inactivated production and laboratory wastewater are discharged together with other wastewater after being processed at the wastewater treatment plant and meeting relevant standards.
General wastes	<ul style="list-style-type: none">Activated sludge and household wastes	Regulations on Management of Solid Wastes	<ul style="list-style-type: none">Harmless wastes such as packaging materials are recycled by the park.
Hazardous wastes	<ul style="list-style-type: none">Including waste culture bag, waste filter, waste organic resin, disqualified drug and waste activated carbon, etc.	Regulations on Management of Hazardous Wastes	<ul style="list-style-type: none">Henlius adopts a system of account management and transfer tables, and regularly entrusts organizations that are eligible for disposal of hazardous wastes.



[Case]

Reduce exhaust gas pollutant emission through boiler improvement

In 2019, to further reduce the emission of boiler exhaust gas and meet the requirements of China's environmental protection authority in advance, Henlius improved the boiler, completed the acceptance check, and changed the two oil-fired boilers into gas-fired boilers, significantly reducing the emission concentration of boiler exhaust gas. We adopted a precious metal combustor and low-nitrogen combustion technique for improving the boiler. After the improvement, the maximum emission concentration of boiler exhaust gas pollutants such as oxynitride, sulfur dioxide, and dust as well as the blackness of flue gas are lower than the limiting values of the emission concentration of air pollutants from gas-fired boiler stipulated in the *Standard of Emission of Air Pollutants from Boiler (DB31/387-2018)*.

• **Resources management**

The main energies that Henlius uses are electric power and natural gas. In Henlius, energy use is the main cause of the emission of greenhouse gases. In 2019, Henlius increased the efficiency of its energy use by improving technologies. In addition, Henlius encourages green operations in offices and laboratories and makes every employee aware of energy conservation and emission reduction by advocating turning off the light

promptly and adjusting the air-conditioning temperature properly.

Henlius gets water from the municipal water supply system and there is no problem in this regard. It has formulated a plan on the reuse of recycled water for gardening and replenishment of recirculated cooling water, for the purpose of efficient utilization of water resources.

Green operations of Henlius



Sharing value with the society

• Carry out public benefit activities

Henlius pursues its development and always actively takes part in public benefit activities to share value with society. In 2019, Henlius and Fosun Foundation signed an agreement on the official establishment of the Fosun Foundation Henlius Special Public Welfare Fund, for the purpose of better carrying out and promoting charity and public welfare programs.

Henlius, by relying on its own industrial advantages, focuses on public welfare programs in the fields of health education and care for children. In 2019, Henlius organized activities such as “Understanding Lymphoma: A Medical Education Charity Event” and the public welfare program for the patients with breast cancer, providing more patients with professional knowledge and active guidance. In addition, Henlius took an active part in health-related poverty alleviation by helping Yonghe, a poor county in Shanxi Province, through Rural Doctor Poverty Alleviation Project initiated by Fosun Foundation.



[Case]

Rural doctor poverty alleviation project

In December 2017, Fosun Foundation, together with China Population Welfare Foundation, organized the Rural Doctor Poverty Alleviation Project. In October 2018, Dr Scott Shi-Kau Liu, Co-founder and CEO of Henlius, led a health-related poverty alleviation team to visit rural doctors, poor families and Hope primary schools in Yonghe County, Shanxi Province, had a better understanding of the difficulties of local residents, and gave them targeted assistance. Henlius has been carrying out the project, with an aim of lifting the county out of poverty.



The total investment in charity and public welfare programs in 2019 reached

¥4,280,192



[Case]

“Brave Beauty”—a public welfare program for patients with breast cancer

In October 2019, New Sunshine Charity Foundation, Fosun Foundation and Shanghai Pink Angel Cancer Care Center jointly held a breast cancer patient care public welfare activity themed with “Brave Beauty.” During the activity, in which Henlius served as a sponsor, patients with breast cancer, medical experts and psychologists were invited to talk with over 70 patient representatives present and patients who took part in the activity online about prevention from relapse of breast cancer and emotion management of patients. The activity helped the patients gain a better understanding of rehabilitation of and prevention from relapse of breast cancer, strengthened their confidence in fighting against the disease, and helped more patients with breast cancer to recover as soon as possible.





Set up a volunteer service platform

Henlius sets up a volunteer service platform for its employees and encourages its employees to take part in public welfare programs and serve the society. It has established a volunteer team “Henlius Lanjinglin,” and assigned a special person to take charge of relevant work related to its volunteer management and services.



[Case]

“E.G.G Walkathon”

In May 2018, Henlius joined the “E.G.G Walkathon” fundraising campaign in the name of “Henlius Lanjinglin” for the first time and successfully raised RMB22,000. “E.G.G Walkathon,” launched by Shanghai United Foundation in 2011, is China’s first fundraising walking campaign for public welfare. It aims to raise funds for the united way building blocks and U spring project, and to fund public welfare projects in the four areas of nutrition and health, educational development, safety protection and social integration and is committed to the healthy growth and equal development of children aged 0-18.

In May 2019, Henlius sent 12 volunteers to take part in the “E.G.G Walkathon,” a fundraising campaign to support charity, and another 8 volunteers for logistics services. At last, the “Henlius Lanjinglin” successfully completed the tasks of walkathon and raised a total of RMB9,417.66, contributing to the efforts for offering children a better future.

Key Quantitative Performance

• Environmental performance ¹

Performance indicators	Unit	2017 ²	2018	2019
Resource utilization				
Power consumption(indirect energy)	MWh	6,188.31	9,061.10	10,438.20
Density of power consumption ³	MWh/RMB10,000	0.10	0.09	0.05
Consumption of natural gas ⁴ (direct energy)	cubic meter	1,414,424.00	1,583,072.00	1,057,926.00
Density of natural gas consumption	cubic meter/RMB10,000	20.20	16.28	4.91
Petrol consumption of self-owned vehicle	litre	—	—	13,945.06
Water consumption	cubic meter	50,528.00	88,141.00	108,013.00
Density of water consumption	cubic meter/RMB10,000	0.79	0.91	0.50
Total consumption of recycled water	cubic meter	55.00	80.00	100.00
Proportion of water recycling and reutilization to total water consumption	%	0.109	0.091	0.093
Total quantity of packaging materials used for finished products	ton	—	—	7.79
Density of packaging materials used for finished products	kg/RMB10,000	—	—	0.04
Pollutants				
Total investment in environmental protection	RMB10,000	6.00	53.00	55.00
Oxynitride emission	ton	1.63	1.01	0.61
Sulfur dioxide emission	ton	—	0.05	0.05
Emission of non-methane hydrocarbon	ton	0.0039	0.0200	0.0180
Emission of particulate matters ⁵	ton	0.0400	0.0048	0.0330
Industrial wastewater emission	cubic meter	1,049.00	1,134.80	2,229.0
Chemical oxygen demand (COD) emission	kg	200.00	115.73	220.71
Ammonia nitrogen (NH ₃ -N) emission	kg	0.20	6.27	7.70
Total hazardous wastes generated	ton	14.90	15.00	61.59
Hazardous wastes by disposal method: incineration	ton	12.90	13.30	56.38
Hazardous wastes by disposal method: materialization	ton	2.00	1.70	5.21
Density of hazardous wastes	kg/RMB10,000	0.23	0.15	0.29
Total harmless wastes ⁶	ton	—	—	233.61
Density of harmless wastes	kg/RMB10,000	—	—	1.09
Emission of greenhouse gases	ton of CO ₂ equivalent	8,770.13	9,595.62	9,434.00
Specifically, emission of greenhouse gases (scope 1)	ton of CO ₂ equivalent	3,062.03	3,427.13	2,328.02
Emission of greenhouse gases (scope 2)	ton of CO ₂ equivalent	5,708.10	6,168.49	7,105.98
Emission density of greenhouse gases	ton of CO ₂ equivalent/RMB10,000	0.14	0.10	0.04

1.As the R&D centres in Taipei and California do not engage in production activities and the utilization and environmental resources and pollutant emissions are relatively small, they are not covered by the environmental performance in this report.

2.In 2017, Henlius finished the completion acceptance of the bio-pharmaceutical industrialization base project locating at Yishan Road, Xuhui District, therefore, the emissions of non-methane hydrocarbon, NH₃-N and COD were calculated on the basis of final acceptance environmental monitoring results of the environmental monitoring station of Xuhui District, Shanghai. The converted concentration data cannot be obtained and the emissions of the year cannot be calculated due to the excessively small emission concentration of sulfur dioxide.

3.The products of Henlius were put into the market in 2019, and the operating revenue and production value data have changed significantly in recent three years. Therefore, the density data in environmental performance were calculated on the basis of the total cost of R&D and production per RMB10,000 so as to form interannual comparability.

4.Henlius mainly consumed the direct energy of diesel in 2017 and 2018. In order to form interannual data comparability, the data of natural gas consumption in 2017 and 2018 were converted from the diesel consumption.

5.The data of particulate emission are calculated on the basis of the quarterly monitored emission concentrations. Henlius continuously monitors emission concentration of particulate matters, and its emission concentration is far less than the standard limit. The quarterly monitoring results of emission concentration of particulate matters fluctuate to a certain extent, therefore, the total emissions based on the quarterly monitoring results vary on an annual basis.

6.The harmless wastes of Henlius are recycled by the campus. It is an estimated data, covering household wastes and external packages of goods, specifically, the daily per-capita household waste is estimated to be 0.5kg, and the external package is estimated on the basis of the average quantity of each batch and the number of batches.

• Employment

Performance indicators	Unit	2017	2018	2019
Employment				
Workforce	person	513	735	1,172
Number of male employees	person	242	323	501
Number of female employees	person	271	412	671
Number of employees aged above 50	person	29	32	37
Number of employees aged between 30 and 50	person	181	317	532
Number of employees aged under 30	person	303	386	603
Number of employees working in Chinese mainland	person	469	668	1,087
Number of employees working in Hong Kong, Macao and Taiwan	person	24	40	44
Number of employees working in the United States	person	20	27	41
Number of employees with a doctoral degree	person	28	79	103
Number of employees with a master’s degree	person	160	250	427
Number of employees with a bachelor’s degree	person	236	94	484
Number of employees with a degree below bachelor	person	89	312	158
Employee turnover rate	%	15.49	14.53	10.12
Employee health and safety				
Number of days lost due to work-related injury	day	0	0	0
Number of employees who died due to work-related reason	person	0	0	0
Million hours lost worktime rate	/	0	0	0
Million hours recordable work-related injury rate	/	0	0	0
Employee training				
Expenditures for employee training	RMB10,000	50.00	119.00	239.00
Coverage rate of employee training	%	89.28	89.52	93.77
Coverage rate of male employee training	%	82.23	90.09	91.62
Coverage rate of female employee training	%	95.57	89.08	95.38
Per-capita training hours of employees ¹	hour	8.27	14.06	12.99
Per-capita training hours of male employees ¹	hour	6.87	14.14	13.04
Per-capita training hours of female employees ¹	hour	9.52	13.99	12.96

1.The per-capita employee training hours (and per-capita training hours of the male and female employees) in this report do not include GMP or EHS related employee training. Henlius will continue to improve the data collection system and the statistical caliber.

• Product and customer services

Performance indicators	Unit	2019
Total number of violations of law and regulation of products and services in terms of safety and labelling	piece	0
Total number of violations of law and regulation in terms of marketing promotion	piece	0
Total number of violations of law and regulation in terms of customer privacy	piece	0
Proportion of sold or shipped products that need to be recalled due to safety or health reasons	%	0
Number of complaints against product and service	piece	5
Complaint handling rate of product and service	%	100

• Supply chain responsibility

Performance indicators	Unit	2019
Total number of suppliers	count	138
Number of suppliers in the China mainland	count	136
Number of overseas suppliers and suppliers in Hong Kong, Macao and Taiwan	count	2

• Anti-corruption

Performance indicators	Unit	2017	2018	2019
Number of lawsuits that have been filed and concluded against Henlius and its employees	piece	0	0	0

• Public welfare

Performance indicators	Unit	2018	2019
Investment in public welfare	RMB	16,975	4,280,192
Specifically, investment in charity donation	RMB	0	1,230,000
Volunteer services	person-time	32	63
Per-capita volunteer services hours	hour	1.47	4.5

Index Table

Hong Kong Stock Exchange:

Environmental, Social and Governance Reporting Guide

A. Environmental		
Aspect A1: Emissions		
General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Reduce the Impact of Pollutants
KPI A1.1	The types of emissions and respective emissions data.	Environmental Impact Analysis Reduce the Impact of Pollutants Environmental Performance
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Impact Analysis Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Impact Analysis Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Impact Analysis Environmental Performance
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Reduce the Impact of Pollutants
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Reduce the Impact of Pollutants
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Management
KPI 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).	Resources Management Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Management Environmental Performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resources Management Environmental Performance
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resources Management Environmental Performance
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resources Management Environmental Performance
Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Policies on minimising the issuer's significant impact on the environment and natural resources.	Resources Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Resources Management Environmental Performance
B. Social: Employment and Labor Practices		
Aspect B1: Employment		
General Disclosure B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Rights & Interests and Benefits Employee Training and Development
KPI B1.1 (Recommended Disclosure)	Total workforce by gender, employment type, age group and geographical region.	Employment

Subject Areas, Aspects, General Disclosures and KPIs	Descriptions	Sections
B. Social: Employment and Labor Practices		
Aspect B1: Employment		
KPI B1.2 (Recommended Disclosure)	Employee turnover rate by gender, age group and geographical region.	Employment (Partially disclosed)
Aspect B2: Health and Safety		
General Disclosure B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1 (Recommended disclosure)	Number and rate of work-related fatalities.	Employment
KPI B2.2 (Recommended Disclosure)	Lost days due to work injury.	Employment
KPI B2.3 (Recommended Disclosure)	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety
Aspect B3: Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
KPI B3.1 (Recommended Disclosure)	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment (Partially disclosed)
KPI B3.2 (Recommended Disclosure)	The average training hours completed per employee by gender and employee category.	Employment (Partially disclosed)
Aspect B4: Labor Standards		
General Disclosure B4	Information on:(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Employee Rights & Interests and Benefits
KPI B4.1 (Recommended Disclosure)	Description of measures to review employment practices to avoid child and	Employee Rights & Interests and Benefits
KPI B4.2 (Recommended Disclosure)	Description of steps taken to eliminate such practices when discovered.	Employee Rights & Interests and Benefits
B. Social: Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Supply Chain Manage-
KPI B5.1 (Recommended Disclosure)	Number of suppliers by geographical region.	Supply Chain Responsibili-
KPI B5.2 (Recommended Disclosure)	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Manage-
Aspect B6: Product Responsibility		
General Disclosure B6	Information on:(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Compliance Culture and Business Ethics High-standard Quality Management
KPI B6.1 (Recommended Disclosure)	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Customer Services
KPI B6.2 (Recommended Disclosure)	Number of products and service related complaints received and how they are dealt with.	Quality Control in Production Product Post Marketing Surveillance Product and Customer Services
KPI B6.3 (Recommended Disclosure)	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Right Protection
KPI B6.4 (Recommended Disclosure)	Description of quality assurance process and recall procedures.	Quality Control in Production Product Post Marketing Surveillance
KPI B6.5 (Recommended Disclosure)	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Compliance Culture and Business Ethics
Aspect B7: Anti-corruption		
General Disclosure B7	Information on:(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliance Culture and Business Ethics
KPI B7.1 (Recommended Disclosure)	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.	Anti-corruption
KPI B7.2 (Recommended Disclosure)	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Compliance Culture and Business Ethics
Aspect B8: Community Investment		
General Disclosure B8	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.	Carry out Public Benefit ActivitiesSet up a Volunteer Service Platform
KPI B8.1 (Recommended Disclosure)	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Public Welfare
KPI B8.2 (Recommended Disclosure)	Resources contributed (e.g. money or time) to the focus area.	Public Welfare

• GRI Standard Indicator Index

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102-3	Location of headquarters	About Henlius
102-4	Number of countries the organization operates in, names of countries where the operations were huge, and/or names of countries related to topics covered by this report	About Henlius
102-5	Ownership and legal form	About Henlius
102-6	Markets served	About Henlius
102-7	Scale of the organization	About Henlius
102-8	Information on employees and other workers	About Henlius Employment
Strategy		
102-14	Statement on the correlations between the organization and sustainable development and the organization’s sustainable development strategy by senior decision-makers (such as CEOs, presidents, or holders of other high-ranking positions)	Message from Management
102-15	Key impacts, risks, and opportunities	Message from Management
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Compliance Culture and Business Ethics
Governance		
102-21	Consulting stakeholders on economic, environmental, and social topics	Communications with Stakeholders
102-29	Identifying and managing economic, environmental, and social impacts	Analysis of Substantial Topics
Stakeholder Engagement		
102-40	List of stakeholders	Communications with Stakeholders
102-42	The basis for the identification and selection of stakeholders	Communications with Stakeholders
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102-44	Key topics and concerns raised by shareholders, including how the organization responded to them and which stakeholder group had raised them	Communications with Stakeholders
Reporting practice		
102-45	Entities included in the consolidated financial statements	Statement on Report Compilation
102-47	List of material topics identified when determining the report content	Analysis of Substantial Topics
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102-52	Reporting cycle (e.g. once a year or every two years)	Statement on Report Compilation
102-53	Contact information of persons answering questions regarding the report	Statement on Report Compilation
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Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Carry out Public Benefit Activities
203-2	Significant indirect economic impacts	Carry out Public Benefit Activities
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205-2	Communication and training about anti-corruption policies and procedures	Compliance Culture and Business Ethics

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Energy		
302-1	Energy consumption within the organization	Environmental Performance
302-3	Energy intensity	Environmental Performance
302-4	Reduction of energy consumption	Resources Management
Water Resource		
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303-2	Water sources significantly impacted by water usage	Resources Management
303-3	Water cycle and reuse	Environmental Performance
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305-1	Direct (Scope 1) GHG emissions	Environmental Performance
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Performance
305-4	GHG emissions intensity	Environmental Performance
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Effluents and Waste		
306-1	Water discharge by quality and destination	Environmental Performance
306-2	Waste by type and disposal method	Environmental Performance
306-3	Significant spills	Occupational Health and Safety
Environmental Compliance		
307-1	Total monetary value of significant fines for violating environmental laws and regulations, the total number of non-monetary sanctions and cases brought for the dispute settlement mechanism. If nothing like these occurred, simply provide a brief description of the facts.	Environmental Protection
Society		
Employment		
401-1	Number and proportion of new hires and employees who have left the organization, by age, gender, and region	Employment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights & Interests and Benefits
Occupational Health and Safety		
403-2	Types of occupational injuries, rates of occupational injuries, occupational diseases, work-loss days and absence from work	Employment
403-4	Health and safety-related topics in protocols officially issued by labor union	Occupational Health and Safety
Training and Education		
404-1	Average hours of training per year per employee, by gender and employee category	Employment
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Retention and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Retention and Development
Diversity and Equal Opportunity		
405-1	Percentage of governing body members and employees, by gender, age and other diversified indicators	Employment
Child Labor		
408-1	Operations and suppliers permitted to use child labor and employ young workers in hazardous work; operations and suppliers at significant risk for incidents of child labor; measures taken by organizations in effectively abolishing the use of child labor within the reporting period	Employee Rights & Interests and Benefits
Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of heavily forced or compulsory labor and measures adopted to expedite the abolishment of all forms of forced or compulsory labor	Employee Rights & Interests and Benefits
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416-1	Assessment of the health and safety impacts of product and service categories	Quality Control in Production
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Customer Services
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417-1	Requirements for product and service information and labeling	Management of Packaging and Labels
417-2	Incidents of non-compliance concerning product and service information and labeling. If no violations occurred, simply provide a brief statement.	Management of Packaging and Labels
417-3	Incidents of non-compliance concerning marketing communications. If no violations occurred, simply provide a brief statement.	Compliance Culture and Business Ethics
Customer Privacy		
418-1	Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Compliance Culture and Business Ethics
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance Culture and Business Ethics

Statement on Report Compilation

Basis and Reference

The report is Henlius' first CSR report. It is compiled as required by the Environmental, Social and Governance (ESG) Reporting Guide (2015), Appendix 27 of the Listing Rules for the Main Board of the Stock Exchange of Hong Kong Limited. It also drew reference from the ESG Guide Consultation Conclusions released by the Stock Exchange of Hong Kong Limited in December 2019. The compilation of the report follows and keeps alignment with the GRI Standards.

Scope of reporting

Scope: the disclosure scope of this report is Shanghai Henlius Biotech Inc., or Henlius (stock code 2696 HK) and its affiliates, which is consistent with that of the 2019 Annual Report of the company.

Principles of reporting

The report follows the reporting principles of the ESG Reporting Guide by the Stock Exchange of Hong Kong Limited. They include:

Materiality

In line with the principle, the report decides ESG issues that are sufficiently important to stakeholders based on surveys and analysis. Then, it discloses information on the ESG issues that may generate important influences on investors and other stakeholders.

Balance

By this principle, the report provides an unbiased picture of its performance, both positive and negative indicators. Data from the Institute of Public and Environmental Affairs and Shanghai Qingyue Environment Protection Database show that Henlius and its subsidiaries involved in this report have no negative record on environmental protection.

Data

Data used in this report come from the original record on the business operation or financial report of the company. In the event of any discrepancy between the financial data and the company's annual report, the annual report shall prevail.

Reliability assurance

The board of directors of the company warrants that the contents of the report are free from false records, misleading statements or material omissions.

Report release and contact

The report is published in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

The Chinese and English versions can be downloaded from the company's official website www.henlius.com. If you have any questions or suggestions on the report, call +86 21 33395800-6172 or send an email to Li_guo@henlius.com.

Quantitative

By this principle, the report discloses key performance indicators (KPI), which are accompanied by a narrative, explaining calculation basis and conditions.

Consistency

By this principle, the report explains the KPI data as well as corresponding calculation basis and conditions. Meanwhile, it manages to use consistent KPIs in different reporting periods to reflect the performance trend.

Assurance Statement



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI HENLIUS BIOTECH, INC. FOR 2019

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereafter as "SGS") was commissioned by SHANGHAI HENLIUS BIOTECH, INC. (hereafter as "HENLIUS") to conduct an independent assurance of the 2019 Corporate Social Responsibility Report (hereafter as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report of HENLIUS's Headquarters for on-site assurance, which is located at 9/F, Inrfov Tower, Zone A, No. 1801 Hongmei Road, Xuhui District, Shanghai, P. R. China. Data and information of other companies were not included in this assurance process.

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

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

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

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

- evaluation of content veracity;
- evaluation of the Report against the GRI STANDARDS, HKEX Environmental, Social and Governance(ESG) Reporting Guide(2015).

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

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CSR Lead Assuror, SAI Registered SA8000 auditor, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, OHSAS 18001/ISO 45001 auditor and ISO 14064 Verifier, etc.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the Report verified is accurate, reliable and provides a fair and balanced representation of HENLIUS sustainability activities in 2019.

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

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

GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

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

Principles**Stakeholder Engagement**

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

Sustainability Context

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

Materiality

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

Completeness

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

Balance

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

Comparability

HENLIUS shows the historical data comparison to demonstrate the trends and forms that help readers well know the improvement of year-to-year performances.

Accuracy

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

Timeliness

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

Clarity

The Report is clear and can be understood by stakeholders who have a reasonable understanding of HENLIUS and its industry. HENLIUS is taking into account the utilization and type of information, and using a number of descriptions, charts and pictures and other forms while disclosure of information.

Reliability

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

Management Approach

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

General Disclosures

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

Topic-Specific Disclosures

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

Limitations of assurance

The assurance scope only covered the Headquarters of HENLIUS and did not involve assurance of the original data of other sites. The data for assurance of report information was from the Headquarters.

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

As the financial information in the 2019 financial report has passed independent assurance, the assurance does not contain traceability and assurance of such information.

Signed:

For and on behalf of SGS-CSTC



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