



CANbridge Pharmaceuticals Inc.
北海康成製藥有限公司

(於開曼群島註冊成立的有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : **1228**



2021

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



CANbridge Pharmaceuticals Inc. 北海康成製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

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Environmental, Social and Governance Report

For the year ended December 31, 2021

ABOUT THIS REPORT

CANbridge Pharmaceuticals Inc. (“the **Company**”, “**We**”, or together with its subsidiaries as the “**Group**”) presents this Environmental, Social and Governance (“**ESG**”) Report for the year ended December 31, 2021 (the “**Reporting Period**”) (the “**ESG Report**” or “**Report**”). The ESG Report covers the sustainable development direction, strategy and performance of the Company, outlining strategies implemented and summarizes the performance for the year, with a view to elaborate on the efforts we uphold and the long-term value we create for our stakeholders.

REPORTING SCOPE AND STANDARD

This ESG Report is prepared in accordance with the requirements set forth in Appendix 27 – Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (“**Listing Rules**”). The Report covers the Company’s principal businesses in research and development and commercialization of therapies in rare diseases and rare oncology. The Report includes material ESG issues as identified by the Company’s ESG working group and stakeholders. The following principles were adopted in preparation for the Report:

Materiality: Important and relevant information pertaining to different ESG issues are identified through the stakeholder materiality assessment and disclosed in this report.

Quantitative: Quantitative information are provided, discussed and analysed to enable a fair and objective assessment of the Company’s ESG performance.

Consistency: Consistent methodologies are adopted in preparation of ESG data so as to ensure comparability of data for upcoming years of results, where appropriate.

Balance: ESG performance of the Company is reported in a fair and objective manner.

The Board has reviewed and approved the Report in respect to the Company’s material sustainability issues and the associated risks and opportunities, with due diligence. This is to ensure the transparency, truthfulness and accuracy of the contents, and aligning with the objective to create value for all stakeholders.

ESG STRATEGY AND GOVERNANCE

The Company is fully aware of the importance of improving our own environmental and social benefits for the sustainable operations of our businesses. As such, we develop our business strategies by incorporating sustainable development considerations where appropriate, and align our ESG strategies with our vision to become a global biopharmaceutical company delivering life-changing therapeutics built upon a foundation in China. We are committed to upholding the quality of our services to clients, and establishing a solid and long-lasting relationship with stakeholders based on the core values of social, economic, and environmental responsibilities of our society which we play a part in.

With this in mind, the Company has established an “Environmental, Social and Corporate Governance Policy”. The purpose of this policy is to ensure the business operates in a manner that enhances positive contributions to the society and the environment. Our continual aspirations to achieve and surpass the highest standards of conduct and corporate social responsibility are essential components of how we measure our success. We are committed to promoting corporate social responsibility and sustainable development and integrate it into our operations. We have embedded our values and proactive attitude in our business culture, and with the implementation of the policy, hope to provide guidance to our staff on practicing corporate social responsibilities in our day-to-day operations.

ESG risks and opportunities are considered at a corporate level, with the Board of Directors (the “**Board**”) of the Company holding the overall responsibility for the identifying the Company’s ESG risks, determining the respective mitigating ESG strategies, and with reporting on ESG performances. In addition, the Board oversees the risk management and internal control systems of the Company. Under the oversight from the Board, the management of the Company (the “**Management**”) is responsible for providing confirmation to the Board on the effectiveness of risk management and internal control systems on a regular basis.

To better manage the Company’s ESG performance and its corresponding issues and risks affecting the effectiveness of ESG management systems, the Company has established an ESG working group consisting of the Management, administrative and functional departments. The ESG working group works collectively to collect and analyse data, ensures compliance with ESG-related laws and regulations, and help the Board to monitor the implementation of various ESG strategies. If monitored risks are found unsatisfactory to the Company’s strategies, or that material risk is discovered in business operations, these risks would be reported to the Board.

Moreover, the Company has also considered ESG risks in the Company’s risk management framework. The Board determines the nature and extent of risks that will be taken in achieving the Group’s strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. In addition to the Company’s robust risk management models, an external advisor has been engaged for the Company’s annual risk assessment, so as to identify potential risk and control deficiencies and recommend on necessary improvements.

SELECTION OF MATERIAL ESG ISSUES AND ANALYSIS

Business operations of the Company affect and are affected by different groups of stakeholders. It is therefore always crucial to integrate the expectations of our stakeholders and truly understand their concerns so as to maximise greater economic output and business value while keeping in line with the Company's long term sustainable development goals. The identification of such expectations and the related material ESG issues are conducted through our stakeholder engagement and materiality assessment process.

Stakeholder Engagement

Our internal and external stakeholders include employees, clients, investors and shareholders, suppliers and business partners, government and supervising authorities, social groups and public, and media. We have been actively engaging and providing them with updates on our recent business developments through various effective channels of communication. These channels, as summarized below, provide important references for formulating and implementing ESG strategies, and for determining the materiality of ESG issues:

#	Relevant Stakeholders	Expectations and Concerns	Mode of Involvement and Communication
1	Employees	<ul style="list-style-type: none"> Employee rights protection Channel of career development Healthy and safe working environment 	<ul style="list-style-type: none"> Internal Emails and Publications Meetings and briefings Trainings Employee Activities Corporate Website
2	Clients	<ul style="list-style-type: none"> Delivery of high-quality products Protection of consumers' rights and interests Compliance promotion Responsible marketing 	<ul style="list-style-type: none"> Corporate Website Emails, Facsimile and Phone Contacts Conferences
3	Investors and Shareholders	<ul style="list-style-type: none"> Return on investment Corporate governance Information disclosure 	<ul style="list-style-type: none"> Corporate Website Annual General Meeting Annual and Interim Report Press Release and Announcements Emails, Facsimile and Phone Contacts
4	Suppliers and Business Partners	<ul style="list-style-type: none"> Compliance promotion Responsible marketing Synergetic cooperation Promotion of fairness and openness 	<ul style="list-style-type: none"> Corporate Website Emails, Facsimile and Phone Contacts Conference Field Visitation

#	Relevant Stakeholders	Expectations and Concerns	Mode of Involvement and Communication
5	Government and Supervising Authorities	<ul style="list-style-type: none"> Operational Compliance Regulatory Compliance 	<ul style="list-style-type: none"> Corporate Website Press Release and Announcement Emails, Facsimile and Phone Contacts Cooperate with Government and Regulatory Authorities on Compliance Inspections
6	Social Groups and Public	<ul style="list-style-type: none"> Community engagement Business compliance Environmental awareness Public health education and medical breakthrough 	<ul style="list-style-type: none"> Corporate Website Press Release and Announcement Emails, Facsimile and Phone Contacts
7	Media	<ul style="list-style-type: none"> Responsible marketing Information disclosure 	<ul style="list-style-type: none"> Corporate Website Press Release and Announcements Emails, Facsimile and Phone Contacts

Materiality Assessment

The Company faces a vast number of ESG issues relating to its operations that are of varying importance to stakeholders. In order to further analyse the Company's ESG priorities and issues that are material to the Company's operations, we conducted a materiality assessment through the following 4-step process:

Identify

- ESG Reporting Guide: Pinpointing initial ESG issues with reference to the ESG Reporting Guide.
- Peer benchmark: Tracking and comparing material ESG issues against comparable peer companies.

Evaluate

- Questionnaires and Interviews: Assessing and evaluating key material ESG issues through invitation of internal and external stakeholders to rank the importance of each ESG issue.

Prioritise

- ESG Materiality Ranking: Taking results from issues identification and stakeholder evaluation to generate ESG materiality ranking.

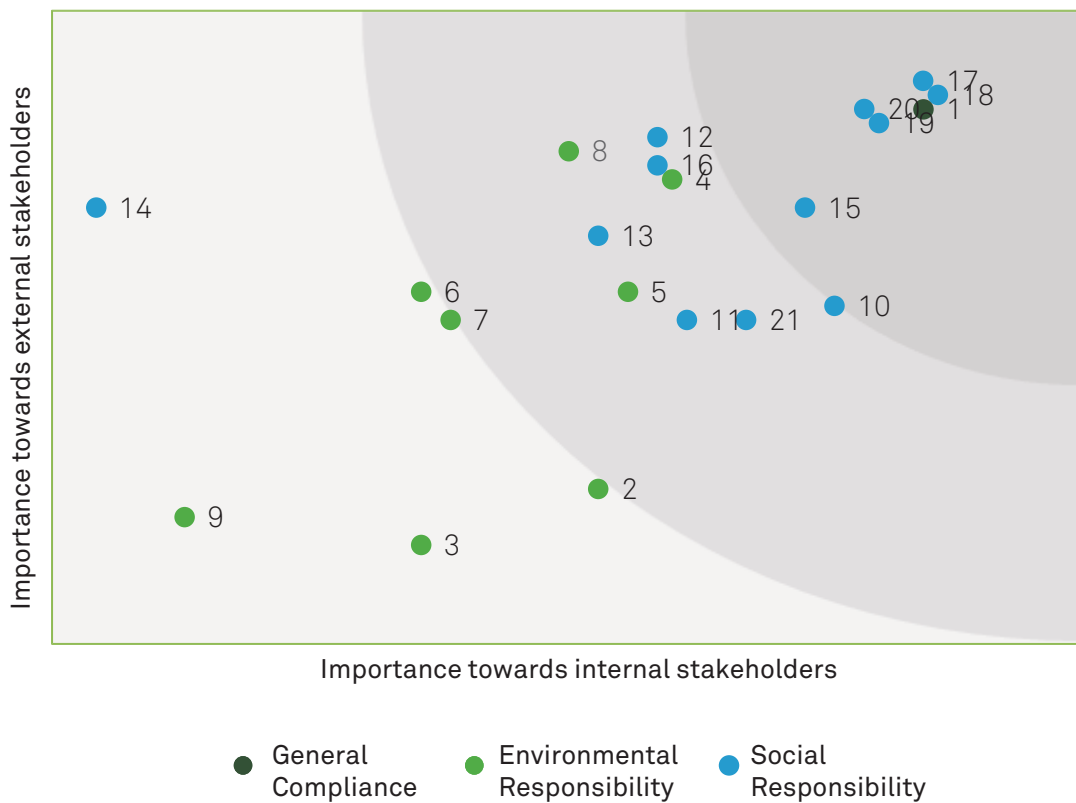
Validate

- Validation: Management and ESG working group of the Company to validate and confirm the applicable material ESG issues, and to link these issues with the respective Hong Kong Stock Exchange Aspects, KPIs, and Listing Rules requirements.

Allocating equal weighting to the score responses of each external stakeholder group, their average scores are plotted on the “Importance to External Stakeholders” axis, while the responses by the Company’s management and employees who possess deeper understanding of the Company’s business operations are recorded on the “Importance to Internal Stakeholders” axis.

In accordance with the results from this materiality assessment exercise, we have identified 21 material ESG issues from the stakeholder groups:

Materiality Matrix



#	Categories	ESG Issues
1	General	Compliance
2	A1	Hazardous and non-hazardous waste
3	A1	Greenhouse Gas Emissions
4	A1	Waste Disposal and Management
5	A2	Energy Usage
6	A2	Water Usage and Other Matters
7	A2	Packaging Material Usage
8	A3	Environmental Impacts from Operations
9	A4	Climate Change
10	B1	Human Resources Practices
11	B1	Diversity and Equal Opportunity
12	B2	Workplace Health and Safety
13	B3	Staff Development and Training
14	B4	Anti-child and Forced Labour
15	B5	Supply Chain Management
16	B5	Evaluation of Suppliers' performance on environmental and labour performance
17	B6	Product Safety
18	B6	Product Quality
19	B6	Data Privacy and Protection
20	B7	Anti-corruption and Money Laundering
21	B8	Community Investment

ENVIRONMENTAL ASPECTS

A1: Emissions

As a company with principal businesses in research and development and drug commercialization, our service offerings often rely on third party suppliers in terms of drug manufacturing, imports, and services. Owing to such nature, no substantial air emissions and hazardous waste are produced directly from our operations. We are however highly committed to the sourcing procedures of our third party suppliers, to ensure they also have stringent mechanisms in place in controlling greenhouse gas emissions and waste generation from operations. We also strictly comply with relevant environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on Prevention and Control of Water Pollution, the Law of the PRC on Prevention and Control of Air Pollution, and the Law of the PRC on Energy Conservation.

During the Reporting Period, we have not identified any material cases of non-compliance on environmental laws and regulations.

Greenhouse Gas Emissions

The Company's greenhouse gas ("GHG") emissions were mainly resulted from the consumption of energy, water and office consumables. During the Reporting Period, the Company's GHG emissions are summarized as follow:

Greenhouse Gas Emissions¹	2021
Direct (Scope 1) Emissions (kg CO ₂ e)	23,288
Intensity per headcount (kg CO ₂ e)	123
Indirect (Scope 2) Emissions (kg CO ₂ e)	117,459
Intensity per headcount (kg CO ₂ e)	618
Other Indirect (Scope 3) Emissions (kg CO ₂ e)	890
Intensity per headcount (kg CO ₂ e)	5

Scope 1 emissions include direct emissions from the combustion of unleaded petroleum resulting from Company-registered vehicles used for management transportation purposes. Scope 2 emissions include indirect emissions from purchased electricity in offices across four geographical locations². Scope 3 emissions include emissions from the Company's water consumption and disposal of paper, commercial and industrial waste.

For breakdown and narrative of such consumption and our continued initiatives in reducing our carbon footprint, please refer to Section A2: Use of Resources.

Hazardous and non-hazardous waste

During the Reporting Period, no material hazardous waste was produced. As the laboratory operates in rental premises where chemical supplies and potential hazardous substances are monitored by the property management agent, the Company has limited access to hazardous waste production data. Moreover, owing to the current stage of our business operations, immaterial testing has been carried out at our laboratory. As such, no direct production of hazardous waste has been measured. The professional team at ABI-LAB 2 Rented Laboratories has established the Chemical Hygiene Plan in governing the operations of the laboratory, which covers the controls in place in handling of hazardous waste. Our staff at the laboratory strictly adheres to the established plan, to ensure waste minimization through reducing volume of waste generated, or by reducing the toxicity of water generated. Meanwhile, non-hazardous waste is mainly composed of consumption of paper

1 The GHG emissions are calculated with reference to the "Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "2019 China Regional Power Grid Baseline Emission Factors For Emission Reduction Project" issued by the Ministry of Ecology and Environment and the "Greenhouse gas reporting: conversion factors 2020" issued by the Department for Business, Energy & Industrial Strategy of the UK Government.

2 Unless otherwise specified, the Company's four geographical operating locations in this Report include Hong Kong, Mainland China, Taiwan, and the United States.

for office administration. The table below summarizes the amount of paper consumed and recycled during the Reporting Period:

Non-hazardous Wastes	2021
Paper Disposed (kg)	250
Intensity per headcount (kg)	1.3
Paper Recycled (kg)	125
Intensity per headcount (kg)	0.7

The majority of non-hazardous waste generated was 250kg of paper (and a resulting intensity of 1.3kg per headcount), of which 125kg of those were collected and sent to recyclers for processing. As this is the Company's first year in ESG reporting, there are no comparable results and trends derivable from the previous years to measure our efforts in reducing hazardous and non-hazardous waste. We have however established controls in waste disposal and management, which are described in the following section.

Waste Disposal and Management

In governing the disposal of hazardous waste in the laboratory, the professional management team at our laboratory has established a Solvent Management Plan. Control measures as part of the plan are outlined below:

Control Measures

Chemical Inventory A designated Chemical Hygiene Officer, in coordination with laboratory employees, supervisors, and safety representatives, maintains a list of hazardous chemicals (including all solvents) used and stored in the facility. This inventory ensures that hazardous chemicals are identified upon ordering and receipt and that the material is properly stored and disposed of.

Storage and Handling All hazardous chemicals are stored in dedicated chemical storage locations. Any chemicals in the vicinity of lab sinks or drains must be stored in secondary containers of sufficient volume to prevent accidental release.

Waste Collection & Disposal Spent solvents and solvent containing solutions are immediately collected as hazardous waste when no longer needed for experimentation. Hazardous waste storage containers are stored in appropriate secondary containers (to prevent spills and accidental release) in dedicated, signed Satellite Accumulation Areas. All hazardous chemical waste is disposed of through a licensed hazardous waste transporter. All shipments are documented via a hazardous waste manifest which are managed by properly trained safety representatives, under the guidance of the Chemical Hygiene Officer, and kept on file in the facility.

Training

All laboratory employees are provided training covering sink disposal requirements and the appropriate collection and disposal of hazardous waste on an annual basis. Training and training records are overseen by the Chemical Hygiene Officer or a designated safety representative.

Posting and Signage

This Solvent Management Plan is to be posted in each laboratory area in which hazardous chemicals are used or stored. Additionally, sinks are posted with a “DO NOT POUR CHEMICALS DOWN THE SINK” sign.

For our offices, the Company adopts the principles of “3R”, namely Reduce, Reuse, and Recycle, into our business activities, and develop waste classification mechanism in sorting out different materials to ease the recycling process. Such a classification mechanism is effective in reducing the amount of waste generated as our employees have reacted proactively in office recycling efforts. Other than adopting the “dual-purpose paper” policy by encouraging staff to use double-side printing alongside with recycling efforts, we also encourage our employees to reduce waste caused by excessive procurement of office stationery. Procurement staff is also aware of sourcing sustainably by purchasing more eco-friendly products (e.g. from FSC-certified suppliers). Concurrently, we have also been utilizing technologies and digital platforms in our day-to-day operations, so as to drive behavioral changes with less reliance on office consumables. We aim to maintain waste reduction of at least 5% as a 5-year target, and hope to achieve this by continuing to uphold our current practices of waste management with best efforts.

A2: Use of Resources

Energy Usage

Our major sources of resource consumption are electricity used for lighting, air-conditioning, and daily office utilities for office operations, as well as fuel consumed by vehicles in transportation of our senior management. During the Reporting Period, the energy consumption for petrol and electricity is summarized below:




Energy Consumption	2021
Petrol (liter) (“L”)	8,600
Intensity per headcount (liter)	45
Electricity (kWh)	189,088
Intensity per headcount (kWh)	995

The amounts represent the energy directly controlled and consumed by the Company during the Reporting Period. Indirect energy consumptions (i.e. those consumed by its suppliers and other third parties engaged by the Company) are excluded.

Our petroleum consumption across the Company during the Report Period is measured to 8,600L, with a resulting intensity of 45L per headcount. Petroleum was consumed on a company-owned vehicle for transportation purpose. Likewise, our electricity consumption across the Company during the Reporting Period amounts to 189,088kWh, with a resulting intensity of 995kWh per headcount. We have put large efforts in energy consumption saving through our green practices in the business operations. We have minimized electricity consumption through less usage of office utilities and this practice has shown to be more prominent during the Reporting Period, where flexible working arrangement of our employees was implemented in the

prolonged global pandemic outbreak. The Company has been transforming the means of communication by preferring to use more on digital platforms (for example, remote video conferencing) which result in less office space utilization and contribute to the decrease in energy consumption over the Reporting Period.

As this is the Company’s first year in ESG reporting, previous financial year’s information is not available and thus no comparative and trends analysis were prepared to measure our performance in energy conservation. We fully understand that energy consumption plays a large part of GHG emissions, and we seek to ensure all of our business activities are conducted in an energy-conservative matter. As such, we target to reduce at least 5% of energy consumption as a 5-year target, and plan to achieve this through tighter controls in the Green Office commitments, examples of which are outlined below:

- 
Energy Efficient Equipment
 Adoption of energy efficient computer systems and electrical appliances, e.g. replacement of office lighting equipment with LED lights and energy efficient Grade 1 appliances
- 
Monitoring Temperature
 Establishment of indoor temperature to be within a specific range to reduce energy consumption of air-conditioning systems.
- 
Monitoring Usage
 Requirement on employees to switch off lights, air conditioners and electrical equipment when idle, and assign administrative staff to monitor excessive usage.

We would constantly monitor the electricity consumption and evaluate the existing action plans on environmental protection in order to demonstrate our long-term support on green practices.

Water Usage and Other Matters

The Company considers water conservation to be of significant importance in monitoring its use of resources. During the Reporting Period, level of water consumption across the Company’s office premises in four geographical locations is as follows:

Water Consumption	2021
Water (cubic meter)	677
Intensity per headcount (cubic meter)	3.56

The Company has no difficulties in sourcing water fit to our purpose. Owing to our business operations where drug manufacturing is currently outsourced to our third-party suppliers, the Company has limited access to water consumption data on our imported drugs for market sales. Moreover, for water used in our laboratories for research purposes, as the laboratory premise is managed centrally by ABI-LAB 2 Rental Laboratories and its respective management team, water consumption data for such purpose cannot be quantified for reporting.

Nevertheless, the Company has taken extra steps to ensure consumption of water is kept to a minimal level. Examples of such initiatives include:



Equipment Check

Regular check of unused running taps and leakage from water pipes or faucets, and conducting maintenance on water supply system.



Visible Reminders

Relevant environmental awareness messages such as posters on tips for water conservation are placed in office common areas to remind our staff to be mindful of water consumption.



Regular Training

Training is provided to our staff on a regular basis to maintain their awareness on water conservation.

As per our 5-year reduction target, we hope to reduce water consumption by 5% within the 5-year period. We hope the involvement of our employees into energy and water saving practices could assist in alerting them the importance of resource conservation and if possible in enhancing our energy efficiency methods.

Regarding wastewater treatment, all wastewater is handled by ABI-LAB 2 Rental Laboratories, in which they have established wastewater treatment protocols as part of their policies. Wastewater treatment operations are classified as Grades 1I, 1M, 2I, and 2M operators in accordance with 257 CMR 2.00: Certification of Operators of Wastewater Treatment Facilities regulated by the Massachusetts Department of Environmental Protection.

Packaging Material Usage

As there were no drugs manufactured directly by CANbridge for market sales during the Reporting Period, there has been no direct consumption of packaging material usage for disclosure. The Company has however imported three listed drugs for market sales. As these drugs are imported from our third party suppliers, packaging material usage is not directly under the control of our Company.

Although we do not have direct control over the packaging material usage of our imported drugs, we have been extra vigilant in the supplier selection process by evaluating the environmental performance of the supplier prior to engagement. Such process is further elaborated under B5: "Supply Chain Management".

In addition, CANbridge values collaboration with our suppliers for drug imports, and works together to optimize the packaging design and promote the use of green packaging materials and techniques. Packaging processes have been streamlined to effectively increase productivity and reduce working hours. For logistics purposes, packaging design has been standardized to enhance versatility and minimize storage occupation during the transportation process. The packaging boxes are designed to fit in pallets and cargo spaces for transportation, which have effectively enhanced production efficiency and lowered logistic costs.

A3: The Environment and Natural Resources

Environmental Impacts from Operations

The Company is committed to maintaining long-term sustainability of the environment and communities where it operates. As a responsible member of society, the Company monitors potential environmental risks and impacts that stem from its business operations on an on-going basis. The main environmental impacts, as compiled during the Reporting Period, are in administrative operations and laboratory research, both of which resulted in direct and indirect GHG emissions.

Acting in an environmentally responsible manner, the Company complies with the relevant laws and regulations in full, with steps taken beyond it. For instance, we have incorporated the idea of Green Office in our daily business activities. With the popularity of integrating technology in our daily lives, we have enhanced our digital strategies with an aim to minimize unnecessary use of office consumables, including paper consumption. Most of our physical meetings have been changed into video conferences to utilize our available digital platforms. We have also developed energy-saving principles in our workplace, which include switching off office equipment, lighting and air-conditioning when not in use, instead of leaving them on “stand-by” mode. Furthermore, we periodically remind our employees of the importance of environmental protection and keep them abreast of the latest laws and regulations on environment in order to ensure compliance and maintenance or improvement of environmental performance. Finally, we periodically review and update our internal policies if necessary to ensure the latest laws and regulations and business practices are reflected.

For our laboratory research undergoing at ABI-LAB 2 Rental Laboratories, our staff are also very vigilant in the use of resources. Strategies for waste minimization are implemented to reduce volume and the toxicity of waste generated is constantly monitored. For example, we actively seek to achieve our experimental targets while keeping the use of resources at a minimal level, and substitute acutely toxic materials with less hazardous alternatives, to name a few implementations. Wastewater is treated in operations that are classified as Grades 1I, 1M, 2I, and 2M operators in accordance with 257 CMR 2.00: Certification of Operators of Wastewater Treatment Facilities regulated by the Massachusetts Department of Environmental Protection. The overall objective of the abovementioned measures are to reduce the impact on our environment and attempt to use as fewer natural resources as possible.

During the Reporting Period, there were no cases of non-compliance with environmental laws and regulations. The Company’s current operations focuses on research, market, promote and sell pharmaceutical drugs, which does not have any material negative impact on the environment and natural resources in general. Hence, KPI A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) are not applicable to the Company and are not disclosed in the ESG Report. However, the Company continues to implement environmental protection measures within the Company’s operations in conserving energy and water usage. It has been proven that such measures can not only minimize the adverse impact on the environment, but also assist the Company in reducing operating costs.

A4: Climate Change

Climate change is recognized as one of the greatest issues confronting humanity today. Annually, we can feel the compounding effects of a deteriorating situation where weather has become more erratic and less predictable, and extreme weather conditions have frequently occurred. High temperatures result in increased electrical appliance usage and higher demands for cold-chain logistics management, while extreme weather

events adversely affect business operations such as logistics. Although our business operations may have a relatively smaller carbon footprint, as a responsible corporate citizen, the Company takes the responsibility to reduce emissions and relieve the impact from climate change.

The Company has assessed potential risks that may arise from the direct or indirect effects of climate change, and such risks are summarized below:

- **Physical risks:** The Company has had minimal impact from the environment directly due to our primary operations in drug imports and laboratory research. However, that does not mean that we are immune to the effects of climate change. It can be surmised that with increasing temperatures, there will be increased electricity consumption for everyday happenings and higher demands for cold-chain logistics when dealing with pharmaceuticals and chemicals alike. Owing to the fact that our products and laboratory essentials are sensitive to both temperature and humidity, more care is required to ensure that our facilities and storage are more than adequate to combat increasing temperatures and precipitation. While logistics and storage have been outsourced to a third party vendor, the effects of climate change will result in higher overhead costs for applying more stringent measures in maintaining cold-chain logistics and higher insurance should anything happen to the products. Although the Company has experienced minimal direct impact from climate change, in the face of increasing severity of said extreme weather events such as rainstorms, typhoons and floods, we have to be prepared for scenarios whereby the operations of the Company are at risk. For instance, we provide trainings and drills for employees to enhance their awareness and ability to cope with potential disasters, or prepare standard operating procedures in the case of such events. This ensures the safety of our employees, allows for operations to be continued where feasible, and prevents or minimizes the potential loss and damage of company assets.
- **Transition risks:** Policies are being implemented in transitioning towards a low-carbon and green economy. Modifications to old regulations and the introduction of new regulations are expected soon in many countries and jurisdictions. These regulations will invariably result in risks to the Company such as a requirement to modify company operations or development, and the devaluation of the assets held by the Company. These come in the form of laboratory related technologies, or electrical hardware in office space and storage. Revisions to vehicle carbon regulations could mean a compulsory change to company vehicles to adhere to emission standards. This applies to outsourced logistics too. In the case that an aggressive revision be put in place such as the updating the Euro Emissions Standards, older vehicles will be required to be replaced, which could cost the Company extra time and money. Therefore, the Company should take into account also how changing policies and regulations may affect their vendors and suppliers, and especially so their outsourced logistics. Should aggressive policies be put in place, this could risk interrupting and damaging business operations and development down the road. Our attitude toward climate change is promoted in the Company, our principles contain guidance to climate risks identification, mitigation and adaptation to help build resilience to potential climate events.

- **Reputational risks:** The worsening climate change situation has gained increasing traction and awareness on both traditional and social media. Extreme weather events may disrupt operations or affect the operations of the Company. Since certain industries associated with climate change are in the spotlight, any adverse effects could pose as a reputational risk. Given the broad and far-reaching impacts of climate change, our strategy leverages on the depth of our expertise and insights to climate-related opportunities to manage and mitigate climate risk. In addition to managing risk across our client activities, we continue to adopt best practices to reduce our own carbon footprint and integrate resiliency into our business operations.

Our climate change risk assessment does not take into account policies and regulations to be introduced in the coming years with the rapidly deteriorating climate cycles. However, by understanding areas that require strengthening, we can effectively invest in and improve resilience in business operations. The first step towards a more sustainable future is to reduce energy and resource loss, and increase efficiency. After all, the key to preserving the environment is in the complementarity and moderation of business development and environmental conservation. Our Company promotes such beliefs and culture in protecting the environment and ensuring we are doing our part to curb climate change where possible.

SOCIAL ASPECTS

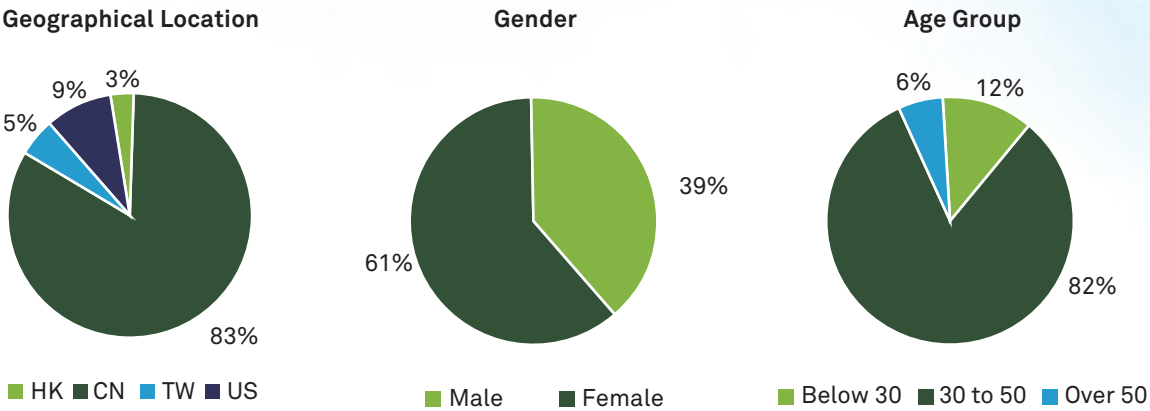
B1: Employment

Talent Attraction and Retention

The Company regard our talents as the most valuable assets for business growth. We aim to attract the right talents who possess the suitable skills and knowledge, and share similar visions and values with the Company. We appreciate the contributions made by our employees, and are committed to improving their welfare and wellbeing in their tenure. We aim to create a harmonious and compassionate working environment in order to empower our employees and enhance their sense of belonging.

We have established a set of human resources policies and procedures to govern compensation, dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare, in accordance with relevant employment rules and regulations across our geographical locations. Such human resources policies are regularly reviewed and updated to ensure compliance with the latest labour laws and regulations, while Human Resources Department will strictly adhere to such policies by imposing adequate internal controls in their operations.

As at December 31, 2021, the Company has 183 employees, out of whom 97% were full time employees. Further distributions of the Company’s employees are shown below:



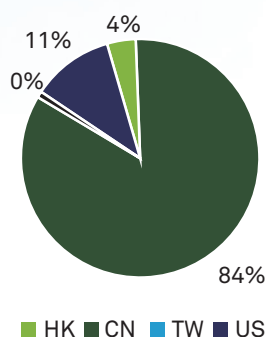
Meanwhile, our total employee turnover during the Reporting Period, across four geographical locations, was 45 employees. This results in an employee turnover rate of 24%. Our employee turnover rate is summarized below:

Category		No. of employees terminated per category (total in category)	% of employees terminated
Geographical Location	Hong Kong	2 (6)	33%
	Mainland China	38 (151)	25%
	Taiwan	0 (10)	0%
	United States	5 (16)	31%
Gender	Male	20 (72)	28%
	Female	25 (111)	25%
Age Group	Below 30	10 (22)	46%
	30 to 50	32 (150)	21%
	Over 50	3 (11)	27%

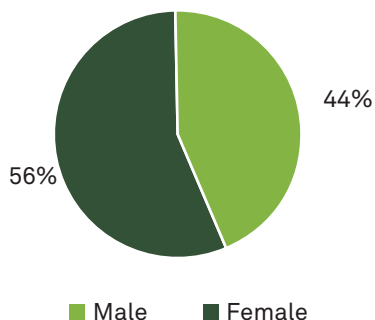
Note: % = number of terminated employees of the group over total employees of the group

Specifically, our employee turnover distribution is as below, out of the 45 terminated employees across the Company:

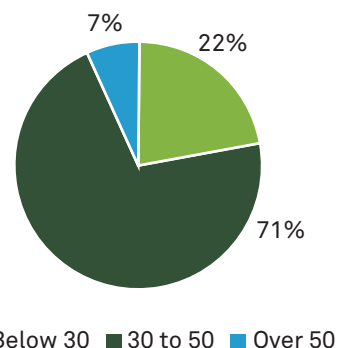
Geographical Location



Gender



Age Group



Compensation and Employee Benefits

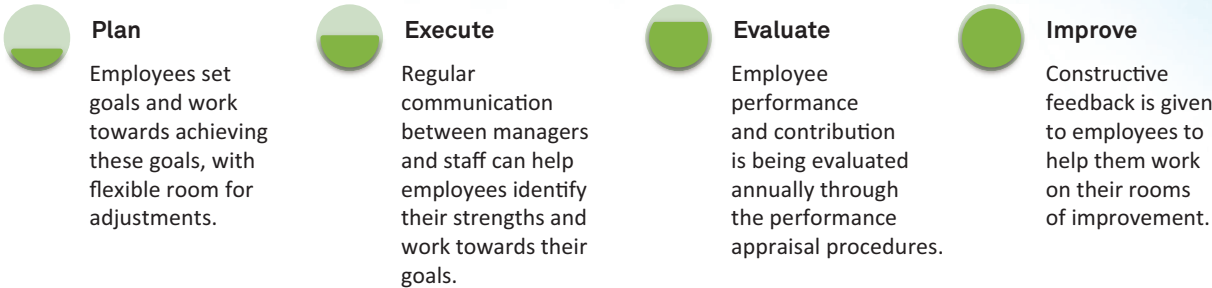
We offer our employees with an attractive remuneration package, which is determined based on two main factors:

- **Competitiveness** – CANbridge conducts regular market research and benchmark compensation levels against competitors in similar industries, so as to ensure our employees are provided with competitive compensation packages.
- **Performance** – CANbridge believes dedicated employees are key to overcoming challenges in the competitive business environment. As such, individual performance is one of the main drivers of salary growth and promotion.

The remuneration package also includes a range of benefits to all employees such as mandatory provident fund, life insurance, medical insurance, annual leave, overtime leave, wedding leave, maternity leave, and birthday leave. Meal subsidies and travel allowances are also provided under different circumstances, including overtime work and outbound business trips.

Career Advancement and Promotion Opportunities

We provide our employees with ample opportunities for career advancement and promotion. Every year, we perform performance appraisal on our employees through an established performance management mechanism, which is based on the following processes:



Our established performance management mechanism provides a basis for our employees to understand their own strengths and weaknesses, and to strengthen the communication and mutual understanding amongst our staff and management. The outcome of the performance appraisal could be used as reference for making personnel decisions, including salary increment, bonus allocation, promotion, transferal, job rotations, or other applicable arrangements. We ensure the process to be acted upon fair, actionable, realistic and measurable principles and can guide our employees and support them on their career advancement and professional development.

Wellbeing and Work Life Balance

While employee performance is a critical aspect of talent management, the Company equally values employee wellbeing. Maintaining an appropriate level of work life balance has shown to be effective in reducing working pressure of employees, and enhancing overall productivity. The Company has well defined working hours and rest periods in the Employee Handbook, which is set in accordance with relevant laws and regulations and guidelines issued by each of the local labour authorities.

In addition, the Company encourages networking between employees through holding numerous recreational activities throughout the year. As the prolonged global pandemic has restricted most of our social activities, several social gatherings are held on digital platforms instead. This enables the Company to strengthen the relationships between staff level and senior management, as well as across our offices in different countries or places.

Employee satisfaction is one of our key concerns and as such, we have put a lot of effort in maintaining and/or enhancing staff morale. The Company would distribute internal employee surveys to understand views and comments of employees on the Company or the working environment. Results would then be consolidated and reviewed by management, where actionable targets and improvements would be made where necessary.

Diversity and Equal Opportunity

The Company fosters a culture that embraces equality, inclusion and diversity. We firmly believe that an inclusive workplace promotes harmony and fosters collaboration between employees. We acknowledge that teams with greater diversity in aspects such as gender, age, marital status, pregnancy, ethnicity, education, family status and disability could help us better understand and relate ourselves among our diverse client needs and the dynamic business environment. Equal opportunities on employment and promotion are provided to employees regardless of their differences, and this is also stipulated in our Employee Handbook.

The Company is also concerned with preventing any forms of sexual harassment in the workplace. Relevant complaints will be diverted to the Human Resources department, and handled with strict confidentiality. The Company's policies in diversity and equal opportunity were established with reference to the following laws and regulations: Sex Discrimination Ordinance (Cap.480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527), Race Discrimination Ordinance (Cap. 602) of Hong Kong, Labour Law of the PRC, Act of Gender Equality in Employment of Taiwan, Equal Employment Act of United States.

During the Reporting Period, we have not identified any material non-compliance of labour laws and regulations.

B2: Health and Safety

Workplace and Occupational Health and Safety

A healthy workforce serves as an anchor and foundation to the Company's long term success. As such, ensuring our employees' occupational health and safety has been an utmost priority. The Company contributes to promoting and sustaining the physical and mental performance of our employees. All of the Company's business operations comply with applicable laws and relevant provisions, including but not limited to the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong, Work Safety Law of the PRC, the Occupational Safety and Health Act and Act for Protecting Worker of Occupational Accidents of Taiwan, and the Regulations of the PRC on the Prevention and Control of Occupational Diseases, the Hazard Communication Standard (29 CFR 1910.1200) and Laboratory Standard (29 CFR 1910.1450) of the Occupational Safety and Health Administration ("OSHA") of the United States Department of Labor.

Our laboratory is affiliated with ABI-LAB, which is a shared laboratory environment equipped in infrastructure that fits our specialized needs. We have established a clear labelling system, and all chemicals in our laboratory are clearly labelled with all chemical constituents and respective percentages, as well as indication of appropriate hazard class of nature (e.g. ignitable, corrosive, toxic, reactive, or non-hazardous). ABI-LAB has a well-established Chemical Hygiene Plan, which outlines the responsibilities, OSHA Standards, facility designs, general laboratory safe work practices, chemical hazard classification, exposure minimization and control measures, chemical handling, chemical storage, hazardous waste management, emergency procedures, to name a few. These trainings are provided by Spotlight Safety, which is a trusted safety consultancy specialized in training for organizations in biotech, life sciences and manufacturing. Employees are required to receive training on all of these matter before they are allowed to work at the laboratory. Supervisors are assigned to oversee each of the laboratory work sessions, where they would make immediate responses and notify management if any hazards in the laboratory are noted.

In addition, the Company has established the Safety Manual for providing instructions to employees on work safety. The Safety Manual is reviewed each year to ensure that the latest law and regulatory requirements and internal requirements are reflected, and any changes will be timely circulated to related staff. Furthermore, for all of our offices, activities such as periodic safety training and fire and evacuation drills are conducted in order to maintain and raise our employees' safety awareness and knowledge in safety. Employees are also encouraged to give opinions on safety procedures to the management. Finally, we conduct periodic risk assessment in order to timely identify, evacuate and mitigate any new risks from workplace and to ultimately provide our employees with a healthy and safe working environment.

The Company has established a sound protocol and mechanism in handling any work-related fatalities or injuries. During the Reporting Period, as well as the past three years, there were no cases of work-related fatalities or lost days due to work injury in the Company. We have not identified any material cases of non-compliance on health and safety related laws and regulations.

Employee health and well-being under COVID-19 pandemic

The COVID-19 pandemic has become one of the most common public health challenges in modern history. Therefore, CANbridge has taken steps forward to minimize risks of pandemic brought to our employees. Starting from the emergence of COVID-19 in early 2020, the Company had taken swift and immediate actions in protecting the health and well-being of our employees. For example, the Company had procured and distributed hygiene supplies such as disinfectants, alcohol swabs and face masks for employees' use. For better hygiene of office areas, more regular cleaning has been performed. Posters and hygiene advices are placed in common areas such as pantries, bathrooms, and lift areas to remind employees to stay vigilant of maintaining their personal hygiene while at work. Employees are also encouraged to practice social distancing in these common areas.

The Company also actively monitors records of employees' health and travel history on a regular basis. We arrange leaves for employees who feel unwell and would make appropriate alternative working arrangements. To ensure the safety of our employees who continue to work from our testing and research facilities, measures such as provision of personal protective equipment, enhancement of cleaning procedures, screening of visitors, performance of contact tracing, and encouragement of social distancing have been implemented. Temperature screenings and periodic COVID-19 testing are also available to employees where necessary. All of the above measures have been effective in minimizing risk of workplace infection, ensuring the safety of our employees.

B3: Development and Training

Staff Training and Professional Development

The Company believes continuous learning and training are strong pillars to the healthy running of our business, as well as the driving force of our business growth. Hence, our management is committed to support and put greater emphasis on training and development with an aim to enhance professional skills and knowledge of our staff.

The Company's support on learning and development has been mentioned in the "Employee Handbook" which is distributed to all employees. In addition, the Company has established a policy regarding "Training for Staff, Management and Directors" to help govern and streamline the training and development process for different levels of staff. The Company offers ample resources for our employees to develop their career. We have designated Training Officers or Supervisors that assist each of our employees in developing annual plans to support their personal development. This includes planning a training schedule, as well as monitoring their learning path throughout the year. The Company also actively holds different kinds of training sessions internally to our employees to suit business needs. A certificate of completion would be awarded to employees that have attended such training sessions. Apart from such in-house trainings, we also encourage our employees to attend external training programmes to further improve their knowledge, and share them with other employees afterwards for collection knowledge gain.

For our new hires, an orientation pack prepared by our HR Department would be provided to our new staff on his or her first working day, which includes information such as the Company's organizational structure, Code of Conduct, and other relevant materials specific to the staff's role. The Company would also organize both online and offline trainings for the new staff, and ensure the staff can adapt the new workplace quickly and smoothly.

We believe that by providing these resources to our employees, both the Company and our employees can receive benefits.

During the reporting period, a total of 199 employees were trained across our four geographical locations, with training hours totalling 2,352 hours. Details on training and development offered to the Company's staff are as follows:

Categories	2021
<i>Percentage of Employees Trained</i>	85%
Gender	
Male	38%
Female	62%
Employee Category	
Senior Management	76%
Middle Management	19%
General Staff	6%
<i>Average Number of Hours Trained</i>	12 hours
Gender	
Male	10 hours
Female	13 hours
Employee Category	
Senior Management	12 hours
Middle Management	14 hours
General Staff	11 hours

B4: Labour Standards

Anti-Child and Forced Labour

The Company is firmly convinced that right talents can only be attracted, recruited and retained through legal and ethical employment practices. The Company strictly prohibits any use of child or forced labour in our business operations. All employees are recruited in strict compliance with local labour laws and regulations and their positions are subject to legal contracts with detailed terms and conditions of employment to protect both the employees and the Company. Reference and background checks on every new hire are performed to protect the Company's reputation and ensure a safe working environment to all employees. In the event that hiring of child labour is discovered, it would be reported to senior management for immediate follow up action. In addition, when engaging with suppliers and contractors, the Company would also take active steps to screen out potential parties that are known to engage with child or forced labour. The Company constantly reviews our employment practices to ensure strict compliance with relevant laws such as the Employment Ordinance (Cap. 57) of Hong Kong, the Labour Law and Provisions on the Prohibition of Using Child Labour of the PRC, the Labor Standards Act of Taiwan, as well as the Fair Labor Standards Act of the United States.

During the Reporting Period, we have not identified any material non-compliance of child and forced labour-related laws and regulations.

B5: Supply Chain Management

Responsible Supply Chain Management

Pharmaceutical companies often have complex supply chains. It is important for the Company to standardize and strengthen supplier management, to reduce procurement risks and maximize overall value proposition in terms of quality, cost, service and efficiency. Hence, we believe it is essential to assess the environmental, labour and working conditions of our suppliers to protect the Company's brand and market. We have established a responsible supply chain management framework that is based on identifying, assessing and monitoring supplier practices in the areas of human and labour rights, the environment, health and safety, and anti-corruption.

Supplier Selection Process

The Company implements a strict supplier selection process to ensure the competence and suitability of suppliers. Factors considered in this process include but not limited to experience, reputation as well as possession of relevant licenses. The Company would not select suppliers with the following characteristics:

- Adverse environmental impacts brought from inefficient use of resources and emissions during lifecycle of product manufactured;
- Adverse impacts to people and environment due to usage of hazardous substances, emissions, pollutants, and limited recyclability of products that could be prevented or minimized;
- Unfair employment practices, such as low wages, excessive overtime, and absence of occupational health and safety measures; and
- Risks for consumer health and safety.

According to the Company's policies on procurement, selected suppliers are classified into three classes of risks, namely Class A (High Risk), Class B (Medium Risk), and Class C (Low Risk). Internal control mechanisms are in place to ensure suppliers with different classes of risks meet respective requirements during the supplier selection process.

Supplier Monitoring Regime

All suppliers are required to complete a "Third-Party Supplier Questionnaire" and a "Standard Compliance Clauses for the Third-Party Suppliers" as part of the supplier selection process. For the purpose of monitoring our suppliers from time to time and ensuring their continuous compliance, the user departments are responsible for monitoring the supplier's performance of compliance obligations, and regularly tracing the activities of such suppliers in connection with the business entered into with the Company.

CANbridge would also distribute the Company's "Anti-Corruption Guideline Policy" to selected suppliers and host a compliance training for suppliers to ensure their understanding and compliance to the policy. The Company would then issue suppliers with "Compliance Training Certificate" upon successful attendance. These procedures are all clearly established under the Company's "Third-Party Supplier Compliance Provisions", which is made reference to relevant local and international anti-corruption laws applicable to the business of CANbridge, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

The Company will also actively monitor our suppliers' performances against predetermined criteria during our engagement period. Performance evaluation also considers the suppliers' environment and labour performance, and the Company would inform them to take remedial measures if sub-standard performance was noted. An overall performance assessment will also be conducted at the end of contractual relationship to serve as a reference for supplier selection in the future. The Company continuously maintains a close and long-term relationship with qualified suppliers and contractors to guarantee a stable supply chain for business operations.

Our Suppliers

During the Reporting Period, the following top 10 major suppliers (based on aggregated purchase percentage) were directly related to the Company's core operations. These included but not limited to research, manufacturing, licensing, and drug production sites. The table below lists out the suppliers in certain key geographical locations and the respective nature of services rendered to the Company (Please note the figures do not include minor suppliers such as those providing selling, marketing and administrative office supplies):

Geographical Location	Number of Suppliers	Supplier Service
Hong Kong	1	Contract research organization
Mainland China (PRC)	3	Contract manufacturing organization Contract research organization
United States	3	Drug licensor Contract research organization
Ireland	1	Drug licensor
France	1	Source of drug import
Germany	1	Drug licensor

During the Reporting Period, the Company has not terminated any supplier relationships from our supplier evaluation mechanisms. This can partly be accredited to the fact that we assess the suppliers' potential risks before our engagement with them.

B6: Product Responsibility

Product Safety and Service Quality

The Company is committed to producing high quality products to our clients. We have maintained a comprehensive quality management system to standardize all aspects of products and services, spanning from initial clinical trial stage to product commercialization and marketing. The Company strictly complies the laws, rules and regulations of relevant geographical locations in relation to assurance and product safety such as the Drug Administration Law of the People's Republic of China and Good Manufacturing Practice of National Medical Products Administration.

Elements of Control

Drug Import Quality of our imported drugs are ensured as the Company only procures from sources that are in compliance with related regulations and standards, such as the Drug Administration Law of the PRC, and Regulations for the Implementation of the Drug Administration Law of the PRC Standards for Quality Control of Pharmaceutical Production (GMP 2010).

Inventory Control To ensure traceability of our products, the Company has assigned staff to keep track of daily inventory flows, and maintain relevant documentations for product identification. The Company has also designated staff with pharmaceutical knowledge to perform quality checks upon receiving products, manage storage condition and report to government authorities in accordance with relevant laws and regulations.

Intellectual Property Rights The Company strictly abides by the Trademark Law of the PRC and Patent Law of the PRC and other related laws and regulations, and establishes procedures to respect and protect relevant intellectual property rights.

Product Recall We have stringent quality control measures in place which enable our team to test batches of products to ensure our products are up to standards before they are sold. Our quality management system enables product traceability. When adverse events occur and result in product recalls, we can ensure problematic products can be recalled immediately and accurately. We recall drugs with quality defects and other safety risks, including expired and unqualified drugs in accordance with the Drug Administration Law of the PRC. This is to minimize losses caused by the health claims of end consumers. Announcements and circulars would also be made to the public regarding any recall of our products with health and safety risks.

Complaint Handling

We constantly strive to maintain the quality of our products and customer service, and have a sound feedback mechanism in place for customers to raise any problems or comments to us. We have regulated the standard procedures for receiving customer complaints, investigating, handling, and responding to ensure complaints are handled with care and diligence.

Compliance Marketing

We have established the “Code of Interaction with Healthcare Professionals (HCPs), Patients and the Public”, which provides guidelines on conduct during all kinds of pharmaceutical awareness activities and interactions, including promotion of CANbridge’s pharmaceutical products and interactions with entities such as HCPs, healthcare organizations, patients, patient organizations, and charitable entities.

We prohibit any false or exaggerated descriptions, and market our products according to the requirements of local regulations relevant to the pharmaceutical field, including but not limited to the Advertising Law of the PRC, Measures for the Administration of Medical Advertisements, and Provisions for Drug Insert Sheets and Labels.

During the Reporting Period, the Company has not identified any material non-compliance cases regarding product and services-related laws and regulations. In addition, the Company has not identified any cases of product recall or complaints for our products owing to health and safety reasons.

Data Privacy and Protection

We value the confidentiality of personal data, and are committed to protecting stakeholder information with care. We are trusted to keep the information shared to us in a safe and secure manner. Hence, we have implemented strict data protection measures in compliance with the statutory requirements relating to data privacy protection in our operating jurisdictions to fulfill a high standard of data security and confidentiality. Six data protection principles upheld by the Company include:

Collection Purpose and Means

Data is collected in a lawful and fair way, with purpose of data collection communicated to the data provider. Only necessary data would be collected.

Accuracy and Retention

Regular review of data for accuracy and timeliness. Data would be removed after purpose of data collection is fulfilled.

Use of data

Collection of personal information is used for said purposes only, and under explicit and implicit consent of clients.

Data Security

Data files are stored in locations with restricted access to solely authorized users, and list of authorized users are reviewed on regular basis.

Data Openness	Data provider would be notified of the type of personal data being held by the Company, as well as the policies and guidelines on handling such data.
Data access and correction	Copy of personal data will be given to the data provider upon request. Data providers are able to request for correction of any data records where necessary.

The Company has well established data privacy and protection policies and procedures, including the “Guideline on Personal Information Protection”. These policies are also regularly reviewed and updated by management to ensure they are sufficient to counter evolving threats on data privacy, and compliance to increasingly stringent data privacy laws. The Company has also established a complaints handling mechanism, in which staff and members of the public can file a complaint to the Compliance Department for handling and follow-up.

During the Reporting Period, we have not identified any material cases of non-compliance on product, service quality and data privacy related laws and regulations.

B7: Anti-corruption

Anti-corruption and Anti-money Laundering

The Company sees business integrity, openness and honesty as the core values in conducting businesses. We do not tolerate any forms of corruption, bribery, extortion, money-laundering and other fraudulent activities, and require all staff to uphold their personal and professional conduct. The Company has also established and circulated certain policies, including “Anti-Corruption Guideline Policy”, “Anti-Money Laundering Compliance Provisions”, “Anti-Monopoly and Fair Competition Compliance Policy” and “Whistleblowing and Anti-Fraud Policy” to ensure staff are aware of anti-corruption and comply with relevant requirements at all times. The policies are available in both English and Chinese to ensure full understanding by our staff. These policies are also accessible on the Company’s intranet for easy staff reference. The Company’s policies and procedures on anti-corruption and money laundering were prepared in accordance with relevant laws and regulations, including but not limited to the Anti-Money Laundering Law of the People’s Republic of China, the Anti-monopoly Law of the People’s Republic of China and the Foreign Corrupt Practices Act in U.S.

The Company has also established a complete reporting channel and a whistleblowing mechanism as control measures for private and confidential communication shall there be any suspected cases of fraudulent activities or irregularities observed in our business operations. This reporting channel is stipulated in the “Whistleblowing and Anti-Fraud Policy”. Any staff or external parties can report suspicious misconduct through the means of telephone, email and writing. The Company will not tolerate any harassment, threats or acts of retaliation or any type of discrimination or other adverse employment action against any employee who makes a complaint or assists in an investigation with good faith. Any reported cases would be notified to senior management and investigated. Furthermore, the Company has established effective risk management and internal control systems, which is periodically reviewed to prevent and detect anti-corruption.

The Company also provides regular training and workshops for staff to ensure their understanding of compliance requirements, thereby raising their awareness of anti-corruption and anti-money laundering practices. Training topics include major anti-corruption laws and conventions, discussion on bribery and corruption related cases, and updates on the Company's relevant policies and procedures. Training materials are also provided to all staff.

During the Reporting Period, we have not identified any material non-compliance of anti-corruption-related laws and regulations. There has also been no legal cases brought against the Company or its employees.

B8: Community Investments

The Company is enthusiastic in contributing and giving back to our society. As a pioneer in developing rare disease therapies in China, we play an active role in advancing the rare disease industry and shaping the rare disease ecosystem in China, by working closely with key stakeholders including regulatory authorities, key opinion leaders (KOLs), doctors, patients through patient registry and advocacy groups, center of excellence, as well as reimbursement and insurance institutions.

As such, the Company proactively participates in charitable activities and makes donations. We aim to help perfect the multiple-layer system of protection and benefits for rare disease patients and reduce their families' burden. For example, we are one of the first batch of supporting members of the Chinese Red Cross Foundation's Rare Disease Support Fund. Our founder Dr. James Qun Xue ("**Dr. Xue**") is currently serving as the Deputy Director General of China's Alliance for Rare Disease (CHARD). Dr. Xue has also been invited to serve as a Termeer Foundation Mentor by the Termeer Foundation which is an organization connecting life science innovators and catalyzes the creation of new medicines and solve complicated problems in drug development and accessibility.

In addition, our community investments are also largely focused on developing the pharmaceuticals and healthcare industry so that more medical professionals are cultivated for the succession of invaluable medical knowledge, skills and experience. This is shown through our donations and sponsorship of numerous medical groups and societies and their areas of research and practice.

In addition, we sponsor medical groups and societies in holding symposiums, conferences, workshops and forums in order to facilitate exchange of medical knowledge amongst industry professionals. Discussions revolve around status of rare diseases in China, rare disease diagnosis and treatment collaboration, as well as updates on latest clinical research progress in different fields. Various forms of exchanges such as reports, papers and seminars are also conducted post-discussion as follow up. We hope such sponsoring activities enable us to contribute for accelerating groundbreaking discoveries that lead to the betterment of the society. Donations are also made to specific charities, especially those in support of rare diseases and oncology that align with our area of business.

In 2021, the Company has invested RMB4,200,000 (approximately HKD5,120,000) in donations, as well as over 200 hours of service hours in participating in community activities across Mainland China, Hong Kong and Taiwan. Below is a non-exhaustive list of examples of events that we have supporting during the Reporting Period:

Geographical Location	Supported Groups and Events
Mainland China	<ul style="list-style-type: none"> • 2021 China Conference on Rare Diseases • Partnership with Chinese Primary Healthcare Foundation in establishing CANcare—special care project to support patients with rare diseases • Support to the Beijing Zhengyu Mucopolysaccharide Rare Disease Care Center and the Illness Challenge Foundation for the “Together, We CAN” project empowering MPSII patients, which was recognized in list of cases of corporate’s social responsibility held by Sailing Health • Chief founding member of Chinese Red Cross Foundation’s Rare Disease Support Fund
Hong Kong	<ul style="list-style-type: none"> • Breast Cancer Conference 2021 • Hong Kong Breast Cancer Foundation Annual Scientific Meeting 2021 • 8th Global Chinese Breast Cancer Organizations Alliance Conference
Taiwan	<ul style="list-style-type: none"> • 2021 Taipei International Breast Cancer Symposium held by Taiwan Breast Cancer Society • 2021 International Breast Cancer Nursing Symposium held by The Breast Cancer Education and Prevention Association

Besides corporate events, we support the employees to organize and participate in charitable initiatives as long as they are in alignment of our core values. We also encourage our employees to make contributions by both financial and non-financial means such as volunteering or donating for charitable causes.

APPENDIX: CONTENT INDEX FOR HONG KONG EXCHANGE ESG REPORTING GUIDE

General

Disclosures

and KPIs

Description

Reference Section

Environmental

Aspect A1: Emissions

General Disclosure

Greenhouse Gas Emissions;
Hazardous and non-hazardous
waste; Waste Disposal and
Management

KPI A1.1

The types of emissions and respective emissions data.

Greenhouse Gas Emissions

KPI A1.2

Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Greenhouse Gas Emissions

KPI A1.3

Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Hazardous and non-hazardous
waste; Waste Disposal and
Management

KPI A1.4

Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

Hazardous and non-hazardous
waste; Waste Disposal and
Management

KPI A1.5

Description of emissions target(s) set and steps taken to achieve them.

Greenhouse Gas Emissions

KPI A1.6

Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.

Hazardous and non-hazardous
waste; Waste Disposal and
Management

Aspect A2: Use of Resources

General Disclosure

Energy Usage; Water Usage and
Other Matters; Packaging Material
Usage

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).

Energy Usage

KPI A2.2

Water consumption in total and intensity (e.g. per unit of production volume, per facility).

Water Usage and Other Matters

KPI A2.3

Description of energy use efficiency target(s) set and steps taken to achieve them.

Energy Usage

KPI A2.4

Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.

Water Usage and Other Matters

KPI A2.5

Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.

Packaging Material Usage

General

Disclosures

and KPIs

Description

Reference Section

Aspect A3: The Environment and Natural Resources

General Disclosure

Environmental Impacts from Operations

KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.

Environmental Impacts from Operations

Aspect A4: Climate Change

General Disclosure

Climate Change

KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

Climate Change

Social

Aspect B1: Employment

General Disclosure

Talent Attraction and Retention; Compensation and Employee Benefits; Career Advancement and Promotion Opportunities; Wellbeing and Work Life Balance; Diversity and Equal Opportunity
Talent Attraction and Retention

KPI B1.1 Total workforce by gender, employment type (for example, full- or part time), age group and geographical region.

KPI B1.2 Employee turnover rate by gender, age group and geographical region.

Talent Attraction and Retention

Aspect B2: Health and Safety

General Disclosure

Workplace and Occupational Health and Safety

KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.

Workplace and Occupational Health and Safety

KPI B2.2 Lost days due to work injury.

Workplace and Occupational Health and Safety

KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.

Workplace and Occupational Health and Safety; Employee health and well-being under COVID-19 pandemic

General Disclosures and KPIs

	Description	Reference Section
Aspect B3: Development and Training		
	General Disclosure	Staff Training and Professional Development
KPI B3.1	Staff Training and Professional Development	Staff Training and Professional Development
KPI B3.2	Staff Training and Professional Development	Staff Training and Professional Development
Aspect B4: Labour Standards		
	General Disclosure	Anti-Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Anti-Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Anti-Child and Forced Labour
Aspect B5: Supply Chain Management		
	General Disclosure	Responsible Supply Chain Management; Supplier Monitoring Regime
KPI B5.1	Number of suppliers by geographical region.	Our Suppliers
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier Selection Process; Supplier Monitoring Regime
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Selection Process; Supplier Monitoring Regime
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Selection Process; Supplier Monitoring Regime

General Disclosures and KPIs	Description	Reference Section
Aspect B6: Product Responsibility		
	General Disclosure	Product Safety and Service Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Safety and Service Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Safety and Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Safety and Service Quality
KPI B6.4	Description of quality assurance process and recall procedures.	Product Safety and Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Privacy and Protection
Aspect B7: Anti-corruption		
	General Disclosure	Anti-corruption and Money Laundering
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption and Money Laundering
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption and Money Laundering
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption and Money Laundering
Aspect B8: Community Investment		
	General Disclosure	Community Investments
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investments
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investments

