翰森製藥
HANSOH PHARMA

Hansoh Pharmaceutical Group Company Limited
翰森製藥集團有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3692

Environmental, Social and Governance Report 2021

Contents

About the Report

The Report is the third Environmental, Social and Governance (hereinafter referred to as the "**ESG**") Report of Hansoh Pharmaceutical Group Company Limited (hereinafter referred to as the "**Company**") upon its listing, which systematically elaborates on ESG strategies, policies, measures and results of the Company and its subsidiaries in 2021 and highlights the key issues concerned by stakeholders.

TIME RANGE OF THE REPORT

The information and data in the Report cover the period from January 1, 2021 to December 31, 2021 (hereinafter referred to as the "**Reporting Period**").

SCOPE OF THE REPORT

The Report covers the Company and its subsidiaries (collectively, "**Hansoh Pharma**", "**we**", "**us**" or "**our**" or the "**Group**"). The disclosure scope of the material content of social and governance in the Report is consistent with that in the 2021 annual report. In view of the materiality of the business on the environment, the disclosure scope of environment information covers two companies, namely Jiangsu Hansoh Pharmaceutical Group Co., Ltd. (江蘇豪森藥業集團有限公司) (hereinafter referred to as "**Jiangsu Hansoh**") and Changzhou Hansoh Pharmaceutical Co., Ltd. (常州恒邦藥業有限公司) (hereinafter referred to as "**Changzhou Hansoh**"). The revenue of these two companies in aggregate accounted for nearly 100% of the Group's overall revenue in 2021. Besides, the environment information also covers Shanghai Hansoh Biomedical Co., Ltd. (上海翰森生物醫藥科技有限公司) (hereinafter referred to as "**Shanghai Hansoh**"). In case of special circumstances, explanation of the statistics of specific data is provided in the corresponding sections.

BASIS OF PREPARATION

The Report is compiled based on the Environmental, Social and Governance Reporting Guide (環境、社會及管治報告指引) as set out in Appendix 27 to the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**HKEx**"), by properly reference of requirements for ESG rating in MSCI Index and Corporate Sustainability Assessment (CSA) Standard for S&P and Dow Jones Sustainability Indices.

ACCESS TO THE REPORT

The Report is prepared in Traditional Chinese and English. The electronic version of the Report is published on the website of the HKEx and under the section headed "Investor Relations" – "Environmental, Social and Governance (ESG)" on the website of the Company (http://www.hspharm.com/).

CONTACT DETAILS

We wish to, through the publication of the Report, enhance communication and cooperation, facilitate support and understanding, thereby bringing together the strengths of enterprises and the society for sustainable development. For any suggestion and comment on the Report, please contact us at:

Email: IR@hspharm.com, Telephone: (86) 021-3177 3517

About the Report

CONFIRMATION AND APPROVAL

The Report is approved by the board of directors of the Company on April 29, 2022 upon the confirmation of the management of the Company.

OTHER DESCRIPTION

The unit of currency in the Report is RMB, unless otherwise specifically stated.

1. Chairlady's Statement

Hansoh Pharma, as a bellwether in R&D and production of anti-tumor and central nervous system drugs in China, is always driven by technological innovation, centered with patient benefits and guided by clinical data. We continue to produce more safe, effective and economical drugs for many patients and accumulate momentum for enterprise development.

The year 2021 is a year when opportunities and challenges coexisted, and reform and innovation advanced. Hansoh Pharma has worked hard and ploughed deeply.

In 2021, Hansoh Pharma has continuously improved its corporate governance structure. The Board has formally set up the Environmental, Social and Governance Committee, and merged ESG into its overall strategic planning. We have continued to strengthen the control of business ethics risks, and promoted the steady growth of the enterprise with a sound responsibility system. We have strengthened the communication with stakeholders and the identification of major ESG issues, continuously improving the pertinence and effectiveness of our ESG work.

In 2021, Hansoh Pharma has actively responded to the "3060 dual carbon goals" (carbon peak and carbon neutrality) of China, and focusing on coping with global climate change, has systematically identified the potential transformation risks in the process of enterprise operation. We have actively conducted carbon audit and energy management, continued to pay attention to greenhouse gas emissions and energy efficiency, and promoted energy conservation, emission reduction and low-carbon development through effective energy conservation technological transformation. We have continued to improve our environmental governance ability, and driven the enterprise to move towards the goal of green and sustainable development while achieving compliance and meeting the emission standards.

In 2021, Hansoh Pharma has continued to target the frontier technology in the industry and continued to increase its investment in innovative R&D. In the face of the continuous promotion of medical reform process and the accelerated structural adjustment of the pharmaceutical industry in China, we uphold the value of "responsibility, integrity, diligence and innovation" and drive our high-quality development through technological breakthroughs.

In 2021, Hansoh Pharma has continued to take quality and safety as its foundation for development, and by relying on the quality management system covering the whole process of production and operation and the whole life cycle of products, coordinated with the strict quality inspection and risk monitoring system to comprehensively ensure the product quality and safety, and protect the patients' life and health.

In 2021, Hansoh Pharma, by persisting in the development concept of "mutual growth, mutual creativity, mutual duty, mutual sharing", has implemented the equal and transparent recruitment and employment system, established the competitive compensation and welfare system and the complete and sound training and growth mechanism, and built a community for employee growth and enterprise development to promote the stable development of the enterprise while helping the employees to realize self-value.

In 2021, Hansoh Pharma has continued to focus on the demand of communities, and actively promoted inclusive healthcare. While continuing to improve primary healthcare and popularize the common knowledge of disease and medicine, we have actively participated in the national centralized drug procurement and the negotiation of health insurance of innovative drugs to meet the clinical needs with high-quality and accessible products. Actively responding to the demand of public welfare of communities, we have made positive actions in anti-pandemics, disaster relief, healthcare and education support to show our image to the society.

1. Chairlady's Statement

In the future, Hansoh Pharma will adhere to the enterprise mission of "create excellence in pharmaceuticals, enhance innovation in China", focus on the frontier technology, continuously improve our scientific and technological innovation and research capacity, accelerate the promotion of our internationalization strategy, and actively fulfill our commitment on health, for the purpose of making greater contributions to the ambitious plan of "Healthy China 2030" and health and wellbeing of human.

Hansoh Pharmaceutical Group Company Limited
Zhong Huijuan
Chairlady

2. Glimpse of Hansoh Pharma

In 1995, Jiangsu Hansoh, our major operating subsidiary, was established in China, which is one of the leading innovation-driven pharmaceutical companies in China. The Company is committed to improving human health through continuous innovation. It has been ranked among the TOP 30 pharmaceutical enterprises in China and the TOP 3 industrial enterprises with the best pharmaceutical research and development (R&D) product line in China for many consecutive years. It is a national key high-tech enterprise and a national technological innovation demonstration enterprise.

We have superior R&D capabilities and over 20 years of R&D experience, and have set up the R&D centers in Maryland in the United States and in Shanghai, Lianyungang and Changzhou in China which forms a whole-process R&D system ranging from compound designing, screening, clinical research to registration and declaration. In addition, we have established many national R&D institutions, and have about 1,650 R&D technical talents. During the Reporting Period, the first-line treatment indication of national Category 1 innovative drug independently researched and developed by the Company, namely AMEILE® (aumolertinib mesylate tablets) was approved, which formally starts a new era of first-line treatment with the third generation original EGFR-TKI in China. The first domestic self-researched oral Hepatitis B virus (HBV) drug Hengmu® (tenofovir amibufenamide tablets) was approved to be launched, which has made a major breakthrough in R&D of new drugs urgently needed in clinic. As of the end of the Reporting Period, the Company launched five Category 1 innovative drugs in critical therapeutic areas such as oncology, anti-infective and diabetes. All of them have been added into NRDL, and more than ten innovative drug projects have entered the clinical stage, forming an extensive and ordered R&D pipeline.

The Company actively promotes its internationalization strategy. It designs and constructs the production facilities and production line according to advanced international standards. Its production quality system has been certified by the United States Food and Drug Administration (FDA)[1], the European Union's European Medicines Agency (EMA)[2] and the Japan Pharmaceuticals and Medical Devices Agency (PMDA)[3]. Its key preparations and active pharmaceutical ingredients (APIs) are sold to countries and regions such as Europe, America and Japan. We pay close attention to the frontier technologies of the global pharmaceutical industry, further enhance our innovation capabilities and product pipeline layout through licensing introduction and cooperative development, and share innovation results with the world's leading R&D institutions to benefit human health.

1. FDA: Food and Drug Administration, the highest enforcement authority specializing in food and drug administration as authorized by the Congress and the federal government of the United States.
2. EMA: European Medicines Agency, the medicine evaluation authority of the European Union.
3. PMDA: Pharmaceuticals and Medical Devices Agency, the approval authority of medical devices of Japan.

3. 2021 Performance Highlights

Hansoh Pharma actively builds and maintains an efficient sustainable development governance system, continuously pays attention to the changes of industrial policies and social environment, comprehensively coordinates the work related to environment, society and governance, and practically responds to and implements the expectations of stakeholders for ESG management to improve the transparency of information disclosure. It wins wide recognition and affirmation from the government, customers, industry and society.

RESPONSIBILITY FOOTPRINT IN 2021

February

- Four drugs of Jiangsu Hansoh successfully won the bid for the fourth batch of national centralized drug procurement

April

- The first domestic third generation EGFR-TKI innovative drug AMEILE® (aumolertinib mesylate tablets) developed by Jiangsu Hansoh was awarded the "Annual New Drugs with Breakthrough" at the 13th Healthy China Forum

May

- At the China Brand Building Summit Forum, Jiangsu Hansoh, with brand value amounted to RMB24.634 billion, ranked at the third in the "Medical and Health" section in China

June

- The board of directors of the Company formally established the Environmental, Social and Governance Committee (hereinafter referred to as "**ESG Committee**")
- The independently researched and developed category 1 new drug Hengmu® (tenofovir amibufenamide tablets) was approved by National Medical Products Administration (NMPA) for marketing for the treatment of the adult patients of chronic hepatitis B
- American Society of Clinical Oncology (ASCO) annual meeting in 2021 disclosed the latest phase III clinical research results of first-line treatment of epidermal growth factor receptor (EGFR) mutation positive advanced non-small cell lung cancer (NSCLC) or metastatic NSCLC with the independently researched and developed category 1 new drug AMEILE® (aumolertinib mesylate tablets), bringing significant breakthrough to the first-line treatment of lung cancer
- Five Jiangsu Hansoh drugs successfully won the bid for the fifth batch of national centralized drug procurement
- Jiangsu Hansoh won the title of Excellent Enterprise of the 1st Jiangsu Science and Technology Innovation and Development Award (江蘇省科技創新發展獎優秀企業)

July

- Jiangsu Hansoh once again ranked among the TOP 10 of China's Top 100 Chemical Pharmaceutical Enterprises, ranking No. 7
- Independently researched and developed Category 1 new drug AMEILE® (aumolertinib mesylate tablets), which was honored with Good New Drugs with High Clinical Value (臨床價值高的新藥好藥) by NMPA in the annual drug review report
- Hansoh Pharma donated RMB12 million in cash and materials to Henan Province for disaster relief and epidemic prevention

3. 2021 Performance Highlights

August

- Annual Conference on National Pharmaceutical Industry Information released the list for the Best Industrial Enterprise of Pharmaceutical R&D Product Line in China. Jiangsu Hansoh was ranked among the Top 3 of the list again

September

- Changzhou Hansoh passed ISO 9001 Quality Management System certification, ISO 14001 Environmental Management System certification, and ISO 45001 Occupational Health and Safety Management System certification
- After construction of water-saving enterprise, Changzhou Hansoh won the title of "The First Batch of Water-saving Enterprises in Changzhou" (常州市第一批節水型企業)

October

- The treatment drug for chronic hepatitis B Hengmu® (tenofovir amibufenamide tablets) won the Benchmarking Award of "Innovation List of Biomedical Industry Chain in China 2021" (2021 中國生物醫藥產業鏈創新風雲榜標桿獎)
- Global R&D headquarter project of Hansoh Pharma was contracted in Zhangjiang, Shanghai
- Hansoh Pharma started cooperation for drug R&D with the R&D bellwether Silence Therapeutics plc in siRNA treatment field

November

- Hansoh Pharma's global operations headquarters and R&D center in Shanghai Zhangjiang High-Tech Park were officially opened
- As outstanding achievements of major national science and technology projects, four of our innovative drugs, namely Hengmu® (tenofovir amibufenamide tablets), Hansoh Xinfu® (flumatinib mesylate tablets), Fulaimei® (polyethylene glycol loxenatide for injection), Mailingda® (morinidazole sodium chloride for injection), appeared at the 13th Five-year Plan Scientific and Technological Innovation Achievement Exhibition

December

- Independently researched and developed Category 1 innovative drug AMEILE® (aumolertinib mesylate tablets) won the approval for the first-line treatment of new indication of non-small cell lung cancer, formally starting the new era of first-line treatment with the third generation original EGFR-TKI in China
- Five independently researched and developed Category 1 new drugs on the market were all included in NRDL

3. 2021 Performance Highlights

• Financial performance

Operating revenue of approximately RMB**9.935** billion

R&D revenue accounted for **18.1**% of operating revenue

Profits of approximately RMB**2.713** billion

Sales revenue of innovative drugs accounted for **42.3**% of operating revenue

• Responsible governance and integrity operation

The Board established the **ESG Committee**

Conduct anti-corruption training: **6,437** persons in total

Percentage of female directors reached **50**%

Percentage of female executive management reached **41**%

• Green development and harmonious symbiosis

Target of reducing the emission of greenhouse gas: By 2030, the emissions of greenhouse gas per unit revenue (scope I and scope II) will reduce by 15% than that in 2021

Target of energy efficiency: By 2030, the comprehensive energy consumption per unit revenue will reduce by 12% than that in 2021

Target of reducing the emissions of waste gas pollutants: By 2030, total emissions of VOCS in waste gas will reduce by 18% than that in 2021

Target of water saving: The Company makes a commitment to actively promote water saving measures and reduce the consumption density of water resources

Target of waste management: The Company makes a commitment for 100% compliant disposal of hazardous and non – hazardous wastes, and to vigorously improve its waste resource utilization level so as to reduce the disposal volume of wastes

100% of emission of three types of waste "met the standards"

3. 2021 Performance Highlights

• Product responsibility and quality-first

The quality management system certificate covers all production and operation sites

Customer satisfaction rate of **92**%

Pass rate of product certification inspection and customer audit **100**%

Pass rate in spot check of quality **100**%

• People-oriented, mutual growth and development

0 major production safety accident

0 identified cases of occupational diseases

Offer sound training programs that **100**% of employees have received training and training hours per employee reached **26** hours

100% performance of labor contract

Provide subsidies to over **300** employees in total, which amount to RMB **1.3** million

83.83% employee satisfaction rate

• Green supply and win-win cooperation

Set up **the green supply chain management system**

Audit **155** suppliers

The Code of Business Ethics and Conduct covers **100%** of suppliers

• Empower community and protect health

The total investment in public welfare and charity is about RMB **64** million

Public welfare and voluntary activities participated by **860** persons, lasting for **4,560** hours

04

Responsible Governance and Integrity Operation

Guided by the core value of "responsibility, integrity, diligence and innovation", the Company continuously improves the organization governance. In 2021, the Board formally established the ESG Committee to integrate ESG into top-level planning and design, enhanced the development of its social responsibilities, and continuously promoted its innovative development to benefit the wider patient community with high-quality and accessible products and reward investors with fruitful operating achievements.

4. Responsible Governance and Integrity Operation

4.1 BOARD STATEMENT

Responsibilities of the Board	The Board is ultimately responsible for the ESG management vision, objectives, strategies, structure and implementation of the Company. ESG Committee guides and supervises the development and implementation of ESG vision, strategies and structure, reviews the material ESG issues, major ESG risks and opportunities, supervises the communication channels and methods with shareholders, and reviews the ESG disclosure. During the Reporting Period, the Board established the ESG Committee. The ESG Committee is composed of three or more members and has one chairman. Please refer to *Terms of Reference of ESG Committee of the Board of Hansoh Pharmaceutical Group Company Limited* for detailed responsibilities. During the Reporting Period, ESG Committee discussed and researched the medium and long-term environment target of the Company. It will supervise the progress to the targets as scheduled. The Committee conducted identification and determination of ESG risks and opportunities, evaluated adequacy and effectiveness of ESG structure of the Group, and provided the supports to the Board for risk analysis and decision making.
Routine implementation	During the Reporting Period, Hansoh Pharma rolled out a wide range of measures to improve its ESG performance and incorporate ESG management into daily operation, so as to enhance corporate sustainability. These measures included: 1. Releasing four ESG policies, namely *Anti-corruption Policy* (反腐敗政策)[4], *Protection Policy for Whistleblowing and Whistleblower* (舉報及舉報人保護政策)[5], *Responsible Marketing Policy* (負責任營銷政策)[6] and *Employee Diversity Policy* (員工多元化政策)[7], which improves its ESG management system and provides the policy guarantee for integrity operation, business ethics maintenance and talent retention.

4 Anti-corruption Policy: http://www.hspharm.com/upload/file/2022/02/07/cdd0e4596542424ea705a797233b7621.pdf

5 Protection Policy for Whistleblowing and Whistleblower: http://www.hspharm.com/upload/file/2022/02/07/93498f5f013c408ebd641a2143bc1081.pdf

6 Responsible Marketing Policy: http://www.hspharm.com/upload/file/2022/02/07/06cd98a7f21547ec9eb85cb4c0c4e117.pdf

7 Employee Diversity Policy: http://www.hspharm.com/upload/file/2022/02/07/adb8226c0de0435f841fdcbdb41173b3.pdf

4. Responsible Governance and Integrity Operation

2. Setting the sustainable development target: based on the Company's environment data trend, and the future business development plan, set the environmental impact reduction target.

3. Identification of climate change risk: based on the structure recommended by the Task Force on Climate-related Financial Disclosures (TCFD), identify the climate change risks, and formulate the response measures.

Materiality analysis	The Company keeps close communication with internal and external stakeholders, and identifies and assesses major ESG risk issues to formulate ESG strategy. We have discussed and approved the identified major ESG risk issues, and will set ESG strategies, targets and management policies based on relevant issues, timely follow up the international ESG development trend and the peer performance, and regularly review the progress of relevant work. The identified ESG materiality results will be described in section 4.4 – Analysis of material issues.

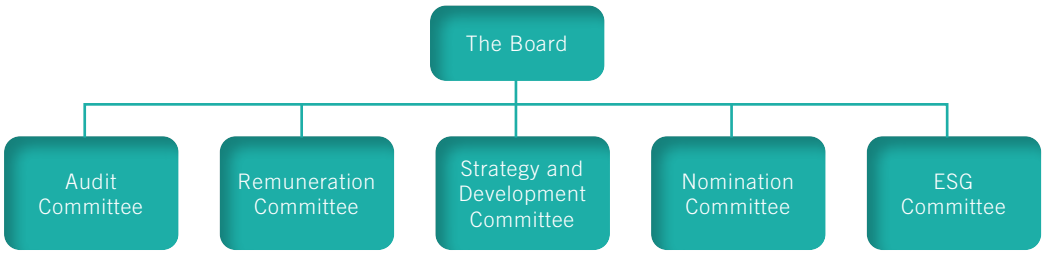
4.2 CORPORATE GOVERNANCE

4.2.1 Governance Mechanism of the Board

Through the comprehensive board structure, the Company brings development benefits to stakeholders and positive social influence with its high-quality governance. We have a corporate governance structure with clear rank and labor division to balance the responsibilities and authorities of directors while ensuring the independence of the Board. In its diversified management team, the members of the Board and the senior management team are management talents from different industrial fields. The proportion of females is 50% among the Board members. Female employees account for 41% of executive management.

4. Responsible Governance and Integrity Operation

At present, the Board has five special committees. The Audit Committee is responsible for assisting the Board in reviewing relevant financial data, risk management and internal control system. The Remuneration Committee is responsible for reviewing the remuneration of individual executive directors, non-executive directors and senior management. The Strategy and Development Committee is responsible for making suggestions on the Company's medium and long-term development strategy and plan, and reviewing the matters related to the Company's development in the future, such as its annual business plan and investment plan. The Nomination Committee is responsible for reviewing the composition structure and diversity of the Board, formulating the director nomination policy and selecting candidates for directors. The ESG Committee is responsible for guiding, reviewing and supervising the development and implementation of ESG vision, strategy and structure, reviewing the Company's ESG disclosure and coordinating and supervising the implementation of ESG work.



4.2.2 ESG Governance

4.2.2.1 ***ESG Philosophy***

With corporate governance, corporate conduct, product safety and quality, inclusive healthcare, human resource development, environmental protection and community enhancement as the focus and the basis of ESG management and upholding the corporate values of "responsibility, integrity, diligence and innovation", the Group has been continually committed to the improvement of medicine availability and the innovation and development in fields with unmet clinical needs, endeavoring to improve human health standards.

Corporate Governance – safeguarding the interests of shareholders and stakeholders

We have been continuously improving our governance structure to enhance the transparency of the Company to its shareholders and stakeholders. Besides, we have strengthened our compliance management and system construction to improve our protection of investors with a view to safeguarding the interests of shareholders and stakeholders and to realizing the sustainable development of the Company.

Corporate Conduct – upholding high standards of business ethics and code of conduct

We always uphold our principle of legal compliance and strictly abide by the laws, regulations and ethical standards applicable to each location where the Company operates and upholds highest standards of business ethics and code of conduct relating to business integrity, clinical ethics, responsible marketing, information security and anti-corruption, etc.

4. Responsible Governance and Integrity Operation

Product Quality and Safety – creating maximum value for the customers

We strictly follow the management codes for drug quality, formulate the strict inspection procedures for product quality and carry out quality control in the entire life cycle to improve our professional service level and create maximum value for customers.

Inclusive Healthcare – continuously improving the accessibility of medicine and benefiting more patients

Adhering to the operation strategy of "precise academic services, professional marketing, and inclusive healthcare", we have long been committed to the R&D of drugs with efficacy, safety and economy. Through lean management, we reduce costs to increase drug affordability with a view to letting the majority of patients enjoy the innovative achievements brought by drug R&D in time. Furthermore, we assist in improving primary medical care and benefiting more patients in an all-round way.

Human Resource Development – realizing our staff's personal value and achieving corporate development simultaneously

The people-oriented development concept has created today's Hansoh Pharma. We are keenly aware that talents are the primary productive force and the most valuable strategic resources for the Company's development. By taking many measures such as cadre review, training on reserved cadres and technical grade evaluation, we have established a complete talent team and a systematic talent bank. We hope that our employees can grow at work and enjoy a safe, healthy and happy working environment. We help employees in achieving personal success in Hansoh Pharmaceutical with a view to jointly developing with the Company.

Environmental Protection and Community Enhancement – harmonious development with the environment and the community

The empowerment to the community development is the crucial and organic part of the sustainable development of enterprises. While fulfilling our responsibility of environmental protection, we are deeply aware of our community mission, continue to pay attention to the progress of the community, and establish a tie with the community for harmonious development.

4. Responsible Governance and Integrity Operation

4.2.2.3 ESG Governance Structure

The ESG Committee consists of one executive director and two independent non-executive directors. It regularly holds meetings with the Group's management and external professional consultants to ensure that all employees of the Company ranging from management level to basic level know and participate in ESG related work. The sub-working group of ESG Committee implements and promotes the specific work comprehensively to ensure the implementation of ESG work in all subsidiaries of the Group.

The Board	• The Board is ultimately responsible for the ESG philosophy, targets, strategy, structure and implementation of Hansoh Pharma
ESG Committee	• Guide and formulate the ESG vision, objectives, strategies and structure • Supervise the development and implementation of ESG vision, strategy and structure • Guide and review the identification and priority of material ESG issues • Review major ESG trends and relevant risks and opportunities • Supervise the communication with stakeholders and maintain the reputation of the Group • Review ESG Report and other ESG-related disclosure
ESG Working Group	• Implement and continuously follow up the specific implementation and achievement of ESG-related indicators and targets • Help the relevant departments to understand ESG concepts and requirements to enhance the ESG awareness of all employees • Facilitate the implementation of response measures against ESG risks • Report the ESG performance of the Group to ESG Committee on a regular basis

The Company decomposes ESG performance targets and assigns them to the management teams for environment, employee development, product R&D, production and operation, and responsible marketing, etc.. The Company regularly reviews performance achievements, formulates *Administration Requirements on Audit Rewards and Punishments* (審計獎勵與處罰管理規定), and align ESG performance targets with business objectives and tie them to the salary of management team to ensure the implementation and realization of these targets.

4.2.3 ESG Recognitions and Awards

ESG Recognitions and Awards
MSCI ESG rating scored A
2020 ESG report won "AA" rating by International Forum on Social Responsibilities of Industrial and Information Enterprises (工業和資訊化企業社會責任國際論壇"AA"評級)
The Best Industrial Enterprise of Pharmaceutical R&D Product Line in China (中國醫藥研發產品線最佳工業企業)
AAA Credit Rating of Pharmaceutical Industry Enterprises (製藥行業企業信用評價 AAA 級)
Typical Case of National Intellectual Property Right Demonstration Enterprises (國家知識產權示範企業典型案例)
Jiangsu Science and Technology Innovation and Development Award (江蘇省科技創新發展獎)

4. Responsible Governance and Integrity Operation

4.3 COMMUNICATION WITH STAKEHOLDERS

The Company respects and attaches importance to the concerns, expectations and suggestions of stakeholders, and continues to explore efficient and transparent stakeholder communication channels to listen to the voices of all stakeholders. During the Reporting Period, we have further improved the communication channels and modes of stakeholders, and have responded positively to many demands we have learned by participating in many industrial seminars, academic conferences and other large-scale communication activities. During the Reporting Period, we have identified six categories of stakeholders in total. Their concerns and communication modes are as follows:

Stakeholder	Issues concerned	Means of communication
Shareholders	Integrity operation Operational compliance Business ethics and anti-corruption Corporate governance Technological innovation	Annual report, semi-annual report and other performance announcement meetings General meetings Exchange meeting of listed companies Daily communication and exchange Announcement and information disclosure at official website Questionnaire and survey
Employees	Employee benefits and remuneration Employment Employee rights Occupational health and safety Employee communication Employee training and development Diversity and inclusiveness	Establishment of Human Resource Business Partner (HRBP) Employee training Cultural and sports social association and activities Employee satisfaction survey Group information release and sharing platform Face-to-face communication Staff Representative Assembly Reasonable suggestion letter (mail) box
Governments/ regulators	Product safety and quality Protection of intellectual property rights Business ethics and anti-corruption Waste management Pollutant emission management Environmental management Occupational health and safety	Meeting of governments Announcements and press releases Annual reports and ESG reports Regular communication Visit and expert invitation Report review
Partners and suppliers	Supply chain management Raw material management Protection of intellectual property rights	Survey and research Supplier assessment Supplier training Supplier audit Invitation to technical training Daily/online communication

4. Responsible Governance and Integrity Operation

Stakeholder	Issues concerned	Means of communication
Customers	Customer service Customer privacy protection	Professional academic exchange meeting Customer satisfaction survey Customer service hotline Strategic cooperation
Communities, Non-Governmental Organizations (NGO) and media	Product safety and quality Operational compliance Waste management Pollutant emission management Protection of the rights and interests of subjects Environmental management Resources conservation Inclusive healthcare Climate change Community investment and development	Press releases and announcements Public welfare activities Public press conference Official website and official account of WeChat Media interview and communication

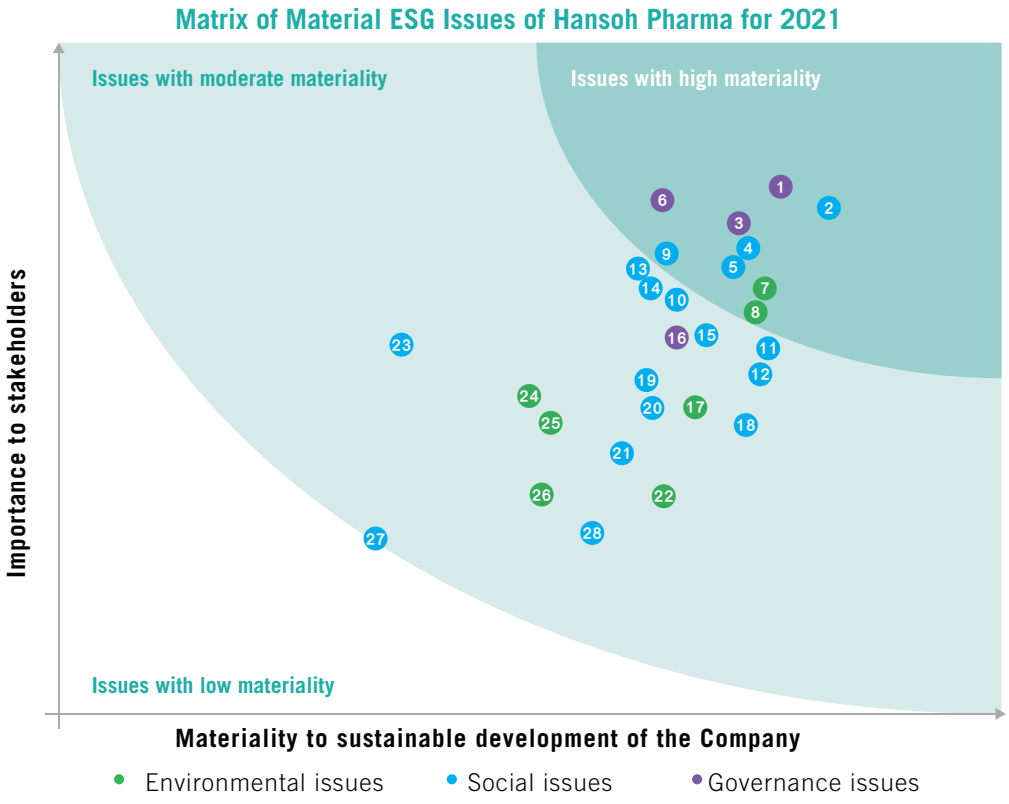
4.4 ANALYSIS OF MATERIAL ISSUES

To clarify the focus of the ESG practice and information disclosure of the Company and improve the pertinence of the Report, in addition to daily interaction with stakeholders, we also conduct interviews, surveys, questionnaires, etc. to deeply understand the concerns of various stakeholders on ESG issues of the Group.

During the Reporting Period, we distributed 385 questionnaires and collected 258 questionnaires, including 97 external questionnaires accounting for 37.6% and 161 internal questionnaires accounting for 62.4%. These questionnaires show that compared with 2020, stakeholders pay more attention to social and governance issues. Besides, while product safety and quality, integrity operation, operational compliance and technological innovation were identified as issues with high materiality, the strategy for protection of intellectual property rights became the issue with high materiality in 2021. The materiality degree of environmental issues such as pollution prevention and control, climate change and resources conservation decreased slightly.

The above issues with high materiality, as the common concerns of all stakeholders and the Company, are the focus of disclosure in the Report to varying degrees. During the Reporting Period, matrix of material ESG issues of Hansoh Pharma is as follows:

4. Responsible Governance and Integrity Operation



Issues with high materiality

1 Integrity operation
2 Product safety and quality
3 Operational compliance
4 Technological innovation
5 Strategy for protection of intellectual property rights
6 Business ethics and anti-corruption
7 Waste management
8 Pollutant emission management
9 Protection of the rights and interests of subjects

Issues with moderate materiality

10 Responsible marketing
11 Employee benefits and remuneration
12 Employment
13 Customer service
14 Customer privacy protection
15 Employee rights
16 Corporate governance
17 Environmental management
18 Occupational health and safety
19 Supply chain management
20 Employee communication
21 Employee training and development
22 Resources conservation
23 Inclusive healthcare
24 Climate change
25 Carbon footprint and greenhouse gas emissions
26 Raw material management
27 Diversity and inclusiveness
28 Community investment and development

Note: The issues with the same degree are in no particular order

4. Responsible Governance and Integrity Operation

4.5 BUSINESS ETHICS

"Integrity" is an integral part of the Company's core values. We adhere to integrity, operational compliance and abide by business ethics. We strictly follow *Criminal Law of the People's Republic of China* (中華人民共和國刑法), *Anti-money Laundering Law of the People's Republic of China* (中華人民共和國反洗錢法), *Bidding Law of the People's Republic of China* (中華人民共和國招標投標法), *Anti-unfair Competition Law of the People's Republic of China* (中華人民共和國反不正當競爭法) and other laws and regulations. We continuously improve our internal relevant compliance systems and business ethics management procedure, regularly train, supervise and evaluate all employees on business ethics and strictly crack down on corruption, malpractices, fraud, money laundering and other improper acts.

4.5.1 System Guarantee

The Company has established the internal business ethics code system composed of *Code of Professional Ethics and Integrity Compliance* (職業道德與誠信合規準則), *Code of Business Conduct and Ethics* (商業行為和道德準則), *Compliance Management System* (合規管理制度), *Legal Risk Management System* (法律風險管理制度), etc., covering the requirements for anti-corruption, anti-trust, anti-money laundering, anti-discrimination, information protection, whistleblower protection, conflict of interest, independence, environment, health and safety. It also defines the punishment and treatment clauses on violations and rulebreakers in *Employee Handbook* (員工手冊) to further restrict the behavior of employees. At present, the code system not only covers all our employees, but also puts forward the basic requirements for our suppliers, customers and partners to adhere to integrity and operational compliance. The Company strives to create a healthy atmosphere with honesty and integrity in the industry. During the Reporting Period, our relevant policies of Code of Business Conduct cover 100% suppliers.

Requirements for Code of Business Conduct and Ethics of Hansoh Pharma:
Do not apply improper influence on stakeholders in the form of payment, provision of any goods or services not included in the contract.
Promote drugs scientifically and accurately to eliminate the possibility of misunderstanding, accurately describe the drug information recorded in the promotion materials and explain the correct medication methods, and objectively evaluate the benefits and risks of drugs.
Ensure just, fair and open participation in market competition, and add anti-monopoly clauses into the marketing agreement.

4. Responsible Governance and Integrity Operation

4.5.2 Anti-corruption

The Company holds zero tolerance for any corruption, and strictly forbids the violations of laws and regulations such as corruption and fraud with the highest business ethics standard. We formulate *Anti-corruption Policy* (反腐敗政策) which specifies the details and requirements for anti-corruption, and is applicable to all employees, suppliers, customers, contracting parties and other stakeholders. Any violation will be treated strictly. Furthermore, we add the identification of special risks such as fraud, bribery and conflict of interest into the Company's risk control system, and regularly audit all operating entities. During the Reporting Period, Hansoh Pharma had not found any major corruption and litigation event.

Hotline for reporting violations of business ethics

0086-51883096182

We formulate the *Protection Policy for Whistleblowing and Whistleblower* (舉報及舉報人保護政策) which specifies the whistleblowing details, the treatment procedure, and the protection of whistleblower's information. The Audit Committee of the Board is responsible for supervising, auditing and reviewing the implementation of the policy. The whistleblowing methods include real-name whistleblowing and anonymous whistleblowing. We keep strictly confidential any information involved in the whistleblowing and investigation process. We assign special persons to collect the whistleblowing clues and strictly manage based on the confidentiality degree. We encourage all employees, suppliers, customers and contracting parties to report on any non-conforming business behaviors and strictly prohibit anyone or any company to retaliate against the whistleblower and his/her relatives and those who provide assistance for whistleblowing and investigation in any form. Once discovered, the revenge behavior will be punished severely.

Reporting Email

nkns@hspharm.com

4.5.3 Compliance Control

The Company strictly abides by the laws and regulations of the location of its subsidiaries. Furthermore, the Company has established a compliance audit department within the Group for continuously tracking the regulatory dynamics of the pharmaceutical industry around the world, synchronously established an internal compliance management system, regularly evaluated the compliance and identified the risks, and standardized the daily operation of the Group while timely responding to the requirements of external regulators.

4. Responsible Governance and Integrity Operation

We have established a comprehensive legal compliance training system covering the Board members, senior management, front-line junior employees and new employees. We popularize legal compliance knowledge for employees in the flexible modes of regular intensive training and irregular special training in forms of centralized training by the Company, teaching on online learning platform, lectures of external experts, etc. During the Reporting Period, we have offered several legal compliance trainings, involving national and industrial regulatory policy and international business ethics standards to continuously publicize and implement our compliance concept and risk control requirements. During the Reporting Period, we have carried out relevant training of *Employee Handbook* to the Board members and employees, the content of which contains anti-corruption, information security and avoidance of conflict of interest, etc., with a total of 6,437 people trained.

Training on business ethics

During the Reporting Period, based on the external regulatory dynamics, combined with the Company's business ethics red line requirements, Jiangsu Hansoh carries out various types of training and dissemination for all employees through OA office platform, online training platform for employees and special meetings to continuously create a working atmosphere of compliance, honesty and transparency.

Training on anti-fraud and anti-money laundering

During the Reporting Period, Hansoh Pharma offered the training themed with "anti-fraud and anti-money laundering" involving cases of official seal forgery, telephone fraud, internet fraud, etc. for financial management personnel with a view to improving their awareness, preventing money laundering, protecting financial safety, preventing telecommunication fraud and protecting the Company's property.

4. Responsible Governance and Integrity Operation

4.6 RISK CONTROL

The Company adopts the overall closed-loop risk management mode and establishes a risk control mechanism in aspects of organization system, operation system and guarantee system to orderly promote the prevention and control management of potential risks, continuously improve the comprehensiveness and effectiveness of the internal control system, and ensure the sustainable development of the Group.

- Audit Committee of the Board: plan the risk management of the Group as a whole
- Internal control and internal audit center: overall risk control

- Business communication and procedure setting: define responsibilities
- Risk identification and plan assessment: double prevention and control
- Audit, supervision and risk confirmation: triple defense

- Define the professional requirements of internal auditors
- Standardize the compliance commitment and performance evaluation

We discompose the specific operation procedures based on the responsibilities and business types of all subsidiaries and business departments, identify the potential risks in daily work, find out the risk types, risk causes and risk impacts, and establish various systems including *Compliance Management System* (合規管理制度), *Legal Risk Management System* (法律風險管理制度), *Seal Management System* (印章管理制度) and *Contract Management System* (合同管理制度) to continuously improve our risk control mechanism. Furthermore, we start with authorization control, procedure control and professional review, and establish a three-dimensional risk assessment and management system covering opportunity and risk owners (basic posts with high risks, such as procurement, engineering, marketing and bidding), compliance frontier parties (suppliers and business partners) and risk management parties (compliance department and management).

The Company regularly carries out risk assessment and identification, analysis and assessment of internal control effectiveness and other related risk management work, creates an closed-loop efficient work mode integrating risk tracking, identification, analysis, prevention and control, and continuously improves the risk control in operation process to ensure the stable operation of the Company.

4. Responsible Governance and Integrity Operation

Operation and marketing risk assessment in Jiangsu Hansoh

In 2021, Jiangsu Hansoh conducted the special assessment for compliance risks in operation mode and marketing strategy, and comprehensively streamlined the potential compliance risks in current operation mode and marketing strategy. In addition, Jiangsu Hansoh deeply researched on three risk control themes, namely anti-monopoly, anti-commercial bribery and bill compliance, in form of *Notice of Compliance Risks* (合規風險告知書), and *formulated Anti-monopoly Risk Assessment Form* (反壟斷風險評價表) and *Key Points for Modification of Anti-monopoly Compliance Contract* (反壟斷合規合同修改要點) to support the anti-monopoly risk control mechanism of the Company in line with relevant anti-monopoly laws and regulations.

We, persisting in the treatment principle of "quick response, efficiency treatment, satisfactory solution", enhance functions of risk control department and strengthen the building of legal affairs department, establish a full-cycle crisis management process ranging from crisis warning, trigger, response to end with a view to achieving ordered and efficient treatment for potential crisis. During the Reporting Period, we have kept the bottom line of operational compliance, and received no administrative punishment. Jiangsu Hansoh won "AAA" Credit Rating of National Pharmaceutical Industry Enterprises in 2021 (2021 年度全國製藥行業企業信用等級"AAA"評級) (reevaluation) and the title of Jiangsu Credit Management Demonstration Enterprise (江蘇省信用管理示範企業).

05

Green Development and Harmonious Symbiosis

Hansoh Pharma is well aware that in addition to continuous business development, it also shoulders the social responsibility and mission of protecting the ecological environment. We actively respond to the national call, persist green development concept and adhere to the sustainable development path. We are devoted to building a green manufacturing system with safety, efficiency, low carbon and environmental protection, energy conservation and consumption reduction.

5. Green Development and Harmonious Symbiosis

5.1 ENVIRONMENTAL MANAGEMENT SYSTEM

We strictly abide by *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), *Law of the People's Republic of China on the Prevention and Control of Pollution* (中華人民共和國污染防治法), *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (中華人民共和國大氣污染防治法) and other laws and regulations and environmental management requirements of places where we operate. We constantly improve our internal management system and the environmental management system, and ensure the compliance of our production and operation. We have actively developed the certification for environmental management system. During the Reporting Period, Changzhou Hansoh Pharmaceutical Center obtained ISO 14001 Environmental Management System certification. Since obtaining ISO 14001 Environmental Management System certification in 2017, Jiangsu Hansoh applied the system to all production sites in 2020 and passed the first supervision and audit by third parties in 2021. As of the end of the Reporting Period, all production sites obtained the Environmental Management System certification.

We do not operate on or near sites that contain globally or nationally significant biodiversity and are continually improving our internal environmental risk management. By continuous identification and evaluation of environment factors, we regularly update the environment emergency plan, comprehensively investigate the environmental risks in production and operation, and timely take corresponding measures to minimize the impact of production and operation activities on environment and protect biodiversity and ecosystem. During the Reporting Period, we have not been penalized (including fines) by regulatory authorities for ecological and environmental protection reasons.

The ESG Committee of the Board is responsible for supervising the strategy and performance of the Group in environmental management. In addition, we establish an environmental target responsibility system, add the environmental indicators into the annual assessment of senior management, and assign the responsibilities to all parts of production and operation. Because of the differences of areas in the charge of senior management and of impact degree of environmental performance, we establish respective negative environmental risk list and adopt the one-vote veto system of the negative list. That is to say, once any issue in the negative list occurs, the annual performance salary of the senior management in the current year will not be paid, the incentive equity granted in the current year will not be realized, and both their salary and incentive equity will reduce in the next year.

5.2 CLIMATE CHANGES

Climate change is a common challenge for humankind and affects the sustainable development of human economy and society. As a responsible enterprise, we uphold the green and low-carbon development strategy, and make a commitment to avoid forest damage. We actively identify the negative impact of enterprise decision and production and operation activities on the climate, and vigorously carry out energy conservation and emission reduction. We hope to work and develop with domestic and international peers to promote the harmonious symbiosis between human and nature.

5. Green Development and Harmonious Symbiosis

5.2.1 Identification of Climate Change Risks

The Company is deeply aware of the importance of climate change to its sustainable development. Pursuant to the disclosure methods and recommendations of TCFD, we have carried out climate change risk identification.

We purposefully formulate the countermeasures for climate change risks with a view to accelerating the promotion of green transformation and continuously improving our capability and level to respond to climate change risks, as follows:

Climate change risk		Risk description and potential financial impact	Risk countermeasure
Acute physical risk	Flood	The World Resources Institute (WRI) forecast shows that the persistence of global warming will lead to an increase in the risk of global water resources, including the risk of floods. The Company will face potential flood risks in operation sites in Shanghai, Lianyungang and Changzhou. Rainstorm and flood will destroy the supply chain of raw materials and equipment, resulting in insufficient supply and shortage of raw materials and equipment, which will restrict the R&D and production of the Company, resulting in reduction or disruption of the production capacity. It will also increase the procurement costs, resulting in increase of production costs.	Prepare emergency plans, provide emergency materials, and carry out emergency drills every year to improve emergency capacity.
	Strong wind/ cyclone/ typhoon	In extreme weather such as strong wind/cyclone/ typhoon, the factory infrastructure may be damaged, resulting in continuous interruption of operation and loss of assets. Besides, the employees may face obstacle on the road to work, resulting in safety and health risks, affecting the operation efficiency, leading to the rise of the safe production and occupational health risks, and increasing the operation costs.	Prepare emergency plans, warn about the typhoon track and wind force in advance, and make deployment in advance to ensure the safety of facilities, equipment and employees at the operation sites.

5. Green Development and Harmonious Symbiosis

Climate change risk		Risk description and potential financial impact	Risk countermeasure
Chronic physical risk	Rainfall variation and extreme fluctuations of weather patterns	Our operation sites in coastal areas of Shanghai and Jiangsu will face higher probability of extreme precipitation events. Furthermore, extreme precipitation will also affect the production/transportation process of suppliers in the supply chain, resulting in business interruption or other severe impact due to insufficient product supply.	Prepare emergency plans, ensure the daily lives of employees and supporting facilities (such as electricity) and ensure that the operation of facilities will not be affected.
	Sea level rise	Intergovernmental Panel on Climate Change (IPCC) forecasts that in RCP8.5 scenario, at the end of the 21st century, the average growth of global sea level will be approximately 0.63m with the variation range of 0.45-0.82m; in RCP2.6 scenario, at the end of the 21st century, the average growth of global sea level will be approximately 0.40m with the variation range of 0.26-0.55m. The Company's operation sites are in coastal areas in southeastern China. At the end of the 21st century, these operation sites will face the threat of rise of sea level and inundation.	Evaluate the surrounding conditions of each operation center and take timely measures to strengthen infrastructure construction.
	Uncertain market signal	Climate change may cause chain reaction to the availability of natural resources or changes in disease patterns, leading to new diseases. The spread of new diseases may lead to changes in the supply and demand structure of some products and services of the Company, resulting in the loss of some market opportunities.	Always pay attention to the core areas of business development, timely obtain information about the product market demand and evaluate the impact.
Policy and law	Stricter emission reporting obligations and compliance requirements	Under the "3060 dual carbon strategy", China will issue a series of laws and regulations. Although, at present, the Company's industry has not been included in national carbon emissions trading market, it does not rule out the restriction on emissions with stricter laws and regulations in the future.	Timely track the national and local laws and regulations, strengthen the verification of greenhouse gases and regulation of emissions.

5. Green Development and Harmonious Symbiosis

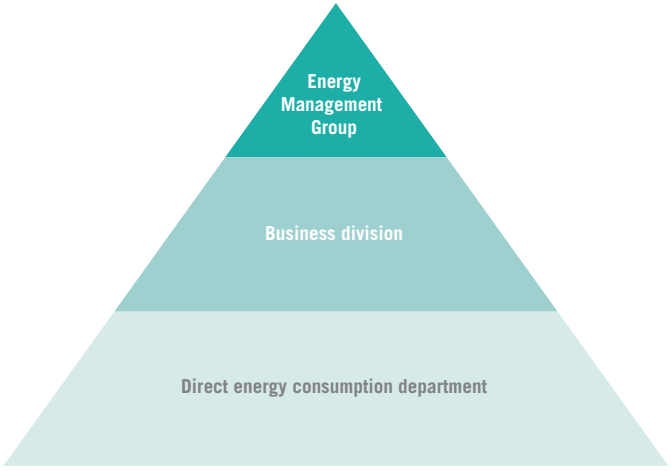
5.2.2 Greenhouse Gas Emissions and Energy Management

Target of reducing the emission of greenhouse gas: by 2030, the emissions of greenhouse gas per unit revenue (scope I and scope II) will reduce by 15% than that in 2021

Target of energy efficiency: by 2030, the comprehensive energy consumption per unit revenue will reduce by 12% than that in 2021

The Company's greenhouse gas emissions mainly come from the use of purchased electricity, steam and other energy in the production process. We combine the greenhouse gas emission management with the energy consumption management and take low-carbon environmental protection, energy conservation and consumption reduction as a long-term development strategy. We set the 2030 target of reducing greenhouse gas emissions and target of energy efficiency and regularly review, track and verify the targets with a view to continuously improving our environmental performance in energy conservation and emission reduction. During the Reporting Period, Jiangsu Hansoh carried out greenhouse gas verification and commissioned a third party to conduct green footprint evaluation of pemetrexed disodium for injection.

Pursuant to *Energy Conservation Law of the People's Republic of China* (中國人民共和國節約能源法), *Law of the People's Republic of China on Promoting Clean Production* (中國人民共和國清潔生產促進法) and other national laws and regulations, Jiangsu Hansoh updates and improves many management systems, such as *Energy Management System Manual* (能源管理體系手冊) and *Energy Review Control Procedure* (能源評審控制程序). In 2018, Jiangsu Hansoh established an energy management team responsible for coordinating the construction and examination of energy management system. Jiangsu Hansoh has implemented energy control in a normalized and accurate way based on its internal "three-level energy management" system and continuously improved its energy performance. In March 2019, Jiangsu Hansoh successfully obtained ISO 50001 Energy Management System certification for the first time and in 2020 and during the Reporting Period, passed the supervision and audit. According to the system management requirements, Jiangsu Hansoh conducts an internal energy review once a year.



Jiangsu Hansoh Energy Management System

Jiangsu Hansoh Energy Management System Certificate

5. Green Development and Harmonious Symbiosis

During the Reporting Period, we conducted the energy audit, including evaluation and check of energy contract, energy management system and implementation effectiveness, energy data and list of energy consuming equipment, and confirmed the improvement measures for energy efficiency on such basis. Through a series of initiatives such as the application of energy-saving and consumption-reducing equipment, centralized scheduling, and comprehensive technical improvements of equipment and facilities, we have reduced the overall energy consumption of each operating site.

Automatic start and stop of cold dryer

Technical transformation of EDI and recycling secondary concentrated water to purified water

Technical transformation projects for energy conservation and emission reduction

5. Green Development and Harmonious Symbiosis

Technical transformation of drain pan of cooling tower

During the Reporting Period, Changzhou Hansoh carried out technical transformation for drain pan of workshop utility cooling tower, reducing evaporation of cooling water and breeding of algae and improving the efficiency of cooling tower. When the outdoor temperature is relatively high, the evaporation of tap water reduces by 6 tons per day, saving approximately 1,000 tons of tap water a year. In addition, through the centralized production arrangement, the utility air conditioning equipment stopped from January to mid-February, reducing energy consumption.

Check of equipment energy consumption parameters

During the Reporting Period, we integrated energy saving and consumption reduction requirements into the whole process of equipment procurement, from URS formulation to admission and acceptance, to ensure that the energy efficiency of newly purchased equipment is at the industry leading level, while conducting energy efficiency review of old facilities and formulating technical improvement or elimination plans to explore energy saving potential. For example, by replacing 4 circulating water pumps in D1 power room with energy-efficient pumps, Jiangsu Hansoh has the power system electricity consumption effectively reduced, with economic benefit from annual electricity saving of RMB132,000; meanwhile, the cooling system located in the development zone plant has undergone frequency conversion and energy-saving transformation, system optimization and steam residual heat recovery and utilization, with economic benefit from annual electricity saving of more than RMB500,000.

5. Green Development and Harmonious Symbiosis

During the Reporting Period, Jiangsu Hansoh invested RMB580,000 for technical transformation for energy conservation, and conserved energy equivalent to 194 tons of standard coal in the period.

Greenhouse gas emissions	2021
Scope I greenhouse gas emissions[8]/tons of carbon dioxide equivalent	6,256
Scope II greenhouse gas emissions[9]/tons of carbon dioxide equivalent	116,072
Total greenhouse gas emissions (Scope I + Scope II)/tons of carbon dioxide equivalent	122,328
The emissions of greenhouse gas per unit revenue (tons of carbon dioxide equivalent/RMB million)	12.31

Energy consumption	2021
Direct energy consumption[10] (Tons of standard coal equivalent)	541
Indirect energy consumption (Tons of standard coal equivalent)	22,849
Total energy consumption (Tons of standard coal equivalent)	23,390
Energy consumption per unit revenue (Tons of standard coal equivalent/RMB million)	2.35

5.3 EMISSION/DISCHARGE MANAGEMENT

Hansoh Pharma actively improves the management of emissions and formulates strict management and control measures for various emissions to ensure operational compliance. We strictly follow the laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and the environmental management requirements of the place of operation, and constantly optimize the internal *Pollution Management System* (污染物管理制度). We monitor pollutants according to law, disclose environmental information such as pollutant discharge and treatment to accept public supervision. We reduce the pollutant discharge and improve our pollutant control with research, development and innovation, and with the discharge reduction technology. During the Reporting Period, we audited the management of waste gases, wastewater and wastes at main production sites. Hansoh Pharma found no violation of discharge.

8 The greenhouse gas emission indicators are calculated with reference to *GHG Protocol* (溫室氣體核算體系) released by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) as well as *ISO14064-1 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals* (ISO14064-1 在組織層面溫室氣體排放和移除的量化和報告指南性規範), in which Scope I is calculated with reference to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* (2006 年 IPCC 國家溫室氣體清單指南) released by Intergovernmental Panel on Climate Change (IPCC). The greenhouse gas emissions in Scope I are mainly from natural gas, gasoline and diesel. The calculation results of two major operating entities, namely Jiangsu Hansoh and Changzhou Hansoh, were audited by third parties.

9 Greenhouse gas emission indicators (Scope II) are calculated by reference of *Baseline Emission Factors of China's Regional Power Grid 2012* (2012 中國區域電網基準線排放因子). The greenhouse gas emissions in Scope II are mainly from purchased electricity and steam. The calculation results of two major operating entities, namely Jiangsu Hansoh and Changzhou Hansoh, were audited by third parties.

10 The energy consumption indicators are calculated by reference of GB2589-2020 *General Rules for Calculation of the Comprehensive Energy Consumption* (綜合能耗計算通則) of the People's Republic of China.

5. Green Development and Harmonious Symbiosis

5.3.1 Waste Gas Emission

Hansoh Pharma's waste gases are mainly the exhaust gases from production workshops and laboratories. The main pollutants include particulate matters and non-methane hydrocarbon (NMHC). We collect all fugitive waste gases emission in workshops and laboratories and convert them into non-fugitive emission through the process transformation, and treat the waste gases in the efficient treatment devices at the end to maintain compliance. As the main production site, Jiangsu Hansoh monitors the waste gas emissions in many ways, and formulates and improves the rectification measures based on the monitoring data to ensure that the emissions meet standard.

Internal monitoring

- Waste Gas Team of Environmental Protection Management Department of Jiangsu Hansoh makes the inspection plan for waste gas emissions of the factory, mainly monitors NMHC. Every day, it monitors and assesses based on the plan, feeds the monitoring results to the inspected department, formulates the rectification scheme with the defective department and follows up the rectification, forming the closed-loop management.

Third party monitoring

- Regularly entrust third-party qualified institutions for testing mainly volatile organic compounds, and prepare a monthly report.

Online monitoring

- The online waste gas monitoring equipment is installed at the outlet of the exhaust gas treatment facility of workshop U4H4 for monitoring NMHC, real-time uploading the data to platform of local Environmental Protection Bureau and real-time monitoring waste gas emissions.

Exhaust Gas Emission Monitoring Measures of Jiangsu Hansoh

Furthermore, we focus on the upgrading of waste gas treatment process, add equipment, and improve the airtightness of equipment, greatly increasing the waste gas collection rate and reducing the waste gas emissions.

Upgrading of waste gas treatment process of Jiangsu Hansoh

In 2021, Jiangsu Hansoh installed a condenser in the mechanical pump area of the outdoor auxiliary facilities of the API workshop, so that the volatile organic compounds in the exhaust gas in this area may be converted into waste liquid in the condenser without being connected to the exhaust gas treatment system, reducing the loads of waste gas treatment system and improving the collection rate and treatment efficiency of exhaust gas.

Considering the material nature, Jiangsu Hansoh uses the three-in-one equipment integrating filtration, washing and drying to realize the closed operation in the whole process and reduce the material dusts. For feeding the powder materials, we install a closed solid feeding box to ensure the closed space for feeding, reducing direct generation of volatile organic compounds and unorganized spillover.

5. Green Development and Harmonious Symbiosis

Waste gas treatment improvement of Changzhou Hansoh

In August 2021, Changzhou Hansoh commenced the waste gas treatment improvement project, added the waste gas collection and treatment devices, and adopted the more scientific and environmentally friendly processes with a view to achieving the highest treatment efficiency and minimum emissions. We added the waste gas treatment facilities on the ceiling of workshop HB101 to treat the waste gas generated in the workshop with efficient physical filtration followed by two-stage water spray process collection measures. The prediction shows that the ethanol emissions will reduce by 0.684 tons a year and the particulate emissions will reduce by 1.318 tons a year. Besides, Changzhou Hansoh added the waste gas treatment facilities in sewage treatment station with one-stage acid spray and one-stage alkali spray treatment process. The prediction shows that the ammonia emissions will reduce by 0.12 tons a year. The waste gas treatment facilities in hazardous waste warehouses adopt the activated carbon adsorption process, effectively reducing ammonia emissions by 0.12 tons a year.

Waste gas treatment improvement of Changzhou Hansoh

Waste gas treatment facility in hazardous waste warehouse

The waste gas treatment facility of Changzhou Hansoh Research Institute adopts the advanced primary-effect filtration + activated carbon adsorption + medium-effect filtration process and has cylindrical filter and imported adsorption material with high absorption rate. The technology significantly increases the contact area between absorption materials and waste gas and maximizes the absorption rate. The volatile organic compounds emissions will reduce by 126.8kg a year.

After this project, the predicted reduced waste gas emissions of new exhaust gas treatment equipment: ethanol 0.65t, particulate matter 1.32t, ammonia 0.24t and volatile organic compounds 0.13t.

During the Reporting Period, we achieved a significant reduction in emissions of exhaust gas pollutants, with "zero" detections of sulfur dioxide, a 41.6% decrease in particulate matter emissions compared to the previous year, and a 14.23% decrease in volatile organic compounds per unit of revenue compared to the previous year.

Waste gas emission	2021
Sulfur oxides/kg	0
Particulate matter/kg	114
Volatile organic compounds/kg	10,800

5. Green Development and Harmonious Symbiosis

5.3.2 Wastewater Discharge

Hansoh Pharma's wastewater mainly includes production wastewater, laboratory wastewater and domestic sewage. In strict accordance with *Law of the People's Republic of China on Water Pollution Prevention and Control* (中華人民共和國水污染防治法), *Law of the People's Republic of China on Soil Pollution Prevention and Control* (中華人民共和國土壤污染防治法), *Industrial Wastewater Discharge Standard* (工業廢水排放標準) and other relevant laws, regulations and local standards, we discharge wastewater with different concentrations to the sewage treatment station through different channels for treatment before discharging outside the factory. We separate the rainwater and sewage and install the online monitoring system at sewage outlet for daily monitoring of wastewater flow rate, chemical oxygen demand (COD), ammonia nitrogen, total phosphorus and other water quality parameters, and for uploading the data to local regulatory authority in real time. During the Reporting Period, the implementation of various wastewater treatment projects reduced the discharge of pollutants in wastewater, including the total discharge of ammonia nitrogen decreased by 15.46% compared with the previous year. During the Reporting Period, Jiangsu Hansoh received an on-site EHS audit from the member companies of Pharmaceutical Supply Chain Initiative (PSCI), and Jiangsu Hansoh's sound EHS management system and advanced planning of wastewater treatment system were highly recognized. According to the client's suggestion, Jiangsu Hansoh will sign a data sharing agreement with PSCI to share the results of this audit and the implementation of corrective measures with the members of its platform.

Sewage pretreatment device and new sewage treatment station of Jiangsu Hansoh

In 2021, the new sewage treatment facility at the plant commenced operation, greatly increasing the wastewater treatment efficiency. In 2021, the annual average chemical oxygen demand discharge concentration was 67.9 mg/L, reduced by 54% compared with 2020 (2020: 148 mg/L). The pollutant treatment effect of the new sewage station is greater, and the effluent quality is improved.

In 2021, the new pretreatment device was put into use. The pretreatment workshop carries out the pretreatment of the salty wastewater, reducing the load of the sewage station and keeping the sewage station in good operation.

Wastewater treatment improvement and reuse of Changzhou Hansoh

In 2021, Changzhou Hansoh adopted wastewater treatment process with better design to ensure more efficient wastewater treatment efficiency. In 2021, new sewage treatment facility was put into operation in the sewage station. The prediction shows that the annual reduced discharge will be as follows: chemical oxygen demand 3.217t, ammonia nitrogen 0.162t, total nitrogen 0.162t, total phosphorus 0.032t and suspended matter 2.638t. For the pretreated sewage, we carry out the further treatment for nitrogen and phosphorus containing wastewater with floatation tank – hypoxia – aerobic -Membrane Bio-Reactor (MBR) – reverse osmosis – three-effect evaporation process. The produced water is reused to supplement water in the circulating cooling system, realizing the zero nitrogen and phosphorus discharge.

Wastewater discharge	2021
Total wastewater discharge (m^3)	730,709
Chemical oxygen demand (COD) emissions (t)	36.2
Ammonia nitrogen (NH_4-N) emissions (t)	3.6

5. Green Development and Harmonious Symbiosis

5.3.3 Waste Management

Abiding by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* (中華人民共和國固體廢物污染環境防治法) and other relevant laws and regulations, Hansoh Pharma takes effective measures to ensure the safe and effective disposal of hazardous wastes and promotes the efficient recycling of non-hazardous wastes, reducing the environmental impact caused by wastes from production and operation. We have established a responsibility system for prevention and control in respect of the entire process ranging from solid waste generation, collection, storage, transportation, disposal to use, and established a solid waste management account to record the type, quantity, flows, storage, use and disposal of solid waste.

Target of waste management: the Company makes a commitment for 100% compliant disposal of hazardous and non-hazardous wastes, and to vigorously improve its waste resource utilization level so as to reduce the disposal volume of wastes

For hazardous wastes, we actively optimize the production process by looking for chemical substitutes. Under the premise of meeting the process requirements, we increase the recycling frequency of solvent to reduce the generation of waste solvents. Besides, we set up the temporary hazardous waste storage warehouse, regularly entrust the qualified company for standard disposal in line with the hazardous waste management requirements, and control their storage, incoming and outgoing inventory, and transportation. For non-hazardous wastes, we persist in the principle of "reduce, recycle and reuse", reduce the discharge through degraded use. For non-hazardous wastes that cannot be degraded, we entrust municipal or park sanitation service department for centralized treatment. For expired or abandoned drugs entering the market, we arrange special team to recover and treat to control the possible harm to the environment caused by drug outflow.

Wastes	2021
Total hazardous wastes disposal (t)	4,252
Hazardous wastes disposal per unit revenue (tons of hazardous wastes/RMB million)	0.43
Total non-hazardous wastes disposal (t)	524
Recyclable wastes disposal (t)	183
Non-recyclable wastes disposal (t)	341
Non-hazardous wastes disposal per unit revenue (tons of non-hazardous wastes/RMB million)	0.05

5. Green Development and Harmonious Symbiosis

5.4 RESOURCE UTILIZATION

Hansoh Pharma actively advocates the conservation, centralization and recycling of resources, and implements the improvement of resource use efficiency in all aspects of production and operation. We continuously enhance the water resource management to improve the water saving benefits. We use the environmentally friendly package to prolong the service life of package and to reduce the consumption of packaging materials and damage to the environment. We improve equipment and adjust process to reduce the loss and realize the recycling and sustainable utilization of resources.

5.4.1 Water Resource Management

Hansoh Pharma promotes the concept of rational water use and water saving, and enhances the management of water resources. Our consumption of water resources mainly includes municipal water. To improve the utilization efficiency of water resources, we set the target of water saving efficiency, and discuss and track the progress of target achievement.

Target of water saving efficiency:
the Company makes a commitment to actively promote water saving measures and reduce the intensity of water resources consumption

During the Reporting Period, Jiangsu Hansoh developed the purified water and wastewater reuse project. Adopting the reverse osmosis principle, Jiangsu Hansoh recovered and reused the purified water, with the annual water saving benefits up to RMB120,000. Besides, we installed the induction faucets in factory, effectively reducing the waste of water resources. Jiangsu Hansoh was honored as "Water-saving Enterprise of Jiangsu Province" and "Municipal Water-saving Carrier" of Lianyungang City.

Use of water resources	2021
Total water consumption (cubic meters)[11]	1,109,826
Recycled water volume (cubic meters)	43,553,100
Municipal water withdrawal per unit revenue (cubic meters of water withdrawal/RMB million)	111.71

[11] Total water consumption: represents municipal water withdrawal.

5. Green Development and Harmonious Symbiosis

5.4.2 Packaging Material Management

Hansoh Pharma's packaging materials mainly include rubber stoppers, injection bottles, aluminum caps, etc. We have implemented the "Lean Management Project" to reduce the loss of packaging materials by implementing Total Productive Maintenance (TPM) and centralized production scheduling to reduce the number of equipment starts and stops. By optimizing the packaging design to improve the packaging volume rate of finished products and implementing it to all production workshops, warehouses and public engineering facilities, we have effectively reduced the amount of packaging materials used and improved economic efficiency. As of the end of the Reporting Period, total costs saved amounted to RMB1.50 million.

Use of packaging material	2021
Consumption of exterior and interior packaging materials (t)	3,616
Consumption of packaging materials per unit revenue (tons of packaging materials consumed/RMB million)	0.36

5.4.3 Use of Raw Material

Hansoh Pharma formulates *Material Balance and Yield Management* (物料平衡及收率管理) *system* to standardize the reasonable range of material consumption. We set up the target of standard yield rate for different varieties and the target of direct manufacturing costs of products etc. During the Reporting Period, we outperformed our target.

Percentage of reaching the standard yield rate for different varieties: **100%**

The direct manufacturing costs reduced by **0.42%** from that in 2020

In addition, we rationally allocate raw materials, coordinate and dispatch materials from all production bases, reduce unreasonable losses, prioritize the use of surplus materials from R&D projects, continuously improve process and equipment and optimize operational processes, effectively enhancing the efficiency of raw material use.

06

Product Responsibility and Quality-First

Health is not only an integral part of the community with a shared future for mankind, but also the common vision of all mankind. The promotion of global health career is the important work of implementation of the UN 2030 agenda for sustainable development. Adhering to its innovation-driven development strategy, Hansoh Pharma continues to accumulate cutting-edge technological strengths and leading-edge research and development capabilities to build a pipeline of innovative products with clear clinical and technological advantages, and to provide high-quality products to patients with a quality management system that covers the entire product life cycle and responsible marketing practices.

6. Product Responsibility and Quality-first

6.1 INNOVATION DRIVE

6.1.1 Innovative R&D and Achievements

With innovative R&D as the core driving element, Hansoh Pharma is committed to improving the health of human with the R&D achievements. Oriented towards clinical needs, we focus on treatment of major diseases, such as anti-tumor, anti-infection, central nervous system diseases, diabetes and autoimmune diseases. Our drugs with high quality and excellent treatment advantages can meet patients' medical needs and realize the innovation of treatment scheme.

In 2021, Hansoh Pharma Biological Drug R&D Center was formally put into use. At present, with three cores, namely Changzhou Hansoh R&D Center, Shanghai Biological Drug R&D Center and Lianyungang Jiangsu Hansoh R&D Center, we cooperate with American R&D laboratory and continue to deepen the research, development and innovation of biological drugs by coordination with a view to continuously improving the R&D system ranging from pharmaceutical research, preclinical research, clinical research, registration to application. During the Reporting Period, the Company continued to make efforts in research, development and innovation. Our professional R&D and technical innovation team had approximately 1,650 members and our investment in R&D totaled RMB1.797 billion, representing an increase of 43.5% compared with that in 2020, and the proportion of R&D investment to sales amount was 18.1%.

Hansoh Pharma recognizes that antibiotic resistance is one of the global public health risks. It actively deploys R&D in antibiotic resistance field and coordinates with stakeholders to carry out R&D activities to jointly solve the antibiotic resistance problems.

We attach importance to the safety and transparency of drug information. For products under development and post-marketing, we strictly follow the *Drug Administration Law of the People's Republic of China* (中華人民共和國藥品管理法) and pharmacovigilance related regulatory requirements and provide safety information such as serious adverse drug events to the relevant departments of the Company according to the relevant system of the Company. Besides, we report the drug safety information to the drug regulatory authority or the ethics department of the designated research center in accordance with relevant clinical drug supervisory regulations, and timely inform patients on the drug instructions.

We protect the rights and safety of subjects in clinical trials. We choose the research center with GCP qualification and sufficient research experience, and reasonably design the follow-up period to ensure timely evaluation of efficacy and safety.

Furthermore, we actively deploy the world's frontier technology platform from a global perspective. The new drug ibrexafungerp introduced from Scynexis, Inc. received approval for phase III clinical trial on vulvovaginal candidiasis in China. Our partnership with Cormorant Asset Management to form Blossom Biosciences (博勝藥業) will further enrich the Hansoh R&D pipeline. We entered into an exclusive license cooperation agreement for the joint development of GalNAc-asiRNA platform in China (including Hong Kong, Macau and Taiwan) with Olix Pharmaceuticals, Inc, an exclusive license cooperation agreement for the joint development of mRNAi GOLD™ platform in China (including Hong Kong, Macau and Taiwan) with Silence Therapeutics plc and an exclusive license agreement on KER-050 development, production and commercialization in Mainland China, Hong Kong and Macau with Keros Therapeutics, Inc. Besides, we cooperate with Leto Laboratories to expand our research in new metabolic disease field. We will fully integrate our internal resources and make use of our external advantages to continuously empowering the research, development and innovation with an "open, shared and collaborative" attitude.

6. Product Responsibility and Quality-first

We continuously focus on the problems and difficulties of the pharmaceutical industry, coordinate the R&D layout, constantly diversify the channels of innovative drug products, and actively promote the transformation of scientific research achievements. During the Reporting Period, Hansoh Pharma's innovative drugs gained momentum. Currently, the Group has 36 ongoing research projects in clinical stage, including more than 25 clinical projects on innovative drugs that have entered the clinical stage. During the Reporting Period, a total of 11 new products of the Group received approval for marketing. These included two innovative drugs (with new indications), namely the category 1 innovative drugs Hengmu and AMEILE for the first-line treatment of new indication. The Group submitted 8 new applications for marketing. These included two innovative drugs, namely the category 1 innovative drug Pegmolesatide (formerly known as PEG Sihematide) and AMEILE for the first-line treatment of new indication, which has been approved during the Reporting Period. The Group also newly filed and obtained 15 clinical approvals, including 14 clinical approvals related to innovative drug programs. Furthermore, we made many breakthroughs in external cooperation, successfully promoted more than ten cooperation projects, such as the oversea cooperation relating to AMEILE, through technical introduction and R&D cooperation, and continuously explored the new path for innovative R&D.

As of the end of the Reporting Period, all of the five major innovative drugs of Hansoh Pharma were included in the NRDL, which greatly enhanced the accessibility and affordability of innovative drugs in China.

Approval of AMEILE® (aumolertinib mesylate tablets) for first-line indication treatment starts a new era of first-line treatment with the third generation original EGFR-TKI in China

Phase III clinical research results of Hansoh Pharma's AMEILE® (aumolertinib mesylate tablets) for first-line treatment of NSCLC were disclosed at ASCO annual meeting in 2021. Its mPFS is 19.3 months which is the longest mPFS among similar researches. The research results of AMEILE® (almonertinib mesilate tablets) for second-line treatment of NSCLC disclosed at ESMO annual meeting in 2021 show that its medium OS is up to 30.2 months which is the longest OS of second-line treatment of advanced NSCLC with EGFR-TKI in the world. It shows Hansoh Pharma's innovation strength.

Approval of AMEILE® (aumolertinib mesylate tablets) for first-line indication treatment starts a new era of first-line treatment with the third generation original EGFR-TKI in China. We are accelerating overseas registration of AMEILE® (almonertinib mesilate tablets) and are promoting the sharing of pharmaceutical innovation achievements with mankind.

6. Product Responsibility and Quality-first

Hengmu® (Tenofovir amibufenamide tablets) was approved for marketing and was added into NRDL. China's original new drug benefits hepatitis B patients.

The 5th innovative drug of Hansoh Pharma, namely Hengmu® (tenofovir amibufenamide tablets), was approved for marketing. It is China's first domestic self-researched oral Hepatitis B virus (HBV) innovative drug and is a new choice for treatment with low dosage, high efficiency and high safety in clinical treatment.

Besides, Hengmu® (tenofovir amibufenamide tablets) has been included in NRDL since the year of marketing, making it the soonest drug of the Group to enter the NRDL once after obtaining the marketing approval.

The R&D strength and innovative achievements of Hansoh Pharma have been widely recognized and affirmed. During the Reporting Period, Hansoh Pharma won the title of the excellent enterprise of the first session of "Jiangsu Science and Technology Innovation and Development Award" (江蘇省科技創新發展獎優秀企業). AMEILE® (aumolertinib mesylate tablets) was rated as "the 13th Healthy China Forum • New Drug with Annual Breakthrough (第十三屆健康中國論壇•年度突破新藥) and was honored as Good New Drugs with High Clinical Value (臨床價值高的新藥好藥) by NMPA. Hengmu® (tenofovir amibufenamide tablets) won the Benchmarking Award of "Innovation List of Biomedical Industry Chain in China 2021" (2021中國生物醫藥產業鏈創新風雲榜標桿獎).

6.1.2 Protection of Intellectual Property Rights

The protection of intellectual property rights is the lifeline of drug R&D. Hansoh Pharma continuously improves its protection system and management mechanism of intellectual property rights. In accordance with *Patent Law of the People's Republic of China* (中華人民共和國專利法), *Trademark Law of the People's Republic of China* (中華人民共和國商標法) and other laws and regulations related to intellectual property rights at home and abroad as well as *GB/T29490-2013 Management Standard of Intellectual Property Right System* (知識產權體系管理標準), we establish the management system of the Group for intellectual property rights which defines the management requirements for patents, trademarks, copyrights, domain names and trade secrets. In addition, we organize a professional management team with almost 40 members for organizing and coordinating the management of intellectual property rights inside and outside the Company.

6. Product Responsibility and Quality-first

In 2021, we revised our management system for intellectual property rights, including *Patent Manual of Innovative Drugs* (創新藥專利工作手冊), *Operating Procedures for Patent Mining and High-value Patent Cultivation* (專利挖掘與高價值專利培育操作規程), *Operating Procedures for Confirmation of Project Patent Strategy* (項目專利策略確認操作規程) and *Operating Procedures for Tracking and Early Warning of Legal Status of Project Patents* (項目專利法律狀態跟蹤與預警操作規程). We improved and supplemented the protection strategy for core patents in R&D process of innovative drugs, specified rules and measures of risk control in innovative R&D, basic requirements and key steps of core products in obtaining the patent authorization as well as the coordination mode between R&D department and patent department. Furthermore, we gave the notices for patent protection for different technical themes in R&D to improve our patent management level, and maximized the patent protection period of innovative drugs to further protect the intellectual property rights and promote the value transformation of intellectual property rights. As of the end of the Reporting Period, Hansoh Pharma won 2 State Science and Technology Awards (國家科技進步獎), 1 China Patent Gold Award and 1 China Patent Silver Award, and 6 China Patent Excellence Awards (中國專利優秀獎). We undertook almost 40 major science and technology projects of "Major New Drug Innovation", and were selected as a National Intellectual Property Demonstration Enterprise (國家知識產權示範企業).

Besides, we actively offer training on intellectual property, and improve employees' awareness and protection of intellectual property rights in activities with the theme of "World Intellectual Property Day". We attach importance to the prevention of intellectual property risks and increase the review of intellectual property risks in project cooperation, equipment procurement and other activities to prevent improper infringement. During the Reporting Period, Hansoh Pharma has obtained 77 domestic patent authorizations (including 9 authorizations from Hong Kong, Macau and Taiwan), 11 foreign patent authorizations and 92 new registered trademarks, without any disputes or litigation cases related to intellectual property rights.

Internal training on intellectual property rights

Hansoh Pharma offered the training on patent layout strategy and operation practice for domestic biological drug R&D centers, the training on patent protection and working strategy of innovative drugs for American R&D centers, the training on intellectual property work practice of biological drugs for employees at the patent posts and the intensive training courses on patent work practice for new employees at the patent posts, with a pass rate of 100%.

6. Product Responsibility and Quality-first

6.2 QUALITY ASSURANCE

6.2.1 Quality Management System

6.2.1.1 Quality Control in the Full Life Cycle

We actively improve our quality management system, strengthen our quality management in the whole process of production and operation, always abide by the quality requirements, and ensure the quality, safety and stability of drugs with steady and lean operation with the view to bringing benefits to patients. Hansoh Pharma comprehensively strengthen and upgrade our quality standard according to new edition of *Chinese Pharmacopoeia* (中國藥典), continuously improve world class production quality management system in line with *Drug Administration Law of the People's Republic of China* (中華人民共和國藥品管理法), *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China* (中華人民共和國藥品管理法實施條例), *Measures for the Administration of Drug Registration* (藥品註冊管理辦法), *Measures for the Supervision and Administration of Drug Production* (藥品生產監督管理辦法), *Specifications for the Administration of Drug Production Quality* (藥品生產質量管理規範), *Guide for Quality Agreement of Entrusted Production of Drugs (2020 Edition)* (藥品委託生產質量協議指南(2020 年版)), the federal regulation of the United States FDA 21 CFR Part 211 and other Chinese, American, Japanese and EU cGMP requirements, establish the management systems and standard operating procedures with full coverage of production, quality, storage, utilities, equipment, safety and environmental protection to specify the key areas of quality control and control responsibilities of drugs ranging from R&D to production and from clinical research to marketing. From the perspective of systematic management, we implement our quality management details in the full product life cycle.

6. Product Responsibility and Quality-first

No.	Stage of lifecycle	Major areas of management and control	Responsible department
1	Product R&D	Carry out clinical trials to detect the quality effect and adverse reactions of drugs	Medical Center
2	Raw material inspection	The material suppliers shall be evaluated and audited by the quality department Implement the inventory management. Raw materials can only be used in production after being inspected by the quality department	The quality management department of each production site
3	Production process	Formulate the process procedures according to the national standard of production process The production and inspection personnel shall be strictly trained The production and inspection personnel shall carry out production and inspection according to the specified process procedures and SOP The raw and auxiliary material suppliers shall be strictly evaluated and audited, and the raw and auxiliary materials shall be strictly inspected before putting into use Those nonconforming intermediates are strictly prohibited from entering the next procedure The process changes need to be evaluated and revalidated	The quality management department of each production site
4	Product release	The products shall be inspected and approved by the authorized quality person before leaving the factory Control the nonconforming products and establish the standard operation procedures	The quality management department of each production site
5	Product transport	Entrust qualified carriers for transportation and audit regularly Monitor and record the whole transport process	Third-party delivery companies
6	Sales on the market	Set up the pharmacovigilance center Formulate the complaint and recall system Establish the customer complaint center Handle and respond to all kinds of complaints in time	Medical Center Marketing department Quality center

Closed-loop quality control system for the full product life cycle

Guided by "All staff, whole process and continuous improvement" quality policy of Hansoh Pharma, we actively developed the quality system certification. Hansoh Pharma has obtained GMP[12], EU-GMP[13], FDA, and PMDA certification. During the Reporting Period, the scope of ISO 9001 Quality Management System certification covered all production and operation sites of the Group.

12 GMP is a set of mandatory standards applicable to pharmaceutical, food and other industries. It requires enterprises to meet the hygienic quality requirements in terms of raw materials, personnel, facilities and equipment, production process, packaging and transportation, quality control and other aspects in accordance with relevant national laws and regulations, which forms a set of Good Manufacturing Practice (GMP).

13 EU-FMP is EU quality control standard and operation specifications.

6. Product Responsibility and Quality-first

6.2.2 Quality Management Measures

6.2.2.1 Improvement of Quality Awareness

In Hansoh Pharma, the cultivation of quality awareness and the popularization of quality control knowledge are compulsory courses for all employees. We establish a large library for quality course resources. We continuously offer the training at many levels every year, such as new employee training, periodic training, department training, special post training and external training, and coordinate the ongoing quality tracking training in many forms, such as on-site training, recorded courses, communication and exchange and course materials. Combining the theory with practice, we help employees to strengthen their understanding of our strict requirements for product quality, and timely interpret the new rules for quality with a view to cultivating the correct quality concept of employees and improving their awareness of quality. During the Reporting Period, we offered 2,848 training programs to 66,892 participants cumulatively on quality (including GMP training), involving drug production quality management specifications, R&D quality assurance, drug quality testing methods, quality management documents and R&D process optimization.

Special training on annual quality review and statistical analysis application of Hansoh School of Management

In order to improve the efficiency and compliance of the annual quality review, interpret more effective information through the annual quality review and continuously improve the level of production quality management, Hansoh School of Management offered training on annual quality review and statistical analysis application in September 2021. 75 core business and management staff from production and R&D department received the training. Trainers and employees deeply exchanged and discussed one-on-one to answer questions. After the training trainees recognize the significance of statistical concept for daily change management, deviation analysis, risk assessment and annual quality review.

This training deepened employees' recognition and understanding of statistical analysis and annual quality review. Employees have expressed that they will apply knowledge and methods such as conditional probability and chi-squared test to daily production quality management with a view to continuously improving their ability to analyze and solve problems and improving the quality management system of the Company.

"Quality Month" Quality Management Enhancement Activity of Changzhou Hansoh

In addition to daily improvement of quality awareness of employees, Changzhou Hansoh strengthens theoretical knowledge and practical operation of employees for quality control through the "Quality Month" activity. In 2021, Changzhou Hansoh carried out special quality training activities for employees, including quality management related laws and regulations, company quality management requirements, GMP, biological drug production knowledge and other topics. Changzhou Hansoh held the competition for quality management knowledge and work skill of employees to combine the theory and practice. Changzhou Hansoh publicizes and implements its quality policy and quality objective to continuously improve the working quality of employees and promote the realization of its annual quality objectives.

6. Product Responsibility and Quality-first

6.2.2.2 ***Quality Objective Management***

With lean management in mind, Hansoh Pharma has set up quality control targets for 2021 by combining the Group's quality strategy with clear quantitative assessment indicators to guide the Company's quality management practices. During the Reporting Period, all of Hansoh Pharma's quality control objectives were achieved.

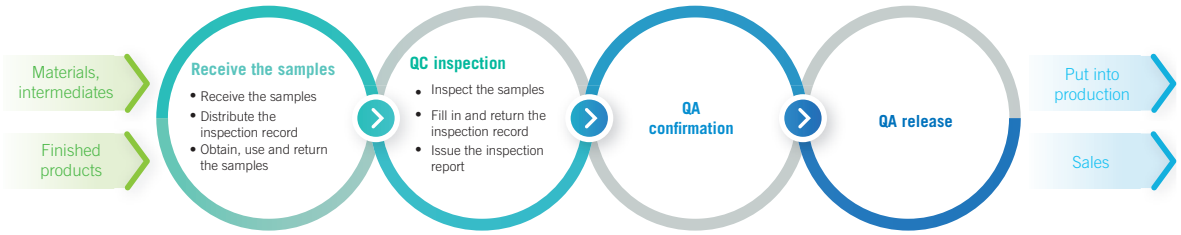
Jiangsu Hansoh quality control objective for 2021

Evaluation indicator	Target value
Number of major production quality accidents	0
Pass rate of products in market supervision spot inspection	100%
Pass rate of GMP certification or customer audit	100%
Timely handling rate of nonconforming products	100%
Effective completion rate of annual training plan	≥99%
First pass yield of inspection	≥99%
Intact rate of inspection instruments and equipment	≥99%
Quality analysis meeting	At least once every 2 months

6.2.2.3 ***Quality Inspection and Risk Monitoring***

We strictly comply with the requirements of GMP and ISO 9001 Quality Management System. We establish a strict procedure for production system ranging from quality inspection of materials, intermediates and finished products to release for use. For quality inspection and management, we standardize the sampling procedures, quality standards and inspection operations in aspects of man, machine, material, method and environment to ensure the accuracy and reliability of the inspection results. We establish the *Handling Procedures for Nonconforming Products* (不合格品處理規程) to specify the management principle of "do not use the nonconforming materials and intermediates and do not release the nonconforming finished products", with a view to ensuring the medication safety of consumers.

6. Product Responsibility and Quality-first



Quality inspection procedures for materials, intermediates and finished products

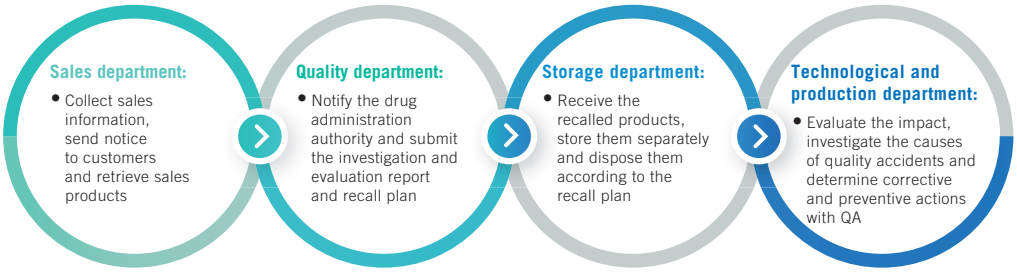
In accordance with *Specifications for Quality Management of Pharmacovigilance* (藥物警戒質量管理規範), *Measures for Management of Reporting and Monitoring of Adverse Drug Reaction* (藥品不良反應報告和監測管理辦法) and other laws and regulations, we establish the pharmacovigilance management system. Under the management and supervision of risks of drug safety information in the full life cycle, we comprehensively get hold of drug safety data, continuously monitor the adverse reactions of drugs before and after marketing, timely identify the drug risks and feed the safety information back to relevant departments and patients with a view to taking proper measures with internal and external resources before the adverse impact on patients' safety, vigorously ensuring their medication safety and minimize their medication risks.

Hansoh Pharma regularly offers training on pharmacovigilance for employees and stakeholders. The Company requires all employees to report the adverse product events to the Company within 24 hours after they become aware of the events. During the Reporting Period, it offers 43 training programs on pharmacovigilance for relevant departments and suppliers. 4,200 persons received training.

6. Product Responsibility and Quality-first

6.2.2.4 ***Product Recall and Simulation Drill***

Pursuant to the provisions of the *Administrative Measures for Drug Recalls (Decree No. 29 of the SFDA)* ((藥品召回管理辦法(局令第 29 號)) issued by the State Food and Drug Administration (SFDA), China GMP, EU-GMP and US federal regulation 21 CFR and other regulations, Hansoh Pharma has established the *Drug Recall Management Procedures* (藥品召回管理程序) with reference to the internal quality control standard. The *Drug Recall Management Procedures* (藥品召回管理程序), as a key integral part of the Company's quality management system, specifies emergency disposal and response procedures for drug recall in details and standardizes the standard operating procedures for recalling the products on the market. Besides, we have organized a group for drug recall handling and set up the 24-hour hotline for drug recalls. We offer training for employees in drug recall posts strictly to ensure rapid warning and efficient response in emergency.



Product recall procedure

To validate and ensure the effectiveness of *Drug Recall Management Procedures* (藥品召回管理程序), we regularly conduct the mock recalls and evaluate the fluency of the recall process and the stability of the recall mechanism. Once a recall event occurs, the flow direction on the market and product information can be traced and tracked timely and effectively, and drugs with potential safety hazards can be quickly and effectively recalled from the market, so as to avoid or minimize drug quality accident and reduce the harm to human health and life safety by drugs with potential safety hazards. During the Reporting Period, the Company's quality control was stable and effective and had no active recall or ordered recall event.

6. Product Responsibility and Quality-first

Mock recall of Hengdan® (cefdinir capsule) in 2021

In November 2021, Jiangsu Hansoh's quality management department coordinated with core quality control departments, such as manufacturing center, storage department, logistics department, business management department and conducted a mock recall of Hengdan® (cefdinir capsule) produced by Jiangsu Hansoh in a simulated scene that many patients had a severe adverse reaction after taking it.

On November 22, 2021, the storage department and the logistics department checked the receiving quantity, delivery quantity and inventory quantity of recalled products, and confirmed the delivery quantity and delivery direction on that day. The business management department notified all customers of this batch of products to collect market inventory information. The quality center released the notice of recall on that day. From that day to November 29, 2021, it tracked the recall progress and reported to the drug administration authority; QA issued the summary report on the 8th day of the mock recall, i.e. November 29, 2021.

In this mock recall, the response was timely, different departments completed the recall in time limit and the expected goal of mock recall was realized. The result of mock recall shows that the recall rate is 100%. Therefore, Jiangsu Hansoh recall system is complete in operation and is effective in operation. The mock recall confirms our ability of timely and effective recall of products with potential quality hazards.

6.2.3 Quality Management Performance

While ensuring the product and service quality in an all-around way, we actively facilitate the procedures for customer audit and external institution inspection, and take this opportunity to continuously evaluate and optimize the coordination and effectiveness of quality management mode and continuously improve our quality management level. During the Reporting Period, Jiangsu Hansoh accepted 4 domestic inspections and 3 overseas inspections, including 2 remote inspection for production site and 1 document review; and accepted 5 audits from customer. The inspection range covers quality departments, such as core production workshop, utility system, quality center and safety department. Changzhou Hansoh accepted the unannounced inspection and special inspection of adverse drug reaction monitoring by Changzhou Inspection Branch of Jiangsu Drug Administration on the compliance of the first time commercialized production of workshop HB101 and on the monitoring of adverse drug reactions. During the Reporting Period, the pass rate of certification inspection and customer audit was 100%.

Our quality management achievements are recognized by professional institutions. During the Reporting Period, our 9 achievements were recognized by quality management associations at all levels, including excellent achievements published by the excellent QC group in national pharmaceutical industry, advanced company member of Jiangsu Quality Association, and excellent publication and exchange group for QC group in pharmaceutical industry in Jiangsu Province.

6. Product Responsibility and Quality-first

6.3 PROFESSIONAL SERVICES

6.3.1 Responsible Marketing

Hansoh Pharma persist in holding relevant marketing activities under the premise of legal compliance. Our products are prescription drugs that do not involve product advertising and are not directly provided to patients. Hansoh Pharma provide the professional academic services oriented towards clinical research, and assist medical professionals to be informed of frontier diagnosis and treatment schemes and the latest achievements of clinical research of the Company, enhancing doctors' understanding and knowledge of the product efficacy, and improving the diagnosis and treatment technology and medication level of medical institutions. We conduct marketing activities in various forms in strict compliance with the applicable legal requirements and industry standards in the place where the Company and its subsidiaries are located, including the laws and regulations of main operation sites such as *Civil Code of the People's Republic of China* (中華人民共和國民法典), *Law of the People's Republic of China on Protection of Consumer Rights and Interests* (中華人民共和國消費者權益保護法), *Anti-Unfair Competition Law of the People's Republic of China* (中華人民共和國反不正當競爭法) and *Advertising law of the People's Republic of China* (中華人民共和國廣告法) etc., *Federal Trade Commission Act,* (聯邦貿易委員會法), *Honest Ads Act* (誠實廣告法案) of the United States, EU *General Data Protection Regulation* (通用數據保護條例) and other internationally accepted business codes. Besides, we regularly offer the training on responsible marketing and product knowledge for employees with a view to continuously improving marketing compliance level and professional service ability of employees.

We established a marketing compliance management system with *Responsible Marketing Policy* (負責任營銷政策) and *Code of Business Conduct and Ethics* (商業行為和道德準則) as core. *Responsible Marketing Policy* (負責任營銷政策) indicates our marketing management principle of "honest, real, scientific, accurate" for supporting our systematic internal control audit system for responsible marketing. We regularly review the contents, methods, approaches and materials of marketing to ensure marketing compliance.

Training on responsible marketing of Hengmu® (tenofovir amibufenamide tablets) medical market product group

In 2021, Hengmu® (tenofovir amibufenamide tablets) medical market product group held almost 20 offline and online trainings on responsible marketing for product sales representatives and regional front-line academic managers. The training content include principle and method of responsible marketing, knowledge about CHB disease, knowledge about Hengmu® (tenofovir amibufenamide tablets) product, TMF pharmacological advantages, adverse drug reactions and treatment. This training fully helps our marketing team to steadily improve responsible marketing ability and professional academic ability, promote Hengmu® (tenofovir amibufenamide tablets) to meet the unmet needs in clinical medicine, and let patients get rid of disease.

6. Product Responsibility and Quality-first

6.3.2 Service Improvement

Hansoh Pharma practically focuses on the customer demand to improve its service level in real time, continuously improve the construction of service system and comprehensively improve service quality and response efficiency.

6.3.2.1 Disease Prevention Training and Exchange

We have provided a series of health education services, continuously popularizing drug knowledge and medical knowledge. We have invited well-known experts to popularize the knowledge of disease prevention, rational medication and safe medication and improve the public's health quality and life quality through regular knowledge lectures, special education and training that are supplemented by lively and effective health education content.

Diversified health education in the antiviral treatment series

- Lively patient education video, including four major parts, i.e. disease knowledge popularization, prevention, standardized treatment and self-management;
- Detailed patient education training materials, including knowledge, prevention and treatment of hepatitis B;
- Humorous and interesting informative pictures with both illustrations and texts;
- Concise and precise disease science popularization and patient education leaflet.

6. Product Responsibility and Quality-first

6.3.2.2 ***Customer Privacy Protection***

We provide products to various medical institutions through business companies, instead of direct selling to patients, so the privacy of end consumers is not involved. Pursuant to information security laws and regulations and ISO 27001 Information Security Management System, we conduct information security risk assessment, confidential cooperation agreement management and information security training for our commercial partners to ensure the information security and prevent the customer privacy from being infringed. The executive management is responsible for the information security management system and for formulating the Group's information security strategy and the information security supervision.

At the management level, we strictly follow the requirements of the *Information Security System Manual*, offer training on basic knowledge for all new and existing employees, involving business confidentiality, compliance obligations and legal liabilities, to improve customer privacy awareness, and link information security protection to employees' performance. Once employees are aware of potential information security problems, they can immediately report to relevant departments and timely take mitigation measures. Meanwhile, we define obligations of all parties in terms of data or data protection in the commercial cooperation agreement to prevent improper infringement.

During the Reporting Period, Hansoh Pharma offered the online and offline trainings for employees on privacy protection and information security, covering approximately 1,200 employees. The Company continuously publicizes the basic knowledge about privacy protection and information security for all employees through multimedia, such as publicity panels and shuttle bus videos, with a view to continuously improving employees' awareness of customer privacy and information security protection.

At the technical level, Hansoh Pharma strictly evaluates the use of privacy data, acquires customer data by giving a prior notice to customer and/or obtaining customer permission and collects data through encrypted saving method. Furthermore, we enhance the information outgoing management to prevent unauthorized access or disclosure of information, and comprehensively protect the privacy and security of customers by means of information system authority control, network access restriction, outgoing file audit, internet behavior control, keyword recognition technology, USB flash disk control, terminal verification, screen watermark and file encryption.

Jiangsu Hansoh passed the information security management system certification in 2021

6. Product Responsibility and Quality-first

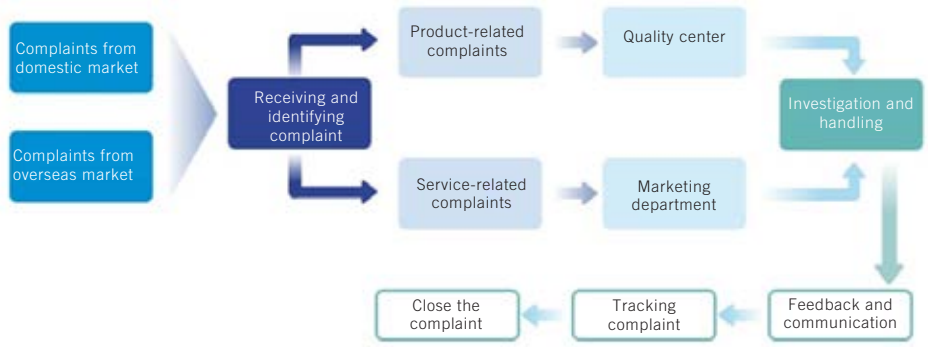
6.3.2.3 *Customer Complaint Response and Satisfaction Management*

We establish an accurate and smooth customers' complaint processing channel and specification and an efficient complaint processing and feedback mechanism and listen carefully to customers' opinions and suggestions to ensure that the reasonable demands of customers are met in time, avoiding harm to customers' interests due to product and service quality. We classify the complaint sources, identify the complaint content, accurately handle customer complaints, and build an closed-loop procedure of customer complaint handling based on our business practice.

Customer complaint channel

Tel.: (86)4008285227

Customer complaint response procedure



During the Reporting Period, we received 13 complaints, including 1 complaint caused by product quality and 12 complaints caused by other reasons. The Company has properly handled all customer feedbacks and complaints in time, with the timely handling rate of 100%.

We attach importance to the establishment and maintenance of customer relations, regularly visit customers, and establish a satisfaction measurement system for the whole process ranging from demand analysis, satisfaction survey to service improvement. During the Reporting Period, our customer satisfaction rate reached 92%.

07

Green Supply and Win-win Cooperation

We continue to deepen and strengthen our supply chain management, integrating social responsibility concepts such as environmental and ecological protection and employee rights and interests throughout the entire process from product design to raw material procurement, production, transportation, storage, sales, use and disposal. While focusing on green development in all aspects of our own production and operation, we establish fair and transparent responsible procurement relationships with our suppliers, and through synergy and cooperation, strengthen the sense of win-win cooperation between supply and demand, establish long-term strategic partnerships, and jointly build a green and sustainable supply chain.

7. Green Supply and Win-win Cooperation

7.1 GREEN SUPPLY CHAIN

Hansoh Pharma establishes a green supply chain management system, which specifies the requirements for suppliers in social responsibility, safety and environmental protection with the view to promoting the stable development of green sustainable supply chain.

We encourage suppliers to promote green manufacturing and accelerate the construction of green manufacturing system, and support suppliers to develop green products, promote ecological design, build green factories and carry out green evaluation. We are committed to helping suppliers establish a procurement, production, marketing, recycling and logistics system oriented towards resource conservation and environmental protection and driving the upstream and downstream suppliers to jointly improving the resource utilization efficiency, realizing high resource utilization efficiency and minimum environmental impact. We strengthen the coordination and cooperation between upstream and downstream suppliers in the supply chain, and determine a sustainable green supply chain management strategy.

Contract

- Comply with the legal provisions related to intellectual property rights, and prevent the infringement by products and services provided
- The product production and other activities meet requirements for green manufacturing, green supply, green environmental protection, green energy, safety and ecological development, are in line with the sustainable green ecological development and operation mode, and promote energy saving, emission reduction and environmental protection, avoid using the harmful substances, and advocate the use of clean, environment-friendly and renewable resources
- Fulfill its social responsibilities, improve occupational health and safety, pay attention to personnel development and training, prevent pollution to realize sustainable resource utilization, solve complaints and disputes, protect consumer information and privacy, carry out fair competition and marketing, strengthen anti-corruption, respect property rights, etc.

Document

- Comprehensively evaluate the basic qualifications, management systems, pass rate for quality test and complaint rate, payment and price, timeliness of supply, green industry management, energy management, social responsibilities, safety and environmental protection, and after-sales service of suppliers

Green supply chain management system

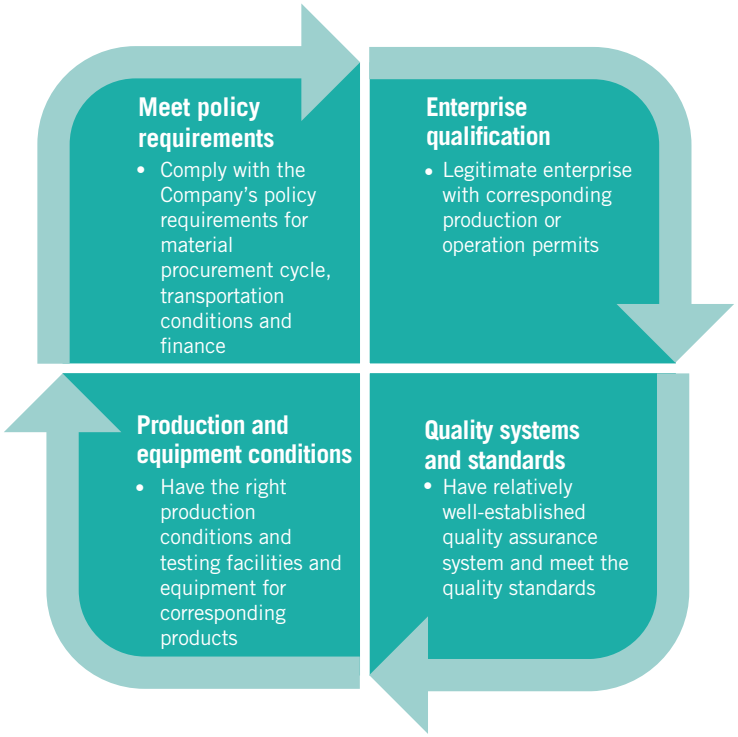
Cooperation with suppliers for jointly building the green supply chain

During the Reporting Period, Hansoh Pharma promoted the electronic signature and seal with "E-signature and E-seal" system developed with esign, realizing the quick electronic cooperation and sharing the concept of "paperless office" and "green, environmental protection, energy conservation and emission reduction" with suppliers and consumers, with the view to promoting the construction of green supply chain in upstream and downstream. The project formally started the trial operation since December 2021 and will be formally launched after the trial operation ended in March 2022.

7. Green Supply and Win-win Cooperation

7.2 SUPPLIER ADMISSION

For supplier admission and screening, Hansoh Pharma, persisting in the principle of "legal compliance, high-quality, fixed-point, proximity, economic, timely, green, environmentally friendly", establishes and improves *Supplier Confirmation and Management Procedures* (供貨商確認與管理規程), *Supplier Management Manual* (供貨商管理手冊) and other internal management systems. The Company checks and confirms supplier management system, supply capacity, price, quality and other indicators by means of data check and on-site audit to form an increasingly mature supplier qualification evaluation system.



Supplier qualification evaluation system

In the supplier admission process, we incorporate ESG management requirements, inspect and evaluate the supplier's performance in sustainable development, including compliance management, environmental protection, employee health and safety, code of ethics and supervision, so as to strictly control supplier social responsibility risks.

As of the end of the Reporting Period, the Group had a wide variety of 5,073 suppliers, including 967 key material suppliers. 100% of suppliers underwent the qualification evaluation and audit. The numbers of suppliers by region were: 4,974 in Mainland China, 5 in Hong Kong, Macau and Taiwan, 94 in overseas regions.

7. Green Supply and Win-win Cooperation

7.3 SUPPLIER MANAGEMENT AND EVALUATION

Hansoh Pharma comprehensively controls the development, evaluation, approval and withdrawal of suppliers for raw materials, auxiliary materials, packaging materials and consumables in terms of quality management, environmental management, social responsibility, occupational health and safety management, and green management.

Quality management

- Establish and maintain our quality management systems according to ISO 9001 systems or other recognized third-party certification systems, and be committed to achieving zero-defect quality assurance

Environmental management

- Implement the industrial environmental requirement management, ensure that all operation and production processes meet the requirements of relevant standards, laws and regulations, implement the basic environmental factor management and continuously improve the environmental performance

Social responsibilities

- Ensure that all its operation and production processes comply with relevant standards, laws and regulations. The management should ensure the social responsibility system is in place. Support and respect the internationally recognized human rights, respect the rights to establish and join trade unions, ensure the fair opportunities, prohibit the employment or support of using child labor, and prohibit the forced labor, punishment or discrimination against employees

Occupational health and safety management

- Ensure to provide a safe and healthy working environment, and implement the health and safety policies, and ensure that all operation and production processes meet the requirements of relevant standards, laws and regulations

Green management

- The suppliers shall adopt the green manufacturing vision, implement the green factory, green supply chain, green energy and green service, save energy, protect environment and obtain relevant green certificates

Ecological development

- Draft the enterprise ecological strategies, reduce energy and emission, use clean and renewable energy, protect biodiversity and ecosystem, and make a commitment to prohibit deforestation

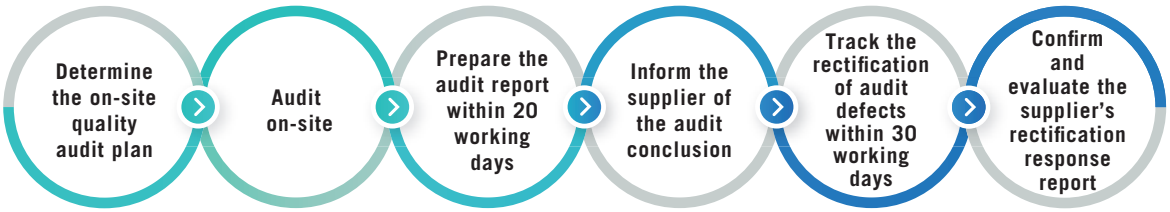
Management system

- Establish a sound management organization structure with clear management responsibilities and strong execution capability

Supplier ESG management dimensions and standards

To better identify and control ESG risks in the supply chain, Hansoh Pharma regularly audits and evaluates direct suppliers, indirect suppliers and raw material suppliers. By means of field audit, written audit and the third-party audit, we audit all key suppliers every three years, mainly involving institutions, personnel, factory, equipment, material management, production process and production management, quality control equipment, working environment and labor standard. Suppliers that pass the audit can be listed as qualified suppliers. During the Reporting Period, the Company audited 155 suppliers.

7. Green Supply and Win-win Cooperation



Field quality audit procedure

In July 2021, the Company conducted a field audit on Shandong Wego Prefills Pharmaceutical Packaging Co., Ltd. on its management systems, including the quality management, production management, document management, and EHS management. It also provided guidance for the management systems to promote the continuous improvement

We formulate the *Annual Supplier Evaluation Form* (供貨商年度評價表), and review the performance of qualified suppliers in last year jointly with other departments through contract performance process evaluation, project summary evaluation and annual routine evaluation, etc. We evaluate the suppliers' qualification and keep the stability of supply chain based on multi-dimensional evaluation results.

Confirmation of supplier qualification and agreement validity	Quality and inspection	Criteria for Storage and transport evaluation
• Whether the supplier changes its enterprise qualification, production process, quality standards, etc. • Whether the supplier qualification and agreement are valid	• Supplier inspection results • Effectiveness and timeliness of feedback and rectification of quality problems • Whether the inspection report is attached to each batch and whether it is accurate and reliable • Quality stability • Audit and rectification measures	• Delivery term • Price factor • Payment term • Transport conditions • Material quality

Annual evaluation and criteria of product quality inspection of suppliers

7. Green Supply and Win-win Cooperation

7.4 SUPPLIER EXCHANGE AND TRAINING

Hansoh Pharma highlights the communication with suppliers. It communicates with suppliers on product details, product quality and other aspects through daily exchange and annual interview. During supplier audit, we timely and effectively feed the quality issues back to suppliers and issue the quality rectification notice that indicates comprehensive and detailed improvement measures and recommendations for the rectification. Besides, we also attach great importance to the feedback from suppliers. We strictly review and evaluate the rectification measures of the suppliers with the view to promoting the common progress with supplier.

Furthermore, we actively organize and conduct diversified supplier training and exchange activities annually, covering product quality, product technology, tips for instrument use and handling of related problems. In addition, we regularly exchange opinions and communicate with suppliers on social responsibility management, green manufacturing and green services, energy management, energy conservation and environmental protection, ecological protection and other sustainable development issues for the purpose of jointly improving resilience and sustainability of supply chain. In 2021, Hansoh Pharma carried out more than 1,000 exchange and training activities in various forms with nearly 500 key suppliers.

Supplier communication and training case

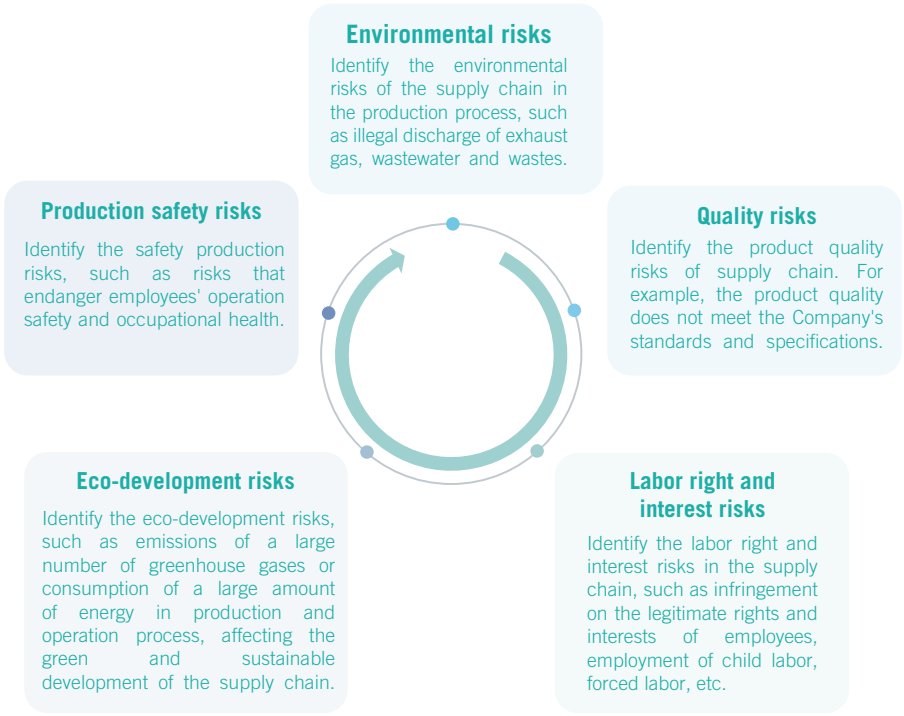
In 2021, Jiangsu Hansoh found that a batch of small boxes supplied by supplier of Oulanning® olanzapine tablets was wear at the batch No. printing position. Thus, Jiangsu Hansoh conducted the remote technical exchange with this supplier to identify the reason by investigating process, personnel, equipment, material and documents. There are two main reasons. Firstly, due to the fluctuation of the coating amount on the surface of the small box during the start-up of the printing machine, the product with unstable coating was mixed into the normal new product. Secondly, during long-distance transportation, there was the friction between the packaged small box and the backing paper with rough surface, resulting in slight discoloration.

For above two reasons, Jiangsu Hansoh helped the supplier to take the rectification measures. Firstly, Jiangsu Hansoh required the supplier to operate in strict accordance with SOP and to weed out the products in shutdown zone. Secondly, Jiangsu Hansoh required to increase the water and oil coating on the surface, change the anilox of the printing machine from 100 lines to 60 lines, and modify the product file according to this requirement. After process adjustment, we tracked the quality of small boxes. The quality meets the requirements and there is no abnormality observed.

7. Green Supply and Win-win Cooperation

7.5 SUPPLY CHAIN RISK CONTROL

A stable and sustainable supply chain is inseparable from a strict risk control mechanism. Hansoh Pharma identifies, determines and monitors the possible ESG related risks in the supply chain every year, and takes effective measures to keep the risk level within a controllable range. During the Reporting Period, we identified five ESG related risks, including environmental risks and quality risks.



Supply chain risk identification

Taking the impact of materials on product quality as the main dimension, we divide suppliers into three categories: A, B and C. For category A suppliers of key materials, we conduct overall investigation, including field audit, entry inspection of every batch of materials, annual supplier evaluation, involving entry quality, timeliness of supply, rectification feedback and annual change. Furthermore, we develop and cultivate at least 2 alternative suppliers for bulk materials and materials with insufficient market competition to avoid interruption of supply for the purpose of ensuring and improving stability and resilience of supply chain. During the Reporting Period, our supply chain continued to be stable and resilient, with no ESG liability risks identified with respect to key material suppliers.

We merge the concept of environmental and social risk control into overall supply chain management. For the identified ESG risks, we collect and evaluate ESG information of suppliers to understand the philosophy, behavior and performance of key material suppliers in environmental and social responsibilities. In addition, we encourage suppliers to enhance their awareness of social responsibilities, change their behaviors, jointly promote the sustainable development of the whole society and create a more sustainable supply chain.

08

People-Oriented, Mutual Creativity and Mutual Sharing

Pursuing the development concept of “Mutual growth, mutual creativity, mutual duty, mutual sharing”, Hansoh Pharma always adheres to the people-oriented philosophy. We attach great importance to the diversified development of talents, and create an equal and inclusive working environment for employees. We respect and protect the legitimate rights and interests of all employees, promote the channels for internal communication and democratic management, continuously improve the occupational health and safety management level and happiness index of employees, and continue to promote the common growth of employees and the Company and create mutual prosperity.

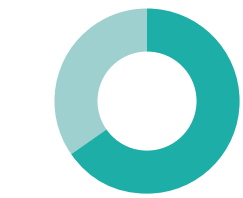
8. People-Oriented, Mutual Creativity and Mutual Sharing

8.1 EQUAL EMPLOYMENT

Talents are the core capital for the sustainable development of an enterprise. Adhering to equal employment and equal pay for equal work, we are committed to creating a fair and just employment environment for employees, prohibit employment discrimination, respect and fairly treat employees of different genders, ages, educational backgrounds, ethnicities, religious beliefs and cultural backgrounds. In strict compliance with the *Labor Law of the People's Republic of China* (中華人民共和國勞動法), the *Labor Contract Law of the People's Republic of China* (中華人民共和國勞動合同法) and other laws and regulations, we have formulated the *Employee Diversity Policy* (員工多元化政策). Based on clear and definite talent selection criteria, adopting professionally adapted appraisal methods, we carry out talent recruitment in an orderly manner, widely introduce diverse outstanding talents, enabling the business to develop steadily. We insist on standardized employment and prohibit the employment of child labor or forced labor. In the process of employee recruitment and induction, we strictly abide by laws and regulations such as the *Law of the People's Republic of China on the Protection of Minors* (中華人民共和國未成年人保護法) and the *Provisions on Prohibition of the Use of Child Labor* (禁止使用童工規定). We strictly review the information of the applicants at each process of employee recruitment to ensure that all employees are of legal working age. We strictly comply with the relevant requirements in our *Employee Handbook*, which prohibits any form of discrimination and harassment. Once violations are identified, we take the zero-tolerance approach and impose behavioral corrections and disciplinary actions on the personnel involved. Meanwhile, we advocate work-life balance of employees, and encourage employees to efficiently and responsibly complete their work during working hours. Overtime is not encouraged, forced labor is not allowed, so as to guarantee a reasonable rest time for employees. Hansoh Pharma regularly conducts inspections on child labor and forced labor. Once any violations of laws and regulations are identified, they will be dealt with timely and severely. During the Reporting Period, there was no employment of child labor or forced labor nor any event of employee discrimination or harassment found in Hansoh Pharma.

As of the end of the Reporting Period, the Group had a total of 12,150 tall-time employees, including 4,509 new employees (2,706 male employee and 1,803 female employees) and the employee turnover rate was approximately 19.3%. The distribution of employees is as follows.

Employees by gender



male: 7,961 female: 4,189

Employees by age

employees aged < 30: 5,750 employees aged 30-50: 6,185
employees aged > 50: 215

Employees by region

mainland China: 12,088 Hong Kong, Macao and Taiwan, China: 3
overseas: 59

8. People-Oriented, Mutual Creativity and Mutual Sharing

8.2 TALENT CULTIVATION AND DEVELOPMENT

8.2.1 Talent Cultivation

We attach great importance to the cultivation of employees' leadership, strategic capability, internal drive, team work and execution, and fully respect the needs of employees. We have formulated and continuously updated the internal systems such as *Training Management System* (培訓管理制度), *Internal Training Management Rules* (內部培訓管理細則), *External Training Management System* (外出培訓管理規定) and *Induction Training Management System* (入職培訓管理制度) to continuously integrate the internal and external learning resources, and continuously improve the development of the Company's three major training domains, namely management, technology and marketing. During the Reporting Period, we iteratively updated and optimized the platform of "Strengthening Hansoh Through Learning (學習強森)", an online learning platform for employees, offered a series of online courses on professionalism with the theme of improving personal effectiveness for all employees, and set up online learning special courses on an orderly and progressive basis for new managers and high-potential employees.

Our management training is aimed at five levels: employee level, potential supervisor level, supervisor level, manager level and senior management level, which is carried out by Hansoh School of Management. The potential supervisor level training mainly includes the training programs for first-level, second-level and third-level potential supervisors; the supervisor level training includes the training programs for newly promoted management personnel; the manager level training includes the newly promoted manager training program and the manager-level special training camp, etc.; the senior management level training includes training programs for newly promoted senior management, aiming to improve the leadership of management personnel at all levels in a targeted manner.

Technical training is carried out for business modules, with the business division as the unit, through training modes such as internal training by external trainers, video learning and out-bound training, the content of which mainly covering areas including product quality and safety, EHS, labor rights and interests, production technology and R&D technology.

Comprehensive Induction Training for New Employees in 2021

In 2021, Jiangsu Hansoh carried out a content-rich and multi-level induction training for new employees. The training program covers check-in, physical examination, visit and closed training, etc. It lasted 7 days and more than 120 employees in total attended. Divided into online learning and offline practice, the training program adhered to the principle of combining classroom lectures and team activities, and covered four main parts of "course learning, team activities, class management and reporting performance".

8. People-Oriented, Mutual Creativity and Mutual Sharing

Course Learning: Make Progress by Learning and Improve Comprehensively

- We have adjusted the courses according to the characteristics of new employees, and optimized course combination. A total of 8 online courses and 20 offline courses have been offered, including company-featured courses such as Corporate Culture and Product Knowledge, professional quality courses such as Business Etiquette and Role Changes, industry-basic courses such as GMP Knowledge and Law on Pharmaceutical Administration, so as to actively guide trainees to improve their comprehensive quality and change their roles. The course assessment was carried out through final examination to test the learning results of the trainees, promote learning by examinations, make progress by learning and improve the trainees comprehensively.

Team Activities: Team Integration and Cooperation for competition

- According to the corporate culture and core values, orienting with the four perspectives of responsibility, integrity, hard work and innovation, with the main goals of improving the six major capabilities such as teamwork, pressure resistance and innovation, we have designed and launched a total of 12 team activities. Through diverse team activities, we inspire and enhance trainees' creativity and team awareness while training their physical strength and endurance.

Class Management: Trainee Self-Management and Score Assessment

- The members of the class committee and director group were elected through job competition, trainee voting and interviews with the meeting affair group, so as to realize the self-management of the trainees and provide a platform for the trainees to express themselves. In addition, their individual and team participation, training assessment, disciplinary performance, team activities and reporting performances were incorporated into the scope of score assessment to motivate their enthusiasm.

Finale Performance: Make Concerted Efforts and Embark On a New Journey

- At the graduation site, the newly recruited employees took a solemn oath of induction. We invited representatives of new and old employees to speak and share on the stage, conveying the corporate culture of Hansoh such as persistent learning, keeping promises and thinking as the strong ones. Afterwards, a reporting performance was held. All the trainees made concerted efforts and presented a wonderful finale performance, which vividly showed the youthful vigor of the new employees.

8. People-Oriented, Mutual Creativity and Mutual Sharing

To stimulate the learning initiative of employees, the Group offers on-the-job postgraduate classes, Executive Master of Business Administration (EMBA) training classes and special training programs for all employees to help them obtain relevant degrees and certificates. We further strengthen exchanges and cooperation with various major universities and provide employees with comprehensive and diverse joint training programs to further improve the talent cultivation system.

Joint Training Program with Universities

Hansoh Pharma and China Pharmaceutical University, Nanjing University of Chinese Medicine, Nanjing University, Shenyang Pharmaceutical University and other colleges and universities jointly set up advanced seminars to continuously cultivate high-quality talents, tap high-potential talents, promote the systematic building of the Company's talent team and facilitate mutual growth of employees and the Company. Since 2016, the Company has successively launched 6 sessions of EMBA training classes, with a total of 317 employees benefited.

In the joint master training program with Shenyang Pharmaceutical University, we jointly undertook the teaching role with the university, negotiated the lecture time, implemented the teaching subjects according to the implementation plan, and issued a certificate of completion to the graduates. After graduation, the trainees may apply for a master's degree in accordance with the degree application requirements of Shenyang Pharmaceutical University.

At present, through joint training, a total of 87 employees have obtained master's degrees from the corresponding partner universities as of the end of the Reporting Period.

As at the end of the Reporting Period, the Group had invested a total of approximately RMB5.51 million in staff training, or an average investment of approximately RMB0.45 thousand per person in training and development. The number of employee training attendance amounted to 306,357, with a training coverage rate of 100% and an average of 26 hours of training for employees.

8.2.2 Talent Promotion

Hansoh Pharma pays attention to the career promotion and development of employees, and provides growth and development space for talents in different sequences and stages in areas such as R&D, marketing, production and support, by establishing a scientific and reasonable mechanism for identifying, selecting and employing personnel, as well as detailed appraisal standards. We continue to improve the employee promotion mechanism and the technology and management interconnection mechanism, creating a clear and accessible career promotion path for employees, and helping employees position their career development direction and continue to improve and grow themselves.

8. People-Oriented, Mutual Creativity and Mutual Sharing

By formulating a systematic talent development strategy, we regularly assess employees' professional ability, working experience and management skills, etc., continue to improve the talent recruitment, talent pool reserve and development of talent pipeline system, provide flexible promotion opportunities for outstanding talents and provide continuous empowerment for corporate development.

Supervisor review	Potential supervisor application	Technical grade verification
• Supervisor review report • Supervisor review assessment	• Potential supervisor promotion • Submission of potential supervisor list	• Group technical promotion • Operator grading system and assessment

8.2.3 Performance and Incentives

We continue to improve the performance appraisal and incentive system, comprehensively and objectively evaluate the comprehensive performance of employees, improve the matching degree of employee quality, capability and performance with job requirements, and maximize the common value of employees and the enterprise. Following the principles of fairness, impartiality and openness, we create a working atmosphere of comparison, learning, catching up and surpassing within Hansoh Pharma by clarifying the performance grade standards and strengthening the publicity of performance benchmarking. At the same time, we link the staff performance appraisal results with their compensation incentives and equity incentives, truly and objectively reflect employees' job performance by performance bonuses, share the Company's development results with employees, and enhance employees' sense of career achievement. During the reporting period, 100% of all employees at Hansoh Pharma underwent regular appraisal on performance and career development.

Through reports from basic units within the organization, centralized competition or cross-assessments, any outstanding team or individual employee identified from their performance in the practices of production, operation and management will be well recognized according to different levels, so as to put emphasis on fostering a pioneering, self-excelling and collaborative working atmosphere. During the Reporting Period, among the Group, a total of 831 teams and individual staff were recognized, becoming the learning models and benchmarks for the rest of the Group.

8.3 PROTECTION OF RIGHTS AND INTERESTS

We actively create a respectful, equal and inclusive working atmosphere by building a more complete talent care mechanism, more accessible internal dialogue channels, more considerate employee care activities, more practical employee assistance or relief measures and more diverse culture and sports activities to provide employees with a more comfortable working and living environment thereby enhancing their sense of belonging and happiness.

8. People-Oriented, Mutual Creativity and Mutual Sharing

8.3.1 Employee Communication

By building a smooth and flexible employee communication system, we give full play to the initiative of employees to offer advice and suggestions. With a diversified two-way communication mechanism, we ensure channels for employee communication, paths for information transmission and responses to feedback of problem, so as to enhance the enthusiasm of employees to participate in management.

We have formulated the *Administrative and Incentive Measures on Rational Suggestions* to further motivate employees to offer suggestions and participate in management of the Company. Through various means such as the internal office automation (OA) platform, letter-box and mailbox for rational suggestions, and convening seminars for employees of different levels and in different forms, employee interviews and performance appraisal interviews, as well as third-party employee engagement and satisfaction Q12 assessment[14] and survey, we fully respect, understand and collect employees' opinions and feedback, and effectively promote the communication channel between employees and the Company. In the meantime, we allow employees to fully participate in the Company's management and mutually grow with the Company through public assessment, public resolutions or public presentations in the important decision-making processes of major issues or projects and staff promotion that are closely related to the interests of employees. During the Reporting Period, our Q12 assessment and survey results showed that employee satisfaction was 83.83%.

[14] Q12 evaluation: represents Gallup Q12 evaluation, which provides insight into employee engagement and participation through 12 key questions.

8. People-Oriented, Mutual Creativity and Mutual Sharing

"Face-to-Face" Communication Activities For Employees

- New employee meeting
- Tea party for employee communication
- Workplace story sharing session
- Corporate culture exchange meeting

We attach great importance to and protect the rights of employees to make complaints and protect their rights and interests. We have established hotline, complaint and suggestion mailbox, CEO mailbox and other employee complaint channels to encourage employees to actively communicate. We promise never to publicize or disclose the identity and personal information of the complainant without his/her consent, and take a series of measures to keep the identity of the complainant strictly confidential and support the legitimate rights and interests of the employees. In principle, our complaint feedback mechanism can complete the feedback process within one week. If special matters are involved, an internal joint investigation team will be organized to investigate and handle according to the Company's relevant management systems and principles, and timely feed back to the complainant.

8. People-Oriented, Mutual Creativity and Mutual Sharing

In addition, we have been actively pushing forward the establishment of the labor union and supporting the labor union in performing its duties in accordance with laws. Jiangsu Hansoh has established a labor union covering all employees. The labor union conducts a collective negotiation with the Company every three years on matters including basic rights and interests of employees, working conditions, remuneration and benefits, production safety and occupational health, and special rights and interests of female workers, and accordingly a collective agreement will also be entered into. During the Reporting Period, Changzhou Hansoh has completed the preparatory work, formally established a labor union covering all employees, and entered into a collective contract, a special wage contract and a special collective contract on labor safety and health on November 15, 2021. During the Reporting Period, the coverage ratio of the collective agreements signed by Hansoh Pharma was approximately 92.8%.

The Establishment of Changzhou Hansoh Labor Union and the First Member Representative Conference

8.3.2 Remuneration and Benefits

Hansoh Pharma provides employees with market-competitive remuneration and benefits. By conducting annual remuneration analysis, remuneration survey, internal and external horizontal, vertical and multi-sequential and multi-dimensional comparative analysis, and participating in remuneration survey project of world-renowned consultancy firms, Hansoh Pharma adequately assesses the remuneration level of the pharmaceutical industry and its growing trend, and adopts this as the basis for the adjustment and optimization of the Company's remuneration policy. Following the principles of specialization, differentiation and standardization, the Company has formulated its market-oriented remuneration policy based on job values and business results. With a view to attracting, incentivizing and retaining high-calibre talents for healthy and stable corporate development, the Company has actively built a remuneration and benefit system that takes into account both external competitiveness and internal fairness, and provided employees with a remuneration system consisting of fixed wages, short-term incentives, medium and long-term incentives and employee benefits.

We implement a multi-level benefit system and strive to improve the quality of life of our employees. In addition to paying contributions to various social insurance funds and housing provident funds on time and in full, and providing statutory vacation and paid vacation benefits in accordance with the relevant laws and regulations of the State and local governments, we also provide commuting, educational, medical and other benefits, so as to effectively improve the sense of well-being of employees.

8. People-Oriented, Mutual Creativity and Mutual Sharing

Benefit system			
Statutory basic benefits	• Social insurance • Housing provident funds • Statutory vacation • Paid vacation • Model worker allowances • Only-child allowances • Occupational health physical examination	Company employee benefits	• Housing benefits: housing subsidies, rental subsidies, talent apartments, etc. • Traveling benefits: self-owned commuter buses pick-up, transportation allowances, travel allowances, etc. • Health benefits: annual physical examination of employees, supplementary commercial insurance of employees, group insurance for children of employees, the employee mutual fund, high temperature subsidies, etc. • Humanistic benefits: welfare points travel, holiday allowances, department team-building fee, birthday care for employees, wedding gifts, induction anniversary commemorative card, retired employees caring, relative-visit allowances for personnel in foreign countries year-round, overseas family leave for special personnel, etc. • Educational benefits: MBA and EMBA training for middle and senior management, overseas training for special personnel, children's scholarship, scholarship for children of employees in need, etc. • Other allowances: free work meal or meal allowances, overtime meal, communication allowances, etc.

8.3.3 Employee Care

Advocating mutual care and mutual assistance among employees, we are committed to creating a warm working environment by carrying out employee care activities. Catering for different groups of employees, we have launched diversified caring measures. We regularly organize tours for new staff each year, establishes social platform for single and young staff and offers wedding gifts to newlywed young employees; for retired employees, seminars are regularly held to brief them on the bright prospects of the corporate development; for employees whose families are in financial difficulties, we have visited and expressed sympathy to them. In addition, we provided poverty-stricken employees and retired employees because of illness with living allowances.

In the face of the ongoing COVID-19 pandemic, we have adopted stringent pandemic prevention and control measures, and provided protection and welfare for employees who stick to their posts. We stabilize our job positions by means of job rotation, work-shifts and remuneration adjustment, and try not to lay off or reduce layoffs as much as possible. We make overall arrangements for business plans, and adopt flexible working models such as planned shifts, staggered attendance and work-from-home to effectively protect the health and safety of employees.

8. People-Oriented, Mutual Creativity and Mutual Sharing

Our Employee Mutual Fund established in 2012 is an important platform for us to carry out employee assistance and relief. We provide assistance and subsidies to employees and their family members to help them overcome family difficulties caused by poverty, disability or other emergencies, so as to relieve employees from hardship and worries. During the Reporting Period, the Employee Mutual Fund has provided financial assistance amounting to RMB1.3 million in total to more than 300 employees.

8.3.4 Diversity and Inclusion

Series of Activities During the International Women's Day Festival

While giving employees equal promotion and job opportunities, we also advocate a diverse and inclusive workplace through the implementation of diversity programs. For female groups in the workplace, in addition to providing basic rights such as maternity leave, breastfeeding leave, maternity allowance and regular gynecological examinations, we also provide fully equipped and independent breastfeeding room for female workers during lactation and special seats on the shuttle bus for pregnant women. Besides, we flexibly adjust the working hours and workload of female employees during pregnancy, delivery and lactation to help them and their families best embrace the new family member. During the International Women's Day Festival, we launched "Red-flag Bearer for the Women's Day" and "Best Modelling Female Employee at Post" selection campaigns to highly recognize the dedication of female employees and enhance their sense of honor and pride.

8. People-Oriented, Mutual Creativity and Mutual Sharing

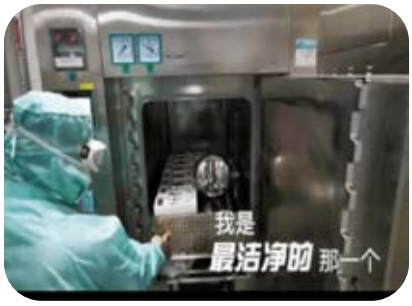
8.3.5 Employee Activities

Attaching great importance to the work-life balance of employees, we pay attention to the physical and mental health of employees generally, and create a positive corporate morale. Through the establishment of more than ten cultural and sports associations such as arts of calligraphy and painting, table-tennis, badminton, basketball, outdoor activities, chess and card games as well as the youth art troupes, we organize a variety of employee activities after work, strengthen exchange and communication among employees and enrich their life at leisure.

A Variety of Recreational Activities of Employees

- Basketball & fitness dance matches

- Tribute activities for front-line employees during the International Workers' Day



8. People-Oriented, Mutual Creativity and Mutual Sharing

8.4 HEALTH AND SAFETY

We highly value health and safety of our employees and are committed to creating a comfortable, healthy and safe working environment for our employees. Strictly complying with the laws and regulations such as *Law of the People's Republic of China on Work Safety* (中華人民共和國安全生產法), *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* (中華人民共和國職業病防治法), *Fire Protection Law of the People's Republic of China* (中華人民共和國消防法), *Regulations on the Safety Administration of Hazardous Chemicals* (危險化學品安全管理條例), the Company has formulated and improved more than 80 management regulations and job operating instructions covering safety, fire control, extreme weather, occupational health and management of hazardous chemicals. In addition, we further standardize the Company's daily production and operation activities in accordance with the requirements of the ISO 45001 occupational health and safety management system. We take systematic standards as the implementation criteria for the Company's occupational health and safety management, keep in line with international standards, optimize the management and continue to create a harmonious and comfortable working atmosphere and a healthy and safe working environment for employees. As of the end of the Reporting Period, Jiangsu Hansoh and Changzhou Hansoh have successfully passed the certification of ISO 45001 Occupational Health and Safety Management System.

Adhering to the management policy of "Safety first, people-oriented, prevention-focused, technological innovation and continuous improvement", we strengthen and implement its main responsibility for safe production. At the corporate structure level, with the support of the board of directors, its various subsidiaries have all set up EHS Management Department which is responsible for the occupational health and safety production of each operating entity. At the system level, we have occupational health and safety policies in place covering the Group's employees, contracted employees and related parties, and have formulated the annual responsibilities and objectives in relation to safe production and the assessment, incentive and punishment mechanism for daily management efforts to link the safety management and control level of the enterprise with the performance assessment of the relevant persons in charge. At the operational level, EHS functional management department of Jiangsu Hansoh, Changzhou Hansoh and Shanghai Hansoh, the responsible personnel of safety of each business division and staff of the positions relating to safe production at different levels have signed the Document of Responsibilities for Safety Assessment to ensure that the occupational health and safety targets of the Group are clearly specified, major risk management and control responsibilities are borne by certain specific persons, and to continuously improve the Group's safe production management standard. During the Reporting Period, we have completely reached our "safe production on Zero accident target".

8. People-Oriented, Mutual Creativity and Mutual Sharing

During the Reporting Period, we updated the check-list of various occupational disease risk factors, including production dust and drug dust, etc., formulated and improved various preventive measures to reduce the actual time of exposure under hazards by employees during operation, strengthen the identification and management of occupational disease prevention and control and ensure work safety.

Based on the business characteristics and actual management situation of Hansoh Pharma, we have continuously consolidated education and training on safe production and occupational health, strengthened cultural development and on-site management and standardized the acts of employees in production and operation. We have equipped workers with sufficient and effective protective articles, timely and regularly arranged physical examinations for staff to continuously improve the safeguard level of safe production and occupational health. During the Reporting Period, we carried out safety education and training in various forms. The training content comprehensively covered the four major themes of EHS daily work knowledge, awareness on safety management, fire protection knowledge and information security knowledge. We have conducted comprehensive assessment on health and safety risks covering 100% of the production and operation sites. At the same time, we have organized emergency drills for all staff and quarterly emergency drills for departments through the formulation of the Annual Emergency Drill Plan. During the Reporting Period, we organized one large-scale comprehensive emergency drill for all staff, and more than 40 on-site drills on emergency response plans. Through these drills, we have gradually enhanced the health and safety emergency protection.

2021 Health and Safety Education Series Training Site

- Hansoh Pharma EHS training open class
- Safe production education and training on special topics of laws and regulations
- "Law of the People's Republic of China on Prevention and Control of Occupational Diseases" Publicity Week: lecture hall for first aid knowledge and employee practical operation PK competition
- Workplace emotional and mental health counseling session

8. People-Oriented, Mutual Creativity and Mutual Sharing

2021 Jiangsu Hansoh Emergency Drill Site

During the Reporting Period, the Group did not experience any major safety incident or event of occupational disease or involve any work-related fatality.

Indicator	2019	2020	2021
Work-related fatalities/persons	2	0	0
Rate of work-related fatalities/%	0.22	0	0
Lost days due to work injury/days	/[15]	/[15]	413.4[16]

[15] According to KPI B2.2 of the ESG Reporting Guide (see appendix IV) of the HKEx, no statistics and disclosure were required.

[16] The data disclosed in 2020 ESG report was 239, and its scope was Jiangsu Hansoh. In 2021, the scope of such data was the Group.

09

Empower Community and Protect Health

Hansoh Pharma continuously strengthens its social responsibility, actively participates in community public welfare undertakings, and contributes to the society in health protection and inclusive healthcare. We will stay committed to our original aspiration and mission, empower the community by supporting healthcare and education, and further promote the sustainable development of medical and health services at home and abroad.

9. Empower Community and Protect Health

9.1 CHARITY AND PUBLIC WELFARE

We actively devote ourselves to charity and public welfare undertakings, integrate the commitment of public welfare into corporate culture, and contribute to the society through a series of projects such as charitable activities, healthcare and education support. During the Reporting Period, we invested approximately RMB64 million in public welfare and charity, which mainly covered the investment in helping to improve the standard of basic medical care and training medical and pharmaceutical talents and other medical aid and education projects.

Medicine donation activities

In 2021, Hansoh Pharma implemented long-term medicine donation activities in Hunan and Jiangsu province. Having commenced in 2018, the project in Jiangsu Province provided medicine donation for poor patients which were selected by the local civil affairs department from certain lists to receive medicine donation. The donated medicine was Xinwei® (Imatinib mesylate tablets). The project in Hunan Province, commenced in 2016, was a policy of benefiting the people, and the donated medicines were Xinwei® (Imatinib mesylate tablets), Punuoan® (Ambrisentan tablets).

In addition, Hansoh Pharma donated more than RMB500,000 of medicines in Jiangxi Province's "Volunteer Activities for the Country People" medicine donation activities.

"Xinshenghuo Manlijia" - Patient Care Project

Hansoh Pharma has launched the "Xinshenghuo Manlijia" full cycle care project to provide whole-process disease management services for chronic myeloid leukemia patients. Patients can fully understand the disease through the expert lectures and Q&A activities hosted by us, and can also use the functions of medication reminder, location-based medicine purchase and assessment on adverse reaction in the self-management tool for chronic myeloid patients provided by the project for better management of the disease and improving the experience and result of rehabilitation.

9. Empower Community and Protect Health

Jiangsu Hansoh Volunteer Activity: Take The Initiative In Voluntary Blood Donation

In July 2021, Jiangsu Hansoh organized blood donation volunteers for blood donation activity. 89 volunteers successfully donated approximately 28,900 ml of blood.

Hansoh Pharma Assisted Henan Province in Disaster Relief and pandemic Prevention

In July 2021, Henan continuously suffered from extreme rainfall, and serious waterlogging occurred in Zhengzhou, Xinxiang and other places. All staff of Hansoh Pharma paid close attention to the disaster. After the flood occurred, we contacted all the staff in Henan as soon as possible to confirm their safety. At the same time, the Group made great efforts to speed up the transportation of urgently needed medicines for rescue, ensured the supply of medicines, and made every effort to respond to the disaster. Hansoh Pharma donated RMB6 million in cash and emergency relief supplies valued RMB6 million through the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region to support the flood relief in Henan and the pandemic prevention of the public health system after the disaster.

9. Empower Community and Protect Health

9.2 IMPROVE PRIMARY MEDICAL CARE

We actively respond to the national general requirements for deepening the reform of the medical and healthcare system, and cooperate with top-notch diagnosis and treatment experts in various fields to actively carry out primary medical training and improve the standard of diagnosis and treatment in primary hospitals. During the Reporting Period, we promoted the development of primary medical services by helping primary hospitals to upgrade hardware facilities, promoting the training of medical personnel and strengthening the development of information system. We have conducted training for primary medical staff in many places as well as online and offline professional academic exchange and charitable campaigns to let the primary medical staff can keep abreast of the industry-leading research results and the latest medication, diagnosis and treatment solutions.

"Spark Plan • Setting Sails Action – Precise Cancer Diagnosis and Treatment in Beautiful China" Project

In order to improve the standardized diagnosis and treatment level of primary oncologists, Hansoh Pharma, launched the national primary doctor standardized training program of "Spark Plan • Launching Action – Cancer Precise Diagnosis and Treatment in Beautiful China" jointly with the Beijing Xisike Clinical Oncology Research Foundation and the China Medical Tribune. During the Reporting Period, through the nationwide diagnosis and treatment training seminars, Hansoh Pharma has improved the precise diagnosis and treatment level of primary doctors, contributing to the improvement of the medical service capacity of primary hospitals.

Healthy China Zhongshen Action HANSOH Public Welfare Project

In order to increase the attention to sleep and emotional problems in the treatment of common clinical diseases in the neurology department of general hospitals, Hansoh Pharma launched the first session of the "Healthy China Zhongshen Action HANSOH Public Welfare Project", and carried out a total of 198 events at the three levels of hospitals, cities and major regions accordingly, including the case review of neurological diseases associated with sleep and mood disorders, summit forum on stroke-related sleep disorders, online interviews with national experts on stroke and sleep, offline open classes and academic conferences with a coverage of 1,280 clinical users of neurology.

9. Empower Community and Protect Health

"Ningju Weilai" Major Depressive Disorder Whole-Course Optimized Treatment Series Forum

During the Reporting Period, Hansoh Pharma held the "Ningju Weilai" Major Depressive Disorder Whole-Course Optimized Treatment Series Forum. The content of the forum included treatment options based on comprehensive assessment of symptoms, optimal treatment options and patient management strategies, aiming to cultivate doctors' awareness of the importance of symptom assessment for treatment outcomes, enabling them to understand the common tools for symptom assessment, master the methods to quickly and effectively identify various symptoms, especially the symptoms often remaining and seriously affecting patient outcomes such as anhedonia and biorhythm-related daytime function, and to do a good job in patient management, reduce recurrence and promote patients' proper return to social life during the maintenance period.

Senmei Chinese Diabetes Research Fund

In order to motivate the enthusiasm of Chinese young and middle-aged doctors in the field of diabetes for scientific research, during the Reporting Period, Hansoh Pharma, together with the Chinese Journal of Diabetes Mellitus and China International Medical Foundation, jointly launched "Senmei Chinese Diabetes Research Fund". This project is mainly used to support clinical medical research with the core treatment approach of "GLP-1RA weekly preparation".

9.3 IMPROVE ACCESS TO INCLUSIVE HEALTHCARE

Centering on benefiting the patients, Hansoh Pharma always actively implements the "Access to Inclusive Healthcare" strategy, and conducts continuous monitoring by the ESG Committee under the Board of the Company. In addition, we adhere to innovation-driven development, respond to the call of national policies, and ensure product quality and market supply, improve medicine availability and contribute to the development of the "healthy China" through practical measures such as technological innovation, lean production as well as quality and efficiency improvement.

Fair and Transparent Pricing

We strictly follow the fair and transparent pricing policy, and publish the sales prices of various drugs on open procurement platforms in various places. For the varieties that have won the bid for the national centralized drug procurement, the winning price will be publicized on the joint procurement bidding website.

For overseas markets, we conduct a differentiated analysis of the target markets, comprehensively consider the relationship between local economic development, per capita income level, medical security capability and disease spectrum, and fully communicate with local medical institutions and pharmaceutical distribution agencies. On this basis, we formulate open, transparent and differentiated product prices to ensure that our products and prices are in line with local medication habits and economic availability. For less developed countries and regions, on the basis of coordinating the global market demands, we reduce the price of products in the regions and maximize local medicine availability while ensuring the necessary profit margins and sustainable supply.

9. Empower Community and Protect Health

Improve Medicine Affordability

We actively promote lean production, and while ensuring the common development of quality and market, we strive to reduce production costs, improve medicine affordability, and promote the further realization and development of inclusive healthcare.

We actively participate in the centralized medicine volume-based procurement and medical insurance negotiations, coordinate the balance relationship between scale and economic benefit, try our best to reduce drug prices and benefit more patients. As of the end of the Reporting Period, all the five innovative medicines including Hengmu® (tenofovir amibufenamide tablets) of Hansoh Pharma have been successfully included in the NRDL. At the same time, in the fifth batch of national centralized medicine procurement, 5 high-quality medicines including Zefei® (gemcitabine hydrochloride for injection) and Xinmei® (decitabine for injection) of Hansoh Pharma have been successfully selected. This will further improve the standardization of clinical treatment in the fields of anti-tumor, anti-infection, diabetes and cardiovascular diseases, greatly reduce the burden of patients in medication and bring greater social benefits.

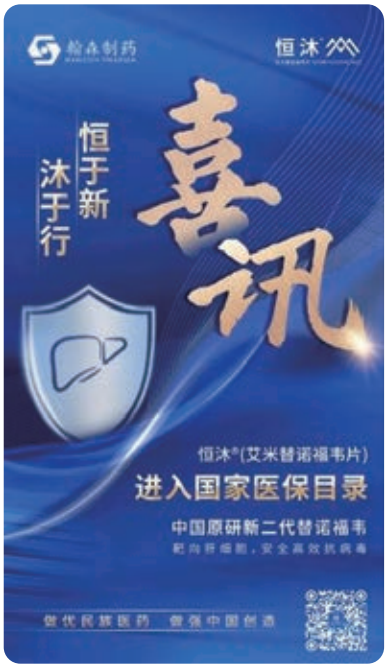
Hengmu® (tenofovir amibufenamide tablets)

Mailingda® (morinidazole and sodium chloride for injection)

AMEILE® (aumolertinib mesylate tablets)

Hansoh Xinfu® (flumatinib mesylate tablets)

Fulaimei® (polyethylene glycol loxenatide for injection)



9. Empower Community and Protect Health

Focusing On Rare Diseases

Hansoh Pharma attaches great importance to the research and development of drugs for rare diseases, aiming to help patients with rare diseases obtain medical treatment, so as to bring hope to all patients with rare diseases.

Rare Disease Innovative Drug Xinyue® (Inebilizumab Injections)

Innovative biological drug Xinyue® (inebilizumab injections) of Hansoh Pharma has applied for production during the Reporting Period, which is used for the treatment of "aquaporin 4 (AQP4) antibody-positive adult patients with neuromyelitis optica spectrum disorder (NMOSD)". As at the date hereof, the product has been approved for launch.

NMOSD is a rare and highly disabling autoimmune disease that could harm the optic nerves, spinal cord and brainstem resulting in visual loss and paralysis. These rare disease patients are faced with the dilemma of lack of medicines, and they urgently need innovative treatments to improve their conditions.

As the only treatment method approved in the United States for patients with NMOSD currently, inebilizumab can defer the deterioration of the disease with related clinical and lasting efficacy.

Rare Disease Generic Medicine

Hereditary angioedema is a kind of rare and severe autosomal dominant inheritable disease with an estimated prevalence rate of approximately 1/50,000. During the Reporting Period, Hansoh Pharma has submitted the application for marketing of the icatibant acetate injection for the treatment of hereditary angioedema.

Idiopathic pulmonary arterial hypertension (IPAH) refers to the persistently increase in pulmonary arterial hypertension due to the unexplained increase in pulmonary vascular resistance, which is a kind of disease seriously threatening life. During the Reporting Period, the application for marketing of the rare disease generic medicine Selexipag tablets of Hansoh Pharma was submitted, which is intended to be used for the treatment of pulmonary arterial hypertension.

9. Empower Community and Protect Health

Benefiting the World

Hansoh Pharma actively promotes the internationalization strategy and is committed to benefiting the patients of the globe with its innovative achievements. Closely monitoring the advanced technologies in the global pharmaceutical industry, the Group has further increase its innovation ability and innovate the layout of its product pipeline through introduction of licenses, cooperative development and other modes of business development. During the Reporting Period, it completed the introduction of two products at clinical stage and entered into various platform-oriented collaboration to achieve resource integration and platform incubation. Through diversified international cooperation, we will continuously improve our R&D innovation and commercialization capabilities. We continue to expand the scale of overseas markets, and penetrate into various markets leveraging international professional exhibition platforms such as the United States DCAT trade fair and the CPHI. Our products have been exported to dozens of countries and regions in the world. With the further expansion of international business, our innovative achievements will benefit increasingly broad markets and population.

Anti-tumor Drugs Enter the Thai market

ASEAN countries are the "deeply cultivated areas" of the "Belt and Road" cooperation, and China is Thailand's largest trading partner. There is huge potential for cooperation between the two countries. Due to the limited public medical expenditure in Thailand, the rigid demand of nearly 70 million people for medicines in Thailand is difficult to be met. Hansoh Pharma gave full play to its professional advantages in the field of anti-tumor therapy, and completed the registration of two anti-tumor products, Gainuo® (vinorelbine tartrate injection) and Zefei® (gemcitabine hydrochloride for injection), in the Thailand market during the Reporting Period, providing Thailand with high-end generic drug products equivalent to the innovator drugs but with better quality and affordable price. With the establishment and improvement of the sales network in the Thai market, Hansoh Pharma will launch more pharmaceutical products with better efficacy in the Thailand market in the future, benefiting more Thai patients.

Breast Cancer Therapeutic Drug Has been Registered in Pakistan

According to relevant statistics, breast cancer has accounted for the largest increase rate and proportion of all cancers in Pakistan. After launching two therapeutic drugs of non-small cell lung cancer (NSCLC) to the Pakistani market, Hansoh Pharma launched the registration of breast cancer therapeutic drug in the Pakistani market in 2021. The product has been approved in China and the United States. Based on the high quality and stable supply of the product, it is expected to be approved for marketing within 2022. As the first company to launch this product in the market of Pakistan, Hansoh Pharma will provide Pakistani breast cancer patients with more treatment plans and options.

Looking ahead, Hansoh Pharma will continue to protect health by means of technologies and bring prospect by innovation, continue to integrate superior resources, focus on innovative breakthrough technologies in critical therapeutic areas, continuously improve the standard of national pharmaceuticals and satisfy the unmet medical needs. We will contribute to the society with more, newer and better innovative drugs, facilitate the vigorous development of China's medical and healthcare undertakings, and promote health and well-being of patients in China and around the world.

Appendix I Website and Glossary

1. License in: A deal mode based primarily on importing licenses to introduce products
2. License out: A deal mode that vends licenses through authorizing late-stage clinical research on and sale of developed products
3. United Nations SDGs: United Nations Sustainable Development Goals, see https://sdgs.un.org/goals
4. OA: Office Automation, a new way of work through combining modern office and computer technologies
5. TCFD: Taskforce on Climate-related Financial Disclosures, see http://www.fsb-tcfd.org/
6. WRI: World Resource Institute, see https://wri.org.cn/
7. RCPs: Representative Concentration Pathways. RCPs is a series of scenarios for different carbon concentration and emission pathways. RCP 8.5 is the baseline scenario with no intervention of climate change policy and RCP 2.6 is the scenario with very low greenhouse gas concentration
8. China's 3060 Dual Carbon Strategy: In response to climate change, China proposed to strive toward peak CO_2 emissions by 2030 and to achieve carbon neutrality by 2060
9. GCP: Good Clinical Practice, the Good Clinical Practice of Pharmaceutical Products issued by the National Medical Products Administration of China
10. SiRNA: Small-interfering RNA
11. CHB: Chronic Hepatitis B
12. EMBA: Executive Master of Business Administration
13. EHS: Environment, Health, and Safety, the management system consisted of Environmental Management System (EMS), Occupational Health Management System (OHMS), and Safety Management System (SMS)
14. Centralized National Drug Procurement: The centralized volume-based procurement of drugs organized by the National Healthcare Security Administration of China
15. NHSA: The National Healthcare Security Administration of the People's Republic of China
16. NRDL: The National Reimbursement Drug List published by NHSA
17. FDA: Food and Drug Administration, a supreme law enforcement agency specializing in food and drug administration, authorized by the United State Congress and Federal Government
18. EMA: European Medicines Agency, the medicine evaluation agency of the European Union
19. PMDA: Pharmaceuticals and Medical Devices Agency, the medical devices and equipment review and approval agency of Japan

Appendix I Website and Glossary

20. NMPA: National Medical Products Administration of the People's Republic of China

21. GMP: Good Manufacturing Practice is a set of mandatory standards applicable to drug and food manufacturing industries. It requires enterprises to achieve hygiene and quality requirements through compliance with national regulations in aspects of ingredients, employees, manufacturing equipment, manufacturing procedures, packaging and transportation, and quality control and formulates a paradigm feasible for operations

22. EU-GMP: the quality control standard and operation specification of the European Union

23. PSCI: Pharmaceutical Supply Chain Initiative

24. Joint Procurement Bidding Website: http://www.lcwl.net/

25. CDS: Chinese Diabetes Society

26. NMOSD: Neuromyelitis Optica Spectrum Disorder, also known as Devic disease

27. US DCAT: US Drug, Chemical, and Allied Trades Association

28. CPHI: Center for Public Health Informatics, a convention on pharmaceutical ingredients

Appendix II Summary of Indices and Indicators

Economic and Environmental Performance Indicators	Unit	Data for 2021
Economic Indicators		
Revenue	RMB 1 million	9,935
Profit	RMB 1 million	2,713
Total research and development costs	RMB 1 million	1,797
Production safety and environment, protection operation investment	RMB10 thousand	3,283
Environmental Indicators		
Waste gas emission		
Total volatile organic compound emissions	Kilograms	10,800
Total particular matter emissions	Kilograms	114
Greenhouse Gas Emission		
Greenhouse gas direct emission (Scope I)	tCO_2e	6,256
Greenhouse gas indirect emission (Scope II)	tCO_2e	116,072
Total greenhouse gas emission (Scope I + Scope II)	tCO_2e	122,328
Greenhouse gas emission per unit operating revenue	tCO_2e/RMB 1 million	12.31
Energy Consumption		
Direct energy consumption	Tonnes of standard coal equivalent (TCE)	541
Indirect energy consumption	TCE	22,849
Total energy consumption (direct + indirect)	TCE	23,390
Energy consumption per unit operating revenue	TCE/RMB 1 million	2.35
Renewable energy consumption	MWh	203
Wastes		
Total disposal volume of hazardous wastes	Tonnes	4,252
Disposal volume of hazardous wastes per unit operation revenue	Tonnes of hazardous waste/RMB 1 million	0.43
Total disposal volume of non-hazardous wastes	Tonnes	524
Disposal volume of non-hazardous wastes per unit operation revenue	Tonnes of non-hazardous waste/RMB 1 million	0.05
Water Consumption		
Total water consumption[1]	Cubic meters	1,109,826
Recycled water volume	Cubic meters	43,553,100
Water consumption per unit operating revenue	Cubic meters of municipal water withdrawal/ RMB 1 million	111.71
Packaging Materials		
Consumption of exterior and interior packaging materials	Tonnes	3,616
Packaging materials consumption per unit operating revenue	Tonnes of packaging materials/RMB 1 million	0.36

1 Total water consumption represents: municipal water withdrawal.

Appendix II Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for Performance Indicators
Employees			
Total number of new employees in 2021		Persons	4,509
Number of new male employees		Persons	2,706
Number of new female employees		Persons	1,803
Total number of employees		Persons	12,150
By gender	Male	Persons	7,961
	Female	Persons	4,189
By position	Executive management	Persons	37
	Senior management	Persons	80
	Middle management	Persons	1,061
	Grassroot management	Persons	1,076
	General staff	Persons	9,896
By age	Under 30	Persons	5,750
	30-50	Persons	6,185
	Above 50	Persons	215
By region	Mainland China	Persons	12,088
	Hong Kong, Macao and Taiwan	Persons	3
	Overseas	Persons	59
Number of ethnic minorities		Persons	313
Proportion of employees covered by collective agreements		%	92.8
Years employed for employees			
Average years employed for male employees		Years	5.29
Average years employed for female employees		Years	3.68
Employee turnover rate		%	19.3
By gender	Male	%	19.8
	Female	%	18.2
By age	Under 30	%	26.5
	30-50	%	12.7
	Above 50	%	1.2
By region	Mainland China	%	19.3
	Hong Kong, Macao and Taiwan	%	0
	Overseas	%	21.7

Appendix II Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for Performance Indicators
Employee Health and Safety			
Number and rate of work-related fatalities	2019	Persons	2[2]
		%	0.22
	2020	Persons	0
		%	0
	2021	Persons	0
		%	0
Lost days due to work injury		Days	413.4
Rate of lost-time injury (per million hours of works)		Number of injuries/ million hours of works	0.58
Employee Career Development			
Total number of trained employees		Persons	12,150
Percentage of trained employees		%	100
Total expenditure on employee training		RMB10 thousand	551
Average expenditure on employee training and development		RMB10 thousand/Person	0.045
Percentage of Employees Trained[3]			
By gender	Male	%	65.5
	Female	%	34.5
By position	Executive management	%	0.3
	Senior management	%	0.7
	Middle management	%	8.7
	Grassroot management	%	8.9
	General staff	%	81.4
Average training hours of employees		Hours	26
By gender	Male	Hours	23
	Female	Hours	30
By position	Executive management	Hours	28.2
	Senior management	Hours	23
	Middle management	Hours	18
	Grassroot management	Hours	20
	General staff	Hours	27

2 Caused by employee's personal health issues.

3 The formula for calculating the percentage of employees trained in different categories: the number of employees trained in the x category/the total number of employees trained.

Appendix II Summary of Indices and Indicators

Social Performance Indicators		Unit	Data for Performance Indicators
Q12 evaluation[4] on employee satisfaction rate		%	83.83
Q12 evaluation on employee engagement rate		%	83.8
Percentage of employees receiving regular performance and career development appraisals		%	100
Percentage of vacancies filled by internal candidates		%	32
Diversity			
Proportion of females in each position	Board	%	50
	Executive management	%	41
	Senior management	%	29
	Junior management	%	35
	All management posts	%	30
Proportion of female management personnel in revenue generating department[5]		%	26
Proportion of females in STEM[6] related positions		%	49.0
Incidents related to the use of child labor or forced labor		Number of cases	0
Suppliers			
Number of suppliers		Number	5,073
By region	Mainland China	Number	4,974
	Hong Kong, Macao and Taiwan	Number	5
	Overseas	Number	94
Code of Business Conduct coverage		%	100
Localized procurement proportion[7]		%	40.4
Rate of lost-time injury for contractors (per million hours of works)		Number of injuries/million hours of works	0

4 Q12 evaluation: represents Gallup Q12 evaluation, which provides insight into employee engagement and participation through 12 key questions.

5 Revenue generating departments refer to: sales and marketing, production and operation related departments.

6 STEM refers to Science, Technology, Engineering and Mathematics.

7 Localized procurement represents: procurement from suppliers in Jiangsu province.

Appendix II Summary of Indices and Indicators

Social Performance Indicators	Unit	Data for Performance Indicators
Customer Service		
Percentage of products recalled for safety and health reasons	%	0
Number of compliant relating to the quality of the products and services	Number	1
Number of compliant relating to the products and services for other reasons	Number	12
Complaints handling rate	%	100
Customer satisfaction rate	%	92
Intellectual Property		
Number of patents granted (during the Reporting Period)	Number	88
Number of registered trademarks obtained (during the Reporting Period)	Number	92
Contributions to the Employees and the Society		
Expenditure in supporting employees in difficulties	RMB 1 million	1.3
Expenditure in charity donation and other relevant fields	RMB 1 million	64
Hours of voluntary work	Number of participants	860
	Hours	4,560
Codes of Business Conduct		
Number of corruption litigation	Number	0

Appendix III List of Laws, Regulations and Internal Policies

Laws	Constitution of the People's Republic of China
	Civil Code of the People's Republic of China
	Criminal Law of the People's Republic of China
	Anti-Money Laundering Law of the People's Republic of China
	Bidding Law of the People's Republic of China
	Product Quality Law of the People's Republic of China
	Company Law of the People's Republic of China
	Law of the People's Republic of China on Trade Unions
	Labor Law of the People's Republic of China
	Labor Contract Law of the People's Republic of China
	Law of the People's Republic of China on the Protection of Minors
	Law of the People's Republic of China on Accounting
	Law of the People's Republic of China on the Administration of Taxation Collection
	Enterprise Income Tax Law of the People's Republic of China
	Law of the People's Republic of China on the Protection of Consumers' Rights and Interests
	Law of the People's Republic of China on Anti-Unfair Competition
	Law of the People's Republic of China on Administrative Punishments
	Advertising Law of the People's Republic of China
	Law of the People's Republic of China on Employment Promotion
	Law of the People's Republic of China on Mediation and Arbitration of Labor Disputes
	Social Insurance Law of the People's Republic of China

Appendix III List of Laws, Regulations and Internal Policies

Laws	Law of the People's Republic of China on Drug Administration
	Law of the People's Republic of China on Energy Conservation
	Law of the People's Republic of China on the Promotion of Clean Production
	Law of the People's Republic of China on the Promotion of Circular Economy
	Water Law of the People's Republic of China
	Environmental Protection Law of the People's Republic of China
	Law of the People's Republic of China on Environmental Impact Assessment
	Law of the People's Republic of China on the Prevention and Control of Water Pollution
	Soil Pollution Prevention and Control Law of the People's Republic of China
	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
	Safety Production Law of the People's Republic of China
	Fire Protection Law of the People's Republic of China
	Law of the People's Republic of China on Prevention and Control of Occupational Diseases
	Patent Law of the People's Republic of China
	Trademark Law of the People's Republic of China
	Law of the People's Republic of China on Copyright
	Law on the Protection of Personal Information
	U.S. Federal Trade Commission Act
	U.S. Honest Ads Act
	European Union General Data Protection Regulation, etc.

Appendix III List of Laws, Regulations and Internal Policies

Regulations	Regulations for Implementation of the Drug Administration Law of the People's Republic of China
	Good Clinical Practice of Pharmaceutical Products
	Good Manufacturing Practices for Pharmaceutical Products
	Good Supply Practices for Pharmaceutical Products
	Measures for the Administration of Drug Registration
	Measures for the Supervision and Administration of Pharmaceutical Manufacturing
	Measures on the Supervision and Administration of Drug Circulation
	Measures for the Administration on Adverse Drug Reaction Reporting and Testing
	Measures for the Administration of Drug Recalls
	Regulations for the Control of Narcotic Drugs and Psychotropic Drugs
	Measures for Examination of Drug Advertisements
	Regulations on the Implementation of the Labor Contract Law
	Regulations on the Prohibition of Child Labor
	Regulations on Work Related Injuries Insurance
	Measures on the Administration of Invoices
	Regulations on the Implementation of Trademark Law
	Regulations of Jiangsu Province on Energy Conservation
	Regulations of Jiangsu Province on Lake Protection
	Regulations on the Protection of Computer Software
	Regulations on the Safety Administration of Dangerous Chemicals
	Regulations of Jiangsu Province on the Prevention and Control of Atmospheric Pollution
	Regulations of Jiangsu Province on the Prevention and Control of Water Pollution in the Yangtze River
	Measures for the Administration of Installation and Standardization of Sewage Outlets in Jiangsu Province
	Implementation Rules of Patent Law of the People's Republic of China
	Domestic and foreign regulations such as US Federal Regulations FDA 21 CFR Part 211 and EU GMP

Appendix III List of Laws, Regulations and Internal Policies

Regional rules and internal rules	Identification of Major Hazards of Hazardous Chemicals
	Guidelines for the Preparation of Emergency Plans for Production Safety Accidents of Production and Operation Units
	Provisions on the Administration of Occupational Health at Workplaces
	National Catalog of Hazardous Waste
	Guidelines for the Quality Agreements of Entrusted Manufacturing of Pharmaceuticals
	Regulations of Jiangsu Province on Prevention and Control of Environment Pollution by Solid Wastes
	13th Five-Year Action Plan for Prevention and Treatment of Volatile Organic Compound Pollution
	Technical Policy on Volatile Organic Compounds (VOCs) Pollution Prevention and Control
	Notice on Issuing the Guiding Opinions on the Prevention and Treatment of Volatile Organic Compound Pollution
	Interim Provision on Labor Dispatch
	Guidelines for Patent Examination
	Convention Establishing the World Intellectual Property Organization
	Paris Convention for the Protection of Industrial Property
	Patent Cooperation Treaty
	Green Procurement Guidelines for Enterprises (Trial) (Shang Liu Tong Han [2014] No. 973)
	Notice on Issuing the Audit Management Measures on Solution of Balancing Total Regional Emissions of Major Pollutants of Construction Projects in Jiangsu Province
	Code of Ethics and Integrity and Compliance
	Code of Business Conduct and Ethics
	Compliance Management System

Appendix III List of Laws, Regulations and Internal Policies

Regional rules and internal rules	Legal Risk Management System
	Employee Handbook
	Anti-Corruption Policy
	Protection Policy for Whistleblowing and Whistleblower
	Seal Management System
	Contract Management System
	Energy Management System Manual
	Energy Assessment Control Procedures
	Pollutant Management System
	Material Balance and Yield Management System
	Innovative Drug Patent Manual
	Operation Procedures for Patent Mining and High Value Patent Cultivation
	Operation Procedures for Confirmation of Project Patent Strategy
	Operation Procedures for Tracking and Early Warning of Legal Status of Project Patents
	Procedures for Handling Non-conforming Products
	Drug Recall Management Procedures
	Responsible Marketing Policy
	Supplier Identification and Management Procedures
	Supplier Management Manual
	Employee Diversity Policy
	Training Management System
	Rationalized Suggestion Management and Incentive System

Appendix III List of Laws, Regulations and Internal Policies

Standards	Quality Management System of the ISO 9001 family of standards
	Environment Management System of the ISO 14001 family of standards
	Occupational Health and Safety Management System of the ISO 45001 family of standards
	Energy Management System ISO 5001 and energy usage and management-related standards
	Measurement Management System ISO 12001 and measurement-related standards
	Guidance on Social Responsibility of the ISO 26000 family of standards
	Integration of Informatization and Industrialization Management System GB/T 23001 and informatization-related standards
	Information Security Management System of the ISO 27001 family of standards
	Intellectual Property Right Management System of the GB/T 29490 family of standards
	Standards related to factory construction such as the Regulation on Fire Prevention for Architectural Design
	Chinese Pharmacopoeia and standards of foreign pharmacopoeias such as the USP, BP, EP and Japanese Pharmacopoeia
	Relevant ISO and ICH standards and guidelines on drug research and development, production, and quality control
	Various product quality standards independently developed by the Company
	Various standards related to the safety, environmental protection and energy management of the Company, such as the Emission Standard of Air Pollutants for Pharmaceutical Industry (GB37823-2019) and the Standard for Fugitive Emission Control of Volatile Organic Compounds (GB37822-2019), etc.

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Subject Areas of Environmental, Social and Governance and General Disclosures and KPIs			Chapter
A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Development and Harmonious Symbiosis
	KPI A1.1	The types of emissions and respective emissions data.	Green Development and Harmonious Symbiosis – Climate Changes Green Development and Harmonious Symbiosis – Emission/Discharge Management
	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).	Green Development and Harmonious Symbiosis – Climate Changes Green Development and Harmonious Symbiosis – Emission/Discharge Management
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Green Development and Harmonious Symbiosis – Emissions/Discharge Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Green Development and Harmonious Symbiosis – Emissions/Discharge Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Development and Harmonious Symbiosis – Climate Changes
	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.	Green Development and Harmonious Symbiosis – Emissions/Discharge Management

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Subject Areas of Environmental, Social and Governance and General Disclosures and KPIs			Chapter
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development and Harmonious Symbiosis – Resource Utilization
	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).	Green Development and Harmonious Symbiosis – Climate Changes
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Green Development and Harmonious Symbiosis – Resource Utilization
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development and Harmonious Symbiosis – Climate Changes
	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.	Green Development and Harmonious Symbiosis – Resource Utilization
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Development and Harmonious Symbiosis – Resource Utilization
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Development and Harmonious Symbiosis – Climate Changes Green Development and Harmonious Symbiosis – Resource Utilization
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development and Harmonious Symbiosis – Resource Utilization
A4: The Climate Change	General Disclosure	Policies to identify and respond to significant climate-related issues that have and may affect the issuer.	Green Development and Harmonious Symbiosis – Climate Changes
	KPI A4.1	Description of the significant impacts of climate-related issues that have and may affect the issuer and the actions taken to manage them.	Green Development and Harmonious Symbiosis – Climate Changes

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Subject Areas of Environmental, Social and Governance and General Disclosures and KPIs			Chapter
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented, Mutual Creativity and Mutual Sharing
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	People-oriented, Mutual Creativity and Mutual Sharing – Equal Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	People-oriented, Mutual Creativity and Mutual Sharing – Equal Employment
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People-oriented, Mutual Creativity and Mutual Sharing – 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.	People-oriented, Mutual Creativity and Mutual Sharing – Health and Safety
	KPI B2.2	Lost days due to work injury.	People-oriented, Mutual Creativity and Mutual Sharing – Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-oriented, Mutual Creativity and Mutual Sharing – Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-oriented, Mutual Creativity and Mutual Sharing – Talent Cultivation and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People-oriented, Mutual Creativity and Mutual Sharing – Talent Cultivation and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	People-oriented, Mutual Creativity and Mutual Sharing – Talent Cultivation and Development

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Subject Areas of Environmental, Social and Governance and General Disclosures and KPIs			Chapter
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations relating to preventing child and forced labor that have a significant impact on the issuer	People-oriented, Mutual Creativity and Mutual Sharing – Equal Employment
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-oriented, Mutual Creativity and Mutual Sharing – Equal Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-oriented, Mutual Creativity and Mutual Sharing – Equal Employment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Green Supply and Win-win Cooperation
	KPI B5.1	Number of suppliers by geographical region.	Green Supply and Win-win Cooperation – Supplier Admission
	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.	Green Supply and Win-win Cooperation – Supplier Management and Evaluation
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Green Supply and Win-win Cooperation – Supply Chain Risk Control
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Green Supply and Win-win Cooperation – Supplier Management and Evaluation

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Subject Areas of Environmental, Social and Governance and General Disclosures and KPIs			Chapter
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility and Quality-first
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility and Quality-first – Quality Assurance
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility and Quality-first – Professional Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility and Quality-first – Innovation Drive
	KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility and Quality-first – Quality Assurance
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility and Quality-first – Professional Services
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Responsible Governance and Integrity Operation
	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.	Responsible Governance and Integrity Operation – Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Governance and Integrity Operation – Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Governance and Integrity Operation – Business Ethics

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Subject Areas of Environmental, Social and Governance and General Disclosures and KPIs			Chapter
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Empower Community and Protect Health
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Empower Community and Protect Health
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Empower Community and Protect Health