



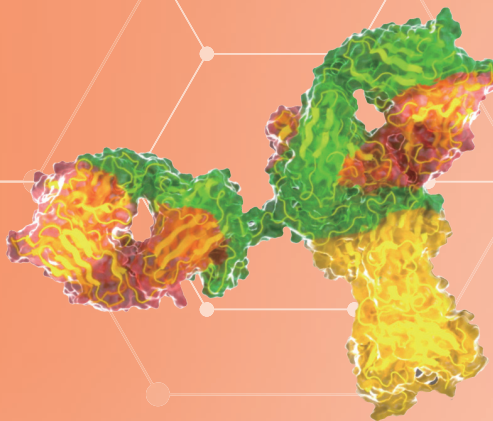
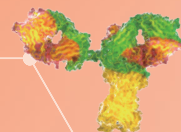
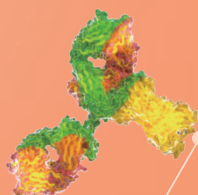
# Transcenta Holding Limited 創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

Stock Code: 6628

## 2021

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT



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# ABOUT THE REPORT

## INTRODUCTION OF THE REPORT

This report is the first environmental, social and governance report (the “Report” or the “ESG Report”) issued by Transcenta Holding Limited (“Transcenta”), together with its subsidiaries (collectively, “we”, “us” or the “Company”), for the purpose of providing information on the Company’s environmental, social and governance (“ESG”) system building and performance and objectively disclosing the Company’s management and effectiveness in respect of sustainable development in response to the expectations of its stakeholders and the public.

## REPORTING SCOPE AND BOUNDARY

The Report discloses the management and performance of ESG related issues for the period from January 1, 2021 to December 31, 2021 (the “Reporting Period” or the “Year”) and part of the information dates back to the previous year or covers 2022. For details of the Company’s business, please refer to the 2021 Annual Report. (Due to the impact of the epidemic, the employees at the Company’s workplace in the United States changed to working from home mostly, therefore, the Report does not include various environmental data of the workplace in the United States. Environmental data density = environmental data/revenue of the Company)

## BASIS OF PREPARATION

The Report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”), Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEx” or “Hong Kong Stock Exchange”) and based on the following principles:

**Materiality:** As the Company believes the ESG Report has significant influences on the investors and stakeholders, we have disclosed the procedures of identifying material ESG factors in the Report, including identifying materiality and conducting assessment on ESG issues using the materiality matrix. We identified ESG related material factors based on our engagement mechanism with stakeholders and materiality principle, paid more attention to them and disclosed corresponding measures in the Report.

**Quantitative:** The Company measured key performance indicators and disclosed quantitative data as required by the ESG Reporting Guide issued by the Hong Kong Stock Exchange. The Company also disclosed the calculation methods of and assumptions for the data contained in the Report.

**Balance:** The Company fairly and objectively presented its ESG related work in the Report.

**Consistency:** The Company adopted a consistent data disclosure approach and explained relevant statistical methods and standards.

The indicators index of the ESG Reporting Guide is set out in Appendix II to the Report for easy and quick reference by readers.

## ABOUT THE REPORT

### SOURCES AND RELIABILITY

The information and data disclosed in the Report are based on the statistical reports and formal documents of the Company and have been reviewed by the relevant departments. We confirm that there is no misstatement or misleading representation contained in the Report and take responsibility for the truthfulness, accuracy and completeness of the contents of the Report. All the currency amounts in the Report are denominated in RMB.

### PROCESS OF PREPARATION

The contents of the Report have been determined based on a set of systematic procedures. Such procedures include, among others, forming a working group, identifying key stakeholders, conducting interviews with the stakeholders, identifying and prioritizing material ESG related topics, deciding the scope of the ESG Report, collecting relevant materials and data, determining the framework, report compiling, report designing and review by the relevant departments and the senior management.

### ACKNOWLEDGEMENT AND APPROVAL

The Report has been approved by the board of directors of the Company (the "Board") on March 21, 2022.

### REPORT ACCESS AND FEEDBACK

The electronic version of the Report is available on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.transcenta.com](http://www.transcenta.com)). Should you have any advice or recommendation as to the Company's disclosure and performance in ESG issues, please contact us through the following ways.

E-mail: [ir@transcenta.com](mailto:ir@transcenta.com)

Tel: 021-6237-0929\*6000

## MESSAGE FROM THE CEO

2021 was a record year for Transcenta as it achieved a series of major milestones by upholding the corporate vision of Innovating to excel and benefiting patients around the world and through forging ahead and pursuing innovation under the severe challenges from recurring epidemics and sudden changes in the industry environment. Such milestones include achieving new breakthrough in both oncology and non-oncology product pipelines, upgrading production processes, and successful listing on the Hong Kong Stock Exchange. As a responsible biopharmaceutical company, we always bear our corporate mission in mind, practice our original mind of providing efficient, safe and accessible pharmaceuticals for patients, integrate the concept of sustainable development into our operations, and create maximum economic, environmental and social benefits for our stakeholders.

Reaching for the future with morality. We follow high-standard business ethics, establish and improve the compliance management system, improve the risk prevention and control mechanism, and raise our employees' compliance awareness, laying a solid foundation for our healthy and sustainable development. Faced with the concerns of the capital market and regulators on ESG issues, we initially carried out ESG management work, identified and assessed material issues according to the concerns of internal and external stakeholders, pointing out the direction for the Company to further promote the integration of ESG management with the Company's strategies and operations.

Taking science as orientation. We focus on both product innovation and quality. Looking back on 2021, based on advanced R&D technologies and production processes, we have made significant progress in key oncology pipelines, and have established and expanded other oncology product pipelines that are diverse and complementary, and are developing highly differentiated non-oncology pipeline products targeting bone and kidney diseases to address unmet clinical needs. In terms of quality, we strictly implement a comprehensive quality management system applicable to the entire product life cycle to provide products with good safety and efficacy for patients.

Green empowerment. We pay attention to the increasingly serious environmental problems and actively respond to climate change. We adhere to green production, by improving resource utilization through process innovation and equipment renovation and upgrade, and reducing greenhouse gas and waste emissions. In addition, we strengthen the promotion and practice of environmental protection awareness, encourage and guide our employees to work in a green manner and live in a low-carbon manner, jointly protecting our ecological environment.

Mutual respect and win-win. We respect our partners, employees and communities. We work with partners to promote the industry development taking the opportunity of technical cooperation, and guide suppliers to jointly establish a sustainable supply chain through business cooperation. We adhere to people orientation, and provide our employees with a just, fair and open growth environment that enables them fully realize their own value. We carry forward the spirit of corporate citizenship, listen to the needs and feedback of our community, and participate in public welfare, contributing to our community.

2022 is set to be an important transformational year for us. We will strengthen the integration of our business operations with ESG management, continue to develop and apply cutting-edge technologies, research and develop competitive high-quality innovative drugs, expand our product pipelines, improve production efficiency, and reduce negative impact on the environment and our community. We will also actively explore the establishment of cooperative relationships to promote the global development and commercialization of our candidate products, work together with our employees to provide affordable commercialized products to patients as soon as possible, in order to mark a new beginning of good life with the responsibility value.

*Executive Director and Chief Executive Officer*

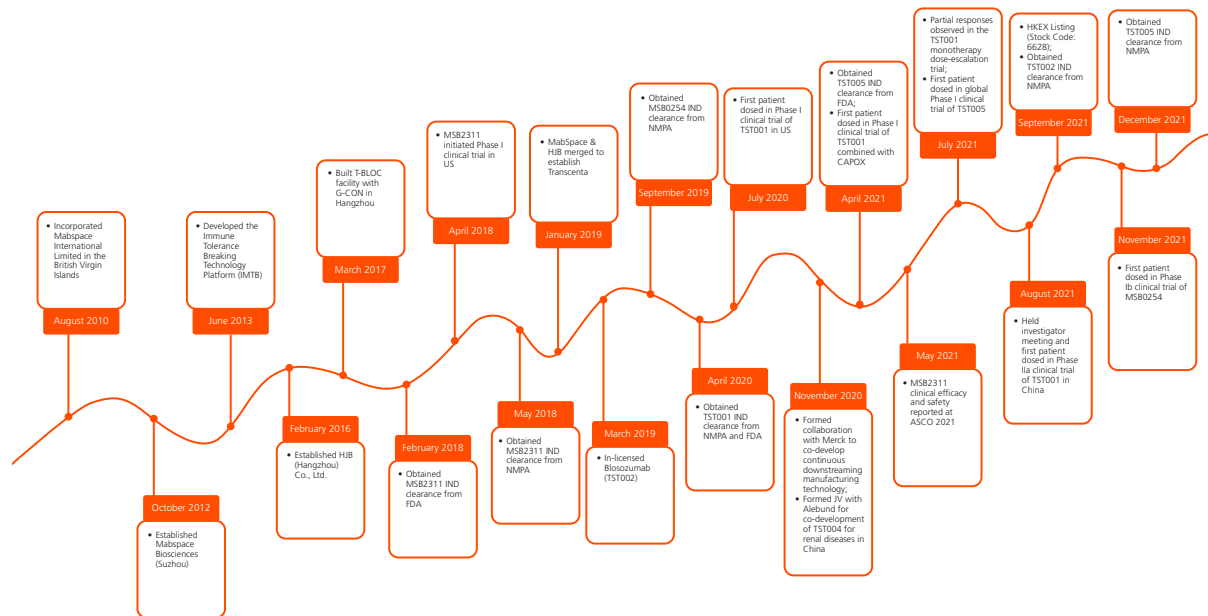
**Dr. Xueming Qian**

## COMPANY PROFILE

### CORPORATE INTRODUCTION

Transcenta is a clinical stage biopharmaceutical company that fully integrates antibody-based biotherapeutics discovery, research, development and manufacturing. On September 29, 2021, Transcenta was listed on the Main Board of the Stock Exchange of Hong Kong Limited with the stock code: 06628.

Transcenta has established global footprint, with Headquarters and Discovery, Clinical and Translational Research Center in Suzhou, the headquarters of Transcenta and the production base with continuous perfusion production processes as its core technology are also under construction. Transcenta possesses Process and Product Development Center and Manufacturing production base in Hangzhou, and Clinical Development Centers in Beijing, Shanghai and Guangzhou in China and in Princeton, US, and External Partnering Center in Boston and Los Angeles, US. Transcenta is developing ten therapeutic antibody molecules pipelines, including tumor, bone and kidney disorders and other areas.



Company Milestones

## COMPANY PROFILE

### Mission

- Employing cutting-edge technology, we innovate to help patients with differentiated and affordable biologics

### Vision

- To achieve success through innovation and benefit patients around the world

### Core values

- Integrity, Science-based, Win and respect

### Corporate Culture System

## PRODUCT PIPELINE

Transcenta has established a pipeline of ten innovative molecules in oncology, bone disorders and nephrology. Nine of them are discovered and developed in house.

Oncology pipeline includes multiple innovative and differentiated biologic molecules targeting major cancer pathways which have potential synergistic mechanisms of actions for gastrointestinal tumor indications with high unmet medical needs. Our pipeline includes both targeted therapy (TST001) as well as immunotherapy (TST005) that engage either NK cells or T cells to kill tumor cells, or agents that can enhance the anti-tumor activity of the above mentioned therapies by either inhibiting tumor associated fibroblast derived immunosuppressive regulatory protein (TST003) or depleting immunosuppressive Treg cells (TST010) or by enhancing TIL infiltration into the tumor by normalizing vasculature (MSB0254). In addition, these molecules have both broad use on their own but are also highly synergistic with TST001 for gastrointestinal cancers.

Transcenta's highly differentiated non-oncology pipelines focus on novel indications with high unmet medical needs in bone and kidney diseases. TST002 and TST004 are two differentiated molecules that are designed to treat osteoporosis and complement mediated disease respectively. Both osteoporosis and kidney disease like IgAN are areas of high unmet medical needs and with high market potentials.

## COMPANY PROFILE

Oncology										
Drugs Candidate	Target	Indication	Clinical Trial Region	Preclinical	IND	Ph Ia	Ph Ib / Ph IIa	Pivotal Ph IIb/Ph III	Rights	Partner
TST001	Claudin 18.2	Late-line Gastric Cancer	China	Monotherapy					Global	In-house
		Late-line Pancreatic Cancer	Global	Monotherapy						
		Other Late-line Solid Tumors	Global	Monotherapy						
		Second-line Gastric Cancer	Global	Combo with Chemo						
		First-line Gastric Cancer	Global	Combo with Chemo						
		Solid Tumors	US	Monotherapy						
TST005	PD-L1/TGF- $\beta$ Bi-functional	Solid Tumors (HPV+ and NSCLC, etc.)	Global	Monotherapy					Global	In-house
TST003	BMP Antagonist (FIC)	Solid Tumors	Global	Monotherapy					Global	In-house
TST006	Claudin 18.2/PD-L1 Bi-specific (FIC)	Solid Tumors	Global	Monotherapy					Global	In-house
TST010	Undisclosed	Solid tumors	Global	Monotherapy					Global	In-house
MSB0254	VEGFR2	Solid Tumors	China	Monotherapy					Global	In-house
MSB2311	PD-L1	TMB-H Solid Tumors	China	Monotherapy					Global	In-house
		Other Solid Tumors	China	Monotherapy						
		Solid Tumors	China	Combo with VEGFR1						

Non-oncology										
Drugs Candidate	Target	Indication	Clinical Trial Region	Preclinical	IND	Ph Ia	Ph Ib / Ph IIa	Pivotal Ph IIb/Ph III	Rights	Partner
TST002	Sclerostin	Osteoporosis	China	Monotherapy					Greater China	In-licensed from Eli Lilly
TST004	MASP2	TMA/IgA Nephropathy	Global	Monotherapy					Global	Co-development with Alembic in Greater China
TST008	MASP2-based Tri-functional (FIC)	SLE	Global	Monotherapy					Global	In-house

Note: TST001 is a high-affinity humanized mAb targeting Claudin18.2.

TST005 is a PD-L1/TGF- $\beta$  bi-functional antibody for solid tumors.

TST003 is a first-in-class humanized mAb in the world targeting a regulatory protein that is highly expressed by stromal cells in diverse human carcinomas.

TST006 is a bi-specific antibody targeting Claudin18.2 and PD-L1.

TST010 is a T regulatory cell depleting mAb.

MSB0254 is a high affinity humanized VEGFR-2 mAb for solid tumors.

MSB2311 is a humanized mAb with pH dependent PD-L1 binding property.

TST002 is a humanized mAb with neutralizing activity against sclerostin.

TST004 is a humanized mAb targeting mannan-binding lectin serine protease 2 (MASP2).

TST008 is a first-in-class tri-functional antibody combining a MASP2 antibody fused with a transmembrane activator and CAML interactor (TACI) protein.



## COMPANY PROFILE

### AWARDS AND RECOGNITION

During the Reporting Period, the Company has received various awards and recognition.

Award/recognition	Awarding organisation
Enterprise Included in the Unicorn Incubation Program of Suzhou for 2021	General Office of Suzhou Municipal People's Government
Enterprise Included in the Unicorn Incubation Program of Suzhou Industrial Park for 2021	Technology and Innovation Commission of Suzhou Industrial Park
Advanced Collective of Suzhou Dushu Lake Science and Education Innovation District for 2021	CPC Working Committee of Suzhou Dushu Lake Science and Education Innovation District Administration Committee of Suzhou Dushu Lake Science and Education Innovation District
Suzhou Leading Talent Federation – Tenth Anniversary Outstanding Achievement Award	Suzhou Science and Technology Bureau Suzhou Leading Talent Federation
Suzhou Enterprise Technology Center	General Office of Suzhou Municipal People's Government
High-tech Enterprise Research and Development Center of Zhejiang Province	Department of Science and Technology of Zhejiang Province
Potential Unicorn Company of China for 2021	Greatwall Strategy Consultants
Gelonghui Global Investment Carnival Most Innovative IPO Award for 2021	Gelonghui
The Second Session of the Annual Escalation List of the Bioindustry – Top 5 Medical CXO Providers for 2021	Shanghai Institute of Materia Medica, Chinese Academy of Sciences, Shanghai Biopharmaceuticals Industry Association, Caitong Securities, Insight, Progress in Pharmaceutical Sciences, Hsmap, etc.
Sina Finance Golden Kylin Award – Best New Listed Economy Company	Sina Finance
Inclusion in the List of "ESG Pioneers 60" for 2021	Shanghai United Media Group

## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

Adherence to compliance operation is a prerequisite for sustainable and healthy corporate development. The Company adheres to business ethics standards and regards integrity and compliance as the basic guarantee for high-quality corporate development, continuously improves its internal and external risk prevention mechanism and governance structure, and integrates ESG concepts into its management to enhance the Company's risk prevention and control capability and resilience on an on-going basis.

### 1.1 CORPORATE GOVERNANCE

The Company has established and improved its scientific and standardized modern corporate governance structure in strict compliance with the requirements of relevant laws and regulations, and seriously implemented the corporate management system to enhance its own risk prevention and control capabilities and comprehensively prevent and prohibit the illegal and non-compliant factors which involved corruption, business information and privacy protection, intellectual property rights, animal welfare and other aspects in respect of governance and business ethics. It also establishes various communication channels and information disclosure mechanisms with outside to protect its healthy and sustainable development.

- **Governance structure**

The Company has established Audit Committee, Remuneration Committee and Nomination Committee under the Board of Directors in accordance with the Listing Rules and the provisions of Appendix to the Listing Rules relating to the Corporate Governance Code, and each committee operates in accordance with their respective established written terms of reference established. In terms of the composition of the Board of Directors, the factors we considered not only including the professional experience, skills and educational background, but also the gender, age, culture and ethnicity. As of the end of 2021, the Board of Directors of the Company consists of 7 directors, including 3 executive directors, 1 non-executive director and 3 independent non-executive directors.

- **Risk control**

Risk management is crucial to the success of the Company's business operations. The Company has formulated the Transcenta Risk Management Policy to improve its risk management framework. It conducted annual risk identification (including but not limited to the strategic risks, financial risks, market risks, operational risks and legal risks, etc.) and self-assessment to, analyse the key causes of major risks, determine the risk warning indicators and establish warning mechanism. The Company continuously monitors the major risks to issue warning information in a timely manner and formulate contingency plans, as well as adjusts control measures depending on the circumstance changes. As for the issues discovered in the risk assessment, the Company will formulate risk management improvement plans, the risk management office of the Company is responsible for coordinating with all relevant departments to follow up and promote the implementation of the risk management plan, then the internal control and audit department will evaluate the risk management work, carried out by each department and subsidiary, and its effectiveness, and submit supervision and evaluation reports to the leader(s) of the Company for approval. In 2021, the Company will prepare a preliminary risk level assessment report through identifying the major risk areas at the company level.

#### To set up a standard contract system and reduce the exposures of business activities

The Company strengthens the risk control of economic activities through contract management and steadily promotes the construction of standard contract system, pursuant to which, we have established 30 new contract templates throughout the year, which generally cover the main business and regular management behaviours. Meantime, the Company has improved its contract review standards to ensure 100% legal audit rate of major operation.

## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

### • *Anti-Corruption*

The Company regards virtue as its foundation, adheres to cooperate in good faith and prohibits all forms of bribery and corruption. It formulated systems including Principles on anti-bribery and anti-corruption 《反賄賂和反腐敗商業原則》 and Foreign Corrupt Practices Act Policy 《海外反腐敗法政策》 according to the Criminal law of the People's Republic of China 《中華人民共和國刑法》, the Anti-Unfair Competition Law of the People's Republic 《中華人民共和國反不正當競爭法》, the Foreign Corrupt Practices Act in the USA 《美國海外反腐敗法》, the Prevention of Bribery Ordinance of Hong Kong 《香港防止賄賂條例》 and other laws and regulations, they covered all stages of the Company's operation, and could regulate and bind the Company and the persons who act on the Company's behalf (distributors and other agents or the third party who act on the Company's behalf), and also specified the potential risks and prohibited behaviours.

The Compliance Committee has been established under the Board of Directors of the Company, and the Measures of Compliance Committee Management 《合規委員會管理辦法》 and the Whistleblowing Policy 《舉報政策》 have been formulated to build a compliance management system covering anti-corruption, anti-bribery, whistleblowing and investigation. The Compliance Committee is responsible for overseeing whether the Company's operation procedures are consistent with relevant requirements of relevant laws, regulations and standards, supervising and inspecting the compliance of the operational management and practice of all departments and staff, and carrying out specific work on the reports and complaints it received. The Compliance Committee shall report and rectify the corruption, bribery and other illegal and non-compliance acts once found in a timely manner, and take accountability into practice. The Company also provides anti-corruption and anti-bribery trainings for all employees, to raise their awareness and establish a good compliance environment in the Company. In 2021, the Company and its employees were not involved in any corruption lawsuits.

#### Whistleblowing mechanism

Channels for whistleblowing: reports or complaints can be made in the form of anonymous letters, emails, and WeCom, or to the personnel department or internal audit department in person. The email address of report or complaint: [compliance@transcenta.com](mailto:compliance@transcenta.com)

Procedures for investigation:



Protection of the whistleblower:

The Whistleblowing Policy of the Company requires that: Whistleblower's personal information and other relevant information and the report content must be strictly confidential; the person who retaliates against whistleblowers will suffer serious punishment. Once the circumstance is verified, in accordance with the relevant provisions, he/she will be sent to the judicial organs to investigate criminal responsibility according to law if he/she has committed a crime.

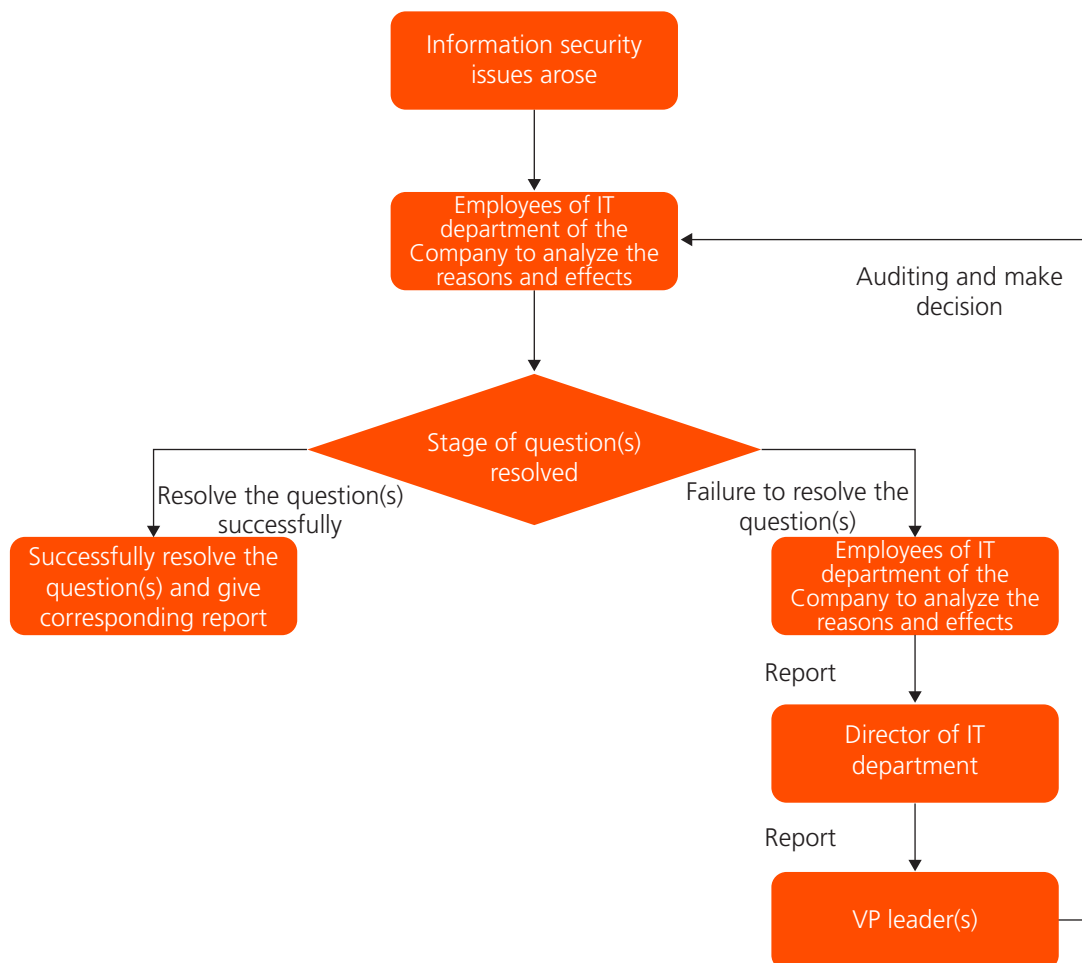
Key Performance:

- In 2021, the Company has conducted 2 anti-corruption and anti-bribery training sessions, with 2 hours of training and 100% training coverage ratio for directors and employees.

## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

### • Commercial information and privacy protection

The Company attaches great importance to information safety and privacy protection, and in strict compliance with the Biosecurity Law of the People's Republic of China 《中華人民共和國生物安全法》, the Regulation of the People's Republic of China on the Administration of Human Genetic Resources 《中華人民共和國人類遺傳資源管理條例》, the General Data Protection Regulation 《通用數據保護條例》, the Cybersecurity Law of the People's Republic of China 《中華人民共和國網絡安全法》, the Personal Information Protection Law of the People's Republic of China 《中華人民共和國個人信息保護法》 and other domestic and overseas laws and regulations, to continuously improve information security management system, and it has formulated and implemented the General Guidelines of Information Security and Data Protection System 《信息安全和數據保護制度總綱》 and the IT Information Security Ordinance 《IT信息安全條例》, the Customer Intellectual Property Rights Protection Ordinance 《客戶知識產權保護條例》, the Privacy and Information Security Protection Ordinance of Cooperated Hospital 《合作醫院隱私和信息安全保護條例》, the Privacy Protection and Information Security Ordinance of Patients 《患者隱私保護及信息安全條例》 and other subordinate ordinances, through which, they specified the responsibilities and obligations of each department and individual in cyber information security, information and privacy protection of patients and the cooperated hospital, clinical trial information protection and other aspects, and standardized the management process of information security and privacy protection. Moreover, the Company also organizes relevant trainings regularly, to raise the information protection awareness among employees and ensure the security and stability of internal information of the Company.



Procedures for handling information security events

## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

<b>Cybersecurity</b>	<ul style="list-style-type: none"> <li>To update software of document encryption and operation management, and integrate terminal management system, enhancing information confidentiality and authority limitations</li> <li>To deploy products to protect mails against phishing and attacking spam mails, reducing the risk of mails effectively</li> <li>To update security management measures against RansomWare, bug patches, terminal defence and internet security, etc.</li> </ul>
<b>Privacy and information security of cooperated hospital</b>	<ul style="list-style-type: none"> <li>To strengthen management of classified data and hospital information, avoiding leakage</li> <li>Computer equipment usage to strictly comply with the relevant management procedures and conventions of usage</li> </ul>
<b>Protection of patients' privacy and information security</b>	<ul style="list-style-type: none"> <li>Collection, delivery and use of patients' information should be made by specific department and individuals, while implementing authority management</li> <li>To strictly control information of patients, trial data and the relevant study documents, and all members who were involved in the clinical trial should not disclose any information of the subject(s)</li> <li>To apply administrative audit and approve and make records according to the requirements of Regulation of the People's Republic of China on the Administration of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》), before the commencement of clinical trial and the provision of human genetic resources samples and relevant data to the external (e.g. overseas, etc.), and the subsequent work should not be conducted until the approval from the Ministry of Science and Technology of the People's Republic of China are obtained</li> <li>To destroy the patients' information when it is abandoned, and which should be responsible by specific individual to avoid such information leakage</li> <li>To require CRO Company to sign a Commitment Letter of Data Protection before cooperating with them</li> </ul>
<b>Protection of CDMO client's information</b>	<ul style="list-style-type: none"> <li>To establish comprehensive information protection mechanism of CDMO client, and encrypt the information and documents of client, preventing leakage of unauthorised document. The cryptosystem is independent of other subsidiaries of the Company, which will reduce the leakage risks of inside information of the Company</li> <li>To implement grade management of data authority throughout the Company, the core and classified information (e.g. the sequence and targets, etc.) will only be available to the person designed by client and general manager</li> <li>The cells should be controlled by two person and in double-lock form</li> <li>To strengthen hardware guarantee, including access control and central server, ensuring the information storage security</li> </ul>

### Requirements and measures for information security management

#### • *Intellectual property protection*

In order to promote technological innovation and standardize the protection of intellectual property rights, the Company strictly complies with the Patent Law of the People's Republic of China 《中華人民共和國專利法》 and the Rules for Implementation of the Patent Law of the People's Republic of China 《中華人民共和國專利法實施細則》 and other relevant regulations, formulated the Intellectual Property Management Policy 《知識產權管理政策》 and the Patent Filling & Maintaining SOP 《知識產權申請與維護標準化操作規程》, and set up a patent protection platform, which clarified the possibility of professional assessment of invention technologies, and distinguished the management areas and specific procedures for patents, trade secret protection, patent application and maintenance. In addition, the Company also has formulated systems and procedures related to intellectual property rights search and risk identification, and conducted intellectual property rights training, to enhance the awareness of intellectual property rights protection among employees and further reduce intellectual property rights risks. In 2021, the Company did not involve any litigation related to intellectual property rights.

#### Key Performance:

- As of the end of 2021, the Company obtained 76 valid patents, including 14 valid PCT applications and 18 issued patents; and 7 valid software copyrights and owned 29 trademarks.
- In 2021, the Company organized 6 training sessions on intellectual property rights.

## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

### • *Animal welfare*

The Company established the Experimental Animals Management Committee and Experimental Animals Welfare Ethic Committee, and formulated the Articles of Association of Experimental Animals Management and Ethic Committee 《實驗動物管理及倫理委員會章程》, according to the Regulations for the Administration of Affairs Concerning Experimental Animals 《實驗動物管理條例》 and the Guidelines on Kind Treatment of Experimental Animals 《關於善待實驗動物的指導意見》 and the Biosecurity Law of the People's Republic of China 《中華人民共和國生物安全法》 and other relevant State and local laws, regulations and policies on experimental animals management.

The Company undertakes that it will maintain the welfare of experimental animals in our institution, and regulate the management and ethical review of experimental animals, as well as the professional conduct of practitioners, and it will comply with the 3R principle in experiment design. The experimental animals' feeding and animal experiment of the Company shall apply for laboratory animal management and ethical review at first, they will commence only after obtaining approval from the Experimental Animals Management and Ethic Committee, and subject to supervision and inspection. In addition, the Company conducts annual inspection for the facilities to provide a more comfortable living environment for animals.

In 2021, the Company updated its experimental animal welfare review program, in which it added the assessment of the status of proposed procured experimental animals and their feeding conditions, the status and conclusion of ethical review of experimental animals, etc., and it also renovated and upgraded the animal rooms. During the Reporting Period, the Company did not experience any penalties for animal experimentation violations.

### • *Investors relations*

The Company has established a smooth communication mechanism and information disclosure channels with investors. In 2021, the Company received over 100 institutions by holding large-scale investor days, roadshows and online meetings to deeply understand and respond to the key concerns and demands of investors. In addition, the Company actively constructed its communication matrix, with aims to form good interaction with financial media, industry media and official media, and developed its information disclosure channels, so that the investors can obtain the latest information of the Company in a timely and accurate manner.

## 1.2 ESG MANAGEMENT

The Company adheres to the corporate vision of "Innovating to excel and benefiting patients around the world", incorporates ESG concepts into its operation and management process, actively responds to the demands of internal and external stakeholders, continuously reviews and manages the impacts of the Company's operations on the economy, the society and the environment, and continuously improves the Company's abilities to perform its duties, to achieve mutual development with stakeholders.

### • *ESG management structure*

An effective ESG management structure is an important foundation for ensuring the effectiveness of ESG management and promoting the long-term and stable development of the Company. We focus on ESG management, incorporate ESG into the existing operation management system, systematically identify and manage ESG risks, and dynamically assess the importance of ESG issues. As the highest decision-making body of the ESG management organization, the Company's Board of Directors is responsible for studying social and environmental risks and opportunities that may affect the Company, supervising and managing the Company's ESG-related systems, performance and decision-making on major issues. All departments of the Company actively implement the implementation of ESG-related policies and goals in the course of ordinary operation. The Board of Directors reviews and provides suggestions according to the ESG performance and progress regularly reported by departments. In the meantime, the impact of ESG issues on the company's business, the action plan and targets for the next period are also be analyzed and discussed.

## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

### • *Communication with stakeholders*

Communication with stakeholders is an important aspect of the ESG management of the Company. In the course of ordinary operation and management, we establish a routine communication mechanism with stakeholders, actively understand the opinions and expectations of all stakeholders and incorporate stakeholders' concerns into the operational decision-making process of the Company, creating a win-win shared value among stakeholders. During the Reporting Period, based on regulatory requirements, concerns in the capital market and leading industry peer practices, the Company sorted out and identified the following major stakeholders that have decision-making power over and influence on the Company and are closely associated with the Company.

Category of Stakeholders	Major Issues of Concern	Communication and Responses
Government and regulatory authorities	<ul style="list-style-type: none"> <li>• Compliance operation</li> <li>• Product quality and safety</li> <li>• Emissions management</li> </ul>	<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Meetings with researchers</li> <li>• Proactive reporting</li> <li>• Information disclosure</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Compliance operation</li> <li>• Corporate governance</li> <li>• Product R&amp;D and innovation</li> <li>• Protection of intellectual property</li> <li>• Response to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings/extraordinary general meetings</li> <li>• Results presentation</li> <li>• Press release/announcement</li> <li>• Information disclosure</li> <li>• Improvement of R&amp;D and innovation capabilities</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee recruitment and rights protection</li> <li>• Employee remuneration and benefits</li> <li>• Career development and training of employees</li> <li>• Occupational health and safety of employees</li> </ul>	<ul style="list-style-type: none"> <li>• Employee meetings</li> <li>• Employee training and promotion</li> <li>• Caring activities for employees</li> <li>• Protection of employees' health and safety</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Product quality and safety</li> <li>• Product R&amp;D and innovation</li> <li>• Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a sound quality management system</li> <li>• Improvement of R&amp;D and innovation capabilities</li> <li>• Enhancement of information and privacy protection</li> </ul>
Suppliers and other partners	<ul style="list-style-type: none"> <li>• Sustainable supply chain</li> <li>• Cooperation and mutual benefit</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier access assessment</li> <li>• Supplier review</li> <li>• Industry exchange</li> </ul>

## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

Category of Stakeholders	Major Issues of Concern	Communication and Responses
Community and public	<ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Product quality and safety</li> <li>• Product R&amp;D and innovation</li> <li>• Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Community public welfare activities</li> <li>• Establishment of a sound quality management system</li> <li>• Improvement of R&amp;D and innovation capabilities</li> <li>• Enhancement of information and privacy protection</li> <li>• Information disclosure</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Compliance operation</li> <li>• Emissions management</li> <li>• Response to climate change</li> <li>• Animal welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Media interviews and communication</li> </ul>

### • *Materiality identification and assessment*

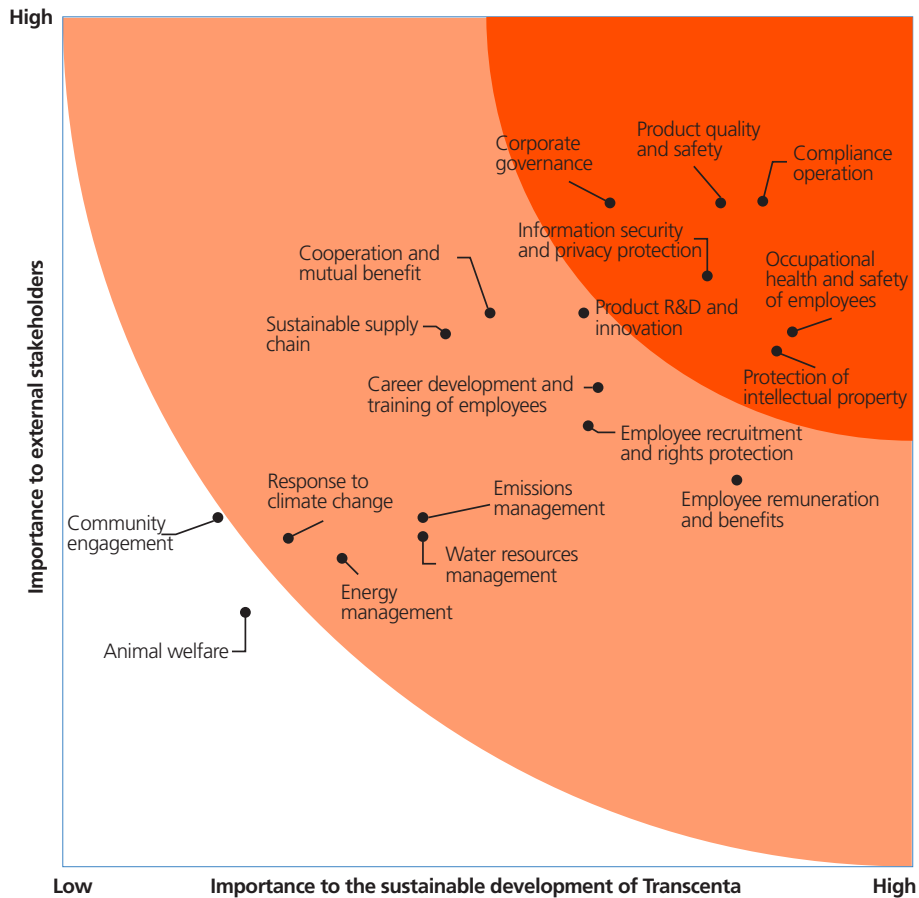
During the Reporting Period, based on the disclosure requirements of the ESG Guide of the Hong Kong Stock Exchange and in line with the leading industry peers' practices and the key ESG concerns in the capital market, the Company identified potential issues and through interviews and questionnaire surveys with internal and external stakeholders, determined the sequence of each issue. In combination with global sustainable development trends, the Company's important strategies and the demands of stakeholders, the management of the Company adjusted and confirmed the sequencing of issues to point out the direction for the Company to better carry out ESG management and practices.

<b>Identification of ESG potentially material issues list</b>	<ul style="list-style-type: none"> <li>• Through analysis of regulatory requirements, peer benchmarking, policy analysis and considering the concerns in the capital market, 18 potentially material issues were identified to form a list of the ESG material issues of the Company</li> </ul>
<b>Communication with stakeholders</b>	<ul style="list-style-type: none"> <li>• Conducted 18 in-depth internal interviews of the Company and distributed survey questionnaires on ESG material issues to shareholders and investors, employees, suppliers and other partners, government and regulatory authorities, community and public, media, etc., to understand issues of concern of stakeholders</li> </ul>
<b>Sequencing of the material issues</b>	<ul style="list-style-type: none"> <li>• Based on the two dimensions of materiality to the Company and materiality to stakeholders, we evaluated and ranked all material issues to form the materiality matrix of the Company</li> </ul>
<b>Determination of the material issues</b>	<ul style="list-style-type: none"> <li>• The results of the materiality matrix were submitted to the management to determine the materiality and impact of identified issues. We would faithfully reflect the Company's performance on relevant issues in the report</li> </ul>



## I. OPERATION IN SINCERE AND COMPLIANCE FAITH

During the Reporting Period, the Company identified 18 ESG issues based on research and analysis of material issues, including 6 highly material issues, 10 moderately material issues, and 2 generally material issues.



ESG materiality matrix of Transcenta

## II. SCIENCE-ROOTED SUCCESS

The Company is committed to fulfilling the brand connotation of “Innovate to excel” with practical actions through science-rooted and innovation-sourced principles. In the process of continuously exploring innovative research and development, we strictly comply with the Drug Administration Law of the People’s Republic of China 《中華人民共和國藥品管理法》, the Regulation for the Administration of Human Genetic Resources of the People’s Republic of China 《中華人民共和國人類遺傳資源管理條例》 and other regulatory requirements on drug research and development to safeguard innovative research and development; the Company also continuously pursues high-quality products, improves the quality management system covering the whole life cycle, and embraces global cooperation with an open attitude to further stimulate innovation vitality, striving to develop and provide better and more affordable innovative treatments for patients.

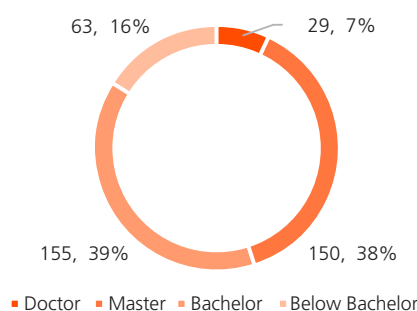
### 2.1 RESEARCH AND DEVELOPMENT AND INNOVATION

Continuous innovation capability is the core driving force for the sustainable development of enterprises. The Company has been deeply involved in the biopharmaceutical sector for many years and has continuously improved its innovation capabilities in research and development and manufacturing to address unmet clinical needs through differentiated innovation. In 2021, the Company invested RMB344 million in research and development, representing an increase of 72% as compared to 2020.

- ***Innovative strength covering the whole process of biopharmaceutical drugs***

Talent is the key to innovation. The Company has a core team with extensive experience in early-stage drug candidates, drug discovery and development, CMC and process development, manufacturing and operation, clinical trials, marketing and commercialization of drugs, which anchors the direction of innovation and development of the Company. In 2021, the proportion of “National and Local High-level Talents” of the Company was 3%, accounting for 46% of the senior management members and 47% of the scientific research personnel.

**Educational background distribution of employees of the Company**



## II. SCIENCE-ROOTED SUCCESS

### Drug discovery

- The Company has developed a unique antibody discovery platform, the Immune Tolerance Breaking (IMTB) technology platform, which enables the Company to generate antibodies to both non-conserved and conserved proteins that are difficult to generate in rodents and to discover hidden epitopes that are challenging to discover by using conventional platforms

### Translational research

- The Company established a tumor response model to the investigational agents and better understood PK/PD profiles through the translational research platform, which provided guidance for the design and implementation of clinical study and evaluated the options of combination therapy with agents targeting different signaling diseases pathways

### Process development

- The Company has a CMC development team with very comprehensive capabilities, covering all technical aspects of biopharmaceutical drug development. Leveraging advanced equipment and technology to better balance speed, quality and cost, we are rapidly advancing candidate molecules with druggable possibility to IND application and clinical development

### Clinical development

- Leveraging global expertise and presence of the Company, it has adopted a global strategy to maximize operational efficiency. Concurrently, we leverage the efficient regulatory approval pathway to accelerate IND applications and early-phase clinical trials in the United States and to advance the execution of clinical trials in the indications with significant unmet medical needs from the large patient population in China. The Company designed the trials to allow the clinical data from each trial to be used for pooled analysis and global registration

### Production and manufacturing

- The Company has a GMP compliant modular design and manufacturing facility with proprietary intellectual property rights and a continuous manufacturing platform called Integrated Continuous Bioprocessing (ICB), and a number of drug substance production lines and drug product fill finish production lines are arranged. The Company's GMP manufacturing facility has been in operation for 4 years and has undertaken over 50 batches of GMP manufacturing for internal and external projects, with a success rate of > 98%

**R&D and manufacturing advantages of the Company**

## II. SCIENCE-ROOTED SUCCESS

### Bring hopes to more patients with gastric cancer through differentiated innovation

China is a country with a high incidence of gastric cancer, which is the second highest incidence rate among malignant tumors, and therefore there is a high medical needs of drugs for gastric cancer. Relying on the Company's own research and development advantages and differentiated strategy, it has developed a high-affinity humanized monoclonal antibody TST001 that targets Claudin 18.2 through an independently developed IMTB technology platform. TST001 is the second therapeutic candidate of Claudin 18.2 targeting antibody developed globally and has enhanced antibody-dependent cellular cytotoxicity (ADCC) and complement-dependent cytotoxicity (CDC) activity. TST001 displayed potent anti-tumor activity in xenograft trials. Compared with similar drug candidates, TST001 is not only more potent in anti-tumor activity and can efficiently kill gastric cancer cells with expressing high levels of Claudin 18.2, but also has a wider targeting population that is effective in gastric cancer cells expressing medium to high levels of Claudin 18.2, becoming the First-in-Class in the population expressing medium to high levels of Claudin 18.2. In 2021, after the completion of the ramp-up trial of TST001, we initiated a number of Phase II clinical studies and obtained orphan drug designation granted by the U.S. FDA. Currently, TST001 is in the global Phase II trial and ranks second in the world in terms of development progress among the drugs of the same class. The Company will strive to initiate international registration clinical trials as soon as possible to provide patients worldwide with new treatment options.

### First-in-class globally, bringing more options for multiple cancer treatments

In order to prevent tumor drug resistance and metastasis caused by tumor stromal cells, the Company, after years of research, has developed a globally first-in-class humanized monoclonal antibody TST003, which targets regulatory proteins highly expressed in stromal cells of various human cancers. In pre-clinical studies, TST003 demonstrated significant anti-tumor activity against tumors that are insensitive to immune checkpoint inhibitors, and is expected to become a new therapeutic approach for cancer as a monotherapy or in combination with CPI and/or other anti-tumor drugs. Currently, TST003 has been identified for a number of potential therapeutic indications and is prepared to submit IND applications this year.

## II. SCIENCE-ROOTED SUCCESS

### • *Production process with quality improvement and efficiency enhancement*

The production process innovation is conducive to cost reduction and efficiency enhancement for enterprises. The Company adopted a modular concept with proprietary intellectual property rights to design the GMP manufacturing facility (T-BLOC) and successfully developed and implemented a continuous manufacturing platform called Integrated Continuous Bioprocessing (ICB), achieving upgrade of both production process and production capacity of biopharmaceutical products. We are moving closer to the mission of developing high-quality, affordable and innovative biologics to benefit patients worldwide.

#### Enhance flexibility and scalability of the facility through T-BLOC

T-BLOC is able to significantly reduce the economic costs associated with reconfiguring production conditions. T-BLOC takes into consideration the protection of product safety and process stability at the beginning of its design, segregates upstream and downstream, pre and post virus removal steps in different areas, and adopts one-off technology for the entire production process, which can effectively avoid the risk of cross-contamination in the simultaneous production of multiple products. Currently, T-BLOC has been used in the production of bulk drug substances and finished drugs in toxicology trial and the production of Phase I, II and III clinical products, and the annual production of commercial products is expected to reach up to 1,000kg protein.



T-BLOC

#### Hit a new high productivity continuously in ICB platform

To maximize facility output with significant lower cost of goods, improve process robustness and minimize operational risks, ICB platform integrated a proprietary and highly productive continuous upstream perfusion process with an automated and continuous downstream process that we are co-developing with Merck. By leveraging the power of ultra-high cell density continuous perfusion process and self-developed cell culture media with clear chemical composition, we have demonstrated industry leading volumetric productivities of over 6g/L-day and output increases for multiple cell lines of 10 to 20-fold when compared to conventional fed-batch processes. This process not only breaks through the limitation of production space to obtain high productivity, but also makes a significant achievement in saving material consumption and reducing energy consumption per unit product. As of the beginning of 2022, the Company's manufacturing facility has a number of 200-2,000L drug substance production lines and a fully automatic drug product fill and finish line using isolator technology. Additional manufacturing capacity can be added quickly in the future in T-BLOC to accommodate expected increase in product demand. It is expected that the annual production capacity will exceed one metric ton in the future.

## II. SCIENCE-ROOTED SUCCESS



ICB Platform

### Enhance product stability through process innovation

Surfactants in biological products ensure product stability during production, transportation and storage. Polysorbate 80, a common surfactant, is easily degraded under certain conditions, although it has good effect in protecting biological products. Fatty acids, degradation products of polysorbate 80, form insoluble particles in the product solution. the presence of which seriously affects the quality of drugs and could potentially bring immunogenicity and other hazards to patients.

In order to eliminate the potential risk arising from the degradation of the surfactant polysorbate 80 which generates a large number of particles for TST005 injection at a temperature higher than the normal storage temperature, the research and development team of the Company innovatively adopted the new process to remove metal ions in the products, thus deactivating the enzyme degrading polysorbate 80, which protects the effect of polysorbate 80 and effectively addresses the particle problem caused by degradation products, and the product quality was improved and drug safety for patients was guaranteed.

### • *Innovation capabilities recognized by the government*

The Company integrated its own strategy with local development plans, actively responded to the community's appeal for innovative biopharmaceutical drugs, gained good reputation and attention in the industry and the whole society by virtue of its solid innovation capability, and won numerous awards and subsidies from the government. In 2021, the Company was awarded RMB18,548,250 as subsidies from "One Enterprise One Policy," Post-Pharmaceutical Subsidy for Key Research and Development Programs in Jiangsu Province, Policy-based Subsidy for Scientific and Technological Innovation of Biomedical Industry in Suzhou, and Scientific and Technological Development Fund of Suzhou Industrial Park and Subsidy for Research and Development Service Project of Hangzhou Biomedicine Industry. The innovative biopharmaceutical drug projects of Transcenta were selected as major projects in Jiangsu Province and Suzhou in 2022.

## 2.2 QUALITY SAFETY

Quality of products and services is the foundation of the Company. The Company is committed to providing superior products to customers, conducting comprehensive quality management throughout all the business process and continuously improving its service assurance capability to earn a well-deserved brand reputation for its high-quality and reliable products and services.

## II. SCIENCE-ROOTED SUCCESS

- **Lifecycle quality management**

The Company has established a comprehensive quality management system applicable to the entire life cycle for products at clinical and commercial stages, which carries out strict quality management from process design (process development), technology transfer, toxicology and clinical batch production in support of clinical trials, process performance confirmation, commercial production, and continuous process performance confirmation until product retirement. The Company's production facilities can meet the requirements of the Good Manufacturing Practices (GMP) of the ICH, FDA, EMA and NMPA at the same time. The quality assurance and quality control team under the Company's Technical Operations is responsible for management and control of the production, testing and release of drug substance and finished products, stability studies and process performance to create superior quality. In terms of clinical trials, senior management of the Company is responsible for establishing a quality management system that meets the Good Clinical Practices (GCP) and other relevant technical standards and regulatory requirements. Meanwhile, the clinical quality assurance team is responsible for the maintenance and implementation of the quality management system in the GCP environment to ensure the safety and efficacy of clinical trial drugs.

### **Quality management system**

The Company's quality management system in a GMP environment consists of 7 systems and sub-systems and corresponding processes under each system. The quality management system covers all relevant policies, procedures and documentation that guide GMP activities. In addition, the Company continuously improves its existing quality management system by monitoring, testing, investigating, correcting and establishing or updating control mechanisms so that all aspects of product manufacturing meet the requirements of relevant regulations and internal management procedures, and innovative technologies and control strategies are practically applied to develop safer, more effective and higher quality biotherapeutic products to benefit more patients worldwide. In 2022, the Company successfully passed the audit of EU Qualified Person.



**Quality Management System**

## II. SCIENCE-ROOTED SUCCESS

### *Quality culture*

To achieve its mission of making safe and effective products available to more patients, senior management of the Company has established a quality policy that defines the Company's commitment to quality. The Company establishes the Quality Manual in accordance with the guidance of the quality policy to regulate the composition, role, responsibility and authority of the quality system, align the Company's quality objectives and strategies, and ensure that it is regularly audited and updated in accordance with the requirements of the prevailing laws and regulations. In addition, the Company also takes new employee induction training, basic course training, post qualification confirmation and re-training as opportunities to promote quality culture to employees and enhance quality management awareness.

Quality policy:

"Science-rooted, total involvement, continuous improvement and putting patients' safety and product quality first."

### *Complaint and recall mechanism*

The Company has established management procedures for quality complaints and recall of clinical trial drugs in accordance with relevant laws and regulations and the Administrative Measures for Drug Recalls, to provide specific operational guidance for complaints and clinical drug recalls that may arise from quality, safety or efficacy issues of clinical drugs caused in the course of any manufacturing, transportation and use, and specify complaint channels, improvement mechanisms, implementation of recalls, investigation of root causes, disposal of recalled drugs and other related requirements. The quality system also regularly audits the recall system to ensure that it is timely and effective. In 2021, the Company did not receive any quality complaint nor experience any product recall.



**Recall Process**

### • *Service assurance*

With the advanced manufacturing platform, the Company provides high quality CDMO services to customers. We maintain an open communication mechanism with our customers, invite them to participate in site management, and provide timely feedback on customer queries and technical issues to ensure project progress and service quality. In 2021, the Company did not receive any customer complaints.

## 2.3 WIN-WIN COOPERATION

The healthy and sustainable development of an enterprise is inseparable from responsible partnership and an open industrial ecosystem. The Company continuously strengthens its supply chain management and conveys the concept of sustainable development to its suppliers to enhance the resilience of the supply chain. Meanwhile, the Company vigorously seeks inter-industry cooperation and exchanges, cultivates talents for the industry, and works with partners to promote the new development of biopharmaceutical industry.



## II. SCIENCE-ROOTED SUCCESS

### • *Co-building a sustainable supply chain with suppliers*

The stable development of an enterprise is inseparable from a healthy, safe and sustainable supply chain. The Company stays committed to cooperating with its suppliers thoroughly in terms of improving the supply chain management system, incorporating ESG concept into supplier management policies and contract terms, as well as guiding and encouraging suppliers to carry out practices on responsibility fulfilment, so as to jointly build a capable and sustainable supply chain.

By formulating management systems and operating procedures such as Procurement and Supplier Management Policy, Supplier Management Procedures and Material Control Strategy, the Company defines specific procedures for suppliers from classification, access to audit, and controls the quality and safety of suppliers' products. In addition, it takes relevant legal business certificates, quality management system certifications, environmental system certifications, laboratory system certifications and environmental impact of products as the requirements and reference for suppliers' access and procurement selection, we prioritise environmentally friendly products and services when selecting suppliers under the same conditions. In addition, the Company has signed the Undertaking Letter on Anti-Corruption-and-Bribery with its suppliers to jointly build a fair, open, just and transparent business environment. By the end of 2021, the number of suppliers of the Company was 355, of which 149 suppliers had signed the Undertaking Letter on Anti-Corruption-and-Bribery. The proportion of the Company's selected suppliers (those who signed long-term purchase agreements with the Company) was 77%. The distribution of suppliers by region is as follows:

Region	Number in 2021	Unit
North China	27	No. of suppliers
Central China	2	No. of suppliers
Northwest China	0	No. of suppliers
South China	17	No. of suppliers
East China	302	No. of suppliers
Northeast China	1	No. of suppliers
Overseas	6	No. of suppliers

In order to reduce supply chain risks and enhance the stability of the Company in the operations, the Company evaluates selected suppliers annually and develops different evaluation requirements according to the categories of its suppliers. The procurement department of the Company will review and evaluate the GMP suppliers' ESG performance in commercial compliance, product quality safety and service quality, environmental system, occupational health and safety system, etc. according to the indicators in the supplier evaluation form, and rectify the suppliers according to the quality requirements. For the non-GMP selected suppliers, the Company uses the "Selected Supplier Evaluation Form" to review and evaluate, and feedback the scoring results to such suppliers. For the suppliers with a score lower than 60, the Company makes corresponding rectification to them or remove them from the selected supplier list. In 2021, the Company evaluated 93 selected suppliers.

The Company is committed to establishing a good relationship of mutual benefit and mutual trust with its suppliers, and fully communicates the problems encountered in its product procurement and process optimization, to jointly develop improvement plans.

## II. SCIENCE-ROOTED SUCCESS

### Win-Win cooperation to improve product volume and quality

In order to improve performance of Single-use Bioreactors (SUB) for highly intensified continuous perfusion processes, the Company collaborated with the supplier to improve the design of the SUB bags to improve its reliability and robustness to support ultra-high cell density cultures. Compared with the original design, new design is anticipated to significantly improve process control and consistency for high density continuous perfusion processes to help ensure high productivity and product quality and reduce risks for large-scale GMP production.

### • *To strengthen cooperation and exchanges*

The Company actively seeks cooperation opportunities for innovative research and development and participation in intra-industry and inter-industry sharing and exchanges. Since its establishment, the Company has attached great importance to the cooperation with world-renowned pharmaceutical companies and scientific research institutions, and is committed to giving full play to respective professional advantages to jointly solve industrial and social problems and seek common well-being for human.

### To strengthen industry collaboration and focus on unmet clinical needs

The Company has a highly differentiated non-oncology pipeline, focusing on novel indications with high unmet medical needs in bone and kidney diseases. In recent years, the Company has conducted collaboration with Eli Lilly and Alembic Pharmaceuticals for TST002, a drug treating osteoporosis, and TST004, a drug treating human thrombotic microangiopathy (TMA) and IgA nephropathy. Among them, TST002 can be used to treat osteoporosis caused by drugs and chronic kidney disease, and has potential application value for spinal surgery; TST004 can be used to prevent the inflammation and tissue damage mediated by lectin pathway complement activation, and can be self-injected, providing more convenience for patients. As of the end of 2021, the Company has obtained the approval from the NMPA for TST002 to directly initiate Phase I clinical trial in patients with low bone mineral density; the Company has completed process development and GMP standard material production, and has initiated GLP-compliant toxicity study for TST004.

In March 2022, the Company and Bristol Myers Squibb (BMS) reached a global clinical research cooperation agreement to conduct a global clinical trial of TST001, a humanized Claudin18.2 mAb candidate in combination with Opdivo(r) (nivolumab), BMS' PD-1 inhibitor, for the treatment of patients with unresectable locally advanced or metastatic gastric cancer and gastroesophageal junction cancer. Such cooperation aims to evaluate the safety, tolerability and anti-tumor efficacy of TST001 in combination with Opdivo(r) in patients with unresectable locally advanced or metastatic gastric cancer and gastroesophageal junction cancer expressing Claudin18.2 regardless of prior therapy, potentially providing greater clinical benefits for patients with locally advanced or metastatic gastric cancer/gastroesophageal junction cancer.

In terms of technology platforms, the Company collaborated with Merck to advance biopharmaceutical process 4.0 and continuous manufacturing technology, in order to reduce costs and increase efficiency while making affordable therapies more accessible to patients around the world.

## II. SCIENCE-ROOTED SUCCESS

In addition, the Company actively cooperated and exchanged with scientific research institutions and schools and hospitals to promote the commercialization of its products as soon as possible.

In 2021, the Company conducted cooperation with scientific research institutions and schools and hospitals for its self-developed products	Cooperation program	Cooperating institutions
	Various translational studies on TST001	Beijing Cancer Hospital, Dana-Farber Cancer Institute of Harvard Medical School, Shanghai Zhongshan Hospital
	Self-developed antibody program on TST003	Institute of Translational Medicine, SJTU
	Translational and clinical study on TST005	Shanghai Pulmonary Hospital, Fudan University Shanghai Cancer Center
	Phase I study of MSB2311 in patients with advanced solid tumors and hematological malignancy in China	Beijing Cancer Hospital

The Company actively participated in communication activities in the industry. As a biopharmaceutical company that has comprehensive capabilities in the discovery, R&D, process development and manufacturing of biologics, the Company is willing to share its experience with peers in the industry and promote the development of the industry through joint efforts.



**Dr. Jerry Xiaoming Yang, EVP, Global Process & Product Development, attended the 3rd Bio-ONE Annual Bioprocessing Summit 2021, and gave a speech titled “Technological Advances and Importance of Integrated Continuous Perfusion Process in the Commercial Production of Biologics”**

## II. SCIENCE-ROOTED SUCCESS

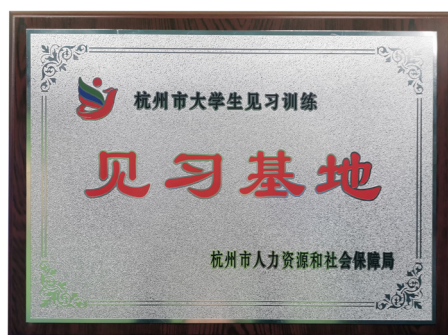


**Dr. Charlie Qi, SVP, Global Clinical Development, attended 2021 China (Suzhou) Taihu Biomed Innovation Conference and gave a speech titled “Single-arm Trials under New Policies”**

Other important conferences attended and the study results shared by the Company in 2021	Name of conference	Results shared
	In April 2021, the Company attended the online annual meeting of the American Association for Cancer Research (AACR)	Poster session of the preclinical study data of TST005, a bi-functional anti-PD-L1/TGF- $\beta$ trap fusion protein
	In May 2021, the Company attended the annual meeting of the American Society of Clinical Oncology (ASCO)	Abstract of the updated results of Phase I clinical study of MSB2311, a pH dependent PD-L1 antibody for the treatment of advanced solid tumors and hematologic malignancies
	In September 2021, the Company attended the annual meeting of the Chinese Society of Clinical Oncology (CSCO)	Poster session of the results of the MSB2311 (a pH-dependant PD-L1 antibody) phase I study and the MSB0254 (a VEGFR-2) antibody phase I study in advanced solid tumors and/or haematology malignancies

## II. SCIENCE-ROOTED SUCCESS

In order to attract more outstanding fresh graduates to join the Company, we have successively formed cooperation with Zhejiang University of Technology, Zhejiang Gongshang University and Xi'an Jiaotong-Liverpool University. Our senior management members served as distinguished professors in various universities, thus improving our corporate influence. In addition, HJB (Hangzhou) Co., Ltd., a subsidiary of the Group has become an apprenticeship base for college students of Hangzhou. Transcenta Holding Limited (formerly known as Mabspace Biosciences (Suzhou) Co., Ltd.) has become a co-developer of the internship projects for overseas students of the Suzhou Industrial Park and entered into a joint postdoctoral fellowship program agreement with Soochow University. All these efforts will contribute to providing high-quality internship positions for the community and fresh graduates and thus provide them with better development opportunities.



### **Soochow University's Joint Postdoctoral Fellowship Program Agreement with Enterprise**

Party A: Soochow University

Party B: Mabspace Biosciences (Suzhou) Co., Ltd.

Party C: Chen Siyu

WHEREAS, for the purpose of giving full play to the advantages of the university and enterprise, promoting industry-university-research integration and facilitating technological innovation and commercialization of technological results, according to the guiding principles of relevant government documents of the state and Jiangsu Province, Party A and Party B decided to recruit Party C as a corporate postdoctoral fellow. After negotiation, it is agreed as follows:

**Part of the results from the Company's cooperation with universities**

### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Green and low-carbon development has become the theme of the current economic and social development. The Company implements the concept of green development, identifies and controls the possible impacts of the Company's operation, products and services on the environment. It also actively explores green and innovative technologies to improve resources utilization, reduce pollution emissions and achieve the coordinated development of its own economic benefits and environmental benefits.

#### 3.1 ENVIRONMENTAL MANAGEMENT

In strict compliance with the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》, the Law on the Prevention and Control of Water Pollution of the People's Republic of China 《中華人民共和國水污染防治法》, the Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China 《中華人民共和國大氣污染防治法》, the Law on the Prevention and Control of Environment Pollution by Solid Waste of the People's Republic of China 《中華人民共和國固體廢物污染環境防治法》 and other laws and regulations, the Company formulated the Management System on the Identification and Appraisal of Environmental Factors 《環境因素識別和評價管理制度》 and established management systems covering the emission of exhaust, waste water and noises, energy saving and emission reduction as well as the disposal of solid waste. Meanwhile, the Company established the EHS Committee to implement subject responsibilities on environmental management, continuously optimize results in environmental management and actively promote green operation. Since the Company's products are still in the clinical stage and 2021 is the first year of listing of the Company, the quantitative targets of the environmental management are being formulated and will be disclosed in the future.

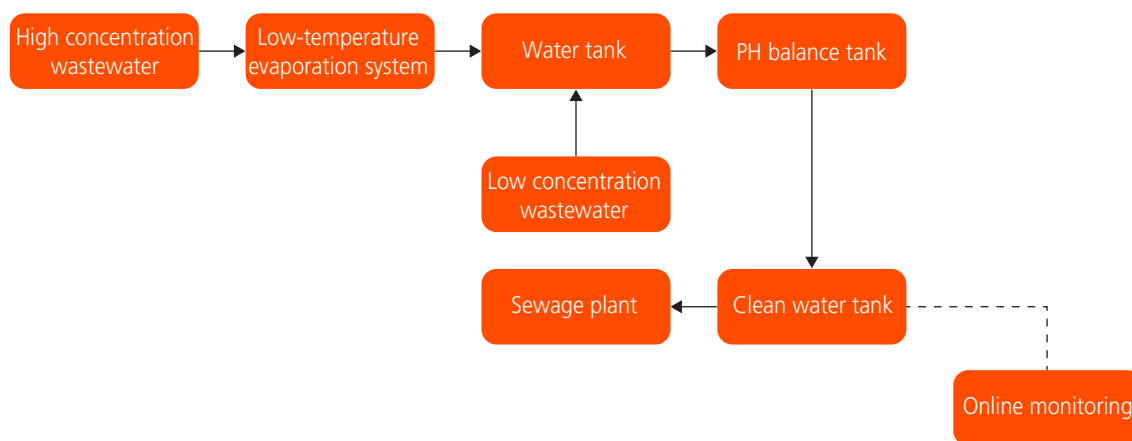
#### 3.2 REDUCING EMISSIONS AND POLLUTION

In accordance with national environmental laws and regulations and local standards on emissions of the place where it operates, the Company actively undertakes environmental protection and compliance obligations, conducts scientific management and disposal of waste water, exhaust and waste from production and operation, formulates relevant management systems and disposal measures to standardize disposal procedures, ensure emissions in line with regulations and standards and effectively reduce the impacts of various pollutants on the environment.

### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

- *Discharge of waste water*

The waste water of the Company mainly includes waste water from production, ground cleaning, laboratories, concentrated water from the processing of pure water and domestic waste water. Based on the requirements of the place where it is located on the management of waste water discharge, the Company formulated the Management System on Wastewater 《廢水管理制度》 and specified the processes for the treatment of waste water. Based on the mandatory requirements on national specifications on pollution discharge permits, the Company installed an online sewage monitoring equipment at the outfalls in the terminal of sewage treatment stations and achieved real-time monitoring on sewage indicators to ensure the discharge of waste water in line with regulations. In 2021, the Company recorded an incident on the discharge of sewage with the chemical oxygen demand (COD) exceeding the standard into the municipal sewage pipeline. The Company carried out control from the source, disposal at the terminal and other effective remediation measures immediately after learning about the condition, controlling the sewage indicators below the limit of sewage for a long time.



Wastewater Treatment Processes



### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS



Low-temperature evaporation system of sewage treatment stations

#### Wastewater Discharge in 2021

Key performance	2021	Unit
Sewage treatment <sup>1</sup>	7,275	m <sup>3</sup>
Chemical oxygen demand (COD) emissions <sup>2</sup>	0.094	ton
Ammonia nitrogen emissions <sup>2</sup>	0.002	ton
Total nitrogen emissions <sup>2</sup>	0.067	ton
Total phosphorus emissions <sup>2</sup>	0.001	ton

Note 1: The online monitoring equipment was installed in October 2021 and the sewage treatment is an estimated value

Note 2: The quantity of waste water discharged into natural waters



### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

#### • Exhaust emissions

The Company formulates the Management System on Exhaust Emissions 《廢氣排放管理制度》 in accordance with the Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China and conducts effective control on sulfur dioxide (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>) and particulate matters generated from production and operation. It classifies exhaust, installs exhaust treatment devices and regularly inspects and repairs the leakage of equipment to ensure that the exhaust emissions meet the emission standards of the place where it operates.

#### Exhaust from the treatment of waste water in sewage plants

- Such exhaust requires deodorization treatment and exhaust treatment operators are required to conduct routine inspections, maintenance and cleaning on fans, circulating water pumps and other equipment to ensure their normal operation

#### Exhaust from organic solvents generated from production and experiment processes

- Such exhaust contains few hazardous chemicals and can be emitted to the air without treatment
- It shall pay attention to the sealing of equipment under operation in the production process and cover the lids in time to reduce the volatilization of organic solvents
- The use of hazardous reagents with high volatility shall be conducted in ventilation cabinets in laboratories and all ventilation cabinets shall guarantee normal ventilation

#### Exhaust treatment methods

#### Updating sewage treatment facilities to reduce exhaust emissions

It does not consider the collection and treatment of exhaust from sewage treatment stations in the current environmental assessment reports. The Company actively undertakes subject responsibilities in environmental governance. It introduced a set of exhaust treatment devices for sewage treatment stations in 2021 and installed exhaust fans, sprinklers, activated carbon adsorption, NaClO oxidization, alkali sprinklers and other devices for sewage treatment stations. Exhaust after high purification treatment meets the Standards for Emissions of Air Pollutants in the Pharmaceutical Industry 《製藥工業大氣污染物排放標準》 and can be directly emitted at high altitudes. Major facilities of the devices have been completed and they are expected to put into use in the first half of 2022.

#### Exhaust Emissions in 2021

Key performance	2021	Unit
Sulfur oxides (SO <sub>x</sub> )	0.19	kg
Nitrogen oxides (NO <sub>x</sub> )	5.38	kg
Particulate matters	0.40	kg

*Note: Exhaust emissions are mainly from gasoline consumption by official vehicles and diesel consumption by diesel generators. The calculation of exhaust emissions refers to the Listing Rules of the Hong Kong Stock Exchange and Appendix II: Reporting Guide on Key Environmental Performance Indicators.*

### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

#### • Waste emissions

The Company categorizes waste into dangerous waste (hazardous waste), ordinary solid waste, construction waste and household waste (such three categories are non-hazardous waste) based on their attributes. In accordance with the Law on the Prevention and Control of Environment Pollution by Solid Waste of the People's Republic of China and other laws and regulations, the Company formulates and implements the Management System on the Disposal of Solid Waste 《廢棄物處置管理制度》 and the Safety Operational Specifications on the Collection, Transfer and Temporary Storage of Dangerous Waste 《危險廢物收集、轉移、暫存安全操作規程》, conducts strict management on the classification, labeling, collection, temporary storage and commits that non-hazardous wastes from self-operated are separately managed by categorization and all hazardous wastes are handled by qualified third-party organizations, to eliminate environmental risks caused by improper disposal of solid waste. In addition, the Company optimizes the process, advocates green office and use recyclable materials to reduce the use of disposable goods and the generation of waste.

#### Waste Emissions in 2021<sup>1</sup>

Key performance indicators	2021	Unit
<b>Waste</b>		
Total non-hazardous waste <sup>2</sup>	28.24	ton
Intensity of non-hazardous waste emissions	0.56	ton/RMB1 million
Total hazardous waste <sup>3</sup>	39.64	ton
Intensity of hazardous waste emissions	0.79	ton/RMB1 million

Note 1: The collection of waste covers operation places in Suzhou, Hangzhou, Shanghai and Beijing.

Note 2: The data is an estimated value. Non-hazardous waste from the operation places in Shanghai and Beijing is under the unified management of the property management company of the buildings and no specific statistics is collected. As a result, they are not incorporated into the scope of statistics and disclosure for the current year.

Note 3: Toner cartridges in hazardous waste are directly recycled by the supplier and the data is an estimated value.

### 3.3 SAVING USE OF RESOURCES

Improving the use efficiency of resources is not only a key approach to practice green operation but also brings outstanding economic benefits to the enterprise. The Company strengthens management on energy saving and consumption reduction, improves the energy use efficiency and develops the conservation awareness through equipment upgrading and renovation, and commits that we will prioritise using more energy-saving and water-saving equipment under the same conditions. In addition, the Company incorporates saving energy consumption and water cost into performance appraisal and effectively urges all departments and employees to save resources and reduce operating costs.

#### • Energy saving and consumption reduction

The Company formulated the Management System on Energy Saving and Consumption Reduction 《節能降耗管理制度》 and conducts supervision and control on public areas and other areas without particular use of energy on four aspects, namely power consumption for lighting, air-conditioning, other electric appliances in office and other energy consumption management. In terms of production, the Company further optimizes energy use through improving processes, giving priority to equipment with few environmental impacts and high cost performance, recycling steam condensation water and clean air-conditioning heat as well as other methods.

### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

#### Adjusting storage conditions to achieve energy saving and consumption reduction

The temperature for long-term storage of original fluid is generally  $-70^{\circ}\text{C}$ , which requires a great quantity of refrigerators with  $-70^{\circ}\text{C}$  freezers. The long-term drug substance storage of freezers requires huge consumption of electricity. The R&D team of the Company carried out experiments and studied the impacts of different storage temperatures on the stability of original fluid in 2021. Results showed that when the storage conditions for drug substance is changed from  $-70^{\circ}\text{C}$  to  $-30^{\circ}\text{C}$ , there are no obvious differences in the product quality when stored for certain period of time. The changes in the storage temperature will not affect the quality of drug substance and can effectively reduce energy consumption.

#### Recycling steam condensation water to save purchased steam

The Company renovated the hot water system. All steam condensation water of plants is collected in the condensation water tank and the heat from condensation water is used in heating water in the hot water system to save the use of steam.



Devices for collection of steam condensation water

#### Recycling system of clean air-conditioning heat achieves repeated use of heat

The Company conducted energy-saving optimization on air-conditioners in microbiology laboratories of the quality control department and achieved recycling of heat through installing hot pipes in the front and at the back of level-1 surface air coolers. The system requires no access to electricity, steam or other energy in operation after the completion of debugging. It is expected to save approximately 9,920kWh of electricity and approximately 54.56 tons of steam, saving approximately RMB18,848 in total.

### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS



On-grid renovation of phase-1 and phase-2 refrigerated water systems to reduce the total boot time and operation power of equipment through intelligent control

#### Energy Consumption in 2021

Key performance indicators	2021	Unit
<b>Direct energy consumption</b>		
Total direct energy consumption	13.76	tons of standard coal
Gasoline	8,825	liter
Diesel	3,500	liter
<b>Indirect energy consumption</b>		
Total indirect energy consumption	1,418.30	tons of standard coal
Total power consumption	5,250,707.68	kWh
Purchased steam	22,654.8	GJ
<b>Intensity of energy consumption</b>		
Intensity of direct energy consumption	0.28	tons of standard coal/RMB1 million
Intensity of indirect energy consumption	28.25	tons of standard coal/RMB1 million
Intensity of comprehensive energy consumption	28.53	tons of standard coal/RMB1 million

*Note: The energy consumption covers the operation places of the Company in Suzhou, Hangzhou, Shanghai and Beijing. The calculation of energy consumption refers to the GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption, the national standards of the People's Republic of China.*

#### • Saving water

The water consumed by the Company comes from municipal water supply. The Company improves the use efficiency of water resources through optimizing processes and advocating saving water by employees.

### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

#### Optimizing processes to save the use of water resources

The multi-medium filters and activated carbon filters in the routine operation of the purified water system require reverse washing to control the water quality. The water flow in the reverse washing process is approximately 8t/h and the factory setting for the forward washing in the last step of the reverse washing process is 30 minutes. Through research and analysis and the monitoring on water samples in the reverse washing process, the time of forward washing is shortened to 5 minutes after analyzing the data. The cycle of reverse washing for the system is approximately 3 times in every 2 weeks. The operation can save approximately 100 tons of industrial tap water each year for the Company.

#### Water Resources Consumption in 2021

Key performance indicators	2021	Unit
<b>Water resources</b>		
Total water consumption	12,367	m <sup>3</sup>
Intensity of water consumption	246.35	m <sup>3</sup> /RMB1 million

Note: Total water consumption covers operation places in Suzhou, Hangzhou, Shanghai and Beijing.

#### • Use of packaging materials

Packaging materials used by the Company mainly are rubber plugs, aluminium caps and glass bottles. We advocate saving the use of packaging materials based on our actual demands on the premise of not affecting the product quality in the process of use.

#### Packaging Consumables Consumption in 2021

Key performance indicators	2021	Unit
<b>Packaging consumables</b>		
Total packaging materials	57.5	ton
Intensity of packaging materials	1.44	ton/kg

Note: Intensity of packaging materials= Total packaging materials/production of protein

### 3.4 RESPONSE TO CLIMATE CHANGE

As climate change has become a global issued faced by the humanity, enterprises have become an indispensable major force in responding to climate change. The Company is concerned about the impacts of climate change on its operation and proposes contingency plans on possible risks through the identification of the impacts of environmental factors. It also adopts various measures on emissions reduction in its own production and operation processes and actively responds to the challenges and opportunities brought about by climate change.

### III. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Based on the judgment on the possible accidents or emergencies affecting the normal operation and safety of the Company may be caused by climate change on the basis of the evaluation on environmental factors, the Company formulated the Management System on Emergency Rescue 《應急救援管理制度》 and established the leading group on emergency rescue in the principle of putting people first, giving priority to safety, focusing on prevention, strengthening fundamentals and responding rapidly to be responsible for emergency management on unexpected accidents. It also enhances routine forecast and alarming, standardizes emergency disposal procedures and guarantees human, physical and financial resources, transportation, medical health and communications on responding to unexpected accidents to meet demands in emergency rescue and ensure the smooth progress of post-disaster reconstruction. In addition, the Company also identifies risks on its own supply chains, reserves backups for key materials through expanding the proportion of localized procurement and improves the risk resistance of supply chains to guarantee the normal operation of the Company.

The company will actively implement the national carbon peaking and carbon neutralization targets. In addition to energy-saving renovation in existing operation places, the Company refers to appraisal standards on green buildings in the design stage of new projects to reduce impacts on the environment from the source and further improve its own environmental benefits. Besides, the Company encourages and leads employees to practice green office and lifestyles, participate in environmental and public welfare activities and jointly contribute to the mitigation of climate change.

#### GHG Emissions in 2021

Key performance indicators	2021	Unit
<b>GHG emissions</b>		
Total GHG emissions	6,220.13	tons of CO <sub>2</sub>
Direct emissions (Scope 1)	33.06	tons of CO <sub>2</sub>
Indirect emissions (Scope 2)	6,187.07	tons of CO <sub>2</sub>
Intensity of GHG emissions	123.91	tons of CO <sub>2</sub> /RMB1 million
Intensity of direct emissions (Scope 1)	0.66	tons of CO <sub>2</sub> /RMB1 million
Intensity of indirect emissions (Scope 2)	123.25	tons of CO <sub>2</sub> /RMB1 million

*Note: The calculation of GHG emissions refers to the Listing Rules of the Hong Kong Stock Exchange and Appendix II: Reporting Guide on Key Environmental Performance Indicators. The electricity conversion coefficient (the East China regional power grid: 0.7035kg/kWh, and the North China regional power grid: 0.8843kg/kWh) refers to the 2012 China Regional Grid Average Carbon Dioxide Emission Factor by the National Center for Climate Change Strategy and International Cooperation; and the purchased steam conversion coefficient (0.11 ton of CO<sub>2</sub>/GJ) refers to the Guidelines for the Calculation and Reporting of Greenhouse Gas Emissions from Industrial Enterprises (Trial) by the National Development and Reform Commission of the People's Republic of China.*

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

Talents are key guarantees to the continuous business growth of enterprises. The Company attaches great importance to the recruitment and development of employees, respects and protects the basic interests of each employee and strives to create a positive and friendly working atmosphere with mutual assistance for employees to bring a broader space for staff growth and constantly enhance the sense of happiness and fulfillment of employees. Meanwhile, the Company actively fulfills the social responsibilities of corporate citizens and encourages employees to participate in social and public welfare activities to create beautiful communities and enjoy happy life together.

### 4.1 TALENT RECRUITMENT AND INTERESTS GUARANTEE

It has been one of the Company core values to attract, retain, stimulate and develop talents. With equal stress on integrity and ability, the Company implements the standards of openness and the selection of the best and acquires appropriate talents through internal referral by employees, campus recruitment, recruitment websites and other diversified recruitment channels. Meanwhile, it respects the dignity and legitimate interests of others and aims to offer employees an equal, fair, safe and healthy working environment.

- **Legal employment**

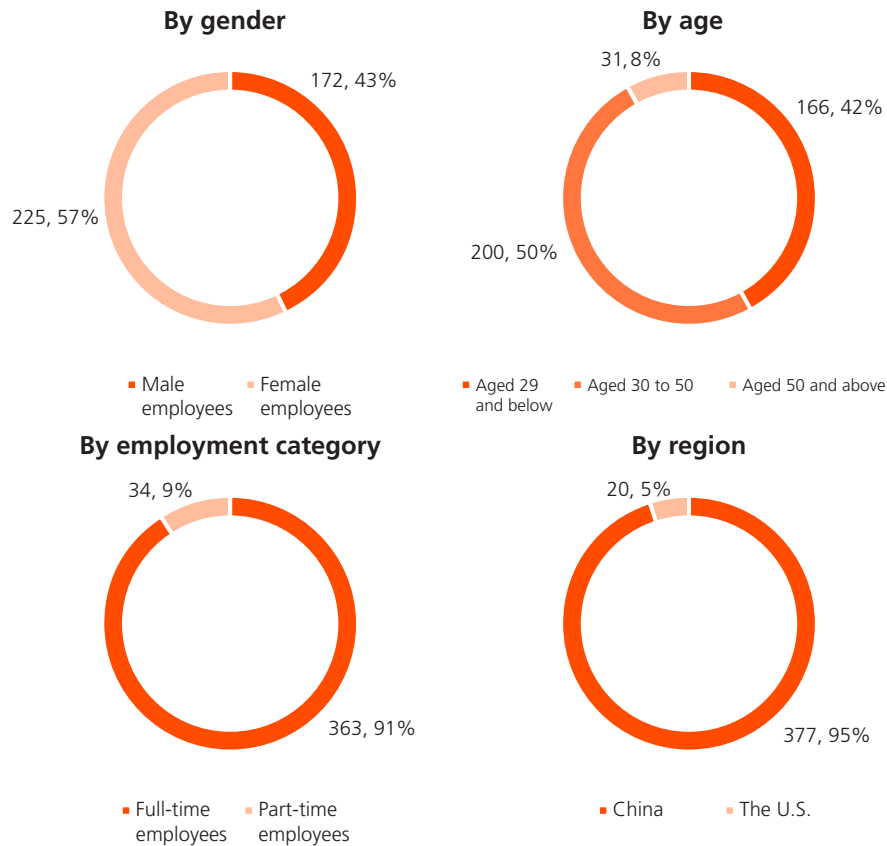
The Company strictly abides by the Labor Law of the People's Republic of China 《中華人民共和國勞動法》, the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》 and other relevant laws and regulations, formulates and implements the Management System on Recruitment and Employment 《招聘錄用管理制度》, the Conduct Code of Employees 《員工行為準則》 and other internal management systems, ensures that employees recruited have reached the legal working age and eradicates the employment of child labor and forced labor. It issues warnings or terminates the employment contract with employees in violation of such provisions. Meanwhile, it strengthens routine supervision and sets up whistle-blowing channels. Following the principle of "equality, voluntariness and consensus", the Company determines the employment relationship with employees in the form of labor contracts to specify the responsibilities, rights and benefits of both parties. It keeps zero tolerance to discriminations on gender, age or race and guarantees that the legitimate interests of employees in recruitment, promotion, dismissal, working hours, remuneration and welfare are protected. In 2021, the Company was not involved in any employment of child labor or forced labor.



## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

### • *Building diversified and global talent teams*

The Company believes that the diversity and inclusiveness of employees is a key driver to the continuous development of an enterprise. To promote the inclusive and equal corporate culture and employ and retain employees with diversified background, the Company treats each employee equally and keeps an inclusive attitude towards the diversity of employees in all aspects. As at the end of 2021, the Company had a total of 397 employees, including 225 female employees and accounting for 56.7%. Among the senior management, female members accounted for 45.8%. 31 foreign employees held positions as directors or above. In addition, ethnic minority and disabled employees of the Company accounted for 1.26% and 0.76%, respectively. The specific distribution of employees is as follows:





## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

### • *Paying attention to talent retention*

As a listed company and in order to try to retain talents within three years after listing, we have formulated and implemented the “Transcenta Retention Plan”, which offers certain cash incentives to employees serving the Company for a long time and grants equity incentive to certain employees. In addition, the Company also provides suggestions to subsequent staff development and retention through Employee Exit Interview & Survey and conducting analysis and summarization. After the implementation of the above policies and measures, the turnover rate of employees of the Company was 20% in 2021, representing a decrease of 3.8% from 2020.

Turnover rate of employees by gender, age and region	Category	Unit	2021
	Turnover rate of male employees	%	7.81
	Turnover rate of female employees	%	12.19
	Turnover rate of employees aged 29 and below	%	7.50
	Turnover rate of employees aged 30 to 49	%	11.88
	Turnover rate of employees aged 50 and above	%	0.63
	Turnover rate of employees in China	%	19.06
	Turnover rate of employees in the U.S.	%	0.94

### Talent review empowers talent management

In order to better identify and retain key talents, the Company carried out talent review in 2021. It assisted departments in identifying talents through the Sudoku approach on talents and prepared targeted and customized individual development programs for employees based on the results of the talent review.

## 4.2 STAFF GROWTH

It is important to develop the potential of employees thus to achieve the strategic targets of the enterprise. The Company is committed to building a platform for staff growth and development. It has established a promotion system with a clear hierarchy and complete structure and diversified training systems, smoothened career development channels and organized professional, systematic and customized trainings for employees at different levels to achieve the development of the Company and the improvement of the self-value of employees.

### • *Smoothening staff development channels*

The Company formulated and strictly implemented the Transcenta Job Grading System (《創勝集團職級結構體系》), the Job Grading Policy (《崗位級別管理制度》) (to be released) and other management systems. Based on the nature and characteristics of positions, the Company conducted classification and differentiated management of positions of different functional departments and established the dual-ladder position sequence of technology and generality, which set up clear occupational promotion channels for different types of talents and specified orientations for the development of the leadership and professional competency of employees.

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

The Company also implements the individual development program (IDP) on core leaders and high-performance talents. Participants formulate, implement and regularly review their IDPs, develop effective interactions with line managers and department leaders and can obtain exclusive training and study programs provided by the Company. Through the best allocation of limited resources, IDPs can assist participants in achieving their individual development and value as planned and in steps, which also provide basis for the enterprise to formulate and implement more systematic and targeted talent cultivation strategies and enhance the effectiveness in the talent management and dispatching, stimulating and retaining talents.

### • Improving staff training mechanism

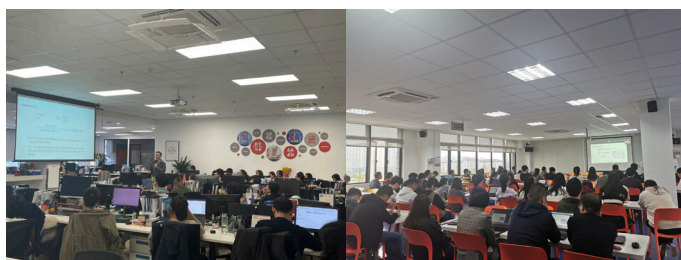
The Company is devoted to building a “learning-oriented” organization. It formulates and actively promotes the effective implementation of the Training Management Policy 《培訓管理制度》, follows the principle of systematic and targeted learning and applying what they learnt and establishes training systems covering professional, generic management and knowledge. The trainings cover the improvement of leadership, compliance, patent protection, EHS, anti-fraud and other business-related contents and employees at different positions can obtain trainings required for their work and development. In addition, the Company also purchased online training courses for employees with the contents covering different levels and all business processes, allowing employees to participate in required trainings at any time and place. In 2021, the Company carried out 3,046 trainings on management, comprehensive knowledge and professional technology, covering 100% of employees with an average of 33.77 training hours for each employee. The specific training hours are as follows:

Average training hours of employees of different categories	Category	Unit	2021
	Average training hours of male employees	Hour	33.02
	Average training hours of female employees	Hour	34.34
	Average training hours of senior management	Hour	21.65
	Average training hours of medium management	Hour	35.33
	Average training hours of grass-roots management	Hour	34.32

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE



The Company organizes the Leadership Training Camp themed “Lead to Excel” for medium management



The Company organizes Biotherapeutics Development Training, introduces the processes from antibody discovery to translational medicine and from process development to clinical trial development, allowing employees to better understand the development process of the biopharmaceutical industry and employees of different functional departments to better understand the working contents of other functional departments

### Cultivating stronger leadership through talent appraisal

The success and development in corporate operation depends on the correct leadership. As a result, the Company carried out the 360-degree leadership Survey on senior management in 2021 with an aim to assist our overall management team in displaying their expected leadership more rapidly and effectively. The appraisal covers six dimensions, namely “creation of visions, decision-making, being result-oriented, win-win cooperation, developing subordinate and continuous innovation”, effectively assisting the HR team in better understanding the current leadership of the senior management of the Company and formulating improvement plans.

### Improving staff skills on quality assurance

In order to enhance the staffs’ capability on quality assurance, professional departments of the Company carried out 2,786 training sessions on quality assurance based on GMP standards in 2021, covering relevant regulations on GXP/quality/registration, data reliability, new documents and document updates and sharing of practical cases. The training activities were carried out with the combination of online and offline means and appraisals were conducted on key operations by new employees to confirm if they are qualified for independent operation to reduce quality risks.

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

### 4.3 OCCUPATIONAL HEALTH AND SAFETY

It is the fundamental line for the stable operation of an enterprise to guarantee the health and safety of employees. The Company attaches great importance to the occupational health and safety of employees, strictly complies with local laws and regulations on occupational health and safety of the place where it operates and establishes and improves standard systems on occupational health and safety production. It strictly implements various measures on occupational health and safety production, incorporates the safety management of contractors into the scope of its own work and strives to build a healthy and safe working environment.

- *Consolidating health and safety management*

In strict compliance with the Safety Production Law of the People's Republic of China 《中華人民共和國安全生產法》, the Prevention and Control of Occupational Diseases Law of the People's Republic of China 《中華人民共和國職業病防治法》 and other laws and regulations, the Company has established the Safety Production Committee with the senior vice president on production as the center, the Biological Safety Committee, the Leading Group on Animal Health and Quarantine and the Leading Group on Prevention and Treatment of Occupational Diseases with the EHS Department responsible for the safety, environmental protection and occupational health management of the Company. It has specified the safety responsibility system and the appraisal mechanism on all levels of employees and appointed intermediate certified safety engineers as professional safety management staff of the Company. Following the safety production policy under continuous improvement with laws as basis, everyone being responsible and focusing on prevention, the Company established the overall annual safety production goal and nine specific targets on pursuing no accidents, no harms to personal health, no damages to the environment to the maximum extent and creating an outstanding safety environment. In 2021, the Company invested RMB1,310,200 into safety production and generally completed targets on safety production.

The Company continuously improves safety and health management systems and formulated nearly 80 management systems and operation specifications on safety management, equipment management, occupational health management and other safety and health risk management. In 2021, the Company actively deployed and advanced occupational health and safety management, generally completed the review on the establishment of three-level safety standardization and the building of occupational health standardization and passed the acceptance of professionals.

- *Strengthening safe operation*

The Company strives to provide a healthy and safe working environment for employees, attaches importance to the identification of hazard sources and the prevention and control of risks in the operation process, formulates instruction manuals on the inspection of hidden hazards and actively adopts the corresponding control measures. It provides employees with necessary security articles and carries out trainings on occupational health and safety to reduce the chances of occupational diseases and safety accidents. In 2021, the Company identified a total of 38 safety issues through internal self-inspections and cooperation in inspections of external regulatory authorities, 37 of which have been completed rectification and the remaining one is under rectification. In 2021, the Company recorded no accidents or work-related injuries. The number of work-related fatalities in the past three years was zero.

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

### *Prevention and Treatment of Occupational Diseases*

The Company vigorously promotes the establishment of occupational health standardization. In strict compliance with the requirements under the Notice on Releasing the Management Specifications on Occupational Health Archives issued by the general office of the former State Administration of Work Safety, the Company formulated and improved management systems on the prevention and treatment of occupational diseases, established ledgers on occupational health specifications covering the whole operation process of the enterprise and provided employees with occupational health examinations before, during and after working on the position. It regularly organizes special trainings and publicities on occupational hazards to strengthen the staffs' awareness on the protection of occupational health and guarantee the safety and health of employees on the working place.

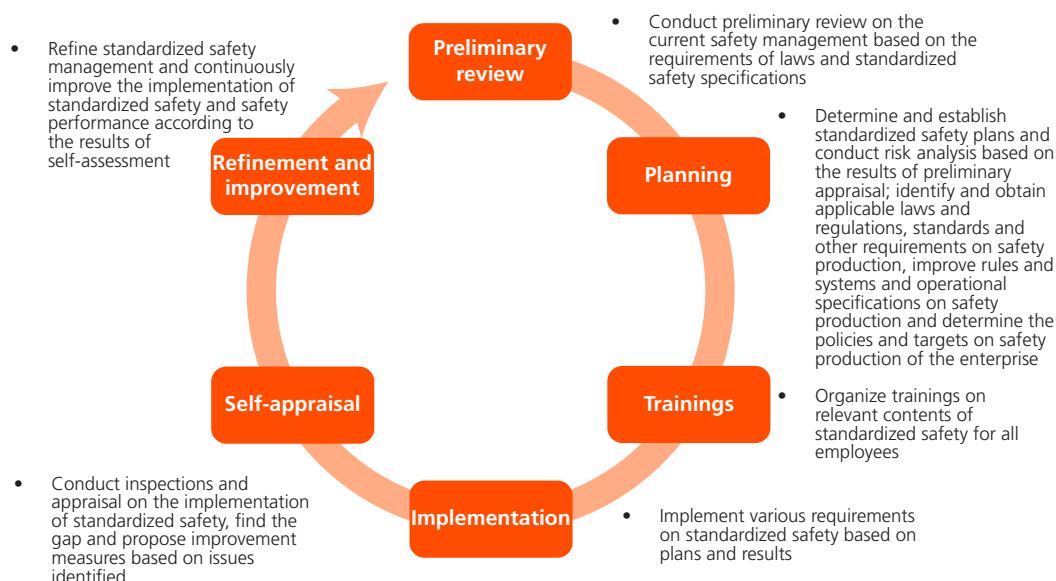
Appraisal on results of the implementation of rules and systems	Publicity, education and trainings	Staff health examinations and detection on occupational hazards	Implementation of occupational protection measures
<ul style="list-style-type: none"> <li>Revising and improving the occupational health management systems of the Company and reviewing the feasibility of rules and systems led by the EHS Department with other management departments</li> </ul>	<ul style="list-style-type: none"> <li>Publicizing laws and regulations through bulletin boards and other publicity instruments</li> <li>Organizing trainings on first-aid knowledge for employees</li> <li>Regularly organizing trainings and examinations on occupational health knowledge for employees exposed to toxic and hazardous factors</li> <li>Inviting employees to participate in occupational health work to provide reasonable suggestions</li> <li>Providing trainings on occupational safety and health knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Implementing physical checkups for personnel exposed to hazards, establishing occupational health archives for all employees and occupational health surveillance archives for special operators</li> <li>Improving the establishment and improvement of occupational health archives</li> <li>Appointing qualified third parties to conduct detection on toxic and hazardous operation places each year</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing localized management and conducting regular inspections</li> <li>Ensuring the normal use of project protective facilities</li> <li>Creating a healthy and comfortable workplace</li> <li>Conducting greening work and enhancing the function of enterprises as green lungs</li> </ul>

Measures on Prevention and Treatment of Occupational Diseases

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

### **Safety Production**

The Company formulated the Safety Production Responsibility System 《安全生產責任制》, the Implementation Plan on Standardization of Safety Production 《安全生產標準化實施方案》 and the Safety Management System on Dangerous Chemicals 《危險化學品安全管理制度》, followed the policy of refinement, professionalism and depth, safety and high efficiency, attaches equal stress on symptoms and root causes with focus on root causes and strengthened grass-roots and fundamental work on safety management of enterprises. Through various standard activities on safety, the Company further standardized safety production activities, improved safety production conditions, enhanced safety management and achieved essential safety.



### **Standardized processes of safety production**

The Company strictly abides by the Safety Management System on Dangerous Chemicals and operational procedures and achieves full coverage of safety management on the identification, usage specifications, loading, unloading and transportation, storage and safeguarding and waste disposal of dangerous chemicals. Meanwhile, the Company sets up special storage warehouses, installs complete safety facilities, pastes safety knowledge cards and safety warning logos on chemicals, sets up emergency facilities, provides staff with safety protective items and regularly conducts professional trainings and safety inspections on dangerous chemicals to effectively prevent and reduce accidents on dangerous chemicals and guarantee the safety production of the Company.

### **Safety Trainings**

The Company deeply knows that safety trainings and education are an integral part in the safety management of enterprises as well as key measures for eliminating unsafe personal activities and preventing and controlling accidents. The Company formulates annual safety education and training plans each year, enhances the publicity of safety awareness with “priorities on safety and prevention”, integrates safety education into the whole process of production and operation and carries out safety education and trainings through various channels and in various forms to improve the enthusiasm of full participation and long-term safety education and achieve the coverage of all employees, aspects and processes.

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

Meetings	Slogans	Audio and video products	On-site observation
<ul style="list-style-type: none"> <li>Lectures on safety knowledge</li> <li>Forums</li> <li>Seminars</li> <li>Communications on advanced experience</li> <li>On-site meetings on learning from lessons of accidents, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Safety publicity banners</li> <li>Slogans</li> <li>Pictures</li> <li>Safety publicity columns</li> </ul>	<ul style="list-style-type: none"> <li>Safety education disks</li> <li>Videos of safety lectures, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Display of safe operational approaches</li> <li>Fire drills</li> <li>Display of first-aid on electric shock, etc.</li> </ul>

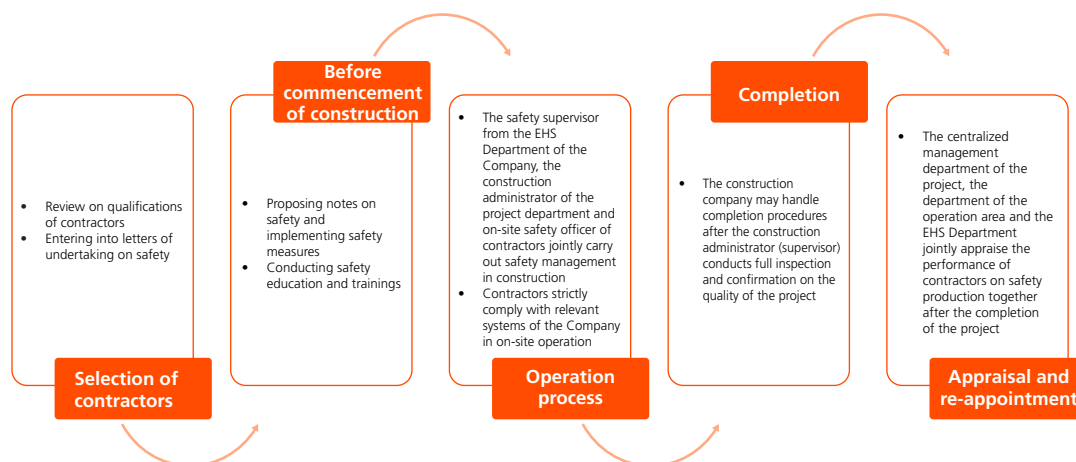
### Forms of safety education and trainings

#### Strictly implementing three-level safety education systems to reduce operational risks and hazards

The Company strictly implements the three-level safety education (including safety education on the corporate, team and group levels) systems and eliminates directly taking up positions without accepting three-level safety education. New employees are strictly required to complete no less than 24 hours of three-level safety education with the contents covering technical knowledge on safety, equipment performance, operational processes, safety systems and prohibited items. New employees shall take up operational positions after passing the appraisal.

#### Safety Management on Contractors

The Company extends the scope of safety management to contractors, formulates and implements the Safety Management Systems on Contractors 《承包商安全管理制度》 and standardizes the safety management processes of contractors. It specifies requirements and measures on safety management in the selection of contractors, on-site construction, completion of projects and other stages and provides them with necessary trainings on health and safety to jointly create a healthy and safe working environment with contractors.



### Safety management processes on contractors



## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

### • *Prevention and control of COVID-19*

The prevention and control of the COVID-19 pandemic was still severe in 2021. Facing the resurgence of the COVID-19 pandemic in certain areas from time to time, the Company formulated scientific and overall management mechanisms on pandemic prevention and control, established the group on pandemic prevention and control, specified regulatory responsibilities, strengthened scientific deployment, conducted strict management and control through various measures on risk points with the possibility of the pandemic during the routine operation and carried out overall prevention and control to guarantee the health and safety of employees.

### 4.4 STAFF CARE

A complete staff care system is conducive to stimulating the working enthusiasm of staff and enhance their sense of happiness. The Company is devoted to building a healthy and positive corporate culture, providing employees with competitive remuneration and welfare, smoothening communication channels with employees and listening to their voices. It carries out diversified staff activities, cares about their mental and physical health and strives to improve their sense of satisfaction and belonging.

### • *Attractive remuneration and welfare*

In strict compliance with the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, the Regulations on Minimum Wage of the People's Republic of China 《中華人民共和國最低工資規定》 and other relevant laws and regulations on staff remuneration and welfare, the Company formulated the Remuneration Management System of Transcenta 《創勝集團薪酬管理制度》, the Welfare System of Transcenta 《創勝集團福利制度》 and other management measures on remuneration and welfare based on actual conditions of the Company. It continuously improves the remuneration and welfare management systems, attracts outstanding talents, retains key talents and stimulates human resources to achieve the strategic goals on the development of the Company.

Employees of the Company enjoy all statutory holidays and days off and paid annual leaves in line with the systems of the Company. In addition to the contribution to the social insurance and housing provident fund stipulated by the state, the Company also purchases additional commercial insurances for employees, assists employees in applying for talent subsidies, provides them with long-service bonus, CEO bonus, ITE bonus, borrowings for house purchasing and other incentives and welfare and offers physical checkups for employees working for more than one year. Besides, the Company also endeavors to create a comfortable and favorable office environment for employees and provides them with fresh ground coffee, afternoon tea, various overtime meals and other routine welfares. It also formulates special care policies and offers sympathies and gifts to employees and their family members under marital, funeral, sick and maternity leaves and other particular circumstances.

Key performance:

- In 2021, the Company made 112 applications for talent subsidies with a total amount of RMB4,964,950.

### • *Building communication channels with employees*

The Company attaches great importance to the appeals of employees. To understand the aspirations of employees in a timely manner, practically meet the reasonable demands of employees and create a transparent and open communication atmosphere and corporate culture, the Company regularly holds communication meetings with new employees and sets up suggestion boxes in its public areas to learn about the demands and feelings of employees. It also encourages employees to propose suggestions and advices and specifies the orientation for optimization and improvement.



## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE

### • *Diversified staff activities*

The Company advocates the balance between working and life of employees and irregularly arranges employees to conduct diversified group building and on-the-job activities on traditional festivals in the spare time to enhance communications and collaboration among employees and integrate the team spirit into activities. In addition to 8 on-the-job activities, the Company also organized fitness activities on a weekly basis, staff birthday parties on a monthly basis and reading parties on a quarterly basis in 2021. It enhanced communications and understanding among employees and better stimulated the team spirit through such activities. Meanwhile, it allowed employees to feel the homely warmth of the Company and work happily with mutual respect and win-win results.

#### Exercise and Fitness

- The Company organized yoga, fighting, hot dance, apparatus exercise, bicycling and other full fitness activities. It organized 36 activities with a total of over 300 participants in 2021
- The Company is equipped with yoga balls, resistance bands and other apparatus, allowing employees to adjust gestures and ease waist and cervical vertebra pains in work and achieve the results of relieving fatigue and working healthily

#### On-the-job Activities

- The Company elaborated staff birthday parties and on-the-job activities on traditional festivals, enhanced the building of corporate culture and enhanced communications among employees to better stimulate the team spirit and allow new employees to rapidly understand the environment and integrate into the Company through such activities

#### Items of staff activities



Staff fitness activities

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE



On-the-job staff activities



Group building activity in Xiajiang Village, Qiandao Lake, Hangzhou

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE



Reading party in Suzhou

### 4.5 SOCIAL AND PUBLIC WELFARE

Supporting social and public welfare is a key responsibility of corporate citizens. The Company views communities as a key stakeholder, attaches great importance to the anticipations and appeals of communities and establishes normalized communication mechanisms with local communities. It actively devotes to community construction, carries out and participates in diversified social and public welfare activities to return the society with practical actions. In 2021, our employees participated in approximately 155 hours of public welfare activities in communities.

- ***Participating in public welfare activities***

The Company encourages employees to participate in voluntary services in communities, provides assistance materials and greetings to community stakeholders in need and contributes the strength of Transcenta in building a harmonious society and beautiful life.



## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE



Employees of the Company participates in first-aid trainings in communities

- **Enhancing communications with communities**

The Company is concerned about the voices of stakeholders in local communities and is devoted to conducting effective interactions with them. It initiatively accepted local governments, regulatory authorities and universities of the place where it operates in inspecting and visiting the Company, introduced and displayed its own professional advantages and the latest business progress and built the bridge for communications between enterprises and communities to improve the social recognition and transparency of the Company.



The Company accepts inspections and visits of government leaders of the place where it operates

## IV. ENJOYING BEAUTIFUL AND HAPPY LIFE



**The Company accepts students from Zhejiang University of Technology in carrying out popularization of science and study**

### **Off-campus supervisors offer lectures and improve the employer brand**

To improve the social influence of the Company, enhance the connection with local communities and build a positive employer brand, various medium and senior management members of the Company acted as off-campus supervisors of Xi'an Jiaotong-liverpool University. Through two salon activities, they popularized the Company and the biopharmaceutical industry to students and assisted them in broadening selections their career and life.



**Salon activities of off-campus supervisors**

## APPENDIX I: SUMMARY OF KEY PERFORMANCE IN 2021

Key performance indicators	2021	Unit
<b>Environmental</b>		
<b>Direct energy consumption</b>		
Gasoline	8,825	liter
Diesel	3,500	liter
<b>Indirect energy consumption</b>		
Total power consumption	5,250,707.68	kWh
Purchased steam	22,654.8	GJ
<b>Energy consumption</b>		
Direct energy consumption	13.76	tons of standard coal
Indirect energy consumption	1,418.30	tons of standard coal
Comprehensive energy consumption	1,432.06	tons of standard coal
Intensity of energy consumption	28.53	tons of standard coal/RMB1 million
<b>GHG emissions</b>		
Direct emissions (Scope 1)	33.06	tons of CO <sub>2</sub>
Indirect emissions (Scope 2)	6,187.07	tons of CO <sub>2</sub>
Total GHG emissions (Scope 1 + Scope 2)	6,220.13	tons of CO <sub>2</sub>
Intensity of GHG emissions	123.91	tons of CO <sub>2</sub> /RMB1 million
<b>Water resources</b>		
Total water consumption	12,367	m <sup>3</sup>
Intensity of water consumption	246.35	m <sup>3</sup> /RMB1 million
<b>Waste water</b>		
Comprehensive sewage discharges	7,275	m <sup>3</sup>
<b>Waste</b>		
Total non-hazardous waste	28.24	ton
Intensity of non-hazardous waste emissions	0.56	ton/RMB1 million
Total hazardous waste	39.64	ton
Intensity of hazardous waste emissions	0.79	ton/RMB1 million
<b>Exhaust emissions</b>		
Sulfur oxides	0.19	kg
Nitrogen oxides	5.38	kg
Particulate matters	0.40	kg
<b>Packaging consumables</b>		
Total packaging materials	57.5	ton
Intensity of packaging materials	1.44	ton/kg

## APPENDIX I: SUMMARY OF KEY PERFORMANCE IN 2021

Key performance indicators	2021	Unit
<b>Social</b>		
<b>Staff overview</b>		
Total number of employees	397	No. of people
Full-time employees	363	No. of people
Part-time employees	34	No. of people
Male employees	172	No. of people
Female employees	225	No. of people
Employees aged 29 and below	166	No. of people
Employees aged 30 to 49	200	No. of people
Employees aged 50 and above	31	No. of people
Chinese employees	377	No. of people
US employees	20	No. of people
Proportion of female employees in senior management	45.8	%
Proportion of foreign employees	8.06	%
Proportion of minority employees	1.26	%
Proportion of disabled employees	0.76	%
Turnover rate of employees	20	%
Turnover rate of male employees	7.81	%
Turnover rate of female employees	12.19	%
Turnover rate of employees aged 29 and below	7.50	%
Turnover rate of employees aged 30 to 49	11.88	%
Turnover rate of employees aged 50 and above	0.63	%
Turnover rate of employees in China	19.06	%
Turnover rate of employees in the U.S.	0.94	%
<b>Occupational health and safety</b>		
Inputs in safety production	131.02	RMB10,000
Number of work-related injuries	0	case
Lost days due to work injuries	0	day
Number of work-related fatalities	0	No. of people
<b>Staff trainings</b>		
Number of staff trainings	3,046	No. of people
Total hours of staff trainings	13,405	hour
Coverage rate of staff trainings	100	%
Average training hours of employees	33.77	hour
<b>Supplier management</b>		
Number of suppliers	355	No. of suppliers

## APPENDIX II: INDEX OF HKEX ESG REPORTING GUIDE

Major scopes, aspects, general disclosures and key performance indicators		2021 Environmental, Social and Governance Report
<b>A. Environmental</b>		
Aspect 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. Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental Management, Reducing Emissions and Pollution
KPI A1.1	The types of emissions and respective emissions data.	Reducing Emissions and Pollution, Summary of Key Performance in 2021
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Response to Climate Change, Summary of Key Performance in 2021
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Reducing Emissions and Pollution, Summary of Key Performance in 2021
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Reducing Emissions and Pollution, Summary of Key Performance in 2021
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Response to climate change
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.	Reducing Emissions and Pollution



## APPENDIX II: INDEX OF HKEX ESG REPORTING GUIDE

Major scopes, aspects, general disclosures and key performance indicators		2021 Environmental, Social and Governance Report
<b>Aspect A2</b>	<b>Use of Resources</b>	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Saving Use of Resources
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).	Saving Use of Resources, Summary of Key Performance in 2021
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Saving Use of Resources, Summary of Key Performance in 2021
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Saving Use of Resources
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.	Saving Use of Resources
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Saving Use of Resources
<b>Aspect A3</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Management, Reducing Emissions of Pollution, Saving Use of Resources, Response to Climate Change
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Reducing Emissions of Pollution, Saving Use of Resources, Response to Climate Change
<b>Aspect A4</b>	<b>Climate Change</b>	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change

## APPENDIX II: INDEX OF HKEX ESG REPORTING GUIDE

Major scopes, aspects, general disclosures and key performance indicators		2021 Environmental, Social and Governance Report
<b>B. Social</b>		
<b>Aspect B1</b>	<b>Employment</b>	
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.	Talent Recruitment and Interests Guarantee
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Talent Recruitment and Interests Guarantee, Summary of Key Performance in 2021
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Talent Recruitment and Interests Guarantee, Summary of Key Performance in 2021
<b>Aspect B2</b>	<b>Health and Safety</b>	
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.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety, Summary of Key Performance in 2021
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety

## APPENDIX II: INDEX OF HKEX ESG REPORTING GUIDE

Major scopes, aspects, general disclosures and key performance indicators		2021 Environmental, Social and Governance Report
<b>Aspect B3</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Staff Growth
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff Growth
KPI B3.2	The average training hours completed per employee by gender and employee category.	Staff Growth, Summary of Key Performance in 2021
<b>Aspect B4</b>	<b>Labour Standards</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent Recruitment and Interests Guarantee
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Recruitment and Interests Guarantee
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Recruitment and Interests Guarantee
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-Win Cooperation
KPI B5.1	Number of suppliers by geographical region.	Win-Win Cooperation
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.	Win-Win Cooperation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Win-Win Cooperation

## APPENDIX II: INDEX OF HKEX ESG REPORTING GUIDE

Major scopes, aspects, general disclosures and key performance indicators		2021 Environmental, Social and Governance Report
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Win-Win Cooperation
<b>Aspect B6</b>	<b>Product Responsibility</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Safety
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Governance
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Corporate Governance
<b>Aspect B7</b>	<b>Anti-corruption</b>	
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.	Corporate Governance
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.	Corporate Governance

## APPENDIX II: INDEX OF HKEX ESG REPORTING GUIDE

Major scopes, aspects, general disclosures and key performance indicators		2021 Environmental, Social and Governance Report
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance
<b>Aspect B8</b>	<b>Community Investment</b>	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social and Public Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social and Public Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social and Public Welfare

## APPENDIX III: SUMMARY OF ABBREVIATIONS IN THE REPORT

PCT	–	Patent Cooperation Treaty
3R	–	Reduction, Refinement, Replacement
CMC	–	Chemical Manufacturing and Control
PK/PD	–	Pharmacokinetics/Pharmacodynamics
IND	–	Investigational New Drug
GCP	–	Good Clinical Practice
GMP	–	Good Manufacturing Practice
FDA	–	Food Drug and Administration
ICH	–	International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use
EMA	–	European Medicines Agency
NMPA	–	National Medical Products Administration
CDMO	–	Contract Development Manufacture Organization
GLP	–	Good Laboratory Practice