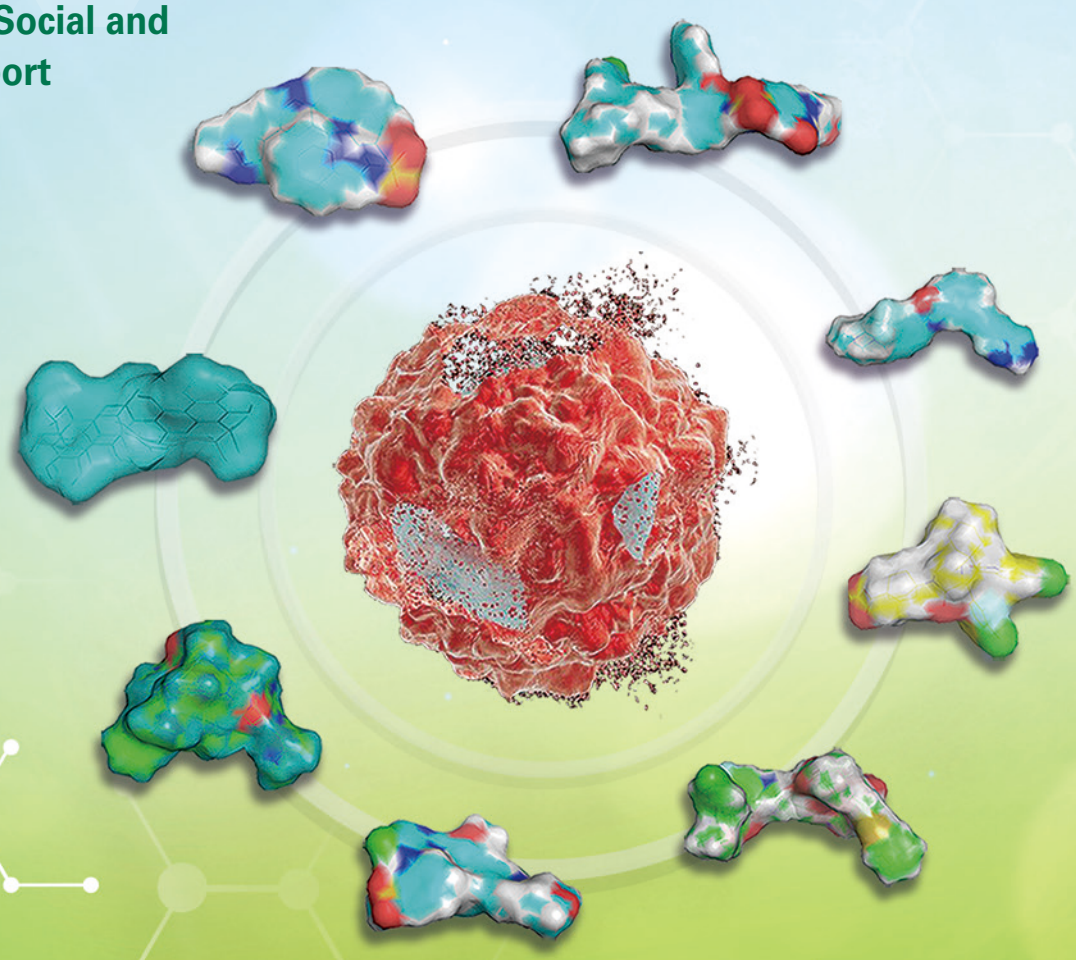
亞 盛 醫 藥
Ascentage Pharma

Ascentage Pharma Group International
亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6855

2021

Environmental, Social and Governance Report



CONTENT

2021 Environmental, Social and Governance Report

ABOUT THIS REPORT

Report Review

This Report is the third Environmental, Social and Governance (hereinafter "ESG") Report published by Ascentage Pharma Group International (hereinafter the "Company" or the "Group") and its subsidiaries (hereinafter "Ascentage Pharma" or "Ascentage" or "we" or "us").

Reporting Guidelines

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (hereinafter the "Hong Kong Stock Exchange").

Scope of Report

Timeframe: The Report covers the period between January 1, 2021 to December 31, 2021 (hereinafter the "Reporting Period" or the "Year" or "2021"), whereas certain content would be in a retrospective or prospective basis (as appropriate).

Scope of report: The content of the Report covers Ascentage Pharma Group International and its subsidiaries, including Ascentage Pharma (HK), Ascentage Jiangsu, Ascentage Suzhou, Ascentage Shanghai, Healthquest Pharma, Ascentage US, Ascentage Australia, Ascentage International and Ascentage Investment.

Data Source and Description

The information and data used in this Report are collected from the official documents and statistical reports of the Group, which have been reviewed by relevant departments. Unless otherwise specified, the currency in this Report is Renminbi (RMB).

Reliability Assurance and Approval

The Group has not found any false record, misleading statement or material omission in this Report. This Report complies with all the "comply or explain" provisions in the ESG Reporting Guide and prepared according to the reporting principles of materiality, quantitative and balance in the ESG Reporting Guide. This Report has been approved by the Board of Directors on 19 May 2022.

Access and Response to the Report

This Report is available in Traditional Chinese and English for readers' reference. This Report can be found within the category of Financial Statements/ESG Information, on the HKEX news website or the official website of Ascentage Pharma (https://www.ascentagepharma.com).

We greatly value opinions from stakeholders, and welcome your feedback via the following contact channels. Your opinion will facilitate us in further improving the Report and enhance the Group's overall ESG performance.

Email: IR@ascentagepharma.com
Address: Level 1/2, Building 5, No. 338 Jialilue Road, Pudong New District, Shanghai
Phone number: 86-21-61951088

HIGHLIGHTS AND PERFORMANCE

Innovation and Research and Development (R&D)

Annual R&D investment amounted to RMB**766.5** million

As of the end of the Reporting Period, we had a total of **456** R&D and laboratory personnel around the globe, including **85** doctorate degree holders

As of the end of the Reporting Period, we owned **178** issued patents and more than **600** patent applications globally, among which, around **135** patents have been issued overseas

Quality and Safety

Received **zero** complaints, and experienced **zero** recall of default medicine

Environment and Health

Zero environmental accidents and incompliance

Zero occupational fatality and injury

Employee and Community

Zero incompliance in terms of recruitment

The training rate for employees achieved **83.4%**, with an average training time of **13.1** hours/person

Investment in charity amounted to RMB**5.2** million

2021 Environmental, Social and Governance Report

MESSAGE FROM MANAGEMENT

In 2021, a new round of pandemic swept, which has a profound impact on the reform and development of the pharmaceutical and healthcare industry. Under such a complex internal and external environment, Ascentage Pharma actively faces historic challenges, bravely grasps the opportunities of innovation, adheres to the principle of sustainable development, and is always committed to developing innovative new drugs in therapeutic areas such as cancers, hepatitis B virus (HBV) and age-related diseases, striving to protect the interests of all parties in the business ecosystem and achieve high-quality development of the Company. For Ascentage Pharma, 2021 was a year of continuous improvement and remarkable results.

We adhere to the global innovation positioning and actively promote external development. Under the guidance of the "Global Innovation" strategy, we efficiently promoted the R&D progress and global presence of our product pipelines. We conducted more than 50 Phase I/II clinical trials in China, the United States, Australia and Europe, and owned 178 issued patents and over 600 patent applications worldwide. In 2021, we launched the first product, Olverembatinib, which filled the domestic clinical gap and fully embarked on a new journey of commercialization. In addition, we have carried out in-depth cooperation with Innovent Biologics, the National Cancer Institute (NCI), Pfizer and other parties to broaden the development ideas of innovative drugs and rapidly promote China's innovative drugs to the world.

We attach great importance to product quality and continuously pursue health and well-being. We have formulated internal quality management systems and regulations such as GMP Quality Manual of Ascentage Pharma Group International (《亞盛醫藥集團GMP質量手冊》), the System of Quality Policy, Quality Goal and Quality Planning (《質量方針、質量目標和質量計劃制度》), and the Management of Change (《變更管理》), with an aim to actively improved drug safety management, and continued to promote the construction of quality system. We continuously optimize customer service, respect customer rights and interests, and establish a comprehensive product tracing system to ensure the health and safety of patients.

We practice the concept of green and low-carbon operation and closely follow the national dual-carbon commitment. We insist on the implementation of sustainable economic development model as our foundation, and strive to minimize the impact on the surrounding environment during operation. In 2021, Ascentage Pharma strictly regulated emission management, comprehensively controlled emissions, constantly improved the efficiency of resource and energy utilization, and continuously enhanced the environmental management system. At the same time, we carried out in-depth promotion and implementation of environmental protection awareness within the Company, promoted ecological and environmental protection in a practical manner, and made greater contributions to the construction of ecological civilization in the new era.

We adhere to the human-oriented philosophy and strive to protect the rights and interests of employees. We strive to create a healthy and pleasant working environment and a harmonious and happy working atmosphere for employees and are committed to promoting the growth of employees with us. Ascentage Pharma actively implements an equal and diversified recruitment and employment system, a favorable remuneration and performance management system, and a sound talent cultivation and employee training system to effectively safeguard the basic rights and interests of employees and meet their needs for self-esteem.

We strengthen responsibility management and achieve win-win cooperation with all parties. Ascentage Pharma insists on the in-depth communication and dialogue with internal and external stakeholders such as customers, suppliers, employees and the public to safeguard the legitimate rights and interests of stakeholders and advance together with stakeholders. We adhere to ethical standards, strengthen the corporate social responsibility management of suppliers, create a responsible value chain, and promote the establishment of a sustainable supply chain. At the same time, we actively participate in charity works, extensively participate in medical and scientific research activities that procure social welfare, strive to popularize disease and medical knowledge, and help patients with enthusiasm.

Time flies, and we have been stepping up our game to move forward. Ascentage Pharma has grown from a struggling start-up to a representative enterprise of original research and innovation in China. We will remain true to our initial aspiration. Looking forward, we will continue to improve our R&D capabilities, accelerate the clinical development progress of our product pipeline, and truly fulfill the mission of "addressing the unmet clinical needs of patients in China and around the world" to benefit more patients. At the same time, we will actively fulfill the main responsibility of environmental protection and corporate social responsibility to create a harmonious pharmaceutical innovation ecosystem.

Dr. Yang Dajun
Chairman

1 CORPORATE GOVERNANCE AND SOUND DEVELOPMENT

1.1 About Ascentage

Introduction to the Company

As a China-based and global-oriented biopharmaceutical company, Ascentage Pharma is committed to developing innovative new drugs in therapeutic areas such as cancers, HBV and age-related diseases. Established in 2009 and headquartered in Suzhou, China, Ascentage Pharma has set up branches in Beijing, Shanghai, Guangzhou, Taizhou, China and Rockville, the United States. With the vision of "leading worldwide innovative drug enterprise in China", Ascentage Pharma always adheres to innovation and originality, and truly fulfills the mission of "fulfilling the unmet clinical demands of patients in China and the world" to benefit more patients. Ascentage Pharma continuously realizes the corporate value of patient first, innovation driven and technology foundation.

Ascentage Pharma embraces the world and actively promotes international exchanges. The Company has deployed intellectual property rights around the world and has established an international talent team with rich experience in the R&D and clinical development of innovative drugs and is building a high-standard commercial production and marketing team. Ascentage Pharma has established global partnerships with leading biotechnology and pharmaceutical companies and academic institutions such as UNITY, MD Anderson, Mayo Clinic and Dana-Farber Cancer Institute, MSD, AstraZeneca, Innovent Biologics and Pfizer. In December 2021, the Company's global headquarters and R&D center were officially put into operation, which further expanded Ascentage Pharma's leading position in the innovative drug industry, facilitated our global presence and accelerated our global expansion.

In 2021, leveraging its strong research and development capabilities, Ascentage Pharma achieved several research results. Our leading drug candidate, HQP1351 (Olverembatinib) which received support from National Major New Drug Discovery and Manufacturing Program, has been approved by the China National Medical Products Administration (NMPA) and it successfully entered into the market. This approval marks a very encouraging milestone in our transition from a R&D-driven biotechnology company into a full-fledged biopharmaceutical company with commercialized product. At the same time, the pipeline APG-2575 was approved for pivotal phase II clinical trial in China. It is the second Bcl-2 inhibitor entering the clinical trial stage globally. As of the end of the Reporting Period, more than 50 clinical trials of the Company were being carried out globally, and many clinical progresses were widely recognized at authoritative international academic conferences. The Company has obtained two Fast Track Designations and two Children's Rare Pediatric Disease (RPD) Designations approved by the U.S. Food and Drug Administration (FDA), and 16 Orphan Drug Designations (ODDs) approved by the U.S. FDA and the European Union, further demonstrating its global innovation capability.

Ascentage Pharma is committed to establishing a positive and favorable public opinion environment and has gained great attention. In terms of publicity channels and media relations, the Company made significant breakthroughs in external publicity channels and further consolidated media relations. During the Reporting Period, the Company has published more than 130 Chinese and English news releases, covering corporate news, clinical progress, commercialization news and other fields, which were reposted for more than 12,000 times and had received more than 3.3 million views in aggregate. Also, the Ascentage Pharma is mentioned by top party media, top financial media and top mass media in their media reports.

Communication with investors

We adhere to an open and cooperative attitude in building a real-time and effective investor communication mechanism, actively communicate with investors, and promote timely disclosure of important information such as relevant information and strategic goals of the Company. We continue to strengthen the Company's ESG management, strive to safeguard the legitimate rights and interests of investors, and build a comprehensive and multi-platform transparent communication channel to respond to investors' inquiries.

Due to the impact of the COVID-19 pandemic, Ascentage Pharma increased its online communication efforts and transparency during the Reporting Period. We maintain smooth communication with the market through online and offline meetings, including participating in one-on-one or group investor meetings organized by investment banks, industry summits, strategy conferences of security dealers, and organizing results conferences and the meetings of the Board of Directors, as well as the meetings with strategic cooperative investors. At the same time, we held shareholders' meetings in a timely manner and enhanced communication with shareholders through social media.

In January 2022, Dr. Yang Dajun, on behalf of the Company, attended the 40th Annual J.P. Morgan Health Care (Online) Conference, at which he reported a number of milestones and shared the Company's cross-border transformation from a biotechnology company to a biopharmaceutical company. In addition to communicating with investors in the capital market, we also participated in relevant professional conferences such as the American Society of Clinical Oncology (ASCO) and the American Society of Hematology (ASH) during the Reporting Period, and successfully held the Interpretation Conference at the ASCO in June 2021 to enhance our communication with the market and enable investors to keep abreast of our R&D and clinical progress.

March 2021
Annual Results Conference and Meeting of the Board of Directors

May 2021
Annual General Meeting

June 2021
Submission of 2020 ESG Report
ASCO Interpretation Conference

July 2021
Ascentage - Innovent Strategic Cooperative Investor Meeting

August 2021
Interim Results Conference

September 2021
Extraordinary General Meeting

November 2021
Extraordinary General Meeting

Important Meetings for Communication with Investors

February 2021	May 2021	July 2021	October 2021
• Closing of placing of existing shares • Top-up subscription of new shares under general mandate	• Included as a constituent of MSCI China Small Cap Index	• Equity investments and listed warrants of Innovent • Ascentage Angel Funds officially commenced	• Completion of the issue of unlisted warrants under the specific mandate

Major Investment Actions

In July 2021, Ascentage Pharma, together with "Harvest Capital", Suzhou Government's Guiding Fund, "CMG-SDIC Capital Management", one of the largest professional private equity funds in China, and "Grains Valley Venture Capital", an investment fund focusing on biological field, jointly established the Ascentage Angel Fund, aiming to actively implement the national innovation and development strategy, focus on the cutting-edge development opportunities of the pharmaceutical industry, and promote the high-quality development of the biomedical industry. Ascentage Angel Fund focuses on early-stage investment in the biopharmaceutical industry, including but not limited to protein-degraded therapy, antibody-drug conjugates, bispecific antibody-drugs, mRNA and cell therapy. It aims to invest in and incubate high-quality bio-pharmaceutical innovation enterprises at early stage, filling the capital gap of early-stage investment in the biopharmaceutical industry in China.

Awards

Particulars of awards	Certifications
"Best Pharmaceutical and Medical Company" at the 5th Golden Hong Kong Stocks Annual Awards Ceremony — Zhitong Finance/ RoyalFlush Finance	
"The Best R&D Pipeline Enterprise (Top 10) for 2021" at the Golden Horse Award of 2021 China Biomedical Industry Chain Innovation Billboard — Nanjing International Innovation and Investment Submit of the Novel Pharmaceutical and Life and Healthcare Industry 2021	

Particulars of awards	Certifications
2021 "Changchun Award" Innovative Pharmaceutical Enterprise of the Year — Shanghai United Media Group/Jiemian News	
Pharmaceutical Industry R&D and Innovation Enterprise 2021 — Med Sina	

Particulars of awards	Certifications
Top 10 Outstanding Cases of Cancer Diagnosis and Treatment in 2021 — 21st Century Business Herald/21st Century New Health Research Institute	
Top 10 Innovative Anti-cancer Drugs in 2021 — 21st Century Business Herald/21st Century New Health Research Institute	

1.2 ESG Governance

We have elevated ESG matters to an important position in corporate governance, and actively established an ESG governance structure covering decision-making level, supervision level and execution level, with clear division of functions and duties, to ensure that ESG matters are integrated into the performance of functions at different levels with a view to improving the comprehensive governance level of the Company. Based on the actual situation such as current corporate governance, business scale and social impact of business, we continuously improve and enhance ESG governance capabilities to ensure sustainable and high-quality development.

Corporate governance

We are committed to achieving high standards of corporate governance and believe that sound and reasonable corporate governance practices are essential for maintaining the growth of the Company and safeguarding the interests of our shareholders.

Our corporate governance structure covers the Board of Directors and Board Committees. In particular, the Board of Directors is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board of Directors has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board of Directors has established board committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee. The Board of Directors has delegated to these board committees the responsibilities as set out in their respective terms of reference. When facing different risks, each committee will exercise corresponding functions to carry out risk management and control to minimize the impact of risks. In addition, we have an experienced scientific advisory board, which consists of a number of renowned scientists with substantial expertise in the field of cancer research and development and provides assistance to us.

We have adopted and implemented a board diversity policy to enhance the effectiveness of the Board of Directors and to maintain high standards of corporate governance. In selecting candidates for members of the Board of Directors, we seek to achieve board diversity through the consideration of a number of factors, including gender, skills, age, professional experience, knowledge, cultural and educational background, length of service, etc. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board of Directors.

We strictly abide by national laws and regulations, comprehensively promote corporate governance in accordance with laws, formulate effective rules and regulations, further improve the corporate governance structure, continuously optimize internal management, and strengthen employee behavioral norms. We constantly enhance the awareness of corporate integrity, strengthen integrity cooperation, establish and improve the strategic framework of risk management, consolidate the fundamental efforts in legal compliance, and actively carry out anti-corruption work to help the steady development of the Company. During the Reporting Period, we did not experience any legal disputes arising from illegal operations.

ESG governance

We have included ESG content management in the work of the Audit Committee to monitor the Company's ESG issues and thus perform the ESG supervision function.

Advise on the ESG strategies of the Company and identify material ESG risks and opportunities.

- Identify material ESG issues, and determine the risks and opportunities brought by such material ESG issues to the Company;
- Advise on and regularly review the ESG strategies of the Company for the Board of Directors' approval;
- Formulate goals based on the corresponding strategies and regularly review such goals.

Approve and review ESG related policies.

- Review ESG related policies;
- Review and supervise the policies related to material ESG issues and ensure such policies are applicable to the Company.

Review the annual ESG report of the Company.

- Review the annual ESG report to ensure that ESG report has made sufficient disclosure on the ESG risks of the Company, measures adopted and progress toward goals, as well as whether such reports meet the relevant disclosure requirements, comply to related listing rules and other applicable laws and regulations;
- Recommend the Board of Directors to approve ESG policies.

ESG Responsibility of the Audit Committee

1.3 ESG Statement of the Board of Directors

The Board of Directors is ultimately responsible for Ascentage Pharma's ESG management policies and strategies, the formulation of the relevant goals, the review on target progress and ESG performance, and is responsible for evaluating and determining the Company's risks related to sustainable development, ensuring that the Company has established a sound and effective ESG management and internal control system, and reviewing and approving the Company's ESG reports. The Audit Committee and the ESG Working Group under the Board of Directors are responsible for supervising and executing the ESG work plan of the Group.

The Audit Committee is responsible for advising on the Group's ESG strategies and the identification, approval and review of the relevant policies on material risks and opportunities and reviewing the ESG Reports. The responsibilities of the ESG Working Group include formulating ESG visions and strategies, identifying and judging major ESG issues, formulating ESG goals and monitoring the progress on the completion of the goals, implementing ESG risk management and internal control, formulating ESG-related policies, preparing ESG reports, and ensuring the implementation of ESG work. The Audit Committee reports and makes recommendations to the Board of Directors on a regular basis.

Ascentage Pharma attaches great importance to the identification and management of ESG risks, and has established a sound risk management system and supervision mechanism of the progress on the goals to mitigate the impact of various potential risks on the sustainable development of the Company. The Board of Directors assumes full responsibility for the Company's risk management system and goal supervision mechanism, supervises and approves the Company's ESG risk management strategies and policies, evaluates the risk level in line with the Company's strategic goals and risk tolerance, approves the Company's climate change risk identification and environmental objectives at the meetings of the Board of Directors, and oversees the achievement of goals. The Audit Committee is responsible for reviewing, evaluating and reporting to the Board of Directors on the Company's ESG-related risks and opportunities, setting its corresponding goals based on the corresponding risks and opportunities, and monitoring and reviewing the progress of the goals on a regular basis.

1.4 Material Issues

We attach great importance to communication with stakeholders, seek and understand the demands and suggestions from different stakeholders through various channels, timely and comprehensively understand the expectations and demands of stakeholders, and actively respond to the needs of different stakeholders, with an aim to continuously promote the coordinated and sustainable development of Ascentage Pharma and various stakeholders.

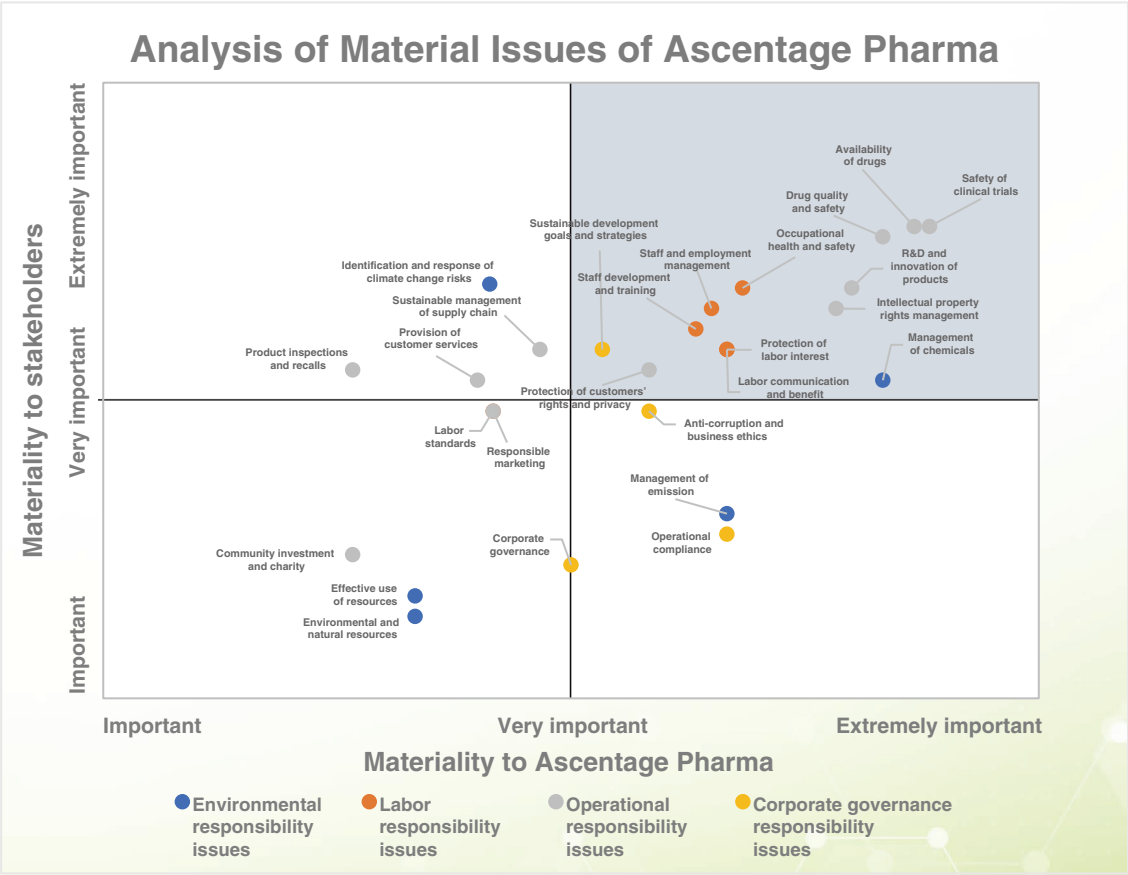
Communication with stakeholders

We pursue a harmonious and win-win principle with stakeholders, identify stakeholders that are closely related to the Company's development based on influence, and then invite the identified stakeholders to participate in the materiality assessment for the year. We communicate and interact with stakeholders through information disclosure and other methods, and continue to enhance communication channels, establish a real-time, efficient and long-term communication mechanism, and procure the stakeholders to participate in major decisions and other strategic adjustments through offline and online channels, so as to continuously improve our management level.

Major stakeholders	Communication channels
Shareholders/investors	General meetings, road shows, information disclosures, etc.
Clinical patient and clinicians	Clinical trial process
Supplies	Suppliers' review procedures; supply process
Government/regulatory authorities	Information reporting
Employees	Internal communication platform, employees' performance appraisals
Local communities	Community activities
Professional associations and industry bodies	Industry forums
Media and members of the public	Information disclosures

Matrix of material issues

During the Reporting Period, based on the materiality assessment results collected from the questionnaire surveys and interviews with stakeholders in the previous year, we obtained their opinion and expectations on the disclosure of environmental, social and governance information of Ascentage Pharma through in-depth communication with stakeholders. The results showed that with the release of the national strategic goal of "carbon peak and carbon neutrality", external stakeholders' attention to climate change and related issues has increased significantly. In addition, as compared with the same in 2020, there was no significant change in the focus of the management and stakeholders on the Company. After thorough discussion with the management of the Company, we analyzed and concluded the matrix of material ESG issues of Ascentage Pharma in 2021:



Material issues	Corresponding sections
Environmental responsibility issues	
Management of chemicals	4.1 Environmental Management
Management of emission	4.1 Environmental Management
Effective use of resources	4.1 Environmental Management
Environmental and natural resources	4.1 Environmental Management
Identification and response of climate change risks	4.1 Environmental Management
Labor responsibility issues	
Occupational health and safety	4.2 Occupational Health and Safety
Staff and employment management	5.1 Employee Recruitment
Staff development and training	5.1 Employee Recruitment
Labor standards	5.1 Employee Recruitment
Protection of labor interest	5.1 Employee Recruitment
Labor communication and benefit	5.1 Employee Recruitment
Operational responsibility issues	
Drug quality and safety	3.1 Quality and Safety
Safety of clinical trials	3.1 Quality and Safety
Availability of drugs	3.2 Quality Services
Intellectual property rights management	2.2 Intellectual Property Rights
R&D and innovation of products	2.1 R&D and Innovation
Protection of customers' rights and privacy	3.2 Quality Services
Sustainable management of supply chain	3.3 Supply Chain Management
Responsible marketing	3.2 Quality Services
Community investment and charity	5.4 Harmonious Community
Provision of customer services	3.2 Quality Services
Product inspections and recalls	3.2 Quality Services
Corporate governance responsibility issues	
Sustainable development goals and strategies	1.1 About Ascentage
Corporate governance	1.2 ESG Governance
Operational compliance	1.2 ESG Governance
Anti-corruption and business ethics	1.5 Business Ethics

1.5 Business Ethics

Business ethics is essential to an enterprise. We adhere to the commercial value of fairness, transparency, integrity and honesty, insist on law-abiding production and operation, carry out anti-corruption training and education, and continuously strengthen anti-corruption supervision and anti-corruption culture building. We create an honest working environment within the Company and actively promote honest and trustworthy business conduct.

Compliant production

We stringently comply with the Biosecurity Law of the People's Republic of China (《中華人民共和國生物安全法》), Regulation on 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》), Amendment (XI) to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(十一)》), Good Clinical Practice (2020 GCP) (《藥物臨床試驗質量管理規範》(2020年版 GCP)) and other laws and regulations. We will follow the drug clinical trial specifications, control product quality, firmly establish the awareness of the rule of law, consciously operate in compliance with the law and be a protector for people's drug safety under the law.

Integrity cultivation

We uphold a zero-tolerance attitude towards unethical behaviors such as corruption and bribery, and resolutely resist all forms of commercial bribery and corruption. We strictly abide by 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 of China (《中華人民共和國反不正當競爭法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and other laws and regulations, and continuously optimize the anti-corruption compliance control system. Our compliance department and user department will conduct corresponding due diligence on suppliers who are about to establish business relationships with Ascentage based on different risk ratings, clarify the responsibilities, authorities and procedures for decision-making, implementation and supervision, strengthen code of conduct, strengthen the construction of integrity culture, and create a corporate image of honesty, integrity and compliance.

We earnestly implement anti-corruption measures, pay close attention to corruption incidents, and support anti-corruption reporting. We open up internal and external reporting channels and standardize the reporting process. Employees and third parties can disclose and report corruption through dedicated email and phone number. We encourage employees to make anonymous reports to effectively protect the privacy of whistleblowers, and seriously deal with violations of regulations and disciplines such as corruption. Relevant employees will be disciplined in strict accordance with the internal disciplinary system, and dismissal will be made in case of serious violations. In addition, we regularly carry out anti-corruption training, widely use various methods to actively carry out integrity publicity and education and strengthen the integrity awareness of Directors and employees. During the Reporting Period, Ascentage's anti-corruption and business ethics training covered a total of 138 employees, with a total of 207 training hours.

Ascentage Pharma conducts compliance and anti-corruption training
Ascentage Pharma emphasizes the importance of corporate compliance training and cultural construction, adopts a prevention-oriented compliance strategy, and actively carries out compliance training. Ascentage Pharma has organized four large-scale compliance trainings for all distributors in December 2021, all employees of the commercialization department in February and March 2022, and all managers in the commercialization department in March 2022, respectively, either online or offline. These compliance trainings conducted by Ascentage Pharma are conducive to urging employees to strengthen self-restraint and providing strong support for integrity construction. Meanwhile, Ascentage Pharma conducted multiple compliance and anti-corruption trainings for Directors in the form of online training and e-mail delivery of materials.

During the Reporting Period, the Company was not involved in any material corruption incidents or legal cases regarding corrupt practices.

2 INNOVATION DRIVEN AND R&D BREAKTHROUGHS

With the mission of "fulfilling the unmet clinical demand of patients in China and the world", Ascentage Pharma has been continuously improving its R&D capabilities, accelerating the progress of clinical development of the Company's product pipelines, paying attention to the protection of intellectual property, emphasizing R&D ethics and ethics, and striving to benefit more patients with innovative drugs.

2.1 R&D and Innovation

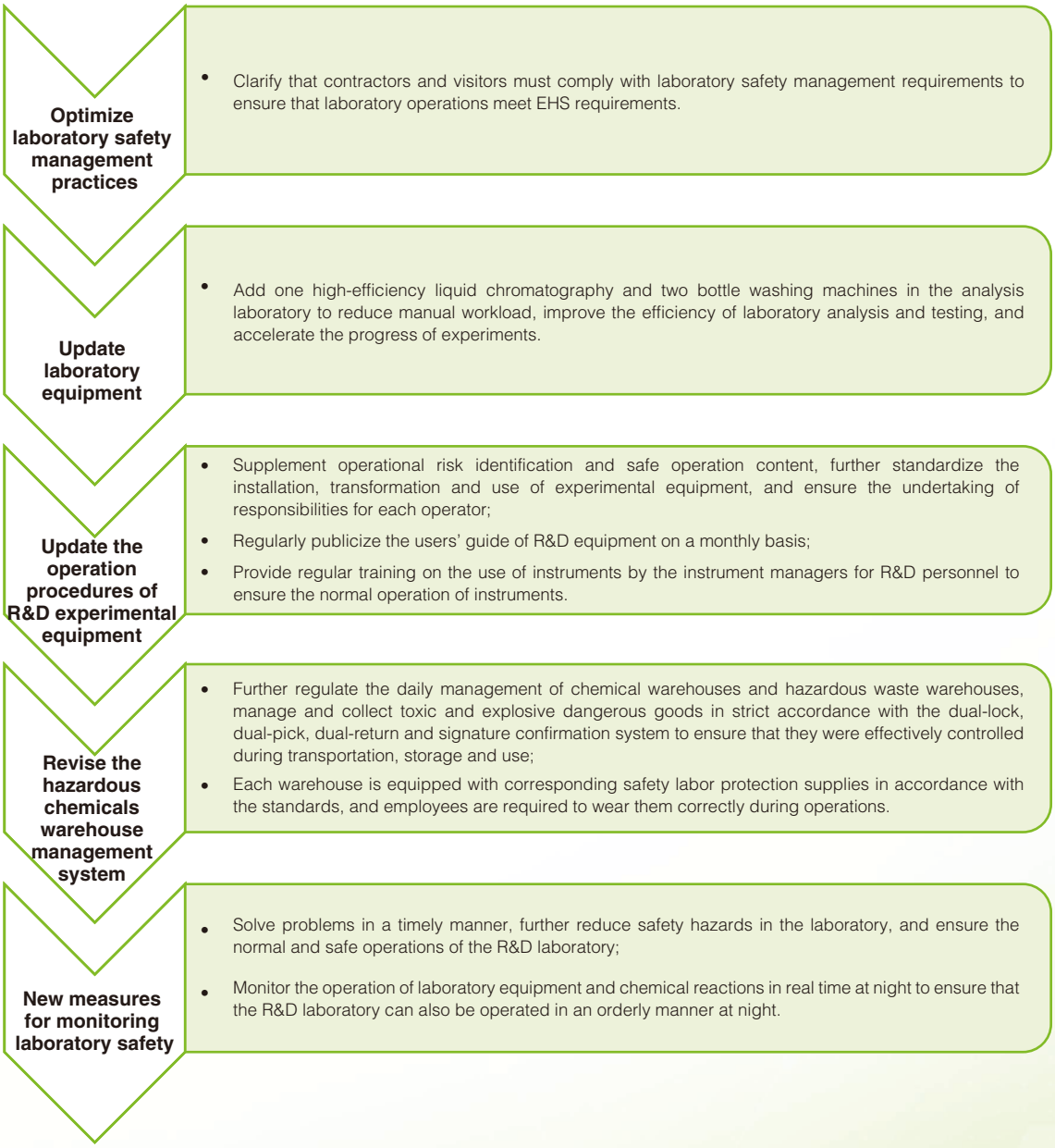
As a China-based and global-oriented biopharmaceutical company, we have been continuously advancing the process of clinical research and development and product innovation, striving to improve the level of research and development and innovation management, ensuring the compliance of research and development and production, and actively safeguarding the rights and interests in the research and development process, so as to facilitate the sound development of the enterprise.

2.1.1 R&D management

Ascentage Pharma regards R&D capabilities as the driving force for development and is committed to developing innovative drugs in therapeutic areas such as cancers, HBV and age-related diseases. We attach great importance to the standardization of R&D and clinical trial management, and have established a three-level organizational structure based on the R&D team, project committee and project management team to achieve the whole process management of R&D projects and continuously improve our R&D management standard.

R&D Management Structure

In 2021, we continued to optimize R&D experiment and operation management. From the perspective of optimizing safety management regulations, improving experimental efficiency, updating experimental equipment operation procedures, strengthening experimental operation training, strengthening hazardous chemicals management, and adding safety monitoring, we updated management systems and processes in all aspects to ensure the standardization and safety of laboratory operations, and were committed to creating a pleasant R&D environment.



Management Initiatives for R&D Experiments

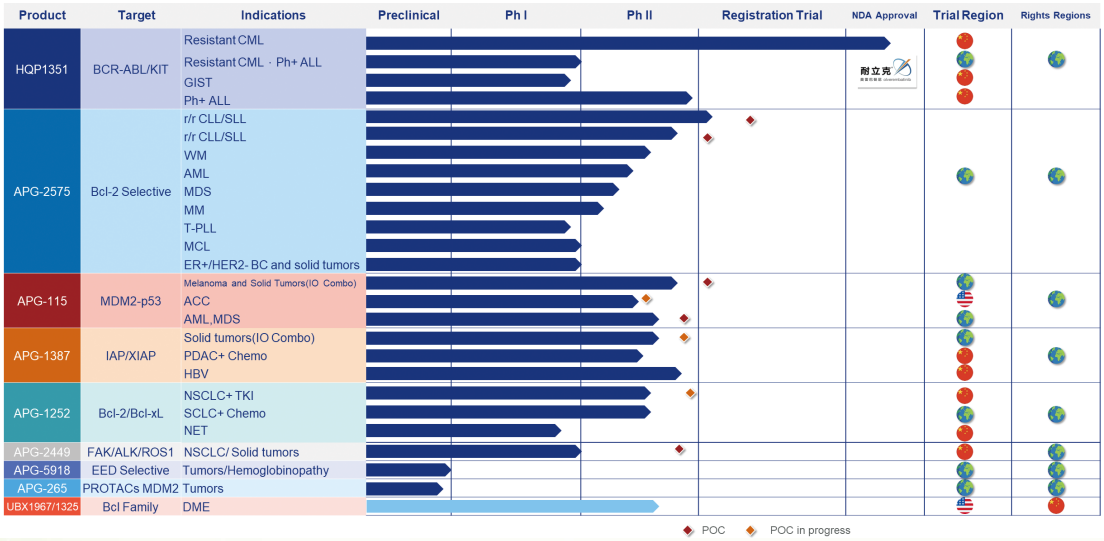
Ascentage Pharma has achieved outstanding results in the research, development and commercialization of biopharmaceuticals, and has always consider a strong R&D team as a valuable asset for the Company's development. We have an experienced scientific advisory board, chaired by Dr. WANG Shaomeng, our co-founder and non-executive Director, and comprising a number of renowned scientists with significant expertise in the R&D of oncology. During the Reporting Period, Ascentage Pharma's global headquarters and R&D centers established in accordance with international Current Good Manufacture Practice (cGMP) standards were officially put into use, which helped expand its global presence and accelerate its global footprint and helped accelerate the integration of internal and external quality resources, further expanding Ascentage Pharma's leading position in the innovative drug industry.

In 2021, we continued to promote the construction of our R&D team and invested a total of RMB766.5 million in R&D, with a total of 456 R&D and laboratory personnel worldwide, including 85 doctorate degree holders.

2.1.2 Product innovation

Under the guidance of the "global innovation" strategy, Ascentage Pharma actively promotes the R&D and commercialization progress of product and is committed to developing extensive and high-value global product pipelines and exploring the potential of becoming "first-in-class" or "best-in-class" among peers globally.

Ascentage Pharma has a proprietary design platform for protein-protein interaction targeting drugs, which is at the forefront of the global R&D of new apoptosis pathway drugs. As of the end of the Reporting Period, we have established a pipeline of eight type 1 small molecule new drug candidates which have entered the clinical development stage, including inhibitors of key proteins such as Bcl-2, IAP or MDM2-p53, as well as a new generation of inhibitors targeting kinase mutants emerging in cancer treatment. We are the only innovative company in the world with clinical development varieties in the field of key proteins in the apoptosis pathway. Meanwhile, the Company is conducting more than 50 Phase I/II clinical trials in China, the United States, Australia and Europe.



Clinical R&D Pipeline

During the Reporting Period, we have made significant progress in our pipeline of product candidates. In November 2021, Ascentage Pharma's leading drug candidate, HQP1351 (Olverembatinib) which received support from National Major New Drug Discovery and Manufacturing Program, was approved by NMPA and successfully entered into the market. It is indicated for the treatment of adult patients with tyrosine kinase inhibitor (TKI)-resistant chronic phase chronic myeloid leukemia (CML-CP) or accelerated-phase chronic myeloid leukemia (CML-AP) harboring the T315I mutation as confirmed by a validated diagnostic test. The product is the first and only third generation BCR-ABL inhibitor approved for introduction to the market in China, filling the gap in domestic clinical trials, breaking the survival dilemma of incurable patients with T315I-mutated CML resistance and having great value. The official approval for the launch and sales of Olverembatinib also marks the successful leap of the Company from a R&D-driven company to a company capable of launching and commercializing products, which allows the Company to fully embark on a new journey of commercialization.

In addition, Olverembatinib, being the first MDM2-p53 inhibitor APG-115 to enter clinical stage in China with the potential as a "first-in-class" drug candidate, was first granted ODDs by the EC and the U.S. FDA during the Reporting Period and was granted the first Fast Track Designation by the U.S. FDA. As of the end of the Reporting Period, Ascentage Pharma obtained a total of two Fast Track Designations by the U.S. FDA, 15 ODDs and 1 ODD by the U.S. FDA and the EC, respectively. It continued to set new records among Chinese pharmaceutical companies, demonstrating the Company's capability and standards for global innovation.

2.1.3 Research exchange and collaboration

Leveraging its strong R&D capabilities, Ascentage Pharma actively promotes external development, accelerates the global clinical development of drug candidates through domestic and foreign R&D and clinical strategic collaboration, expands its commercialization presence, and improves its industry influence, in order to benefit patients around the world as soon as possible and create more medical values. During the Reporting Period, Ascentage Pharma entered into a series of domestic and overseas strategic collaboration and clinical research collaboration to seek cooperation models with domestic innovative pharmaceutical companies.

Strategic collaboration	Clinical research collaboration
• Entered into a comprehensive strategic collaboration with Innovent Biologics in various fields such as the commercial promotion of Olverembatinib in China, APG-2575 joint clinical development and equity investment. • Received milestone payment from UNITY Biotechnology, its global collaboration strategic partner, with UBX1325, an anti-aging drug candidate, receiving positive data from phase I clinical trial and dosed the first patient in phase IIA clinical trial.	• Entered into a clinical collaboration and drug supply agreement with Pfizer, pursuant to which both parties shall jointly develop Ascentage Pharma's Bcl-2 inhibitor APG-2575 in combination with Pfizer's CDK4/6 inhibitor palbociclib for the treatment of recurrent, locally advanced or metastatic estrogen receptor positive (ER+), human epidermal growth factor receptor 2 negative (HER2-) breast cancer. • Entered into a Cooperative Research and Development Agreement (CRADA) with National Cancer Institute (NCI), the world's leading academic institution, pursuant to which both parties shall cooperate in clinical and non-clinical development of the Company's novel dual inhibitor of Bcl-2/Bcl-xL proteins APG-1252.

We also continued to promote the industry exchange in industry professional conferences, actively participated in conferences convened by the American Society of Clinical Oncology (ASCO), the American Society of Hematology (ASH), the American Association for Cancer Research (AACR), the European Society for Medical Oncology (ESMO) and the Chinese Society of Clinical Oncology (CSCO), and organized communication meeting crystalline research technology.

Communication meeting on crystalline research technology

In October 2021, we organized a communication meeting on crystallization research technology to carry out online research exchanges with applied science experts from Brock University based on the crystalline research technology issues in the process of R&D projects, and conducted academic research and discussions on technical issues such as the consistency of judgment standards for selective preference and ChP&USP&EP crystallization, and the limitation of the intensity of diffraction peak report, so as to help personnel of Ascentage's R&D projects further solve professional technical research issues and promote the communication and cooperation between Ascentage Pharma and the academic community.

2.2 Intellectual Property Rights

Ascentage Pharma strictly abides by the Patent Law of the People's Republic of China (《中華人民共和國專利法》), 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 intellectual property laws and regulations, and continuously encourages independent innovation, promotes and strengthens the application and maintenance of intellectual property rights, and organizes, coordinates, plans and uses the Company's intellectual property rights in a planned manner according to our Incentive System for Employees' Invention (《職務發明獎酬制度》). In 2021, we further strengthened our efforts regarding intellectual property rights, expanded the intellectual property right team to six people, continuously improved the level of management in intellectual property rights. We established, implemented and constantly improved the Company's intellectual property management system. During the Reporting Period, we continued to deploy external patents for core drug candidates, including process, crystallization, preparation, combination, new indications and other new patent types, further improving our strategies global intellectual property presence and life cycle management system of drug candidates to protect our R&D achievements and enhance the Company's comprehensive strength and market competitiveness. During the Reporting Period, Ascentage Pharma had no infringement of intellectual property rights.

In terms of the system certification of intellectual property rights, Suzhou Ascentage Pharma Co., Ltd. (hereinafter "Ascentage Suzhou"), a subsidiary of Ascentage Pharma, was granted the National Intellectual Property Right Management System Certificate, and successfully passed the Standard Certification Review of Intellectual Property Rights during the Reporting Period.

Ascentage Suzhou was granted the National Intellectual Property Right Management System Certification

Ascentage Suzhou passed the Standard Certification Review of Intellectual Property Rights

While actively procuring the global clinical development and experiment of product candidates, we maintain the global presence for intellectual property rights to safeguard our R&D efforts. As of the end of the Reporting Period, Ascentage Pharma had 178 issued patents and over 600 patent applications around the globe, of which approximately 135 patents were granted overseas.

Patents applied globally in 2021	**Trademarks applied in 2021**
102 patents	56 trademarks
Patents issued globally in 2021	**Trademarks registered in 2021**
46 patents	241 trademarks

During the Reporting Period, we actively promoted the enhancement of the Company's capability in managing intellectual property rights, carried out a series of intellectual property rights protection measures, and cooperated with the human resources department to carry out business secret protection training for new employees on a quarterly basis, striving to enhance employees' awareness of intellectual property protection and promote the long-term development of the Company. In addition, in order to support the marketing process of Olverembatinib, the Company continued to deploy and maintain its core intellectual property rights in all aspects and submitted the application for patent term compensation of Olverembatinib in 2021.

2.3 Protection for Privacy of Participants in Clinical Trials

Ascentage Pharma strictly abides by the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Implementing Regulations of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》), the Good Clinical Practice (《藥物臨床試驗質量管理規範》) and other relevant laws and regulations, and formulates the signing process of the Consent Letter of Participants in Clinical Trials (《受試者知情同意書》) to fully protect the participants' rights to be informed, rights to choose and their privacy rights, and ensure the compliance of R&D clinical trials. We attach great importance to the privacy protection of participants and require relevant staff to keep the personal information of participants strictly confidential to fully protect their privacy security. In clinical trials, we fully inform the participants of their personal information protection and privacy protection requirements and procedures through medical institutions, label each participant with a number, avoid the leakage of identity and privacy information during the entire trial period and when the trial results are published, and appoint experimental project personnel to monitor the relevant procedures and compliance.

3 EXCELLENT QUALITY SERVICES

Ascentage Pharma is committed to meeting the clinical needs of patients in China and around the world with excellent product quality. To this end, we continue to improve multi-dimensional quality management, optimize customer service, promote the construction of a sustainable supply chain, and lead the healthy development of China's pharmaceutical industry with excellent quality services.

3.1 Quality and Safety

Ascentage Pharma insists on the quality policy of "utilize quality management at international level for the efficient R&D and reliable production of innovative drugs, in order to consistently meet the medical demands of patients". We continue to promote the construction and improvement of the quality system, emphasize drug safety management and ensure the standardization of production quality management.

3.1.1 Quality management

In accordance 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 Implementing Regulations of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》), the Administrative Measures of Drug Registration (《藥品註冊管理辦法》), GMP[1], cGMP[2], GCP[3], GVP[4] and other Chinese and International laws and regulations, we have established an independent quality assurance department and a complete pharmaceutical quality management system. We have formulated internal quality management systems and regulations such as GMP Quality Manual of Ascentage Pharma Group International (《亞盛醫藥集團GMP質量手冊》), the System of Quality Policy, Quality Goal and Quality Planning (《質量方針、質量目標和質量計劃制度》), and the Management of Change (《變更管理》). We have also formulated SOP requirements in relation to clinical trials for scheme writing, consent letters, data management and other processes to implement the responsibilities of all departments in terms of the policy, goals and plans for quality. We have implemented the daily practice of drug quality management and comprehensively controlled the changes in quality-related work, raw materials, etc., to ensure stable and orderly production and quality of drugs that meet the intended purposes.

1 GMP: Good Manufacturing Practice
2 cGMP: Current Good Manufacture Practice
3 GCP: Good Clinical Practice
4 GVP: Good Pharmacovigilance Practice

We always attach great importance to the standardized management of the quality management system and are committed to establishing a quality system that complies with international drug manufacturing standards. During the Reporting Period, Ascentage Pharma launched the Veeva system to carry out systematic online management of drug and pharmaceutical R&D, clinical development, quality management of production, marketing and customer relationship management. In addition, we oversee the compliance of our trials and the quality of data by conducting regular quality control inspections and quality assurance audits on our clinical trial research centers and trial-related suppliers. Ascentage Jiangsu has established a physicochemical analysis laboratory that has passed the China National Accreditation Service for Conformity Assessment (CNAS) system certification to ensure high-standard production and manufacturing. During the Reporting Period, Ascentage Jiangsu passed the on-site registration verification of the pre-launch pharmaceutical research and production and clinical trials of Olverembatinib organized by the Center for Food and Drug Inspection (CFDI) of the National Medical Products Administration, demonstrating excellent quality management capabilities.

During the Reporting Period, we carried out the optimization work of a series of drug quality inspection and product quality assurance to further implement internal quality management. Healthquest Pharma increased the number of third-party product testing service providers from one to two to ensure the stability of product testing.

In addition, during the Reporting Period, we carried out quality audit work, conducted audit and risk assessment on the work of laboratories, production and storage areas. We then formulated corresponding rectification measures, completed 20 quality audits on suppliers or service providers, covering suppliers of raw materials, auxiliary materials and packaging materials related to products, as well as suppliers related to entrusted production, packaging, testing, warehousing and logistics.

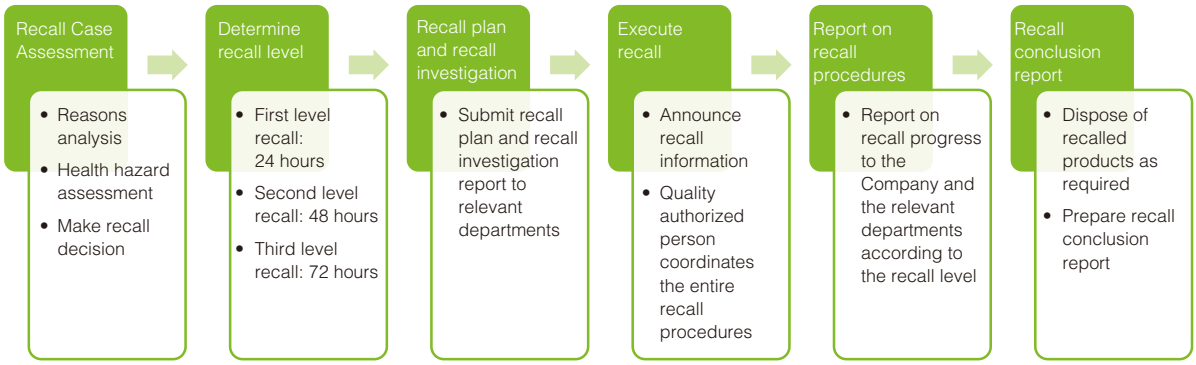
3.1.2 Drug safety management

We have been complying with the Good Pharmacovigilance Practice (《藥物警戒質量管理規範》), the Provisions on the Administration of Pharmaceutical Directions and Labels (《藥品説明書和標籤管理規定》), GMP and other relevant laws and regulations on pre-development and post-marketing management of drugs and have established pharmacovigilance department and arranged designated personnel to form a standardized management process for pharmacovigilance. We collect drug safety reports through clinical trials, complaints received from call centers, literature retrievals, patient drug donation projects and other means and regularly arrange corresponding training for employees of the Company. We have also established a safety database for analyzing safety data and inspecting safety signals to ensure that drugs are safe and controllable.

We have formulated the Labelling Control Procedures for Drug for Trial Use (《試驗用藥品標籤控制規程》) for trial drugs and the Administrative Regulations for Printed Packaging Materials (《印刷性包裝材料管理規程》) for commercialized drugs, which specify the relevant procedures for drafting, labeling approval, use and change of quality standards and standardize the management of drug labels for clinical use and labels and instructions for commercialized drugs of Ascentage Pharma. We have also provided medical information to health care professionals and patients according to the requirements of regulations to ensure the compliance of drug labels.

3.1.3 Product recall

Ascentage Pharma complies with the relevant regulations of the local drug supervision and administration authorities where it operates, and has formulated the Clinical Trial Drug Recall Procedures (《臨床試驗藥物召回工作程序》), the China Domestic Product Recall (《中國國內產品召回》), and the Traceability Drill System (《可追溯性演練》). We have also established a complete product recall system and ensured the effectiveness of the recall system through the multi-level product recall process and regular product recalling drills. In the product recall process, we attach great importance to the assessment of the health hazards of the recalled products and determine the level of product recall based on this and ensure the effectiveness of the entire recall process by appointing a quality authorized person, and finally strictly dispose of the recalled products in accordance with the requirements of the drug supervision department. In addition, we entered into a cooperation agreement with Alibaba Health's Ma Shang Fang Xin tracking platform to achieve traceability of the entire life cycle of clinical trial drugs and commercial drugs and established a comprehensive information tracking system for drugs.



Product Recall Procedures

During the Reporting Period, we conducted several product recalling drills to promote the stability of the product traceability system and ensure the smooth operation of the product recall system.

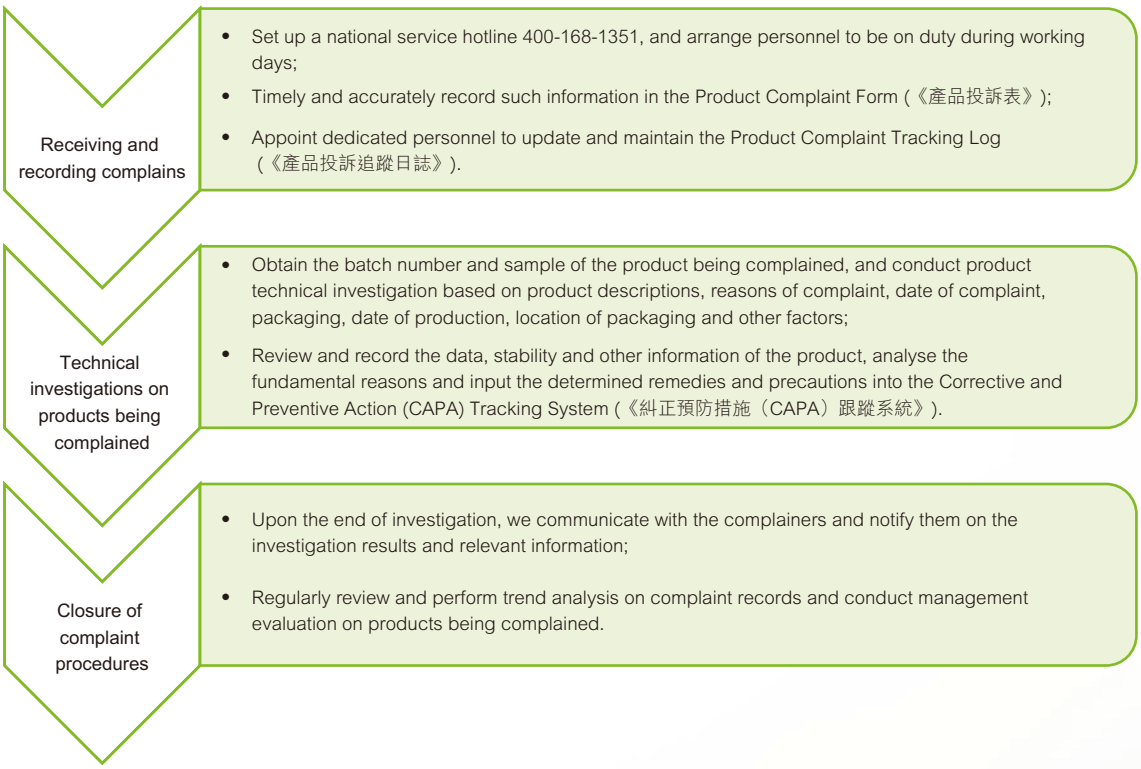
Product recalling drills
In December 2021, Healthquest Pharma, a subsidiary of the Company, conducted a product recalling drill to trace the corresponding batch of products under the scenario of discovering the printed defects in the instructions. By tracing up and controlling the defective instructions, the drugs with defective instructions were traced down, and 100% of the problematic materials and involved drugs were effectively identified within the prescribed time. In December 2021, Ascentage Jiangsu, a subsidiary of the Company, and Ascentage Suzhou conducted two product recalling drills. In case of quality defects in the clinical drug batches and quality defects in the pharmaceutical ingredients batches, we traced those product batches, and achieved 100% effective traceability of problematic drugs and logistics within the prescribed time.

During the Reporting Period, Ascentage Pharma did not experience any product recall due to safety and health reasons.

3.2 Quality Services

Adhering to its "patient first" value, Ascentage Pharma continuously enhances the customer service management system, with an aim to improve customer service quality and efficiency in multiple dimensions and improve customer service experience and satisfaction. We have set up a national service hotline to comprehensively collect customers' enquiries and feedback on our products. At the same time, we have formulated the Product Complaint Handling and Technical Investigation (《產品投訴處理和技術調查》) procedures to conduct technical investigation on product complaints, formulate treatment methods and subsequent preventive measures according to the reasons of complaints, and actively communicate with the complainant to ensure that the complaints are effectively handled within the prescribed period.

During the Reporting Period, Ascentage Pharma did not receive any complaints about products and services.



Handling Procedures of Complaints on Products

We attach great importance to the responsible marketing requirements of products, and regularly conduct professional skills and responsible marketing training for the commercialization team to improve the business capabilities of sales personnel, strengthen the awareness of responsible marketing, and further standardize sales management. During the Reporting Period, we carried out business compliance training for new employees of the commercialization team, and organized training and tests on product medical knowledge, market strategy, sales skills and knowledge, and compliance regulations in the form of lectures and examinations, so as to ensure that sales personnel are equipped with the basic knowledge reserve of compliant products and standardized sales style and awareness.

Ascentage Pharma strictly protects consumer data and privacy, complies with the laws and regulations on information and privacy protection such as 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 does not retain any personal data and privacy information of patients within the Company, and only maintains relevant information in medical institutions and pharmacies by health care professionals.

We have also been actively expanding the inclusive medical channels of our products and are committed to reducing the medical costs of patients and reducing the financial burden through rich medical insurance, so as to benefit more patients. During the Reporting Period, Olverembatinib has been successfully listed as a people benefitting insurance project in 10 cities, and is expected to continue to enter into more people benefitting insurance projects in more cities.

3.3 Supply Chain Management

Ascentage Pharma regards suppliers as its important partners, and strives to facilitate the establishment of sustainable supply chain and build a synergistic and mutually beneficial relationship between the upper stream and lower stream through a standardized supply chain management system, strict review mechanism on suppliers and closed exchange and cooperation with suppliers.

3.3.1 Supply chain management system

We continue to strengthen the supplier management and implement the specific division of labor and responsibilities of relevant procurement personnel in accordance with the Procurement and Supply Management Regulations (《採購供應管理規程》), the GMP Materials Procurement Management (《GMP物料採購管理》) and the GMP Supplier Management Regulations (《GMP供應商管理規程》). During the Reporting Period, we introduced digital system tools to optimize the compliance control through the process of supply chain management continuously, thus enhancing the efficiency on working and review and approval.

Warehouse Management System (WMS)
• During the Reporting Period, we introduced MANHARTWMS system as the system for the full cycle management for the GMP materials of Ascentage Pharma. Nature of GMP matierals, GMP suppliers, demand for procurement, the arrival of materials, materials acceptance, inspection and release, requisition and return of materials, and the warehousing and delivery of semi-finished products or finished products and being managed and the quality are being reviewed and approved by authority from different departments and positions.

Office automation (OA) system
• During the reporting period, we optimized the application procedures of the existing OA procurement, approval on financial budget management is added to the amounts applied, OA procurement application form is set as a prerequisite and mandatory relevant option to the approval of countersign sheet for OA contracts and OA official expenses claims. In addition, we thoroughly implement the principle of manages by products procured, the description of contract type is improved, with commercialized market services, separate IT software and hardware and requirement under the category of system.

We make reasonable use of resources following the procurement and supply principles of resources sharing, integrated evaluation for procurement and planned procurement, in order to enhance our procurement efficiency.

Principle of resources sharing	Principle of integrated evaluation for procurement	Principle of planned procurement
• internal information sharing to strengthen the reasonable management of inventory; • Implement resources consolidation and centralized procurement for materials and services with the same specifications or from the same supply channel; • Establish material catalogue for each laboratory to ensure resources sharing.	• Procurement evaluation includes various factors such as commodity price, quality, suppliers' credit status, payment cycle, after-sales service and delivery period.	• It is encouraged to follow the principle of preparing reasonable proposals in advance, and preparation for procurement should be made properly as planned.

When cooperating with suppliers, a management mechanism that covers the whole process, including qualification review, assessment and auditing, and elimination of suppliers, is implemented, in order to safeguard the service quality from the supplier, to avoid the potential risk from such cooperation, and to guarantee the compliance of such cooperation.

Approval for the inclusion of supplier	• **For GMP materials suppliers/GMP service providers:** According to the GMP Supplier Management Regulations (《GMP供應商管理規程》), confirmation from the quality management department of the Company shall be obtained through Questionnaire for the Manufacturer or Dealer of GMP Materials (《GMP物料製造商/經銷商調查表》) or Questionnaire for the GMP Services Providers (《GMP服務商調查表》) before suppliers are being selected. For suppliers selected during the clinical study stage, we will seek for origin of procurement in accordance with the requirement of the relevant regions, to ensure such suppliers are being registered with the local drug administration authority, and to ensure the quality complies with the pharmacopoeia standards. • **For suppliers providing promotion activities for the marketing of products:** We engaged professional services provider on compliance auditing and investigation to evaluate the basic circumstance of the suppliers, and evaluate different kinds of risk including risk on cooperating with potential suppliers and compliance risk.
Approval of the supplier for the tendering and procurement stage	• Based on the difference of products procured, we strictly implement the pre-qualification procedure. A joint evaluation by multiple departments, including legal department, EHS, infrastructure department, finance department, quality department and procurement department, on potential suppliers will be commenced, Through the coordinated works by these departments, the registered capital, operating condition, condition of dishonest judgement debtors, condition of safe execution, qualification and licence, key management team, recent financial results and quality management of the suppliers are being investigated and evaluated. For procured products with high risk, the external third party compliance report and evaluation procedure will be implemented.
Evaluation about the cooperation with supplier	• For suppliers that we are cooperating with, we track their services in a timely manner, and collect feedback from users on the quality of suppliers, in order to strengthen the evaluation management on suppliers. • **For providers on conference planning services:** A whole process supervision will be commenced during the activity, and its implementation will be tracked in a timely manner. After the completion of the cooperation, we will collect feedback on quality from department engaging such providers, areas being evaluated included responsiveness, professionalism, accuracy on quote information, and service attitude, thus enhancing the healthy elimination and competition on suppliers.
Supplier elimination mechanism	• Suppliers and service providers will be disqualified or blacklisted in a timely manner if any of the followings is discovered: the quality issues report (investigation on non-compliance issues) concludes that such supplier and/or service provider is not suitable to engage with, severe problems are discovered during audit and are not effectively rectified during the rectification period, quality issues that have significant impact to the normal operation of Ascentage Pharma arise, seriously breaching the relevant laws and regulations of PRC and seriously breaching the terms of contract.

Supplier evaluation mechanism

During the Reporting Period, we had a total of 1,031 suppliers, among which 788 located in Mainland China, Hong Kong, Macau and Taiwan, while 243 were from overseas.

3.3.2 Sustainable supply chain

We emphasis the risk management of the supply chain, the ESG compliance performance of suppliers are being monitored continuously, with ESG risk management within the supply chain is the key focus area, thus facilitating the development of a sustainable supply chain. During the Reporting Period, we commenced the monitoring and auditing of existing suppliers on quality management enhancements, and compliance on environmental protection and employment. While analysis, management and control on environmental and social risks are also implemented to enhance the level of management of the supply chain continuously.

Our ESG requirements to suppliers	ESG risk management
• **For contracting services suppliers:** • Ascentage Pharma expressly requires suppliers to comply with laws and regulations on staff recruitment, protecting the interest of the staff and take irregular inspection on the actual implementation through tendering requirement and contract terms. • For suppliers on contracting dining services: Ascentage Pharma organizes on-site inspection to the project, and review the qualification documents on food business licence, food safety, quality, environment, occupational health, etc. • For suppliers on security contracting services: Ascentage Pharma requires suppliers possesses qualifications like security services permit, and requires relevant personnel for fire prevention control room to possess grade four qualification of fire facility operator, or qualification equivalent to medium worker qualification. • For engineering contractors: Ascentage Pharma requires contractors to achieve zero safety incident, zero environmental incident, and zero breaching on government permit. • **For GMP materials suppliers:** • Ascentage Pharma focuses on suppliers who possess stable quality, healthy structure and are environmentally friendly, like suppliers possessing qualification on quality system and environmental protection.	• We formulated Management Regulations on the Procurement of Precursor and Explosive Chemicals, and review the qualification of suppliers for materials under management and control required for the process of research and development and production (e.g. precursor and explosive reagent) strictly in accordance with relevant laws and regulations, and apply for procurement permit to purchase such materials legally. Inventory management after the materials is received, and the management of usage are strictly implemented. • We review the ESG risk of GMP material suppliers through Questionnaire for the Manufacturer or Dealer of GMP Materials (《GMP物料製造商/經銷商調查表》) or Questionnaire for the GMP Services Providers (《GMP服務商調查表》), and shall be confirmed and approved by quality management department.

4 LOW CARBON OPERATION FOR SAFEGUARDING SAFETY

Green operation and safety and health are keys to achieve stable corporate development. The environment, health and safety during the process of research and development and operation are regarded as key management areas by us, and we implement the requirement of low carbon development and explore the energy saving potential of the corporate, while in the meantime to promote the safety establishment, forwarding our care on the health of the staff, and strive to establish and maintain a green and safe corporate environment.

4.1 Environmental Management

We uphold the rationale of green operation, insist on implementing the strategy of low carbon development, and we always care about the potential impact of climate changes on us, while the environment is listed as our key management area. We strictly compile with laws and regulations related to environmental protection, emissions management is standardized while the utilization efficiency on resources and energy, and environmental management level are being enhanced continuously, thus achieving a continuous improvement in environmental performance, and actively establishing an enterprise with the characteristics of energy saving and environmentally friendly.

4.1.1 Environmental management system

We strictly abides by laws and regulations including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) and Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪聲污染防治法》), and we formulated and implemented management system documents internally, including the Handbook for the Environment Management System (《環境管理體系手冊》) and EHS Goal Performance Supervision and Evaluation Procedure (《EHS目標績效監督與測量程序》), so as to implement a comprehensive management and control on wastewater, exhaust gas and waste, completing the registration and filing of discharge, improving the environmental management system continuously, thus ensuring our impacts to the environment are being controlled and within the scope permitted by laws and regulations, and enhancing its environmental management level continuously.


SGHJQMS04-080-01

CMA 161012050170

检 测 报 告

TEST REPORT

（2021）苏国环检（委）字第（3110）号

委托单位 苏州亚盛药业有限公司

检测类别 委托检测

样品类别 废水、废气、噪声

苏州国环环境检测有限公司

SUZHOU GUOHUAN ENVIRONMENT DETECTION CO., LTD.

Environmental Assessment Report for 2021

Protecting natural resources and implementing a sustainable economic development model are always our foundation, and we strive to minimize the effect of our business operation to the environment and natural resources. Drug R&D is currently the major business of Ascentage Pharma. The main operation premises are laboratories and offices, where main environmental factors include the generation of air pollutants, sewage, hazardous or non-hazardous waste, noise, use of energy and water resources and use of chemicals during R&D and office work. We carried out risk evaluation on the above environmental factors and the potential impact to the environment, and formulate a series of management procedures and implement strict supervision on the implementation of such management procedures, so as to minimize the environmental impacts of our operating process, and thus continuously enhancing the environmental management performance of Ascentage Pharma. We proactively promote green development philosophy and incorporate such philosophy into the whole R&D process of our products. As our business develops, we continue to improve our environmental management measures, proactively fulfilling our promise of protecting the environment in practice. We also acknowledge that the steady operation of the environmental management system is based on improving our employees' capability. We also seek to pass on our green and environmental protection philosophy to our employees through various means, emphasize the importance of environmental protection and strengthen the awareness of environmental protection of the staff. We urge our staff to start with oneself for environmental protection.

During the Reporting Period, the alternation project for the stream generator of high-end, original, novel, small molecule targeted anti-tumor drug commenced by us has obtained the approval on the environmental assessment from the environmental protection bureau. This project mainly comprises of heat supply to rooms for production, including heat exchange room and animal room, and the alternation does not produce new industrial wastewater. According to the approval of environmental assessment, we will strictly implement the "three simultaneous" environmental protection system in the design, building and operational management of project engineering, to ensure that every kinds of emissions are being discharged in accordance with different standards.

Green laboratory

We continuously implement the ESG rationale, and highly value the continuous investment in ESG. The Company builds the green laboratory in an active manner, while its core R&D department puts into solid and effective practice in terms of the design, renovation, device procurement and installation for its R&D laboratories. We continuously explore the green way for the design and procurement of the laboratory, and we implement the following measures.

The design of the laboratory

- We select laboratory designs that consume less energy and produce less emission based on the design concept of emission reduction, environmental protection and sustainable operation.
- We sacrifice part of the usable space to install deodorizing and filtering system, sewage treatment system and energy saving equipment that far exceed the national standard.
- During refurbishment, we make extensive use of green and environmentally friendly materials, providing a more comfortable and safer working environment for our employees while ensuring its environmental friendliness.

Procuring for laboratory

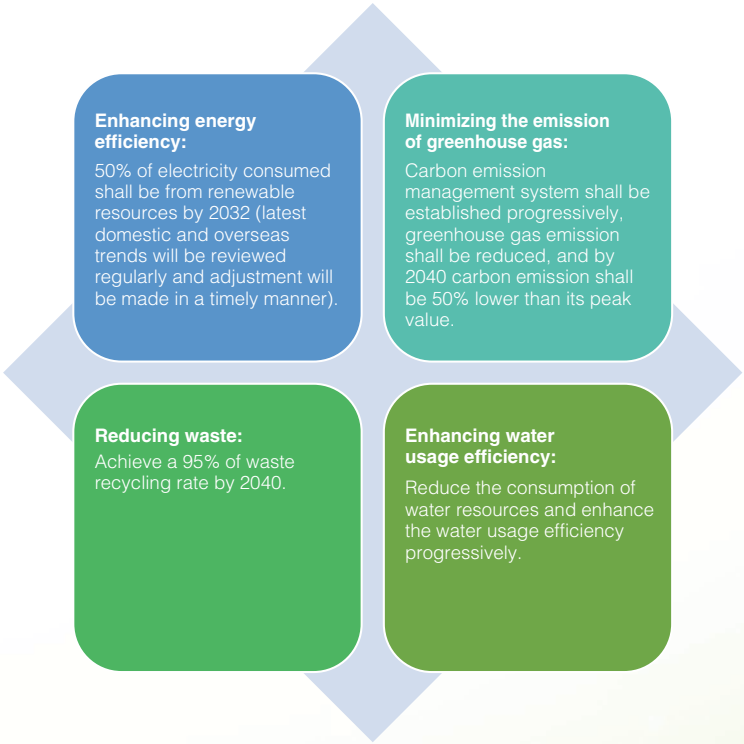
- We formulate model selection requirements, such as strict requirements on energy consumption, control of pollutants and long-terms operation stability, to purchase international leading housing and management equipment for laboratory animals.
- We pick equipment with better noise control capabilities among its kind. Selection of central air conditioning, fan coils and exhaust fan, air compressors, bedding dispensing system, biological safety cabins, RO water devices, pulsating vacuum autoclave and other equipment undergoes strict control.
- For some equipment, we allocate dedicated partition or room for their use, and select sound absorption material for walls and installation shock reduction and noise reduction pads to minimize noise pollution.

Chemicals management (safety storage cabinet, explosion protection, ventilation, leak proof)

There was no environmental incident and incident of non-compliance for Ascentage Pharma during the Reporting Period.

4.1.2 Environmental goals

In order to improve the environmental performance of the Company continuously, to fulfil its obligation on compliance and to achieve the environmental goals, we have formulated the Handbook for the Environment Management System (《環境管理體系手冊》) to stipulate the EHS approach of the Company, describe and explain the content and requirement of the environmental management system of the Company. We formulated environmental goals comprising four main areas, namely minimizing the emission of greenhouse gas, reducing waste, enhancing energy efficiency and enhancing water usage efficiency, by referencing external policy direction and trend of industry development and based on the actual and strategic development planning of its own business, thus explicitly determined the path for achieving such goals and the core measures. We follow the principle of PDCA[5] to refine the details of the target task to each relevant departments, through the four stages of planning, plan implementation, plan review and plan adjustment and continuous improvement, thus strengthening the follow up and feedback on the progress on achieving the goals, and implementing an effective management on environmental goals. Furthermore, we formulated the EHS Goal Performance Supervision and Evaluation Procedure (《EHS目標績效監督與測量程序》), and through the monitoring and measurement of the environmental, health and safety performance of the Company, to ensure the achievement of EHS goals and indicators and to understand the progress of achievement in a quantitative manner, and ensure compile with laws and regulations and to understand the progress of achievement in a quantitative manner, the normal operation of the management system and identify opportunity for improvement.



Environmental goals of Ascentage Pharma

[5] PDCA means “Plan”, “Do”, “Check” and “Action”.

Goals	Key methods and measures
Enhancing energy efficiency	Reducing the electricity consumption during peak hours.
	Air-conditioning is operated in an intermittent manner, and enhancing the effect of cleaning equipment, the operation of the air-conditioning system is optimized and the operation is refined to reduce the energy consumption during the operation.
	Innovative renewable energy technology is installed and used, carbon offsetting will be implemented in areas where electricity from renewable sources is not available for purchase.
	Collecting the statistics on energy consumption (electricity, gasoline, diesel, natural gas, stream, renewable energy, refrigerant, paper, plastic, glass and metal, etc.).
	Enhancing the energy usage efficiency of each facility.
Minimizing the emission of greenhouse gas	Creating green building.
	Exploring new and low carbon heating system.
	Utilizing electricity from renewable sources, e.g. solar energy.
	Incorporating sustainable design in equipment to maximize the operating efficiency.
	Disclosing greenhouse gas emission data regularly.
	Encouraging staff to utilize transportation means with sustainability.
	Organizing activities on environmental protection to raise the environmental protection awareness of staff.
Reducing waste	Reducing the usage of disposable plastic.
	Utilizing both sides of paper to reduce paper consumption.
	Commencing “clear your plate” campaign at canteen to encourage staff not to waste food.
	Promoting the recycling of wooden tray, packaging bag and carry bag.
	Exploring environmentally friendly packaging materials.
	Evaluating the laboratory waste to minimize the production of hazardous wastes and increase the ratio of waste recycling.
	All domestic refuse at bases and general industrial solid wastes and dangerous wastes produced during R&D and production are segregated and managed, standing book is set up to minimize waste disposed and the quantity waste send to landfill.
Enhancing water usage efficiency	Minimizing the usage of purity water to minimize the discharge of wastewater.
	Continuously optimizing the segregation of clean water and polluted water, to maximize the recycle and reuse of water, in order to further reduce the discharge of wastewater.
	Optimizing the recycling of condensed stream water and optimize the cleaning process.
	Data such as water consumption, emissions, quantity of water recycled are counted.
	Wastewater is regularly monitored.
	Promoting water conservation and enhance the awareness of staff.

Key methods and measures of Ascentage Pharma on achieving environmental goals

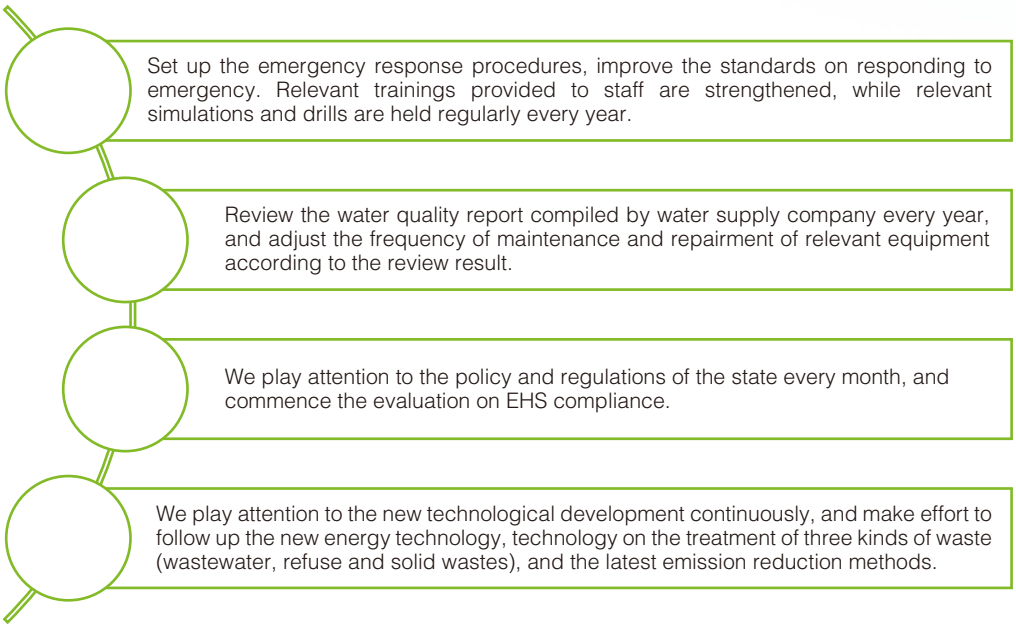
4.1.3 Tackling climate changes

Climate change is becoming an issue with global attention. The frequent occurrence of extreme weather incidents and disasters reminds us about the severity of the situation we are facing, and we need to take action swiftly. To identify the impact of climate change to Ascentage Pharma accurately, we make reference to the disclosure methods and suggestions from Task Force on Climate-related Financial Disclosures (TCFD) to analyze and prevent and control the relevant risks of climate change.

Risk of climate change			Potential impacts
Physical risks	Acute physical risks	Strong wind/cyclone/ typhoon, flood, drought	• Damages to property and assets, including buildings, infrastructures, engineering and testing equipment; • Suppliers may not be able to complete the delivery in time, which may lead to business disruption; • Labor safety, management and plan are adversely affected.
		Extreme high temperature and cold weather	• Demand for cooling and warming at R&D bases and offices increases, staff are unable to work outdoor under extreme weather, which increase the operating cost; • Breakdown or early obsolescence of existing equipment and assets; • Operating efficiency of equipment is reduced and increase the energy consumption cost of operation.
	Chronic physical risks	Raise of sea level	• Infrastructure suffers from damages, thus increasing the operating cost.
		Increase in average temperature	• Increase in cooling demand results in an increase in operating cost; • Risks on safety and health of construction workers increase due to the extreme hot weather.

Risk of climate change			Potential impacts
Transition risks	Policy and legal risks	Laws and regulations requirement and monitoring	• Increasingly stringent penalty on environmental protection monitoring; • Fine, loss on business, closure and suspension of business, and the adverse impact on brand and reputation; • Disruption to supply chain results in the Company incapacity to perform the contract in time, bringing litigation risk to the Company.
		Strengthen the business on emission reporting	• Increase in operating cost for information disclosure; • Expansion in scope for disclosure; • Increase in difficulty in disclosure.
	Technological risk	Transition towards low carbon emission technology/investment cost	• Expenses related to the R&D of green chemical technology; • Cost incurred due to technology iteration and replacement of experiment equipment with low energy consumption; • The exist of risk of investment failure in new energy projects that may be acquired or invested in during the transformation towards low carbon technology.
	Market risks	Change in customer behavior	• Transformation towards low carbon was not carried out in a timely manner, or the disclosure about the target and data on carbon neutral was not adequate, leading to a loss of purchase order and decrease in revenue.
		Uncertain market demand	• Climate change may create chain effect on the availability of natural resources or the change in disease model, which may lead to the existence of new disease. The spread of new disease may lead to a change in the demand and supply structure of certain products and services, which may cause the loss of certain market opportunities.
		Increase in raw material cost	• Climate change may affect the biodiversity, thus increase the difficulty in acquiring raw materials needed in operation (e.g. energy, water resources, supplies for experiment, consumable resources for administration) and their prices, thereby leading to an increase in the cost on R&D and operation.
	Reputation risk	Increasing concern from stakeholders on negative feedback	• The increasing concern on sustainable development and climate change from the stakeholders of the corporation (including investors and customers), inadequate disclosure on corporate information will damage the reputation of the corporation.

In response to the material risk of climate change identified above, we take the initiative to adopt relevant responses to mitigate the adverse effects of climate change, thus creating a better space for development.



Measures on tackling the climate change

On saving energy and reducing emissions, we continue to strengthen the energy management, and set up the energy-related assessment indicators, optimizing the management procedures, thus promoting the technological development and application of green environmental energy indirectly. During the operation, we vigorously advocate energy conservation and emissions reduction, concept on green and low carbon, and take up the responsibility of sustainable development. We take the initiative on promoting works related to energy conservation and emissions reduction, and make efforts to mitigate the impact to the environment. Measures we have adopted on energy conservation and emissions reduction are as follows:

1. Knowledge on energy conservation are included in the training for new staff.
2. Promotions on energy conservation and emissions reduction are carried out within the Company on an irregular basis.
3. Corresponding contents on energy conservation and emissions reduction are taken into consideration in newly build projects, including the building materials and equipment selection.
4. Energy evaluation report is compiled for newly built bases.

Specific measures on energy conservation and emissions reduction

Table: Energy consumption and greenhouse gas emissions of Ascentage Pharma in 2021

Indicators	2020	2021	Unit
Direct energy consumption			
Total diesel consumption	/	35.00	liter
Intensity of diesel consumption	/	0.01	liter/RMB0'000 revenue
Total gasoline consumption	3,570.00	3,434.00	liter
Intensity of gasoline consumption	1,190.00	1,144.67	liter/gasoline vehicle
Indirect energy consumption			
Total electricity consumption	1,351,715.00	1,327,707.40	kWh
Intensity of electricity consumption	1,085.71	475.71	kWh/RMB0'000 revenue
Integrated energy consumption			
Total integrated energy consumption	/	1,357,862.89	kWh
Intensity of integrated energy consumption	/	486.51	kWh/RMB0'000 revenue
Greenhouse gas emissions			
Scope 1 greenhouse gas emissions	9.67	7.67	tCO_2e
Scope 2 greenhouse gas emissions	949.60	934.43	tCO_2e
Total greenhouse gas emissions	959.27	942.10	tCO_2e
Intensity of total greenhouse gas emissions	0.77	0.34	tCO_2e/RMB0'000 revenue

4.1.4 Water resources management

We optimize water resources management continuously to promote green development. We strictly follow the standard operating procedures during the operation, optimizing the ecology and environment and conserve water resources fundamentally from two perspectives, namely the consumption process of water resources and the wastewater produced, thereby establishing an enterprise with resources conservation. On water resources consumption, we promote water conservation to our staff in an active manner, advocating our staff to minimize the production of domestic sewage, and educating them to start protecting the environment with themselves and with tiniest thing, thereby enhancing the awareness of water conservation and environmental protection for all staff in a comprehensive manner. Meanwhile, we strengthened the monitoring on the consumption of water resources, comprehensive emergency response measures are in place, thus abnormality could be reported and handled in a timely manner, and to avoid making impacts to the ecology and environment. On discharging wastewater, we guarantee the discharge of wastewater and pollutants are complied with regulations, and we avoid or minimize the discharge of wastewater to achieve the sustainable development on production operation. Domestic sewage produced during R&D and operation, and wastewater produced in laboratories, they are being collected into the municipal pipelines network for centralized management, and are discharged into the sewage treatment system of the industrial park. Such sewage and wastewater are then discharged after meeting the national and local sewage discharge standards. In addition, during the building of new base, we continuously follow up the requirement under the environmental assessment framework and corresponding measures are adopted. Sewage treatment station is set up in new base in order to strengthen the management of water resources.

Table: The consumption of water resources of Ascentage Pharma in 2021

Indicators	2020	2021	Unit
Total water consumption	4,325.70	4,322.10	ton
Intensity of total water consumption	3.47	1.55	ton/RMB0'000 revenue

4.1.5 Waste gas management

Waste gas management of enterprises can minimize the pollution from industrial development, and is beneficial to maintaining and protecting the natural environment. Waste gas management is a purification means that mainly involves treatment of waste gas generated, such as fume and smoke, odorous gas, toxic and harmful gas. Waste gas emitted during the our business operation mainly includes gas generated during drug R&D and vehicle exhaust, which contains nonmethane hydrocarbon, etc.. For waste gas from laboratories, we installed ventilated cabinet in project laboratories and directly connected the ventilation pipelines with the vent, in order to centralize waste gas collected to the waste gas processing device for further treatment. Waste gas will only be released once it meets the emission standard. We also regularly perform inspection and maintenance for the ventilated cabinets in laboratories. Meanwhile, we increased its investment in waste gas treatment devices to proactively improve air pollution treatment and minimize the effect on the environment. On top of that, we implemented a diversified measures to strictly control unorganized emission, in order to improve the management of waste gas. Specific measures adopted are as follows:

1. Enhancing inspection on equipment, pipelines and valves to prevent leak of waste gas.
2. Adopting more strict operation procedures to prevent the generation of additional waste gas due to operation error.
3. Upgrading waste gas collection device to improve waste gas collection, which allow for organized discharge of waste gas as far as possible and eliminate odor within the factory.
4. Enhancing ventilation in order to ensure the quality of ventilation in workshops.

Table: Vehicular air pollutants emitted by Ascentage Pharma in 2021

Indicators	2020	2021	Unit
CO emissions	35.70	48.94	kilogram
NO_X emissions	2.67	3.66	kilogram
SO_X emissions	0.05	0.05	kilogram
PM_{10} emissions	0.20	0.27	kilogram

4.1.6 Solid waste management

We formulated corresponding system based on the general solid waste and hazardous waste generated, which require departments to install corresponding containers according to waste classification requirements to achieve waste segregation and maintain designated storage location. Meanwhile, we expressly provided that all employees are required to put waste into corresponding garbage bins according to classification. Waste is then processed by qualified suppliers in accordance with waste classification, allowing the recycle and reuse of waste.

On hazardous waste management, we adopted corresponding measures to strive for minimizing the impact of the waste to the environment. For solid wastes like medical waste, waste organic solution, waste ancillary equipment of laboratory, etc., we formulated a uniform hazardous waste disposal standard to prevent any disposal of hazardous waste as general waste due to inconsistent standard. We put warning signs and identification plates at storage premises of hazardous waste, and on the container and packaging of hazardous waste, while ensuring that there are no damage of hazard waste container and lid to prevent other potential risks that could cause any leakage of waste. When selecting disposal service providers for hazardous waste, we carry out a comprehensive verification on their qualifications and capabilities, and identify the category and amount of hazardous waste such contractors are approved to dispose. While entering into disposal contracts with disposal service providers, we specify the type, amount and price for the hazardous waste intended to be disposed, and confirm the form, packaging and transportation mode for such hazardous waste.

Table: Non-hazardous and hazardous wastes produced by Ascentage Pharma in 2021

Indicators	2020	2021	Unit
Non-hazardous waste produced	/	22,440.00	kilogram
Intensity of non-hazardous waste produced	/	8.04	kilogram/RMB0'000 revenue
Domestic waste produced	13,300.00	13,030.00	kilogram
Intensity for domestic waste produced	10.68	4.67	kilogram/RMB0'000 revenue
Wastepaper produced	860.00	840.00	kilogram
Intensity of wastepaper produced	0.69	0.30	kilogram/RMB0'000 revenue
Wastepaper recycled	860.00	840.00	kilogram
Waste plastic produced	8,650.00	8,570.00	kilogram
Intensity of waste plastic produced	6.95	3.07	kilogram/RMB0'000 revenue
Waste plastic recycled	6,980.00	6,900.00	kilogram
Hazardous waste produced	/	32,207.01	kilogram
Intensity of hazardous waste produced	/	11.54	kilogram/RMB0'000 revenue
Medical waste produced	0.00	50.00	kilogram
Intensity of medical waste produced	0.00	0.02	kilogram/RMB0'000 revenue
Waste organic solution produced	25,580.00	24,648.01	kilogram
Intensity of waste organic solution produced	20.55	8.83	kilogram/RMB0'000 revenue
Other laboratory waste produced	7,250.00	6,069.00	kilogram
Intensity of other laboratory waste produced	5.82	2.17	kilogram/RMB0'000 revenue
Waste active charcoal produced	1,410.00	1,440.00	kilogram
Intensity of waste active charcoal produced	1.13	0.52	kilogram/RMB0'000 revenue

4.1.7 Noise management

On managing noise, we actively adopted several measures on prevention and tackling noise pollution, in order to protect and improve the R&D environment. The noise produced in the course of our R&D process mainly comes from the operation of laboratory equipment such as centrifuge, cell crusher and shaking table. Against such noise-causing devices, we mainly adopt the following measures for noise reduction:

1. Preference to purchase equipment which is a low noise model.
2. Installing cushion on the connecting edges according to industrial standards for equipment installation.
3. Setting a reasonable layout for workshops by placing R&D equipment inside R&D areas and making use of walls, windows, doors and distance to reduce noise.
4. Planting more trees and grass near the factories' boundary and making use of such plants to reduce noise.

4.2 Occupational Health and Safety

4.2.1 Occupational health management system

We highly emphasize the safety in protection, and make effort in building a safety perimeter to safeguard the occupational health and safety of our staff. We strictly follow laws and regulations such as Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》) and Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》), and formulated our internal documents and standard operating procedures related to occupational health and biosafety, including EHS Goal Performance Supervision and Evaluation Procedure (《EHS目標績效監督與測量程序》) and the Implementation Plan for "Safety Risk Identification by All Staff" (《「全員安全風險辨識」活動實施方案》). We also optimize the System on Managing and Controlling Safety Production Risk by Ranks and System on Handling Hidden Risk Inspection (《安全生產風險分級管控和隱患排查治理制度》) under the Safety Management System according to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and Production Safety Regulation of Jiangsu Province (《江蘇省安全生產條例》), which are updated in 2021, and we set up management organization with dual precaution mechanism, thereby commencing risk identification rank by rank. Risks are ranked by the Company once every year, and the occurrence of production incidents is effectively curbed through the establishment of system for risk management and control, thus safeguarding the safety of life and property of our staff. Meanwhile, we disseminate the requirements from the national laws and regulations to each department of the Company, to guarantee such requirements are implemented through the effective implementation by each department, thereby fulfilling the compliance requirements.

We have set up a production safety working group with clear division of labor, and we closely cooperate with it. Each department has set up their own fundamental management group for production safety, which comprised of respective department head as group leader and staff from respective department as members, thus forming a comprehensive production safety management network system, providing effective protection to the personal safety of staff and safety of property of the Company, and leads to a steady development of the production safety activities of the Company. This network system passed the level 3 safety standardized review in September 2021.

To protect staff who may suffer from chemical, physical or biological damages, and to control such exposure within a safe range, we formulated Management System for Occupational Health (《職業健康管理制度》), fulfilling the main responsibility of employers on the prevention and control of occupational diseases from the perspectives of organization and system, leaders from each rank, each department and every staff are urged to understand the responsibilities on the prevention and control of occupational diseases, thus every rank within the Company has its own responsibility, and through performing their own duties works on prevention and control of the occupational diseases are being done, providing a safe and healthy working environment and condition to employees. Key measures on prevention and control are as follows:

A	• Setting up relevant occupational health management system.
B	• Evaluating occupational disease hazard, and identify positions with occupational disease hazard according to the evaluation result.
C	• Performing medical checkup for personnel from positions with occupational disease hazard before, during and after their tenure. • One medical checkup during tenure and one occupational health environment monitoring for position with occupational hazard will be done each year, in accordance with the relevant regulations of "three simultaneous" for occupational health and the management system of the Company. • Signing for receipt by the personnel of report of medical checkup during tenure, and publishing regular occupational health inspection report.
D	• For position with occupational disease hazard, relevant content is included in the training for new staff of such positions, and regular training will be held.
E	• For position with occupational disease hazard, notice on occupational disease hazard will be signed, and occupational disease hazard that may arise during the working process, their implications, prevention measures on occupational diseases and packages are provided to employees truthfully.

In addition, in November 2021, an inspection on hazardous materials for the indoor air of the main building of our new base is done. The inspection covered the first floor to the tenth floor of the complex building and R&D center (eleventh and the floors above are not in use), the first floor to second floor of the technology center (third to the sixth floors are not in use), and the third floor to fourth floor of the experiment center (first floor and the second floor are not in use). All subjects passed the inspection, ensuring the occupational health and safety of all staff.

We emphasize the safety management of our contractors, thus we formulated EHS Management Rules for Contractors (《承包商EHS守則》), and set up the health and safety management procedure for contractors, which requires contractors to achieve the indicator of zero safety incident. Safety management for contractors are being implemented in every segment of work.

- Establish EHS management rules for contractors to specify the related requirements.
- Review and confirm the capability of contractors on production safety before works are commenced, and enter into contract with contractors in accordance to the Safety Management Requirement for Contractors (《承包商安全管理要求》), and ensure staff of contractors completed safety training before the contractor enter the site and stationed.
- Establish special approval system for high risk work, such as use of fire, work at height, hoisting and work in confined space.
- Clarify the corresponding contractor management responsibilities of the person in charge for projects from Ascentage Pharma, ensuring that they would facilitate contractors in performing such management.
- Conduct regular EHS trainings with the responsible person of the project of Ascentage Pharma, the responsible person of the contractors and employees from the contractors to ensure satisfactory performance of SOP requirements.
- Carry out safe supervision and on-site inspection when contractors conduct construction. For issues discovered, they are being tracked and remedies and prevention measures will be implemented. Corresponding penalty will be imposed when any incompliance is discovered.
- Performance evaluation on contractors is done every year, the result of which may affect the number of order and whether cooperation with such contractors continue.

Safety management measures for contractors

During the last three years, there were no work-related fatalities incurred by Ascentage Pharma, and during the Reporting Period, there were no work-related injuries.

4.2.2 Occupational health and safety training

The Company has formulated EHS Training and Management System (《EHS培訓管理制度》) internally to explore and provide training platform and opportunity related to occupational health and safety for its staff in an active manner. Training contents mainly include education on safety skills, education on safety knowledge, education on safety regulations, and education on minds and behaviors of safety. Meanwhile, we offer regular training to responsible officer and staff of contractors.

Safety month activities

The safety month activities of Ascentage Pharma were commenced in June 2021. Profound conclusion on production safety was drawn, in order to implement safety responsibility and promote safe development.

We invited experienced tutors to provide first aid training, core knowledge and skills on first aid are taught during the training. Corresponding examination is set and relevant certificate will be granted to staff who passed the examination.

We also organized 114 staff to participate in a safety knowledge competition, with an aim to raise the initiative of staff in participation through educational entertainment, stimulating their interest on safety knowledge, thus raising the safety awareness of staff.

In addition, we organized different kinds of specific drills, including drills on emergency evacuation, leakage of chemicals and hazardous waste, incidents on occupational disease hazard, and specialty equipment, with an aim to enhance the responsiveness of our staff towards emergencies.

Drill on emergency evacuation

We organized a drill on emergency evacuation in June 2021. The purpose of this drill is to enhance the awareness of our staff on handling and preventing risks/crises/disasters, let our staff to be familiar with emergency responding procedures including the evacuation route and emergency muster areas, ensuring our staff to possess knowledge of self-help and self-protection during the drill, and they can be evacuated in a reasonable and orderly manner in the event of emergencies, and their inner resources in facing emergencies are being enhanced, at the same time, we examined the operation of the fire alert system. Through this drill, we draw the conclusion on the shortcomings in the evacuation process, for certain issues including lights were not switch on inside the staircase for evacuation, relatively slow response from staff from certain departments, and certain fire extinguishers were expired, responses and rectifications were done in a timely manner.

Drill on handling chemicals leakage

We commenced a drill on chemicals leakage in June 2021. During this drill, it is simulated that waste chemical solution leaked when our materials personnel was pouring the hazardous waste solution. Personnel on site activated leakage handling plan and worn personal protective equipment (PPE). They also observed if there was any solution leaked has entered sewer and earth, and reported to the lead and EHS department immediately. Anti-spill absorbent booms were used at the scene and the leaked waste chemical solution is being handled swiftly, and they were disposed as hazardous waste after such solution was being handled. This drill allows our staff to have a deep understanding on the dangerous of leakage of chemicals, and enhancing their safety awareness.

Drill on hazardous incident relating to occupational disease (tabletop exercise)
A drill on hazardous incident related to occupational disease was done in June 2021, to ensure that there is a corresponding emergency plan for incident related to occupational disease hazard. According to characteristics like the working environment, types of chemical dangerous goods used for the position, nature of the danger, and the hazardous incident relating to occupational disease that may arise, medicinal chemistry department is identified as the main rescue target for hazardous incident relating to occupational disease, and waste organic solution is the main hazardous factor during this drill. It is simulated that barrel was fall and chemicals were leaked when laboratory staff was using the hazardous waste chemicals, which led to an emergency incident of occupational disease. Measures and emergency plan for the prevention and control of professional hazardous incident are promoted in a scientific way and is implemented.

Drill on hazardous incident of specialty equipment (tabletop exercise)
A drill on hazardous incident related to specialty equipment was done in June 2021. According to characteristics like the type of sterilizer, nature of the danger, and the hazardous incident that may arise, pre-clinical sterilizer is identified as the main rescue target for specialty equipment incident, and sterilizer is the main hazardous factor during this drill. It is simulated laboratory personnel discovered the lid cannot be opened when using the sterilizer, leading to the occurrence of dangerous incident. Measures and emergency plan for the specialty equipment hazardous incident are promoted in a scientific way and is implemented.

4.2.3 Epidemic prevention and control

Under the epidemic that affect the world, in 2021, Ascentage Pharma implemented epidemic prevention and control measures according to the relevant policies of PRC and the epidemic prevention requirements from places where we operated, set up a sound and regular epidemic management and control system, while epidemic prevention and control measures were enhanced when the relevant large event was held, in order to protect the safety of personnel and production.

Epidemic prevention and control at the launching event and annual conference of Ascentage Pharma
Ascentage Pharma held its launching event and annual conference at the end of 2021. Epidemic prevention and control works were carried out proactively during such events to ensure they were being held in due manner. Epidemic prevention and control working group was set up, and it is responsible for the coordination of epidemic prevention and control, the implementation of on-site protection, emergency plan and medical protection plan, and the effective prevention and control of epidemic through the management of personnel, entrance, and site. If we found any relevant personnel whose body temperature was above 37.3 degrees Celsius, had suspected symptoms like cough and diarrhea, the working group would activate the emergency plan, and carry out works including isolation, inspection, transportation and sterilization in an active manner according to the principle of discover, report, diagnosis, isolate at the earliest chance.

5 CULTIVATING THE TEAM AND CO-BUILDING THE COMMUNITY

Ascentage Pharma adheres to the basic principles of "people-oriented" and "harmonious development and mutual growth in a sustainable manner", and emphasizes on the exploration, cultivation and retention of talents. It also protects the rights and interests of staff in a proactive manner, makes effort to establish a fair and comfortable employment environment for its staff, and strive to facilitate the staff to grow with Ascentage Pharma. Meanwhile, Ascentage Pharma dares to take up social responsibility, and makes efforts to facilitate the synergistic development of corporation and society, thus building a harmonious society together.

5.1 Employee Recruitment

Ascentage Pharma emphasizes the standardized management on human resources, and is strives to ensure compliant employment to protect the rights and interests of staff. We strictly abide 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》), the Labor Dispute Mediation and Arbitration Law of the People's Republic of China (《中華人民共和國勞動爭議調解仲裁法》) and other relevant laws and regulations, to improve the staff management system continuously. During the Reporting Period, we optimized and revised a number of management systems and regulations, including Agreement on Renewal of Labor Contract (《勞動合同續簽協議》), Probation Management (《試用期管理》), Offer Letter (《錄用通知書》) and Policy on Internal Recommendation (《內部推薦政策》), to further improve the establishment of standardized management system, thus protecting the rights and interests of both the Company and the staff. To strengthen the standardized management on staff recruitment and employment, we compiled Employee Manual (《員工手冊》), which details the recruitment procedures, working hours, rights on rest periods, subsidy, dismissal and other packages and welfare, to ensure the standardization and effectiveness of staff management.

We have established diversified recruitment channels including job fairs at campus and online recruitment, and suitable talents who meet the job descriptions are being acquired actively according to the principle of fair recruitment, thus building a quality talent team. During the Reporting Period, the following progresses were made in the development of our recruitment channels:

Building a talent pool platform	Setting up a public account for recruitment	Organizing job fair at campus	Online recruitment platform
• To sort out the requirements on ability in accordance with ranking and qualification, thus accurately matching talents and including them into the talent pool.	• To publicize through the public account, in order to attract and recruit talents extensively.	• To accurately acquire outstanding graduates through job fair at campus, thus increasing the efficiency on recruitment.	• To expand the recruitment channels through corporate website, social networking platform and channel for industry referrals.

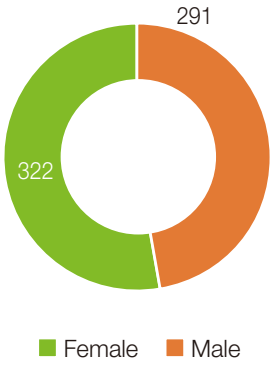
Diversified recruitment channels

Ascentage Pharma insists on adopting the principle of fair recruitment, and building a diversified and inclusive working environment in an active manner. Discrimination at work is forbidden, and the nationality, gender, age, academic qualification, ethnicity, religious beliefs and cultural background of staff are being respected and fairly treated, providing fair recruitment opportunities to the staff. We strictly comply with relevant laws and regulations including Law on the Protection of Minors of the People's Republic of China (《中華人民共和國未成年人保護法》) and Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》), employment of child and forced labor are strictly forbidden. According to our recruitment system, we will review the identification information, education background and working experience of every candidate, and such information will be verified with third party verification organizations to avoid relevant risks. During the Reporting Period, Ascentage Pharma did not involve in any incident related to employing child labor or forced labor.

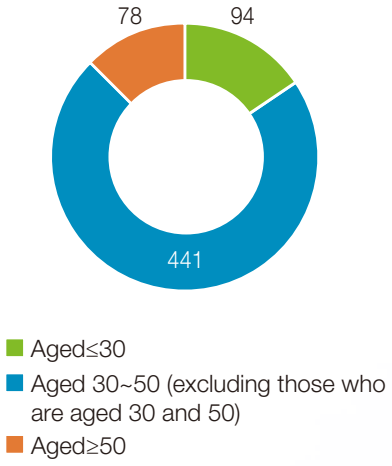
We respect to the legitimate labor relations and rights and interests with every staff that are established in the form of labor contract, meanwhile for staff who involved in any incompliance, including failed to meet the conditions for employment during the probation period, seriously violated the rules and regulations of the Company, has serious dereliction of duty and established labor relationship with other enterprises, we reserve the right of dismissal to ensure the effective operation of the Company.

As of the end of 2021, Ascentage Pharma employed a total of 613 staff, all of them were full-time staff, and there was no part-time staff. Among the staff, 88 of them possess doctorate degree. The specific data based on different categories are listed below.

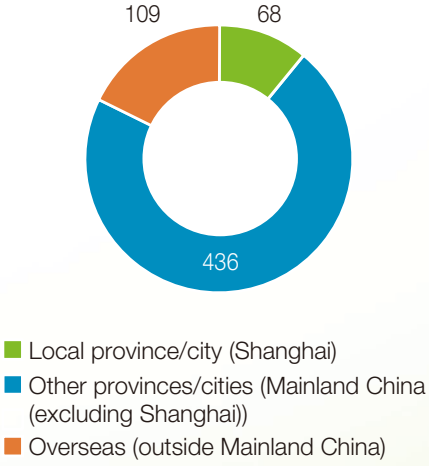
Gender structure



Age structure

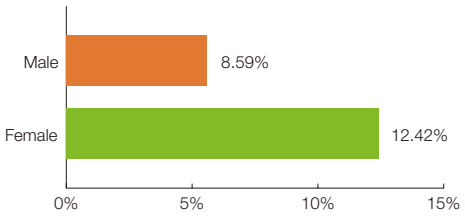


Geographical structure

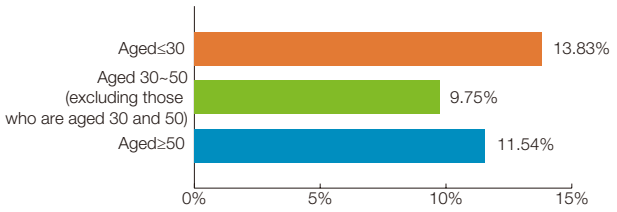


Ascentage Pharma always emphasizes on the retention of talents. In 2021, the total employee turnover rate[6] of Ascentage Pharma was 10.6%, the specific data by different categories are listed below.

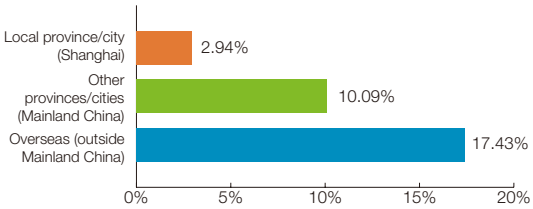
Turnover rate by gender



Turnover rate by age group



Turnover rate by geographical region

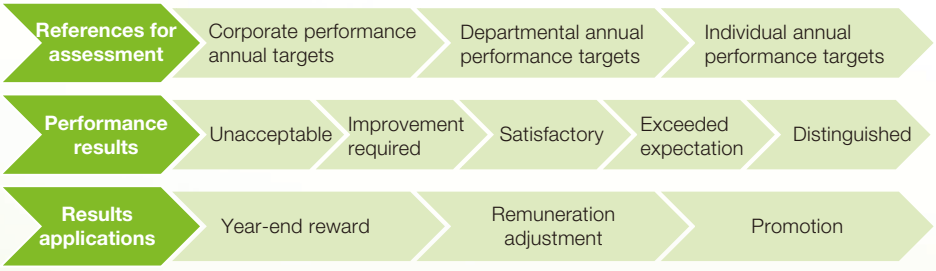


5.2 Talent Development

Ascentage Pharma emphasizes on talent cultivation, and strives to establish a talent cultivation and staff training system that covers all staff through a comprehensive remuneration and performance management system, to assist our staff to enhance the professional skills and achieve self-fulfillment, and providing a broad platform for staff to show their talents and abilities.

5.2.1 Remuneration and performance management

On performance management, we implemented the OKR[7] staff management tool to facilitate the enhancement in work efficiency and to follow up the assessment on the progress of projects, thus the implementation of a unified performance assessment policy across every operating location is achieved, and providing a continuous monitoring on the capability of staff and the status of task completion. Performance assessment is carried out in accordance with parameters of corporation annual targets, departmental annual targets and individual annual targets, thus stimulating our staff to improve themselves continuously.



Performance assessment system

6 Employee turnover rate = number of staff who voluntary resigned/number of staff as at 31 December 2021

7 OKR means Objectives and Key Results, which is a clear management tool and method for tracking targets and their completeness. The main purpose of OKR is to facilitate the staff to complete the target action in a more effective manner, and to assess the staff according to the progress of projects, thus enhancing the capability of the staff continuously.

On remuneration management, during the Reporting Period, we commenced a series of optimization measures on remuneration incentives. Through adjusting remuneration structure of staff and incentive system, we are determined to achieve cooperation and development between staff and Ascentage Pharma.

Remuneration differentiation strategy	• Differentiated remuneration and incentive are applied to staff according to the function, whether there is a shortage of workers for the position, performance and output of staff; • Appropriate adjustment to the frequency and ration of remuneration adjustment by reference to the external labor market condition of different positions.
Adjustment to the remuneration structure for middle and senior management	• Maintaining a suitable ratio between fixed and variable rate of remuneration structure for middle and senior management, thus providing higher flexibility to the remuneration structure, strengthening the remuneration incentive mechanism, and enhancing the initiative of core members.
Adjustment to remuneration package model	• Adjusting the remuneration package model to align with the remuneration strategy of the Company and the job nature of the position.
Equity incentive plan strategy	• Equity incentive plan is applied to positions with a shortage of talents and to core project personnel, in order to strengthen the attractiveness to talents.

Remuneration incentive system

5.2.2 Career development

Ascentage Pharma always supports the career development of the staff, and continuously improve the talent cultivation system according to the market conditions, providing a smooth path for career development, and pave a reasonable and scientific promotion path thus laying a solid foundation for talents cultivation and retention.

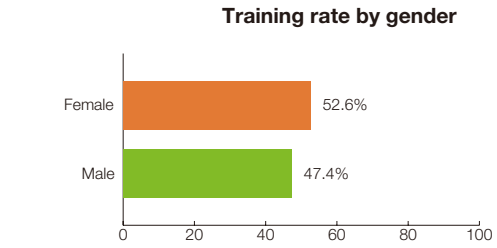
Setting up the system for professional and skilled position and rank	• During the Reporting Period, we set up a career development path for staff according to the promotion and development path for professionals, and the standard for each rank is clearly stated. Each department shall have the position and rank shuffle according to the standard of the rank, thus exerting the core capability of the middle and senior management, and building a team of internal core talents.
Continuing to provide education subsidy	• To encourage staff from continuous learning and enhance their knowledge, skills or capability related to their professional fields or their positions, Ascentage Pharma provides specific subsidy to qualified staff, to subsidize their fees for joining continuing education according to the regulations of the Company or for such continuing education related to their position, and we encourage staff to show the effect at work through embodying the learning and value of continuing education. During the Reporting Period, we revised Education Subsidy Policy (《教育資助政策》), which the scope and amount of subsidy are both expanded, we also encourage staff to have on-job training, thus assisting the Company to attract and retain talents, and achieve a win-win situation and for both the Company and staff, and both parties could have development together.
Co-building industrial college	• During the Reporting Period, Ascentage Pharma and XJTLU Wisdom Lake Academy of Pharmacy co-built the XJTLU Ascentage Industrial College, in order to commence the project of cultivation of PhD Fellowship. XJTLU Ascentage Industrial College will provide a quality platform for the growth of all kinds of talent of Ascentage Pharma, and cultivate them as the elites in the international composite pharmaceutical industry with industrial skills, R&D ability, skills for practical operation, and are dare to involve in exploration and innovation.

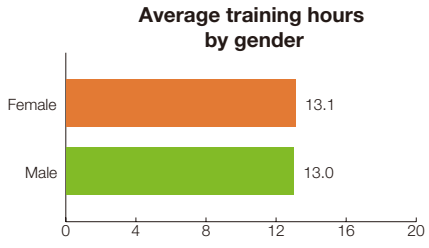
During the Reporting Period, we carried out professional title applications for middle and senior talents in a proactive manner, 15 of them obtained senior titles and eight of them obtained titles for middle ranking. We are ranked first among the companies participated in professional titles application in the second half of 2021.

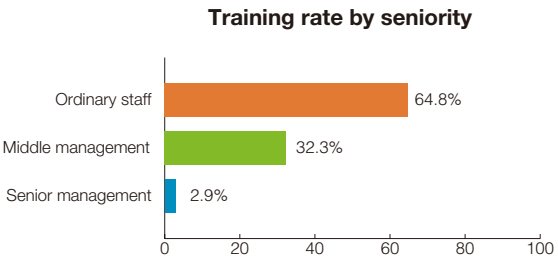
5.2.3 Staff training

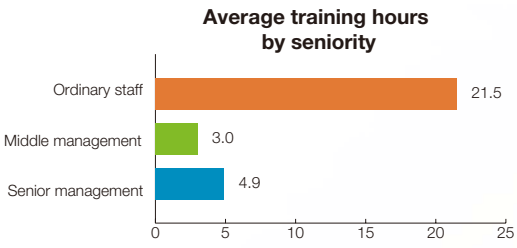
We have been providing training activities with diversified form and content for its staff, and providing extensive resources to support the enhancement of working skill, ability on management and professionalism of staff. Leveraging E-learning online training system, we provide online learning resources to the staff, and we encourage our departments to leverage this system for business and management training. During the Reporting Period, we adopted both online and offline model to organize skills training such as the sharing for talent development and leadership, and knowledge training on commercialization, as well as training activities on knowledge sharing, thus assisting our staff to reach the knowledge and skills required in a highly efficient and convenient way, and to leverage the learning outcomes in their position.

During the Reporting Period, the training rate for employees of Ascentage Pharma achieved 83.4%, the average training hour[8] is 13.1 hours. Data for different groups under different categories[9] are as follows.









8 Average training hour = total number of hours of staff training / total number of staff

9 Average training hour of a certain category = total number of hours of staff training under the category/total number of staff under the category

5.3 Care and Welfare

Ascentage Pharma upholds the principle of "people-oriented". It continues to promote the caring and welfare measures for its staff, concerning the development of physical and mental health of the staff, and makes effort to promote the corporate culture of work-life balance.

5.3.1 Measures on welfare

During the Reporting Period, Ascentage Pharma commenced a series of measures on providing care and welfare to its staff, to strive for establishing a comfortable and pleasant working environment, creating a positive and motivated team atmosphere, and enhancing the initiative of staff in works.

Welfare on medical checkup

- According to the annual medical checkup welfare system of the Company, we arrange medical checkup for the staff every year, so as to discover abnormalities like occupational diseases and occupational contraindication at the earliest opportunity.
- According to third party inspection results on risk factors of occupational disease, we arrange staff working in position with occupational pollution to receive medical checkup on occupational disease before, during and after their respective tenure, and we insure commercial medical insurance and employee accident insurance, so as to let our staff free from worry.

Psychological assistance

- We set up a staff caring and psychological assistance plan called Employee Assistance Program (EAP) in 2021. A 24-hour psychological counseling hotline is set up to provide a comprehensive care to the psychological health of the staff. A sound confidentiality mechanism is set up to safeguard the psychological condition of the staff.

Welfare in infrastructure

- In 2021, after the Suzhou new base is put into service, we provide our care to female staff by making investment in setting up a breast feeding room for them.
- We made plan to set up areas for fitness for all staff, like yoga room and tennis court, to encourage staff to enhancing their physical and psychological health aside from work.

Welfare in gift money

- Festive welfare will be distribute to staff during traditional festivals, gift money for caring will also be distributed during special moment for staff, including birthday, marriage and giving birth.
- Blessing and commemorate gift money will be distributed to staff during their fifth, tenth and fifteenth anniversary of onboarding.

Work subsidy

- Subsidy of high temperature will be distributed to staff each month during the summer.
- We also provide different kinds of work subsidy including communication subsidy, free work meals and transportation subsidy, providing convenience on working for staff.

Assistance during epidemic

- During the epidemic, we provide materials to support our staff thus safeguarding the basic necessities. 24-hour psychological counseling service is also provided to staff in needed for relieving themselves.

5.3.2 Caring activities

We organized a diversified team building and welfare activities, in order to enrich the life in spare time, enhance the cohesiveness of the team, and strengthen the sense of belonging of staff.

Team building activity at Great Wall by Lakeside

In April 2021, a team-building activity themed "advance with full speed — the strongest team" was held at Great Wall by Lakeside, aiming to enhance the cohesiveness of the team, and raise the sense of collective honour of the staff. Through this team building activity, our staff not only enjoyed the scenery of spring, but also gained more experience on team communication and cooperation through the competition and exploration at the ancient Great Wall scenic zone, thus fostering their ability on coordination and cooperation, and won the team honour.

Annual conference gala of Ascentage Pharma

In December 2021, Ascentage Pharma held the annual conference gala named "Leaping Forward for the New Journey and Sharing the Honour of the Year". Staff of Ascentage Pharma from around the world are invited to get together at our headquarter in Suzhou through online and offline forms, and enjoyed the Ascentage times together. Our journey in 2021 was reviewed during this annual conference gala, and staff were encouraged to continue to be full of aspiration on the mission "to address unmet clinical needs in China and around the world for the benefit of more patients", and continue our journey on the R&D of new drug.

Annual team building activity for clinical, pre-clinical and RA teams

An annual team building activity themed "Mission Could Be Accomplished For Sure By Joining Hands" for our clinical, pre-clinical and RA teams in August 2021, with the aim to raise the team work spirit and team work awareness of our staff. Through a clearly determined division of labor, this activity significantly enhanced the ability on coordination and cooperation of different teams and degree of collaboration among teams, meanwhile this activity helps to facilitate the mutual understanding among colleagues, and team members are more inclusive, trust and respect towards each other, thus forming a close group.

5.3.3 Communication with staff

We value the opinion from staff, and we take initiative to smooth the path of communication between staff and the Company, as well as strive to understand appeals and opinion from staff. Timely communication and feedback will be provided, thus enhancing the sense of master of the staff, and they can feel the care from the Company. During the Reporting Period, a series of measures on staff communication have been promoted in order to strengthen the communication between staff and the Company.

Public mailbox of Human Resources Department	• A public mailbox of Human Resources Department has been set up, and corresponding human resources partner is assigned to every staff. Staff are encouraged to raise their appeal and opinion when they are in difficulty an in needed.
Collecting opinion through questionnaire	• Through channels like WenJuanXing (問卷星), we collect opinion from staff, and provide our feedback on issues and appeals raised by the staff.
Staff interview	• We value the communication with staff who are intend to quit the job. An individual exit interview will be arranged to analyze the reason for quitting, and strive to take action on optimizing management.

We launched a staff satisfactory survey on staff welfare and care to staff in 2021, this survey aims to further understand needs of staff, to response to the appeal from staff in a more precise way, and to enhance staff experience.

Satisfactory survey on commercial insurance

During the Reporting Period, we launched the staff satisfactory survey on commercial insurance, the scopes of survey include commercial insurance services, professionalism and quickness in handling claim. Survey result shows that 92% of staff are very satisfactory with the commercial insurance. It also shows that there is a demand from staff for further increasing the welfare of children insurance, thus we have included the welfare module of children commercial insurance during the tendering of commercial insurance for the new year.

Staff satisfactory survey on caring

During the Reporting Period, we launched the staff satisfactory survey on meal services from canteen, the scopes of survey include dishes, price and services provided. Survey result shows that 90% of staff are very satisfactory with the meal services. Meanwhile, we provide breakfast and welfare meals with foods in Chinese style specially for our staff in Suzhou according to the staff demand reflected in the survey results, thus providing working convenience for staff and let them always feel the care from the Company.

5.4 Harmonious Community

As a pharmaceutical enterprise that is courageous in taking up social responsibilities, Ascentage Pharma has been participating in the development of community welfare business actively, and participated in a wide range of medical and R&D activities that promote the social wellbeing, and assist in addressing unmet clinical needs in the world.

With the ambition of providing innovative forms of treatment for the global market, and to provide assistance to the global medication business, we have launched a number of projects on patient relief in 2021 based on our products, and strive to let more patients to have the opportunity of receiving treatment, thus mitigating the medication burden on patients and their families. We fully leverage our influence in the industry, and joined hands with a number of organizations including charity funds to initiate a number of donation projects, with the aim to help patients to receive timely treatment, and call for the public to care about and understand the current status of chronic treatment and the survival status of patients, thus assisting patients to start a new life from a number of perspectives. In addition, we also play an active role in responding to different international days for diseases and strive to enhance the concern from the public on chronic granulocytic leukemia, and make efforts on popularize the knowledge on the disease and its treatment.

During the Reporting Period, Ascentage Pharma made charity donation of RMB4 million to Peking University Education Foundation and RMB1.2 million to New Sunshine Charity Foundation.

Patient relief project "Immediate care with Olverembatinib" on raising medication of Olverembatinib

In January 2022, Guangzhou Healthquest Pharma Co., Ltd. (廣州順健生物醫藥科技有限公司), a subsidiary of Ascentage Pharma, participated in the patient relief project "Immediate care with Olverembatinib" on raising medication of Olverembatinib®, organized by Life Oasis Public Service Center of Qujiang District of Quzhou, and donated 6,000 bottles of Olverembatinib with an amount of approximately RMB1.7 million to the project at no cost. The "Raising Medication" platform of the project provides treatment and medication raising services to patients for free, and strive to lowered the cost of treatment of patients through this mode, thus mitigating the economic burden brought by the treatment.

This project provides relief to a total of 407 patients and distributed 485 bottles of medications up to this moment. Drug stores from 82 cities of 30 provinces are involved in this project.

Donation project of "Setting sail for the new life"-Donation project of "White Paper of Report on Chronic Granulocytic Leukemia Patients in China 2021"

In January 2022, Ascentage Pharma donated RMB1.2 million to New Sunshine Charity Foundation for supporting the preparation, publish and related works for the project "Setting sail for the new life" — "White Paper of Report on Chronic Granulocytic Leukemia Patients in China 2021" (hereinafter the "White Paper"). A conclusion on the current status on the treatment of chronic leukemia in China was released at the event for the publication of the White Paper, and a dissect on the medication status, livelihood and working condition after returning to the normal life on chronic patients, in order to enhance the understanding of the public on chronic leukemia.

Ascentage Blood Summit Forum

In December 2021, the Ascentage Blood Summit Forum, organized by Ascentage Pharma, was held in Suzhou. A number of top professionals in PRC were invited to provide deep interpretation, exploration and exchange on the focus advanced topics of hematological system diseases at the summit forum. There were abundant and heated discussions on hematological tumors including leukemia and lymphoma, and the clinical development of frontline pipelines like BCL-2 inhibitor and MDM2-P53 inhibitor, and thus providing assistance to further enhancing the level of diagnosis and treatment of hematological tumors.

Satellite meeting on the field of hematological tumors

We held a number of satellite meetings on hematological tumors field in 2021, and introduced the latest clinical development on such field to several thousand doctors from hematology in China. Such satellite meetings include the satellite meeting of the First Academic Conference on Lymphocyte Disease in China held on 16 April 2021, the satellite meeting of China Hematological Disease Conference held on 23 July 2021, the satellite meeting of Beijing Leukemia Forum held on 31 July 2021, the satellite meeting of Guangzhou Hematological Tumors and Immunity Summit Forum held on 6 August 2021, the satellite meeting of the National Conference on Leukemia and Lymphoma held on 8 October 2021, and the satellite meeting of Suzhou Hematology Summit held on 9 October 2021. Through the satellite meetings of academic conferences, Ascentage Pharma communicates the latest R&D progress in the field of hematological tumors to the medical sector, and fully leverage its influence to provide platforms for the R&D for the field of hematological tumors.

APPENDICES

Appendix I ESG Key Performance Indicators

Environmental performance			
	Data in 2020	**Data in 2021**	**Unit**
Consumption of resources			
Total electricity consumption	1,351,715.00	1,327,707.40	kWh
Intensity of electricity consumption[1]	1,085.71	475.71	kWh/RMB0'000 revenue
Total diesel consumption[2]	/	35	liter
Intensity of diesel consumption[3]	/	0.01	liter/RMB0'000 revenue
Total gasoline consumption	3,570.00	3,434.00	liter
Intensity of gasoline consumption[4]	1,190.00	1,144.67	liter/gasoline vehicle
Total integrated energy consumption	/	1,357,862.89	kWh
Intensity of integrated energy consumption	/	486.51	kWh/RMB0'000 revenue
Total water consumption	4,325.70	4,322.10	ton
Intensity of total water consumption	3.47	1.55	ton/RMB0'000 revenue
Air pollutants emissions from vehicles			
CO emissions	35.70	48.94	kilogram
NO_X emissions	2.67	3.66	Kilogram
SO_X emissions	0.05	0.05	kilogram
PM_{10} emissions	0.20	0.27	kilogram
Greenhouse gas emissions (scope 1 and scope 2)			
Scope 1 greenhouse gas emissions	9.67	7.67	tCO_2e
Scope 2 greenhouse gas emissions	949.60	934.43	tCO_2e
Total greenhouse gases emissions	959.27	942.10	tCO_2e
Intensity of total greenhouse gases emissions	0.77	0.34	tCO_2e/RMB0'000 revenue

Environmental performance			
	Data in 2020	**Data in 2021**	**Unit**
Non-hazardous waste produced			
— Domestic wastes			
Production volume	13,300.00	13,030.00	kilogram
Production intensity	10.68	4.67	kilogram/RMB0'000 revenue
— Paper waste			
Production volume	860.00	840.00	kilogram
Production intensity	0.69	0.30	kilogram/RMB0'000 revenue
Recycled volume	860.00	840.00	kilogram
— Plastic waste			
Production volume	8,650.00	8,570.00	kilogram
Production intensity	6.95	3.07	kilogram/RMB0'000 revenue
Recycled volume	6,980.00	6,900.00	kilogram
Non-hazardous waste produced	/	22,440.00	kilogram
Intensity of non-hazardous waste produced	/	8.04	kilogram/RMB0'000 revenue
Hazardous waste produced			
— Medical wastes			
Production volume	0.00	50.00	kilogram
Production intensity	0.00	0.02	kilogram/RMB0'000 revenue
— Organic solution waste			
Production volume	25,580.00	24,648.01	kilogram
Production intensity	20.55	8.83	kilogram/RMB0'000 revenue
— Other laboratory waste			
Production volume	7,250.00	6,069.00	kilogram
Production intensity	5.82	2.17	kilogram/RMB0'000 revenue
— Fluorescent tube waste			
Production volume	3.90	0.00	kilogram
Production intensity	3.13	0.00	kilogram/RMB0'000 revenue
— Active carbon waste			
Production volume	1,410.00	1,440.00	kilogram
Production intensity	1.13	0.52	kilogram/RMB0'000 revenue
Hazardous waste produced	/	32,207.01	kilogram
Intensity of hazardous waste produced	/	11.54	kilogram/RMB0'000 revenue

Social performance			
		Data in 2021	Unit
Number of suppliers by region	Overseas	243	unit
	Mainland China, Hong Kong, Macau and Taiwan	788	unit
Number of patent applications		102	piece
Number of patent issued		46	piece
Number of trademark applications		56	piece
Number of trademark registered		241	piece
Total number of employees		613	person
— By employment category			
Full-time		613	person
Part-time		0	person
— By gender			
Male		291	person
Female		322	person
— By age group			
Aged 30 or below		94	person
Aged 30–50 (excluding those who are aged 30 and 50)		441	person
Aged 50 or above		78	person
— By region			
Local province/city (Shanghai)		68	person
Other provinces/cities (Mainland China (excluding Shanghai))		436	person
Overseas (outside Mainland China)		109	person
Total turnover rate of employees		10.6	%
— By gender			
Male		8.59	%
Female		12.42	%
— By age group			
Aged 30 or below		13.83	%
Aged 30–50 (excluding those who are aged 30 and 50)		9.75	%
Aged 50 or above		11.54	%
— By region			
Local province/city (Shanghai)		2.94	%
Other provinces/cities (Mainland China (excluding Shanghai))		10.09	%
Overseas (outside Mainland China)		17.43	%
Training rate for employees		83.4	%
— By gender			
Male		47.4	%
Female		52.6	%

Social performance		
	Data in 2021	**Unit**
— By seniority		
Senior management	2.9	%
Middle management	32.3	%
Ordinary staff	64.8	%
Average training hours for employees	13.1	hour
— By gender		
Male	13.0	hour
Female	13.1	hour
— By seniority		
Senior management	4.9	hour
Middle management	3.0	hour
Ordinary staff	21.5	hour
Work-related fatalities	0	person
Ratio of work-related fatalities	0	%
Workdays lost due to work-related injuries	0	day
Amount donated to the community	520	RMB0'000

Note:

1. During the Reporting Period, the revenue of Ascentage Pharma amounted to approximately RMB27.91 million;

2. "/" indicates that the performance data was not disclosed in 2020;

3. Compared to 2020, diesel is added to the consumption of resources for Ascentage Pharma in 2021 for use in fire prevention drill;

4. During the Reporting Period, Ascentage Pharma owned three vehicles on gasoline.

Appendix II ESG Related Laws and Regulations

Categories of laws and regulations	Name
Environmental protection	Environmental Protection Law of the People's Republic of China
	Water Pollution Prevention and Control Law of the People's Republic of China
	Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise
	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
	Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the People's Republic of China
	Law of the People's Republic of China on Environmental Impact Assessment
Labor	Labor Law of the People's Republic of China
	Labor Contract Law of the People's Republic of China
	Law of the People's Republic of China on Labor Dispute Mediation and Arbitration
	Law on the Protection of Minors of the People's Republic of China
	Provisions on the Prohibition of Using Child Labor
Product responsibility and service	Biosecurity Law of the People's Republic of China
	Regulation on the Administration of Human Genetic Resources of the People's Republic of China
	Amendment (XI) to the Criminal Law of the People's Republic of China
	Drug Administration Law of the People's Republic of China
	Regulations for the Implementation of the Drug Administration Law of the People's Republic of China
	Norms on the Quality Management for the Clinical Trials of Medicine
	Measures for the Administration of Drug Registration
	Good Pharmacovigilance Practice
	Provisions on the Administration of Pharmaceutical Directions and Labels
Anti-business bribery laws	Anti-Unfair Competition Law of the People's Republic of China
	Criminal Law of the People's Republic of China
	Anti-Money Laundering Law of the People's Republic of China
Anti-monopolization	Anti-Monopoly Law of the People's Republic of China
Information safety	Personal Information Protection Law of the People's Republic of China
Intellectual property right	Patent Law of the People's Republic of China
	Implementation Rules of the Patent Law of the People's Republic of China
Health and safety	Production Safety Law of the People's Republic of China
	Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases
Other ESG related laws and regulations	

Appendix III Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs			Index
Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO_x, SO_x, 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.	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A1.1	The types of emissions and respective emissions data.	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Low Carbon Operation for Safeguarding Safety – Environmental Management
	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.	Low Carbon Operation for Safeguarding Safety – Environmental Management
A2: Use of Resources	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.	Low Carbon Operation for Safeguarding Safety – Environmental Management
	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).	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Low Carbon Operation for Safeguarding Safety – Environmental Management
	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.	Business operation of the Company only utilizes tap water, and does not involve sourcing water
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	There is no production, nor any relevant indicators for the packaging of products
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Low Carbon Operation for Safeguarding Safety – Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Low Carbon Operation for Safeguarding Safety – Environmental Management

Subject Areas, Aspects, General Disclosures and KPIs			Index
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Low Carbon Operation for Safeguarding Safety – Environmental Management
	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.	Low Carbon Operation for Safeguarding Safety – Environmental Management
Social			
Employment and Labor Practices			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Cultivating the Team and Co-building the Community – Employee Recruitment
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Cultivating the Team and Co-building the Community – Employee Recruitment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Cultivating the Team and Co-building the Community – Employee Recruitment
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Low Carbon Operation for Safeguarding Safety – Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Low Carbon Operation for Safeguarding Safety – Occupational Health and Safety
	B2.2	Lost days due to work injury.	Low Carbon Operation for Safeguarding Safety – Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Low carbon operation for safeguarding safety – Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Cultivating the Team and Co-building the Community – Talent development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Cultivating the Team and Co-building the Community – Talent development
	B3.2	The average training hours completed per employee by gender and employee category.	Cultivating the Team and Co-building the Community – Talent development

Subject Areas, Aspects, General Disclosures and KPIs			Index
B4: Labor Standards	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 labor.	Cultivating the Team and Co-building the Community – Employee Recruitment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Cultivating the Team and Co-building the Community – Employee Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Cultivating the Team and Co-building the Community – Employee Recruitment
Operating Practices			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Excellent Quality Services – Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Excellent Quality Services – Supply Chain Management
	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.	Excellent Quality Services – Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Excellent Quality Services – Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Excellent Quality Services – Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Excellent Quality Services – Quality and Safety
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Excellent Quality Services – Quality and Safety
	B6.2	Number of products and service related complaints received and how they are dealt with.	Excellent Quality Services – Quality Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation Driven and R&D Breakthroughs – Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	Excellent Quality Services – Quality and Safety
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Excellent Quality Services – Quality Services

Subject Areas, Aspects, General Disclosures and KPIs			Index
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance and Sound Development – Business Ethics
	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 and Sound Development – Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance and Sound Development – Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance and Sound Development – Business Ethics
Community			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Cultivating the Team and Co-building the Community – Harmonious Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Cultivating the Team and Co-building the Community – Harmonious Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Cultivating the Team and Co-building the Community – Harmonious Community