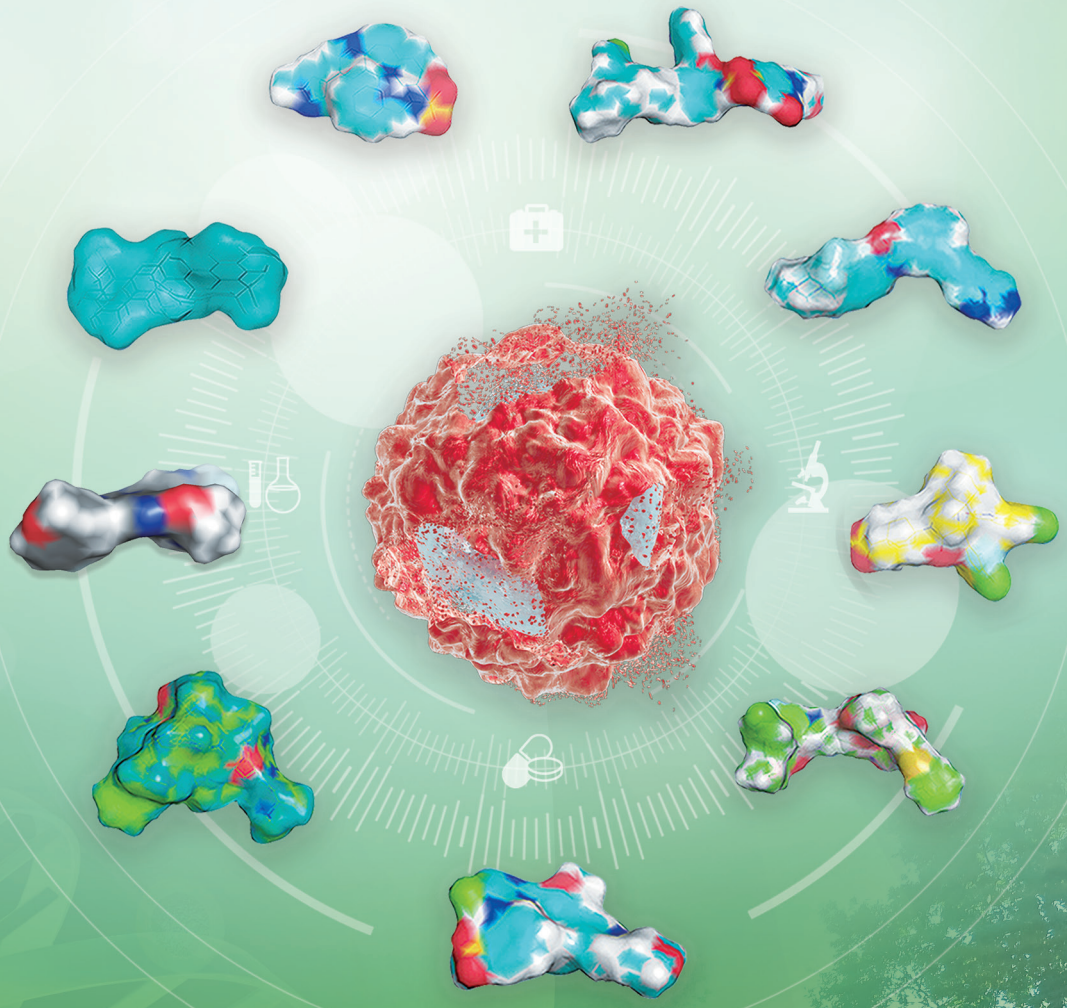
亞 盛 醫 藥
Ascentage Pharma

Ascentage Pharma Group International
亞盛醫藥集團

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



2022

Environmental, Social
and Governance Report

Contents

Environmental, Social and Governance Report 2022

About this Report

Report Review

This Report is the fourth 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 1 January 2022 and 31 December 2022 (hereinafter the "Reporting Period" or the "Year" or "2022"), whereas certain content would be in a retrospective or prospective basis (as appropriate) to enhance completeness of the Report.

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 March 22, 2023.

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.

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Phone number: 86-21-61951088

Highlights and Performance

Innovation and Research and Development (R&D)	
	Annual R&D investment amounted to RMB **743.1** million
	As of the end of the Reporting Period, we now have **9** type 1 small molecule new drug candidates which have entered the clinical development stage and over **40** Phase I/II clinical studies ongoing in China, the US, Australia and Europe.
	In 2022, the Company was approved to be issued a **Drug Manufacturing License (Certificate A)** and officially launch its global industrial base..
Quality and Safety	
	**Zero** recall of default medicine
	Olverembatinib was included in the first commercial insurance coverage during the Reporting Period and has been reimbursed in **230 cities in 29 provinces**, thus greatly relieving the medication burden of patients with drug-resistant chronic myeloid leukemia (CML).
Environment and Health	
	**Zero** environmental incidents and incompliance
	**Zero** occupational fatality and injury
Employee and Community	
	**Zero** incompliance in terms of employee recruitment
	The training rate for employees achieved **100%**, with a total training of **5,184** hours

Message from Management

The year 2022 was a year with challenges for the society, the pharmaceutical industry and Ascentage Pharma. Against the complex environment, Ascentage Pharma has firmly established confidence and bucked the trend and achieved numerous major milestones. Looking back on 2022, Ascentage Pharma created eye-catching economic benefits while consistently practicing the concept of sustainability. We achieved sustained progress at the environmental, social and governance levels and rapid and high-quality development of the Company, and delivered satisfactory results to the society.

Adhering to the global innovation positioning, we explore cutting-edge tracks to promote the global presence of our innovative drugs. We insist on building a high-value product pipeline and further accelerating our global presence and have conducted over 40 Phase I/II clinical trials worldwide with 235 authorized patents. This year, olverembatinib, a core product of the Company, as a representative of national major innovative drugs, was included into the National Medical Insurance Catalogue (2022). The Center for Drug Evaluation (CDE) has accepted and granted Priority Review designation to its New Drug Application (NDA), which greatly improved its accessibility and affordability and satisfied the urgent needs of patients worldwide.

Putting patients first, we insist on product responsibility and strive to bring health and well-being to patients. We continue to improve the quality management and pharmacovigilance system, continuously improve customer rights protection and customer service measures, strengthen the construction of sustainable supply chain, and are committed to providing reliable medical service for patients and endeavoring to protect the safety of public medication. This year, the Company was approved to be issued a Drug Manufacturing License (Certificate A), which represents the official launch of its global industrial base. We accelerated our transformation into a global innovative pharmaceutical company with high-quality commercial production capabilities that meet international standards.

Pursuing green development, we practice the concept of environmental protection and respond to carbon peaking and carbon neutrality goals with practical actions. We firmly believe that lucid waters and lush mountains are invaluable assets, and strive to build a resource conservation and environment-friendly enterprise guaranteed by the environmental management system, guided by environmental goals and driven by environmental protection measures. This year, we reviewed, examined and summarized the Company's environmental goals, and integrated the concept of green development into all aspects of the Company's operations through green laboratory construction, project environmental impact assessment, green office and other diversified measures. We thoroughly performed our commitment to protect the environment and make greater contributions to building a beautiful China.

Human-oriented, we attach importance to employee development and help employees achieve higher self-value. We respect talents, regard employees as our valuable resources, and are committed to providing employees with a harmonious and inclusive working environment and fair and equal opportunities for development. This year, we further enriched our recruitment channels and employee care and welfare initiatives, strengthened talent reserve and employee satisfaction and sense of belonging, and helped achieve common development between the Company and employees.

Cohesively, we strengthen responsibility management and work with partners to promote harmonious development. We always keep in mind compliance management, abide by business ethics, and constantly improve our system construction and risk management level. We also work with stakeholders to explore innovative social participation models and practice corporate social responsibility by capitalizing our advantages in industry and scientific research. This year, we actively devoted ourselves into social welfare undertakings, and continued to invest in disease popularization and patient care, so as to facilitate a healthy lifestyle of the entire society.

Forging ahead and innovation makes prosperity. Looking back, the pace of exploration never stops; and looking forward, a new journey is about to begin. We will continue to adhere to our strategy of "global innovation", thoroughly fulfill our mission of "addressing the unmet medical needs of patients in China and around the world", and embrace new challenges and opportunities with firm believe to bring more benefits to patients and create greater value for the society.

Dr. Yang Dajun

Chairman and CEO of Ascentage Pharma

1 Corporate Governance and Sustainable Development

1.1 About Ascentage

1.1.1 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.

		
Mission	**Vision**	**Value**
"addressing the unmet medical needs of patients in China and around the world"	"to become a fully integrated globally-focused biotechnology company"	"patient first, innovation-driven, science-based"

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. In October 2019, Ascentage Pharma was listed on the Main Board of Hong Kong Stock Exchange (6855.HK).

Ascentage Pharma has a proprietary design platform for protein-protein interaction targeting drugs. The Company has built a pipeline of nine 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, which is at the forefront of the global Research and Development (R&D) of new apoptosis pathway drugs. As of the end of the Reporting Period, the Company was conducting more than 40 Phase I/II clinical trials worldwide and has obtained a total of 16 Orphan Drug Designations (ODDs) from the US FDA and 1 ODD from the EU for four of the Company's investigational drug candidates. In 2022, the novel class I innovative drug candidate olverembatinib developed for the treatment of drug-resistant chronic myeloid leukemia (CML) has been included in the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue (2022), to satisfy the urgent needs of patients and improve the accessibility and affordability of the product.

With a commitment to building a global presence of Chinese innovative drugs, Ascentage Pharma has built a portfolio of global intellectual property rights and a talented team with global experience in the research and development of innovative drugs and clinical development, and is setting up its commercial manufacturing and sales and marketing teams with high standards. The Company has entered into global partnerships with numerous leading biotechnology and pharmaceutical companies and research institutes such as UNITY Biotechnology, MD Anderson Cancer Center, Mayo Clinic, Dana-Farber Cancer Institute, MSD, AstraZeneca and Pfizer to expand its international coverage and benefit more patients worldwide. In 2022, the Company was approved to be issued a Drug Manufacturing License (Certificate A), which represents the official launch of the global industrial base of Ascentage Pharma, and will support the Company to produce innovative drugs with global intellectual property rights and global market potential, and further achieve Ascentage Pharma's high quality transformation from a biomedical innovative corporate to an entire industry chain corporate.

Ascentage Pharma concerns about the development of the industry and actively promotes multi-party exchanges and cooperation. During the Reporting Period, the Company held the first Ascentage Innovative Drug High-quality Development Ecological Summit and won nearly 20 social awards, demonstrating Ascentage Pharma's leading industry influence.

1.1.2 Communication with Investors

Ascentage Pharma has established an efficient investor communication mechanism, actively communicates with investors through diversified and smooth investor communication channels such as industry summits, investor 1v1 or group meetings, and securities strategy meetings, endeavoring to protect the legitimate rights and interests of investors, and ensuring timely communication with investors and response to key investor concerns such as the Company's R&D progress, core strategy, financial performance and ESG management.

During the Reporting Period, Dr. Yang Dajun, chairman of Ascentage Pharma, on behalf of the Company, attended the 40th Annual J.P. Morgan Health Care Conference, at which he gave a speech and reported numerous milestones of the Company lately to facilitate investors' understanding of the Company's development. In addition, Ascentage Pharma successfully held the American Society of Clinical Oncology (ASCO) Data Highlight Meeting and American Society of Hematology (ASH) Data Highlight Meeting to keep enhancing communications and exchanges with the market.

Dr. Yang Dajun gave a speech at the 40th Annual J.P. Morgan Health Care Conference

- **March**
  - Annual Results Conference and Meeting of the Board of Directors
- **May**
  - Annual General Meeting
- **June**
  - Submission of ESG Report
- **August**
  - Interim Results Conference
- **December**
  - Annual ASH Interpretation Conference

Important Meetings for Communication with Investors in 2022

1.1.3 Awards and Honor

Awards	Issuing Organization	Certifications
Top 10 Pharmaceutical Innovation Companies of the Year	Financial Times	
Top 20 Most Influential Small Molecule Innovative Drug Companies	Shanghai Biopharmaceutics Industry Association, Yiyun Tech	
2022 "Changchun Award" Innovative Pharmaceutical Enterprise of the Year	Shanghai United Media Group/Jiemian News	
2022 Top 20 ESG Competitiveness of Listed Chinese Pharmaceutical Companies	E Drug Manager	

Awards	Issuing Organization	Certifications
2022 China New Pharmaceutical Innovation Force	China National Pharmaceutical Industry Information Center	
Most Valuable Pharmaceutical and Medical Company	Zhitong Finance, Tonghuashun Finance	
Outstanding Innovation and Development Leadership Award	JRJ	
2022 China Biomedical Industry Chain Innovation Ranking • Global Innovation Award	China Biomedical Industry Chain Innovation and Transformation Alliance, Nanjing Biomedical Industry Information and Transformation Center, Pharmacodia, Pharmedcafe, Editorial Board of *Progress in Pharmaceutical Sciences*, Industrial Securities	

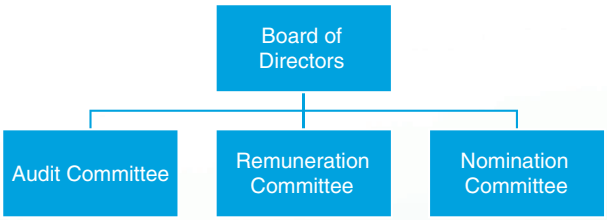
1.2 ESG Governance

Ascentage Pharma always upholds responsible operation to further improve the level of corporate governance. We attach high importance to ESG relevant matters and actively promote communications, exchanges and cooperation with stakeholders to ensure stable and sustainable development of the Company.

1.2.1 Corporate Governance

Ascentage Pharma advances corporate governance according to laws in all round in strict accordance with the Company Law of the People's Republic of China (《中國人民共和國公司法》), the Listing Rules of the Hong Kong Stock Exchange (香港聯合交易所《上市規則》) and other regulations. We have formulated effective regulations and rules to further enhance corporate governance level and risk control capability and strengthen the code of conduct of employees. During the Reporting Period, we did not experience any legal disputes arising from illegal operations.

We firmly believe that sound corporate governance is essential to promote the Company's development and protect shareholders' interests, and are committed to achieving a high level of corporate governance. Ascentage Pharma's Board of Directors has established an Audit Committee, a Remuneration Committee and a Nomination Committee to oversee the Group's specific affairs in all aspects and maintain and improve corporate governance. In addition, we have established a Scientific Advisory Board which consists of a number of renowned scientists in the field of cancer research and provides professional consultation and assistance to the Company.



We have adopted a board diversity policy. 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 Company's Nomination Committee is authorized by the Board of Directors to supervise the compliance of relevant codes for board diversity and review on a regular basis the board diversity policy to ensure its sustained effectiveness.

1.2.2 ESG Governance

- *ESG Governance Structure and Responsibilities*

  Ascentage Pharma attaches great importance to sustainable development, and has built an ESG governance structure with the Board of Directors as the highest responsibility body and decision-making level, the Audit Committee as the supervisory level, and each functional department as the executive level to ensure that ESG matters are integrated into the performance process at different levels as well as the Company's high-quality and sustainable development. The ESG responsibilities of the Company's Audit Committee are as follows:

  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 report

- *Statement of the Board of Directors*

Overall responsibility 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 under the Board of Directors are responsible for supervising the ESG work of the Company.
ESG work execution	Each functional department is responsible for ensuring the execution and implementation of ESG goals, systems and policies approved by the Board of Directors and integrating sustainable development into its daily operation. Each functional department reports to the Audit Committee regularly and provides assistance to the Board of Directors for reviewing and developing overall ESG strategies on a regular basis.
ESG risk management	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. The Audit Committee is responsible for identifying and assessing risks and opportunities based on internal and external conditions of the Company and the risk mitigation strategy and risk framework are reviewed and determined by the Board of Directors to respond to the impact of various potential risks on the sustainable development of the Company.
Material ESG issues	The Audit Committee is responsible for managing and maintaining communication channels between the Company and its stakeholders, identifying material ESG issues based on the concerns of stakeholders, and recommending specific ESG strategies and actions to the Board of Directors.

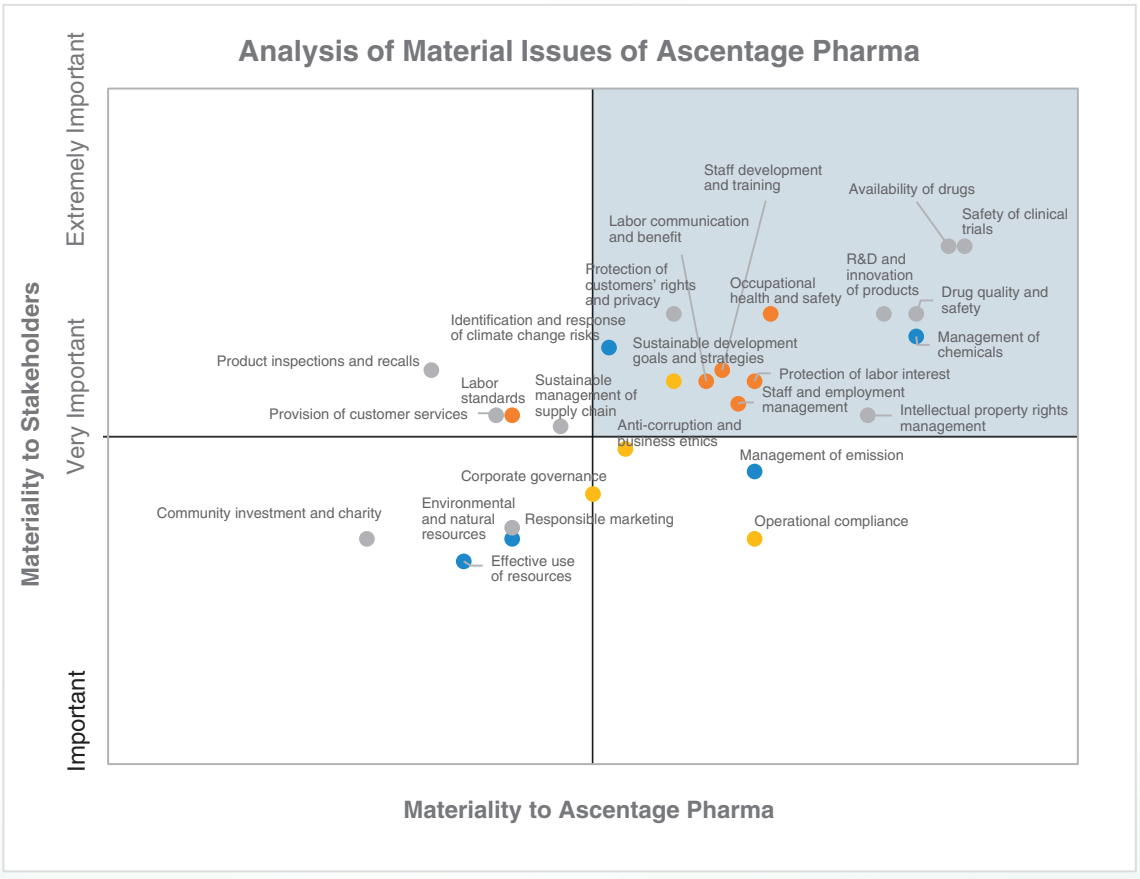
- *Communication with Stakeholders*

  We pursue a harmonious and win-win principle with stakeholders, actively respond to the expectations and demands of stakeholders such as government and regulatory authorities, shareholders and investors, patients and doctors, employees, suppliers and partners and media through efficient feedback mechanism and diverse communication channels, which are deemed as important considerations for the Company to optimize ESG governance and keep enhancing the management level of our sustainable development.

Major Stakeholders	Communication Channels
Government and regulatory authorities	Policy instruction, work report, information submission, on-site inspection
Shareholders and investors	General meetings, investors' exchange conferences, road shows, information disclosures, communication via telephone and email
Patients and doctors	Clinical trial, regular visits
Suppliers and partners	Bidding conference, suppliers' review procedures, exchanges and cooperation, industry forums
Employees	Internal communication platform, employees' satisfaction survey, visits and care
Local communities	Community activities and voluntary services
Media and members of the public	Company webpage, Company's WeChat official account, daily communication and feedback, public opinion monitoring, information disclosure, media communication meeting

- *Analysis of Material Issues*

  Ascentage Pharma identifies, evaluates and discloses material issues on a regular basis to provide clear direction and guidance for the Company's development planning in future. During the Reporting Period, the Company further clarified the focus of stakeholders through questionnaire surveys, interviews and other approaches for stakeholders, and based on corporate strategic planning and industry development trends, we analyzed and concluded the matrix of material ESG issues of Ascentage Pharma in 2022:



Material issues	Corresponding sections
Environmental responsibility issues	
Management of chemicals	4.2 Safety and Health
Identification and response of climate change risks	4.1 Green Operation
Effective use of resources	4.1 Green Operation
Environmental and natural resources	4.1 Green Operation
Management of emission	4.1 Green Operation
Labor responsibility issues	
Occupational health and safety	4.2 Safety and Health
Staff and employment management	5.1 Employee Recruitment
Staff development and training	5.1 Employee Recruitment
Protection of labor interest	5.1 Employee Recruitment
Labor communication and benefit	5.1 Employee Recruitment
Labor standards	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	1.3 Business Ethics

1.3 Business Ethics

Ascentage Pharma adheres to the values of fairness, partiality, integrity and honesty, and adopts a zero tolerance attitude towards corruption, bribery and unethical behavior. We keep optimizing anti-corruption management and control system in strict accordance with 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》), Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other laws and regulations.

We recognize the importance of anti-corruption and advocating integrity, specify the Company's compliance and business ethics policies in the Employee Manual (《員工手冊》), and require all employees to sign the Compliance Operation Statement (《合規操作聲明》) to standardize their behavior and strengthen anti-corruption awareness. We also put forward strict business ethics requirements for our suppliers and partners, perform regular due diligence on suppliers based on risk ratings, and clarify the Company's requirements for anti-corruption policy and reporting channels in daily work and communication.

We have established a smooth monitoring and reporting channel, and informed all employees and partners through various channels such as compliant SMS, posters in office premise, and work emails. We strictly practice whistleblower protection policy, keep confidential the whistleblower's personal information and report content, and severely punish any retaliation.

Reporting mailbox	compliance.communication@ascentage.com

Regular Compliant SMS Push

In order to strengthen the construction of a culture of integrity, we have carried out diversified anti-corruption education activities such as regular training, new employee publicity, and compliance publicity, to provide policy training and guidance for employees' external interactions and ensure legal and compliant duty performance. During the Reporting Period, our multiple anti-corruption trainings covered 100 employees, with a total of 290 training hours.

Ascentage Pharma conducts vigorous compliance and anti-corruption training

Ascentage Pharma adopts a prevention-oriented strategy, attaches great importance to compliance cultural construction, and actively carries out compliance training.

During the Reporting Period, we organized five large-scale compliance and anti-corruption training sessions for all-round publicity and education on laws and regulations, company policies, compliance processes, and Q&A for all employees in the commercialization department, urging employees to strengthen self-restraint and ensure the Company's compliant operations. Meanwhile, we conducted multiple compliance and anti-corruption training sessions for Directors in the form of online training and e-mail delivery of materials.

During the Reporting Period, Ascentage Pharma was not involved in lawsuits in relation to bribery or corruption.

2 R&D Driven and Interest Safeguard

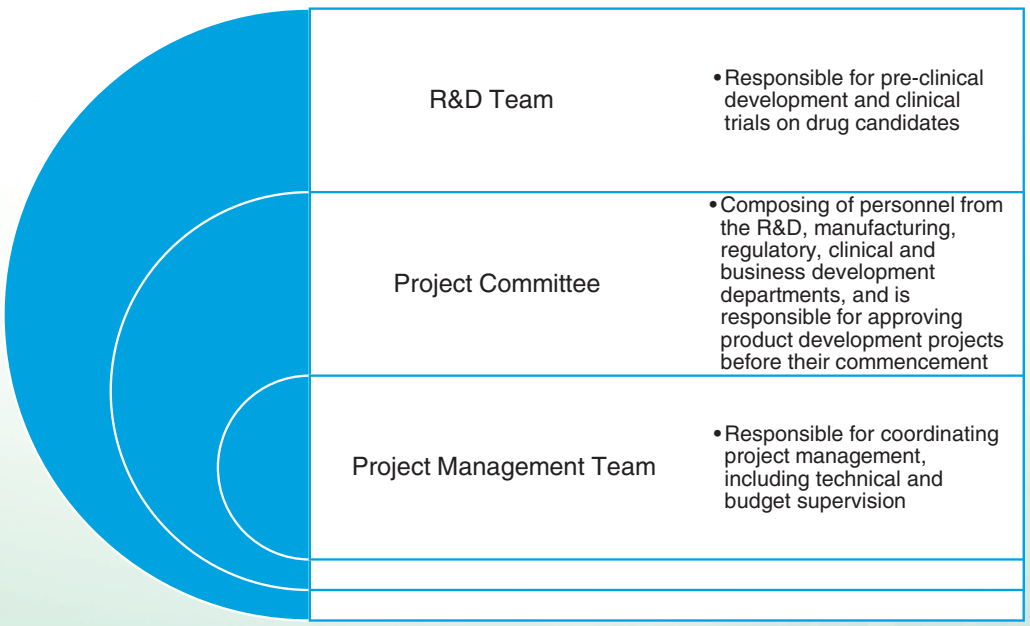
Ascentage Pharma endeavors to keep enhancing clinical R&D capabilities and expanding product pipelines to seek for "addressing unmet clinical needs of patients in China and around the world". Meanwhile, we also constantly improve our management system for intellectual property rights and value the privacy protection of clinical subjects, and protect the innovation results and the rights and interests of subjects in the research and development process.

2.1 R&D and Innovation

R&D innovation is an important driving force for the Group's long-term development. In this regard, we constantly promote the development of medical R&D and innovation, provide a strong support for R&D and innovation through the construction of a sound R&D management system, and actively participate in R&D exchanges and cooperation to lead the development of the industry.

2.1.1 R&D Management

We have established a R&D management structure based on the R&D team, project committee and project management team to achieve regulated management of the whole process from product candidate selection, project supervision, clinical studies and other processes. We also have an R&D team led by the Scientific Advisory Board, which is chaired by Dr. Wang Shaomeng, a co-founder and non-executive Director, and numerous renowned scientists with rich expertise in cancer research and development as committee members to provide strong professional support for R&D, innovation and clinical trials.

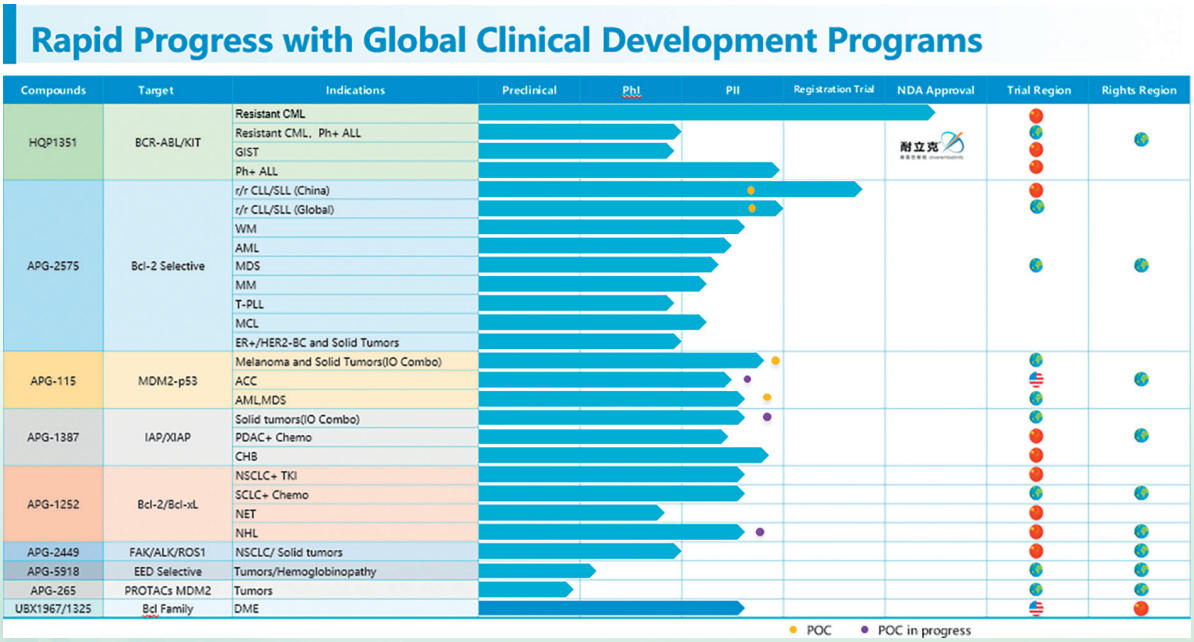


R&D Management Structure

On top of a strong R&D management structure, we continue to standardize R&D trial and operation management, and strive to improve R&D efficiency while ensuring experimental safety. During the Reporting Period, we further improved the R&D experiment management systems such as laboratory safety management specifications, R&D experimental equipment operating procedures, and chemical warehouse management system to ensure the standardization of R&D experiments. In terms of experimental safety, we have optimized the management process related to laboratory access control, experimental equipment maintenance and operator training, strictly controlled external personnel in the office area and test area, and regularly carried out equipment maintenance to improve R&D efficiency. In terms of hazardous chemical management, we continue to strengthen their safety control during transportation, storage and use, and regularly arrange warehouse reagent cleaning to ensure the safe operation of experimental work. During the Reporting Period, we invested a total of RMB743.1 million in R&D.

2.1.2 Product Innovation

Always persisting in the concepts of "origin innovation" and "global innovation", Ascentage Pharma keeps promoting the pipeline progress of product candidates leveraging its leading R&D capability in the industry. As of the end of the Reporting Period, as the world's only innovative company with clinical development varieties in the field of key proteins in the apoptosis pathway, we now have 9 type 1 small molecule new drug candidates which have entered the clinical development stage and over 40 Phase I/II clinical studies ongoing in China, the US, Australia and Europe.



During the Reporting Period, we constantly sought for the clinical application of our core product Olverembatinib and the promotion of clinical development of other key pipelines to achieve comprehensive deployment of multi-domain echelon pipelines.

Core Product Olverembatinib

Olverembatinib is the Company's first listed product and the only approved effective drug in the PRC for the treatment of the T315I-mutant chronic myeloid leukemia (CML), filling the gap in domestic clinical trials, and has great social value. During the Reporting Period, the Center for Drug Evaluation (CDE) of China National Medical Products Administration (NMPA) has accepted and granted Priority Review status to a New Drug Application (NDA) for the full approval of olverembatinib in patients with chronic-phase CML (CML-CP) who are resistant and/or intolerant of first – and second-generation tyrosine kinase inhibitors (TKIs). Following the conditional NDA approval in 2021, the acceptance for the latest application marks another milestone and will potentially bring olverembatinib to benefit a broader population of patients with CML.

In January 2023, Olverembatinib was successfully included in the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue (2022) (the "National Medical Insurance Catalogue"). The insurance covers "only adult patients with T315I-mutant chronic phase CML or accelerated phase CML (also known as chronic myeloid leukemia)", with effect since 1 March 2023, Olverembatinib's success inclusion into the National Medical Insurance Catalogue demonstrates again that it is an innovative drug satisfying urgent needs of patients and filling clinical gasps with excellent efficacy and safety.

As of the end of the Reporting Period, Olverembatinib has obtained a total of 4 ODDs from the US FDA and 1 ODD from the EU and 1 Fast Track Designation from the US FDA. So far, Ascentage Pharma has obtained 2 Fast Track Designations and 2 Rare Pediatric Disease (RPD) designations by the US FDA, and 17 ODDs from the US FDA and the EU, which set a new high in pharmacies in the PRC, and demonstrated the Company's excellent global innovation capability.

R&D Progress of Other Key Pipelines

APG-2575, a key member of the Group's apoptosis-targeting pipeline, has been dosed to the first patient in March 2022. It is the world's second Bcl-2 selective inhibitor entering the clinical stage of registration. As of the end of the Reporting Period, APG-2575 has been used to conduct 19 clinical researches worldwide covering multiple indications for hematological oncology and solid tumors and exhibits great potential for clinical development.

In addition to its all-round layout in apoptosis and strong breakthroughs in kinase inhibitors, Ascentage Pharma has developed rapidly in cutting-edge and emerging targets such as embryonic ectoderm development protein (EED) inhibitors, which have attracted much attention. During the Reporting Period, APG-5918 was cleared to enter a clinical study in advanced solid tumors and hematologic malignancies in both China and the US. Meanwhile, the clinical trial of APG-5918 in anemia diseases was also approved in China, potentially providing a new therapeutic area for the drug. APG-5918 is the first PRC original EED inhibitor entering the clinical stage, demonstrating the Company's potential to develop "first-in-class"/"best-in-class" drugs.

2.1.3 Research Exchange and Collaboration

Ascentage Pharma extensively conducts clinical research exchanges on a number of investigational varieties, actively participates in professional conferences and international academic conferences, demonstrates its R&D strength and clinical development level in the field of cancer treatment to the outside world, and carries out strategic cooperation at home and abroad to lead the development of the industry.

Several clinical results of our key assets like olverembatinib and lisaftoclax (APG-2575) have also been presented in various international conferences in 2022. For the fifth consecutive year, the clinical data of olverembatinib were selected for Oral Presentations at the ASH Annual Meeting in 2022 (taking up 3 out of the 6 Oral Presentations at the special session on CML this year). These results showed the drug's potential for changing the treatment paradigm in CML globally. In April 2022, olverembatinib was included in the 2022 edition of Chinese Society of Clinical Oncology (CSCO) Guidelines on Hematological Malignancies and China Anti-Cancer Association's (CACA) Guidelines for Holistic Integrative Management of Cancer for the diagnosis and treatment of patients with TKI-resistant CML harboring T315I mutation and Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL). Additionally, clinical data from a Phase I study of olverembatinib for the treatment of patients with gastrointestinal stromal tumor (GIST) in China was presented at the 2022 American Society of Clinical Oncology (ASCO) annual meeting in June 2022.

The first dataset of lisaftoclax plus a BTK inhibitor was announced in an Oral Presentation at the ASH Annual Meeting in 2022. With an ORR of 98%, these data showed impressive clinical utility in R/R CLL/SLL. At the ASCO annual meeting in June 2022, we presented monotherapy results of lisaftoclax (APG-2575) from a Phase Ib/II study in patients with relapsed/refractory chronic lymphocytic leukemia or small lymphocytic lymphoma (r/r CLL/SLL). In addition, safety and tolerability data of lisaftoclax (APG-2575) when administered alone or in combination with a cyclin-dependent kinase 4 and 6 (CDK4/6) inhibitor from a Phase Ib/ II study in patients with ER+ breast cancer or advanced solid tumors were also presented at the ASCO meeting. Preliminary results of a Phase I study of lisaftoclax (APG-2575) in China in patients with r/r non-Hodgkin lymphomas (NHLs) was presented at the European Hematology Association Hybrid (EHA) Congress in June 2022.

Ascentage Pharma's participation in the 41st Annual J.P. Morgan Health Care Conference

Dr. Yang Dajun, Chairman and CEO of the Company, was invited to deliver a speech at the 41st Annual J.P. Morgan Health Care Conference, sharing with the community Ascentage Pharma's recent breakthroughs under the "Global Innovation" strategy, further shifting from biotech to biopharma. At the conference, the Company shared the commercialization process of our first marketed product, olverembatinib, its global clinical potential, and the clinical research status of several other high-value differentiated product candidates.

2.2 Intellectual Property Rights

We acknowledge the importance of a sound intellectual property management system to safeguard innovation results. The Company 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 has established an internal intellectual property rights management system and organizes, coordinates, plans and uses its intellectual property rights in a planned manner to ensure effective development, protection and utilization of intellectual property rights and facilitate sustainable self-innovation of the Company. During the Reporting Period, we further improved our Incentive System for Employees' Invention (《職務發明獎酬制度》), provided one-off incentives for employees who successfully apply for a Patent Cooperation Treaty (PCT) under Article 16 of the Patent Law of the People's Republic of China, and regulated all existing patent applications to ensure that there are no omissions in the issuance of patent awards to employees.

As we continue to promote system certification of intellectual property rights, Suzhou Ascentage Pharma Co., Ltd. (hereinafter "Ascentage Suzhou"), a subsidiary of the Group, was granted the National Intellectual Property Right Management System Certificate, demonstrating its excellent management capacity.


知识产权管理体系认证证书

兹证明

苏州亚盛药业有限公司

知识产权管理体系符合标准：GB/T 29490-2013

通过认证范围：

中规认证

中规（北京）认证有限公司

National Intellectual Property Right Management System Certificate of Ascentage Suzhou

Leveraging its strong R&D capacity, the Company maintained the global presence for strategic intellectual property rights to secure exclusive recognition of granted patents or patent applications for candidate products. As of the end of the Reporting Period, Ascentage Pharma had over 600 patent applications around the globe and 235 granted patents, of which 171 patents were granted overseas.

Patents applied globally in 2022	Trademarks applied in 2022
32 patents	13 trademarks

Patents issued globally in 2022	Trademarks registered in 2022
56 patents	22 trademarks

Enhancing employees' awareness and ability in managing intellectual property rights is also important to maintain the Company's R&D achievements. In this regard, we regularly provide intellectual property rights training for employees, share knowledge on topics such as trade secret protection, and continuously strengthen employees' awareness of achievement protection.

Trade Secret Training

During the Reporting Period, we provided trade secret protection training for all new employees at the online course platform, shared cases on trade secrets in the medical field, and popularized trade secrets in relation to intellectual property rights in form of video teaching to improve employees' knowledge.

2.3 Protection for Privacy of Participants in Clinical Trials

We strictly abide 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 execute regulated clinical trial management to fully protect the participants' rights during the trial. We formulate the signing process of the Consent Letter of Participants in Clinical Trials (《受試者知情同意書》) to protect the participants' rights to be informed, rights to choose and their privacy rights, and require relevant experimenters to keep participants' personal information strict confidential. We also identify participants' information in the form of numbers throughout the trial to avoid the leakage of private information, and appoint experimenters to conduct regular process monitoring to ensure the compliance of the clinical trial process.

3 Excellent and Stable Services

Excellent product and service quality is an important cornerstone for long-term development of the Company. We continue to improve quality management system, optimize customer service, seek for providing reliable medical protection for patients and keep promoting the construction of a sustainable supply chain to maintain a healthy partnership for sustainable development.

3.1 Quality and Safety

Persisting in 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 improve internal quality and safety management system and enhance quality control and drug safety management in the production process and keep improving the standardization of 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 PRC laws and regulations and international guidelines, we have formulated internal quality management systems and standard operating procedures for clinical trials 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》), and set up a separate quality assurance department to coordinate the quality management work and implement the quality policy, objectives and plans in an effective manner in cooperation with other departments, which ensure stable and orderly drug production and that drugs meet the quality requirements.

During the Reporting Period, Guangzhou Healthquest Pharma Co., Ltd. ("Healthquest Pharma"), a subsidiary of Ascentage Pharma, further improved its quality management system and formulated new management rules including the In-bound Operating Procedures for Logistics Service Providers (《物流服務商庫內操作規程》), Finished Product Shipment Management Regulations (《成品發運管理規程》), and Management Regulations for Post-market Drug Annual Report (《上市後藥品年度報告管理規程》), further improving the quality management process of drugs in the commercialization stage. Also, we achieved the digital quality management of the entire process from pharmaceutical research, clinical development and production applying the Veeva system, which improved management efficiency while ensuring production standardization.

1 GMP: Good Manufacturing Practice

2 cGMP: Current Good Manufacture Practice

3 GCP: Good Clinical Practice

4 GVP: Good Pharmacovigilance Practice

With the advancement of the commercialization of the Company's core products, we keep accelerating the acquisition of relevant qualifications for drug production, and vigorously promote the construction of production facilities to achieve the leap from biotech to biopharma with high-quality commercial production capacity that meets international standards. During the Reporting Period, Ascentage Suzhou was approved to be issued a Drug Manufacturing License (Certificate A), and officially launched global industrial base, which means that the Group has sufficient strength to carry out high-quality drug production. Healthquest Pharma has also obtained a Drug Manufacturing License (Certificate B) issued by the State Food and Drug Administration. Additionally, Jiangsu Ascentage Pharma Co., Ltd. (hereinafter "Ascentage Jiangsu"), a subsidiary of the Group, has established a physical and chemical analysis laboratory recognized by the China National Accreditation Service for Conformity Assessment ("CNAS") to ensure high standard production and manufacturing.


中国合格评定国家认可委员会
实验室认可证书
（注册号：CNAS L9329）
兹证明：
江苏亚盛医药开发有限公司检测中心
（法人：江苏亚盛医药开发有限公司）
江苏泰州药城大道1号QB3大楼1楼，225300
符合 ISO/IEC 17025：2017《检测和校准实验室能力的通用要求》（CNAS-CL01《检测和校准实验室能力认可准则》）的要求，具备承担本证书附件所列服务能力，予以认可。
获认可的能力范围见标有相同认可注册号的证书附件，证书附件是本证书组成部分。
生效日期：2022-09-19
截止日期：2028-09-18
中国合格评定国家认可委员会授权人

China National Accreditation Service for Conformity Assessment
LABORATORY ACCREDITATION CERTIFICATE
(Registration No. CNAS L9329)
Testing Center of Jiangsu Ascentage Pharma Inc.
(Legal Entity: Jiangsu Ascentage Pharma Inc.)
1/F., QB3 Building, Medical City Avenue, Taizhou, Jiangsu, China
is accredited in accordance with ISO/IEC 17025: 2017 General Requirements for the Competence of Testing and Calibration Laboratories(CNAS-CL01 Accreditation Criteria for the Competence of Testing and Calibration Laboratories) for the competence to undertake the service described in the schedule attached to this certificate.
The scope of accreditation is detailed in the attached schedule bearing the same registration number as above. The schedule forms an integral part of this certificate.
Effective Date: 2022-09-19
Expiry Date: 2028-09-18
Signed on behalf of China National Accreditation Service for Conformity Assessment

CNAS System Certification of Ascentage Jiangsu

While continuously improving the quality management system, we also regularly carry out quality audits to practice the high standards for pharmaceutical quality. During the Reporting Period, we conducted supervision on the quality management of clinical trials and production on an ongoing basis through internal and external quality audits, and urged suppliers to improve quality.

Internal audit	• Carried out internal audits for laboratory, production, warehousing and common system areas, conducted cause analysis and risk assessment of audit deficiencies, and developed appropriate corrective measures. • During the Reporting Period, Ascentage Suzhou and Ascentage Jiangsu performed 16 audits in total on quality of suppliers or service providers; under its annual audit plan, Healthquest Pharma conducted 6 audits in total on quality of suppliers (including API suppliers, testing service providers, outsourcing material suppliers, warehousing and transportation suppliers), and conducted on-site supervision and guidance on the production process of entrusted manufacturers of commercial drugs.
External audit	• A professional third-party audit team was engaged to conduct gap analysis and simulation audit of the quality management system with reference to the Good Manufacturing Practice of China, the European Union and the United States to ensure compliance with high standards of regulatory requirements for drug quality.

Internal and External Quality Audits

3.1.2 Drug Safety Management

The Company has established a pharmacovigilance management system managed by pharmacovigilance department and designated personnel in compliance with the Good Pharmacovigilance Practice (《藥物警戒質量管理規範》), Good Manufacturing Practice of Medical Products (《藥品生產質量管理規範》), 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 and has 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 to standardize the management of drug labels. During the Reporting Period, Healthquest Pharma further improved the Labelling Control Procedures for Drug for Trial Use (《試驗用藥品標籤控制規程》) and the Regulations for the Release of Drug for Trial Use (《試驗用藥品放行管理規程》) to improve the management process of drugs for trail use.

Additionally, we collect drug safety reports through clinical trials, call center complaints, literature search, patient drug donation projects and other pathways, and established a safety database for analyzing safety data and testing safety signals, and regularly provide relevant training for employees to ensure drug safety and controllability.

3.1.3 *Product Recall*

We have formulated the Clinical Trial Drug Recall Procedures (《臨床試驗藥物召回工作程序》), the Domestic Product Recall in China (《中國國內產品召回》), and the Traceability Drill System (《可追溯性演練》) and other internal systems and processes following the relevant regulations of the local drug supervision and administration authorities where it operates, and perform regular product recall drills. Meanwhile, we established a label unique encoding and sublot number encoding rule for drugs for trial use, and achieved entire life cycle tracking of clinical trial drugs and commercial drugs based on the commercialized drug information tracking mechanism at Alibaba Health's Ma Shang Fang Xin tracking platform.

Product Recall Process

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

Product Recall Drills

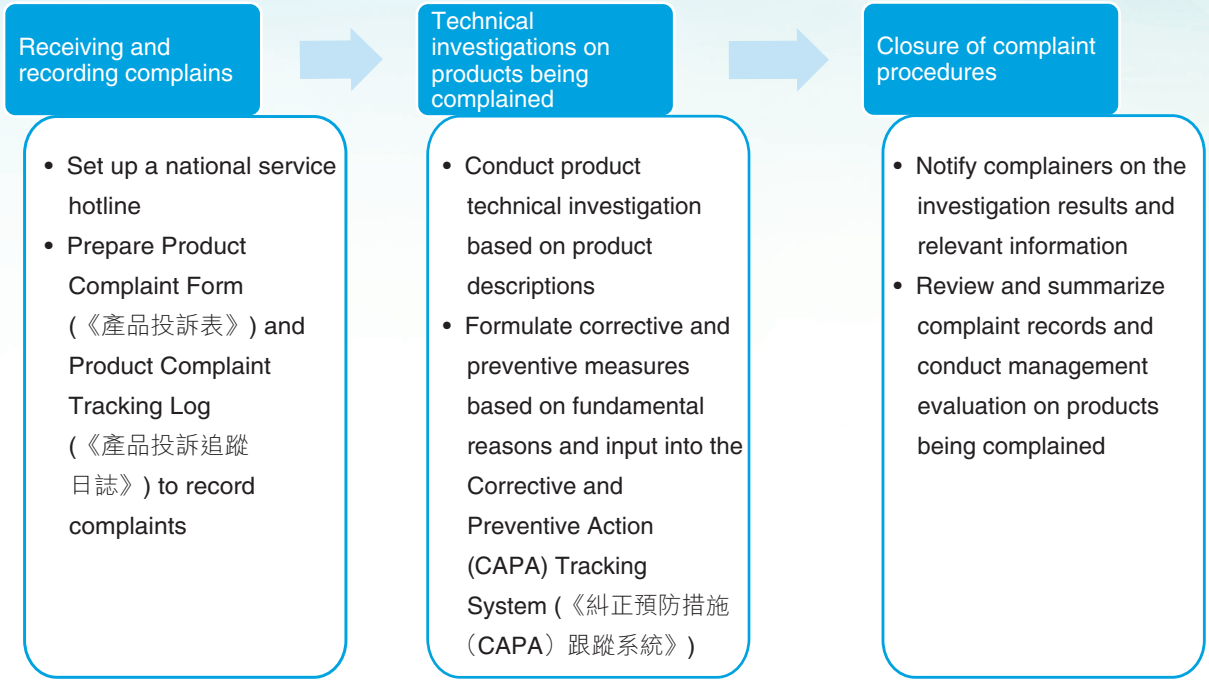
In November 2022, Healthquest Pharma, under the scenario of defects in lot number information on the product cartridge, traced corresponding product batch, which covered all distributors and third-party logistics of this product batch. To ensure effectiveness of the traceable drill, Healthquest Pharma selected pharmacies supplied by distributors from each region where the drug was shipped for tracking the number of goods purchased, the number sold and the whereabouts of their shipments and completed traceability exercise of drug information within the prescribed time, and achieved 100% directional traceability of drugs. No deviations or anomalies were occurred in the entire traceability process.

In December 2022, Ascentage Jiangsu, under the scenario of quality defects identified in a clinical drug batch, traced the product batch, and achieved 100% effective traceability of problematic drugs within the prescribed time.

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

3.2 Quality Services

"Patient first" is one of the Company's core values. In this regard, we actively respond to customer demands and feedback to seek for improving customer service experience and satisfaction. We have set up a national service hotline to collect consultation, feedback and complaints on our products and formulated a product complaint handling process in accordance with the Product Complaint Handling and Technical Investigation (《產品投訴處理和技術調查》) procedures to conduct technical investigation, formulate treatment and preventive measures.



Handling Procedure of Complaints on Products

During the Reporting Period, the Group received 10 complaints about Olverembatinib. In response on a case-to-case basis, we performed investigation and analysis on the cause and formulated relevant precautions. All complaints have been processed within stipulated time and none of them involves in product quality. In the product annual review report in 2022, we performed review and trend analysis on 10 complaints we received to ensure the effectiveness of our precautions.

The Group also keeps enhancing responsible marketing management initiatives to ensure regulation and compliance of its marketing activities. We provide responsible marketing and business compliance training for our commercial team on a regular basis to keep enhancing the business capability and complaint marketing awareness of our salespersons.

In terms of customer privacy protection, we strictly comply with 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》). We do 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.

The Group also keeps identifying novel cooperation model and medical protection forms to facilitate inclusive healthcare and satisfy the urgent needs for clinical services of patients worldwide. During the Reporting Period, Ascentage Pharma launched a Named Patient Program (NPP) with Tanner Pharma, a service provider providing professional drug supply solutions for global pharmacies. This program will allow access to Olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible. Additionally, Olverembatinib was included in the commercial insurance for the first time during the Reporting Period. As of the end of the Reporting Period, it can be reimbursed in 230 cities in 29 provinces, including serious illness insurance and urban customized commercial insurance, greatly relieving the medication burden of patients with drug-resistant chronic myeloid leukemia (CML).

3.3 Supply Chain Management

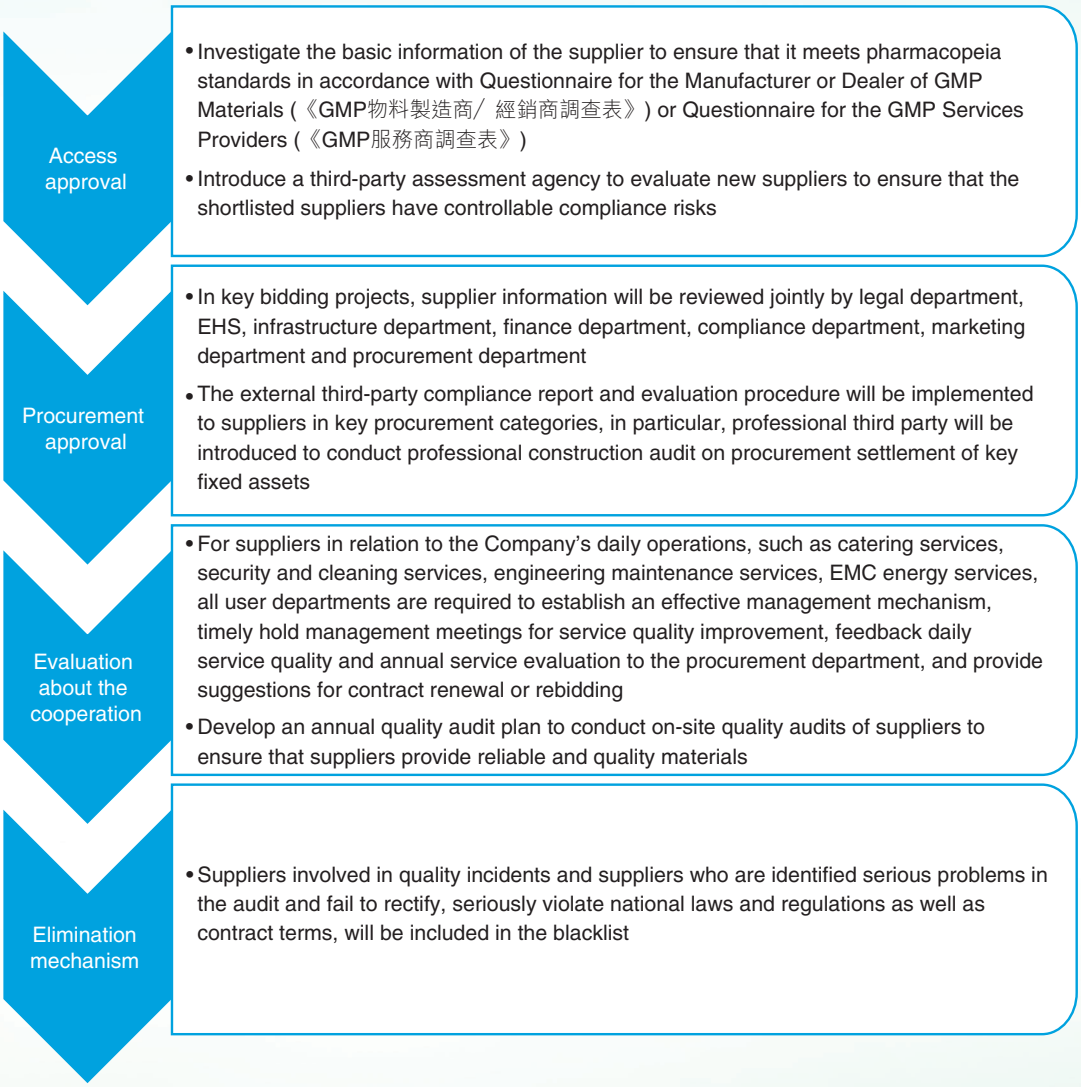
Ascentage Pharma continuously improves its supply chain management system, incorporates sustainability into the entire life cycle management of suppliers, and strives to build a sustainable supply chain through a sound supplier access, assessment and elimination mechanism and close supplier exchanges and cooperation activities.

3.3.1 Supplier Management System

The Group has established a supplier management system comprising, among others, the Procurement and Supply Management Regulations (《採購供應管理規程》), the Regulation for GMP Materials Procurement Management (《GMP 物料採購管理規程》), the GMP Supplier Management Regulations (《GMP 供應商管理規程》) and Tender and Bidding Management Regulations (《招投標管理規程》) to regulate the procurement process and reasonably allocate resources under the procurement and supply principle of resources sharing, integrated evaluation for procurement and planned procurement. During the Reporting Period, we revised certain systems and updated the procurement and control process in raw material production and established an analysis mechanism of key material market conditions and price trends to ensure stable supply of materials. We adopt an assessment and elimination mechanism for non-GMP suppliers to improve supply chain management efficiency.

We also introduced a warehouse management system (WMS), an office automation (OA) system and other digital tools to improve efficiency in procurement management. During the Reporting Period, we also introduced a good supply practice (GSP) system to achieve digital management of the entire process from drug purchase, storage, sales, operation and quality control, enhance management and control of drug procurement, on-bound and inbound, quality audit and release and reduce supply chain risk. In addition, we introduced a ZKH procurement platform to achieve automatically track of online approval of procurement process and supplier orders, and realize digital management of procurement process.

We have established a supplier life cycle management mechanism throughout the process of supplier access, procurement, cooperation and elimination, and implemented strict review, assessment and evaluation of suppliers, to reduce supplier cooperation risks and ensure compliant production and operation.



Supplier Evaluation Mechanism

During the Reporting Period, we had a total of 1,023 suppliers, among which 961 located in Mainland China, Hong Kong, Macau and Taiwan, while 62 were from overseas.

3.3.2 *Sustainable Supply Chain*

Ascentage Pharma comprehensively identifies, assesses and controls potential ESG risks in the supply chain and continuously improves the sustainable development of suppliers. In view of the different nature of suppliers, we incorporate various ESG considerations into our cooperation process, promote suppliers to focus on labor rights, quality control, prevent business ethics risks in the supply chain, and help build a green and eco-friendly supply chain.

Environmental considerations

- **Green and environmental protection requirement for logistic suppliers:** In terms of pharmaceutical cold chain logistics, we give priority to green logistics service providers (such as national drug logistics that has also obtained energy-saving product certification) to promote energy conservation and emission reduction in the supply chain.
- **Environmental protection considerations for supplies under GMP category:** Ascentage Pharma gives priority to GMP suppliers with sound systems and environmental friendliness, such as suppliers with environmentally friendly certifications.
- **Energy conservation and emission reduction program with external suppliers:** During the Reporting Period, Ascentage Pharma cooperated with external suppliers to carry out energy hosting projects to retrofit the chilling water system in the refrigeration room to improve energy efficiency.

Social considerations

- **Complaint employment requirements for outsourcing suppliers:** For suppliers of personnel services such as security, cleaning, catering, fire protection, repair and maintenance, GMP cleaning, Ascentage Pharma clearly requires suppliers to engage employees in compliance through bidding requirements and contract clauses, protect interests of employees in outsourcing services, and reserve the right to spot check the actual implementation from time to time.
- **Quality management system for suppliers under GMP categories:** We require suppliers to have a mature and complete quality management system, and conduct ESG risk reviews on GMP material suppliers according to the 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》) to avoid their potential quality risks.

Governance considerations

- **Anti-corruption review on the supply chain:** During the Reporting Period, our legal and compliance department reviewed supply chain compliance and anti-corruption risks, included requirements for business ethics, hospitality and gifts in processes in relation to procurement, established smooth supervision and complaint channels, and handled non-compliance matters and behavior to strictly control anti-corruption risks.

A sustainable supply chain requires a steady supply of drugs. During the Reporting Period, Ascentage Pharma and logistics partners jointly built a global clinical drug supply center, and set up more than 10 distribution centers in 9 countries around the world, which provided strong support for improving drug access and ensured all drugs could be delivered to patients in urgent need in a timely and intact manner, thus jointly building a supply chain with a strong supply network and strong sustainable development capabilities.

4 Green Operation and Health & Safety

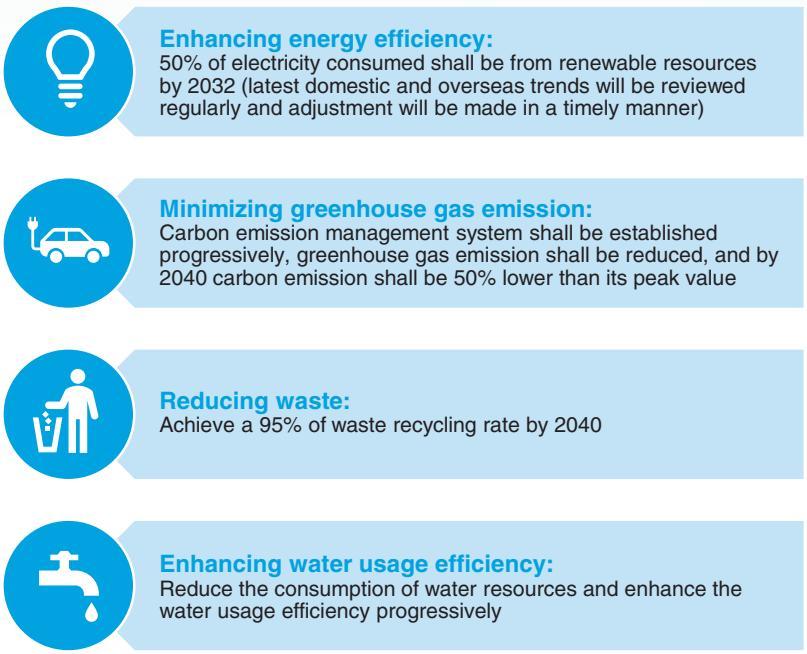
4.1 Green Operation

Ascentage Pharma practices the concept of green and low-carbon development, actively responds to the national strategy of carbon peaking and carbon neutrality, and has built a resource conservation and eco-friendly corporate guaranteed by system construction, guided by environmental goals and driven by environmental protection measures.

4.1.1 Enhance Environmental Management

Ascentage Pharma is committed to minimizing the impact of its business activities on the environment and natural resources under "conserving natural resources and implementing a sustainable economic development model". 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 other laws and regulations, and actively build and improve corporate environment system. We have formulated and implemented system documents including the Handbook for the Environment Management System (《環境管理體系手冊》), so as to implement a comprehensive management and control on major environmental issues such as wastewater, exhaust gas and solid waste discharge, carbon emissions, energy management, resources use, and climate change risk identification and response, and keep enhancing corporate environmental management standard.

Based on external policy guidance, industry development trends, and our own business condition and strategic development planning, we have formulated environmental goals in four dimensions: minimizing greenhouse gas emission, reducing waste, enhancing energy efficiency, and enhancing water usage efficiency, so as to guide the Company's environmental management.



Environmental Goals of Ascentage Pharma

We allocate and implement environmental goals and tasks to each responsible department following the principles of PDCA[5] to enhance the follow-up and feedback of progress towards the goals. Meanwhile, we have established the EHS Goal Performance Supervision and Evaluation Procedure (《EHS 目標績效監督與測量程序》) to standardize the management of our environment, health and safety data. During the Reporting Period, we reviewed, examined and summarized our existing strategic objectives, our environmental performance, and analyzed the areas for further improvement.

5 PDCA means "Plan, Do, Check and Action".

In the meantime, in order to further reduce the impact of Company's operations on the environment and accelerate the reach of environmental goals, we have taken multiple measures such as the construction of a green laboratory, conducting environmental impact assessment on projects, the establishment of departmental environmental protection coordinators, and the publicity of environmental protection awareness, and performed our commitment to protecting the environment by integrating the concept of green development into R&D, production and operation. During the Reporting Period, we were awarded the title of "Model Environment Protection Enterprise (環保示範性企業)" by Suzhou Municipal Ecology and Environment Bureau (蘇州市生態環境局).

Implementing the concept of green development and building a green laboratory

Ascentage Pharma has made full use of various green building technologies into its global headquarters offices, R&D centers and industrial bases, with a building energy conservation rate of 65%, a renewable energy utilization rate of 40.80%, and a green space rate of 47.93%, and has obtained the two-star green building certification (綠色二星建築認證).

In addition, the Company actively built a green laboratory, thoroughly advocated the concept of environmental protection in laboratory design, decoration, instrument procurement, equipment installation and other aspects, and vigorously invested in intelligent systems such as deodorization, sewage treatment, noise isolation, and laboratory animal feeding, thus its green and low-carbon laboratory ecosystem is improved step by step.

Advocating green office and low-carbon concept

Ascentage Pharma actively facilitates employees to start small and create a new green life together. We put up promotional posters such as water and paper conservation and air conditioning temperature control in the office area, and encourage employees to develop green and low-carbon working habits such as green travel, turning off lights when they are not in use and paperless office.

During the Reporting Period, we organized a wealth of environmental protection publicity activities such as bicycle power generation and idle goods exchange, and guided employees to practice environmental protection in a relaxed and pleasant manner.

"Bicycle Power Generation to Ignite Ascentage Pharma" Campaign

During the Reporting Period, Ascentage Pharma did not involve in environmental pollution incident, nor was it subject to environmental administrative penalties.

4.1.2 *Tackling Climate Change*

Ascentage Pharma is highly concerned about climate change and understands well the significant impact of climate change on the environment, society and the sustainable development of the Company. We analyze and control relevant risks of climate change from governance, strategy, risk management, and metrics and targets with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- *Governance*

  The Board of Directors of Ascentage Pharma is responsible for the final determination and review of major risks of climate change and the determination of risk response plans; monitoring environmental targets associated with climate change to improve energy efficiency and reduce greenhouse gas emissions, and reviewing the achievement of these targets on a regular basis. The Audit Committee is responsible for identifying risks of climate change, maintaining regular communication and reporting with the Board of Directors and functional departments, and comprehensively monitoring the implementation of climate change risk responses. Each functional department is responsible for conscientiously implementing matters to address climate change and assisting the Audit Committee in reporting to the Board of Directors.

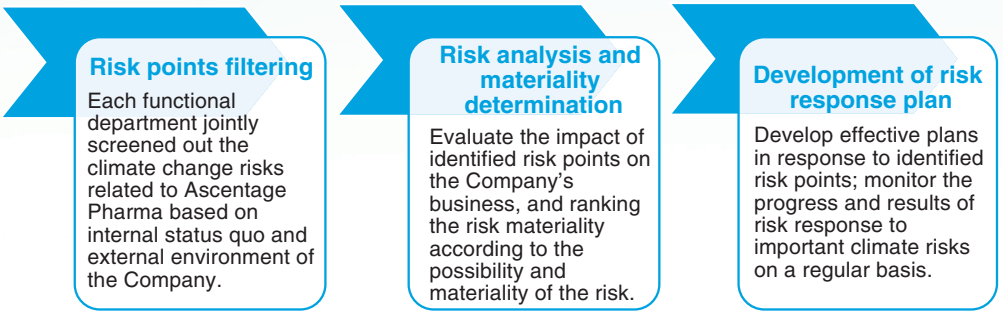
- *Strategy*

  Based on the TCFD recommendations, we identified the physical risks and transition risks parameters that have an impact on Ascentage Pharma, and evaluated the extent of impact and countermeasures, so as to comprehensively improve the risk response capability and support the sustainable development of the Company.

Risk type		Risk parameter	Countermeasures
Physical risks	Acute	Typhoon, flood, drought	• Comprehensively assessing the potential risk exposes to extreme weather of the Company's operations, and establishing sound emergency response procedures and emergency plans; • Organizing relevant training and simulation exercises every year on a regular basis to improve the ability to cope with extreme climate; • Planing safety inventory, maintaining positive communication with suppliers, and developing plans in response to supply chain disruption; • Continuously monitoring climate change trends in the locations where we operate and incorporate them into asset development considerations.
	Chronic	Rise of sea level, increase in average temperature, and extremely variable weather patterns	
Transition risks	Policy and legal	Laws and regulations requirement and monitoring	• Integrating and reporting on the update of national laws, regulations and industry standards on a monthly basis, and carrying out EHS compliance assessment; • Regulating information disclosure in accordance with the Stock Exchange's Guidelines, improving data collection systems and setting corporate environmental targets.
		Strengthen the obligation on emission reporting	
	Technological	Transition towards low carbon emission technology	• Following up the development of technologies in terms of new energy, waste management, energy conservation and emission reduction, and carrying out technological upgrading according to the actual operation of the Company; • Taking full consideration of the opportunities of energy conservation and emission reduction in the process of project design and management, including the selection of building materials and equipment.
	Market	Change in customer behavior	• Taking low-carbon factors into account in the development and management of projects; • Establishing strategic partnerships with upstream and downstream supply chain to reduce the risk of procurement.
		Uncertain market demand	
		Increase in raw material cost	
	Reputation	Increasing concern from stakeholders on negative feedback	• Continuously improving relevant disclosure on sustainability and climate change; • Strengthening communication with stakeholders through multiple channels; • Incorporating the reduction of environmental impact and climate change risk into the formulation of enterprise strategies and measures.

- *Risk Management*

  Ascentage Pharma has established an adequate risk management system to ensure the effectiveness of its countermeasures through a rigorous risk determination process and risk management plan.



Risk Management System of Ascentage Pharma

- *Metrics and Targets*

  We have set targets to improve energy efficiency and reduce greenhouse gas emissions as part of our environmental management. Also, we regularly monitor energy consumption and greenhouse gas emission data, analyze the trend of data development, and timely adjust work plans for environmental management.

  In order to achieve relevant goals, we actively promote energy conservation and emission reduction in the process of R&D, production and operation, and vigorously advocate green circulation and promote sustainable development. The specific measures are as follows:

Energy structure adjustment	• Increase the usage of renewable energy and use clean energy such as hydropower during the process of production and R&D.
Energy conservation equipment	• Energy conservation and emissions reduction are taken into full consideration in projects design and management, including the building materials and equipment selection. • Energy conservation evaluation report is compiled for all completed projects. • The Company's underground parking lot is equipped with sensor lights with automatic switch function which reduce unnecessary energy consumption.
Energy conservation publicity	• Green office is advocated to promote day-to-day energy conservation and mission reduction. Education on energy conservation is carried out in the training for new staff. • The use of electrocar is encouraged and three charging piles have been constructed.

Specific Measures on Energy Conservation and Emissions Reduction

Table: Energy Consumption and Greenhouse Gas Emissions of Ascentage Pharma in 2021 and 2022

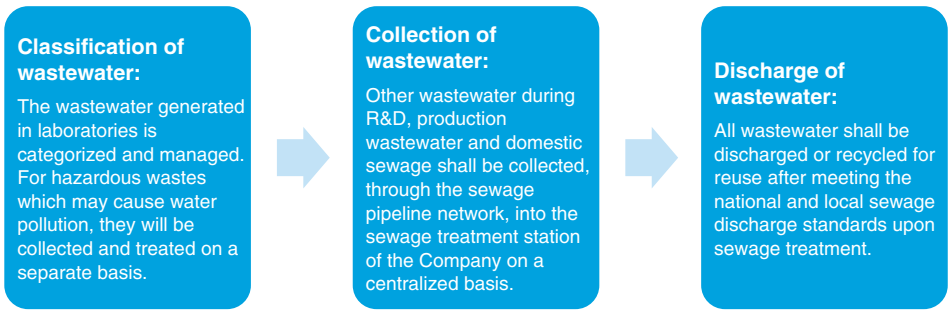
Indicator	2021	**2022**	Unit
Total diesel consumption	35.00	**35.00**	liter
Total gasoline consumption	3,434.00	**3,366.00**	liter
Total natural gas consumption	/	**611,179.50**	cubic meter
Total electricity consumption	1,327,707.40	**7,152,347.39**	kWh
Total integrated energy consumption[6]	1,357,862.89	**12,652,192.95**	kWh
Intensity of integrated energy consumption	486.51	**603.32**	kWh/RMB0'000 revenue
Greenhouse gas emissions (scope 1)	7.67	**1,329.00**	tCO_2e
Greenhouse gas emissions (scope 2)	934.43	**4,078.98**	tCO_2e
Total greenhouse gas emissions	942.10	**5,407.99**	tCO_2e
Intensity of greenhouse gas emissions	0.34	**0.26**	tCO_2e/RMB0'000 revenue

[6] The significant increase of the amount in 2022 over that in 2021 was mainly due to the additional natural gas usage of the new canteen in 2022 and the increase in power electricity consumption arising from the operation of the Suzhou base.

4.1.3 Control over Pollution Emissions

- *Water Resources Management*

  Centering on our water efficiency goal, Ascentage Pharma continues to optimize our water resources management work. We implement the 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》), the Integrated Wastewater Discharge Standard (《污水綜合排放標準》) and other relevant laws and regulations, and formulate standard operating procedures, in order to maintain strict management and control over wastewater generated from each link in our operations.



We strictly monitor the consumption of water resources and discharge of wastewater within the Company, and have complete emergency procedures in place to timely report and handle abnormalities.

Table: Consumption of Water Resources of Ascentage Pharma in 2021 and 2022

Indicator	2021	**2022**	Unit
Total water consumption[7]	4,322.10	**94,968.00**	ton
Intensity of total water consumption	1.55	**4.53**	ton/RMB0'000 revenue

[7] The significant increase of the amount in 2022 over that in 2021 was mainly due to the operation of the Suzhou base in 2022.

- *Waste Gas Management*

  In strict compliance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) and other relevant laws and regulations, Ascentage Pharma implements effective treatment of fume and smoke, odorous gas, toxic and harmful gas, etc. generated during the production, R&D and operations.

  We continue to strengthen the management of waste gas from production and laboratories by installation of ventilated cabinet, and collection of waste gas into the waste gas processing system for centralized treatment. We strictly implement environmental monitoring by third parties, and set up signboards with clarified pollution factors at each waste gas outlet to ensure up-to-standard emission.

  Meanwhile, we increased our investment in waste gas treatment equipment, strictly monitored unorganized emissions, and proactively improved air pollution treatment, so as to minimize the effect on the environment. Specific measures are as follows:

Equipment management and upgrading	• Enhancing inspection on equipment, pipelines and valves to prevent leak of waste gas • Upgrading waste gas collection device and improving waste gas treatment, which guarantee organized emission of waste gas and eliminate odor within the factory
Operation standardization and supervision	• Formulating strict operation procedures to prevent the generation of additional waste gas or the non-compliant emission of waste gas due to misoperation • Enhancing ventilation management in order to ensure the air quality in workshops and other areas

Table: Vehicular Air Pollutants Emitted by Ascentage Pharma in 2021 and 2022

Indicator	2021	**2022**	Unit
CO emissions	48.94	**30.41**	kilogram
NO_X emissions	3.66	**2.27**	kilogram
SO_X emissions	0.05	**0.04**	kilogram
PM_{10} emissions	0.27	**0.17**	kilogram

- *Solid Waste Management*

For management of solid wastes, Ascentage Pharma has developed stringent management systems and standardized treatment procedures.

General solid waste	• For domestic waste, wastepaper, waste plastic and other general solid wastes, installing corresponding containers according to waste classification requirements, to achieve waste segregation and maintain designated storage location • Conducting publicity on waste classification, recycle and reuse among employees, to improve the recycle and reuse rate
Hazardous waste	• For hazardous wastes like medical waste, waste organic solution, waste ancillary equipment of laboratory, formulating corresponding disposal standards • Ensuring that there are no damage of hazardous waste container and packaging materials, and putting hazardous waste identification signs, to reduce potential risks of leakage • Setting up hazardous waste identification signs and warning signs at storage premises of hazardous wastes

We entrust third parties for transportation and disposal of wastes, and conduct strict review on the qualifications and capabilities of relevant suppliers. In entering into the disposal contracts with suppliers, we specify the type, amount and price of wastes intended to be disposed. In case of hazardous wastes, we additionally specify the form, packaging and transportation mode for such hazardous wastes according to the disposal standards of the Company, to strictly prevent any negative impacts on the environment caused by non-compliant disposal, leakage of wastes or other incidents.

Table: Non-hazardous and Hazardous Wastes Produced by Ascentage Pharma in 2021 and 2022

Indicator	2021	**2022**	Unit
Non-hazardous waste produced	22,440.00	**12,854.00**	kilogram
Intensity of non-hazardous waste produced	8.04	**0.61**	kilogram/RMB0'000 revenue
Domestic waste produced	13,030.00	**2,576.00**	kilogram
Kitchen waste produced	/	**8,988.00**	kilogram
Wastepaper produced	840.00	**810.00**	kilogram
Wastepaper recycled	840.00	**810.00**	kilogram
Waste plastic produced	8,570.00	**480.00**	kilogram
Waste plastic recycled	6,900.00	**480.00**	kilogram
Hazardous waste produced	32,207.01	**26,082.00**	kilogram
Intensity of hazardous waste produced	11.54	**1.24**	kilogram/RMB0'000 revenue
Medical waste produced	50.00	**744.00**	kilogram
Waste organic solution produced	24,648.01	**18,406.00**	kilogram
Other laboratory waste produced	6,069.00	**5,292.00**	kilogram
Waste fluorescent tube produced	/	**30.00**	kilogram
Waste active charcoal produced	1,440.00	**1,610.00**	kilogram

4.2 Safety and Health

Ascentage Pharma exerts all efforts in building a safety perimeter, and continuously advances its production safety management level and cultivates a safety corporate culture, thereby earnestly safeguarding the health and safety of its employees.

We strictly follow the laws and regulations such as the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the 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 have set up a sound occupational health and safety management system by formulating policies and systems such as 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》), the EHS Goal Performance Supervision and Evaluation Procedures (《EHS 目標績效監督與測量程序》), the Management System for Occupational Health (《職業健康管理制度》) and Post Operation Regulations (《崗位操作規程》).

4.2.1 Safety and Health Management

We have established a production safety management system with safety committee as the core and production safety working group as the cornerstone, and fully implement the spirit of "performing one's own duties", to earnestly guarantee the production safety of the Company. We have comprehensively implemented a dual precaution mechanism, and carried out risk management by classification and detection of hidden dangers, endeavoring to protect the life and property of our employees. We classified the risks once every year, and on such basis, we formulate and update our EHS inspection tables and annual EHS inspection plans. Through regular safety inspections and special inspections, we eliminate various safety hazards, to ensure the implementation of various safety risk precautionary measures. As at the end of the Reporting Period, Ascentage Pharma has passed the national level 3 production safety standardized review.

Ascentage Pharma highly values the health of our staff, and therefore makes every effort to ensure those staff who may suffer from chemical, physical or biological damages are properly protected. We maintained strict control over chemicals used during the R&D, and conducted comprehensive studies on the characteristics of various chemicals. For each link in the storage, usage and transportation of chemicals, we conducted comprehensive risk assessment and implemented precautionary measures targeted at process improvement, procedure standardization, upgrading of personal protective measures, etc. In the meantime, we have formulated the Management System for Occupational Health (《職業健康管理制度》) and implemented the whole-process prevention and control of occupational diseases, in an effort to provide a safe working environment and condition to employees and safeguard their health.

Occupational hazard detection	Occupational hazard notification	Occupational health checkup
• Evaluating occupational disease hazard regularly, and identifying and updating positions with occupational disease hazard according to the evaluation result, in order to optimize and perfect the Management System for Occupational Health; • Conducting an occupational health environment inspection each year, and publishing the inspection report.	• For personnel from positions with occupational disease hazard, a notice on occupational disease hazard will be signed, which specifies the hazard that may arise during the working process and precautionary measures for occupational disease; • Conducting pre-job training and regular training on prevention of occupational disease, with a view to raising the self-protection awareness of employees.	• For employees exposed to occupational hazard, providing occupational health checkup for such employees before, during and after their tenure, and conducting at least one in-service medical checkup each year.

We have also imposed strict requirements of "zero safety incident, zero environmental incident and zero non-compliance incident" on the contractors of the Company, and comprehensively implemented the EHS Management Rules for Contractors (《承包商 EHS 守則》) to maintain full-life-cycle safety management on contractors.

Safety risk assessment	Safety supervision on contractors	Safety training for contractors
• Conducting safety risk assessment prior to the commencement of a project, and establishing approval system for high risk work, such as use of fire, work at height, hoisting and work in confined space; • Signing the Production Safety Management Agreement with contractors, and conducting pre-job safety training.	• Implementing the contractor safety supervision responsibilities of the person in charge for projects from the Company; • Carrying out on-site inspection and irregular random inspection on contractors. For issues identified, they are being tracked and rectified; • Safety factor is regarded as an important indicator for performance evaluation on contractors, which will directly affect the continuity of cooperation.	• Conducting regular safety training for contractors, to ensure the implementation of the standard operating procedures of the Company; • For safety issues identified during the review on contractors, carrying out targeted assistance and improvement thereto, to enhance the safety management of contractors.

Safety Management Measures for Contractors

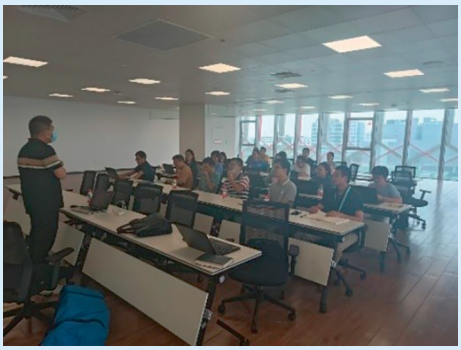
4.2.2 *Safety and Health Culture*

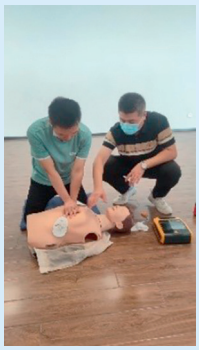
To firmly establish the safety development concept and further improve the safety awareness of all staff of the Company, Ascentage Pharma has formulated the EHS Training and Management System (《EHS 培訓管理制度》) to carry out regular education and publicity on four major dimensions including safety regulations, safety minds, safety knowledge and safety skills every year.

Normalized safety training

The Company organized regular safety training, focusing on education on key issues such as requirements of production safety regulations, laboratory safety, chemicals safety, usage specifications for personal protective equipment, management requirements for specialty equipment and occupational hygiene management. During the Reporting Period, the safety training conducted by the Company covered 280 employees, and the trained hours per employee were 8 hours with an assessment passing rate of 100%.

In addition, we also conducted special training for first-aiders, and installed AED equipment at office premises, to further refine the emergency response system of the Company.

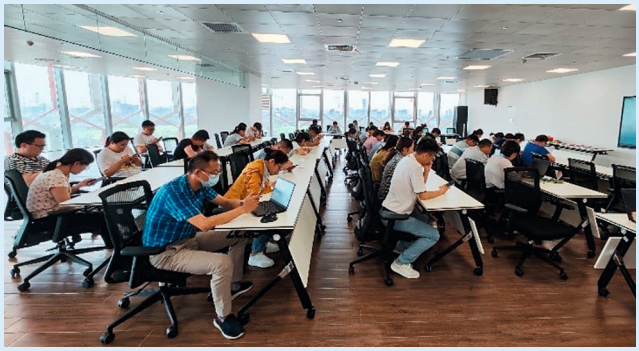




First-aider Training

"Safety Month" publicity activities

The "Safety Month" activities of the Company were commenced in June 2022. Profound conclusion on production safety was drawn, in order to facilitate the implementation of production safety responsibilities. During the "Safety Month", we organized various activities such as the safety knowledge competition and the safety skills competition, with an aim to guide our staff to further acquire safety knowledge through educational entertainment, thus promoting the cultivation of a safety corporate culture.



Safety Knowledge Contest

Comprehensive emergency response drills

The Company formulates training program for emergency response drills each year, and continuously optimizes its contingency plans for safety risk based on the results of such drills.

In 2022, the Company held several emergency response drills on fire emergency evacuation, leakage of chemicals, incidents relating to occupational disease hazard, hazardous incident of specialty equipment and bio-leakage, to comprehensively enhance employees' inner resources in facing crisis, disasters and other emergencies and their abilities to cope with such emergencies.

Fire Drill

Emergency Drill for Leakage of Chemicals

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.

5. Dynamic Team and Harmonious Society

Ascentage Pharma adheres to the basic principle of "people-oriented", we provide our employees with fair and equal opportunities as well as a sound working environment. Meanwhile, we attach importance to the occupational development and life quality of employees by offering good training and benefits, and continually improving employment system and management system. At the same time, we actively perform our social responsibilities, and make contribution to communities and public welfare, embracing a better future together.

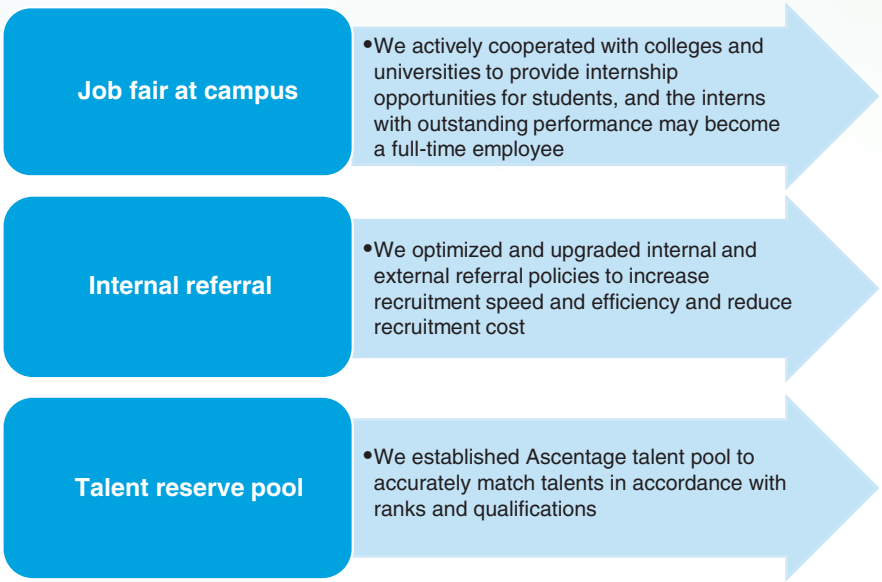
5.1 Employee Recruitment

Based on the principle of lawful and compliant employment, and on the premise of strict compliance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Special Provisions on Labor Protection for Female Workers (《女職工勞動保護特別規定》) and other relevant laws and regulations, Ascentage Pharma has formulated and continuously optimized its internal management systems, such as the Employee Manual (《員工手冊》), the Recruitment Management System (《招聘管理制度》) and the Probation Management (《試用期管理制度》), fully safeguarding the legitimate rights and interests of employees. Ascentage enters into a labor contract with every employee in accordance with laws and regulations, and will take necessary measures depending on the seriousness in case of any violations by the employee.

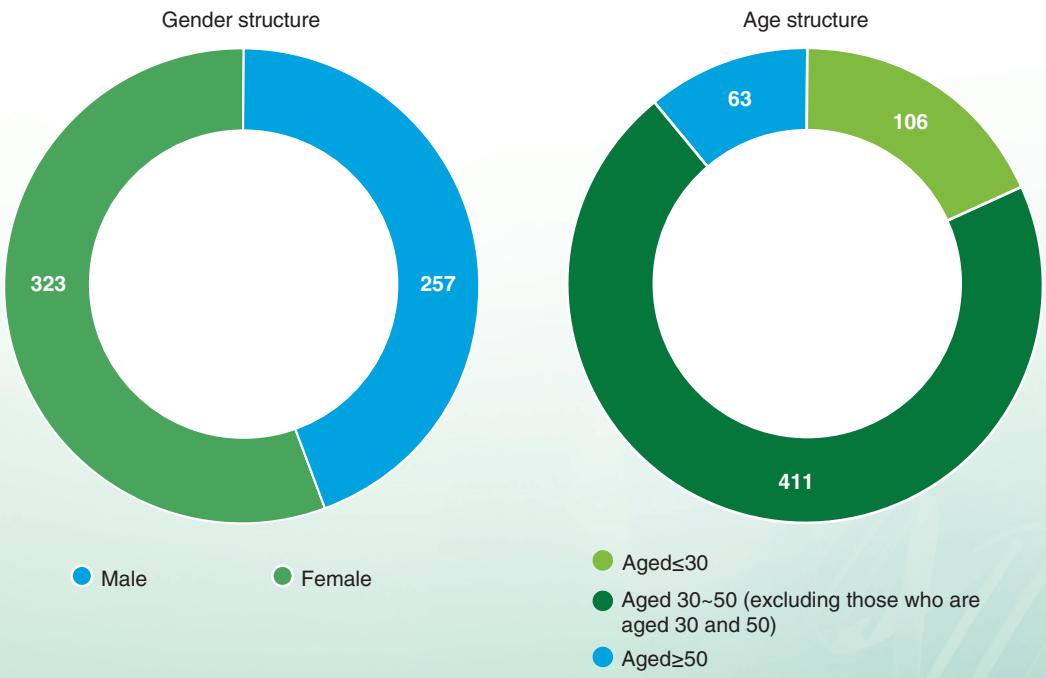
Ascentage has been committed to ensuring equal opportunities, to protect employees against discrimination. We have implemented equal employment and other relevant provisions based on the Employee Manual (《員工手冊》) and the Recruitment Management System (《招聘管理制度》). We encourage a corporate culture featuring creativity and inclusiveness, and strive to create a working environment that is free from discrimination and harassment. Ascentage Pharma adopts a zero tolerance attitude towards hiring of child labor, forced labor and other form of labor abuse, and ensures the compliance with local laws and regulations. We avoid possible non-compliance through background investigation, and also actively advocate our suppliers and partners to pay attention to the labor law and refuse any unqualified employment. During the Reporting Period, Ascentage Pharma did not involve in any non-compliance incident related to discrimination, sexual harassment, employing child labor, etc.

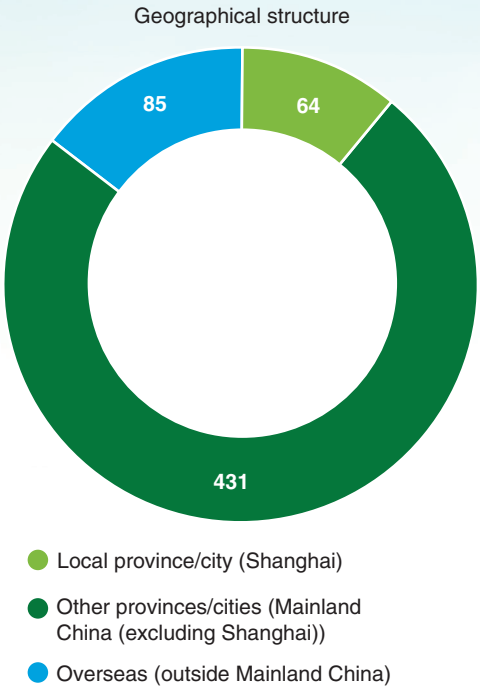
Ascentage Pharma has been committed to creating a diverse and inclusive working environment. We believe that talents from different nationality, ethnicity, age, religious belief and other background can bring about different mode of thinking and creativity, to promote the innovation and growth of Ascentage. Meanwhile, we continue to enrich recruitment channels, and adopt diversified recruitment models to attract more outstanding talents. Our recruitment information is published via internal publishing platform, publicity through WeChat official account, online recruitment channels, social media, headhunters, job fairs at campus and other open channels. At present, internal

referral system has gradually become the core recruitment method of the Company. To this end, we have optimized and improved our referral system and internal referral incentive policy. During the Reporting Period, the following progresses were made in the development of our recruitment channels:

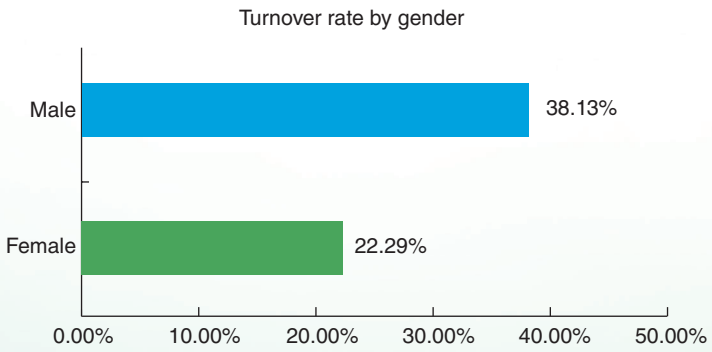


As of the end of the Reporting Period, Ascentage Pharma employed a total of 580 full-time staff, 51 of whom possess doctorate degree. The specific data based on different categories are listed below:

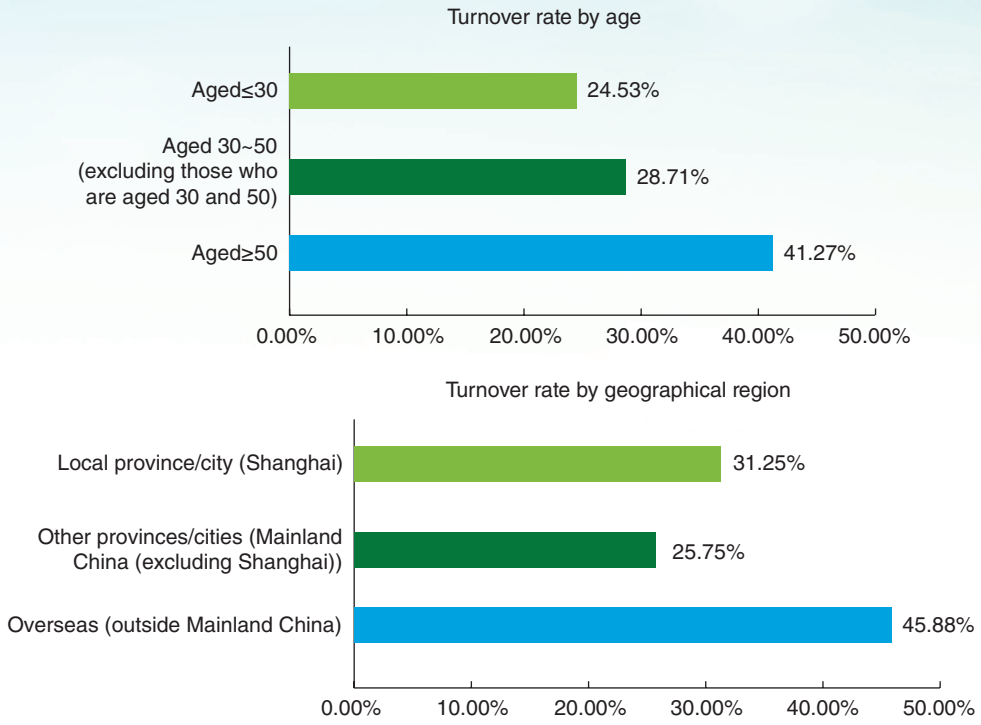




Ascentage Pharma attaches great importance to the turnover of employees. In this regard, we continue to improve our corporate culture and working environment, so as to provide employees with more attractive career development and growth opportunities. During the Reporting Period, the total employee turnover rate[8] of Ascentage Pharma was 29.31%. The specific data by different categories are listed below:



[8] Employee turnover rate = number of staff who voluntary resigned/number of staff as at 31 December 2022



5.2 Talent Development

5.2.1 Performance and Remuneration Management

Our employee performance management system aims to help our employees achieve close alignment of their personal career development with our corporate business objectives through OKR[9] management tool to provide necessary resources and support, seek feedback and conduct assessment on a regular basis. We implemented a unified performance assessment policy across every operating location, and conducted diversified assessment based on the annual targets at the corporate, department and individual level.

References for assessment	Performance results	Applications of results
• Corporate annual performance targets • Departmental annual performance targets • Individual annual performance targets	• Unacceptable • Improvement required • Satisfactory • Exceeded expectation • Distinguished	• Year-end reward • Remuneration adjustment • Promotion

Performance Assessment System

[9] 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.

To adapt to the changes in external and internal environmental factors, we conducted regular market surveys to offer market-competitive remuneration to our employees. In a hope to maintain the fairness, the remuneration system demonstrated our value-based remuneration, and gave better play to the incentive role of remuneration.

Performance assessment optimization

- We enhance quarterly performance assessment based on the actual conditions of our business, and the results thereof, which are lognormally distributed, will be linked to bonus pool to stimulate employees on a real-time basis.

Remuneration differentiation strategy

- We adopt a multi-dimensional and differentiated remuneration strategy to formulate differentiated remuneration plan based on the performance, output and position of staff as well as market pay level, ensuring employees receive the most attractive remuneration package. We will continuously conduct survey on and comparison with market pay level, in order to maintain our competitiveness.

Adjustment to the fixed-floating ratio of remuneration structure for middle and senior management

- We make adjustment to the fixed-floating ratio of remuneration structure for middle and senior management, with flexible adjustment to the floating portion based on the performance of staff and the results of the Company, in order to stimulate core staff to continually tap their potentials and create values. We will continue to optimize the fixed-floating ratio on the principles of fairness, impartiality and transparency, to retain outstanding talents at the middle and senior level and provide support for our rapid development.

Equity incentive plan strategy

- We optimize the remuneration package model on an ongoing basis, which fully demonstrates the strategy of the Company and the nature of the positions.

Remuneration Incentive System

5.2.2 *Talents Training*

We put strong emphasis on the career development of each staff of Ascentage. In particular, we provide each staff with a comprehensive and diversified career plan to establish a stable and sustainable career development platform. Through sound improvement mechanism, we help employees with their continuous growth and progress, achieving the goal of a joint development between individuals and the enterprise. During the Reporting Period, we optimized the Education Subsidy Policy (《教育資助政策》), and further expanded the scope and amount of subsidy to encourage staff to have on-job training and promote corporate learning culture. In addition, for position and rank system, we tested the trial execution of the Rank and Channel Management System (《職級管理通道制度》), which was widely accepted by employees. The system specified the promotion channels and qualification standards for various positions at varying levels, to help employees determine their own career development direction.

Co-building an industrial college to help develop top-notch research talents in 2022

Upon recommendation, several outstanding employees have been admitted into the industrial college education project, as jointly established by Ascentage Pharma and XJTLU Wisdom Lake Academy of Pharmacy in the last reporting period. Both parties will share their resources to jointly develop top-notch research talents. Furthermore, we have added a new cooperation project with China Pharmaceutical University to jointly explore the practice of developing high-end application-oriented talents, and established the training base for master's degree postgraduates of Ascentage Pharma.

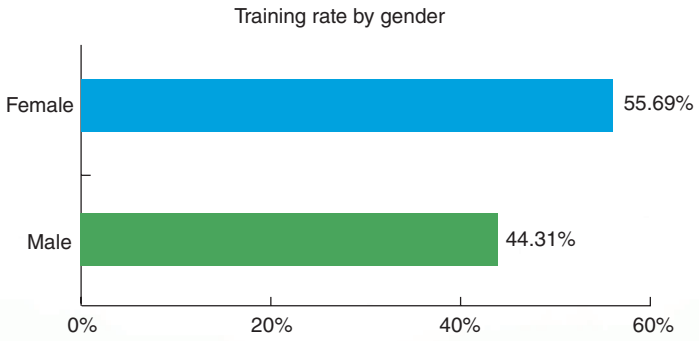
In addition to developing different channels for educational opportunities, Ascentage Pharma is committed to providing employees with quality training and learning opportunities. In particular, we have established Share Shine, an online learning platform with courses covering several aspects including general capabilities, leadership capabilities, pharmacy and marketing. We invite professional teachers and industry experts to deliver lectures for such training programs, thereby providing strong support to the career development of employees.

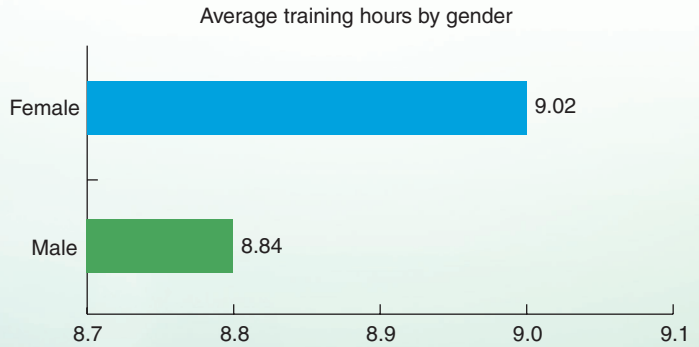
Online training camp for new managers

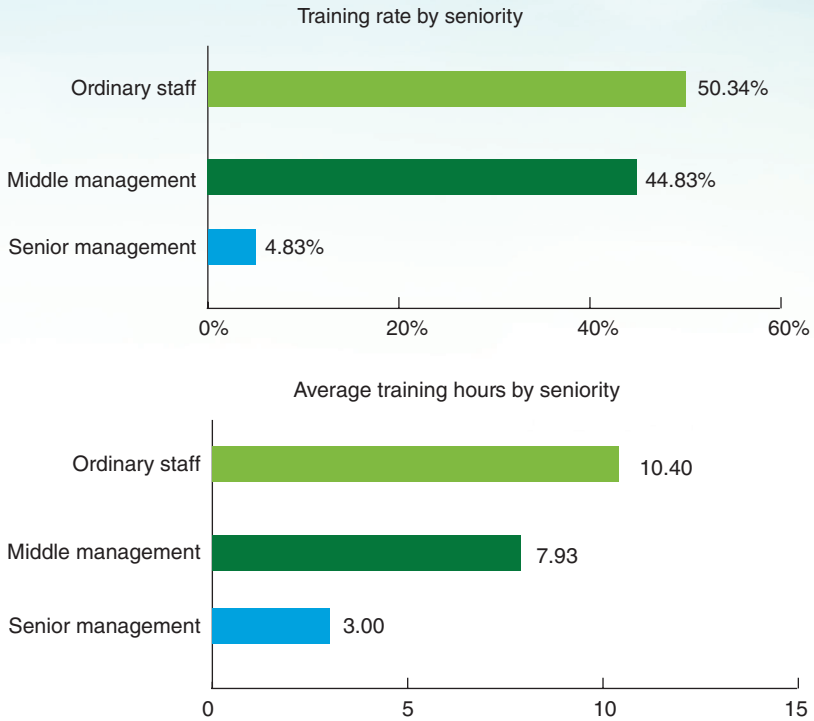
By fully tapping our internal training resources, we organized a three-month online growth training camp for new managers with closed-loop learning experience designs, to improve the team leadership and overall teamwork capabilities of junior managers, thus injecting new energy and momentum into the development of Ascentage.

Picture: Interface of the Online Training Camp

During the Reporting Period, the training rate for employees of Ascentage Pharma achieved 100 %, with the average training hours of 8.94 hours. Data for different groups under different categories are as follows:







5.3 Care and Welfare

Ascentage Pharma recognizes that employees are the foundation for the development of an enterprise. As such, we continue to optimize and provide diversified welfare measures, and emphasize on creating a harmonious and cozy corporate culture as well as a reassuring and comfortable working environment for employees.

5.3.1 Measures on Welfare

During the Reporting Period, we continuously optimized employee welfare schemes with a task of improving employees' sense of belonging and satisfaction. We carried out relevant activities mainly from multiple aspects, such as insurance, holiday benefits, and employee care:

All-round health security	• We provide all full-time employees with social insurance and housing provident fund, supplemental commercial medical insurance and children insurance. • In addition to the annual health checkup benefits offered to every staff, we also arrange staff working in positions with occupational pollution to receive regular medical checkup on occupational disease before, during and after their respective tenure according to third party inspection results on risk factors of occupational disease.
Holiday benefits	• Ascentage provides employees with a reasonable system for paid maternity leave and marriage leave, enabling female employees to fully enjoy family happiness and health while ensuring their work goes on smoothly. • We stress the family roles of male employees, and provide them with paid paternity leave and childcare leave, enabling male employees to actively get involved in their family life.
Psychological assistance	• We continue to operate our Employee Assistance Program (EAP), a staff caring and psychological assistance plan, and set up a 24-hour psychological counseling hotline. • We provide professional training on psychological course on a quarterly basis to deliver comprehensive care to the psychological health of the staff. A sound confidentiality mechanism is also in place to safeguard the psychological condition of the staff.
Assistance during epidemic	• During the epidemic, we distributed facial masks, antigen test kits and other epidemic prevention supplies in batches, and express our sympathy, provide assistance or psychological guidance to employees who were quarantined.
Infrastructure	• During the Reporting Period, the fitness venues at our headquarters in Suzhou had been put into use, with facilities including basketball court, badminton stadium, gym, yoga room, fitness trails, etc. • Our breast-feeding room for staff was also put into service comprehensively, delivering warmth to our female staff.

5.3.2 *Caring Activities*

We continue to launch colorful employee caring activities, which enable employees to unwind and enjoy aside from work, thereby creating a harmonious and dynamic corporate culture.

2022 APG's Got Talent Show

We organized the APG's Got Talent Show themed with "the Got Talent Show is where dreams take center stage", which was widely recognized by employees as it allowed them to show their talents aside from work. This activity promoted the exchange and cooperation among employees, enabled them to gain a further understanding of each other, and enhanced their sense of belonging and cohesion.

"Staff Home", an internal community platform

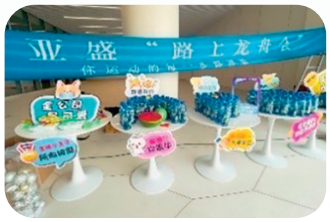
During the Reporting Period, we established a platform called "Staff Home" at the group level with functions such as company dynamics, posting topics, etc., to build an exclusive "friend cycle" for Ascentage employees, which made our employees more closely tied, better spread our corporate culture and enriched the work and life of our employees.

Staff Brains Power Competition

Autumn Flea Market

Ascentage Sports Event

Celebration Activity for the Lantern Festival

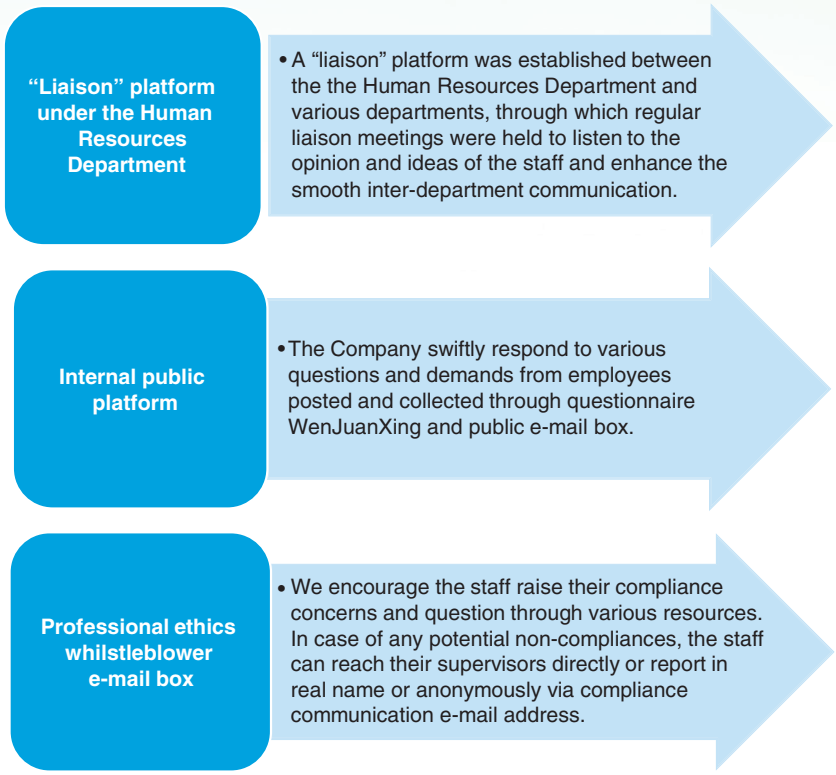


Ascentage “Onshore Dragon Boat”

Employee caring activities conducted by Ascentage Pharma during the Reporting Period

5.3.3 *Communication with Staff*

As a company caring about our employees, their opinions are of great concern, and accordingly, we consistently improve the communication channel with the staff and make timely adjustment based on feedback.



Staff Communication Channel

During the Reporting Period, to obtain further understanding of the needs of our staff, we conducted broad-based staff satisfactory surveys on commercial insurance, staff canteen and "Home of the Staff" (員工之家).

Satisfactory survey on commercial insurance

In 2022, we launched the staff satisfactory survey on commercial insurance, which showed that 95% staff were relatively satisfied with existing insurance benefits, and the staff also raised that the insurers need to speed up the claim settlement further. In 2023, the platform has been updated for faster claim settlement. All efforts cater for the needs of our staff members.

Above shows the screenshot of the satisfactory survey on commercial insurance

Forming the Catering Committee to conduct a satisfactory survey on canteen

During the Reporting Period, we conducted a satisfactory survey on canteen in respect of dishes, prices, and services. We provide employees with free meals, regularly organize members of the Catering Committee to spot check the sanitation of canteen, and urge members to discuss with the caterer how to improve the quality of dishes and management of the canteen.

Survey on test of the "Home of the Staff" platform

In 2022, we conducted an online test of the internal community platform "Home of the Staff". During the test, we launched a survey on staff's opinions. We refined the platform in respect of potential loopholes and user interaction to better serve our employees and enhance our internal cohesion.

Above shows the screenshot of "Home of the Staff" survey questionnaire

5.4 Harmonious Community

Ascentage Pharma not only focuses on its own development, but also actively fulfils its social responsibility, by giving back to the society in various means and proactively seeking to innovative engagement mode. In combination with our own advantage of scientific research, we will consistently work together with stakeholders to continuously facilitate the fulfilment of corporate social responsibility. During the Reporting Period, we made charity donation of RMB 2 million to Peking University Education Foundation for the development of community public welfare initiatives.

CGL Cloud Academy

During the Reporting Period, Ascentage Suzhou joined hands with Shanghai Linlic (上海凌立) to set up the "CGL Cloud Academy" (慢粒雲學院) section on the hematology platform – CCMTV of Shanghai Linlic to facilitate case analysis, sharing and release of excellent cases, as well as for live broadcasting of academic conferences. With the continuous publication of relevant information, the platform allows more platform users to obtain knowledge and a deeper understanding of Olverembatinib, and makes it easier for the public to better understand chronic granulocytic leukemia. The sharing of professional knowledge also attracts the attention of more experts in the field of hematology.

Appendix I – ESG Key Performance Indicators (KPIs)

Environmental Performance	Data in 2021	Data in 2022	Unit
Consumption of resources			
Total electricity consumption	1,327,707.40	7,152,347.39	kWh
Intensity of electricity consumption[1]	475.71	341.06	kWh/RMB0'000 revenue
Total diesel consumption	35.00	35.00	liter
Intensity of diesel consumption[2]	0.01	0.002	liter/RMB0'000 revenue
Total gasoline consumption	3,434.00	3,366.00	liter
Intensity of gasoline consumption[3]	1,144.67	1,122.00	liter/gasoline vehicle
Total water consumption	4,322.10	94,968.00	ton
Intensity of total water consumption	1.55	4.53	ton/RMB0'000 revenue
Air pollutants emissions from vehicles			
CO emissions	48.94	30.41	kilogram
NO_X emissions	3.66	2.27	kilogram
SO_X emissions	0.05	0.04	kilogram
PM_{10} emissions	0.27	0.17	kilogram
Greenhouse gas emissions (scope 1 and scope 2)			
Greenhouse gas emissions (scope 1)	7.67	1,329.00	tCO_2e
Greenhouse gas emissions (scope 2)	934.43	4,078.98	tCO_2e
Total greenhouse gases emissions	942.10	5,407.99	tCO_2e
Intensity of total greenhouse gases emissions	0.34	0.26	tCO_2e/RMB0'000 revenue
Non-hazardous waste produced			
— **Domestic wastes**			
Production volume	13,030.00	2,576.00	kilogram
Production intensity	4.67	0.12	kilogram/RMB0'000 revenue
— **Kitchen waste**			
Production volume	/	8,988.00	kilogram
Production intensity	/	0.43	kilogram/RMB0'000 revenue

Environmental Performance	Data in 2021	Data in 2022	Unit
— Paper waste			
Production volume	840.00	810.00	kilogram
Production intensity	0.30	0.04	kilogram/RMB0'000 revenue
Recycled volume	840.00	810.00	kilogram
— Plastic waste			
Production volume	8,570.00	480.00	kilogram
Production intensity	3.07	0.02	kilogram/RMB0'000 revenue
Recycled volume	6,900.00	480.00	kilogram
Non-hazardous waste produced	22,440.00	12,854.00	kilogram
Intensity of non-hazardous waste produced	8.04	0.61	kilogram/RMB0'000 revenue
Hazardous waste produced			
— Medical wastes			
Production volume	50.00	744.00	kilogram
Production intensity	0.02	0.04	kilogram/RMB0'000 revenue
— Organic solution waste			
Production volume	24,648.01	18,406.00	kilogram
Production intensity	8.83	0.88	kilogram/RMB0'000 revenue
— Other laboratory waste			
Production volume	6,069.00	5,292.00	kilogram
Production intensity	2.17	0.25	kilogram/RMB0'000 revenue
— Fluorescent tube waste			
Production volume	0.00	30.00	kilogram
Production intensity	0.00	0.001	kilogram/RMB0'000 revenue
— Active carbon waste			
Production volume	1,440.00	1,610.00	kilogram
Production intensity	0.52	0.08	kilogram/RMB0'000 revenue
Hazardous waste produced	32,207.01	26,082.00	kilogram
Intensity of hazardous waste produced	11.54	1.24	kilogram/RMB0'000 revenue

Social Performance		Data in 2021	Data in 2022	Unit
Number of suppliers by region	Overseas	243	62	unit
	Mainland China, Hong Kong, Macau and Taiwan	788	961	unit
Number of patent applications		102	32	piece
Number of patent issued		46	56	piece
Number of trademark applications		56	13	piece
Number of trademark registered		241	22	piece
Total number of employees		**613**	**580**	**person**
— By employment category				
Full-time		613	580	person
Part-time		0	0	person
— By gender				
Male		291	257	person
Female		322	323	person
— By age group				
Aged 30 or below		94	106	person
Aged 30-50		441	411	person
Aged 50 or above		78	63	person
— By region				
Local province/city (Shanghai)		68	64	person
Other provinces/cities (Mainland China (excluding Shanghai))		436	431	person
Overseas (outside Mainland China)		109	85	person
Total turnover rate of employees		**10.60**	**29.31**	**%**
— By gender				
Male		8.59	38.13	%
Female		12.42	22.29	%
— By age group				
Aged 30 or below		13.83	24.53	%
Aged 30-50		9.75	28.71	%
Aged 50 or above		11.54	41.27	%

Social Performance	Data in 2021	Data in 2022	Unit
— By region			
Local province/city (Shanghai)	2.94	31.25	%
Other provinces/cities (Mainland China (excluding Shanghai))	10.09	25.75	%
Overseas (outside Mainland China)	17.43	45.88	%
Percentage of employees trained	**83.4**	**100.0**	**%**
— By gender			
Male	47.4	44.31	%
Female	52.6	55.69	%
— By seniority			
Senior management	2.9	4.83	%
Middle management	32.3	44.83	%
Ordinary staff	64.8	50.34	%
Average training hours for employees	**13.1**	**8.9**	**hour**
— By gender			
Male	13.0	8.84	hour
Female	13.1	9.02	hour
— By seniority			
Senior management	4.9	3.00	hour
Middle management	3.0	7.93	hour
Ordinary staff	21.5	10.40	hour
Number of work-related fatalities	0	0	person
Ratio of work-related fatalities	0	0	%
Workdays lost due to work-related injuries	0	0	day
Amount donated to the community	520	200	RMB0'000

Note:

1. During the Reporting Period, the revenue of Ascentage Pharma amounted to approximately RMB 209.71 million;

2. The significant increase in 2022 over 2021 was attributable to the use of natural gas in the new canteen in 2022 and the increased electricity consumption of Suzhou base which was just put into operation;

3. During the Reporting Period, Ascentage Pharma had three gasoline vehicles in total.

Appendix II – 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.	Green Operation and Health & Safety – Green Operation
	A1.1	The types of emissions and respective emissions data.	Green Operation and Health & Safety – Green Operation
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Green Operation and Health & Safety – Green Operation
	A1.3	Total hazardous waste produced and intensity.	Green Operation and Health & Safety – Green Operation
	A1.4	Total non-hazardous waste produced and intensity.	Green Operation and Health & Safety – Green Operation
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Green Operation
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Green Operation

Subject Areas, Aspects, General Disclosures and KPIs			Index
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation and Health & Safety – Green Operation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Green Operation and Health & Safety – Green Operation
	A2.2	Water consumption in total and intensity.	Green Operation and Health & Safety – Green Operation
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Green Operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operation and Health & Safety – Green Operation
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Green Operation and Health & Safety – Green Operation
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Operation and Health & Safety – Green Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation and Health & Safety – Green Operation
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.	Green Operation and Health & Safety – Green Operation
	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.	Green Operation and Health & Safety – Green Operation

Subject Areas, Aspects, General Disclosures and KPIs			Index
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Dynamic Team and Harmonious Society – Employee Recruitment
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Dynamic Team and Harmonious Society – Employee Recruitment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Dynamic Team and Harmonious Society – 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.	Green Operation and Health & Safety – Safety and Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years.	Green Operation and Health & Safety – Safety and Health
	B2.2	Lost days due to work injury.	Green Operation and Health & Safety – Safety and Health
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Green Operation and Health & Safety – Safety and Health

Subject Areas, Aspects, General Disclosures and KPIs			Index
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Dynamic Team and Harmonious Society – Talent Development
	B3.1	The percentage of employees trained by gender and employee category.	Dynamic Team and Harmonious Society – Talent Development
	B3.2	The average training hours completed per employee by gender and employee category.	Dynamic Team and Harmonious Society – Talent Development
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.	Dynamic Team and Harmonious Society – Employee Recruitment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Dynamic Team and Harmonious Society – Employee Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Dynamic Team and Harmonious Society – Employee Recruitment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Excellent and Stable Services – Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Excellent and Stable 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 and Stable 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 and Stable 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 and Stable Services – Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs			Index
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 and Stable Services – Quality and Safety
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Excellent and Stable Services – Quality and Safety
	B6.2	Number of products and service related complaints received and how they are dealt with.	Excellent and Stable Services – Quality Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	R&D Driven and Interest Safeguard – Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	Excellent and Stable Services – Quality and Safety
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Excellent and Stable Services – Quality Service
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 Sustainable 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 Sustainable Development – Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance and Sustainable Development – Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance and Sustainable Development – Business Ethics

Subject Areas, Aspects, General Disclosures and KPIs			Index
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.	Dynamic Team and Harmonious Society – Harmonious Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Dynamic Team and Harmonious Society – Harmonious Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Dynamic Team and Harmonious Society – Harmonious Community