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

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

股份代號 Stock Code：1228

Hope for Rare Disease

# 2022
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

This is the second Environmental, Social and Governance ("**ESG**") report published by CANbridge Pharmaceuticals Inc. (the "**Company**", "**We**", or together with its subsidiaries as the "**Group**"). The ESG Report covers the sustainable development direction, strategy and performance of the Company, outlining strategies implemented and summarizes the performance for the year, with a view to elaborate on the efforts we uphold and the long-term value we create for our stakeholders.

## BASIS AND REFERENCE

This ESG Report is prepared in accordance with the requirements set forth in Appendix 27 – Environmental, Social and Governance Reporting Guide ("**ESG Reporting Guide**") of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**Listing Rules**"). The Report covers the Company's principal businesses in research and development and commercialization of therapies in rare diseases and rare oncology. It also drew reference from the Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules released by the Stock Exchange.

## REPORTING SCOPE

The scope of subsidiaries disclosed in the report is consist with what disclosed in the Annual Report 2022 of CANbridge Pharmaceuticals Inc.

## REPORTING PERIOD

The reporting period covers the information and data of the Company from 1 January 2022 to 31 December 2022 (the "**reporting period**" or the "**current year**"). The latest practicable date is 20 April 2023.

## DISCLOSURE OF REPORTING

This report is disclosed alongside the "CANbridge Pharmaceuticals Inc. 2022 Annual Report"; and the financial data involved are consistent with the 2022 Annual Report. In this report, the amounts mentioned are in HKD unless otherwise specified. Other data and cases mainly come from the Company's statistical reports and related documents.

## REPORT RETRIEVAL

The report is published in English (or any other language), and the electronic version of the report is available on the Company's website (https://www.canbridgepharma.com/).

## ABOUT THE COMPANY

CANbridge Pharmaceuticals Inc. (HKEX:1228) global biopharmaceutical company, with a foundation in China, committed to the research, development and commercialization of transformative therapies for rare disease and rare oncology. CANbridge has a differentiated drug portfolio, with three approved drugs and a pipeline of 11 assets, targeting prevalent rare disease and rare oncology indications that have unmet needs and significant market potential. These include Hunter syndrome and other lysosomal storage disorders, complement-mediated disorders, hemophilia A, metabolic disorders, rare cholestatic liver diseases and neuromuscular diseases, as well as glioblastoma multiforme. The CANbridge Next-Generation Innovation and Process Development Facility is developing novel, potentially curative, gene therapies for rare genetic diseases, including Pompe disease, Fabry disease, spinal muscular atrophy (SMA) and other neuromuscular conditions, and collaborates with world-leading researchers and biotech companies. Animal data from the SMA gene therapy was presented in 2022 at the American Society for Gene and Cell Therapy (ASGCT), the European Society for Gene and Cell Therapy (ESGCT) and the World Muscle Congress. CANbridge global partners include: Apogenix, GC Pharma, Mirum, Wuxi Biologics, Privus, UMass Chan Medical School, the University of Washington School of Medicine and Scriptr Global.

CANbridge has a portfolio of 14 pharmaceutical assets with significant market potential, including three approved products and 11 drugs in development. These products are targeted at more common indications for rare diseases and rare tumors, such as Hunter syndrome and other lysosome storage disorders, complement-mediated diseases, hemophilia A, metabolic disorders, rare cholestatic liver disease, neuromuscular diseases, and glioblastoma.

New Generation Gene Technology Research and Development Center laboratory of CANbridge is developing novel and potentially curative gene therapies for rare genetic diseases, including Pompe disease, Fabry disease, SMA and other neuromuscular disorders, and the company is in collaboration with the world's leading researchers and biotechnology companies. CANbridge's global partners include, but are not limited to, Apogenix, GC Pharma, Mirum, Pharmacobiotics, Privus, UMass Chan School of Medicine, Washington University School of Medicine and Scriptr Global.

For more details, please visit our official website (https://www.canbridgepharma.com/cn/) and WeChat official account below.

## ESG STRATEGY AND GOVERNANCE

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

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

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

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

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

## SELECTION OF MATERIAL ESG ISSUES AND ANALYSIS

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

### Stakeholder Engagement

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

| # | Relevant Stakeholders | Expectations and Concerns | Mode of Involvement and Communication |
|---|---|---|---|
| 1 | Employees | • Employee rights protection<br>• Channel of career development<br>• Healthy and safe working environment<br>• Welfare and care | • Internal Emails and Publications<br>• Meetings and briefings<br>• Trainings<br>• Employee Activities<br>• Corporate Website |
| 2 | Patients | • Delivery of high-quality products<br>• Protection of patients' rights, privacy and interests<br>• Accessibility and affordability of drugs<br>• Promotional compliance<br>• Responsible marketing | • Corporate Website<br>• Emails, Facsimile and Phone Contacts<br>• Conferences |
| 3 | Investors and Shareholders | • Return on investment<br>• Corporate governance<br>• Information disclosure | • Corporate Website<br>• Annual General Meeting<br>• Annual and Interim Report<br>• Press Release and Announcements<br>• Emails, Facsimile and Phone Contacts |
| 4 | Suppliers and Business Partners | • Promotional compliance<br>• Responsible marketing<br>• Synergetic cooperation<br>• Promotion of fairness and openness | • Corporate Website<br>• Emails, Facsimile and Phone Contacts<br>• Conference<br>• Field Visitation |

| # | Relevant Stakeholders | Expectations and Concerns | Mode of Involvement and Communication |
|---|---|---|---|
| 5 | Government and Supervising Authorities | • Operational Compliance<br>• Regulatory Compliance | • Corporate Website<br>• Press Release and Announcement<br>• Emails, Facsimile and Phone Contacts<br>• Cooperate with Government and Regulatory Authorities on Compliance Inspections |
| 6 | Social Groups and Public | • Community engagement<br>• Business compliance<br>• Environmental awareness<br>• Public health education and medical breakthrough | • Corporate Website<br>• Press Release and Announcement<br>• Emails, Facsimile and Phone Contacts |
| 7 | Media | • Responsible marketing<br>• Information disclosure | • Corporate Website<br>• Press Release and Announcements<br>• Emails, Facsimile and Phone Contacts |

## Materiality Assessment

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

### *Identify*

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

### *Evaluate*

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

### *Prioritise*

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

*Validate*

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

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

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

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

### A1: Emissions

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

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

*Greenhouse Gas Emissions*

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

| **Greenhouse Gas Emissions**[1] | 2021 | **2022** |
|---|---|---|
| Direct (Scope 1) Emissions (kg $CO_2e$) | 23,288 | **5,390** |
| Intensity per headcount (kg $CO_2e$) | 123 | **38** |
| Indirect (Scope 2) Emissions (kg $CO_2e$) | 117,459 | **715,268** |
| Intensity per headcount (kg $CO_2e$) | 618 | **4,615** |
| Other Indirect (Scope 3) Emissions (kg $CO_2e$) | 890 | **2,477** |
| Intensity per headcount (kg $CO_2e$) | 5 | **16** |

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

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

*Hazardous and non-hazardous waste*

Owing to the current stage of our business operations, tests which have been carried out in the laboratory are not material to the environment. Even though the laboratory operates in rental premises, we took the full responsibility to monitor the wastewater treatment by reviewing the monthly service report provided by property management agent, where chemical supplies and potential hazardous substances are included. During the Reporting Period, no material hazardous waste was produced.

1 The GHG emissions are calculated with reference to the "Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "2019 China Regional Power Grid Baseline Emission Factors For Emission Reduction Project" issued by the Ministry of Ecology and Environment and the "Emission Factors for Greenhouse Gas Inventories" issued by the United States Environmental Protection Agency.

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

In the year of 2022, the professional team at rented laboratories has continuously implemented the Chemical Hygiene Plan, which outlines policies and procedures designed to eliminate or control hazards associated with the use and handling of hazardous chemicals. Those chemicals used in research laboratories have the potential to be hazardous to employee and public health, which include, but are not limited to, flammables, corrosives, reactives, toxic substances, peroxide forming chemicals, environmental hazards, allergens, etc. All employees involved in research activities or with job responsibilities at the laboratory strictly adheres to the plan. For instance, the policy of materials approved for sink disposal highlights that the sink disposal of hazardous chemicals, including flammable solvents and toxic compounds, is not permitted at the Company. The only chemical materials approved for sink disposal at the Company are: Dilute acids, bases, and buffered solutions with a pH between 6.0 and 10.0, as well as non-toxic, non-hazardous salt solutions in water or other non-hazardous media. In terms of hazardous waste minimization, it can be achieved by reducing the volume of waste generated (to stay below total waste thresholds) or by reducing the toxicity of waste generated (to avoid triggering acutely hazardous waste thresholds). Strategies for waste minimization include reducing the size of chemical orders and experimental volumes, and/or substituting acutely toxic materials with less hazardous alternatives as well as sharing unused chemicals with others in the lab or facility.

Meanwhile, non-hazardous waste is mainly composed of consumption of paper for office administration. The table below summarizes the amount of paper consumed and recycled during the Reporting Period:

| **Non-hazardous Wastes** | 2021 | **2022** |
|---|---|---|
| Paper Disposed (kg) | 250 | **626** |
| Intensity per headcount (kg)[1] | 1.3 | **4.0** |
| Paper Recycled (kg) | 125 | **110** |
| Intensity per headcount (kg)[1] | 0.7 | **0.7** |

The majority of non-hazardous waste generated was 626kg of paper (and intensity of 4kg per headcount), of which 110kg of those were collected and sent to recyclers for processing. We have established controls in waste disposal and management, which are described in the following section.

*Waste Disposal and Management*

In governing the disposal of hazardous waste in the laboratory, the professional management team at our laboratory has established a Solvent Management Plan, which aims to identify and acknowledge sources of hazardous chemicals that would have a damaging impact on the municipal sewer system and outline controls measures to prevent accidental release. Control measures as part of the plan are outlined below:

1 Intensity is calculated by headcount, which the calculation caliber is (number of the total employee at the beginning of the year of 2022 + number of the total employee at the end of the year of 2022)/2

***Control Measures***

| | |
|---|---|
| **Chemical Inventory** | A designated Chemical Hygiene Officer, in coordination with laboratory employees, supervisors, and safety representatives, maintains a list of hazardous chemicals (including all solvents) used and stored in the facility. This inventory control measure ensures that hazardous chemicals are identified upon ordering and receipt and also guarantees that the material is properly stored and disposed of. |
| **Storage and Handling** | All hazardous chemicals are stored in dedicated chemical storage locations. Any chemicals in the vicinity of lab sinks or drains must be stored in secondary containers of sufficient volume to prevent accidental release. |
| **Waste Collection & Disposal** | Solvents consumed and solvent containing solutions are immediately collected as hazardous waste when no longer needed for experimentation. Hazardous waste storage containers are stored in appropriate secondary containers (to prevent spills and accidental release) in dedicated, signed Satellite Accumulation Areas. All hazardous chemical waste is disposed of through a licensed hazardous waste transporter. All shipments are documented via a hazardous waste manifest which are managed by properly trained safety representatives, under the guidance of the Chemical Hygiene Officer, and kept on file in the facility. |
| **Training** | All laboratory employees are provided training covering sink disposal requirements and the appropriate collection and disposal of hazardous waste on an annual basis. Training and training records are overseen by the Chemical Hygiene Officer or a designated safety representative. |
| **Posting and Signage** | This Solvent Management Plan is to be posted in each laboratory area in which hazardous chemicals are used or stored. Additionally, sinks are posted with a "DO NOT POUR CHEMICALS DOWN THE SINK" sign. |

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

## A2: Use of Resources

*Energy Usage*

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

| **Energy Consumption**[1] | 2021 | **2022** |
|---|---|---|
| Petrol (liter) ("**L**") | 8,600 | **3,000** |
| Intensity per headcount (liter)[2] | 45 | **19.35** |
| Electricity (kWh) | 189,088 | **576,226** |
| Intensity per headcount (kWh)[2] | 995 | **3,718** |

In 2022, petroleum was consumed on a company-owned vehicle for transportation purpose and petroleum consumption across the Company during the Report Period was measured to 3,000L, with a resulting intensity of 19.35L per headcount and achieved 65% reduction of petroleum consumption compared to 8,600L consumed in 2021. Besides, our electricity consumption across the Company during the Reporting Period increased to 576,226kWh, with a resulting intensity of 3,718kWh per headcount in 2022. Out of the 83% of the total electricity consumed was from laboratories located in US. Due to the expansion of our business, the workload and scope of experiments in the laboratory have become larger and the number of high-powered laboratory equipment has increased correspondingly.

Furthermore, we fully understand that energy consumption plays a large part of GHG emissions, and we seek to ensure all our business activities are conducted in an energy-conservative matter. As such, we targeted to reduce at least 5% of energy consumption as a 5-year target, and plan to achieve this through tighter controls in the Green Office commitments. In 2022, we have continuously put efforts in energy consumption saving with our green practices in the business operations, through less usage of office utilities by preferring to use more on digital platforms (for example, remote video conferencing), by continuous implementation of tight controls in the Green Office, for instance adopting energy efficient equipment, indoor temperature range control and advocating energy saving behaviors.

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

2 Intensity is calculated by headcount, which the calculation caliber is (number of the total employee at the beginning of the year of 2022 + number of the total employee at the end of the year of 2022)/2

*Water Usage and Other Matters*

The Company regards water consumption as one of the most important things in monitoring its use of resources. During the Reporting Period, level of water consumption across the Company's office premises in four geographical locations is as follows:

| **Water Consumption** | 2021 | **2022** |
|---|---|---|
| Water (cubic meter) | 677 | **4,667** |
| Intensity per headcount (cubic meter)[1] | 3.56 | **30.11** |

The Company has no difficulties in sourcing water fit to our purpose. Owing to our business operations where drug manufacturing is currently outsourced to our suppliers, the Company has limited access to water consumption data on our imported drugs for market sales. Moreover, for water used in our laboratories for research purposes, as the laboratory premise is managed centrally by property management agent, water consumption data for such purpose cannot be quantified for reporting, the same reason applies to Hongkong, Taiwan and Shanghai offices. As per 5-year reduction target, the Company hope to reduce water consumption by 5% within the 5-year period, by involving employees into energy and water saving practices, like taking regular check of unused running taps and leakage from water pipes or faucets, conducting maintenance on water supply system, providing water conservation posters to remind our staff to be mindful of water consumption, and organizing regular trainings to our staff to maintain their awareness. In 2022, our water consumption amount increased due to the increasing irrigation of the increased plantings in the Beijing Office Zone, as well as the waterproofing enhancement and testing work which were carried out on the Beijing office buildings.

Regarding to wastewater treatment, the rented laboratories' property management agent has cooperated with licensed wastewater operators from PPM Industrial Water Services, to check the wastewater treatment system daily, conduct monthly service on the system and review the service by receiving the monthly service report. Our Lab wastewater treatment complied with the pH Neutralization System, in order to treat acidic or alkaline industrial wastewater to protect piping, pumps and meet regulatory discharge limitations.

*Packaging Material Usage*

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

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

1 Intensity is calculated by headcount, which the calculation caliber is (number of the total employee at the beginning of the year of 2022 + number of the total employee at the end of the year of 2022)/2

## A3: The Environment and Natural Resources

*Environmental Impacts from Operations*

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

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

For our laboratory research undergoing at laboratories, our staff are also very vigilant in the use of resources. Strategies for waste minimization are implemented to reduce volume and the toxicity of waste generated is constantly monitored. For example, we actively seek to achieve our experimental targets while keeping the use of resources at a minimal level, and substitute acutely toxic materials with less hazardous alternatives, to name a few implementations. We practiced the pH Neutralization System for the wastewater treatment and the system was daily and monthly checked and monitored by the licensed wastewater operators, in order to treat acidic or alkaline industrial wastewater to protect piping, pumps and meet regulatory discharge limitations. The overall objective of the abovementioned measures is to reduce the impact on our environment and attempt to use as fewer natural resources as possible.

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

### A4: Climate Change

Climate change is recognized as one of the greatest issues confronting humanity today. Annually, we can feel the compounding effects of a deteriorating situation where weather has become more erratic and less predictable, and extreme weather conditions have frequently occurred. High temperatures result in increased electrical appliance usage and higher demands for cold-chain logistics management, while extreme weather events adversely affect business operation such as logistics. Although our business operation may have a relatively smaller carbon footprint, as a responsible corporate citizen, the Company takes the responsibility to reduce emissions and relieve the impact from climate change.

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

- **Physical risks:** The Company has had minimal impact from the environment directly due to our primary operations in drug imports and laboratory research. However, that does not mean that we are immune to the effects of climate change. It can be surmised that with increasing temperatures, there will be increased electricity consumption and higher demands for cold-chain logistics when dealing with pharmaceuticals and chemicals substances. Owing to the fact that our products and laboratory essentials are sensitive to both temperature and humidity, more attention is required to ensure that our facilities and storage are more than adequate to combat increasing temperatures and precipitation. While logistics and storage have been outsourced to a third party, the effects of climate change will result in higher overhead costs for applying more stringent measures in maintaining cold-chain logistics and higher insurance costs for considering more scenarios that might happen to the products. Although there is minimal direct impact from climate change in the face of increasing severity of said extreme weather events such as rainstorms, typhoons and floods, we still need to be prepared for scenarios where the operations of the Company are at risk. For instance, we provide trainings and drills for employees to enhance their awareness and ability to cope with potential disasters or prepare standard operating procedures in the case of such events. It ensures the safety of our employees, allows for operations to be continued well, prevents and minimizes the potential loss and damage of company assets.

- **Transition risks:** Policies are being implemented in transitioning towards a low-carbon and green economy. Modifications to old regulations and the introduction of new regulations are expected soon in many countries and jurisdictions. These regulations will invariably result in risks to the Company such as the change of company operations or future development, and the devaluation of the assets held by the Company. These come in the form of laboratory related technologies, or electrical hardware in office space and storage. Revisions to vehicle carbon regulations could mean a compulsory change to company vehicles to adhere to emission standards. This applies to outsourced logistics too. In the case that updated European emission standards put into practice, older vehicles will be required to be replaced which could cost the Company extra time and money. Therefore, the Company should consider how changing policies and regulations may affect their vendors and suppliers, especially to their outsourced logistics. Should aggressive policies be put in place, this could risk interrupting and damaging business operations and development down the road. Our attitude toward climate change is promoted in the Company, our principles contain guidance to climate risks identification, mitigation and adaptation to help build resilience to potential climate events.

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

Our climate change risk assessment does consider policies and regulations to be introduced in the coming years with the rapidly deteriorating climate cycles. However, by understanding areas that require improvement, we can effectively invest in and improve resilience in business operations. The first step towards a more sustainable future is to reduce energy and resource loss, also increase efficiency. After all, the key to preserving the environment is in the complementarity and moderation of business development and environmental conservation. Our Company promotes such beliefs and culture in protecting the environment and ensuring we are doing our part to curb climate change where possible.

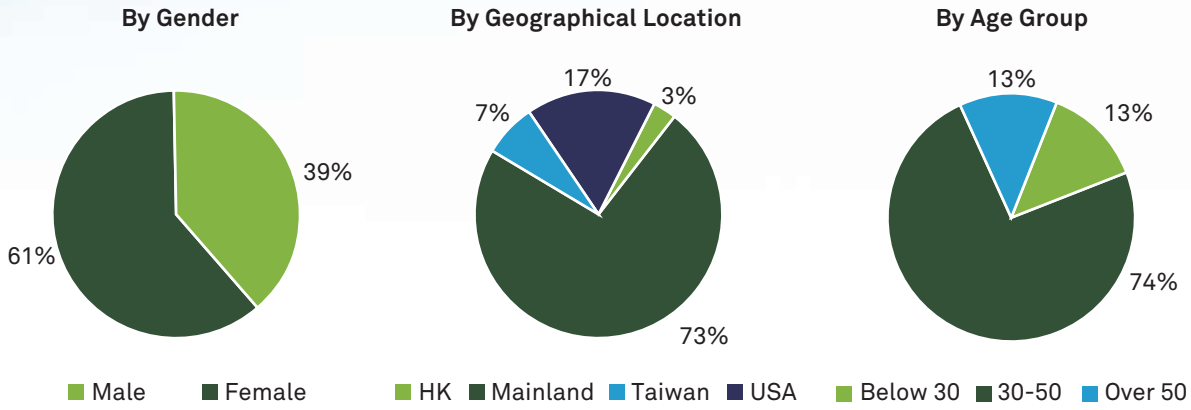
## B1: Employment

*Talent Attraction and Retention*

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

We have established a set of human resources policies and procedures to guide the compensation, dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare of employees, in accordance with relevant employment rules and regulations across our geographical locations. Such human resources policies are regularly reviewed and updated to ensure compliance with the Labour Contract Law of the PRC, Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Taiwan Labor Standards Act and other labour related laws of other countries where we have operations in, while Human Resources department will strictly adhere to such policies by imposing adequate internal controls during the daily operation.

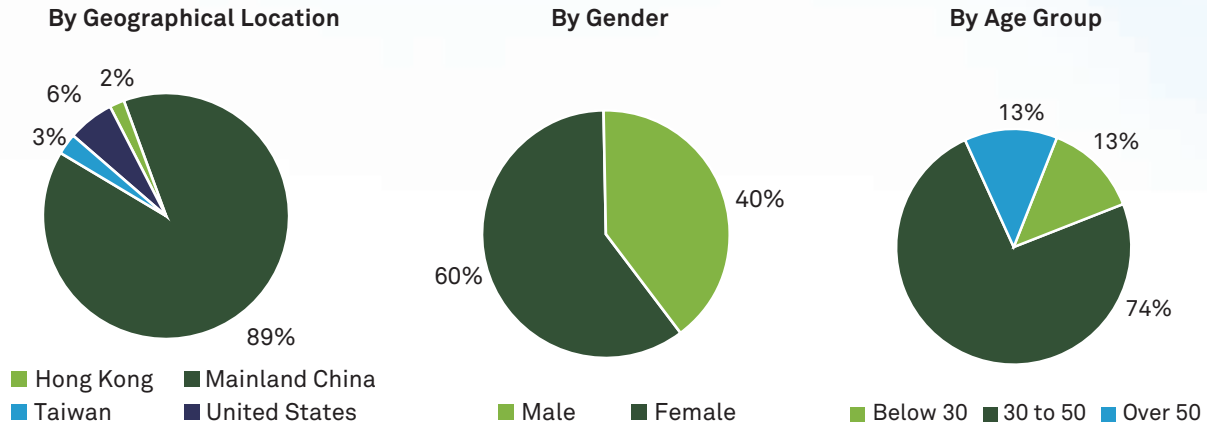
As of December 31, 2022, the Company has 127 employees and 92% of them were full time employees. Distributions of the Company's employees are shown below:




For the year of 2022, there was an increase in terms of employee turnover rate, which was mainly due to the fact that company was in a fast-growing phase, we had proactively laid off some employees to implement the business restructuring. Our employee turnover rate is summarized below:

| Category | | No. of employees terminated per category (total in category) | | % of employees terminated | |
|---|---|---|---|---|---|
| | | 2021 | **2022** | 2021 | **2022** |
| **Geographical Location** | Hong Kong | 2 (8) | **2(6)** | 25% | **33%** |
| | Mainland China | 38 (189) | **78(171)** | 20% | **46%** |
| | Taiwan | 0 (10) | **3(12)** | 0% | **25%** |
| | United States | 5 (21) | **5(26)** | 24% | **19%** |
| **Gender** | Male | 20 (92) | **35(84)** | 22% | **42%** |
| | Female | 25 (136) | **53(131)** | 18% | **40%** |
| **Age Group** | Below 30 | 10 (32) | **14(31)** | 31% | **45%** |
| | 30 to 50 | 32 (182) | **69(163)** | 18% | **42%** |
| | Over 50 | 3 (14) | **5(21)** | 21% | **24%** |

Specifically, there are 88 terminated employees across the Company and employee turnover distribution is as below:




*Compensation and Employee Benefits*

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

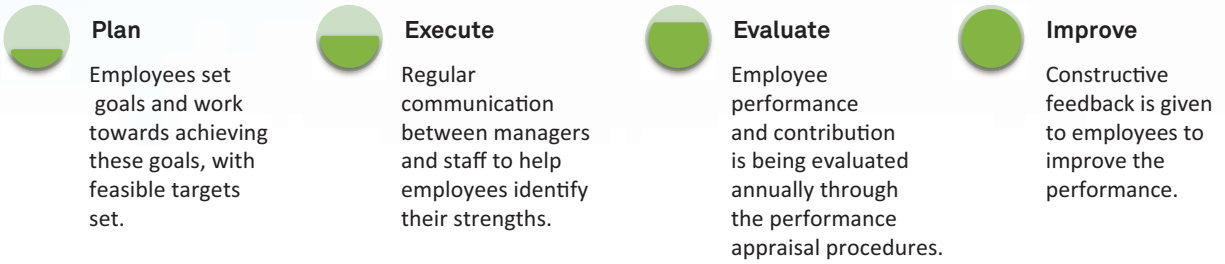
- ***Competitiveness*** – We conduct regular market research and benchmark compensation levels against competitors in similar industries, to ensure our employees are provided with competitive compensation packages.

- ***Performance*** – We believe dedicated employees are key to overcoming challenges in the competitive business environment. As such, individual performance is one of the main drivers of salary growth and promotion.

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

*Career Advancement and Promotion Opportunities*

We provide our employees with ample opportunities for career development and promotion. Every year, we conduct performance reviews of employees through an established performance management mechanism, which is based on the following process:




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

*Wellbeing and Work Life Balance*

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

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

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

*Diversity and Equal Opportunity*

The Company fosters a culture that embraces equality, inclusion and diversity. We firmly believe that an inclusive workplace promotes harmony and fosters collaboration between employees. We acknowledge that teams with greater diversity in aspects such as gender, age, marital status, pregnancy, ethnicity, education, family status and disability, could help us better understand our diverse client needs and the dynamic business environment. Equal opportunities on employment and promotion are provided to employees regardless of their differences, and this is also stipulated in our Employee Handbook. In practice, supervisor or an HR representative will support employees who believe they have been subjected to any kind of discrimination, which conflicts with the company's diversity policy and initiatives. In order to enhance knowledge, all employees are required to attend and complete annual diversity awareness training.

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

## B2: Health and Safety

*Workplace and Occupational Health and Safety*

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

Our laboratory is affiliated with Burlington, which is a shared laboratory environment equipped in infrastructure that fits our specialized needs. As part of company's commitment, laboratory has established Biosafety Manual & Exposure Control Plan, the Chemical Hygiene Plan and the Emergency Action Plan. In details, Biosafety Manual & Exposure Control Plan has clarified the procedures to eliminate or control hazards associated with the use and handling of biological material, and it has been developed in accordance with OSHA requirements outlined in 29 CFR 1910.1030. Laboratory has a well-established Chemical Hygiene Plan, which has been developed in accordance with OSHA requirements outlined in the OSHA Lab Standard (29 CFR 1910.1450). The intent of this document is to provide core guidance on chemical safety, the potential risks and hazards presented by hazardous chemicals in the workplace, and the policies and practices required to minimize the likelihood of exposure. For instance, it outlines the OSHA Standards needed to comply with, and also facility designs, general laboratory safe work practices, chemical hazard classification, exposure minimization and control measures, chemical handling and storage, hazardous waste management which have been mentioned

in section A1 waste disposal and management as well. Furthermore, Emergency Action Plan outlines policies and procedures to provide core guidance on hazards management in the workplace environment and the appropriate emergency response procedures for each incident. These potential incidents include, but are not limited to, fires, chemical or biological spills, medical emergencies, and other injuries, known or suspected exposures, workplace violence, and environmental releases. This manual has been developed in accordance with OSHA requirements outlined in 29 CFR 1910.1200 (OSHA Hazard Communication Standard, 29 CFR 1910.38 (Emergency Action Plans), and 29 CFR 1910.157 (Portable Fire Extinguishers), and fulfills Massachusetts State Regulations outlined in 527 CMR 1.00 (Massachusetts Comprehensive Fire Safety Code), 310 CMR 30.000 (Massachusetts Hazardous Waste Regulations), and 105 CMR 480.000 (Massachusetts State Sanitary Code).

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

The Company has established a sound mechanism in handling any work-related fatalities or injuries. During the Reporting Period, as well as the past four years, there was no work-related fatality happened in the Company , and there was zero lost day caused due to work injury. Also, no material case was identified in terms of non-compliance on health and safety related regulations.

*Employee health and well-being under COVID-19 pandemic*

The COVID-19 pandemic has become one of the most common public health challenges in recent years and CANbridge has continuously taken swift and immediate actions in protecting the health and well-being of its employees. For example, the Company has procured and distributed hygiene supplies such as disinfectants, alcohol swaps and face masks for employees' use. For better hygiene of office areas, more regular cleanings have been performed. Posters related to hygiene advice have been placed in common areas such as pantries, bathrooms, and lifts to remind employees to stay vigilant of maintaining personal hygiene at work. Employees have also been encouraged to practice social distancing in these common areas. Besides, the Company has arranged and sent the vegetable packs to employees during the lockdown period in Beijing and Shanghai in 2022.

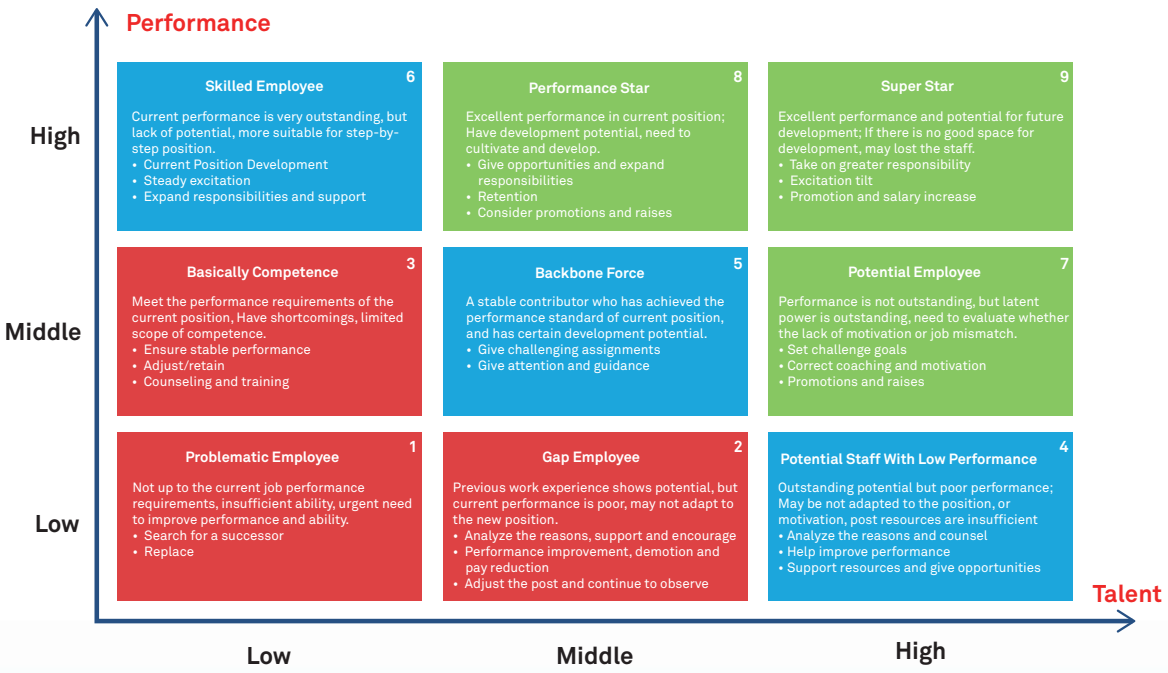
The Company has also actively monitored records of employees' health and travel history on a regular basis, such as arranging leaves for employees who feel unwell and making appropriate alternative working arrangements. To ensure the safety of our employees who continue to work from our testing and research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

## B3: Development and Training

*Staff Training and Professional Development*

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

In the year of 2022, the overall strategy for talent development has been established with the vision "building a global leading commercial team of rare disease". In order to realize the strategy and achieve realistic supports to business, Human Resources department has created the '9 Box Performance Grid' to analyze the talent base and develop the customized plan for skill improvement fully and systematically. Along with setting up capability model, the evaluation criteria and promotion process for staff of different levels, the current talent base is objectively reviewed and evaluated. Further, talent development projects and training programs are initiated for consistently improving team's ability. For instance, star employees defined as higher performance and higher potential are categorized into Talen Training Camp with tailored career mentors and are accounted with greater responsibility. For those employees with the satisfied performance and the moderate potential, they will be assigned with challenging tasks, and suitable online courses will also be configured to them according to their weakness.



Management level employees constitute a decisive factor for the Company to achieve high-quality development, who also play an important role in leading the team to grow. In 2022, the Company constantly develops and explores training courses to help management level staff to master and refine their management skills, for instance, the EMBA and MBA programs are introduced to the management level staff, aiming to help participants quickly learn and master core skills of enterprise operations, and cultivate overall, systematic and developmental strategic decision-making thinking. Moreover, the employees who have strategic-thinking mindset and strong problem solving abilities, are selected into Talent Leadership Program as a reserve for future management team. In 2022, Human Resources department conducted a series of online trainings and offline workshops from May to December, with the main purpose of building an agile team by focusing on improving their innovation and interpersonal skills.

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

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

During the reporting period, a total of 129 employees were trained across four geographical locations, with 2,325.5 training hours in total. In 2022, the average number of hours trained increased to 18 hours compared to 12 hours in 2021. Details on training and development offered to the Company's staff are as follows:

| **Categories** | | 2021 | **2022** |
|---|---|---|---|
| *Percentage of Employees Trained* | | 85% | **101%** |
| **Gender** | Male | 38% | **40%** |
| | Female | 62% | **60%** |
| **Employee Category** | Senior Management | 6% | **13%** |
| | Middle Management | 19% | **27%** |
| | General Staff | 76% | **60%** |
| *Average Number of Hours Trained* | | 12 hours | **18 hours** |
| **Gender** | Male | 10 hours | **7 hours** |
| | Female | 13 hours | **11 hours** |
| **Employee Category** | Senior Management | 12 hours | **2 hours** |
| | Middle Management | 14 hours | **5 hours** |
| | General Staff | 11 hours | **11 hours** |

## B4: Labour Standards

*Anti-Child and Forced Labour*

The Company is firmly convinced that right talents can only be attracted, recruited and retained through legal and ethical employment practices. The Company strictly prohibits any use of child or forced labour in business operations. All employees are recruited in strict compliance with local labour laws and regulations and their positions are subject to legal contracts with detailed terms and conditions of employment to protect both the employees and the Company. Reference and background checks for each new hire have been performed to protect the Company's reputation and ensure a safe working environment to all employees. If hiring of child labour is discovered, it would be reported to senior management for immediate follow up action. In addition, when engaging with suppliers and contractors, the Company would also take active steps to screen out potential parties that are known to engage with child or forced labour. The Company constantly reviews its employment practices to ensure strict compliance with relevant laws such as the Employment Ordinance (Cap. 57) of Hong Kong, labor contract law of PRC (2008 version), the Labor Standards Act of Taiwan, as well as the Fair Labor Standards Act of the United States.

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

## B5: Supply Chain Management

*Responsible Supply Chain Management*

Pharmaceutical companies often have complex supply chains and the Company has established the responsible supply chain management framework in order to standardize and strengthen supplier management, to reduce procurement risks and maximize overall value proposition in terms of quality, cost, service and efficiency.

*Supplier Selection Process*

The Company implements a strict supplier selection process to ensure the competence and suitability of suppliers. Factors considered in this process include but not limited to experience, reputation as well as possession of relevant licenses. Regarding to the evaluation criteria of suppliers, we have set the detailed requirements from business perspectives, including assessing services provided and technical parameters, quality certifications, technical, R&D and innovation capabilities, as well as suppliers' legal, safety, health and environment conditions. For instance, we have strictly selected suppliers, which have never been the subject of any criminal or administrative investigation, or subject to any criminal or administrative penalty, due to its material violation of any anti-corruption, anti-money laundering, anti-trust, environmental protection.

The Company would not select suppliers with the following characteristics:

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

According to the Company's policies on procurement, selected suppliers are classified into three classes of risks, namely Class A (High Risk), Class B (Medium Risk), and Class C (Low Risk). If proposed business has any relationship or contact with any Healthcare Professional or Government Official, irrespective of whether the business is related to the principal business of the Company, the supplier is classified as high risk and as Class A type, or will be classified as low risk and as Class C Type to the contrary. Prior to the entry into, renewal or extension of any business relationship, a due diligence shall be conducted to the extent necessary and reasonable in accordance with "Third-party Supplier Compliance Provisions" and "the Procurement Management Process". In particular, "Third-party Supplier Compliance Provisions" in principle shall apply to Class A (High Risk) strictly, and to Class B (Medium Risk) as a reference, and to Class C (Low Risk) flexibly. Internal control mechanisms are in place to ensure suppliers with different classes of risks meet respective requirements during the supplier selection process.

*Supplier Monitoring Regime*

All suppliers are required to complete a "Third-Party Supplier Questionnaire" and a "Standard Compliance Clauses for the Third-Party Suppliers" as part of the supplier selection process. For the purpose of monitoring our suppliers from time to time and ensuring their continuous compliance, the department that procures the goods or service is responsible for monitoring the supplier's performance, and regularly tracking the suppliers' activities which should match with the company's business objectives.

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

The Company also actively monitors its suppliers' performances against predetermined cooperation criteria. An overall performance assessment will also be conducted at the end of contractual relationship to serve as a reference for supplier selection in the future. The Company continuously maintains a close and long-term relationship with qualified suppliers and contractors to guarantee a stable supply chain for business operations.

*Our Suppliers*

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

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

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

## B6: Product Responsibility

*Product Safety and Service Quality*

The Company is committed to producing high quality products to our clients. We have maintained a comprehensive quality management system to standardize all aspects of products and services, spanning from initial clinical trial stage to product commercialization and marketing. The Company strictly complies the laws, rules and regulations of relevant geographical locations in relation to assurance and product safety such as the Drug Administration Law of the People's Republic of China and Good Manufacturing Practice of National Medical Products Administration, Import and Export Ordinance (Cap. 60) and Control of Chemicals Ordinance (Cap. 145) of Hong Kong, Pharmaceutical Affairs Act, Regulations on Management of Medicament Samples and Gifts, and Regulations Governing the Trace and Track System for Medical Products of Taiwan.

***Elements of Control***

| | |
|---|---|
| **Drug Import** | Quality of our imported drugs are ensured as the Company only procures from sources that are in compliance with related regulations and standards, such as the Drug Administration Law of the PRC, and Regulations for the Implementation of the Drug Administration Law of the PRC, Standards for Quality Control of Pharmaceutical Production (GMP 2010), Import and Export Ordinance (Cap. 60) and Control of Chemicals Ordinance (Cap. 145) of Hong Kong. |
| **Inventory Control** | To ensure traceability of our products, the Company has assigned staff to keep track of daily inventory flows and maintain relevant records. The Company has also designated staff with professional pharmaceutical knowledge to perform quality checks upon receiving products, manage storage condition and report to government authorities in accordance with relevant laws and regulations. |
| **Intellectual Property Rights** | The Company strictly abides by the Trademark Law of the PRC and Patent Law of the PRC and other related laws and regulations and establishes procedures to respect and protect relevant intellectual property rights. The company has established IP register to track the status of each IP and established Intellectual properties rights, IP and trademark SOP, including the main responsibilities of Business Development and Project Management Department for IP management. Moreover CANbridge has hired a third party IP consultant to assist in tracking competitor patents. |
| **Product Recall** | The Company has signed license agreements with the license holders and the business agreements with distributors to address the responsibilities and scope of product recalls. Even though we are not facing the end customers directly, SOPs for Recall Management have been established internally to initiate and manage the recall process when quality issues occur and result in product recalls. The recall process includes the initiation, notification, implementation and assessment to ensure the impact products had been strictly controlled and disposed. |
| **Complaint Handling** | We constantly strive to maintain the quality of our products and customer relationship, and have a sound feedback mechanism in place for customers to raise any problems or comments to us. We have regulated the standard procedures for receiving customer complaints, investigating, handling, and responding to ensure complaints are handled with care and diligence. In case that the customer raised the complaints, distributors would communicate and coordinate with our Quality Assurance Department in the prompt manner and resolved the complaint promptly with good customer satisfaction. |

**Compliance Marketing**

CANbridge has established the "Code of Interaction with Healthcare Professionals (HCPs), Patients and the Public", which provides guidelines on business behaviors performed during all kinds of pharmaceutical awareness activities and interactions, including promotion of CANbridge's pharmaceutical products and interactions with entities such as HCPs, healthcare organizations, patients, patient organizations, and charitable entities.

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

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

*Data Privacy and Protection*

We value the confidentiality of personal data and are committed to protecting stakeholder information with care. We are trusted to keep the information shared to us in a safe and secure manner. Hence, we have implemented strict data protection measures in compliance with the statutory requirements relating to data privacy protection in our operating jurisdictions to fulfill a high standard of data security and confidentiality. In the year of 2022, CANbridge has practiced Data Management Plan (DMP) in accordance with the guidelines of the National Medical Products Administration (NMPA), which has taken into account the characteristics of data collection systems and the common data management practices in the industry, both domestically and internationally. Six data protection principles upheld by the Company include:

**Collection Purpose and Means**

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

**Accuracy and Retention**

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

**Use of data**

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

**Data Security**

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

**Data Openness**

Data provider would be notified of the type of personal data being held by the Company, as well as the policies and guidelines on handling such data.

| | |
|---|---|
| **Data access and Correction** | Copy of personal data with be given to the data provider upon request. Data providers are able to request for correction of any data records where necessary. |
| **Collection Purpose and Means** | Data is collected in a lawful and fair way, with purpose of data collection communicated to the data provider. Only necessary data would be collected. |

Information Technology Policies and Procedures sets out the principles for sound information security management of the Company to protect the business by managing the risks arising from unauthorized disclosure or distribution of confidential or sensitive information. For instance, the Company has well established data privacy and protection policies and procedures, including the "Guideline on Personal Information Protection". These policies are also regularly reviewed and updated by management to ensure they are sufficient to counter evolving threats on data privacy, and compliance to increasingly stringent data privacy laws. The Company has also established a complaint handling mechanism, in which staff and members of the public can file a complaint to the Compliance Department for handling and follow-up. In the year of 2022, the Company implemented the EDC system to protect patients' private information and health data involved.

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

### B7: Anti-corruption

*Anti-corruption and Anti-money Laundering*

The Company has realized that business integrity, openness and honesty are core values in conducting businesses. We do not tolerate any forms of corruption, bribery, extortion, money-laundering and other fraudulent activities, and all staff are required to uphold their personal and professional conduct. Key policies has been established and circulated among the entire business lines, including "Anti-Corruption Guideline Policy", "Anti-Money Laundering Compliance Provisions", "Anti-Monopoly and Fair Competition Compliance Policy" and "Whistleblowing and Anti-Fraud Policy" to ensure all staff are aware of and comply with relevant requirements at all times. As we have also realized that it is important to avoid commercial bribery and achieve sales with business ethics, anti-commercial bribery policies are formulated and strictly implemented, which includes Medical Advisors Engagement Compliance Provisions, Entertainment/Hospitality, Travel Support and Gifts Compliance Provisions, Third-Party Supplier Compliance Provisions, and Code of Interaction with HCPs, patients and the Public. The policies are available in both English and Chinese to ensure full understanding by our staff from different regions. These policies are also accessible on the Company's intranet for easy staff reference. The Company's policies and procedures on anti-corruption and money laundering were prepared in accordance with relevant laws and regulations, including but not limited to the Anti-Money Laundering Law of the People's Republic of China, the Anti-monopoly Law of the People's Republic of China and the Foreign Corrupt Practices Act in U.S.

The Company has also established "Whistleblowing and Anti-Fraud Policy", which sets forth the procedures for the receipt, retention, and treatment of complaints received by the Company, relating to any suspected cases of fraudulent activities or irregularities observed in our business operations. This policy is being implemented in accordance with the Company's commitment to good corporate governance and a culture of zero tolerance towards unethical conduct, non-compliance, fraud or corruption in its activities. The Company will not tolerate any harassment, threats or acts of retaliation or any type of discrimination or other adverse employment action against any employee who makes a complaint or assists in an investigation with good faith. The Audit Committee has overall responsibility for this policy and procedures for processing complaints and reported fraud cases. Dealing with complaints or reported fraud cases include 3 steps, which respectively are handling and monitoring, completion of investigation and retention of whistle-blowing records. Any investigation results would be notified to the Audit Committee and CEO of the company. Upon completion of the investigation, the Audit Committee shall review the results and determine the corrective action. If Complainant is not satisfied with the outcome, they could raise the matter again to Audit Committee. Furthermore, the Company has established effective risk management and internal control systems, which is periodically reviewed and updated to help detect anti-corruption action.

In the year of 2022, the Company provides regular compliance training and workshops for staff with a full coverage rate of 100%. Training topics include major anti-corruption laws and conventions, discussion on bribery and corruption related cases, and updates on the Company's relevant policies and procedures. Training materials are also provided to all staff, to ensure their understanding of compliance requirements, thereby raising their awareness of anti-corruption and anti-money laundering practices.

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

### B8: Community Investments

We aim to build a sustainable community by supporting local initiatives that create effective and lasting benefits to the community, mainly including corporate philanthropy, establishing community partnerships, and mobilizing our employees to participate in volunteer work. The Company is enthusiastic in contributing and giving back to our society. As a pioneer in developing rare disease therapies in China, we are playing an active role in advancing the rare disease industry and shaping the rare disease ecosystem in China, by working closely with key stakeholders including regulatory authorities, key opinion leaders (KOLs), doctors, patients through patient registry and advocacy groups, center of excellence, as well as reimbursement and insurance institutions. In 2023 February, CANbridge was listed in the "Annual Enterprise List of Chinese Social Values" by South Reviews, which has conducted and published the annual list for 18 consecutive years in order to promote role models of social value to the public. This honor recognizes CANbridge's outstanding contribution in practicing social values and undertaking social responsibilities in the field of rare disease medicine innovation from 2021 to 2022.

As such, the Company proactively participates in charitable activities and makes donations. We aim to help perfect the multiple-layer system of protection and benefits for rare disease patients and reduce their families' burden. In the year of 2022, we continuously partnered with Chinese Primary Healthcare Foundation in delivering special care project named "CANcare" for rare disease patients. We truly valued the service needs of mucopolysaccharidosis type II (MPSII) patients and established a one-stop service system to accompany rare disease patients throughout the life cycle, including online expert live broadcasts, offline free consultations, and offering call centers and advisory groups, in the purpose of providing convenient and sustainable access to effective treatment methods and ultimately improving the life quality of patients.

In addition, our community investments are also largely focused on developing the pharmaceuticals and healthcare industry so that more medical professionals are cultivated for the succession of invaluable medical knowledge, skills and experience. This is shown through our donations and sponsorship of numerous medical groups and societies and their areas of research and practice. In 2022, we supported Chinese Organization for Rara Disorders (CORD) to incubate the 1st Alagille Syndrome patient organizations group, and donated around HKD462,000 to support the investigation of the economic burden of patients with MPS II which was conducted by Beijing Society of Rare Disease Diagnosis Clinical Care and Accessibility (BSRCA), as well as supported Chinese Society of Pediatric Endocrinology and Metabolism (CSPEM) to collect MPSII cases, and Taiwan HOPE Foundation for cancer Care (HOPE)'s breast cancer health education promotion program. Besides, we cooperated with China Primary Health Care Foundation (CPHCF), successfully built a one-stop service platform for patients diagnosed with mucopolysaccharidosis type II disease, and boosted Hunterase listing in commercial insurances in provincial and city levels under multi-level collaborations with different stakeholders.

Moreover, we sponsored medical groups and societies in holding symposiums, conferences, workshops and forums in order to facilitate exchange of medical knowledge amongst industry professionals, discuss the status of rare diseases in China, build up rare disease diagnosis and treatment collaboration and exchange ideas on latest clinical research progress in different fields. We hope such sponsoring activities would enable us to contribute for accelerating groundbreaking discoveries that lead to the betterment of the society. Donations are also made to specific charities, especially those in support of rare diseases and oncology that align with our area of business. Below is a non-exhaustive list of examples of events that we have supported during the Reporting Period:

| Geographical Location | Supported Groups and Events |
|---|---|
| **Mainland China** | • 2022 China Conference on Rare Diseases<br>• The 21st National Conference on Pediatric Endocrine and Genetic Metabolic Diseases<br>• The 26th Congress of Chinese Pediatric Society |
| **Hong Kong** | • Breast Cancer Conference 2022<br>• Union Hospital Symposium on Oncology Treatment 2022 Advances in Technology and Future Developments |
| **Taiwan** | • 2022 Taipei International Breast Cancer Symposium held by Taiwan Breast Cancer Society<br>• 2022 International Neoadjuvant Symposium<br>• 2022 Taiwan Chang Gung Alliance (TCGA) Medical Summit (TNBC, HER2) |

In addition to corporate events, we have supported our employees to organize and participate in charitable initiatives, which are in alignment of our core values. We also encourage our employees to make contributions in both financial and non-financial ways such as volunteering or donating for charitable causes. In 2022, our employees participated in volunteer activities in many cities in China, such as free consultations for MPS patients in Fuzhou and Zhengzhou, and free consultations for ALGS patients in Wuhan and Shenyang, as well as the International MPS Care Day activities held with China Primary Health Care Foundation and Beijing Zhengyu Mucopolysaccharide Care Center.

In 2022, the Company has invested approximately HKD6,336,000 in donations, as well as hours in 134 hours of service participating in community activities across Mainland China, Hong Kong and Taiwan.

## APPENDIX: CONTENT INDEX FOR HONG KONG EXCHANGE ESG REPORTING GUIDE

| General Disclosures and KPIs | Description | Reference Section |
|---|---|---|
| **Environmental** | | |
| **Aspect A1: Emissions** | | |
| General Disclosure | | Greenhouse Gas Emissions; Hazardous and non-hazardous waste; Waste Disposal and Management |
| KPI A1.1 | The types of emissions and respective emissions data. | Greenhouse Gas Emissions |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Greenhouse Gas Emissions |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Hazardous and non-hazardous waste; Waste Disposal and Management |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Hazardous and non-hazardous waste; Waste Disposal and Management |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Greenhouse Gas Emissions |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Hazardous and non-hazardous waste; Waste Disposal and Management |
| **Aspect A2: Use of Resources** | | |
| General Disclosure | | Energy Usage; Water Usage and Other Matters; Packaging Material Usage produced. |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Energy Usage |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Water Usage and Other Matters |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Energy Usage |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Water Usage and Other Matters |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Packaging Material Usage |

| General Disclosures and KPIs | Description | Reference Section |
|---|---|---|
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | | Environmental Impacts from Operations |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them. | Environmental Impacts from Operations |
| **Aspect A4: Climate Change** | | |
| General Disclosure | | Climate Change |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Climate Change |
| **Social** | | |
| **Aspect B1: Employment** | | |
| General Disclosure | | Talent Attraction and Retention; Compensation and Employee Benefits; Career Advancement and Promotion Opportunities; Wellbeing and Work Life Balance; Diversity and Equal Opportunity |
| KPI B1.1 | Total workforce by gender, employment type (for example, full – or part time), age group and geographical region. | Talent Attraction and Retention |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Talent Attraction and Retention |
| **Aspect B2: Health and Safety** | | |
| General Disclosure | | Workplace and Occupational Health and Safety |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Workplace and Occupational Health and Safety |
| KPI B2.2 | Lost days due to work injury. | Workplace and Occupational Health and Safety |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Workplace and Occupational Health and Safety; Employee health and well-being under COVID-19 pandemic |

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

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