



Akesobio

康方生物科技(開曼)有限公司

Akeso, Inc.

(Incorporated in the Cayman Islands with limited liability)

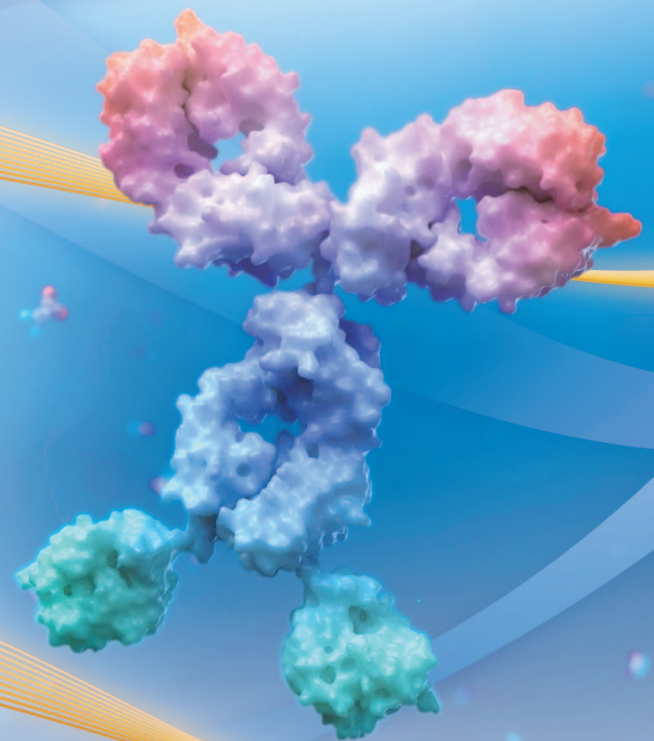
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 9926

2022

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

環境、社會及管治報告



开坦尼®

卡度尼单抗注射液

Cadonilimab Injection

125mg(10mL)/瓶

Akesobio 康方药业有限公司

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1 ABOUT THIS REPORT

OVERVIEW

This report is the third environmental, social and governance (ESG) report issued by Akeso, Inc. for the period covering January 1, 2022 to December 31, 2022.

BASIS OF PREPARATION

This report is prepared in compliance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The contents of this report are determined according to a set of systematic procedures, which include identifying and ranking key stakeholders and prioritizing material ESG issues, setting the scope and boundary of the ESG report, collecting relevant information and data, preparing reports based on such information, and reviewing the data contained herein.

This report is prepared in line with the reporting principles of materiality, quantification, balance and consistency. In this report, the Company illustrates how to identify and engage with our stakeholders, and determines the materiality matrix and key issues. On this basis, the Company has made quantitative disclosures on the key performance metrics and ensured that the report on its ESG performance is comprehensive and fair.

REPORTING SCOPE

The disclosure scope in this report is consistent with the 2022 annual report of Akeso, Inc., including the financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

EXPLANATION FOR ABBREVIATIONS

For better presentation and understanding, each of “Akeso, Inc.”, “the Company” and “we” or “us” refers to “Akeso, Inc.” in this report.

SOURCE OF DATA AND RELIABILITY ASSURANCE

The data and other information contained in this report are mainly extracted from the relevant documents, reports and statistic results of Akeso, Inc. Akeso, Inc. undertakes that this report contains no false information or misleading statements, and is responsible for the truthfulness, accuracy and completeness of its contents.

CONFIRMATION AND APPROVAL

Upon the confirmation of the management, this report has been approved by the Board on March 15, 2023.

2 STATEMENT OF THE BOARD

The Board of Directors of the Company attaches great importance to the management and supervision of ESG issues. We have established the Company's ESG governance system in accordance with the requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange. We continuously promote the improvement of ESG governance system, and actively integrate ESG into the Company's major decisions and business practices, to practically fulfill the social responsibilities of an enterprise and to seek long-term stable development.

As the highest governance unit of the Company, the Board of Directors is fully responsible for the ESG governance of Akeso, Inc. Through conducting annual risk assessment and regular stakeholder communication, the Board of Directors identifies and assesses the ESG-related risks and opportunities which may have a potential impact on the operation of the Company, clarifies the key areas of the Company's ESG governance, and is endeavored to mitigate the impact of ESG-related risks through proactive actions. The Board of Directors has been involved in the materiality assessment of ESG issues for the year and has approved and confirmed the materiality analysis results.

The Board of Directors is responsible for formulating the Company's development strategies and course of action, setting ESG goals related to business operations, regularly overseeing and reviewing the implementation progress of such goals, and offering suggestions on actions for the projects that need to be improved. The Board of Directors holds at least one meeting every year to listen to the report of the internal working group on ESG work and review the annual Environmental, Social and Governance Report.

3 ESG MANAGEMENT

3.1 MANAGEMENT MECHANISM OF ESG

In order to guarantee the sustainable enterprise development, the Company establishes a closed-loop management system covering decision-making, execution, and reporting in combination with the business development and regulatory requirements, ensuring that the ESG management can be put into practice.

As the highest governance unit of ESG matters, the Board of Directors is responsible for directing and monitoring the ESG matters of the Group, deliberating the ESG-related visions, strategies and management approach of the Company, regularly reviewing the accomplishment of ESG objectives and the progress of ESG practices made against ESG-related goals and targets, to ensure that the Company establishes a sound and effective ESG management system.

Under the Board of Directors we have set up an Environmental, Social and Governance Work Group (the “ESG Work Group”) to coordinate with the administrative and facilities department, the environment, health and safety (EHS) department, the human resources department, the manufacturing department, the logistics and procurement department and the quality control department for organizing and initiating ESG tasks. The ESG Work Group is responsible for formulating ESG work plan, defining the annual ESG work focuses in line with the business conditions and stakeholders’ expectations, perfecting the assessment standards, monitoring ESG performances and reporting to the Board regularly.

3 ESG MANAGEMENT (Continued)

3.2 COMMUNICATION WITH STAKEHOLDERS

Being aware of the importance of stakeholders to the enterprise development, Akeso, Inc. continually pays attention to their expectations and demands, gives feedback in a timely manner, and continuously enhances the Company's ESG management planning and actions on the basis of such expectations and demands. We strive to establish a diverse and effective communication mechanism to maintain close relationship with different stakeholders, and continuously improve our corporate management through regular communications and feedbacks in order to achieve sustainable development.

Table 1: List of stakeholder engagement of Akeso, Inc.

Stakeholders	Concerns	Communication and engagement channels
Shareholders	Compliance operation Corporate governance enhancement Transparent information disclosure International strategic cooperation	Implementation of relevant policies Strengthening of anti-corruption measures Efficient operational system Enhancement of corporate governance Convening of shareholders' general meetings Improvement of communication with shareholders Regular information disclosure Optimization of cooperation platform
Customers	Product quality control Innovative research and development platform Customer services Protection of intellectual property rights International strategic cooperation	Establishment of a comprehensive quality control system Enhancement of productivity Improvement of research and development and innovation capacity Launch of customer satisfaction survey Stringent protection measures for intellectual property rights Optimization of cooperation platform
Employees	Caring for employees Occupational health and safety Employee ability training Employment policy Remuneration and benefits	Fostering of corporate culture Introduction of employee communication mechanism Enhancement of employee benefits Employee stock incentive plan Safeguarding of employees' health and safety Organization of training sessions for employees Fair recruitment Provision of reasonable remuneration packages Provision of reasonable promotion path

3 ESG MANAGEMENT (Continued)

Stakeholders	Concerns	Communication and engagement channels
Government	Operational compliance Transparent information disclosure Environmental protection Emission management Energy saving	Implementation of relevant policies Enhancement of corporate governance Strengthening of anti-corruption measures Regular information disclosure Compliance with the environmental protection laws and regulations Reduction of pollutant emission Resources saving
Suppliers	Procurement management Compliance operation	Strengthening of procurement management Implementation of relevant policies Strengthening of anti-corruption measures
Community and public	Promotion of local employment Charitable activities for the community Environmental protection Emission management Energy saving Use of materials/resources	School-enterprise cooperation Organization of charitable activities Compliance with the environmental protection laws and regulations Reduction of pollutant emission Enhancement of material and resource usage efficiency

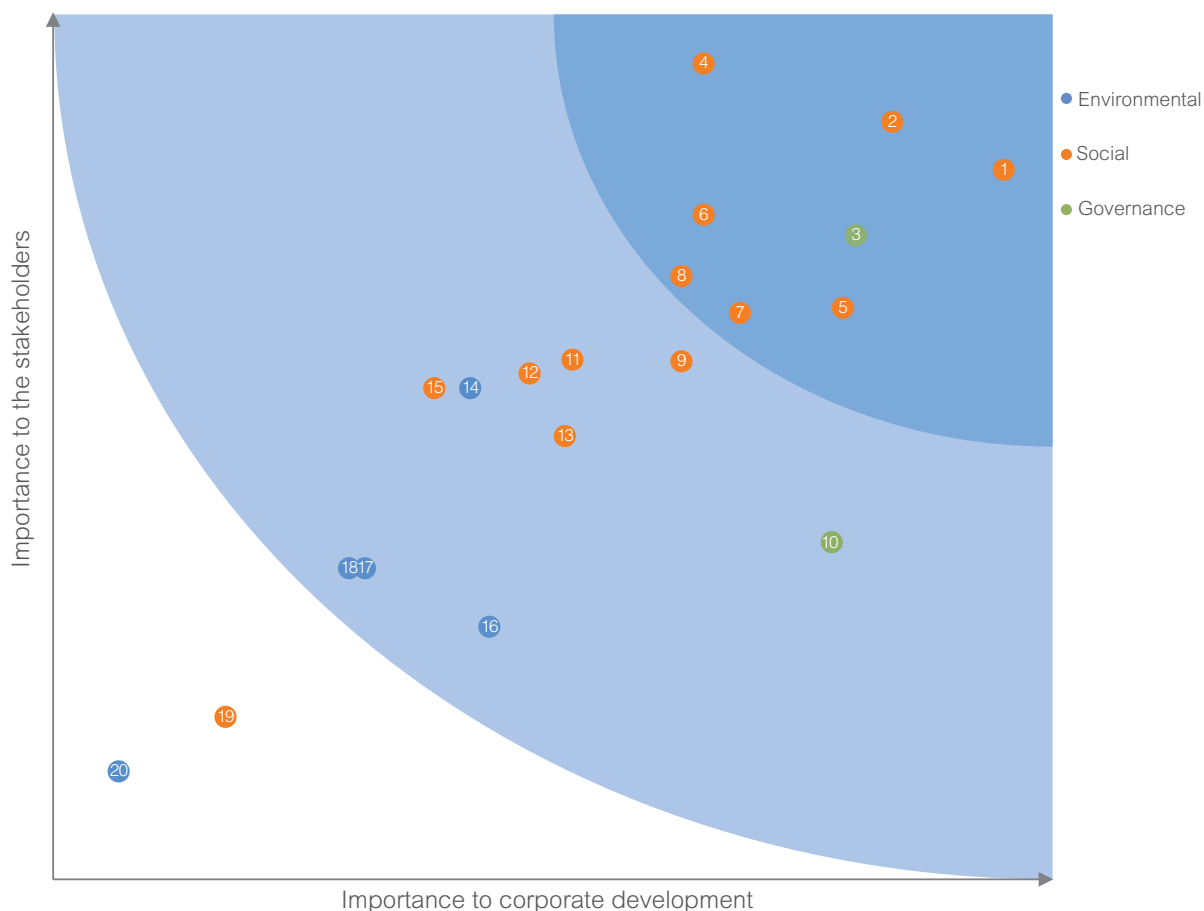
3.3 MATERIALITY ANALYSIS

Through external analysis on policy research, peer benchmark and industry trend survey, and based on the review of material ESG management issues of Akeso, Inc. in 2021 as well as the business development of the Company in 2022, we identify and assess material ESG issues of Akeso, Inc. that reflect the economic, environmental and social impacts of the Company's business.

Based on the materiality assessment result of the ESG issues of the Company from various stakeholders, we identified 20 ESG issues that have material effects on Akeso, Inc., including 8 highly important issues, 10 moderately important issues, and 2 general issues.

3 ESG MANAGEMENT (Continued)

Materiality Matrix of ESG Issues of Akeso, Inc. in 2022



Highly important issues	Moderately important issues	General issues
1. Safety of clinical trial	9. Data and Privacy security	19. Community engagement
2. Product quality and safety	10. Compliance with business ethics	20. Response to climate change & greenhouse gas management
3. Corporate governance	11. Supply chain management	
4. Product R&D and innovation	12. Access to healthcare	
5. Protection of intellectual property rights	13. Employment compliance	
6. Employee rights and benefits	14. Emission management	
7. Occupational health and safety	15. Industry cooperation and development	
8. Employee development and training	16. Material/resource usage	
	17. Water usage	
	18. Energy usage	

Fig.1: Materiality Matrix of ESG Issues of Akeso, Inc. in 2022

4 PRODUCT RESPONSIBILITY

4.1 QUALITY MANAGEMENT

4.1.1 Drug Manufacturing

Akeso, Inc. strictly complies with relevant laws and regulations in relation to products and services provided, including but not limited to the *Drug Administration Law of the People's Republic of China* (《中華人民共和國藥品管理法》), the *Administrative Measures for Drug Registration* (《藥品註冊管理辦法》), the *Administrative Measures for the Supervision of Pharmaceutical Manufacturing* (《藥品生產監督管理辦法》), the *Good Manufacturing Practice* (《藥品生產質量管理規範》) (GMP), and has enhanced quality management systems and procedures for drug discovery and development, non-clinical research, clinical trials and commercialization manufacturing continuously in accordance with the requirements of GMP and International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) Q10 pharmaceutical quality system. Akeso, Inc. carries out the comprehensive management of drug quality and adheres to the safety and effect of drugs so as to enhance the accessibility and affordability of new high-quality antibody drugs.

In order to fulfill the enterprise responsibility, Company added the *GMP Records Management Procedures* (《GMP記錄管理程序》), the *Self-inspection Management Procedures* (《自檢管理程序》), *Management Procedures of Corrective and Preventive Action (CAPA)* (《糾正預防措施(CAPA)管理程序》), and *Management Procedures for the Authorization of GMP Production Quality and the Authorized Production* (《GMP生產質量授權與受權行為管理程序》) to its internal systems in 2022, strengthening the safety and quality in manufacturing. Meanwhile, in accordance with the regulatory requirements, the customers' expectations and the annual quality review, we gradually amend and refine our management procedures, such as *Management Procedures for Annual Review of Product Quality* (《產品年度質量回顧管理程序》), *New Regulations Review Management Procedures* (《法規查新管理程序》), *Document Management Procedures* (《文件管理程序》), *Change Control Management Procedures* (《變更控制管理程序》), and *Deviation Management Procedures* (《偏差管理程序》), to keep promoting the standardization of the quality management system.

We emphasize in identifying and managing product quality risks. We have standardized the identification, assessment and management of risks in accordance with the *Quality Risk Management Procedures* (《質量風險管理程序》), which covers the entire life cycle of products including research and development, manufacturing, sales and withdrawal. The quality management department makes qualitative, quantitative and semiquantitative assessments and analysis of projects with potential risks by using failure mode and effect analysis (FMEA), hazard analysis and critical control points (HACCP), fishbone diagram, process capability analysis, and regression analysis, identifies the types, likelihoods and possible consequences of risks, carries out hierarchical management based on the assessment results and formulates measures accordingly to control risks.

4 PRODUCT RESPONSIBILITY (Continued)

According to the relevant requirements of the drug regulators, we have developed the product recall management programs, such as the *Product Recall Management Procedures* (《產品召回管理程序》), the *Reject Management Procedures* (《不合格品管理程序》), the *Return Handling and Management Procedures* (《退貨處理管理程序》), formulate product recall mechanism, take necessary recall measures for product quality complaints, adverse reactions and other incidents based on the types and seriousness of the potential safety hazards, and destroy the products returned due to any quality problem after the information recording. During the Reporting Period, the Company did not experience any sold or shipped products recall due to safety and health concerns, and there were no product-related complaints.

In addition, we formulate regular training and qualification assessment for our quality system-related employees at all levels each year, covering drug management policies and regulations, GMP for pharmaceuticals, fundamental knowledge of microbiology and hygiene, to improve their awareness of quality risks and quality management capabilities, and to ensure the compliance of our pharmaceutical production and quality management.

4.1.2 Product Research and Development

Research and Development Management

Akeso, Inc. keeps standardizing the clinical trial standard and continuously deepens the research and development (R&D) management capabilities. Abiding 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 *Good Manufacturing Practices (2010 revision)* (《藥品生產質量管理規範(2010年修訂)》), the *Clinical Investigational Product (Trial)* (《臨床試驗用藥品(試行)》) and other laws and regulations, we formulate 155 standard operating procedures (SOPs) related to clinical trial management, such as the *Drug R&D Management Guidelines* (《藥物研發管理指南》), the *R&D Department Management Guidelines for Quality Risk Assessments* (《研發部門質量風險評估管理指南》), the *R&D Lab Management Guidelines for Clinical Sample Stability Tests* (《研發實驗室臨床樣品穩定性試驗管理指南》), which cover various aspects such as file management, clinical operation, clinical medical research, pharmacovigilance, data collection and management, and supplier management, to promote the development and effective operation of R&D quality systems. In addition, we make internal assessments and engage third parties to conduct inspections to ensure the process compliance, product safety and data reliability for clinical trials.

In order to improve the process management and quality control for our clinical trials projects, we further refine our R&D quality management system in 2022, updating the systems and processes throughout the R&D phase by optimizing the clinical document management, enhancing risk assessments and responses, improving experimental operation skills, and strengthening experimental data backups, so as to practically reduce the quality and safety risks for drugs.

During the non-clinical research stage, we carry out trials and researches in accordance with the *Good Laboratory Practice (GLP)* (《藥物非臨床研究質量管理規範》), and conduct on-site audit of the outsourced researchers to ensure that those researchers are in compliance with GLP, ISO 17025:2005 *General requirements for the competence of testing and calibration laboratories* (《檢測和校準實驗室能力的通用要求》) and ISO 15189:2012 *Medical laboratories — Requirements for quality and competence* (《醫學實驗室質量和能力認可準則》).

4 PRODUCT RESPONSIBILITY (Continued)

Adherence to Ethics

Adhering to the ethics of pharmaceutical research and development, we prioritize our concerns for the interests and safety of subjects in our clinical trials. We follow the principles of *Declaration of Helsinki* (《赫爾辛基宣言》), in accordance with the *Measures for the Ethic Review of Life Sciences and Medical Science Research Involving Human* (《涉及人的生命科學和醫學研究倫理審查辦法》) and other requirements, explicitly stipulate that each subject is required to execute *Informed Consent Form* (《受試者知情同意書》) before participating in any clinical trial, The *Informed Consent Form* clarifies that subjects shall have the right to know the trial plan and may reject or drop out of the trial at any time, practically guaranteeing the rights for informed choice. Besides, we strictly protect the personal information of clinical trial participants to prevent the harms and risks arising from any privacy leaks.

Pursuant to the ethics of animal experiments, the Company conducts animal experiments in accordance with international norms. In strict accordance with the *Regulations for the Administration of Affairs Concerning Experimental Animals* (《實驗動物管理條例》), the *Laboratory animal — Guideline for Ethical Reviews of animal Welfares* (《實驗動物福利倫理審查指南》), the *Regulations for the Administration of Affairs Concerning Experimental Animals of Guangdong* (《廣東省實驗動物管理條例》) and other applicable regulations on animal experiments of the People's Republic of China and the regions where we operate, we have established a laboratory animal management committee and a laboratory animal ethics committee. A series of supporting documents for biosafety management, emergency management, operation management and use of animals are in place to conduct pharmacological experiments promoting the development of innovative drugs while improving the management of laboratory animals. The Company is committed to protecting welfare of laboratory animals, assuring the standardization of the management of laboratory animal and the monitoring and supervision of animal ethics in strict accordance with the standard operation procedures. In 2022, we passed the quinquennial assessment of experts on-site review and obtained the *Certificate for Use of Laboratory Animals* (《實驗動物使用許可證》) from Guangdong Provincial Department of Science and Technology again.

4.2 PHARMACOVIGILANCE

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》) and the *Specifications for Pharmacovigilance Quality Management* (《藥物警戒質量管理規範》) and other relevant laws and regulations, Akeso, Inc. keeps deepening its pharmacovigilance (PV) management system, continuously improves the standard operating procedures (SOP) and management system on internal PV processes. We standardize the monitoring, identification, assessment and control of adverse drug reactions and other management of adverse drug reactions, guaranteeing the compliance of the PV processes for the whole life cycle and practically fulfilling the safety responsibilities of marketing authorization holder.

The clinical safety committee has been established to be responsible for the research and judgment of major risks, handling of major or emergency drug events, risk control decisions and other major issues related to pharmacovigilance, ensuring the balance between drug risks and benefits, and health and safe for the public. In the meantime, the Pharmacovigilance Department has been set up to conduct regular signal detection and risk management for the safety of our medical products, collect and report information about adverse reactions in a timely manner, amend the pharmacovigilance regulations in a timely manner to address relevant safety issues, so that the effective operation of pharmacovigilance system can be guaranteed.

In addition, we have established standard and open channels for collecting information on adverse drug reactions, such as the public email address for pharmacovigilance and complaint hotline, in an effort to monitor and control product safety.

5 COMPLIANCE OPERATIONS

5.1 BUSINESS ETHICS

Akeso, Inc. strictly abides by the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), the *Bidding Law of the People's Republic of China* (《中華人民共和國招標投標法》), the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》) and other relevant laws and regulations. We have formulated internal systems such as the *Anti-fraud Management Measures* (《反舞弊管理辦法》) and the *Anti-Unfair Competition Management Measures* (《反不正當競爭管理辦法》) to explicitly prohibit corruption such as bribery, extortion, fraud and money laundering. We advocate employees to abide by business ethics, and create an atmosphere of fairness, transparency, honesty and faith in the Company. Employees are required to sign the *Anti-commercial Bribery Undertaking Letter* (《反商業賄賂承諾書》) and the *Employee Recruitment Letter* (《員工入職承諾書》) once they join the Company, and adhere to integrity and self-discipline in strictly accordance with the requirements of the ethical standards in the *Employee Handbook* (《員工手冊》).

- *Anti-fraud Management Measures* (《反舞弊管理辦法》): It is stipulated that the Board of the Company shall coordinate the construction of the internal control system, and the audit committee shall act as the responsible body to guide and supervise the implementation of anti-fraud work. The management is responsible for the occurrence of internal fraud and strictly controls the compliance risk of ordinary course of business by establishing a risk assessment mechanism.
- *Anti-Unfair Competition Management Measures* (《反不正當競爭管理辦法》): The Company's directors, management and employees are required to abide by business ethics, abide by the principle of fair competition, and are prohibited from offering, giving, soliciting or accepting any form of bribes or kickbacks, or using their positions to solicit or illegally accept the property of the Company's existing or potential suppliers and customers.

To strengthen the development of our incorruption culture, we have built and strictly implemented our compliance training system to provide regular anti-corruption and compliance trainings for directors, employees and suppliers of the Company. We require all employees to be trained for business ethics and compliance once they join the Company and provide those employees who take important compliance responsibilities with the access to special trainings. In the meanwhile, we also provide the corresponding compliance trainings to our suppliers to help them fully understand our standards for business ethics, including their training performances in our indicators for supplier assessment.

Table 2: Anti-corruption and compliance trainings for Akeso, Inc. employees in 2022

Employee types	Number of trainees (personnel)
Directors	12
Employees	1,185

5 COMPLIANCE OPERATIONS (Continued)

We accept real-name or anonymous reports on misconduct from employees and partners, and set up the President's Office as the executive body for anti-fraud work, which would report to the management or the Board of Directors of the Company in a timely manner and conduct investigation on the reported clues after receiving reports. Once the report is verified, we will punish the employees who commit frauds according to the *Reward and Punishment System* (《獎懲制度》), and those who violate the law will be transferred to the judicial authority. At the same time, we resolutely protect the legal rights and interests of whistle-blowers and those who make complaints, and strictly keep confidential the personal information of the whistle-blower. We also stipulate that the case investigator shall abstain from the case if he or she or any of his/her close relatives is interested in the case.

During the Reporting Period, there were no reported or concluded legal cases regarding corrupt practices litigation with the involvement of the Company or its employees, to the knowledge of the Company.

5.2 INTELLECTUAL PROPERTY PROTECTION

Intellectual properties are essential assets of the Company. Strictly abiding by the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》) and other applicable laws and regulations, Akeso, Inc. builds its management system that meets the national standards GBT 29490-2013 *Administration of Intellectual Property Rights of Enterprises* (《企業知識產權管理規範》), keeps improving its internal intellectual property protection and risk prevention mechanism, and sign the *Confidentiality Clauses* (《保密條款》) and the *Confidentiality and Non-competition Agreement* (《保密與競業禁止協議書》) with each of its employees, which specify the obligations and responsibilities of each employee for protecting the intellectual property of the Company.

We have established the intellectual property department to review and revise documents related to intellectual property and documents of intellectual property management system on a regular basis. The decision made by the department shall be considered and approved by persons in charge at different levels. Patent information search analysts are responsible for tracking the latest domestic and foreign patent information continuously, and updating the trends of applications for intellectual properties, the scope of protection and the number and type of patents of our peers in a timely manner. Legal personnel and research and development personnel compare and analyze such intellectual property information to prevent the Company from any patent infringement risks constantly. The agreements that we execute with our suppliers also explicitly stipulate intellectual property protection and confidentiality clauses, requiring our suppliers to guarantee that none of their products or services supplied to us infringe upon any intellectual property right or other legal right or interest of any third party.

During the Reporting Period, we had 112 pending patent applications in 21 countries and regions (including Australia, China, the U.S., the European Union and Japan), and acquired 9 granted patents and 7 granted trademarks. We are not involved with any dispute or litigation over intellectual property.

Table 3: Intellectual Property Obtained by Akeso, Inc. in 2022

Total number of patent applications	Total number of trademark applications
530 patents	490 trademarks
Total number of issued patents	Total number of issued trademarks
93 patents	221 trademarks

5 COMPLIANCE OPERATIONS (Continued)

5.3 SUPPLY CHAIN MANAGEMENT

In 2022, Akeso, Inc. developed and updated the *Supplier Management Procedures for GMP Production Materials* (《GMP生產用物料供應商管理程序》) and the *Procurement Management Procedures for Production Materials* (《生產物料採購管理程序》) to further refine the whole process management for the access, review, rectification and exit for our suppliers, raise our concerns about the environmental pollutions or adverse environmental impacts of the products supplied by our suppliers in our material procurement process, give priority to suppliers certified by ISO 14001 Environmental Management System, ensuring that the quality of products and services provided by suppliers and their responsibility management practices are in line with our sustainable development requirements.

We classify suppliers into three categories according to the importance of the materials provided to the products, namely Class A/B/C. We set different supplier audit requirements by category, and issue the *Supplier System Check List* (《供應商體系調查表》) to suppliers or conduct onsite audit in accordance with the annual audit planning. An on-site audit group, consisting of the people above the supervisor level or those authorized specially, issues on-site audit reports to make truthful evaluations on the premises, material quality, document systems and production records, production technologies, and process quality controls. After the process of examination and approval, suppliers who failed to meet our requirements will be terminated. In 2022, we conducted a total of 19 on-site audits, with a pass rate of 84%.

Table 4: Supplier Classification and Audit Requirements

Class A	Suppliers which supply the materials that will directly come into contact with our final products or the material whose quality will directly affect the product quality for our production	<ul style="list-style-type: none">• Qualification audit• On-site audit• Inspection, testing and process qualification
Class B	Suppliers which supply the materials that will indirectly come into contact with our final products or the materials whose quality will directly affect the product quality for our production	<ul style="list-style-type: none">• Qualification audit• Determining whether to conduct on-site audit after risk assessment• Inspection, testing and process verification
Class C	Suppliers which supply the materials that will not come into contact with our final products or the materials whose quality will not affect the product quality for our production	<ul style="list-style-type: none">• Qualification audit• Utilization confirmation• Inspection when necessary

5 COMPLIANCE OPERATIONS (Continued)

In order to ensure the stability of supply chain, we evaluate and control the risks of suppliers in terms of supply cycle, quality management, logistics and transportation, after-sales service, company background and intellectual property on a regular basis. We reserve 1–2 qualified backup suppliers for all important materials in accordance with the requirements of the *Supplier Management Procedures for GMP Production Materials* (《GMP生產用物料供應商管理程序》) to ensure the material storage, and establish our plan for response to supply risks, to ensure the effective running of orderly production of our products. In order to reduce supply chain quality management risks, we require all suppliers to sign the *Quality Assurance Agreement* (《質量保證協議》) to ensure the provision of products and services that meet our quality standards. In accordance with the *Change Control Procedures* (《變更控制程序》), we conduct access review and evaluation on the proposed suppliers for change to ensure that the Company's product quality is not affected. While assuring the quality and safety of the products supplied, we pay constant attention to our suppliers' environmental and social managements for a commitment to the upstream and downstream synergy and common prosperity. During the Reporting Period, we irregularly examined a total of 64 suppliers in terms of environmental and social performances.

In addition, in strict compliance with the integrity principle of “fairness, justice and openness” for upholding integrity, we require all procurement personnel to sign the *Anti-commercial Bribery Undertaking Letter* (《反商業賄賂承諾書》), prohibiting them from gaining any unreasonable business plans or benefits for themselves or anyone else in any manner in any business activity or cooperation. Our equipment procurement contracts and service framework agreements with our suppliers contain incorruption clauses to prevent any form of corruption, for our dedication to working together with our suppliers to build a fair and incorrupt business environment.

Table 5: Distribution of Suppliers of Akeso, Inc. in 2022

Geographical location of supplier	Unit	Quantity
China (including Hong Kong, Macau, and Taiwan)	Number	405
Outside China	Number	30

6 EMPLOYMENT RESPONSIBILITY

In strict accordance 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 *Employment Promotion Law of the People's Republic of China* (《中華人民共和國就業促進法》), the *Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》) and the *Employment Ordinance of the Hong Kong Special Administrative Region* (Chapter 57 of the Laws of Hong Kong) and other applicable laws and regulations, Akeso, Inc. respects and protects its employees' legal interests, constantly perfects the employee training system and development mechanism and care for employees' physical and mental health, makes efforts to create a diversified, fair, open and comprehensive working atmosphere within the Company.

6.1 EMPLOYMENT AND RETAINING TALENTS

On the principle of “openness, fairness, competitiveness and meritocracy”, we make our recruitment information available to the society, and ensure that candidates would not be discriminated due to the factors such as ethnicity, race, religion, gender, age, marital status or sexual orientation. All of our employees are treated equally without discrimination and are matched with their positions for which their qualifications are required.

The Company strictly complies with the *Law of the People's Republic of China on the Protection of Minors* (《中華人民共和國未成年人保護法》), the *Provisions on the Prohibition of Using Child Labor* (《禁止使用童工規定》) and other applicable laws and regulations. Our *Employee Handbook* (《員工手冊》) stipulates that the employment of any person under the age of 18 shall be prohibited. In order to ensure the authenticity of employees' identity and the compliance with labor regulations, the human resources department is required to carry out the examination and inspection of the basic personal information, including education background, identity documents and physical examination certificate for competence for a position, provided by those people intended to be employed when they go through the formal employment formalities.

We strictly prohibit forced labor and all slave trade and human trafficking and implement matched systems of working hours for different positions, including the standard working hour system, consolidated working hour system and irregular working hour system. We have formulated the *Administrative Measures for Overtime* (《加班管理辦法》) to ensure the rest time and leaves for our employees.

During the Reporting Period, the Company did not recruit any child labor or use any forced labor. In case of any violation of the employment practices, the Company will immediately require such unreasonable employment to stop, compensate its employees and seriously hold the relevant people accountable.

Furthermore, the dismissal of an employee shall be subject to several internal management systems, including the *Management System for Employment and Dismissal of Employees* (《員工入、離職管理制度》) and the *Disciplinary Procedures for Misconduct of Employees* (《員工違反制度懲戒管理規程》). For each employee in key positions needs to sign the *Confidentiality Agreement of Employee* (《員工保密協議書》), in which the employee undertakes not to disclose any business secret of the Company.

6 EMPLOYMENT RESPONSIBILITY (Continued)

As of the end of the Reporting Period, Akeso, Inc. had 2,341 full-time employees. The classification of our full-time employees by gender, age group, geographical location and employment type is set out in the charts below. During the Reporting Period, the staff turnover rate¹ was 20.5%. The classification of employee turnover rate by gender, age group and geographical location is as set out in the table below.

Table 6: Employee Turnover Rate of Akeso, Inc.

Types of employees		Unit	Turnover rate
Total employee turnover rate		%	20.5
Classified by gender	Male employees	%	23.2
	Female employees	%	18.6
Classified by age	Employees under the age of 30	%	23.1
	Employees aged 30 to 50	%	18.1
	Employees aged 51 or above	%	12.5
Classified by geographical location	Employees in China (including Hong Kong, Macau, and Taiwan)	%	20.3
	Employees outside China	%	43.8

¹ "Employee turnover" includes those formal employees with whom the employment relationships are terminated due to voluntary resignation, dismissal, retirement or death, excluding interns. Our statistics and reporting include the Company and its subsidiaries. Calculation method of employee turnover rate: Number of employee turnover in the current year/total number of such type of employees.

6 EMPLOYMENT RESPONSIBILITY (Continued)

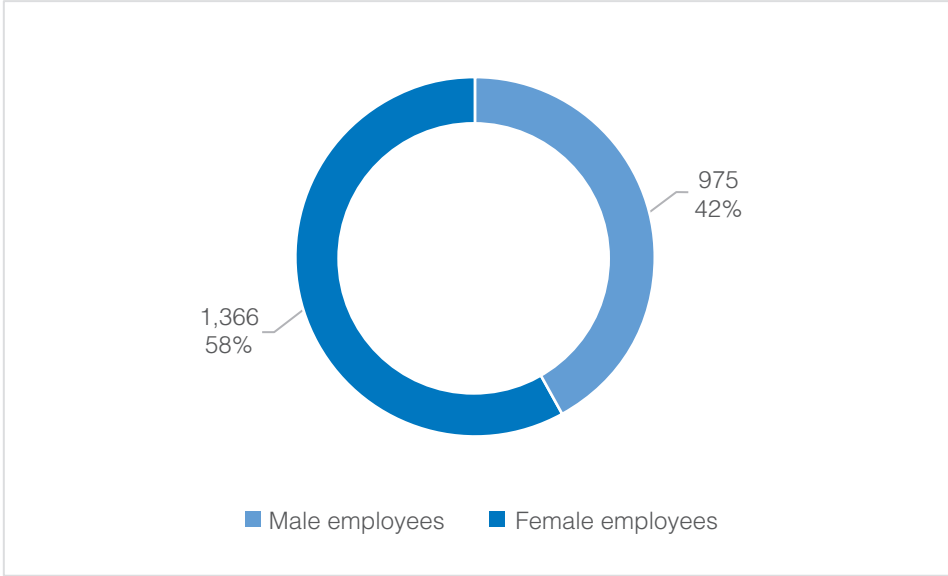


Fig. 2: Total number of employees of Akeso, Inc. in 2022 classified by gender

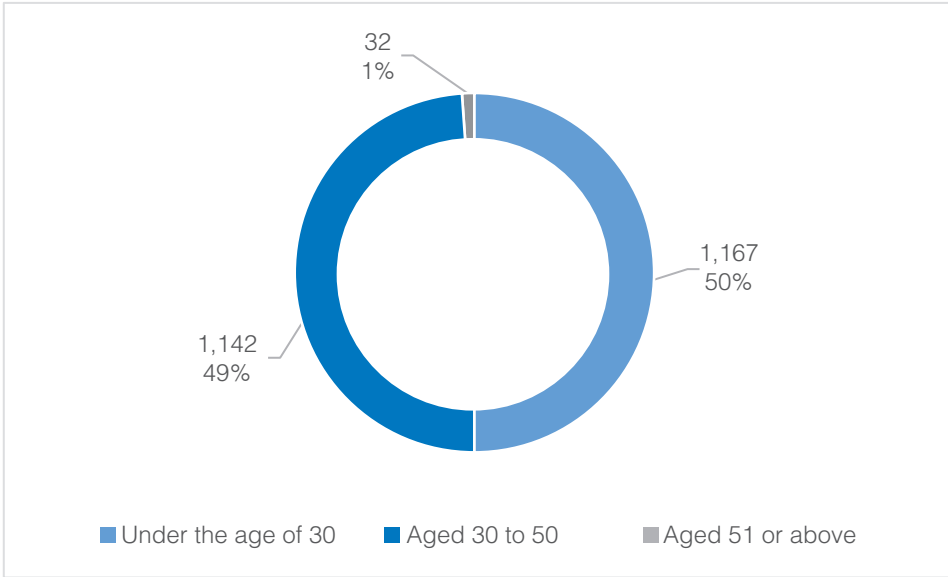


Fig. 3: Total number of employees of Akeso, Inc. in 2022 classified by age

6 EMPLOYMENT RESPONSIBILITY (Continued)

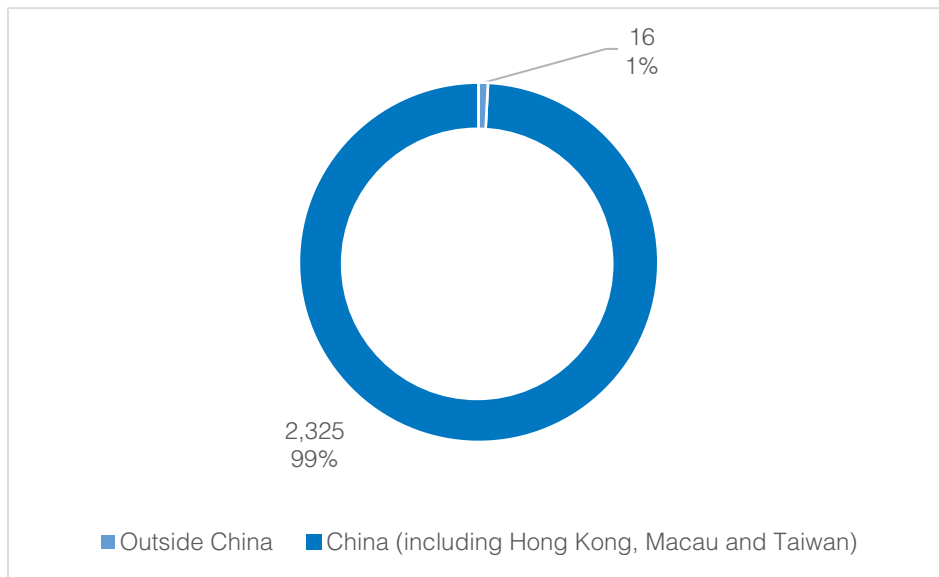


Fig. 4: Total number of employees of Akeso, Inc. in 2022 classified by geographical location

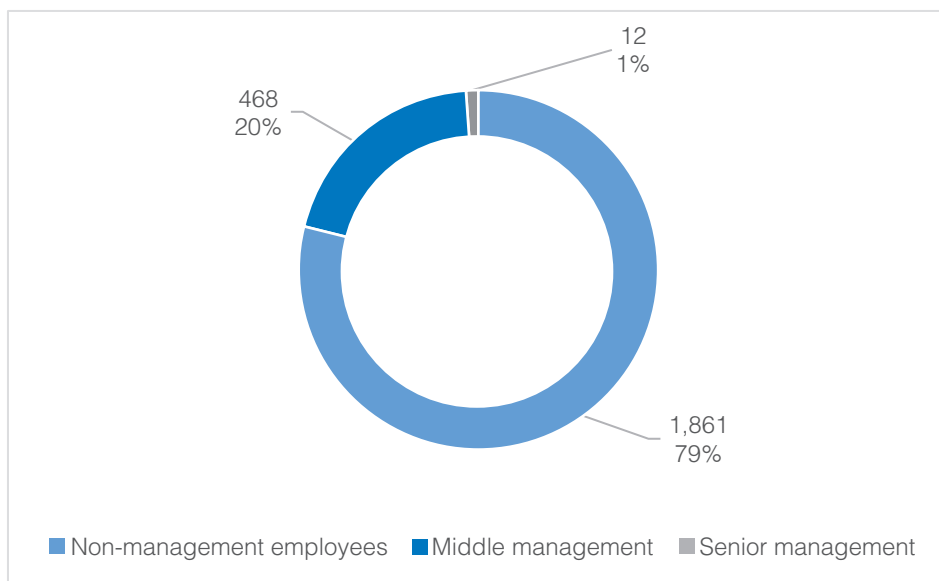


Fig. 5: Total number of employees of Akeso, Inc. in 2022 classified by position

6 EMPLOYMENT RESPONSIBILITY (Continued)

6.2 REMUNERATION AND BENEFITS

Akeso, Inc. has developed the *Administrative Measures for Remunerations* (《薪酬管理辦法》), establishing a scientific and reasonable remuneration system consisting of “basic salary, performance pay, comprehensive fee, fixed year-end bonus and other subsidies” in accordance with the principles of strategic orientation, justice and equity, performance-based remuneration, clarity and transparency, and benefit sharing. We update the *Performance Assessment Management Plan* (《績效考核管理方案》) annually for objective, fair and impartial evaluations of employee performances, and perfect the performance assessment system and incentive and constraint mechanism for the human resources of the Company persistently.

In accordance with the *Administrative Measures for Remunerations* (《薪酬管理辦法》), the *Administrative Measures for Transportation Allowances* (《交通補貼管理辦法》), the *Employee Attendance and Leave Management System* (《員工考勤與休假管理制度》) and other systems, we pay social insurance premiums and the housing provident fund for our employees, and assure the official holidays, annual leaves, sick leaves, maternity leaves and other holidays for our employees, provide subsidies such as reimbursement of physical examination fees, festival allowances, subsidies for commuting costs, to appeal to talents further. Moreover, we offer various practical and necessary employee benefits, such as cash gift for marriage, cash gift for childbearing, in accordance with the provisions of the *Welfare Handbook* (《福利手冊》).

We organize employee care activities according to employees’ actual demands to solve actual difficulties for our employees, so as to increase the happiness of our employees. We set up a labor union organization to carry out teambuilding activities such as travels and dinners to enrich the spare time of our employees, and offer festival and birthday benefits to employees. We also establish an employee loan society to help those employees in need due to serious diseases or accidents.

6.3 DEVELOPMENT AND TRAINING

Giving priority to the development and training of talents, Akeso, Inc. builds a transparent and open talents selection mechanism as well as accesses to vertical promotion or horizontal expansion for career development, and establishes a comprehensive employee training system for different positions of employees according to the *Management Procedures of Employee Training* (《員工培訓管理規程》), to lay solid business foundations for its employees and to realize employees’ full potentials.

We manage employee trainings by making annual training plans, establishing employee training archives and other measures. We summarize and sort out information about the trainings offered every year, and make annual training plans by reference to the actual business requirements of the Company. The human resources department makes overall arrangement for training resources and puts employee training records and archives under unified management according to those plans.

We provide a total of five types of trainings for different positions of employees, such as onboarding trainings, special operator trainings, business trainings, self-trainings and other trainings, and corporate-level, department-level and position-level trainings for new employees.

6 EMPLOYMENT RESPONSIBILITY (Continued)

Details of the three training stages for new staffs are as follows:

- Corporate-level training is organized by the human resources department for the introduction to basic knowledge including corporate overview, labor law and disciplines and the Good Manufacturing Practice (GMP);
- Department-level training is organized by the technological research and production quality management department for the training of safe production, laboratory management mechanism and occupational health and safety, while the training for department rules is organized by the management department;
- Position-level training for equipment operation, equipment management and safe production is organized by the specific team employees involved in.

Moreover, our employees are encouraged to participate in training programs in the forms of correspondence courses and self-directed learning, and to acquire professional qualifications by participating in general skill training programs, for their diversified development.

During the Reporting Period, 2,341 employees of the Company received training, representing 100% of the headcount.

Table 7: Training Overview of Akeso, Inc. in 2022²

Types of employees		Total number of employees participated in training	Average training hour(s)	Percentage of employee trained
	All employees	2,341	9.6	100%
By gender	Male employees	975	9.9	100%
	Female employees	1,366	9.5	100%
By position	Senior management	12	10.7	100%
	Middle management	468	9.2	100%
	Non-management employees	1,861	9.7	100%

² The calculation methodology of the "The percentage of employees trained" refers to the document "Appendix 3: Reporting Guidance on Social KPIs" of the Hong Kong Stock Exchange. The percentage of employees trained = (employees trained/number of employees) x 100%, employees trained in relevant category = (employees trained in the specified category/total number of employees trained) x 100%; The calculation methodology of the "The average training hours completed per employee" refers to the document "Appendix 3: Reporting Guidance on Social KPIs" of the Hong Kong Stock Exchange. Average training hours per employee = total training hours/total number of employees. Average training hours for employees in relevant categories = total number of training hours for employees in the specified category/number of employees in the specified category.

6 EMPLOYMENT RESPONSIBILITY (Continued)

6.4 HEALTH AND SAFETY

6.4.1 Safe Production

Akeso, Inc. complies with relevant laws and regulations relating to providing a safe working environment, including but not limited to the *Work 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》), keeps improving its internal management systems such as the *Management Guideline of Safety Targets and Responsibilities* (《安全目標與責任管理制度》), the *Management Guideline of Fire Safety* (《消防安全管理制度》), the *Management Guideline of Personal Protective Equipment* (《個人防護用品管理制度》), the *Contingency Proposal for Barrier Environment of Laboratory* (《屏障環境實驗室應急預案管理制度》), and builds and perfects a safety management system for the source prevention and control, prevention and control in the process and target control, to guarantee the stable production safety of the Company practically.

We set up the Safe Production Committee, formulate our annual safe production targets every year taking into account the number of employees of each department, the number of equipment, the difficulty of the process and other factors, and require all the safety management levels to sign the *Safe Production Declaration* (《安全生產責任書》) to implement the hierarchical management system for safe production, accidents and other targets, in order to build and perfect the safe production liability system.

We have designated full-time and part-time safety managers to identify internal safe production risks and to implement safety risk controls. We regularly perform a daily safety check and potential safety risk troubleshooting, conduct casual special safety checks for places, equipment, and operation procedures, which are liable to serious accidents, and carry out a comprehensive major inspection for all safety measures before all major festivals and holidays. For any potential safety hazards found as a result of check or inspection, the Company requires each responsible department, team and construction project to proactively take measures for rectification and submit relevant work reports to reduce and prevent the occurrence of safety incidents.

We organize the risk assessments made by professionals, and work out the safe operation procedures for all positions, and review and regularly update the *Contingency Proposal for Safety Production Incident* (《安全生產事故應急預案》) and the *Contingency Proposal for Barrier Environment of Laboratory* (《屏障環境實驗室應急預案管理制度》), for gradual perfection of our internal contingency plan system for safety. According to the safe operation procedures and the contingency plan system, our employees in the relevant positions are trained for safe production, and emergency drills for safety accidents are organized on a regular basis, such as drills for fire accidents, drills for electric shock accidents, effectively enhance our employees' awareness of safe production and accident prevention.

During the Reporting Period, Akeso, Inc. had no material safe production incidents and no work-related deaths or injuries. The number of lost days due to work-related injury was zero.

Table 8: Number of work-related deaths in Akeso, Inc. in the past three years

	2022	2021	2020
Number of work-related deaths	0	0	0

6 EMPLOYMENT RESPONSIBILITY (Continued)

6.4.2 Occupational Health

Viewing guaranteeing employees' occupational health as a mission, Akeso, Inc. strictly abides by and implements relevant laws and regulations relating to protecting employees from occupational hazards, including but not limited to the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》), the *Provisions on the Supervision and Administration of Occupational Health at Workplaces* (《工作場所職業衛生監督管理規定》), the *Measures for the Supervision and Administration of Employers' Occupational Health Surveillance* (《用人單位職業健康監護監督管理辦法》), and establishes the *Occupational Hazard Declaration System* (《職業病危害項目申報制度》), the *Management System for Occupational Hazard Monitoring and Evaluation* (《職業病危害監測及評價管理制度》), the *Emergency Rescue and Management System for Occupational Hazards* (《職業病危害應急救援與管理制度》) and other internal management systems, building a framework of occupational health management structure, for adherence to build a safe and harmless working environment for employees.

We offer emergency drugs to all employees, provide personal protective equipment and emergency washing devices meeting standards to those employees in special positions, and regularly check whether our employees correctly wear protective equipment such as safety helmets, gas masks, acid-alkali resistant gloves, etc. Besides, we engage a third-party institution to detect and assess occupational hazards at the workplace regularly, organize physical examinations of the employees in the relevant positions according to the assessment results, record the daily health updates in employee health archives in a timely manner, and submit the archives to the human resources department for unified filing and management.

In accordance with the *Standard Operation Procedures of Health Management of Employees* (《工作人員健康管理標準操作規程》), we require personnel who are responsible for feeding and managing laboratory animals and conducting animal experiments to receive medical check-up in qualified medical centers on an annual basis in an effort to protect their occupational health practically.

6.4.3 Chemical Management

Akeso, Inc. continuously perfects the *Hazardous Chemical Safety Management System* (《危險化學品安全管理制度》), the *Management of Precursor and Explosive Chemicals* (《易製毒、易製爆化學品管理》) and other chemical management systems to strictly stipulate the chemical procurement, storage, use and management processes. In 2022, we implemented the limited procurement requirements for precursor and explosive chemicals, strictly prohibited the storage of precursor and explosive chemicals in any laboratory, and required the employees in the relevant positions to get such chemicals as needed with the relevant information recorded in connection with getting such chemicals.

We manage the procurement, storage, use and disposal of chemicals by maintaining standard inventory record, and engaging a third-party institution to dispose of the waste chemicals. The Special chemical warehouse is built for classified and standard storage of chemicals. Emergency supplies are available for the prevention of potential chemical leakage events, further ensuring the safe storage and use of chemicals.

In addition, we train and assess all the relevant people exposed to chemicals, which may be regular employees with the *Chemical Processing Certificate* (《化學品操作》) job certificate in their position after they pass the assessment. The material security data sheets (SDS), information cards and management system statements are posted in storage areas to alert workers. We also receive regular visit and investigations by government departments to prevent safety accidents such as toxication caused by chemicals practically.

7 ENVIRONMENTAL RESPONSIBILITY

Adhering to the development philosophy of green operation and strictly complying with applicable laws and regulations on environmental protection, Akeso, Inc. proactively conducts quantified monitoring of emissions and resources through an effective information system based on a sound environmental management system and carries out the corresponding improvement plans to enhance the environmental management level continuously.

7.1 EMISSION MANAGEMENT

Akeso, Inc. strictly complies with the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *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 *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國大氣污染防治法》), the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》) and other national laws and regulations. We have formulated the *Environmental Management Ledger Record System* (《環境管理台賬制度》), the *Administrative Measure for Waste Effluent, Gas Emission and Waste Residue Treatment* (《生產廢液、廢氣及廢渣處理管理制度》), the *Emergency Response Plan for Environmental Emergencies* (《突發環境事件應急處置預案》) and other internal management practices. We have determined the environmental performance management targets to identify, assess and manage potential impacts on the environment arising from wastewater, gas emission, waste, noise and other factors. Such internal management practices ensure compliance with the disposal of all the pollutants and that all pollutants discharged meet discharge standards, in order to reduce emission levels and avoid the pollution to the environment caused by our emissions. We have personnel specifically responsible for environmental protection management, who provide professional guidance on the procedures and operations of emission treatment.

During the Reporting Period, we perfected the *Emergency Response Plan for Environmental Emergencies* (《突發環境事件應急處置預案》) and optimized the process of use and disposal of hazardous goods for our laboratories to further standardize the emission management, and added the *Hidden Environmental Danger Troubleshooting System* (《環境隱患排查制度》) to define the regular troubleshooting of hidden troubles at operation sites by responsible departments, to prevent environmental safety accidents.

7.1.1 Waste Gas

We strictly comply with the *Emission Standard of Air Pollutants for Pharmaceutical Industry* (《製藥工業大氣污染物排放標準》) (GB 37823-2019), the *Emission Standards for Odor Pollutants* (《惡臭污染物排放標準》) (GB 14554-93), the *Emission Limits of Air Pollutants* (《大氣污染物排放限值》) (DB 44/27-2001) and other laws and regulations and emission standards for different types of gas emission. Sulfuric acid mist, chloride, volatile organic compounds, and other waste gases emitted during the research and development and production of drugs are treated through the waste gas collection facilities.

In order to ensure that the emissions of air pollutants meet the standards, we actively manage our gas collection system, maintain emission equipment, pipelines and valves on a regular basis to keep good air tightness of equipment, in order to improve the waste gas collection rate and ensure zero odor pollution. Meanwhile, we keep strengthening the management for standard operations by all laboratories technicians, guaranteeing that all operations strictly comply with the established rules and procedures to enhance the efficiency of waste gas management constantly.

7 ENVIRONMENTAL RESPONSIBILITY (Continued)

Table 9: Air pollutant emission of Akeso, Inc. in 2022³

	Unit	Emission
Sulfuric acid mist	kilogram	61.88
Hydrogen chloride	kilogram	30.70
Volatile organic compounds	kilogram	128.00
Non-methane hydrocarbons	kilogram	180.26

7.1.2 Waste Effluent

Sewage generated by Akeso, Inc. mainly includes domestic sewage and cleaning sewage and production sewage generated during its manufacturing and operation. We adopt specific treatment methods based on different types of sewage to enable the indicators to meet the corresponding emission standards. Production sewage, mainly including culture solution and sewage generated from cleaning equipment and floor, is discharged into our sewage collection tank after being sterilized with high-pressure steam and is transferred by a qualified third-party sewage treatment company for treatment on a regular basis. Domestic sewage, mainly including sewage generated from the daily activities of employees, is discharged into municipal sewage pipelines together with concentrated water from water purifier, water drained from cooling towers, pure steam and cleaning sewage for purification and disposition by municipal government authorities, after being treated in septic tanks in the plant.

In addition, we keep enhancing employees' awareness of water conservation through our propaganda and education, and constantly strengthen the inspection and maintenance of drainage pipelines and water collection facilities to ensure safe and efficient drainage and to minimize the adverse impact of waste water on the environment and health. In 2022, Akeso, Inc. generated 99,453 tons of industrial wastewater in total⁴.

7.1.3 Waste

In strict compliance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》), the Company has formulated the Waste Management Practices (《廢棄物管理規範》), the Administrative Measures for Prevention and Control of Environmental Pollution of Hazardous Wastes (《危險廢棄物污染環境防治管理制度》) and other internal practices, which definitely set out the requirement for the storage and treatment of hazardous and non-hazardous wastes produced from research and development, production and daily office activities and require the relevant responsible department to work out the waste reduction plan and measures, whereby minimizing the environmental damage caused by wastes.

³ As AD Pharmaceuticals Co., Ltd. went into production from 2022 and the production and operation scale of Akeso Pharmaceuticals, Inc. expanded in 2022, the air pollutants emission of the group increased as compared with that in 2021.

⁴ As AD Pharmaceuticals Co., Ltd. went into production from 2022 and the production and operation scale of Akeso Pharmaceuticals, Inc. expanded in 2022, the effluent volume increased as compared with that in 2021.

7 ENVIRONMENTAL RESPONSIBILITY (Continued)

Hazardous wastes

- Hazardous waste (medical waste, pharmaceutical waste, laboratory waste effluent, other hazardous wastes)
- Treatment: Qualified third-party hazardous waste treatment companies are engaged in treating hazardous waste offsite

Non-hazardous wastes

- Recyclable waste (packaging boxes, wooden products)
- Treatment: Collected by recycling companies
- Non-recyclable waste (office and domestic wastes)
- Treatment: Collected by sanitation companies

For hazardous wastes, the EHS department formulates the *Management Plan for Hazardous Wastes* (《危險廢物管理計劃》) at the beginning of every year, which sorts out the waste products of each production and operation segment and proposes the corresponding plans and practicable measures for waste reduction. The department also submits the action plans to treat hazardous wastes on the Guangdong Solid Waste Environmental Supervision Information Platform (廣東省固體廢物環境監管信息平台) as required.

Table10: Waste produced by Akeso, Inc. in 2022⁵

	Unit	Volume
Hazardous waste production	tonne	83.52
Non-hazardous waste production	tonne	50.26
Average hazardous waste production per person	tonne/person	0.04
Average non-hazardous waste production per person	tonne/person	0.02

7.2 USE OF RESOURCES

For more efficient use of energy and resources, Akeso, Inc. strictly complies with the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》), the *Administrative Regulations on Urban Water Conservation* (《城市節約用水管理規定》) and other laws and regulations, has gradually improved a resource management system, carries out a daily inspection of its factories to avoid wasting of energy and resources, and proactively promotes the energy-saving and cost-reducing measures in each production and operation segment, to achieve improvement in energy and resource efficiency and a win-win situation for ecology, economy and society through management optimization and technological innovation.

⁵ As AD Pharmaceuticals Co., Ltd. went into production from 2022 and the production and operation scale of Akeso Pharmaceuticals, Inc. expanded in 2022, the waste output increased as compared with that in 2021.

7 ENVIRONMENTAL RESPONSIBILITY (Continued)

7.2.1 Energy

The main energy sources of Akeso, Inc. are electricity and purchased heat used for its daily operation. Placing great emphasis on energy conservation and consumption reduction, we include relevant management requirements in the framework of administrative measures, set up the corresponding energy management goals, and regularly record and conduct analysis of energy consumption, with a view to effectively monitoring the use of energy and making special improvements on energy conservation.

Actively promoting the practice of green office, we added the *Management System for Office Energy Consumption* (《辦公能耗管理制度》) in 2022 to supervise and urge employees to put into practice the idea of energy conservation and emission reduction in their daily actions. We advocate using air-conditioners moderately and have assigned full-time supervisors for air-conditioners to manage the use of air-conditioners in office areas; advocate switching off all air-conditioners in any laboratory before leaving there; require employees to turn off lights and computers timely after working hours. In order to ensure that the administrative provisions of the Company on energy conservation are implemented practically, we arrange for security guards to be responsible for inspection to make sure that the lights and the air conditioners are turned off after work to avoid energy wastage.

Furthermore, we actively take energy management measures as our response to national and provincial policies on production restriction and power rationing, and accelerate the construction of digitalized and intelligent pharmaceutical factories for energy conservation and efficiency improvement.

Table 11: Energy Consumption of Akeso, Inc. in 2022⁶

	Unit	Consumption
Gasoline consumption	liter	18,114.58
Diesel consumption	liter	501.15
Steam consumption	tonne	29,867.87
Purchased electricity consumption	kWh	26,006,697.02
Natural gas consumption	m ³	18,277.00
Average gasoline consumption per person	liter/person	7.74
Average diesel consumption per person	liter/person	0.21
Average steam consumption per person	tonne/person	12.76
Average purchased electricity consumption per person	kWh/person	11,109.23
Average natural gas consumption per person	m ³ /person	7.81

⁶ As AD Pharmaceuticals Co., Ltd. went into production from 2022 and the production and operation scale of Akeso Pharmaceuticals, Inc. expanded in 2022, the energy consumption of the group increased as compared with that in 2021.

7 ENVIRONMENTAL RESPONSIBILITY (Continued)

7.2.2 Resources

Akeso, Inc. optimizes the water resource management constantly, and sets the corresponding performance goals taken into consideration of its actual business development, for implementation of water conservation. In order to strengthen the daily monitoring and supervision of water resource consumption, we conduct regular checks and random inspections to strictly monitor the water usage in the canteen, office areas and washrooms, and our department in charge is required to check the operation of pure water machines, faucets and other equipment and facilities on a daily basis and to deal with abnormal consumption of water by any equipment. We also take various measures to enhance the efficiency of water resources comprehensively, such as recycling reclaimed water for virescence irrigation. Besides, we proactively enhance the publicity and education towards water conservation awareness among employees to increase their awareness of water conservation and environmental protection practices. During the Reporting Period, water resources currently used by Akeso, Inc. were from the municipal pipe network and there was no difficulty in the supply and purchase of water resources.

The packaging materials that we use are mainly for external paper packaging of finished products. We continuously refine our packaging design to reduce unnecessary packages from the beginning and give priority to purchase environmentally friendly green materials.

Table 12: Resource Consumption of Akeso, Inc. in 2022⁷

	Unit	Consumption
Municipal water consumption	tonne	280,564.86
External paper packaging consumption	kilogram	1,995.80
Average municipal water consumption per person	tonne/person	119.85
Average external paper packaging consumption per person	kilogram/person	0.85

7.3 ENVIRONMENT AND NATURAL RESOURCES

Actively performing the responsibility for environmental protection, Akeso, Inc. strictly complies with the *Environmental Impact Assessment Law of the People's Republic of China* (《中華人民共和國環境影響評價法》), the *Regulations on the Administration of Construction Project Environmental Protection* (《建設項目環境保護管理條例》) and other laws and regulations, and regularly monitors and evaluates environmental risk, analyzes the sources of potential environmental risks to reduce the environmental impact of waste gas, wastewater, wastes and noise that may be caused during the course of construction and operation, in order to protect the natural ecological environment.

With a view to further strengthening the control over environmental risks, we have formulated the *Emergency Response Plan for Environmental Emergencies* (《突發環境事件應急處置預案》), defining the emergency organization structure and deploying the emergency and rescue equipment, and conducted emergency drills regularly for better emergency disposal ability for emergent environmental incidents, so as to improve the environmental protection performances of Akeso, Inc. continuously.

⁷ As AD Pharmaceuticals Co., Ltd. went into production from 2022 and the production and operation scale of Akeso Pharmaceuticals, Inc. expanded in 2022, the resource consumption of the group increased as compared with that in 2021.

7 ENVIRONMENTAL RESPONSIBILITY (Continued)

7.4 COPING WITH CLIMATE CHANGE

Akeso, Inc. is committed to mitigating the impact of climate change on the environment and human health by proactively practicing the concept of low-carbon operation, formulating the strategies and actions for tackling climate change, and promoting the application of energy conservation and emission reduction technologies to reduce the greenhouse emission.

Our greenhouse gas emission mainly comprises indirect emission generated from electricity and outsourced thermal power consumed by the equipment and lighting system in offices and projects under construction. In the course of our office operation, we promote replacing business trips with video conferences and telephone conferences, and emphasize the importance of energy efficiency, consumption reduction and resource conservation to our employees for an atmosphere of green office; we apply the GPS system to make reasonable overall arrangements and plans for transportation routes, and reasonably allocate vehicles to reduce the no-load ratio for transport vehicles and to enhance the transport efficiency, so as to reduce the greenhouse gas emissions in the logistics transportation process; and we gradually promote the improvement of our existing buildings for energy saving to reduce the office power consumption by replacing lamps with LED lights and choosing energy-saving air-conditioner and other equipment and facilities.

We recognize that climate change brings a variety of risks and opportunities to the business of the Group. We actively identify physical risks, transformational risks and potential opportunities that could have a significant impact on our business and daily operations, and consider relevant factors in the strategic decisions of the Company. To deal with physical risks such as typhoons and rainstorms that have a greater impact on the production and operation of the Company, in accordance with the *Contingency Plan for Safe Production Accidents* (《生產安全事故應急預案》), the *Typhoon Emergency Command Plan* (《防颱風應急指揮預案》) and other special plans, we have set up the emergency command system, clarifying the structure, personnel and duties of the emergency organization to strengthen the linkage and to enable quick responses. Also, we have formulated a series of preventive measures, including regular checks on the stability of the outdoor equipment and facilities and storage of materials, strengthening the leakage protection for circuits, preparation emergency drainage system and provision of flood prevention supplies, with a view to minimizing the casualties and property loss caused by extreme weather.

In addition, we keep tracking the global climate change trend, are concerned about China's carbon peak and carbon neutral targets as well as the requirements of the *Carbon Peak Action Plan by 2030* (《2030年前碳達峰行動方案》) and other related policies, and plan to track the changes in global diseases in the future, to adjust our drug development and deployment plans in a timely manner and to provide solutions for the health requirements caused by climate change.

Table 13: Greenhouse Gas Emission of Akeso, Inc. in 2022⁸

	Unit	Consumption
Greenhouse gas emission (Scope 1)	tonnes CO ₂ equivalent	82.00
Greenhouse gas emission (Scope 2)	tonnes CO ₂ equivalent	23,658.02
Total greenhouse gas emission (Scope 1 and Scope 2)	tonnes CO ₂ equivalent	23,740.02
Greenhouse gas emission per person	tonnes CO ₂ equivalent/person	10.14

⁸ As AD Pharmaceuticals Co., Ltd. went into production from 2022 and the production and operation scale of Akeso Pharmaceuticals, Inc. expanded in 2022, the greenhouse gas emission of the group increased as compared with that in 2021; Scope 1 of GHG emissions refers to the direct GHG emissions from the sources owned and as controlled by the organization, such as emissions from vehicles owned by the organization; Scope 2 of GHG emissions refers to the indirect GHG emissions from outsourced power. The carbon emission factors for outsourcing thermal power calculated in 2022 greenhouse gas emissions performance data adopting the grid emission factors for calculating outsourcing thermal power in 2022 in the Notice on the Management of Reports on Greenhouse Gas Emissions from Enterprises in the Power Generation Industry in 2023–2025 issued by the Ministry of Ecology and Environment the People's Republic of China in 2023: 0.5703 tonnes CO₂/MWh.

8 COMMUNITY RESPONSIBILITY

In response to the call for the *Opinions on Strengthening the Modernization of the Primary Governance System and Governance Capability* (《關於加強基層治理體系和治理能力現代化建設的意見》), Akeso, Inc. participates in a wide range of social programs for the health of the public, in accordance with the principle of joint development of enterprises and the society. Voluntary blood donation and other activities are carried out to encourage employees of the Company to give back to and make an active contribution to society. In 2022, we cooperated with Beijing Health Alliance Charitable Foundation to keep perfecting the specific plans for the “Peace of Mind Youni” program to help patients, standardizing the process of applying for and getting drugs for help. The new program plan was implemented on November 4, 2022 and aimed at helping more patients with malignant tumors warm-heartedly. During the reporting period, Akeso, Inc. donated a total of CNY 11,761,000 in cash for public welfare.

Akeso, Inc. motivated its employees to participate in blood donation activity

During the Spring Festival in 2022, a number of different types of blood were in an emergency in the Central Blood Station of Zhongshan City, as migrant workers returned home for the festival. In active response to the call of the relevant government, Akeso, Inc. motivated its employees to participate in the blood donation initiated by the Central Blood Station of Zhongshan City, which alleviated the problem of blood shortage for the blood station effectively, and warmed society with “charity” while fulfilling the Company’s social responsibility.



Fig.6: Voluntary blood donation organized by the Company

9 APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE

This report is prepared in accordance with the *ESG Reporting Guide* of the Hong Kong Stock Exchange. The table below sets forth the response index to the general disclosure and key performance indicators.

Subject Areas, General Disclosures and Key Performance Indicators of ESG			Section
A. Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7.1 EMISSION MANAGEMENT
	KPI A1.1	The types of emissions and respective emissions data.	7.1 EMISSION MANAGEMENT
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) Greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.4 COPING WITH CLIMATE CHANGE
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.1 EMISSION MANAGEMENT
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.1 EMISSION MANAGEMENT
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	7.1 EMISSION MANAGEMENT
	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.	7.1 EMISSION MANAGEMENT

9 APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE (Continued)

Subject Areas, General Disclosures and Key Performance Indicators of ESG			Section
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2 USE OF RESOURCES
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7.2 USE OF RESOURCES
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7.2 USE OF RESOURCES
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7.2 USE OF RESOURCES
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7.2 USE OF RESOURCES
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	7.2 USE OF RESOURCES
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	7.3 ENVIRONMENT AND NATURAL RESOURCES
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.3 ENVIRONMENT AND NATURAL RESOURCES
Aspect 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.	7.4 COPING WITH 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.	7.4 COPING WITH CLIMATE CHANGE

9 APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE (Continued)

Subject Areas, General Disclosures and Key Performance Indicators of ESG			Section
B. Social			
Aspect 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.	6 EMPLOYMENT RESPONSIBILITY
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	6.1 EMPLOYMENT AND RETAINING TALENTS
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6.1 EMPLOYMENT AND RETAINING TALENTS
Aspect 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.	6.4 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.	6.4 HEALTH AND SAFETY
	KPI B2.2	Lost days due to work injury.	6.4 HEALTH AND SAFETY
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.4 HEALTH AND SAFETY
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3 DEVELOPMENT AND TRAINING
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 DEVELOPMENT AND TRAINING
	KPI B3.2	The average training hours completed per employee by gender and employee category.	6.3 DEVELOPMENT AND TRAINING

9 APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE (Continued)

Subject Areas, General Disclosures and Key Performance Indicators of ESG			Section
Aspect B4: Labour 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 labour.	6.1 EMPLOYMENT AND RETAINING TALENTS
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1 EMPLOYMENT AND RETAINING TALENTS
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 EMPLOYMENT AND RETAINING TALENTS
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.3 SUPPLY CHAIN MANAGEMENT
	KPI B5.1	Number of suppliers by geographical region.	5.3 SUPPLY CHAIN MANAGEMENT
	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.	5.3 SUPPLY CHAIN MANAGEMENT
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.3 SUPPLY CHAIN MANAGEMENT
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.3 SUPPLY CHAIN MANAGEMENT

9 APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE (Continued)

Subject Areas, General Disclosures and Key Performance Indicators of ESG			Section
Aspect 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.	4.1 QUALITY MANAGEMENT
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.1 QUALITY MANAGEMENT
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.1 QUALITY MANAGEMENT
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.2 INTELLECTUAL PROPERTY PROTECTION
	KPI B6.4	Description of quality assurance process and recall procedures.	4.1 QUALITY MANAGEMENT
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	During the Reporting Period, the Company does not collect any consumer data and privacy and all sale activities are conducted by our partner. This indicator is not applicable.

9 APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE (Continued)

Subject Areas, General Disclosures and Key Performance Indicators of ESG			Section
Aspect 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.	5.1 BUSINESS ETHICS
	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.	5.1 BUSINESS ETHICS
	KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	5.1 BUSINESS ETHICS
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.1 BUSINESS ETHICS
Aspect 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.	8 COMMUNITY RESPONSIBILITY
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8 COMMUNITY RESPONSIBILITY
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	8 COMMUNITY RESPONSIBILITY

