

**HARBOUR**  
BIOMED

**和 鉑 醫 藥 控 股 有 限 公 司**  
**HBM HOLDINGS LIMITED**

( incorporated in the Cayman Islands with limited liability )

Stock Code : 02142

**2023**

Environmental, Social and  
Governance Report



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# About the Report

## Information about This Report

This report is the fourth Environmental, Social and Governance (hereinbelow referred to as "**ESG**") Report issued by HBM Holdings Limited (hereinbelow referred to as the "**Company**"). This report, which will be published annually, focuses on the Company's performance in the areas of corporate governance, value innovation, people development, environmental protection, and social contribution.

## Report Scope

The scope of this report covers HBM Holdings Limited and its subsidiaries (collectively referred to as "**the Group**", "**HBM**" or "**We**"). Unless otherwise stated, the scope of disclosure of the key performance indicators ("**KPIs**") in the social area of this report is the same as that disclosed in the annual report; the scope of disclosure of the KPIs in the environmental area of this report covers the Company's premises that have a material impact on the environment in the course of our operations, i.e., the main office premises in Suzhou and Shanghai. The data contained in this report covers the period from January 1, 2023 to December 31, 2023 (hereinbelow referred to as "**the year**" or "**the reporting period**"), with some references to information from prior years to increase the completeness and comparability of the report.

## Reporting Principles

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**"), as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**HKEx**"), and adheres to the principles of "Materiality", "Quantitative", "Balance" and "Consistency" of the ESG Guide.

**"Materiality"**: Stakeholder engagement and materiality assessment are included in the preparation of this report as the basis for determining material ESG issues.

**"Quantitative"**: This report presents the KPIs at the environmental and social levels with quantitative information, and states the statistical scope or calculation method.

**"Balance"**: This report strives to provide an unbiased picture of our ESG performance following the principle of balance.

**"Consistency"**: The information disclosure and statistical methods of KPIs used in the environmental and social categories are consistent with the ones used in 2022 to ensure the comparability of information.

## Sources and Reliability Assurance

Unless otherwise stated, the data in this report were obtained from the Company's internal documents, survey interview records, financial reports and other public documents. All monetary amounts in this report are denominated in US\$, and certain amounts and percentage figures contained herein have been rounded off. The Board of Directors of the Company (the Board) undertakes that this report does not contain any false information or misleading statements and that the Board is responsible for the truthfulness, accuracy, and completeness of its contents.

## Confirmation and Approval

This report was confirmed by management and approved by the Board on 28 March 2024.

## Access to and Feedback on This Report

This report is available in both traditional Chinese and English. An electronic version of the report is available on our website: [www.harbourbiomed.com/investor](http://www.harbourbiomed.com/investor) and on the website of the HKEx: [www.hkexnews.hk](http://www.hkexnews.hk). In case of any discrepancy between the English and Chinese versions of this report, please refer to the English version.

# Management Message

This report is the fourth environmental, social and governance report issued by HBM, presenting our efforts and achievements in social responsibility, environment and corporate governance in 2023 to all stakeholders such as users, employees, the government, investors and people who care about HBM.

In 2023, facing an external environment fraught with difficulties, challenges and uncertainties, HBM always adhered to the great mission of "Healthy Life, Breakthrough Medicines", focusing on the research and development ("R&D") of innovative medicine for tumor and immune diseases and the commercialization. Meanwhile, HBM expanded the application of its core technology platform in the field of global innovation through multi-modal models such as independent R&D and cooperative development. While maintaining high growth, we continued to promote the integration of ESG concepts into the Company's business strategy, and continuously improve our ESG performance to achieve sustainable, high-quality development.

HBM pursues progress while ensuring stability and comprehensively strengthens corporate governance. We are committed to high ethical standards with a sound corporate governance system as the cornerstone of our solid operations. We develop comprehensive risk management and control plans and reshape our business perspective through ESG risk and opportunity management, maintaining close communication with various stakeholders to actively create long-term sustainable value for them.

HBM continues to bring forth the new through the old and relentlessly pursues superior quality of products. Our core orientation is to realize unmet patient needs. Relying on our two core pillars, Harbour Therapeutics and Nona Biosciences, we continue to advance our product pipeline and therapeutic innovations, as well as technology platform upgrades, to accelerate and empower global biotherapeutic innovation. Meanwhile, we utilize a strictly regulated quality management system to provide patients with safe and effective medications, and ultimately improve the quality of patients' lives and serve human health.

HBM adheres to the principle of putting people first, joining hands with partners and sharing development for win-win results. We pay close attention to our partners along the entire value chain, working with suppliers, employees, industry partners and customers to build a responsible enterprise and ecosystem, and with the communities to achieve a better future. We firmly believe that outstanding talents are the unremitting impetus to the sustainability of the enterprise. At HBM, we fully protect the rights and interests of employees, provide them with diversified career development support and comprehensive salary and benefits, and put their health and safety in the first place, striving to create a dedicated and happy working atmosphere.

HBM protects the environment and adheres to green and low-carbon operations. We emphasize the synergy between the economy and the environment, and actively fulfil our environmental governance responsibilities. While ensuring compliance with emission standards and improving resource efficiency, we also consider climate change as one of our key ESG issues. As our climate change response, we proactively identify and analyse climate change-related risks and their impacts, and develop response approaches and strategies to progressively deepen climate action and contribute to global carbon neutrality.

Long as the journey is, we will surely reach our destination when we stay the course. As we look forward to 2024, uncertainty and complexity in the macro environment will remain, but we will continue to embrace change with a positive attitude. We are expanding our advantages in independent R&D and innovation to provide patients with better and safer products, and are actively fulfilling our social and environmental responsibilities to contribute to the construction of a healthy China.

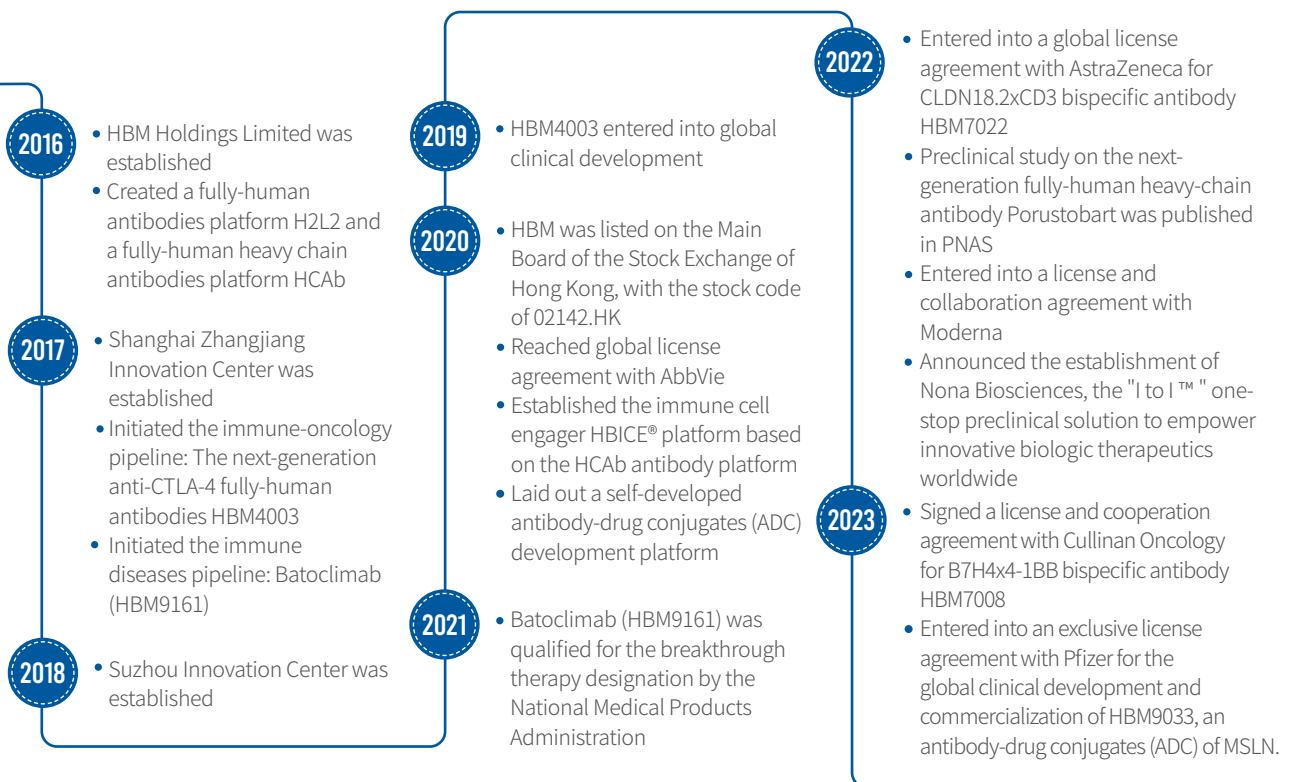
# About HBM

## About Us

As a clinical-stage biopharmaceutical company, HBM was incorporated in July 2016 to engage in research and development of differentiated antibody therapeutics in the field of tumor immunity and autoimmune diseases. We have been using the world's leading innovative antibody development platform technology as an engine since the beginning, insisting on source innovation and leading the industry at the forefront of innovation.

 <p><b>MISSION</b></p> <p>Healthy Life, Breakthrough Medicines</p>	 <p><b>BUSINESS PHILOSOPHY</b></p> <p>Committed to Improving Patients' Life</p>	 <p><b>STRATEGY</b></p> <p>Utilizing HBM's Proprietary Core Technology Platforms and Professional Knowledge and Rich Experience Accumulated Over the Years to Lead the New Generation of Biotherapy Innovation</p>
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In 2022, we established two sub-brands, Harbour Therapeutics and Nona Biosciences. Harbour Therapeutics focuses on promoting the research and development of its global product pipelines and transformative therapies, and Nona Biosciences, relying on the Company's strong platform technology and accumulated expertise, accelerates global biotherapeutic innovation and benefits patients around the world through an open and innovative business model.



Based on our proprietary technology platforms, such as Harbour Mice<sup>®</sup>, we have a rich and differentiated pipeline of more than ten potentially differentiated drug candidates, of which HBM9161, HBM4003, HBM7008 and HBM1020 are our main products. In addition, we have global rights to use and develop and platinum antibody platform, enabling us to maximize the value of the platform to address unmet medical needs around the world. In terms of business partnership models, our Nona Bioscience is expanding its global network of collaborations with industry pioneers and academic researchers in the form of platform-based research offerings, platform licensing offerings, molecule-based licensing offerings, etc. As at the end of the reporting period, the Harbour Mice<sup>®</sup> technology platform has gained more than 50 partners, including large multinational pharmaceutical companies, international academic institutions, and global and Chinese star companies, with more than 200 R&D projects underway, of which more than 18 have entered the phase of clinical development.

## Honors



**April 2023**

- Nona Biosciences was selected as innovative small and medium-sized enterprise (SME) of the year 2023
- B7H4x4-1BB (HBM7008) was awarded the "The 3rd Jishi Cup Pharmaceutical Innovation Award - Trailblazer of the Year" from Securities Times

**June 2023**

- HBM was honoured to be listed in BIO-PHARM 2023 "Leading Chinese Biotech and Pharmaceutical Companies - Top 10 Most Influential Biopharmaceutical Enterprises" by China Medical Ranking

**December 2023**

- HBM was selected as one of the 2023 Shanghai Enterprise Technology Centre
- HBM was selected as one of the 2023 Shanghai High-Tech Enterprises
- Nona Biosciences was selected as one of the 2023 Suzhou Foreign-invested R&D Centre
- HBM was awarded the "8th Global Investment Carnival - Annual Innovation Award" by GuruClub



# Governance as a Foundation for Stability to Support Steady Progress

HBM always abides by high ethical standards, adheres to honest operation, and advocates a culture of compliance. The Company is committed to establishing a sound and efficient corporate management system, integrating the concept of sustainability into strategies and operations, and promoting the long-term development of the enterprise. We also pay close attention to the rights and interests of all stakeholders and continue to enhance our risk prevention and control capabilities to safeguard the sound operation of the Company on all fronts.

## Sound Corporate Governance

Excellent corporate governance is the cornerstone of a company's sustainability. HBM strictly adheres to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and other laws and regulations of the place where we operate. We have formulated the *Articles of Association* as well as various rules and regulations applicable to the development of the Group, regularly review compliance with laws and regulations and the implementation of corporate governance systems and policies, and continuously improve them in light of the actual development of the enterprise, so as to ensure the soundness and effectiveness of governance.

The Group has established a three-tier governance structure comprising the "general meeting of shareholders, the Board, and the management". Among them, the Board consists of the Audit Committee, the Remuneration Committee, and the Nomination Committee, which are obliged to provide support and advice to the Board to support efficient, standardized and scientific decision making. The Board, both directly and indirectly through the Committees, leads and provides guidance to management, including monitoring the Group's operational and financial performance and ESG performance by formulating strategies and overseeing the implementation of the strategies, ensuring that sound internal control and risk management systems are in place.

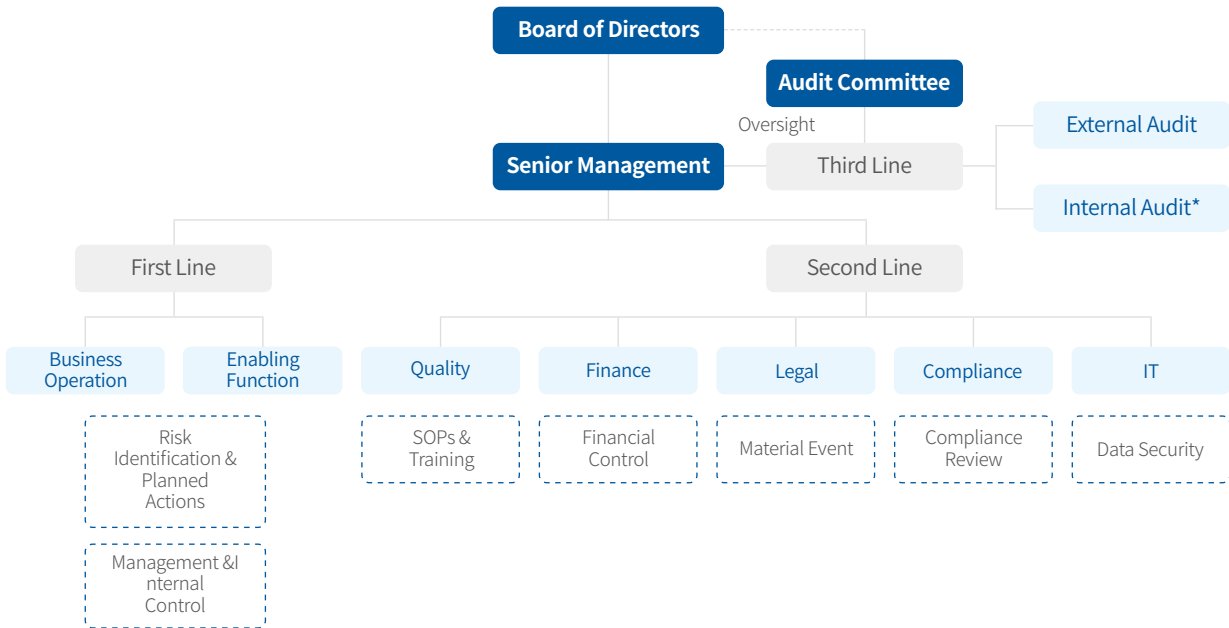
The Board upholds the principle of recruiting the "best person for the job" and selects the best candidates based on diversity. The Nomination Committee reviews and evaluates the composition of the Board, taking into account diversity factors including, but not limited to, gender, age, professional qualifications, industry experience, cultural and educational backgrounds, and ethnicity. As at the end of the reporting period, the Board consisted of seven directors, including one female director, four independent non-executive directors, exceeding the number of independent non-executive directors required under the Listing Rules of the HKEx. We have appropriately balanced the expertise and experience of our Board to continually improve the scientificity and effectiveness of our corporate governance and decision-making. Five of the incumbent directors have obtained doctoral degrees and have extensive experience in various fields such as clinical medicine, pharmacology, immunology, biology, finance and accounting, etc. Leveraging their tremendously specialized academic backgrounds, the Company obtains strong impetus and solid support to develop.

## Strengthen Risk Management and Control

The Group is committed to building a "three lines of defence" risk management system. The Board is the highest decision-making body for risk management and internal control of the Group and is fully responsible for the establishment of a sound risk management and internal control system of the Group. Senior management coordinates all business units for risk identification and control, covering important areas such as quality, finance, legal, compliance and data security. Our Audit Committee assists the Board in overseeing the effectiveness of the risk management of the internal control system, maintains a regular dialogue with the Company's external auditors and evaluates the design and effectiveness of the internal control system within this Group, which ensures the proper implementation of risk management and internal control measures.



## HBM Risk Management and Internal Control Structure



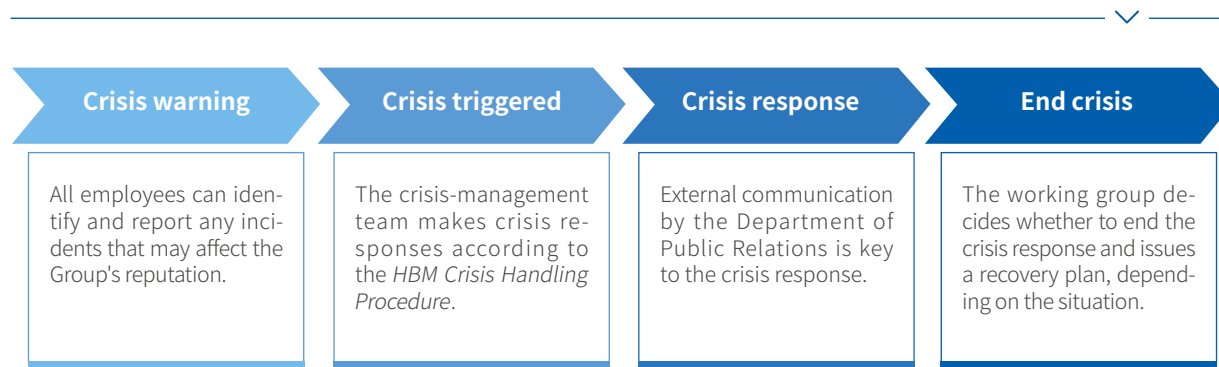
<b>First line of defense (Business function)</b>	Each of the functional departments and business units, as well as personnel holding the respective business position, shall be the first responsible unit for handling matters within their terms of reference for risk identification and management.
<b>Second line of defense (Risk management overseeing and support)</b>	Supervision and support for risk management – Relevant functional departments shall assist the front-line business departments to assume joint responsibilities for overseeing, inspecting, and evaluating those works relating to the implementation of risk management.
<b>Third line of defense (Independent verification)</b>	Independent assurance – The Audit Committee of the Board shall be responsible for overseeing and reviewing the results of risk management and external audit report.

We continue to improve our risk management and internal control mechanism, regularly test and review our internal controls, formulate review reports and report to the Board and the Audit Committee. In response to the problems identified, we will hold a senior management meeting and formulate an improvement plan, so as to continuously optimize the risk management and internal control processes and build up a solid risk prevention barrier. During the reporting period, we organized an annual risk assessment to identify and evaluate major risks, including those relating to trade environment, talent attraction and retention, regulatory approval policies, and product and service quality, thus enabling us to precisely identify the risk management targets. Based on the results of the risk assessment, we formulated risk response initiatives, clarified supervisory functions, standardized business management processes, and strengthened risk management and control capabilities.

\* As of the end of the reporting period, we do not have an internal audit function. We are committed to continuously monitoring and assessing the need for establishing an internal audit function on an annual basis. During the reporting period, we reviewed and concluded that the current internal mechanisms are sufficient to ensure the effective operation of the internal control and risk management systems within the Group.

Being well aware of the importance of public opinion management for brand reputation, we have incorporated it as one of our risk management priorities by formulating the *HBM Crisis Handling Procedure* so as to implement the full-cycle management of public opinion crises. We regularly review and update relevant Standard Operating Procedures (SOPs) to adapt to the Company's development needs. The latest *HBM Crisis Handling Procedure* was approved in December 2023 and officially implemented in January 2024. To ensure effective public opinion crisis management, we have set up a crisis management team led by senior management of the Group. As the leader of the team, senior management is responsible for formulating work and action plans. Members of the team include public relations and legal departments' leaders, responsible for collecting internal and external risk information and providing professional advice to the leader. The PR leader also serves as the coordinator of the team, responsible for monitoring public opinion risk events and maintaining information exchanges with internal and external stakeholders. To support real-time monitoring of public opinions, we combine regular and occasional monitoring mechanisms to ensure that we search for public opinion at least twice a day and review the monitoring results at least once a week and formulate optimization plans. In this way, we keep abreast of the latest developments in the global pharmaceutical industry relating to regulatory policies and industry development, and better understand the Company's public opinion.

### HBM Full-Cycle Crisis Management Process



### Abide by Business Ethics

The Group strictly complies with relevant laws and regulations that have a significant impact on it relating to bribery, extortion, fraud and money laundering, such as the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Bidding Law of the People's Republic of China* and other laws and regulations, and has formulated a series of internal policies, such as the *HBM Compliance Policy* and the *Gift Acceptance Policy*, to clearly standardize matters such as business ethics, anti-corruption and whistle-blowing management, and to provide a solid systematic safeguard for corporate business ethics management.

We regard integrity and honesty as the foundation of our business, and take a "zero-tolerance" stance towards any form of corruption, fraud, extortion, malpractice and money laundering. To this end, we manage our employees, suppliers and other partners in terms of professional conduct and business behaviour.

We have formulated Employee Handbook and the *HBM Compliance Policy*, requiring all employees to abide by the code of business conduct and ethics in the promotion of pharmaceutical products, sponsorship of industry exchange activities, purchasing and business cooperation, so as to continuously strengthen our own business ethics culture. We encourage all employees and all sectors of society to report suspected illegal activities through channels such as telephone hotlines and supervisory email. The Audit Committee coordinates and supervises the acceptance and handling of reports to

ensure the independence and effectiveness of report management. In addition, we strictly enforce the confidentiality of whistleblower information and strictly prohibit any form of retaliatory action against whistleblowers. For any retaliation, once verified, the case will be dealt with strictly in accordance with laws and regulations, effectively protecting the rights and interests of whistleblowers. To enhance the compliance awareness among all staff, we organize compliance training such as policy interpretation and case analysis covering all Board of directors and employees, and conduct quarterly compliance training for new employees to cultivate a compliance culture.

We require our business partners to take the same anti-corruption stance as we do, actively incorporate them into the Company's business ethics management system, and advocate suppliers to comply with HBM's management policies and compliance system. In this regard, we require all suppliers to sign the *HBM's Suppliers Code of Ethics for Business Conduct*, and add an electronic version of the commitment letter to the supplier management system, in order to effectively supervise suppliers' fulfilment of their responsibilities, so as to ensure that our partners will effectively fulfil their obligations to comply with the code, and work together with us to jointly create a healthy and favourable business atmosphere.

During the reporting period, the Group did not have any reported incidents and exceptions related to corruption, bribery, extortion, fraud or money laundering.

## Practice ESG Governance

### Board of Directors Statement

The Group strictly complies with the requirements of the *ESG Reporting Guidelines* of the Hong Kong Stock Exchange. We continuously strengthen the participation and supervision of the Board in ESG-related matters, and continuously improve the ESG governance structure and management mechanism, thereby actively promoting the organic integration of ESG concepts and corporate development.

#### Responsibilities of Board of Directors

The Board is ultimately responsible for HBM's ESG strategies, ESG risks, formulation of relevant goals, and ESG performance. The Board holds regular meetings to review ESG strategies, ESG risks, and related goals, as well as ESG issues involved in the operations of the Group, and to discuss whether key ESG areas need to be added, removed, or revised to ensure the Group's sustainable development based on the execution of ESG tasks, strategies, business model, and operational process of the Group.

#### ESG Work Execution

At the executive level, the Audit Committee takes the lead to guide and supervise the implementation of ESG strategies, objectives and management policies of the ESG working group, so as to integrate sustainable development factors into daily operations.

#### ESG Risk Management

As the monitoring body for ESG issues, the Audit Committee is responsible for identifying and evaluating HBM's related issues, supervising ESG risk identification, and regularly reporting to the Board.

## Priority ESG Topics

We work closely with internal and external stakeholders and continuously monitor ESG compliance requirements, development trends and performance of our peers. Meanwhile, we discuss and identify the Company's environmental, social and corporate governance risks and opportunities, and assess important ESG issues in light of the Company's strategic development and stakeholders' concerns, in order to clarify the focus of the Group's ESG management work. In addition, we update our management policies and strategies as necessary to ensure that our ESG-related work keeps pace with the times and better responds to the demands of our stakeholders.

## ESG Governance Structure

The Group has established a three-tier ESG governance structure consisting of the "Board of Directors - Audit Committee - ESG Working Group", and has fully incorporated ESG duties into the scope of responsibilities of all levels of the organization. In this way, we proactively address ESG risks and opportunities, and promote ESG professional decision-making and implementation of major issues, thereby ensuring that all ESG work is carried out in a standardized and orderly manner.

### HBM ESG Governance Structure



#### Board of Directors

- Decides ESG-related development direction and management policies
- Reviews major ESG issues, ESG risks and opportunities, and related management decisions
- Formulates ESG strategies and relevant policies applicable to the Group



#### Audit Committee

- Decides and supervises the implementation of relevant ESG policies of the Group
- Evaluates the policy risk and rationality of the Group
- Evaluates and formulates ESG-related sustainable development goals



#### ESG Working Group

- Responsible for communication and implementation of ESG policies
- Collects, sorts, and reports external information
- Public disclosure of ESG-related performance of the Group

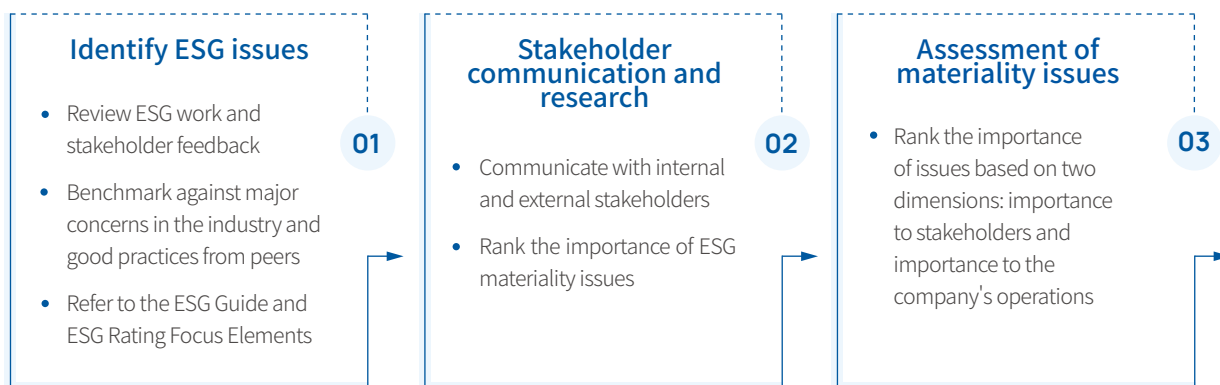
## Communication with Stakeholders

The Group is committed to transparent communication and good interaction with various stakeholders. We have established diversified communication channels, paid close attention to the demands of stakeholders as an important direction to improve the work related to the sustainable development of the Company, and continuously improved the disclosure of information to better meet the concerns and expectations of stakeholders. The Group's major stakeholders include shareholders and investors, government and regulatory authorities, employees, communities and the public, suppliers, partners and customers.

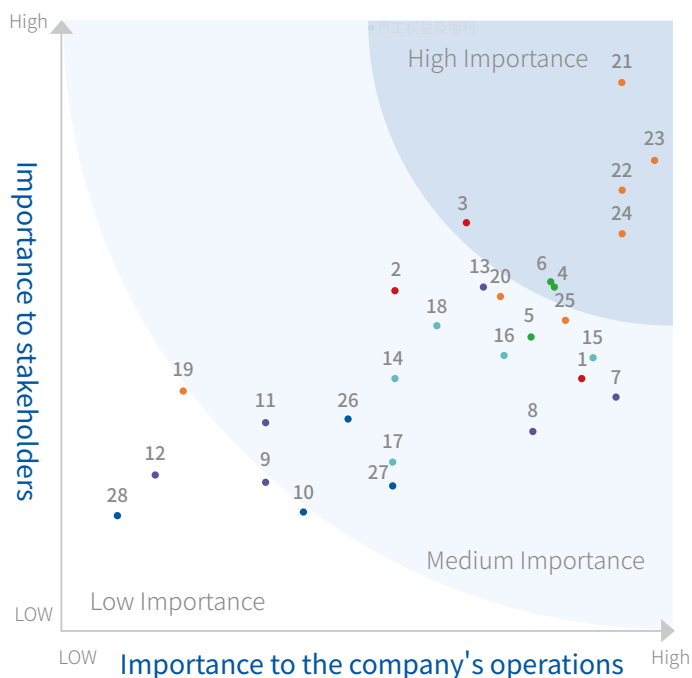
Stakeholders	Issues of Concern	Communication Channels
<b>Shareholders and investors</b>	Investment return Information disclosure Compliant operation	Annual reports, financial statements and announcements General meeting, performance presentation and roadshow Investor research Investor email, forum and other online communication Company announcement WeChat official account
<b>Government and regulatory authorities</b>	Compliant operation Paying taxes according to law Contribution to the society	Business communication Research and investigation Press releases, news bulletins
<b>Employees</b>	Protecting employees' rights and benefits Occupational health and safety Improving employee benefits Equal opportunity and diversity	Employee communication conference Employee activities Suggestion box
<b>Communities and the public</b>	Actively participating in public welfare Focusing on the needs of doctors and patients	Community services Company announcement WeChat official account Follow-up visit
<b>Suppliers</b>	Fairness and justice Win-win cooperation	On-site assessment Evaluation and assessment Business communication Technical training
<b>Partners</b>	Promoting industry development	Industry exchange conferences Industry-university-research cooperation
<b>Customers</b>	Compliance with the law Integrity Quality products and services Customer privacy protection	Business communication Customer communication meeting Seminar Customer feedback

## Materiality Assessment

In order to clarify the focus of ESG practices and information disclosure, and determine our ESG priorities, we have updated the list of ESG materiality issues based on the ESG Reporting Guidelines and analysed 28 ESG materiality issues by combining industry dynamics tracking, analysis of companies' operational characteristics and strategic directions, important ESG concerns of peers, and stakeholder communication, based on our daily communication with stakeholders. We will respond to the key issues in the corresponding sections of the report in order to meet the concerns of various stakeholders, and the specific ESG materiality assessment process and issue matrix are as follows:



### Materiality matrix of HBM Holdings Ltd in 2023



<b>Economic issues*</b>	<b>Governance issues*</b>
1. Tax transparency 2. Government support <b>3. Trade environment impact</b>	<b>4. Sustainability governance</b> 5. Risk management <b>6. Business ethics</b>
<b>Economic issues Governance issues*</b>	<b>Labor issues</b>
7. Emission management 8. Water use management 9. Energy use 10. Materials and packaging use management 11. Biodiversity 12. Animal welfare 13. Combating climate change	14. Employee diversity and equal opportunities 15. Occupational safety and health 16. Employee development and training 17. Compliance employment 18. Employee rights and welfare
<b>Product and value chain issues*</b>	<b>Community issues</b>
19. Supplier ESG performance 20. Intellectual property protection <b>21. Product development capability</b> <b>22. Product and service quality</b> <b>23. Product safety and traceability</b> <b>24. Privacy protection</b> 25. Complaint management	26. Inclusive healthcare 27. Public service and charity activities 28. Community involvement

\* Bold font is high importance materiality issue



## Development Hinges on Innovation and Quality

HBM adheres to excellence, focuses on the R&D of innovative medicine for tumor and immune diseases and the commercialization, and continuously strengthens the construction of its independent innovation capability. In addition, we carry out quality management of the whole life cycle of pharmaceuticals and are committed to creating the next generation of innovative therapies with innovative concepts and solid processes. In this way, we help promote the high-quality development of the biopharmaceutical industry and the implementation of the Healthy China strategy.

### Strive for Excellence in Research and Innovation

HBM regards R&D innovation as the cornerstone of the Company's sustainable development, and has built a rich product pipeline through a well-established R&D management system and a first-class core technology platform, accelerating the delivery of more innovative therapies to patients and addressing unmet clinical needs in society.

### Improve the Innovation System

To create a favourable research environment, we have established and continue to improve our R&D and innovation management mechanism to accelerate the product incubation process. We have established an R&D management organization structure with the Company Project Review Board (CPRB) to centralize project decisions, clarified the scope of project responsibilities and responsible persons, and implemented a cooperative management model mobilizing project leaders and project managers. Furthermore, we continued to improve the decision-making, project implementation and tracking mechanism, so as to advance the progress of research projects in a coordinate manner. At the same time, we have developed and implemented a series of internal rules and regulations and SOPs, such as the *Data Monitoring Committee Management Process*, *Study Management*, and *Crisis Incident Management Process*. In this way, we standardize and manage our R&D processes to support agile and efficient product development.

Based on the efficient operation of our R&D management mechanism, we are actively exploring in-house R&D, co-development and diversified collaboration models, and have formed two pillars of innovation strategy, namely Harbour Therapeutics and Nona Biosciences. Furthermore, the Group leveraged the HBM proprietary core technology platform as well as the professional knowledge and rich experience accumulated over the years to lead the new generation of innovative biotherapeutics on a global scale.

### Two Pillars of Innovation Strategy

#### Harbour Therapeutics

Through in-depth exploration of biotherapeutic innovation, we are committed to the discovery, development and commercialization of innovative antibody therapeutics in the oncology and immunology fields, and to the creation of a rich and differentiated product pipeline, aiming to lead the next generation of oncology immunotherapy.

#### Nona Biosciences

Leveraging the technical strengths of our proprietary antibody technology platform and experienced therapeutic antibody discovery team, we are committed to providing holistic solutions that empower innovation for our partners from research institutions, biotech startups and global biopharmaceutical giants on a global scale. The team's one-stop antibody development services range from antigen preparation, animal immunization, single B-cell screening, generation of lead antibodies, engineering modifications, as well as evaluating exploitability and related pharmacological assessments.

## HBM Technology Platform

### Harbour Mice® Platform Generating Human Antibodies for Therapy

- Generate fully human monoclonal antibodies in the classical two heavy and two light chain H2L2 format as well as heavy chain only (HCAb) format. Our H2L2 Platform generates, at a rapid rate and in a scalable fashion, classical two heavy and two light immunoglobulin chain antibodies (H2L2) with optimized fully human variable regions, allowing for endogenous affinity maturation and immune effector function. Our HCAb Platform is a human antibody platform that engineers "heavy chain only" antibodies (HCAb) in a wide variety of formats (such as mRNA, nanobodies, bispecific or multispecific antibodies and CAR-T) and with favorable developability.

### Single Cell Technology Platform

- Establish the full process of single B cell cloning, including murine CD138+ plasma cell enrichment, single B cell separation in chip, antibody binding and functional in-chip screening methods, single cell antibody sequencing, high throughput recombinant antibody production and verification, etc. Comparing with the traditional monoclonal antibody screening technology, the single B cell cloning as an advanced new technology can greatly increase the efficiency and productivity of antibody drug discovery, enhancing our fully human antibody discovery capability and single cell analysis for translational cancer research.

### HBICE® Platform HCAb Based Immune Cell Engagers

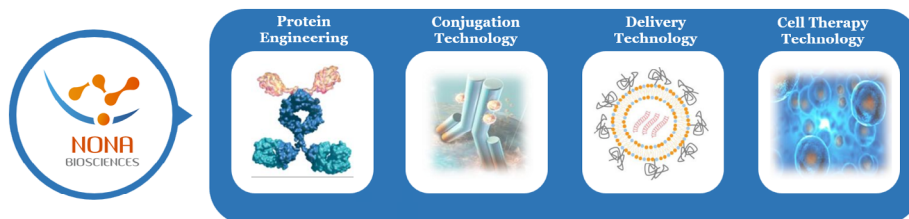
- HCAb platform can generate diverse and stable fully human Heavy Chain only Antibodies (HCABs) and derived human VH single-domain moieties. On top of this, we have established proprietary HCAb Based Immune Cell Engagers platform to quickly develop multi-specific antibodies that redirect immune cells to the tumor microenvironment (TME) to eradicate tumors. HBICE® technology provides the flexibility to generate molecules with different architectures and avidity to achieve different mechanisms of action that are unachievable by combo therapies.

### HCAb Plus™ Platform Next-Generation Therapeutic Modalities

- Use the potent penetration, high flexibility, and other advantages of HCAb that can combine multiple molecular patterns to develop various new drugs and next generation of innovative therapy to boost industrial development.

To give full play to the value of our unique platform technologies, we continue to explore the expandability of platform technology application scenarios. Relying on the technical achievements and platform advantages of the Harbour Mice® platform, Nona Biosciences has established a robust antibody discovery platform, protein engineering platform, conjugation technology platform, HCAb-CAR screening platform and delivery technology platform to use mRNA-encoding target gene as immunogen to tackle difficult targets. Leveraging these technology platforms, we are moving towards more novel and challenging drug targets globally.

## Nona Biosciences Focusing on 4 Application Areas



## Accelerate the Transformation of Results

We focus on the construction of our R&D team and actively introduce industry experts and outstanding talents from home and abroad to provide innovative power for the long-term development of the enterprise. As at the end of the reporting period, our R&D team had a total of 118 members. In addition, we fully leverage the advantages of technological platforms to unite with global high-quality industry partners to continuously drive the transformation of innovative achievements, thereby empowering the development of the enterprise itself and the industry. During the reporting period, the Group's research expenditures amounted to US\$ 45.1 million, and a number of breakthroughs were achieved in both clinical development of products and academic research.



Highlights of HBM's Innovations in 2023	
Batoclimab (HBM9161)	<ul style="list-style-type: none"> <li>✔ Positive research results have been achieved in the Phase III experiment for the treatment of systemic myasthenia gravis</li> </ul>
Porustobart (HBM4003)	<ul style="list-style-type: none"> <li>✔ Presented the results of a Phase Ib clinical trial of HBM4003 in combination of toripalimab at the American Association for Cancer Research (AACR) Annual Meeting in 2023, with an overall objective response rate (ORR) of 38.9%, showing promising anti-tumor activity in the treatment of patients with advanced high-grade neuroendocrine neoplasms (NENs)</li> <li>✔ Presented the results of a Phase Ib clinical trial for toripalimab combination therapy on patients with HCC At the American Society of Clinical Oncology (ASCO) Annual Meeting in 2023, with an ORR of 46.7%, showing promising anti-tumor activity</li> <li>✔ Presented the safety result of HBM4003 in nonclinical and clinical at Society of Toxicology in 2023</li> <li>✔ It is expected to become a new generation of human-only heavy chain anti-CTLA-4 antibody and enter the first critical clinical trial</li> </ul>
HBM1020	<ul style="list-style-type: none"> <li>✔ Obtained the Investigational New Drug (IND) clearance to commence Phase I trial for solid tumors from U.S. Food and Drug Administration (FDA) and completed first dosing of first patient in Phase I trial</li> </ul>
HBM9378	<ul style="list-style-type: none"> <li>✔ Completed the Phase I clinical trial</li> </ul>
HBM1022 HBM1007	<ul style="list-style-type: none"> <li>✔ Obtained IND clearance from FDA</li> </ul>
HBM9033	<ul style="list-style-type: none"> <li>✔ Obtained IND clearance from FDA</li> <li>✔ Made a global clinical development and commercialisation license agreement with Pfizer</li> </ul>
HBM7022 (AstraZeneca collaboration program)	<ul style="list-style-type: none"> <li>✔ Obtained IND clearance from National Medical Products Administration (NMPA) and FDA</li> <li>✔ Initiated Phase I/II international multi-centre clinical trial</li> </ul>
HBM7008 (Cullinan Oncology collaboration program)	<ul style="list-style-type: none"> <li>✔ Entered into a license and collaboration agreement with Cullinan</li> <li>✔ Promoting global Phase I trials</li> </ul>
HBM1029 HBM7015 HBM7020 (Hualan Genetic collaboration program)	<ul style="list-style-type: none"> <li>✔ Obtained IND clearance from NMPA</li> <li>✔ Initiated Phase I trial in China</li> </ul>
NK-010 (NK Cell Therapy collaboration program)	<ul style="list-style-type: none"> <li>✔ Obtained IND clearance from FDA</li> <li>✔ Promoting to Clinical Trials</li> </ul>

While actively promoting innovative R&D, the Group also regards intellectual property (IP) as the key to protecting innovation, and is committed to safeguarding its R&D achievements from infringement by strictly complying with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China* and other laws and regulations. In this way, we strive to protect our own R&D achievements while respecting and defending the IP rights of others to protect our competitive advantage and brand reputation.

We have formulated and continuously improved the IP Management System, and the Legal Affairs Department is responsible for the unified management of IP matters, such as the application, registration, payment of annual fees, and changes in copyright matters for the Company's patents, trademarks, copyrights, computer software, and other items. In addition, we have set up a specialized IP management team to provide full-process patent technology guidance for research on scientific topics, new products, new processes, and new technology development, in order to effectively reduce the risk of IP infringement. When a research project is established, we will conduct the necessary patent searches and analysis to investigate into the patents existing in the technology field involved, so as to determine the feasible direction of research and development. During the research, we keep abreast of the latest research and development results in relevant technical fields and research organizations, and collect information on newly announced technologies or related patent applications, so as to adjust the research direction in a timely manner. For phased achievements, we will file patent applications for the results that meet the patent requirements, and if there are any problems related to the legal relationship of IP rights, we will take appropriate countermeasures in accordance with the professional advice of our IP management team.

During the reporting period, we established an IP patent management system to safely, efficiently, and directly control the entire process of our patent applications. In addition, we conducted relevant training for R&D personnel and agents to smoothly promote the use of the system and to guide IP management personnel, R&D personnel and patent agents to jointly engage in and complete the management and protection of the Company's IP. To better stimulate the innovation enthusiasm of our employees, we clearly stipulate that employees who directly create any inventions or intellectual achievements in their performance of duties can enjoy the right of authorship for such works, and enjoy certain rewards and remuneration in accordance with the labour contract. During the reporting period, we filed 82 new invention patent applications, bringing the total number of patent applications to 280, of which 51 were approved. And we have total 67 trademark applications.

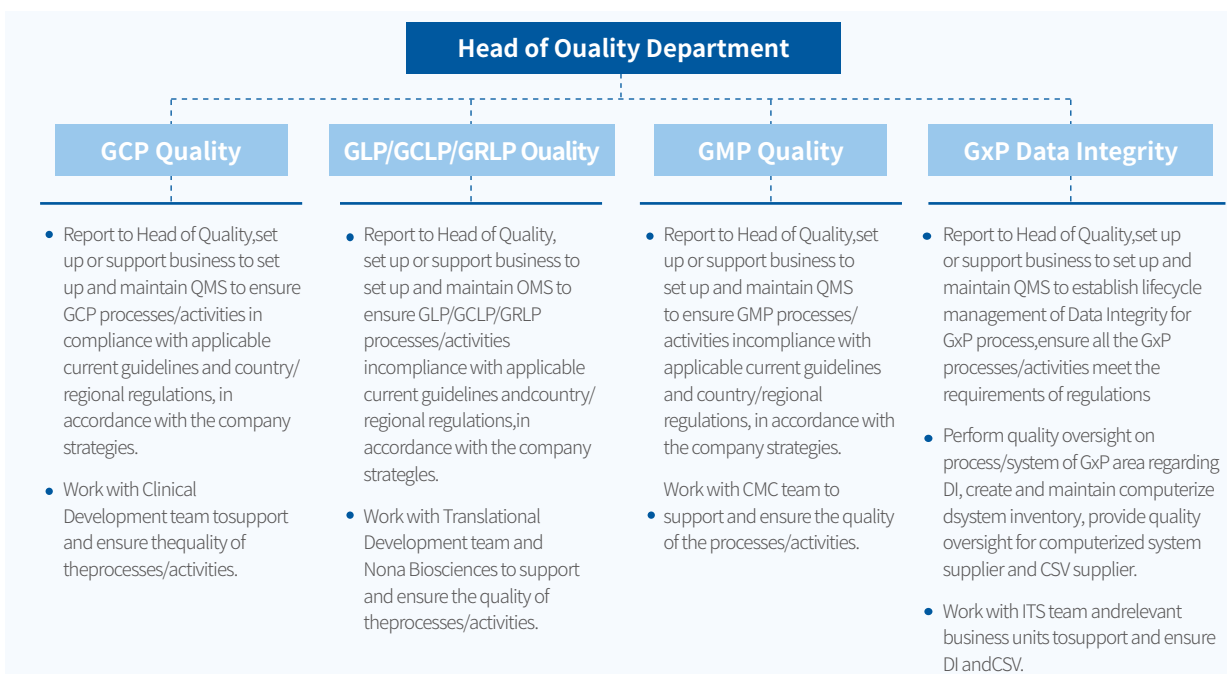
## Set Quality Benchmark

Quality and safety have always been HBM's most solid commitment to patients. We strive for excellence, support the industry's quality benchmarking with a mature quality management system, and attach great importance to the quality and safety of patients' medication in order to further improve the quality of patients' lives and serve human health.

## Enhance Quality Management

We strictly abide by the laws and regulations including the *Drug Administration Law of the People's Republic of China*, and have constructed a product quality lifecycle management system and set up a perfect quality management structure to ensure the effective and comprehensive implementation of the quality management work. We formulate and follow internal quality management related systems such as the *Product Quality Standard Management Regulations* and the *Quality Risk Management* to clarify the top-down quality management process and standards. During the reporting period, we issued the *Quality Manual* and revised a number of SOP documents to further improve the quality management system.

## HBM Quality Management Structure



As an important part of quality risk mitigation, we have developed a quality audit program in accordance with GCP requirements and internal SOPs, and all ongoing clinical trials are subject to a variety of internal and external audits by our Internal Quality Control Department, third-party audit firms, and external quality assurance teams. The audit covers the completeness of experimental documents, the standardization, safety, ethics, and other aspects of the trials, to ensure that the implementation of clinical trials meets the requirements of trial protocols, standard operating procedures, and relevant laws and regulations, protecting the safety and rights of subjects.

Moreover, our Quality Department conducts regular reviews of our quality management programs and processes. Specifically, we review compliance and performance of rules and regulations, annual audit plans, quality training matrices, and qualification of GxP employees through internal meetings, etc., in order to continuously optimize and refine our quality management model to ensure the highest level of quality consistency.

We actively apply digital technology to our quality management processes, using Veeva QualityDocs software for lifecycle management of quality process documents to allow for complete audit and tracking of information. In this way, we can quickly trace the trajectory of the full life cycle activities of the documents to meet the audit tracking requirements for the GxP system, thus effectively improving the completion of the overall quality management system. To deeply integrate quality awareness into our daily operations, we have developed a quality training system based on the actual needs of our business units, and established the ComplianceWire staff training system to automate high-quality quality training, which have gradually deepened our employees' knowledge of the relevant systems and standards and product quality details. During the reporting period, 304 new quality training courses were created in the ComplianceWire system, with a total of 4,781 training sessions completed.

### HBM Quality Training Matrix

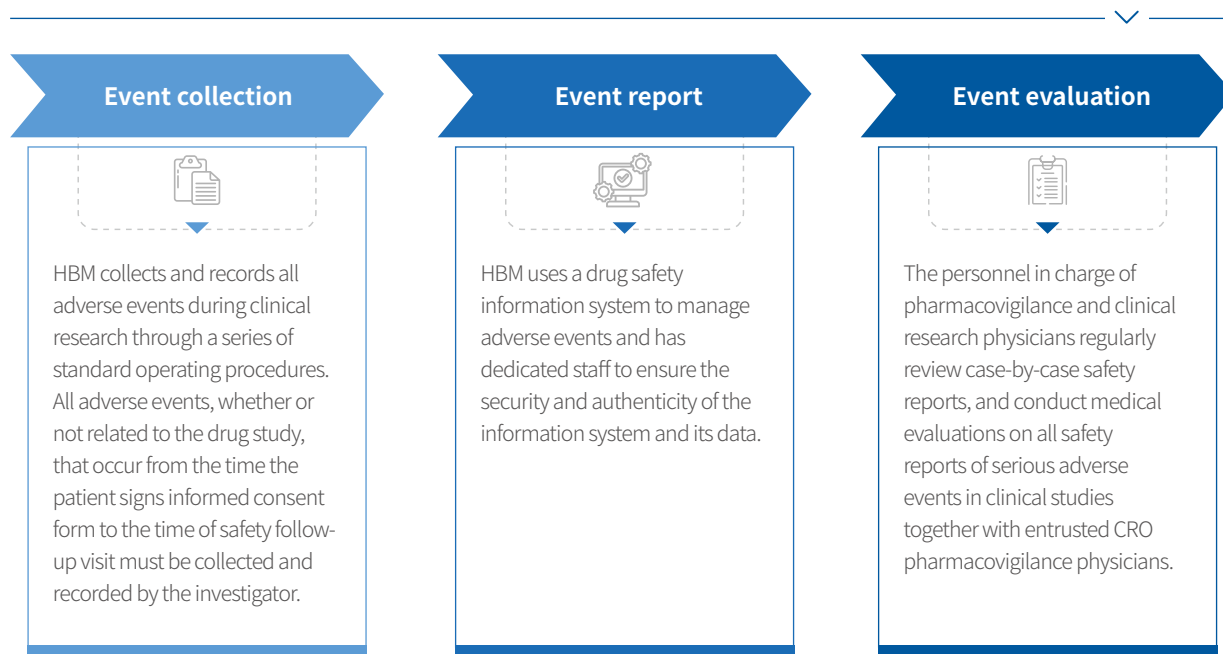


## Strict Control of Medication Safety

Adhering to the principle of being responsible for patient safety, we have established a pharmacovigilance system in strict compliance with the *Drug Administration Law of the People's Republic of China*, the *Code of Practice for Quality Management of Pharmaceutical Clinical Trials*, the *Code of Practice for the Quality Management of Pharmacovigilance*, the *Standards and Procedures for Rapid Reporting of Safety Data during Clinical Trials of Drugs*, and the *Guidelines for Aggregate Analysis and Reporting of Safety Information during Clinical Trials of Drugs*. In addition, we have formulated a series of management policies for pharmacovigilance activities, such as the *Collection, Processing and Reporting of Individual Safety Reports in Clinical Trials*, the *Preparation and Submission of Safety Update Reports during R&D*, and the *Safety Data Review Regulation*, and set up an independent pharmacovigilance team. Through these means, we continuously evaluate the safety of the target medicine in therapy during clinical development in accordance with the requirements of operational procedures and guidelines to ensure the safety, rationality and effectiveness in medication.

In order to reduce the risk of drug safety, we have established a lifecycle adverse event management process, in which the pharmacovigilance officer, the clinical research physicians and the contract research organization (CRO) pharmacovigilance physicians are jointly responsible for the collection, reporting and evaluation of events to ensure that all adverse drug reaction information is collected and processed in a timely manner.

### HBM Adverse Events Risk Management Process



## Animal Experiment Management

We strictly abide by the *Regulations for the Administration of Affairs Concerning Experimental Animals* and the *Administrative Measures for Laboratory Animal Licenses (Trial)* and other relevant regulations, and regard the Institutional Animal Care and Use Committee (IACUC) as the core body for the management of animal experiments and animal ethical review of the Group, so as to safeguard animal welfare in accordance with the law. During the reporting period, we issued the *IACUC Rules and Regulations* to regulate the projects, facilities and processes related to animal experiments in order to safeguard the compliance of animal experiments.

During the reporting period, we developed an *Animal Use Policy (AUP)* and established a SharePoint Workflow digital process management system to manage AUP requests and approvals. We continue our collaboration with Charles River Laboratories and use their facilities for the management and use of experimental animals. In actual operations, we strictly adhere to the rules and regulations of the experiment site and accept the supervision and guidance of IACUC in experiments.

In addition, all staffs involved in animal experiments shall receive strict internal training before starting their jobs, which includes basic orientation for new employees and detailed training on experimental work to help them quickly familiarize themselves with the working environment and understand the work requirements. As at the end of the reporting period, HBM had a total of 9 certified laboratory staff carrying out animal-related experiments.

## Protection of Patients' Rights and Interests

HBM puts the life and safety of patients in the first place, firmly safeguards subject privacy, and emphasizes R&D ethics and animal welfare. We have established and continuously improved the mechanism of patient rights and interests protection for the benefit of global patients.

### Protection of Subject Privacy

HBM always strictly complies with relevant laws and regulations as well as policy documents that have a significant impact on us in relation to health and safety and the protection of subjects' privacy and safety, such as the *Good Clinical Practice (GCP)*, the *Civil Code of the People's Republic of China*, and the *World Medical Association Declaration of Helsinki*. We also conduct ethical reviews of all clinical programs to ensure that relevant medical and biological research complies with ethical principles such as "informed consent" and "protection of privacy". We have made provisions for the protection of data and privacy of subjects participating in clinical trials in a number of internal policies and SOP documents. During the reporting period, we newly formulated the *Information Security Policy* and the *Data Protection and Privacy Policy*, aiming to further clarify the roles and responsibilities as well as management norms in clinical trial data management.

Prior to the commencement of the clinical trial, we strictly follow the informed consent procedure to inform subjects of the risks of the test drug, the use of test data, and how their privacy is protected, so that they can fully protect their rights and interests. The subjects are assigned a unique code to replace their name and other identifiable information before participating in the trial, and the Group uses an electronic data collection system to collect and manage the encoded desensitized anonymous trial data. The subject's original medical data files are kept in the study site, except for the investigators of the site, only authorized clinical research inspectors and auditors, quality controllers from the sponsor, members of the ethics committee, and officers from the drug administration authority, have direct access to the files. Employees performing clinical trial-related operations are required to receive training in GCP and business standard operating procedures before the commencement of relevant activities to raise their awareness of subject privacy protection.

We also continue to strengthen our internal information security management by conducting annual disaster backup and recovery drills for our core Enterprise Resource Planning (ERP) system and installing a complete firewall to safeguard our network security. During the reporting period, no information security or information leakage related incidents occurred in the Group.

## Customer Service System

As at the end of the reporting period, all of our products were in the pre-market development stage, and therefore our primary sources of product feedback were subjects participating in clinical trials and CRO. We have formulated a number of internal policies and procedures and SOP documents, and have put forward corresponding management requirements for quality complaints, feedback of adverse events and product recalls, so that we can understand the shortcomings of our products and make timely improvements.

We collect the feedback and complaints from subjects and CRO by various forms including phone, webpage, email and on-site visits. After the Clinical Operation Department receives the feedback, the Clinical Research Associate (CRA) will collect relevant information by conducting targeted surveys and taking interviews. Information is analysed and dealt with jointly by the operation management personnel, the Quality Department, and other relevant functional departments according to the actual demands. The solution is informed timely to the hospital to ensure the compliance and effectiveness of problem-solving. If the subject's feedback involves compensation for adverse events in clinical trials, we will handle them in accordance with the Insurance Claims Process and the Clinical Trial Agreement signed with the hospital, and actively support the relevant compensation process to protect the subject's rights and interests. During the reporting period, the Group did not recall any products for safety and health reasons, or receive any complaint from products or services.

To better improve service quality and efficiency, we conduct regular special training on clinical trial management for employees of the Operation Department. The topics include the laws and regulations regarding conducting clinical trials and the requirements for trail projects. Researchers from external hospitals are invited to conduct training sharing on subject management experience, so as to enhance employees' capability of clinical trial management. In addition, during the reporting period, Nona Biosciences also conducted several rounds of training for relevant employees involved in external business, including communication with customer and verification of project-specific service content, which effectively enhanced the connection of each business links to meet customer needs more efficiently.



### Sharing on subject management experience

In April 2023, the Group invited an external lecturer from Huashan Hospital of Fudan University to the research instruction meeting, where subject management related training was conducted for participants including clinical trial managers, researchers and clinical operators, with topics covering process specifications of specimen collection and drug administration, psychological care, and humanistic care. This training not only ensured that the employees acquired more essential knowledge and skills, but also guaranteed that the subjects were adequately protected and cared for in clinical trials.





## Work Together for Shared Development

With the corporate mission of "Healthy Life, Breakthrough Medicines", HBM has always been promoting the industry development with its partners through precise collaboration and joint forces. The Group continues to provide technical license to biomedical enterprises and academic institutions across the world to promote innovation in the industry and to bring more innovative therapies to patients.

### Responsible Supply Chain

#### Supplier Management

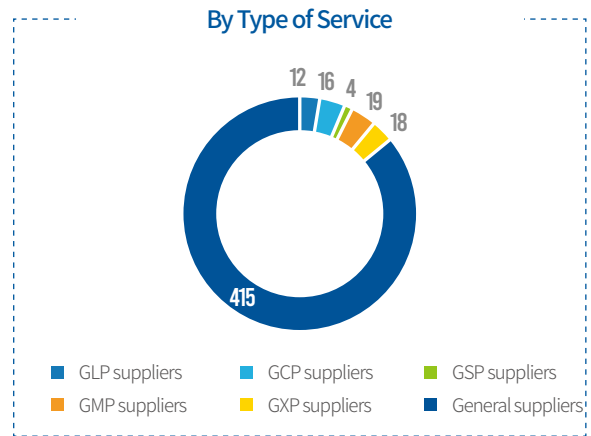
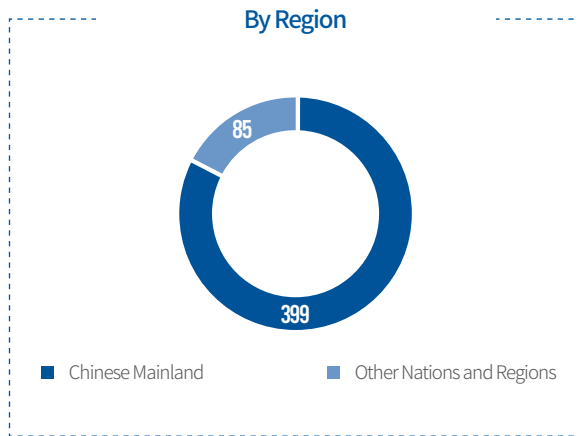
The quality, resilience, and sustainability of the supply chain are crucial to the long-term development of the Company's business. We strictly comply with laws and regulations of the place where we operate and formulate internal policies including the *Indirect Logistics and Service Procurement Process* and the *GxP Supplier Quality Management*. We have also built a digital supply chain management platform and implement the Supplier Management System (SMS) to achieve lifecycle management of supplier access, audit, and evaluation. During the reporting period, we further optimized the SMS and added functions such as temporary supplier labels to enable more standardized and effective supplier management.

For new suppliers, we implement the classified access management according to the procurement type. For key suppliers, we form a procurement team composed of the Procurement Department and Quality Department to comprehensively consider the supplier's quality, cost and cultural fit, and strictly check their relevant qualifications, including business license, system certification, product inspection report, etc. In addition, we conduct on-site or online audits of new suppliers based on the actual needs. For qualified new suppliers, we enter into the Quality Agreement with them, add them into the qualified supplier pool, and conduct regular qualification audits to ensure the compliance of operation and production for suppliers.

For existing suppliers, we draw up the annual audit plan, requiring the Quality Team to coordinate and carry out the annual audit. We also conduct comprehensive assessment from compliance, quality, and technology using the supplier questionnaire to ensure the high supply quality. For unqualified suppliers identified during the annual audit, we propose improvement suggestions and assist them in forming corrective action plans. We also track and review their rectifications and, if they still fail to meet our standards, we will cancel their supply qualifications. For key suppliers, we conduct quality risk assessment regularly, and classify and grade the suppliers based on the assessment results to achieve efficient management.

We continue to improve our mechanism of daily communication with suppliers, and actively communicate with them by phone and on-site visits. We carry out regular supervision for suppliers on product quality and service performance in a timely manner, organize in-depth exchanges between our employees in key positions and suppliers, and review and summarize the performance appraisal results and problems in previous cooperation, in an effort to help them solve bottlenecks and strive for a long-term and healthy cooperative relationship with high-quality suppliers, thereby achieving mutual benefit and win-win results.

By the end of the reporting period, HBM had a total of 484 suppliers. Among them, 100 suppliers passed ISO 9001 quality management system certification and 42 suppliers obtained ISO 14001 environment management system certification. The distribution of suppliers is as follows:



## Supply Chain ESG Risk Management

We pay close attention to the global trade environment, industry policies and regulatory trends, and analyse their impact on the Company's operations and supply chain, as well as the potential ESG risks in the public welfare supply chain. Based on this, with secure supply as the premises, we integrate ESG management requirements such as business ethics, environmental responsibility, and social responsibility into supplier management. We have formulated the *Commitment Letter for Communication on HBM's Suppliers Code of Ethics for Business Conduct* and the *Commitment to Integrity*, and enforce 100% signing by the suppliers. The "zero tolerance" attitude towards commercial bribery and unethical business conduct is specified in the *Indirect Logistics and Service Procurement Process* to clarify and standardize the procurement workflow and business ethics for suppliers. By doing so, we further ensure the fairness, justice, and openness of the procurement project, so as to prevent the occurrence of risk events such as violations of laws and disciplines. In addition, we include ESG elements in the supplier questionnaire, and conduct an examination and evaluation of their environmental and social responsibility performance in the annual audit. By guiding our suppliers to conduct environmental, safety, and business ethics management responsibly, we further reduce ESG risk in the supply chain and enhance the sustainability and resilience of the supply chain. During the reporting period, the Group had no suppliers that the contract was terminated due to ESG-related issues.

### Indicators adopted in the ESG performance evaluation for HBM suppliers

#### Environmental Impact

Assess emissions compliance in suppliers' operations and the standardized use of relevant facilities

#### Health and Safety

Assess the integrity of suppliers' EHS related systems and procedures, the effectiveness of equipment and measures related to employee safety, and the professional qualifications and training of related personnel

#### Clinical Safety

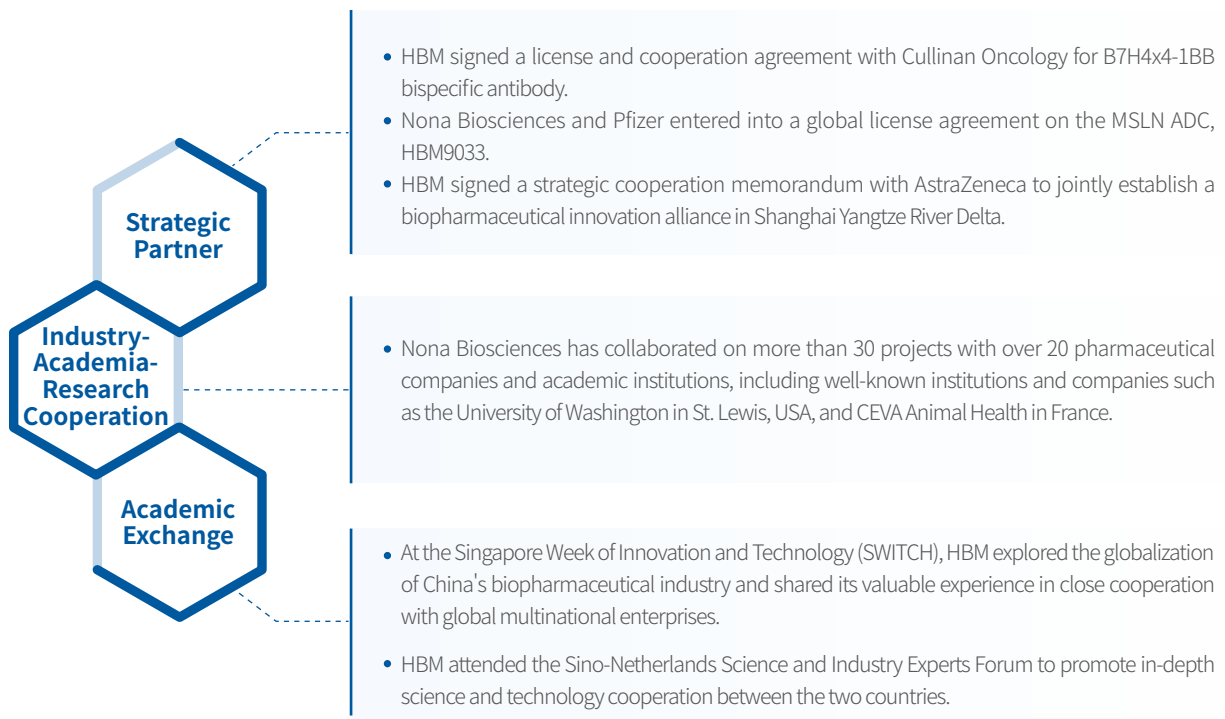
Assess the standardization of the suppliers' adverse event management process in clinical studies, and require them to provide safety update reports to protect the rights and interests of subjects



The Group firmly recognizes the importance of stable supply and strives to reduce supply chain risks. In response to the global supply chain risks such as prolonged delivery time, supply shortage, and declining capacity in recent years, we act actively to achieve risk prevention, monitoring and control. We reduce supply chain uncertainties by conducting market development analysis and market research, developing localized suppliers and reserving alternative suppliers. For key suppliers, we include qualifications, service experience, financial status and technical solutions as appraisal indicators at the pre-qualification stage to fully evaluate their comprehensive strength and reduce the risk of supply chain interruption at source. By doing so, we ensure our business continuity and the supply stability, and ensure the steady business growth with our quick reaction and risk insight capability.

## Deepen Exchanges and Cooperation

HBM is committed to working with partners from all walks of life including those in the fields of industry, academics, research, and medicine, to jointly promote new ecological construction in the industry. The Group has maintained close communication with top academic institutions and biopharmaceutical companies in the world, and has continuously explored various cooperation forms, including external licensing related to products, technical licensing, cooperative R&D, joint venture projects and academic exchanges. Based on resource integration and strength sharing, we have gained a strong joint force that drives the industrial technology transformation, forward-looking scientific research and innovation, basic scientific research and innovation, and upstream and downstream industrial development, to fully promote the R&D of next-generation innovative therapies, and jointly protect human life and health.



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### **Nona Biosciences entered into a global Licensing Agreement with Pfizer for HBM9033**

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In December 2023, Nona Biosciences announced an exclusive license agreement with Pfizer for the global clinical development and commercialization of HBM9033, an antibody-drug conjugate (ADC) of MSLN. The cooperation represents an important milestone in the development of the Group's proprietary Harbour Mice® platform and ADC ecosystem, demonstrating the strength and expertise of Nona Biosciences in antibody discovery and development. We also hope that this innovative collaboration will effectively strengthen Nona Biosciences' global network, thereby further expanding the scientific and commercial value of our technology platform and fulfilling our commitment to providing cutting-edge technological innovations for the R&D of therapy medicine.

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### **HBM and AstraZeneca deepened strategic cooperation to continuously empower local innovation in biopharmacy**

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In April 2023, HBM signed a strategic cooperation memorandum with AstraZeneca, aiming to establish a biopharmaceutical industry innovation alliance in Shanghai Yangtze River Delta through joint efforts by various parties, and promote the globalized cooperation in the development of R&D platforms and innovative drugs for key disease areas that we all were concerned with. By deepening cooperation and driving capital empowerment, we aimed to aggregate the strengths of local biopharmacy and expand the source innovation in basic scientific research, thus enhancing China's capabilities in innovative scientific research transformation and globalized research, and jointly promoting the accelerated implementation of R&D and innovative achievements.

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### **HBM attended Singapore Week of Innovation & Technology to discuss the globalization process of Chinese biopharmaceutical industry**

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In October 2023, HBM was invited to Singapore Week of Innovation & Technology. We had an in-depth discussion on cutting-edge technologies such as AI, gene editing, and nano technology, and actively shared the experience in maintaining close cooperation with global multinational enterprises. Based on the platform provided by this scientific and technological innovation event, we jointly promoted systematic cooperation and integration of the life science industry with our global peers to accelerate the R&D of innovative therapies and improve the quality and efficiency of healthcare, thus better benefiting patients worldwide.

The Group continues to promote product R&D and innovation, as well as the development and implementation of core technologies, making continuous efforts in the fields of peripheral and neurovascular intervention and implantation. At HBM, the long-term development of the enterprise is supported by a strong R&D pipeline, and domestic alternatives are developed through independent innovation. Relying on the Group's long-term emphasis on scientific research and innovation, as well as profound resource support and investment, we have obtained a number of R&D qualifications, and won high recognition of R&D innovation capability from the industry. During the reporting period, the Group obtained the following significant qualifications:

Name of Qualification	Qualified Unit
Shanghai Enterprise Technology Centre	Harbour BioMed (Shanghai) Co., Ltd.
2023 Innovative Small and Medium-sized Enterprise	Nona Biosciences (Suzhou) Co., Ltd.
High-tech Enterprise	Harbour BioMed (Shanghai) Co., Ltd.
2023 Suzhou Foreign-funded R&D Centre	Nona Biosciences (Suzhou) Co., Ltd.

## Build a Beautiful Society Together

Adhering to the concept of "improving patients' quality of life and serving the health of mankind", we deepen the organic integration of corporate strategy and social responsibility, making continuous innovation and breakthroughs, continuously strengthening our R&D capability, and fully utilizing the advantages of independent technical platforms. These actions support the clinical trials and future commercialization of our cooperative products and make differentiated antibody therapy more accessible and affordable, thus better giving back to society and helping to respond to global human health challenges.

At the same time, we are constantly concerned about people's well-being, actively fulfil social responsibilities, and pay close attention to industry hotspots. We also strive to contribute to charitable public welfare and social assistance, so as to jointly build a beautiful home where everyone is involved in helping each other and make contributions to the construction of a harmonious society.



## Practice People Orientation to Support a Common Future

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HBM believes that talents are the source of enterprise development. The Group actively seeks for and gathers together outstanding talents with rich experience in various fields worldwide to establish competitive advantages in human resources. We value each employee, advocate a diverse, inclusive and equal corporate culture, and create a good working environment for employees, supporting employees to grow together with us.

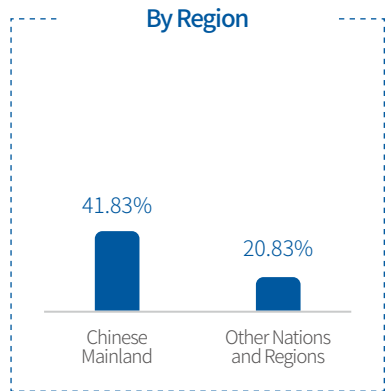
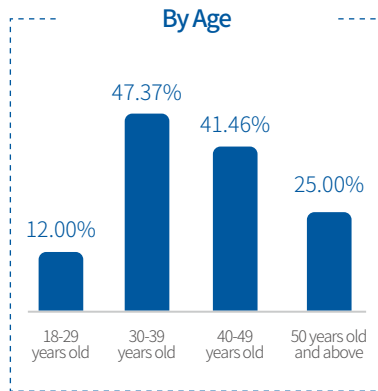
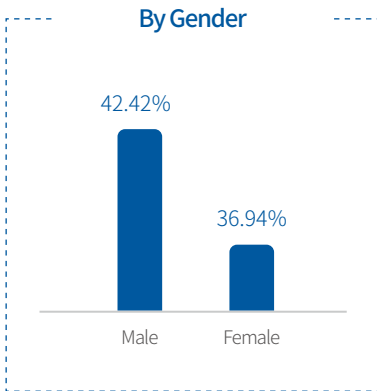
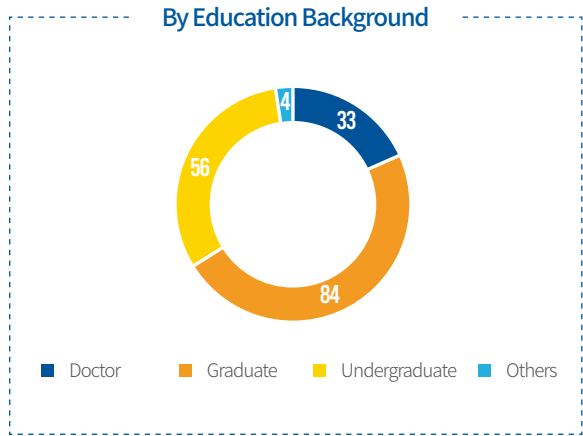
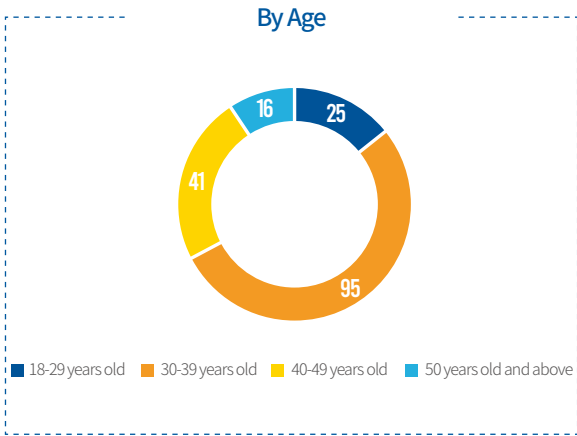
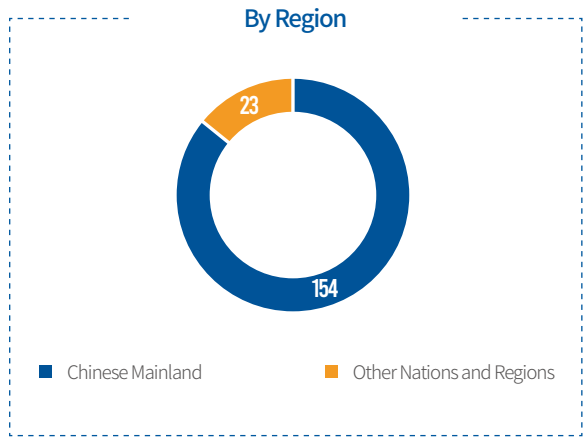
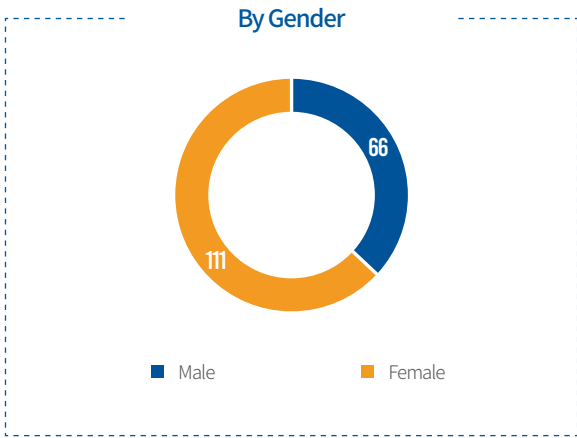
### Protect Employee's Rights and Interests

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The Group is committed to building harmonious labour relations. We strictly comply with relevant laws and regulations that have a significant impact on us relating to preventing child and forced labour, including the *Labor Law of the People's Republic of China* and the *Provisions on the Prohibition of Using Child Labor* as well as other global applicable laws and regulations to show our respect for and to protect the legitimate rights and interests of our employees. We implement a "zero-tolerance" policy for child labour, forced labour and other illegal employment practices, and prevent the use of child labour from the source by requiring candidates to fill in an application form during recruitment so as to confirm and verify their identity and age. If any cases of illegal employment are found, we strictly follow relevant procedures and punish relevant personnel. By the end of the reporting period, the Group had no incidents involving child labour or forced labour.

We are committed to establishing a diverse, equal and inclusive workplace for talents of different backgrounds, complying with relevant laws and regulations that have a significant impact on us relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. We have established diverse recruitment channels including campus recruitment, social recruitment, and LinkedIn recruitment. We also strengthened our exploration of talent recruitment in the US and European talent markets to constantly improve recruitment efficiency, attract industrial cross-disciplinary talents from both domestic and foreign markets, and continuously accelerate the building of the talent team. At the same time, we have strengthened our cooperation and exchange with universities to provide students with study and internship opportunities, injecting new vitality into the Group.

Adhering to the principle of "Equal Employment", we emphasize our diverse, equal and inclusive principles and related guidelines in our *Employee Handbook* of the United States office. We never discriminate job seekers and employees on accounts of their ethnicity, gender, age, family background, cultural background, religion, physical fitness, and nationality, providing employees of different genders with equal promotion opportunities and ensuring that they receive fair treatment at work. At the same time, we actively provide employment opportunities for vulnerable groups to help them find jobs. By the end of the reporting period, HBM had 177 employees, including 2 employees with disabilities.



Notes: Turnover rate of employees by category = number of employees of the category who left during the reporting period / total number of employees in the category \* 100%

## Stimulate Talents' Vitality

Talent development is the driving force for the sustainable development of enterprises. We have established an all-round training system for employees and provided a broad platform for career development to continuously enhance their comprehensive capabilities and to support their career growth.

### Employee Training

According to the employees' requirements at different stages and positions, HBM constantly improves employees' training system and provides employees with a multi-level and diverse training resources, continuously promoting the enhancement of talent value. We offer a number of training courses including Professional Training, Management Training and Corporate Culture Training to comprehensively upgrade the management and professional skills of employees. At the same time, we rely on the digital employee training platform such as the Talent Management System (TMS) and Zhiniaoy to continuously improve the relevance and effectiveness of employee training. In addition, we have formulated the *Education Aid Policy* to provide financial support for employees to obtain vocational certificates, encouraging them to continuously improve their vocational skills and empowering their personal growth.

#### Professional Training

- We regularly carry out training on Fridays in the form of technical seminars to stimulate the learning enthusiasm, expand the knowledge, and improve the professionalism of our employees.

#### Management Training

- We regularly engage professional third-party organizations to conduct training for management through Workshop to enhance their comprehensive management capabilities, including leadership, coordination, decision-making, and crisis management.
- We regularly organize weekly meetings with team managers to constantly learn their managerial concepts and modes that advanced with the times by exchanging ideas on management topics.
- In 2023, we conducted training on leadership and competency assessment, assessed the core talents based on the external assessment system. We also conducted training and provided guidance based on the assessment results.

#### Corporate Culture Training

- We regularly organize cultural Workshops for new employees and the management to help them understand what kind of roles they are playing in the corporate culture and help them practice our corporate culture.



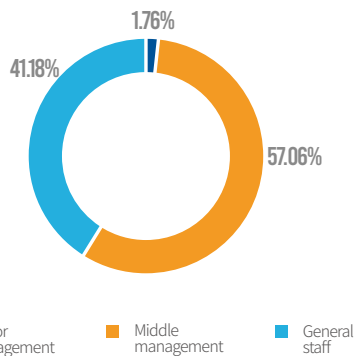
### Assisting employees in participating in the selection of leading talents for "Pearl Plan" in Pudong New Area in 2023

In September 2023, HBM assisted employees in applying for certification as leading talents for "Pearl Plan in Pudong New Area in 2023". Our employees involved were recognized as "leading talents" in December, representing the first certified leading talents for "Pearl Plan". This event not only broadened the vision of employees, but also empowered them to enhance core competitiveness, thus helping them realize self-worth.

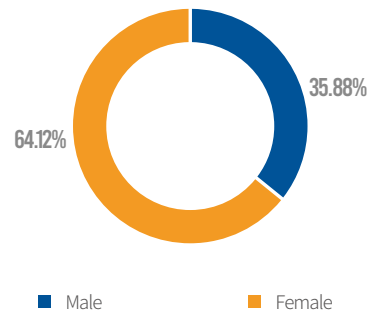


By the end of the reporting period, we invested a total of US\$ 22,414 in employee training with a total of 2,406.8 training hours, averaging 13.60 hours per capita.

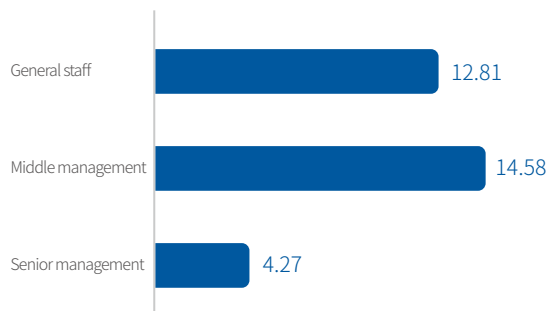
Percentage of Employees Trained by Ranking



Percentage of Employees Trained by Gender



Average Training Hours by Ranking



Average Training Hours by Gender



Note: Percentage of employees trained in each category = number of persons trained in that category/total number of employees trained \* 100%

## Career Development

The Group is committed to providing employees with clear, explicit and transparent career development direction, and formulates and implement the *Position and Rank Management Regulations*. During the employee promotion periods, the Human Resources Department and line managers organize one-on-one employee interviews to help employees determine their own career paths according to their self-development needs. At the same time, we provide internal transfer opportunities for all employees to constantly promote the effective flow of internal talents. In addition, we have established a scientific and effective performance appraisal mechanism and make continuous optimization on it. Top-down performance reviews are held mid-year and year-end to help employees better understand their strengths and weaknesses. We also encourage them to actively play their strengths and improve their weaknesses to help them with a better professional growth.

## Protect Safety and Health

Adhering to the management objective of "preventing and reducing work injuries for safe production", we strictly complies with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards, such as the *Work Safety Law of the People's Republic of China* and the *Fire Prevention Law of the People's Republic of China*. During the reporting period, we updated the *Comprehensive Emergency Plan for Production Safety Accidents of Harbour BioMed (Shanghai) Co., Ltd.*, to protect the safety and health of the employees effectively.



Fire Drills

By continuously improving the building of the occupational health and safety management system, we have established an EHS prevention and control management framework of "department head - EHS coordinator - all employees and contractors" to control production safety at all levels. To minimize the risk of safety hazards and occupational diseases, we identify possible occupational hazards risks at work, and sign the *Notice of Occupational Disease Hazards* with employees to inform them of potential occupational hazards at work. Once an employee suffers from occupational diseases, we will provide treatment according to the requirements of laws and regulations. At the same time, we have formulated strict management policies and operational guidance for the identified risk points to further prevent safety risks. In addition, we continue to provide annual physical examinations for all employees as well as occupational physical examinations specifically for those who will be, are, and were working at the laboratory and other key positions, so as to effectively protect health and rights and interests of employees. There was no incident of casualty in the past three years. During the reporting period, HBM lost no working days due to work-related injuries.

In order to prevent security incidents, we have developed emergency response procedures to clarify the responsibilities of each organization and personnel. Meanwhile, we continue to strengthen safety education to enhance employees' safety awareness and emergency response skills. During the reporting period, we carried out safety training, including laboratory safety, office safety, work safety, and fire safety for all employees to enhance their safety awareness. At the same time, we have summaries and lectures on safety for production-related employees every two weeks to identify and solve problems timely and ensure work safety and "zero accident". And we conduct regular fire drills to help our staff know well about evacuation exits and routes, and the use of fire extinguishers, so as to enhance their self-rescue capability.



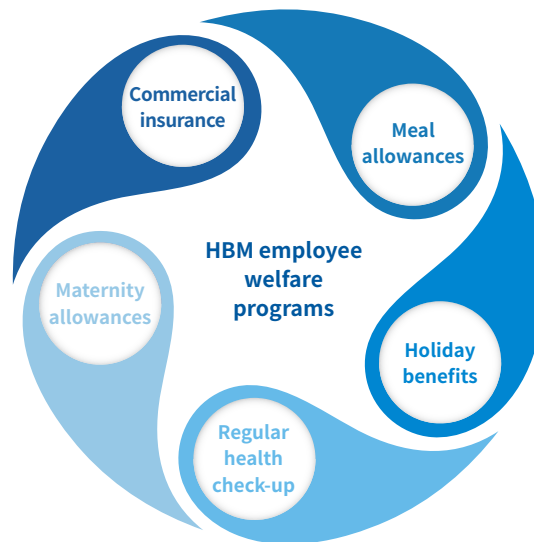
## Employee Well-being

HBM regards its employees as the most valuable assets. We improve their well-being, and respond to their needs to create a positive and harmonious working environment, and enhance their sense of happiness and identity.

### Remuneration and Benefits

HBM continues to optimize its remuneration and benefit management system to provide employees with competitive salaries and comprehensive employee perks. The Human Resources Department conducts regular market salary surveys in April and October each year and formulates market-oriented salary strategies to provide employees with competitive salaries. In 2023, we granted option incentives to all employees to share the development achievements with them and stimulate their value creativity.

We pay for Five Insurances and One Fund for employees in accordance with the national and local regulations, and provide them with various welfare benefits. According to laws, our employees are entitled to annual leave, sick leave, maternity leave, paternity leave, marriage leave, parental leave, bereavement leave and other leave rights. In order to make the leave system more considerate, we extend maternity leave of female employees in the United States by an additional 8 days on a statutory basis. Moreover, we insist on providing additional employee benefits, giving back to our employees for their hard work and putting employee care into practice.



### Employee Communication

We pay attention to employees' voices, listen to their opinions and feedback to understand their needs, and enhance their sense of belonging. We have established open and transparent communication channels for employees, such as HR mailboxes, CEO one-on-one talks, Townhall Meetings, and Leadership Team Meetings. And we take advantage of HBM Recognition System and Give-a-Like platform, which provide employees with an online channel for mutual encouragement, recognition and real-time communication. Employees can express their gratitude online for the support and assistance they received from their team or colleagues from other departments, and the employee with the most likes will receive corporate souvenirs and an electronic certificate.

## Employee Communication Channels at HBM

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### HR mailbox

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Employees can contact their respective HRBP for job inquiries and communication by emailing the HR or by face-to-face communication directly.



### One-on-one interviews with the CEO

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The CEO holds regular one-on-one interviews with some of the employees to share work experience, listen to their recent updates, encourage them to speak their minds, and understand their expectations.



### Townhall meeting

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The Company shares the latest development trends, business status, and policy advocacy directly with all employees through regular Townhall Meeting. Employees can raise their questions in the Q&A session and the CEO answers questions on the spot. In addition, the Company awards outstanding individuals and teams at staff meetings to strengthen the identity of all employees.



### Leadership team meeting

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The Company holds regular management meetings and monthly Executive Meetings to discuss major management issues of the Company. Leadership Team Meeting (include middle managers) is arranged as required to convey important development strategies and corporate decisions, and discuss important matters for business development.

## Caring for Employees

HBM advocates work-life balance and holds a variety of employee activities to enrich employees' leisure life. During the reporting period, we held such activities as the "Love in the Workplace" training, Gyrotonic, singing bowl activity and team building to increase their happiness.



### Watercolour healing for employees

On December 21, 2023, HBM held an employee watercolour healing activity at Suzhou office, with a total of 20 participants. Thanks to this activity, employees were immersed in a feast for eyes and ears, with body and mind getting relaxed.



### Singing bowl activity for employees

On June 16, 2023 and August 25, 2023, HBM held a singing bowl activity at Suzhou and Shanghai offices, with a total of 18 participants respectively. This event was designed to help employees learn how to meditate in sound, which helped them relieve stress and regulate their emotions.



### Gyrotonic

HBM gives priority to the physical and mental health of employees in daily operations. We hosted Gyrotonic activities on December 8, 2023 at Shanghai office. This activity allowed employees to perform a variety of body extensions in offices, thereby reducing the hidden damage caused by sedentary lifestyle.





# Environment Friendliness and Low-carbon Operations

Contributing to global climate change governance and promoting green and clean development are inseparable from the sustainable development of HBM. We focus on environmental management, create a low-carbon and environment-friendly production and operation mode. We gradually build green innovation competitiveness while pursuing economic benefits, so as to contribute to the global carbon-neutrality goals.

## Environmental Management

HBM takes active responsibility for environmental governance. The Group strictly complies with relevant laws and regulations that have a significant impact on us relating to air and greenhouse gas emissions in our countries and places of operation, such as the *Environmental Protection Law of People's Republic of China* and the relevant laws and regulations of the Netherlands, the United States and Australia. We have also formulated the *Guidelines for EHS* and EHS-related SOPs, and is committed to minimizing the negative impacts on the natural environment and natural resources in its day-to-day operations. During the reporting period, we put into effect seven EHS management documents to strengthen Nona Biosciences' environmental management performance and improve our ESH management system.

In order to accelerate the green development, HBM, taking into account the development strategy and the current environmental management and taking 2022 as the baseline, has set targets for emissions, waste reduction, water efficiency and energy efficiency. By doing so, the Group has clarified the key point of environmental management and upgraded the environmental management systems.



### Emission Target

2022-2026 Scope 1 and 2 greenhouse gas emission intensity (greenhouse gas emission/R&D investment) compound reduction of no less than 3%.

#### Paths to the Target

- Integrating energy-saving design into the construction of new facilities.
- Increase the investment and use of renewable resources.
- Gradually integrate the current and future "dual carbon" goals and relevant policy guidance into the Company's emission management.





### Waste Reduction Target

The final waste discharge amount outperforms the standard of the local waste discharge requirements of the production facility.

#### Paths to the Target

- Commit to taking the first-level of cleaner production as a benchmark, adopt advanced and applicable technologies, processes and equipment to implement cleaner production technological transformation, and promote the full coverage of cleaner production.
- Conduct laboratory waste assessment to reduce the generation of hazardous waste.
- Assess opportunities for reducing and recycling materials.
- Advocate a paperless office.

 <p><b>Water Use Efficiency Target</b></p>	 <p><b>Energy Efficiency Target</b></p>
<p>After 2026, the water resources use intensity (consumption/R&amp;D investment) will achieve negative growth.</p>	<p>From 2022 to 2026, power consumption intensity (consumption/R&amp;D expenses) will decrease by no less than 3%.</p>
<p><b>Paths to the Target</b></p> <ul style="list-style-type: none"> <li>• Assess water risk in the R&amp;D and production process.</li> <li>• Maximize water recovery and reuse.</li> </ul>	<p><b>Paths to the Target</b></p> <ul style="list-style-type: none"> <li>• By using innovative production technology, reduce the energy demand in the production process.</li> <li>• Improve the energy efficiency of each facility.</li> <li>• Use innovative renewable energy technologies.</li> </ul>

## Pollutant Prevention and Control

HBM is highly concerned about the wastewater, waste gas and wastes generated from its business activities. We strictly comply with relevant domestic and international laws, regulations and industry standards that have a significant impact on us relating to discharges into water and land in our countries and places of operation, such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Clean Water Act*, *Clean Air Act*, and the *Solid Pollutant Disposal Act of the United States*. By doing so, we standardize the management of emissions, and tries our best to reduce the impact of pollutants on the atmosphere, water, soil and other environments.

## Wastewater Management

HBM implements an efficient wastewater management mechanism. We commission a professional third party to conduct quarterly wastewater discharge tests to ensure that the concentration of hazardous substances in wastewater complies with the *Pollutant Discharge Standards for Pharmaceutical Industry*. The wastewater generated in the daily production and office of HBM is mainly experimental wastewater and domestic sewage. We strictly enforce the requirements for discharging experimental wastewater and discharge them into the sewage network through a dedicated experimental wastewater discharge pipeline after harmless treatment. For domestic sewage, we regularly use disinfectant effervescent tablets for treatment in compliance with the regulations. The treated sewage will be discharged into the municipal sewage network through the park sewage pipe. In addition, we regularly clean wastewater ponds and dispose of sludge to ensure the quality of discharged water.

During the reporting period, the wastewater discharge of HBM was as follows:

Category	Item	Unit	2022	2023
Wastewater <sup>1</sup>	Wastewater discharge	m <sup>3</sup>	1,946.8	1,023.3

<sup>1</sup> In 2023, the Group's wastewater discharge decreased compared to the discharge in 2022 due to the restructuring of office areas and operations.

## Air Emission Management

Attaching importance to the management of air emission, HBM continuously improves the management. HBM's air emission comes mainly from various physical and chemical tests. In order to ensure the effectiveness of air emission treatment, we put active carbon devices in laboratory fume hoods and exhaust devices to filter the exhaust gas before discharge, and regularly replace the active carbon filters in the fresh air system. At the same time, we monitor the waste gas according to local standards of each park. We also commission a professional third party to conduct emission testing for the waste gas on a quarterly basis to ensure emission in compliance.

During the reporting period, the waste gas emissions of HBM were as follows:

Category	Item	Unit	2022	2023
Air emission <sup>2</sup>	Air emission	m <sup>3</sup>	1.07*10 <sup>8</sup>	9.73*10 <sup>7</sup>
	Emissions of volatile organic compounds (VOC)	kg	56.33	27.85

## Solid Waste Management

We strictly comply with relevant laws and regulations that have a significant impact on it relating to management of hazardous and non-hazardous waste in our countries and places of operation, and have formulated a waste management system, and all wastes are managed in strict accordance with standards such as the *Hazardous Waste Storage Pollution Control Standard (GB18597-2001)*, the *Hazardous Waste Collection, Storage and Transportation Technical Specifications (HJ2025-2012)*, and the *Standards for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites (GB18599-2020)*. For hazardous wastes, we declare them in the Shanghai Hazardous Waste Management Information System every year. At the same time, we have set up hazardous waste storage rooms for separate isolation and preservation, and regularly entrust third party organizations with qualifications to dispose of them. Non-hazardous wastes will be transported to the designated garbage collection point for recycling. In addition, we establish and maintain a solid waste management ledger to improve the meticulous management of wastes.

During the reporting period, the solid wastes<sup>3</sup> generated by HBM were as follows:

Category	Item	Unit	2022	2023
Hazardous waste	Medical waste	ton	6.36	3.50
	Other wastes	ton	11.43	5.94
	Total hazardous waste	ton	17.79	9.44
	Intensity	ton/ US\$ million R&D investment	0.13	0.21
Non-hazardous waste	Non-recyclable waste	ton	12.58	10.05
	Recyclable domestic waste	ton	3.95	2.98
	Total non-hazardous waste	ton	16.53	13.03
	Intensity	ton/ US\$ million R&D investment	0.12	0.29

<sup>2</sup> In 2023, the Group's air emissions decreased compared to the emissions in 2022 due to the restructuring of office areas and operations.

<sup>3</sup> In 2023, the Group's waste generation decreased compared to the amount generated in 2022 due to the restructuring of office areas and operations. Additionally, in 2023, the Group adjusted the R&D focus to the pre-clinical stage, resulting in a decrease in R&D investment compared to 2022, and the waste emission intensity has also increased consequently.

## Noise Management

HBM strictly abides by the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*. We strengthen the noise source monitoring and management, and quarterly commission third party organizations to test the noise near the building, to ensure that the noise meets the *Emission Standard for Industrial Enterprises Noise at Boundary*.

## Resources Utilization

HBM continues to make resource utilization more rational, science-based and effective. We explore green operation modes, advocate green office to reduce all kinds of resource waste and enhance the efficiency of their use.

## Water Resources Management

Water is one of the world's most valuable resources. HBM strictly complies with the *Water Law of the People's Republic of China* and other laws and regulations of the locations where it operates, strictly controls the amount of fresh water used and takes a series of water conservation initiatives, such as strengthening staff awareness of water conservation, to reduce water wastage in order to achieve the water efficiency targets. All water used in operations comes from municipal pipelines.

During the reporting period, the Group's water usage was as follows:

Specific items	Unit	2022	2023
Water usage <sup>4</sup>	ton	2,162.00	1,137.00
Water usage intensity <sup>5</sup>	ton/US\$ million R&D investment	16.00	25.22

## Energy Management

HBM strictly abides by the Energy Conservation Law of People's Republic of China, the Energy Policy Act of the United States and other relevant laws and regulations. We have formulated a system for managing energy consumption in laboratories, construction sites and offices to standardize our energy management and continue to improve our energy efficiency. HBM always regards energy saving, cost reduction and efficiency improvement as the core of green operation, vigorously promoting energy-saving measures.

**Energy-saving Measures**

- **Energy waste reduction:** Turn off air conditioners and lab equipment when not needed, and turn off the lights when leaving
- **Equipment optimization:** Install lighting delay switches, and use variable-frequency air conditioners
- **Process optimization:** Use commercialized consumables that have been radiation sterilized as much as possible, and avoid steam pressure sterilization to reduce energy consumption

<sup>4</sup> In 2023, the Group used less water than in 2022 due to the restructuring of office areas and operations.

<sup>5</sup> In 2023, the Group adjusted the R&D focus to the pre-clinical stage, resulting in a decrease in R&D investment compared to 2022, and the water use intensity has also increased consequently.

During the reporting period, the Group's energy consumption was as follows:

Specific items	Unit	2022	2023
Indirect energy consumption	MWh	1,940.23	1,713.06
Including: Purchased electricity consumption	MWh	1,940.23	1,713.06
Comprehensive energy consumption <sup>6</sup>	MWh	1,940.23	1,713.06
Comprehensive energy consumption intensity <sup>7</sup>	MWh/US\$ million R&D investment	14.36	38.00

## Green Office

HBM promotes green office, advocates the best use of materials in daily operations to cultivate the green and low-carbon work habits of employees. In terms of saving office supplies, we give priority to double-sided printing, black-and-white printing, and draft paper printing to reduce paper consumption. At the same time, we advocate less use of disposable items and reuse of recyclable items to improve resource utilization. In addition, we strengthen publicity and education on green office by putting up energy saving and emission reduction posters in our offices to encourage our staff to prioritize public transportation in an effort to reduce carbon emissions. The Group focuses on the research and development of innovative therapies and is not involved in the production of products for the time being, and has not used resources such as packaging materials.

During the reporting period, the Group's packaging material consumption were as follows:

Specific items	Unit	2022	2023
Total packaging material used <sup>8</sup>	kg	300.00	70
Intensity of packaging materials used	tons/US\$ million R&D investment	2.22	1.55

## Response to Climate Change

Combating climate change has become a common challenge for global countries, industries and enterprises. Based on the framework and suggestions of the Task Force on Climate-related Financial Disclosures (TCFD), HBM actively identifies and analyses the climate risks related to its operations and improves climate adaptation to enhance resilience.

6 The Group's energy consumption is derived from purchased electricity usage and there is no direct energy consumption. In 2023, the Group's energy consumption decreased compared to 2022 due to the restructuring of its office area and operations.

7 In 2023, the Group adjusted the R&D focus to the pre-clinical stage, resulting in a decrease in R&D investment compared to 2022, and the energy consumption intensity has also increased consequently.

8 The Group's packaging materials are mainly used for drugs required for conducting clinical trials, and the use of packaging materials decreased in 2023 due to business restructuring.



## Governance

HBM incorporates climate change into the Group's sustainable development, and places it on the Board's agenda to strengthen regulation of climate matters. The Group has introduced climate change mitigation and adaptation into the scope of work of all relevant business divisions and the EHS Department. We have made addressing climate change an important ESG issue to communicate with stakeholders through channels such as the ESG report, so as to continuously improve the effectiveness of climate governance.

## Strategy

Based on the framework of TCFD and taking into account the characteristics of its own business, HBM has identified climate change related risks and potential financial impacts that may affect business operations, models and strategies in the short, medium and long term. At the same time, we formulate climate risk management rules and response measures, actively explore low-carbon transition, and prioritize different risks by evaluating their relevance to the Group's business.

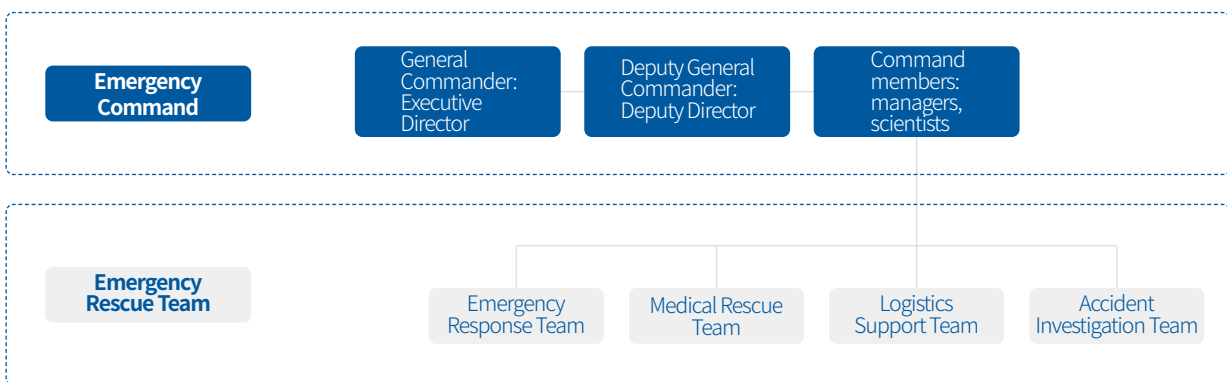
Risk Type		Description	Financial Impact	Response Measures	Timeframe	Impact	
Physical risks	Acute physical risk	Increased severity of extreme weather	Extreme weather events such as high temperatures, heavy rains and flooding may cause damage to the Company's operating facilities.	Rising operating costs	HBM strengthens the hidden dangers in conjunction with the weather forecast information of the place of operation.	Short, medium, and long term	Low
	Chronic physical risk	Rising average temperatures	Long-term risks from climate change include rising temperatures and changing weather patterns, and companies may consume more energy to maintain the temperature of their operations.	Rising operating costs	HBM optimizes the energy system and improves the efficiency of energy use.	Long term	Low
Transition risks	Policy and legal risks	Existing climate-related disclosure and regulatory requirements	Global climate change related regulatory and disclosure requirements are becoming increasingly stringent, such as the Hong Kong Stock Exchange's requirement for listed companies to implement TCFD-compliant climate-related disclosures no later than 2025, and companies may face increasingly stringent disclosure requirements.	Rising operating costs	HBM continues to focus on changes in policy and regulatory requirements to strengthen climate-related management and information disclosure.	Short, medium, and long term	Low
		Tighter emission reporting obligations and compliance requirements	Hazardous waste disposers commissioned by the Company may face more stringent environmental protection requirements, which may lead to an increase in the Company's hazardous waste management costs in the collection, transportation, storage and disposal of hazardous wastes.	Rising operating costs	HBM refines waste disposal management to reduce waste generation and develops more qualified near-site suppliers.	Short and long term	Low

Risk Type		Description	Financial Impact	Response Measures	Timeframe	Impact	
Transition risks	Technology risk	Low-carbon technology investment failure	In the process of low-carbon technology transformation, new energy projects such as photovoltaic may be purchased or invested, and there is a certain risk of investment failure.	Rising operating costs	HBM strengthens the risk assessment before investing in low-carbon technologies to ensure that the risks are controllable.	Long term	Low
		Low-carbon technology investment failure	In the process of energy-saving transformation, HBM may face technical iteration, replacement and re-installation from low-energy experimental equipment.	Rising operating costs	HBM analyses energy consumption trends, optimizes experimental processes and operating conditions, and reduces equipment turnover frequency.	Long term	Low
	Market risk	Changing consumer habits	With the publicity and advocacy of low-carbon emissions from all walks of life, failure to transform into a low-carbon operating company in time may cause a loss of market share and lower profit.	Decline in operating income	HBM accelerates the upgrading of low-carbon and green attributes of our own products to enhance product competitiveness.	Medium and long term	Low
		Uncertain market signals	Climate change could have knock-on effects regarding shifts in disease patterns, resulting in new diseases. The spread of new diseases may lead to changes in the supply and demand structure of certain products and services of HBM, which may lead to missed market opportunities.	Decline in operating income	HBM pays attention to market dynamics and develops a diversified product portfolio.	Medium and long term	Medium
	Procurement risk	Rising raw material costs	Partners may need to adapt to transformational upgrading requirements in the face of more stringent environmental and carbon emission requirements, leading to higher prices for supply products.	Rising operating costs	HBM continues to track the market price of raw materials, seek alternative materials, and reduce dependence on a single supply chain.	Medium and long term	High
	Reputation risk	Attention and negative feedback from stakeholders	The expectations of various stakeholders for HBM to take more steps to effectively manage and reduce its environmental footprint are growing. Failure to meet the expectations of stakeholders may expose HBM to global reputational risks, thereby affecting the Company's reputation, resulting in consequences such as a decline in demand for our products and services.	Decline in operating income	HBM strengthens communication with stakeholders to keep abreast of stakeholders' concerns and needs.	Medium and long term	Low

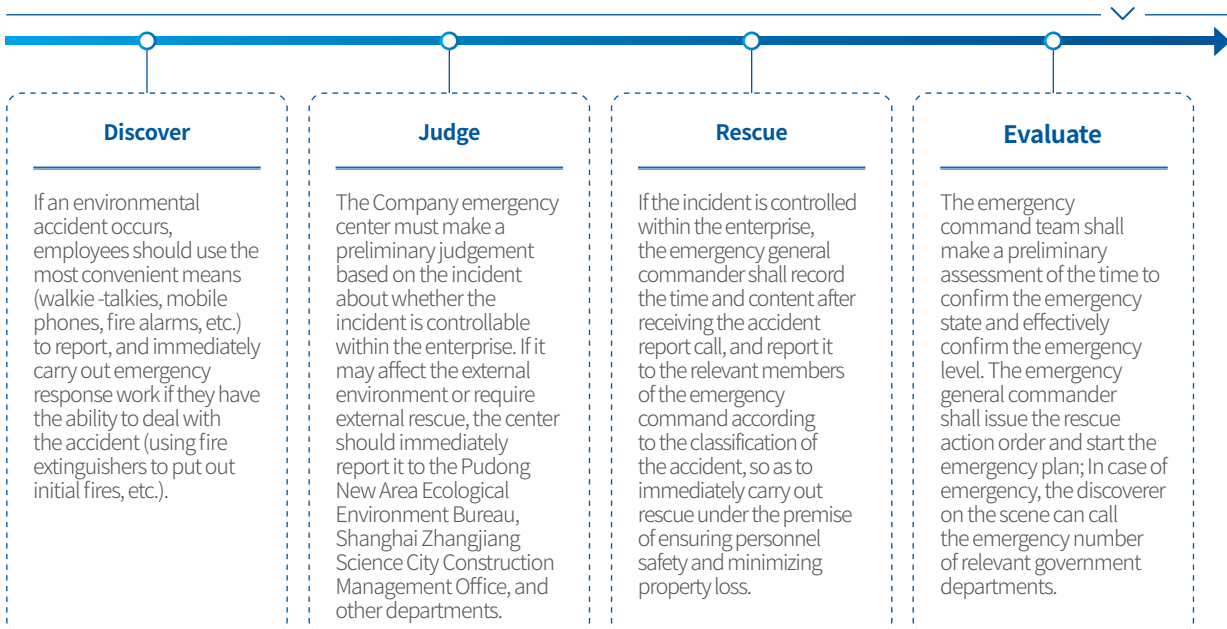
## Risk Management

In order to actively respond to the identified climate change risks and effectively prevent the adverse impacts of climate change, HBM continues to improve its environmental risk management system. We have established a scientific emergency response structure and relevant management processes to strengthen the ability to manage risks of environmental emergencies. We have formulated the *HBM (Suzhou) Emergency Response Plan for Environmental Incidents* and the *HBM (Shanghai) Emergency Response Plan for Environmental Incidents*. By doing so, we have clarified the emergency management functions of each department to ensure the orderly and effective implementation of emergency plans and improve management of climate related risks. We regularly carry out the investigation and management of environmental hazards. We also provide sufficient emergency supplies, facilities and equipment and maintain them at regular intervals to effectively respond to accidents or emergencies. At the same time, we carry out emergency drills and training based on the emergency plan to strengthen the risk prevention awareness of all employees. In order to minimize the occurrence of climate-related emergencies, we carry out daily monitoring and management of meteorological information. We have also established effective communication channels with the relevant departments at the operation sites to keep abreast of local meteorological information and take precautions against extreme weather in advance.

### Emergency Organization Framework



### Emergency Response Procedure



## Metrics and Targets

Please refer to the table below for the greenhouse gas emissions and emission intensity of HBM. We will continue to monitor the performance of these indicators and disclose them annually in our ESG report to assess the Company's climate change management performance and optimize emission management.

Item	Unit	2022	2023
Total GHG emissions <sup>9</sup>	tCO <sub>2</sub> e	916.77	819.55
Scope 2 GHG emissions	tCO <sub>2</sub> e	916.77	819.55
GHG emission intensity <sup>10</sup>	tCO <sub>2</sub> e/US\$ million R&D investment	6.78	18.18

9 The GHG emissions generated by the Group are all from indirect GHG emissions from purchased electricity. The Scope 1 direct GHG emissions of the group come from fugitive emissions caused by refrigerant use. Due to the small amount of emissions and the difficulty in collecting relevant data, the Scope 1 emissions data is not disclosed. The 2023 emission factors of purchased electricity in Suzhou and Shanghai are adopted from the National Grid Emission Factors of the Ecology and Environment Bureau's *Notice on the Work Related to the Management of Greenhouse Gas Emission Reporting by Enterprises in the Power Generation Industry for the Years 2023-2025* and Shanghai Municipal Bureau of Ecology and Environment's *Notice on the adjustment of emission factor values in the local greenhouse gas emissions accounting guidelines*. We have accordingly restate the greenhouse gas emissions in 2022 to ensure data consistency.

10 In 2023, the Group adjusted the R&D focus to the pre-clinical stage, resulting in a decrease in R&D investment compared to 2022, and the GHG emissions intensity has also increased consequently.

# Appendix: Index to the HKEx's ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs		Title of sections
Aspect	Description	
<b>A: Environmental</b>		
<b>A1</b>	<b>Emissions</b>	
	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. <i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i> <i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i> <i>Hazardous wastes are those defined by national regulations.</i>	Pollutant Prevention and Control
<b>General Disclosure</b>		
A1.1	The types of emissions and respective emissions data.	Pollutant Prevention and Control
A1.2	Direct (Scope 1) and energy direct (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Response to Climate Change
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Prevention and Control
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Prevention and Control
A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Pollutant Prevention and Control
<b>A2</b>	<b>Use of Resources</b>	
	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	Resources Utilization
<b>General Disclosure</b>		
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).	Resources Utilization
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Utilization
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Management

Subject Areas, Aspects, General Disclosures and KPIs		Title of sections
Aspect	Description	
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.	Environmental Management Resources Utilization
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Resources Utilization
<b>A3</b>	<b>The Environment and Natural Resources</b>	
<b>General Disclosure</b>	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
<b>A4</b>	<b>Climate Change</b>	
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change
<b>B: Social</b>		
<b>B1</b>	<b>Employment</b>	
<b>General Disclosure</b>	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.	Protect Employee's Rights and Interests
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Protect Employee's Rights and Interests
B1.2	Employee turnover rate by gender, age group and geographical region.	Protect Employee's Rights and Interests
<b>B2</b>	<b>Health and Safety</b>	
<b>General Disclosure</b>	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.	Protect Safety and Health
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Protect Safety and Health
B2.2	Lost days due to work injury.	Protect Safety and Health

Subject Areas, Aspects, General Disclosures and KPIs		Title of sections
Aspect	Description	
B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Protect Safety and Health
<b>B3</b>	<b>Development and Training</b>	
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	Stimulate Talents' Vitality
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Stimulate Talents' Vitality
B3.2	The average training hours completed per employee by gender and employee category.	Stimulate Talents' Vitality
<b>B4</b>	<b>Labor Standards</b>	
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Protect Employee's Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Protect Employee's Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	Protect Employee's Rights and Interests
<b>B5</b>	<b>Supply Chain Management</b>	
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Responsible Supply Chain
B5.1	Number of suppliers by geographical regions.	Responsible Supply Chain
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.	Responsible Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Supply Chain
<b>B6</b>	<b>Product Responsibility</b>	
<b>General Disclosure</b>	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.	Set Quality Benchmark Protection of Patients' Rights and Interests

Subject Areas, Aspects, General Disclosures and KPIs		Title of sections
Aspect	Description	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Protection of Patients' Rights and Interests
B6.2	Number of products and service-related complaints received and how they are dealt with.	Protection of Patients' Rights and Interests
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Strive for Excellence in Research and Innovation
B6.4	Description of quality assurance process and recall procedures.	Set Quality Benchmark Protection of Patients' Rights and Interests
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protection of Patients' Rights and Interests
<b>B7</b>	<b>Anti-corruption</b>	
<b>General Disclosure</b>	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.	Abide by Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Abide by Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Abide by Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Abide by Business Ethics
<b>B8</b>	<b>Community Investment</b>	
<b>General Disclosure</b>	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.	Build a Beautiful Society Together
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Build a Beautiful Society Together
B8.2	Resources contributed (e.g. money or time) to the focus area.	Build a Beautiful Society Together