



# 2023 Environmental, Social and Governance Report

Shanghai Henlius Biotech, Inc.



# Contents

<b>About This Report</b> .....	<b>3</b>	<b>Talent</b> .....	<b>30</b>	<b>Appendix</b> .....	<b>65</b>
<b>Management Message</b> .....	<b>4</b>	Employee Rights and Interests and Employment .....	31	Appendix I: Key Performance Table .....	65
<b>The Value We Created</b> .....	<b>5</b>	Employee Cultivation and Development .....	32	Appendix II: GRI Content Index .....	71
<b>Company Overview</b> .....	<b>7</b>	Employee Motivation and Care .....	35	Appendix III: HKEX Index .....	74
About Henlius .....	7	Occupational Health and Safety .....	37	Appendix IV: Feedback .....	78
Mission and Vision .....	7	<b>Environment</b> .....	<b>38</b>	Verification Report .....	79
Honor and Recognition .....	8	Tackling Climate Change .....	39		
Corporate Strategy .....	10	Strengthening Environmental Management .....	41		
ESG Management Strategy .....	11	<b>Society</b> .....	<b>48</b>		
Stakeholder Engagemen .....	12	Supply Chain Management .....	49		
Material Issues Matrix .....	13	Building Warm Communities .....	53		
<b>Product</b> .....	<b>14</b>	Industry Cooperation and Development .....	54		
Product Pipeline .....	15	<b>Corporate Governance</b> .....	<b>55</b>		
Product Inclusion .....	16	Corporate Governance and Management .....	56		
R&D Innovation .....	23	Implementing Responsible Operations .....	59		
Quality-centered .....	25				





# About This Report

This is the fifth Environmental, Social and Governance ("ESG report") published by Shanghai Henlius Biotech, Inc. ("Henlius", "We" or "the Company"). The purpose of this report is to provide shareholders, employees, the government, customers, partners, media, public and other stakeholders with an objective and accurate account of the Company's measures and achievements in sustainable development, with a focus on ESG.

## Basis and Reference

This report is compiled as required by the Appendix C1 *Corporate Governance Code* and the Appendix C2 *Environmental, Social and Governance (ESG) Reporting Guide of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*. It also drew reference from the Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules released by The Stock Exchange of Hong Kong Limited. The compilation of the report follows and aligns with the GRI Standards.

## Disclosure of Reporting

This report is disclosed alongside the Company's 2023 Annual Report; and the financial data involved are consistent with the 2023 Annual Report. In this report, the amounts mentioned are in RMB unless otherwise specified. Other data and cases mainly come from the Company's statistical reports and related documents.

## Period of Reporting

The Reporting Period covers the information and data of the Company from 1 January 2023 to 31 December 2023 (the "Reporting Period" or the "current year"), the same as that of the 2023 Annual Report of the Company. The latest practicable date is April 10, 2024.

## Report Verification

Henlius has commissioned an external agency to provide independent verification services for this report and provide verification statements. The verification is based on the SGS Sustainability Report Verification Methodology, with reference to internationally recognized standards and guidelines, including the Global Reporting Initiative standards (GRI standards) and the AA1000 series of standards. The scope of verification of this report is the office area and manufacturing facilities in Xuhui and Songjiang, Shanghai of Henlius.

## Scope of Reporting

This report covers Shanghai Henlius Biotech, Inc. (2696.HK) and its subsidiaries, consistent with the scope of the Company's 2023 Annual Report.

## Report Retrieval

The report is published in Simplified Chinese, Traditional Chinese and English. In the event of any discrepancy between the Chinese and English versions, the Simplified Chinese version shall prevail. The report is available on the Stock Exchange of Hong Kong website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the official website of Henlius ([www.henlius.com](http://www.henlius.com)).



# Management Message

"The year of 2023 was a milestone along the growth journey of Henlius. Looking forward, we will adhere to the original aspiration of 'patient-centered' innovation, break through the bottleneck of disease treatment by getting well braced, and further expand global footprint. We will set sail to the global market with excellent Chinese innovative drugs to reshape the landscape in the field of medical care, making biopharmaceutical products affordable and accessible to more patients across the globe as soon as possible."

Chairman, Executive Director  
Wenjie Zhang



Executive Director, Chief Executive Officer and Chief Financial Officer  
Jason Zhu



In 2023, Henlius adhered to the concept of "patient-centricity", navigated external challenges, and maintained strong momentum to achieve high-speed growth. As an international innovative biopharmaceutical company, Henlius has always been committed to providing affordable high-quality biologics for global patients, bearing the mission of "to improve patients' lives by timely providing them with quality and affordable protein therapeutics", and has successfully evolved into a large-scale, international Biopharmaceutical company. Driven by innovation and internationalization strategies, we make active responses to more unmet clinical needs across the globe to make affordable medicines accessible to more patients, and work with internal and external partners shoulder to shoulder with unity for a win-win future.

Guided by clinical needs, Henlius focuses on R&D Innovation to uphold reliable product quality and provide high-quality biologics for patients. Today, we have launched 5 self-developed products, benefiting over 580,000 patients, and have had over 50 marketing authorization applications accepted in multiple countries and regions including the European Union, the United States, Canada, and Brazil. Our core product, HANQUYOU (trastuzumab), has been approved for marketing in over 40 countries and regions, becoming the China-developed biosimilar with the most approvals for marketing in countries and regions. HANSIZHUANG (serplulimab), the world's first anti-PD-1 mAb approved for the first-line treatment of small cell lung cancer (SCLC), has been approved for 4 indications in China and also launched in Indonesia, becoming the first China-developed anti-PD-1 mAb approved for marketing in a Southeast Asian country.

In the future, Henlius will take HANSIZHUANG as an example, accelerate pipeline differentiation innovation, continuously expand the international presence of products, and create high-quality innovative drugs with international quality, benefiting a broader global patient population.

While maximizing product value, Henlius actively strengthens its quality management system, continuously solidifies the foundation and advantages of high-quality development through refined operations, and steadily improves its international core competitiveness. Our Xuhui Facility and Songjiang First Plant boast a total commercialization capacity of 48,000 liters, ensuring stable supply to markets in China, Europe, Southeast Asia, Latin America, and other regions. We benchmark against the highest quality standards in China, the European Union, and the United States to establish a quality system. Currently, we have passed nearly a hundred inspections and audits. In 2023, our manufacturing sites and quality management system have successively passed GMP inspections by PIC/S members Indonesia and Brazil, etc. We were once again certificated by the European Union GMP for HANSIZHUANG. By optimizing processes and driving lean production, we further achieve cost-efficiency, and accelerate the process of product accessibility and affordability.

Henlius pays great attention to talent development and employee growth, recruiting talents with diverse backgrounds globally, and through the establishment of a comprehensive and standardized human resource management system, eliminates any possible discriminatory misconducts, safeguards the legitimate rights and interests of employees, and provides

employees with a comprehensive and multi-dimensional talent training platform. With scientific and reasonable promotion incentive mechanisms, we empower employees to grow collaboratively in various fields. Henlius emphasizes employee sense of belonging, providing various communication platforms to listen to feedback promptly. In 2023, we continued to practice the employee value of "Together to the Future", and stayed committed to guiding employees to reach a multi-dimensional vision, helping to create a diverse future, and helping employees to exert themselves indefinitely.

Henlius always upholds the environmental governance principle of "preventing environmental pollution and saving energy consumption", and integrates the concept of green development into the entire process of production and operation, continuously optimizes process flows, and practices responsible production principles. We actively respond to global climate actions, continue to conduct research on climate change risks and opportunities, and incorporate climate change response strategies into our operations, gradually achieving energy conservation and emission reduction. At the same time, we establish reduction targets for water use efficiency, energy use efficiency, greenhouse gas emissions, etc., based on our own operation situation, and continuously review the achievement of the targets each year.

As a participant in the pharmaceutical and health care field, Henlius continuously explores public welfare models that are in line with social development. In 2023, we continuously expanded cooperation, established strategic partnerships with multiple partners inside and outside the industry, participated in industry

exchanges, increased industry consensus, and worked together to create greater value for the pharmaceutical industry. Meanwhile, we continued to leverage our resource advantages to promote "To the Time, to Life" cancer patient care public welfare program and "Rural Medical Care Public Welfare Activity", integrating the belief of "Patient-centricity" into the entire life cycle of drugs.

Henlius continues to improve enterprise governance system and its management mechanisms. Henlius has always operated with integrity as its foundation, continuously establishing a sound compliance management system, and enhancing risk control capabilities. The construction of a governance system that is complete, compliant, and honest lays a solid foundation for the steady development of Henlius. ESG is fully integrated into the Company's strategic and governance processes. We continue to strengthen the accountability of the board of directors and various committees, deepen ESG management practices on key issues, and promote the steady implementation of sustainable development strategies.

The year of 2023 was a milestone along the growth journey of Henlius. Looking forward, we will adhere to the original aspiration of "patient-centered" innovation, break through the bottleneck of disease treatment by getting well braced, and further expand global footprint. We will set sail to the global market with excellent Chinese innovative drugs to reshape the landscape in the field of medical care, making biopharmaceutical products affordable and accessible to more patients across the globe as soon as possible.



# The Value We Created

In 2023, we steadfastly pursued our sustainable development goals, adhering to our original aspirations. Through continuous innovation and excellent operations, the Henlius team has achieved remarkable accomplishments in various aspects, demonstrating the value of the Company.

## Product

### Marketed Products

**5** products launched in China  
**2** products launched in global market

### Patients Benefited

**580,000+** patients

### Product Access

**4** products included automatically into the National Reimbursement Drug List (NRDL)

#### HANQUYOU:

Entering the medical insurance of China, UK, France, Germany, etc.

#### HANSIZHUANG:

Successfully included into 80 provincial/city-customized commercial medical insurance (Huiminbao).

### Moleculars in R&D

**50+**

### R&D Investment

RMB **1.4336** billion

### Product Designation

**HANSIZHUANG** granted two Orphan Drug Designations by the U.S. FDA and the EU EC for the treatment of small cell lung cancer

**HLX208** (an innovative BRAF<sup>V600E</sup> small-molecule inhibitor) granted a Breakthrough Therapy Designation by the NMPA for the treatment of BRAF<sup>V600E</sup> mutated adult Langerhans cell histiocytosis and Erdheim-Chester disease (ECD)

### Commercial Manufacturing Capacity

**48,000** L

### Lean Production

The average yield of each product's drug substance increasing by **10%**

### GMP Training

Total training hours reaching **179,509.53** hours with **161** hours per capita

### GMP Certification

Certified by **China, EU, PIC/S members Indonesia and Brazil** GMP

### In-house Product Testing

Cover **100%** of the products

## Talent

### Employee Equality

**51%** female  
**19** employees with disabilities

### Employee Diversity

**48** overseas employees  
**110** ethnic minority employees

### Employee Development

Training hours per capita **77.61** hours  
Training investment RMB **2.6163** million

### Occupational Health and Safety

Total EHS training hours reaching **44,241** hours, with **12.16** hours per capita

### Employee Care

Employee Engagement increasing by **0.3** points compared to last year



## Environment

### Environmental Investment

RMB **6.2421** million

### Water

**5,714,905.8** cubic meters of recycled water

## Society

### Localized Supply

**44** local suppliers of key materials maintained

RMB **24.58** million saved in procurement costs

### Charitable Donation

RMB **45.185** million

### Patient Assistance

Rural Medical Care Public Welfare Activity ongoing for 4 years with **245** clinical experts involved, over **4,700** patients and **2,200** HCPs benefited and in-kind donation totalling about RMB **270,000**

### Industry Exchange

**179** industry conferences attended  
**120** keynote speeches delivered

## Corporate Governance

### Business Ethics

**1** anti-corruption compliance training session for members of the Board, covering **100%** of Board members

**101** anti-corruption compliance training sessions for employees

### ESG Governance

**2** ESG-specific meetings conducted

### Compliance Operations

More than **1,500** employees participating the activity of "Align with Heart, Govern with Action" in the 2023 Henlius Compliance Day

### Information Security

**2** patents applied: one for the Practical Novel Medical Enterprise Distributed Network Information Security Assurance System, and the other for the Invention Creation Biomedical Enterprise Confidential Information Resource Point-Combating Information Security System

Passing a review of ISO/IEC 27001: 2013 information security management system certification

### Intellectual Property

A total of **20** invention patents and **16** invention and utility model patents granted

Awarded as Shanghai Patent Work Demonstration Enterprise



# Company Overview

Henlius (Stock code: 2696.HK) is a global biopharmaceutical company with the vision to offer high-quality, affordable, and innovative biologic medicines for patients worldwide with a focus on oncology, autoimmune diseases, and ophthalmic diseases. Up to date, 5 products have been launched in China, 2 has been approved for marketing in overseas markets, 19 indications approved worldwide, and 7 marketing applications accepted for review in China, the U.S., and the EU, respectively. At the end of March 2024, the Company's marketed products have benefited over 580,000 patients. Among these products, HANLIKANG (rituximab), Henlius' first product, is the first China-developed biosimilar. Our core oncology product HANQUYOU (trastuzumab, trade names: Zerceptac® in Europe), is the first China-developed mAb biosimilar approved both in China and Europe. HANSIZHUANG (serplulimab), Henlius' first innovative mAb, has been approved for the treatment of microsatellite instability-high (MSI-H) solid tumors, squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC), and esophageal squamous cell carcinoma (ES-SCLC). HANSIZHUANG is the world's first anti-PD-1 mAb approved by the NMPA for the first-line treatment of SCLC and has been marketed in China and Indonesia. What's more, Henlius has conducted over 30 clinical studies for 16 products, expanding its presence in major markets as well as emerging markets.

Since its inception in 2010, Henlius has built an integrated biopharmaceutical platform with core capabilities of high efficiency and innovation embedded throughout the whole product life cycle including R&D, manufacturing, and commercialization. It has established global innovation centers and Shanghai-based manufacturing facilities in line with Good Manufacturing Practice (GMP), including Xuhui Facility and Songjiang First Plant, both certificated by China and the EU GMP.

## Mission and Vision

**Mission:** To improve patients' lives by timely providing them with quality and affordable protein therapeutics through technical innovation and operational excellence.

**Vision:** Be the most trusted biopharma providing innovative and affordable medicines for all patients.

### Core Values

Honesty Execution Nurturing Leadership Innovation Uncompromising on Quality Science & Strategy-Oriented

# HENLIUS





# Honor and Recognition

Award	Issuing Body
2022 Wind ESG Hong Kong Stock Best Practice Award	Wind ESG
2022 Top 10 Innovative Pharmaceutical Enterprises of the 2 <sup>nd</sup> Golden Walking Stick Awards	China Times, China Council for the Promotion of Nationalities Trade, etc.
Advanced Unit for Harmonious Creation in 2022	Management Committee of Songjiang Economic and Techno-logical Development Zone and Management Committee of Songjiang Comprehensive Bonded Zone
2022 Outstanding Scientific Innovative Enterprise Award and Top 100 Enterprise of Contribution Award	Shanghai Xuhui District Committee of the Communist Party of China
Top Quality Development Achievement Enterprises in Chinese Pharmaceutical Industry Top Quality Development Achievement Brand - HANQUYOU 2022 China Pharmaceutical Social Responsibility Media Watch - Public Welfare Pillar	Medicine Economics Reporter
2022 Shanghai New Excellent Medical Device Product Catalog	Shanghai Municipal Commission of Economy and Informatization
BioCon Awards - 2022 Biopharmaceutical Enterprise Star	Organizing Committee of the 10 <sup>th</sup> International Biopharmaceutical Conference
2022 Chinese Innovative Antibody Company Top 30	Menet
2023 Top 10 Most Influential Antibody Company	Healife
Outstanding Contribution Award for Private Enterprise in Xuhui District	United Front Work Department of the CPC Xuhui District Committee, Shanghai Federation of Industry and Commerce
2022 Health Communication Annual Gold Creative Award 2022 Health Communication Social Responsibility Award	Guangzhou Daily Health Appointment
2023 China's Top 100 Pharmaceutical Innovative Enterprises 2023 Top 20 Chinese Pharmaceutical Listed Companies in ESG Competitiveness	Healthcare Executive
2023 Best Companies to Work For in Asia	HR Asia

Award	Issuing Body
2023 Shanghai Key Industries International Competitiveness Excellence Cases	Center for International Competitiveness of New Economy and Industry, Shanghai Academy of Social Sciences
2023 Changchun Annual Innovative Pharmaceutical Enterprises Award	Shanghai Media Group Jiemian
2023 Huaxia Health ESG Outstanding Enterprises	China Times
2023 13 <sup>th</sup> China Listed Company Reputation Ranking "Biopharmaceutical Company with the Most Growth"	National Business Daily
2023 Shanghai Drug Manufacturer Credit Assessment Grade A	Shanghai Pharmaceutical Quality Association
Listed Enterprises 2023	Bloomberg Businessweek (Chinese Edition)
2023 Golden Stock Best ESG Disclosure Award	Zhitongcaijing.com
Bronze Award for Corporate Social Responsibility To the Time, to Life – cancer patient care program	China Public Relations Association
Public Welfare Support Award	9 <sup>th</sup> Global Chinese Breast Cancer Organizations Alliance Conference
2022-2023 Top 10 Industrial Enterprises with the "Gold Award" for Pharmaceutical Supply Chain	China Federation of Logistics & Purchasing Pharmaceutical logistics Sub-branch
2023 Outstanding Public Welfare Project Award To the Time, to Life – cancer patient care program	China Anti-Cancer Association Rehabilitation Branch
2023 High-Quality Development Enterprises in the Healthcare Industry	China Business Journal
ESG Pioneer Award	Gelonghui.com
Outstanding Growth Companies	Financial Services Agency
2023 CLS·ESG ZhiYuan Award – Social (S) Pioneer Enterprise Award	Cailianshe
Award of Contribution to Technological Innovation	Guangzhou Daily Group
The 11 <sup>th</sup> Best Public Relations Case Awards To the Time, to Life – cancer patient care program	Shanghai Public Relations Association
The bioPR 2023 Annual Best Communication Case Annual Best Internal Communication Case	PharmaDJ





## Governmental Support

Henlius' robust development and achievements today are inseparable from the support of governmental and regulatory bodies. During the Reporting Period, Henlius was honored as the Shanghai Innovative Enterprise Headquarters, Shanghai Patent Work Demonstration Enterprise, Shanghai Major Engineering Construction Project, Key Advantageous Industries Promotion of Shanghai Pudong New Area - Biomedical High - Quality Projects, and the Shanghai Municipal Special Funds for Promoting High-Quality Development of Industries.

### Government Science and Technology Project Support

Shanghai Major Construction Projects - Shanghai Strategic Emerging Industry Project (Songjiang Facility)

Shanghai Municipal Special Fund for Promoting High-Quality Development of Industries Program

Biomedical Science and Technology Support Special Project Under Shanghai Municipal Science and Technology Innovation Action Plan

Shanghai Biomedical Innovation Product Key Project

Shanghai New and High-tech Achievement Transformation Project

Shanghai Biomedical "New Excellent Medical Equipment" Product Catalog

Key Advantageous Industries Promotion of Pudong New Area - Biomedical High-Quality Projects of Pudong New Area in Shanghai

Special Fund Project for Shanghai Zhangjiang National Independent Innovation

Xuhui Development Special Fund Project

### Qualifications

Shanghai Innovative Enterprise Headquarters

Shanghai Patent Work Demonstration Enterprise

High and New-Technology Enterprise

Shanghai Engineering Research Center of Anti-tumor Biologic Drugs

Shanghai Enterprise Technology Center

Shanghai Specialized & Innovative SME

Zhangjiang Star Leading Enterprises

Enterprise Post-doctoral Scientific Working Station in Pudong New Area

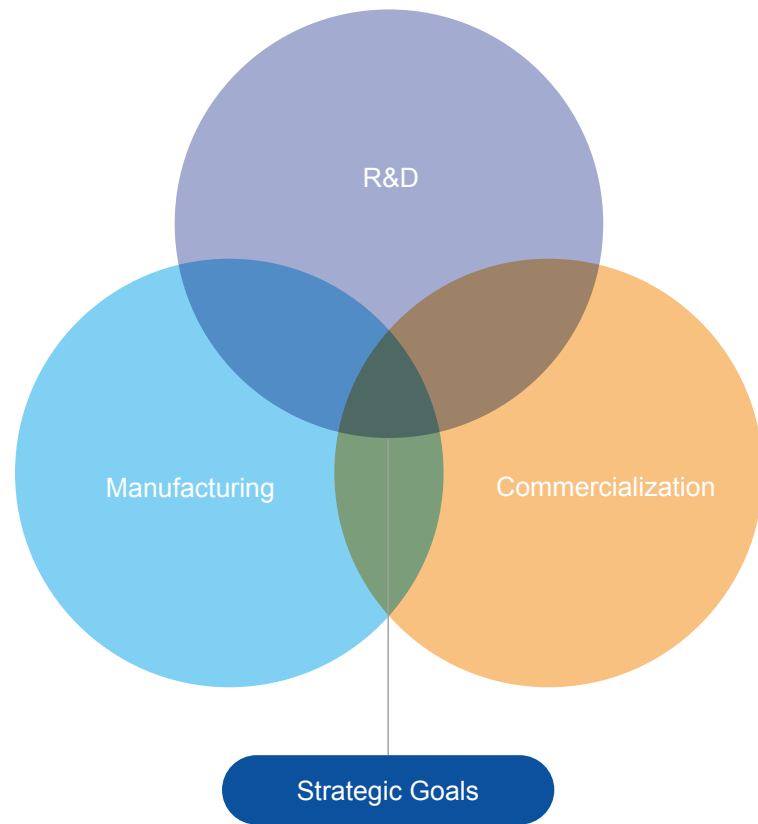
Enterprise Technology Research Center in Xuhui District

Level 1 UN Vendor



# Corporate Strategy

Henlius has always been guided by the mission and vision of "affordable innovation and reliable quality". While maximizing the commercialization value of biosimilars in China and international markets, we continue to explore new targets and mechanisms, constantly expanding into new disease areas and novel molecular types. Henlius aims for steady development towards a biopharma with global presence and scale.



## Overall

Maximizing the commercialization value of biosimilars, we continuously explore new targets and mechanisms, constantly expanding into new disease areas and novel molecular types, fostering the steady development towards a biopharma with global presence and scale.

## R&D

Henlius is strategically establishing global innovation centers with antibody technology at the core and clinical value as the guiding principle. Through comprehensive efforts, we aim to drive differentiated innovation and address unmet clinical needs.

## Commercialization

Building a top commercial team through innovative marketing, access, and commercialization strategies, as well as efficient sales execution capability.

## Manufacturing

Building upon the advantage of "Henlius quality", we will further strengthen our manufacturing capabilities. We aim to establish internationally leading production quality capabilities through improved technology.



# ESG Management Strategy

In the pursuit of sustainable corporate development, Henlius adheres to an ESG management strategy, considering it as a crucial part of its corporate strategy and a significant driver for achieving long-term sustainability. Aligning with the evolving trends of both the Company and the industry, we updated the different modules of our strategy model in 2022, primarily focusing on five key areas, and have continued to implement related work in 2023. Around these modules, we have implemented targeted action measures to substantially enhance the Company's ESG performance, laying a solid foundation for sustainable development.





# Stakeholder Engagement

The Company actively establishes efficient, regular, and diverse communication mechanisms with stakeholders, engaging in extensive and in-depth communication and exchanges through various channels. During the Reporting Period, Henlius gained a deep understanding of the needs and expectations of various stakeholders and responded promptly to them.

Stakeholder	Topics of Concern	Communication Channels
Shareholders/ investors	<ul style="list-style-type: none"> <li>Compliance operations</li> <li>Corporate governance</li> <li>Product innovation and R&amp;D</li> <li>Product quality and safety</li> <li>Anti-corruption and business ethics</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Brokerage summit</li> <li>Results presentation</li> <li>Information disclosure of listed companies</li> <li>On-site visits</li> <li>Roadshow</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Compliance operations</li> <li>Industry collaboration and development</li> <li>Product quality and safety</li> <li>Anti-corruption and business ethics</li> <li>Product innovation and R&amp;D</li> <li>Emissions management</li> <li>Water resources use</li> <li>Energy use</li> <li>Tackling climate change</li> </ul>	<ul style="list-style-type: none"> <li>Participating in industry standards formulation</li> <li>Participating in policy formulation</li> <li>Providing suggestions</li> <li>Participating in government projects</li> <li>Written communication or conference call with government departments</li> <li>Receiving inspections and audits conducted by regulatory authorities</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Industry collaboration and development</li> <li>Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>Industry exchanges</li> <li>Visits</li> <li>Talks</li> </ul>
Clients	<ul style="list-style-type: none"> <li>Inclusive healthcare</li> <li>Responsible marketing</li> <li>Anti-corruption and business ethics</li> <li>Customer rights and privacy protection</li> <li>Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>Customer service and customer complaint handling</li> <li>Customer satisfaction survey</li> <li>Official social media</li> <li><a href="#">Official website</a></li> <li>Company hotline (mail and phone)</li> </ul>

Stakeholder	Topics of Concern	Communication Channels
Employees	<ul style="list-style-type: none"> <li>Employee communication and care</li> <li>Employee rights protection</li> <li>Occupational health and safety</li> <li>Employee training and promotion</li> <li>Compliant employment</li> <li>Intellectual property rights management</li> </ul>	<ul style="list-style-type: none"> <li>Employee interviews</li> <li>Internal email</li> <li>Labor union and workers' congress</li> <li>Employee care activities</li> <li>Employee training and promotion</li> <li>Employee satisfaction survey</li> <li>Corporate culture activities</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Sustainable supply chain management</li> <li>Compliance operations</li> <li>Anti-corruption and business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Supplier audit and communication</li> <li>Green supply chain management</li> <li>Supplier conference</li> </ul>
Media	<ul style="list-style-type: none"> <li>Industry cooperation and development</li> <li>Anti-corruption and business ethics</li> <li>Product quality and safety</li> <li>Product innovation and R&amp;D</li> <li>Community charity</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure of listed companies</li> <li><a href="#">Official website</a></li> <li>Press conference/media communication meeting</li> <li>Media interview</li> <li>Official social medi</li> </ul>
Communities and the public	<ul style="list-style-type: none"> <li>Emissions management</li> <li>Energy use</li> <li>Community charity</li> </ul>	<ul style="list-style-type: none"> <li>Site investigation</li> <li>Charitable projects</li> <li>Environmental impact analysis and management</li> <li>Working meeting of government environmental supervision departments</li> <li>Communicating with neighborhood committees</li> <li><a href="#">Official website</a></li> <li>Official Social Media</li> </ul>

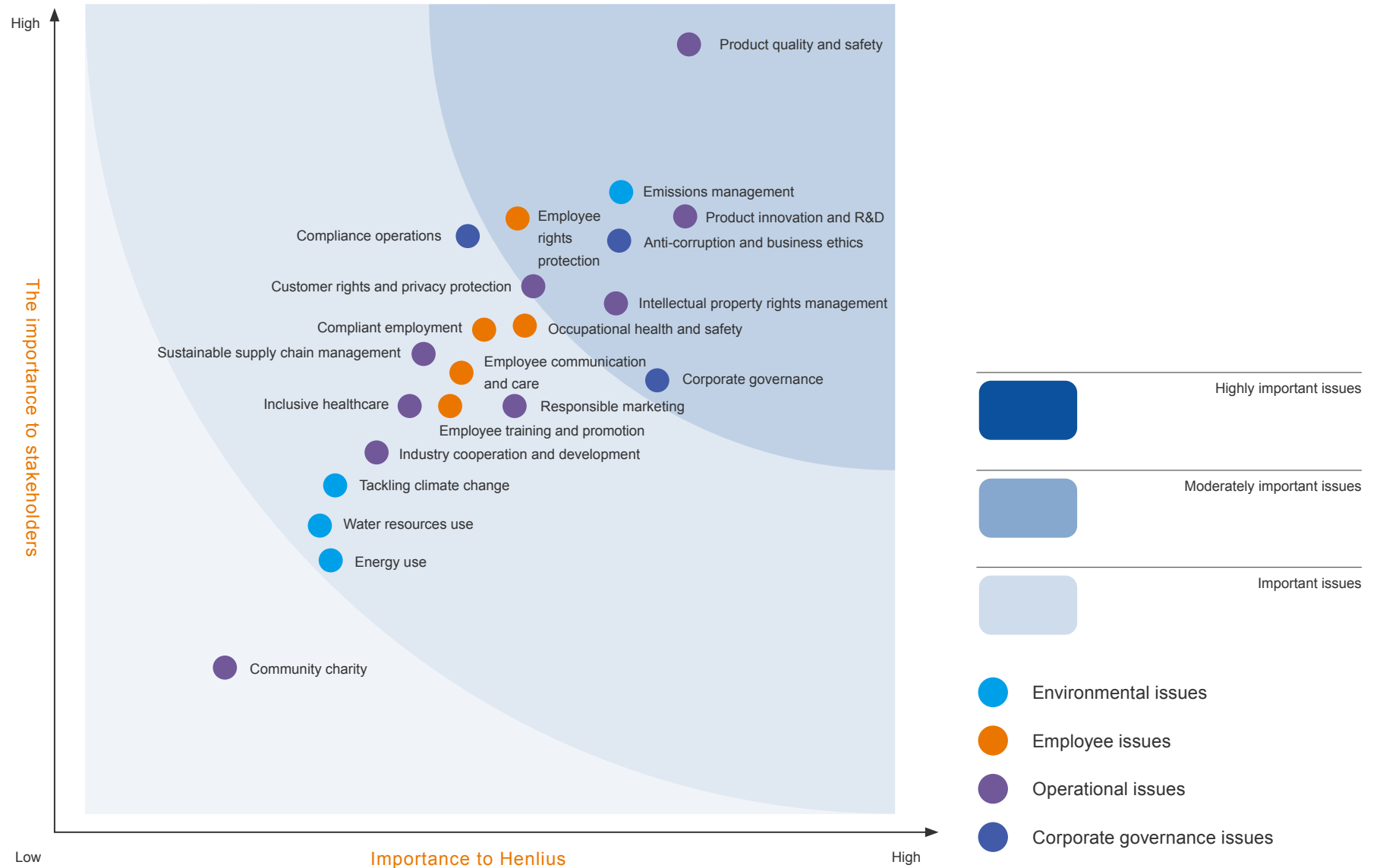


# Material Issues Matrix

Henlius regularly communicates with stakeholders through diverse channels to understand their expectations and opinions regarding the Company's ESG performance. Our stakeholders include, but are not limited to, shareholders and investors, government and regulators, partners, clients, employees, suppliers, media, and communities and the public. During the Reporting Period, the Company fully considered the views of stakeholders in daily operational decisions and took timely actions to respond to their concerns.

Henlius has included 21 issues into the material issues matrix, of which 8 issues were evaluated as highly important, namely product quality and safety, emissions management, product innovation and R&D, employee rights protection, anti-corruption and business ethics, intellectual property rights management, corporate governance, and customer rights and privacy protection. This report will focus on disclosing information related to each ESG materiality issue.

Henlius 2023 Material Issues Matrix





# Product

Henlius deeply embeds the concept of quality first in the whole life cycle of products, strictly controls product quality, strengthens product quality inspection, and is committed to improving employees' quality awareness and product safety responsibility. At the same time, the Company maintains close contact with various stakeholders, optimizes logistics, warehousing and supply chain management, and ensures the availability and affordability of drugs. The Company continues to promote product R&D and innovation, and seek diversified innovation internally and externally, exploring more drug forms and disease areas, to ensure that the mission of "to improve patients' lives by timely providing them with quality and affordable protein therapeutics" is implemented and thus providing better treatment options for patients worldwide.



# Product Pipeline



IND	Phase 1	Phase 2	Phase 3	NDA	In-Market
<b>HLX51</b> OX40 Solid tumours, lymphomas	<b>HLX10<sup>(1)</sup> (serplulimab) + HLX60<sup>(2)</sup></b> PD-1+GARP Solid tumours	<b>HLX10<sup>(1)</sup> (serplulimab) + HANBEITAI</b> PD-1+VEGF mCRC 1L	<b>HLX10<sup>(1)</sup> (serplulimab) + Chemo</b> PD-1 ES-SCLC 1L	<b>HLX10<sup>(1)</sup> (serplulimab) + Chemo</b> PD-1 ES-SCLC 1L	<b>HANSIZHUANG (serplulimab)<sup>(1)</sup></b> PD-1 MSI-H solid tumors, sqNSCLC, ES-SCLC, ESCC
<b>HLX6018</b> GARP/TGF-β1 IPF	<b>HLX60<sup>(2)</sup></b> GARP Solid tumours, lymphomas	<b>HLX10<sup>(1)</sup> (serplulimab) + HLX07<sup>(6)</sup></b> PD-1+EGFR HNSCC, NPC, GC, ESCC, sqNSCLC	<b>HLX10<sup>(1)</sup> (serplulimab) + Chemo</b> PD-1 Neo/adjuvant treatment for GC	<b>HLX10<sup>(1)</sup> (serplulimab) + Chemo</b> PD-1 nsNSCLC 1L	<b>HANLIKANG (rituximab)<sup>(14)</sup></b> CD20 NHL, CLL, RA <sup>(15)</sup>
<b>HLX17 (pembrolizumab)</b> PD-1 Melanoma, NSCLC, EC, HNSCC, CRC, HCC, TNBC	<b>HLX53</b> TIGIT Solid tumours, lymphomas	<b>HLX10<sup>(1)</sup> (serplulimab) + HLX26+ Chemo</b> PD-1+LAG-3 NSCLC 1L	<b>HLX10<sup>(1)</sup> (serplulimab) + Chemo + Radio</b> PD-1 LS-SCLC 1L	<b>HLX02 (trastuzumab)<sup>(12)</sup></b> HER2 Breast cancer, mGC	<b>HANQUYOU (trastuzumab)<sup>(12)</sup></b> HER2 Breast cancer, mGC
<b>HLX99</b> Polypharmacology ALS	<b>HLX43<sup>(3)</sup></b> PD-L1 ADC Solid tumours	<b>HLX07<sup>(6)</sup></b> EGFR Solid tumors (cSCC)	<b>HLX04-O<sup>(8)</sup></b> VEGF Wet AMD	<b>HANDAYUAN (adalimumab)<sup>(13)</sup></b> TNF-α JIA, pediatric Ps, etc.	<b>HANDAYUAN (adalimumab)<sup>(13)</sup></b> TNF-α RA, AS, Ps, UV
	<b>HLX42<sup>(4)</sup></b> EGFR ADC Solid tumours	<b>HLX22 + HANQUYOU</b> HER2+HER2 GC	<b>HLX11 (pertuzumab)<sup>(9)</sup></b> HER2 Neoadjuvant treatment of breast cancer		<b>HANBEITAI (bevacizumab)<sup>(16)</sup></b> VEGF mCRC, advanced, metastatic or recurrent NSCLC, GBM, etc.
	<b>HLX05 (cetuximab)<sup>(5)</sup></b> EGFR mCRC, HNSCC	<b>HLX208<sup>(7)</sup></b> BRAF <sup>V600E</sup> LCH/ECD, solid tumours (i.e. MEL, thyroid cancer, mCRC, NSCLC)	<b>HLX14 (denosumab)<sup>(10)</sup></b> RANKL Osteoporosis		
	<b>HLX15 (daratumumab)</b> CD38 Multiple myeloma	<b>HLX208<sup>(7)</sup> + HLX10<sup>(1)</sup> (serplulimab)</b> BRAF <sup>V600E</sup> + PD-1 NSCLC	<b>HLX78 (Lasofexifene)<sup>(11)</sup></b> SERM Breast cancer		
	<b>HLX13 (ipilimumab)</b> CTLA-4 Melanoma, RCC, mCRC, HCC, NSCLC, MPM, EC				

- Innovative mAb
- Innovative ADC
- Bridging study in U.S.
- MAA under EMA review
- Innovative fusion protein
- Innovative small molecule
- BLA under FDA review
- The first Chinese mAb approved in both China and the EU
- Biosimilar mAb
- Global MRCT

(1) Approved in China and Indonesia. Business partners: KGbio/Fosun Pharma/Intas. (2) IND approvals obtained in Australia. (3) IND approvals obtained in China/the U.S. (4) IND approvals obtained in China/the U.S. and granted FDA Fast Track Designation. (5) Business partner: Shanghai Jingze. (6) IND approvals obtained in China/the U.S. (7) Exclusive license obtained in China. (8) IND approvals obtained in China/Australia/the U.S./Singapore/EU countries, etc. Business partner: Essex. (9) IND approvals obtained in China/EU. Business partner: Organon. (10) IND approvals obtained in China/EU/Australia. Business partner: Organon. (11) Exclusive license obtained in China. Phase 3 MRCT enrolling globally. (12) Approved in 40+ countries, including China, the UK, Germany, France and Australia, trade name registered in Europe: Zercepac®. Business partners: Accord/ Cipla/ Jacobson/ Elea/ Eurofarma/ Abbott/KGbio. (13) Business partners: Wanbang/ Getz Pharma. (14) The first biosimilar approved in China. Business partners: Fosun Pharma/Farma de Colombia/Eurofarma/ Abbott/Boston Oncology. (15) The first rituximab approved for the indication in China. (16) Business partner: Eurofarma.



# Product Inclusion

As a company underpinned by the patient-centric strategy, Henlius is committed to advancing the affordability and accessibility of our products. We pursue the goal of bringing affordable, high-quality biologics to patients around the world. We are continuing expanding the beneficiary group of our drugs and actively promoting the accessibility through inclusive healthcare programs and integration of resources with external partners. As of the end of the reporting period, the Company has successfully launched five products in China and two products in global market.

**5** Products

launched in China

**2** Products

launched worldwide



Available in **40+** countries worldwide

Benefiting **180,000+** patients

HANQUYOU (Trastuzumab, Zercepac<sup>®</sup> in Europe) is used for the treatment of HER2-positive early-stage breast cancer, metastatic breast cancer and metastatic gastric cancer. It was approved by the European Commission (EC) and the NMPA in July and August 2020 respectively, and is the first domestic monoclonal antibody approved both in China and Europe. Currently, HANQUYOU has been approved for marketing in more than 40 countries such as China, the United Kingdom, France, Germany, Switzerland and Australia, and is the domestic biosimilar with the most marketing approvals around the world. It has benefited more than 180,000 patients, and is reimbursed nationally in the United Kingdom, France, Germany, and other countries. For this product, the Company has joined hands with overseas commercial partners for global marketing in the United States, Canada, Australia, Europe and many other emerging markets, covering about 100 countries and regions.

## 汉利康<sup>®</sup>

利妥昔单抗注射液

Benefiting **240,000+** patients

HANLIKANG (rituximab) is used for the treatment of non-Hodgkin's lymphoma, chronic lymphocytic leukemia and rheumatoid arthritis (RA). In February 2019, HANLIKANG was approved for commercialisation by the NMPA. It became the first biosimilar developed and approved in China in accordance with the *Technical Guidelines for the Development and Evaluation of Biosimilars (Tentative)* released in 2015, filling a gap in the domestic biosimilar market. In February 2022, HANLIKANG's indication of RA was approved for marketing for which the originator has not yet been approved in Chinese mainland. As of the end of March 2024, HANLIKANG has benefited more than 240,000 patients.





Benefiting **60,000+** patients

As Henlius' first novel mAb, HANSIZHUANG (serplulimab) has been successively used for the treatment of microsatellite instability-high solid tumors, squamous non-small cell lung cancer, extensive-stage small cell lung cancer and esophageal squamous cell carcinoma since its approval in March 2022. It is the world's first anti-PD-1 mAb approved for the first-line treatment of small cell lung cancer, benefiting more than 60,000 patients. Up to December 2023, Henlius has aggressively pursued international commercialization of HANSIZHUANG, actively collaborating with partners to bring its therapeutics to patients in the United States, Europe, and other emerging markets. HANSIZHUANG was also approved in Indonesia, becoming the first domestic anti-PD-1 mAb approved in Southeast Asia, benefiting more overseas patients.



Benefiting **~80,000** patients

HANDAYUAN (adalimumab) was officially granted the NDA approval by the NMPA in December 2020. It currently covers four indications, including rheumatoid arthritis, ankylosing spondylitis, psoriasis and uveitis. In February 2024, its supplemental new drug applications (sNDAs) for the treatment of autoimmune diseases such as multi-joint juvenile idiopathic arthritis, pediatric plaque psoriasis and other indications were accepted by the NMPA. As of the end of March 2024, HANDAYUAN had benefited about 80,000 patients.



Benefiting **~10,000** patients

HANBEITAI (bevacizumab) was officially approved by the NMPA in November 2021 for the treatment of metastatic colorectal cancer and advanced, metastatic or recurrent non-small cell lung cancer, recurrent glioblastoma, epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer, and cervical cancer. As of the end of March 2024, HANBEITAI had benefited about 10,000 patients. Meanwhile, HANBEITAI is expected to be further used in combination with HANSIZHUANG to develop immuno-oncology (IO) combination therapies for more tumor types.



## Drug Affordability

Henlius relentlessly prioritizes patients' healthcare needs, practices the concept of "affordable innovation and reliable quality", and integrates "affordability" into the core value of pharmaceutical innovation.

## Medical Coverage

Henlius actively responds to national policies and integrates medical insurance policies. Meanwhile, the Company relies on innovation in medicine and technology to meet multi-level and diversified medical needs of patients and lower the financial burden on patients by means of inclusive commercial insurance, city-customized commercial health insurance, medical mutual aid, innovative payment, etc.

As of the end of March 2024:

HANQUYOU	HANSIZHUANG	HANBEITAI	HANDAYUAN	HANLIKANG
<ul style="list-style-type: none"> <li>HANQUYOU is reimbursed nationally in countries and regions including China, the UK, France and Germany.</li> <li>HANQUYOU (150mg) has completed all the provincial medical insurance access work and tendering process in China.</li> <li>HANQUYOU (60mg) has completed the tendering process in 30 provinces and was included into the medical insurance procurement platform in all provinces in China.</li> </ul>	<ul style="list-style-type: none"> <li>The tendering process has been completed in all provinces in China, and it has been successfully included into 80 provincial/city-customized commercial medical insurance (Huiminbao).</li> </ul>	<ul style="list-style-type: none"> <li>HANBEITAI has completed the tendering process in 28 provinces and was included into the medical insurance procurement platform in all provinces in China.</li> </ul>	<ul style="list-style-type: none"> <li>HANDAYUAN has completed the tendering process in 29 provinces and was included into the medical insurance procurement platform in all provinces in China.</li> </ul>	<ul style="list-style-type: none"> <li>100mg/10ml has completed all the provincial medical insurance access work and tendering process in China.</li> <li>500mg/50ml has completed the tendering process in 30 provinces and all the provincial medical insurance access work in China.</li> </ul>

## Patient Assistance

Henlius adheres to "patient-centricity" action policy and listens to the voices of patients, with the interests of patients put high on our R&D, production and marketing agenda. Henlius carries out diversified public welfare programs to support patients. In order to lower the financial burden of patients to a greater extent, Shanghai Life Oasis Public Service Center launched Patient Assistance Program (PAP) in 2022. In this program supported by targeted fundraising from Beijing Health Alliance Charitable Foundation, Henlius provided HANSIZHUANG for free.

Case:

### Commercial Health Insurance Coverage Expanded for HANSIZHUANG



Henlius continued its cooperation and agreements with Third-party service platforms (Third Party Administrator, TPA), SINOPHARM, Shanghai Pharmaceuticals Holding Co., Ltd. and other partners, and determined the goal for the Huiminbao medical insurance coverage in 2023 through written agreements, strategic cooperation and other means. During the reporting period, HANSIZHUANG has been included into the Huiminbao catalog in 80 cities, such as Shanghai, Guangzhou, Shenzhen, as well as Kunming, Fujian, Hunan, Shanxi and Shaanxi provinces.



## Drug Availability

### Domestic Collaboration

Henlius gives full play to its professional advantages in the field of medicine and healthcare, intensifies the market penetration of products in the market, and promotes cross-regional R&D and clinical resources cooperation, improving the accessibility of drugs in an all-round way.

Henlius continuously improves drug supply capacity, actively maintains communication with distributors, expands sales channels, and improves product coverage. As of the end of the reporting period, the cooperation between the Company and distributors had covered 31 provinces, municipalities and autonomous regions. In addition, the Company adheres to the corporate mission to improve patients' lives by timely providing them with quality and affordable protein therapeutics, so that high-quality drugs can benefit more patients from developing countries, emerging markets and remote regions in China.

### Henlius Distribution Channels in 2023

80+

primary distributors

360+

secondary distributors

900+

DTP (Direct to Patient) pharmacies

#### Case:

### Henlius and CR PHARMA COMM Entered Into Strategic Cooperation



Signing Ceremony of Strategic Cooperation

In November 2023, Henlius built a strategic partnership with CR PHARMA COMM in Changsha for in-depth cooperation in marketing, channel expansion, supply chain management and other fields to improve drug availability. In addition, both parties will jointly explore the innovative business model of "healthcare + Internet" and integrate conventional pharmaceutical manufacturing and supply chain service with the emerging Internet medicine, promote the expansion of medical resources and achieve a balanced regional distribution, aiming to build a high-quality and efficient medical service system closer to patients' needs, and continuously enhance the sense of accessibility and security among patients.

#### Case:

### Henlius Promoted Drug Access in Remote Areas in China in 2023

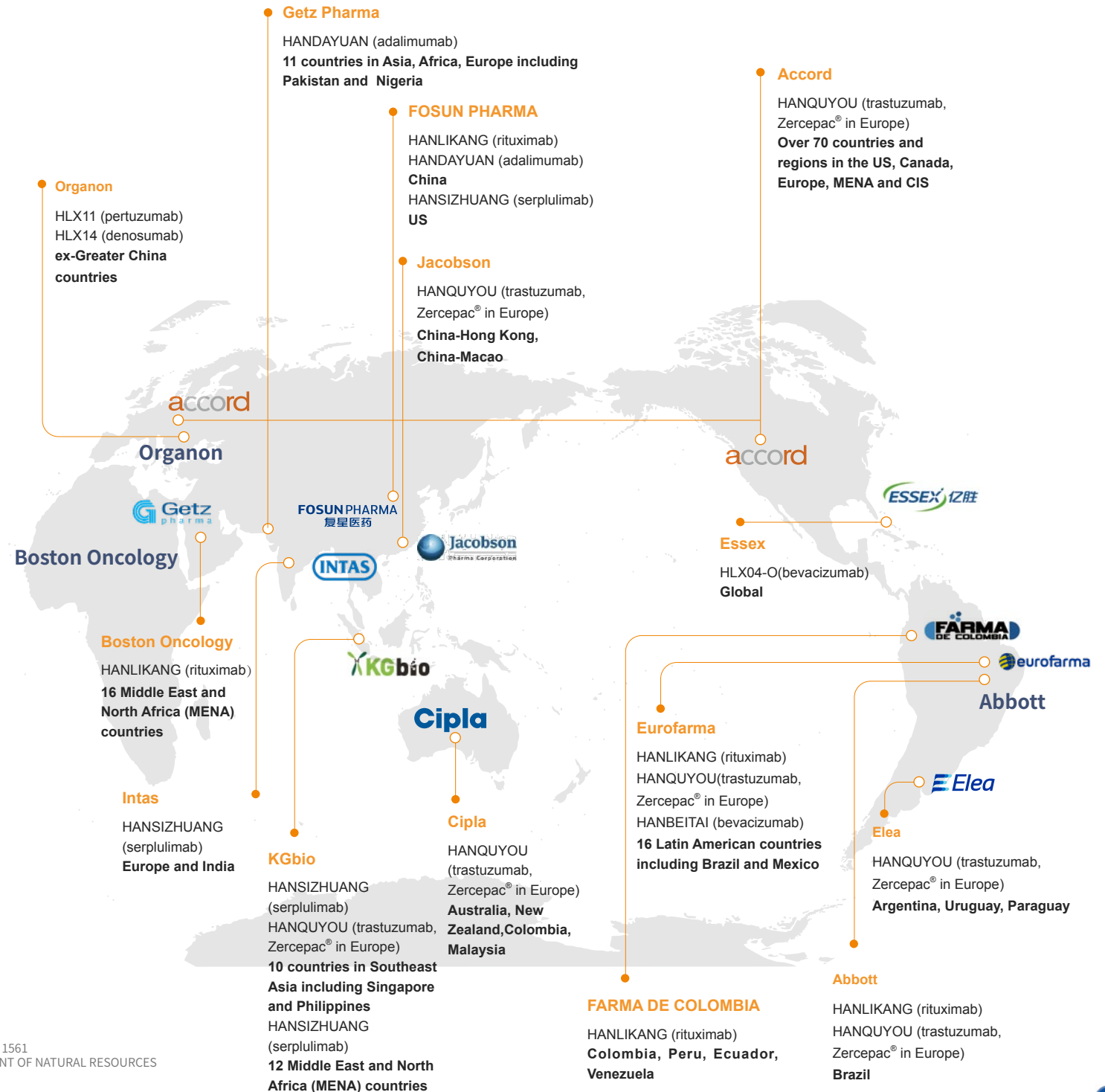
During the reporting period, Henlius continued to expand the access to drugs in remote areas and achieved significant progress. By the end of 2023, the county market footprint of HANQUYOU has covered 22 provinces in China, including Inner Mongolia, Gansu, Guizhou, Ningxia, Qinghai, Xinjiang, Yunnan, Tibet, among others. Among them, 84,000 units of HANQUYOU (150mg) and more than 14,000 units of HANQUYOU (60mg) were distributed to terminal users.



## Overseas Cooperation

Henlius continuously explores new ways of cooperation, pursues innovation and international expansion to provide high-quality and convenient medical services for patients worldwide. In the process of entering emerging markets and developing countries, Henlius takes into account the economic, health care and demographic approaches of these markets and establishes corresponding business models and product pricing. As of now, HANQUYOU was approved in more than 40 countries and regions including China, the United Kingdom, Switzerland, Australia, Singapore, Argentina, Saudi Arabia, etc., becoming a Chinese biosimilar with most market approvals around the world. HANSIZHUANG was approved in China and Indonesia, becoming the first domestic PD-1 mAb approved in Southeast Asia.

During the reporting period, the Company worked with global partners to accelerate the registration process of HANQUYOU, HANSIZHUANG, HANLIKANG, HANDAYUAN and HANBEITAI in the United States, the European Union, Brazil, Canada, Singapore, Indonesia and other countries and regions, and more than 50 marketing application of the Company's products have been accepted by the drug regulatory authorities in China, the United States, the European Union, Brazil, Canada, Pakistan and other countries and regions.



APPROVAL NUMBER: GS (2016) 1561  
PRODUCED BY THE DEPARTMENT OF NATURAL RESOURCES



Case:

## Henlius Works Together with KGbio to Enter Middle East and North African (MENA) Markets for HANSIZHUANG

In September 2023, Henlius entered into an exclusive license agreement and expanded collaboration with PT Kalbe Genexine Biologics, a holding subsidiary to PT Kalbe Farma, Tbk ("Kalbe"), an Indonesian pharmaceutical company, for the development and commercialisation of HANSIZHUANG as a treatment for two indications including ES-SCLC in 12 MENA countries including Saudi Arabia, the United Arab Emirates, Egypt, Qatar, Jordan, Morocco, etc. This collaboration further expands the product potential of HANSIZHUANG and meets patient needs in more regions. In December 2023, HANSIZHUANG was approved in Indonesia, becoming the first domestic PD-1 mAb approved in Southeast Asia.



Case:

## Henlius Entered into Collaboration with Intas Pharmaceuticals Limited

In October 2023, Henlius announced collaboration with Intas Pharmaceuticals Limited ("Intas"), to which it granted the rights to conduct exclusive development and commercialization of Henlius' independently-developed HANSIZHUANG for multiple indications including extensive stage small cell lung cancer as well as specific formulation in Europe and India.

This collaboration marks global recognition of the product quality and comprehensive strength of Henlius' products and opens up new development opportunities for the Company's global layout.



Case:

## Henlius Continues Collaboration with Abbott for Semi-exclusive Commercial Licensing

Henlius continues to carry out commercial collaboration with Abbott Operations Uruguay S.R.L., to which it authorizes the semi-exclusive commercial rights of Henlius' two independently-developed products (HANLIKANG and HANQUYOU) in Brazil. This will not only help the Company further expand its overseas market, but also enhance the availability of these products in the local market and better meet the needs of Brazilian patients through collaboration with Abbott. In 2023, Henlius Xuhui Facility obtained GMP certification for HANLIKANG and HANQUYOU from the Brazilian National Health Supervision Authority (ANVISA), a member of PIC/S. In 2024, HANQUYOU was approved in Brazil.





## Lean Manufacturing

Henlius gives full play to production capacity by optimizing the production process and strengthening the production cost control of core products, ensuring the stable supply of high-quality products.

The Company actively introduces internationally leading production technologies and promotes lean production programs, aiming to effectively reduce production costs and improve commercial capacity. Meanwhile, we attach great importance to cultivating employees' concept of lean production operation management, carry out excellent improvement idea programs, and give recognition and awards to employees based on the benefits of the project to improve the overall lean improvement capability of the Company. By the end of 2023, Henlius had completed more than 30 lean improvement projects and 100 excellent improvement ideas, and the average output of each products' drug substance increased by 10%.

Total commercial capacity

48,000L

### Case:

## Henlius Optimizes Production Process and Improves Production Efficiency

Henlius continuously improves the production management mode, attaches great importance to production details, and continuously improves the competitiveness and market position of enterprises through continuous improvement and innovation. During the reporting period, the Company carried out a number of technical optimizations through cooperation with upstream partners:

Five types of culture media were developed, including two basic media and three feeding media. The Company successfully increased the feeding concentration of one of the high-concentration feeding media to twice that of the conventional one, so that one solution prepared can support two batches of production. This improvement simplifies the Company's production and preparation process, reduces the feeding volume and energy consumption in production, and ensures product quality and output.

Henlius continues to optimize the medium components on the independent medium platform to improve the cell metabolic rate and product expression. Under the condition where total demand remains unchanged, the new formula can increase the output by 2.4 times compared with the original process, and the single-batch output has been greatly improved, which is expected to reduce the production frequency and reduce energy consumption.



# R&D Innovation

With a patient-centered approach, Henlius focuses on patients' unmet clinical needs, and identifies key R&D directions. The Company makes unremitting efforts to improve the global clinical operation system. Henlius actively conducts and accelerates various clinical trials with immune-oncology combination therapies, covering a wide range of high-incidence tumors, including lung cancer and gastric cancer. Meanwhile, we continue to promote R&D innovation and product pipeline building through diversified innovation and open cooperation in collaboration with global innovation resources, so as to achieve multi-dimensional innovation in drugs to fight in more disease areas. In 2023, the Company invested a total of RMB 1.4336 billion in R&D, and a total of 11 products have made new progress in research and development.

## Global Clinical Operation

Henlius continuously expanded the breadth and depth of R&D innovation in products, and simultaneously carried out more than 30 clinical trials in China, the United States, the European Union, Australia and other countries and regions, include the following:

Product	Indication	Countries and regions where first patient dosing has been completed
HANSIZHUANG (serplulimab)	LS-SCLC	China, U.S., Europe, Australia
HLX04-O (VEGF)	Wet AMD	China, U.S., Australia, the European Union
HLX60 (GARP) + HANSIZHUANG (serplulimab)	Solid tumors	Australia
HLX14 (denosumab biosimilar)	Postmenopausal osteoporosis with high risk of fracture in women	China, Australia

## Differentiated Innovation

Henlius adheres to the R&D innovation strategy of "internal innovation and external collaboration", accelerates the transformation and implementation of more innovative achievements, and focuses on more unmet clinical demands. Our innovation pipeline has currently covered a wealth of drug forms, such as monoclonal antibody, bispecific antibody, antibody-drug conjugates (ADC), recombinant protein, small molecule drugs and other forms of drugs.

### Cultivate internal skills for innovation

Henlius has established global innovation center that is committed to building a comprehensive and efficient innovative drug R&D system, covering molecular information, protein drug discovery, transformation biology, pre-clinical development, biomarkers, etc. Centering on clinical demands, the global innovation center actively promotes early R&D innovation projects and project management mechanisms, continuously expands antibody technology-oriented conjugates of various forms based on new conjugation technologies, and engages in a variety of innovative product development and technology platform building. At present, Henlius' global innovation center has successfully promoted the establishment of antibody and payload-linker toolbox with independent intellectual property rights, and developed differentiated and clinically valuable ADC products, among which the Company's modular ADC molecular design platform Hanjugator™ aims to significantly improve the safety window, therapeutic window, selectivity and efficiency of ADC medicines and expand the application scenarios and scope of ADC products. While continuing to deepen oncology research, the center also takes proactive steps toward the non-oncology field, so as to respond to more unmet clinical demands.

The Company works vigorously to establish a competitive product portfolio by introducing professional talents, establishing R&D technology platforms and expanding the early-stage R&D pipeline. By the end of the reporting period, employees in the global innovation center had reached 103 (excluding dispatched workers and interns), among whom doctors and masters accounting for 53% and 38% respectively.



## Leverage external forces for innovation

At the same time, Henlius fully leverages external innovative forces for more innovative resources. In May 2023, Henlius convened the first Overseas Scientific Advisory Board (SAB) meeting in California, U.S.. The meeting gathered international experts in biotechnology, pharmacology, oncology and immunology to discuss the latest scientific findings, medical needs, Henlius' R&D pipeline, technology platform layout, and future strategic plans. The participants analyzed new therapies, new targets and frontier technology platforms of tumor immunotherapy, discussed the scientific references, competition landscape, the latest R&D data and next step plans of the Company's early research pipeline, and proposed recommendations on the priority setting of different R&D programs, the selection of disease fields and the allocation of R&D resources. Henlius will continue to develop breakthrough therapies, enhance innovation and international influence, and benefit more patients worldwide.

## Innovation Recognition

Henlius strengthens R&D investment and actively promotes the transformation and commercialization of innovative achievements. In 2023, our multiple research achieved major breakthroughs and were recognized by global academic communities. Nine papers were published on international academic journals. 16 data results were presented at five international academic conferences. The results of phase 3 clinical trial (ASTRUM-007) of HANSIZHUANG combined chemotherapy for first-line treatment of Esophageal Squamous Cell Carcinoma were published in the international authoritative journal *Nature Medicine*.

In order to meet unmet medical needs of more patients and to drive greater social value through innovative R&D, the Company is actively promoting research and development of rare diseases, with a total of four orphan drugs and rare disease products currently under development.

Product	Target	Indication	Research and Development Progress
HANSIZHUANG (serplulimab injection)	PD-1	Extensive Stage Small Cell Lung Cancer(ES-SCLC) <sup>*1</sup>	ES-SCLC: The European Union marketing authorization application has been accepted, and the Company is currently conducting a head-to-head bridging trial in the U.S. LS-SCLC: Phase 3 clinical trial
HLX208	BRAF <sup>V600E</sup>	<i>BRAF</i> <sup>V600E</sup> Langerhans cell histiocytosis (LCH) and Erdheim-Chester disease(ECD) <sup>*2</sup>	Phase 2 clinical trial
HLX6018	GARP/TGF-β1	Idiopathic pulmonary fibrosis (IPF) <sup>*2</sup>	IND
HLX99	Polypharmacology	Amyotrophic lateral sclerosis (ALS) <sup>*2</sup>	IND

\*1: Granted Orphan Drug Designations by the U.S. FDA and the EU EC

\*2: Included in the Catalog of Rare Diseases by the National Health Commission of China

### Case:

## Henlius Successfully Launched Public Service Platform



In January 2023, six projects of the "Mars Landing Program" in Henlius' innovative talent recruitment list were officially launched on Pudong New Area District's public service platform operated by the National Innovation Center par Excellence (NICE), becoming one of the first batch of enterprises on "public service platform". The Company has released a number of scientific research and technology research proposals on the platform to further expand cooperation resources, recruit suitable leading talents and projects, jointly explore the research and development of the next generation drugs, and respond to more unmet clinical demands. With the active promotion and facilitation of the NICE, one proposal - "key technology development and industrialization project of domestic manufacturing of antibody drugs" was successfully published upon the Company's evaluation and review. Henlius cooperates with university's scientific research team, and technology enterprise to tackle key problems. The tripartite cooperation aims to promote the development and industrialization of key technologies for domestic manufacturing of antibody drugs, as well as the development of highly automated green intelligent manufacturing technology, solve key problems by improving the efficiency of drug research and development and production, help enterprises launch high-quality domestic antibody drugs and improve the global competitiveness and influence of enterprises. The project was officially launched in December 2023.





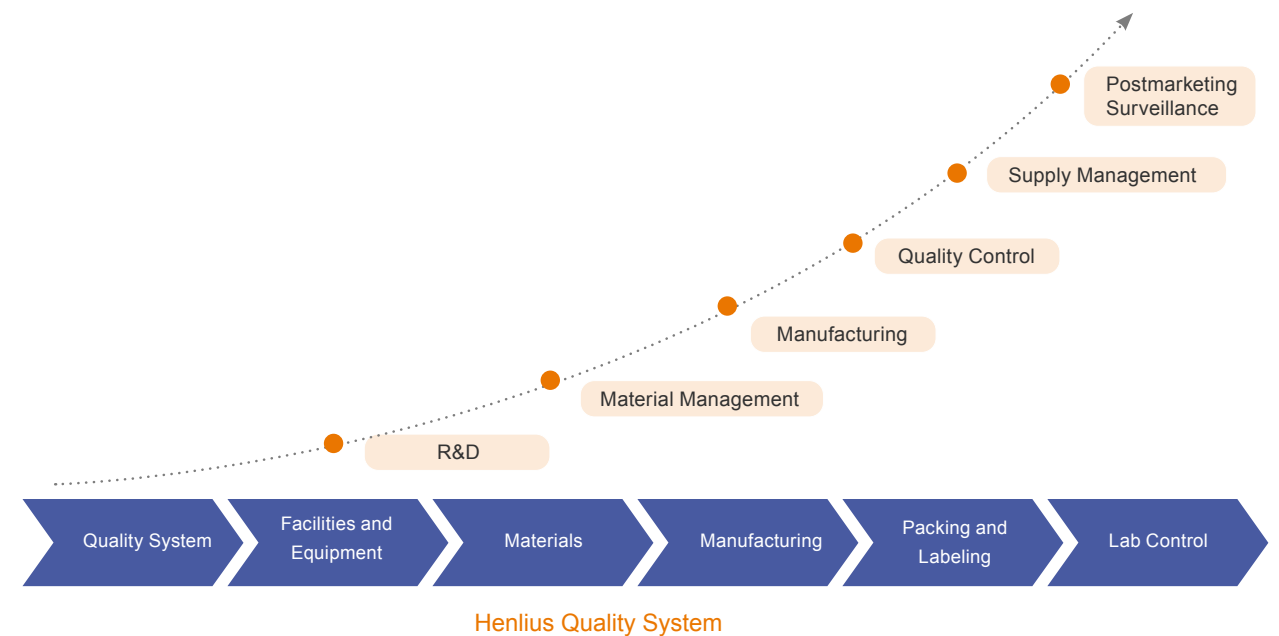
# Quality-centered

Henlius always follows patient-centered strategy, regards the quality and safety of drugs as the cornerstone of the enterprise, adheres to quality-first principle, abides by high quality standards in production and R&D progress, and strives to provide reliable medical coverage for patients. Adhering to the corporate vision to be the most trusted biopharma providing innovative and affordable medicines for all patients, Henlius continues to improve its internal quality and safety management system, improves management efficiency while ensuring production standardization from such aspects as clinical trials, regulation of drugs in the market, legal applicability, environmental control and data integrity. The Company became qualified as an UN vendor at Level 1.

## Quality Management System

Henlius strictly complies with the requirements of laws and regulations such as the *Drug Administration Law of the People's Republic of China*, the *Decision of the China Food and Drug Administration on Matters Concerning Adjusting the Registration Administration of Imported Drugs*, and the *Good Manufacturing Practice for Medical Products (revised in 2010)*. During the reporting period, we updated the *Quality Manual*, the highest-level document, in order to meet the development requirements of many products approved in overseas countries. The document explicitly states that the quality system established by the Company should adhere to global GMP standards, including those of China, the United States, the European Union, and the Pharmaceutical Inspection Co-operation Scheme (PIC/S). Furthermore, in accordance with current GMP regulations in various countries and the latest industry guidelines issued by major international pharmaceutical organizations such as the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH), the World Health Organization (WHO), the Parenteral Drug Association (PDA), and the International Society for Pharmaceutical Engineering (ISPE), the Company has simultaneously updated 16 *Quality Policy Requirements*. These requirements cover all employees within the GMP system, aiming to enhance their awareness of quality.

Henlius continues to improve the quality management system, covering R&D, material management, product manufacturing, quality control, product supply chain management and product post-marketing surveillance, so as to ensure a comprehensive full-life cycle quality management.





## Internal Inspection of Quality System

Henlius boasts strong internal quality management and testing capabilities and has successfully deployed quality management system TrackWise® embedded with quality-related workflows including deviation, changes control, corrective and preventive measures (CAPA), out of specification (OOS) / out of trend (OOT), complaints, supplier management, supplier audit, internal audit and external audit. Henlius continuously collects changing user needs, and has made more than 40 improvements during the reporting period in order to better meet the requirements of the U.S. FDA, Brazil's ANVISA and other overseas drug regulatory authorities. The Company will improve the importance and evaluation level of production regulatory matters, improve work efficiency, and reduce the possibility of problems in the production link by optimizing the fluency of audit process, adding evaluation on pollution control strategy, requesting management and evaluation of supplier quality assurance as well as other items.

Henlius carries out regular self-inspection activities to evaluate the compliance of quality system. During the reporting period, Henlius Xuhui Facility and Songjiang First Plant invited third-party consulting company to carry out annual self-inspection activities, covering six main quality management systems, and proactively identified potential risks in the operation of quality system.

Henlius has completed the gap analysis of laws and regulations related to drug production according to the business coverage areas and market expansion plans. During the reporting period, Henlius Xuhui Facility invited the third-party professional consulting company to complete four rounds of gap analysis for the EU GMP Appendix 1 *Manufacture of Sterile Products*. As for new markets, the Company has completed gap analysis based on the PIC/S GMP guidelines applicable to ANVISA in Brazil and BPOM in Indonesia, and the improvement measures include updating pollution control strategies, updating computerized assessment and management procedures, and optimizing pollution control measures at the production site. Henlius Songjiang First Plant has invited overseas third-party consulting company to carry out special consultation and on-site simulation audit on the requirements of the U.S. FDA regulations. The gaps in sterile drug manufacture management, quality system maintenance, material management and other management modules were identified through simulation audit, and corresponding improvement plans were formulated to ensure compliance with the requirements of the U.S. FDA quality management requirements for sterile drug manufacturing.

## External Inspection of Quality System

During the reporting period, Henlius Xuhui Facility successfully passed GMP compliance inspection for HANSIZHUANG carried out by PIC/S member Indonesia BPOM and GMP compliance inspection for HANLIKANG and HANQUYOU carried out by PIC/S member Brazil ANVISA; Xuhui Facility and Songjiang First Plant obtained EU GMP certification on HANSIZHUANG. So far, Henlius Xuhui Facility and Songjiang First Plant have obtained GMP certification in China and the European Union. In addition, the Company has been awarded Grade-A credit pharmaceutical manufacturer in Shanghai (the highest grade) for three consecutive years.

### The Six Major Components of GMP Self-Inspection at Henlius



Laboratory Control System



Quality System



Facilities and Equipment System



Material System



Production System



Packaging and Labeling System

In order to continuously improve quality management, Henlius' self-inspection endeavors include the following areas on top of the six major GMP components:

### Self-Inspection Coverage

Site and Utility

Personnel Hygiene and Training

Company's Organizational Structure

Technology Transfer and Process Related Verification

Quality Control and Quality Assurance

Facilities and Equipment System

Facilities and Equipment Confirmation

Quality System Management

Warehouse and Material Management

Production Management



## Quality Management Practice

Henlius takes quality management as the top priority in its business, and carries out strict quality management in the whole process from R&D, inspection to production.

### Quality Inspection and Control

In order to strengthen product testing capability and scope, Henlius has established a QC laboratory to conduct regular preventive testing of all products for possible quality or safety issues. This laboratory is mainly responsible for the incoming testing of raw materials, auxiliary materials and packaging materials for commercialization and clinical production, intermediate control testing, stock solution and finished product testing, as well as monitoring of various raw materials and equipment. The laboratory mainly carries out three major testing including physico-chemical testing, biological activity testing and microbiological testing, and strictly controls product quality. In 2023, our in-house testing covered 100% of the products.

Henlius Xuhui Facility completed the launching of the Electronic Laboratory Notebook (ELN) system for two commercial products, HANBEITAI and HANSIZHUANG, during the reporting period to assist quality control. The sample test records, site environmental monitoring and water system monitoring as well as other test records of the four launched products—HANLIKANG, HANQUYOU, HANBEITAI and HANSIZHUANG are managed through the ELN system at present. The application of ELN system is conducive to paperless test records in the whole process in QC laboratory, as well as the digital traceability of laboratory data collection and whole-process control. During the reporting period, more than 15,000 test records were generated through the ELN system.

In order to improve the compliance and competitiveness of quality control laboratory in Xuhui Facility, the China National Accreditation Service for Conformity Assessment (CNAS) certification program was launched during the reporting period. This program is established based on ISO 17025 international standards and is used to recognize the capabilities and technical requirements of laboratories, covering physico-chemical testing, biological activity testing, microbiological testing, raw and auxiliary packaging material testing as well as other aspects. At present, the Company has preliminarily established CNAS quality management system and commenced trial operation, and plans to formally apply for the certification in 2024.

### Quality Training

Product quality has always been the focus in Henlius' production and operation. The Company knows very well that only high-quality products and services can win customers' trust and market recognition. We carry out training programs related to quality and product safety for all employee every year in order to improve employees' awareness of product quality. In 2023, we developed *Quality Culture Behavior Manual*, and formulated 21 codes of cultural conducts, covering such aspects as quality decision management, employee potential exploration, and quality issues traceability. In addition, we carried out quality culture examinations for all employees based on this system, and conducted performance

appraisal for employees according to the results. Meanwhile, based on the guidelines for quality culture behavior, various departments have organized diverse internal activities and integrated quality culture into daily management such as performance, training, incentives, and promotions, ensuring that the culture is deeply rooted within the organization.

In addition, we have continued to carry out quality culture activities and organized a variety of online and offline promotional activities. A one-week "Planet Q Roaming Program" quality culture activity was carried out by integrating such aspects as corporate mission, vision and values, quality culture, Employer Value Proposition (EVP), GMP and clinical compliance quality through a variety of online live streaming activities, quiz and offline interactions.

Also In 2023, Henlius made relentless efforts on GMP training to ensure that employees have high-quality professional knowledge and skills. GMP training mainly includes pre-job training and on-the-job training.

#### GMP Training

##### Pre-job training:

Each GMP job post is provided with customized training courses, and training matrix is established, including corporate-level training, department-level training, post-level training and skill hands-on training, so as to ensure that employees master knowledge and skills required in an overall and systematic way.

##### On-the-job training:

Daily training conducted to enhance employees' awareness of quality and professional skills, including annual GMP training, daily effective documents training, periodic retraining, external training, deviation/OOS-strengthening training.

In order to ensure the quality of training, Henlius has strengthened qualification certification process of lecturers, built a professional lecturer team composed of Subject Matter Experts (SME) and heads from all business sectors, actively searched for high-quality external training institutions, and systematically integrated excellent training resources, so as to provide staff with a variety of training courses, ensure a professional and forward-looking training, and satisfy diversified training needs. In 2023, Henlius held a total of 41 annual GMP training sessions, with a total number of 1,118 participants and a total training hours of 179,509.53 hours, covering all GMP employees, with a per capita training hour of about 161 hours.



## Safety of Marketed Products

Henlius strictly abides by the regulatory laws and regulations of the ICH and the mainstream global biopharmaceutical market, and sets up a sound pharmacovigilance system in accordance with business needs. Henlius has formulated the *Adverse Event Reporting Policy for All Staff*, *Adverse Event Monitoring System*, *Adverse Event Collection, Processing and Reporting*, and *Regular Safety Summary Report*, *Risk Management Plan and Risk Control Plan* and other systems. Furthermore, Henlius has optimized *Nonconforming Products Management Procedures* during the reporting period to extend the monitoring scope of nonconforming products to nonconforming products and nonconforming materials in production, integrated and established nonconforming products handling procedures in order to further ensure effective control and handling of nonconforming products. We have established the Global Drug Safety Committee (GDSC) and the Benefit-Risk Council (BRC), responsible for analyzing, evaluating and identifying risks related to product safety to evaluate product risks and benefits. In the face of the identified risks, we will implement corresponding risk control measures tailored to the characteristics of each risk to minimize the potential impact and ensure the safety of our patients.

In response to the adverse event management, during the reporting period, the Company carried out training on adverse event reporting policy among all employees through online learning platform "Henlius Academy". Henlius requires all employees to collect adverse events through multiple channels, such as recording adverse events through the [Company's website](#), email and 24-hour hotline, so as to improve the Company's awareness of adverse reaction events.

During the reporting period, the Company established the management system and regulations of drug Marketing Authorization Holder, extended commissioned production mode of marketed products, maintained and monitored the safety and quality of products sold by us and third parties. We strictly control risks in healthcare and medical services, improve the drug access mechanism, avoid the circulation of unqualified drugs and promptly detect and deal with unauthorized sales of products, so as to improve the quality of medical services.

During the reporting period, the Company received a total of 6 product complaints. Upon acceptance, we carried out the complaint handling immediately, delivering a 100% of complaint resolution rate.

## Product Recall

Henlius improves product recall management system in compliance with the latest laws and regulations. During the reporting period, the Company updated the *Administrative Measures for Drug Recalls* in compliance with FDA CFR Part 21, PIC/S GMP guidelines, Brazil's GMP as well as other international laws and regulations, refined the release channels for recall message, strengthened the tracking of recalled products, and streamlined the timeline for reporting progress, so as to ensure that products with quality problems or other potential safety hazards are effectively recalled and handled immediately.

We conduct regular product mock recall to validate the existing recall system. When formulating mock recall plans, we take different changes into consideration to explore the potential impact on the validity of the recall system, such as regulatory updates, changes that may affect the effectiveness of the recall and changes in product sales lines. The mock recall can help identify the potential risks that impact the effective operation of the recall system, and formulate corresponding improvement measures, with focus on timeliness and accuracy of information transmission and feedback from stakeholders.

During the reporting period, we carried out mock recall for HANBEITAI. This recall made reference to the new version of *Administrative Measures for Drug Recalls* (2022) and the *Administrative Measures for Products Recalls* revised by the Company. Smooth recall system process and accurate and traceable information are ensured through summarization of such information as recall notice, recall quantity in stock, customer product storage.

During the reporting period, Henlius has not conducted any product recalls.

### Henlius Product Mock Recall Process

Setting up a recall team



Formulating a recall plan



Initiating recall



Recall information feedback and receipt from stakeholders



Tracking recall progress



Compiling a recall report



## Clinical Drug Safety

Henlius attaches great importance to the medication safety of patients and clinical trial subjects. The Company strictly abides by the *Pharmaceutical Administration Law of the People's Republic of China*, the *Biosafety Law of the People's Republic of China*, the *Measures for the Administration of Drug Registration of the People's Republic of China*, the *Good Practice for the Management of Clinical Studies*, the *Guideline on Good Pharmacovigilance Practices*, the ICH-GCP guidelines ("*International Conference for Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use - Good Clinical Practice*"), the *(EU) Clinical Trials Regulations for Medicinal Products for Human Use (EU CTR No.536/2014)*, *Health Insurance Portability and Accountability Act (HIPPA)*, relevant provisions of *21CFR clinical trial*, applicable laws and regulations of the place of operation, as well as relevant policies, standard operating procedures and work instructions of Henlius, so as to ensure compliance with drug use among patients and subjects. During the reporting period, we updated the *Quality Management System Manual for Clinical Studies*, proposed new reporting requirements for safety information of marketed products, and extended the scope of application for pharmacovigilance activities.

Henlius adheres to the principle of "no trivial matter in clinical trials and the safety of subjects", abides by relevant laws and regulations of clinical trial operation places, and in actual clinical operations, it protects the privacy and relevant information of subjects in accordance with the Company's *Subject Personal Information and Privacy Protection*.

In order to ensure the interests of subjects, we also established a pre-warning mechanism of clinical reactions. The Company follows clinical trial quality management standard, and purchases clinical trial insurance for each subject. If the clinical trial is extended, we sign an agreement with the insurance company in advance to extend the corresponding insurance coverage period, to ensure a timely compensation for subjects experiencing adverse events or serious adverse events during the trial.

In terms of partnership management, we formulated the *CQA Involvement in Supplier Management* and developed an annual auditing plan. We audit part of our suppliers according to the importance of projects by professionals or in cooperation with third parties in accordance with the audit process. All the problems identified will be classified into three levels according to severity: serious, major, and general, and the relevant supplier is required to issue a corresponding CAPA plan. More attention will be paid to the serious problems in later audits.

Henlius strictly follows the Drug Signal Management System, and carries out regular signal detection from the Company's safety database, clinical database, literature, regulatory agency websites, etc. If potential signals are identified, we will conduct signal validation and assessment, and hold Global Drug Safety Committee(GDSC) meetings when necessary. A safety signal assessment report will be developed based on the final decision. We monitor and manage investigator's manual, clinical trial drug protocol, informed consent forms and drug instructions, etc., in real-time to help physicians fully understand specific drug information, provide correct medical intervention based on patient response, make appropriate decisions for patients, and reduce adverse patient reactions.

During the reporting period, 4 clinical research projects and 8 clinical sites involving HANSIZHUANG passed the GCP inspections of the NMPA.

### Henlius Inspection Process

Audit confirmation and notification



On-site or online audit



Audit report



Audit certificate



The audited party prepares and executes the CAPA plan



Auditors confirm CAPA implementation



# Talent

Talents are the source of high-quality corporate development. Henlius is committed to recruiting talents and building a diversified talent team. We support continuous progress among employees and provide diversified learning resources to enable them to unleash their full potential. In order to endow employees with more sense of belonging and happiness, we provide employees with complete benefit packages and carry out employee care activities, and pay close attention to employees' inner voices through positive feedback and communication mechanism. Henlius attaches great importance to the physical and mental health of employees and actively build a favorable and safe workplace.





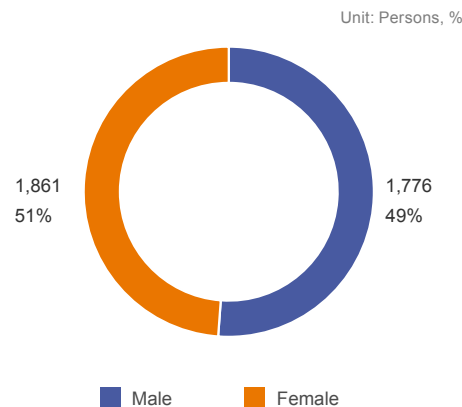
# Employee Rights and Interests and Employment

## Safeguarding Employee Rights and Interests

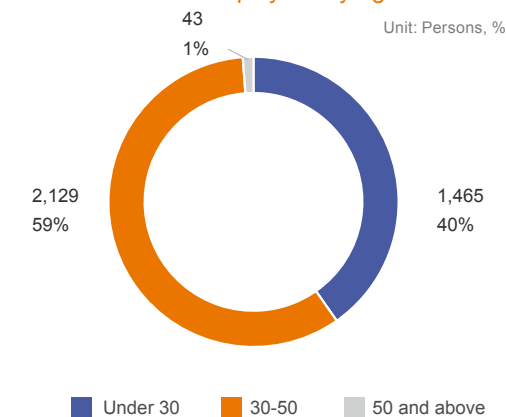
Henlius makes legality and compliance the core of our employment principle, and strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, as well as applicable laws and regulations and regulatory requirements of the place of operation. In 2023, the Company revised, updated and released *Henlius Employee Handbook* and *Henlius Remuneration and Welfare Policy*, and updated such procedures as employee recruitment, remuneration, welfare, attendance, training and development, performance management, rewards and punishments, further standardizing the human resources management system.

We respect and protect the legitimate rights and interests of all employees, and prohibit any illegal employment, including child labor, forced labor bullying and harassment. The Company will strictly verify the identity of employees in the recruitment process in order to avoid child labor. Regarding workplace sexual harassment and bullying, we firmly adhere to a zero-tolerance policy. Violators and those who interfere with incident investigations, retaliate, and falsely report will face the same punishment, i.e., termination of the employment relationship. Henlius treats every employee equally and prohibits any form of discrimination, whether it is based on geography, gender, ethnicity, or any other characteristics. In 2023, no child labor, forced labor, workplace discrimination and sexual harassment incidents occurred at Henlius, with a 100% signing rate of labor contracts.

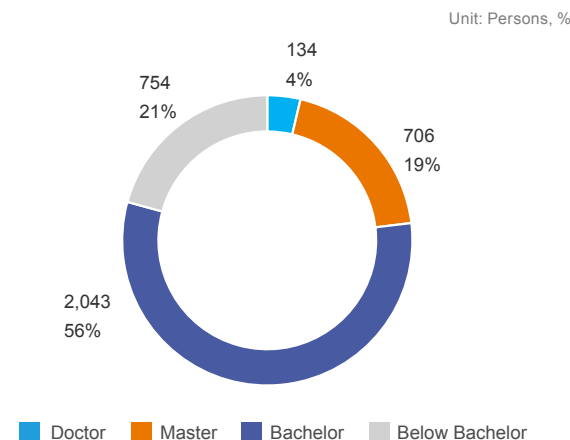
### Total Number of Employees by Gender



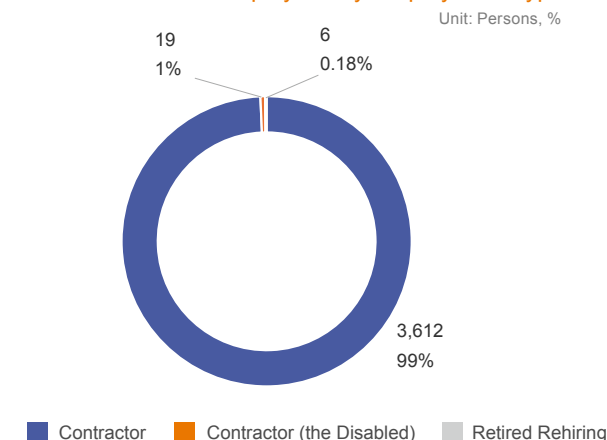
### Total Number of Employees by Age



### Total Number of Employees by Education Background



### Total Number of Employees by Employment Type





## Fostering a Diverse Talent Pool

Henlius always adheres to working with employees to create a respectful, open and inclusive working environment. We strive to strengthen efforts on attracting talents through multiple recruitment channels, so as to pool a galaxy of diversified talents.

In 2023, the Company actively expands recruitment channels to expand the talent pool through on-site campus recruitment, internal referrals, university-industry cooperation, post-doctoral workstation, internal job rotation and other ways. During the reporting period, our workforce composition was highly diversified, with a balanced gender ratio, including 19 disabled employees, 6 rehired employees, 48 overseas employees, and 110 ethnic minority employees.

### Diversified Recruitment Channels of Henlius

#### On-campus recruitment

In 2023, Henlius carried out on-campus recruitment campaigns and provided on-campus presentation in famous universities such as Tsinghua University, Peking University and Fudan University to help improve corporate popularity among the target student groups, and to strengthen Henlius' employer branding. Meanwhile, with a view to attracting more international professionals, Henlius carried out the online recruitment campaigns for ACSSY (Association of Chinese Students and Scholars at Yale) to reserve talent resources for international deployment.

#### Internal referrals

Henlius updated *Henlius Staff Internal Referral Policy 7.0* in May 2023 to continuously optimize the internal referral mechanism. Differential management is adopted for internal referral bonus, which effectively increases the referral enthusiasm of existing employees for middle and high positions; furthermore, we have expanded the scope of internal referral from regular employees to subcontracting personnel in order to encourage employees to actively recommend excellent talents.

#### University-industry cooperation and cooperation with community job center

Henlius adopts the university-community cooperation modes to help foster professional talents and reserve talents.

#### Post-doctoral workstation

Henlius recruits and cultivates post-doctoral researchers after internal approval, focusing on cultivating highly educated talents for the Company.

#### Internal job rotation

Employees within the same department change job positions as planned in order to foster individual inter-disciplinary capabilities and break factions.

# Employee Cultivation and Development

## Deep Cultivation of Talents

Henlius attaches importance to talent cultivation and regard talent development as an important driving force for corporate development and success. Scientific and reasonable training plans are formulated according to the Company's development strategies, development plans and business needs, and steadily building Henlius' talent pipeline.

The Company has established multi-dimensional, full-coverage and differentiated systematic employee training courses and development systems according to the requirements on training and development stipulated in *Henlius Employee Handbook*, and carried out employee training activities for different career development stages during the reporting period.

### Employee Learning and Development Projects



#### Sail Setting Series

The Sail Setting series is designed for new employees of the Company, providing orientation and training to help them understand corporate culture and systems, as well as master the knowledge and skills required for their positions.

In 2023, the new employees orientation training was carried out to comprehensively improve the new employees' professional proficiency.



#### Keep Sailing Series

The Keep Sailing series is suitable for all employees, focusing on continuous training of role-specific hard skills, as well as improvement of soft skills.

In 2023, project management and energy management training programs were carried out in order to comprehensively improve group collaboration skills among participants.



#### Voyage Series

The Voyage series is developed for managers with a focus on leadership skills training and the improvement of talent management capabilities.

In 2023, the group cohesiveness training with the theme of "The Inspirational Trio" was carried out, and a series of Managing Up and Crucial Conversations courses were carried out simultaneously to improve the positive influence of team managers and promote the positive development of the team.



#### Pilot Series

The Pilot series is targeted at directors, focusing on the training of corporate operational capabilities, including enterprise management and strategy formulation.

In 2023, external training on systematic thinking was carried out in order to cultivate the decision-making power of directors; meanwhile, the directors fully possess team leadership capability through thematic leadership training on Leading Change.



## Case:

## Henlius R&D Graduate Traineeship Program

In 2023, Henlius carried out recruitment campaigns in well-known universities at home and abroad, and launched R&D graduate traineeship programs for newly-recruited fresh graduates. Targeting personal advantage skills of fresh graduates, the project aimed at helping them to formulate individual development plans after taking the position, and provided them with classroom training, self-awareness workshops, job rotation in R&D department and other activities, comprehensively implemented customized career growth pathway of R&D trainees, and focused on cultivating the soft skills and professional proficiency.

## Case:

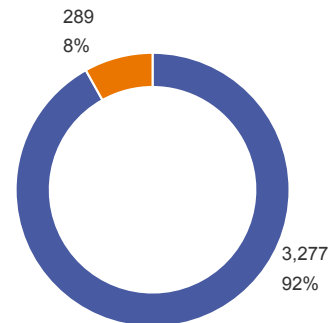
## Henlius and Educational Institution Yeehong Business School Reached Cooperative Training Agreement



In order to strengthen the staff's professional knowledge and proficiency, Henlius has signed a three-year learning contract with the Yeehong Business School of Shenyang Pharmaceutical University, an educational institution, to provide professional knowledge training for the middle and senior professional and technical management personnel, including clinical, R&D, registration, project management, etc. The head of department receiving training evaluates the training needs according to annual plan and proposes corresponding trainees. By the end of 2023, 33 middle and senior professional and technical managers had participated in the training of different themed courses.

Employee Training by Banding

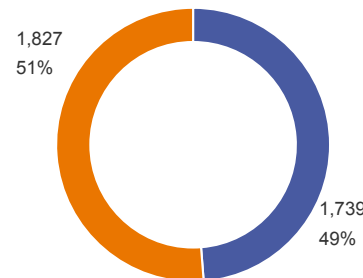
Unit: Persons, %



■ General Staff ■ Management Staff

Employee Training by Gender

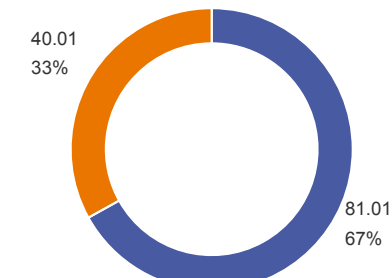
Unit: Persons, %



■ Male ■ Female

Average Number of Hours of Training Per Employee by Banding

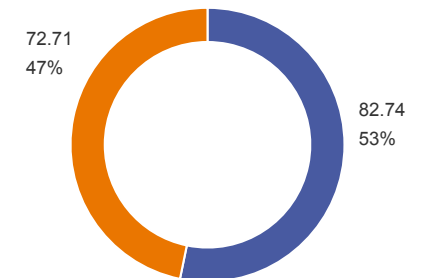
Unit: Hours, %



■ General Staff ■ Management Staff

Average Number of Hours of Training Per Employee by Gender

Unit: Hours, %



■ Male ■ Female

In 2023, Henlius continued to improve the digital platform and comprehensively upgraded the interface and functions of "Henlius Academy" online learning platform during the reporting period. It is featured by four functional modules of "general leadership, professional knowledge base, course registration and joyful learning" in terms of function, further improving the accumulation of knowledge and experience. It supports employees to choose and register courses independently based on the annual plan, clarifies the learning progress of employees, and facilitates employees to complete learning tasks in a timely manner. "Henlius Academy" not only helps employees consolidate business and on-job expertise, but also enables them to fully understand inter-department knowledge. It helps employees use such resources for targeted learning on job rotation and promotion, which is more conducive to inter-departmental cooperation and diversified development.

Henlius encourages employees to make progress and provides them with a series of support for on-job continuing education including degree programs, as well as advanced education of non-academic qualifications and degrees. The Company has formulated the *Employee On-the-job Continuing Education System* to provide standardized management for continuing education aimed at improving professional or comprehensive management knowledge among employees. During the reporting period, three employee's application for doctoral degree programs has been approved, and another two employees have obtained non-academic qualifications and degrees tuition assistance places for advanced education, and the Company has provided the corresponding percentage of tuition support.

In addition, in order to build the backbone force, Henlius provides support for certifications for all full-time employees and some contractors required by business requirements, so as to comprehensively promote talent development. In 2023, 178 employees obtained qualification certificates, mainly PMP (Project Management Professional), ACCA (The Association of Chartered Certified Accountants), GCP, special equipment operation certificate, hazardous chemicals practitioner certificate and toxic chemicals certificate for safety categories, etc.



## Enriching Talent Pool

In 2023, Henlius carried out talent review. We have verified key positions and capability requirements based on the development status of different businesses and future planning, evaluated the professional proficiency, management capability and personal professional development of key positions and some core personnel, and comprehensively mastered the talent matching of key position landscape. The matching degree of talent pipeline reserve in this review increases by 12% compared with that of 2022.

As for the HIPO (High Potential) identified, HRBP (Human Resource Business Partner) organizes them to jointly set up individual development plans with their line managers, and tracks the implementation thereof twice a year in the middle and at the end of the year. The Company gives priority to reserving talents for key positions via various internal training mechanisms in this process, such as external courses, job rotation, expanding the scope of responsibilities, and participating in challenging projects, in order to maximize the effectiveness of existing talent resources for the future development needs of individuals. In 2023, Henlius carries out in-depth management on top-level talents and mid-level talents based on talent review results, further clarifying the direction of talent development planning.

We have launched "Y Trail" Project in 2023, which refined the development direction of employees on different development paths within the organization, and supported multi-dimensional development among employees. The "Y Trail" Project defines the qualifications in terms of professional, management and other different paths as well as different levels, and provides precise directions and specific goals for employees' self-development. Meanwhile, we have reviewed the promotion standards of employees, provided promotion resources for employees, and continuously improved the incentive mechanism, etc., providing supporting assistance for the career development of employees at Henlius.

### 9-box Calibration

Potential	<p><b>Box7</b></p> <ul style="list-style-type: none"> <li>Does not consistently perform to technical expectations</li> <li>Seeks opportunities for improvement</li> <li>Beginning to demonstrate understanding of how the organization operates</li> </ul>	<p><b>Box8</b></p> <ul style="list-style-type: none"> <li>Solid performance, meet expectations</li> <li>Frequently seek new opportunities for growth; Demonstrates capacity for advancement</li> <li>Behaviors associated with the Company's Principles &amp; Values</li> </ul>	<p><b>Box9</b></p> <ul style="list-style-type: none"> <li>Consistently performs beyond the current scope</li> <li>Consistently seeks new opportunities for learning, leadership development, and advanced experience</li> <li>Consistently integrates behaviors associated with the Company's Principles &amp; Values</li> </ul>
	<p><b>Box4</b></p> <ul style="list-style-type: none"> <li>Longer term employee who has not progressed or adapted to changes within the Company</li> <li>Willing to seek opportunities for improvement</li> <li>Demonstrates understanding of how the division works</li> </ul>	<p><b>Box5</b></p> <ul style="list-style-type: none"> <li>Solid performance, solid technical performance</li> <li>Minimally express interests in expanded opportunities; May lack demonstrating strategic thinking or relationship skills</li> <li>Behaviors associated with the Company's Principles &amp; Values</li> </ul>	<p><b>Box6</b></p> <ul style="list-style-type: none"> <li>Performing above expectations; however, manager is not certain about his/her capability to handle increased scope and complexity</li> <li>Demonstrate interests to take on more work or additional projects</li> <li>Shows understanding of organizational mission, values and core competencies through demonstrated behaviors</li> </ul>
	<p><b>Box1</b></p> <ul style="list-style-type: none"> <li>Consistently under-performs in his/her role; Having difficulty keep up with the demand of the role</li> <li>Unwilling to take on additional responsibility</li> <li>Infrequently demonstrate the behavior of the Company's Values and Competencies</li> </ul>	<p><b>Box2</b></p> <ul style="list-style-type: none"> <li>Currently meeting expectations</li> <li>If current role changed or expanded in scope, responsibilities may exceed the individual's capability</li> <li>Does not exhibit interest in additional responsibility or leadership role</li> </ul>	<p><b>Box3</b></p> <ul style="list-style-type: none"> <li>Performing above expectations</li> <li>Seasoned professional with technical skills who does not currently exhibit capacity/desire for continued leadership development</li> <li>Shows understanding of organizational mission, values, and core competencies</li> </ul>
	Performance		

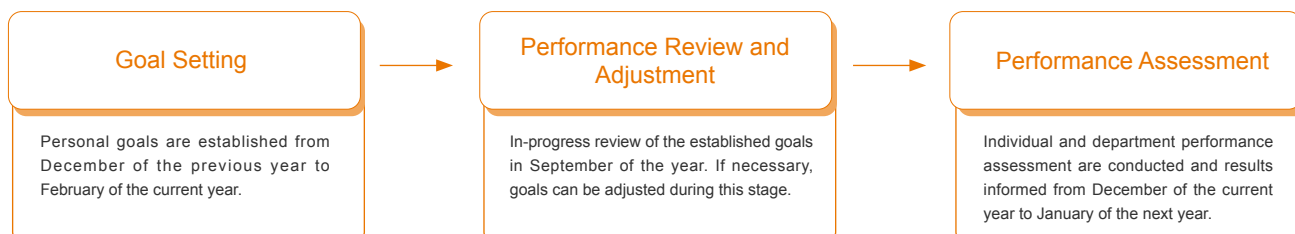


# Employee Motivation and Care

## Optimizing Incentive Mechanism

An active and effective incentive mechanism is an important driving force for the sustainable development of employees. Henlius attaches great importance to the market salary level and local economic development, committed to providing employees with continuously competitive compensation and benefits in the industry and local areas. At Henlius, we unleash employees' potential and increase their loyalty through regular performance appraisals and feedback. We adhere to the integration principles of the Annual Business Goal 2023 (Business Plan), Performance Measurement Baseline (PMB), and Key Performance Indicator (KPI), further refine our performance appraisal methods, continue to follow the three-stage full-performance appraisal cycle of goal setting, performance review/adjustment, and performance assessment, and set corresponding management items at different stages.

### Henlius Performance Appraisal Full Cycle



The Company has established four types of personal goals, including business, cultural, compliance, and development goals, based on the individual needs. In 2023, the Company implements culture and compliance indicators from the head of Level-I department to all employees, and the two performance indicators assessment ratio are increased. In combination with the needs of business development, the Company has also made corresponding adjustments to other indicators assessment ratios, with more emphasis on business and future development, proposing higher requirements for head of Level-I department. The Company continues Performance Improvement Plan (PIP) management guideline and a practical guide for performance management, and offered enabling training sessions to improve managers' soft skills for performance management. As for the Company's front-line employees, the production personnel are subject to monthly assessment along with annual assessment, and the front-line sales personnel are subject to quarterly assessment along with annual assessment, so as to improve the working enthusiasm of front-line personnel.

During the reporting period, Henlius optimized the differentiated performance management mode of various performance levels, standardized performance indicators to achieve fairness in horizontal comparison for a large number of front-line positions (such as front-line production and sales personnel, etc.); the performance of top management and department heads should be highly related to the Company's strategic objectives; personnel in other positions undertake corresponding performance requirements according to their specific responsibilities.

### Differentiated Performance Management

**Low Performance**

HRBPs and line managers work together to identify staff with low performance in a timely manner, provide feedback, coaching, necessary training and even PIP plans to help them improve and enhance performance delivery.

The Company provides HRBPs and business managers with enabling training on low performance management and PIP to help manage and coach staff with low performance.

---

**High Performance**

High-performance employees will be provided with more resources in performance bonuses, medium and long-term incentives, promotions, training and other aspects.

The steady development of Henlius would be an illusion without hard work of its employees. The Company rewards the individuals or teams who have made significant contribution by establishing three incentive awards.

### Henlius Three Incentive Awards

**Major Contribution Project Incentive Award**

In 2023, the Company reserved its Major Contribution Project Incentive Award, which is designed to recognize and reward exceptional teams and individuals who made significant contributions in the year. During the reporting period, 41 projects won this award, covering 770 person times.

---

**"Blockbuster" Incentive Award**

In 2023, Henlius reserved the previously-established R&D "Blockbuster" incentive mechanism that was open to all teams and individuals in the R&D department. The mechanism involved the establishment of four awards, namely "major blockbusters", "innovative blockbusters", "authoritative blockbusters" and "research blockbusters", with an aim to better facilitate the continuous and sound development of the Company's innovative R&D pipeline. Driven by this incentive mechanism, the Company made breakthrough in research and development in 2023, resulting in more blockbusters. Core members of the project have also received corresponding "blockbuster" incentive recognition.

---

**Cheering Award**

Henlius sets up "Cheering Award" to encourage employees to practice "quality culture", covering all employees. Seven awards have been put in place, including "talent quality star", "execution quality star", "cooperation quality star", "decision-making quality star", "innovation quality star", "communication quality star" and "product quality star". The selection will be conducted on a quarterly basis without a fixed number of winners, with bonus ranging from RMB 500 to 2,000. During the reporting period, a total of 731 person times of employees received the Cheering Award.



## Focus on Employee Care

### Caring for Employee

At Henlius, we provide our employees with wide-ranging benefits, including monthly subsidies of various types, supplementary provident funds, as well as annual medical check-ups and festive bonuses. Besides that, we provide critical illness insurance coverage of RMB 200,000. We also provide non-salary benefits such as additional commercial insurances for all full-time employees and their children, as well as employer liability insurance, accident insurance, and medical check-ups for subcontracted employees and interns.

The Company provides care and warmth to employee through open gym, commuter buses, cooling gift bags, traditional festival food and other measures. The Company reception counter is also equipped with an emergency medical kit. In addition, Henlius continues to provide talent apartment and public rental housing application for employees without housing in Shanghai.



Traditional Festival Food



Medical Kit at Reception Counter

### Employee Communication

Henlius recognizes the importance of a smooth two-way communication mechanism for promoting equal participation among employees. Henlius has established diversified communication platform to carefully listen to the inner voice of employees through "Leadership Face to Face" town hall meeting, quality culture live-streaming rooms, employee satisfaction surveys, and grievance reporting channels.

Henlius attaches great importance to employees' grievance reporting and actively helps employees solve problems and difficulties in work and life. In 2023, the Company carried out an employee satisfaction survey with the help of external organizations, which mainly focused on evaluation of issues in nine aspects of three dimensions including organizational core values, employees' self-awareness and teamwork atmosphere, to understand and respond to employees' opinions and appeals in a timely manner. Targeted improvement measures were taken on this basis. In 2023, the employee satisfaction survey result at Henlius was 4.27, rising by 0.3 points from the last year.

We have expanded the channels of employee communication and grievance reporting through email, website, communication meetings, bulletin boards, telephone, written means and other forms. The grievance reporting of employees are allowed to be escalated to upper two levels. In case of unsatisfactory communication, they can file grievance to HR department. This initiative provides a platform for employees to express their opinions, opens channels for employees to complain, and provides protection for employees to report.

#### Case:

### Henlius Provides Accommodation for Employees

Henlius actively provided accommodation facilities for employees and has completed resources integration of 4 talent apartments in the first half of 2023. These new apartments are close to the office and accessible to employees on foot, thus effectively improving the commuting convenience of employees. Meanwhile, the Company continued to provide all employees with talent apartment application channels, and offer corresponding housing benefits during their stay, including preferential housing prices and company subsidies.

The Company provides public rental housing for all employees at rental price about 25% lower than the market. Employees can make online application through App, and can check the housing availability and queue progress in real time. In 2023, 126 employees moved into Henlius' public rental housing.



Henlius Provides Welfare Housing for Employees



# Occupational Health and Safety

## Health and Safety Management

Henlius attaches great importance to the occupational health and safety of employees, strictly abides by laws and regulations including the *Safety Production Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*; meanwhile, we have supplemented and improved the management requirements for minor employees, pregnant/breastfeeding female employees, change process, first-aid kit, special equipment, chemicals, contractors, personal protective equipment matrix, etc. in the Company's relevant internal systems, including the *Occupational Health Management System*, the *Emergency Rescue Management System*, the *Personal Protective Equipment Management System*, the *Special Equipment Safety Management System*, the *Chemical Safety Management System*, and the *Construction Safety Management System*, *Hot Work Safety Management System* and *Contractor's EHS Management System*.

In 2023, Songjiang First Plant formulated the *Man-Machine Engineering Evaluation Management System*, which defined the man-machine engineering risk assessment process in pushing/pulling, lifting, holding and handling operations; the *Emergency Plan for Public Health Events of Henlius Songjiang First Plant* was formulated to define the emergency disposal process for occupational disease accidents, infectious disease epidemic, food poisoning and other events, refine the emergency management and hierarchical risk control, consolidate and improve work safety under various conditions, pay attention to the prevention and control of occupational diseases, and build a safety bottom line for employees' health work. In 2023, Songjiang First Plant has also established *Occupational Health Risk Assessment Management System*, which was formulated to define the process and requirements of occupational health exposure risk assessment and completed the

"general risk assessment of occupational hazards of employers" and "qualitative assessment of industrial health". As for general risk assessment of occupational hazards of employers, we were finally rated as Grade A in accordance with the *Pilot Work Plan for the Classified Supervision and Law Enforcement for Occupational Health in Shanghai*, it means we have the lowest risk right now. As for qualitative assessment of industrial health exposure, we entrusted a professional third-party company to conduct a comprehensive on-site investigation on the chemicals used in a total of 71 processes in eight departments from such aspects as site working conditions, machinery, working activities, chemical exposure potential, etc., and will further consider conducting individual monitoring in combination with the results of qualitative assessment.

During the reporting period, we had no cases of occupational diseases, and achieved 100% coverage of occupational health examinations for exposure to employees in hazardous positions. Moreover, there was 1 working day lost due to work-related injuries at Henlius. There have been no deaths on duty in the past three years.

## Production Safety Culture

Henlius carries out various activities in diverse forms, strengthens employees' awareness of work safety responsibility and emergency response capabilities through EHS promotion, EHS knowledge training, work safety emergency drills by such means as "environment month", "production safety month", "fire prevention month", covering all employees. During the reporting period, the total hours of EHS training recorded 44,241 hours, with per capita training hours of 12.16 hours, and a total of 38,052 person times.

In 2023, the EHS Department carried out a series of training courses on "Henlius Academy", which not only covered EHS-related themes in workplace, but also involved issues that employees may encounter



Total hours of EHS training recorded  
**44,241** hours



Per capita training hours  
**12.16** hours



Total number of participants in training  
**38,052** person times

in their lives, such as battery electric vehicle travel, travel safety, etc. In addition, EHS carried out special safety training on toxic and explosive chemicals safety and personal protective equipment for the front-line production and operation staff.

From 2023, the EHS team held EHS Communication once every two weeks to introduce any theme relating to environment, health and safety in work and life, including introduction of principles, management principles, precautions and emergency response, etc.

### Case:

## Air Pollutant Discharge Emergency Drill



Emergency Drill on Air Pollutant Emission

In May 2023, the EHS Department of Songjiang First Plant carried out an emergency drill on air pollutant emission, involving five major aspects, namely abnormal alarm of exhaust gas treatment facilities, abnormal confirmation of exhaust gas treatment facilities, cessation of air pollutant emission, equipment maintenance and rehabilitation of exhaust gas treatment facilities. The emergency awareness and familiarity of relevant personnel with the emergency process were effectively enhanced through this drill.

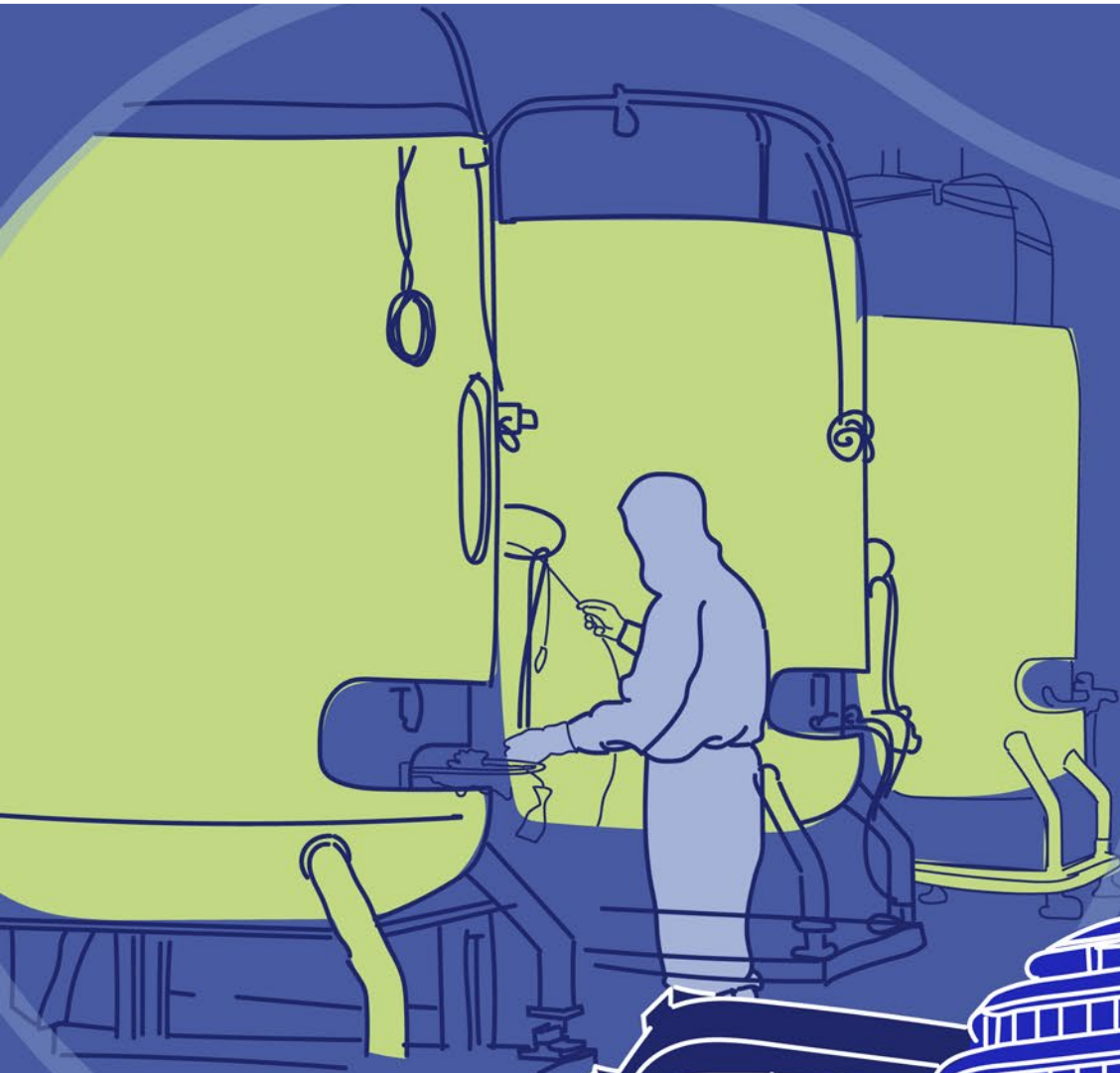
### Case:

## Henlius EHS Awareness Month

The EHS Department launched the EHS Awareness Month in June 2023. The activity adopted the online Q&A method for all employees. The contents of the activity include EHS knowledge as well as the Company's EHS management related knowledge.

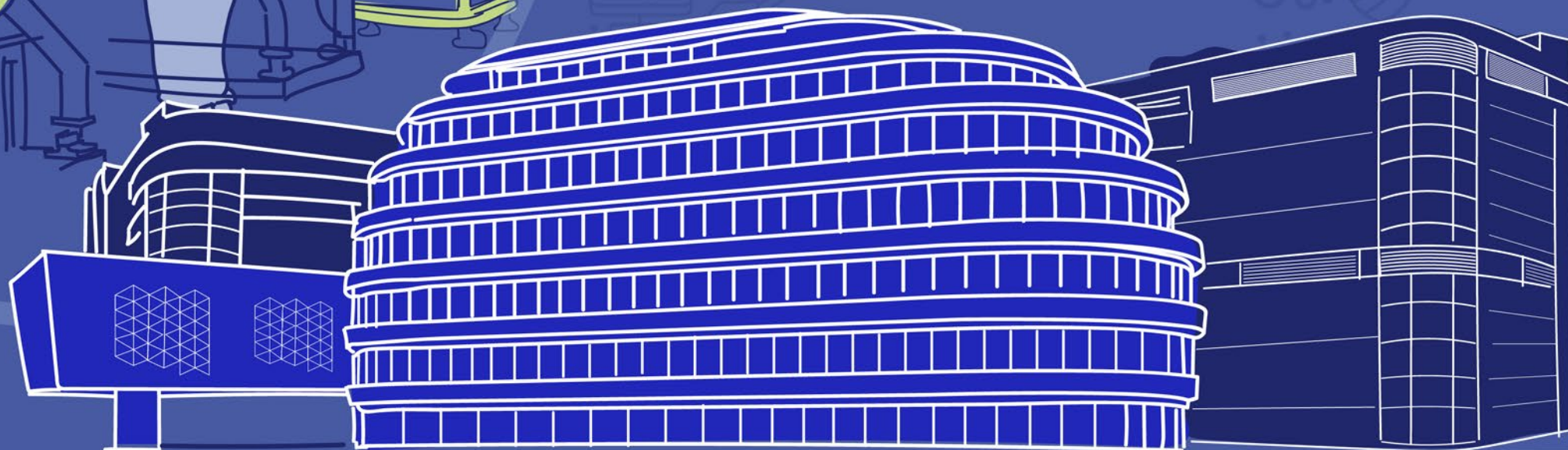


Promotion Poster of EHS Awareness Month



# Environment

Henlius has always been adhering to the environmental management guidelines of "preventing environmental pollution and reducing energy consumption", integrating the concept of green development throughout our production and operations processes. We continuously improve our environmental management system while optimizing our processes, sticking to responsible production principles. In 2023, we made significant efforts in energy conservation and lean manufacturing. We further optimized our existing environmental management framework and integrated strategies to address climate change into our operations. By efficiently utilizing resources and reducing pollutant emissions, we fulfill our environmental responsibilities.





# Tackling Climate Change

Climate change has emerged as a major concern of all stakeholders, and how to address the risks and opportunities brought by climate change has become an essential topic for businesses. Henlius strictly adheres to regulatory policies related to climate change in the locations where it operates while actively exploring strategies to mitigate, adapt, and respond to climate change. These efforts help the Company enhance its resilience and adaptability to climate change.

## Governance Strategy

From 2021 onwards, Henlius has established a four-tier ESG governance structure, including the Board of Directors, the ESG Committee, and the ESG Steering Group and the ESG Working Group, along with a climate risk governance mechanism. This ensures the integration of climate change issues into corporate management processes and the orderly advancement of related initiatives. During the reporting period, the Board of Directors regularly supervised the progress of climate change-related goals and monitored the implementation of energy-saving and emission reduction projects. Additionally, both the Board of Directors and the ESG Committee provided strategic guidance on key focus areas and the response to future climate change risks.

### Governance Structure of Henlius for Climate Change

Board of Directors	ESG Committee	ESG Steering Group	ESG Working Group
Authorizes the ESG Committee to oversee the overall management of ESG, discusses over issues related to climate change, and monitors progress made in the implementation of environmental targets.	Formulates the environmental targets, including targets in carbon emissions and energy consumption, and regularly reviews the implementation and progress.	Leads the ESG working group to identify and respond to the climate change risks, and reviews the response measures.	Takes measures to mitigate, adapt to and tackle climate change challenges in production and operation to meet ESG-related targets.

## Risk Identification

Henlius has identified a series of climate change-related risks and opportunities and conducted analyses on the impact of climate change risks on its strategies, operations, and finances. Climate change risks are categorized into physical risks and transition risks. Physical risks refer to risks that impact tangible assets, including acute and chronic risks. Transition risks, on the other hand, refer to risks associated with transitioning to a low-carbon economy, such as technology risks, policy and legal risks, market risks, and reputation risks.

Risk of Climate Change		Risk Description
Physical Risk	Acute Risk	<ul style="list-style-type: none"> <li>Extreme weather events not only interrupt the production and operation of the Company, but also cause casualties and equipment damage.</li> <li>Extreme weather events, such as typhoons, rainstorms, snowstorms, thunderstorms, can cause wires dropping to the ground and short circuits, and the occurrence of which can lead to electric shocks and damages to the grid system and electrical equipment.</li> <li>Typhoons, thunderstorms, torrential rains, snowstorms, and other extreme weather events can also collapse the makeshift houses. Falling objects can cause injuries. The power may suffer a sudden failure. Protective equipment may collapse. The ground can be flooded. Workers may get injured, and the equipment can be damaged.</li> </ul>
	Chronic Risk	<ul style="list-style-type: none"> <li>The average temperature rise may increase operating costs of business, such as higher energy cost.</li> </ul>
Transition Risk	Technology Risk	<ul style="list-style-type: none"> <li>The adoption of technologies such as sewage discharge detection stations, and reclaimed water reuse systems to reduce drainage pollution and promote water recycling may increase the up-front operating costs.</li> </ul>
	Policy and Regulation Risk	<ul style="list-style-type: none"> <li>Existing laws, regulations and industry standards include the <i>Environmental Protection Law of the People's Republic of China</i> and the <i>Energy Conservation Law of the People's Republic of China</i>. Emerging regulations include government-specified carbon neutrality and carbon peaking goals. Companies that fail to comply with escalating laws and regulations can be subject to fines, warnings, and business losses.</li> </ul>
	Reputation Risk	<ul style="list-style-type: none"> <li>Corporate stakeholders are increasingly concerned about green and low-carbon, climate change issues, and their possible impacts. For example, investors expect the Company to adopt green production operations, and the government expects Henlius to achieve energy conservation and emission reduction targets to eliminate environmental pollution. Stakeholders may ask companies to provide information on climate change related strategies, goals, and performance. Inadequate disclosure from a business could affect its performance and revenue.</li> </ul>
	Market Risk	<ul style="list-style-type: none"> <li>Investors and business partners are increasingly focusing on the carbon-neutral strategies and measures taken by the Company. Actions that fail to meet the expectations of the market can have negative impacts on the Company's influence on the capital market and damage its reputation.</li> </ul>



### Development opportunities under the transformation of low-carbon economy

#### Resource Efficiency Opportunities

Recycling technologies: further improve the recycling technologies such as the reclaimed water reuse system to save water resources.

Technology transformation: research, develop, and adopt circular economy solutions to gain a comparative advantage in the industry.

More efficient production process: increase the productivity of energy utilization, reduce the consumption, and lower the operating cost of the enterprise.

#### Energy Opportunities

New technology application: use clean energy in production operations.

New energy procurement: introduce new energy into the existing energy mix after a thorough analysis comprehensive assessment of our current energy use.

Low-emission energy sources: use clean energy in production operations.

#### Market Opportunities

Responsible supply chain: keep up a green and sustainable development across the supply chain in line with our customers' strategies and then stay competitive among our peers.

Environment-friendly products: introduce small-capacity products to promote zero waste.

## Risk Management

Since 2021, Henlius has been identifying the risks and opportunities brought by climate change according to the guidelines of the Task Force on Climate-related Financial Disclosure (TCFD), and formulating contingency plans to address different risks.

To ensure the stability of production and operations against extreme weather, we continuously improve the risk management process and implement climate risk management measures, both in terms of prevention and response. In 2023, we developed plans for flood prevention and emergency response to address potential hazards from heavy rainfall. Different response measures are set according to the warning levels, and drainage paths and rescue plans are clearly defined in the event of heavy rainfall.

## Indicators and Targets

At Henlius, we have developed four environmental targets<sup>\*1</sup> according to the situation of the industry and the Company.

<sup>\*1</sup>: Intensity targets take the Company's commercial capacity as the unit (i.e. single-use production facilities). Meanwhile, we comply with the toxic emission reduction targets set by Fosun Pharma, fill in the data on a monthly basis and, track target progress on a quarterly basis, and regularly provide feedbacks for Fosun Pharma.

### Case:

## Henlius Songjiang Second Plant Emergency Response to Heavy Rainfall



Survey sites for emergency facilities at the Songjiang Second Plant

During the reporting period, the low-lying roads at Henlius Songjiang Second Plant experienced waterlogging after heavy rainfall, posing safety hazards. We established a flood emergency response team and identified low-lying areas and potential flood-prone area at the production base, implementing warnings at different levels. Subsequently, we coordinated with other related-departments to determine emergency response actions and prepared emergency supplies and equipment.

We also invited external organizations to conduct specialized assessments on the impact of underground projects in case of flood. Internal personnel were dispatched to conduct on-site inspections and identify emergency facilities such as drainage points, mobile power distribution boxes, pumping units, dewatering outlets, waterproof sandbags, and first aid kits that are accessible and ready for use. Duty personnel and security staff were assigned to conduct patrols on a regular basis to ensure the normal operations of the plant.

### Henlius Four Environmental Targets

GHG emission reduction	Taking commercial production capacity as the unit, we promise that by 2025, our carbon emission intensity will be reduced by 15% compared with the base year of 2021	Energy use	Taking commercial production capacity as the unit, we promise that by 2025, our energy consumption intensity will be reduced by 15% compared with the base year of 2021
Water resource use	Taking commercial production capacity as the unit, we promise that by 2025, our water intensity will be reduced by 8% compared with the base year of 2021	Waste discharge reduction	Taking commercial production capacity as the unit, we promise that by 2025, 100% of hazardous waste will be disposed in compliance with regulations, and our emission intensity of solid waste will be reduced by 10%





# Strengthening Environmental Management

Henlius is well aware that production activities depend on the ecological environment while having an impact on the ecological environment. Therefore, Henlius honors the responsibility of environmental protection throughout production activities. The Company strictly abides by environmental laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Soil Pollution Prevention Law of the People's Republic of China*. We aim to become the first class of environment-friendly biopharmaceutical company while improving environmental management by constantly improving internal management system and strictly managing environmental impacts.

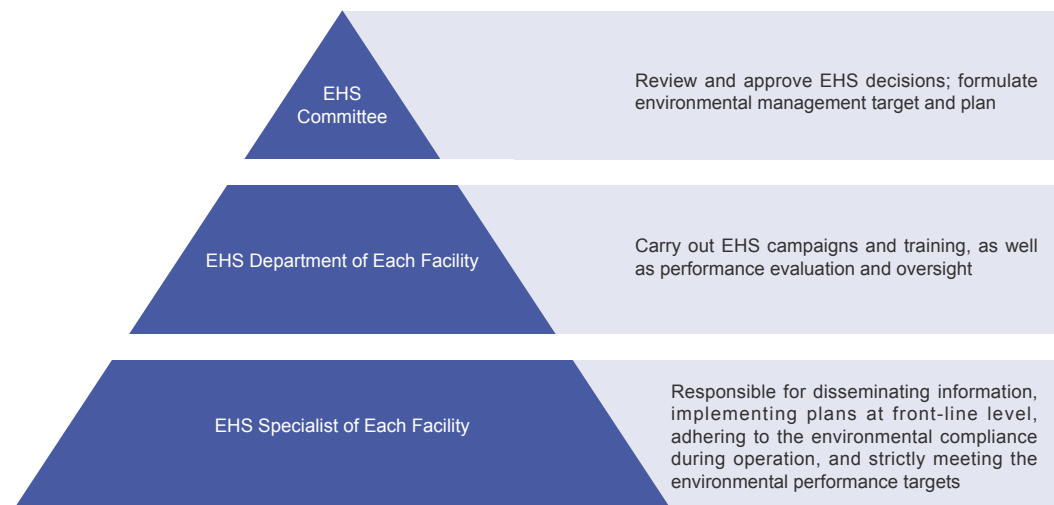
During the reporting period, Henlius invested approximately RMB 6.2421 million in environmental protection.

## EHS Management System

We have optimized the environmental management system taking into account our strategic deployment, clarified working responsibilities of all levels, and ensured the implementation of environmental management. Henlius environmental management organization consists of EHS Committee, EHS Department of each facility, and safety specialist of each facility. The Chairman and CEO serve as the heads of EHS Committee, responsible for the EHS performance. The structure secures the implementation of EHS work of each step through a complete top-down management system.

During the reporting period, all facilities of Henlius have updated relevant management systems according to ISO system. Henlius Songjiang First Plant took the lead in establishing an EHS management system as required by ISO 14001:2015 and ISO 45001:2018.

### EHS Management System



Songjiang First Plant has formulated and revised one Level-1 management manual, fourteen Level-2 procedural documents, and sixty-one Level-3 management systems in October 2023, defining the format or record form of the Company's daily EHS-related documents.

The EHS documents of Songjiang First Plant have fully covered the requirements of EHS management system.

Songjiang First Plant organized all employees to participate in the identification of 1,079 hazard sources and 1,328 environmental factors. The Plant also organized them to identify 419 applicable laws and regulations. The Plant carried out EHS internal audits and management reviews across its all departments.



## Environmental Audit

At Henlius, all locations of operations conduct annual environmental compliance audit according to ISO 14001 system standards so that we could investigate the Company's environmental management and environmental protection business, and make improvements for problems. We are also keeping improving our EHS management system and planning to obtain ISO 14001 environmental management system certification for the facilities in operation by the end of 2024.

## Resources Management

Henlius strives to improve the efficiency of resource use and promote resource conservation. We uphold the concept of "green office" and continue to incorporate this concept into the management system. In 2023, we have carried out promotion on green office for all the employees, including the following four aspects:

### Saving electricity

Reasonable use of Air Condition: not lower than 26°C in summer; not higher than 20 °C in winter

Switch off equipment after working hours so that the power is off after people leave; printers automatically enter low-consumption mode if they are not used for 30 minutes

### Saving paper

Double-sided printing  
Paperless office  
Paper recycling

### Implementing garbage sorting

Advocating garbage sorting

### Less disposable items

Using personal teacups and tableware  
Eco-friendly cloth bags instead of plastic bags  
Wiping two hands with one piece of tissue

\*1: The Environmental Steward is the third-party professionals who provide the service of environmental health and safety consulting and compliance evaluations.

### Henlius Internal and external audit of EHS

In 2023, Xuhui Facility carried out external environmental audit according to ISO14001 system standard, which supported departments for environmental management audit and improvements.

In 2023, according to the requirements of the EHSQ system of Fosun, the EHSQ Supervision Department of Fosun organized an audit of the EHS system of Songjiang First Plant, covering EHS system management, occupational health, safety management, environmental protection, fire management and EHS leadership.

We have invited a third-party "Environmental Steward"<sup>1</sup> to conduct on-site inspections for all production sites that have been put into operation and to offer advice on SOPs related to environment, health, and safety, evaluating environmental compliance as well as the impact of manufacturing operations on the environment. By doing so, we can solve the disclosed problems and control EHS risks.

### Case:

## Office Resource Recovery and Reuse



Office Supplies Recycled

The Company pays attention to the recycling of resources. We recycle long tail clips, paper clips, etc. used in daily office work and allocate them to each floor for reuse beside printers. In addition, the Company recycles used sleeping bags, mattresses and other materials, and finds material recycling company through the labor union to mail the available materials to used-clothes recycling platform, transferring them to mountainous areas, etc.



## Energy Management

Henlius strictly follows laws and regulations in places where we operate, such as the *Energy Conservation Law of the People's Republic of China*. The *Energy Resource Management System and the Energy Conservation Management System for Special Equipment with High Energy Consumption* have been formulated and incorporated into the Company's EHS document management system. Henlius adheres to the consistent concept of sustainable development and adopts the four-level management system of company, department, workshop and group for energy management.

We have carried out energy conservation and consumption reduction in the whole plant by way of setting up lean projects, arranged designated personnel to organize energy conservation projects, and set performance evaluation indicators for project personnel in a synchronous way. In addition, we have actively carried out energy audit and improved energy management mechanism. Xuhui Facility conducted energy audit in accordance with the *General Principles of Energy Audits* (DB31/T 733), *Technical Specifications for Energy Audit in Communication Industry* (DB31/T 847) and relevant work requirements in February of 2023. The audit included enterprise energy management, energy use status, energy consumption structure, various energy processes, energy measurement and statistics, operation efficiency of energy consumption equipment, comprehensive energy consumption and energy cost of products, energy conservation, energy-saving technical upgrade projects, etc. The audit results indicated that the Company was equipped with sound energy management organizations, effective energy management operations, and strong energy-saving measures. The Company has relatively advanced energy consumption level, energy consumption per RMB 10,000 output value and unit consumption of products, and achieved sound performance in energy conservation management.

During the reporting period, Henlius provided effective control on high energy consumption equipment. According to the statistical results of energy consumption data, the energy consumption per RMB 10,000 output value of Xuhui Facility reduced by about 46% by the end of December 2023. Xuhui Facility has successfully passed 2022-energy-saving target responsibility assessment of key energy users in the industrial and communication industries in Xuhui District in June of 2023.

In 2023, the Company adopted a number of management measures. The average one-way carbon emission of employee flight travel of 2023 is 173.49 kilograms carbon dioxide equivalent, much lower than that of 2022, which is 217.06 .<sup>1</sup> During the reporting period, we continued to promote environmental protection concept of saving fuel to our self-owned commercial vehicle drivers, and implemented the fuel-saving award among drivers. In 2023, the Company's own commercial vehicles have a total annual fuel saving of 2,160.61 liters compared with the standard fuel consumption of the vehicles. In addition, we send vehicle information to employees every day, so that the vehicle can carry employees while transporting goods based on the principle of using one vehicle for multiple purposes.

### Four-level Energy Management System

The energy leadership team proposes requirements and makes decisions on overall energy management.

The Engineering Department acts as the energy management department responsible for energy use plan formulation, energy conservation renovation, management of major energy equipment and measuring instruments, and regular payment of energy bills.

As a contact point for external exchange, the EHS Department is responsible for accepting and circulating the energy monitoring requirements of external organizations, and assisting the Engineering Department for various energy activities and executing various plans.

Heads of other departments, workshops (divisions) and groups serve as headman for each level of energy management, and are obliged to implement energy management policies of the Company and promote energy-conservation efforts.

## Control Plan for High Energy Consumption Equipment

One refrigeration pump is expected to run instead of two by modifying digital pressure gauge. The standby unit is subject to automatic operation through pressure setting.

The preparation time for water for injection will be well coordinated and they will be prepared in a centralized manner to reduce energy waste due to long insulation cycle. Furthermore, products of the same type are manufactured in a centralized manner in order to reduce energy consumption increase due to commissioning.

Air supply frequency of AHU (Air Hand Unit) is regulated by BAS (Building Automation System). Temperature and humidity are monitored for intelligent control.

## Energy Use

Indicator	Unit	2021	2022	2023
Power consumption (purchased power)	Kilowatt-hour	24,583,212	25,747,474	26,414,814
Natural gas consumption	Cubic meter	2,878,404	2,989,137	3,183,287
Gasoline (self-owned vehicle gasoline consumption)	Litre	11,558.48	7,738.90	11,680.58 <sup>2</sup>
Direct energy consumption	GJ	109,970.05	114,098.12	121,616.50
Indirect energy consumption	GJ	88,499.56	92,690.91	95,093.33
Comprehensive energy consumption	GJ	198,469.62	206,789.02	216,709.82
Comprehensive energy consumption intensity	GJ/Litre	9.92	4.31	4.51

## GHG Emissions

Indicator	Unit	2021	2022	2023
Scope 1 greenhouse gas emissions	Tons of carbon dioxide equivalent	6,249.15	6,480.15	6,908.63
Scope 2 greenhouse gas emissions	Tons of carbon dioxide equivalent	17,294.29	14,683.78	15,064.37
Greenhouse gas emissions	Tons of carbon dioxide equivalent	23,543.44	21,163.93	21,973
Greenhouse gas emission intensity	Tons of carbon dioxide equivalent/Litre	1.18	0.44	0.46

\*1: Data comes from the report of Ctrip.

\*2: Commercial vehicles were less used due to COVID-19 shutdown in 2022, thus less petrol was used. The commercial vehicle use frequency tended to be normal in 2023; meanwhile, the commercial vehicle travel route of Zhangjiang Office was added.



## Water Resources Management

Henlius strictly abides by laws and regulations enforced in places where we operate, such as the *Water Law of the People's Republic of China*. We incorporate the efficient utilization of water resources into production concept, formulate corresponding rules and regulations based on operation situation, and actively carry out water resources reuse projects. During the reporting period, the water circulation pipeline of "water for injection system" (WFI)<sup>1</sup> was changed from automatic temperature rising/falling to on-demand temperature rising/falling according to the characteristics of limited clinical production output, reducing the waste of ineffective energy when no WFI is required. In addition, we continue to promote the reclaimed water reuse system and conduct regular monitoring. In 2023, the reclaimed water reuse volume in Xuhui Facility and Songjiang First Plant were 7,802.8 tons and 3,305 tons respectively.

Meanwhile, we conduct regular inspection of the equipment in each production facility in order to ensure that the equipment is free of water leakage, thus avoiding waste of water resources due to equipment aging. During the reporting period, we used the municipal water as our main water source.

### Water Consumption

Indicator	Unit	2021	2022	2023
Water consumption	Cubic meter	284,617	236,195	259,437
Water consumption intensity	Cubic meter/Litre	14.23	4.92	5.40

## Packaging Material Management

In our packaging management, we have always been adhering to our principles – cherishing resources, reducing energy consumption, and promoting sustainability. We strictly abide by relevant laws and regulations of the places where we operate. On one hand, we reduce the use of production consumables to improve utilization efficiency through process optimization. On the other hand, we promote light-weight packaging from packaging design, production and transportation in order to reduce the consumption of unnecessary packaging materials.

During the reporting period, our packaging materials totaled 245.94 tons.

## Emission Management

Henlius strictly abides by relevant laws and regulations of places where we operate. The Company updated relevant pollutant emission systems and strengthened the management of unorganized emissions of exhaust gas in 2023. We also made the technological process optimized in wastewater treatment. In addition, the waste management was subject to more strict classification and recyclable wastes were vigorously developed.

### Exhaust Gas Emission Management

We strictly follow the laws, regulations, and industry standards in places where we operate, such as the *Emission Standard of Air Pollutants for Pharmaceutical Industry (GB37823-2019)*, the *Shanghai Emission Standard of Pollutants for Biopharmaceutical Industry (DB31/373-2010)*, the *Comprehensive Emission Standard of Air Pollutants (DB31/933-2015)*, the *Odor Pollutant Emission Standard (DB31/1025-2016)*, and the *Boiler Air Pollutants (DB31/387-2018)*, and continue to seek better ways to deal with emissions on the basis of meeting emission standards.

In 2023, all facilities and plants of Henlius improved the *Management System for Air Pollution Prevention and Control*, further ensured to develop a more effective management model and strengthened the efforts of air pollution prevention and control. Xuhui Facility has refined the requirements for pollutants discharge permit management and established whole-process management of unorganized exhaust gas while standardizing organized emission of exhaust gas. Songjiang First Plant has upgraded exhaust gas collection facilities, and installed VOCs adsorption and collection system on waste liquid collection tanks, thereby effectively removing unorganized VOCs.

#### Case:

### Xuhui Facility Upgrades Exhaust Gas Disposal Plant



Before Replacement    After Replacemen

Xuhui Facility replaced the pollution control facilities at DA003 main exhaust outlet from spray tower to activated carbon adsorption device utilizing modified activated carbon<sup>2</sup>. Spray tower requires a certain proportion of sodium hydroxide solution to spray the exhaust gas, which easily causes liquid leakage and has certain environmental risks. Upon replacement, approximately 73 tons of water can be saved every year and 36.5 tons of wastewater can be reduced, which also helps the Company deal with exhaust gas more stably and reduce management difficulty.

<sup>\*1:</sup> PW and WFI used in pharmaceutical process are normally prepared from the suitable water sourced locally and are treated through proper process.

<sup>\*2:</sup> Modified activated carbon: modifying activated carbon to render it alkaline, better improving adsorption performance.



## Exhaust Gas Emissions

Indicator	Unit	2021	2022	2023
Nitrogen oxides(NOx) emissions	Ton	0.53	0.30	1.10 <sup>1</sup>
Sulfur dioxide emissions	Ton	0.08	0.01	0 <sup>2</sup>
Total non-methane hydrocarbon emissions	Ton	0.25	0.21	0.18
Particulate matter emissions	Ton	0	0.03	0.01 <sup>3</sup>

## Wastewater Discharge Management

Henlius strictly follows the laws, regulations and industry standards of places where it operates, including the *Biopharmaceutical Industry Pollutant Discharge Standard (DB31/373-2010)* and the *Comprehensive Wastewater Discharge Standard (DB31/199-2018)* in Shanghai, and discharges wastewater in compliance with *Henlius' Wastewater Discharge Management Regulations*. During the reporting period, the Company has continuously intensified the technical upgrade of wastewater treatment on the premise of ensuring that the wastewater meets the standard and optimized the wastewater management process and treatment technology internally. A number of wastewater treatment technical upgrades have been carried out in Songjiang First Plant, including the installation of internal control alarm system and new wastewater treatment pipeline for laboratory.

We have reduced the volume of wastewater discharge by 11,107.8 tons with the help of the reclaimed water reuse system.

### Songjiang First Plant's Wastewater Treatment Tech Renovation Project

#### Internal Control Alarm System

We set internal control alarm which triggers alarm signal once pollutant factor concentration subject to on-line monitoring exceeds the set concentration, so that our staff can make quick responses and initiate corresponding disposal procedures.

Such internal control alarm system provides site staff with sufficient time to adopt countermeasures for different water quality and assures that all wastewater discharged completely meets standards.

#### New Wastewater Treatment Pipeline for Laboratory

New pipeline from TW003 laboratory wastewater treatment system to TW001 production wastewater treatment system is added through this technical upgrade.

The valve of such pipeline is closed during normal operation of wastewater treatment system. However, if the wastewater quality in laboratory wastewater treatment system exceeds internal control value, the wastewater can be discharged to TW001 production wastewater treatment system through pipeline so as to ensure both systems completely meet standard during uninterrupted operation.

#### Case:

### Sewage Station: Enhance Wastewater Treatment Capacity

Henlius' Xuhui Facility commenced the joint construction of sewage station Phase I and Phase II in August 2023. The project was completed in December 2023 and put into use in January 2024. Upon completion, the wastewater treatment capacity of Xuhui Facility reaches 150 tons/day, with an increase of 120% compared with the past treatment capacity of 65 tons/day.

\*1: There's higher production density in 2023 compared with 2022 as the boiler is subject to larger load intensity, causing an increase in NOx emission concentration.

\*2: No sulfur dioxide concentration is detected actually, which is consistent with the data submitted to regulatory department.

\*3: Natural gas boiler burner setting is optimized, causing a reduction in particulate matter emission.



Henlius has reduced the volume of wastewater discharge

# 11,107.8

Tons

with the help of the reclaimed water

### Wastewater Discharge

Indicator	Unit	2021	2022	2023
Industrial wastewater discharge	Ton	47,347.50	110,371.05	123,742.34
Chemical oxygen demand (COD) emissions	Ton	4.17	5.82	5.04
Ammonia nitrogen (NH3-N) emissions	Ton	0.20	0.18	0.04 <sup>*1</sup>

## Waste Discharge Management

Henlius strictly follows the *Standards for Pollution Control of Hazardous Waste Storage (GB18597-2023)*, the *Technical Specifications for Collection, Storage and Transportation of Hazardous Waste (HJ2025-2012)*, the *General Industrial Solid Waste Storage and Landfill Pollution Control Standards (GB18599-2020)* and other local laws and regulations of places where we operate. We also formulate strict solid waste disposal rules and regulations. In 2023, the Company updated the *Solid Waste Management Procedures* based on the original system, where the *Annex—Solid Waste Classification and Packaging Methods* has been added to define requirements of all production links for hazardous waste classification, packaging and disposal, so as to reduce such situations as wrong hazardous waste classification.

In order to meet the increasingly stringent national laws and regulations on hazardous chemicals as well as the storage and allocation requirements for hazardous chemicals of internal departments, Henlius' EHS Department and Supply Chain Management Department have prepared the *Storage and Allocation Schedule for Prohibited Hazardous Chemicals* in 2023. The Company's hazardous chemicals are classified by means of the *Storage and Allocation Schedule for Prohibited Hazardous Chemicals* in accordance with the *Catalogue of Hazardous Chemicals* and the *General Rules for Classification and Hazard Disclosure of Chemicals*. The prohibited chemicals are stored and allocated in accordance with the principles as stipulated in the *General Rules for Warehousing of Hazardous Chemicals*. The *Storage and Allocation Schedule for Prohibited Hazardous Chemicals* provides guidelines for the distribution and multi-warehouse storage of hazardous chemicals in the warehouse of the Warehousing Department, which greatly reduces the safety risks due to mixed storage of hazardous chemicals prohibited.

In addition, the Company has expanded the coverage of waste recycling, made full use of the property of recyclable waste as a resource, and truly realized the "harmlessness, reduction and recycling" of waste. During the reporting period, the Company carried out the recycling of waste oil and waste paperboard, achieving rational reuse of resources.

\*1: In 2023, new sewage station at Xuhui Facility has been put into operation; the wastewater treatment system at Songjiang Plant was also optimized in terms of management for a more stable system.

### Case:

## Optimize the Classification of Hazardous Waste Management

During the reporting period, all facilities of Henlius had successively carried out more detailed classification on hazardous waste. Taking Xuhui Facility as an example, it has more detailed classification on expired chemical reagents and expired drugs, which will be subject to stricter management according to characteristics of different chemicals, and disposal according to their characteristics and storage requirements in discarding. This management optimization measure helps reduce the environmental and safety management risks of the enterprise, and avoid such nonconforming conditions as mixed storage by downstream hazardous waste treatment companies.



Hazardous Waste Classification Identification

### Case:

## Carton Recycling in Office Relocation

In 2023, more than 6,100 cartons were used during office relocation at Henlius, of which more than 4,800 cartons were recycled by the relocation company, with carbon emissions reduction of 22.90 tons of carbon dioxide equivalent. 850 cartons were subject to waste paper recycling by the relocation company, with a total carbon emissions reduction of 975 kg carbon dioxide equivalent. More than 500 cartons were directly recycled by Henlius, with carbon emissions reduction of 2,122 kg carbon dioxide equivalent.

### Henlius' Waste Recycling Project

#### Waste Oil Recycling

Waste oil is either disposed by recycling or incineration.

Waste oil of Songjiang First Plant was finally disposed by means of reuse in order to reduce negative impact of incineration on environment. In 2023, 0.17 tons of waste oil have been recycled.

#### Waste Paperboard Recycling

A large number of packaging paperboard will be generated during unpacking of raw and auxiliary materials. If they are disposed as conventional general industrial waste, they will be incinerated by suppliers.

Through such means as more detailed sorting and classification, improvement of waste disposal procedure, waste paperboards are subject to integrated utilization as valuable industrial waste (i.e. recyclable). In 2023, 16.7 tons of waste paperboards have been recycled.



### Solid Waste Emissions

Indicator	Unit	2021	2022	2023
Total domestic waste	Ton	383.65	336.33	115.01 <sup>*1</sup>
Total general industrial solid waste	Ton	207.50	297.19	300.68
Total hazardous waste	Ton	177.21	221.76	226.97
Hazardous waste intensity	Ton/Litre	0.009	0.005	0.005
Total solid waste	Ton	768.36	855.27	642.66
Solid waste emission intensity	Ton/Litre	0.04	0.02	0.01

\*1: The calculation for domestic waste is optimized compared with previous years, the daily garbage generated in office space is used as the unit for estimating annual domestic waste.



# Society

Henlius respects every business partner and improves efficiency of supplier management mechanism by continuously strengthening mutually beneficial cooperation with supply chain and partners. We explore sustainable supply chain solution with suppliers. Meanwhile, as a responsible part of the community, we have actively organized charitable activities and continued to make contributions to patient support and donations as corporate citizen. In addition to stabilizing the supply chain and shouldering social responsibilities, we have accelerated the integration of industry, academia and research by carrying out peer enterprise researches, participating in industry academic seminars and other activities, and worked together to protect human life and health.





# Supply Chain Management

Henlius strives to build a sustainable supply chain and continues to optimize supply chain life cycle operation mechanism, and strengthen supply chain risk management. We are committed to establishing long-term solid cooperative relations with qualified suppliers. Henlius is the deputy council member of the Pharmaceutical Logistics Branch of the China Federation of Logistics and Purchasing ("CFLP"), which is recognized as an industry-wide membership on supply chain/contractor risk evaluation and mitigation. We actively participate in CFLP activities as a formal participant, attending industry annual meetings, national standards and policy seminars, supply chain management forums, etc., sharing supplier management experiences and expanding areas of cooperation.

## Supplier Access

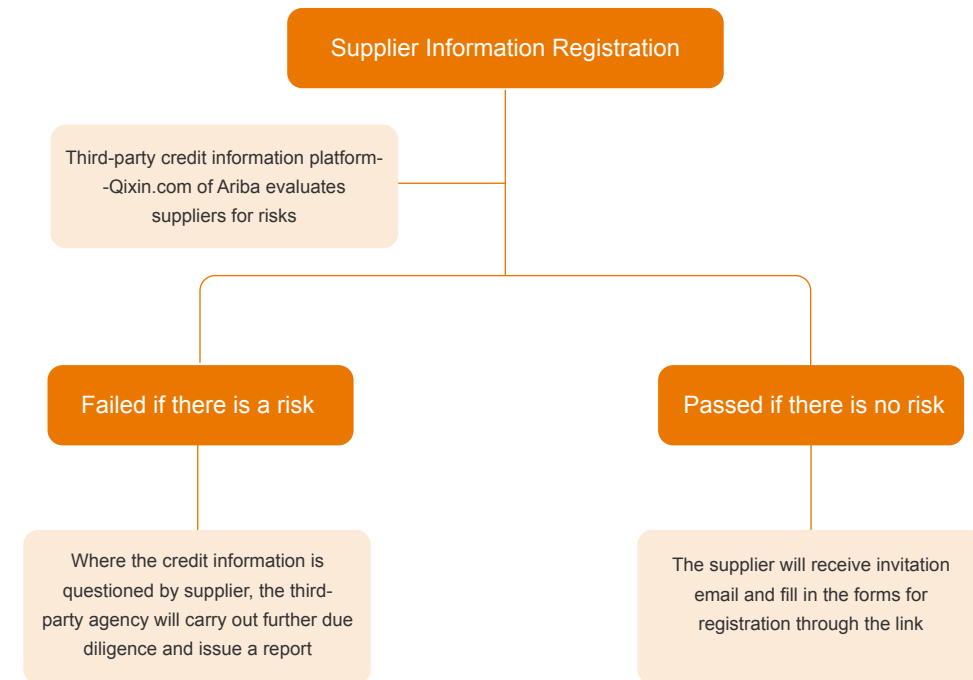
Henlius divides main partner suppliers into the direct procurement supplier (direct supplier) and the indirect procurement suppliers (indirect supplier). Direct suppliers include those for raw and auxiliary materials, packaging materials and other production materials. Indirect suppliers include those supplying all other materials and services.

The Company always adheres to high standards and strict requirements in supplier development and cooperation. We require all suppliers to pass supplier certification for access. In addition, we certify sub-supplier facilities of key suppliers in the access process, including qualification audit, quality document review, etc. During the reporting period, Henlius updated the framework agreement of direct procurement suppliers, and formulated a whole section on quality requirements, requiring all suppliers to sign the framework agreement.

Henlius adopts layered and classified management in screening direct procurement supplier and divide direct procurement suppliers into classes A, B and C based on the key factors of material quality. Class A suppliers shall accept on-site quality audits in access process. We point out the key problems according to the supplier classification and characteristics during the audits, and issue an audit report to the supplier as the basis for its subsequent rectification, and carry out follow-up to facilitate the secondary audit upon rectification. By the end of 2023, there were 186 qualified suppliers, including 58 Class A suppliers, 115 Class B suppliers, and 13 Class C suppliers.

The Company takes the due diligence on supplier as one of the management means for access of the indirect supplier. In 2023, Henlius launched SRM-Ariba procurement management system platform ("Ariba System") to help process procurement orders. This can increase information transparency while simplifying procurement process, as well as improving the procurement process and supplier management efficiency. In addition to the supplier registration process integrated on Ariba System, we invite third-party organizations to investigate suppliers that have been rejected by Ariba and suppliers in categories defined by the Compliance Department as medium to high-risk. By the end of December 2023, the Compliance Department had completed due diligence on 123 suppliers.

### Supplier Registration and Inclusion Management Process on Ariba System





## Follow-up Supplier Management

Henlius has formulated the *Supplier Code of Conduct*, the *Supplier Management Regulations*, the *Direct Procurement Supplier Management Process*, the *Direct Procurement Management System* and other systems to strengthen supplier management. During the reporting period, the Company further updated and released five system documents, including the *General Outline of Indirect Procurement Management System*, to improve the procurement process, strengthen procurement management, and regularly conduct audits on suppliers. All Class A+B material suppliers are required to sign an *Establishment and Requirements of Quality Assurance Agreement* to ensure that the suppliers continue providing us with high-quality services and products.

The Company promoted visual supply chain management and launched the Business Intelligence Order Management System in 2023. By presenting key information such as order delivery rate, supplier activity, and procurement amount, the Company is able to trace the main information from procurement to delivery and warehousing in terms of material planning, inventory management, and digital control of the supply chain, with timely feedback of corresponding status and issue early-warning for risk in daily operation and performance management.

The Company will audit direct suppliers in stock regularly, including supplier performance, material quality, after-sales service, product price, etc. Professional and targeted rectification comments will be proposed for unqualified suppliers, and follow-up tracking will be carried out for closed-loop management.

## Sustainable Supply Chain

The Company follows Fosun Pharma's guidelines on green supply chain, promotes sustainable procurement, and requires key suppliers within the GMP system to sign the *Green Supply Chain Proposal* for cooperation. At the end of the reporting period, the coverage rate of suppliers who have signed the *Green Supply Chain Proposal* stood at an impressive 87%.

In order to further strengthen the environmental awareness among suppliers, we not only stipulate in the supplier guidelines that we should conduct business in an environmentally sustainable manner, but also continue to promote suppliers to use more environmentally-friendly products and services in supplier management, and actively explore supply chain emissions reduction path with suppliers, promote the practices of green logistics, and accelerate the development of green supply chain.

Henlius attaches importance to the suppliers' social responsibility values and firmly opposes any unethical business practice. We updated the *Supplier Code of Conduct* in August 2023, including the latest *Anti-Commercial Bribery Commitment Statement*, requiring all new suppliers to sign the latest *Supplier Code of Conduct* for access in order to better regulate supplier business practices.

In addition, we carry out targeted management system certification audit on suppliers, including ISO9001 quality management system certificate, ISO140001 environmental management system certificate, etc., and backup corresponding qualification certificates. During the reporting period, 2.02% of Henlius' suppliers obtained ISO 14001 environmental management system certification, and 4.44% obtained ISO 13485: 2016 medical devices quality management system certification.

As of December 31, 2023, Henlius had 744 suppliers in total, which can be broken down by regions showed as follows:

### The Breakdown of Henlius Suppliers by Locations

East China	North China	Overseas	South China	Southwest China	Central China	Northeast China	Hong Kong, Macao and Taiwan
543	104	51	22	12	6	4	2

### Handling of Audit Results

Excellent Supplier	Qualified Supplier	Alternative Supplier	Unqualified Supplier
<p>A supplier with a score of 90-100 is considered excellent.</p> <p>If a supplier maintains this rating for two consecutive years, we may reduce the frequency of on-site audits or written audits.</p>	<p>A supplier with a score of 80-89 is considered qualified.</p> <p>Procurement can proceed as normal. Problems identified shall be shared with the supplier for rectification, which is subject to follow-up management.</p>	<p>A supplier with a score of 60-79 is considered an alternative option.</p> <p>It is recommended to increase their audit frequency in the periodic audit plan at the beginning of the year.</p>	<p>A supplier with a score below 60 points is considered unqualified.</p> <p>Their supply qualification should be revoked, and the decision to continue the collaboration will depend on subsequent rectification efforts.</p>

### Henlius' Energy Conservation and Emission Reduction Measures on Transportation

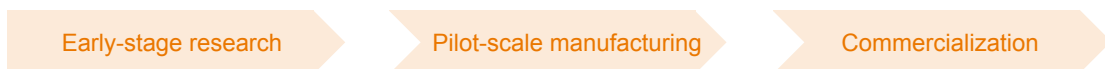
Transportation Logistics	Transportation Route	Transportation Package
Use electric refrigerator car	<p>Integrate suppliers to reduce carbon emission in transportation</p> <p>Explore shipping route</p> <p>Optimize overseas supplier route</p>	<p>Recycle packaging material</p> <p>Optimize cargo packing methods to improve vehicle loading rate</p>



## Supply Chain Stability and Localization

A stable supply chain is an important prerequisite for the orderly development of our business. The supply chain is stabilized by examining the resilience of supply chain in case of risk. To this end, the Company established supply chain Business Continuity Management (BCM) in 2023, aiming to standardize the process to cope with the supply chain risks during and after the event, so as to achieve prevention, handling and post-recovery and ensure business sustainability to the greatest extent.

In addition, the localized supply of imported materials can be achieved based on the analysis of supply risk, procurement costs, technical capabilities of localized suppliers, material quality and other factors of imported materials, so as to improve supply resilience, reduce procurement costs, eliminate constraints of uncontrollable factors of sole import supplier, and ensure the sustainability of production through sourcing, technical validation, and system import. The localization scope is expanded, the link with R&D open up, and a new integrated strategy of material localization developed on the basis of the localization of commercial materials in 2023:



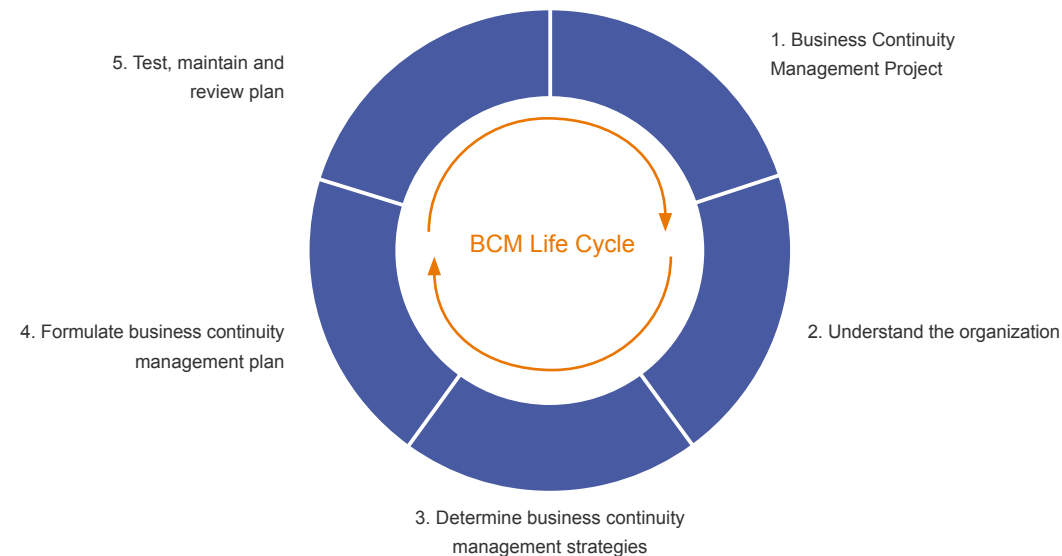
The Company gradually replaces imported materials with local materials through intensified industrial cooperation with local suppliers in order to enhance business continuity. By the end of 2023, the Company had made outstanding achievements in the localization of materials, with the coverage of localized materials in the GMP system reaching 80%. In 2023, the procurement cost decreased by approximately RMB 24.58 million. During the reporting period, the localization data were as follows:

44 local key material suppliers maintained

80% has been included in the GMP system

38% has been incorporated into projects

The Company's Supply Chain Management Department coordinates with internal organizations and external supplier resources to jointly expand upstream, break through the bottleneck of industrial chain localization, and get deeply involved in the supply chain of localized materials, improve cooperation between local suppliers and the biopharmaceutical industry, and build a strategic alliance of long-term cooperation and an ecosystem of whole industrial chain.



### Case:

## Localized Supply of Culture Medium Sample

In 2020, Henlius signed strategic cooperation agreement with a domestic manufacturer for domestic culture medium, which significantly reduced the lead time by purchasing domestic culture medium. In 2023, Henlius cooperated with the manufacturer in the supply of culture medium samples. Based on this cooperation, Henlius is able to quickly communicate the slightly-adjusted customization demand for medium formula to the manufacturer's production department so that the manufacturer could arrange rapid production of R&D samples and promote R&D pilot experiment of Henlius. During the reporting period, the manufacturer relocated its production facility to the Yangtze River Delta, which is closer to Henlius geographically, further shortening the lead time and reducing risk in terms of supply chain stability.



## Supplier Communication

Henlius keeps a positive attitude in communicating with suppliers. In order to better solve the problems with which the suppliers may be confronted, we regularly provide solutions via online training, platform sharing and other means to suppliers on the problems during cooperation. During the reporting period, we sent the updated *Supplier Code of Conduct* to all suppliers by e-mail so that they could understand and learn. In addition, we carried out online training for all suppliers upon launching of the Ariba System for better systematic management of supplier quality. The training sessions and contents are as follows:



Carry out Ariba supplier summit and training meetings (online), explain and answer questions for such information as Ariba account registration/receiving orders/invoices submitted by the suppliers.



Two supplier online Q&A sessions were organized to explain the system operation by modules and illustrate various problems encountered by suppliers upon launching of the system.

### Case:

## Customer-day Supplier Exchange Training



In September 2023, we invited suppliers to the Company for technical training in order to enhance communication between the Company and our suppliers, and identify the problems more accurately and quickly in case of relevant material quality problems at ordinary times, and improve the suppliers' understanding of disposable system products. The training provided in-depth communication on topics such as bacterial retention validation interpretation and case analysis, regulatory interpretation and strategies for extractables and leachables validation, chromatography process control points and common problem analysis, virus removal process design considerations, and the application of inline spiking.



# Building Warm Communities

Henlius is committed to giving back to the community, giving full play to our strengths to shoulder social responsibility. Henlius is always concerned about social needs, cooperates with all sectors of society, gives full play to its advantages in the industry, proposes "patient-centricity" concept, and carries out public welfare activities on the topic of "medical resources delivered to grassroots", "care for tumor patients" and "science popularization for the public". We also encourage employees to participate in these activities, and establish a volunteer platform named "Lanjinglin" for employees. During the reporting period, Henlius' donation totaled RMB 45.185 million.

## Keeping Patients in Mind

In the spirit of putting patient first, Henlius carries out diversified charity projects to help patients restore to health better. In 2023, the Company continued to organize "To the Time, to Life" - Cancer Patient Care Program, "Standing Shoulder to Shoulder" - Breast Cancer Patient Care Public Welfare Program, "Care for Lung, Ride to Health" Charitable Cycling Activity, Rural Medical Service - Public Welfare Activity, to care for the physical and mental health of cancer patients, and continue improving public awareness and attention about cancers.

Rural Medical Service - Public Welfare Activity has been carried out for four years. We invited domestic well-known medical experts and hospital management team to conduct public welfare diagnosis and treatment for local villagers, provide academic trainings for village doctors, and carry out charitable diagnosis and consultations for difficult cases. We have visited Jinzhai County in Anhui Province, Qiongzong County in Hainan Province, Guangchang County in Jiangxi Province, Deqin County in Yunnan Province and other places in the past four years, with the participation of 245 clinical experts, benefiting more than 4,700 patients and 2,200 primary medical staff, and donating a total of more than RMB 270,000 to support local village clinics.

Case:

### To the Time, to Life— Cancer Patient Care Program



"To the Time, to Life"— Cancer Patient Care Program is jointly initiated by Henlius, the Rehabilitation Branch of China Anti-Cancer Association, Shanghai Cancer Rehabilitation Club, and Fosun Foundation. It has been successfully held in Shanghai, Kunming Yunnan, Xi'an Shaanxi and Tianjin. Positive anti-cancer concept is circulated by such means as mindfulness meditation, psychological counseling lectures, exhibitions of patients' art works, so as to care for the physical and mental health of cancer patients. Meanwhile, appeals are made to the whole society to give more care and support to cancer patients, and effectively improve their well-being.

Case:

### "Care for Lung, Ride to Health" Charitable Cycling 2023



November is the international lung cancer awareness month. "Care for Lung, Ride to Health" Charitable Cycling Activity is jointly held by Henlius, Fosun Foundation and Health One Youth Club of Shanghai High School, attracting more than 100 participants, including young volunteers, medical staff and media friends. They appealed to the public to pay attention to lung health, care for patients with lung diseases, and jointly build and share a healthy future by visiting Songjiang landmarks by cycling.

## Love and Dedication

Henlius attaches great importance to social responsibility, always concerns about social needs, and helps build healthy, harmonious and sustainable communities. In 2023, Henlius' staff volunteer organization "Lanjinglin" has been a registered volunteer organization at the Shanghai Volunteers Website, and members can apply for team project, which will be included in the total service duration. During the reporting period, we have updated the "Lanjinglin" *Volunteer Management System* and *Donation Management System*, defined the scope of donations, further clarified the approval process for donations, and highlighted the departmental systems to be followed by approval process, ensuring a more transparent and standardized donation process. Henlius, together with Fosun Foundation, donated and helped six poor households in Shunjiang Village, Sanchahe Town, Xishui County, Zunyi City, Guizhou Province in November 2023.



# Industry Cooperation and Development

Henlius closely follows hot issues in the pharmaceutical industry and pays close attention to pain-points in the industry. The Company's management and scientist representatives respectively serve in the special committee for clinical trial research of drugs, the special committee for drug research and development, the special committee for pharmaceutical innovation and investment, the special committee for pharmaceutical policy, the special committee for clinical research of anti-tumor drugs of China Pharmaceutical Innovation and Research Development Association (PhIRDA), and the ICH expert group of IFPMA (the International Federation of Pharmaceutical Manufacturers). The Company has participated in the China BioMed Innovation and Investment Conference (CBIIC) and BIO (BIO International Convention), CPhI Worldwide (Convention on Pharmaceutical Ingredients Worldwide), Chinese Congress of Holistic Integrative Oncology as well as other well-known exchange conferences at home and abroad, which has helped stimulate the vitality of domestic pharmaceutical innovation technology, respond to the PhIRDA comment letter on soliciting ICH M10 and M11 guiding principles, and contribute to accelerating the implementation of revised ICH guiding principles in China. Meanwhile, we have also participated in the 10<sup>th</sup> CMAC and provided sharing on special topics with respect to the *Revised Working Procedures for Safety Information Assessment and Risk Management During Clinical Trials (Trial) (Draft for Comments)* issued by the Center for Drug Evaluation of the NMPA, clarifying the importance of safety information in clinical trials and better protecting the interests of subjects.

In 2023, Henlius sent 179 representatives for industry conferences, including 70 management staff and 109 middle-level staff, who contributed a total of 120 keynote speeches on topics such as industry trends, antibody commercialization, process optimization, etc. In addition, we work with colleges and universities for cooperation in medical resources, and actively participate in large exhibitions in the industry to jointly promote the rapid progress of medical industry.

## Case:

### Henlius Shines for Five Consecutive Years at BIO International Convention



Henlius Exhibition Area at BIO 2023

From June 5-8, 2023, the BIO 2023 was held in Boston, Massachusetts, USA. At the Boston Convention & Exhibition Center's booth 1635, Henlius showcased a wide range of innovative research and development accomplishments for conference attendees. During the conference, Henlius engaged in in-depth discussions with national and international partners and multiple possible leads for in-licensing, research collaboration, or commercial right out-licensing conducted at the Henlius' booth throughout the four-day exhibition. These interactions focused on advancing new approaches to science, including therapeutic biologics, technology platforms, immuno-oncology target combinations, and building robust partnerships to accelerate innovation.

## Case:

### University-Industry Cooperation between Wannan Medical College and Henlius



Strategic Cooperation Signing Ceremony between Wannan Medical College and Henlius

In May 2023, Henlius signed a strategic cooperation agreement with Wannan Medical College, focusing on key issues and technologies in the fields of major clinical diseases and biomedical industry. Both parties will give full play to their respective resource advantages in order to create and improve a new model of extensive integrated development of education chain, talent chain, industrial chain and innovation chain through cooperation in discipline construction, translational medicine, talent training and other aspects. This endeavors to further realize the sharing of medical technology and high-quality resources.

## Case:

### Henlius Participated in the Compilation of the *Guide to GMP for Medical Products*



The NMPA officially issued the second edition of the *Guide to GMP for Medical Products* in 2023. Henlius participated in the revision of *Sterile Preparations*, and led the preparation of Section of production quality control for the downstream process of biological products (mAb). In addition, we have also actively participated in many review meetings organized by the Center for Food and Drug Inspection of the NMPA, and worked with peer domestic biopharmaceutical enterprises to promote the internationally mature industry experiences, regulatory requirements and regulatory trends to the whole industry, promote the development of the whole biological products industry toward higher quality requirements, particularly the monoclonal antibody industry.



# Corporate Governance

Henlius adheres to governance compliance as a core principle, integrating the concept of sustainable development into the day-to-day corporate management and governance operations while continuously deepening growth.





# Corporate Governance and Management

## Improving Corporate Governance

### Board Structure

Henlius is committed to enhancing the diversity of the Board of Directors to improve the decision-making capabilities. We carefully consider the industry experience, educational background, professional skills, and gender factors of board members, ensuring that the Board meets the requirements of independence and diversity. During the reporting period, our Board of Directors consisted of 11 directors, including 2 executive directors, 5 non-executive directors and 4 independent non-executive directors, with 1 female director. All directors of the Company possess extensive industry experience and outstanding educational background, with 36.36% of whom have obtained doctorates.

### Members of the Board

Name	Type of Director	Gender	Age	Education Background
WENJIE ZHANG	Chairman and Executive Director	Male	57	Master
Jason Zhu	Executive Director	Male	45	Master
Qiyu Chen	Non-Executive Director	Male	51	Master
Yifang Wu	Non-Executive Director	Male	54	Master
Xiaohui Guan	Non-Executive Director	Female	52	Master
Deyong Wen	Non-Executive Director	Male	52	Master
XINGLI WANG	Non-Executive Director	Male	61	Doctor
Tak Young So	Independent Non-Executive Director	Male	53	Master
Lik Yuen Chan	Independent Non-Executive Director	Male	55	Doctor
Guoping Zhao	Independent Non-Executive Director	Male	75	Doctor
Ruilin Song	Independent Non-Executive Director	Male	61	Doctor

### Board Operation

#### Diversified Management

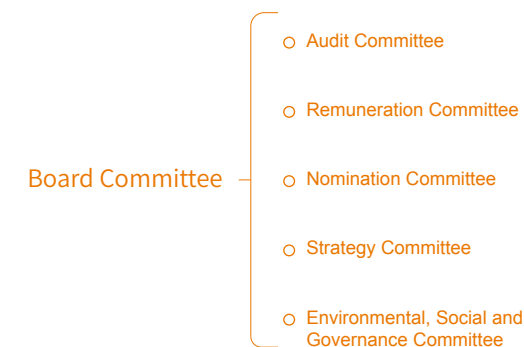
Henlius has established a fully functional corporate governance structure, with each committee member strictly implementing his or her respective duties and functions to safeguard the interests of the Company and ensure sustainable and healthy corporate development. The Company has five committees: the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy Committee, and the Environmental, Social and Governance Committee.

#### Audit Committee

The main responsibilities of the Audit Committee are to assist the Board in monitoring financial information and periodic reports, review and oversee the internal financial reporting system, risk management and internal control systems, making recommendations to the Board on the appointment and removal of external auditors, and reviewing and monitoring the independence of external auditors. During the reporting period, the Audit Committee was convened four times to review quarterly, interim and annual financial results, periodic reports, risk management and internal control systems, as well as the appointment of external auditors, so as to raise concerns regarding potential misconduct.

#### Remuneration Committee

The main functions of the Remuneration Committee include developing the remuneration structure for Executive Directors and senior management, establishing a formal and transparent process to develop remuneration policies, and making recommendations to the Board in this regard. During the reporting period, the Remuneration Committee was convened five times to review and make recommendations to the Board on matters relating to the remuneration policies of senior management, remuneration package, the Company's equity incentives, and the remuneration of candidates for election to the third term of the Board.



Audit Committee meetings held

**4** times

Remuneration Committee meetings held

**5** times





## Nomination Committee

The main functions of the Nomination Committee include reviewing the structure, size and composition of the Board, formulating and reviewing the policy on diversity of Board members, making recommendations on the appointment and succession planning of the Board and other senior executives, evaluating the independence of independent non-executive directors, and assessing the balance of skills, knowledge and experience of the Board before making nominations to the Board. During the reporting period, the Nomination Committee was convened four times to review the structure, size and composition of the Board, the policy on diversity of Board members, the independence of independent non-executive directors, and nominate candidates for the third term of the Board of Henlius, and make recommendations to the Board on the appointment of senior executives based on the actual operational needs of the Company.

## Strategy Committee

The main functions of the Strategy Committee include studying and formulating strategic plans for the long-term development of the Company, carrying out research on major investment, financing and major capital operation projects stipulated in the *Articles of Association* or other internal management systems of the Company. It also makes recommendations to the Board in this regard and monitors and reflects on the implementation of the above projects and other major events affecting the development of the Company. During the reporting period, the Strategy Committee was convened twice to study the Company's long-term development strategies, and to make recommendations to the Board.

## Environmental, Social and Governance Committee

The main functions of the Environmental, Social and Governance Committee include formulating Environmental, Social and Governance vision, objectives, strategies and structure and reviewing their implementation and achievement, monitoring and assessing key Environmental, Social and Governance trends and related risks and opportunities to ensure that there are communication channels to facilitate the Group's relationship with stakeholders, and effective policies to protect the Group's reputation. During the reporting period, the Environmental, Social and Governance Committee was convened twice to review and approve the *2023 ESG Report of Henlius* and discuss the progress of the Company's environmental targets. Looking forward, the Environmental, Social and Governance Committee will continue to review and discuss the progress of the environmental targets on a regular basis to ensure the feasibility of action plans and the effective implementation of relevant initiatives to safeguard the efficient and robust sustainable development of the Company.

Nomination Committee meetings held

4 times

Strategy Committee meetings held

twice

ESG Committee meetings held

twice

Henlius held **22** board meetings, of which a total of **77** proposals were considered

Henlius held **4** Supervisory Meetings and considered a total of **11** proposals

Henlius held **4** General Meetings and considered a total of **16** proposals

## General Meeting of Shareholders, Board Meeting and Supervisory Meeting

Henlius, based on a well-defined and balanced corporate governance structure, has strengthened compliance management to effectively safeguard the interests of shareholders and the Company. During the reporting period, the Company convened a total of 22 Board of Directors meetings, where a total of 77 resolutions were deliberated. Key topics included BD transactions, connected transactions, financial loan/guarantee matters, personnel - related matters (mainly director appointments and new executive hires), matters related to periodic reports, and the establishment of subsidiaries. In 2023, the Company held 4 Supervisory Board meetings, discussing a total of 11 resolutions, primarily related to matters concerning periodic reports and the appointment of external auditors. Furthermore, the Company organized 4 Shareholders' Meetings, deliberating on a total of 16 resolutions, covering topics such as charter amendments, annual matters, director elections, and related-party transactions.

## Risk Management

Henlius places a high emphasis on risk management and internal control to address various potential crises and emergencies. The Company continuously optimizes its crisis management mechanisms to ensure efficient and orderly crisis handling. The Crisis Management Committee and working groups strictly adhere to the *Crisis Management System*, conducting comprehensive monitoring, assessment, resolution, and post-event review of potential crises. They formulate practical and effective response measures to minimize the impact of crises and achieve long-term risk control.

The Company follows the three principles of "promptness, comprehensive, and objectivity" when dealing with events. Once a crisis or potential crisis is detected, individuals with knowledge are promptly required to report to the relevant department. Subsequently, department heads provide detailed reports for the Crisis Management Working Group. After assessing the significance of the crisis, the Crisis Management Working Group reports to and consults with the Crisis Management Committee based on the assessment results, while also establishing a dedicated team if necessary. The dedicated team assesses whether there is an escalation risk in the crisis and, if necessary, takes appropriate actions based on the escalated crisis category.



## Enhancing ESG Management

Henlius has established a comprehensive ESG management structure and clear ESG management guidelines, dedicated to continuously improving our ESG performance so as to promote the effective implementation of our sustainable development strategies.

### ESG Management Practice

#### ESG Management Structure

In response to ESG management requirements, Henlius has established a top-down ESG management framework with the Board as the leading body, the ESG Committee at its core, and ESG Steering and Working Groups as the main execution forces. This structure clarifies the working mechanisms of each responsible department, effectively encouraging the participation of various departments across the Company in implementing ESG-related initiatives. We link the performance of senior management with the sustainable development performance of Henlius, further strengthening the supervision of the Company's ESG performance.

At the half-yearly Board meeting held during the reporting period, the ESG Steering Group presented a summary of the 2023 ESG work to the Board and responded to inquiries from directors and the ESG Committee regarding the supervision of ESG initiatives. In August 2023, the Board reviewed and approved the ESG report.

Throughout the reporting period, Henlius conducted two special ESG meetings where the ESG Working Group reported on the progress of ESG initiatives to the ESG Steering Group and responded to inquiries and supervision from the ESG Steering Group.



#### ESG Management Guidelines

The Company strictly adheres to the *Rules of Procedure of the Environmental, Social and Governance Committee of the Board of Directors of Henlius*, which outlines the responsibilities and authorities of the ESG Committee in formulating and overseeing ESG goals, strategies, and structure. This ensures the standardized and efficient operation of the ESG Committee. During the reporting period, the Company updated *Environmental, Social and Governance Steering Group and Working Group Responsibilities Manual of Shanghai Henlius Biotech*, merging the responsibilities of various functional departments to streamline management processes and enhance the efficiency of the ESG Steering Group and the ESG Working Group.

The Company organizes ESG Working Group meetings at irregular intervals, conducts internal and external ESG-related training, enriches the knowledge base of ESG Working Group members, and increases the awareness of ESG initiatives in various departments. During the reporting period, discussions were held on the implementation progress of the Company's environmental goals. The ESG Committee regularly reviews and discusses the progress of environmental goals, ensuring a seamless process from decision-making and communication to implementation and execution.

#### Board ESG Statement

**Board Responsibilities**

The Board of Directors assumes an overall responsibility for the Company's ESG development, leads the formulation of the Company's ESG strategy and oversees ESG risk assessment to ensure that the Company sets up an appropriate and effective ESG risk management and internal control system. The Board is responsible for monitoring the progress of the implementation of ESG targets and determining the priority of ESG issues. The Board has an ESG Committee, which is responsible for approving ESG-related policies and ESG reports, confirming the reasonableness of performance indicators and the accuracy of data, and reporting regularly to the Board. The ESG Committee consists of five members appointed by the Board from Board members including three independent non-executive directors.

**ESG Implementation**

The Company has set up an ESG Steering Group and an ESG Working Group with divided authorities and responsibilities. The ESG Steering Group is responsible for formulating ESG-related targets, policies, specific initiatives, performance indicators and effectiveness evaluation plans, and reporting regularly to the ESG Committee and the Board. As a fundamental part of ESG management, the ESG Working Group penetrates into key functional departments and is directly composed of relevant employees from the departments. It is responsible for coordinating various ESG communication tasks, promoting the implementation of the Company's ESG strategies and policies, and truly embedding ESG concepts into daily work.

**Material ESG Issues**

Henlius has established a variety of communication channels to maintain regular communication with stakeholders so that material ESG issues can be identified and evaluated in a timely manner. Currently, the Company's identification of material ESG issues is based on the materiality assessment by an independent third-party. The final assessment results are formulated after discussion and approval by the ESG Committee and the Board of Directors. Based on the priority of the material ESG issues determined, the Company will update its policies and initiatives to respond to the demands of stakeholders in a more targeted manner and continuously improve its ESG governance.

**ESG Risk Governance**

Henlius attaches great importance to ESG risk governance in the R&D value chain. The Board is required to assess and define ESG risks and identify risks and opportunities. The Company's Audit Committee is responsible for overseeing the management of the Company's internal and overall risks, while the ESG Committee is dedicated to assessing environmental and social related risks and advising the Board on the governance of related risks. The Board reviews and approves the risks to be disclosed and formulates countermeasures in advance to avoid ESG risks and effectively mitigate any negative impact they may have on the Company's operations in the R&D, production and marketing value chain.

#### Case:

### ESG Working Group Training in 2023

In November 2023, we conducted an ESG training for the ESG Working Group. Participants included ESG contact persons from various departments. The training covered the status quo analysis of corporate ESG governance and the communication of ESG action plans, and updates on relevant reporting guidelines. Thanks to the training, the ESG Working Group's foundational knowledge was further strengthened. This has provided a clearer understanding of the future direction and plans for executing ESG initiatives.

# Implementing Responsible Operations

Henlius believes that adhering to the principles of legality and compliance is the fundamental guarantee for the stability and prosperity of the Company. Over the years, the Company upholds compliant operations from such aspects as corporate behavior, anti-corruption, responsible marketing, sales and advertising, information security and intellectual property management, and builds a sustainable business development model.

## Corporate Behavior Compliance

Henlius adheres to the concept of governing enterprises according to law and practicing with integrity. In strict adherence to laws and regulations including the *Drug Administration Law of the People's Republic of China*, the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Interim Provisions on the Prohibition of Commercial Bribery in Pursuing Business Goals*, and the *Foreign Corrupt Practices Act*, Henlius strictly prohibits bribery, extortion, fraud, money laundering and other violations.

During the reporting period, our work is based on the principles of prevention while also attaching importance to punishment, and ensure all incidents are investigated and all mistakes are rectified. The organizational structure of the Compliance Committee was updated, with an emphasis on the compliance of the Company's front-line business, preventing bribery, extortion, fraud, money laundering and other incidents from the source. Besides, the Company continued to carry out compliance promotion and training covering suppliers, which has effectively ensured the integrity of employees across all department when dealing with outsiders and in their internal operation and management.

Composition of Compliance Committee



### Case:

## "Align with Heart, Govern with Action" 2023 Henlius Compliance Day



On October 13, 2023, Henlius carried out "Align with Heart, Govern with Action" Themed Compliance Day, which was the fourth Compliance Day cultural activity by Henlius. This activity lasted for one week, and was open to all employees through online knowledge quiz and other activities to review the Company's compliance requirements and policies. Meanwhile, the compliance spokespersons from 10 departments also delivered compliance speech through online videos.

On October 20, the offline activities for the Compliance Day were held at Xuhui Facility and Songjiang First Plant. Interactive game sessions and on-site compliance consulting services were arranged in this event in order to strengthen compliance promotion through fun and interactive games.

### Case:

## Henlius Carried out Internal Compliance Training

In 2023, Henlius carried out compliance training covering sales, marketing, medical affairs, clinical operations and other departments. The training included such topics as corporate compliance systems and requirements, laws and regulations, industry dynamics, and case studies of how to avoid common risks and issues. The training deepened employees' understanding of the importance of legal and compliance risk control, and raised their awareness on prevention and control of business risk.



# Anti-Corruption and Business Ethics

Henlius always adheres to the principle of honesty, trustworthiness, compliance and integrity in operations. The Company strictly abides by relevant laws and regulations as well as such internal systems as *Anti-Corruption Regulations, Business Ethics and Compliance Policies, the Measures for Reporting and Handling Compliance and Integrity Violation Incidents*, and the *Measures for the Management of Gifts and Premiums in Official Activities*. During the reporting period, the Company updated *Anti-Corruption Regulations* to clarify and refine various prohibited behaviors, further emphasize and require employees to be honest, self-disciplined and trustworthy in the performance of their duties, which maintained the Company's integrity culture. As the highest supervision body for anti-corruption and business ethics, the Board of Directors regularly oversees and reviews the reports on important work carried out by the Audit Committee. Meanwhile, we continue to adhere to the five principles of handling violation incidents, accept every complaint, and maintain the Company's ethical and honest operating environment.

Henlius continues to carry out annual audit program in 2023, including equipment management audit, sales and marketing audit, IT and weak current engineering audit and Songjiang Second Plant construction project and other programs. The audit focuses on anti-corruption and business ethics, covering all places where we operate. In addition, the Company actively carries out investigation on the business ethics of suppliers and employees in the audit program. Any conformed violations will be submitted to Compliance Committee for review. The Company regularly conducts audits on business ethics every year to ensure that business behaviors meet the requirements of code of ethics. Furthermore, Henlius offers multiple ways to report violations of business ethics in daily business activities, including disclosing the reporting telephone numbers and e-mails of supervision departments, the audit department, the procurement department of Shanghai Fosun High Technology (Group) Co., Ltd., Fosun Pharma and Henlius<sup>\*1</sup> in bidding and procurement contracts, and providing reporting methods on company [Official Website](#) and Henlius internal portal. During the reporting period, no lawsuits and cases involving corruption or unfair competition occurred.

Henlius protects whistleblowers to the greatest extent and avoids unfair treatment or retaliation due to their reporting. The Company strictly keeps confidential the identity of the whistleblowers and the contents of the report. We absolutely prohibit any person from disclosing the identity of the informants. In case of information disclosure and retaliation against the whistleblowers, the Company will punish the responsible personnel depending on the severity of the circumstances, and handle the case over to judicial authorities if criminal conduct might be involved. In 2023, the Company carried out an annual compliance certification for all the employees (including dispatched employees and contractors). Employees were required to study the Company's *Anti-corruption Regulations, Business Ethics and Compliance Policy* and other anti-corruption regulations, and take an online compliance test. A *Compliance Confirmation Letter* would be issued for those who passed the test, which marked the completion of the annual compliance certificate, and also as a part of the employees' annual performance review. In 2023, the Company completed 101 anti-corruption training sessions for employees.

The Company places equal emphasis on promoting directors' awareness of business ethics and anti-corruption. During the reporting period, we provided one training session on whistle-blowing and anti-corruption for directors, and all of the 11 directors have participated.

## Five Handling Principles



## Compliance Report Process of Henlius



\*1: Shanghai Fosun High Technology (Group) Co., Ltd is the first majority shareholder of Fosun Pharma and Henlius is the holding subsidiary of Fosun Pharma.



## Responsible Marketing

We strictly comply with the *Advertising Law of the People's Republic of China*, the *Federal Trade Commission Act of the United States*, the *Truth in Advertising Act of the United States* and other national laws and regulations, as well as major laws and regulations and industry standards related to advertising and labeling in the regions where we operate. We have updated the *Press Release Policy*, the *Crisis Management Policy*, the *Public Event and Interview Process Management Policy*, *Henlius Visual Identification Handbook* and formulated the *WeChat Official Account Operation Administration Measures*, further implemented the Company's press release-related work processes and mechanisms, the Company's crisis management structure and responsibilities, expanded the management of promotional videos, strengthened the Company's control of new media brand materials, and effectively maintained the trust with the public.

Based on sound policies and regulations, all promotion materials and meetings of Henlius will be subject to internal approval prior to implementation in order to ensure that our promotion activities meet the requirements of responsible marketing. Meanwhile, the Company framed a number of internal regulations to release relevant information in a timely, centralized and accurate manner through official channels including the [Company's website](#), media interviews, WeChat official account and press conferences to ensure consistency, promptness, accuracy and reasonableness of the information disclosure. No other persons except for the designated official spokespersons of the Company are permitted to accept media interviews or respond to enquiries from relevant authorities, to avoid inconsistent information about the Company and to promote the Company's image in a compliant manner.

Henlius carries out promotion of relevant policies of responsible marketing to all employees, covers relevant audits of responsible marketing in the annual audit, and reviews the compliance of marketing behaviors. As for commercial marketing team, the Company regularly carries out compliance training, mainly including national laws and regulations, Henlius' internal compliance policies and requirements, industry updates, common marketing risks and cases, etc. Laws and regulations related to responsible marketing, illegal reporting channels, compliance promotion and other items are strengthened. Precautions in marketing process are emphasized, ensuring legal and compliance marketing activities. New sales staff are required to complete the online training within the first week of employment, participate in online orientation within three months after employment and receive live training provided by the compliance team on the "Online Orientation Platform" to further clarify relevant compliance requirements. In addition, Henlius establishes "Knowledge Bird" platform for the commercial marketing team for learning relevant compliance knowledge, including the *Anti-Corruption Regulations*, the *Measures for Reporting and Handling Compliance and Integrity Violation Incidents*, the *Business Ethics and Compliance Policy*, and the *Compliance Training Materials for Commercial Teams* for the daily learning of employees, and the monthly test includes compliance related questions. At the same time, the commercial marketing team employees are required to accept a quarterly behavior assessment that includes compliance requirements, and the assessment scores are linked to the employees' quarterly bonuses.

In 2023, Henlius carried out 49 compliance training sessions for commercial marketing team. During the reporting period, we did not incur any administrative penalties, nor did it had any lawsuits arising from marketing violations.

Henlius carried out

**49** compliance training sessions for commercial marketing team



## Protecting Information Security

Henlius strictly abides by the laws and regulations in the regions where we operate, including the Law of the *People's Republic of China on the Protection of Consumer Rights and Interests* and the *Network Security Law*. We have updated policies and systems including the *General Outline of the Information Security Management System of Henlius Information Technology Department*, the *Information Security Management Strategy of Henlius Information Technology Department*, the *Information Security Management Code of Henlius Employees*, and the *Security Management Measures for Information System Construction of Henlius Information Technology Department*, released a series of information security policies and systems such as *2023 Henlius Data Security Management System*. During the reporting period, we have refined, added and updated relevant policies and systems, continued to improve the information security management system, standardized internal information security behavior, further strengthened the protection of important data, and reduced the risk of data leakage and loss. During the reporting period, no major information security incidents occurred in the Company. In December 2023, Henlius successfully passed a review of annual audit of ISO/IEC 27001:2013 information security management system certification.

In order to further meet the requirements of pharmaceutical industry and regulations, sensitive data are encrypted to ensure the compliance of data security and privacy protection. Meanwhile, the Company improves system security and stability. In 2023, Henlius brought in commercial data encryption platform and strengthened AD (Active Directory, which centrally administrates the directory services of users and computers in the network) domain-controlled security monitoring on the basis of the five major measures to ensure information security including operation and maintenance of security assets, security event monitoring of key assets, vulnerability security management, threat management supervision and standardized inspection specifications, and also applied to the China National Intellectual Property Administration (CNIPA) for a distributed network information security system for utility model pharmaceutical enterprises, as well as invention and creation of information security system for dense-point sorting of business secret for biopharmaceutical enterprise. The implementation of new patents and new measures not only enables us with stronger encryption protection capabilities in key departments, improves the protection of data privacy and prevents data tampering, but also promotes the Company's technological innovation and business transformation.

### New Information Security Measures in 2023

#### Building A Commercial Data Encryption Platform

The platform adopts advanced encryption algorithms and technologies to ensure the security and confidentiality of data involved in R&D and production systems, prevent data leakage and illegal access, and effectively promote business cooperation and data sharing.

#### Strengthening AD Domain Controller Security Control

As for AD domain controller security risk, abnormal behaviors and potential threats are automatically identified through real-time monitoring of network traffic, system logs and other data. Security event reports are generated and early warning information is provided in a timely manner to help the security team quickly respond to and deal with security threats.

Henlius attaches great importance to personal information protection. In 2023, the Company issued *Henlius Personal Information Protection System*, which stipulates the basic guidelines for personal information protection at the company level in order to ensure the legal, reasonable and safe processing and use of personal information. Moreover, Henlius minimizes the impact of possible leakage incidents by implementing the emergency response process stipulated in the *Business Continuity System*, and the hard disk lock for physical protection of information and AD domain security visual platform are implemented to comprehensively protect information security.

In addition, the Company carried out information security training for employees in order to gradually enrich their information security knowledge. On May 16, 2023, the first information security day technological innovation activity sponsored by Henlius' Information Technology Department was officially held. This event included two parts, namely online security training live streaming and offline information security interaction and PC value-added services, with an aim to help employees understand how to protect personal and enterprise information security. Meanwhile, the Information Technology Department also placed information security knowledge publicity materials in the office area on each floor, so that everyone can keep abreast of and pay attention to network information security protection knowledge.

#### Case:

### Henlius Joined Cyber Security Association of China in 2023



Certificate Issued to Henlius by Cyber Security Association of China

In 2023, Henlius joined the Cyber Security Association of China, participated in the exchange of relevant contents of distributed network security in biopharmaceutical industry as a member unit, and discussed the improvement of office efficiency and reduction of operating costs by monitoring and managing equipment and systems. In addition, we take a series of network security measures to ensure the security of pharmaceutical data and equipment for the biopharmaceutical network security of concerns by the association and the Company.



# Protecting Intellectual Property

Henlius actively creates an atmosphere of intellectual property cultural protection while carrying out extensive digital transformation. The Company formulated the *Patent Term Monitoring Procedure in 2023* in accordance with the relevant intellectual property laws and regulations of the place where it operates including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*, so as to further standardize patent application process, reduce the risk of patent licensing due to time limit and other issues, and further enhance the cooperation between intellectual property professionals. During the reporting period, Henlius passed the annual third-party GB/T 29490-2013 audit (Code for the Management of Intellectual Property Rights of Enterprises).

During the reporting period, Henlius applied for a total of 20 invention patents and was granted 16 invention and utility model patents. During the reporting period, the Company did not have any infringement incidents.

As for the Company's activities related to intellectual property rights, such as procurement contracts, information disclosure, articles and the like, the Intellectual Property Department of Henlius guides employees to submit activities with potential intellectual property risks to the Intellectual Property Department in written or face-to-face consultation for review by strengthening daily training and publicity. The designated intellectual property personnel will search and conduct due diligence on matters with intellectual property risks (such as supplier's products, services, etc.), and then offer consultation comments and recommendations, so as to effectively avoid possible intellectual property risks that exist in the Company's daily activities.

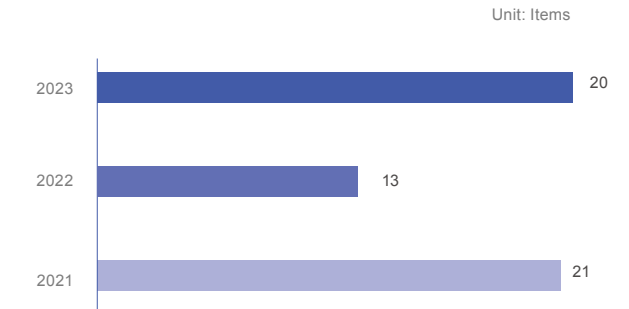
We have set up key timelines in the early, middle and last stages of R&D projects, carried out risk screening and early warning analysis, and formulated strategies for authorizing intervention or patent invalidation challenge for potential risk patents. In the process of foreign cooperation, we not only carry out due diligence to clarify the ownership of intellectual property achievements, but also conduct whole-process risk monitoring to safeguard the legitimate rights and interests of enterprises in a timely manner. In the meantime, the Intellectual Property Department has set up corresponding control procedures for the entry and dismissal of employees, such as signing the Declaration on IPR upon Enrolment, "intellectual property notification" and approval of employee resignation. In addition, we have implemented classified protection of intellectual property rights, and carried out hierarchical management for patents, trademarks and other types of intellectual property rights in order to comprehensively improve the effectiveness of confidentiality and management.

In 2023, Henlius carried out targeted intellectual property training sessions for different departments, and utilized various channels to continuously promote the concept of intellectual property protection to employees. In addition, the Company promotes the concept of intellectual property through various channels, actively participates in lectures and conferences of national and regional intellectual property-related institutions, associations and intellectual property professionals, discusses intellectual property related topics, and promotes the improvement of intellectual property awareness from multiple directions.

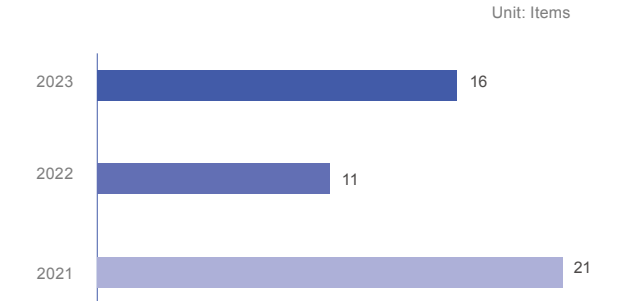
In 2023, we participated in the "Asia Pacific Biopharmaceutical Intellectual Property Innovation Summit 2023", focusing on the theme of "New Policy Environment · New IP Standards · New Opportunities for Cooperation", we actively offered advice and recommendations on biopharmaceutical policies, systems and hot issues, and held a round table discussion on the topic of "Patent Portfolio and Risk Aversion of Chinese Biopharmaceutical Enterprises in Europe" at the "Biopharmaceutical European Patent Strategy Seminar", which further improved our social influence and showcased our resolute commitments to safeguarding intellectual property rights.

## Henlius' Invention Patent Applications and Patents Granted from 2021 to 2023

Number of invention patent applications




Number of invention and utility model patents granted





### Intellectual Property Training



For R&D departments

Continue to carry out intensive training on basic knowledge and information research of intellectual property and focus on raising awareness of innovation protection and basic general knowledge of intellectual property among R&D employees.

In view of such issues as patent application and trade secret management arising from the Company's R&D process, Dr. Feng Li, a partner of Finnegan Law Firm in the United States, was invited to hold a lecture on "Patent Portfolio Strategy and Trade Secret Management" for the staff at the Shanghai Innovation Center.



For departments closely related to the licensed transaction business

Provide special training to relevant employees on key intellectual property issues in business cooperation, focusing on raising awareness and expertise in trade secret protection, defense of IP rights and early warning of infringement disputes.

In September 2023, a joint seminar was held for business development and the Legal Department to discuss topics related to intellectual property rights in licensing transactions and further enhance the departmental awareness of intellectual property rights.



For dedicated IP management personnel

Relevant personnel are required to have professional qualifications; certain trainings are offered annually for regular update of their knowledge and professional skills.

#### Case:

### Henlius Applied for Shanghai Patent Navigation Project in Terms of Enterprise Management and R&D activities in 2023

Henlius applied for Shanghai Patent Navigation Project in terms of Enterprise Management and R&D activities in 2023, which was formally approved in May 2023. The project focused on the R&D activities of "anti-tumor antibody—drug conjugates and their applications", carried out patent search and analysis, built ADC patent navigation database, and regularly updated competitive products and relevant technical patent information, and the analysis report of ADC subject patent FTO (Freedom To Operate). On this basis, the Company carried out licensing intervention or invalidation challenge on barrier patents, provided patentability analysis according to the invention and creation reporting of ADC R&D activities, and planned to submit relevant patent applications.

#### Case:

### Henlius was Awarded Shanghai Patent Work Demonstration Project for Enterprises and Institutions 2023

In July 2023, Henlius applied for 2023 Shanghai Patent Work Demonstration Project for Enterprises and Institutions, which was officially approved in September 2023. This was the second time the Company applied for and obtained the 1:1 support from the Intellectual Property Office of Pudong New District based on the acceptance of the Shanghai Enterprise and Institution Patent Pilot Unit in 2020. This project further improved our intellectual property management capability and intellectual property quality from three aspects of "improving working capabilities", "improving patent portfolio" and "building competitive advantages".



Certificate of Shanghai Patent Work Demonstration Enterprise





# Appendix I: Key Performance Table

## Environmental Performance

Performance Indicators	Unit	2021	2022	2023
<b>Energy Use</b>				
Natural gas consumption	Cubic meter	2,878,404	2,989,137	3,183,287
Gasoline (self-owned vehicle gasoline consumption)	Litre	11,558.48	7,738.90	11,680.58
Power consumption (purchased power)	Kilowatt-hour	24,583,212	25,747,474	26,414,814
Comprehensive energy consumption	GJ	198,469.62	206,789.02	216,709.82
Comprehensive energy consumption intensity <sup>*1</sup>	GJ/Litre	9.92	4.31	4.51
Comprehensive energy consumption intensity <sup>*2</sup>	GJ/10,000CNY	1.18	0.64	0.40
<b>Resource Use</b>				
Water consumption	Cubic meter	284,617	236,195	259,437
Water consumption intensity <sup>*3</sup>	Cubic meter /Litre	14.23	4.92	5.40
Water consumption intensity <sup>*4</sup>	Cubic meter /10,000CNY	1.69	0.73	0.48
Total amount of recycled water	Cubic meter	2,122,725	2,109,881	5,714,905.80
Total amount of packaging material used in finished products	Ton	139.08	226.54	245.94
Packaging materials used in finished products intensity <sup>*5</sup>	Ton /Litre	0.007	0.005	0.005
Packaging materials used in finished products intensity <sup>*6</sup>	Ton /10,000CNY	0.00083	0.00070	0.00046
Total investment in environmental protection costs	10,000CNY	405.87	757.51	624.21
<b>Emissions</b>				
<b>Air Emissions</b>				
Nitrogen oxides(NOx) emissions	Ton	0.53	0.30	1.10
Sulfur dioxide emissions	Ton	0.08	0.01	0
Total non-methane hydrocarbon emissions	Ton	0.25	0.21	0.18
Particulate matter emissions	Ton	0	0.03	0.01

1. In units of commercial capacity (i.e., single-use production equipment).

2. In units of 10,000CNY.

3. In units of commercial capacity (i.e., single-use production equipment).

4. In units of 10,000CNY.

5. In units of commercial capacity (i.e., single-use production equipment).

6. In units of 10,000CNY.



Performance Indicators	Unit	2021	2022	2023
<b>Wastewater</b>				
Industrial wastewater discharge	Ton	47,347.50	110,371.05	123,742.34
Chemical oxygen demand (COD) emissions	Ton	4.17	5.82	5.04
Ammonia nitrogen (NH <sub>3</sub> -N) emissions	Ton	0.20	0.18	0.04
<b>Waste</b>				
Total domestic waste	Ton	383.65	336.33	115.01
Total general industrial solid waste	Ton	207.50	297.19	300.68
Total hazardous waste	Ton	177.21	221.76	226.97
Hazardous waste intensity <sup>1</sup>	Ton /Litre	0.009	0.005	0.005
Hazardous waste intensity <sup>2</sup>	Ton /10,000CNY	0.001	0.001	0.0004
Total non-hazardous waste	Ton	591.15	633.52	415.69
Non-hazardous waste intensity <sup>3</sup>	Ton/Litre	0.012	0.013	0.01
Non-hazardous waste intensity <sup>4</sup>	Ton/10,000CNY	0.004	0.002	0.0008
Total solid waste	Ton	768.36	855.27	642.66
Solid waste emission intensity <sup>5</sup>	Ton /Litre	0.04	0.02	0.01
Solid waste emission intensity <sup>6</sup>	Ton /10,000CNY	0.005	0.003	0.001
<b>Greenhouse Gas Emissions</b>				
Greenhouse gas emissions	Tons of carbon dioxide equivalent	23,543.44	21,163.93	21,973
Scope 1 greenhouse gas emissions	Tons of carbon dioxide equivalent	6,249.15	6,480.15	6,908.63
Scope 2 greenhouse gas emissions	Tons of carbon dioxide equivalent	17,294.29	14,683.78	15,064.37
Greenhouse gas emission intensity <sup>7</sup>	Tons of carbon dioxide equivalent/Litre	1.18	0.44	0.46
Greenhouse gas emission intensity <sup>8</sup>	Tons of carbon dioxide equivalent /10,000CNY	0.14	0.07	0.04

1. In units of commercial capacity (i.e., single-use production equipment).

2. In units of 10,000CNY.

3. In units of commercial capacity (i.e., single-use production equipment).

4. In units of 10,000CNY.

5. In units of commercial capacity (i.e., single-use production equipment).

6. In units of 10,000CNY.

7. In units of commercial capacity (i.e., single-use production equipment).

8. In units of 10,000CNY.



## Employee Performance

Performance Indicators	Unit	2021	2022	2023
<b>Employee employment</b>				
Total number of employees	Person	2,234	3,406	3,637
Number of contractual employees	Person	/	3,381	3,612
Number of contractual employees (employees with disabilities)	Person	/	19	19
Number of rehired retirees (excluding labor outsourcing or labor dispatchers)	Person	/	6	6
Number of male employees	Person	1,032	1,614	1,776
Number of female employees	Person	1,202	1,792	1,861
Number of employees over 50 years old	Person	39	39	43
Number of employees aged 30-50	Person	1,302	1,810	2,129
Number of employees under the age of 30	Person	893	1,557	1,465
Number of employees working in Chinese mainland	Person	2,203	3,338	3,589
Number of employees working in Hong Kong, Macao and Taiwan	Person	0	0	0
Number of employees working overseas	Person	31	68	48
Number of employees by education: Doctor	Person	99	129	134
Number of employees by education: Master	Person	590	737	706
Number of employees by education: Undergraduate	Person	1,138	1,870	2,043
Number of employees by education: Below College Level	Person	407	670	754
Employee turnover rate <sup>1</sup>	%	20.19	16	17.55
Employee turnover rate by gender: Male Employees	%	22.81	17.86	18.72
Employee turnover rate by gender: Female Employees	%	17.78	14.26	16.40
Employee turnover rate by age: Over 50	%	22	18.75	29.51
Employee turnover rate by age: 30-50 years old	%	19.73	17.46	18.37
Employee turnover rate by age: Less than 30 years old	%	20.76	14.17	15.90

1. The calculation caliber in 2023 is the number of departures / (number of departures + total number of employees) \* 100%.



Performance Indicators	Unit	2021	2022	2023
Employee turnover rate by region: Chinese Mainland	%	19.92	15.83	17.15
Employee turnover rate by region: Overseas	%	35.42	23.60	39.24
<b>Employee Health and Safety</b>				
Work-related fatalities	Person	0	0	0
Death rate due to work	%	0	0	0
Working days lost due to work-related injuries	Day	0	0	1
<b>Employee Training</b>				
Employee training expenses	10,000CNY	296.93	133.88	261.63
Employee training coverage	%	88.76	90.60	98.05
Male employee training coverage	%	86.34	89.41	97.92
Female employee training coverage	%	90.85	96.69	98.17
General staff training coverage	%	90	90.85	98.26
Management staff training coverage	%	76	87.81	95.70
Average training hour per employee <sup>1</sup>	Hour	52.39	71.55	77.61
Average training hour per male employee <sup>2</sup>	Hour	57.42	75.78	82.74
Average training hour per female employee <sup>3</sup>	Hour	48.07	67.73	72.71
Average training hour per general staff <sup>4</sup>	Hour	56.30	75.32	81.01
Average training hour per management staff <sup>5</sup>	Hour	20	29.29	40.01

1. The calculation caliber is the total online and offline time/total number of employees.
2. The calculation caliber is the total online and offline time/total number of male employees.
3. The calculation caliber is the total online and offline time/total number of female employees.
4. The calculation caliber is the total online and offline time/total number of general employees.
5. The calculation caliber is the total online and offline time/total number of middle to senior managers.



## Product Quality and Safety

Performance Indicators	Unit	2021	2022	2023
Total number of violations related to health and safety, labelling of products and services provided	Case	0	0	0
Total number of violations of laws and regulations in marketing	Case	0	0	0
Total number of violations of customer privacy violations	Case	0	0	0
Percentage of total products sold or shipped subject to be recalled for safety or health reasons	%	0	0	0
Number of complaints received about products and services	Case	10	12	6
Complaint handling rate about products and services	%	100	100	100

## Supplier Performance

Performance Indicators	Unit	2021	2022	2023
East China	Company	409	597	543
South China	Company	17	46	22
Central China	Company	10	12	6
North China	Company	78	127	104
Northwest Region	Company	2	2	0
Southwest Region	Company	13	20	12
Northeast area	Company	1	5	4
Hong Kong, Macao and Taiwan	Company	1	1	2
Overseas	Company	16	43	51
Total number of suppliers	Company	547	853	744



### Anti-Corruption Performance

Performance Indicators	Unit	2021	2022	2023
Number of completed corruption lawsuits against the company and its employees	Case	0	0	0
Number of anti-corruption training provided to directors	Time	1	1	1
Number of directors attending anti-corruption training	Person	10	10	11
Number of anti-corruption training provided to employees	Time	28	33	101
Number of employees participating in anti-corruption training	Person	2,115	3,574	3,562

### Social Welfare Performance

Performance Indicators	Unit	2021	2022	2023
Charitable donation	10,000CNY	602.03	2,745.30	4518.50



# Appendix II GRI Content Index

Disclosure Issues/ Disclosure Items	Topics	Sections
<b>GRI 1: Foundation 2021</b>		
<b>GRI 2: General Disclosure 2021</b>		
<b>The organization and its reporting practices</b>		
2-1	Organizational details	About This Report
2-2	Entities included in the organization's sustainability reporting	About This Report
2-3	Reporting period, frequency and contact point	About This Report
2-5	External assurance	SGS Verification Report
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	Company Overview; Supply Chain Management
2-7	Employees	Employee Rights and Interests and Employment
<b>Governance</b>		
2-9	Governance structure and composition	Corporate Governance and Management
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance and Management
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance and Management
2-16	Communication of critical concerns	Corporate Governance and Management
<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	Corporate Governance and Management
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	Stakeholder Engagement
<b>GRI 3: Material Topics 2021</b>		
3-2	List of material topics	Material Issues Matrix



Disclosure Issues/ Disclosure Items	Topics	Sections
<b>GRI 205: Anti-corruption 2016</b>		
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance and Management
205-3	Confirmed incidents of corruption and actions taken	Corporate Governance and Management
<b>GRI 206: Anti-competitive Behavior 2016</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance and Management
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organization	Strengthening Environmental Management
302-3	Energy intensity	Strengthening Environmental Management, Appendix I: Key Performance Table
<b>GRI 303: Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	Strengthening Environmental Management
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	Strengthening Environmental Management, Appendix I: Key Performance Table
305-2	Energy indirect (Scope 2) GHG emissions	Strengthening Environmental Management, Appendix I: Key Performance Table
305-4	GHG emissions intensity	Strengthening Environmental Management, Appendix I: Key Performance Table
<b>GRI 306: Waste 2020</b>		
306-2	Management of significant waste-related impacts	Strengthening Environmental Management
<b>Social</b>		
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	Appendix I: Key Performance Table
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	Occupational Health and Safety
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Appendix I: Key Performance Table
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Cultivation and Development
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Corporate Governance and Management; Employee Rights and Interests and Employment





Disclosure Issues/ Disclosure Items	Topics	Sections
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Employee Rights and Interests and Employment
<b>GRI 408: Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Interests and Employment
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights and Interests and Employment
<b>GRI 417: Marketing and Labeling 2016</b>		
417-2	Incidents of non-compliance concerning product and service information and labeling	Appendix I: Key Performance Table
417-3	Incidents of non-compliance concerning marketing communications	Appendix I: Key Performance Table
<b>GRI 418: Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendix I: Key Performance Table



# Appendix III: HKEX Index

## Environmental, Social and Governance Reporting Guide - Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Chapter	
<b>A. Environmental</b>			
A1 Emissions	<p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> <p><i>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	Strengthening Environmental Management	
	A1.1	The types of emissions and respective emissions data.	Strengthening Environmental Management, Appendix I: Key Performance Table
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Management, Appendix I: Key Performance Table
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Management, Appendix I: Key Performance Table
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Management, Appendix I: Key Performance Table
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Tackling Climate Change, Strengthening 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.	Strengthening Environmental Management, Appendix I: Key Performance Table
A2: Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	Strengthening Environmental Management	
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Management, Appendix I: Key Performance Table
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Strengthening Environmental Management, Appendix I: Key Performance Table
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Tackling Climate Change, Strengthening Environmental Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Tackling Climate Change, Strengthening Environmental Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Strengthening Environmental Management, Appendix I: Key Performance Table

**Subject Areas, Aspects, General Disclosures and KPIs****Corresponding Chapter**

A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Strengthening Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Strengthening Environmental Management
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Tackling 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.	Tackling Climate Change

**B. Social****Employment and Labour Practices**

B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Rights and Interests and Employment
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employee Rights and Interests and Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Rights and Interests and Employment Appendix I: Key Performance Table
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
	B2.2	Lost days due to work injury.	Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	Employee Cultivation and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Cultivation and Development
	B3.2	The average training hours completed per employee by gender and employee category.	Employee Cultivation and Development



Subject Areas, Aspects, General Disclosures and KPIs			Corresponding Chapter
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Rights and Interests and Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Rights and Interests and Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights and Interests and Employment
Operating Practices			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Supply Chain Management, Appendix I: Key Performance Table
	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.	Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Leadership in Quality, Implementing Responsible Operations
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix I: Key Performance Table
	B6.2	Number of products and service related complaints received and how they are dealt with.	Leadership in Quality
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Implementing Responsible Operations
	B6.4	Description of quality assurance process and recall procedures.	Leadership in Quality
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Implementing Responsible Operations

**Subject Areas, Aspects, General Disclosures and KPIs****Corresponding Chapter**

B7 Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Implementing Responsible Operations
	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.	Implementing Responsible Operations
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Implementing Responsible Operations
	B7.3	Description of anti-corruption training provided to directors and staff.	Implementing Responsible Operations
<b>Community</b>			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Building Warm Communities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building Warm Communities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Building Warm Communities



# Appendix IV: Feedback

In order to continuously improve the sustainable development of Henlius, we would like to collect your useful feedback, which will serve as an important basis for us to improve our work. We sincerely thank you for your valuable suggestions on this report.

## Your Information:

Name:

Organization:

Contact Number:

Email Address:

## Your Feedback

1. In general, the 2023 Henlius ESG Report is:

- Very good     
  Quite good     
  Somewhat good     
  Not so good     
  Not good at all

2. The disclosure of the 2023 Henlius ESG Report is:

- Very informative     
  Quite informative     
  Somewhat informative     
  Not so informative     
  Not informative at all

3. The quality of information disclosed in the 2023 Henlius ESG Report is:

- Very high     
  Quite high     
  Somewhat good     
  Quite low     
  Very low

4. Which of the following areas in the 2024 Henlius ESG Report need to be strengthened:

- Idea elaboration     
  Data & charts     
  Case studies     
  Topics     
  Images

5. In the 2024 Henlius ESG Report, you would like to add a section on:

Corporate governance, in particular:

Environmental protection, in particular:

Social advancements, in particular:

Others, in particular:

## Contact us:

Address: 11/F, B8 Building, No.188 Yizhou Rd, Xuhui District, Shanghai

Postcode:200233


Website:[www.henlius.com](http://www.henlius.com)

Tel:+86 021 33395800

E-mail: [PR@henlius.com](mailto:PR@henlius.com)



# Verification Report



## ASSURANCE STATEMENT

**SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI HENLIUS BIOTECH, INC. 2023 Environmental, Social and Governance Report**

**NATURE OF THE ASSURANCE/VERIFICATION**  
 SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by SHANGHAI HENLIUS BIOTECH, INC. (hereinafter referred to as HENLIUS) to conduct an independent assurance of the 2023 Environmental, Social and Governance Report (hereinafter referred to as the Report).

**INTENDED USERS OF THIS ASSURANCE STATEMENT**  
 This Assurance Statement is provided with the intention of informing all HENLIUS' Stakeholders.

**RESPONSIBILITIES**  
 The information in the Report and its presentation are the responsibility of the management, governing body of HENLIUS. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all HENLIUS' stakeholders.

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**  
 The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organisation's reporting practices and other organisational detail, GRI 3: 2021 for organisation's process of determining material topics, its list of material topics and how to manage each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000) , based on a moderate level of scrutiny.

**SCOPE OF ASSURANCE AND REPORTING CRITERIA**  
 The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

- HKEX Environmental, Social and Governance (ESG) Reporting Guide.
- GRI Standards 2021 (Reference)

**ASSURANCE METHODOLOGY**  
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees located at Shanghai Xuhui Office (located at 11/F, B8 Building, No.188 Yizhou Rd, Xuhui District, Shanghai, P.R. China) for onsite audit, and Shanghai Xuhui Facility (located at Buildings B, C and D, Kelong Science and Technology Park, No. 1289, Yishan Road, Xuhui District, Shanghai, P.R. China) and Shanghai Songjiang First Plant (located at Jinlingzhidu Building No.1, No.5155 Guangfulin Road, Songjiang District, Shanghai, P.R. China), Songjiang Second Plant (located at No.618 Wenjun Road, Songjiang District, Shanghai, P.R. China) for remote assurance.

**LIMITATIONS AND MITIGATION**  
 Financial data drawn directly from independently audited financial accounts has not been checked back with source data as part of this assurance process.  
 The assurance scope only covered Shanghai Xuhui and Songjiang office and production area of HENLIUS. The data for assurance of report information was from the above scope.  
 The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents did not involve external stakeholders.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**  
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in multiple countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from HENLIUS, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor, Greenhouse Gas Verifier, CSR assesor, ISO 37001 auditor, etc.

**FINDINGS AND CONCLUSIONS**

**ASSURANCE/VERIFICATION OPINION**  
 On the basis of the methodology described and the verification work performed, the information and data in the Report have been verified to be accurate and reliable, and they provide a fair and unbiased account of HENLIUS sustainability activities in 2023.

The assurance team is of the opinion that the Report has referred GRI Standard and was presented in accordance with the reporting principles, mandatory disclosure requirements and the KPIs disclosures of the HKEX Listing Rules appendix C2 'Environmental, Social and Governance Reporting Guide'.

**Reporting Principles**

**Materiality**  
 HENLIUS presented the methodology for factors' materiality research and analysis. Through materiality analysis, the environmental, social and governance significant issues were reported, which could meet the requirement of materiality principle.


**Quantitative**  
 HENLIUS conducted the statistics and analysis for KPIs, and reported the disclosures' impacts and purposes. In the Report, some data were compared with historical years, which to better assist stakeholders in evaluating and making decisions about the effectiveness of management systems.

**Balance**  
 HENLIUS presented the balance reporting rule in the Report and reported the environmental, social and governance issues truthfully.

**Consistency**  
 HENLIUS disclosed the methodologies with consistency for report content and data statistics at all levels in the company, in addition, remarks and interpretations were marked in the Report to assist stakeholders make a clear comparison.

**Findings and recommendations**  
 Good practices and recommendations for the Report and management process were described in the internal management report which has been submitted to the management of HENLIUS for continuous improvement.

Signed:



For and on behalf of SGS-CSTC

**David Xin**  
 Sr. Director – Business Assurance  
 16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Mar. 28<sup>th</sup>, 2024  
 WWW.SGS.COM



**Shanghai Henlius Biotech, Inc.**

Address: 11/F, B8 Building, No.188 Yizhou Rd, Xuhui District, Shanghai

Postcode: 200233

Tel: +86 21 33395800

[www.henlius.com](http://www.henlius.com)

---