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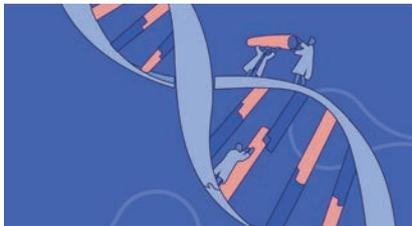
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About This Report

This is the fourth 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

The report is compiled as required by the Environmental, Social and Governance (ESG) Reporting Guide, Appendix 27 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.

Period of Reporting

The reporting period covers the information and data of the Company from 1 January 2022 to 31 December 2022 (the “reporting period” or the “current year”), The same as that of the 2022 Annual Report of the Company. The latest practicable date is April 14 2023.

Scope of Reporting

The disclosure scope of this Report covers Shanghai Henlius Biotech, Inc. (stock code 2696.HK) and its subsidiaries, which is consistent with that of the 2022 Annual Report of the Company.

Disclosure of Reporting

This report is disclosed alongside the “Shanghai Henlius Biotech, Inc. 2022 Annual Report”; and the financial data involved are consistent with the 2022 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.

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.

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. For environmental protection, we recommend reading the electronic version of the report, which is available on the Company’s website (www.henlius.com).

Chairman Message

“ The year of 2022 was a milestone along the journey of Henlius. Looking forward, we aim to “go beyond” together – go beyond our competitors and go beyond ourselves, benefiting more patients worldwide with quality products, and contributing our share to the progress of Chinese biopharma industry! ”

Wenjie Zhang

Chairman, Executive Director, Chief Executive Officer



This year marks a pivotal phase for Henlius' evolution from Biotech towards Biopharma. Staying true to the mission of "improving patients' lives by timely providing them with quality and affordable protein therapeutics through technical innovation and operational excellence", we involve to a biopharma, devote ourselves to both biosimilars and novel biologics, and strive to cement the entire industry chain of research and development (R&D), manufacturing and commercialization. Amidst the Covid-19 pandemic, we marched forward with joint efforts, managing to secure operations of the Company while achieving seemingly-impossible milestones one after another.

Innovation serves as the cornerstone of Henlius. Remaining committed to the vision of delivering “affordable innovation and reliable quality”, we have been constantly promoting product R&D and innovation to maintain high standards of quality and provide quality biological drugs for patients. Up to date, we have launched 5 products in China and 1 product in global markets, totaling 18 indications approved worldwide. Among them, the New Drug Application (NDA) of HANSIZHUANG (serplulimab) has been accepted by the National Medical Products Administration (NMPA) in March, 2022. It has been approved for the treatment of microsatellite instability-high (MSI-H) solid tumors, squamous non-small cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC), providing a new and quality therapeutic choice for patients as the world's first anti-PD-1 mAb for the first-line treatment of SCLC. Meanwhile, with the joint efforts of innovation centers in China and the US and the global product development team, we are proactively exploring pipeline opportunities with antibody as a core, delving into new molecule types including bispecific antibody (BsAb), fusion protein and antibody drug conjugates (ADCs). We saw major progress in multiple innovative targets such as GARP, TIGIT and

LAG-3, and clinical trials have been conducted in the US, EU, Australia and many other countries. Going forward, our sustained efforts in R&D efficiency improvement will establish Henlius among the top Chinese innovative biopharma companies.

Henlius remains devoted to building a sound organization with well-established quality management systems, which will shape our core competencies towards the future. We have been upholding the highest quality standards from day one. Songjiang First Plant obtained the China GMP certification in April, 2022, making it the Company's second facility certified by GMP, which has further scaled up our production capacity. Adhering to the principle of putting quality first, we have been pushing forward the ramp-up across three manufacturing facilities and exploring lean production technologies to reduce cost and improve efficiency. On top of that, we have been expanding the scope of cooperation with local suppliers to foster supplier localization and secure supplies with a stable price, making our products increasingly accessible and affordable.

Talents are the most valuable assets and the foremost driver of growth in a company. Henlius adheres to employment compliance and prohibits any potentially discriminatory behavior. We have established an all-round talent development system featuring fair and sound promotion and incentive mechanisms, with a series of targeted training courses provided. We value employees' sense of belonging. By providing diverse communication platforms where we can listen to employee voice and address their difficulties in life or at work, we aim to create a healthy and safe workplace. In 2022, we put forward a brand-new employee value proposition of “Together to the Future”, aspiring to grow with employees and achieve success together.

With a firm belief in the environmental governance principle of “preventing

environmental pollution and saving energy consumption”, Henlius has put in place an environmental management system with continuous improvement, optimizing resource utilization and keeping waste discharges during production under strict control. Furthermore, we keep a close eye on the global emission of greenhouse gases and regularly track the completion of environmental targets, as a way to cope with risks and opportunities brought by climate change. We carried out a variety of energy conservation and emission reduction activities in our production and operation, contributing to realizing China's carbon peaking and carbon neutrality goals.

Henlius remains open-minded in exploring diversified partnerships. We actively seek for external cooperation and establish strategic partnership with players in and out of the industry. We participate in industry exchanges to gain insight into industry forefront, enhance industry consensus, and pool industry resources for win-win partnerships. Shoulder to shoulder, we are bound to make a greater difference for the pharmaceutical industry.

Henlius pays close attention to practical social issues. We keep exploring ways to pair public welfare with social development, and leverage our expertise and resources to carry out a number of public welfare projects such as “To the Time to Life” cancer patient care public welfare program and “Rural Medical Care Public Welfare Activity”, which upgraded the management of patients' diseases and improved the oncological care at primary healthcare institutions. In the future, we will remain grateful and drive more social impact by constantly strengthening our corporate responsibility. In retrospect, the year of 2022 was a milestone along the journey of Henlius. Looking forward, we aim to “go beyond” together – go beyond our competitors and go beyond ourselves, benefiting more patients worldwide with quality products, and contributing our share to the progress of Chinese biopharma industry!

The Value We Created

In 2022, we remained true to our founding mission and forged ahead. Along with stable business development, we stepped up our sustainability initiatives and created positive values for stakeholders in and out of the Company.

Product

Patients Benefited

Benefited 350,000+ patients with our marketed products

Marketed Products

Successfully launched 5 products in China and 1 product in global market

R&D Investment

218,320.20

Ten thousand yuan

Commercial-Scale Capacity

48,000L

Product Designation

HANSIZHUANG (serplulimab) granted Orphan-Drug Designation (ODD) in the U.S. and EU for Small Cell Lung Cancer

Lean Production

HANQUYOU (trastuzumab, Zercepac® in Europe) single batch output increased by 10%

GMP Training

Total training hours reached 138,997 hours, with 99 hours per capita

GMP Certification

Songjiang First Plant has been certified by China GMP and EU QP

Inclusive Product

Donated an accumulation of 57,200 units of HANSIZHUANG (serplulimab), benefiting more than 5,500 patients

Product Access

HANSIZHUANG (serplulimab) has covered 28 provinces and autonomous regions and 180+ cities in China; HANQUYOU (trastuzumab, Zercepac® in Europe), has covered 31 provinces and autonomous regions and 300+ cities in China. (Data to be provided)

Talents

Employee Equality

52.6% female
19 employees with disabilities

Employee Diversity

68 overseas employees
13 ethnic minority employees

Employee Development

Training hours per capita 71.55 hours;
training investment 1,338,800 yuan

Occupational Health and Safety

0 safety accidents
48,131 hours of EHS training
14.13 hours of training per capita

Employee Care

97% coverage of employees' living supplies guarantee during the pandemic, with over 1,900 deliveries of supplies

Environment

Environmental Investment

RMB **7,575,100**

Water

22,051 and 6,635 cubic meters of reclaimed water reused in Songjiang facility and Xuhui facility respectively

Emission Compliance

100% compliance with waste water, gas and waste emissions

Society

Localized Supply

Developed 37 local suppliers of key materials, saving RMB 22.16 million in procurement costs

Charitable Donation

2,745.30

Ten thousand yuan

Patient Assistance

Introduced the Excellent Medical Assistance Program to 14 suburban counties across China, involving 121 clinical experts and benefiting more than 2,300 patients and 1,400 primary healthcare professionals.

Industry Exchange

Attended 126 industry conferences and delivered 82 keynote speeches

Corporate Governance

Business Ethics

1 anti-corruption compliance training session for members of the Board, covering 100% of Board members and 33 anti-corruption compliance training sessions for employees

ESG Governance

Conducted a total of 3 ESG-specific meetings

Compliance Operations

More than 1,000 employees participated in the 2022 Henlius Compliance Day

Organized 51 compliance training sessions with an attendance of 4,639 person-times

Signing rate of Compliance Confirmation Letter reached 100%

Information Security

Obtained ISO/IEC 27001:2013 information security management system certification

Intellectual Property

In 2022, accumulative for a total of 13 invention patents and 11 invention and utility model patents were granted

Company Overview

About Henlius

Henlius (Stock code: 2696.HK) is a global biopharmaceutical company dedicated to offering patients worldwide with high-quality, affordable, and innovative biologic medicines, covering oncology, autoimmune diseases, and ophthalmic diseases. 5 products have been launched in China, 1 has been approved for marketing in overseas markets, 18 indications are approved worldwide, and 3 marketing applications have been accepted for review in China, the U.S., and the EU, respectively. As of March 31, 2023, the Company's marketed products have benefited an accumulation of approximately 350,000 patients in China. Among these products, HANLIKANG (rituximab injection), Henlius' first product, has been approved by the NMPA as the first domestic biosimilar. Our core oncology product HANQUYOU (trastuzumab), with the trade name Zercepac® in Europe, and Tuzucip® and Trastucip® in Australia, is the first Chinese mAb biosimilar approved both in China and the EU, and a precedent for Chinese pharmaceutical companies to compete in the global arena of biosimilars. HANSIZHUANG (serplulimab injection), Henlius' first novel mAb, is the world's first anti-PD-1 mAb approved for the first-line treatment of small cell lung cancer (SCLC). Approved in March 2022, it is indicated for the treatment of microsatellite instability-high (MSI-H) solid tumors, squamous non-small cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC), and its indication for esophageal squamous cell carcinoma is also under NDA review.

Since its establishment 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 held its manufacturing and quality control processes to Good Manufacturing Practice (GMP) regulations, continuously consolidating its integrated manufacturing platform. As of the end of the reporting period, Shanghai Xuhui manufacturing facility has obtained both China and EU GMP certificates, and the Songjiang First Plant has been certificated by China GMP.

Mission and Vision

Mission: To improve patients' lives by timely providing them with quality and affordable protein therapeutics

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

Our Core Values

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

HENLIUS

Corporate Footprint

In China for Global



- Wholly-owned Subsidiary
- Branch



Honor and Recognition

Honor and Awards

Time	Award	Issuing Body
February 2022	Shanghai Center for Enterprise Tech-nology	Shanghai Municipal Commission of Economy and Informatization
February 2022	Ranked 10th in the Top 15 Biotech Companies of the Top 100 Hong Kong Listed Companies	Top 100 Hong Kong Listed Com-pa-nies Research Centre
March 2022	2022 Top Ten Public Welfare Enterprises of "China Health Public Welfare Star	Medical Weekly and the Organizing Committee of the Annual Meeting of Medical Scientists
June 2022	Research & Development Enterprise in Pudong New Area	Pudong New Area Science Tech-nology and Economy Commission of Shanghai Municipality
July 2022	Donation Certificate	Changshu Charity Foundation
August 2022	Donation Certificate	Beijing Century Charity Foundation
August 2022	Outstanding Epidemic Fighter	Party Working Committee of Hongmei Street, Xuhui District, Shanghai Municipality
September 2022	2022 Top 100 Chinese Pharmaceutical Innovative Enterprises	Healthcare Executive
September 2022	BEYOND Innovation Awards 2022 Healthcare (HANSIZHUANG)	BEYOND EXPO
November 2022	Business Development of the Year of Global Generics & Biosimilars Awards 2022	Generics Bulletin
November 2022	2022 Changchun Award	Shanghai United Media Group - JIEMIAN
November 2022	2022 Golden Flag Award for PR Com-munication (HANSIZHUANG)	Golden Flag Award Organizing Committee
November 2022	Certificate of For Good Enterprise	China Impact Investing Network and CYZONE
December 2022	Scientific Innovation Product of 2022 (HANSIZHUANG)	Southern Weekend Scientific In-novation Research Center
December 2022	Guruclub Greater China Best Listed Company Awards 2022	Gelonghui.com
December 2022	The 7 th "Jin Gang Stocks" Most Valuable Pharmaceutical and Medical Company	Zhitongcaijing.com
December 2022	Greatest Growth Company of the 12th Reputation List of China Listed Compa-nies in 2022	National Business Daily
December 2022	2022 "GoldenWis Award" Excellence Award in China Biopharmaceutical In-dustry	JRJ.com
December 2022	Best Companies to Work for in Asia in 2022	HR Asia
December 2022	The 18th China Bronze Awards for Ex-cel-lence in Public Relations	China International Public Relations Association
January 2023	2022 Top 10 Innovative Pharmaceutical Enterprises of the 2nd Golden Walking Stick Awards	CHINA TIMES, China Council for the Promotion of National Trade, etc.
January 2023	Advanced Unit for Harmonious Creation in 2022	Management Committee of Songjiang Economic and Techno-logical Development Zone and Management Committee of Songjiang Integrated Free Trade Zone
February 2023	Shanghai Drug Manufacturer Credit Assessment Grade A	Shanghai Association for Quality
February 2023	2022 Outstanding Scientific Innovation Enterprise Award and Top 100 Enter-prises of Contribution Award	Party Committee and District Peo-ple' s Government of Xuhui District, Shanghai
February 2023	Enterprise of High-Quality Pharmaceutical Development Achievements in China, 2022 China Pharmaceutical Social Responsibility Media Watch—Public Welfare Pillar Brand of High-Quality Pharmaceutical Development Achievements in China	China Medicine Economic Information Conference Committee (CMEIC) and yyjyb.com

Governmental Support

The rapid and robust development of Henlius today is inseparable from the support of governmental and regulatory bodies. During the reporting period, Henlius was honored to become a Level 1 UN Vendor and awarded as the (27th batch) Shanghai Enterprise Technology Center, the Research & Development Enterprise in Pudong New Area, Shanghai, the Biomedical Technology Support Project under the Shanghai Municipal Science and Technology Innovation Action Plan and the Shanghai High-tech Achievement Transformation Project.

Government Science and Technology Project Support

National Key Research and Development Project of China	Shanghai Major Construction Projects - Shanghai Strategic Emerging Industry Project (Songjiang Facility)	Biomedical Technology Support Project Under Shanghai Municipal Science and Technology Innovation Action Plan	Shanghai Biomedical Innovation Product Key Project	Shanghai New and High-tech Achievements Transformation Project
Technology Innovation Capacity Enhancement Project of Shanghai Peiyuku (Listing Incubator for Science and Technology Innovation Enterprises)	Key Advantageous Industries Promotion of Pudong New Area - Biomedical High-Quality Projects	Certified Pharmaceutical and Medical Device Projects of Xuhui District	Xuhui Development Special Fund Project	Special Fund Project for Shanghai Zhangjiang National Independent Innovation

Qualifications

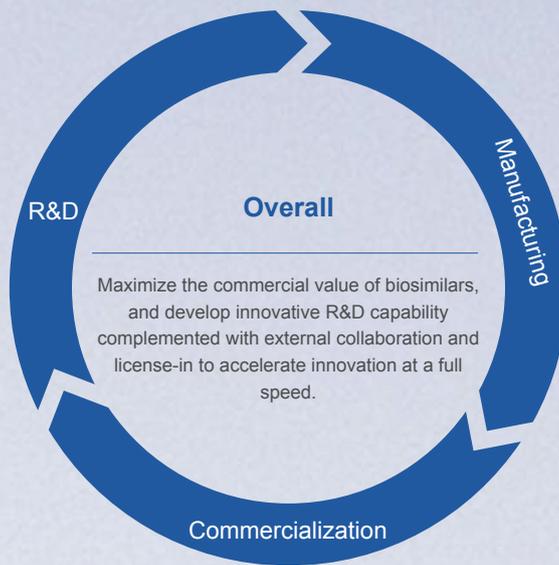
High and New Technology Enterprises	Shanghai Anti-tumor Biologic Engineering and Technology Research Centre	Shanghai Enterprise Technology Center	Shanghai Technology Giant Enterprise
Shanghai Specialized & Innovative SME	Postdoctoral Program in Pudong New Area	Research & Development Enterprise in Pudong New Area	Xuhui Enterprise Technology Research Centre
Level 1 UN Vendor			

Corporate Strategy

In 2022, Henlius made progress across multiple plans by staying committed to the overall strategy of "maximizing the commercial value of biosimilar, relying on self-innovative R&D capabilities complemented with external collaboration and license-in and accelerating diversified innovation at a full speed", and made forward-looking steps in deploying a diversified and quality product pipeline with a focus on oncology, autoimmune diseases, and ophthalmic diseases. We strive to become a larger and more competitive biopharma through robust and sustained growth driven by values unleashed from R&D, manufacturing, and commercialization.

Strategic Goals

Synergize China and US innovation centers, strengthen translational medicine capability, advance differentiated innovation, and meet unmet medical needs.



On the precondition of ensuring "Henlius quality", further strengthen manufacturing capability through improved technology to create competitive economies of scale.

Build a top commercial team through innovative strategies of marketing, access, and commercialization, and efficient sales execution capability.

ESG Management Strategy

ESG management strategy is the tenet guiding Henlius to sustainable development. During the reporting period, we reviewed and evaluated our ESG management strategy, which is partially updated based on the latest developments in the Company and the industry. At Henlius, we advance our ESG performance and hence lay a solid foundation for sustainable development by implementing actions targeting the five pillars of our strategy.

ESG Management Strategy Model



Stakeholder Engagement

The Company is committed to establishing an efficient communication mechanism with stakeholders to ensure the effectiveness and normalization of communication. During the reporting period, Henlius has communicated with stakeholders for multiple times through various channels, gaining in-depth understanding and responding to the needs and expectations of different stakeholders.

Shareholders/ investors

Topics of Concern	Communication Channels
Compliance operations	General Meeting of Shareholders
Corporate governance	Brokerage Summit
Product innovation and R&D	Results presentation
Product quality and safety	Information disclosure of listed companies
Anti-corruption and business ethics	On-site visits Roadshow

Government and regulators

Topics of Concern	Communication Channels
Compliance operations	Participating in industry standards formulation
Industry collaboration and development	Participating in policy formulation
Product quality and safety	Providing suggestions
Anti-corruption and business ethics	Participating in government projects
Product innovation and R&D	Written communication or conference call with government departments
Emissions management	
Water resources use	
Energy use	
Tackling climate change	

Partners

Topics of Concern	Communication Channels
Industry collaboration and development	Industry exchanges Visits
Product quality and safety	Talks

Clients

Topics of Concern	Communication Channels
Inclusive healthcare	Customer service and customer complaint handling
Responsible marketing	Customer satisfaction survey
Anti-corruption and business ethics	Press release from WeChat Official Account and WeChat Channels
Customer rights and privacy protection	Press release from official website
Product quality and safety	Company Hotline

Employees

Topics of Concern	Communication Channels
Employee communication and care	Employee interviews Internal email
Employee rights protection	Labor union and workers' congress
Occupational health and safety	Employee care activities
Employee training and promotion	Employee training and promotion Employee satisfaction survey
Compliant employment	Corporate culture activities
Intellectual property rights management	

Suppliers

Topics of Concern	Communication Channels
Sustainable supply chain management	Supplier audit and communication Green supply chain management
Compliance operations	Supplier conference
Anti-corruption and business ethics	

Media

Topics of Concern	Communication Channels
Industry cooperation and development	Information disclosure of listed companies Press release on official website
Anti-corruption and business ethics	Press conference/media communication meeting
Product quality and safety	Media interview
Product innovation and R&D	Press release on official WeChat account and WeChat Channel
Community charity	

Communities and the public

Topics of Concern	Communication Channels
Emissions management	Site investigation
Energy use	Charitable projects
Community charity	Environmental impact analysis and management Working meeting of government environmental supervision departments Communicating with neighborhood committees

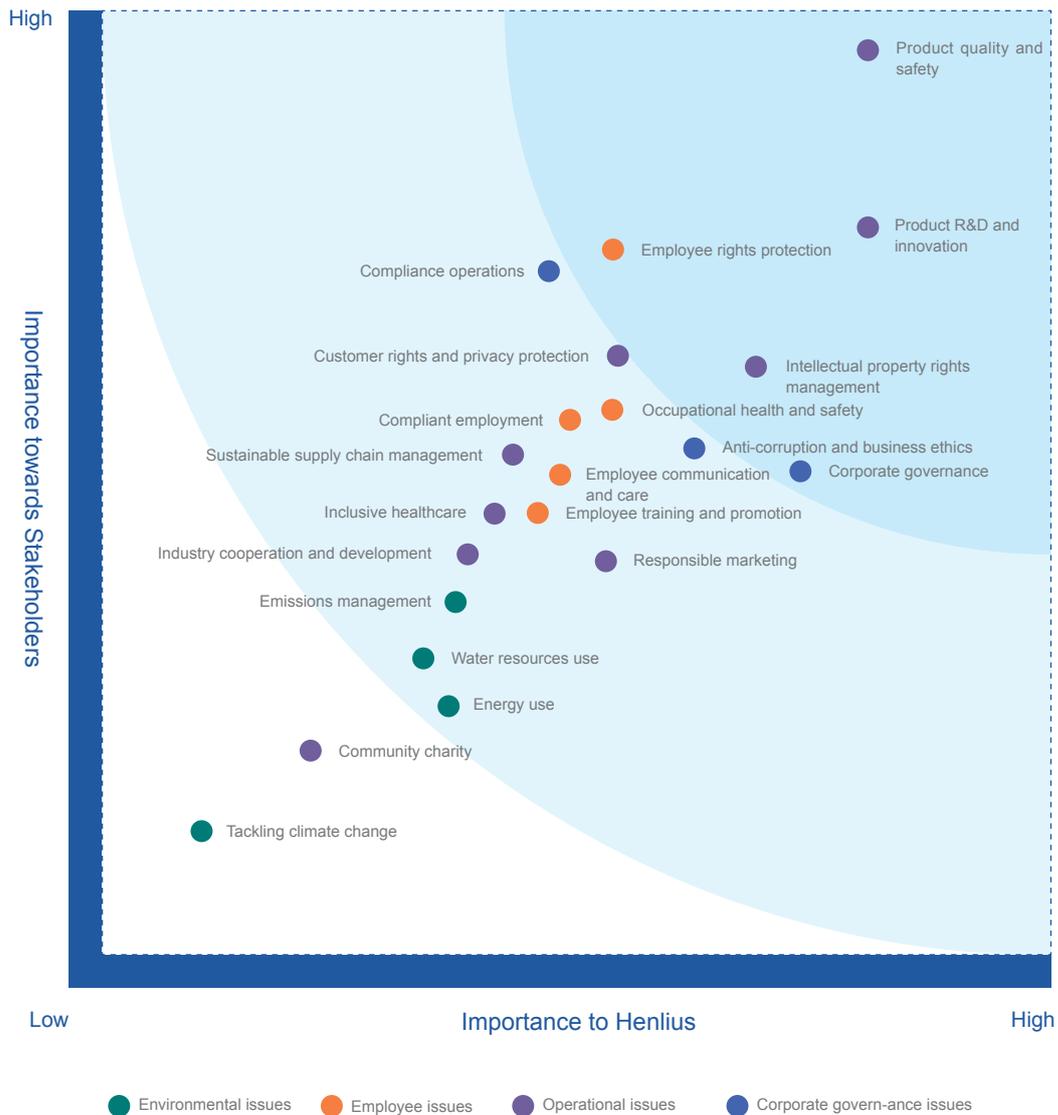
Material Issues Matrix

Henlius is committed to aligning our business operations with the needs of different stakeholders to achieve responsible and comprehensive sustainable development. During the reporting period, Henlius considered domestic and international industry policy standards, benchmarked against industry reports, and identified Henlius' ESG materiality issues and their significance through stakeholder communication and expert judgment, to form an ESG materiality issues matrix.

Henlius has included **21** issues into the material issues matrix

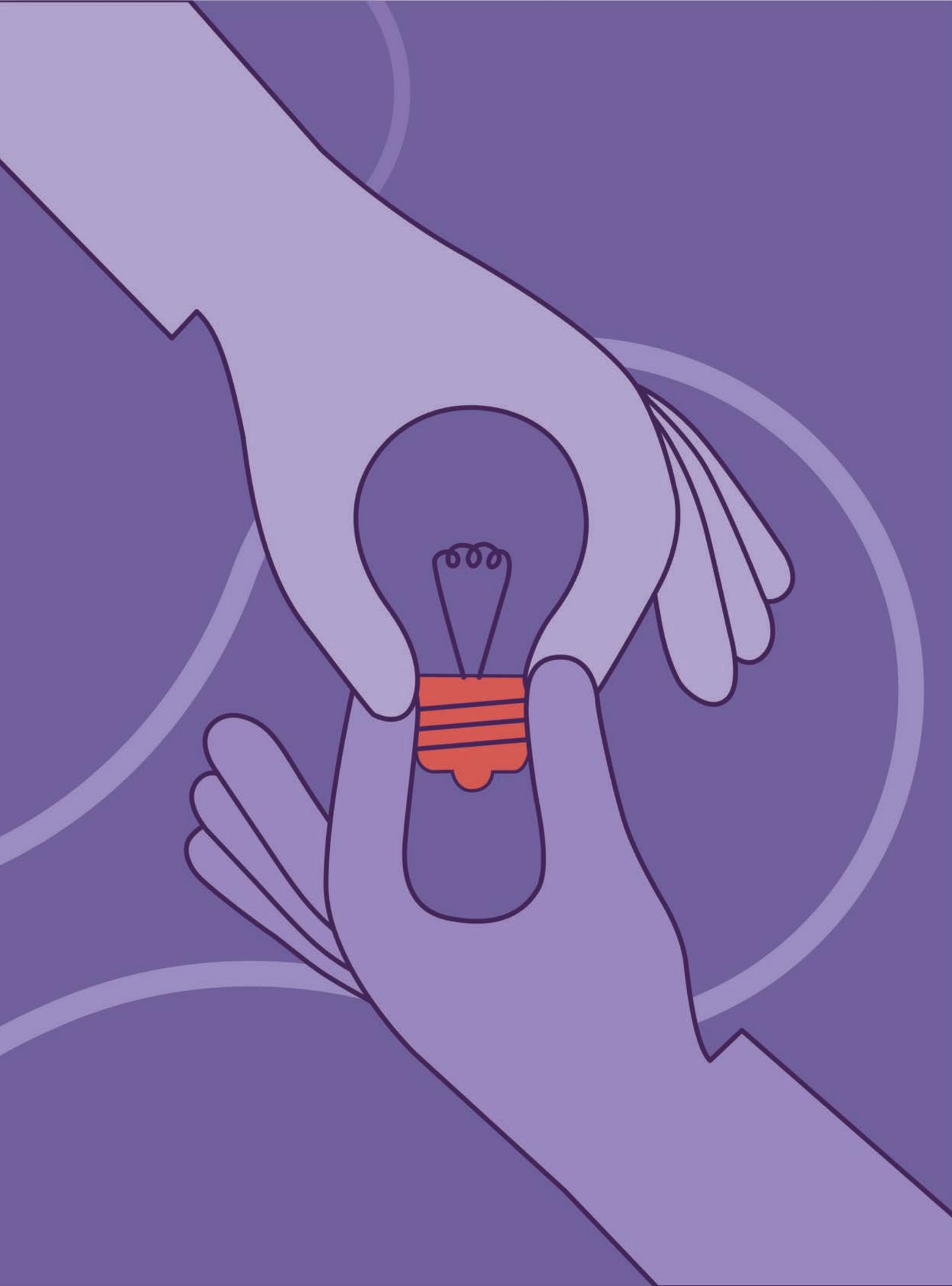
Henlius has included 21 issues into the material issues matrix, of which 5 issues were evaluated as highly important, namely product quality and safety, product innovation and R&D, employee rights protection, intellectual property management, and corporate governance. This Report will focus on disclosing information related to each ESG materiality issue.

Henlius 2022 Material Issues Matrix

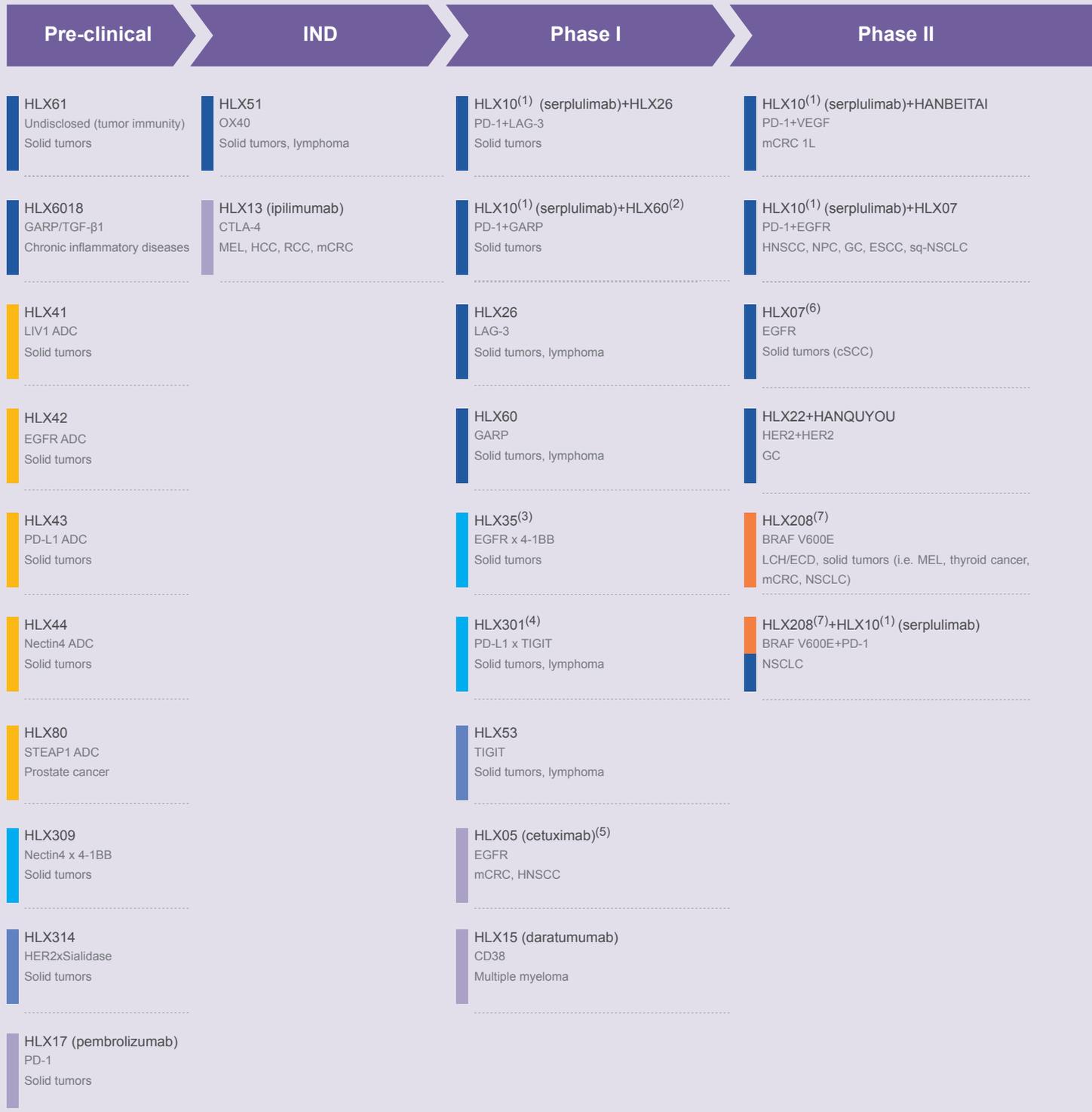


Product

Henlius is committed to bringing affordable and high-quality biological drugs to patients around the world, and we insist on benchmarking with the highest international quality standards to ensure that our quality management philosophy and actions are consistent throughout the entire pharmaceutical lifecycle. Amidst the recurring pandemic in 2022, we maintained continuous production and supply, overcoming many difficulties and working together with all parties to help improve the accessibility of our products through tremendous efforts devoted to logistics and warehousing, supply chain management, etc. Our collaboration with the government, medical institutions, and charitable organizations helped improve the affordability of novel drugs and benefit a broader range of patients worldwide. At the same time, we are working hard to advance our product R&D innovation and actively expand our product pipeline to bring high-quality innovative biologics to more patients with different medication needs.



Product Pipeline





Phase III

NDA

In-Market

HLX10⁽¹⁾ (serplulimab)+chemo
PD-1
ES-SCLC 1L



HLX10⁽¹⁾ (serplulimab)+chemo
PD-1
ESCC 1L

HANSIZHUANG (serplulimab) ⁽¹⁾
PD-1
MSI-H solid tumors, sqNSCLC, ES-SCLC

HLX10⁽¹⁾ (serplulimab)+chemo
PD-1
Neo/adjuvant treatment for GC

HLX10⁽¹⁾ (serplulimab)+chemo
PD-1
ES-SCLC 1L



HANLIKANG (rituximab) ⁽¹²⁾
CD20
NHL, CLL, RA ⁽¹³⁾

HLX10⁽¹⁾ (serplulimab)+chemo+radio
PD-1
LS-SCLC 1L



HLX02 (trastuzumab) ⁽¹¹⁾
HER2
Breast cancer, mGC



HANQUYOU (trastuzumab) ⁽¹¹⁾
HER2
Breast cancer, mGC



HLX10⁽¹⁾ (serplulimab)+HANBEITAI
PD-1+VEGF
nsNSCLC 1L

HANDAYUAN (adalimumab) ⁽¹⁴⁾
TNF- α
RA, AS, psoriasis, uveitis

HLX04-O⁽⁸⁾
VEGF
Wet AMD



HANBEITAI (bevacizumab) ⁽¹⁵⁾
VEGF
mCRC, advanced, metastatic or recurrent NSCLC, GBM, etc.

HLX11 (pertuzumab) ⁽⁹⁾
HER2
Neoadjuvant treatment of breast cancer



HLX14 (denosumab) ⁽¹⁰⁾
RANKL
Osteoporosis



 Innovative mAb

 Innovative ADC

 Innovative BsAb

 Innovative fusionprotein

 mAb biosimilar

 Innovative small molecule



Bridging study in U.S.



BLA under FDA review



MRCT



MAA application in Europe



The first Chinese mAb approved both in Mainland China and the EU

(1) IND approvals obtained in China/the U.S./EUUS countries/Australia, etc. Approved by the NMPA in March 2022. Business partners: KGenBio/Fosun Pharma. (2) IND approvals obtained in Australia. (3) Business partner: Binacea. (4) IND approvals obtained in China/Australia. (5) Business partner: Shanghai Jingze. (6) IND approvals obtained in China/the U.S.. (7) Commercialization rights obtained for Mainland China, Hong Kong, Macao and Taiwan. (8) IND approvals obtained in China/Australia/the US/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) Approved in 30+ countries, including China, the UK, Germany, France and Australia, trade name registered in Europe: Zercepac®, trade name registered in Australia: Tuzucip® and Trastucip®. Business partners: Accord/ Cipla/ Jacobson/ mAbience/ Eurofarma/ Abbott. (12) The first biosimilar approved in China. Business partners: Fosun Pharma/ Farma de Colombia/Eurofarma/Abbott. (13) The first rituximab approved for the indication in China. (14) Business partners: Wanbang/Getz Pharma. (15) Business partner: Eurofarma.

Product Inclusion and Accessibility

Henlius is committed to advancing the affordability and accessibility of our products with patients in mind. We continue to pursue our vision of bringing affordable, high-quality biologics to patients around the world by increasing the number of patients benefited from our inclusive healthcare programs. We are also promoting drug access through external collaboration to leverage resources from both parties and expand the distribution channels and drug coverage, providing more patients with easier access to drugs they need.

As of the end of the reporting period, the Company has successfully launched five products in China and one product in global market.

launched **5** products
in China

launched **1** product in
global market



HANQUYOU



HANQUYOU (Trastuzumab, Zercepac® in Europe, Tuzucip® and Trastucip® in Australia) was approved by the European Commission (EC) and the National Medical Products Administration (NMPA) in July and August 2020 respectively, and is the first domestic monoclonal antibody approved both in China and Europe. HANQUYOU is approved for the indication of HER2-positive early-stage breast cancer, metastatic breast cancer and metastatic gastric cancer, covering all the approved indications of the originator, and has benefited more than 100,000 patients with HER2-positive breast cancer and gastric cancer in China. In 2021, HANQUYOU (150mg) has completed the tendering process on the procurement platform and was included into the medical insurance procurement platform for all provinces in Chinese mainland. The new specification of 60mg/vial has also been approved in August 2021 and has completed the tendering process on the procurement platform in 29 provinces and was included into the medical insurance procurement platform for all provinces in Chinese mainland. The 60mg/vial can be combined with 150mg/vial to achieve flexible dosage form, which is convenient for breast cancer patients in different weight ranges to obtain personalized and more economical treatment. 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 countries, covering about 100 countries and regions. Currently, HANQUYOU is approved for sale in more than 30 countries, including China, the United Kingdom, France, Germany, Switzerland and Australia, and its Biologics License Applications (BLA) was accepted by the U.S. Food and Drug Administration (FDA).

Available in **30+** countries worldwide

Reaching **100,000+** Chinese patients



Benefiting **160,000+** Chinese patients

HANLIKANG

In February 2019, HANLIKANG (rituximab) was approved by the National Medical Products Administration (NMPA). It became the first biosimilar drug developed and approved in China, in accordance with the Technical Guidelines for the Development and Evaluation of Biosimilars (Tentative) released in 2015, for the treatment of non-Hodgkin's lymphoma and chronic lymphocytic leukemia, filling a gap in the domestic biosimilar market. In February 2022, HANLIKANG's indication of rheumatoid arthritis (RA) was approved for marketing for which the original drug has not yet been approved in Chinese mainland. To date, HANLIKANG has benefited more than 160,000 Chinese patients. By the end of 2022, HANLIKANG (100mg/10ml) has been included into the medical insurance procurement platform in 30 provinces in Chinese mainland and completed the tendering process on the procurement platform in all 31 provinces. HANLIKANG (500mg/50ml) has completed the tendering process on the procurement platform in 28 provinces and has been included into the medical insurance procurement platform in 14 provinces in Chinese mainland.



World's first anti-PD-1 monoclonal antibody for first-line treatment of small cell lung cancer (setting a new global record of 15.8 months OS)

HANSIZHUANG

HANSIZHUANG (serplulimab) is Henlius' first self-developed innovative monoclonal antibody and was approved by the NMPA on March 2022. At present, it has been approved for the treatment of microsatellite instability-High (MSI-H) solid tumors, squamous non-small cell lung cancer and extensive stage small cell lung cancer, making it the first anti-PD-1 monoclonal antibody approved for the first-line treatment of small cell lung cancer in the world and providing an alternative treatment option for patients. With HANSIZHUANG as the backbone, Henlius actively promotes its synergy with other in-house products of the Company and innovative therapies and conducts and accelerates various clinical trials with immuno-oncology (IO) combination therapies worldwide, covering a wide range of high-incidence solid tumors, including lung cancer, esophageal carcinoma, head and neck carcinoma, gastric cancer, etc., providing comprehensive coverage for the first-line treatment of lung cancer. Currently, HANSIZHUANG has been enrolled in more than 3,500 patients in China, the United States, Australia, Turkey, Poland, Georgia and other countries and regions, and is one of the anti-PD-1 monoclonal antibodies with largest global clinical data pools. By the end of 2022, Henlius has completed the tendering process of HANSIZHUANG on the procurement platform in 27 provinces in China, while the products have been included into customized commercial insurance catalogs in cities like Ningbo and Jinhua, benefiting more than 11,000 Chinese patients in total.



Benefiting **50,000+** Chinese patients

HANDAYUAN

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, being the first of its kind of adalimumab biosimilar evaluated in a Phase 3 clinical study among Chinese patients with psoriasis. During the reporting period, HANDAYUAN has successfully completed the tendering process on the procurement platform in all provinces and was included into the medical insurance procurement platform for all provinces in Chinese mainland, benefiting more than 52,000 patients.



5 indications approved in China

HANBEITAI

HANBEITAI (bevacizumab) was officially approved by the NMPA in December 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, making it the only bevacizumab biosimilar with phase III clinical data for metastatic colorectal cancer in China. Meanwhile, HANBEITAI is expected to be further used in combination with HANSIZHUANG (serplulimab) to develop immuno-oncology (IO) combination therapies for more tumour types. During the reporting period, HANBEITAI had completed the tendering process on the procurement platform in 24 provinces nationwide and was included into the medical insurance procurement platform in 30 provinces.

Improving the Affordability of Medicines

Adhering to the philosophy of "affordable innovation and reliable quality", Henlius has been making medicines more affordable while delivering pharmaceutical innovation.

Multi-Level Medical Coverage

In order to maximize the affordability and accessibility of drugs, Henlius has actively coordinated and communicated with various parties, taking into account the advantages of commercial partners of different products, the coverage of sales and the concentration of patient care under the institutional strengths of Chinese healthcare system, and stepped up in areas of inclusive commercial insurance/city-customized commercial health insurance, medical mutual aid, innovative payment, etc., to further improve the affordability to drugs.

National health insurance, as the main payment method for drug use in China, is an important support for improving the affordability of drugs for patients. Henlius has been actively promoting the inclusion of our drugs into the reimbursement drug list to reduce burden on patients and enhance the affordability of drugs.

By the end of 2022, the status quo of Henlius' drugs that have been included into reimbursement drug list is as follows.

Henlius' drug support for medical insurance payment

HANQUYOU	HANLIKANG	HANDAYUAN	HANBEITAI
<ul style="list-style-type: none"> HANQUYOU (150mg) has been included into all the Provincial Reimbursement Drug Lists (PRDL) in Chinese mainland. The new specification of 60mg/ vial has also been included into all the Provincial Reimbursement Drug Lists (PRDL) in Chinese mainland. 	<ul style="list-style-type: none"> HANLIKANG (100mg/10ml) has been included into 30 Provincial medical insurance admission. HANLIKANG (500mg/50ml) has been included into 14 Provincial Reimbursement Drug Lists (PRDL) in Chinese mainland. 	<ul style="list-style-type: none"> HANDAYUAN has been included into 30 Provincial Reimbursement Drug Lists (PRDL) in Chinese mainland (During the reporting period). 	<ul style="list-style-type: none"> Complete 30 provincial medical insurance admission.

All four of the Company's commercialised biosimilar products have been included automatically into the National Reimbursement Drug List (NRDL), and the new rheumatoid arthritis indication for HANLIKANG was also included into the NRDL in 2022, a further expansion of the scope of reimbursement. During the reporting period, the Company promoted the inclusion of HANSIZHUANG into the Huiminbao (a city-customized supplementary health insurance for major and critical diseases) of some cities to ensure more patients have access to quality drugs at affordable prices, further expanding the inclusiveness of HANSIZHUANG.

HANSIZHUANG Included into Commercial Health Insurance

Case

During the reporting period, Henlius reached a consensus with TPA (Third Party Administrator for Group Medical Insurance) on the inclusion of our products into the provincial and municipal Huiminbao reimbursement lists. This cooperation responds positively to the NRDL implementation and reduces drug prices, benefiting more patients in need. In 2022, HANSIZHUANG has been included into Hui Min Bao health insurance reimbursement lists of five cities, namely:

Yi Hui Xi Cheng insurance of Wuxi, Jiangsu province (TPA JD.com/ Yuanxin Technology)

Hui Min Bao insurance of Changzhou, Jiangsu province (TPA Jiangsu Dexuantang Pharmaceutical)

Qi Hui Bao insurance of Zibo, Shandong province (TPA ShuYu Civilian Pharmacy)

Hui Min Bao insurance of Jinhua, Zhejiang province

Hui Min Bao insurance of Ningbo, Zhejiang province

Patient Assistance

In addition, in 2022, Henlius has been offering a number of patient assistance programs to reduce the financial burden of patients, improve treatment adherence, and maximize the medical treatment efficacy. During the reporting period, the Company launched the "HANSIZHUANG The H - Lifelong Wellbeing Program". Acting on our great aspiration of "leaving no HER2-positive patient behind", we also launched programs such as the "Excellent Medical Assistance - Rural Medical Care Public Welfare Tour", the "The Making of the Classics – All About Anti-HER2 Treatment", and the "Pink Ribbon Patient Care – Caring for Breast Cancer Patients for Life", benefiting over 55,000 patients in total.

Improving drug affordability projects in 2022

HANSIZHUANG The H - Lifelong Wellbeing Program

Donated a total of 57,250 injections HANSIZHUANG (serplulimab) worth 159 million, benefiting more than 5,000 patients

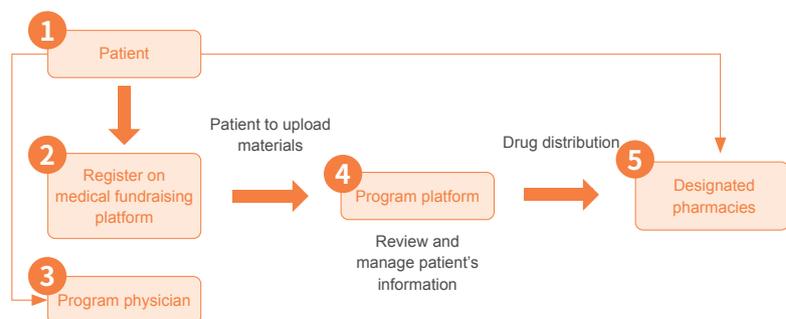
Dual-Specification Preparation Program

In order to effectively meet the actual treatment needs of different patients, Henlius has developed a dual-specification preparation that is ready to use right after preparation. To maintain the drug properties to the maximum, no preservatives are added, which is unique in the industry. We have enrolled 51,000 patients in the program and have approximately 40,000 patients online.

Henlius launched an HANSIZHUANG Patient Assistance Program

Case

In 2022, Henlius, together with Shanghai Life Oasis Public Service Center, launched the H -Lifelong Wellbeing Program, a Patient Assistance Program (PAP). Supported by targeted fundraising from Beijing Health Alliance Charitable Foundation, Shanghai Henlius Biologics Co., Ltd. provided HANSIZHUANG (serplulimab injection) for free to Beijing Health Alliance Charitable Foundation. The program has ensured the affordability of medication for patients in both commercial and complimentary ways. The scope of the program includes not only patients who have been treated with HANSIZHUANG on their own without progression, but also patients in mainland China who have been evaluated by the program physicians as eligible for continued treatment with HANSIZHUANG but cannot afford the full cost of treatment. Patients can voluntarily initiate a request for help on the medical fundraising platform according to their needs. As of December 16, 2022, 5,667 patients have applied for charitable assistance and the Company has donated 57,200 units of HANSIZHUANG valued at about 320 million.



PAP Application Flow Chart

Improving the Availability of Drugs

Domestic Collaboration

Henlius keeps focusing on patients' health needs and working with all sectors of society to promote availability to medicines in China and meet market demand by building an all-round, in-depth and multi-disciplinary strategic collaborations, integrating multiple resources and carrying out industry cooperation in various forms.

Henlius and Sinopharm Entered into In-Depth Cooperation

Case



Strategic Cooperation - Deepening Business Cooperation Agreement" Signing Ceremony

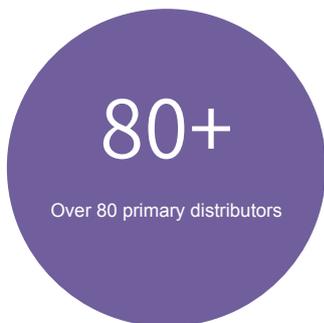
In December 2022, Henlius and Sinopharm has signed an agreement in Shanghai to deepen its collaboration. By jointly exploring commercial health insurance, innovative payment systems for drugs and health management models through extensive cooperation in the areas of channel development, marketing management and market access, the agreement aims to further strengthen the breadth and depth of cooperation between the two companies in mainland China, develop a "healthcare + medicines+ insurance" ecosystem under the commercial insurance payment context to support the high-quality and sustainable development of the Chinese social security system.

In addition, Henlius has also reached strategic agreements with Sinopharm in logistics and warehousing, raw material procurement and e-commerce as a multi-dimensional approach to enhance the availability of drugs and help improve the multi-layered healthcare security system.

To broaden the coverage of drugs, Henlius has maintained close contact with distributors to expand transportation channels and increase the touchpoints of drug for end-users. As of the end of the reporting period, the Company, in cooperation with distributors, has covered 31 provinces, cities and autonomous regions in China. At present, HANSIZHUANG has covered more than 180 cities across 28 provinces, municipalities, and autonomous regions in China; HANQUYOU has available in more than 300 cities across 31 provinces, municipalities and autonomous regions in China.

Our heart also goes out for patients in remote areas. We continue to reach out to far-flung areas to benefit more patients with our medicines.

Distribution Channels of Henlius in 2022



Henlius Promoted Drug Access in Remote Areas in 2022

Case

In 2022, Henlius actively promoted the access to drugs in remote areas by increasing the number of cities covered and expanding the supply chain. As of December 31, 2022, the county market footprint of HANQUYOU has covered 22 provinces in China, including Inner Mongolia, Gansu, Guizhou, Ningxia, Qinghai, Xinjiang, Yunnan, Tibet and other regions. Among them, 57,000 units of HANQUYOU (150mg) and more than 3,300 units of HANQUYOU (60mg) were distributed to terminal users.

Overseas Cooperation

Henlius works actively to expand overseas markets. Considering the low penetration of biologics in emerging markets, we provide premium and convenient medical services for patients worldwide by expanding sales channels and improving accessibility of innovative medicines. The Company joins hands with strategic partners including Abbott, Accord, Cipla, Eurofarma, Getz Pharma, Organon, Jacobson Medical, KG BIO, FARMA DE COLOMBIA, Elea, Fosun Pharma and Essex on products such as HANLIKANG (rituximab), HANQUYOU (Trastuzumab, Zercepac® in Europe, Tuzucip® and Trastucip® in Australia), HANSIZHUANG (serplulimab), HLX04-0, HLX11 and HLX14. The partnerships help us fully cover mainstream biologics markets in Europe and the United States and many emerging markets. We aim to join hands with more global partners to accelerate diverse innovation and develop innovative products for unmet clinical and market needs, offering more high-quality biologics for patients worldwide.





Henlius and Getz Pharma Entered into Collaboration for Commercialization

Case

Henlius has noticed that the demand for biologics is far from being met in emerging markets. For instance, traditional disease-modifying anti-rheumatic drugs (DMARDs) are still the primary treatment for RA. In February 2022, Henlius announced that the Company has entered into a licensing and supply agreement with Getz Pharma (Private) Limited and its affiliated company Getz Pharma International FZ-LLC, pursuant to which, the Company agreed to grant a license to Getz Pharma to commercialize HANLAYUAN (adalimumab) in 11 countries including Islamic Republic of Pakistan, the Philippines, Vietnam, Myanmar, Cambodia, Nigeria, Kenya, Sri Lanka, Ukraine, Kazakhstan and Uzbekistan and any other territories to be mutually agreed. As the commercial layout of HANLAYUAN to be expanded to more emerging markets, Henlius will bring affordable and quality therapeutics for patients in those areas, accelerating our global commercialization.



Henlius Entered into a License Agreement with a Leading Brazilian Pharma

Case

In May 2022, Henlius signed a licensing agreement with Eurofarma Laboratórios S.A., a leading Brazilian pharmaceutical company with considerable experience in introducing and marketing innovative medical products throughout Latin America, for the development, manufacturing and commercialization in 16 Latin American countries of Henlius' independently developed HANLIKANG (rituximab biosimilar), HANQUYOU (trastuzumab biosimilar, trade name in Europe: Zercept®), and HANBEITAI (bevacizumab biosimilar). This collaboration is not only an endorsement of Henlius' product quality and corporate strength, but also a leap forward towards a globalized corporate footprint, building momentum for the Company's evolution from biotech to biopharma with further enhanced drug access.



Henlius and Abbott Entered into Overseas Collaboration of HANLIKANG and HANQUYOU

Case

In May 2022, Henlius signed a semi-exclusive license agreement with Abbott Operations Uruguay S.R.L. for the commercialization of Henlius independently developed HANLIKANG (rituximab) and HANQUYOU (trastuzumab, trade name in Europe: Zercept®) in Brazil. The license agreement with Abbott will help the company to further expand the overseas market of the Licensed Products. Leveraging Abbott's presence in the Territory will further strengthen the accessibility of the Licensed Products to meet the needs of patients in Brazil.



Henlius and Organon Entered into a License and Supply Agreement for Henlius' Two Biologics

Case

In June 2022, Henlius announced that it has entered into a license and supply agreement with Organon LLC for the exclusive commercialization of Henlius' independently developed HLX11 (a pertuzumab biosimilar candidate) and HLX14 (a denosumab biosimilar candidate) in ex-China countries, covering mature markets such as the United States, the European Union and Japan, as well as a number of emerging markets. This collaboration will further boost the accessibility and influence of Henlius' products in the global market and bring hope to more patients.

The total commercial manufacturing capacity reached **48,000** liters during the reporting period.

Songjiang First Plant with the total manufacturing capacity of **24,000** liters was officially put into production of HANQUYOU, which marked the commercial production capacity of the Company doubled to **48,000** liters in total.

Lean Manufacturing

To ensure stable supply of high-quality products and support the comprehensive commercial development of the Company, Henlius keeps improving our integrated manufacturing capacity, promoting lean manufacturing, and increasing manufacturing efficiency.

In 2022, Songjiang First Plant with the total manufacturing capacity of 24,000 liters was officially put into the production of HANQUYOU, which marks the commercial production capacity of Henlius reaching 48,000 liters in total. Songjiang Second Plant was under construction at the same time. It is expected that the total manufacturing capacity of Henlius will reach 144,000 liters by 2026. Moreover, thanks to the introduction and application of international cutting-edge manufacturing technology, we pushed forward the lean manufacturing projects, which helped control production costs and improve production efficiency, while enhancing internal awareness of lean manufacturing as well as our capability in lean process improvement.

Henlius completed a total of **18** lean improvement projects and realized a total of **72** excellent improvement ideas

delivered an increase of the single-batch output of HANQUYOU (trastuzumab) by **10%**

In 2022, Henlius established annual lean improvement projects to solve process, cost and efficiency problems during manufacturing. We explored pain points of end-to-end business flows with an aim to improve product supply capacity, optimize product process stability, enhance employee lean capacity and reduce unit costs. Meanwhile, to motivate employees and boost corporate development, we conducted improvement projects based on excellent ideas from all employees and awarded them according to project benefits.

During the reporting period, Henlius completed a total of 18 lean improvement projects and realized a total of 72 excellent improvement ideas, achieving our pre-set goals. These lean improvements delivered an increase of the single-batch output of HANQUYOU (trastuzumab) by 10%.

R&D Innovation

Henlius strives for continuous innovation by enhancing internal innovation capacities and external collaboration. We have successively launched five products, i.e., HANLIKANG, HANQUYOU, HANDAYUAN, HANBEITAI and HANSIZHUANG. Meanwhile, with HANSIZHUANG as the backbone, Henlius actively conducts and accelerates various clinical trials with immune-oncology combination therapies, covering a wide range of high-incidence tumors, including lung cancer, esophageal carcinoma, head and neck carcinoma and gastric cancer. We have established and kept improving the global clinical operation system to make it highly efficient. Together with our two global innovation centers, we made great efforts to seize early R&D opportunities and recruit top talents, thereby laying a solid foundation for the sustainable development of the Company. The R&D expenses reached RMB2,183.2 million in 2022.

Global Clinical Operation

During the reporting period, Henlius continued to explore product innovation and R&D extensively and intensively. We conducted over 30 clinical trials in countries and regions including China, the United States, the European Union and Australia. 16 clinical trials were approved and 15 have completed the first patient dosing in 2022.

Henlius conducted over **30** clinical trials in global

16 clinical trials were approved

15 have completed the first patient dosing in 2022

Steady Progress in Clinical Trials

Acceptance of 1 new drug application (NDA) by NMPA	HANSIZHUANG granted orphan drug designations by EC and FDA for small cell lung cancer
Progress of 6 phase 3 clinical studies	Acceptance of 1 Biologics License Application (BLA) by FDA

Expanding Henlius' Global Footprint of Clinical Trials for Various Products

Case

In 2022, Henlius actively conducted international multi-center phase 3 clinical trials worldwide, lean products among a wider population in more areas worldwide and injected strong impetus into the globalization of products, aiming to benefit more patients. ASTRUM-020, the multi-center phase 3 clinical trial of HANSIZHUANG for limited-stage small cell lung cancer (LS-SCLC), has completed its first patient dosing in the United States. The first patient has been dosed in a bridging trial in the US, comparing HANSIZHUANG to standard-of-care Atezolizumab (anti-PD-L1 mAb) for first-line treatment of ES-SCLC, which is expected to propel the product towards US market approval further. In addition, multi-center phase 3 clinical studies of HLX11 (a pertuzumab biosimilar), HLX14 (a denosumab biosimilar) and HLX04-O (an anti-VEGF monoclonal antibody) completed the first patients dosing in countries and regions including China, the United States, the European Union and Australia.

Henlius' Research Progress in 2022

We published **6** papers on international academic journals, presented **15** data results on **7** academic exchanges and had nearly **190** influence factors in total.

Henlius actively publishes results of scientific research and clinical data. In 2022, multiple researches achieved major breakthroughs and were recognized by international authoritative academic platforms. We published 6 papers on international academic journals, presented 15 data results on 7 academic exchanges and had nearly 190 influence factors in total. ASTRUM-005, a clinical study with HANSIZHUANG as treatment for patients with extensive-stage small cell lung cancer (ES-SCLC), was the first immunotherapy clinical study of SCLC published in the Journal of the American Medical Association (JAMA).

Academic Journal

Product	Journal	Name	Influence Factor	Date
HANSIZHUANG	PLOS ONE	Structural basis of HLX10 PD-1 receptor recognition, a promising anti-PD-1 antibody clinical candidate for cancer immunotherapy	3.752	2022.1
HANSIZHUANG + HANBEITAI	Liver Cancer	Phase 2 Study of the PD-1 Inhibitor Serplulimab Plus the Bevacizumab Biosimilar HLX04 in Patients with Previously Treated Advanced Hepatocellular Carcinoma	12.43	2022.8
HLX04-O	Int J Ophthalmol	Efficacy and safety of intravitreal HLX04-O, an anti-VEGF monoclonal antibody, for the treatment of wet age-related macular degeneration	1.645	2022.9
HANSIZHUANG	JAMA	Effect of First-Line Serplulimab vs Placebo Added to Chemotherapy on Survival in Patients With Extensive-Stage Small Cell Lung Cancer: The ASTRUM-005 Randomized Clinical Trial	157.335	2022.9
HANSIZHUANG	British Journal of Cancer	Serplulimab, a novel anti-PD-1 antibody, in patients with microsatellite instability-high solid tumours: an open-label, single-arm, multicentre, phase II trial	9.075	2022.10



Academic Journal

Product	Journal	Name	Influence Factor
HANSIZHUANG + HLX07	ICHNO - ECHNO	A Phase 2 study of serplulimab plus HLX07 in patients with advanced head and neck tumours	2022.3
HLX14	ASCPT	A randomized phase 1 study evaluating the pharmacokinetic equivalence of proposed biosimilar HLX14 and denosumab in healthy Chinese volunteers	2022.3
HLX12	ASCPT	A Phase 1 study comparing the pharmacokinetics, safety and immunogenicity between HLX12, a proposed ramucirumab biosimilar, with reference ramucirumab in healthy Chinese males	2022.3
HLX11	ASCPT	A phase 1 study evaluating the bioequivalence between HLX11, a China-manufactured pertuzumab biosimilar candidate, and pertuzumab from three different sources in healthy Chinese male subjects	2022.3
HANSIZHUANG + HANBEITAI	ASCPT	A phase 1 study of serplulimab (a novel anti-PD-1 antibody) in combination with HLX04 (an anti-VEGF antibody) in patients with advanced solid tumors	2022.3
HANQUYOU	ASCPT	A randomized phase 1 study to compare the pharmacokinetics, safety, tolerability and immunogenicity between HLX02, reference US- and EU-approved trastuzumab in healthy Chinese male volunteers	2022.3
HANSIZHUANG	SGO	Efficacy and safety of serplulimab (an anti-PD-1 antibody) combined with albumin-bound paclitaxel in patients with advanced cervical cancer who have progressive disease or intolerable toxicity after first-line standard chemotherapy	2022.3
HANSIZHUANG	ASCO	Updated efficacy and safety results from the phase 2 study of serplulimab, a novel anti-PD-1 antibody, in patients with previously treated unresectable or metastatic MSI-H/dMMR solid tumors	2022.6
HANSIZHUANG	ASCO	Serplulimab, a novel anti-PD-1 antibody, plus chemotherapy versus chemotherapy alone as first-line treatment for extensive-stage small-cell lung cancer: An international randomized phase 3 study	2022.6
HANSIZHUANG	CSCO	Efficacy and safety of serplulimab, a novel anti-PD-1 antibody, in patients with previously treated unresectable or metastatic microsatellite instability-high or mismatch repair-deficient solid tumors: updated results from ASTRUM-010 study	2022.11
HANSIZHUANG	CSCO	First-line serplulimab versus placebo in combination with chemotherapy in PD-L1-positive esophageal squamous cell carcinoma (ASTRUM-007): a randomized, double-blind, multicenter phase 3 study	2022.11
HANSIZHUANG	ESMO Asia	Updated results of first-line serplulimab versus placebo combined with chemotherapy in extensive-stage small-cell lung cancer: an international multicentre phase 3 study (ASTRUM-005)	2022.12
HANSIZHUANG	ESMO Asia	First-line serplulimab versus placebo in combination with chemotherapy in PD-L1-positive oesophageal squamous cell carcinoma (ASTRUM-007): a randomised, double-blind, multicentre phase 3 study	2022.12

Global Innovation Centers

Hengenix Biotech, Inc have over **40** professionals

Employees in the Shanghai innovation center had reached **82** by the end of the reporting period, among whom doctors and masters accounting for **51%** and **44%** respectively.

Henlius has two innovation centers in Shanghai, China and California, US. In 2022, the Company continuously made innovations from different perspectives and achieved multiple results, which effectively accelerated innovations in the field worldwide.

Hengenix Biotech, Inc., the innovation center of Henlius based in the United States, was founded in 2009 to develop the whole-process R&D system of new drugs ranging from target validation, drug discovery, preclinical development to translational medicine. Currently, we have over 40 professionals engaged in the independent development of innovative biologics. In addition, in 2022, the center formed a clinical operation team to support clinical research conducted in the United States, thereby promoting our marketing applications by FDA.

The Shanghai innovation center of Henlius works hard to build up its R&D team to ensure the highly productive whole-process drug development system. Currently, it has established a drug discovery R&D system that covers the whole process ranging from molecular informatics and protein medicine discovery to translational bioinformatics, preclinical development and biomarkers. The center has established and promoted an early-stage R&D project approval and project management system to facilitate the development of differentiated products and the expansion of new drug forms with a focus on the antibody technology. While being deeply rooted in oncology, the center also took proactive steps toward the non-oncology field. It 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. Employees in the Shanghai innovation center had reached 82 by the end of the reporting period, among whom doctors and masters accounting for 51% and 44% respectively.

Henlius to Introducing External R&D Forces

Case



Call for Applications Unveiled in Pudong New District, Shanghai

The "Mars Landing H" initiated by Henlius has published 6 project proposals on the public service platform of Pudong District, Shanghai as one of the first companies. Covering cutting-edge technologies including next-generation cell therapies, we aim to invite external talents and introduce novel techniques to inject new blood to the innovation and R&D of Henlius.

Differentiated Innovation

Adhering to the development strategy of "internal innovation and external cooperation", Henlius actively introduces innovative high-quality products and technologies through strategic collaboration, and strengthens the ability of translational medicine. With antibody technology as the core, combined with the novel conjugating technologies, Henlius is committed to addressing unmet clinical needs by actively building various platforms of antibody-conjugated drugs (ADCs), and stepping into the landscape of bispecific antibodies, fusion proteins, ADCs and other products to drive differentiated innovation.

Exploring Innovative Modalities of Medicine

During the reporting period, the Company actively expanded a variety of drug forms for antibody-based products, carried out a number of innovative product development, and overcame many technical platform difficulties. AXC drug represents one of the trending technologies in anticancer research in recent years. We have accumulated rich research data and practical experience on the interaction between antibodies and their targets in related biological pathways along our R&D journey, underpinning a successful development of AXC drugs. We continue to optimize process development and production capabilities to build an integrated ADC technology platform encompassing stages from early R&D to Good Manufacturing Practice (GMP) manufacturing. With our continuous efforts in developing proprietary ADC payloads and linkers, we are accelerating the construction of ADC pilot workshops and the first comprehensive ADC analysis platform.

Meanwhile, we have reached strategic collaboration with many industry partners such as Palleon, MediLink Therapeutics, and Novacyte Therapeutics to jointly promote the R&D of antibody-based products.

Henlius reached a strategic collaboration with Palleon Pharmaceuticals, a company co-founded by the winner of the 2022 Nobel Prize in Chemistry

Case



In June 2022, Henlius and Palleon Pharmaceuticals announced a strategic collaboration to jointly develop and commercialize two bifunctional antibody-sialidase fusion proteins, including a bifunctional sialidase to be developed with a proprietary target provided by Henlius. Under the terms of the agreement, Henlius will have an exclusive license for both products in China, including Hong Kong, Macau and Taiwan. The collaboration with Palleon Pharmaceuticals, leveraging Palleon's innovative EAGLE (Enzyme-Antibody Glyco-Ligand Editing) immuno-oncology platform, will be a great supplement to Henlius' preclinical innovation pipeline and further accelerate Henlius' progress in delivering breakthrough treatments to patients with unmet clinical needs.

Translational Medicine Cases

Case

In 2022, we advanced a number of clinical research and carried out a number of translational research.



Product Quality and Safety

Adhering to the principle of quality first, Henlius ensures product quality and safety throughout the whole life cycle of drugs. Acting on the belief of scientific and professional manufacturing and service, Henlius provides more patients and customers with high-quality and safe products and services. At the same time, we focus on building a responsible supply chain and work with all parties to shape a healthy industrial ecosystem, driving the development of human health and well-being.

Strict Product Quality Control

Henlius continuously improves the quality management system, strictly implements the quality management practice of drug manufacturing, and rigorously carries out clinical trials to ensure the safety of drug use. To manage post-marketing drugs, we strictly follow the regulatory requirements in the industry, and set up a standardized mechanism to manage adverse events and drug recalls.

Henlius' high-quality products have gained attention and recognition at home and abroad. During the reporting period, the Company became qualified as an UN vendor at Level 1, which was the first company in the industry to obtain this qualification.

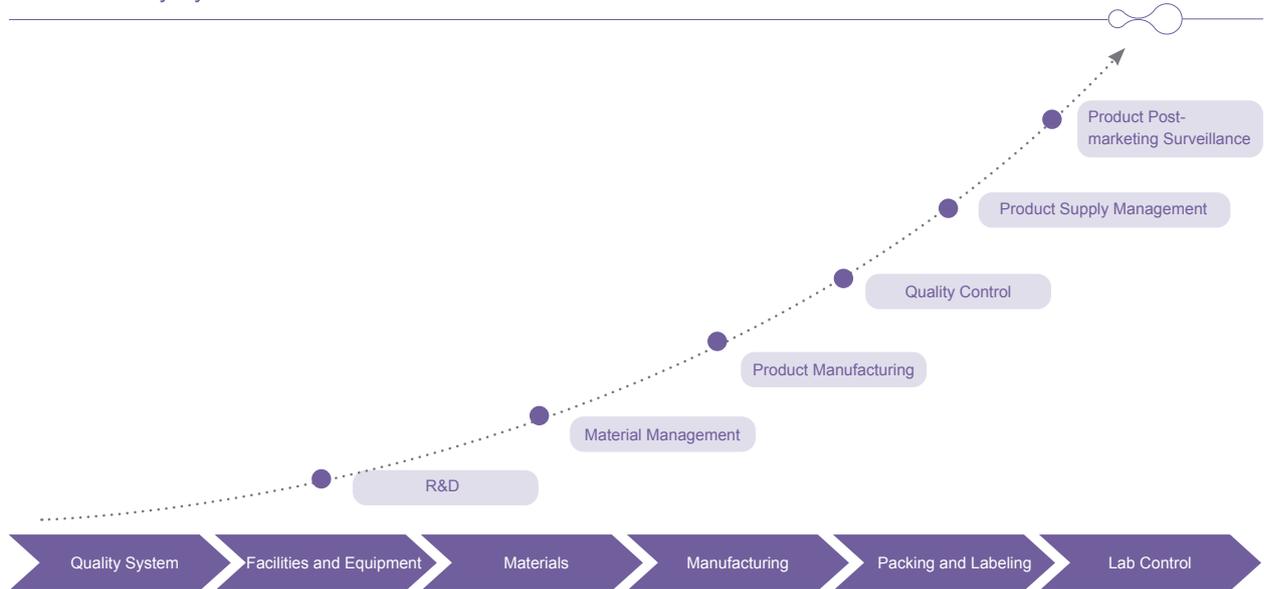
Quality Management System

Benchmarking with the highest international standards, Henlius complies with the relevant laws and regulations of China, the United States and the European Union on drug quality, and has established a set of quality management systems from R&D to material management, product production, quality control, product supply chain management, and product post-market tracking, covering the life cycle of products.

We strictly abide by the laws and regulations in places where we operate, 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, the Good Manufacturing Practice of Medical Products (Revised in 2010), the Measures for the Administration of Drug Registration, and the Good Laboratory Practice for Non-Clinical Laboratory Studies. At the same time, quality management policies such as the Quality Policy Manual and the Quality Management System were implemented under the Company's own operation. During the reporting period, we updated more than a thousand internal system documents related to quality management, covering areas of standard operating procedures, quality control, quality assurance, etc.

During the reporting period, the drug substance (DS) and drug product (DP) line used for the production of HANQUYOU (trastuzumab, brand name in Europe: Zercepac®, brand name in Australian: Tuzucip® and Trastucip®) at the Henlius Songjiang First Plant have passed the Chinese GMP certification. This is the second site of the Company to pass GMP inspection after the Xuhui Facility obtained the Chinese and EU GMP certification. In addition, the Company has been awarded the highest credit rating (Grade A) of Shanghai Drug Manufacturer Credit Assessment for two consecutive years.

Henlius Quality System



Quality Management Practice

Quality Control

To improve the quality management level and efficiency of Henlius, the Company has deployed the TrackWise® system, in which embedded the quality-related workflows including deviation, changes control, corrective and preventive action (CAPA), OOS/OOT, complaints, supplier management, supplier audit, internal audit and external audit. In 2022, we continued to improve the system by optimizing 59 existing process steps and fields, and adding the supplier annual assessment sub-process and supplier complaint process to the supplier management module, to further enhance the digitalization and compliance of the quality process. Based on the TrackWise® system data, our manufacturing department, quality system department and information department worked together to carry out automatic statistics and trend analysis of important production and quality activities, including key quality indicators such as deviation, changes control, CAPA, OOS/OOT and laboratory invalid testing, so as to reflect the overall and partial operation status of the quality system in real time. It realized the effective monitoring of quality activities and provided a basis for deep-level quality decisions.

Meanwhile, the Company organized regular self-inspection activities to assess the GMP compliance of our production quality management system, actively identify quality risks, and take effective corrective measures, to continuously improve our quality management system and ensure the stability and reliability of product quality. During the reporting period, Henlius Xuhui Facility carried out 9 self-inspections, covering the six main components of GMP and other multi-dimensional aspects. Songjiang First Plant has conducted two GMP self-inspections since 2021, and improved the quality management system of CMO (contract manufacturing organization) and MAH (drug marketing authorization holder) in 2022.

The Six Major Components of GMP Self-Inspection at Henlius



To have an all-around control of product quality, Henlius' self-inspection includes the following areas on top of the six major GMP components:

Henlius' Self-Inspection Coverage



Henlius' internal and external testings cover

100% of the products.

During the reporting period, we invited a third-party consulting company to complete a gap analysis on EU GMP compliance, in which we identified the gap on such quality modules as computerized system management, sterile drug production management, quality system maintenance, and material management, and formulated corresponding improvement plans to ensure that all rectification was completed before the implementation deadline of regulations. Henlius Songjiang First Plant received gap analysis, special training, on-site guidance and simulated audit from a third-party consulting company on the application of FDA certification, and also accepted a simulated audit from the quality team of Fosun Group's Operation Management Department.

We carried out quality control actions from both internal and external perspectives, and strictly control the quality of our products through self-inspection and external evaluation. Our internal and external testing covers 100% of our products.

Quality Audit

Henlius conducts annual quality audit on the entrusted CMO company to ensure that their quality systems remain qualified for the GMP production of the entrusted project, and evaluate the compliance of the entrusted manufacturing activities as well as the performance of the technical contracts and agreements related to the entrusted production. During the reporting period, we conducted periodic audits on the CMO companies that accepted the commercial commissioning of HANQUYOU (Trastuzumab) manufacturing, covering equipment and facility management, production, testing and warehousing site management, quality system management, environmental control, pollution and cross-contamination related control, etc., in order to supervise product quality assurance and maintain brand reputation.

A total of **1,393** employees participated in GMP training,

During the reporting period, Henlius Xuhui Facility received 3 external audits, including 1 EU Qualified Person (QP) audit, 1 Shanghai Municipal Medical Products Administration audit and 1 customer audit, all of which were successfully passed. Henlius Songjiang First Plant received a total of 6 audits, including 2 QP audits, 2 audits by customers and 2 audits by Shanghai Municipal Medical Products Administration. Henlius also accepted 1 on-site audit and 1 remote audit from our partner Organon, and passed the two audits.

A total of **138,997** training hours

Quality Training

An average of **99** training hours per capita

Henlius has formulated the 2022 Annual Quality Training Plan to help employees continuously improve quality awareness and enrich quality knowledge. During the reporting period, we conducted trainings including:

In 2022, a total of 1,393 employees participated in GMP training, with a total of 138,997 training hours and an average of 99 training hours per capita.



Main Training Content

Education and implementation of domestic and foreign laws and regulations, such as American current Good Manufacture Practices (cGMP), EU laws, and Chinese GMP regulations.

GMP general regulatory requirements, such as data reliability management, computerised system compliance management, microbiological knowledge and contamination control measures.

On-job skills and knowledge sharing, such as aseptic operation technology. New employees acquire corresponding skills by completing job knowledge learning within the prescribed scope.

The 4th Henlius Quality Management Month activities

Case

In order to strengthen the quality management awareness of all Henlius employees, improve quality management practice, and create a quality culture, the Central Quality Management of Henlius Global Quality Operation organized the fourth Quality Management Month in September 2022. Through a variety of interactive games, we encouraged employees to put forward improvement ideas in work processes, management methods, product quality, testing methods, etc. The activity was carried out in Songjiang First Plant and Xuhui Facility for nearly a month, with a total of 5 online and offline activities, which attracted about 750 Henlius employees to take an active part.



Safety of Marketed Products

Adhering to the Patient First principle, Henlius strictly abides by laws and regulations, 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, Risk Control Plan and other systems. We established the Global Drug Safety Committee (GDSC) and the Benefit-Risk Council (BRC), responsible for analysing, evaluating and identifying risks related to product safety, and taking corresponding de-risk measures to ensure a good risk-benefit balance of our products and the safety of patient medication. During the reporting period, the Company established the management system and regulations of drug Marketing Authorization Holder, maintained and monitored the safety and quality of products sold by ourselves and third-party cooperation through comprehensive internal monitoring system and product safety policy, and developed the business model of commissioned production of marketed drugs. We strictly control risks in healthcare and medical services, improve the drug access mechanism, avoid the circulation of unqualified drugs, promptly detect and deal with unauthorized sales of products, improve the quality of medical services, provide sufficient inventory guarantee for customers, and support market development to increase market share.

During the reporting period, the Company received a total of 12 product complaints. Upon acceptance, we carried out the complaint handling immediately, delivering an 100% of complaint resolution rate.

Adverse Event Reporting

Henlius guides its employees to enhance their sensitivity to adverse events, and requires all employees to strictly implement adverse event reporting policy, such as recording adverse events through the Company's website, email and 24-hour hotline. During the reporting period, we conducted training on Adverse Event Reporting Policy for all employees, incorporating the scope of product safety information, definition of adverse events, channels and time limits for reporting safety information, etc. We made it clear that every employee has the responsibility to report product safety information upon discovery so as to ensure timely feedback of product safety in case of an adverse event. Meanwhile, we also participated in the 4th CMAC Annual Conference to share our experience.

Product Recall

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 in the period that may affect the effectiveness of the recall and changes in product sales lines. At the same time, the mock recall can help identify the potential risks that impact the effective operation of the recall system, and formulate corresponding improvement measures. The mock recall process includes steps such as setting up a recall team, formulating a recall plan, initiating a recall, responding to the recall messages and returning receipts from the parties involved, following up the recall progress and preparing a recall report.

During the reporting period, Henlius has conducted a mock 150mg HANQUYOU (trastuzumab) recall with reference to the management requirements of the Administrative Measures for Drug Recalls updated, enacted and effective on November 1, 2022. New recall contents such as entrusted manufacturers and website information disclosure have been added.

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

Clinical Drug Safety

Henlius is deeply concerned about the health and safety of subjects in all aspects of medication. In clinical trials, Henlius strictly follows 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 ICH-GCP guidelines ("International Conference for Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use - Good Clinical Practice"), the EU General Data Protection Regulation (GDPR), Clinical Trials Regulations for Medicinal Products for Human Use (EU CTR No.536/2014), the US HIPAA (Health Insurance Portability and Accountability Act), 21 CFR clinical trial-related provisions and other local laws and regulations in China, the EU and the US. In the reporting period, we revised the standard system template of Investigator Selection and Qualification Confirmation according to our business needs, and added the description of the suitable persons to fill the FDA financial disclosure form and the investigator financial disclosure form completed by clinical investigators to stay in line with the relevant regulations of the U.S. (FDA 1572) to ensure the company's compliance with drug use.

Henlius adheres to the principle of "no trivial matter in clinical trials and the safety of subjects". We concern about the privacy and safety of subjects. For subject enrollment, the Company follows the SOP of Subject Eligibility and Trial Selection and protects subject privacy by withholding their personal information during the whole communication process. In addition, 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. This is to ensure that the subjects are well covered throughout the process, so that their rights and interests are protected. 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 departmental 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 according to the problems of different levels. More attention will be paid to the serious problems in the next audit.

At the same time, Henlius strictly follows the Drug Signal Management System, which guides the real-time signal detection from safety report of special cases, and the 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 GDSC (Global Drug Safety Committee) meetings when necessary. A safety signal assessment report will be developed based on the final decision. We monitor and manage the update of 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, two clinical research projects and four research centers involving HANSIZHUANG passed the GCP inspections of the NMPA.

Henlius Inspection Process



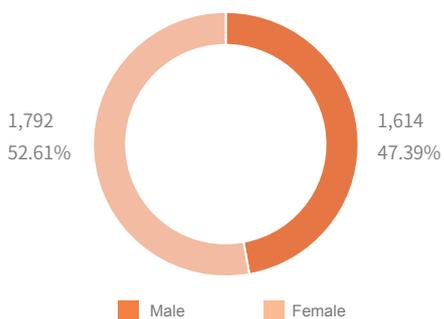
Our People

Henlius believes that being people-oriented is the key to effective talent management. We provide our employees with systematic and customized growth opportunities, so that every employee can learn and develop. We attach great importance to fostering a sense of belonging among our employees, attract top talents by creating an equal and inclusive environment, provide diverse exchange platforms, and ensure smooth communication at all times. At Henlius, we strive for excellence, while maintaining a safe production environment and enhancing our employees' safety awareness to create a healthy and safe workplace. Henlius will continue to grow and succeed alongside all of our employees. Together, we will achieve mutual success and shape the future!

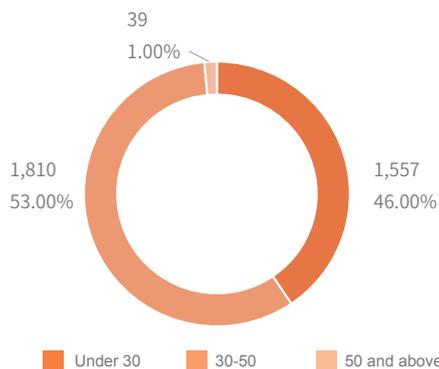


Embracing Diversity and Inclusion

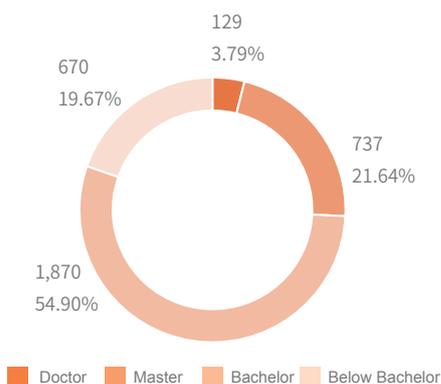
Total Number of Employees by Gender Unit: Persons, %



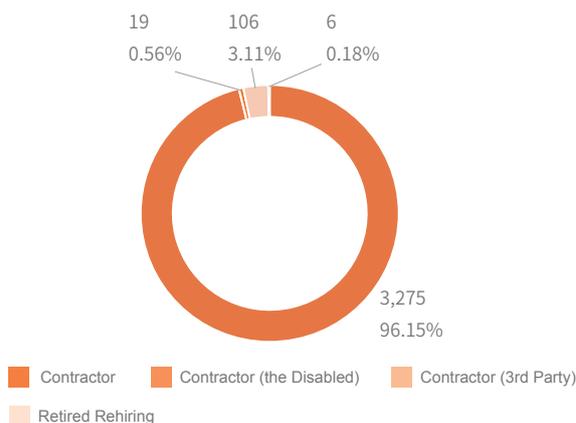
Total Number of Employees by Age Unit: Persons, %



Total Number of Employees by Education Background Unit: Persons, %



Total Number of Employees by Employment Type Unit: Persons, %



Protecting Employee Rights and Interests

Henlius makes legality and compliance the core of our employment principle. Under the premise of strict adherence to applicable laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Social Insurance Law of the People's Republic of China, we also develop and continuously improve our internal employee management systems, including the Henlius Employee Handbook, the Henlius Remuneration and Welfare System, the Henlius Promotion Management System, and the Henlius Probationary Period Management System.

At Henlius, we do not tolerate any form of discrimination, whether it is based on geography, gender, ethnicity, or any other characteristics. Child labor, forced labor, bullying, and harassment are strictly prohibited, and we resolutely protect the basic rights and interests of employees. We fully verify reference information during recruitment to avoid hiring unqualified candidates. During the reporting period, the Company complied with significant laws and regulations relating to the prevention of child or forced labor, and did not employ child labor or forced labor. Our labor contract signing rate is 100%, and we prioritize establishing a good working relationship among employees with mutual respect as the fundamental principle. Regarding workplace sexual harassment, we firmly adhere to a zero-tolerance policy, and violators and those who interfere with incident investigations, retaliate, and falsely report will face the same punishment, i.e., termination of the employment relationship. It is important to note that during the reporting period, no instances of workplace discrimination or sexual harassment occurred at Henlius.

During the reporting period, Henlius had a total of **3,406** employees.

Fostering a Diverse Talent Pool

Henlius holds a fair, just, and open approach in all aspects of our operations. We follow the principle of “putting the right people in the right places” during the recruitment and hiring process, providing equal opportunities for all employees in recruitment, training, promotion, and career development. Our commitment to diversity is reflected in our efforts to attract and bring together a wide range of talented individuals, and promote collaboration among them, creating a work environment that is respectful, open, and inclusive.

To attract outstanding talents, we adopt a variety of recruitment channels, including on-campus recruitment, off-campus recruitment, and internal referrals. As of 2022, our workforce composition is highly diversified, with a balanced gender ratio, including 19 disabled employees, 6 rehired employees, 68 overseas employees, and 13 ethnic minority employees.

Campus Recruitment

Campus recruitment is an essential part of our talent acquisition strategy at Henlius. We aim to attract outstanding and suitable graduates from our target colleges and universities, which provides a vital source of fresh talent for the Company and helps to build our employer brand, improving our branding awareness among target students.

During the recruitment season of 2022, Henlius established a partnership with the Shanghai Institute of Technology, Wuhan University of Bioengineering, Guizhou Normal University, and Guizhou Education University by signing school-enterprise cooperation framework agreements. As part of this collaboration, Henlius recruited a total of 29 fresh graduates from these four universities.

During the fall campus recruitment of 2022, we conducted recruitment campaigns at Peking University and Shanghai University of Science and Technology. We also launched the “Henlius DNA” R&D Program (also known as Heliuss DNA Trainee Development Program) for the first time, with the aim of cultivating a new generation of local R&D talents, bringing fresh energy to our R&D team, and building a healthy talent pipeline. Given the restrictions of the Covid-19 pandemic, we launched online campaigns and special live-broadcast sessions to attract potential talents on a wider scale. We reached 4,314 people from the two special live broadcasts and 57,450 people attended our online recruitment campaigns. To attract students from renowned overseas universities, we participated in online presentations and real-time virtual job fairs on overseas platforms, which enhanced the branding awareness of the Company among target overseas schools and improved our recruitment efficiency by allowing our business units to communicate directly with potential candidates. In recognition of our efforts, we are awarded with the Best Companies to Work for in Asia 2022 by HR Asia during the reporting period.



Overseas Online Job Fair

Henlius Forges Ties with Top East US Universities and Colleges

Case

In November 2022, Henlius took part in an online job fair for the fall 2022 recruitment organized by ACSSY (Association of Chinese Students and Scholars at Yale). We showcased “Henlius DNA” R&D Trainee Program and the Mars Landing Program at the fair, providing a plethora of job opportunities to students and scholars from top universities in North America. This participation allowed Henlius to build a connection between outstanding overseas students and the Company.

Internal Referrals

During the reporting period, Henlius implemented new internal referral initiatives in line with our practical business needs to attract diverse talents and enrich our talent pool. In addition to the original internal referral policy, we have launched more targeted internal referral initiatives that can boost the efficiency of internal referrals. In addition, we have initiated a sales internship internal referral program for 2023 campus recruitment, which motivated interns to leverage their network and recommend potential internship candidates for the Company.

Talent Training and Development

Driving Talent Cultivation

In 2022, Henlius has been committed to providing a systematic, comprehensive, and tailored approach to facilitate employee growth. We are offering a dual career ladder, giving employees the freedom to choose between Professional/Technical and Managerial pathways. To enable every employee to develop and learn, we offer them access to the Henlius Academy, a learning and development platform, as well as a variety of customized talent development programs, including the New Manager Bootcamp, the New Employee Orientation Program, the Buddy Program, and the “Henlius DNA” R&D Trainee Program.

At Henlius, employee training programs are regulated by the provisions in the Training and Development section of the Henlius Employee Handbook. Through systematic management of employee training, Henlius conducted a range of diverse training activities tailored to different levels of staff during the reporting period.

Employee Learning and Development Projects

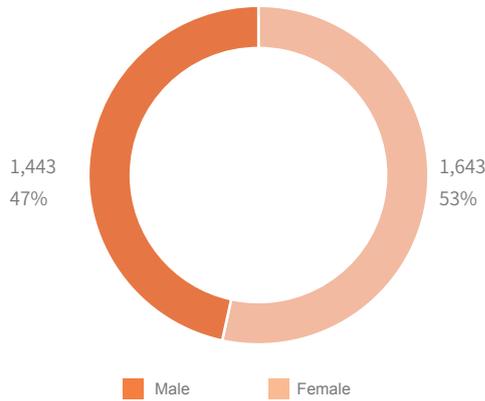
 <p>Sail Setting Series</p> <p>The Sail Setting series is designed for new employees of the Company, providing orientation and training to help them understand corporate culture and systems, as well as master the knowledge and skills required for their positions.</p>	 <p>Keep Sailing Series</p> <p>The Keep Sailing series is suitable for all employees, focusing on continuous training of role-specific hard skills, as well as improvement of soft skills.</p>	 <p>Voyage Series</p> <p>The Voyage series is developed for managers with a focus on leadership skills training and the improvement of talent management capabilities.</p>	 <p>Pilot Series</p> <p>The Pilot series is targeted at directors, focusing on the training of corporate operational capabilities, including enterprise management and strategy formulation.</p>
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2022 Training Highlights

<p>Techmark Business Simulation Training</p>  <p>In 2021, Henlius introduced the Techmark Business Simulation program. Following its successful debut, the program continued in 2022 with 30 director-level managers participating in the full training course. The program's primary objective is to equip participants with core skills and cultivate a global, systematic, and progressive approach to strategic decision-making. The curriculum delves into various managerial skills, including analyzing business environment, creating business opportunities, utilizing financial levers, fostering teamwork, and strategic decision-making.</p>	<p>New Manager Bootcamp</p>  <p>In 2022, Henlius debuted a new learning program specifically designed for new managers. The New Manager Bootcamp aims to support newly promoted team managers or supervisory employees in developing their managerial skills and improving their management habits. The program provides participants with the necessary knowledge and concepts to help them better understand their role as a manager, as well as the skills needed to effectively manage their teams. The program consists of a combination of classroom teaching and an online community, allowing participants to learn and interact in a supportive environment. There were 32 new managers or team leads from various departments completed this training program.</p>	<p>Customized Talent Development Program</p>  <p>Led by Henlius' Chairman, Executive Director, and CEO, this six-month program is tailored for employees in product development-related positions who need further development. With a team of 9 senior executives as mentors, the program focuses on one-on-one mentoring to accelerate talent development in key product development positions.</p>	<p>Buddy Program</p>  <p>To expedite the onboarding process for new employees, boost teamwork, and improve employee satisfaction and retention, Henlius introduced the Buddy Program in 2022. This initiative pairs fresh recruits with experienced colleagues to ease the integration process and provide ongoing assistance. During the three-month trial period, from March to June, Henlius trained 170 Buddies who supported 245 new employees.</p>
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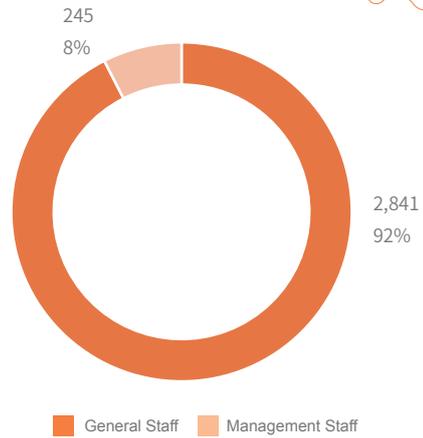
Employee Training by Gender

Unit: Persons, %



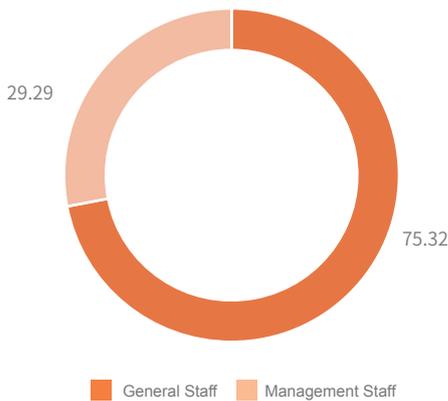
Employee Training by Banding

Unit: Persons, %



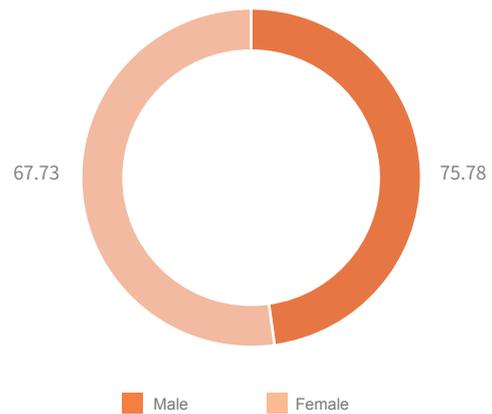
Average Number of Hours of Training Per Employee by Banding

Unit: Hours



Average Number of Hours of Training Per Employee by Gender

Unit: Hours



Henlius goes the extra mile to support its employees in their professional development by offering customized training programs as well as assistance in obtaining relevant certifications. This not only benefits the employees' growth but also contributes to the overall professionalism of Henlius as an organization. In 2022, Henlius supported 160 employees in obtaining various professional and safety-related certifications. These certifications include ACCA (Association of Chartered Certified Accountants), GCP (Good Clinical Practice), and CDE Biostatistics Examination for professional categories, and special equipment operation certificate, hazardous chemical practitioner certificate, and toxic chemicals certificate for safety categories.

Boosting Management Capabilities through Training Support

Case

Henlius encourages employees who meet certain criteria to apply for part-time continuing education to enhance their competencies as an effort to support the Company's strategic development and talent cultivation. Henlius provides corresponding tuition subsidies and service agreements for employees pursuing professional degrees, diplomas, and advanced education in management. In 2022, 5 employees qualified for continuing education in master's degrees and higher education, and received corresponding tuition subsidies from the Company.

Prioritizing Talent Pool Building

At Henlius, we verified our talent pool to accelerate talent development by utilizing matrix talent analysis and position evaluation to assess the status quo of talent development and adjust talent management strategies. In the reporting period, Henlius upgraded our management of talent review by conducting in-depth talent pool calibration meetings, carrying out our “Succession Plan”, and assessing talent pipeline. At the same time, we externally hired talents for key positions to address weak spots in our talent pool, and internally accelerated the development of employees who show potential to fit into key positions in the future. We have also created customized development programs for different functions, aiming to improve the number and quality of people in our talent pool.

Talent Review

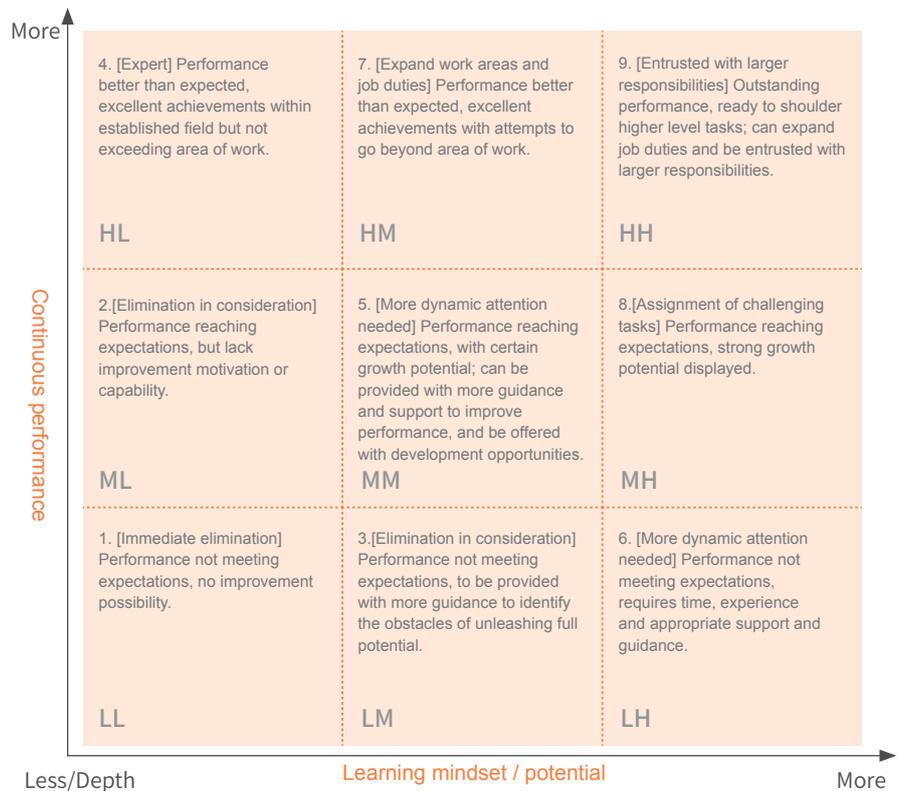
Establishing the standard

- o Purpose: To continuously improve the organization's talent pipeline and establish a clear criteria for selecting and developing employees for key positions.
- o Action: Creating a role-specific competency model that includes knowledge, experience, personality traits, and skills.
- o The first batch of key positions: key positions related to R&D, such as Product Team Leader, Product Team Project Manager, as well as positions related to production and quality.

Benchmarking

- o Purpose: Using the 9-box grid in the organization's annual talent review, along with performance and learning agility assessments, to gain a precise understanding of our corporate talent pool and guide talent development.
- o Significance: Utilizing the talent review result to identify high-potential employees, establish a succession plan for key positions, and retain core human resources.

Matrix Talent Analysis



Attracting and Supporting Talents

Establishing Scientific Incentive Strategies

Henlius is dedicated to providing its employees with a comprehensive compensation and benefits system while fostering a comfortable and pleasant working environment, catering to the individual needs of each employee, and providing our employees with all-around guidance to help them to live a better life in a healthier way. We have always been advocating a competitive compensation package and welfare system. Adhering to the integration principles of the Annual Business Goal 22 (Business Plan), Performance Measurement Baseline (PMB), and Key Performance Indicator (KPI), we continued to refine our performance management methods and apply well-rounded management of annual performance goals of Vice Presidents (VPs) and department heads.

Henlius has implemented a comprehensive performance management cycle, consisting of three specific stages: goal setting, performance review/adjustment, and performance assessment. The Company has established four types of personal goals, including business, cultural, compliance, and development goals, based on the needs of our employees, with each category having its own evaluation system, including a scoring and rating system. Based on the employee's score and rating, the Company provides a final performance rating and offers performance bonuses. For managers, we have developed a Performance Improvement Plan (PIP) management guideline and a practical guide for performance management, and offered empowerment training sessions to improve managers' soft skills for performance management.

In 2022, the Company maintained its Major Contribution Project Incentive Award, which is designed to recognize and reward exceptional teams and individuals who made significant contributions in the year. The award is open to all employees. 50 award-winning projects were awarded in 2022, involving 983 employees. In addition, an internal "thumbs-up" platform was implemented, allowing employees to reward each other for their hard work and accomplishments through "likes". This initiative not only facilitated stronger team collaboration within the Company, but also boosted employees' sense of achievement and job satisfaction. Throughout the year 2022, the platform received 1,509 likes and involved 649 participants. To boost innovation and R&D, we have implemented an incentive mechanism for innovation, which includes reward standards and rules in recognition of the development of superstar products, motivating internal R&D staff to innovate and develop blockbuster products by offering high bonuses.

Henlius Performance Management Full Cycle



Henlius' R&D Innovation Incentive Mechanism - Incentive to Develop Blockbuster

Case

Henlius, in pursuit of its goal of becoming a leader in biopharmaceuticals in China, introduced an R&D innovation incentive mechanism in 2022 that was open to all teams and individuals in the R&D department. The mechanism involved the establishment of four awards, namely "heavyweight blockbusters", "innovative blockbusters", "authoritative blockbusters" and "research blockbusters". The aim was to encourage the R&D team to be innovative and take risks, resulting in the development of more blockbusters. This incentive mechanism has produced remarkable results in 2022, and the Company's innovation pipeline expanding significantly.

Fostering the Sense of Belonging

Caring for Employees

Henlius is committed to providing its employees with excellent benefit packages on top of their basic rights and interests. Our comprehensive benefits package includes a range of monthly subsidies, supplementary provident funds, supplementary medical/health commercial insurance, as well as annual medical check-ups and festive bonuses. Besides that, we have recently upgraded our commercial medical insurance, increasing the critical illness coverage from RMB100,000 to RMB200,000, to further protect the rights and interests of our employees. Henlius is proactive in applying for government subsidies that are reasonable and compliant with regulations, for example, the Xuhui District Rental Subsidy for Talent Contributing to Covid-19 Prevention and Control, the Special Subsidy for Talents in Key Industries, and the "Super Postdoctoral" Incentive Plan.

We understand that our employees need to unwind and relax after a hard day's work, so we've hired professional yoga instructors to conduct regular yoga sessions and also built a 24-hour basketball court inside our Songjiang First Plant.

We also recognize that renting an apartment in Shanghai can be stressful. To help alleviate this burden, we've provided rental channels such as Xuhui public rental housing, Songjiang talent apartment, and guaranteed rental housing to make housing more affordable for our employees. During the reporting period, a total of 77 employees moved into our provided accommodations. We have also made it easier for our employees to obtain a Shanghai hukou, or household registration. With our status as a high-tech enterprise, we've expanded the channels for our employees to obtain this registration and expedited the process. During the reporting period, 109 employees were able to successfully obtain a Shanghai hukou.

Building Belonging through Empathy Activities

Case

To ensure a stable supply of products during the Chinese Spring Festival, Henlius' employees were stationed at the sites from New Year's Eve to the 4th day of the Lunar New Year in 2022. During this period, our executives showed their appreciation and support to the employees working overtime at the Xuhui Facility and Songjiang First Plant by delivering executive speeches, distributing gift packages, and taking group photos. These empathy activities expressed the care and gratitude of the labor union and the Company towards the employees working hard on site. Through these activities, the employees can better realize the significance of their daily work, and feel valued and appreciated by the Company.



Xuhui Facility Caring activities



Songjiang First Plant Caring activities

Employee Care During Lockdown

During the 2022 Covid-19 lockdown in Shanghai, Henlius implemented various initiatives to support and care for both work-from-home and on-site employees. We mobilized our resources to provide assistance to all employees and address the concerns of those working on sites. We aimed to keep employees optimistic and united, and ensure that everyone felt the love and support of the Henlius family during this challenging time.

Material and Emotional Support During Lockdown

Case



Food supplies for staff in Shanghai



Online psychological counseling activities

During the Shanghai city-wide lockdown in March 2022, Henlius took care of our employees both materially and mentally. As material procurement channels were reduced, we distributed vegetable and food supplies to regular employees, interns, third-party employees, and consultants to ensure they had sufficient resources in reserve. In addition, we have also provided procurement channels for families with special needs, such as the elderly, infants, and mothers-to-be, to purchase medicine, milk powder, diapers, and other necessities. For employees who live alone encountering special circumstances, the labor union organized emergency food distribution. The labor union successfully provided supplies to 1,944 employees in Shanghai, achieving a coverage rate of over 97%. Over 1,900 deliveries were completed, with the shortest delivery time being only 28 hours.

In addition, we provided all employees with mental health assistance, introducing self-care tips for mental health during the lockdown. For employees with special needs, we also offered one-on-one counseling to take care of their mental health in all aspects during these challenging times.

During the lockdown period, Henlius provided colorful spare time life for on-site employees.



Barber House: Three volunteers were recruited by Administration Department to provide hairdressing.



Game Room: Snacks, soda, and fruits are provided by Administration Department as rewards for participants joining games such as ring toss and basketball hoop shooting to make their life at the sites more enjoyable.



Movie Theatre: Films like Embrace Again (about the fight against Covid-19), My Country, My Parents, Beginning of The Great Revival, Léon, Crazy Alien, and Chinese Doctors are available for movie lovers to help them relieve stress from staying on sites.



Dancing Room: Employees can participate in exercise routines together to get fit and healthy.

Employee Communication

Henlius recognizes the importance of a smooth communication mechanism for promoting equal participation among employees. We aim to protect employees' rights to information, participation, expression, and supervision while providing an effective way for the management team to listen to the voices of front-liners. To achieve this goal, Henlius has established a diverse mix of communication platforms that include: Leadership Face to Face Town Hall Meetings, which allow all employees to communicate directly with executives; "go Henlius", an internal communication platform that enhances cross-departmental communications; Leadership Forum, which enables middle and senior management to communicate with each other about corporate development and discuss key topics; Cultural Carnival, an event helps enhance employees' understanding of our corporate culture and values; and "Thumbs-up" Platform, which provides timely public recognition and showcases positive examples. Through these various channels, smooth communication with employees is ensured at all times.

Leadership Face to Face Town Hall Meeting

Case



The Leadership Face to Face Town Hall Meeting is an all-hands internal communication channel. In 2022, Henlius held two town hall meetings in April and June respectively. During these meetings, we reviewed and discussed our strategy, R&D, production, and commercialization operations, and recognized employees who have made outstanding contributions. Our executives also expressed their sympathy and support to all employees, particularly during the special period of Covid-19 lockdowns, to ensure smooth communication within the organization.

"go Henlius" Communication Platform Grading Up

Case



Our "go Henlius" internal communication platform has been continuously upgraded to facilitate the timely communications of corporate strategies, promote corporate culture, enhance cross-departmental communications, and provide an internal voice platform for employees. As a result of its efforts, the platform won, in 2022, the Bronze Award in the category of Corporate Internal Communication in the 18th China Golden Awards for Excellence in Public Relations initiated and hosted by the China International Public Relations Association. Throughout the year, the platform published 144 articles, received 3,152 online interactions and more than 90 contributes from employees. During the Covid-19 lockdowns in Shanghai, we issued a series of 20 reports about our anti-pandemic efforts in the platform, engaging and energizing employees during this challenging period. We also interviewed more than 80 employees from R&D, production, commercialization, and other functions, highlighting the behind-the-scenes stories of "Henlius Milestones" and showcasing the personal talents of employees, while building a positive image of the Company.

Occupational Health and Safety

Maintaining a Safe Workplace

Henlius places utmost importance on health and safety in business management. We strictly comply with laws and regulations including the Safety Production Law of the People's Republic of China, and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, while adhering to our internal systems, including the Occupational Health Management Regulations, the Environment, Health, and Safety Management Protocol, the Special Equipment Management Procedures, and the Hazardous Work Control Procedures, to regulate employees' production operations and minimize safety risks.

To reduce and avoid safety hazards that may be caused by improper operations, we have strengthened the full cycle management of hazardous chemicals. We keep clear records of the relevant personnel's operations in each nexus, from procurement to storage and use, for subsequent traceability. For hazardous chemical operators and management personnel, we provide necessary protective gear and arrange additional special training to enhance their skills and awareness of safe operations. Furthermore, we conducted a unified census of the hazardous

chemicals involved in the production and established a list of hazardous chemicals to ensure that our employees fully understand the safety hazards and precautions associated with each chemical.

We are committed to continuously enhancing the level of occupational health protection for our employees. To achieve this, we regularly conduct daily occupational disease prevention and control activities, such as workplace occupational disease hazard detection, occupational physical examinations for employees exposed to occupational hazards, and occupational health training. This year, we have optimized our occupational health inspection process and GMP-related medical checkups for employees before onboarding. We have also carefully selected hospitals with occupational health inspection qualifications to carry out GMP-related medical checkups. This means that candidates only need to undergo one medical checkup at a single hospital to complete both medical checkups. Even if employees are only occasionally exposed to highly toxic substances used in the laboratory, they are still included in the scope of such occupational medical examination. A hypothermia examination is added for warehouse managers who are required to enter cold storage frequently to identify conditions that are unsuitable for cold storage operations and prevent aggravation of their pre-existing medical conditions due to low-temperature environment.

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

Enhancing Safety Awareness

At Henlius, building a strong safety culture is regarded as an important means to promote safety awareness among our employees. We organize regular safety education and training, as well as various safety emergency drills, to improve our employees' risk prevention and self-rescue capabilities, and enhance their awareness of self-protection and health management during production and operation. In 2022, we developed a mandatory online training course tailored to the needs of the Company and all our employees. The course covers a wide range of topics including firefighting, healthcare, environmental protection, and safety. We tracked the completion of the course and ensured that all employees passed the test. Additionally, we launched the Canary Project, which enables employees to report hidden hazards by scanning a QR code and uploading the hazards found in the site, contributing to the prevention of hidden hazards. During the reporting period, we carried out 48,131 hours of EHS training, with an average hour trained per capita of 14.13 hours, totaling 39,335 person times of attendance.

Fire Safety Drill at Xuhui Facility

Case



消防演练活动现场

In October 2022, we organized a fire safety drill to ensure that our employees could evacuate the building in an orderly, timely, and effective manner during a fire or other emergencies. Our goal was to minimize and prevent injuries while also fostering our employees' self-protection skills. The practical drill was a success and helped strengthen the awareness of fire safety among our employees.

Occupational Health Promotion Week

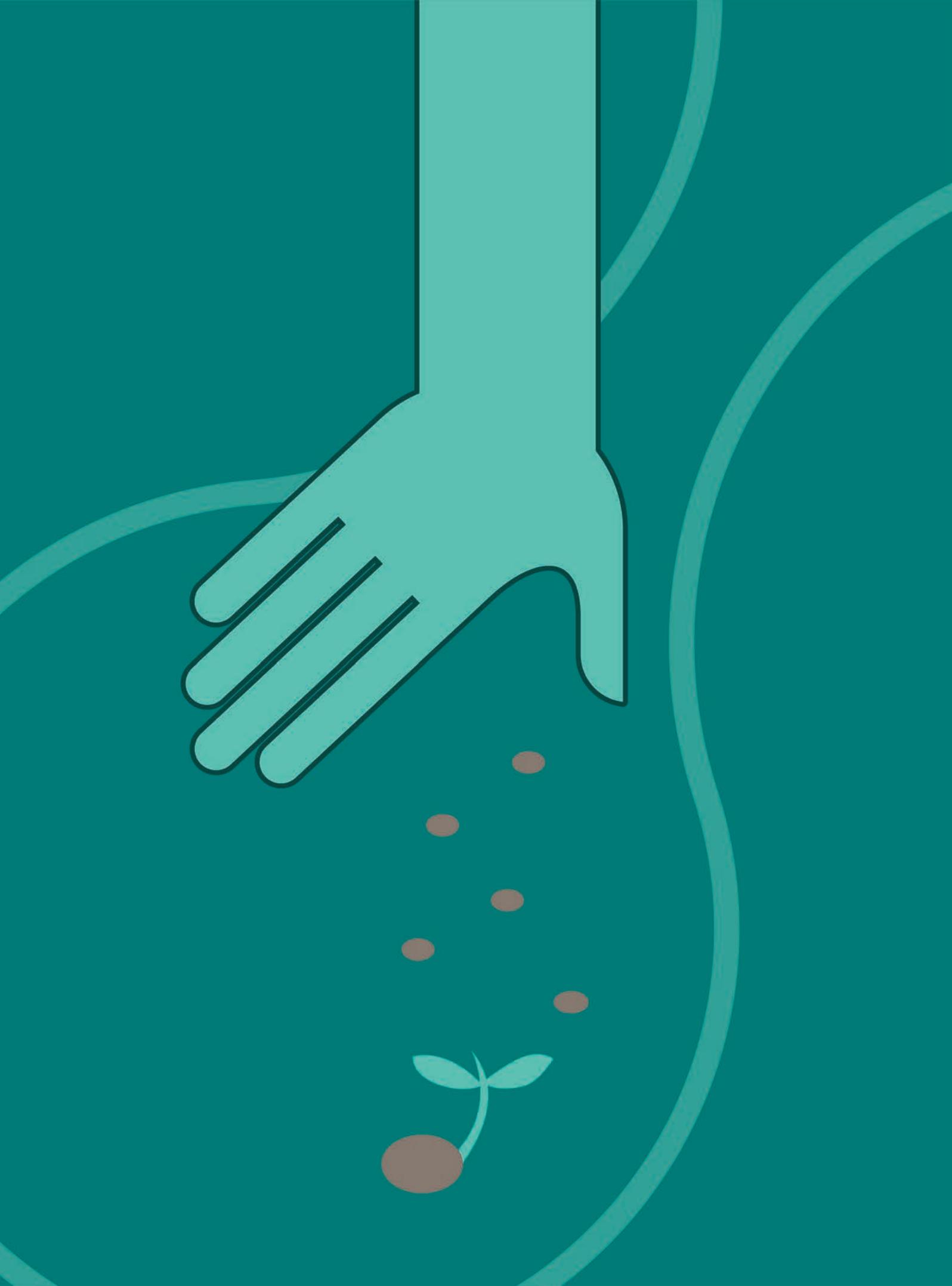
Case



In an effort to fulfill our responsibility for occupational disease prevention and control and to protect the health and safety of our employees, our EHS department launched a course - Occupational Health Knowledge Promotion Training - on the internal learning platform, Henlius Academy. This course was held from April to May 2022 with an aim to promote the Code of Occupational Disease Prevention and share knowledge on occupational disease prevention and control.

Environment

Henius adheres to the green development philosophy by abiding by its environmental management guideline - preventing environmental pollution and reducing energy consumption, so as to stay committed to responsible production. Since the establishment of our environmental management system, we have been ever-improving it by constantly optimizing the use of resources, and strictly processing all kinds of waste generated during production. We also make proactive responses to climate change and monitor the progress of our environmental goals, aspiring to realize the harmony between corporate operations and environmental protection.





Tackling Climate Change

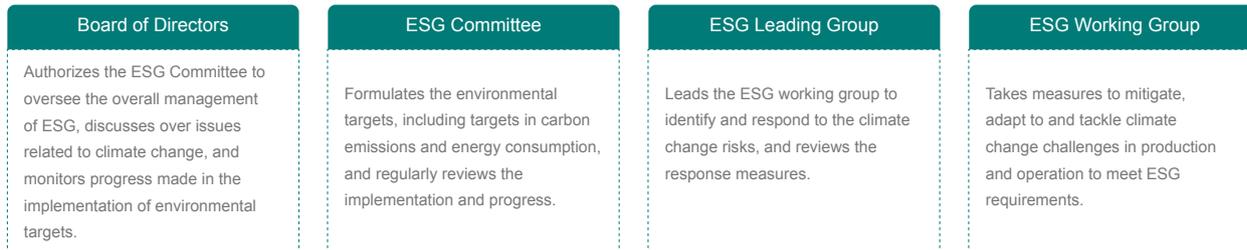
Climate change poses new challenges but also opportunities for the development of biopharmaceutical enterprises. Henlius actively responds to climate change by paying close attention to the global emission trend, and carrying out energy saving and emission reduction actions in our production and operation, helping the country to achieve its dual carbon goals¹. We continue to carry out the management of risks and opportunities of climate change, strengthen the efficacy of management, and review the performance of risk and opportunity identification, assessment, and management.

Governance Strategy

Henlius has incorporated climate change governance into its day-to-day management. From 2021 onwards, a three-tier ESG governance structure—the Company's board of directors, the ESG committee, the ESG leading group, and the working group—is established and charged with environmental issues, e.g., climate change. During the reporting period, the energy saving and emission reduction measures as well as the progress in climate change responses were reported to the Board who, together with ESG Committee, provided strategic guidance on how to respond to future climate change risks.

*1: China is striving to reach carbon peak by 2030 and carbon neutrality by 2060.

Governance Structure of Henlius for Climate Change



Risk Identification

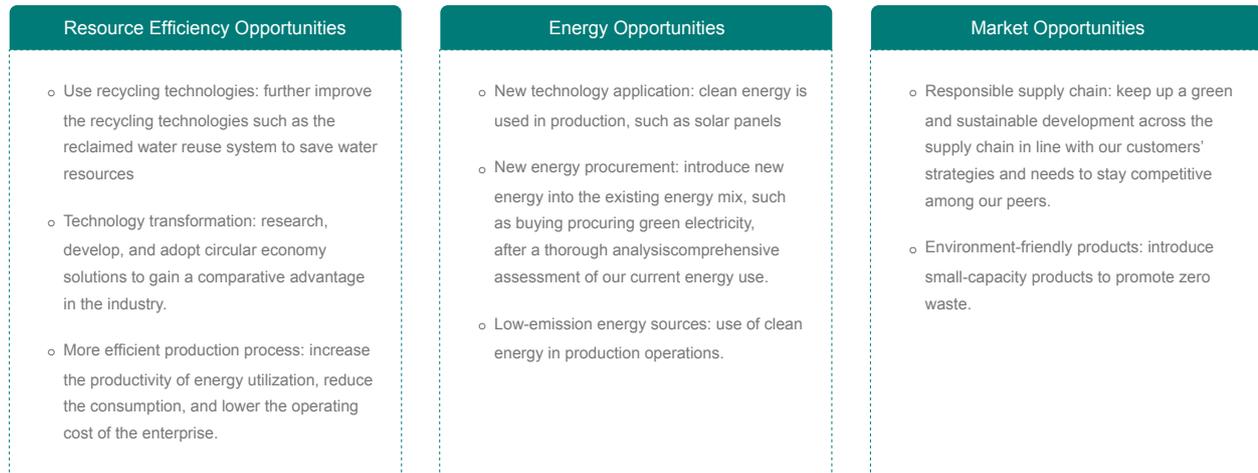
Based on our business and environmental conditions, Henlius identified the risks and opportunities related to climate change and carried out the analysis of the impact of climate change on our strategy, business, and finances. Physical risks refer to the risks associated with damage to physical assets, including acute and chronic risks; while transition risks are the risks associated with transitioning to a low-carbon economy, covering technology risk, policy and legal risk, market risk, reputational risk, etc. We have also formulated management plans regarding these risks and opportunities to better manage and prevent the impacts resulted from climate change.

Risk of Climate Change

Risk of Climate Change	Risk Description
Physical Risk	<p>Extreme weather events not only interrupt the production and operation of the Company, but also cause casualties and equipment damage.</p> <p>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.</p>
	<p>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.</p>
	<p>Chronic Risk</p> <p>The average temperature rise may increase operating costs of business, such as higher energy cost.</p>
Technology Risk	<p>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.</p>
Transition Risk	<p>Policy and Regulation</p> <p>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.</p>
	<p>Reputation Risk</p> <p>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.</p>
	<p>Market Risk</p> <p>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.</p>

Based on the market experience and the latest business insights, Henlius identified the following opportunities when transitioning to a low-carbon economy, and actively explored the feasibility of climate measures in our business, committing to take actions in tackling climate change.

Development opportunities under the transformation of low-carbon economy



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.

For the identified acute risks, we take proactive actions to prevent accidents and prepare for any emergency. For example, we follow the precautions against flood and typhoon in factories to dredge sewage regularly. In case of emergency, we contact the Flood Control Headquarter of the Development Zone immediately, and prepare and launch contingency plans timely. During the reporting period, we amended the Contingency Plan for Environmental Emergency of Shanghai Henlius Biotech to prepare ourselves for stable production across manufacturing facilities in the face of extreme weather events, thus reducing the negative impacts of climate change on business operations and brand reputation.

For energy and greenhouse gas management, we have been implementing energy efficiency projects to be in line with the trend of green manufacturing. We have also optimized measures taken in process optimization, technology upgrades and resource reuse. (For more details, please refer to "Commitment to Environmental Management")

Indicators and Targets

Committing to sustainable development in environmental management, we have set environmental targets to improve the management of energy use and emissions, so as to strengthen our climate resilience while meeting regulatory compliance. We have specified the requirements in four main indicators—greenhouse gas emissions, energy consumption, water consumption, and waste generation, with follow-ups on the progress made in meeting our targets. (More details about targets in greenhouse gas emissions and energy use, see "Commitment to Environmental Management")

Commitment to Environmental Management

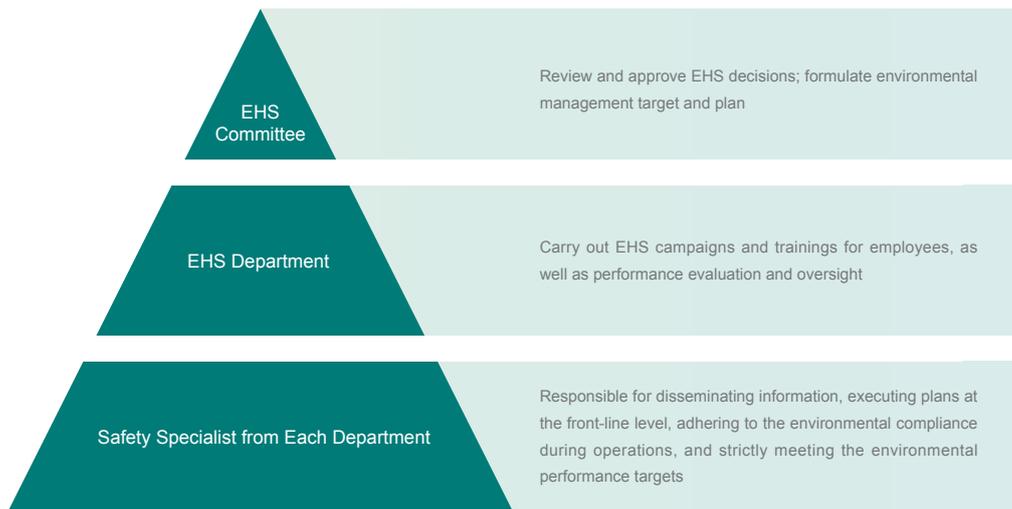
Environmental Investment
RMB **7.575** Million

Henlius is well aware of our social responsibility in protecting the environment along our journey of business development. We strictly abide by environmental laws and regulations such as 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. With a comprehensive environmental management system and a strict control over our environmental impacts, we aim to become an environment-friendly biopharmaceutical company.

During the reporting period, Henlius invested approximately RMB7.575 million in environmental protection.

Environmental Investment

Indicator	Unit	2020	2021	2022
Environmental Investment	RMB10,000	255.10	405.87	757.51



Environmental Management System

A sound environmental management system is the cornerstone of green development. During the reporting period, Henlius continued to make good use of our comprehensive Pollution Prevention and Control Responsibility System. After analysing the business and future strategic requirements of the Company, we streamlined the corporate structure and established a three-tier environmental management structure consisting of EHS Committee, EHS Department, and safety specialists from each department, with the duty of each tier set clearly. Mr. Wenjie Zhang, Chairman, Executive Director and Chief Executive Officer, is the head of EHS Committee. This top-down management system lays a solid foundation for our environmental safety management.

Having taken into consideration the industrial and corporate context, we have set four environmental targets¹. During the reporting period, we tracked the progress made in reaching the targets and conducted regular reviews to take various measures in energy conservation, emission reduction, resource utilization, and clean production, demonstrating our commitment to shouldering corporate environmental responsibility.

*1: Intensity targets in terms of commercial capacity (i.e., single-ues production facilities).

Four environmental targets

Indicator	KPI
GHG reduction target	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-saving target	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 use target	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
Hazardous waste emission target	Taking commercial production capacity as a unit, we promise that by 2025, 100% of hazardous waste will be disposed of in compliance with regulations, and our emission intensity of solid waste will be reduced by 10%

Cleaner Production Assessment

Case

We submitted a cleaner production assessment report to the Shanghai Office for Promoting Cleaner Production in November 2022. This assessment is the first voluntary cleaner production audit offered to enterprises that wish to assess their own progress in energy saving and emission reduction.

The cleaner production audit team conducted on-site investigation, held discussions with engineering technicians and technical operators, carried out campaigns to solicit advice on the cleaner production plan from all employees. Our research team has analysed the material balance and the causes of waste, and consulted the industrial data and technical advice from experts, thus formulating 11 Cleaner Production Plans, which aim to meet emission standards and environmental compliance while reducing pollution created during the production process.

Process	Waste	Equipment	Resources
<ul style="list-style-type: none"> Optimization of sodium hydroxide formulation process Optimization of preparation trial process Optimization of disinfection frequency of water circulation system 	<ul style="list-style-type: none"> Solid waste warehouse retrofit Hazardous waste warehouse retrofit Adding online monitoring of wastewater Adding wastewater pH adjustment device 	<ul style="list-style-type: none"> Upgrading automatic intelligent light inspection machine Replacing pump head of pilot freeze dryer cleaning pump Upgrading sewage pretreatment station 	<ul style="list-style-type: none"> Reclaimed water reuse system

Aside from improving the internal management, we also carried out internal environmental evaluation and external audit¹, to assess our environmental management and protection, and rectify disclosed issues.

Henlius internal and external audit of EHS performance

Conducted internal audit with a focus on environment, firefighting and safety, and achieved 100% rectification of issues identified.

Participated in the cross-audit with Shanghai Fosun Pharmaceutical Group, rated our performance according to Fosun High-Tech System, which covers environment, health, safety, system, and leadership, and reviewed the results for targeted improvements.

Invited a third-party "Environmental Steward¹" to conduct on-site inspections, offer advices on SOP related to environment, health, and safety, and evaluate environmental compliance. By doing so, we can solve the disclosed problems and control EHS risks.

Resources Management

We remain mindful about our resource and energy efficiency. Strictly abiding by the laws and regulations in places where we operate, we have established a robust resource management system to keep improving our overall resource efficiency.

Energy Management

Henlius strictly follows the Energy Conservation Law of the People's Republic of China and other laws and regulations in places where we operate. As a proponent of low-carbon energy consumption, we implemented a standardized and systematic management of energy conservation to improve our energy use efficiency.

In production, we adhere to lean production to achieve low-carbon operation and production. In office, we uphold the idea of "green office" in every detail, such as implementing the "paperless office" workflow. During the reporting period, we have finalized over 30 innovative projects for digital transformation, enabling on-line operations and management to create a low-carbon and energy-efficient workplace.

During the reporting period, the statistics of energy use and GHG emissions is as follows:

Indicator	Unit	2020	2021	2022
Natural gas	Cubic metre	2,559,789.50	2,878,404	2,989,137
Gasoline	Litre	0.00	11,558.48	7,738.90
Outsourced electricity	Kilowatt-hour	20,089,862	24,583,212	25,747,474
Direct energy consumption	GJ	97,476.12	109,970.05	114,098.12
Indirect energy consumption	GJ	72,323.50	88,499.56	92,690.91
Energy consumption	GJ	169,799.62	198,469.62	206,789.02
Energy consumption intensity	GJ/Litre	/	9.92	4.31

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

Indicator	Unit	2020	2021	2022
Scope 1 greenhouse gas emissions	Tons of carbon dioxide equivalent	5,534.75	6,249.15	6,480.15
Scope 2 greenhouse gas emissions ¹	Tons of carbon dioxide equivalent	14,133.22	17,294.29	14,683.78
Total greenhouse gas emissions	Tons of carbon dioxide equivalent	19,667.96	23,543.44	21,163.93
Total greenhouse gas emission intensity	Tons of carbon dioxide equivalent/Litre	/	1.18	0.44

Water Resources Management

In 2022 Songjiang facility reused reclaimed water

22,051 Cubic metre

Xuhui facility reused reclaimed water

6,635 Cubic metre

Water resources are crucial to our production. We strictly abide by the Water Law of the People's Republic of China and other local laws and regulations enforced in where we operate. We formulated relevant corporate management policies that are compatible to our operation to improve our water resources management. During the reporting period, we continued to promote the reclaimed water reuse system in Songjiang and Xuhui facilities, using the recycled water for circulating cooling water replenishment system, green watering, and boiler feed, to achieve greater recycling of water resources and compliance with discharge regulations. In 2022, the Songjiang facility and the Xuhui facility reused 22,051 and 6,635 cubic metres of reclaimed water respectively.

Moreover, we made a facility-wide inspection on our water balance and compiled the water balance report. During the inspection, we fixed all water leakage sources identified to prevent further leakage, saving about 60,000 tons of water per year.

During the reporting period, we used the municipal water as our main water source, and the consumption details are as follows:

Water consumption

Indicator	Unit	2020	2021	2022
Total water consumption	Cubic metre	233,594	284,617	236,195 ²
Water consumption intensity	Cubic metre/Litre	/	14.23	4.92

Packaging Material Management

Henlius packaging materials totalled

226.54 Tons

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 and strive to optimize our material management system. In addition to promoting the use of recyclable materials and the recycling of packaging materials to improve utilization efficiency, For example, replacing disposable foam packaging boxes with recyclable cold chain packaging boxes to reduce carbon emissions. we also advocate packaging light-weighting from packaging design, production, Encourage and cooperate with suppliers of external packaging materials to develop the production of environmentally friendly materials and increase the use of environmentally friendly materials from the source. During the reporting period, our packaging materials totalled 226.54 tons.

*1: Scope 2 carbon emission from electricity consumption is measured according to the National Grid average emission factor 0.5703t CO₂/MWh in "Guidelines for Corporate Greenhouse Gas Emission Accounting Methodology and Reporting—Power Generation Facilities (2022 Revision)", which is updated from the 2012 version (0.7035t CO₂/MWh in 2012 for the East China Grid), and is therefore adjusted.

*2: The reasons for the decrease in total water consumption in 2022 include the discovery of a leak in the water balance project, which led to a decrease in water consumption after the problem was eliminated; the installation of new water meters in 2022. The water consumption of the production building was counted, and the statistical caliber of the data was adjusted.

Emission Management

We strictly abide by relevant laws and regulations of the places where we operate. Taking into consideration of the condition of each department and production facilities, we have established the internal environmental management system consisting of regulations such as the *Exhaust Gas Management Regulations* and the *Wastewater Discharge Management Regulations*, and amended the *Solid Waste Management Regulations* to optimize waste management during the reporting period. With strict adherence to all applicable emission standards, we aimed to ensure a 100% compliance in our wastewater, exhaust gas and waste emissions.

Exhaust Gas

The pollutants emitted by the exhaust gas mainly come from the volatilization of a small number of chemical reagents, acid-base and organic reagents in the production and inspection process. 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 (Odor) Pollutant Emission Standard (DB31/1025-2016)*, and the *Boiler Air Pollutants (DB31/387-2018)*, as well as our Exhaust Gas Management Regulations, to process and discharge exhaust gas. By installing fume hoods in laboratories, using exhaust pipes and fans, we have centralized our collection and processing of exhaust gases to ensure the emission is free from nitrogen oxides, sulfur oxides and atmosphere particulate so as to avoid polluting the atmosphere.

During the reporting period, the details of exhaust gas emission are as follows¹:

The details of Henlius exhaust gas emission

Indicator	Unit	2020	2021	2022
NOx emissions	Ton	0.30	0.53	0.30
Sulfur dioxide emissions	Ton	0.03	0.08	0.01
Total non-methane hydrocarbon emissions	Ton	0.03	0.25	0.21
Particulate matter emissions	Ton	0.00	0.00	0.03

*1: The new particulate matter emissions are mainly from the Songjiang First Plant that is put into operation lately.

Wastewater

Wastewater discharge pollutants mainly come from chemical oxygen demand (COD), ammonia nitrogen (NH₃-N) and total nitrogen in production wastewater, experimental wastewater, pure water preparation wastewater and steam condensate, domestic sewage, and cooling tower blowdown. We strictly follow the laws, regulations, and industry standards in places where we operate, including the *Biopharmaceutical Industry Pollutant Discharge Standard (DB31/373-2010)* in Shanghai and the *Comprehensive Wastewater Discharge Standard (DB31/199-2018)*, and discharge wastewater according to Henlius' *Wastewater Discharge Management Regulations*. During the reporting period, we built up new sewage stations with upgraded facilities to improve wastewater treatment in compliance with regulations, forestalling any negative impact on the surrounding areas and people's health.

Sewage Stations in Xuhui and Songjiang Facilities (1)

Case



Sewage Station at Songjiang First Plant

We have built up sewage stations at Xuhui Facility and Songjiang First Plant, with daily wastewater treatment capacity up to 65 tons and 300 tons respectively. The new sewage stations adopt a process integrating biochemical and MBR (Membrane Bio-Reactor) treatment. After biochemical treatment, the effluent enters into the MBR membrane pool where the membrane components are immersed, and wastewater can be filtered through the MBR membrane under vacuum pump. The microfiltration membrane can effectively block out the sludge, aerosols and bacteria to ensure the quality of the treated water, which can ultimately improve the efficiency of wastewater treatment while complying to the regulatory standards.

Henlius have reduced the volume of wastewater discharge

9,724 Tons

with the help of the reclaimed water reuse system

In 2022, we registered all on-line wastewater monitoring equipment in each facility and connected them to the monitoring platform, so the data can be updated to the platform to ensure compliance with discharge regulations. Songjiang and Xuhui facilities also formulated self-inspection and self-correction forms in accordance with the Requirements for Special Inspection of Wastewater Discharge in the Pharmaceutical Industry". With regards to all the inspection focuses, we conducted self-inspection, analyzed the causes for the disclosed problems, and fixed them in a timely manner through cross-departmental collaboration.

During the reporting period, the details of our wastewater discharge¹ are as follows. We have reduced the volume of wastewater discharge by 9,724 tons with the help of the reclaimed water reuse system.

The discharge of Henlius wastewater

Indicator	Unit	2020	2021	2022
Industrial wastewater discharge	Ton	11,285.70	47,347.50	110,371.05
Chemical Oxygen Demand (COD) emissions	Ton	0.64	4.17	5.82
Ammonia nitrogen (NH ₃ -N) emissions	Ton	0.01	0.20	0.18

*1: The increase in discharged wastewater is due to the increase in commercial production capacity during the reporting period. Henlius also included multiple new wastewater discharges according to the latest statistical standard of the environmental assessment of the Analysis of the Environmental Impacts of the Non-substantial Changes of the Project in Industrial Facility Expansion of Shanghai Henlius Biotech, Inc., which was completed in 2021. As a result, total discharge volume has increased.

Waste

Our waste emissions are categorized into domestic waste, general industrial solid waste and hazardous waste. We strictly follow the *Standards for Pollution Control of Hazardous Waste Storage (GB18597-2001)*, the *Technical Specifications for Collection, Storage and Transportation of Hazardous Waste (HJ2025-2012)*, the *Standards for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites (GB18599-2001)*, and other laws and regulations of the places where we operate. Considering the company's operations, we have formulated the *Solid Waste Management Regulations* and the *Hazardous Waste Management Regulations*, to ensure complete collection and proper disposal of hazardous waste. For domestic waste and general solid waste, we recycle in the park and entrusts the sanitation department to dispose the waste according to the regulations. We have also formulated ledger management to track and manage the use and disposal of waste. Our hazardous waste mainly includes waste culture bags, waste filters, waste organic resins, substandard medicines, and waste activated carbon. We adopt a management ledger and transfer bill system, and regularly entrusts institutions with corresponding hazardous waste treatment qualifications to carry out harmless treatment.

Waste Collection Pool at Xuhui Facility

Case



Waste Collection Pool at Xuhui Facility

Xuhui Facility, as a key unit under regulation for hazardous waste, has been strictly observing the requirements of the *Law on the Prevention and Control of Environmental Pollution by Solid Wastes*, and improving its environmental management.

In October 2022, EHS management team renovated the current warehouses for hazardous wastes according to the solid waste management requirements and the environmental contingency plans for the facility. For example, we re-laid the epoxy floor, and set up a new hazardous waste collection pool in the open area. In case of pollution accidents, the pool can contain firewater and other polluted water, so as to avoid leakage incidents. In this case, the probability of secondary environmental pollution caused by accidents can be reduced.

During the reporting period, the details of solid waste emissions are as follows

Indicator	Unit	2020	2021	2022
Total domestic waste	Ton	341.82	383.65	336.33
Total general industrial solid waste	Ton	142.72	207.50	297.19
Total Non-Hazardous waste	Ton	484.54	591.15	633.52
Non-Hazardous waste intensity	Ton/Litre	0.010	0.012	0.013
Total Hazardous waste	Ton	113.64	177.21	221.76
Hazardous waste intensity	Ton/Litre	/	0.009	0.005
Total solid waste	Ton	598.18	768.36	855.27
Solid waste emission intensity	Ton/Litre	/	0.038	0.018

Society

Henlius attaches importance to industry cooperation, continuously improves its supply chain management, empowers industry chain development, actively practices a green supply chain, strengthens cooperation with local suppliers, reduces costs, and increases efficiency to benefit patients. As a responsible part of the community, Henlius actively responds to national policies and gives back to society. The company leverages its industry expertise and resources to carry out charitable activities for different groups and take its corporate social responsibility. We also actively participate in industry conferences and technical exchanges to enhance communications with all stakeholders and promote robust and rapid development of the pharmaceutical industry.



Supply Chain Management and Development

Staying open-minded, Henlius continues to expand our fields of cooperation in a diversified development. We prioritize the improvement of our supply chain management system, which includes strengthening communication and management with our suppliers and providing them with appropriate support and assistance, with the aim of shaping a sustainable supply chain together.

Optimizing Supply Chain Operation

Ensuring Sustainability Across the Supply Chain

Henlius advocates green and low-carbon procurement and prioritizes suppliers who share our commitment to social responsibility and environmental performance. To ensure that our suppliers meet our high standards, we have developed the Supplier Code of Conduct, Supplier Management Regulations, Direct Procurement Supplier Management Process, and Direct Procurement Management System, etc. These guidelines enable us to regularly conduct both written and on-site EHS audits for direct material suppliers (including raw materials, auxiliary materials, packaging materials, and more). Based on the results of these audits, we evaluate the status and performance of the environmental protection management of our suppliers. In addition, we require our suppliers to comply with our environmental, health, safety, and quality regulations when operating within Henlius' areas.

At Henlius, promoting the sustainable development of society is a key priority. As part of this commitment, we focus on sustainable procurement, deepen green development across our upstream and downstream supply chains, and promote the green upgrading and transformation of industries. We also aim to strengthen the sense of responsibility for the green supply. To achieve these goals, we continue to sign the Green Supply Chain Proposal with our suppliers and work together to improve the environmental management and performance of our supply chain and the Company as a whole. We believe that by emphasizing both environmental awareness and economic development, we can jointly promote the green development of the industrial chain. At the end of the Reporting Period, the coverage rate of suppliers who have signed the green supply chain clause stands at an impressive 90%.

For logistics and transportation, we have also implemented relevant regulations based on the nature of different material categories. We prioritize the use of environmentally-friendly phase change materials that can be repeatedly used as insulation materials to reduce resource consumption. For hazardous chemicals, we work with professional suppliers with hazardous chemical transportation qualifications to reduce environmental pollution and resource waste. At the same time, we also give priority to the use of new-energy transport vehicles to minimize carbon emissions.

Meanwhile, Henlius firmly opposes any unethical business practices and requires suppliers to sign the Anti-Commercial Bribery Commitment Statement to ensure a healthy and sustainable partnership. In the event of any violation of the statement, we have established penalty charges for the suppliers; and in serious cases, the Company has the right to terminate the cooperation and put the supplier on the integrity blacklist. During the reporting period, 100% of our suppliers signed the Anti-Commercial Bribery Commitment Statement.

Embracing Local Sourcing

Henlius is dedicated to improving business continuity by actively promoting the development of localized supply. To gradually promote the process of localization, we have implemented local procurement strategies, formulated phased development plans, and broadened supplier bidding channels. For example, we have successfully replaced foreign suppliers of disposable consumables with Chinese ones, which has eliminated constraints brought by foreign suppliers and significantly reduced supply chain risks in commercial production. As of the end of 2022, we have identified 37 suppliers of key materials, resulting in savings of RMB22.16 million in procurement costs and a 50% reduction in the material delivery time on average. This localization effort has ensured supply chain resilience and continuity, reduced stock coverage days (CDI), improved cost-reduction efficiency, and secured uninterrupted commercial/non-commercial production.

In 2022, Henlius resulted in savings of RMB **22.16** million in procurement costs

Overview of Material Localization Progress 2022



Henlius remained committed to localizing the supply of fillers/packaging films throughout the reporting period. The purpose of this effort was to minimize supply chain risks. In 2022, our Downstream Process Development Department successfully completed the localization of 10 projects.

Collaborate with Chinese suppliers of fillers/packaging films to ensure stable production

Sort the fillers and packaging films required for each manufacturing step based on their supply risk and screen for locally available materials using available resources.

Ensure careful risk management when introducing localized materials produced in China. For fillers that can be reused multiple times, we carefully examine their purification effect, lifetime, batch-to-batch variation, amplification effects, validation documents, and more before replacing them. For packaging films that can only be used once, we conduct a detailed examination of various indexes before the replacement. In cases where local materials are unavailable, we use imported packaging films as an alternative.

We summarize the knowledge and experience gained from certain supply localizing projects and create a platform for local materials. We then apply the knowhow this information to future projects to reduce workload and improve efficiency.

Elevating Supplier Management

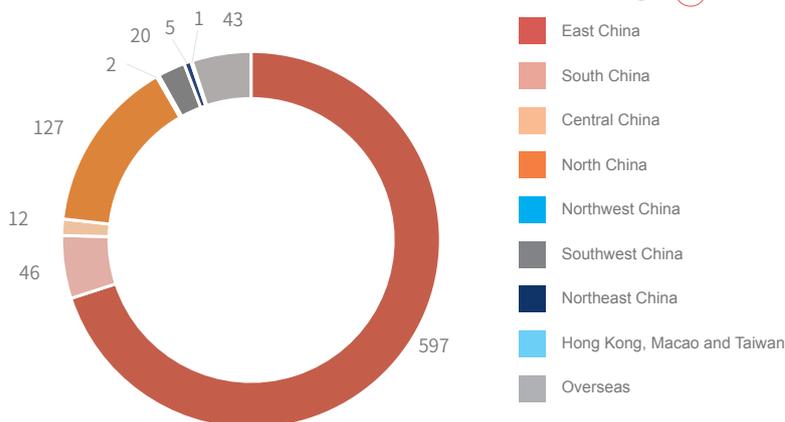
Maintaining Responsible Procurement Practices

At Henlius, we insist on fair procurement and resist any unfair competition and corruption in all our procurement activities. We strictly follow all applicable laws and regulations, including the Drug Administration Law of the People's Republic of China, the Provisions for the Supervision and Administration of Drug Production, and the Provisions for Drug Registration. In addition, we updated and released the Supplier Code of Conduct, the General Outline of Indirect Procurement Management System, the Indirect Procurement Management System - Procure to Pay-Process Standard Operating Procedures, the Indirect Procurement Management System - Supplier Master Data Management, the Indirect Procurement Management System - Standard Operating Procedures for Procurement Contract Management, the Indirect Procurement Management System - Supplier Relationship Management, Direct Material Procurement Management Procedures, and Direct Supplier Management Procedures. We have also introduced several new features to our procurement processes, including urgent procurement, special approval online process, and the type description of the sole-source supplier. In addition, an online platform for procurement contract management is made mandatory and new suppliers should undergo a due diligence process before obtaining approval. These measures are aimed at regulating supplier behavior and optimizing the procurement process.

As of December 31, 2022, Henlius had a total of **853** suppliers, which can be broken down as follows:

The breakdown of Henlius suppliers

Unit: Supplier



Supplier Access

Henlius holds our suppliers to high industry standards in our supplier development and cooperation. We carefully examine the qualifications of all suppliers and implement different strategies of development and selection based on supplier categories. Henlius has established a strict supplier access management system that applies to all of our suppliers and developed internal management policies as well as standardized review and access procedures to identify and select outstanding and stable suppliers. We have also added a new rating dimension for supplier access in line with the internal Supplier Management Regulations, which covers all aspects of the access process from supplier selection, evaluation, approval, to cancellation, and clarifies the selection principles, supplier approval process requirements, and supplier quotation requirements, to ensure the objectivity, scientificity, and standardization of supplier access. Moreover, Henlius has established a procurement collaboration system that seamlessly integrates with the existing management system to achieve a closed-loop management of the Source-to-Pay (S2P) process. This system helps reduce supply chain risks, improve operational efficiency, and create a sustainable and lean supply chain management system.

We implement layered management on suppliers. According to the level of suppliers and materials, suppliers are divided into Class A, B and C. For Class A and B material suppliers, we continue to strengthen on-site or remote auditing efforts to ensure that their operations comply with relevant regulations and production standards and guarantee the stability of material supply. To achieve this, Henlius has developed a standardized workflow for on-site audits and has set targeted key audit items and plans based on the nature of suppliers' businesses. The audits help identify various risks and problems and provide rectification recommendations. The preliminary stage of the audit is completed in the form of an audit report. For suppliers with identified issues, Henlius shares with them the audit report, which serves as a reference for their rectification process, and follows up for a second audit after rectification. By the end of the reporting period, there were 166 qualified suppliers, including 54 Class A suppliers, 103 Class B suppliers, and 9 Class C suppliers.

In addition, Henlius has put in place rigorous regulations for the access of packaging material suppliers. In terms of centralized purchasing for outsourcing materials, suppliers are required to possess certifications for the environmental management system, occupational health and safety management system, and quality management system, among other relevant qualifications. This is to guarantee the supply of high-quality materials while also mitigating supply chain risks. In the reporting period, 100% of Henlius' direct suppliers for packaging were ISO 14001 certified, while 3.47% obtained the ISO 13485: 2016 Certification.

Follow-up Supplier Management

Henlius recognizes the importance of a high-quality supplier management system in providing top-notch products and services. We have implemented a comprehensive follow-up management system to ensure that our suppliers continue to meet our high standards. Furthermore, we have broadened the scope of our supplier management to include Class A+B material suppliers, requiring them to sign an *Establishment and Requirements of Quality Assurance Agreement* to ensure the quality of services and materials provided.

Henlius conducts management audits of our suppliers periodically to assess their performance, material quality, after-sale services, and product prices. The evaluation criteria and follow-up processes are different for the three categories of suppliers - A, B, and C. After auditing, the results are divided into four score ranges, and unqualified suppliers are provided with specialized and targeted rectification advice. Henlius also follows up on the rectification process to ensure a closed-loop management.

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>

Supplier due diligence is a crucial aspect of supplier relationship management and compliance risk management for indirect procurement. We evaluate the risk level of suppliers based on the category of materials procured, and partner with third-party companies to conduct due diligence and issue independent reports. By assessing compliance risks based on our compliance risk level assessment procedures and creating risk response plans, we strive to meet our compliance risk management objectives. Per our review procedures for medium- to high-risk contracts, suppliers with medium- to high-risk findings will receive professional opinions and are required to implement improvement measures based on their corresponding risk levels. During the reporting period, we assessed the risks of 87 indirect procurement suppliers and took appropriate actions in line with our compliance requirements.

Building Trust and Cooperation

Supplier Communication

Henlius maintains close and effective communication with suppliers. We have strengthened our communication on quality, safety, and regulations with suppliers through online training and sharing sessions. In the reporting period, we conducted online compliance and e-signing training for suppliers, helping them improve their compliance awareness and facilitating smooth business operations through strengthened compliance promotion and business guidance. During the reporting period, 250 indirect procurement suppliers registered for e-signature.

We also communicate regularly with Class A material suppliers through various channels such as email, online meetings, and site visits. During these interactions, we analyze and propose solutions for pending issues including order delivery updates, as well as key material allocation and arrival status.

Quality Complaint Communication Meeting

Case



We have strengthened our communication and cooperation with suppliers to better serve our customers and promote shared development between Henlius, our suppliers, and our customers. In August 2022, Henlius and LePure Biotech launched a quality complaint communication meeting that took place every week. Starting from September to December 2022, an additional bi-weekly communication session was added. Through these meetings, we analyzed the top five quality complaints and proposed effective solutions to resolve issues such as broken filters and cracked mixing paddles. By maintaining regular communication with our suppliers, we aim to improve their quality awareness, clarify our quality requirements, and ensure a high level of quality throughout our supply chain.

Ensuring Stable Production and Supply

Ensuring Uninterrupted Production

Amidst the Covid-19 pandemic in 2022, Henlius diligently monitored affected areas and made swift production and logistics scheduling to ensure uninterrupted product supply. In early March 2022, as new outbreaks surfaced in Shanghai, we took preemptive measures, requiring staff stationed at the plant for closed-off management. By March 30, we officially began closed-off production at the plant to ensure consistent product supply. By the end of May, the Company had over 700 employees stationed at the plant.

While implementing closed-off management, we proactively complied with Shanghai's Covid-19 prevention and control policies. We took several emergency prevention and control measures, including hierarchical control of production personnel, centralized safety management of production line personnel, and adjustment of the supply chain logistics plan. Despite the challenges, we were able to ensure the production and shipment of key products such as HANLIKANG (rituximab), HANQUYOU (trastuzumab, Zercepac® in Europe), and HANSIZHUANG (serplulimab). Our efforts resulted in several successful achievements, demonstrating Henlius' speed.

Henlius successfully completed the first commercial shipments of HANSIZHUANG on March 31, just four working days after obtaining approval for treatment. The product was shipped to nearly 30 provinces and over 100 cities, achieving a debut in many places across China within a week of approval. Despite facing Covid-19 restrictions, this was a significant effort to meet the needs of oncology patients.

In addition, on April 28, the Songjiang First Plant passed a GMP compliance inspection and became Henlius' second GMP-certified manufacturing plant. This certification granted to the Songjiang First Plant has allowed Henlius to utilize its 24,000 liters commercial production capacity for the production of HANQUYOU, increasing the Company's commercial production capacity to 48,000 liters. Seven days after receiving approval for commercial production, the Company completed the mass shipment of HANQUYOU, with the first batch of drugs successfully delivered to 23 cities in 20 provinces during the Covid-19 pandemic, demonstrating the Company's strong market response capability.

61 Days of Closed-loop Production

Case

On the eve of the city-wide lockdown in Shanghai, Henlius already made comprehensive arrangements for the deployment of staff at our two production sites. As of March 27, nearly 400 staff were stationed at the sites. The Company not only deployed a production assurance program in advance but also guaranteed the daily life and personal necessities for the staff stationed on the sites. Henlius, as a pharmaceutical company with high requirements for aseptic operation, adopted a series of stricter disinfection and quarantine measures. Before entering the production workshop, staff members not only routinely disinfected and changed protective clothing, but also increased the frequency of disinfection, body temperature checks, and PRC testing during the lockdown. This successfully ensured the quality and quantity of products produced during closed-loop production.



On-site staff of Xuhui Facility



On-site staff of Songjiang First Plant



Managing and Controlling Supply Chain Risks

In order to better ensure the supply of products during the Covid-19 pandemic, Henlius continues to promote supply chain risk management. Since 2020, the Company has established a material risk management mechanism to address the constant disruption of supply chain caused by Covid-19. On this basis, when a round of outbreaks first appeared in early 2022, the Company established a one-to-one communication mechanism with suppliers based on the previously sorted risk level of material shortage, and took measures such as preparing goods in advance and raising the priority level of production scheduling of overseas suppliers' global factories for risk preparedness. In March 2022, when international logistics were restricted due to Covid-19, the Company timely and accurately predicted the potential risks and made alternative airport plans for imported materials in advance. At the same time, for the logistics control of finished goods delivery, the Company strengthened communication with suppliers and adopted prefabricated delivery or adjusted arrival methods to ensure the supply of finished goods. The Company continues to build a sustainable supply chain to continuously enhance our business continuity.

Securing Production with Overseas Sourcing

Case

In late April 2022, Henlius conducted a quality assessment of glycosylation modulators, a critical material provided by an overseas supplier, upon their arrival at our Shanghai warehouse. Unfortunately, the assessment revealed that the modulators had developed crystals due to improper packaging at the supplier's warehouse, rendering them unusable. The Company immediately communicated with the supplier to resolve the issue and requested the supplier to carefully follow up on the next-batch delivery. In early May, during a city-wide lockdown in Shanghai, the new batch of glycosylation modulators arrived at our Shanghai warehouse in the middle of the night. Henlius promptly contacted our logistics vendor with the transportation permit and coordinated cold chain vehicles for self-pickup. The supplier's warehouse was instructed to avoid the risk of crystallization by eliminating the risk from the source, namely not using cold chain packaging materials. As a result, the Company was able to ensure the timely and qualitative use of the modulators for commercial production.

Exploring Alternative Sourcing Options for Uninterrupted Supply

Case

During the Covid-19 pandemic, key production materials such as galactose and QC kits were stranded in Beijing as suppliers for such materials do not have a special transportation permit. This posed a risk to the production and commercialization of Henlius products. To address this issue, we immediately began searching for a carrier to transport finished commercial products and made sure that they had the necessary transport permits as an evaluation criterion. Through the use of internally-compliant channels such as three-party price comparison, the Company successfully brought back the key materials from Beijing one after another. This allowed Henlius to ensure the smooth production and final commercialization of our products.

Giving Back to the Community

In 2022, Henlius made a charitable donation of RMB **27.4530** million

Henlius is grateful for the support it has received from society and is committed to giving back to the community, which reflects the Company's entrepreneurship spirit. In business activities, we will make full use of our own resources and integrate external resources to make contributions to the community. Our areas of concern include patient public welfare, public emergencies, etc. At the same time, Henlius actively partners with other industry peers to foster mutual development and create a better future.

Excellent Medical Assistance

Henlius has been working closely with grassroots charitable organizations to continue the Excellent Medical Assistance - Rural Medical Care Public Welfare Tour. This initiative is aimed at improving medical infrastructure, diagnosis, and treatment in underserved areas and tackling the challenge of limited access to medical care for people in need.

Excellent Medical Assistance - Rural Medical Care Public Welfare Tour Case

Henlius partnered with Fosun Foundation, Beijing Xisike Clinical Oncology Research Foundation, People's Daily Health app, and Health Times to continue its Excellent Medical Assistance Rural Medical Care Public Welfare Tour. The initiative aimed to improve the medical infrastructure, diagnosis and treatment, and hospital management capabilities of remote villages in China, and raise awareness among villagers about major diseases such as tumors. The public welfare project has been carried out for nearly three years. In 2022, we invited domestic well-known medical oncology experts and hospital management team to conduct public welfare diagnosis and treatment for local villagers, provide academic training for village doctors, and donated medical supplies to improve local conditions. We have visited five places: Lianhua County of Jiangxi, Nanao County of Guangdong, Shache County of Xinjiang, Longhua County of Hebei, and Daishan County of Zhejiang. For the villagers of suburban counties to send the dawn of health. Up to now, the charity team had visited 14 suburban counties in China, with the participation of 121 clinical experts, benefiting more than 2,300 patients and 1,400 grassroots medical staff, and donating a total of more than 130,000 yuan to support local hospitals and village clinics. In the future, Henlius will continue to contribute to the construction of rural medical care and protect the health of the villagers.



Excellent Medical Assistance - HANQUYOU Rural Medical Care Public Welfare Tour-Nanao Guangdong



Excellent Medical Assistance - HANQUYOU Rural Medical Care Public Welfare Tour-Shache Xinjiang



Excellent Medical Assistance - HANQUYOU Rural Medical Care Public Welfare Tour-Longhua Hebei



Excellent Medical Assistance - HANQUYOU Rural Medical Care Public Welfare Tour-Daishan Zhejiang

Public Charity

Henlius has carried out several charitable projects for cancer patients' care and promoted the development of cancer prevention and treatment by integrating its resources, gathering social charitable power, and upholding a positive and healthy charitable philosophy.

Start from the "Heart", The Road to Love | To Time to Life – cancer patient care program was successfully held in Shanghai

Case

On December 7, 2022, Henlius, in collaboration with the Rehabilitation Branch of China Anti-Cancer Association, Shanghai Cancer Rehabilitation Club, Fosun Foundation, and Shanghai Fosun Art Center, successfully held the To Time to Life charity project in Shanghai. The event brought together over 100 tumor patients and individuals from all walks of life to raise public and social awareness about tumor diseases, express support and care for tumor patients, and use art to brighten the path of treatment and recovery for tumor patients.

A significant component of the project was an art collection activity with the theme "Anti-cancer Living: Beauty of Positivity", which kicked off in mid-July 2022. The activity aimed to gather original artworks with inspiring, artistic, decorative, and touching effects that reflect the optimistic and forward-looking spirit of cancer patients in Shanghai who are fighting the disease. Over three months, nearly 300 artworks were collected, ranging from calligraphy, painting, embroidery, photography, handicrafts, and other forms of art, with rich content and significance that fully demonstrated the optimism and resilience of patients. After a rigorous competition, 35 pieces of work were selected as winners, which were unveiled at the award ceremony and exhibited on-site for the first time.





The Henlius Charity Concert

The Henlius Charity Concert

Case

On August 19, 2022, the Henlius Charity Concert took place at the Shanghai Symphony Orchestra Concert Hall. The event welcomed around 600 guests, including national breast specialists, patient representatives, and public welfare members from various organizations such as the Chinese Society of Clinical Oncology, the China Social Work Federation Pink Ribbon Charity Fund, the Fosun Foundation, and other public welfare and medical institutions. Henlius employs music as a means to support the prevention and treatment of breast cancer. Through art, we raise awareness about women's health and shed light on the journey of tumor patients with love.

Standing Strong Against Covid-19

Since the Covid-19 outbreak in Shanghai, Henlius has been working tirelessly to build a strong line of defense against the pandemic. In support of the fight against Covid-19, we donated RMB 500,000 to purchase protective kits to support production resumption in Songjiang Economic Development Zone. Additionally, we collaborated with Fosun Pharmaceutical and Fosun Foundation to purchase anti-Covid-19 supplies and daily necessities, which were then donated to several hospitals in Shanghai.



In March 2022, the Company sent 28 employee volunteers to several polymerase chain reaction testing laboratories in six batches, providing polymerase chain reaction testing support for about 300 service days.



In April 2022, Henlius responded to a call from higher authorities and urged its Communist Party members in Shanghai to connect with their neighborhood organizations and volunteer on-site. The Henlius Communist Party of China members were quick to respond, with nearly 200 of them participating in community support services on the same day the initiative was issued. During the Covid-19 pandemic, the number of people participating in community support services reached almost 90 in a single day.



Adhering to the philosophy of prioritizing patients' needs and urgency, while safeguarding their medication and ensuring uninterrupted treatment through multiple measures, Henlius collaborated with the biggest national breast cancer patient platform, Mijian, to distribute 1,000 Covid-19 prevention kits to breast cancer patients across the country, providing these patients with improved protection during the pandemic.

Industry Exchange and Cooperation

Henlius is committed to being an active member of industry associations and taking part in exchange activities. By participating in alliance organizations, academic forums, and industry summits, we foster dialogue and collaboration among businesses, and play a role in advancing the pharmaceutical industry as a whole. We strive to make a positive impact on society by giving back and sharing our values.

In 2022, as a council member of the China Pharmaceutical Innovation and Research Development Association, Henlius actively participated in various communication activities aimed at gathering industrial opinions on draft policies. We assisted the Shanghai Pharmaceutical Quality Association in providing feedback on the Regulations for Implementation of the *Drug Administration Law of the People's Republic of China*, promoting collaboration and cooperation within the pharmaceutical industry.

Furthermore, we participated in drafting the new version of GMP guideline and undertook the drafting of the sub-volume on *Sterilization - the downstream process of biological products (monoclonal antibodies)*, as an effort to empower the pharmaceutical industry.

Collaborates to Establish Alliance for Small-Cell Lung Cancer

Case

Henlius has supported the Chinese Society of Clinical Oncology (CSCO) and provincial societies in establishing a standardized diagnosis and treatment alliance for small-cell lung cancer, and helping develop the alliance's academic exchange and research development programs. Over the reporting period, the alliance successfully organized four sessions of Small Cell Lung Cancer Standardized Diagnosis and Treatment Summit in spring, summer, fall, and winter. The sessions invited experts from China and abroad and focused on clinical issues on small-cell lung cancer, and discussed its standardized diagnosis and treatment.

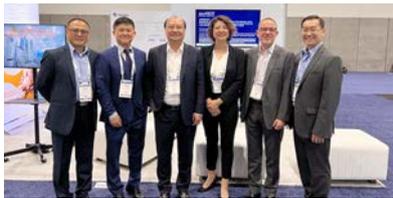
Jointly Held Tumor Immunity Summit with CSCO

Case



CSCO-Henlius Tumor Immunology Summit

In July 2022, Henlius and the Chinese Society of Clinical Oncology (CSCO) co-organized the CSCO-Henlius Tumor Immunity Summit, an event aimed at discussing and sharing the status quo, latest advancements, and development prospects of tumor immunotherapy for gastrointestinal tumors, lung cancer, and gynecological tumors, with the goal of promoting local innovation in the field of medical research for benefiting patients. The conference drew nearly 4,000 participants.



Henlius representatives at the BIO 2022

Henlius Showcased Innovative Biologics at BIO 2022

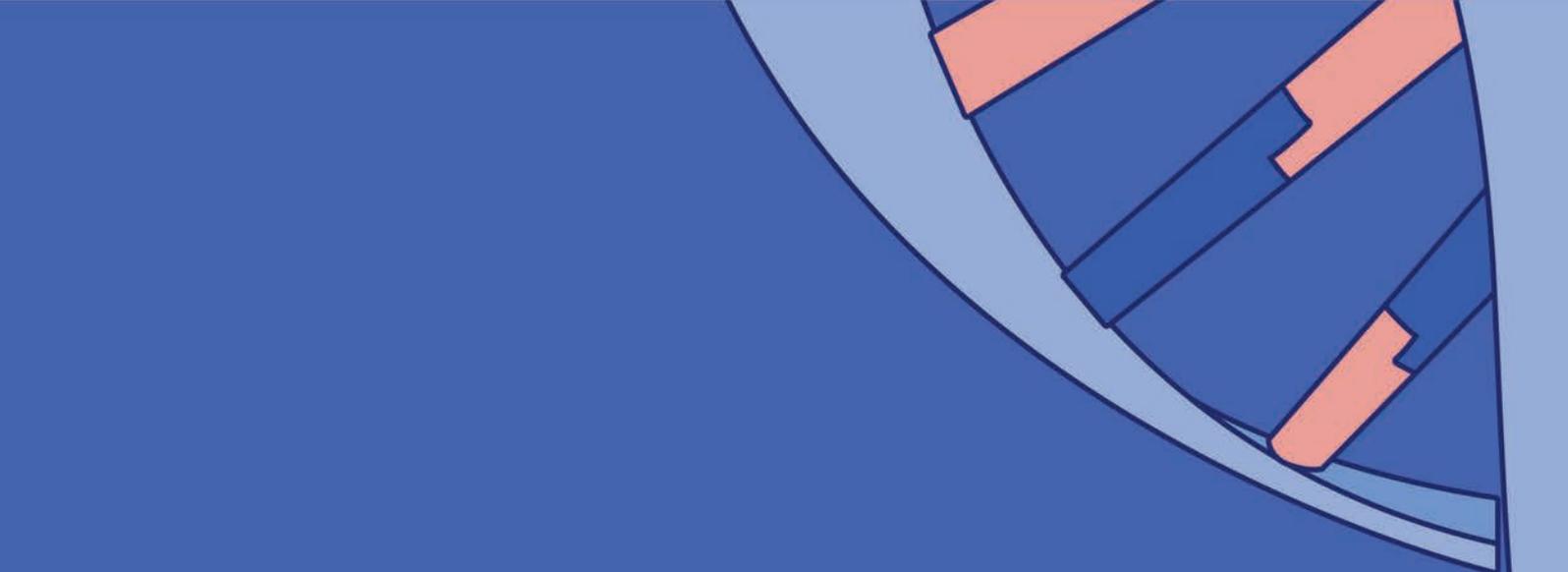
Case

In June 2022, Henlius showcased several innovative research and development achievements at the 2022 Biotechnology Innovation Organization International Convention (BIO 2022) in the United States. At the event, we engaged with biopharmaceutical and pharmaceutical companies from all around the world and explored ways to collaborate and create win-win opportunities in biologics therapeutics, technology platforms, and combination immunotherapy for cancer.

In 2022, Henlius has total of **126** person-time to various industry conferences

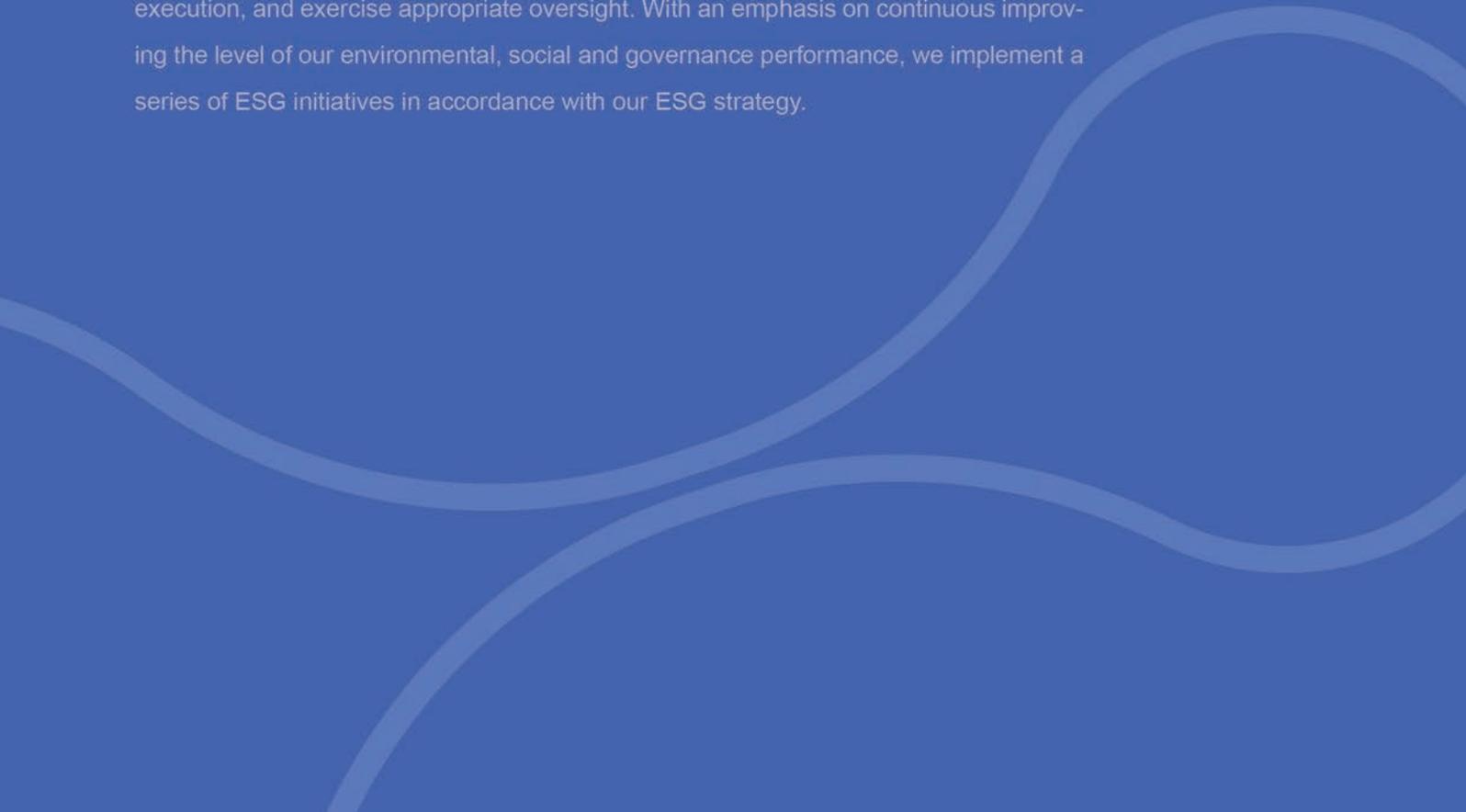
In 2022, Henlius has total of 126 person-time to various industry conferences, including 46 senior managers and 80 middle-level managers who delivered a total of 82 keynote speeches on topics such as industry trends, commercial production of antibodies, and process optimization.

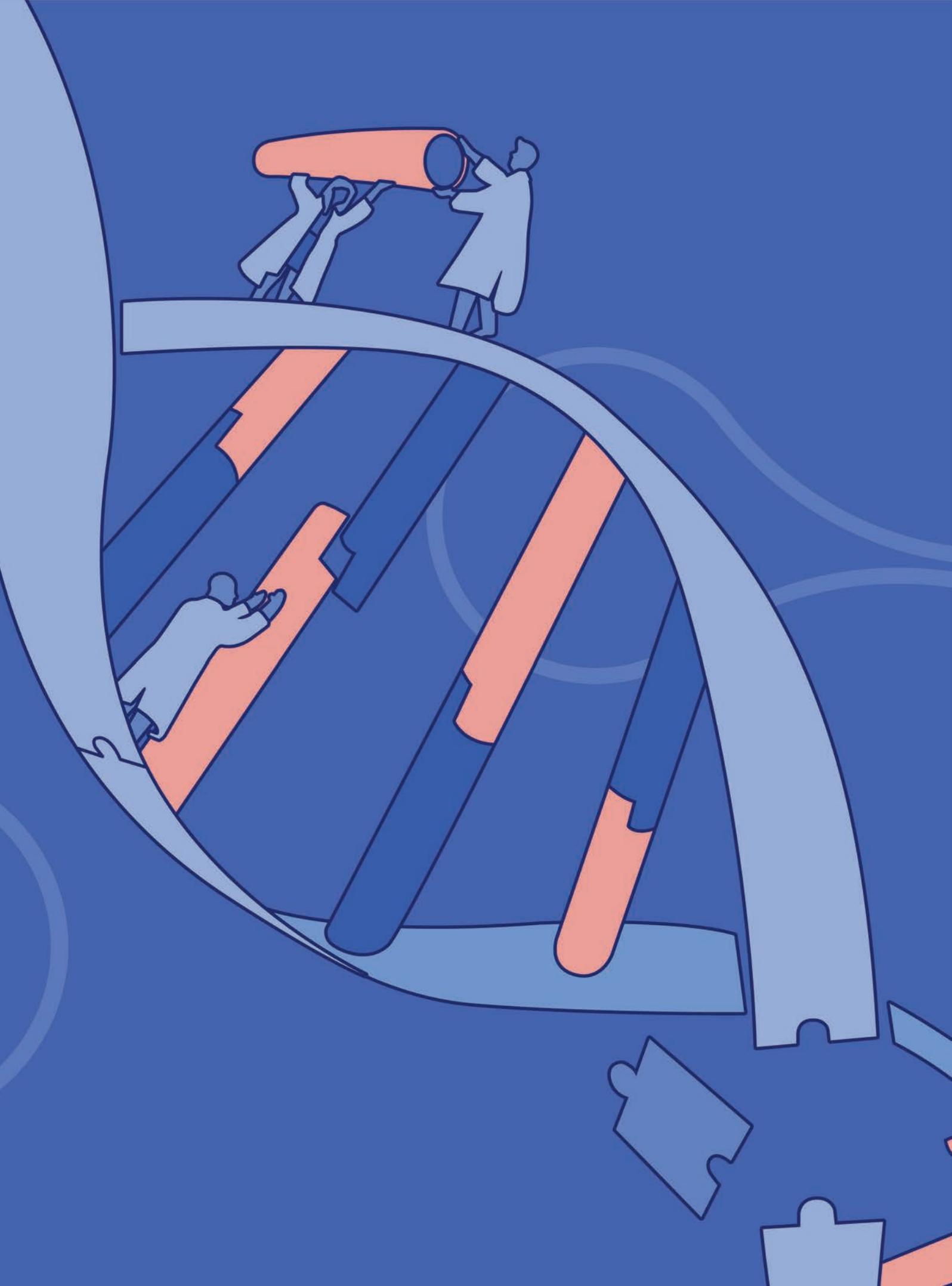
In November 2022, Henlius established the strategic clinical research collaboration with Shantou Central Hospital. Through this partnership, we aim to leverage Shantou Central Hospital's disciplinary advantages and vast experience in offering comprehensive medical services, as well as our own clinical research and development expertise and lean management capacity, to establish comprehensive strategic cooperation in research exchange, talent training, hospital management, and platform construction. We believe this collaboration will enable us to advance clinical and translational research and ultimately benefit more patients.



Corporate Governance

Henlius is fully aware of the importance of practicing compliant and effective corporate governance in achieving sustainable development. We have established a robust corporate governance mechanism in line with legal and regulatory requirements, and continued to strengthen the Board's ability to manage corporate strategies and business execution, and exercise appropriate oversight. With an emphasis on continuously improving the level of our environmental, social and governance performance, we implement a series of ESG initiatives in accordance with our ESG strategy.





Corporate Governance and Management

Improving Corporate Governance

Board Structure

To enhance our governance effectiveness, Henlius attaches great importance to the diversity of board members in terms of gender, background and professional fields. During the reporting period, our Board of Directors consisted of 10 directors, including 1 executive director, 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 30% of whom have obtained doctorates.

Member of the board

Name	Type of Director	Gender	Age	Educational Background
WENJIE ZHANG	Chairman and Executive Director	Male	55	Master
Qiyu Chen	Non-Executive Director	Male	50	Master
Yifang Wu	Non-Executive Director	Male	53	Master
Xiaohui Guan	Non-Executive Director	Female	51	Master
Deyong Wen	Non-Executive Director	Male	51	Master
Zihou Yan	Non-Executive Director	Male	59	Master
Tak Young So	Independent Non-Executive Director	Male	52	Master
Lik Yuen Chan	Independent Non-Executive Director	Male	54	Doctor
Guoping Zhao	Independent Non-Executive Director	Male	74	Doctor
Ruilin Song	Independent Non-Executive Director	Male	60	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.

Henlius held **four** times
Audit Committee Meetings

Henlius held **five** times
Remuneration Committee
Meetings

Henlius held **five** times
Nomination Committee
Meetings

Henlius held **twice**
Strategy Committee Meetings

Henlius held **twice**
Environmental, Social and
Governance Committee Meetings

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 five 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 major investment decisions, 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 2022 ESG Report of Henlius and discuss the progress of the Company's environmental objectives. Looking forward, the Environmental, Social and Governance Committee will continue to review and discuss the progress of the environmental objectives 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.

General Meeting of Shareholders, Board Meeting and Supervisory Meeting

The Company has identified the responsibilities and authority, rules of procedure and working procedures of the governance and management at all levels to ensure that decision-making, execution and supervision are separated from each other and complement each other to form checks and balances, so as to effectively implement corporate governance and safeguard the interests of shareholders and the Company. During the reporting period, the Company held 11 board meetings, of which a total of 65 proposals were considered. The motions considered mainly included BD transactions, connected transactions, financial loan/guarantee matters, personnel-related matters (mainly including election of directors, supervisors and senior management for a new term, and recruitment of senior management), matters relating to periodic reports, establishment of subsidiaries and extension of the validity period of matters relating to the Science and Technology Innovation Board and authorization. In 2022, the Company held 6 Supervisory Meetings and considered a total of 13 proposals, which mainly included matters relating to periodic reports, appointment of external auditors, candidates for shareholder representatives for the third term of the Supervisory Meeting, and election of the chairman of the third term of the Supervisory Meeting. The Company held 5 General Meetings to consider a total of 24 proposals, including extension of the validity period of matters relating to the Science and Technology Innovation Board and authorization, matters relating to the current year, election of directors for the third term of the Board, election of supervisors for the third term of the Supervisory Meeting, and connected transactions.

Henlius held **11** board meetings, of
which a total of **65** proposals were
considered

Henlius held **6** Supervisory Meetings
and considered a total of **13**
proposals

Henlius held **5** General Meetings to
consider a total of **24** proposals

Risk Management

Since our establishment, Henlius has always placed great importance to risk management and internal control. We are continuously improving our crisis management mechanism and enhancing the effectiveness of our operation to prevent various potential crises, respond to different emergencies, and minimize the impact of these crises. In order to standardize our crisis handling process and avoid waste of resources, the Crisis Management Committee and working group fully perform their management functions, and strictly comply with and implement the Crisis Management System to monitor, evaluate, resolve and review potential crises, and formulate effective measures to prevent recurrence of similar incidents.

In the process of handling an incident, we strictly follow the three principles of "promptness, comprehensiveness and objectivity" in crisis management. Once a crisis or potential crisis is detected, the insider is required to report to the appropriate department in the first instance, and the head of the department should report to the crisis management working group. The working group then evaluates the level of the crisis, informs the Crisis Management Committee based on the actual situation and sets up a task force. The task force will determine whether there is a risk of escalation and, if so, the task force needs to tackle the crisis in accordance with the escalated crisis category.

We conduct regular internal audits to identify risks and implement improvement action plans in a timely manner to improve the Company's control of risks. In 2022, we conducted a special compliance audit on the environmental health management of wholly-owned subsidiaries, Shanghai Henlius Blopharmaceutical Co., Ltd and Shanghai Henlius Biologics Co., Ltd, by reviewing relevant systems and processes, interviewing key departments, and analyzing data and information. Audit opinions and recommendations for rectification were provided for issues identified. Follow-ups were conducted to track the implementation of the rectification measures.

Enhancing ESG Management

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

ESG Management Practice

ESG Management Structure

Henlius actively practices sustainable development and has established an ESG management structure comprising the Board of Directors, the ESG Committee, the ESG steering group and the ESG working group. The ESG Committee reports directly to the Board of Directors on the ESG work of the Company, while the ESG steering group and ESG working group act as the executive departments to ensure the implementation of the ESG work.

In the half-yearly Board meeting held during the reporting period, the ESG steering group reported to the ESG Committee and the Board on the ESG summary of 2021 and responded to the ESG queries of the Board and the ESG Committee. In March 2023, the Board reviewed and approved the ESG report.

In addition, Henlius held 3 meetings in 2022 on topics of ESG, at which the ESG working group reported to the ESG steering group on the ESG progress and responded to the queries of the ESG steering group.

ESG Management Guidelines

In order to ensure that the ESG Committee works in a standardized and efficient manner, the Company has formulated the *Rules of Procedure of the Environmental, Social and Governance Committee of the Board of Directors of Shanghai Henlius Biotech*. The Rules provide for the ESG Committee's responsibilities and authority to formulate and monitor ESG objectives, strategies and structures. The Company has also formulated the *ESG (Environmental, Social and Governance) Steering Group and Working Group Responsibilities Manual of Shanghai Henlius Biotech*,



which further defines the responsibilities of the ESG steering group, the ESG working group, as well as functional departments comprising the ESG working group. Under the guidance of the Responsibilities Manual, each department of the Company is required to actively work on relevant issues in their respective areas of responsibility, hold ESG working group meetings from time to time, organize ESG-related internal and external training, and perform other ESG functions assigned by the ESG Committee. During the reporting period, the Company's environmental objectives and implementation plans were discussed, and the ESG Committee responsible for environmental issues held two meetings. In the future, the ESG Committee will regularly review and discuss the implementation progress of the environmental objectives to ensure feasibility of the action plans and effective execution of related work.

Board ESG Statement

 <p>Board Responsibilities</p>	 <p>ESG Implementation</p>	 <p>Material ESG Issues</p>	 <p>ESG Risk Governance</p>
<p>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 among Board members, including three independent non-executive directors.</p>	<p>The Company's ESG Committee 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. implementing ESG management concepts into daily production and operations.</p>	<p>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 level.</p>	<p>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.</p>

ESG Training in 2022

Case



In November 2022, we conducted a special ESG training for ESG working group. Participants included ESG contact persons from various functional departments. The training covered the status quo analysis of corporate ESG governance and the communication of ESG action plans. The two-hour training provided participants with a deeper understanding of our current ESG position and future direction, as well as a more comprehensive comprehension of our ESG action plans and their implementation progress. This training clarified the direction and details of ESG work for the ESG working group, and improved efficiency and effectiveness in implementing ESG management initiatives.

Implementing Responsible Operations

Henlius believes that adhering to the principles of legal compliance is the fundamental guarantee for the stability and prosperity of the Company. Therefore, we continued to strengthen our compliance operation system, regulate corporate behavior, practice the concept of compliant operations, and build a sustainable business development model.

Regulating Corporate Behavior

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.

In our working principles for anti-corruption, we focus on prevention while also attaching importance to punishment, and ensure all incidents are investigated and all mistakes are rectified. Acting on these principles, we adopt a zero-tolerance approach against corruption. We have established a Compliance Committee under the direct leadership of the Chairman, which is responsible for authorizing relevant departments to investigate violations and make resolutions based on the assessment to prevent incidents such as bribery, extortion, fraud, and money laundering. The Compliance Committee is coordinated by legal and compliance, audit, finance, human resources and other relevant departments to ensure the integrity of employees across all departments when dealing with outsiders and in their internal operation and management.

Composition of Compliance Committee



Henlius has established and continues to optimize our internal management system, including the Anti-Corruption Regulations, the Measures for Reporting and Handling Compliance and Integrity Violation Incidents, the Regulations for the Management of Employee Integrity, and the Measures for the Management of Gifts and Premiums Received in Official Activities. During the reporting period, we formally updated the Employee Behavior Standards and Related Policies to the Business Ethics and Compliance Policies, with updates in terms of requirements, implementation standards and processes of dealings with health care professionals and third-party business partners, etc. Through the establishment of a robust management system, we explicitly set out the constraints and management methods against corruption, bribery and other improper practices to enhance the sustainability of compliant operations.



Mr. Wenjie Zhang, Chairman, Executive Director and Chief Executive Officer



Mr. Jason Zhu, President

2022 Corporate Compliance Day

Case

For the third year in a row, Henlius launched a series of compliance culture activities to deepen employees' awareness of compliance and to continuously reinforce the concept of compliant operations. From 9th to 16th of September 2022, a week-long "2022 Henlius Compliance Day" event was held with an attendance totaled about 1,000 employees.

In the first few days of the event, we helped employees review the Company's compliance management requirements through online compliance knowledge competition and other sessions. On 16 September 2022, we set up venues in Xuhui and Songjiang to reinforce the compliance culture and provide compliance advisory services through fun and interactive games, as well as online live streaming. Mr. Wenjie Zhang, Chairman, Executive Director and Chief Executive Officer, and Mr. Jason Zhu, President, and other senior management representatives attended the event and delivered speeches on that day.

2022 Departmental Compliance Training

Case

In 2022, Henlius completed 51 departmental compliance training sessions with a total of 4,639 attendees, including compliance trainings and new employee trainings covering sales, marketing, medical affairs, clinical operations and other departments. The trainings deepened employees' understanding of the importance of legal compliance risk control, and raised their awareness of compliance as well as business risk prevention and control by studying our corporate compliance systems and requirements, laws and regulations, industry dynamics, and case studies of how to avoid common risks and issues.

5 Key Handling Principles



In 2022, a total of **1,332** people completed orientation training.

All of the employees successfully passed the compliance test and received the Compliance Confirmation Letter

Anti-Corruption and Business Ethics

Henlius is committed to building an open and transparent business culture and will firmly combat any corruption. The Company has established the Compliance and Integrity Violation Incident Reporting and Handling Methods to clearly define and classify integrity violations. It also helps employees understand all violations, and identifies and resolves problems promptly. We have also offered public channels to receive complaints, such as integrity reporting mailbox, phone calls and complaint letters. In dealing with all violations, we continue to follow the five principles of "encouraging reporting, seeking solid evidence, anti-retaliation, confidentiality, and avoidance of conflict of interest". Every complaint is cautiously handled to maintain the integrity culture of the Company.

In order to protect the privacy and safety of the whistleblowers and prevent retaliation and other violations, in the course of case investigation and handling, the investigators are required to keep strict confidential of the process and outcome of the incident, and shall not disclose identity of the whistleblower, contents of the report, and any other information to the person or department being reported, or other unrelated persons without authorization. For those who violate the confidentiality rules by violating work disciplines or disclosing information of the report or the whistleblower, resulting in retaliation against the whistleblower and family members or other serious consequences, the Company will impose penalties on the person responsible depending on the severity of the circumstances, and handle the case over to judicial authorities if criminal conduct might be involved. During the reporting period, Henlius had no lawsuits or cases involving corruption or unfair competition.

We understand the importance of integrity training in creating working environment with a high degree of integrity. During the reporting period, we conducted various compliance and business ethics training as well as awareness programs for employees. We also organized online compliance training for new employees, covering aspects such as interpretation of compliance management systems and requirements, corporate compliance culture, and questions and practical cases, etc. In 2022, a total of 1,332 people completed orientation training.

The Company carried out an annual compliance certification and examination for all the employees (including dispatched and outsourced employees). Employees were required to study the

We provided whistleblowing and anti-corruption content sharing and policy interpretation to the directors, with a **100%** coverage rate

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 is 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 2022, all of the employees successfully passed the compliance test and received the Compliance Confirmation Letter.

The Company places equal emphasis on improving directors' awareness of business ethics. During the reporting period, we provided whistleblowing and anti-corruption content sharing and policy interpretation to the directors, with a 100% coverage rate.

Compliance Reporting Process of Henlius



Responsible Publicity

We strictly comply with the Advertising Law of the People's Republic of China, the US Federal Trade Commission Act, the US Truth in Advertising Act 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 also implement responsible marketing to build a bridge of trust with our clients based on internal policies and systems, including the Brand Document Management System, the Press Release System and the Public Event and Interview Process Management System.

In order to maintain a good company image and boost brand awareness, the Company framed a number of internal regulations, including the Press Release System, to release relevant information in a timely, centralized and accurate manner through official channels including the Company's website, media interviews, WeChat public account and press conferences at milestones to ensure consistency, promptness, accuracy and reasonableness of the information disclosure. No other person except for the designated official spokespersons of the Company are permitted to accept media interviews and respond to enquiries from relevant authorities, to avoid inconsistent information about the Company and to promote the Company's image in a compliant manner.

During the reporting period, we did not incur any administrative penalties, nor did it had any lawsuits arising from marketing violations.

Protecting Information Security

We strictly comply with 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*. In addition, we also have various internal information security policies including the *Information Security Management Strategy of Henlius Information Technology Department*, the *Third Party Security Management System of Henlius Information Technology Department*, the *Access Control Management Measures of Henlius Information Technology Department*, the *Personnel Security Management Measures of Henlius Information Technology Department* and the new *Henlius Information Security and Confidentiality System*, through which we have continuously strengthened customer privacy protection from multiple perspectives such as information security and confidentiality management, planning, responsibilities and requirements. The information security management system is therefore improved to avoid information leakage during marketing. In February 2023, we obtained ISO/IEC 27001:2013 Information Security Management System Certification. During the reporting period, no major information security incidents occurred in the company.

In 2022, no major information security incidents occurred in Henlius

We use technological tools to keep the information system infrastructure running in a continuous, stable and reliable way, while raising the importance of information security management to a strategic level to ensure the reliable operation of various types of businesses of the Company. We have in turn realized comprehensive management of information security based on standards and systems and formed a risk management mechanism focusing on prevention and continuous improvement.

During the reporting period, the following measures were taken to safeguard information security:

Information Security Protection Measures

Security Asset Operation and Maintenance

Use security tools for in-depth and comprehensive asset scan using security tools; sorting out information of operating system, database, middleware, IP address, application open protocols and ports, etc. for the purpose of asset visibility visualization

Security Event Monitoring for Key Assets

Responsive vulnerability defence; regular monthly asset scan within service and classification of issues discovered; prioritised defect fixes and closed-loop security issue tracking

Vulnerability Safety Management

Vulnerability patch fix updates; real-time traffic and security event monitoring combining big data and operation centre experts to ensure no successful extranet attacks during the year

Monitoring Threat Management

Respond to monthly attack to form daily protection from the latest threat intelligence collection; traffic and fingerprinting scan of threat events to avoid new vulnerability attacks on the system

Standardized Audit Specifications

Establish information security audit specification list; refine scope of inspection based on the list and improve security management skills

Personal information Security Control Measures

USB Block to Prevent Leakage	Document Distribution Block to Prevent Leakage	Protect Confidential Information
<p>Disable copying sensitive information to USB devices and record all USB devices operations</p>	<p>Employees are not permitted to distribute sensitive documents via email, cloud drives, etc.</p>	<p>Detect sensitive information leakage risks promptly by keyword alerts; sensitive information audits on emails, cloud drives and other applications to trace source of leaks</p>

In order to enhance staff awareness of information security, we conducted three information security training sessions during the reporting period, including an information security awareness training, a QCQA information security awareness training, and an awareness training on ISO 27001 information security management system, with a total of 164 participants.

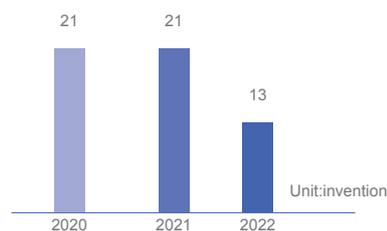
The Digital Remedy Conference - how pharmaceutical companies transit to a new era

Case

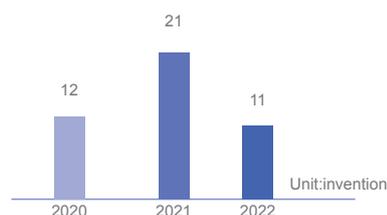


In order to promote better digital transformation of pharmaceutical companies, the head of Henlius information security business participated in the Digital Remedy Conference jointly organized by Sangfor Technologies, NNIT China (NNIT (Tianjin) Technology Co, Ltd) and yaozh.com, and shared good practices of digital transformation ranging from Chinese traditional medicine to modern medicine, from cloud to security management, to guide the direction of digital transformation of pharmaceutical companies.

Henlius' Invention Patent Applications and Patents Granted from 2020 to 2022



Number of invention patent applications



Number of invention and utility model patents granted

Emphasis on Intellectual Property Management

Intellectual property is an important asset of Henlius. We uphold the intellectual property management policy of "encouraging invention and creation to enhance market competitiveness" and continue to improve our intellectual property management system and infringement liability system. During the reporting period, the Company passed the annual third-party GB/T 29490-2013 audit (Code for the *Management of Intellectual Property Rights of Enterprises*).

We strictly comply with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, as well as relevant intellectual property laws and regulations in the regions where we operate, and have established an internal intellectual property management system to effectively safeguard the legitimate rights and interests of the Company. During the reporting period, we set up a clear risk control and dispute responding mechanism for intellectual property related processes, such as procurement contracts, information disclosure and publication of articles. This mechanism adopts the *Intellectual Property Management System* as the general framework and is supported by secondary systems and procedural documents including the *IP-SOP-001-01 Intellectual Property Manual*, the *IP-SOP-ZD005-01 Confidentiality Management Regulations*, the *IP-SOP-CX008-01 Intellectual Property Risk Control Procedures* and the *IP-SOP-ZD001-01 Intellectual Property Management Measures*.

We also carry out searches and due diligence on matters with intellectual property risks (such as supplier products and services) and provide advices and recommendations by email to minimize risks of potential infringement in the Company's daily operations and protect the Company's interests.

In 2022, Henlius applied for a total of 13 invention patents and was granted 11 invention and utility model patents. During the reporting period, the Company did not have any infringement incidents.

Intellectual Property Protection Measures

R&D Project Management

Patent search analysis and tracking throughout project life cycle; set up key dates at different project phases; active risk scan and early warning analysis; risk identification and monitoring; strategies for authorisation intervention and patent invalidation challenge for patents with potential risks

Cooperation with External Parties

Intellectual property due diligence for cooperation projects to clarify IP ownership before starting.

Monitor intellectual property risks in business processes with joint efforts of multiple departments; prompt report of infringement or being infringed and choosing most appropriate way of dispute resolution to actively safeguard Company's legitimate rights and interests

Confidentiality and Management

Intellectual property background checks on incoming employees and requirement to sign declaration upon enrolment; intellectual property and confidential information review and approval for departing employees; enhanced control over service inventions, confidential information and personnel.

Categorized intellectual property protection measures for different levels of innovation and implementation; grading system for management of patents, trademarks and other types of intellectual property

Intellectual Property Training

We place great importance on the promotion of intellectual property protection awareness and commit to building a corporate culture in which intellectual property is greatly valued through daily work communication and special trainings.

During the reporting period, we organized in-house IP trainings covering topics such as the on-sale bar concept in the U.S. patent law and basic patent search skills. The trainings were provided to various departments to ensure all employees with relevant needs were covered.

Measures to Promote Intellectual Property Awareness

For R&D employees	For Business, Marketing, Procurement and other departments closely related to intellectual property operations	For dedicated IP management personnel
Intensive trainings on basic knowledge and information research of intellectual property based on the results of previous year. Focusing on raising awareness of innovation protection and basic general knowledge of intellectual property among R&D employees	Special trainings to relevant employees on key intellectual property issues in business cooperation, focusing on awareness and expertise in trade secret protection, defence of IP rights and early warning of infringement disputes	Relevant personnel are required to have professional qualifications; certain amount of professional training opportunities annually for regular update of knowledge base and enhancement of professional skills

Promotion of Intellectual Property Concept

Multi-Channel Promotion	Multi-level Training	All-around Enhancement
Showcase Henlius intellectual property achievements and functions of IP department through various channels such as official website, WeChat public account, meetings at all levels, and daily communication to promote the concept of intellectual property among all employees	Develop diversified training programs for employees at different levels and functions. Provide categorised and graded knowledge by combining internal trainings, external experts, and offsite trainings and exchanges	WeHenlius speaks out and participates in discussions at national, municipal or regional IP-related institutions, associations, and professional seminars and conferences to increase the Company's social influence

We providing background training on industry-leading technology developments for China National Intellectual Property Administration examiners

Case

On August 3, 2022, we provided background training on industry-leading technology development for more than 200 examiners from ADC-related (antibody-drug conjugate) offices of China National Intellectual Property Administration and examination centers nationwide. The training enabled participants to fully understand the history of ADC technology development and key issues, specifically the history of ADC development, current status of global R&D, leading ADC companies, and key products worldwide.

Shanghai Patent Work Pilot Demonstration Project for Enterprises and Institutions receiving compliments

Case

In 2020, we launched the patent work pilot demonstration project for enterprises and institutions in Shanghai. The project lasted for two years and focused on four aspects: "standardization of patent management", "development and implementation of patent strategies", "construction of patent database" and "early warning platform and cultivation of patent talents". The completed project passed inspection by Shanghai Intellectual Property Service Centre in 2022 and received compliments.

Standardization of Patent Management:

We obtained the GB/T 29490-2013 (Enterprise Intellectual Property Management Standard) certificate and renewed the certificate after annual audit. We continuously optimize and improve our intellectual property management system to protect the Company's production and operation.

Development and Implementation of Patent Strategies:

We conducted patent research on "bispecific antibody platform technology" based on the patent database and conducted patent searches and infringement risk analysis for a number of bispecific antibody projects of the Company. We then developed patent application strategies and submitted various applications based on the search results and our project progress.

Construction of Patent Database and Early-Warning Platform:

We established various commercial patent databases on a number of topics and obtain timely information on changes in the legal status of the patents by utilizing navigation, automatic update and push functions of the databases.

Cultivation of Patent Talents:

We trained a number of intellectual property professionals who have passed professional qualification examinations, so as to provide a talent pool for the intellectual property management of the Company.

Appendix I: Key Performance Table

Environmental Performance*¹

Indicator	Unit	2020	2021	2022
Energy Use				
Natural gas consumption	M ³	2,559,789.50	2,878,404	2,989,137
Gasoline (self-owned vehicle gasoline consumption)	Liter	0	11,558.48	7,738.90
Power consumption (purchased power)	Kilowatt	20,089,862	24,583,212	25,747,474
Energy consumption	GJ	169,799.62	198,469.62	206,789.02
Energy consumption intensity * ²	GJ/Liter	/	9.92	4.31
Energy consumption intensity* ³	GJ/10,000CNY	2.89	1.18	0.64
Resource Use				
Water consumption	M ³	233,594	284,617	236,195
Water consumption intensity* ⁴	M ³ /Liter	/	14.23	4.92
Water consumption intensity* ⁵	M ³ /10,000CNY	3.98	1.69	073
Total amount of recycled water	M ³	2,164,709.43	2,122,725	2,109,881
Total amount of packaging material used in finished products	Ton	43.02	139.08	226.54
Packaging materials used in finished products intensity* ⁶	Ton/Liter	/	0.007	0.005
Packaging materials used in finished products intensity* ⁷	Ton/10,000CNY	0.00073	0.00083	0.00070
Total investment in environmental protection costs	10,000CNY	255.10	405.87	757.51
Emissions				
Air emissions				
NOx emissions	Ton	0.30	0.53	0.30
Sulfur dioxide emissions	Ton	0.03	0.08	0.01
Total non-methane hydrocarbon emissions	Ton	0.03	0.25	0.21
Particulate Matter Emissions	Ton	0.00	0.00	0.03
Wastewater				
Industrial wastewater discharge	Ton	11,285.70	47,347.50	110,371.05
Chemical Oxygen Demand (COD) Emissions	Ton	0.64	4.17	5.82
Ammonia nitrogen (NH ₃ -N) emissions	Ton	0.01	0.20	0.18
Waste				
Total domestic waste	Ton	341.82	383.65	336.33
Total General Industrial Solid Waste	Ton	142.72	207.50	297.19
Total Hazardous Waste	Ton	113.64	177.21	221.76
Hazardous waste intensity* ⁸	Ton/Liter	/	0.009	0.005

Indicator	Unit	2020	2021	2022
Hazardous waste intensity* ⁹	Ton/10,000CNY	0.002	0.001	0.001
Total Non-hazardous waste	Ton	484.54	591.15	633.52
Non-hazardous waste intensity* ¹⁰	Ton/Liter	0.010	0.012	0.013
Non-hazardous waste intensity* ¹¹	Ton/10,000CNY	0.008	0.004	0.002
Total solid waste	Ton	598.18	768.36	855.27
Solid Waste Emission Intensity* ¹²	Ton/Liter	/	0.038	0.018
Solid Waste Emission Intensity* ¹³	Ton/10,000CNY	0.010	0.005	0.003
Greenhouse Gas Emissions				
Greenhouse Gas Emissions	Tons of carbon dioxide equivalent	19,667.96	23,543.44	21,163.93
Scope 1 greenhouse gas emissions	Tons of carbon dioxide equivalent	5,534.75	6,249.15	6,480.15
Scope 2 greenhouse gas emissions	Tons of carbon dioxide equivalent	14,133.22	17,294.29	14,683.78
Greenhouse gas emission intensity* ¹⁴	Tons of carbon dioxide equivalent per Liter	/	1.18	0.44
Greenhouse gas emission intensity* ¹⁵	Tons of carbon dioxide equivalent per 10,000CNY	0.34	0.14	0.07

* [1]. 由于公司位于加州的研发中心不涉及生产，环境资源使用与污染物排放绩效较小，因此本报告中环境绩效未包含公司在加州的研发中心。
 [2]. In units of commercial capacity (i.e., single-use production equipment)
 [3]. In units of 10,000CNY
 [4]. In units of commercial capacity (i.e., single-use production equipment)
 [5]. In units of 10,000CNY
 [6]. In units of commercial capacity (i.e., single-use production equipment)
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[8]. In units of commercial capacity (i.e., single-use production equipment)
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 [10]. In units of commercial capacity (i.e., single-use production equipment)
 [11]. In units of 10,000CNY
 [12]. In units of commercial capacity (i.e., single-use production equipment)
 [13]. In units of 10,000CNY
 [14]. In units of commercial capacity (i.e., single-use production equipment)
 [15]. In units of 10,000CNY

Employee Performance

Performance Indicators	Unit	2020	2021	2022
Staffing				
Total number of employees	Person	1,873	2,234	3,406
Number of contractual employees	Person	/	/	3,275
Number of contractual employees (employees with disabilities)	Person	/	/	19
Number of rehired retirees (excluding labor outsourcing or labor dispatchers)	Person	/	/	6
Contractual employees (employees who sign labor contracts with third parties, excluding interns, labor outsourcing and labor dispatchers, and consultants)	Person	/	/	106
Number of male employees	Person	876	1,032	1,614
Number of female employees	Person	997	1,202	1,792
Number of employees over 50 years old	Person	32	39	39
Number of employees aged 30-50	Person	807	1,302	1,810
Number of employees under the age of 30	Person	1,034	893	1,557
Number of employees working in mainland China	Person	1,833	2,203	3,338

Performance Indicators	Unit	2020	2021	2022
Number of employees working in Hong Kong, Macao and Taiwan	Person	5	0	0
Number of employees working overseas	Person	35	31	68
Number of employees by education: Ph.D.	Person	99	99	129
Number of employees by education: Master	Person	537	590	737
Number of employees by education: Undergraduate	Person	938	1,138	1,870
Number of employees by education: Below College Level	Person	299	407	670
Employee turnover rate* ¹	%	13.19	20.19	16.00
Employee turnover rate by gender: Male Employees	%	13.35	22.81	17.86
Employee turnover rate by gender: Female Employees	%	13.05	17.78	14.26
Employee turnover rate by age: over 50	%	/	22.00	18.75
Employee turnover rate by age: 30-50 years old	%	/	19.73	17.46
Employee turnover rate by age: less than 30 years old	%	/	20.76	14.17
Employee turnover rate by region: Mainland China	%	/	19.92	15.83
Employee turnover rate by region: Overseas	%	/	35.42	23.60

Employee Health and Safety

Number of work-related injuries	Case	5	0	0
Work-related fatalities	Person	0	0	0
Death rate due to work	%	0	0	0
Lost rate per million man-hours	/	1.75	0	0

Employee Training

Employee training expenses	10,000CNY	63.70	296.93	133.88
Employee training coverage	%	81.69	88.76	90.60
Male employee training coverage	%	80.37	86.34	89.41
Female employee training coverage	%	82.25	90.85	96.69
Frontline employee training coverage	%	/	90	90.85
Middle to senior manager training coverage	%	/	76	87.81
Average training hour per employee* ²	Hour	17.61	52.39	71.55
Average training hour per male employee* ³	Hour	16.88	57.42	75.78
Average training hour per basic employee* ⁴	Hour	18.25	48.07	67.73
Average training hour per frontline employee* ⁵	Hour	/	56.30	75.32
Average training hour per middle to senior manager * ⁶	Hour	/	20	29.29

* [1]. The calculation caliber in 2022 is the number of departures / (number of departures + total number of employees) * 100%

[2]. Since 2020, the Company has introduced online E-Learning training, combined with online and offline training, the average training hour of employees is 52.39 hours. The calculation caliber is the total online and offline time/total number of employees.

[3]. The calculation caliber is the total online and offline time/total number of male employees.

[4]. The calculation caliber is the total online and offline time/total number of female employees.

[5]. The calculation caliber is the total online and offline time/total number of basic employees.

[6]. The calculation caliber is the total online and offline time/total number of middle to senior managers.

Product Quality and Safety

Performance Indicators	Unit	2020	2021	2022
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	0	10	12
Complaint handling rate about products and services	%	100	100	100

Supplier Performance

Performance Indicators	Unit	2020	2021	2022
East China	Company	126	409	597
South China	Company	1	17	46
Central China	Company	1	10	12
North China	Company	8	78	127
Northwest Region	Company	0	2	2
Southwest Region	Company	1	13	20
Northeast area	Company	1	1	5
Hong Kong, Macao and Taiwan	Company	0	1	1
Overseas	Company	2	16	43
Total number of suppliers	Company	140	547	853

Anti-Corruption Performance

Performance Indicators	Unit	2020	2021	2022
Number of completed corruption lawsuits against the Company and its employees	Case	0	0	0
Number of anti-corruption training provided to directors	Time	0	1	1
Number of directors attending anticorruption training	Person	1	10	10
Number of anti-corruption training provided to employees	Time	9	28	33
Number of employees participating in anticorruption training	Person	1,267	2,115	3,574

Social Welfare Performance

Performance Indicators	Unit	2020	2021	2022
Charitable donation	10,000CNY	760.00	602.03	2,745.30

Appendix II GRI Content Index

Disclosure Issues / Disclosure Items	Topics	Sections
GRI 1: Foundation 2021		
GRI 2: General Disclosure 2021		
The organization and its reporting practices		
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
Activities and workers		
2-6	Activities, value chain and other business relationships	Company Overview; Supply Chain Management and Development
2-7	Employees	Embracing Diversity and Inclusion
Governance		
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
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Corporate Governance and Management
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Stakeholder Engagement
Material Topics 2021		
3-2	List of material topics	Materiality Issues Matrix
GRI 205: Anti-Corruption 2016		
205-2	Communication and training about anticorruption policies and procedures	Corporate Governance and Management
205-3	Confirmed incidents of corruption and actions taken	Corporate Governance and Management
GRI 206: Anti-Competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance and Management
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Environmental Management
302-3	Energy intensity	Environmental Management
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Environmental Management

Disclosure Issues / Disclosure Items	Topics	Sections
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Environmental Management
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Management
305-4	GHG emission intensity	Commitment to Environmental Management; Tackling Climate Change
GRI 306: Waste 2020		
306-2	Management of significant waste-related impacts	Commitment to Environmental Management
Social		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Appendix I: Key Performance Table
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Occupational Health and Safety
GRI 404: Training and Education 2016		
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	Talent Training and Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Corporate Governance and Management
GRI 406: Anti-Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Embracing Diversity and Inclusion
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incident of child labor	Embracing Diversity and Inclusion
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incident of forced or compulsory labor	Embracing Diversity and Inclusion
GRI 417: Marketing and Labeling 2016		
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
GRI 418: Customer Privacy 2016		
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

ESG Subject Areas, General Disclosures and KPIs		Corresponding Chapter
Environment		
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management
	A1.1 The types of emissions and respective emissions data.	Environmental Management
	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).	Environmental Management
A1: Emissions	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Management
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Management
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environmental Management
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Management
	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	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).	Environmental Management
A2: Use of Resources	A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Environmental Management
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	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.	Environmental Management
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Management
A3: The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Management
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management

ESG Subject Areas, General Disclosures and KPIs			Corresponding Chapter
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
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Embracing Diversity and Inclusion
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geo-graphical region.	Embracing Diversity and Inclusion
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Key Performance Table; Embracing Diversity and Inclusion
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, 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.	Talent Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Talent Training and Development
	B3.2	The average training hours completed per employee by gender and employee category.	Talent Training and Development
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.	Embracing Diversity and Inclusion
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Embracing Diversity and Inclusion
	B4.2	Description of steps taken to eliminate such practices when discovered.	Embracing Diversity and Inclusion

ESG Subject Areas, General Disclosures and KPIs			Corresponding Chapter
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management and Development
	B5.1	Number of suppliers by geographical region.	Supply Chain Management and Development
	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 and Development
	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 and Development
	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 and Development
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.	Practicing Responsible Marketing; 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; Product Quality and Safety
	B6.2	Number of products and service related complaints received and how they are dealt with.	Appendix I: Key Performance Table; Product Quality and Safety
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Governance and Management
	B6.4	Description of quality assurance process and recall procedures.	Product Quality and Safety
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Corporate Governance and Management
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance and Management
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance and Management
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance and Management
	B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance and Management; Appendix I: Key Performance Table
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.	Giving Back to the Community
	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Giving Back to the Community
	B8.2	Resources contributed (e.g., money or time) to the focus area.	Giving Back to the Community

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 2022 Henlius ESG Report is:

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

2. The disclosure of the 2022 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 2022 Henlius ESG Report is:

Very high Quite high Somewhat high Quite low Very low

4. Which of the following areas in the 2023 Henlius ESG Report need to be strengthened:

Idea elaboration Data & charts Case studies Topics Images

5. In the 2023 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:

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SGS Verification Report



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT OF SHANGHAI HENLIUS BIOTECH, INC. FOR 2022

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 2022 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.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)

Assurance has been conducted at 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 3/F, 5/F, 7/F, 9/F, 16/F Innov Tower, Zone A, No. 1801 Hongmei Road, 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 WenjunRoad, Songjiang District, Shanghai, P.R. China) for remote assurance. Review and validate documents and records with external bodies and/or stakeholders as necessary.

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 more than 140 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 affirms our independence from HENLIUS, 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 Lead Assuror, 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 2022.

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 27 'Environmental, Social and Governance Reporting Guide'.

Reporting Rules**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 – Knowledge

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Mar. 30 2023

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