INNOCARE
诺诚健华

InnoCare Pharma Limited
諾誠健華醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 9969

2022

Environmental, Social and Governance (ESG) Report

Contents

InnoCare Pharma Limited
2022 Environmental, Social and Governance (ESG) Report

NOTES ON REPORT PREPARATION

REPORTING SCOPE

The content of this report ("Report") covers InnoCare Pharma Limited (hereinafter referred to as "InnoCare", "the Group", "the Company" or "we") and its subsidiaries. Unless otherwise stated, the scope of this Report shall be the same as that of the consolidated financial statements in the annual report of InnoCare (stock code: 9969.HK, 688428.SH).

List of names and abbreviations of the subsidiaries contained in this Report

Major Subsidiaries	Abbreviations in the Report
Beijing InnoCare Pharma Tech Co., Ltd.	Beijing InnoCare
Beijing Tiancheng Pharma Tech Co., Ltd.	Beijing Tiancheng Pharma
Nanjing Synercare Pharma Tech Co., Ltd./Nanjing Tian Yin Jian Hua Pharma Tech Co., Ltd.	Nanjing Synercare/Nanjing Tian Yin Jian Hua
InnoCare (Guangzhou) Biotech Co., Ltd. and Guangzhou InnoCare Pharma Tech Co., Ltd.	Guangzhou InnoCare

TIME RANGE

The period of this Report is consistent with our 2022 Annual Report, covering the business operations during the period from 1 January 2022 to 31 December 2022 ("Reporting Period" or "this year"). In the event that any part of the written information is beyond this period, it will be explained in the main text.

BASIS OF PREPARATION

This Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* ("the Guide") in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (January 2022), and *the Guidelines No. 1 for Application of Self-Regulation Rules for Listed Companies - Standardized Operation* and *the Guidelines No. 2 for Application of Self-Regulation Rules for Companies Listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange – Voluntary Information Disclosure* issued by the Shanghai Stock Exchange.

REPORTING PRINCIPLES

This Report complies with the reporting principles set forth in the *Environmental, Social and Governance Reporting Guide*, including:

- **Materiality**

In accordance with this principle, this Report identifies the topics to be addressed in this Report through stakeholder research and materiality assessment, and focuses on reporting the matters that may have a significant impact on investors and other stakeholders in relation to ESG issues.

- **Quantitative**

In accordance with this principle, this Report discloses the key quantitative performance indicators and provides an explanation on the meaning of indicators and the basis of calculation and assumptions.

- **Balance**

In accordance with this principle, this Report reflects objective facts and discloses indicators involving both positive and negative information.

- **Consistency**

In accordance with this principle, this Report explains the meaning of the key ESG quantitative performance indicators disclosed herein and elaborates the basis of calculation and assumptions while the indicators used in different reporting periods are consistent as far as possible to reflect the trend of performance level.

DATA DESCRIPTION

The data and sample cases in this Report are derived from the original records or financial reports regarding the actual operations of the Company.

All currency in this Report is denominated in RMB unless otherwise specified. If the financial data are inconsistent with the annual report of the Company, the annual report shall prevail.

RELIABILITY ASSURANCE

The Board of Directors and senior management team of the Group have confirmed that this Report does not contain any false information, misleading statements or material omissions, and are responsible for the truthfulness, accuracy and completeness of this Report.

REPORT PUBLICATION

Publication channels: The electronic version of this Report is published on the official website of InnoCare Pharma Limited (www.innocarepharma.com), the HKEX news webpage of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Shanghai Stock Exchange (http://www.sse.com.cn/).

Report Language: This Report is published in Simplified Chinese, Traditional Chinese and English versions.

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1. ABOUT INNOCARE

1.1 COMPANY OVERVIEW

InnoCare is a leading biopharmaceutical company with an integrated biomedical platform dedicated to the discovery, research, development and commercialization of innovative drugs for the treatment of cancer and autoimmune diseases. Led by a team of well-known industry experts, we have built a fully integrated biopharmaceutical platform with strong in-house R&D, clinical development, manufacturing and commercialization capabilities. With a strong belief in science-driven innovation and patient-oriented adherence, we devote our efforts to identifying novel targets and developing innovative therapies with breakthrough potential, thus contributing to global medicine in the field of oncology and autoimmune as a visionary Chinese biotechnology platform.

Leveraging our management team's global vision and local expertise, we have built a differentiated and balanced drug portfolio, and our first product, Orelabrutinib, has been launched in China and Singapore. Our drug candidates target both innovative and evidence-based biological pathways. We are also committed to discovering novel targets and developing breakthrough therapies around the world.

Company Name	InnoCare Pharma Limited
Date of Establishment	2015
Stock Code	9969.HK 688428.SH
Headquarter	Beijing, China

Mission, Vision and Values

Mission	To leverage cutting edge science, technology and driving force to offer new drugs for patients and improve public health
Vision	To become a biopharmaceutical leader that develops and delivers innovative therapies for patients worldwide
Values	To be resilient, innovative, collaborative, dedicated and committed to excellence

KEY MILESTONES OF INNOCARE IN 2022

JANUARY

- 宜諾凱® (Orelabrutinib), after being included in the National Drug Reimbursement List, was firstly contained in the prescription issued by the First People's Hospital of Taizhou City, Zhejiang Province
- InnoCare and Keymed jointly developed the CD20xCD3 bispecific antibody ICP-B02 to complete the first patient dosing

February

- Orelabrutinib tablets have been authoritatively recognized by the five major government departments in Beijing and won the title of "Beijing New Technology and New Products (Services)"
- The first patient dosing was completed for Phase II clinical study of Orelabrutinib in the treatment of primary immune thrombocytopenia purpura

March

- Orelabrutinib was approved for Phase II clinical trials in China for the treatment of Neuromyelitis Optica Spectrum Disorder diseases
- InnoCare was recognized by Beijing Municipal Bureau of Economy and Information Technology as a specialized, special and new "small giant" enterprise
- The new indication application for Orelabrutinib for the treatment of relapsed/refractory waldenstrom's macroglobulinemia was accepted in China
- InnoCare's self-developed TYK2 JH2 allosteric inhibitor ICP-488 was approved for clinical trials
- The first patient dosing was completed for InnoCare's self-developed novel multi-target RTK inhibitor ICP-033

April

- InnoCare presents ICP-723 preclinical data at the 2022 Annual Meeting of the American Association for Cancer Research (AACR)
- Orelabrutinib R&D team was awarded the "Top Ten Drug Innovation Research Teams in 2021"
- The new drug research application of ICP-490, a novel targeted protein degrader, was accepted by the National Medical Products Administration

May

- Orelabrutinib is included in the Guidelines for the Diagnosis and Treatment of Oncology and Hematological Diseases (Version 2022) issued by the National Health Commission of the People's Republic of China
- Tafasitamab in combination with Lenalidomide has been approved by the National Medical Products Administration (NMPA) of China for a single-arm, open-label, multi-center phase II clinical study

June

- The latest data on Orelabrutinib for systemic lupus erythematosus were released in a blockbuster oral presentation at the 2022 EULAR European Congress of Rheumatology
- InnoCare's latest data on multiple oncology pipelines were announced at the 2022 Annual Meeting of the American Society of Clinical Oncology (ASCO)
- Tafasitamab combined with Lenalidomide for the treatment of relapsed or refractory DLBCL was recommended in Clinical Guidelines for Diagnosis and Treatment by the Chinese Society of Clinical Oncology (CSCO)
- The latest data on Orelabrutinib in combination with anti-PD-1 monoclonal antibody for relapsed or refractory PCNSL were presented at the 2022 Annual Meeting of the European Society of Hematology (EHA)
- Orelabrutinib won the gold medal in the 16th Beijing Invention and Innovation Competition
- InnoCare and Keymed jointly developed the application for a new drug targeting CCR8 monoclonal antibody ICP-B05, which was accepted by the National Medical Products Administration
- The first patient dosing was completed for InnoCare's self-developed novel SHP2 allosteric inhibitor ICP-189

July

- InnoCare Guangzhou branch was approved for commercial production
- InnoCare's self-developed novel targeted protein degrader ICP-490 was approved for clinical trials for the treatment of multiple myeloma (MM), non-Hodgkin lymphoma (NHL) and other hematological tumors
- InnoCare's application for new drug research on BCL2 inhibitor ICP-248 was accepted by the National Medical Products Administration
- Tafasitamab in combination with Lenalidomide for the treatment of relapsed/refractory DLBCL was the first to be prescribed in Boao Lecheng

August

- InnoCare's self-developed TYK2 JH2 allosteric inhibitor ICP-488 completed the first subject dosing
- New indication application for Orelabrutinib for the treatment of relapsed/refractory marginal zone lymphoma was accepted in China
- InnoCare and Keymed's CCR8 monoclonal antibody ICP-B05 was approved for clinical trials in advanced solid tumors
- The marketing application for Tafasitamab in combination with Lenalidomide for the treatment of relapsed/refractory DLBCL was accepted in Hong Kong

September

- Data from Orelabrutinib combined with RCHOP for primary extranodal naïve non-GCB subtype DLBCL were selected for oral presentation at the 2022 Annual Meeting of the European Society for Medical Oncology (ESMO)
- The Center for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) of China will include the BTK inhibitor Orelabrutinib in the treatment of relapsed/refractory marginal zone lymphoma (MZL) in the priority review
- The first patient dosing was completed for Tafasitamab combined with Lenalidomide for the treatment of relapsed/refractory DLBCL Phase II registration clinical trial in China
- InnoCare's self-developed BCL2 inhibitor ICP-248 was approved for clinical trials
- InnoCare has completed the listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange, officially starting a new "H+A" journey both on Shanghai and Hong Kong stock exchanges

October

- Tafasitamab was included in the list of overseas specific drugs of local commercial insurance in numerous provinces and cities, such as Beijing, Shanghai, Guangdong and Shanxi
- Phase II clinical study of Orelabrutinib monotherapy in the treatment of relapsed/refractory waldenstrom's macroglobulinemia was published in eClinicalMedicine, a sub-journal of The Lancet
- InnoCare was recognized as one of the first Beijing Enterprise Technology Centers in 2022
- The first young patient dosing was completed for ICP-723, a second-generation pan-TRK inhibitor

November

- Tafasitamab was included in the Beijing Universal Health Insurance to benefit patients with diffuse large B-cell lymphoma
- 10 Orelabrutinib studies were selected for the 64th Annual Meeting of the American Society of Hematology (ASH).
- 宜諾凱® (Orelabrutinib) was approved by the Health Sciences Authority (HSA) of Singapore for the treatment of adult patients with relapsed/refractory mantle cell lymphoma (R/R MCL).

December

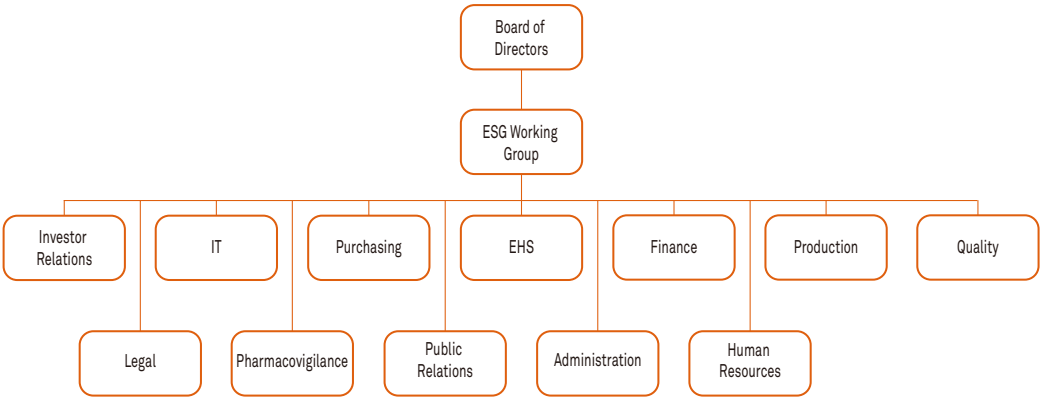
- Orelabrutinib was awarded the 2022 (Healthy China 21 Cancer Care) Enterprise of the Year with Excellent Business Value Cases
- Tafasitamab in combination with Lenalidomide was approved in Hong Kong for the treatment of relapsed/refractory diffuse large B-cell lymphoma
- InnoCare was listed in the 2022 Top 100 Enterprises - Comprehensive Competitiveness in Pharmaceutical Industry
- InnoCare was awarded the 2022 Most Valuable Pharmaceutical and Medical Company
- InnoCare was awarded the Most Valuable IPO for Investment of the Year
- InnoCare was awarded the 2021 Independent Innovation Pioneer Enterprise in China's Pharmaceutical Industry
- InnoCare was listed in the 2022 Top 100 Enterprises in China - R&D Strength in Chemical Drugs

1.2 ESG MANAGEMENT

As the Group established a top-down ESG governance structure, the Board of Directors, as the highest decision-making body for the Group's management of ESG issues, is responsible for making decisions, strategies and supervision of the Group's ESG issues. Meanwhile, we have set up an ESG Working Group to comprehensively manage the Group's ESG issues and coordinate various functional departments to carry out ESG work efficiently. All levels and departments within our ESG governance structure synchronically and independently perform their duties, and their mutual communications, ensuring that the Group conducts new drug research, clinical development, and drug manufacturing and commercialization activities in a sustainable and responsible manner, and delivers on our commitments to stakeholders.

1. ABOUT INNOCARE

ESG Governance and Management Structure



ESG Governance and Management Responsibilities

Board of Directors	• Assessing and evaluating the Group's ESG risks • Ensuring that appropriate and effective ESG risk management and internal control systems are in place • Reviewing ESG issues reported by the ESG Working Group and approving the Group's ESG disclosures
ESG Working Group	• Regularly reporting to the Board of Directors on ESG policies and issues • Assisting the Board of Directors in assessing ESG risks • Developing ESG management strategies and medium to long-term management plans • Communicating regularly with investors about ESG issues
Functional Departments	• Fully integrating ESG considerations into the Group's daily operations • Performing ESG work plan developed by the Board of Directors and the ESG Working Group

In 2022, the Group continued to improve its environmental, social and governance ("ESG") performance management, with each department regularly reviewing and reporting on ESG performance management. After collating the ESG work information about all departments, the ESG Working Group regularly reports to the Board of Directors on the management progress of the Group's ESG goals and the management status of material ESG issues, so as to continuously improve the Group's ESG management. In addition, the Board of Directors of the Group is responsible for deliberating and determining such highly material ESG issues of relevance to the Company.

The Group's has also received external recognition and support for its ESG management. In December 2022, the Group received the Golden Yue Award - 2022 Company of the Year Public Responsibility granted by NetEase Finance.

1.3 MATERIAL ISSUES IDENTIFICATION

Communication with stakeholders

The Board of Directors of the Group is responsible for deliberating and making decisions on material ESG issues related to the Group, actively receiving feedback from stakeholders and urging all departments to implement relevant ESG management work.

The Group believes that continuous communication with our stakeholders helps us gain a more comprehensive and objective understanding of our ESG priorities and assess our ESG performance. Our key stakeholders are shareholders and investors, government and regulatory authorities, customers, employees, suppliers, partners, the communities and the public.

Stakeholders	Issues of Concern	Communication Methods
Shareholders and investors	• Information disclosure • R&D and Innovation • Risk management	• Shareholders' general meeting • Regular reports and company announcements • Disclosure of information by the listed company • Investor relations activities
Government and regulatory authorities	• Compliance and business ethics • R&D ethics • Climate change response • Emissions management	• Government meetings • Project cooperation • Government staff monitoring
Customers	• Product quality and safety • Drug accessibility • Information security and data protection • Protection of customers' rights and interests	• Customer complaints and feedback • Product quality inspection • Information security and privacy protection communication instructions
Employees	• Employees' rights and benefits • Employee training and development • Occupational health and safety	• Employee training • Employee care activities • Employee complaints and feedback
Suppliers	• Supply chain management	• Supplier access review • Supplier evaluations and surveys
Partners	• R&D and innovation • Intellectual property protection	• Industry conferences and communications
Community and public	• Social welfare • R&D ethics • Climate change response	• Support for public welfare activities • Energy saving and environmental protection activities • Waste management • Protection of subjects' rights and interests • Protection of animal welfare

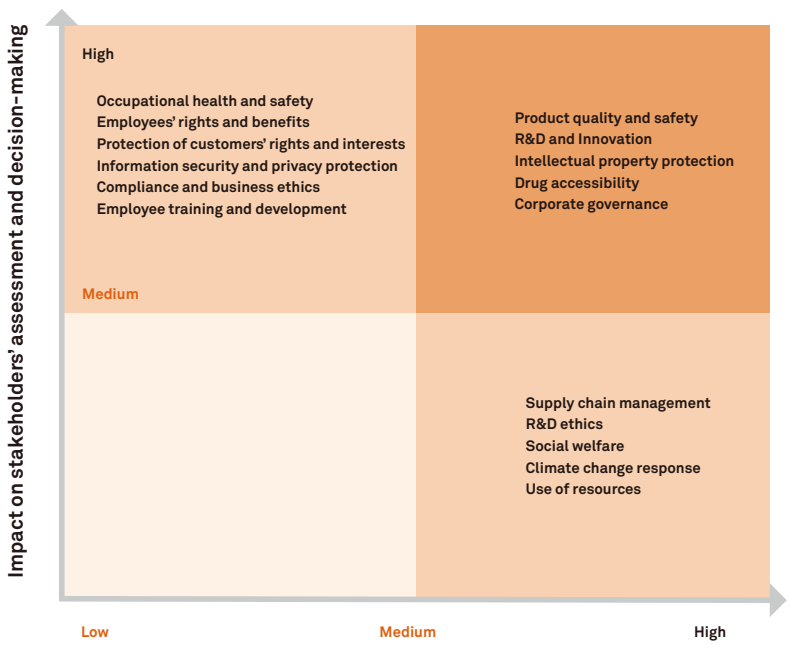
IDENTIFICATION OF MATERIAL ISSUES

We have identified most of the ESG issues, assessed their importance and relevance based on the communications with stakeholders, and conducted the ultimate analysis to develop a pool of prioritized material issues that are presented in the form of a materiality matrix. During the Reporting Period, we analyzed material issues according to peer analysis and internal operation and management actions, optimized and adjusted the expression of some issues such as use of resources, drug accessibility, employees' rights and benefits, protection of customers' rights and interests, information security and privacy protection, and adjusted the materiality level of certain issues such as social welfare, R&D ethics, etc.

Identification Process of Material Issues

Identifying ESG issues	Assessing the importance of issues	Developing a materiality matrix
• Developing an ESG issue pool applicable to the Group based on our development strategies and actual conditions, the U.S. Sustainability Accounting Standards Board's material issue pool for the biotechnology and pharmaceutical industry, and benchmarking issues of concern to industry peers	• Conducting a comprehensive analysis by taking into consideration the key concerns and expectations of stakeholders and experts/ consultants' advice • Assessing 16 issues in terms of "Impact on stakeholders' evaluation and decision-making" and "materiality of economic, environmental and social impacts"	• Building an analysis matrix of material issues based on the results of assessment • The matrix is subject to review and approval by the Board of Directors, with a focused response on highly material issue in this Report

Materiality Matrix



2. CORPORATE GOVERNANCE RESPONSIBILITY

InnoCare's corporate governance is regarded as a solid foundation for the healthy, stable and sustainable development of the Group. Accordingly, a rigorous corporate governance structure and a sound risk management and internal control system are well established to ensure the fairness and scientificity of the Group's decision-making, and effectively safeguard the rights and interests of investors, so as to achieve the Group's strategic goal of the steady growth.

2.1 CORPORATE GOVERNANCE

The Group strictly abides by the laws and regulations such as *the Company Law of the People's Republic of China, the Hong Kong Companies Ordinance and the Securities and Futures Ordinance*, and it has formulated *the Articles of Association, the Shareholders' Communication Policy, the Procedures for Shareholders to Nominate Candidates for Election as Directors, the List of Board Members and Their Roles and Functions* and other regulatory measures in accordance with *Appendix 14 to the Listing Rules: Corporate Governance Code and the Appendix 10 to the Listing Rules: Model Code for Securities Transactions by Directors of Listed Issuers* issued by the Stock Exchange of Hong Kong, and *the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board* issued by the Shanghai Stock Exchange, constituting a corporate governance mechanism with defined lines of responsibility and operating standards.

In accordance with the requirements of laws and regulations, the Group has set up a corporate governance structure consisting of the general meeting of shareholders, the Board of Directors and senior management. As the Audit Committee, the Compensation Committee and the Nomination Committee are part of the Board of Directors, the fairness and scientificity of corporate governance decisions could be guaranteed in an efficient manner. The Group also contacts shareholders through different communication channels to propose for various major matters and vote on all resolutions at the shareholders' general meetings. In 2022, the Group resolved at the shareholders' general meeting to amend the existing corporate governance systems and processes in accordance with the *Consultation Paper on a Listing Regime for Specialist Technology Companies* issued by the Stock Exchange of Hong Kong in October 2022, including adding the *Whistleblowing Policy*, the *Anti-Corruption and Anti-Bribery Policy*, improving *the Procedures for Shareholders to Nominate Candidates for Election as Directors* and updating *the Articles of Association and the List of Board Members and Their Roles and Functions*.

Composition of Board of Directors of InnoCare in 2022 and Convention of Three Meetings

Composition of Board of Directors	Convention of Three Meetings
Nine directors in Board of Directors	One shareholders' general meeting
Three independent directors	13 Board meetings
	Eight meetings of special committees of the Board of Directors
Three female directors	A total of approximately 68 proposals and reports were deliberated, reviewed, checked, or heard

2. CORPORATE GOVERNANCE RESPONSIBILITY

2.2 PROTECTION OF INVESTORS' RIGHTS AND INTERESTS

Our effective communication with shareholders is critical to promoting investor relations and deepening their understanding of the Company's business performance and strategy. We are aware of the importance of timely and non-selective disclosure of information, which would enable shareholders and investors to make informed investment decisions. We strictly abide by the rules and regulations, such as *the Administrative Measures for the Information Disclosure of Listed Companies* issued by the Hong Kong Stock Exchange, *the Rules Governing the Listing of Stocks* and *the Self-Regulatory Guidelines for Listed Companies No. 2 – Management of Information Disclosure Matters* issued by the Shanghai Stock Exchange. Following its listing on both Hong Kong and Shanghai stock exchanges, the differentiated information disclosure requirements of H shares and A shares have been met with our efforts to respond to their variations to ensure openness, timeliness and authenticity.

The Group actively responds to the requirements of both Hong Kong and Shanghai stock exchanges, and regularly updates the management systems related to communication with investors annually. The detailed articles of association are available on the website of the Group and the Stock Exchange of Hong Kong. The Group maintains communication with shareholders through channels such as the Annual General Meetings and other general meetings, and the members of the Board of Directors respond to shareholders' inquiries at the Annual General Meetings. In accordance with the requirements of the Listing Rules, the Group publishes and distributes the Notice of Annual General Meetings on time. The Annual General Meeting was held on 21 June, 2022.

In the meantime, the Group attaches importance to maintaining the well-established relationship with our investors, and expands the coverage of funds in Mainland China, Hong Kong and even worldwide. A number of local and international investment bank sellers regularly publish research reports related to the Group, attracting the attention of many institutional investors. More open dialogue through videos, investor meetings, roadshows and medical summits connects the management and Investor Relations Department of the Group with investors to ensure that the market and investors have an in-depth understanding of the Group's business development, core strategies and corporate governance principles. In addition, we maintain effective communication with shareholders, investors and the public through the website of the Stock Exchange (www.hkexnews.hk), the Company's official website (www.innocarepharma.com), corporate account on WeChat and other channels, and publish, in a timely manner, the latest information regarding our business operations and development, financial data, corporate governance practices and other data. In 2022, the Group held more than 900 investor exchange meetings with Hong Kong and international institutional investors and research analysts.

While complying with laws and regulations such as *the Hong Kong Companies Ordinance, the Securities and Futures Ordinance, and Appendix 14 to the Listing Rules: Corporate Governance Code and the Appendix 10 to the Listing Rules: Model Code got Securities Transactions by Directors of Listed Issuers issued* by the Stock Exchange of Hong Kong, the Group formulates *the Management System for the Holding and Trading of A Shares of Companies by Directors and Senior Management and the Insider Registration Management System*, in view of the relevant requirements of *the Guidelines of the Shanghai Stock Exchange on Related Party Transactions of Listed Companies* and taking into account its dual listing on both Hong Kong and Shanghai stock exchanges, so as to consolidate the Group's management of insiders, directors and related party transactions. Moreover, the Group adopted a dividend policy without any pre-set dividend ratio, and the dividend ratio should be determined according to the internal financial conditions and the terms and factors set out in the dividend policy. The final dividend for any financial year shall be subject to the approval by shareholders.

Upon the completion of InnoCare's listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange in 2022, the Company initiated a new "H+A" journey both on the Shanghai and Hong Kong stock exchanges, and also gained recognition from all walks of life for our innovation capacity and investment value. InnoCare was awarded the Most Valuable Pharmaceutical and Medical Company among listed companies by Zhitong Caijing for the second year in a row, and Guru Club's Greater China Best Listed Company Awards 2022: Most Valuable IPO of the Year granted by Gelonghui, and the Investor Relations Department was honored the Best IR Award for listed companies granted by Zhitong Caijing for two consecutive years.

2. CORPORATE GOVERNANCE RESPONSIBILITY

2.3 RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board of Directors of the Group, as the decision-making body for internal risk management and internal control, is responsible for the planning, implementation and supervision of the risk management strategy. The primary duties of the Audit Committee of the Board are to assist the Board in providing independent opinions on the effectiveness of the Group's financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Internal Control Department within the Group is in charge of the implementation of the risk management strategy at the management level, regular evaluation and review of the internal control system and various control measures therein to ensure the adequacy and effectiveness of such control measures. The results of the evaluation of the internal control system will be reported to the Audit Committee by the Internal Control Department on a regular basis, and the opinions of the Audit Committee and other functional departments will continue to improve the Group's internal control system to smooth information exchange within the Group, so as to identify and respond to changes in the risk environment in a timely and effective manner and achieve the Group's strategic goals.

On top of a series of rules and regulations related to the quality system, the Group has formulated management systems for risk management such as *the Regulations on the Management of Corporate System Documents, the Credit Management Systems, Measures on the Management of Monetary Fund and Bank Account, the Contract Management Systems of InnoCare and Responsibility Systems on the Management of Environment, Health and Safety*, which comprehensively cover the risks that may be involved in our business activities and provide a basis for our risk management work. According to *the Risk Grading Management System*, we have identified the major risks that require management measures including operational risks, adverse drug reaction risks, financial risks, credit risks, and EHS risks, and the corresponding management measures are shown below.

Responding Measures for Major Risks

Major Risks	Measures
Operational Risks	The Group's management conducts a systematic analysis of the Group's operations at least once a month, assessing the potential risks faced by the Group and the corresponding measures. The Group reduced offline product promotion and medical education activities, and instead digital solutions were adopted, which not only protected the health of employees and partners, but also timely transmitted medical knowledge and information.
Adverse Drug Reaction Risks	The Group's management has established an effective adverse drug reaction reporting mechanism, including training, reporting and other procedures, and third-party suppliers are also required to comply with the Group's reporting mechanism. The results are regularly summarized and analyzed by the Pharmacovigilance Department, and effective measures are formulated accordingly.
Financial Risks	The Group's management steadily achieves its strategic development goals and reasonable resource allocation through annual budget management. On the one hand, measures such as budget management, cost control awareness promotion and digital tools are adopted to improve efficiency and reasonably control costs. On the other hand, we secure sufficient capital reserves through listing and financing to meet the continuous high investment need in the drug R&D and commercialization process and cope with market uncertainties and challenges. Meanwhile, an effective financial reporting mechanism and a standard review process for monthly, quarterly and annual financial reports have been set up, enhancing the reliability, accuracy and transparency of financial information reporting and disclosure, and protecting the rights and interests of investors.
Credit Risks	A strict dealer access system was created. With a focus on the assessment and review of the credit risk of dealers, the Group has conducted reviews and adjustment on the credit risk of all cooperative dealers quarterly. In addition, the Group has an effective accounts receivable management system to ensure that credit risks are updated and controlled in a timely manner.
EHS Risks	The EHS Department has formulated a sound training system. Also, the Group's management and the EHS Department jointly work out a mechanism for daily safety inspection and quarterly safety inspection, and the EHS department is responsible for tracking and rectifying the inspection results, significantly reducing potential safety risks. In the event of a safety incident, the Company's Safety Committee would carry out the investigation independently or cooperate with the government department according to the accident level, and issue an investigation report within 10 working days after completion of the investigation.

2. CORPORATE GOVERNANCE RESPONSIBILITY

Internal control

Based on the development requirements of its business strategy, the Group fully identified potential risk points of the Group through the analysis of historical data and the estimation of the Group's business early this year, while updating the Group's internal control systems and management systems in a timely manner. At present, the Group has formulated 43 management systems, including, among others, *the Long-term Asset Management System, the Engineering Construction Project Management System, the Procurement Management System, the Production and Cost Accounting, the MRP Receipt and Payment Management Process*, etc., to ensure the efficient operation of the internal control systems.

In order to create a more effective control environment, the Internal Control Department has standardized the Group's policies and systems through digital solutions, including but not limited to drafting, reviewing, releasing and investigating the system. At the end of each quarter, the Group shares all new, updated or abolished policies and systems with all employees through a dedicated mailbox to ensure adequate and timely communication.

In the meantime, in line with the differences in the organizational structure and departmental functions of the Group, the Internal Control Department has established an internal control matrix at the Group level. The matrix mainly covers relevant control measures related to sales and payment collection management, fixed asset management, EHS management, pharmacovigilance management, procurement and payment management, human resources management, production and planning management, R&D and clinical management, financial management and information technology management. According to the different effects of relevant control measures on the Group's operations and financial statements, we classify them into three risk levels: high, medium and low, dealing with them based on priority level of the risks. Such feedback information would be provided to relevant functional departments in a timely manner, and dynamic adjustments are made after considering the Group's strategic objectives and its own operations to effectively respond to risks.

In addition, the Internal Control Department classifies the identified internal control deficiencies into major, significant and general deficiencies according to the degree of deficiency, taking into account factors such as the size of the Group, industry characteristics, risk appetite and risk tolerance. In 2022, the Group did not identify any major or significant deficiencies in its internal control.

3. PRODUCT AND SERVICE RESPONSIBILITY

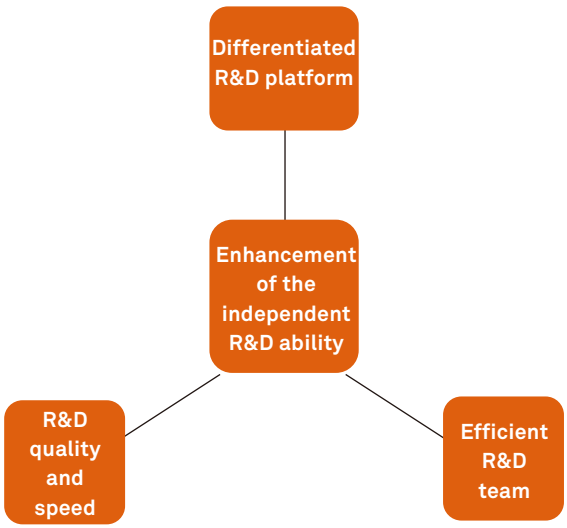
Focusing on the two fields such as cancers and autoimmune diseases, InnoCare is committed to driving the development of innovative drugs with science and technology and providing patients with more choices of new drugs for their treatment. We have a world-class R&D team and strong R&D and innovation capabilities, and can manage the drug innovation and development in each part more safely and effectively; and we keep improving operational efficiency and quality control during each process by continuously perfecting the whole-process quality management system.

3.1 RESEARCH AND DEVELOPMENT ("R&D") AND INNOVATION

R&D and Innovation Capabilities

Since its inception in 2015, InnoCare has been holding fast to the development idea of "technology-driven innovation and patient need orientation", has built a team of talents with rich experience in drug R&D, clinical development, production and commercialization, and has set up an all-in-one biopharmaceutical platform for a strong product pipeline covering hematological malignancies, solid tumors and autoimmune diseases.

Innovation is the foundation for the biopharmaceutical industry. To continuously enhance the independent R&D ability, the Group keeps working with its differentiated R&D platform, efficient R&D team, and equal emphasis on R&D quality and speed.



The Group has built a number of world-class core technology platforms that cover the drug discovery and development process with differentiated competitive advantages, including a compound optimization platform, a drug crystallization process research platform, a technology development and industrialization platform for solubilizing preparations of insoluble drugs, and a translational medicine research platform. These platforms cover five functional units: target identification, drug discovery, clinical development, drug manufacturing and commercialization, supporting the Group's independent chemistry, biology, pharmacology, pharmacokinetics, toxicology and CMC (chemical component manufacturing and control) research, as well as drug crystallization process research and development. In 2022, the Group was approved by NMPA in China to start the commercial production of the self-developed BTK inhibitor Orelabrutinib by its Guangzhou production base, which will build a technical platform to improve the solubility of poorly soluble drugs and will equip three major platforms: the solubilization preparation technology for poorly soluble drugs, the release preparation technology for oral solid dosage forms and the targeted drug delivery technology, so as to improve the bioavailability of drugs and meet the needs of new drug development and production in a more effective way.

3. PRODUCT AND SERVICE RESPONSIBILITY

The Group is active in building professional R&D teams and keeps enhancing its independent R&D ability. We have diverse, highly educated and professional Scientific Advisory Board members and R&D teams in China, the U.S. and other countries and regions. All team members have extensive industry experience, a profound understanding of product differentiation and a keen ability to capture clinical opportunities, which enable them to fully exploit the therapeutic potential of our pipeline products for a wide range of indications. In the meantime, our two R&D centers with their respective independent R&D abilities have been established in Beijing and Nanjing to support our research on chemistry, biology, in vivo potency, pharmacokinetics, toxicology and CMC.

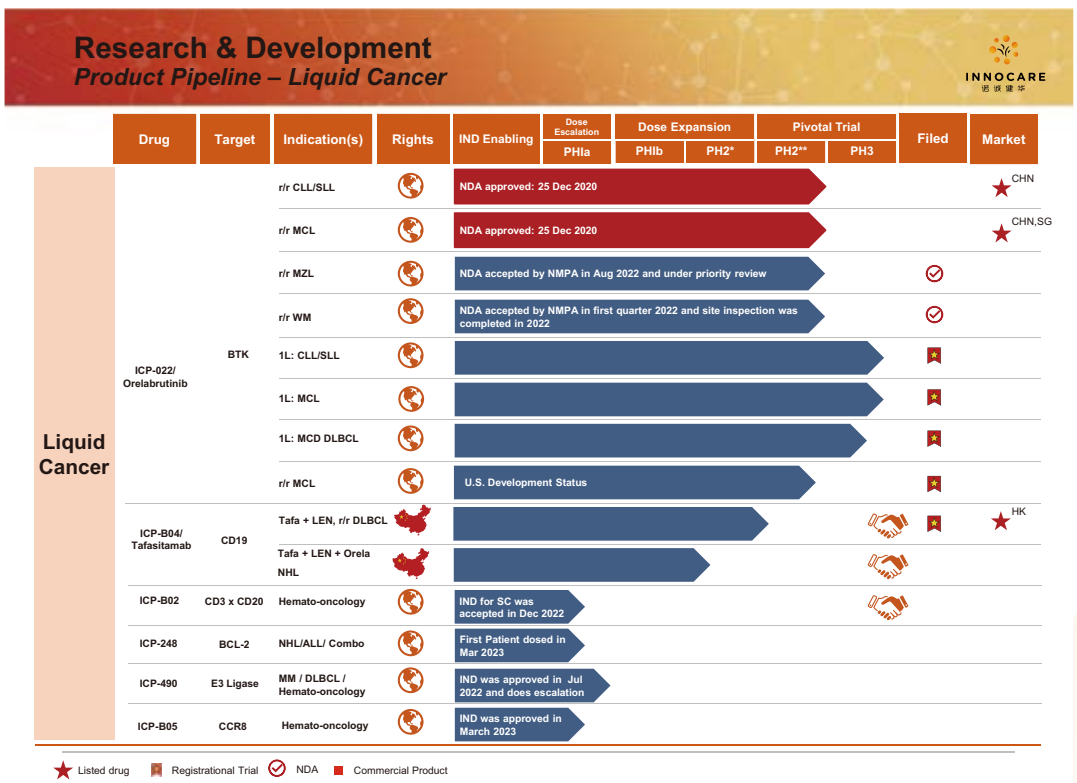
For clinical development, we have built a strong team covering medical research, data management, statistical analysis, pharmacovigilance and clinical operation, and its members are located in China and the US. While the self-owned team effectively controls the key steps in the clinical development, we also cooperate with leading clinical CRO companies in the industry, to ensure that clinical trials (including global multi-center clinical trials) initiated by the Company can be conducted quickly in a high-quality manner.

To retain and motivate researchers and developers, the Group has established a R&D incentive scheme to encourage innovation by rewarding inventors or designers for their R&D achievements. As at the end of the Reporting Period, the Group had 430 R&D personnel, representing 43.8% of the total number of employees.

Besides, the Group also actively cooperates with external agencies in the clinical development for more efficient research and development of drugs, so as to benefit more patients soon. In 2022, we worked with KeyMed to develop the potential first-in-class drug CM369, which was developed as the monotherapy or a therapy combined with some other therapy or therapies for terminal solid tumors with high incidence, including lung cancer, digestive tract cancer, etc. Currently, we have received the *Notice on Approval of Clinical Drug Trials* signed and issued by the National Medical Products Administration after the examination and approval, approving the clinical trials for terminal solid tumors of CM369 which was the targeted CCR8 monoclonal antibody researched and developed by the joint venture Tiannuo Jiancheng.

By leveraging efficient R&D platforms and internal and external collaboration, the Group has achieved encouraging R&D results and continued to promote the development of its product pipelines. Orelabrutinib is at the commercialization stage; Tafasitamab has been approved for use in Hong Kong and Bo'ao in Hainan; 13 drugs are at the clinical stage with more than 30 clinical trials at different stages being conducted worldwide; and a number of innovative drugs are at their respective preclinical stages. Through precision medicine, the Group strives to expand the types of drugs under development covering the field of solid tumor diseases, and provides correct drugs to patients in need in a timely manner in order to benefit more patients.

InnoCare R&D Pipeline Drawing Diagram in 2022



3. PRODUCT AND SERVICE RESPONSIBILITY

The Group is also active in communicating with the outside world about its R&D and clinical research progress. In 2022, we held the "2022 R&D Day for Investors" event with the theme of "science-driven innovation", at which the Company's management team and some industry experts shared information about the Group's R&D and clinical research progress and innovation highlights in the fields of hematological malignancies, solid tumors and autoimmune diseases, and conducted in-depth communication with many investors and analysts.

In 2022, the Group received external recognition for its R&D and innovation capabilities. For example, Orelabrutinib tablets (Yinuokai) were recognized by five authoritative government departments of Beijing and were awarded the "Beijing Certificate for New Technology or New Product (Service)"; while the Orelabrutinib R&D team was evaluated as one of the "Top Ten Drug Innovation Research Teams in 2021", etc.

R&D Ethics

Attaching great importance to the protection of the subjects' rights and interests, the Group strictly abides by the *Good Clinical Practice (GCP)* and other laws and regulations. We have set up our Ethics Committee for the ethical review on each part of the clinical drug trials.

Also, the Group has laid down the *Ethics Committee Framework and SOP* 《倫理委員會框架與SOP》 and other systems to manage ethical risks and define the duties of each department in the management. During the process of clinical trials, under the management system for the protection of the subjects' rights and interests, we sign a *Clinical Trial Agreement* 《臨床試驗協議》 and an *Informed Consent Form* 《知情同意書》 with each of the subjects, which clearly describe detailed information about possible risks and discomforts, possible adverse events and subjects' rights to ensure the subjects' understanding of the nature, risks and benefits of the trial and the subjects' rights.

Besides, we also strictly comply with the *Laboratory Animal Guideline for Ethical Review of Animal Welfare* (GB/T 35892-2018) of the People's Republic of China, the *Care and Action Plan for Laboratory Animals* 《實驗動物關懷與行動計劃》 of the United States and other laws and regulations to protect the welfare, rights and interests of laboratory animals.

Our Institutional Animal Care and Use Committee (IACUC) has formulated institutional documents such as the *IACUC Management Procedures* 《實驗動物福利倫理委員會管理程序》 and the *Care and Action Plan for Laboratory Animals* 《實驗動物關懷與行為計劃》 in compliance with the above laws and regulations, and has conducted an ethical review of animal welfare.

Intellectual Property Protection

The Group regards intellectual properties as its core competitiveness and knows well their importance for a high-tech innovative pharmaceutical enterprise. Strictly abiding by laws and regulations including the *Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Law of the People's Republic of China on Scientific and Technological Progress*, we have implemented a range of measures in respect of external cooperation, internal employee and information management to effectively protect our trade and technology secrets and minimize the potential risk of infringement of the intellectual property rights of others. We will promptly file patent applications in the relevant countries and regions where our technological path and development strategy allow.

In 2022, the Intellectual Property Department provided the pre-clinical R&D teams of each company under the Group with special training with the theme of "patent information and data protection" to raise employees' awareness of intellectual property protection. During the Reporting Period, the Group filed 48 patent applications in multiple countries and regions (including China, Australia, the United States, the European Union and Japan), out of 275 patent applications filed in total, and held 54 licensed patents, providing life-cycle intellectual property protection for our products.

Intellectual Property Protection Measures and Actions

External cooperation	Employee management	Information security management
• Where external collaborative projects involve confidential information, we sign contracts including confidentiality agreements with the relevant parties to ensure that the contracts provide adequate protection for the intellectual property rights of both parties.	• We sign Confidentiality, Proprietary Information and Intellectual Property Protection Agreements and Non-Compete Agreements with our employees that define the rights and obligations of both parties in relation to the protection of intellectual property rights. • We actively organize intellectual property protection training to raise employees' awareness of intellectual property protection.	• In terms of information security, we set requirements for access permissions, approval mechanisms, document storage and backup according to employees' position levels and document confidentiality levels to reduce the risk of intellectual property leaks.

3.2 ENTIRE PROCESS QUALITY MANAGEMENT

Product Quality Management System

We strictly comply with the laws, regulations and guidance documents 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 Administrative Measures on Supervision of Drug Production*, the *Measures for the Administration of Drug Registration*, the *Administrative Measures for Post-marketing Drug Changes (for Trial Implementation)*, the *Regulations on the Administration of Drug Instructions and Labelling, the Good Manufacturing Practice* (the "GMP") 《藥品生產質量管制規範》, the *Good Clinical Practice* (the "GCP") 《藥物臨床試驗管理規範》, the *Good Laboratory Practice* (the "GLP") 《藥物非臨床研究質量管理規範》, the *Notice on Matters Relating to Direct Reporting of Adverse Reactions by Marketing Authorization Holders and the Pharmacovigilance Quality Management Regulation*, as well as the international standards such as the relevant specifications of the International Council for Harmonisation (ICH) of Technical Requirements for Pharmaceuticals for Human Use.

3. PRODUCT AND SERVICE RESPONSIBILITY

The Group has established the *Quality Risk Management Regulations* 《質量風險管理規程》, and identifies, assesses, controls and monitors risks throughout the product lifecycle, including R&D, production, storage, transportation and service, to ensure that the quality management tasks can be performed efficiently at all stages.

In the meantime, the Group makes quality risk assessment and analysis using risk assessment tools such as failure mode and effects analysis ("FMEA"), hazard analysis and critical control points ("HACCP") and auxiliary statistics, further guaranteeing the effectiveness of the product quality management.

Furthermore, we provide regular training on quality management systems for all employees, including new employee orientation and annual GMP quality training. The annual quality system management reviews are conducted at least once a year and include key quality performance indicators, internal and external audits and regulatory inspections and corrective and preventive actions ("CAPA"). The results of these reviews are recorded in the *Quality Management Review Meeting Minutes* 《質量管理評審會議記錄》. Based on the recommendations from the reviews, we develop an action plan with clear improvement measures, responsible persons and completion dates. In 2022, we passed the audit of European Union Qualified Person (QP). In addition, our MAH quality management system and production base in Guangzhou have been approved by Beijing Municipal Medical Products Administration and Guangdong Medical Products Administration respectively after the on-site verifications.

R&D Quality Management

Before a product enters clinical trials, the Group conducts GLP-compliant toxicology studies and pharmacology studies on the products under study, and submits clinical trial applications as required by the regulations. During the clinical trial process, we conduct protocol design, production of clinical drugs, clinical trial operations, data collection and management, and statistical analysis and submit new drug applications in strict accordance with the requirements of the *Guideline for Good Clinical Practice of the International Conference on Harmonisation* (ICH-GCP), the Appendix of Drugs for Clinical Trials to the *Good Manufacturing Practice*, and other laws and regulations.

Quality Management in the Production Process

For strict product quality requirements throughout the production process of products, the Group has developed the *Management of Production Plans* (《生產計劃管理》), the *Drugs Release Management Procedure* (《藥品放行管理規程》), the *Management Rules on Quality Management Reviews* (《質量管制評審管理規程》) and other systems, strengthening the product quality management. For example, at our production base in Guangzhou, all the materials are allowed to enter the factory after they are inspected for quality before the production, for our management and quality control over the suppliers of materials; our intermediate products are constantly inspected for in-process control and the production process is under continuous control in the production process; after the completion of the production process, we analyze and test the finished products and allow them to leave the factory after the QA reviews and approves the documents in the entire production process, so that the product quality can be guaranteed and the product registration requirements are met.

The Group highly values the responsibilities that a MAH holder should bear as well as the product quality management of the engaged enterprises. The engaged drug manufacturers are required to inspect and manufacture the products in accordance with our transfer process procedure and the relevant approval standards for material and product quality, and the products can only be released to the market after having been approved by our quality authorized person. In the meantime, the Group regularly conducts on-site inspections and audits of the quality management system of the engaged manufacturer, issues audit reports and monitors its rectification.

Besides, the Group carries out the self-inspection of product quality and establishes the self-inspection schedule and plan according to the *Self-Inspection Management Rules*. During the Reporting Period, the Group has completed the annual self-inspection and worked out the self-inspection report as planned, and no items that affected the product quality were found according to the self-inspection result. For the product quality management item that can still be improved further, we will follow up and put into practice the improvement measures by implementing the management systems on the CAPA, so as to enhance the product quality management level.

In terms of product labelling, we undertake to strictly comply with laws and regulations relating to product labelling and ensure that truthful and rigorous product and academic information are provided to the public during the sale of drugs. We enter into engagement agreements and quality agreements with engaged manufacturers to ensure that they carry out their manufacturing activities in accordance with the manufacturing process, quality standards, instructions and labelling approved in the drug registration certificate.

3. PRODUCT AND SERVICE RESPONSIBILITY

Product Verification and Corrective and Preventive Measures

Strictly abiding by the *National Registration Standards*, the *Chinese Pharmacopoeia* and other laws and regulations, the Group has formulated the *Quality Standards for 50 mg of Orelabrutinib Tablets* and other internal inspection standards for the product quality inspections. For nonconforming products, we have developed the *Management Rules on Nonconforming Products*, for effective control and management of nonconforming products. For the deviations and defects and the nonconforming products due to deviations in the production process, the Group has formulated the *Deviation Management Rules* and other systems, specifying the deviation management duties and deviation management process of each department.

Handling Process of Nonconforming Products

Post-market Product Management

Strictly complying with the *Good Pharmacovigilance Practice (GVP), the Notice on Matters Relating to Direct Reporting of Adverse Reactions by Marketing Authorization Holders* and other requirements, the Group has worked out the *InnoCare Pharmacovigilance Policies* 《諾誠健華醫藥有限公司藥物警戒政策》 and other management documents to govern the collection and handling of adverse events, fully guaranteeing the drug safety.

To guarantee the drug safety, we have established the Drug Safety Committee, which is responsible for identifying drug safety risks, handling major events, making decisions on the control of drug risks, and detects safety signals on a regular basis to constantly monitor the potential adverse reactions and safety problems.

We encourage all our employees, partners or the public to inform the Group of any adverse reaction or other security event by dialing the hotline (400-635-1999) or sending an e-mail to the e-mail address (PV@innocarepharma.com) after they know it. For the handling of an individual security report on a product marketed, we formulate independent standard operation procedures, mainly including the collection and review of cases, data entry, data quality control, medical review, submission of reports, report follow-up and death case investigation. Meanwhile, we also require all new employees to carefully read and sign the *Confirmation Letter of Duty Notification of Pharmacovigilance (PV) for InnoCare Employees* and to learn the regulations and systems on pharmacovigilance through the new employee training, so that they can fully understand the core contents of pharmacovigilance. During the Reporting Period, the Group was not involved in any group of adverse reaction events arising from any defect in drugs.

We have regulated the regional actions triggered by product defects, such as processes related to product recalls or field corrections, by using documents such as the *Regional Action Management Procedure* 《區域行動管理規程》. Moreover, we have established a process for handling product returns or exchanges, and in case of a need for product returns or exchanges, the Quality Department will follow this process to conduct inspection and analysis and make a decision on handling.

The Group did not have any incidents requiring recalls due to product safety or quality issues during the Reporting Period.

3.3 PROTECTION OF CUSTOMERS' RIGHTS AND INTERESTS

Information Security and Privacy Protection

The Group strictly complies with laws and regulations such as the *Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China*.

For information security and privacy protection, we have established a perfect management system, covering the management regime, protective measures, and employee awareness raising, and strengthened the information security management. During the Reporting Period, the Group had no incidents of privacy leakage involving related parties.

Information security and privacy protection management system

Management systems	In 2022, we adjusted the existing information management system by adding and updating a total of 11 management systems on information management, including: • Additional released systems: the *Information System Access Management System*, the *Information System Change Management System*, the *Computerized System Access Right and Password Management*, the *Information-Based System Events Management Regulations*, the *Machine Room Safety Management System*, etc.; • Updated systems: the *Management System on Information System Disaster Recovery*, the *Management System on Information-Based System Accounts*, the *Backup, Archiving and Recovery of Computer Informatization System*, etc.
Protective measures	• The updated management requirements for data security have been uniformly standardized from the information-based application system terminal to the personal computer terminal for employees; • The preventive and protective safety measures were strengthened in the cloud data center and the local IDC. The ability to protect network and data was improved; • The disaster recovery center was built in the cloud data center for the continuity of the important business of the Company in disaster scenarios; • The data backup and encrypted storage strategies were formulated; a uniform data backup center was established; and the remote multi-site backup mechanism was completed; • For third party visitors, the information management regulations were set, including the regulations on visitor registration, visitor reception, wireless network for visitors, etc.; • Anyone who lends out or spreads all documents of the Group to any third party will be held accountable and bear legal liabilities; • The personal privacy management system was established, defining the privacy protection requirements for handlers of personal information and perfecting our own data security capability and risk management.
Employee awareness-raising	• Information security training was offered to employees on a regular basis and were added to new employee orientations as the monthly training covering all new employees, raising employees' awareness of information security significantly.

3. PRODUCT AND SERVICE RESPONSIBILITY

Customer Complaint Handling

The Group values the opinions of our customers and receives customer feedback through communication channels including email (info@innocarepharma.com) and hotline (400-635-1999) which are available on our official website.

We formulated the *Product Complaint Management Procedure* 《產品投訴管理規程》 to continuously enhance the product complaint handling. Upon receipt of a complaint, we will immediately perform a series of tasks including registration, assessment, investigation, continuous follow-up and report summary. In the assessment process, we classify customer complaints into different categories on the basis of their severity, handle them separately and give each complainant a reply and proper solution within a time limit, with appropriate extensions in exceptional circumstances. In the meantime, we take strict corrective and preventive measures to guarantee the customer satisfaction. In 2022, the Group received a total of 8 complaints about quality and solved 100% of customer complaints.

Besides, we have also established a patient or physician feedback channel by setting up a medical service contact channel to obtain information about the drugs in the market and continuously monitor the improvement of the drugs that have entered the commercialization stage. During the Reporting Period, the Group has investigated and handled all the complaints about products or services.

4. TALENT DEVELOPMENT RESPONSIBILITY

InnoCare values the career development and social life of our employees, providing them with a safe, healthy and comfortable working environment. We have a standardized system and offer diverse benefits and specialized training. From source innovation, clinical development and drug production to commercialization, we are constantly building up our talent pipeline and attracting and optimizing talents to maintain scientific innovations and the driving source of long-term stable development.

4.1 EMPLOYEE RIGHTS AND BENEFITS

Employment

The Group strictly complies with the laws and regulations including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors and the Social insurance Law of the People's Republic of China*, under which the Group has developed an Employee Handbook《員工手冊》to regulate the employment and dismissal, remuneration, promotion, benefits, working hours and rest periods, anti-discrimination and equal opportunity of employees, for improvement of its systems and measures.

The Group has three types of employees: regular employees, labor dispatch employees and part-time employees. We uphold the principles of fairness, equity and openness in recruitment, eliminating any form of discrimination and unequal competition, and do not discriminate against employees on the basis of their gender, age, marital status, nationality or religious beliefs. The employment and dismissal of employees shall be subject to the approval and operational procedures set out in the *Employee Handbook*, fully safeguarding employees' legal rights and interests.

We operate a standard working hour system, a flexible working hour system and a comprehensive working hour system. We apply as needed to the administrative department of labor security for the implementation of the flexible and comprehensive working hour systems. We encourage our staff to work more efficiently and to complete their work tasks on time, with the right quality and quantity. If employees need to work overtime, they must apply in advance in writing to their respective departments for approval. The Group compensates for the approved overtime work by exchanging the time off or making overtime payment.

We are firmly against all forms of workplace harassment. The Employee Handbook clearly states that workplace harassment of any kind, including verbal, physical and visual harassment, is prohibited. This clause applies to the Group's all employees, customers, suppliers and other individuals with whom the Group conducts business. Based on our management regulations, we have categorized workplace harassment and provided examples to help employees better understand the boundaries of behavior, so that they can regulate themselves strictly. Besides, we have made it clear in our *Employee Handbook* that in the event of a breach of the above, we will deal with the matter promptly and take legal action where appropriate.

We strictly comply with the laws, regulations and industrial standards for employment and labor, and prohibit child labor or forced labor. When a new employee joins us, he/she is required to sign an employment contract and provide documents including his/her identity card, proof of academic qualifications and proof of termination of employment with his/her previous employer to ensure that his/her identity is genuine and valid, and that there is no employment in violation of relevant regulations. We have strict regulations and procedures to ensure that there is no forced labor or child labor.

4. TALENT DEVELOPMENT RESPONSIBILITY

The Group had no incidents of violation of labor employment-related laws or regulations nor labor disputes during the Reporting Period.

Employee Benefits and Care

In line with our "people-oriented" philosophy, the Group offers a comprehensive welfare program. Our actions mainly focus on four areas: insurance and leave benefits, life and work balance, employee care initiatives and daily communication mechanisms to enhance the sense of belonging and well-being of our employees.

Employee benefits and caring measures

Care category	Specific measures
Insurance and leave benefits	• All regular employees are provided with social insurance and housing fund, supplementary commercial insurance and children's insurance. In 2022, the supplementary commercial insurance provided by the Group for each regular employee was upgraded, which could insure up to two children instead of a single child due to the coverage expansion, and the critical illness insurance was added as well. • Newly married and pregnant female employees are provided with wedding leave and half-day pregnancy checkup leave once a month, while male employees are entitled to a 15-day paid paternity leave. • The Group provides holiday benefits or hold activities for all kinds of legal holidays, such as celebration activities for International Children's Day on 1 June, International Women's Day on 8 March, greeting the New Year, and welfare distribution and Lottery Draw during the annual meetings of the Company. • The Group arranges a physical examination for each employee annually, guaranteeing the timely concerns for such employee's physical conditions.
Life and work balance	• In addition to statutory annual leave, the Group provides employees with supplementary annual leaves of 10, 12 and 15 days depending on their position level, which will increase annually 2 years after joining us and can be 20 or 25 days at most for each year. • The Group organizes badminton clubs and other cultural and sports activities after work. In 2022, the Group developed the management policy on team activity funds, and the internal teams used the funds to organize diversified team-building activities, enriching employees' lives.

Care category	Specific measures
Employee care initiatives	• The Group helps some employees in economic difficulty to obtain government support to relieve their pressure of renting a house. • The Group has regularly distributed masks and other health supplies for employees, actively comforted quarantined employees and provided assistance or psychological counselling during the quarantine, fully protecting employees' physical and mental health. • Our HR department provides those employees who suffer from psychological problems with help for proactive counseling. • A baby care room is prepared for female employees in each office area, providing professional facilities and a comfortable environment for those employees who are novice mothers. • Activities are organized on International Women's Day on 8 March for concerns about women's rights and interests and presentation of women's strength • Activities are organized for employees' children on Children's Day on 1 June, for which special gifts are offered to care for employees' children. • Greetings such as gifts and consolation money are sent to employees for their marriage, newborn children, death of immediate family members or other major events • Each employee is given some gifts for celebration in the birthday month.
Daily communication mechanisms	• The Group regularly holds corporate meetings for all the staff, shares the R&D projects and operation progress of the Company with employees, and communicates with them about the latest policies and development plans. • Regular dinners are arranged between leaders and key employees to discuss work problems and improvement measures. • Routine communication about work is conducted through real-time communication platforms such as WeChat account of the Company and regular meetings.

4.2 EMPLOYEE TRAINING AND RETENTION

Employee training and development

With the goal of "creating a highly efficient and best organization with a good and distinctive corporate culture", the Group provides diversified vocational training courses and an attractive remuneration and promotion system for employees to enhance their professionalism and retain outstanding employees, thus ensuring our independent innovation and R&D capability.

4. TALENT DEVELOPMENT RESPONSIBILITY

The Group builds a perfect employee training system, regularly organizes training activities such as new employee orientation, skill training, professional knowledge training and management training. In the meantime, our departments also irregularly organize professional training that covers 100% of our employees. In November 2022, the "InnoCare New Drug Club" organized a "Discovery of Innovative Micromolecule Therapy" lecture, in which a total of 200 employees participated. In the same month, we also started a series of online management training of China Europe International Business School (CEIBS) for high-performance managers, a half-year program with the participation of a total of 80 employees at all levels.

InnoCare employee training system

Management trainings: The online management trainings for high-performance managers were carried out

Professional trainings: They included the internal in-service training of departments, as well as the training offered by the InnoCare New Drug Club, explaining all the stages of drug research, production and sales

Skill trainings: The work-related skill trainings were carried out, such as Excel training, etc.

New employee trainings: On the basis of the number of new employees, regular new employee trainings were conducted every year. The contents included the guidebook on new employee's induction, new employee orientation, etc.

Employee Promotion and Retention

The Group fully guarantee the promotion and career development of our employees. Through regular market surveys, we provide employees with market-competitive salaries, re-evaluate their salary structure and level every year, and make salary adjustment decisions according to market conditions, performance of the Company and employees. We also conduct a regular promotion program in April every year, in which the department head, human resources leader and the CEO of the Company evaluate employees' performance, professional behavior and work attitudes and then decide the further development of employees along the managerial or professional career path according to the assessment results after taking into account the employees' willingness.

We have established a diversified incentive system. In terms of work appreciation, we have set up annual awards for outstanding employees and outstanding performance that provide appropriate bonuses for recognition and encouragement. The awards are presented at the annual meeting or anniversary celebration. In addition, we have established an equity incentive mechanism to grant RSUs to eligible core team members on key technical or management positions. In March 2023, the Group granted 1,110,000 RSUs to 8 grantees under the 2018 Pre-IPO Incentive Scheme, including 610,000 RSUs to 7 employee participants.

4.3 EMPLOYEE HEALTH AND SAFETY

Development of security system

We adhere to the Environment, Health and Safety (EHS) policy of "safety first, environmental friendliness, concern for health, prevention prioritized, conjunctive management, and shared responsibility". In order to fully protect employees' health and safety, the Group has established internal systems including *the EHS Organizational Structure and Responsibilities*, the *Environmental, Health and Safety Management Accountability*, the *EHS Publicity, Education and Training System*, the *EHS Safety Inspection and Regular Meeting System*, the *EHS Inspection and Regular Meeting System*, the *Risk Grading Control System*, the *Investigation and Management System for Production Safety Accident Hazards*《安全生產事故隱患排查治理制度》in strict compliance with the laws and regulations such as the *Work Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, and the Regulations on Safety Management of Hazardous Chemicals*. Furthermore, the Guangzhou production base has formulated 565 EHS system documents such as the *EHS Management Manual* on the basis of the Group's management system, and has obtained ISO 45001 occupational health and safety management system certification during the Reporting Period to improve the occupational health and safety management and to fully support the Group's business development.

While complying with the *Work Safety Law of the People's Republic of China*, the Group upholds the concept of "putting safety management at the core of industry, business and production management", has built up and improved the work safety accountability system for a sound EHS management structure, and the EHS Management Committee was set up. The EHS Management Committee is chaired by the CEO, and each of the leaders in charge of systems serves as the vice chairman, while each of the heads of departments serves as a member, so that multiple parties cooperate to carry out EHS management. In 2022, with the continuous efforts of the EHS Management Committee, the work safety accountability system and production safety rules and regulations for all employees were constantly improved, and a dual prevention mechanism for safety risk grading control and hazard investigation and governance has been established, to strengthen the development of production safety standardization.

Based on its internal business conditions, the Group sets annual targets for production safety accountability. By way of the statement of responsibilities for EHS target, such targets are broken down and implemented. Senior management conducts regular analysis of performance indicators and data, enhancing the review of the operation department as well as conducting internal and external reviews. The Group incorporates the implementation of safety measures into management's annual performance evaluation.

4. TALENT DEVELOPMENT RESPONSIBILITY

Each of the Group's production bases has an EHS management department, with full-time and part-time safety management staff, to supervise and inspect the departments for effective implementation of the safety targets. At the Guangzhou production base, for example, the 2022 Statement of Responsibilities for EHS is signed by the person-in-charge and the heads of 11 departments of Guangzhou InnoCare for confirmation of production safety goals of such departments. We have set 2022 EHS targets including "0 major injury accident" and "0 occupational disease accident", and all the targets have been achieved. In addition, management systems such as the *QC Laboratory Management Process* 《QC實驗室管理流程》 and the *QC Laboratory Safety Management Procedure* 《QC實驗室安全管理規程》 are formulated by us for strengthening laboratory safety management, and the basic requirements for the laboratory safety are standardized to regulate the five major factors in laboratory, namely personnel, machines, materials, methods and environment. For hazardous chemicals, the *Safety Management System for Hazardous Chemicals* is prepared to strictly regulate the purchasing, transport, storage, use and disposal of hazardous chemicals, so as to reduce the potential adverse effects of hazardous chemicals on employee safety and the environment.

In 2022, the Group conducted a total of 37 safety inspections and 260 hidden peril identifications. All the problems found in safety inspections and hidden peril identifications have been rectified during the year.

Safety training and emergency drills

The Group strictly adheres to the principle and policy of "safety first, prevention foremost and comprehensive governance", and further implements the work safety accountability system for all employees.

In 2022, the Group updated the *EHS Publicity, Education and Training System*, improved the safety training system, added new contents of occupational health and safety for publicity to the systems, and refined the training categories required for employees according to job characteristics, providing different courses for employees of diverse positions. The courses include the interpretation of laws and regulations, safe use of hazardous chemicals, fire safety, prevention and treatment of occupational diseases, selection and proper wearing methods of protective equipment, accident emergency rescue and handling, and typical accident cases. For instance, during the construction of the drug production workshop, the Guangzhou production base continuously provided training courses for employees on basic chemical knowledge, chemical equipment knowledge, chemical unit operation, and operational risk identification, aiming to promote employees' abilities of chemical utilization and self-protection.

Safety Training System

Pre-job training	• Employees must receive occupational health and safety-related training, acquire safety skills to deal with risks and pass an assessment before starting work. In 2022, a total of 382 new employees received health and safety-related training.
Special operations training	• Employees are trained and assessed according to the *Regulations for Safety Technical Training and Assessment of Special Operators*. In 2022, a total of 29 special operators received the training for special operation.
Education and training in new process, technology, equipment and material	• Before any new process, new technology, new equipment, and new material is put into production, the relevant employees will be trained on the safety operation procedures. In 2022, a total of 26 employees in the Guangzhou production base received the education and training in new process, technology, equipment and material.
Accident prevention and training	• The Group organizes accident prevention education and training for employees in response to external major accidents to prevent similar accidents from occurring in the Group. In 2022, we carried out 6 accident prevention education and training sessions in total.
Contractor personnel training	• The EHS Department provides safety education and training for construction personnel, who are allowed to enter the construction site only after passing the assessment. In 2022, we organized safety education and training for 1,083 contractors in total.

In 2022, we provided targeted safety training for employees in diverse positions, including fire control and evacuation drills, hazardous chemical fire drills in laboratories, hazardous waste leakage drills, and restricted space drills. The safety training covered all employees with a 100% passing rate for the assessment, which has effectively improved their capabilities for emergency handling, self-rescue, and saving each other under dangerous conditions, and raised their safety awareness.

4. TALENT DEVELOPMENT RESPONSIBILITY

The Group proactively carries out safety culture activities, promoting employees' awareness of production safety and their abilities of production safety management. In 2022, we organized the "EHS & MARATHON" activity to encourage all employees to participate in the identification and reporting of hazards every day, and rewarded them according to individual point ranking. This activity has further improved all employees' ability to identify hazards around them, and has strengthened their awareness of production safety. The 21st national "Production Safety Month" was in June 2022, when InnoCare proactively carried out a diversity of activities regarding production safety publicity and education in its offices in Beijing and Nanjing, and in the Guangzhou production base, including organizing safety training and emergency drills, holding knowledge competitions, watching publicity programs of production safety, and putting up posters about safety. The "Production Safety Month" activities have ensured the stability of the Group's production safety situation with a momentum for improvement, and further helped employees raise their awareness of production safety. In the future, we will continuously push forward production safety tasks.

Occupational health and safety

The Group strictly observes the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and has established the *Occupational Disease Hazard Project Declaration System*, identifying positions involving occupational disease risks, including laboratory personnel, hazardous chemical warehouse managers, and wastewater treatment personnel. The main occupational disease hazards to which they are exposed are chemicals they contact at work, such as methanol, acetonitrile, and ethyl acetate.

The Group firmly regards the "five 100%" of occupational health management as its objectives, safeguarding employees' rights and interests in occupational health, achieving full coverage on occupational hazard management, and avoiding occupational disease cases in the Group throughout the year.

For positions identified with occupational disease risks, we have provided negative pressure operation, airtight equipment, isolators, fume hoods, and top exhaust hoods, aiming to reduce the concentration of chemicals to which employees may be exposed to, and have regularly invited qualified occupational health institutions to conduct tests to ensure that the working conditions of employees meet health requirements. Meanwhile, we have also provided employees with personal protective equipment that meets the standards to minimize the negative impacts of the working environment on employees' health, protecting them from the hazards of occupational diseases.

In addition, we have provided comprehensive annual medical checkups for all employees and annual occupational health checkups for employees who are engaged in professional operations in chemistry, biology, pharmacokinetics, drug analysis, and pharmacology laboratories. The checkup results will be handled in accordance with the national occupational health regulations. In May 2022, we have improved the occupational health management system, and have determined a segment for occupational health files, which are updated in real time.

In 2022, the Group achieved 2,707,806 working hours LTI free, without work-related injury incident, fatality incident due to work-related injury or occupational disease hazard incident.

5. ENVIRONMENTAL PROTECTION RESPONSIBILITY

InnoCare has actively responded to the national strategy of carbon peaking and carbon neutrality by adhering to the concept of green and low-carbon development and continuously improving its environmental management system. We have incorporated climate change issues into our risk management, reduced our carbon footprint by taking a variety of energy-saving measures and minimised the environmental impact of our operations and products by enhancing the rational use of resources and reducing pollutant discharge.

5.1 ENVIRONMENTAL MANAGEMENT SYSTEM

The Group has conducted operational and production activities in compliance with the laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Regulations on the Administration of Medical Wastes*, always taking care to reduce the environmental impact of our activities in all aspects. During the Reporting Period, the Group's Guangzhou production base obtained ISO 14001 Environmental Management System Certification, fully supporting the Group's business development.

In 2022, the construction of the Group's biologics R&D platform project was completed. In the construction of the platform project, we always complied with the requirements of the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Beijing Municipal Regulations on the Prevention and Control of Water Pollution* and the *Beijing Municipal Regulations on the Prevention and Control of Air Pollution* and conducted impact assessments on the surrounding air, surface water, groundwater, sound and soil environments. We always took effective preventive, emergency and mitigation measures during the construction process, including developing an accident pool, preparing emergency plans and taking biosafety protection measures, to minimize the negative impact of the construction project on the environment and natural resources. Furthermore, we had full-time environmental management personnel to regularly inspect and maintain the environmental protection facilities throughout the life cycle of the project and receive training on operation and emergency response to ensure the normal operation and compliant waste discharge of the facilities. In 2022, there was no violation of laws and regulations related to environmental protection occurring in the Group.

As the Group is gradually promoting the production of core products, the Group's data relating to resource use and waste discharge in the environmental field are expected to have greater changes compared with previous years. At present, we cannot predict the emission level in the coming years, hence we have not set quantitative environmental targets yet. In order to better carry out statistics and management of environmental performance, we will perform comprehensive statistics on various environmental indicators starting from 2021, including energy use, water resource use, exhaust gas and wastewater discharge, greenhouse gas emissions, etc. (please refer to the section headed "Key Quantitative Performance" for details), in order to establish a sound data management foundation and prepare for the subsequent formulation of medium and long-term ESG quantitative goals.

5.2 RESOURCE CONSERVATION

Use of energy and water resources

The energy used directly or indirectly by the Group in its production and operations includes electricity, steam and natural gas. The water used by the Group for production and operations is mainly municipal water, and there is no risk in sourcing suitable water sources.

5. ENVIRONMENTAL PROTECTION RESPONSIBILITY

In terms of energy use, the Group has formulated the Energy Management Policy, regularly conducted energy statistics and analysis and formulated energy saving plans, and the specific energy saving measures were implemented by each energy using department.

In daily office work, we encourage water and electricity saving behaviours among our employees, improve their awareness of energy conservation through energy conservation posters and signs and require the air conditioning temperature to be no lower than 26°C in summer and no higher than 20°C in winter. In addition, personnel are required to promptly set highly energy-consuming equipment such as laboratory fume hoods to the lowest level after completing experiments to reduce energy consumption. Meanwhile, the EHS Department and the Administration Department regularly inspect both office and operation areas to enhance energy conservation management.

The Group takes various measures to publicise and implement water conservation. In our office premises, we promote awareness of water conservation among employees by posting signs and adopt water-saving devices such as induction taps and frequency-controlled pumps to reduce water wastage such as drips and leaks. In addition, we have set up a municipal reclaimed water recycling system and a reservoir to recycle water for toilet flushing, park road cleaning and greenery irrigation, enhancing the recycling of water resources. In the production workshop, we apply the condensate recovery system and disposable production technology, thus saving a large amount of water in the production process.

During the construction of the new plant in Beijing, we took full account of the feasibility of resource conservation and actively adopted energy-saving and environmental protection measures.

Energy-saving and Environmental Protection Measures in the Construction of the New Plant in Beijing

- Solar collectors are used as hot water heat sources for all buildings.
- The energy management system is used for the rational management and regulation of energy use in each building.
- Toilet flushing in each building and outdoor greenery uses reclaimed water as the water source.
- Considering that a networked type of control panel is adopted for fan coil units in public areas, they are controlled by an energy management system based on the working hours, holidays, temperature, etc., to save energy consumption.
- The low-NOx boiler uses a secondary coal economiser to recover the coal and a deaerator is designed to recover the condensate.
- The chillers have the tier-one energy efficiency. Total heat exchangers are equipped to recover heat for conditioners in dormitories and canteens .

5. ENVIRONMENTAL PROTECTION RESPONSIBILITY

Use of materials and packaging

The raw and auxiliary materials used in the Group's production base are mainly active pharmaceutical ingredients and various pharmaceutical excipients, and the packaging materials are mainly cartons, plastic bottles or drums and cartons. We have established management systems including the *Material Supplier Management System* and the *Production Material Supplier List* for the refined management of the sources and usage of raw materials and packaging materials, and have formulated the *Material Management in the Clinical Trial Phase* to manage the use of clinical materials.

In addition, based on the *Production Materials Supplier List*, we ensure the source of suppliers, determine the quantity of materials used in each batch and establish a material balance system to ensure that material waste is minimised.

5.3 REDUCTION OF POLLUTANT EMISSIONS

The pollutants generated by the Group in the course of production and operation include solid waste, wastewater and exhaust gas. We strictly comply with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Comprehensive Emission Standards for Atmospheric Pollutants*, the *Emission Standards for Atmospheric Pollutants from Urban Sewage Treatment Plants*, the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, the National Hazardous Waste List (Version 2016)* and industrial waste disposal standards. Moreover, we have formulated internal management policies for the treatment of various pollutants on this basis. We monitor various discharge indicators in accordance with national and regional discharge standards to ensure compliant discharge after treatment, and develop pollutant reduction paths based on actual conditions. Meanwhile, we actively implement comprehensive utilization of resources to reduce the risk of secondary environmental pollution caused by the transfer of hazardous wastes. We actively implement the comprehensive utilization of resources to reduce the risk of secondary environmental pollution caused by the transfer of hazardous waste.

Wastewater	• Management policy: *Water Pollution Control and Management Procedure*. • Discharge categories: Domestic wastewater, production wastewater, laboratory cleaning wastewater. • Detection indicators: Chemical oxygen demand (COD), biological oxygen demand (BOD), ammonia nitrogen, total phosphorus (TP), total nitrogen (TN). • Treatment method: For wastewater generated in the production and operation process, fully automatic equipment for high-temperature steam biological inactivation is equipped. The wastewater is treated by the self-built wastewater treatment facilities to meet the standards before discharged into the municipal pipe network. • Reduction measures: Optimising production cleaning procedures to reduce wastewater generation at source.

Exhaust gas	• Management policy: *Air Pollution Control Management Procedure*. • Emission categories: Laboratory exhaust gas, odour generated in the treatment procedure at the sewage station. • Detection indicators: Nitrogen oxides, sulphur oxides, particulate matter, volatile organic compounds, methanol, hydrogen chloride, ammonia, etc. • Treatment methods: Laboratory exhaust gas is treated by alkali spraying and activated carbon adsorption, methanol exhaust gas is treated by water spraying and condensation recovery, and other kinds of odour is treated by water spraying and condensation • Reduction measures: In the laboratory, the amount of exhaust gas generated is reduced by reducing open-air operations and through centralised collection and treatment with enclosed operational facilities.
Non-hazardous waste	• Management policy: *Procedures for Solid Waste Management*. • Discharge categories: Domestic waste, non-hazardous industrial solid waste. • Treatment method: Removal by municipal sanitation departments; for non-hazardous industrial solid waste, recycling or centralised collection and disposal by municipal sanitation departments. • Reduction measures: Paperless office, installation of paper recycling points, waste separation and recycling bins, environmentally sound disposal.
Hazardous waste	• Management policy: *Procedures for Solid Waste Management*. • Discharge categories: Laboratory waste liquids, laboratory solid waste, unacceptable products, waste filter cartridges, recycled methanol, sewage sludge, waste activated carbon, waste packaging materials, waste air filters, pharmaceutical dust residues, etc. • Treatment method: Compliant disposal by qualified disposal institutions.

5. ENVIRONMENTAL PROTECTION RESPONSIBILITY

5.4 CLIMATE CHANGE RESPONSE

To contribute to China's goals of "carbon peaking and carbon neutrality" and global sustainable development, the Group has managed climate change risks and opportunities in four areas, namely, governance, strategies, risk management and indicators and goals, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

Climate change management system

Governance
- The Board of Directors has overall responsibility for climate change management
- All relevant departments of the Group integrate climate change risk management into their daily workflow

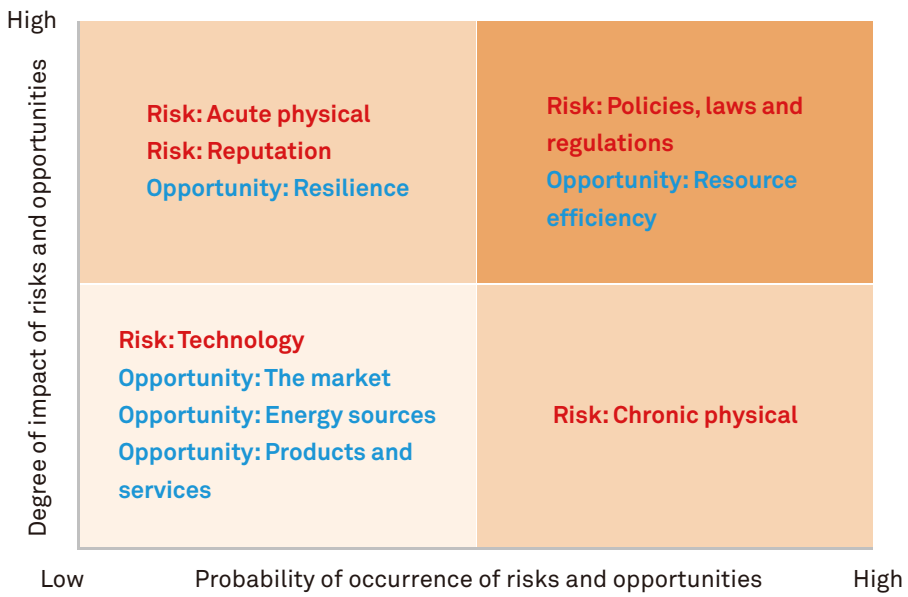
Strategies
- Identifying and assessing climate-related risks and opportunities and determining their priority

Risk management
- Analysing the potential financial impact of climate risks and opportunities on the Group and developing future plans that integrate climate change risk management into overall operational risk management

Indicators and targets
- Disclosing data on energy consumption and GHG emissions and intensity annually in ESG reports, assessing performance management levels are assessed and developing energy conservation and carbon reduction programmes

Based on its development and expert input, the Group has identified the climate risks and opportunities relevant to its operations and ranked them by probability of occurrence and degree of impact, thus developing a climate risk and opportunity matrix.

Climate Risk and Opportunity Matrix



We analyse the identified climate risks and opportunities with high probability of occurrence or degree of impact, evaluate their impact on the Group's operations and finances and take corresponding measures against climate change.

Climate Risk or Opportunity	Specific Description	Potential Financial Impact
Risk: Policies, laws and regulations	The current state of the Group's environmental management may not be able to meet more stringent domestic and international climate policies, laws and regulations in the future, which could expose the Group to operation difficulties.	Operating costs▲ Operating revenue▼
Risk: Reputation	With the release of the national goals of carbon peaking and carbon neutrality and the increased attention of domestic and international society on the low carbon transformation of enterprises, the Group's failure to take proactive and effective climate response actions and to promptly disclose information in response to the needs of external stakeholders may result in damage to the Group's reputation.	Operating revenue▼
Risk: Acute physical	An increase in the severity of extreme weather events such as hurricanes or floods could cause harm to the Group such as damage to assets, loss of personnel and disruption of business activities.	Operating revenue▼ Operating costs▲ Fixed asset value▼
Risk: Chronic physical	Long-term changes in weather patterns such as persistent high temperatures may affect the Company's normal operations.	Operating costs▲ Fixed asset value▼
Opportunity: Resource efficiency	Measures such as process improvements are taken to improve efficiency in the use of resources in production and operations, so as to save the Group's medium- and long-term operating costs.	Operating costs▼
Opportunity: Resilience	The Group can develop resilience to cope with climate change, better manage climate change related risks and seize opportunities by taking measures such as selecting environmentally friendly suppliers.	Operating costs▼ Climate resilience▲

6. RESPONSIBLE OPERATION

At InnoCare, we follow strict business ethics standards and uphold a culture of open and transparent compliance that is applied across the Group's operations and supplier management. We share a common belief in responsibility, which we communicate to every employee through organisational rules and communication. Also, we influence our suppliers through the management of their quality and environmental and social risks to ensure a compliant and robust supply chain, while facilitating the formation of a responsible industry chain.

6.1 COMPLIANCE AND BUSINESS ETHICS

Compliance management

It is crucial that integrity and business ethics should be pursued for the Company's sound development. The Group strictly follows the relevant laws and regulations such as the *Law of the People's Republic of China Against Unfair Competition* and the *Anti-Money Laundering Law of the People's Republic of China*, and has established a series of internal management policies. Moreover, we have incorporated the latest concepts and specifications of the *Compliance Management Standard for the Pharmaceutical Industry* by the China Chemical Pharmaceutical Industry Association and the international standard ISO 37301 *Compliance Management Systems - Requirements with Guidelines for Use* into our daily work practices to establish and improve the Group's end-to-end compliance management mechanism covering prevention, detection, corrective testing and auditing to create a comprehensive compliance management system.

We continue to improve the compliance management policy to ensure the compliant operation of the Group. In 2022, we issued anti-corruption and anti-bribery policies to specify the Company requirements for ethical practices and require employees to operate transparently and in accordance with the highest principles of professionalism, fairness, impartiality and integrity in all businesses. Moreover, we set requirements for the compliance systems and ethical business practices of our distributors in the *Criteria and Procedures for Distributor Selection*, and formulated the *Guidelines on Interaction with External Stakeholders* to regulate employee interactions with stakeholders, third-party sponsorship, donations and grants and clarify the type restrictions, scope of application and approval procedures. We also regularly review and update the anti-corruption and anti-bribery policies to ensure that they are appropriate, and meet the requirements of the Company and regulatory authorities. For details of the management systems related to anti-corruption, please refer to the anti-corruption and anti-bribery policies in the corporate governance section of the Group's website (www.innocarepharam.com).

We have integrated compliance management with risk management by including compliance-related elements in our risk management framework. The Group's *Internal Audit Management Policy* and *Annual Audit Plan* both involve steps to verify the effectiveness of compliance management, thereby assisting in the establishment of anti-fraud, anti-money laundering and anti-fraud mechanisms. In conducting the annual corporate risk assessment, we incorporate a comprehensive assessment of fraud, corruption, money laundering and bribery risks and take control measures to minimise the occurrence probability of these risks.

In addition, all employees are required to understand and sign the *Anti-Commercial Bribery Agreement for Employee*, which prohibits any form of commercial bribery and imposes liability for violation of this provision. Suppliers are required to sign the *Anti-Commercial Bribery Agreement for Supplier*, which prohibits any form of commercial bribery and abusive practices. We strictly regulate the provision of rebates, discounts, gifts and presents, which is monitored and inspected by the Group's audit department and senior management. In addition, we have included a complaint reporting mechanism for both parties in the supplier agreement to establish a two-way monitoring mechanism.

Development of compliance culture

The Group attaches importance to developing a culture of compliance and business ethics. The Legal Compliance Department is responsible for tracking the latest developments in relevant laws and regulations and disseminating the compliance culture to all employees of the Group through daily communication, regular newsletters and all-employee or targeted training. In addition, we provide compliance training for new employees at the time of their induction to brief them on the anti-corruption and anti-bribery policies and to help them understand and share our values and ethical commitments. Moreover, the Legal Department conducts regular targeted compliance training to regulate employee behaviours.

In 2022, the Group provided 17 regulatory training sessions for employees, which covered topics such as the Group's relevant policies, national policies and regulations, and updates on relevant national law enforcement, with a total of 832 participants, including new employees, commercialisation teams, clinical operation teams, engineering and procurement teams, etc. We continue to deepen employees' understanding of relevant internal and external regulations through training activities and heighten employees' awareness of anti-corruption and anti-bribery.

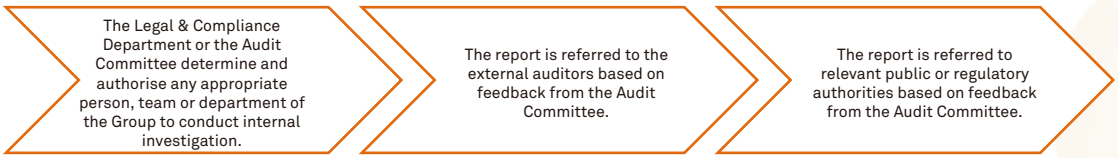
In 2022, there were no corruption proceedings that were filed against the Group or its employees and concluded, nor were there any litigation cases arising therefrom.

Complaint and reporting management

In a bid to ensure that employees strictly comply with business ethics, the Group encourages employees to report the current or perceived misbehaviours against the policies. The Group has established a procedure for managing reporting incidents and a reporter protection policy in accordance with the internal management policy, i.e., the *Management Measures for Anti-Fraud, Anti-Corruption, Anti-Money Laundering, Anti-Bribery, Reporting and Complaints*. In 2022, we formulated the Reporting Policy, which applies to all employees, management personnel and directors of the Group and external third parties that have business dealings with the Group (including but not limited to customers and suppliers), further regulates reporting matters, reporting channels and the investigation process and clarifies the reporter protection policy, the confidential reporting policy and the handling of false reports, so as to address issues such as fraud, unethical behaviour and non-compliance with laws or the Company's policies. For details of the *Reporting Policy*, please refer to the corporate governance section on the website of the Group (www.innocarepharam.com).

The Company has established investigation procedures, anonymous reporting and reporting channels with due regard to reporter protection, confidentiality, malicious allegations and false reports, so as to ensure that employees can give feedback in a safe environment. Employees and parties who have direct or indirect financial relationships with the Group can send an email to legal_compliance@innocarepharma.com (read by the Legal & Compliance Department only) or send a mail to "InnoCare Pharma Limited - Audit Committee" at No. 8, Shengmingyuan Road, Zhongguancun Science Park, Changping District, Beijing 102206, China, anonymously or with their names to report or expose actual or suspected irregularities to the Audit Department. Depending on the circumstances, the Group's Audit Committee or Legal & Compliance Department will decide on the course of action to be taken in respect of the report and authorise the person concerned to proceed accordingly.

Reporting Handling Procedure



6. RESPONSIBLE OPERATION

6.2 SUPPLY CHAIN MANAGEMENT

Supplier quality management

The Group's suppliers mainly include production suppliers and non-production suppliers of products and services. In order to efficiently manage matters related to suppliers and supply chains, we have developed management policies such as the *Procurement Management Policy, Supplier Management, Materials Supplier Management, Consumables Supplier Management, Contractor Management, Monitoring and Maintenance of Suppliers* and other management policies and corresponding management procedures.

Supplier Quality Management Procedure

We communicate with key suppliers on service, technology and quality, and continually assess suppliers in terms of quality, services and costs to help improve supplier quality. When a current supplier is found to be of substandard quality, we will conduct a risk assessment on the items found to be of substandard quality, classify and analyse them according to the results, and take measures such as remediation within a prescribed time limit or discontinuation of the supply qualification of the substandard supplier according to the risk level obtained from the assessment. Meanwhile, we implement incentives for top-performing suppliers by increasing the percentage of procurement based on actual circumstances.

Sustainable development of suppliers

The Group is equally concerned about the environmental and social performance of its suppliers and promotes sustainability in its supply chain through regular communication, review and monitoring and signing agreements. Through regular communication with our suppliers, we help them gain insight into the Group's requirements for compliance, labour standards and environmental management, and encourage them to prioritise the use of environmentally friendly products and services.

In addition, the Group regularly reviews and monitors the environmental and social regulatory risks of its suppliers to ensure that they comply with relevant laws and regulations, such as respecting the basic human rights of employees. In the construction of the new plant, we also set the EHS target of "zero injury and zero accident" for construction suppliers. Also, suppliers are required to sign an EHS agreement to effectively protect the health and safety of their employees. The Group may terminate its cooperation with a supplier if the supplier's performance does not meet the expectation and shows no improvement.

7. SOCIAL WELFARE RESPONSIBILITY

InnoCare is patient-centred and committed to empowering society. We actively carry out and participate in various academic activities to contribute to the innovative development of the biomedical industry while growing rapidly. We continue to deepen our strategic layout and carry out various welfare projects to provide patients with more convenient services at more affordable prices.

7.1 ACADEMIC DEVELOPMENT IN THE INDUSTRY

The Group actively participates in academic research and cooperation within the industry, and has presented our research data and results at major domestic and international academic conferences to promote academic development in the industry. We strengthen our research collaboration with hospitals. For example, we have deepened the strategic cooperation with Henan Cancer Hospital. Both parties give full play to their respective advantages and resources to carry out in-depth cooperation in clinical trials, academic exchanges, scientific research management and other fields, deepening the "hospital-enterprise cooperation" model. We strive to promote the "industry-university-research-application" integration to enhance the capacity of tumour prevention and treatment for the benefit of cancer patients.

Domestic and International Academic Conferences in which the Group Participated in 2022

Title of External Conference	Published Results
2022 American Association for Cancer Research (AACR) Annual Meeting	Pre-clinical data on ICP-723, a self-developed pan-TRK small molecule inhibitor, was published.
2022 Annual European Congress of Rheumatology (EULAR)	Oral presentation was given on the irreversible Bruton's tyrosine kinase (BTK) inhibitor orelabrutinib for the treatment of systemic lupus erythematosus.
2022 American Society of Clinical Oncology (ASCO) Annual Meeting	The latest data on a range of pipelines under development were published, including: • Clinical phase I data on the highly selective irreversible FGFR 1-4 inhibitor gunagratinib (ICP-192) in the treatment of patients with head and neck cancer with FGF/FGFR genetic alterations; • Safety, pharmacokinetic (PK) properties and clinical efficacy of ICP-723, a highly selective novel pan-TRK inhibitor, in patients with solid tumours; • Efficacy and safety of orelabrutinib in the treatment of diffuse large B-cell lymphoma (DLBCL): A real-world data analysis.
2022 European Hematology Association (EHA) Annual Congress	Preliminary results of a phase II study of orelabrutinib in combination with an anti-PD-1 monoclonal antibody for the treatment of relapsed or refractory primary central nervous system lymphoma (PCNSL) were shared in an oral presentation.

Title of External Conference	Published Results
2022 European Society of Medical Oncology (ESMO) Annual Congress	Data from the study of orelabrutinib in combination with RCHOP for the treatment of DLBCL with primary extranodal previously untreated non-GCB was selected for the 2022 ESMO Short Oral Presentations.
64th Annual Meeting of the American Society of Hematology (ASH)	Ten studies on BTK inhibitor orelabrutinib were selected for the ASH Annual Meeting, including: • Orelabrutinib, rituximab and high-dose methotrexate (HD-MTX) for previously untreated PCNSL: A retrospective analysis of efficacy, safety and biomarkers; • A phase III, randomised, double-blind, placebo-controlled, multicentre study to assess the efficacy and safety of orelabrutinib in combination with R-CHOP versus the placebo in combination with R-CHOP in the treatment of primary MCD subtype DLBCL; • A phase I/II study of orelabrutinib in combination with an anti-PD-1 antibody and fotemustine for the treatment of PCNSL; • The preliminary efficacy of orelabrutinib in combination with RCHOP for previously untreated double-expressing DLBCL.

7.2 DRUG ACCESSIBILITY

The Group actively cooperates with major companies and institutions to bring better disease solutions to patients and provide more convenient access to medicines for patients. In November 2022, orelabrutinib was approved by the Health Sciences Authority (HSA) of Singapore for the treatment of adult patients with relapsed/refractory mantle cell lymphomas (R/R MCL). In July 2022, the first prescription of tafasitamab (Minjuvi®) in combination with lenalidomide was issued in Bo'ao Lecheng and the first injection in China was completed for an eligible DLBCL patient at Ruijin Hainan Hospital. To date, tafasitamab has been included in the overseas special drug lists of 18 provinces and cities, including Shanghai, Hebei Province, Hainan Province and Suzhou City, Jiangsu Province, which has enhanced the accessibility of the innovative drug tafasitamab for patients with DLBCL from these regions in Bo'ao Lecheng, Hainan.

Orelabrutinib, the Group's product, has been included in the National Health Insurance Drug List (Version 2021), which has reduced the price of the drug and improved the affordability of the drug. Currently, orelabrutinib has been included in the scope of "dual-channel" drug management in 28 provinces, municipalities directly under the Central Government and autonomous regions, and a unified medical insurance payment policy has been implemented for orelabrutinib in designated medical institutions and designated retail pharmacies, benefiting more lymphoma patients. Moreover, tafasitamab, the Group's another product, has been included in the overseas special drug list of local commercial insurance, which has further enhanced the accessibility of the drug to patients.

In addition, the Group's products have been included in disease treatment guidelines, enriching clinical drug choices and bringing hope to more patients. In 2022, Tafasitamab in combination with lenalidomide was officially included in the *2022 Chinese Society of Clinical Oncology (CSCO) Guidelines for the Treatment of Lymphoma* as a Class II recommended regimen for the treatment of adult patients with relapsed or refractory DLBCL who are not eligible for autologous stem cell transplantation (ASCT). To further promote the standardisation of lymphoma diagnosis and treatment in China, CSCO experts have studied cutting-edge advances at home and abroad and regularly revised the guidelines on the basis of evidence-based medical evidence and clinicians' treatment practices, taking into account the actual situation of Chinese patients while aligning with international standards, which provides important guidance for the standardised treatment of Chinese lymphoma patients.

7.3 WELFARE SUPPORT

As a biopharmaceutical company, InnoCare is highly concerned with the public health. In 2022, the Group contributed to the protection of public health by charitable donation and effectively supporting the infection prevention actions for employees. InnoCare participated in the Donation Ceremony for the Capital's United Front in Support of Hong Kong on 1 March 2022 and donated RMB500,000 to support Hong Kong and help local hospitals purchase relevant materials according to their needs to ensure that medical institutions can treat patients more effectively. Meanwhile, we distributed health supplies such as masks to all employees, with a total of around 237,000 throughout the year, and urged everyone to take health protection measures and pay attention to their health.

In 2022, the Group and some of its management members were awarded the following social contribution awards:

The impact of professional women who demonstrate their feminine energy has received social attention and evaluation

- Dr. Cui Jisong, Chairman and CEO of InnoCare, has been named one of the Most Powerful Women in Business in China by Fortune once again

The core products and leading creative capabilities have been recognised and rewarded by society for their contribution

- Orelabrutinib was awarded the title of "Beijing New Technology and New Product (Service)" by five major departments of Beijing Municipal Government
- InnoCare was recognised as a "Small Giant" enterprise by Beijing Municipal Bureau of Economy and Information Technology
- InnoCare's orelabrutinib R&D team was named one of the "Top 10 Drug Innovation Research Teams of 2021"
- Orelabrutinib won the Gold Award for the 16th Beijing Invention and Innovation Competition
- InnoCare was recognised as one of the first "Beijing Enterprise Technology Centres" in 2022

8. KEY QUANTITATIVE PERFORMANCE

ECONOMIC PERFORMANCE

Performance Indicators	Unit	2022
Operating revenue	RMB0 '000	62,540.4
Basic benefits per share	RMB/share	(0.63)
Added-value per share	RMB	0.25

Note 1: Added-value per share=(tax generated for the state during the year + compensation paid for employees + interests on loans paid to creditors such as banks + value amount generated for other stakeholders such as external donations – other social costs caused by the environmental pollution)/total number of company shares.

ENVIRONMENTAL PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Energy Consumption				
Total steam consumption	ton	1,991.10	8,667.30	10,820.95
Total amount of purchased electricity	MWh	2,895.16	9,894.90	9,380.31
Power consumption per capita	MWh/person	6.41	13.72	9.56
Water consumption				
Total water consumption	m^3	56,311.00	145,093.00	124,940.00
Water consumption per capita	m^3/person	124.58	201.24	127.36
Management of packaging				
Total usage of packaging materials for finished products	ton	0.00	0.75	1.8
Packaging materials used per capita	ton/person	–	0.001	0.002
Management of waste water				
Industrial waste water emissions	m^3	/	82,843	99,527
Chemical Oxygen Demand (COD) emissions	ton	/	2,469	1,396
Biochemical Oxygen Demand (BOD) emissions	ton	/	417	381
Ammonia Nitrogen (NH_3-N) emissions	ton	/	82	29
Management of waste gas				
Total amount of exhaust gas emissions	m^3	/	/	37,180,000
Volatile Organic Compounds (VOC) emissions	kg	/	/	23.62
Methyl alcohol emissions	kg	/	/	270.86
Hydrogen chloride emissions	kg	/	/	49.06
Ammonia emissions	kg	/	/	14.3
Management of wastes				
Total amount of non-hazardous wastes	ton	1,926.00	2,874.54	1,074.10
Total amount of hazardous wastes	ton	30.10	106.79	115.05
Amount of non-hazardous wastes generated per capita	ton/person	4.26	3.99	1.09
Amount of hazardous wastes generated per capita	ton/person	0.07	0.15	0.12

8. KEY QUANTITATIVE PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Mitigation and adaptation of climate change				
Total amount of greenhouse gas emissions[1]	tons of CO_2 equivalent	2,476.59	9,236.40	9,835.80
Scope 1 Greenhouse gas emissions[2]	tons of CO_2 equivalent	0	0	0
Scope 2 Greenhouse gas emissions[3]	tons of CO_2 equivalent	2,476.59	9,236.40	9,835.80
Greenhouse gas emissions per capita	tons of CO_2 equivalent	5.48	12.81	10.03
Environmental Compliance				
Number of incidents in which penalties were imposed for exceeding permitted pollutant standards or violating emissions regulations	Case	0	0	0

Note 1: Total GHG emissions include Scope 1 and Scope 2 emissions; greenhouse gas emissions are calculated with reference to Appendix 2 Reporting Guidance on Environmental KPIs of the latest version of the HKEX Environmental, Social and Governance Reporting Guide (May 2021).

Note 2: Due to the small proportion of gasoline consumption, the emission of greenhouse gas in Scope 1 is calculated as 0.

Note 3: According to the Notice on the Management of Greenhouse Gas Emission Reports of Power Generation Enterprises for 2023-2025 of the Ministry of Ecology and Environment of the People's Republic of China, the grid emission factor has been adjusted from 0.6101 ton carbon dioxide equivalent/MWh selected for the 2021 report to 0.5703 ton carbon dioxide equivalent/MWh; the steam emission factor is 0.11 t CO2 ea/GJ, the low-pressure steam equivalent to kg of standard coal is 0.1286 kg of standard coal/kg, according to the Ministry of Ecology and Environment of the PRC (2019) and the General Rules for Calculating Integrated Energy Consumption (2008, 2020) recommended by HKEX. The 2020 and 2021 GHG emissions were also recalculated due to the change in emission factors.

EMPLOYMENT AND LABOR ROUTINE PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Employee Employment				
Total number of employees [1]	Person	452	721	981
Number of male employees	Person	234	350	457
Number of female employees	Person	218	371	524
Number of full-time labor contract employees	Person	448	698	939
Number of full-time dispatched employees	Person	4	13	21
Number of part-time employees	Person	0	10	21
Number of employees aged below 30	Person	176	230	332
Number of employees aged 30-50	Person	260	472	628
Number of employees aged above 50	Person	16	19	21
Number of employees in Mainland China	Person	444	707	967
Number of employees in Hong Kong, Macau, Taiwan and overseas	Person	8	14	14
Number of general employees	Person	--	581	806
Number of middle management	Person	--	134	169
Number of senior management	Person	--	6	6

8. KEY QUANTITATIVE PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Employee Turnover				
Employee Turnover [1]	%	–	15.26	13.76
Turnover of male employees	%	11.00	14.57	15.32
Turnover of female employees	%	7.00	15.90	12.40
Turnover of employees aged below 30	%	15.00	16.52	18.98
Turnover of employees aged 30-50	%	13.00	14.41	11.31
Turnover of employees aged above 50 [2]	%	0.00	21.05	4.76
Turnover of employees in Mainland China	%	9.00	15.28	13.75
Turnover of employees in Hong Kong, Macau, Taiwan and overseas	%	0.00	14.29	14.29
Employee Health and Safety				
Number of employees who died as a result of their work	Person	0	0	0
Percentage of employees who died as a result of their work	%	0	0	0
Number of working days lost due to work-related injuries	Day	0	0	0
Employee Training				
Coverage of employees receiving training [3]	%	100.00	100.00	100.00
Coverage of male employees receiving training	%	100.00	100.00	100.00
Coverage of female employees receiving training	%	100.00	100.00	100.00
Coverage of general employees receiving training	%	100.00	100.00	100.00
Coverage of middle management receiving training	%	100.00	100.00	100.00
Coverage of senior management receiving training	%	100.00	100.00	100.00
Training hours per employee [4]	Hour	10.00	25.00	28.20
Training hours per male employee	Hour	10.00	30.00	28.43
Training hours per female employee	Hour	8.00	21.00	28.01
Training hours per general employee	Hour	8.00	19.00	22.30
Training hours per middle management	Hour	12.00	53.00	56.26
Training hours per senior management	Hour	18.00	30.00	30.83
Employment Compliance				
Total number of penalties imposed on the Company for violation of employment-related laws and regulations	Times	0	0	0
Times of penalties for violation of laws and regulations related to employment and dismissal	Times	0	0	0
Times of penalties for violation of laws and regulations related to employees' working hours and holidays	Times	0	0	0
Times of penalties for violation of laws and regulations related to employees promotion and equal opportunity	Times	0	0	0
Times of penalties for violation of laws and regulations related to anti-discrimination and diversity	Times	0	0	0

8. KEY QUANTITATIVE PERFORMANCE

Note 1: Turnover of employees=Number of employees lost in this category during the Reporting Period/Number of the employees in this category at the end of the Reporting Period*100%.

Note 2: As employees aged above 50 in the Company reached the retirement age and chose to retire (quit the job) in 2021, there was a significant change in the turnover of employees aged above 50 for the year 2021/2022.

Note 3: Coverage of employees training=Number of employees trained in this category during the Reporting Period/Number of employees in this category at the end of the Reporting Period *100%.

Note 4: Training hours per employee=Total training hours of the employees trained in this category during the Reporting Period/Number of employees in this category at the end of the Reporting Period.

SUPPLY CHAIN PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Total number of suppliers				
Total number of suppliers	Supplier	500	587	722
Suppliers from Mainland China	Supplier	488	575	687
Suppliers from Hong Kong, Macau, Taiwan and overseas[1]	Supplier	12	12	35
Supplier Evaluation and Monitoring				
Number of suppliers evaluated for environmental and social impacts	Supplier	0	0	0
Number of suppliers identified as having actual and potential significant negative environmental and social impacts	Supplier	0	0	0
Number of suppliers evaluated for social impacts assessments	Supplier	0	0	0
Number of suppliers identified as having actual and potential significant negative social impacts	Supplier	0	0	0

Note 1: The total number of suppliers in Hong Kong, Macau, Taiwan and overseas increased as a result of the gradual promotion of the internationalization of the Company's key national clinics.

PRODUCT AND CUSTOMER SERVICE PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Product Liability Compliance				
Total number of penalties imposed on the Company for violation of laws and regulations related to product liability	Case	0	0	0
Total number of cases for violation of laws and regulations related to marketing (including advertisements, sales and sponsoring)	Case	0	0	0
Total number of cases for violation of laws and regulations related to health and safety of products and services	Case	0	0	0
Total number of cases for violation of regulations and voluntary guidelines related to information and labelling of products and services	Case	0	0	0
Total number of cases for violation of regulations related to customer privacy	Case	0	0	0
Product Complaints and Recalls				
Total number of complaints received by the Company about products and services	Case	0	0	8
Percentage of products sold that had to be recalled due to safety and health issues	%	0.00	0.00	0.00

SOCIAL WELFARE PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Community Welfare				
Amount committed to community welfare	RMB0'000	100.00	100.00	76.80
Amount committed to community welfare (Labor demands)	RMB0'000	–	–	18.40
Amount committed to community welfare (Medical health)	RMB0'000	–	–	50.00
Amount committed to community welfare (Culture and sports)	RMB0'000	–	–	8.40

8. KEY QUANTITATIVE PERFORMANCE

ANTI-CORRUPTION PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
Corruption Report and Litigation Cases				
Number of corruption lawsuits that have been filed by regulators against the Company and its employees and have been concluded	pcs	0	0	0
Anti-Corruption Training				
Number of employees receiving anti-corruption related training [1]	Person-time	172	648	920
Training hours per employee for anti-corruption related training [1]	Hour	0.19	0.45	0.61
Percentage of Board of Directors' members covered by anti-corruption training[1]	%	0	22.22	33.33
Training hours per Board of Directors' member for anti-corruption related training [1]	Hour	0	0.22	0.67

Note 1: In 2022, the number of the anti-corruption training of the Group increased, causing an increase of change in data related to anti-corruption training.

R&D INNOVATION PERFORMANCE

Performance Indicators	Unit	2020	2021	2022
R&D investments				
R&D expenses	RMB0'000	402,711	721,584	64,489
Percentage of R&D expenses in operating revenue	%	295	69	99
Number of R&D employees	Person	193	286	418
Percentage of R&D employees with bachelor degree	%	48.2	46.9	46.4
Percentage of R&D employees with master degree	%	37.8	36.4	38.5
Percentage of R&D employees with doctoral degree or above	%	12.4	14.3	12.2
Intellectual Property Protection				
Number of patents filed during the Reporting Period	Patent	–	–	48
Number of patents granted during the Reporting Period	Patent	17	–	18
Number of trademarks applied for during the Reporting Period	Trademark	–	–	42
Number of trademarks approved during the Reporting Period	Trademark	--	--	63
Total number of patents filed	Patent	--	225	275
Total number of patents granted	Patent	--	37	54

HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE INDEX

Aspects, General Disclosures and KPIs	Report sections
A. Environmental	
A1. Emissions	5.3 Reduction of Pollutant Emissions
A1.1	5.1 Environmental Management System, 5.3 Reduction of Pollutant Emissions, Key Quantitative Performance
A1.2	Key Quantitative Performance
A1.3	Key Quantitative Performance
A1.4	Key Quantitative Performance
A1.5	5.1 Environmental Management System, 5.3 Reduction of Pollutant Emissions
A1.6	5.1 Environmental Management System, 5.3 Reduction of Pollutant Emissions
A2. Use of Resources	5.2 Resource Conservation
A2.1	Key Quantitative Performance
A2.2	Key Quantitative Performance
A2.3	5.1 Environmental Management System, 5.2 Resource Conservation
A2.4	5.1 Environmental Management System, 5.2 Resource Conservation
A2.5	Key Quantitative Performance
A3. The Environment and Natural Resources	5.1 Environmental Management System
A3.1	5.1 Environmental Management System, 5.2 Resource Conservation, 5.3 Reduction of Pollutant Emissions
A4. Climate Change	5.4 Climate Change Response
A4.1	5.4 Climate Change Response
B. Social	
Employment and Labour Practices	
B1. Employment	4.1 Employee Rights and Benefits
B1.1	Key Quantitative Performance
B1.2	Key Quantitative Performance
B2. Health and Safety	4.3 Employee Health and Safety
B2.1	Key Quantitative Performance
B2.2	Key Quantitative Performance
B2.3	4.3 Employee Health and Safety

9. BENCHMARKING GUIDE INDEX

Aspects, General Disclosures and KPIs	Report sections
B3. Development and Training	4.2 Employee Training and Retention
B3.1	Key Quantitative Performance
B3.2	Key Quantitative Performance
B4. Labour Standards	4.1 Employee Rights and Benefits
B4.1	4.1 Employee Rights and Benefits
B4.2	No violations were found
Operating Practices	
B5. Supply Chain Management	6.2 Supply Chain Management
B5.1	Key Quantitative Performance
B5.2	6.2 Supply Chain Management
B5.3	6.2 Supply Chain Management
B5.4	6.2 Supply Chain Management
B6. Product Responsibility	3.2 Entire Process Quality Management
B6.1	Key Quantitative Performance
B6.2	3.3 Protection of Customers' Rights and Interests
B6.3	3.1 R&D and Innovation
B6.4	3.2 Entire Process Quality Management
B6.5	3.3 Protection of Customers' Rights and Interests
B7. Anti-corruption	6.1 Compliance and Business Ethics
B7.1	6.1 Compliance and Business Ethics, Key Quantitative Performance
B7.2	6.1 Compliance and Business Ethics
B7.3	6.1 Compliance and Business Ethics, Key Quantitative Performance
Community	
B8. Community Investment	7.2 Drug Accessibility, 7.3 Welfare Support
B8.1	7.2 Drug Accessibility, 7.3 Welfare Support, Key Quantitative Performance
B8.2	Key Quantitative Performance

GUIDE INDEX FOR *THE SHANGHAI STOCK EXCHANGE GUIDELINES NO. 1 FOR APPLICATION OF SELF-REGULATION RULES FOR LISTED COMPANIES - STANDARDIZED OPERATION (2022)* ISSUED BY SHANGHAI STOCK EXCHANGE

Provisions and disclosed contents		Report sections
8.1 Overview		1.2 ESG Management, 2.1 Corporate Governance, 2.2 Protection of Investors' Rights and Interests, 3.2 Entire Process Quality Management, 3.3 Protection of Customers' Rights and Interests, 4.1 Employee Rights and Benefits, 5.1 Environmental Management System, 6.2 Supply Chain Management, 7.3 Welfare Support
8.2 Operating principles		1.2 ESG Management, 3.1 R&D and Innovation, 6.1 Compliance and Business Ethics
8.3 Planning and working mechanism for social responsibility		1.2 ESG Management
8.4 Social contributions value per share		Key Quantitative Performance
8.5 Disclosure of social responsibility report		Notes on Report Preparation, 1.2 ESG Management, 3.2 Entire Process Quality Management, 4.1 Employee Rights and Benefits, 5.1 Environmental Management System, 7.2 Drug Accessibility, 7.3 Welfare Support
8.6 : (I)	Construction of social responsibility systems	
8.6 : (II)	Short-comings and problems of performing social responsibility	
8.6 : (III)	Improvement measures and specific time arrangements	
8.7		2.1 Corporate Governance, 4.1 Employee Rights and Benefits
8.8 : (I)	Compliance with laws and regulations on environmental protection and industrial standards	5.1 Environmental Management System
8.8 : (II)	Environmental protection program	5.1 Environmental Management System
8.8 : (III)	Use of natural resources	5.2 Resource Conservation
8.8 : (IV)	Disposal of pollutants	5.3 Reduction of Pollutant Emissions
8.8 : (V)	Facilities for pollution prevention	5.3 Reduction of Pollutant Emissions
8.8 : (VI)	Relevant tax payment for environmental protection	5.1 Environmental Management System
8.8 : (VII)	Environmental safety of supply chain	6.2 Supply Chain Management
8.8 : (VIII)	Other environmental protection responsibilities	5.1 Environmental Management System

9. BENCHMARKING GUIDE INDEX

Provisions and disclosed contents		Report sections
8.9 : (I)	Environmental protection strategies, goals and achievements	5.1 Environmental Management System
8.9 : (II)	Total resources consumption of the year	Key Quantitative Performance
8.9 : (III)	Environmental protection investments and environmental technology development	5.1 Environmental Management System
8.9 : (IV)	Types, number, concentration and destination of discharged pollutants	5.1 Environmental Management System, 5.3 Reduction of Pollutant Emissions
8.9 : (V)	Construction and operation of environmental facilities	5.1 Environmental Management System
8.9 : (VI)	Treatment and disposal of the wastes, recycling and comprehensive use of the waste products	5.3 Reduction of Pollutant Emissions
8.9 : (VII)	Voluntary agreement signed with Environmental Protection Department	Not applicable
8.9 : (VIII)	Awards from Environmental Protection Department	Not applicable
8.9 : (IX)	Other voluntary disclosure information	5.1 Environmental Management System, 5.2 Resource Conservation, 5.3 Reduction of Pollutant Emissions, 5.4 Climate Change Response
8.10 : (I)	Newly built, renovated or expanded construction projects or significant investments	Not applicable
8.10 : (II)	Violation of environmental laws and regulations and penalties	Not applicable
8.10 : (III)	Material litigation on the environmental problems or assets being sealed up, frozen, detained, pledged or mortgaged	Not applicable
8.10 : (IV)	Key Unit for Pollution Discharge	Not applicable
8.10 : (V)	Impacts of newly promulgated laws and regulations on the Company	Not applicable
8.10 : (VI)	Significant events on environmental protection	Not applicable

9. BENCHMARKING GUIDE INDEX

Provisions and disclosed contents		Report sections
8.11		5.1 Environmental Management System
8.12 : (I)	Pollutants emissions	5.3 Reduction of Pollutant Emissions, Key Quantitative Performance (please refer to the 2022 annual report for details on the emission method, emission concentration and total amount of specific pollutants, exceeding permitted pollutant standards and exceeding the total amount of specific pollutants.)
8.12 : (II)	Construction and operation of environmental facilities	5.1 Environmental Management System, 5.2 Resource Conservation, 5.3 Reduction of Pollutant Emissions
8.12 : (III)	Emergency plans for pollution incidents	5.1 Environmental Management System
8.12 : (IV)	Measures for reducing pollutants	5.3 Reduction of Pollutant Emissions
8.13 : (I)	Laws and regulations on the product safety and industrial standards	3.2 Entire Process Quality Management
8.13 : (II)	Production environment and production process	3.2 Entire Process Quality Management
8.13 : (III)	Protection mechanism for product quality and safety and emergency plans for accidents	3.2 Entire Process Quality Management
8.13 : (IV)	Other production and product safety responsibility	6.2 Supply Chain Management
8.14 : (I)	Employees management systems and handling measures for violations	4.1 Employee Rights and Benefits
8.14 : (II)	Measures for preventing from the occupational hazards and complementary safety measures	4.3 Employee Health and Safety
8.14 : (III)	Employees training	4.2 Employee Training and Retention
8.14 : (IV)	Other protection responsibilities of employees' rights and interests	4.1 Employee Rights and Benefits, 4.2 Employee Training and Retention, 4.3 Employee Health and Safety
8.15 Scientific ethics		3.1 R&D and Innovation

9. BENCHMARKING GUIDE INDEX

GUIDELINES NO. 2 FOR APPLICATION OF SELF-REGULATION RULES FOR COMPANIES LISTED ON THE SCIENCE AND TECHNOLOGY INNOVATION BOARD OF THE SHANGHAI STOCK EXCHANGE - VOLUNTARY INFORMATION DISCLOSURE

Provisions and disclosed contents		Report sections
(6)-1	Basis situation of R&D	3.1 Research and Development ("R&D") and Innovation
(6)-2	R&D Feasibility	3.1 Research and Development ("R&D") and Innovation
(6)-3	Necessary Risk Warning	3.1 Research and Development ("R&D") and Innovation
(6)-4	Impact of R&D on the Company	3.1 Research and Development ("R&D") and Innovation
(14)-1	Environmental Responsibility	5.1 Environmental Management System, 5.2 Resource conservation, 5.3 Reduction of pollutant emissions, Key Quantitative Performance
(14)-2	Employee Protection and Development	4.1 Employee Rights and Benefits, 4.2 Employee Training and Retention, 4.3 Employee Health and Safety, Key Quantitative Performance
(14)-3	Product Safety, Compliance Operation, Public Welfare Activities	3.2 Entire Process Quality Management, 3.3 Protection of Customers' Rights and Interests, 6.1 Compliance and Business Ethics, 7.2 Drug Accessibility, 7.3 Welfare Support
(14)-4	Corporate Governance and Investor Protection	2.1 Corporate Governance, 2.2 Protection of Investors' Rights and Interests, 2.3 Risk Management and Internal Control

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