INNOCARE
诺诚健华

(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 9969)

2021

Environmental, Social and Governance (ESG) Report

InnoCare Pharma Limited

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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 defined herein, the scope used in this Report shall have the same consistency as the annual consolidated financial statements defined in the annual report of InnoCare (stock code: 9969.HK).

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 / Najing 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 2021 Annual Report, covering the business operations during the period from 1 January 2021 to 31 December 2021 ("Reporting Period" or "this year") information. If part of the content and expression is beyond the above range, 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). The Company has been in compliance with the "Comply or Explain" requirement as set out in the Guide.

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 on 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 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 kept as consistent 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 Group's Board of Directors and senior management team have confirmed that this Report does not contain any false information, misleading statements or material omissions.

Report Publication

Publication channels: The electronic version of this Report is published on the official website of InnoCare Pharma Limited (www.innocarepharma.com) and the HKEXnews webpage of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Report Language: This Report is published in Chinese and English versions. In case of any inconsistency or discrepancy between the Chinese and English versions of this Report, the Chinese version shall prevail.

Contact us: Investor Relations Department via Email: ir@innocarepharma.com

1. About InnoCare

❖ 1.1 Company Overview

InnoCare is a commercial stage biopharmaceutical company engaging in discovering, developing innovative therapies for cancer and autoimmune diseases. With local expertise and a global perspective, we are committed to developing and delivering potential best-in-class and/or first-in-class drugs to patients around the world. Led by a team of well-known experts with extensive industry experience, we have built a fully integrated biopharmaceutical platform with strong in-house R&D, clinical development, manufacturing, and commercialization capabilities, covering the entire process from drug discovery to clinical development and dedicated to discovering novel targets and innovative therapies with breakthrough potentialities, thus contributing to global medicine in the field of oncology and autoimmune as a visionary Chinese biotechnology platform.

Company Name	InnoCare Pharma Limited
Date of Establishment	2015
Stock Code	9969.HK
Headquarter	Beijing, China
Total Number of Employees	721

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

Leveraging our management team's global vision and expertise, we have built a differentiated and balanced drug portfolio, and have launched our first product Orelabrutinib in China domestic market during the Reporting Period. Our drug candidates target both novel and evidence-based biological pathways. Our discovery and development efforts are focused on drug candidates with evidence-based targets that have the potential to be best-in-class and/or first-in-class from a safety and efficacy perspective. We also devote significant efforts in identifying novel targets and developing therapies with global breakthrough potential.

We are well underway of building a leading hema-oncology franchise with (i) the core self-developed Orelabrutinib as a backbone therapy, (ii) the only U.S. FDA approved anti-CD19 antibody Tafasitamab for relapsed/refractory Diffuse Large B Cell Lymphoma ("r/r DLBCL"), (iii) multiple pipeline drugs that cover almost all important hema-oncology targets such as CD20xCD3, BCL-2 and E-3 ligase, and (iv) a well-established and focused commercialization platform in China.

For the autoimmune diseases, we partnered with the global neurology leader Biogen in Multiple Sclerosis ("MS"). By the end of the report, we have completed Systemic Lupus Erythematosus ("SLE")

Phase II trial in China and are actively pursuing further development of Orelabrutinib in SLE. We are also exploring Orelabrutinib for the treatment of Immune Thrombocytopenia Purpura ("ITP") and Neuromyelitis Optica Spectrum Disorder ("NMOSD") in Phase II trials. With the addition of our two TYK2 inhibitors (ICP-332 and ICP-488), we are well-positioned to provide oral drug solutions for substantial unmet clinical needs in autoimmune diseases.

In the solid tumor field, we believe our potential best-in-class molecules ICP-192 targeting FGFR and ICP-723 targeting pan-TRK will enable us to establish a solid presence, while our rapidly growing and maturing early-stage pipeline including ICP-033, ICP-189, ICP-B05, ICP-915 and ICP-B03 targeting novel targets such as SHP2 and CCR8 should enable us to provide a competitive treatment solution for a large array of solid tumors for both China and global patients in the future.

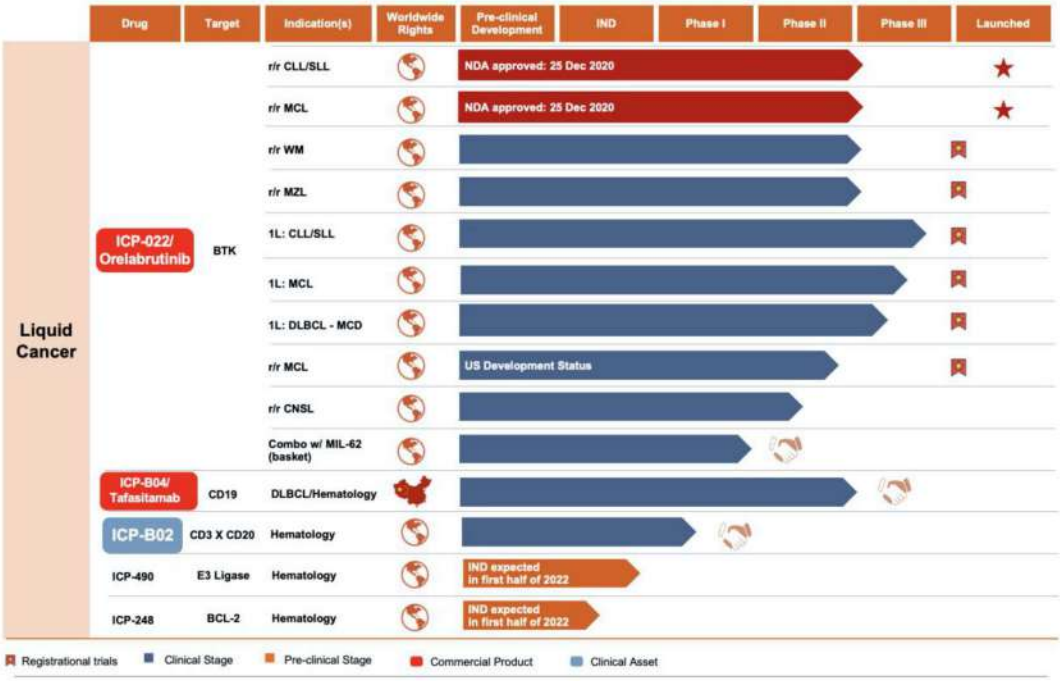
With a proven excellency in small molecule R&D, we are establishing our internal biological drug R&D capability through internal and external efforts. We are also actively considering other new drug modalities such as PROTAC, ADC, molecule glue, and etc.

With two significant business development deals struck in 2021, our business development team is well positioned to continue maximizing the value of our internal pipeline and strengthening our platform through in-licensing and out licensing deals.

By the release of the report, we have built a robust pipeline that includes 1 commercial product with 2 approved indications and additional 6 registrational trials, 10 clinical stage assets, over 30 trials ongoing globally, and another 4 to 5 Investigational New Drug ("IND") applications enabling stage candidates. Our current pipeline drugs cover a variety of novel and validated therapeutic targets and drug modalities including monoclonal antibodies, bispecific antibodies, and small molecules across oncology and autoimmune diseases.

For more information on the Group's research and development progress, please refer to the Group's 2021 Annual Results Announcement and Annual Report.

R&D Pipeline


Drug
Target
Indication(s)
Worldwide Rights
Pre-clinical Development
IND
Phase I
Phase II
Phase III
Launched
Liquid Cancer
ICP-022/ Orelabrutinib
BTK
r/r CLL/SLL
NDA approved: 25 Dec 2020
r/r MCL
NDA approved: 25 Dec 2020
r/r WM
r/r MZL
1L: CLL/SLL
1L: MCL
1L: DLBCL - MCD
r/r MCL
US Development Status
r/r CNSL
Combo w/ MIL-62 (basket)
ICP-B04/ Tafasitamab
CD19
DLBCL/Hematology
ICP-B02
CD3 X CD20
Hematology
ICP-490
E3 Ligase
Hematology
IND expected in first half of 2022
ICP-248
BCL-2
Hematology
IND expected in first half of 2022
Registrational trials
Clinical Stage
Pre-clinical Stage
Commercial Product
Clinical Asset


Drug
Target
Indication(s)
Worldwide Rights
Pre-clinical Development
IND
Phase I
Phase II
Phase III
Launched
Solid Tumors
ICP-192/ Gunagratinib
pan-FGFR
Cholangiocarcinoma
Urothelial cancer
Head & Neck
pan-FGFR (basket)
US Development Status
ICP-723
pan-TRK
NTRK fusion-positive cancers
ICP-B05
CCR8
Solid tumors
IND expected in second quarter of 2022
ICP-033
VEGFR, DDR1
Solid tumors
ICP-189
SHP2
Solid tumors
ICP-915
KRAS
Solid tumors
ICP-B03
IL-15
Solid tumors
Auto-immune diseases
ICP-022/ Orelabrutinib
BTK
SLE
MS
Global Development Status
ITP
NMOSD
ICP-332
TYK2 – JH1
Autoimmune diseases
ICP-488
TYK2 – JH2
Autoimmune diseases
ICP-490
E3 ligase
Autoimmune diseases
IND expected in first half of 2022
Registrational trials
Clinical Stage
Pre-clinical Stage
Commercial Product
Clinical Asset

❖ 1.2 Key Milestones in 2021

January

- The first prescriptions of 宜諾凱® ("Orelabrutinib"), a novel BTK inhibitor as the result of the Special National Program for Significant New Drugs Creation, were written across China, and inclusion in local commercial insurance schemes is being promoted to improve the accessibility of Orelabrutinib
- InnoCare entered into a strategic partnership for commercial insurance innovation with MediTrust Health and establishes strategic cooperation with SPH Kyuan
- Dr. Jisong Cui (Jasimine Cui), Chairperson and Chief Executive Officer of InnoCare, was selected as the Leader of Pharmaceutical Industry for the Year 2020

February

- InnoCare brought on Hillhouse as strategic investor, Vivo Capital increases holdings
- InnoCare announced the first subject dosed with pan-FGFR inhibitor ICP-192 in the U.S.
- InnoCare announced the approval of clinical trial of Orelabrutinib in combination with R-CHOP as first-line therapy for patients with mantle cell lymphoma
- InnoCare received the "China Association of Technology Entrepreneurs Technology Entrepreneurship Contribution Award 2020" for our focus on independent innovation
- InnoCare announced the acceptance of new drug application for novel TYK2 inhibitor ICP-332 by NMPA

April

- InnoCare established a strategic cooperation with Jinan University
- Biogen announced the approval by National Medical Products Administration ("NMPA") of phase II clinical trial of Orelabrutinib for the treatment of multiple sclerosis
- InnoCare announced the approval of clinical trial of Orelabrutinib in combination with R-CHOP as first-line therapy for patients with mantle cell lymphoma
- InnoCare presented the latest clinical data of Orelabrutinib for the treatment of chronic lymphocytic diseases at the National Academic Conference on Lymphocyte Diseases
- InnoCare announced the acceptance of new drug application for novel multi-target RTK inhibitor ICP-033 by NMPA
- InnoCare's Orelabrutinib recommended by the Chinese Society of Clinical Oncology ("CSCO") Diagnosis and Treatment Guidelines for Lymphoma 2021
- InnoCare entered into a strategic partnership with Tencent Cloud Medical and Medbanks to establish a better doctor-patient management system
- InnoCare's Orelabrutinib was included in commercial insurance schemes in multiple cities across China

May

- InnoCare was awarded as the 2020 Top 10 Best Biotech Listed Companies
- InnoCare announced the approval of clinical trial of novel TYK2 inhibitor ICP-332

June

- InnoCare announced the orphan drug designation of pan-FGFR inhibitor gunagrabtinib by US FDA for treatment of cholangiocarcinoma
- InnoCare won three awards at the First Annual Drug Innovation Forum and Awards Ceremony
- InnoCare presented the latest clinical data of Orelabrutinib at the 16th International Conference on Malignant Lymphoma ("ICML")
- InnoCare announced the approval of clinical trial of novel multi-target RTK inhibitor ICP-033
- InnoCare announced the breakthrough therapy designation of Orelabrutinib by the United States Food and Drug Administration ("U.S. FDA")

July

- InnoCare announced the approval of phase II clinical trial of Orelabrutinib for the treatment of multiple sclerosis in Poland and Ukraine
- Biogen and InnoCare announced License and Collaboration Agreement for Orelabrutinib for the potential treatment of multiple sclerosis
- InnoCare's Orelabrutinib was included in the "Beijing Universal Health Insurance"
- InnoCare announced the acceptance of new drug application for novel SHP2 allosteric inhibitor ICP-189 by NMPA
- InnoCare announced the donation of RMB 1 million worth of relief supplies for Henan Province

August

- InnoCare announced the approval of phase II clinical trial of Orelabrutinib for the treatment of primary immune thrombocytopenia in China
- InnoCare announced the first subject dosed with novel TYK2 inhibitor ICP-332
- Incyte and InnoCare announced the Collaboration and License Agreement for Tafasitamab in Greater China
- InnoCare presented clinical data on the combination of Orelabrutinib with anti-CD20 antibody MIL62 at the 2021 European Society of Medical Oncology ("ESMO") Annual Meeting
- InnoCare presented the latest innovation pipeline for the construction of a healthy China at the China International Fair for Trade in Services ("CIFTIS") 2021, and received the CIFTIS 2021 "Technology Innovation Service Demonstration Case" award

- InnoCare announced the clearance by U.S. FDA of clinical trial of second-generation pan-TRK inhibitor ICP-723

September

- InnoCare announced the approval of clinical trial of CD20xCD3 bispecific antibody CM355 jointly developed with Keymed
- InnoCare was awarded as the New Drug of the Year 2020 at the New Drug of the Year awards ceremony launched for the first time at the China Health Ecology Organization ("CHEO") 2021 in Boao, Hainan, and ranked fifth among the Top 30 Innovative Small Molecule Drug Companies of China as part of the 2020 China Top 100 Innovative Biopharmaceutical Enterprises at the 6th China BioMed Innovation and Investment Conference
- InnoCare's new pipeline drug ICP-723 was included in the List of 100 New Technologies and Products by the Zhongguancun Forum 2021

October

- Biogen and InnoCare announced the dosing of first patient in phase II clinical trial of Orelabrutinib for the treatment of multiple sclerosis in China
- InnoCare announced the approval of clinical trial of novel SHP2 allosteric inhibitor ICP-189
- InnoCare was awarded the Top 3 Best Branded Small Molecule Drug Companies 2021 and the Kunpeng Award

November

- InnoCare presented the latest data of Orelabrutinib at the 63rd American Society of Hematology ("ASH") Annual Meeting
- InnoCare's Orelabrutinib was awarded the Top 10 Excellent Innovative Anti-Cancer Drug Cases of the Year by the 21st Century Business Herald
- InnoCare announced the clearance of clinical trial of novel SHP2 allosteric inhibitor ICP-189 by U.S. FDA
- InnoCare was included in the List of Asia's top 20 Most Valuable Biopharmaceutical Companies

December

- InnoCare announced inclusion of 宜诺凯® ("Orelabrutinib") in the updated China National Reimbursement Drug List ("NRDL")
- InnoCare won the Best Listed Companies in Greater China - Most Innovative Award
- Latest Orelabrutinib data was presented at the 63rd American Society of Hematology ("ASH") Annual Meeting
- InnoCare received four awards: Best Investor Relations Award at the China Securities Golden Bauhinia Award Ceremony, Most Popular Innovative Drug of the Year, Top 100 Chinese Pharmaceutical Innovation Enterprises, and Listed Companies with the Highest Potential for Growth

❖ 1.3 Environmental, Social and Governance ("ESG") Management and the Board's Oversight

The Group has established a top-down ESG governance structure, with the Board of Directors as the highest decision-making body for the management of our ESG issues and assuming full responsibility for our ESG strategies and reporting. We have set up the ESG Working Group to manage and coordinate the ESG work of all executive departments. The top-down ESG governance structure ensures that the Group conducts our business in a sustainable and responsible manner, underpinning the delivery of our commitments to our stakeholders.

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
Each Department	• Fully integrating ESG considerations into the Group's daily operations • Performing ESG-related tasks assigned by superiors

In 2021, the Group continued to improve its performance management of environmental, social and governance ("ESG"), with each department regularly reviewing and reporting on ESG performance management. The Group will continue to optimize ESG performance management and target setting, and plans to further strengthen the effectiveness of the ESG management with the ESG Working Group reporting regularly to the Board of Directors on the progress of ESG target management and the status of material ESG issues management. In addition, the Group's Board of Directors is responsible for considering and making decisions on highly material ESG issues of relevance to the Company.

❖ 1.4 Material Issues Identification

Communications with Stakeholders

The Group believes that continuous communication with and input from our stakeholders help us to have a more comprehensive and objective understanding of our ESG priorities and to 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 • Innovation and R&D	• Shareholders' meeting • Regular reports and company announcements • Disclosure of information by the listed company • Investor relations activities
Government and regulatory authorities	• Compliance and business ethics • Climate change response • Emissions management	• Government meetings • Project cooperation • Government staff monitoring • Emissions management
Customers	• Product quality and safety • Product accessibility • Privacy and data protection • Customer services	• Customer complaints and feedback • Product quality inspection • Customer information security and privacy protection
Employees	• Compensation 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	• Innovation and R&D • Intellectual property protection	• Industry conferences and communications
Community and public	• Social welfare • Climate change response	• Support for public welfare activities • Energy saving and environmental protection activities • Waste management • Press releases

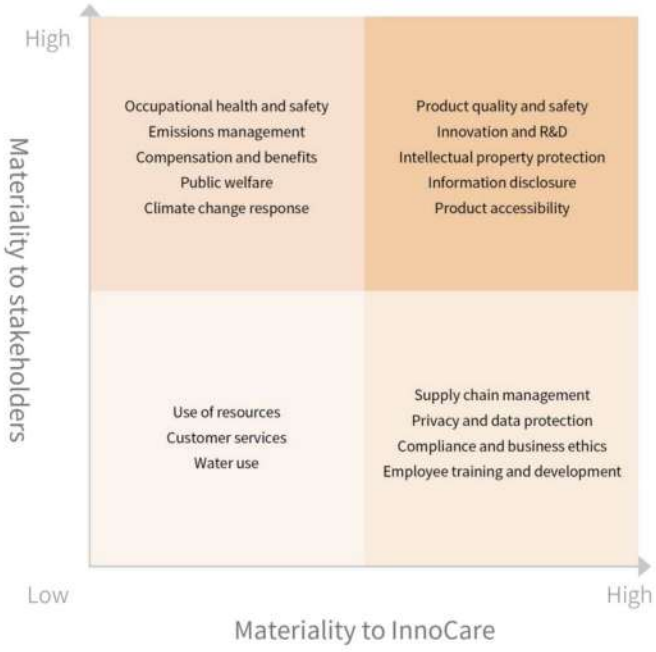
Analysis of Material Issues

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.

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 realities, 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 key concerns and expectations of stakeholders and experts/consultants' advice • Assessing 17 issues in terms of "materiality to stakeholders" and "materiality to InnoCare"	• 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 each material issue in this Report

Materiality Matrix



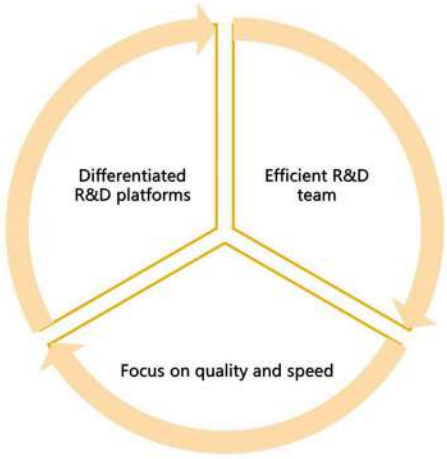
2. Product and Service Responsibility

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. Our world-class R&D team and strong R&D and innovation capabilities are at the core of our ability to deliver safe and effective innovative drugs. Throughout whole lifecycle of the quality management, we continue to improve operational efficiency and quality control during each process.

❖ 2.1 Research and Development ("R&D") and Innovation

R&D and Innovation

Our in-house R&D capabilities are reflected by our R&D platform, R&D team and R&D efficiency.



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 solubilized formulations of insoluble drugs, and a translational medicine research platform. These platforms cover five functional units: target identification, drug discovery, clinical development, 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.

Secondly, we have diverse, highly educated and professional scientific advisory board members and R&D teams in China and the U.S.. 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. On the other hand, the Group has established a R&D incentive scheme to encourage innovation by rewarding inventors or designers for their R&D achievements (see the "Employee Training and Development" section for details).

In addition, we have continued to improve our R&D efficiency while ensuring product quality. Thanks to the strong and solid foundation of our R&D platforms and support of team execution, we have managed all aspects of drug development more effectively and accelerated drug development

from scratch to being launched to the market. For example, it only takes one and a half years from patient enrollment to filing the IND to the Center for Drug Evaluation ("CDE") and within two and half years, the China National Medical Products Administration (the "NMPA") granted a market approval for our first and core product Orelabrutinib for the treatment of patients with relapsed and/or refractory chronic lymphocytic leukemia and small cell leukemia ("r/r CLL/SLL") and the treatment of patients with relapsed and/or refractory mantle cell lymphoma ("r/r MCL").

By leveraging efficient R&D platforms and internal collaboration, the Group has achieved encouraging R&D results. In addition to the 10 clinical assets and more than 30 global clinical trials, we will continue to develop our multiple candidates that are currently at IND-enabling stage and generate new molecular entities from our proven in-house drug discovery platform. To further enhance our pipeline and optimize our operational efficiency, we will actively pursue in-licensing and out-licensing opportunities that will complement our existing portfolio. A strong emphasis will be placed on in-licensing assets that allow us to fully exploit the potential of and make use of our commercialization and manufacturing platforms, and those that have potential synergies with our current pipeline for combination therapies. In 2021, the Group's R&D expenses increased by 79.2% to RMB 721.6 million as compared to last year.

For a detailed overview of InnoCare's R&D progress and achievements, please refer to the 2021 Annual Results Announcement and Annual Report published on the website of the HKEX.

R&D Ethics

Based on laws and regulations such as the Measures for the Administration of Drug Registration and the Good Clinical Practice ("GCP"), we have set up an ethics committee to conduct ethical review of drug clinical trials and regulate the responsibilities of each relevant department and ethical risk management through the *Ethics Committee Framework and SOP* (《倫理委員會框架與 SOP》) and other systems. These systems stipulate that during the process of clinical trials, we shall 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 protected subjects, which clearly describe detailed information about possible risks and discomfort, possible adverse events and subjects' rights to ensure the subjects' understanding of the nature, risks and benefits of the trial and the subjects' rights.

In addition, our Institutional Animal Care and Use Committee ("IACUC") has conducted an ethical review of animal welfare with strict terms by reference to the Laboratory Animal Guideline for Ethical Review of Animal Welfare (GB/T 35892-2018) of the People's Republic of China and the Guide for the Care and Use of Laboratory Animals of the United States, and has formulated institutional documents such as the *IACUC Management Procedures* (《實驗動物福利倫理委員會管理程式》) and the *Care and Action Plan for Laboratory Animals* (《實驗動物關懷與行為計畫》). These documents require that laboratory animals be provided with clean and tidy housing and toys, their condition be regularly observed during periods of confinement and food restriction as required, and that any illnesses detected be reported immediately and the animals concerned be treated to ensure the

physical and mental health of laboratory animals.

Intellectual Property Protection

As an innovative biotechnology company, we regard intellectual property rights as the core competitiveness and lifeline of our Group. We strictly abide by laws and regulations including the *Patent Law of the People's Republic of China*, the *Rules for the Implementation of the Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Regulations for the Implementation of the Trademark Law of the People's Republic of China*, and respect the intellectual property rights of others while protecting our own intellectual property rights.

The Group has 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. Moreover, we will promptly file patent applications in the relevant countries and regions where our technological path and development strategy allow. As of December 31, 2021, the Company has filed 225 patent applications in multiple countries and regions (including China, Australia, the United States, the European Union and Japan) and held 37 licensed patents, providing life-cycle patent protection for our products.

Intellectual Property Protection Measures

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.	• 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.

❖ 2.2 Entire Process Quality Management

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 *Advertising Law of the People's Republic of China*, and the *Regulations on the Administration of Drug Instructions and Labelling*, and the *Good Manufacturing Practice (the "GMP")* (《藥品生產品質管制規範》), the *Good Laboratory Practice (the "GLP")* (《藥物非臨床研究品質管制規範》) and the Notice on Matters Relating to Direct Reporting of Adverse Reactions by Marketing Authorization Holders formulated by the *National Medical Products Administration (the "NMPA")*, as well as the International Council for *Harmonisation of Technical Requirements for Pharmaceuticals for Human USE Good Clinical Practice (the "ICH-GCP")* (《臨床試驗品質管制規範》).

The Group has established the *Quality Risk Management Regulations* (《質量風險管理規程》). Under the guidance of this document, we identify, assess, control and monitor risks throughout the product lifecycle, including R&D, production, storage, transportation, service and marketing, to perform quality management tasks at all stages. The Quality Department is responsible for quality risk assessment and analysis using risk assessment tools such as failure mode effects analysis ("FMEA"), hazard analysis and critical control points ("HACCP") and auxiliary statistics.

After identifying key quality risks, relevant experts including engineers, scientists and medical affair experts start to develop risk response plans and establish an entire process quality management system involving product development, product manufacturing and post-market follow-up. Furthermore, we provide regular training on quality management systems for all employees, including new employee orientation and annual GMP quality training.

In addition, the Group's subsidiary, Guangzhou InnoCare, evaluates the suitability, adequacy and effectiveness of its quality management system in accordance with the *Quality Management Review Procedure* (《質量管理評審管理規程》) documented in the *Quality Risk Management Regulations* (《質量風險管理規程》). 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》) by a designated individual. Based on the recommendations from the reviews, Guangzhou InnoCare develops an action plan with clear improvement measures, responsible persons and completion dates.

Product Development

Before a product enters clinical trials, the Group conducts GLP-compliant toxicology studies, GMP-compliant pharmacology studies and clinical sample preparation, and submits clinical trial

applications as required by NMPA. During the clinical trial process, we conduct protocol design, clinical trial operations, data collection and management, and statistical analysis and submit new drug applications in strict accordance with the ICH-GCP.

Product Manufacturing

After regulating production plans by following the *Management of Production Plans* (《生產計畫管理》) and the *Product Release Management Procedure* (《藥品放行管理規程》) and other systems, the Group engages third-party drug manufacturers to manufacture marketed drugs and drug candidates. 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. We regularly conduct on-site inspections and audits of the quality management system of the engaged manufacturer, prepare audit reports and monitor its rectification.

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.

Post-market Follow-up

We have established the *Pharmacovigilance* (《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. It is mandatory for all new employees to read and sign the *Letter of Acknowledgement of Pharmacovigilance (PV) Responsibilities for InnoCare Employees* (《諾誠健華員工藥物警戒（PV）職責告知確認函》) and learn about pharmacovigilance-related regulations and systems and the interpretation of the core content during new employee training. In addition, we also require all employees to communicate safety information (including adverse events, medication errors and drug interactions) about the Group's products to the Pharmacovigilance Department via a special landline or email (pv@innocarepharma.com) within 24 hours when becoming aware of it.

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.

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

❖ 2.3 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 +86 400 635 1999 and +86 10 6660 9999 which are available on our official website. In 2021, the Group formulated the *Product Complaint Management Procedure* （《產品投訴管理規程》）to improve the after-sales management of drugs and the process of handling product issues. Upon receipt of a complaint, we will implement a series of tasks including registration, assessment, investigation, continuous follow-up and report summary. In the assessment process, we classify quality complaints into four categories, namely minor complaints, major complaints, serious complaints and adverse reactions, and resolve them separately. We also impose strict time limits on complaint handling, with appropriate extensions in exceptional circumstances.

After the product has entered the commercialization stage, the Group has 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. During the Reporting Period, the Group did not receive any complaint incidents regarding our products or services.

❖ 2.4 Information Security and Privacy Protection

In order to fully protect the privacy of subjects, patients and other business-related parties, we have formulated a series of systems to regulate information systems and employee permissions during product development, manufacturing and marketing processes in strict compliance 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*. Among these systems, the *Information System Problem Handling Management System* (《信息系統問題處理管理制度》) regulates the Information Department's process for handling information system problems, while the *Information System Account Management System* (《信息系統賬號管理制度》) regulates the secure use of user accounts for operating systems and other network devices which strengthens the updating and maintenance of the software.

In 2021, we newly developed the *Control and Management System for Access to Information System Documents* (《資訊系統文檔許可權控制管理制度》) and the *Backup and Disaster Recovery Mechanism* (《備份和災備機制》) to regulate the access and information traceability and tracking mechanism of the Group's all documents. We require that each employee should have only one account, and set information permissions according to their position levels so that employees must obtain approval for their request for access to information beyond their authority. The head of each department regularly reviews the status of control of the permissions to ensure that all accounts meet the principle of least authorization. In addition, data access by employees is fully documented, backed up and audited. All extracted documents include the extraction date and department watermark to ensure traceability of all information.

The Group also pays close attention to the legislative and regulatory developments on information security. We assure that all employees receive training on information security awareness during new employee orientation, and we also have rules governing registration, reception and networks for third-party visitors. All of the Group's documents, unless required by the work, are not allowed to be distributed across departments in principle, or to be borrowed or distributed to third parties, for the breach of which we reserve the right to pursue legal proceedings.

The Group did not have any privacy leakage incidents involving related parties during the Reporting Period.

3. Talent Development Responsibility

Talents are the driving force behind our long-term steady growth. InnoCare values the career development and social life of our employees, providing them with a healthy, comfortable and safe working environment. We have a standardized system and offer diverse benefits and specialized training. From source innovation, clinical development and commercialization to production, we are constantly building up our talent pipeline and strengthening our talent assets.

❖ 3.1 Employee Rights and Benefits

Employment

The Group has improved our systems and measures in accordance 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*. 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.

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*.

We prohibit child labor or forced labor, by requiring candidates to provide proof of identity at the time of recruitment to ensure they meet the minimum working age requirements. 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 that there is no employment in violation of relevant regulations.

In terms of working hours, the Group operates 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 Company compensates for the approved overtime work by exchanging the time off or paying overtime pay.

In addition, 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 does business. Based on our management regulations, we have categorized workplace harassment and provided examples to help employees better understand the boundaries of behavior and regulate themselves. 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. In the event that an employee is found to have provided false information, forced labour or employed child labour, the employment relationship will be terminated immediately in accordance with the law.

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 to enhance the sense of belonging and well-being of our employees. Our actions mainly focus on four areas: insurance and leave benefits, life and work balance, employee care initiatives and daily communication mechanisms.

Insurance and leave benefits:
- All regular employees are provided with social insurance and housing fund, supplementary commercial insurance and children's insurance.
- Newly married and pregnant female employees are provided with paid pre-marital medical checkup leave, wedding leave, 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 Ring Toss Gane on the International Children's Day, Cracking Golden Eggs Game on Christmas Day, and Lottery Draw at the annual meeting celebration.

Life and work balance:
-The Group provides employees with additional 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 25 days at most.
- The Group organizes birthday parties, choirs, running groups, badminton clubs and other cultural and sports activities after work.

Employee care initiatives:
- The Group helps some employees in economic difficulty to obtain government welfare to relieve their pressure of paying off their home mortgage.
- During the COVID-19 pandemic and the Zhengzhou Flood, the Group's HR Department called the trapped employees to comfort them and proactively provide assistance.
- The Group has distributed masks and other protective supplies, actively comforted quarantined employees and provided assistance or psychological counselling during the COVID-19 pandemic.
-The Group has set up phone booths for employees to protect privacy, and offered special gifts on the International Children's Day to care for employees' children.

Daily communication mechanisms:
- The Group organizes townhall meetings after making significant achievements to share project details and significance with employees.
- Regular dinners are arranged between leaders and key employees to discuss work problems and improvement measures.
- Routine communication about work are conducted through timely communication methods and regular meetings.

❖ 3.2 Employee Health and Safety

Safe Working Environment

In order to fully protect employees' health and safety, the Group has established more than 33 internal management systems including the *Environment, Health and Safety (EHS) Organizational Structure and Responsibilities* (《EHS (環境、健康與安全) 組織架構及職責》), the *EHS Safety Education and Training System* (《EHS 安全教育培訓制度》), the *EHS Safety Inspection and Regular Meeting System* (《EHS 安全檢查及例會制度》), and the *Investigation and Management System for Safety Production 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 *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, and the *Regulations on the Safety Management of Hazardous Chemicals*.

With the update of the *Work Safety Law of the People's Republic of China in 2021*, we have improved the work safety accountability system based on the principle of "putting safety management at the core of industry, business and production management" and set up a special working group to establish a dual prevention mechanism for safety risk grading and control and hazard investigation and management. We have implemented the EHS accountability system at all levels of the Group, set up plant, department and team levels according to the *EHS Inspection System* and the *Hazard Investigation and Rectification System*, and assigned different forms and frequencies of EHS inspection for each level in order to refine the supervision and management of accident hazards.

Laboratory safety management is also a focus of our attention. To strengthen safety management, we have developed a series of internal systems including the *QC Laboratory Management Process* (《QC 實驗室管理流程》) and *QC Laboratory Safety Management Procedure* (《QC 實驗室安全管理規程》) to regulate the five major factors in laboratory, namely personnel, machines, materials, methods and environment. Meanwhile, the basic laboratory safety requirements are also defined. For example, all laboratory personnel are required to undergo safety training before starting work, including safety and fire prevention, use of safety equipment, and emergency accident response. We have also regulated the purchasing, transport, storage, use and disposal of hazardous chemicals using the *Safety Management System for Hazardous Chemicals* (《危險化學品安全管理制度》) to reduce the adverse effects of hazardous chemicals on employees and the environment.

Occupational Disease Prevention

The Group has an EHS Management Committee, which is responsible for the overall management of our occupational health issues. The Group identifies 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.

For the identified risk elements and risk positions, we have provided airtight equipment, fume

hoods and top exhaust hoods to reduce the concentration of chemicals to which employees may be exposed, and have regularly invited qualified occupational health institutions to conduct tests to ensure that the working conditions of employees meet health requirements. We have also provided employees with personal protective equipment that meets the standards to help them reduce or protect themselves from occupational hazards.

We have provided comprehensive annual medical checkups for all regular employees and regular 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 national occupational health regulations. In 2021, we established an occupational health monitoring file for each employee to record their health checkup results and daily health updates in real-time.

TThe Group did not have any occupational disease hazard accidents work related fatalities and no lost days due to work related injuries during the Reporting Period. There were also no work related fatalities in 2019 and 2020.

Safety Training and Emergency Drills

In addition to the development of the EHS Education and Training System, the Group built a safety training platform in 2021 to provide different courses for employees in different positions. The courses included interpretation of laws and regulations, safe use of hazardous chemicals, fire safety, prevention of occupational diseases, selection and proper wearing methods of protective equipment, accident emergency rescue and handling, and typical accident cases. In 2021, all employees obtained safety knowledge through the platform. Moreover, the Group has a safety training system for different situations and objects.

Pre-job training	• Employees must receive occupational health and safety-related training, acquire safety skills to deal with risks and pass an assessment before they can start work.
Special operations training	• Employees are trained and assessed according to the Management Regulations for Safety Technical Training and Assessment of Special Operators.
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.
Accident prevention and training	• The Group organizes accident prevention education and training in response to external major accidents to prevent similar accidents from occurring in the Group.
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 addition to theoretical training, we have also strengthened employees' safety awareness by conducting emergency drills. In 2021, the Group organized a fire evacuation drill for all employees, a hazardous chemical fire drill for laboratories and a hazardous waste leakage drill to effectively enhance employees' emergency handling capabilities.

❖ 3.3 Employee Training and Development

Employee Training

With the goal of "creating a highly efficient and optimal 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 the company's independent innovation and R&D capability.

The Group regularly organizes training activities such as new employee orientation, professional skill training and work-related knowledge training. The Human Resources Department conducts orientation training for new employees covering company overview, Human resources management, finance management, legal and compliance, pharmacovigilance, information security and etc.

In 2021, the Group established the "InnoCare New Drug Club" to provide 1.5 to 2.5 hours of professional knowledge training for all employees once every two to three months. We invited in-house professionals or outside experts with more than 20 years of professional experience, including clinical leaders and executive directors of quality management, to conduct training on "quality management standards," "how to make drugs accessible to patients," and "study methods for applied pharmaceutical dosimetry" and other topics.

Employee Promotion and Motivation

We 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 based on the employees' performance. We also conduct a regular promotion program every year, in which the department head, human resources leader and the senior management of the Company evaluate employees' performance, professional behavior and work attitudes and then provide the employees development or promotion opportunities along the managerial or professional career path.

We have established a diversified incentive system. In terms of work appreciation, we have set up annual awards system for outstanding employees and outstanding performance that provide honors or appropriate bonuses for recognition and encouragement. The awards are presented at the Company's annual meeting or anniversary celebration. In addition, we have established an equity incentive mechanism to grant equity to eligible core team members on key technical or management positions.

4. Environmental Protection Responsibility

In line with its concept of "green and low-carbon development", InnoCare has continuously improved its environmental management system. We have incorporated climate change issues into our risk management, reduced our carbon footprint by taking energy-saving measures, and minimized the environmental impact of our operations and products by enhancing the rational use of resources and reducing pollutant emissions.

❖ 4.1 Environmental Management System

Since May 2021, we have been gradually promoting the technology transfer process and plan to start producing some of our products on our own in the first half of 2022. In doing this, we are always mindful of reducing the environmental impact of each process. Meanwhile, we have conducted operational activities in strict accordance 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*.

We have performed an impact assessment on the surrounding atmosphere, surface water, groundwater, sound and soil environments in compliance with the *Environmental Impact Assessment Law of the People's Republic of China*, 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*.

We plan to reduce the negative impact of the construction project on the environment and natural resources by taking effective preventive, emergency and mitigation measures during the construction process, including developing an accident pool, preparing emergency plans and adopting biosafety protection measures. Furthermore, we will have full-time environmental management personnel to regularly inspect and maintain environmental protection facilities and receive training on operation and emergency response to ensure normal operation and compliant waste emissions of the facilities.

The types of resources consumed and the main emissions generated by the Group are shown in the table below.

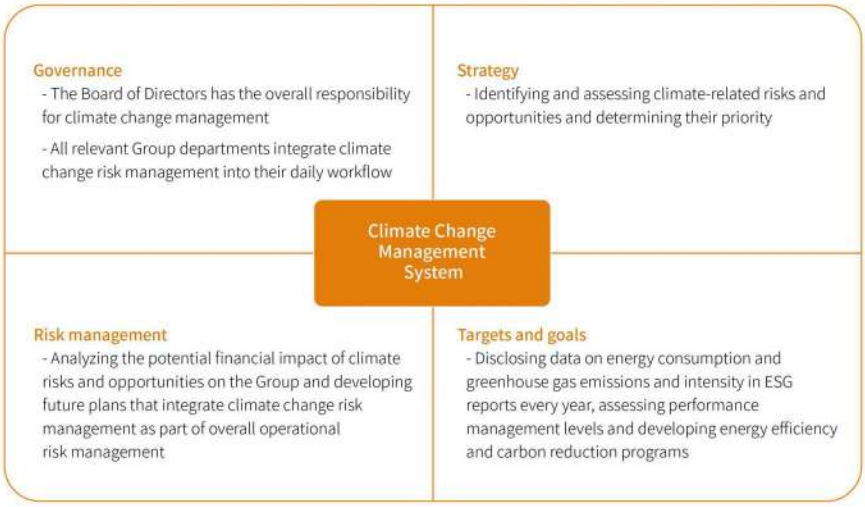
Environmental Management Input/Output System Diagram

Input		Output	
Energy	Gasoline, purchased heat and purchased electricity	Exhaust gas	Non-methane total hydrocarbons, ammonia, hydrogen sulfide and odor, particles
Water resources	Municipal water	Wastewater	Laboratory wastewater, domestic sewage
Raw and auxiliary materials	Laboratory reagents, etc.	Solid waste	Hazardous: waste test tubes, pharmaceutical bottles, waste drugs, other experimental wastes, etc. Non-hazardous: solid waste, office paper and construction waste
Packaging materials	Carton, pearl cotton, foam, etc.	Greenhouse gas	Mainly carbon dioxide emissions

Since the Group will start producing core products on its own from 2022 onwards, the data on resource use and waste emissions involved in the Group's environmental area is expected to change significantly from previous years. We have not set quantitative environmental targets for the time being, as we are unable to predict the level of emissions in future years. In order to better gather and manage the environmental performance data, we have since 2021 started to gather comprehensive data on environmental indicators, including energy use, water use, exhaust gas and wastewater emissions, and greenhouse gas emissions (see the "Key Quantitative Performance" section herein for details). This will help us lay a solid foundation of data management for the subsequent development of medium- and long-term quantitative ESG targets.

❖ 4.2 Climate Change Response

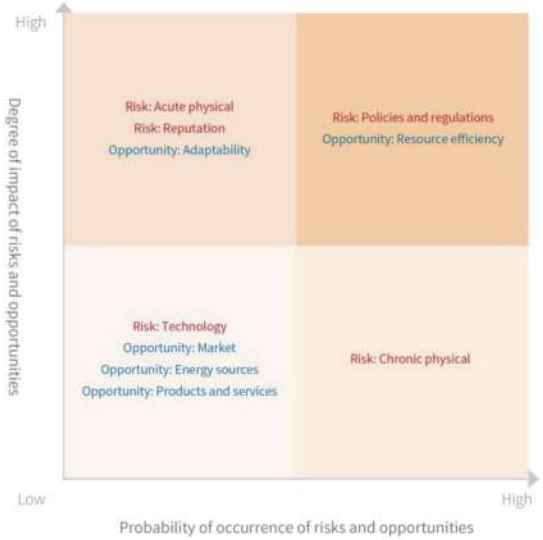
To contribute to China's goal of "reaching the CO2 emission peak and carbon neutrality" and global sustainable development, the Group has managed climate change risks and opportunities in four areas: governance, strategy, risk management, and targets and goals, as recommended by the Task Force on Climate-related Financial Disclosures ("TCFD").



Identification and Ranking of Climate Risks and Opportunities

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

Climate Risk and Opportunity Matrix



Analysis of Climate Risks and Opportunities

We analyze the identified climate risks and opportunities with high probability or high impact one by one, evaluate their impact on the Group's operations and finance, and take corresponding measures against climate change.

Climate Risks or Opportunities	Specific Description	Potential Financial Impact
Risk: Policy and legal	The Group's current environmental management may not meet stricter domestic and international climate policies and laws in the future, thus exposing the Group to legal liabilities such as litigation.	Operating cost▲ Operating revenue▼
Risk: Reputation	With the release of the national dual carbon targets and greater domestic and international focus on corporate low carbon transition, the Group's failure to take proactive and effective climate response actions and to timely disclose information in response to the needs of external related parties may result in damages 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 including damage to assets, loss of personnel and interruption of business activities.	Operating revenue▼ Operating cost▲ Value of fixed assets▼
Risk: Chronic physical	Long-term changes in weather patterns such as persistent high temperatures may affect the Company's normal operations.	Operating cost▲ Value of fixed assets▼
Opportunity: Resource efficiency	Resource efficiency in production and operation may be improved through process improvement and other measures to reduce the Group's medium- and long-term operating costs.	Operating cost▼
Opportunity: Adaptability	The Group can develop adaptability to climate change, better manage climate change-related risks and seize opportunities by selecting environmentally friendly suppliers, among other measures.	Operating cost▼ Climate resilience▲

Energy Saving and Carbon Reduction Actions

The energy used by the Group in its operations includes gasoline, purchased heat and purchased electricity. In compliance with the *Energy Conservation Law of the People's Republic of China* and other laws and regulations, we have strengthened energy conservation management, and developed and implemented energy-saving plans and technical measures to reduce energy consumption and greenhouse gas emissions. In daily office work, we encourage water and electricity saving behaviors 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, employees are required to promptly set high energy-consuming equipment such as laboratory fume hoods to the lowest setting after completing experiments to reduce energy consumption. Meanwhile, the EHS Department and the Administration Department regularly inspect both office and operation areas to strengthen energy conservation management.

In 2021, the Group's construction project at its new park in Beijing was designed with consideration to the feasibility of reducing energy consumption in different ways. Our office building with glass curtain walls uses daylight for natural lighting to reduce electricity consumption for lighting. Moreover, we use LED energy-saving lamps as lighting fixtures in the park, except otherwise required. We have installed heat recovery unit in the R&D center to exchange heat between the indoor exhaust air and the outdoor fresh air, and use the waste heat of the exhaust air to process the fresh air, thereby reducing the cooling and heating load and saving electric energy loss. The main public equipment is all energy-saving equipment. In the future, our new factory will set up an energy management system to monitor the energy consumption of key equipment, and use frequency converters and other instruments to automatically adjust the equipment according to the operating environment to ensure high-efficiency operation of the equipment and reduce energy consumption.

In addition, the major common machines used by our Group such as boilers and chillers are energy-saving equipment. Our future new plants will be equipped with energy management systems that monitor energy-consuming equipment and energy consumption in real-time, and automatically adjust the equipment by using instruments such as inverters according to the operating environment and working conditions to ensure efficient operation of equipment and reduce energy consumption.

❖ 4.3 Resource Conservation

Water Use

The water used by the Group is mainly municipal water, and we do not have any problems in obtaining water. We promote awareness of water conservation among our employees by posting signs and reduce waste such as dripping and leaks by using water-saving devices such as induction taps and variable frequency pumps. At the same time, we built up a water recycling system to strengthen the recycling of water resources. For the newly added boiler steam system, the boiler water consumption will be reduced by setting up a condensate water recovery system. In addition, one-off production technical measures will be adopted in the production workshop of the Beijing new facilities to save a large amount of water in the production process.

Material and Packaging Use

The Group's production base has not yet started commercial production, so the raw and auxiliary materials are mainly laboratory reagents, and the packaging materials include cartons, pearl cotton and foam. We have established management systems including the *Material Supplier Management System*, the *Production Material Supplier List* and the *Purchasing Management System*. The Purchasing Department is responsible for ensuring the source of suppliers, determining the purchasing and production plans for each batch of materials based on the material list, establishing a material balance system, and reducing material wastes.

❖ 4.4 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 have developed internal management systems for each pollutant and monitored various emission indicators in accordance with national and regional emission standards to ensure compliant treatment and emission. We have also developed a pollutant reduction path according to the actual situation. The details of each type of emission are shown in the table below.

Solid waste	Management system: Solid Waste Management Procedure
	Treatment methods: Domestic waste is cleaned up and removed by the sanitation service; general industrial solid waste is recycled or collected and treated by the sanitation service; hazardous waste is harmlessly treated by qualified waste treatment companies
	Reduction methods: Methods such as paperless office, provision of waste paper recycling points, waste separation and recycling bins, reduced water content of sludge, and harmless treatment can be taken to reduce waste generation
Wastewater	Management system: Water Pollution Control Management Procedure
	Test indicators: Chemical oxygen demand (COD), biochemical oxygen demand (BOD), ammonia nitrogen
	Treatment methods: Provision of fully automatic bioinactivation equipment with high-temperature steam, and compliant water discharge into the municipal network after being treated by self-built sewage treatment facilities or septic tanks
	Reduction methods: Reducing wastewater by optimizing the production and cleaning processes
Exhaust gas	Management system: Air Pollution Control Management Procedure
	Test indicators: Nitrogen oxides, sulfur oxides, particles
	Treatment methods: Compliant emission of gases after being drawn into fume hoods and blowpipes, and/or adsorbed and treated by sterilization filters, high efficiency filters, and activated carbon filters
	Reduction methods: Reduction of open-ended operations, and centralized collection and treatment through closed-loop operation facilities

5. Responsibility for Compliance Operations

At InnoCare, we follow strict ethical standards and maintain an open and transparent compliance culture that is applied across the Group's operations and supplier management. In addition, while promoting the construction of a responsible industry chain, we ensure a compliant and consistently robust supply chain for our products by strengthening management of quality and environmental and social risks arising from our suppliers.

❖ 5.1 Compliance and Business Ethics

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 *Law of the People's Republic of China* against *Money Laundering*, and has established a series of internal management systems.

Following the introduction of the *Compliance Management Standard for the Pharmaceutical Industry* by the China Pharmaceutical Industry Association in March 2021 and the revision of the international standard ISO 37301 *Compliance Management Systems - Requirements with Guidance for Use* in April, we have incorporated their latest concepts and practices into our daily work in an attempt to create a comprehensive end-to-end compliance system from prevention, identification and correction, to monitoring and auditing.

Prevention of Compliance Risks

As the Group's sales team continues to grow in size, we established the *Guidelines on Interaction with External Stakeholders* in 2021 that regulate employee interactions with stakeholders, and sponsorships, donations and grants with third parties, and define the type restrictions, scope of application and approval process to ensure compliant operations of the Company.

In order to strengthen the establishment and improvement of internal control systems, improve management and prevent violations, we have established the Internal Audit Management System, and the Internal Audit Department, under the control of the Audit Committee, is responsible for developing an Annual Audit Plan and assisting in the establishment of anti-malpractice, anti-money laundering and anti-fraud mechanisms. When conducting annual corporate risk assessments, we include a comprehensive assessment on malpractice, corruption, money laundering, extortion, and bribery risks, and implement control measures to reduce the probability of their occurrence.

All employees are required to sign the *Anti-Commercial Bribery Agreement* for Employees, which prohibits any form of commercial bribery and imposes liability for violation thereof.

Suppliers are required to sign the *Anti-Commercial Bribery Agreement for Suppliers*, 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 our audit department and senior management. In addition, we have included a complaint reporting mechanism for both parties in

the supplier agreement. Thus, a two-way monitoring mechanism has been established.

Building a Culture of Compliance

The Group attaches importance to building 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 our compliance culture to all Group employees 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, and the Legal Department conducts regular targeted compliance training to regulate employee behavior.

Complaints and Reporting Management

The Group regulates the management process of reported incidents and the reporter protection system in accordance with its internal management system, i.e., the *Management Measures for Anti-Malpractice, Anti-Corruption, Anti-Money Laundering, Anti-Bribery, Reporting and Complaints*. Employees and other individuals having direct or indirect financial relationships with the Group may report or expose, either anonymously or in their name, actual or suspected violations to the Audit Department through the Group's dedicated complaint line at +86 10 6660 9999 or email at audit@innocarepharma.com.

The Group has provided strict reporter protection measures such as anonymous telephone calls to ensure that all reporter information is kept strictly confidential. The Group regularly monitors the situation of reporters to avoid retaliation against them for reporting or testifying. Once it is verified that a reporter has been retaliated against, the Group will deal strictly with the person involved and take legal action if necessary.

Reporting and Handling Process

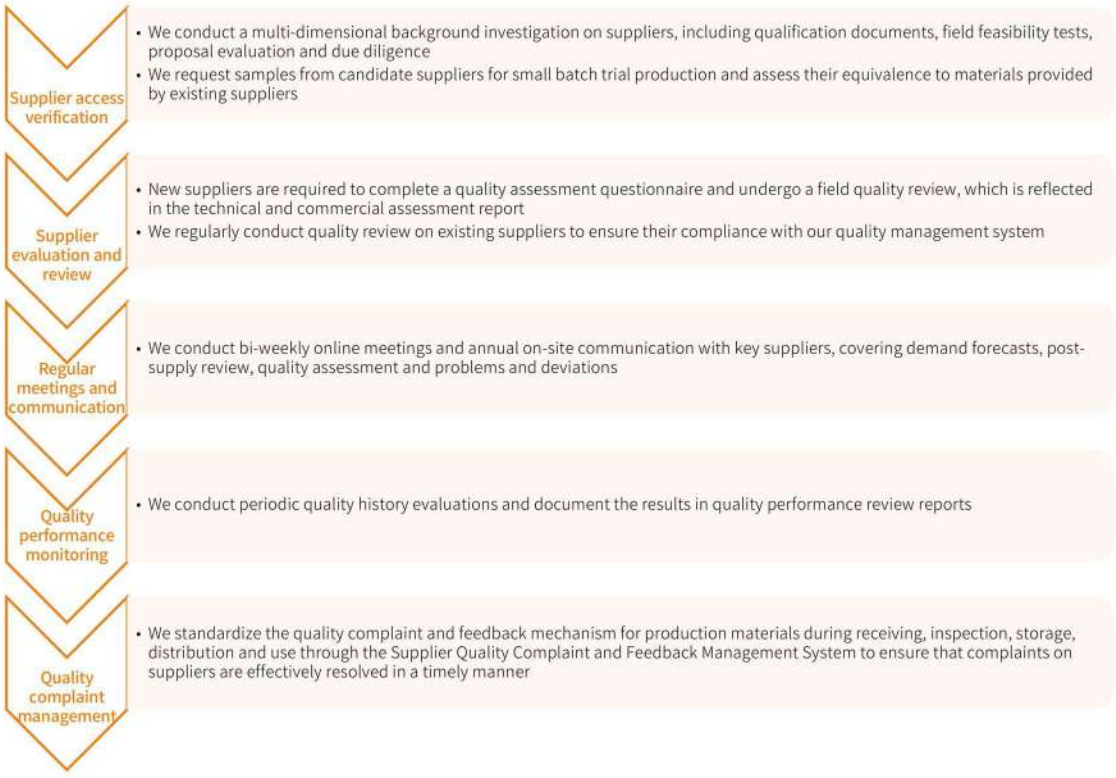
In 2021, there were no lawsuits filed against the Group or its employees and no cases of corruption, bribery or money laundering in the Group.

❖ 5.2 Supply Chain Management

Supplier Quality Management

The Group's suppliers are divided into two main categories: production suppliers and non-production suppliers. We have applied refined management principles to the procurement process of materials, services and software equipment for pharmaceutical production, and defined the requirements for supplier selection, evaluation and review through internal management systems such as the *Procurement Management System*, the *Supplier Management System* and the *Supplier Monitoring and Maintenance System*.

Supplier Quality Management Process



Supplier Sustainability

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

In addition, we regularly review and monitor our suppliers' environmental and social regulatory risks to ensure that they comply with relevant laws and regulations, including respecting the basic human rights of employees. We also set the EHS target of "zero injury and zero accident" for

construction suppliers in the process of building new plants. Suppliers are required to sign EHS agreements to protect the health and safety of their employees to the highest level. If a supplier's performance does not meet expectations and shows no improvement, the Group may terminate its cooperation with that supplier.

6. Social Welfare Responsibility

While growing rapidly, InnoCare insists on empowering the society. We are actively engaged in various academic activities to promote innovation in the biomedical industry. Under the concept of "patient-centered" development, we continue to deepen our strategic layout and carry out welfare projects, hoping to provide patients with more convenient services and more affordable prices.

❖ 6.1 Academic Development in the Industry

In April 2021, the Group and Jinan University launched a strategic university-enterprise partnership that would utilize the Group's innovation platform and the University's talent resources to build an innovation and entrepreneurship practice base and explore more cooperation models in biopharmaceutical-related fields such as efficacy evaluation of innovative drugs and clinical research so as to promote the development of the industry.

In addition, we have actively participated in research projects and industry conferences. The project of "Science and Technology Support for Major Urgent Tasks at Municipal and District Levels - Research, Development and Industrialization of Combination Tumor Immunotherapy for the Treatment of Liver Cancer and Other Solid Tumors" hosted by Beijing InnoCare and the project of "Innovation and R&D in Pharmaceutical Industry under the G20 Program - Preclinical Study of Targeted New Drug ICP-192 for the Treatment of Solid Tumors Including Gastric Cancer" hosted by Beijing Tiancheng Pharma were both accepted by the Beijing Municipal Science and Technology Commission ("BMSTC") and the Administrative Commission of Zhongguancun Science Park in their examination of BMSTC projects (topics) for the third quarter of 2021.

List of domestic and international conferences in which the Group participated in 2021

Date	Name of External Conference
January 2021	China Focus Roundtable Forum
March 2021	The 11th China Healthcare Investment Conference
April 2021	National Academic Conference on Lymphocytic Diseases
May 2021	The 5th Annual Summit of China Healthcare Industry Investment 50-Person Forum
June 2021	American Society of Clinical Oncology（ASCO）
June 2021	International Conference on Malignant Lymphoma（ICML）
September 2021	China International Fair for Trade in Services
September 2021	HICOOL 2021 Global Entrepreneur Summit
September 2021	European Society for Medical Oncology（ESMO）
September 2021	Zhongguancun Forum 2021
September 2021	China Health Ecology Organization (CHEO) 2021
October 2021	Suzhou Hematology Summit 2021
October 2021	North American Education Forum on Lymphoma
November 2021	Goldman Sachs Asia Pacific Healthcare Forum 2021
December 2021	American Society of Hematology（ASH）

❖ 6.2 Drug Accessibility

The Group actively engages in technological cooperation with major companies and institutions to bring better disease solutions to patients and provide more convenient access to medicines for patients. In January 2021, we entered into a strategic partnership with SPH Kyuan Xinhai Pharmaceutical Co., Ltd. in drug distribution, DTP (Direct to Patient) pharmacy layout, cross-province business synergy and third-party logistics services to deliver our products to patients at their designated time and location to provide more convenient access to medicines for patients. In April 2021, we established an Internet-based doctor-patient management system in cooperation with Tencent Cloud Medical and Medbanks to provide patients with one-stop Internet-based medical services including online consultation, prescription issuance and renewal, online prescription review, online payment and drug distribution, which would substantially reduce diagnosis and treatment costs, achieve a more rational allocation of medical resources, and improve the accessibility of drugs and medical services.

In addition, to date, the Group's 宜諾凱® has been included in the government-guided local supplemental commercial medical insurance list across 19 provinces and municipalities, including Linyi City of Shandong Province, Suzhou City of Jiangsu Province and Kunming City of Yunnan Province. For example, in July 2021, Shanghai's Huhuibao included 宜諾凱® in the local commercial insurance program without setting restrictions on the age, occupation and health status of participants. This means that the elderly, peoples with high-risk occupations and people with pre-existing conditions are eligible for coverage.

In December 2021, 宜諾凱® was included in the National Drug List for Basic Medical Insurance, Work Injury Insurance and Maternity Insurance (the "National Medical Insurance List") issued by the National Healthcare Security Administration, resulting in a significant reduction in the out-of-pocket costs of the products, a lower financial burden on patients, and more patients' treatment needs being met.

❖ 6.3 Welfare Support

In 2021, following the exceptionally heavy rainstorm in Henan Province, the Group immediately set up an emergency response team to closely monitor the progress of the disaster, and donated materials worth RMB1 million to aid the post-disaster reconstruction in Henan and help affected hospitals to resume operations and treat patients. Looking forward, the Group will encourage its employees to participate in charitable activities and volunteer work and will continue its involvement in charitable causes.

During the year, the Group and some of its management were awarded the following socially relevant awards:

Women's leadership influences the society's perception and evaluation on professional women's contributions to the society

- Dr. Jisong Cui (Jasimine Cui) of InnoCare was selected as one of the "She For Biotech" list of 15 people influencing innovation in China's biopharmaceutical industry
- Dr. Jisong Cui (Jasimine Cui), Chairperson of InnoCare, was honored with the "Woman of the Year Award" by the BayHelix Group
- Dr. Renbin Zhao of InnoCare was included in Forbes' "List of Women in Technology in China"

The Group's core products and leading-edge creative capabilities have been recognized and honored for their outstanding contributions to the society in China and beyond

- InnoCare announced breakthrough therapy designation of Orelabrutinib by US FDA
- InnoCare was awarded the "Top 3 Best Branded Small Molecule Drug Companies 2021" and the Kunpeng Award
- InnoCare's Orelabrutinib was awarded the "Top 10 Excellent Innovative Anti-Cancer Drug Cases of the Year" by 21st Century Business Herald
- InnoCare won the "Best Listed Companies in Greater China - Most Innovative Award"
- InnoCare was included in the List of Asia's top 20 Most Valuable Biopharmaceutical Companies

The Group is still in the development stage, but continues to contribute to the society

- InnoCare was honored with the title of "Humanitarian Angel 2020" by the Chinese Red Cross Foundation

7. Key Quantitative Performance

Environmental Performance

Performance Indicators	Unit	2020	2021
Environmental Compliance			
Number of incidents in which penalties were imposed for exceeding permitted pollutant standards or violating emissions regulations	Case	0	0
Exhaust gas emissions[1]			
Particulate matter (PM) emissions	kg	0.17	0.17
Nitrogen oxides (NO_x) emissions	kg	2.33	2.33
Sulfur oxides (SO_x) emissions	kg	0.05	0.05
Amount of hazardous wastes generated[2]			
Total amount of hazardous wastes	ton	30.10	106.79
Amount of hazardous wastes generated per capita	ton/person	0.07	0.15
Amount of non-hazardous waste generated[2]			
Total amount of non-hazardous wastes	ton	1,926.00	2,874.54
Energy and Greenhouse Gases			
Total steam consumption[2]	ton	1,991.1	8,667.3
Total amount of purchased electricity[2]	MWh	2,895.16	9,894.90
Power consumption per capita	MWh/person	6.41	13.72
Total greenhouse gas emissions[3]	tons of CO_2 equivalent	2,224.80	8,032.57
Greenhouse gas emissions per capita	tons of CO_2 equivalent/person	4.92	11.14
Water consumption[2]			
Total water consumption	m^3	56,311	145,093
Water consumption per capita	m^3/person	124.58	201.24
Packaging material			
Total usage of packaging materials for finished products	ton	0	0.75
Packaging material used per capita	ton/person	—	0.001

[1]. Data description: The exhaust gas emissions are calculated with reference to Appendix II "Reporting Guide on Environmental Key Performance Indicators" of the latest version of the HKEX Environmental, Social and Governance Reporting Guide (May 2021).

[2]. Data description: The significant increase in non-hazardous waste, hazardous waste, total steam consumption, total purchased electricity and total water consumption in 2021 compared to 2020 is due to the start of trial production at the Guangzhou plant in 2021.

[3]. Data caliber: Total GHG emissions include Scope 1 and Scope 2 emissions. Greenhouse gas emissions are calculated with reference to Appendix II "Reporting Guide on Environmental Key Performance Indicators" of the latest version of the HKEX Environmental, Social and Governance Reporting Guide (May 2021).

Among them, the total EHS emissions do not include the EHS emissions generated by the use of gasoline (accounting for a relatively small part of the statistics, but will be included in the future), so the EHS emissions in Scope 1 are calculated as 0.

Among them, the electricity emission factor is 0.6101 kg CO2 eq/kWh. The steam emission factor is 0.11 t CO2 eq/GJ, the low-pressure steam equivalent to kg of standard coal is 0.1286 kg of standard coal/kg, and the low-level heat of steam is 29,307.6 kJ/kg of standard coal,

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 data were also recalculated due to the change in emission factors.
The total GHG emissions do not include GHG emissions from gasoline use (currently not included due to a small percentage and will be included in the future).

Employment and Labor Routine Performance

Performance Indicators	Unit	2020	2021
Employment Compliance			
Total number of penalties imposed on the Company for violation of employment-related laws and regulations	times	0	0
Employee Employment			
Total number of employees	Person	452	721
Number of male employees	Person	234	350
Number of female employees	Person	218	371
Number of full-time labor contract employees	Person	448	698
Number of full-time dispatched employees	Person	4	13
Number of part-time employees	Person	0	10
Number of employees aged below 30	Person	176	230
Number of employees aged 30-50	Person	260	472
Number of employees aged above 50	Person	16	19
Number of employees in Mainland China	Person	444	707
Number of employees in Hong Kong, Macao, Taiwan and overseas	Person	8	14
Employee Turnover			
Employee turnover rate	%	—	15.26
Turnover rate of male employees	%	11	14.57
Turnover rate of female employees	%	7	15.90
Turnover rate of employees aged below 30	%	15	16.52
Turnover rate of employees aged 30-50	%	13	14.41
Turnover rate of employees aged above 50	%	0	21.05
Turnover rate of employees in Mainland China	%	9	15.28
Turnover rate of employees in Hong Kong, Macao, Taiwan and overseas	%	0	14.29
Employee Health and Safety			
Number of employees who died as a result of their work	Person	0	0
Number of working days lost due to work-related injuries	Day	0	0
Employee Training			
Coverage of employees receiving training[1]	%	100	100

Performance Indicators	Unit	2020	2021
Coverage of male employees receiving training	%	100	100
Coverage of female employees receiving training	%	100	100
Coverage of grassroots employees receiving training	%	100	100
Coverage of middle management receiving training	%	100	100
Coverage of senior management receiving training	%	100	100
Training hours per employee	Hour	10	25
Training hours per male employee	Hour	10	30
Training hours per female employee	Hour	8	21
Training hours per grassroots employee	Hour	8	19
Training hours per middle management	Hour	12	53
Training hours per senior management	Hour	18	30

[1]. Calculation formula: Training coverage for employees from a category = number of employees from the category trained/ number of employees from the category.

Supply Chain Performance

Performance Indicators	Unit	2020	2021
Total number of suppliers			
Total number of suppliers	-	500	587
Suppliers from Mainland China	-	488	575
Suppliers from Hong Kong, Macao, Taiwan and overseas	-	12	12
Supplier Evaluation and Monitoring			
Number of suppliers evaluated for environmental and social impacts	-	0	0
Number of suppliers identified as having actual and potential significant negative environmental and social impacts	-	0	0

Product and Customer Service Performance

Performance Indicators	Unit	2020	2021
Product Liability Compliance			
Total number of penalties imposed on the Company for violation of laws and regulations related to product liability (including health and safety of products and services, marketing, information and labeling of products and services, and protection of customer privacy)	Case	0	0
Product Complaints and Recalls			

Performance Indicators	Unit	2020	2021
Total number of complaints received by the Company about products and services	Case	0	0
Customer complaint handling rate	%	100	—
Percentage of products sold that had to be recalled due to safety and health issues	%	0	0

Anti-Corruption Performance

Performance Indicators	Unit	2020	2021
Corruption 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
Anti-Corruption Training			
Number of employees receiving anti-corruption related training	Person-time	172	648
Training hours per employee for anti-corruption related training	Hour	0.19	0.45
Training hours per director for anti-corruption related training	Hour	—	0.22

Social Welfare Performance

Performance Indicators	Unit	2020	2021
Community Welfare			
Amount of community welfare investment[1]	RMB '000	1,000	1,000

[1]. Data description: A donation was made to the Chinese Red Cross Foundation for the activities against COVID-19 in 2020. Materials worth RMB1 million were donated for post-disaster reconstruction in Henan Province in 2021.

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