



2021

Environmental, Social and Governance Report

Jiangsu Hengrui Pharmaceuticals Co., Ltd.





01	About this Report	107	List of Major Applicable Laws and Regulations
03	A Letter from Executives		
05	About Hengrui Pharma	109	Content Index of GRI Standards
08	Major Achievements and ESG Highlights for 2021		

CONTENTS



01

Effective Governance for Steady Corporate Growth

- 11 Improving Corporate Governance
- 15 Enhancing Compliance Management
- 18 Following the Guidance of Party-Building
- 19 Enhancing Responsible Management



02

Sustained Green Development for a Better Ecological Home

- 27 Improving Environmental Management
- 32 Practicing Green Operations
- 43 Responding to Climate Change
- 44 Implementing Green Office



03

Improved Innovation for Excellence

- 47 Improving R&D
- 56 Enhancing Quality Control
- 62 Broadening Market
- 63 Improving Customer Service
- 65 Implementing Responsible Procurement
- 69 Achieving Win-Win Results



04

Commitment to Employees and Their Prospects

- 73 Pursuing Diversified and Legally Compliant Employment
- 75 Supporting Talent Development
- 79 Caring for Employees
- 85 Enhancing Occupational Health and Safety



05

Dedication to a Healthier Life

- 95 Making Health Care Services More Accessible
- 101 Delivering A Healthy Life for All
- 103 Focusing on Public Welfare Charity

About this Report

This is the inaugural *Environmental, Social, and Governance (ESG) Report* of Jiangsu Hengrui Pharmaceuticals Co., Ltd., and it discloses in detail the Company's work and progress in sustainability in an objective, transparent, and comprehensive manner.

Reporting Period

This report covers the period from January 1, 2021 to December 31, 2021. Note that some information may be from a previous time period.

Reporting Scope

This report focuses on Jiangsu Hengrui Pharmaceuticals Co., Ltd., and includes all of the Company's subsidiaries in its financial statements.

Basis of Preparation

This report is prepared according to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (January 2022 Revision) and the Guidelines on Information Disclosure of Listed Companies' Environmental, Social Responsibility, and Corporate Governance (Notice on Discussion of the Exposure Draft), and refers widely to the Global Reporting Initiative's Global Standards for Sustainable Reporting and the Chinese Academy of Social Sciences' Guide to Formulating Corporate Social Responsibility Reports for Enterprises in China (CASS-CSR 4.0).

Note on Appellation

For ease of expression and reading, "Jiangsu Hengrui Pharmaceuticals Co., Ltd." is replaced by "Hengrui Pharma," "the Company," and "we" in this report. When it comes to the Company's subsidiaries or branches, the abbreviation for their names is used.

Data Sources

The information and data are derived entirely from the Company's formal documents, statistical reports, and financial statements. This report's content is provided by Hengrui Pharma and its partners and is solely for the purpose of disclosing the Company's sustainability progress and management. It should not be used for business purposes.

Note on Language

This report is available in English and simplified Chinese. In the event of a discrepancy between the two versions, the Chinese version will take precedence.

Confirmation and Approval

After confirmation by the Company's management, the Board of Directors approved the publication of this report on April 21, 2022.

Access to this Report

This report is available in the simplified Chinese and English versions. Please go to our official website for online browsing and download: <https://www.hengrui.com/index.html>.

We value feedback from our stakeholders greatly. You may contact us via any of the following channels. Your comments and suggestions will help us improve this report and our environmental, social, and governance performance.

Investor Hotline: 021-61053323, 021-61623697

Email: ir@hengrui.com

Address: Securities Department, No. 1288 Haike Road, Pudong New Area, Shanghai

A Letter from Executives

We grow from an obscure pharmaceutical factory to an innovative and increasingly international public pharmaceutical enterprise, from a follower to a leader in technology, and from a Chinese company to an outward-looking enterprise. Our reach in terms of innovation has expanded far beyond our Jiangsu headquarters. We now have a presence across China, Europe, the United States, and Japan. Our rankings for innovation outperform the majority of our competitors. We are proud to say that Hengrui Pharma has become a role model for other pharmaceutical companies in China due to its innovative technology and high-quality development. We have written our compelling success story through relentless exploration and hard work by making giant leaps forward in the pharmaceutical industry.

We understand that trees can only absorb nutrients if they are deeply rooted in the soil. In 2021, the COVID-19 pandemic continued to take a heavy toll on people, industries underwent accelerating transformations, and the competition was fiercer than ever. Having said that, we have always honored our founding aspiration of contributing to the improvement of people's health and have worked tirelessly to promote it. Our mission is to "promote a healthier life for humankind through advancements in science." We base our operations on the local economy and society, and we grow in tandem with our country and the times. We focus on people's needs and closely monitor the latest developments in medical technology worldwide. We aim to inspire innovation and create innovative, premium medicines throughout our organization. Our goal is to ensure the health and well-being of people, build a Healthy China, and illuminate the future of healthy lives for hundreds of millions of people worldwide.



We constantly seek ways to make innovation a vital part of our DNA.

We believe that the primary driving force is scientific and technological innovation. As a result, we increase investment in R&D, nurture innovative talents, strengthen the R&D system and capacity building, and embark on a sustainable path to high-level innovation. Our goal is to turn innovation into a source of strength for corporate growth. Furthermore, we proactively communicate with international technological leaders, participate in industry-academia-research partnerships, seek better innovation, and promote industrial progress. In China, we now have ten approved innovative drugs. We have established a continuous pipeline from discovery to clinical development and product launch demonstrating our global leadership role in developing certain innovative drugs.

We pursue operational compliance to ensure high-quality development.

To ensure the Company's high-quality development, we proactively turn external compliance requirements into an internal driving force for better management and strengthen the corporate governance system. Additionally, we establish a long-term mechanism for compliance management, improve risk management mechanisms, constantly improve internal control for compliance, and consolidate the foundation of operational compliance. Furthermore, we incorporate the ESG concept into our development strategy, strengthen the ESG management framework, pursue ESG best practices, strengthen communication and engagement with stakeholders, and collaborate to create value and share opportunities.

We market Chinese innovative medicines to the international market.

We welcome international competition with open arms. We have established R&D centers in countries and territories worldwide and created a comprehensive overseas R&D and talent system. We are accelerating our efforts to build technology platforms, develop higher-quality drugs, transform our growth model, and foster an export-oriented growth pole. We also introduce new products, license out, develop our innovative drugs through overseas clinical trials, and obtain sale approval. We work hard to bring Chinese innovative medicines to benefit patients worldwide.

We pursue green production practices to protect the eco-environment.

We pursue low-carbon and green development by honoring the government's solemn commitment to peak China's carbon emissions by 2030 and achieve carbon neutrality by 2060, reducing carbon emissions in production and operation and adopting cleaner manufacturing methods. Additionally, we improve manufacturing processes and use airtight procedures to control pollutants from the source. We optimize the management of various resources, raise people's awareness of environmental conservation, and minimize our adverse impact on the environment. By doing so, we hope to promote ecological progress in China and beyond.

We manufacture high-quality products thanks to our pursuit of excellence and craftsmanship.

We are committed to the principle of "Quality and safety come first". We are constantly improving the quality management system, strengthening the process control and risk management for new products, and providing high-quality products with the spirit of excellence and craftsmanship for our customers. Furthermore, we take a holistic and integrated approach to on-site management, detect and eliminate hidden hazards, deliver safety training, and provide IT-enabled safety management. In this way, the Company improves the management of manufacturing practices to ensure workplace safety.

We collaborate with all our stakeholders to achieve win-win outcomes.

We communicate with our customers, suppliers, employees, the general public and other internal and external stakeholders, improve the customer support management system, and provide better customer service to increase their satisfaction. We also improve supply chain management and encourage employee development. Additionally, we disseminate knowledge and tips on disease prevention, care about patients, hold charity events, engage in volunteerism, and safeguard all stakeholders' legitimate rights and interests. We deliver long-term value to stakeholders and work together to make common joint progress in harmony.

The surging tides of time will never stop, and so we will continue our magnificent journey. Hengrui Pharma makes a significant contribution to domestic drug discovery and development. Going forward, we will focus on the two strategies of "technological innovation" and "internationalization", adhere to the values of "Innovation, Pragmatism, Focus, Diligence," and accelerate toward our vision of "Becoming a global biopharmaceutical group through innovation." We will develop more innovative drugs to cure diseases that endanger life and health, use technological innovation to advance the cause of health, and strive to make our homegrown drugs available to patients worldwide. Finally, we will contribute China's power to improve the health of all people!

Sun Piaoyang
Chairman of Hengrui Pharma



About Hengrui Pharma

Company Profile

As a modern pharmaceutical leader based in China, Hengrui Pharma has been specializing in the development and commercialization of innovative and high-quality drugs since its inception in 1970. We are a well-known supplier of oncology drugs, surgical drugs, and interventional imaging solutions in China. The Company has set up a complete set of product portfolio including oncology drugs, anesthetic drugs, interventional imaging solutions special infusions, antidiabetic drugs, autoimmune drugs, cardiovascular drugs, and ophthalmic drugs. Hengrui Pharma has been included in the list of Pharma Exec's Top 50 Companies for three consecutive years, with a ranking of 38th in 2021; moreover, it took the 24th place among the Pharma 1,000 Top Global Pharmaceutical Report released by the prestigious investment bank Torrey & Co. for 2021; the Company has also been successively rated as China's Top 100 Companies in the Pharmaceutical Industry for years, and ranked the top among the best industrial enterprises in terms of pharmaceutical research and development pipeline in China in 2021.

Hengrui Pharma not only takes deep roots in China, but also operates globally. Focusing on health business and frontier fields, it overcomes difficulties to advance the high-quality development of the pharmaceutical industry. With the innovation as the core of its development strategy, Hengrui Pharma spent RMB 6.203 billion in R&D in 2021, accounting for which was 23.95% of the 2021 revenue. We have built a large-scale, professional, and competent innovative drug R&D team of more than 5,400 people; our R&D centers or subsidiaries not only show presence in many cities throughout China, but also radiate to the U.S., EU, Australia, and Japan. In recent years, we successively undertook 57 major

national special programs, got 10 innovative drugs approved, and more than 60 innovative candidates under clinical development. As of the end of 2021, 1,806 patent applications have been filed, including 494 PCT patents, with 360 granted in China and 478 granted worldwide, such as the U.S., EU, and Japan.

Internationalization is another important development strategy for Hengrui Pharma. The Company has established manufacturing and quality assurance systems in compliance with the USP, EUP, and JP standards. Through our international partners, a series of formulation products were launched in the U.S., EU, and Japan, including injections, oral preparations, and inhalational anesthetics. Meanwhile, its innovative drugs also were also gaining traction on a global scale. Hengrui has established an overseas R&D team with over 170 staff in the U.S. and EU, whose major teammates are equipped with extensive global R&D experience. At present, nearly 20 innovative drug programs have been approved for global multi-center or regional clinical research and are expected to benefit more patients worldwide.

Persistence takes us farther for a better life. Hengrui Pharma will proceed with the mission of "promoting a healthier life for humankind through advancements in science", adhere to its vision of "becoming a global biopharmaceutical group through innovation", and speed up technical innovations to develop more innovative premium drugs for a healthier life.



Hengrui Pharma spent RMB

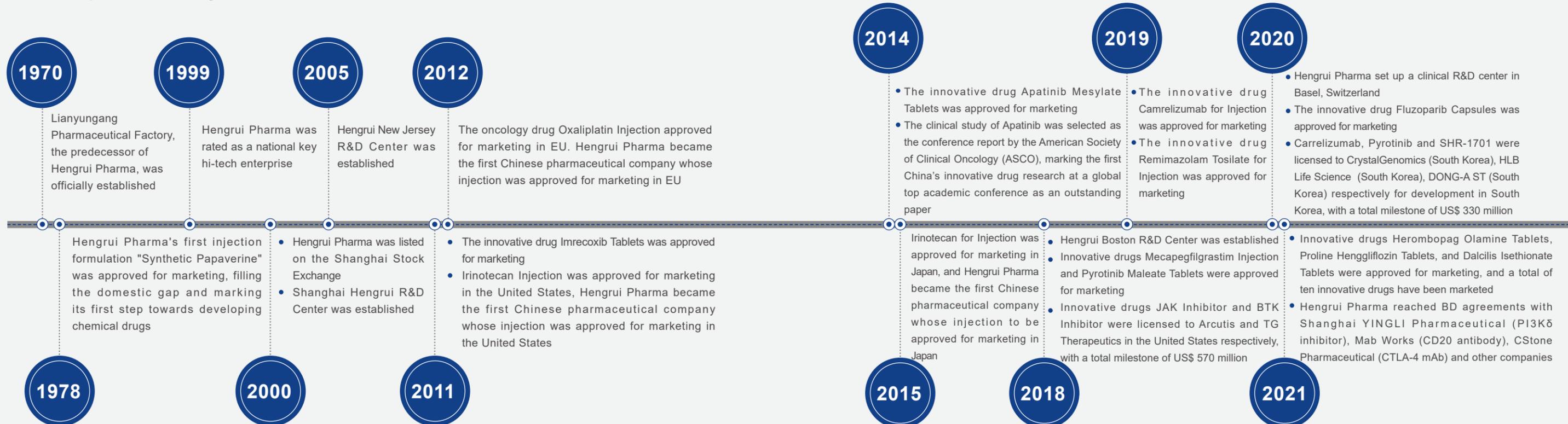
6.203 billion in R&D



accounting for which was

23.95%

Development History



Corporate Strategy

Technical Innovation	Internationalization
Hengrui will continue its engagement in the innovation and development of treatments for various areas spanning oncology, surgical anesthesia, interventional imaging solutions special infusions, diabetes, autoimmune diseases, cardiovascular diseases, ophthalmic diseases and other therapeutic areas to accelerate technological innovation, further narrow the gap with the world's advanced level, and develop more innovative premium drugs to benefit patients.	Accelerate the pace of FDA and EU approval of generic drugs, and promote major products to be approved by FDA or EU and sold in EU, the U.S. and Japan, and further expand the export of medicines; strive to realize the global launch of domestic innovative drugs as soon as possible, and form a new global development pattern.

Corporate Culture



Our Mission

Promote a healthier life for humankind through advancements in science

Our Values

Innovation, Pragmatism, Focus, Diligence





Our Vision

Become a global biopharmaceutical group through innovation

Major Achievements and ESG Highlights for 2021

2021 Data Display

Indicator	2021	2020	2019
Total Assets	39,266,221,700.14	34,729,589,915.43	27,556,475,495.47
Net Profit ¹	4,530,217,550.47	6,328,383,219.69	5,328,027,519.56
R&D Inputs	6,203,288,327.17	4,988,958,232.35	3,896,335,998.91
Total Tax	1,774,875,347.42	3,022,513,286.92	2,428,240,073.45

¹Net Profit here refers to the net profit attributable to the shareholders of the listed company.

Indicators	Unit	2021
Environmental Governance Inputs	RMB 10,000	13,879
Total Patent Quantity	/	1,806
Number of Innovative Drugs Approved for Marketing in China	/	10
Number of Drugs Included in the NDRL (during the reporting period)	/	9
Total Number of Drugs Included in the NDRL	/	85
Jobs Provided	/	24,491
Training Coverage	%	100

Environmental, Social and Governance (ESG) Recognition

<p>2021</p> <ul style="list-style-type: none"> Hengrui Pharma was awarded the "2021 Top 100 Chinese Pharmaceutical Innovation Enterprises" Hengrui Pharma won the "2021 Best R&D Pipeline Enterprise" Golden Horse Award Hengrui Pharma won the "2021 Best Original Research Small Molecule Enterprise" Golden Horse Award Hengrui Pharma topped the "Top 10 China's BigPharma Enterprises for Innovation" Hengrui Pharma ranked the first among China's top 100 Chemical Drug Enterprises 	<ul style="list-style-type: none"> Hengrui Pharma was included in Forbes China's Best Employers List Hengrui Pharma took the 38th place among Pharma Exec's Top 50 pharmaceutical Companies Hengrui Pharma won the first place in the best industrial enterprise in China's pharmaceutical R&D pipeline Hengrui Pharma won the "2021 Most Innovative Enterprise with R&D Strength Benchmark Award"
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01

Effective Governance for Steady Corporate Growth

We are dedicated to operating in accordance with applicable laws and regulations, establishing a solid corporate governance structure, constantly improving our internal control, compliance, and management system, and perfecting the overall risk management system. We also work to incorporate the ESG concept into our business activities, ensure the legitimacy and transparency of our operations, and proactively carry out our responsibilities. These actions are a guarantee of the Company's sustainable and high-quality development.



Improving Corporate Governance

The Company abides by the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other applicable laws and regulations, and follows the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and other regulatory requirements. We have created an effective governance framework and increased capacity building in this area. Furthermore, we are constantly improving the Company's governance structure, establishing a modern enterprise system, and regulating its business operations. An effective corporate governance structure is put in place to ensure checks and balances between the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and management. They carry out their respective roles in the organization.



Indicator	Unit	Data of 2021
Number of convening the General Meeting of Shareholders	Times	3
Number of resolutions adopted at the General Meeting of Shareholders	Items	11
Number of convening the Board of Directors Meetings	Times	8
Number of resolutions adopted at the Board of Directors Meetings	Items	33
Number of convening the Board of Supervisors Meetings	Times	7
Number of proposals adopted at the Board of Supervisors Meetings	Items	21

The Board of Directors establishes the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nominating Committee. These four special committees collaborate to increase the efficiency of corporate governance.

About the General Meeting of Shareholders and the Shareholders

The Company should ensure that all shareholders, particularly minority shareholders, are treated equally and that they can fully exercise their rights. The Company should convene the General Meeting of Shareholders in accordance with the *Articles of Association* and choose a large conference room to accommodate more shareholders and safeguard their right to vote. The Company's related-party transactions should be fair and reasonable.

About the Board of Directors and the Directors

The Company should follow the selection and appointment procedures in the *Articles of Association* when electing a director. The Board of Directors is comprised of nine members, three of whom are female. Three independent directors are appointed, each of whom is a professional in one of the following fields: accounting, law, or medicine. The Board's composition complies with applicable laws and regulations. All directors are attentive and accountable at both the Board of Directors and Shareholders' Meetings. They actively participate in relevant training sessions, are familiar with applicable laws and regulations, and are aware of their rights, obligations, and responsibilities as directors. The Board of Directors is accountable to the General Meeting of Shareholders and reports to it. The Board of Directors establishes four special committees: the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nominating Committee. The Board establishes the Rules of Procedure for each committee, ensures compliance with applicable regulations, and facilitates decision-making. All directors were diligent and accountable throughout the reporting period, carefully reviewing the Board of Directors and General Meeting of Shareholders' proposals and making useful suggestions to the Company's decision-makers.

About the Board of Supervisors and the Supervisors

The Board of Supervisors earnestly performs its supervisory duties following the *Articles of Association* and applicable laws and regulations. The procedures for convening a meeting of the Board of Supervisors comply with applicable laws and regulations. The Board of Supervisors is comprised of three supervisors, one of whom serves as an employee representative. The Board of Supervisors' headcount and composition comply with applicable laws and regulations. The Company establishes the *Board of Supervisors' Rules of Procedure*. Our supervisors earnestly perform their duties and are accountable to the shareholders. They oversee the Company's finances and ensure that directors, managers, and executives carry out their responsibilities according to applicable laws and regulations. Their work significantly reduces the Company's operational risk and protects the Company's and its shareholders' legitimate rights and interests.

The Strategy Committee

The Strategy Committee is a special committee established by the Board of Directors in accordance with the General Meeting of Shareholders' resolution. It is primarily responsible for studying and recommending the Company's long-term development strategy and significant investment decisions, developing the Company's strategic plans, supervising the implementation of the annual business and investment plans, proposing and evaluating the Company's ESG strategy, vision, and objectives, and monitoring the implementation of ESG policies. The Strategy Committee had six members at the end of the reporting period and had convened one meeting during the reporting period.

The Audit Committee

The Audit Committee is a special department established by the Board of Directors in accordance with the Resolution of the General Meeting of Shareholders. It is primarily responsible for assisting the Board of Directors in conducting an independent review of the Company's finances and the implementation of the internal control system, ensuring compliance with Company policies and procedures in its business operations and investment business, reviewing and supervising the results of the Company's internal audit, communicating with internal and external auditors, and supervising and verifying their work.

At the end of the reporting period, the Audit Committee consisted of three members. The majority were independent non-executive directors who acted as conveners. The Audit Committee met five times during the reporting period.

The Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee is established by the Board of Directors in accordance with the Resolution of the General Meeting of Shareholders. It is mainly responsible for developing the evaluation standards of senior executives and implementing them, formulating and reviewing the remuneration policy and plan of the Company's directors and senior executives, and reporting to the Board of Directors.

As of the end of the reporting period, the Remuneration and Appraisal Committee was composed of three members. The majority were independent non-executive directors who served as the convener. The Remuneration and Appraisal Committee held three meetings during the reporting period.

The Nominating Committee

The Nominating Committee is established by the Board of Directors in accordance with the Resolution of the General Meeting of Shareholders. It is mainly responsible for appointing the Company's directors and senior executives and developing the selection criteria and procedures.

As of the end of the reporting period, three members composed the Nominating Committee. The majority were independent non-executive directors who served as the convener. The Nominating Committee held two meetings during the reporting period.



Information Disclosure Management

We place a high value on the transparent operation and abide by the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines No. 7 on the Industry Information Disclosure by Listed Companies—Pharmaceutical Manufacturing, other regulatory requirements on information disclosure, and the *Articles of Association of Jiangsu Hengrui Pharmaceuticals Company Limited*. We protect our shareholders' right to know by providing timely, accurate, complete, and genuine information about the Company so that they can make informed investment decisions. We have also created management systems for internal information disclosure, such as the *Management System of Information Disclosure Matters*, the *Management and Registration System of Inside Information and Insider*, and the *Internal Information Reporting System*. Through these rules, we want to regulate the standards and submission procedures for information disclosure, actively carry out our information disclosure obligations, ensure timely, fair, genuine, accurate, and complete disclosure, and continuously improve information transparency. In addition, the Company hires professional consulting firms to conduct regular training on information disclosure to our directors, supervisors, and senior executives every year in an effort to raise their awareness of information disclosure compliance. We review our publicity material on a regular basis to ensure that it complies with relevant standards and that information is disclosed fairly.

The Board Secretary is in charge of disseminating information, receiving investors, and handling inquiries about the Company. The Securities Affairs Department of the Company manages the overall information disclosure. According to the Measures for the Evaluation of Information Disclosure of Listed Companies issued by the Shanghai Stock Exchange, the Company has received an A Grade (the highest ranking) in information disclosure for many years in a row.



Investor Relations Management

We improve investor relations management by implementing the *Investor Relations Management System* and communicating with the investor community via multiple channels about a variety of topics. We promptly respond to investors' questions, embrace their suggestions, and solicit feedback. As a result, the Company can engage its investors deeper and foster a positive interaction between the two parties.

We strengthened our relationships with institutional investors during the reporting period by hosting regular KPI review meetings to update investors on the Company's work and progress and explain issues of mutual interest. The Securities Affairs Department conducted over 100 investor conversations daily and arranged for the Company's managers and executives to speak with investors more than 40 times. By doing so, we hope to communicate to the market the Company's business information and investment value and facilitate institutional investors' understanding and support for us. Meanwhile, we constantly strengthened our relationship with individual investors. For instance, the Securities Affairs Department selected dedicated personnel to answer investors' questions on the SSE E-Interactive platform, answer their telephone calls, and reply to emails. It is worth mentioning that we managed to reply to every question on the platform and answer every incoming investor's call. Additionally, the Company made it more convenient for shareholders to exercise their right to vote by adopting online-offline hybrid Shareholders' Meetings so that those who are not present could vote online. The Company also worked to ensure that the Resolution of the General Meeting of Shareholders was in line with most shareholders' interests, especially the minority shareholders.

Protecting Investors' Rights and Interests

We follow the Regulatory Guidelines for Listed Companies No.3: Distribution of Cash Dividends of Listed Companies, the *Articles of Association*, and other applicable laws, regulations, and requirements. The Company safeguards the legitimate rights and interests of its investors, and has maintained a consistent profit distribution policy for many years to ensure long-term benefits and sustainability. The Company also provides consistent and reasonable returns to its investors, allowing both parties to benefit from the dividends of corporate growth.

Enhancing Compliance Management

Compliance is the cornerstone of our steady progress. We earnestly promote compliance management, adhere to the business principle of “always be honest, quality comes first,” and require all our employees to bear in mind that “Compliance with laws and regulations in business operation” is a “red line” that cannot be crossed. We constantly improve the compliance management structure, perfect the compliance policies and systems, optimize compliance management processes and mechanisms, and research the best compliance management practices. By doing so, we can take our work to a higher level and lay a solid foundation for the Company’s sustainable development.



Compliance Management System

Improving the Management Structure

We are committed to building a collaborative, effective, and network-based compliance management structure encompassing all departments and clearly defining roles. We clarify each department’s compliance management responsibilities in the hierarchy and encourage them to carry them out to ensure the system remains effective for an extended period.

The Compliance Management Committee This is the ultimate body responsible for developing the Company’s compliance management strategic plans, supervising and evaluating the compliance management efforts, and ensuring the effective implementation of the management plan.

Office of the Compliance Management Committee The Compliance Management Committee establishes an Office to take charge of organizing, coordinating, promoting, supervising, assessing, and guiding the Company’s compliance management efforts, handling reports of infractions, and investigating violations of regulations and rules.

The Compliance Management Department The Compliance Management Department is responsible for compliance management in various areas. The Company establishes the Compliance Management Department in each business division, branch office, and subsidiary, and appoints dedicated or part-time management personnel to communicate and report on compliance-related matters.

Improving the Management System

To regulate and institutionalize the Company’s compliance management, we have continuously improved our internal compliance management systems and measures. These include the *Implementation Measures for Compliance Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, the *Compliance Manual for All Employees of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation)*, the *Compliance Investigation System for Business Partners of Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation)*, and decided on the Company’s concept, spirit, and objectives of compliance management. We have defined the Company’s compliance management organizational structure and responsibilities and the key focus of compliance management, daily operating mechanisms, reward and punishment mechanisms, compliance training, and the following investigation process. Furthermore, in terms of business operations and management, we have acted in accordance with applicable laws, regulations, and normative documents.

Enhancing Compliance Training

We are dedicated to raising our employees’ awareness of compliance. The Company develops objectives and plans for compliance training based on its business operations and demands and establishes a rules-based and regular training mechanism. As a result, we can provide ongoing compliance training and ensure that our employees understand and comply with the compliance objectives and requirements of the Company.

During the reporting period, we educated and trained our new employees on compliance basics and the confidentiality system, and we utilized online and offline channels to conduct compliance management training activities for all compliance management personnel. They reaffirmed their commitment to compliance management by learning more about the fundamental concepts of compliance and the Company’s compliance management policy. We also launched a compliance training course to educate all employees on our internal training platform on various systems, business ethics, and moral standards. The course drew a total of 29,000 participants. Additionally, we provided our suppliers with compliance training and expounded on compliance and business ethics basics. By doing so, we would like to cooperate with suppliers and meet the compliance requirements.



Compliance Training under the Theme of “Corporate Compliance Management Practice in the New Era: A Pharmaceutical Company Scenario”

On May 31, 2021, we invited Mr. Jiang Xianliang, President of Zhonghe Compliance Research Institute and partner of Anli Partners, a law firm in Beijing, to carry out compliance training for our employees. Altogether 147 leaders and employees participated in the activity, which was organized by the Company according to the highest standards in recent years. The training fully reflected the great importance attached to compliance management by the Company’s senior executives, and would significantly enhance our compliance efforts.

Under the theme of “Corporate Compliance Management Practice in the New Era: A Pharmaceutical Company Scenario,” the training offered valuable insights into the new situation of corporate compliance management, different types of compliance risks facing a pharmaceutical company and identification strategies, and how to establish a company-wide compliance management system. After the training, our employees were better informed of the compliance concept. Additionally, Mr. Jiang, taking into account the compliance landscape of the pharmaceutical industry and the governance requirements for listed companies, put forward actionable suggestions to improve the Company’s compliance management and align it with our development strategy.

Fostering a Compliance Culture

We strive to foster a compliance culture, instill the values of legal compliance and honesty, and foster an environment conducive to conducting business in accordance with applicable regulations and policies. We constantly increase our employees' compliance awareness and behavior and ensure that they adhere to the compliance principle and practice it at work. Additionally, we conduct internal compliance audits on a regular basis to ensure that our operations and management comply with applicable laws, and we strive to improve operational efficiency and effectiveness continually.



Business Ethics and Anti-corruption

We uphold honesty in operations and abide by the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and other applicable laws and regulations. We regulate our business activities with high ethical standards, adopt a "zero-tolerance" approach to integrity management, and see to it that our employees follow the compliance and integrity requirements in the workplace. We also establish anti-commercial bribery mechanisms and handle reports and complaints. Our goal is to create an honest compliance environment and build a talent pool of upright employees.

Our internal compliance management systems like the *Implementation Measures for Compliance Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd.* and the *Compliance Manual for All Employees of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation)*, and the *List of Prohibitive Actions and Obligations for Employees* define the requirements for combating bribery and corruption. Employees, for example, must not embezzle or misappropriate company property by abusing their position or authority. They are prohibited from illegally transferring the Company's interests to a third party or obtaining interests for a third party at the expense of the Company's interests. Employees may not in any way use their position or authority to accept bribes or other improper interests. Additionally, the Company conducts bidding and tendering activities following applicable laws, regulations, and company policies and prohibits its employees from manipulating or interfering in any way with such activities. Employees should abstain from any activity that could have an adverse effect on the Company's procurement business unless absolutely necessary. They must not use their authority to solicit bribes from suppliers or other stakeholders.

The Company reported zero lawsuits or administrative penalties due to graft and corruption during the reporting period.

Handling Reports and Complaints

We established a supervision and reporting system to encourage reports of infractions and accept and handle complaints from our employees and the general public in order to regulate the performance of duties and promote honesty in the workplace. The Company's only department in charge of dealing with reports and complaints is the Compliance Management Office. Whistleblowers' calls and emails are answered, and the case is thoroughly investigated according to the law. If an employee is found guilty after an investigation, he will be chastised and disciplined in proportion to the gravity of the error. The employee's labor contract will be nullified in the event of a major offense. Furthermore, if he violates the law, the Company will report him to the judicial authorities and hold him responsible. Meanwhile, the Company will keep a whistleblower up to date on the latest developments and provide additional details if any new information becomes available.

Protecting Whistleblowers

We maintain a whistleblower's personal information confidential and constantly improve our informant protection system. The Company's *Implementation Measures for Compliance Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, the *Compliance Manual for All Employees of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation)*, and the *Provisions on Further Regulating Employees' Reporting Behavior* all state that the Company will protect the informant's legitimate interests and that anyone seeking retaliation will face the harshest consequences. Additionally, we stipulate that irrelevant personnel are prohibited from accessing reports and other related materials. Staff working on a case must maintain strict confidentiality regarding the case's confidential information and personal privacy.

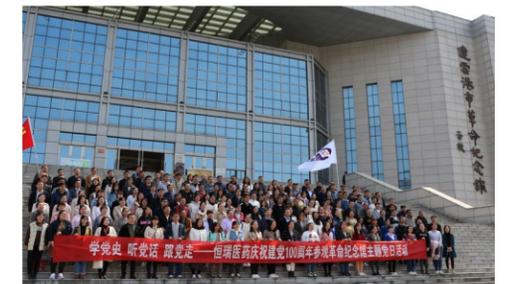
Following the Guidance of Party-Building

We are guided by the principle that "vibrant businesses require strong Party-building". As a result, we prioritize both Party-building and economic development, and we are developing new methods of Party-building based on our development strategy. Additionally, we leverage the Party's advanced nature and learn from exceptional and pioneering Party members in order to foster a positive corporate culture and build a strong team. Our objective is to ensure that Party development progresses in lockstep with corporate growth.

We were guided by General Secretary Xi Jinping's significant remarks at the Launch Meeting of the Party History Learning and Education Campaign throughout the reporting period. By studying Party history, we can better understand the world, boost our confidence, cultivate sound moral principles, and take concrete action. To this end, we've established learning platforms and experimented with novel learning models to encourage our employees to learn about Party history and to carry on the red revolutionary spirit. We want to make the learning and education campaign a natural extension of our Party-building efforts, a reflection of the Party's founding mission, and a critical component of the Party's centennial celebrations.



The Cultural Gala in Celebration of the 100th Anniversary of the Founding of the Communist Party of China under the Theme of "Singing the Praises of the Party's Extraordinary 100-Year Journey"



The Party Day Thematic Activity of Visiting a Revolutionary Memorial Hall in Celebration of the 100th Anniversary of the Founding of the Communist Party of China

Conducting Thematic Learning Activities

Make Party history learning an important part of the Company's Party Committee Central Group's task, thoroughly study the Party Central Committee's Notice on Carrying out Party History Learning and Education in the Whole Party and the important remarks made by President Xi Jinping at the Launch Meeting of the Party History Learning and Education Campaign and invite Party history experts to deliver lectures. Launch "Three Conferences, One Lesson" model and conduct Thematic Party Day activities. Hold a variety of distinctive learning activities based on actual needs and the important events and relic sites that bear special meaning throughout the Party's history.

Conducting Thematic Training Activities

Read President Xi Jinping's On the History of the Communist Party of China, Compilation of Remarks Made by Mao Zedong, Deng Xiaoping, Jiang Zemin, and Hu Jintao on the History of the Communist Party of China, and A Brief History of the Communist Party of China, and learn from the revolutionary spirit of the Shanghai First National Party Congress and the Red Boat. Arrange for Party members and cadres to visit the Bronze Statue Square of Chairman Mao in Anyuan, the Memorial Hall of Anuyuan Road and Mining Workers Movement, Xibaipo Memorial Hall, the Former Site of the CPC Central Committee, and other revolutionary memorial halls and relic sites in order to educate and guide employees with the Party's development. •Use the Xuexiqiangguo App and Jiangsu Pioneer new platform to encourage employees to sign up for online courses, get a deeper understanding of the Party's history, and remember the Party's founding aspiration and mission.

Party History Learning and Education

Conducting Thematic Party Lessons

Conduct thematic Party lessons based on extensive research and the feedback we collect at around the July 1st Party's Day.

Holding Thematic Democratic and Organizational Conferences

Follow the guiding principles of the remarks made by President Xi Jinping at the Launch Meeting of the Party History Learning and Education Campaign and the 100th Anniversary Celebration of the Communist Party of China, leverage the learning outcomes, reflect on the existing problems, and identify solutions for others and ourselves.

Enhancing Responsible Management

By continuously improving our ESG management system, defining ESG management trends, exploring new ESG working methods, and pursuing ESG best practices, we integrate the ESG concept into our own business strategy. We intend to share the benefits of development with all of our stakeholders, align the Company's profits with social benefits, and promote the Company's and society's harmonious development.



ESG Governance Framework

To regulate the Company's oversight, implementation, and facilitation of ESG-related work, as well as to further strengthen its ESG governance capability, we have continuously improved our ESG governance system, established an effective ESG governance framework, and integrated the ESG management concept into the Company's overall governance, operations, and strategy.

At Hengrui Pharma, the Board of Directors is the ultimate decision-making body on ESG matters. It is primarily responsible for deliberating and approving ESG strategies, vision and objectives, supervising ESG performance and progress toward relevant objectives, evaluating and verifying the risk and importance of ESG issues, and perusing and responding to corporate public disclosures about ESG issues.

To ensure that our ESG decisions are balanced and effective, the Strategy Committee, as the Company's ESG management body, is primarily responsible for proposing and evaluating the Company's ESG strategy, vision, and objectives, monitoring ESG policy implementation, and reporting ESG matters to the Board of Directors.



Materiality Analysis

To identify the precise trend for ESG practice and improve the accuracy of ESG management, we have established materiality analysis procedures, which assist us in identifying material ESG issues that are relevant to the Company's and its stakeholders' sustainable development.

Identify

Analyze international standards and macro policies, follow industry trends and best practices, and consider its business strategy and strengths to identify ESG issues.

Evaluate

Hand out questionnaires to internal and external stakeholders and interview them to get their evaluation of the materiality of the ESG issues.

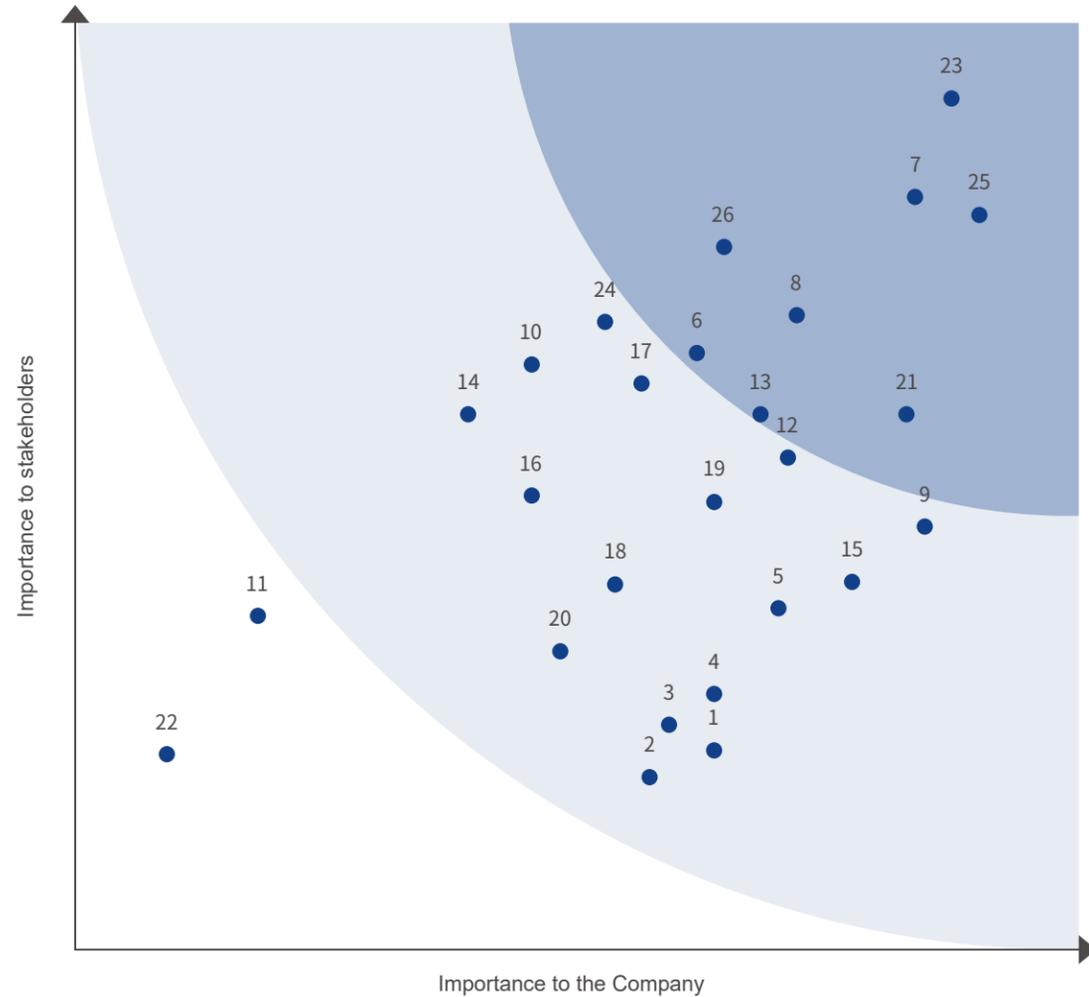
Verify and Report

Check and verify the initial evaluations of the issues based on the Company's strategy and management guidelines to create a materiality matrix. Disclose in detail those ESG issues with high importance and provide targeted response.

During the reporting period, we interviewed internal and external stakeholders and/or asked them to fill out questionnaires about the material ESG issues that Hengrui Pharma is dealing with, based on their impact on the Company's sustainability and stakeholders. We fully comprehend our stakeholders' expectations and suggestions for the Company, analyze the material issues, and develop a long-term ESG strategy resulting from the findings. We identified 8 issues of high importance, 16 issues of medium importance, and 2 issues of low importance. This report will concentrate on the issues of high importance and go into great detail about them.



Hengrui Pharma ESG Materiality Analysis in 2021



List of material issues in 2021		
	Number	Issues
Issues of high importance	23	Operational Compliance
	25	KPI Improvement
	7	Product Quality and Safety
	26	Business Ethics and Anti-corruption
	8	R&D and Innovation
	21	Occupational Health and Safety
	13	Customer Service
	6	Climate Change Mitigation and Response
Issues of medium importance	24	Transparent Operations
	17	Employees' Rights and Interests and Democratic Rights
	12	Responsible Marketing
	9	Intellectual Property Protection
	19	Employee Training and Development
	15	Supply Chain Sustainable Management
	10	Inclusive Healthcare
	5	Waste Disposal
	16	Employee Equity and Diversity
	14	Customer Privacy Protection
	18	Employee Remuneration and Benefits
	4	Greenhouse Gas Emissions
	1	Pollutant Discharge and Management
	3	Energy Use
	20	Employee Care
	2	Water Resources Use
Issues of low importance	11	Industry Development Promotion
	22	Community Welfare

Our Contribution to the Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Summit adopted the 2030 Agenda for Sustainable Development in September 2015. The Agenda includes 17 Sustainable Development Goals (SDGs), which serve as a road map for countries and businesses worldwide to promote sustainable development.

We have thoroughly examined the correlation between the SDGs and the Company's ESG management practices and determined to focus on eight Goals in light of our current business activities and future strategic plan. We will invest resources and leverage our capabilities to contribute to the achievement of these Goals.



Stakeholder Engagement

We have established a variety of channels for communicating with stakeholders, improved the dialogue mechanism to foster mutual trust and commitment, embraced the opinions and feedback from stakeholders, and taken into account the expectations and demands of stakeholders. Moreover, we have reached a consensus on sustainable development, which has increased our stakeholders' understanding and support.



Stakeholder	Expectation and Demand	Main Communication Channels
 Government and Regulator	<ul style="list-style-type: none"> Operational compliance Tax payment 	<ul style="list-style-type: none"> Policy directive Work briefing Information submission On-site inspection
 Shareholder and Investor	<ul style="list-style-type: none"> Operational compliance Risk management Transparent operations Stable returns 	<ul style="list-style-type: none"> General Meeting of Shareholders KPI briefing Investor exchange meeting Research roadshow Information disclosure of listed companies Communication via phone call and email
 Customer and Consumer	<ul style="list-style-type: none"> Product and service quality R&D and innovation Protection of consumers' rights and interests Customer privacy protection Intellectual property protection Responsible marketing 	<ul style="list-style-type: none"> Regular interviews Discussions with customers Customer satisfaction survey
 Employee	<ul style="list-style-type: none"> Safeguarding employees' rights and interests Employee pay and benefits Employee training and development Occupational health and safety 	<ul style="list-style-type: none"> Labor union and employees' representatives conference Employee satisfaction survey Filing a complaint and giving feedback Irregular visits and interviews
 Supplier and Partner	<ul style="list-style-type: none"> Responsible procurement Fairness and transparency Fulfilling a contract honestly Win-win cooperation 	<ul style="list-style-type: none"> Bidder's conference Field research and visits Exchanges and cooperation Industry forum
 Environment	<ul style="list-style-type: none"> Climate change response Greater energy conservation and emissions reduction efforts Greening the office 	<ul style="list-style-type: none"> Implementing environmental policy Disclosing environmental information
 Community	<ul style="list-style-type: none"> Holding charity events Boosting community development 	<ul style="list-style-type: none"> Volunteerism Public welfare activity

02

Sustained Green Development for a Better Ecological Home

Green is not only a symbol of life and the background color of nature, but also represents the hope for a better life. We adhere to green development, establish the concept of "lucid waters and lush mountains are invaluable assets", adhere to the fundamental principles of resource conservation and environmental protection, improve environmental management capabilities, increase the investment in environmental protection, implement low-carbon development requirements, tap the energy-saving potential of enterprises, and protect the biodiversity, thereby achieving the harmonious development of enterprises, society and environment, and safeguarding our common green and ecological home.

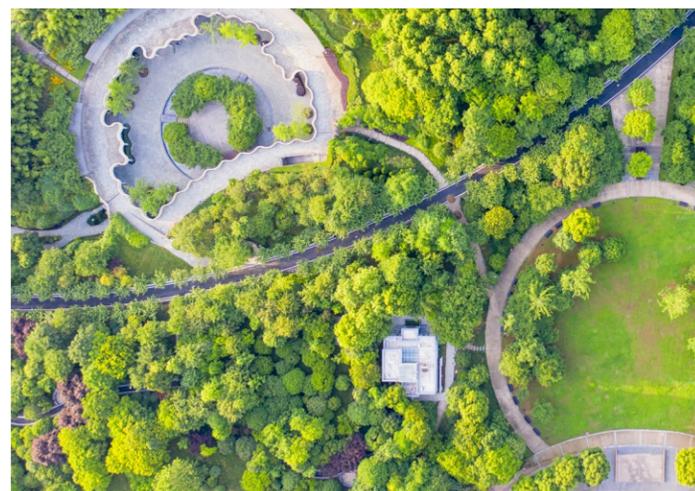


Improving Environmental Management

We strictly abide by applicable environmental protection laws, regulations, and regulatory requirements, including the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes, and the Soil Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise, the Law of the People's Republic of China on Environmental Impact Assessment, and the Law of the People's Republic of China on Promoting Clean Production.

In accordance with the laws and regulations of governments at all levels related to environmental management, we revised 15 internal management systems and operating procedures, including the *Environmental Protection Management System*, the *Environmental Health and Safety Plan*, and the *Environmental Health and Safety Inspection Plan*, and *Environmental Health and Safety Expectations and Performance Assessment*, *Environmental Factor Identification*, *Risk Assessment and Risk Control Procedures*. The purpose is to manage the whole process of production and operation in a standardized way, insist on economical and clean development, thus reducing resource consumption and waste discharge, improving resource output efficiency, and striving to build a resource-saving and environment-friendly green enterprise.

During the reporting period, the Company was not imposed with major environmental penalties, and also did not encounter external environmental pollution incidents during the whole year's operation.



2021 Highlight Achievements



Environmental protection fund inputs:
RMB **138.79** million



Environmental protection time inputs:
8,760 hours



Environmental Management System

We adhere to the green concept of harmonious coexistence between man and nature, pay close attention to the environmental impact of our operations, continuously improve our EHS management system, and formulate a series of internal management systems, such as the *EHS Group Management Charter (Trial)* to standardize our environmental management work, monitor our manufacturing environment, pollution discharge, energy conservation, and environmental protection, and control relevant environmental factors. Additionally, we actively promote the informatization of EHS. Our five-in-one EHS information technology platform is now systematically implementing five critical systems, including the corporate full-process safety production system, corporate safety risk classification management system, major hazard monitoring, and early warning system, full-process environmental protection system, and the occupational health management system. Additionally, it operates 30 modules, including hidden danger detection, safety inspection, monitoring, and management, and designs and develops 72 functions, including risk assessment, self-inspection and self-correction, and rectification. The platform will greatly improve our environmental protection and safety management levels in the manufacturing process and facilitate our green development.

We actively promote and carry out system certification and review by external third-party. During the reporting period, Hengrui Pharma passed the certification of ISO 14001 (environmental management system), and conducted annual environmental management system audits in April. The audit team consisted of external third-party auditors and eight internal EHS auditors. Meanwhile, we have set a goal of "passing at least three environmental management system certifications for manufacturing operation companies by 2025" to continuously improve our ability to manage risks and opportunities.



Environmental Management System
Certificate of Jiangsu Hengrui
Pharmaceuticals Co., Ltd.



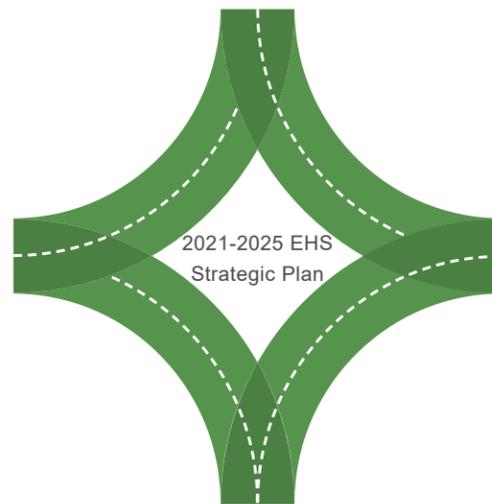


Environmental Goal Management

To carry out EHS management work continuously and effectively, to improve environmental management performance, and to achieve quantitative control and continuous improvement of environmental goals, we formulate the *Hengrui Pharma 2021-2025 EHS Plan* based on by the current situation of our EHS management, and national policies, to clarify the focus of our EHS work over the next five years. Simultaneously, we are committed to promoting clean production and preventing and reducing hazardous waste generation at the source. By 2025, we will recycle at least 70% of hazardous waste.

Establish a quantitative assessment mechanism for EHS indicators and maintain a trend of continuous improvement during the 14th Five-Year Plan period

Complete the construction of Hengrui Pharma's internal EHS professional team and realize the internal EHS talent reserve



Create EHS management systems based on different types of corporate risks, and promote continuously the standardization of production safety to meet the required standards, and to enhance the efficiency

Develop Hengrui Pharma's EHS group supervision model and continuously strengthen relevant capability

Environmental Performance Management

We place a premium on environmental performance assessment and evaluation. Under an environmental performance assessment system, we have compiled the *Measures for EHS Management Assessment (For Trial Implementation)*, reasonably evaluate work results at various stages, provide a foundation for future environmental performance improvement, and offer performance incentives for all employees to fulfill their environmental protection responsibilities. In 2021, we regarded corporate environmental performance as one of the important factor determining the compensation of senior management, incorporated environmental protection management work into senior management's performance appraisal scope, signed the annual goal responsibility letter, implemented a veto on major environmental protection issues, and evaluated senior management's performance based on the completion of emission reduction goals. Meanwhile, spiritual and material rewards were given to those who achieved extraordinary feats. Those who violated applicable regulations were punished based on the severity of the violations, so as to raise senior management's awareness of corporate environmental performance continuously.

Environmental Emergency Management

In accordance with the requirements of the *Measures for the Environmental Emergency Response Management* and the *Measures for the Administration of Environmental Emergency Response Plans for Enterprises and Public Institutions (For Trial Implementation)*, we organized production bases to compile the *Emergency Plans for Environmental Emergencies and Emergency Preparedness and Fire Prevention Plans*, carried out risk assessments of environmental emergencies, identified and eliminated environmental risks and hazards, improved risk prevention and control measures for environmental emergencies, and dynamically revised our emergency plans based on relevant drills and other factors.



Hengrui Pharma Carried out Emergency Rescue Drills

We established the emergency rescue headquarters for environmental emergencies. According to the type of incident and the needs of emergency work, we set up eight emergency working teams, including the communication liaison team, the onsite rescue team, the comprehensive coordination team, the evacuation alert team, the environmental monitoring team, the medical aid team, the logistics support team, and the aftermath treatment team. We organized the drills for "comprehensive emergency rescue of anti-terrorism, anti-theft, anti-robbery, hazardous chemicals safety and environmental protection accidents" and "emergency rescue of alcohol leakage and fire in environmental protection stations and hazardous waste warehouses", simultaneously wrote drill evaluation reports, analyzed the problems, revised and improved emergency plans in time according to the drill situation, and constantly improved our emergency management capability.



Environmental Awareness Promotion

We place a high value on environmental education for employees, regularly organize them to study major national environmental protection laws and regulations, to raise employees' awareness of environmental protection, develop environmental protection behaviors and habits, and enhance their sense of environmental protection responsibility.



Green Honors and Awards

During the reporting period, we were widely recognized and praised by all parties for our outstanding performance in green and sustainable development, and won a number of green awards.



Hengrui Pharma Organized Environmental Protection Training under the Theme of "Laws and Interpretations"

In 2021, we invited experts from Lianyungang Municipal Ecology and Environment Bureau and to carry out a special training themed "Laws and Interpretations", interpreting laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and Regulation on the Administration of Permitting of Pollutant Discharges. Such regulations not only assisted employees at all levels to understand environmental protection knowledge, and regulatory developments, but also raised their awareness of the main responsibility for pollution prevention and improved our overall environmental management level.



Practicing Green Operations

We adhere to the concept of green development, insist on the balance between corporate development and environmental protection, constantly improve the construction of energy management system, rationally use clean energy, standardize the discharge and treatment of various pollutants, effectively respond to climate changes, constantly advocate the concept of low-carbon office, actively carry out environmental protection activities, deeply integrate the concept of greenness and low carbon into all aspects of production and operation, and contribute to the sustainable development of the society and environment. Since 2018, we have invited the China Quality Certification Center to conduct annual data analysis and accounting according to our energy usage types, calculate annual carbon dioxide emissions, and obtain the greenhouse gas certificate. Additionally, we implemented complete full-process tracking and analysis of oral liquids and obtained a Carbon Footprint Certificate. As of the end of the reporting period, we completed the verification of greenhouse gases and carbon footprints in 2021.

Reducing Energy Consumption

Energy Management

In strict accordance with the *Energy Conservation Law of the People's Republic of China*, we support energy conservation development, improve energy utilization efficiency, enhance the construction of an energy management system, compile the *Procedure for Resource and Energy Management* to implement standardized and systematic energy conservation supervision and management, and promote comprehensive economic and social coordination and sustainable development. In 2021, Hengrui Pharma passed the certification of ISO 50001 (energy management system).

In September 2020, Chinese President Xi Jinping stated at the United Nations General Assembly that "China will increase its nationally determined contribution, adopt more powerful policies and measures, and strive to reach the peak in carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060." We actively respond to the country's call and maintain a good habit of protecting natural resources and conserving social resources. We also work to improve the energy structure, reduce energy consumption in manufacturing and operations, promote energy recycling, actively develop new energy sources, and accelerate the adoption of clean technologies to improve our energy utilization efficiency.

To coordinate resource utilization, enhance energy management, and promote energy system construction, we established an energy management leading group within Jiangsu Hengrui Pharmaceuticals Co., Ltd., which was responsible for formulating the Company's energy management policies, goals, and plans, implementing the energy-saving goal accountability system, and achieving layer-by-layer decomposition and step-by-step assessment. Meanwhile, we set up an energy management office within the EHS department to manage energy on a daily basis, establish energy measurement and statistical systems, conduct regular energy statistics and assessments, verify and report energy data to ensure accuracy.



Winners	Awarding Bodies	Awards and Honors
Jiangsu Hengrui Pharmaceuticals Co., Ltd.	Ministry of Industry and Information Technology of the People's Republic of China	National Green Factory
	Department of Ecology and Environment of Jiangsu Province	"Environmental Protection Dynamics" Management System for Enterprises - "Green" Dynamics
	Lianyungang Municipal Ecology and Environment Bureau of Jiangsu Province	Environmental Protection Demonstration Enterprises and Institutions Environmental Trust Enterprise
Shanghai Hengrui Pharmaceuticals Co., Ltd.	Shanghai Minhang Economic and Technological Development Zone	Green Leading Enterprise
Suzhou Suncadia Biopharmaceuticals Co., Ltd.	Suzhou Industrial Park	Top 30 Green Development Enterprises

Enhancing Energy Management Capabilities

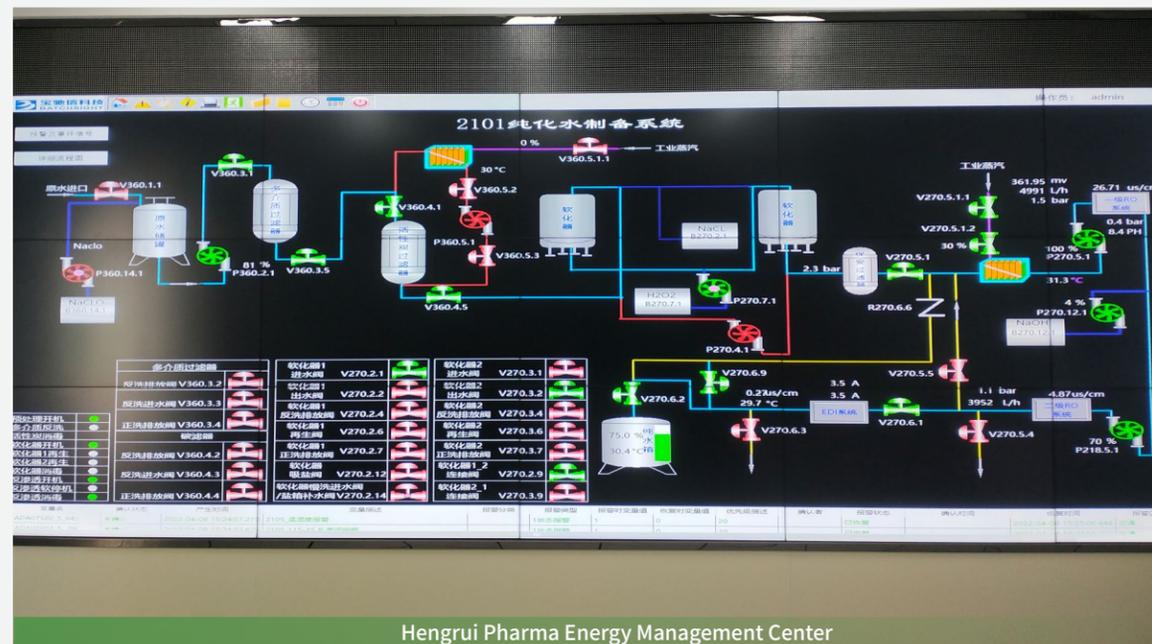
In order to improve our energy management level and energy utilization efficiency, we invest in the construction of an energy management center, which uses automated and information-based technologies and a centralized management mode to implement centralized and flat dynamic monitoring and digital management of our energy system's production, transmission, distribution, and consumption links, thus improving and optimizing energy balance and achieving systematic energy conservation.



Hengrui Pharma Built an Energy Management Center

In order to improve the automation level of the plant's public works system, enhance equipment utilization, reduce energy consumption, and improve the work efficiency of onsite management personnel, we developed a Supervisory Control and Data Acquisition (SCADA) system and built an energy management center to complete the unified scheduling of production and engineering equipment by connecting to individual automatic devices and production lines in various workshops and using centralized network acquisition and dynamic real-time monitoring equipment. According to the weather conditions and the actual production situation of the workshop, we dispatched onsite personnel to start and stop the equipment in real time, optimize and adjust the operating parameters of the equipment, and realize lean and dynamic management.

At the same time, we summarized the real-time energy data of each workshop, retained the operating status and operating parameters of power equipment, calculated and analyzed the energy consumption indicators of each process, and proposed more effective energy-saving and consumption-reducing plans to maximize the comprehensive utilization efficiency of energy and improve the energy management level.



Hengrui Pharma Energy Management Center

Advancing the Innovations of Energy-saving Technologies

Energy conservation is an important component of achieving carbon peaking and carbon neutrality. We are dedicated to coordinating the entire energy conservation management process, including planning, design, construction, and operation, as well as exploring new paths such as systematic energy conservation, smart energy conservation, recycling energy conservation, and renewable energy conservation, enhancing the carbon reduction attributes of energy conservation work, promoting the "increased quality of energy conservation work", and comprehensively improving the efficiency of energy conservation work.



Hengrui Pharma Implemented the Integrated Formulation Cooling Tower Upgrade Project

To solve the problem that the water level of the cooling tower is lower than the water inlet of the indoor circulating pump, which causes the pump port to become hot and suffer no-load operation and coil burnout due to the inability to absorb water, we carried out a comprehensive formulation cooling tower upgrade project. By implementing the lifting improvement of the cooling tower, we improved production efficiency, reduced energy consumption, and saved about RMB 250,000 in operating costs for the secondary pumping every year.



Accelerating the Use of Clean Energy

The gradual development and use of clean energy contribute to the further improvement of the ecological environment and the enhancement of human well-being. We adhere to the concept of green development and are constantly adjusting the energy structure, concentrating our efforts on green and low-carbon transformation, and increasing our reliance on clean and renewable energy. During the reporting period, we fully used the clean energy natural gas as a boiler fuel to improve the cleanliness of central heating.



By installing solar collector systems on the roof of the factory building, we converted the solar energy into heat energy, providing hot water for showers in the workshop, and realizing the efficient use of renewable energy.

Water Resource Management

Water is the material basis for the existence of the earth's organisms, and water resources are the primary condition for the ecological environment's long-term sustainability. We strictly abide by the Water Law of the People's Republic of China as well as the laws, regulations, and standards of the jurisdiction in which we operate, continually optimize water resource management, actively promote advanced water-saving technologies and equipment, increase the reuse rate of water resources, conduct water-saving publicity and education, improve all employees' water-saving awareness, and build a resource-saving enterprise.

Promoting Water-saving Technologies

We actively implement water-saving management, transformation, and upgrading, increase the investment in the research and development, design, and production of water-saving equipment, reduce the cost of water-saving technologies and equipment products, improve the quality of water-saving equipment and products, significantly increasing the efficiency of water resource utilization, and developing a water-saving production mode.

Hengrui Pharma Upgraded the Online Cleaning System for Rubber Balls

By configuring rubber ball cleaning equipment and using online rubber ball cleaning technology to replace the original chemical and mechanical cleaning methods, we realized the regular online cleaning of dirt in the refrigeration unit, solved the problem of large consumption of water resources due to chemical cleaning, and ensure the cleanliness of the heat exchange surface of the refrigeration unit, while optimizing the cooling coefficient of performance (COP) of the equipment, reducing the energy consumption of the air conditioning unit, and improving the operating efficiency of the equipment. During the reporting period, we installed a total of 19 online rubber ball cleaning systems, saved 20,000 tonnes of water every year, and won the honorary award of "Water Efficiency Leader" issued by the Jiangsu Provincial Department of Water Resources.



Hengrui Pharma Upgraded the RO Concentrated Water Recovery

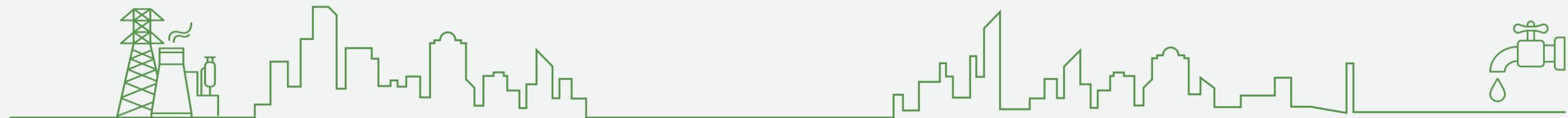
We adopted the reverse osmosis desalination process to collect the concentrated water discharge from each purified water system into the buffer tank of the concentrated water recovery system, pressurize the concentrated water through the pressurized pump into the reverse osmosis device, the core of the recovery system, to reverse filter and permeate the concentrated water with high pressure, and recycle the concentrated water for treatment. The recovered water will be collected by our tap water system for secondary use, and the drainage from the concentrated water recovery system is collected centrally into our concentrated water tank and transported to places for daily cleaning through an independent system, saving 180,000 tonnes of water every year.



Organizing Water Conservation Publicity and Education

We actively promote water conservation through publicity and education and popularize and promote water conservation knowledge and culture. We also fully mobilize the enthusiasm of all employees, participate in water conservation publicity, education, and practice, foster an environment conducive to water conservation, establish proper water conservation awareness, and foster the development of good water conservation habits.

During the reporting period, we posted water-saving publicity signs and hung water-saving achievement display boards at all water usage points, constantly improved employees' water-saving awareness. Taking advantage of "3.22 World Water Day" and "National Water-saving Publicity Week", we shoot water conservation propaganda and education videos together with the Lianyungang Water Conservancy Bureau and a local television station to produce water conservation propaganda and education videos to promote a new approach to water conservation.





Controlling Pollutant Discharge

To promote waste management work, we strictly follow laws, regulations and standards for the management of pollutant discharge in China and the places of operation, such as the Atmospheric 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 Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes, to strengthen the management of pollutant emissions, ensure that wastewater, waste gas emissions and noise meet the required standards, standardize solid waste management and disposal, and enhance the environmental protection awareness of green emission reduction of all employees. Simultaneously, we conduct occupational health and safety and environmental impact audits of solid waste treatment service providers every three years to effectively monitor and manage their occupational health and safety and environmental management levels.

Packaging Material Management

We actively promote the use of renewable materials and recycling-friendly packaging, thereby reducing our reliance on packaging materials. Simultaneously, we promote environmentally responsible packaging material procurement and research packaging product reduction and replacement. During the reporting period, we thoroughly investigated the recyclability of packaging materials by returning hydrochloric acid and liquid caustic soda packaging barrels to their original manufacturers and entrusting qualified units to clean and reuse the discarded packaging barrels.



Hengrui Pharma Reduced the Adverse Effect of Packaging Materials on the Environment

In the process of printing the production batch number, validity period and other information on the outer packaging of the product, by eliminating the ink jet printer and using corner stickers and printers instead, we eliminated the harm of the ink jet printer's ink to the human body and reduced the consumption of ethanol solvent consumption when cleaning the ink jet printer. Meanwhile, in the final packaging stage of the product, we changed the original vial plastic holder to a paper holder to reduce the use of plastic products and minimize the adverse impact of product packaging on the environment.

Indicator		Unit	2021 ²
Energy Use	Total direct energy consumption	Tonnes of Standard Coal	4,937.56
	Total indirect energy consumption	Tonnes of Standard Coal	63,361.52
Water Resources Use	Total water consumption	Tonnes	3,931,299
Use of Main Raw Materials	Usage of main raw materials	Tonnes	21,081
Greenhouse Gas Emissions	Direct greenhouse gas emissions	Tonnes of Carbon Dioxide Equivalent	8,837.68
	Indirect greenhouse gas emissions	Tonnes of Carbon Dioxide Equivalent	235,222.57
	Total greenhouse gas emissions	Tonnes of Carbon Dioxide Equivalent	244,060.25

²The data calculated mainly relate to R&D and production enterprises, including Jiangsu Hengrui Pharmaceuticals Co., Ltd., Shanghai Hengrui Pharmaceuticals Co., Ltd., Chengdu Suncadia Pharmaceuticals Co., Ltd., Chengdu Suncadia Medicine Co., Ltd., Suzhou Suncadia Biopharmaceuticals Co., Ltd., Fujian Shengdi Pharmaceuticals Co., Ltd. and Shandong Shengdi Pharmaceuticals Co., Ltd., etc.

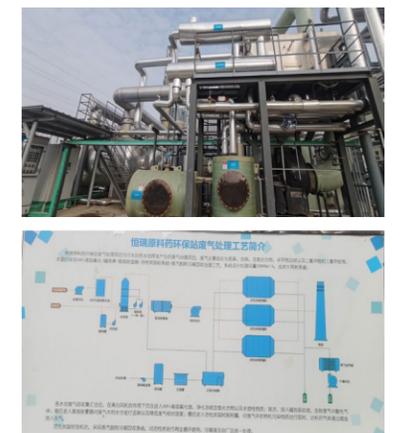
Waste Gas Management

The Company's primary sources of air pollution are various volatile organic compounds (such as non-methane total hydrocarbons) and particulate matter emitted during the pharmaceutical manufacturing process. We use waste gas absorption, dust removal and filtration, and other processes to discharge waste gas at high altitudes and strengthen the control of fugitive waste gas emissions in order to mitigate the environmental impact of waste gas emissions. We collect laboratory waste gas using fume hoods, universal hoods, etc., and then process it through filtering or adsorption devices, periodically replacing the filtering and adsorbing materials to maximize removal efficiency.



Hengrui Pharma Carried out the Upgrading and Transformation of Waste Gas Treatment Facilities

In the process of production and operation, such as material turnover and storage, and disposal of three wastes, we continuously strengthened the control of various air pollutants such as acid gas, dust, and volatile organic compounds. In 2021, we carried out the upgrading and transformation of waste gas treatment facilities in Jinqiao Road, Dapu Industrial Zone, Economic and Technological Development Zone, Lianyungang City, and invested RMB 2.63 million to upgrade the waste gas treatment facilities of sewage stations. The waste gas treatment facilities were upgraded to "AOPs advanced oxidation + alkali spray + activated carbon adsorption, desorption and condensation" facilities, which enhanced odor control and made our contributions to building Dapu a better place.



Hengrui Pharma Built a New Waste Gas Treatment Equipment

We invested 2.5 million RMB in two units of new waste gas treatment equipment and adopted “oxidation tower + alkali washing tower + activated carbon adsorption/regeneration tower” and “resin adsorption/regeneration process”, to ensure the discharge of waste gas in line with the standard, and minimize the adverse impact of production operations on the atmospheric environment.



According to the requirements of pollutant discharge permit and local environmental management policy, we installed VOCs online monitoring facilities, and connected it with provincial and municipal platforms to realize monitoring and management of waste gases

Wastewater Management

We collect wastewater from each production base according to the principle of “rainwater and sewage separation, cleanup and separation, and quality treatment”, including enterprise production wastewater, domestic sewage, rainwater, and clean water. We discharge pretreated high-concentration wastewater and other wastewater into the factory’s sewage treatment station. After meeting the standard, they are all integrated into the park’s designated sewage pipe network system and equipped with accident emergency pools, initial rainwater collection pools, and emergency gate valves, among other things, in order to enable wastewater to be discharged into the pipe up to the standard. At the same time, in compliance with environmental impact assessment and sewage discharge permit requirements, we installed online wastewater monitoring facilities and connected them to municipal, provincial, and national platforms to enable centralized monitoring and management of wastewater discharge.



The wastewater discharge data of Hengrui Pharma's key pollutant discharge units are connected to the Lianyungang Municipal Pollution Source Comprehensive Management Platform



automatic monitoring station and automatic monitoring facilities at Hengrui Pharma sewage discharge outlet

Hengrui Pharma Built a New Sewage Treatment Station in the Biopharmaceutical Industrial Park

We invested RMB 54 million to build a sewage treatment station in Hengrui Pharmaceutical Industrial Park. We adopted sewage treatment process of “oxygen + air flotation + two-stage A/O + air flotation”, and use automation throughout the process to improve the stable operation level of sewage treatment and maximize the dehydration effect of the sludge. At the same time, we employ the treatment of “alkali absorption + biological tower + UV photolysis” and “dry film gas cabinet + complex iron desulfurization + torch combustion” in the factory’s sewage treatment station to improve the stable operation level of waste gases treatment.



Sewage Treatment Station Conditioning Tank



Integrated Sewage Treatment Tank

Solid Waste Management

We establish a prevention and control system for the entire process of solid waste generation, collection, storage, transportation, disposal, and utilization, including the *Solid Waste Management Regulations and the Solid Waste Utilization and Disposal Procedures*, so as to standardize the management of the solid waste ledger and accurately record the type, quantity, flow direction, storage, utilization, and disposal of solid waste generated, as well as other information. During the reporting period, Jiangsu Hengrui Pharmaceuticals Co., Ltd. and Suzhou Suncadia Biopharmaceuticals Co., Ltd. were involved in Jiangsu Province's hazardous waste management system's full life cycle management. The data on the generation, storage, transfer, utilization, and disposal of hazardous wastes were managed in real-time rather than monthly. Additionally, information-based signs for hazardous waste facilities and packaging have been established, which allow us to view real-time tracking records of hazardous waste generation, storage, transfer, utilization, and disposal by scanning the QR code on packaging via "Jiangsu Environmental Protection Dynamics".



转移编号	废物名称	废物代码	转移数量	接收数量	上报进度	转移状态	操作
202212070011546	沾染废物,原辅料...	900-041-...	4.5909	-	出厂成功	● 得到厂确认	查看
202212070011771	沾染废物	900-041-49	7.3509	7.3509	办结成功	● 已签收	查看
202212070011081	废弃产品	272-005-02	10.42	10.42	办结成功	● 已签收	查看
202212070011066	废弃产品	272-005-02	9.75	9.75	办结成功	● 已签收	查看
202212070011045	废弃产品	272-005-02	14.52	14.52	办结成功	● 已签收	查看
20221207000987	沾染废物,原辅料...	900-041-...	13.0614	13.0614	办结成功	● 已签收	查看
20221207000668	沾染废物,原辅料...	900-041-...	7.0131	7.0131	办结成功	● 已签收	查看
202212070001179	沾染废物,原辅料...	900-041-...	13.863	13.863	办结成功	● 已签收	查看
202112070009592	沾染废物,原辅料...	900-041-...	11.4634	11.4634	办结成功	● 已签收	查看
202112070009597	废弃产品	272-005-02	9.5857	9.5857	办结成功	● 已签收	查看



Jiangsu Hengrui Pharmaceutical Co., Ltd. and Suzhou Suncadia Biopharmaceuticals Co., Ltd. were included in the management of the whole life cycle monitoring system of hazardous waste in Jiangsu Province

Hengrui Pharma Hazardous Waste Standardized Management Propaganda Column and Information Disclosure Board



Hengrui Pharma Hazardous Waste Classified Storage Warehouse



Hengrui Pharma Enhanced the Recycling Level of Organic Solvents

We continued to carry out waste reduction work, and made full use of multiple sets of solvent recovery equipment such as membrane distillation, supergravity, and continuous towers in the factory to improve the level of organic solvent recovery and utilization and reduce the amount of solid waste generated. During the reporting period, a total of 45,000 cubic meters of solution to be recovered were processed, and about 20,000 cubic meters of solution were reused, generating economic benefits of nearly RMB 100 million.

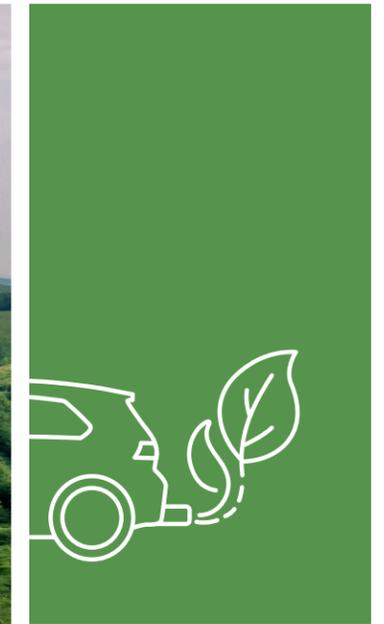


Soil and Groundwater Pollution Prevention

We place a high value on the management and control of soil and groundwater pollution risks. For key soil supervision companies within the Hengrui Pharma Group, we constantly strengthen the soil pollution risk management and control, identify potential hazards of soil and groundwater pollution, inspect the soil and groundwater for hidden pollution risks and take anti-corrosion and anti-leakage measures for key areas such as production areas, storage and transportation areas, sewage treatment stations and solid waste storage areas on a regular basis during daily operations. During the reporting period, we commissioned a third-party organization to conduct a potential investigation of soil and groundwater pollution in relevant companies, actively identify pollutants, polluting facilities, and production activities that may cause soil and groundwater pollution, carry out targeted risk management, promptly revise the *Emergency Plans for Environmental Emergencies* and add the prevention of soil and groundwater pollution to it.

Indicator	Unit	2021 ³
Total Hazardous Waste	Tonnes	14,166.20
Total Non-hazardous Waste	Tonnes	461
Nitrogen Oxides Emissions	Tonnes	2.55
Sulphur Oxides Emissions	Tonnes	0.06
Organic Compound Emissions	Tonnes	22.24
Total Other Significant Gas Emissions	Tonnes	1.48
Number of Pollutant Discharge Outlets	/	122

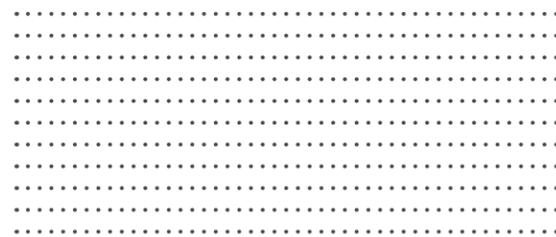
³The data calculated mainly relate to R&D and production enterprises, including Jiangsu Hengrui Pharmaceuticals Co., Ltd., Shanghai Hengrui Pharmaceuticals Co., Ltd., Chengdu Shengdi Pharmaceuticals Co., Ltd., Chengdu Suncadia Medicine Co., Ltd., Suzhou Suncadia Biopharmaceuticals Co., Ltd., Fujian Shengdi Pharmaceuticals Co., Ltd. and Shandong Shengdi Pharmaceuticals Co., Ltd., etc.



Responding to Climate Change

Climate change is quickly becoming a high-profile global concern. Frequent extreme weather and catastrophic events serve as a reminder of the critical situation we are in, and we must act as soon as possible. Hengrui Pharma takes relevant measures to reduce the adverse impact of climate change, adapt to climate change, and create a better development space by identifying the negative impact of corporate decisions and activities on the climate and environment.

In 2021, Hengrui Pharma actively identified climate change's influencing factors, established an emergency response system, and developed an emergency work plan to ensure that internal and external resources could be mobilized in an emergency situation for the Company's production interruption, asset loss, casualties, and other problems caused by extreme weather, and carried out related work. Meanwhile, we thoroughly investigated risk points and actively eliminated various potential safety hazards that may be caused by extreme weather through regular inspections.



Implementing Green Office

Hengrui Pharma always adheres to the concept of "green office, low-carbon life", and consciously guides all employees to practice green and low-carbon office methods. We promote low-carbon life and energy-saving discharge, advocate resource recycling, and create a more harmonious low-carbon working environment by promoting the "Turn-off" action; upgrade the level of informatization work by implementing the "paperless" office; promote low-carbon life and energy saving discharge, advocate resource recycling, and create a more harmonious low-carbon working environment by establishing the "three-color recycling station".

Hengrui Pharma Actively Promoted Energy Conservation and Emission Reduction of Official Vehicles

In order to further promote the energy conservation and emission reduction of official vehicles, we strengthen the guidance and supervision of official vehicles, actively explore energy conservation measures for official vehicles, and promote energy conservation management of official vehicles in an all-round and multi-channel manner.

- Scientific planning and dispatching of vehicles** We scientifically schedule the route and departure form of the shuttle buses, set up the pick-up points reasonably according to the distance of each factory, and adopt an integrated operation mode to prevent empty running. Through this initiative, we saved about 3,145 liters of fuel during the same period, and directly reduced carbon dioxide emissions by 10,750 kg.
- Improved vehicle management** We monitor the real-time status of vehicles according to GPS, improve the level of vehicle management, and display the vehicle running status and driver's driving behavior in real time through the Internet of Vehicles system, guide drivers to develop good driving habits, and improve the efficiency of vehicle energy conservation management.
- Improved appraisal, reward, and punishment measures** Based on the actual driving conditions of the vehicles and the results of big data analysis, we confirm the fuel consumption standard of the vehicles, conduct regular vehicle fuel consumption statistics, and encourage energy-saving and consumption-reducing behaviors via performance rewards.

03

Improved Innovation for Excellence

As a pioneer and leader in innovative drug development in China, and with the mission of "Promote a healthier life for humankind through advancements in science" Hengrui Pharma aspires to contribute wisdom and strength to building a community of common health for mankind. We redefine innovation, strengthen our globally competitive innovation capabilities, continuously improve quality management, optimize customer services, actively promote responsible procurement, and remain a pioneer in China's pharmaceutical industry by providing high-quality products and services to patients worldwide.



Improving R&D

Hengrui Pharma focuses on scientific and technological innovation and is committed to transforming into a multinational pharmaceutical group, and adheres to the strategy of "Remain innovative, fast, and special" in R&D. We have a full-fledged R&D management system in place. We specialize in anti-tumor drugs, surgical anesthesia drugs, contrast agents, special infusions, diabetes drugs, autoimmune drugs, cardiovascular drugs, ophthalmic drugs, and so on. We have established R&D centers in numerous countries and regions around the world, laying the groundwork for innovative R&D and accelerated internationalization.

Enhancing R&D Deployment

Hengrui Pharma is at a critical juncture in its development strategy, promoting transformation and upgrading. Under the new circumstances, Hengrui Pharma is steadfast in its commitment to forward-thinking deployment and diverse innovation. We actively pursue new drug targets, take greater R&D risks to address unmet clinical needs, and fully exploit the potential of drug targets in the pipeline for multiple indications to pursue new indications. Furthermore, we have developed a robust pipeline to treat multiple diseases through various mechanisms so that our products can be complementary and reinforce each other, highlighting our differentiated development strategy and forming our characteristics and competitiveness.

Hengrui Pharma has built a strong pipeline that spans multiple therapeutic areas and all stages of R&D, preclinical development, translational medicine research, and clinical development, laying the groundwork for long-term growth. We have a strong competitive advantage in the anti-tumor field, with an R&D pipeline that includes

kinase inhibitors, antibody drug conjugates (ADCs), tumor immunology, hormone receptor regulation, DNA repair and epigenetics, and supportive therapy. We are heavily invested in sequential therapies with multiple targets in order to ensure a clear response and long-term efficacy. We have made forward-thinking investments in lung cancer, breast cancer, liver cancer, gastric cancer, gynecologic oncology, and urologic oncology. We have also made significant investments in autoimmune diseases, pain management, cardiovascular diseases, metabolic diseases, infectious diseases, respiratory diseases, hematological diseases, and neurological diseases in order to achieve all-around and multi-organ coverage based on disease progression. With a solid deployment, we are also actively exploring new therapeutic areas such as ophthalmology and new forms of therapeutic drugs such as radionuclides in order to continue pushing the boundaries of innovation.

Creating R&D and Innovation System

Hengrui Pharma has consistently promoted R&D of high-quality drugs and established an integrated R&D and innovation system that connects our leading R&D technology platforms and teams at home and abroad and enables the simultaneous execution of multiple types of projects such as R&D, preparation, and exploration.

We have established R&D centers in countries and regions such as China, the United States, Europe, and Japan and leveraged the strength of each center's specialization and function to create a mutually complementary global R&D system and expand into new overseas markets.



Hengrui Pharma has established a national enterprise technology center, a postdoctoral research station, a national molecular targeted drug engineering research center, and a special incubator base for "national major new drug research and development project" and the Company continues to invest in R&D. While ensuring the success of new drug discovery and clinical development projects, the Company has developed a number of new platforms with independent intellectual property rights and world-class technology to enable in-depth research and powerful assistance with new drug development.

Order	Technology Platforms	Main Purposes/ Progress	Sources
1	Antibody Screening Platform Based on High-Throughput Single B-cell Sequencing	In addition to the hybridoma/phage display platform, we have developed our own antibody screening platform based on single B-cell, with high-throughput expression, which significantly shortens the screening cycle and obtains more diverse antibody sequences.	Independently developed
2	BsAb Construction Platform	The HOT-Ig bispecific antibody (BsAb) platform has completed two rounds of optimization and can provide mature technology for BsAb development; several PCC molecules are under development and are expected to file an IND application in the near future.	Independently developed
3	BsAb-T Cell Therapy Platform	On the basis of the already established CD3/TAA BsAb platform, we actively conduct research on CD28/TAA BsAb and CD3/CD28/TAA/ trispecific antibody to enhance efficacy and take side effects under control.	Independently developed
4	ADC Platform	Utilizing the tecan-like toxins-based ADC platform, several molecules have already been at the preclinical and clinical development stage; we are developing a new generation of fixed-point coupling technique with independent intellectual property to improve the homogeneity of ADCs, and new Payloads (toxin molecules) with different mechanisms of action, which can be applied to different types of tumors and the correspondingly sensitive small molecule toxins used are expected to overcome the resistance of ADCs, expand new therapeutic areas and indications, and ensure a more diverse ADC product portfolio.	Independently developed
5	PROTAC Platform	We apply PROTAC technology to breast cancer and other therapeutic areas in combination with drugs in our pipeline.	Independently developed
6	AI-Based Platform for Molecular Design	We continue to optimize the existing crystal structure platform and compound library system, plan to build a new HTS screening platform in 2022, and introduce Makya, a molecular generation artificial intelligence system for designing small molecules from scratch produced by Iktos, a French company, to gradually develop an AI-based platform for drug design and improve the conditions for FIC drug development.	Independently developed + In collaboration with partners
7	Gene Therapy Platform	We have established a new generation of the multifunctional AAV coat-targeted screening platform and tissue-targeted platform based on high-throughput screening technology, and produced several new AAV tissue-targeted coats and highly efficient and high tissue-specific promoters with independent patents.	Independently developed



Laboratory for Drug R&D

Hengrui Pharma has developed a system based on its strategic layout and development need, comprised of overseas and domestic core technical talents with master's and doctoral degrees, in order to sustain its high-quality growth. As of the end of the reporting period, the number of R&D and clinical team members exceeded 5,400.

Transforming Innovation Results

Hengrui Pharma's R&D investment in recent years has been among the highest in the Chinese pharmaceutical industry. We have achieved industry-leading drug development and marketing results, drug registration, patent protection, and patent maintenance through years of continuous and high-intensity innovation input. We invested RMB 6.203 billion in R&D during the reporting period, and the proportion of R&D investment in sales increased to a new record of 23.95%.

We have seen ten innovative drugs approved for marketing in China as a result of our forward-thinking development strategy focused on technological innovation. In terms of R&D for innovative drugs, we have essentially established a continuous pipeline from discovery to clinical development and product launch, thereby establishing the foundation for our strong independent R&D capability.



invested in R&D during the reporting period RMB

6.203 billion



the proportion of R&D investment in sales increased to a new record

23.95%

Order	Product Names	Date of Marketing Approval	Product Introduction	Product Pictures
1	Imrecoxib	June 2011	Imrecoxib is a new, target-specific, selective anti-inflammatory and analgesic COX-2 inhibitor, offering a new option for osteoarthritis patients and breaking the monopoly of similar imported products, reducing the disease burden on patients.	
2	Apatinib Mesylate	October 2014	Apatinib Mesylate is the world's first orally administered small molecule targeted drug for advanced gastric cancer. Clinical trials have covered 20 types of cancer in the past eight years since it was approved for marketing, offering new treatments for patients with different types of cancer.	
3	Mecapegfilgrastim	May 2018	Mecapegfilgrastim is a second-generation, long-acting G-CSF product, the first to receive WHO chemical designation in China, and the only trial in the world that obtained superiority trial results of comparing to short-acting G-CSF, providing a new therapeutic option for neutropenia during chemotherapy.	
4	Pyrotinib Maleate	Conditionally approved for marketing in August 2018; and fully approved in July 2020	Pyrotinib Maleate is China's first original anti-HER2 targeted drug, and the first innovative drug for solid tumors conditionally approved based on a phase II clinical trial.	
5	Camrelizumab	May 2019	Camrelizumab is a PD-1 inhibitor with the most approved indications in China and the widest coverage of tumor types in China. Clinical trials have also been conducted simultaneously in more than 100 centers in 13 countries and regions such as the United States, Europe, South Korea and China. Moreover, Camrelizumab has been licensed out to Crystal Genomics for development in South Korea.	

Order	Product Names	Date of Marketing Approval	Product Introduction	Product Pictures
6	Remimazolam Tosilate	December 2019	Remimazolam Tosilate is the first short-acting sedative-hypnotic drug with independent intellectual property rights (IPRs) in China.	
7	Fluzoparib	December 2020	Fluzoparib is the first PARP inhibitor with IPRs in China. We innovatively introduced the trifluoromethyl structure, offering a new option for long-term maintenance therapy for Chinese patients with recurrent ovarian cancer.	
8	Herombopag Olamine	June 2021	Herombopag Olamine is the first self-developed non-peptide orally administered thrombopoietin receptor agonist (TPO-RA) in China. It is still at the R&D stage for indications such as chronic primary immune thrombocytopenia in children and adolescents, and is designed to meet unmet clinical needs.	
9	Dalpiciclib Isetionate	December 2021	Dalpiciclib Isetionate is China's first original, novel, highly selective CDK4/6 inhibitor, which will boost the accessibility of CDK4/6 inhibitors and offer new treatment options for Chinese breast cancer patients.	
10	Henagliflozin Proline	December 2021	Henagliflozin Proline is the first original innovative SGLT2 inhibitor approved in China, and its combination with Metformin Hydrochloride and DPP4 inhibitor is in the R&D stage, which can provide diverse clinical options.	

➤ **Highlight Achievements:**

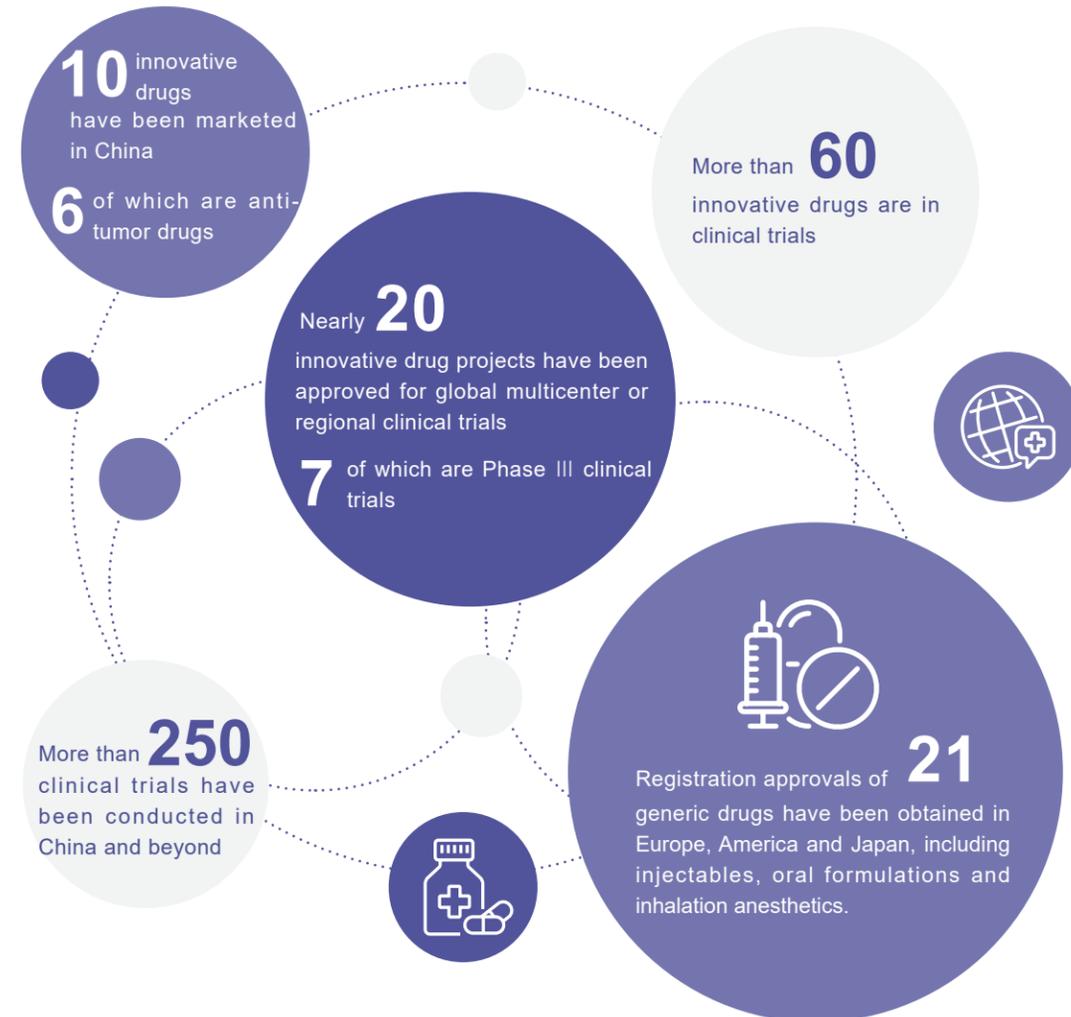


Table: 2021 Hengrui Pharma Patent Applications and Licenses

Indicators	Unit of Measurement	2021
Number of Patent Applications during the Reporting Period	Patent	333
Number of Domestic Patents Licenses during the Reporting Period	Patent	112
Number of Overseas Patents Licenses during the Reporting Period	Patent	117
Total Number of Patents as of the End of the Reporting Period	Patent	1,806



Hengrui Pharma Developed China's First SGLT2 Inhibitor for the Treatment of Type 2 Diabetes

Diabetes is a metabolic disorder caused by insulin resistance and an absolute or relative deficiency of insulin secretion, with chronically elevated blood glucose as the clinical manifestation. Diabetes is usually classified as type 1 diabetes, type 2 diabetes, gestational diabetes and other forms of diabetes, with type 2 diabetes accounting for more than 90% of all diabetes cases. According to the International Diabetes Federation, there were 463 million people with diabetes in the world in 2019, with an incidence rate of 9.3%, and the number is expected to increase to 700 million in 2045. The incidence rate of diabetes in China is 11.2%.

Henagliflozin Proline Tablets (R&D code: SHR3814) is a new class 1 chemical drug independently developed by Hengrui Pharma and is the first original SGLT2 (sodium-glucose co-transporter 2) inhibitor in China, which has been awarded the Technological Special Project for Significant New Drugs Development during the 12th Five-year Plan Period. At present, SGLT2 inhibitors are recommended as the first choice by many Chinese and international guidelines because of their unique cardiovascular and renal benefits. The results of the two Chinese Phase III clinical trials of Henagliflozin Proline Tablets show that it has significant glucose-lowering and blood pressure-lowering effect, achieves the expected superiority hypothesis test results, remains effective and has a sound safety profile for long-term use. During the reporting period, Henagliflozin Proline Tablets was approved for marketing for the indication of improving glycemic control in adults with type 2 diabetes.



CDK4/6 Inhibitor Dalpiciclib Isetionate Tablets Was Approved for Marketing

On December 31, 2021, Dalpiciclib Isetionate Tablets (CDK4/6 inhibitor), a new class 1 innovative drug independently developed and manufactured by Hengrui Pharma, was officially approved for marketing by the National Medical Products Administration (NMPA). It is the first independently developed CDK4/6 inhibitor in China.

To meet the urgent clinical needs of breast cancer patients in China and to solve a shortage of their drugs available, Hengrui Pharma is determined to push forward with the R&D of Dalpiciclib Isetionate Tablets. We are aware of the increased number of breast cancer patients in China, and also the fact that the onset of this disease in Chinese patients tends to be nearly ten years earlier than that in Western countries, meaning that the former is in more urgent need of the CDK4/6 inhibitor than the latter is. Since the inception of the project in 2013, Hengrui Pharma has been guided by the objective of "better meet the needs of Chinese patients" in drug development and clinical trials, taking into account the special needs in China, and designing clinical trials that are more suitable for Chinese patients' clinical baseline, so that Dalpiciclib Isetionate Tablets can deliver new options to Chinese patients who have long been facing treatment difficulties.

The approval of Dalpiciclib Isetionate Tablets is also a crucial step in the comprehensive development of Hengrui Pharma in the field of breast cancer. We now have a pipeline of new drugs for almost all types of diseases in the breast cancer field and will continuously strive to offer new therapeutic options for new drug-resistant targets and new antibodies and of different molecular forms to provide Chinese patients with affordable new domestic drugs.

Strengthening Intellectual Property Protection

Hengrui Pharma strictly adheres to applicable laws and regulations, including the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China, and has developed a variety of management measures, patent risk prediction systems, and operating rules for the purpose of updating patent information, such as the *Management Measures on the Regulation of Pre-registration Approval of Published Papers and Clinical Trials*, the *Management Measures of Patent Application of Hengrui Pharma*, the *Regulations on Patent Maintenance Process of Hengrui Pharma*, and the *Naming Rules for Pharmaceutical Products*. We use whole-process regulation to manage intellectual property (IP) risks during drug development, stay current on the latest patent information, protect our own IPRs, and respect the rights of others.

To further mitigate risks, Hengrui Pharma specifies who owns IPRs in its collaboration contracts in order to protect both its partners' and its own IPRs. Simultaneously, we continue to raise awareness of IPR protection within the company through IPR training for all employees and key knowledge training and examinations for R&D employees. There were no intellectual property disputes during the reporting period.

Meanwhile, Hengrui Pharma actively promotes the industry's IP protection transformation. Mr. Sun Piaoyang, chairman of Hengrui Pharma, has served as a representative of the National People's Congress for three consecutive terms and has consistently provided input for the pharmaceutical industry's development and innovation. For example, he proposed broadening patent term compensation and patentability conditions for drug products, allowing new imported drugs that have completed clinical trials in China to obtain patent term compensation, and ensuring that patent term compensation covers all indications, at least for innovative drugs that are first marketed when using compounds to apply for patent term compensation, in order to promote development and innovation in the pharmaceutical industry.



IP Awards

National Intellectual Property Demonstrative Enterprise (since 2015)

2021 High Value Patent Cultivation Demonstrative Center 2.0 in Jiangsu Province

2021 Camrelizumab (Sequence Patent: ZL201480011008.6) won the Patent Silver Award from the China National Intellectual Property Administration

Enhancing Quality Control

Hengrui Pharma adheres to laws and regulations such as the Medicinal Product Administration Law of the People's Republic of China, the Measures for the Administration of Drug Registration, the Measures for the Supervision and Administration of Drug Production, the Measures for the Administration of Post-Marketing Drug Changes (For Trial Implementation), the Good Clinical Practice, the Good Manufacturing Practices for Pharmaceutical Products, and the Specifications for Pharmacovigilance Quality Management. We have established a solid quality management system, are constantly improving our internal quality management system, are implementing whole-process control from R&D to marketing, are carrying out all-around product quality control and service quality management with high standards and strict requirements, and are constantly refining our quality management mode.



Product Quality System

Hengrui Pharma continuously optimizes its manufacturing processes and product quality with the concept and method of "Quality stems from design". In accordance with the requirements of the U.S. Food and Drug Administration (FDA) for managing products throughout their life cycle, we have established six Good Manufacturing Practice (GMP) management systems centered on the quality system to ensure that the drugs produced meet anticipated needs, registration requirements, and customer requirements. As of the reporting period's end, all of our production lines had obtained GMP and ISO 9001 quality management system certification, and we had established production workshops equipped with first-rate facilities and compliant with international standards. To further implement the quality strategy, we established and perfected a "top-down and bottom-up" quality target system and enhanced the design of the quality target supervision system, risk monitoring system, and audit system in order to organize the entire quality management process, ensure the safety, effectiveness, and quality control of drugs, and continuously and efficiently improve the quality management system. By implementing the quality target system, we standardize quality requirements at the organizational level and then break them down to each subsidiary and then to departments at all levels, aligning individual employees' work with the company's overall strategic quality development, continuously improving the production and quality system, widely disseminating the advanced quality management concept, and encouraging all employees to participate in the construction of our quality system actively, to realize the concept of comprehensive quality management.



Hengrui Pharma's Six GMP Management Systems

Hengrui Pharma strictly controls product quality, adheres to science- and risk-based principles and international pharmaceutical manufacturing standards such as the Chinese Pharmacopoeia (CP), the European Pharmacopoeia (EP), and the United States Pharmacopoeia (USP), and establishes internal control standards that exceed mandatory standards, requiring exported products to meet or exceed EP and USP standards. Internal auditors are employed on a full-time basis to supervise and audit process compliance for manufacturing and operating activities. Additionally, we have entered into quality agreements with our suppliers to implement continuous quality control throughout the manufacturing process and to monitor distribution channels to ensure high-quality products.



Drug Production Workshop



Jiangsu Province Demonstrative Intelligent Workshop

Hengrui Pharma's Product Quality Awards

- Lianyungang Quality Award issued by Lianyungang Municipal Government in 2017
- Quality Award of Jiangsu Province issued by the Jiangsu Provincial People's Government in 2018
- Jiangsu Provincial Quality Credit AAA-Grade Enterprise approved by Jiangsu Provincial Administration for Market Regulation and Jiangsu Provincial Commission of Development and Reform in 2019
- Certificate of Excellent Enterprise of Quality Management Group Activity in 2021 issued by Lianyungang Municipal Bureau of Industry and Information Technology, Lianyungang City Federation of Trade Unions, Lianyungang Municipal Association for Science and Technology, Lianyungang City Quality Association in 2020 and 2021
- Quality Management (QC) Group Activity Excellent Enterprise in Jiangsu's Pharmaceutical Industry in 2021 awarded by Jiangsu Pharmaceutical Quality Management Association in 2021

Ensuring Ethics of Laboratory Animals

Hengrui Pharma is committed to treating laboratory animals humanely, adhering to the internationally recognized Three Rs principle (i.e., Replacement, Reduction, and Refinement), and upholding the laboratory animals' Five Freedoms (i.e., respecting freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury and disease, freedom to express normal and natural behavior, freedom from fear and distress). We place a high premium on the safety and ethical review of laboratory animals, strictly adhere to regulations such as the Regulation on the Administration of Laboratory Animals, treat them humanely, ensure their welfare, and protect experimenters' safety.

Ethical Review of Laboratory Animals

- Keepers must not tease or abuse laboratory animals;
- Regular observation of animals during daily management, and if abnormalities are found, promptly find the cause and take targeted measures necessary
- Minimize animal panic and pain in experiments;
- Choose a "mercy endpoint" to avoid prolonged suffering of the animals after experiments without affecting the experimental results.

Safety Management of of Laboratory Animals

- Strictly control the source to ensure that all laboratory animals are purchased from sellers with laboratory animal production licenses;
- Standardize animal experimental facilities, separately manage different kinds of animals, prepare quarantine rooms and breeding rooms for each kind of animals, and check before animal experiments;
- Place a high premium on disinfection and protection, wear disposable headgear, working shoes and overalls, etc. before entering experimental facilities;
- Treat experiment-related waste in a specific way, etc.

Hengrui Pharma's Management Measures for Laboratory Animals

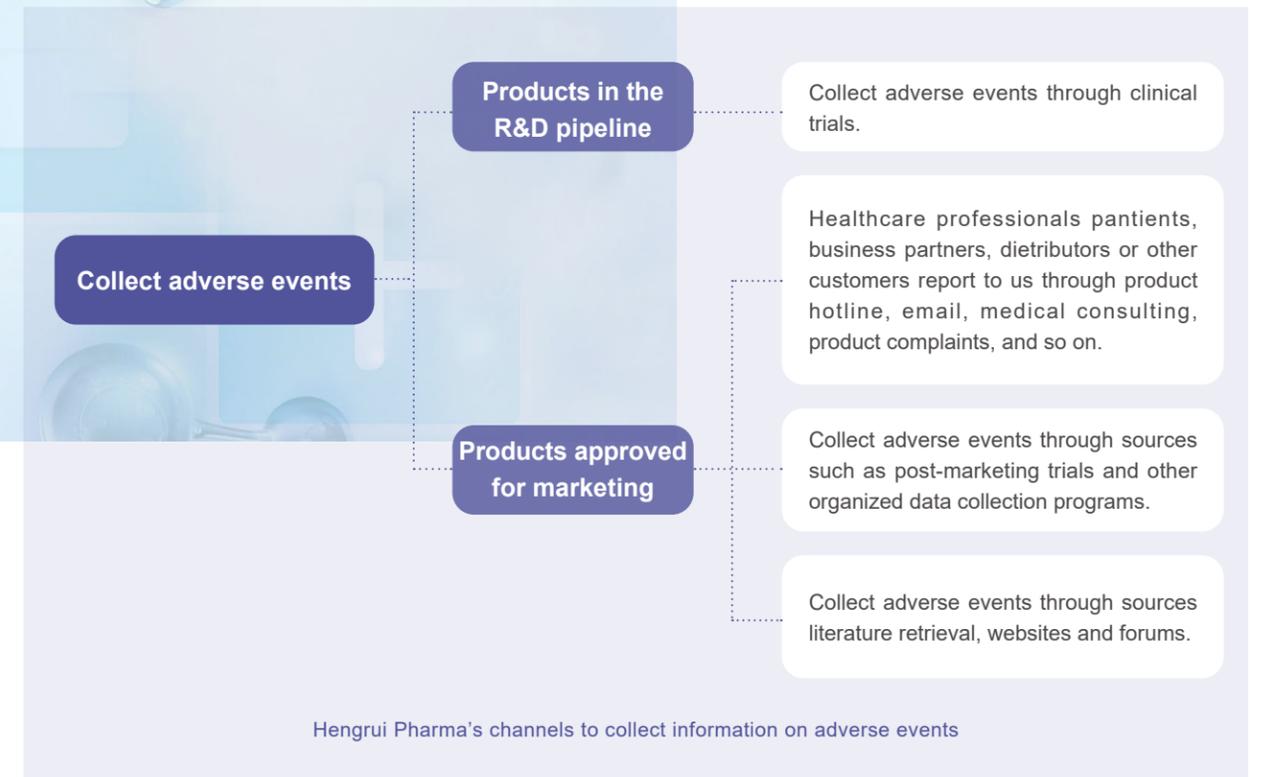


Regulating Clinical Trials

The clinical trials conducted by Hengrui Pharma cover Phase I - IV clinical trials in China and beyond, follow the guiding principles of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) and the Declaration of Helsinki, as well as relevant ethical requirements in various countries and regions. We implement R&D projects to meet clinical needs, observe the requirements imposed by the National Medical Products Administration of China (NMPA), the U.S. Food and Drug Administration (FDA), the European Medicines Agency (EMA) and other national drug regulatory authorities, and conduct relevant clinical trials after approval. We conduct clinical trials strictly in line with the trial protocol on the premise of ensuring the safety and rights of participants as well as the authenticity and reliability of data. It has been verified and confirmed that various registration trials were implemented by us in a fully compliant way during the reporting period, and all drug results were reviewed and approved by the Drug Review Center and then approved for marketing.

Monitoring Product Safety

Hengrui Pharma takes the initiative to monitor, identify, evaluate and control the safety of marketed products and products in the R&D pipeline, establishes channels to effectively collect information from doctors, pharmacists and patients, remains active in obtaining information on adverse events in terms of clinical application, clinical trials, marketing, academic literature and relevant websites or forums, and takes promptly risk control measures.



Hengrui Pharma promptly evaluates any adverse event once it is found or learned, and evaluates adverse event monitoring-related data, clinical trials, literature and other information on a regular basis. When a new and serious adverse event is found, the number of reports increases abnormally or the number of reports on a particular drug batch number soars significantly, we will have a particular focus on them. In addition, we regularly and comprehensively evaluate the safety of drugs, identify their potential risks, study the mechanisms and causes of risks, determine the level of risk based on the analysis and evaluation results, and put in place proactive and effective risk control measures, including promptly updating instructions, reporting to or communicating with relevant regulatory authorities and medical workers, and operating in line with the requirements of pharmacovigilance regulations in various countries. We continue to strengthen drug safety supervision, manage and control drug risks promptly and effectively to ensure the safe use of our products by patients, and their clinical benefits.



Enhancing Product Traceability and Recall

Hengrui Pharma has established a comprehensive product recall system and sample tracing mechanism, and conducts a mock recall of preparations every two years and a mock recall of active pharmaceutical ingredients every three years to ensure the effectiveness of the recall system. Simultaneously, we continue to improve the management protocol of drug traceability platform and the guideline protocol of drug information traceability code. The traceability code is printed on the packaging of our marketed preparation products to ensure their traceability.

During the reporting period, we did not have any recall or case investigated by national regulatory authorities due to product quality and safety issues.

Constructing a Quality Culture

We continuously strengthen the construction of a strong quality culture and conduct quality-themed activities to create a good cultural environment in which everyone places a high value on quality. We integrate the GMP awareness into our daily work and actively organize quality control (QC) team activities to continuously improve the production quality system through technological advances, ensure all front-line production and management personnel learn the content and characteristics of the updated national regulations, as well as work that must be carried out in a short period of time, and actively partake in the construction of our quality culture by widely promoting advanced quality control concepts.

During the reporting period, we were awarded the Excellent Enterprise in Quality Control Team Activity in Jiangsu province pharma industry, and our Excellent QC Team and Key QC Team received the First Prize of Excellent QC team result publication in the National Pharmaceutical Industry respectively.



Hengrui Pharma's Quality Management Awards in 2021

Broadening Market

Hengrui Pharma has an extensive global outreach, with presence in more than 40 countries, including developed countries such as the United States, the United Kingdom, Germany and Australia, and developing countries such as Pakistan, Indonesia, Egypt, the Philippines, Thailand, India, Malaysia, Venezuela and Costa Rica. We are committed to making our drugs available to more patients in emerging markets and developing countries, actively work with their local competitive pharmaceutical companies to register products that have been approved for marketing in Europe and the United States, and enter the market through centralized bidding and marketing in hospitals, to compete fairly with other pharmaceutical manufacturers. Meanwhile, we take into account the level of local economic development and price our drugs lower to the local same kind drugs, and significantly lower than those sold in developed countries, to provide high-quality and affordable products to patients worldwide.

Moreover, Hengrui Pharma has cooperated with companies such as Crystal Genomics, HLB Life Science, two Korean-based companies, and Arcutis, an American company, to license out innovative drugs with independent IPRs for their clinical development, registration and marketing, to promote the internationalization of the Company's innovative drugs and have them benefit patients across the world.

Products	Partners	Date of Authorization
SHR0302 Tablets	Arcutis Biotherapeutics, Inc., the United States	January 2018
SHR1459 Tablets	TG Therapeutics, Inc., the United States	January 2018
Camrelizumab for Injection	Crystal Genomics, Inc., South Korea	April 2020
Pyrotinib Maleate Tablets	HLB Life Science Co., Ltd., South Korea	September 2020
SHR-1701 Injection	DONG-A ST Co., Ltd., South Korea	November 2020



Improving Customer Service

Hengrui Pharma adheres to a service philosophy of putting customer at center and first, continues to improve customer service management system, actively responds to customer demands, places a value on sales management and marketing compliance, fully protects customer privacy and security, boosts customer service quality and efficiency in various ways, and improves customer service experience and satisfaction.



Strengthening Responsible Marketing

Hengrui Pharma continuously improves the responsible marketing management system, and strictly regulates the sales business operation process by formulating sales management systems and measures such as the *Regulations on Marketing*, the *Ten Prohibitions for Ensuring Integrity of Sales Management*, the *Guidelines on Basic Work Regulations of Sales Representative*, and the *Guidelines on the Work Regulations of Marketing Executives*, and provides guidance and constraints on the whole sales process. We strive to form a "compliant, pragmatic, innovative, professional and enterprising" team to ensure that our marketing is standardized and compliant.

Hengrui Pharma continuously promotes sales integrity, clarifies the required professional skills and business conduct prohibitions for marketing employees, and requires sales executives to enter into a pledge of integrity. During the reporting period, we created the Compliance Benchmark Offices, and steadily promoted sales compliance by encouraging sales employees of integrity to lead by example and others to follow suit. In overseas marketing, Hengrui Pharma cooperates with international first-class pharmaceutical companies with high compliance standards, and clearly signs relevant compliance clauses into our

contract to ensure marketing compliance. Simultaneously, we regularly conduct responsible marketing internal control reviews for all marketing employees and suppliers throughout the process their projects, severely punish violators and immediately terminate contracts with non-compliant companies.

We conduct compliance and responsible marketing training for all employees on a regular basis and professional skills training for our sales employees to raise the awareness of responsible marketing among all employees, continuously improve our sales employees' professional skills, and enhance sales compliance management. During the reporting period, we conducted a compliance training on topics such as anti-corruption, anti-bribery and anti-monopoly in the form of lectures, communications and seminars, to interpret the *Regulations on Marketing* and our compliance policies. During the reporting period, we conducted 135 training sessions in 37 cities of 18 provinces, with over 8,700 participants. In addition, we organize product and medical knowledge and skills training on a regular basis for our marketing employees to enhance their understanding of relevant adaptive treatment protocols and improve their capabilities to communicate information.

Ensuring Privacy Protection and Security

Hengrui Pharma strictly complies with domestic and foreign laws, regulation and normative requirements such as the Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the General Data Protection Regulation (GDPR), the Health Insurance Portability and Accountability Act (HIPAA Act), regulations in various places of operation at home and abroad, and has formulated the *Management System of Trade Secret Carriers (For Trial Implementation)* and the *Personal Data Privacy Protection Policy*, and the *Notice on Strengthening Management of Information Data and Network Conference Security*, requiring that the data protection principles be observed in the handling of personal data of customers, patients, suppliers, and so on. Relevant systems and policies apply to all employees including full-time employees, labor dispatching workers, interns, employees dispatched to global projects, and third-party partners, etc., and this constraint is reflected in the relevant agreements signed with third parties.

Hengrui Pharma establishes a sophisticated information protection system to effectively prevent information leaks incurred by personal information breaches, computer viruses and illegal intrusion, and to ensure information security. We manage data security using domain account, VPN, enterprise mailbox and other information tools, and remind employees on a regular basis to change their account passwords to avoid data loss caused by their compromised password. We also provide employees with convenient and safe data storage tools such as "Hengrui Private Cloud" to ensure the safety of the company and employees' personal information. Moreover, we require that sensitive information about personnel not be collected, and data provided externally are subject to the *Management System of Trade Secret Carriers (For Trial Implementation)*, to standardize the information application process, control the flow of personal information, and reduce the risk of data leak.

Improving Customer Communication and Satisfaction

Hengrui Pharma has always maintained regular and close contact with customers and established multi-layered and comprehensive channels for customer service communication, to ensure sufficient communication with customers and improve their sense of satisfaction.

We place a high value on customer complaints and feedback, and offer a hotline "400" to promptly access customer complaints and feedback. We optimize complaint mechanisms, strengthen complaint analysis using unimpeded channels, and actively identify the causes and make changes in response to complaints and feedback, to continuously improve customer service quality and our capabilities to handle complaints.

We also strive to strengthen customer service tracking, active in comprehensively understanding customers' evaluation of products and services and diversified needs through visits and surveys, to respond to their demands and improve our R&D. During the reporting period, the results showed that 94% of customers were satisfied with our services.



Implementing Responsible Procurement

Hengrui Pharma has formulated a stringent supply chain management system, actively conducts communication with and training for suppliers, and strives to ensure a stable and efficient supply chain system.



Conducting Supplier Management

Hengrui Pharma implements the whole life cycle management of suppliers, has established and improved the Supplier Management System, the Bidding Management System, the Price Management System, the Supplier Development and Access System, the Material Procurement Management Procedures, the Procurement Contract Management System, the Compliance Investigation System for Commercial Partners of Hengrui Pharma (For Trial Implementation) and other rules and regulations related to bidding, procurement and supply chain management. We continuously optimize supplier development, access, bidding, performance assessment and elimination mechanisms, adopt an advanced information management system, promote the whole process compliance, which includes bidding, procurement, acceptance of products and payment, standardize supplier management and procurement, ensure the quality of material, engineering and services delivered by providers, and meet the needs in R&D, production, sales and construction engineering.

Qualification and Access

We continuously develop and introduce high-quality and safe suppliers at reasonable prices. We conduct access audit inspections to avoid procurement risks and compliance risks before procurement, by following the supplier verification and accreditation procedure to review the qualification of suppliers in terms of innovation and R&D capability, product quality, occupational health and safety, and environmental management.

Basic qualifications: factory address, business license, size, financial status, production license, product registration certificate;

Plant and equipment facilities, QC, quality assurance (QA), materials, packaging and labeling, production systems, and the compliance to audit requirements;

Quality of the materials supplied previously, consistency in material quality, and record of disqualified material;

Relevant quality qualifications and a ISO 9001 quality Management system;

Technological, service, innovation and R&D capabilities;

Sound safety management institutions, a personnel management and responsibility system, an occupational health and safety management system, and so on.

Environmental protection facilities, location in a chemical park, and an ISO 14001 environmental management system;

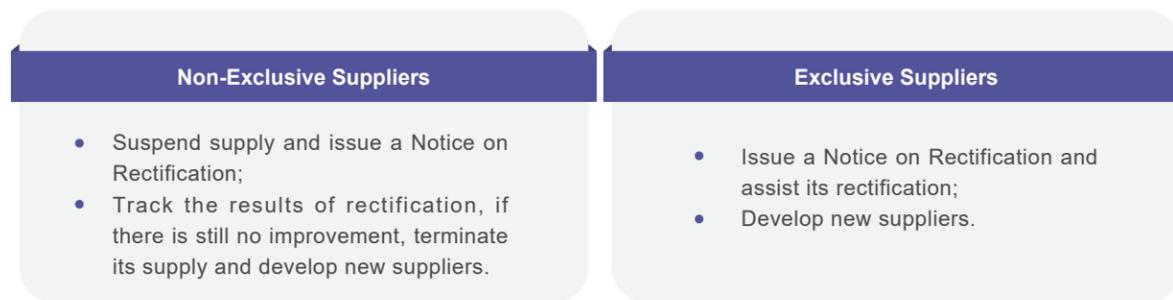
Key Factors in Supplier Access

Table: Hengrui Pharma Supplier Accreditation

Indicators	Unit of Measurement	2021
ISO 14001 Certification	Supplier	73
ISO 13485:2016 Certification	Supplier	11
CE Certification	Supplier	11

Appraisal and Evaluation

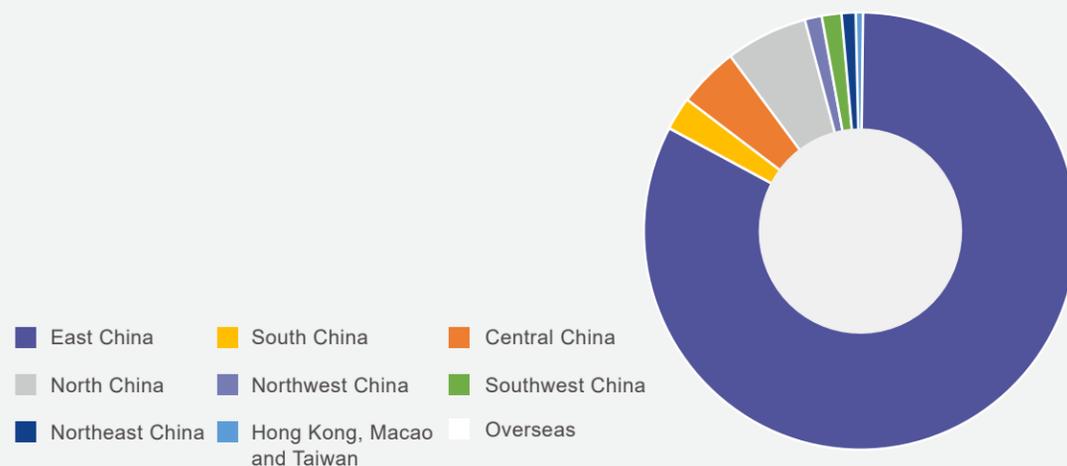
Hengrui Pharma enters into standardized agreements with suppliers, strictly regulates distributes channels, monitors the whole process, and ensures high-quality products supplied using acceptance management of their deliverables. We also conduct dynamic monitoring and evaluation of the suppliers who are confirmed to be qualified and start supplying, motivate the existing suppliers to improve quality and services, ensure their supply effectiveness, and promote cooperation with excellent suppliers. Meanwhile, we evaluate the performance of existing suppliers on a regular basis in terms of areas such as quality, price, delivery, qualification, safety and environment and services, conduct annual audits for some important suppliers, and implement subsequent procurement with reference to the evaluation and audit results. We terminate cooperation with suppliers if there are problems in their supply safety, quality, environmental assessment or integrity, to create a sound competitive environment in which high-quality suppliers can distinguish themselves, and all suppliers continuously improve product quality and overall capability, and supply satisfactory products and services to us.



Punitive measures for unqualified suppliers of Hengrui Pharma

At the end of the reporting period, we had 1,500 suppliers, the distribution of which is shown below by country and region. We conducted qualification evaluation for production material supplier and selected 40 high-quality suppliers, 300 acceptable suppliers and 6 unacceptable suppliers.

Number of Suppliers by Country/Region in 2021



Communication and Training

Hengrui Pharma maintains sound and close communication with its suppliers using telephone, e-mail, on-site visits, training, and so on, to update each other's recent basic situation, future development direction and other aspects, to learn suppliers' major product type, product quality, delivery and after-sales service, and to put forward targeted suggestions for improvement.

Hengrui Pharma organizes training on regulations and quality control and other related knowledge as well as technical and experience exchange activities each year, to continuously motivate suppliers to solve technical problems and standardize management, and effectively ensure the stable quality of the supply source, thus providing a guarantee for building a mutually beneficial and efficient high-quality supply system.

Hengrui Pharma's Training for Suppliers

Topics	Number of Supplier Trainees (person)
Anti-corruption	463
Health and Safety	105
Labor Rights	17
Environmental Protection	249
Quality	354
Technology and Skill Upgrading	432
Others	/



Managing Supply Chain Risks

Hengrui Pharma implements comprehensive identification, assessment and control of supply chain risks, and places a high value on the material supply chain. By analyzing market information and our internal structure, we categorize materials into "high-risk" ones susceptible to the outbreak of the pandemic and safety problems, "exclusive and monopolized" materials provided by exclusive suppliers, and "regular" materials, which have more than three suppliers in the market and whose type and quality meet our demand. We have formulated corresponding measures for the risks identified by different types of materials, including coordinating with various departments to sort out the production plan and demand for products within a certain period, guarantee at least a minimum inventory and arrival of goods management, check delivery time and quantity with suppliers, and, for "high-risk" and "exclusive and monopolized" materials, promptly find their alternative sources and increase their quantity of supply.

Implementing Digital Management

To meet the rapidly increased procurement needs because of the fast growth, Hengrui Pharma has fully begun the digital procurement management to better manage and monitor the supply chain in three areas, which are full-cycle management of suppliers, the transformation of procurement needs into contract orders, and procurement execution to payments, to control the supply chain and improve its overall operation efficiency. Meanwhile, we leverage the IT-based digital procurement management system and the risk management software to monitor the compliance risk of suppliers in a real-time manner.



Hengrui Pharma Held R&D Day Conference "Empowering Through Innovation, Embracing Global Journey"

On October 15, 2021, Hengrui Pharma held the 2021 R&D Day Conference to provide an opportunity for those in the industry to network and learn about cutting-edge information during the COVID-19 pandemic. This online-offline hybrid event attracted nearly 1,500 investors, analysts and industry experts. At the conference, we shared our current developments, R&D strategy adjustment, innovative drug pipeline portfolio, progress in innovation and R&D, and translational medicine developments, and invited widely recognized experts in such fields as breast cancer, lung cancer, hematology and urology, to explain the leading advantages and latest research progress of various innovative drugs developed by Hengrui Pharma in multiple therapeutic areas.



Achieving Win-Win Results

In pursuing its innovation-driven growth, Hengrui Pharma actively conducts external technical exchanges and discussions, promotes the integrate cooperation between industry, academia and research institutions and aligns various resources from universities, the public sectors and businesses to jointly promote scientific research and technological progress, and build an open, healthy, collaborative and win-win innovation ecology.

Hengrui Pharma is committed to building professional platforms centered on clinical diagnosis and treatment, such as the "Thrombocytopenia Syndrome Management Institute", which supports the all-round development of health care, education and research in hematological system chronic diseases and empowers the whole-process management of antitumor treatment. We cooperate with professional academic organizations such as the Chinese Anti-Cancer Association, the Chinese Society of Clinical Oncology, the Chinese Medical Association, and the Chinese Medical Doctor's Association to assist clinical treatment through a variety of activities such as the "Adverse Events Management of Anti-tumor Therapy Forum", and develop a diverse academic ecology to disseminate information from domestic and international professional journals and top academic conferences. During the reporting period, we have published 28 papers in Journal of the American Medical Association (JAMA), Lancet Oncology and other top world-class journals, with a cumulative impact factor of nearly 430, including 19 oncology papers and nine non-oncology papers, and among which 15 critical papers have an impact factor of over 10.

Hengrui Pharma actively engages in the formulation of industry standards and in the discussions and quality management exchanges organized by regulatory authorities and industry associations. Hengrui Pharma is the vice-chairman of Jiangsu Pharmaceutical Quality Management Association and Lianyungang Quality Association, the executive director of China Pharmaceutical Quality Management Association, Jiangsu Chief Quality Officer Association, Jiangsu Quality Association, Jiangsu Association of Licensed Pharmacists, and a member of Jiangsu Intellectual Property Trademark Association.

We strengthen cooperation with biopharmaceutical companies and adopt various flexible methods to attract and train talented teams and projects to assist them to improve their R&D capabilities. In our cooperation with contract research organizations (CROs) over the years, we have taken the initiative to strengthen technological exchanges with them to enhance professional capabilities at the industry level. In addition, we gradually begin cooperation with some domestic companies to purchase their instruments and consumables to replace imported products, and offer suggestions for them, to assist these companies to continuously optimize their products and meet international standards.

04

Commitment to Employees and Their Prospects

Hengrui Pharma has developed a sophisticated talent development strategy to identify, nurture, and empower talent for increased efficiency and transformation with a philosophy of putting people first. We actively recruit talent from both domestic and international sources, safeguard our employees' rights and interests, ensure their health and safety, and look after them. We provide a platform for employees to demonstrate their abilities, recognize their worth and grow alongside the company.



Pursuing Diversified and Legally Compliant Employment

Hengrui Pharma adopts a professional and internationalized strategy to attract talents, and adheres to the principle of fair employment, strictly abides by laws, regulations and policies such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulation on Paid Annual Leave for Employees, the Implementation Measures for Paid Annual Leave for Employees of Enterprises, the Labor Dispute Mediation and Arbitration Law of the People's Republic of China, and has formulated its internal regulations and standards such as the *Employee Handbook*, the *Onboarding Management System and Process*, the *Process on the Issuance of Organizational Structure Adjustments and Changes in Senior Management*, the *Worker Adjustment Management System and Process*, and the *Policy for Localized Employment* to protect the rights and interests of employees according to the laws and ensure that they enjoy fair and just access to opportunities for development.

Hengrui Pharma has developed a diverse, standardized, and transparent recruitment process to attract talent from a variety of nationalities, races, genders, and social backgrounds through channels such as experienced hiring, campus recruitment, and internal recommendation. Our recruitment strategy places a premium on candidates' capacities, experience, soft skills, and potential and the introduction of domestic and foreign talent to develop a pool of high-quality and innovative talent. We enter into labor contracts with our employees following applicable laws, are vehemently opposed to any form of child labor or forced labor, and prohibit all forms of discrimination based on gender, region, ethnic origin, sexual orientation, religion, or political stance.

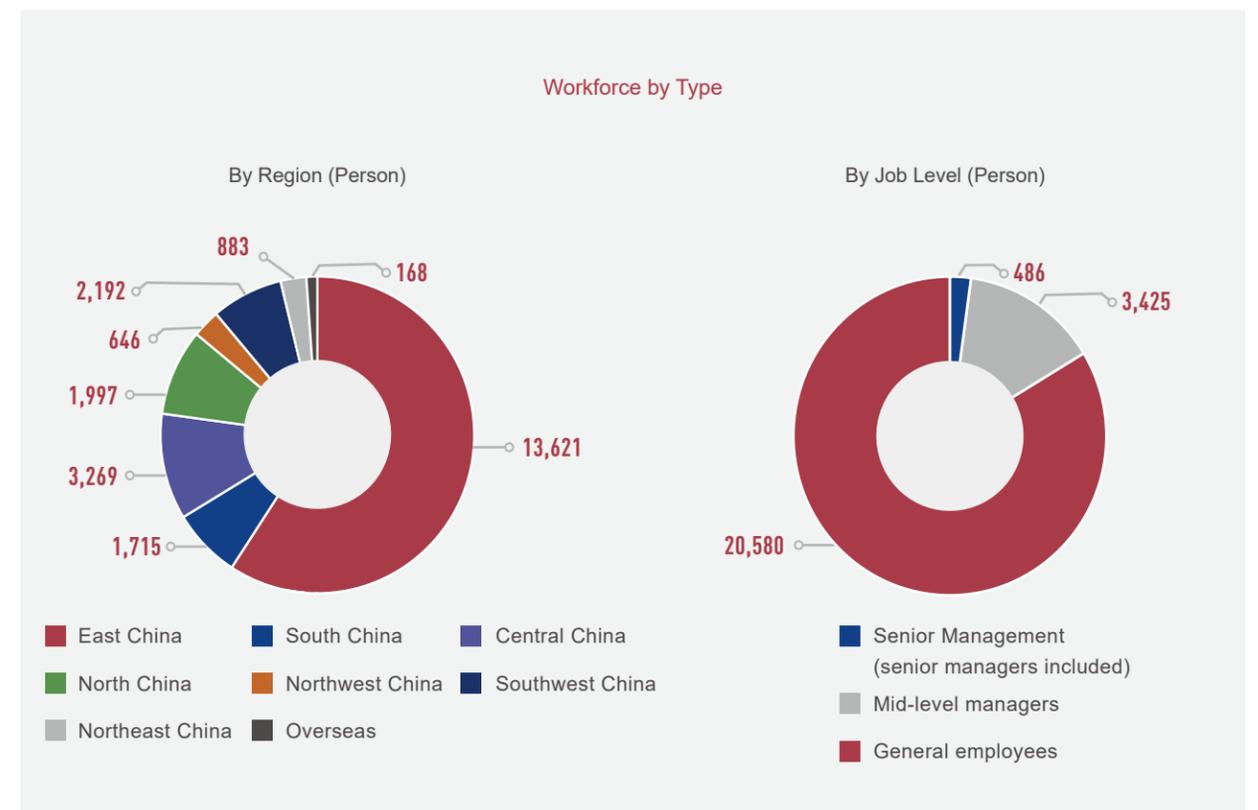
To reduce turnover rates and ensure a sufficient and stable talent pool, we have implemented a number of measures, including accurately identifying talents, improving talent matching, assisting employees in their career development, offering competitive salaries and benefits, and improving managers' awareness and capacity to retain them.



Hengrui Pharma's Workforce

Indicators	Unit of Measurement	2021
Total Workforce	Person	24,491
Percentage of Females	%	42
Percentage of those from Ethnic Minorities	%	2.4
Percentage of Females on the Board	%	33.3
Number of Senior Managers	Person	14
Number of Female Senior Managers	Person	3
Percentage of Female Senior Managers	%	21.4
Average Percentage of Female Senior Managers over the Past Three Years	%	22
Number of Managers (Senior and Mid-Level Managers included)	Person	3,911
Number of Female Managers (Senior and Mid-Level Managers included)	Person	1,586
Percentage of Female Managers (Senior and Mid-Level Managers included)	%	40.6
Average Annual Profit per Employee	RMB	184,975
Annual Turnover	%	27

Workforce by Type



Hengrui Pharma's Awards in Human Resources in 2021

2021 The Most Attractive Employer in China

51 JOB and YingJieSheng.com



2021 Forbes China Best Employer

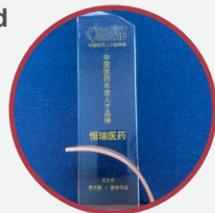
2021 Forbes China Most Sustainable Employer

Forbes China and Russell Reynolds Associates



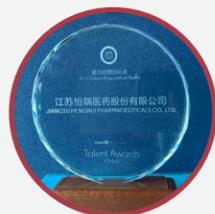
2021 Medical Talent Brand of the Year in China

SiQiQuan.org and YiMaiTongDao.com



2021 The Best Recruitment Team under the Excellence in Talent Management Award

LinkedIn

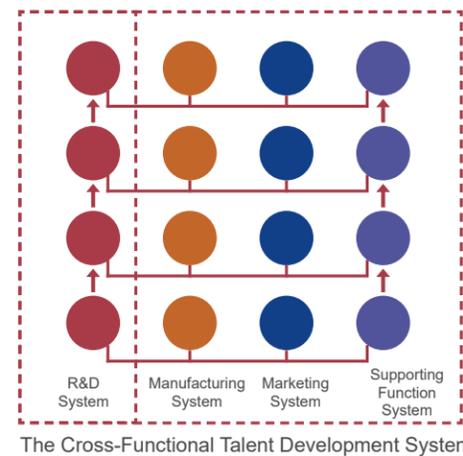


Supporting Talent Development

Hengrui Pharma implements a full-fledged talent development system, promotes talent development through staff selection, strives to develop talents in practice, offers employees multiple career paths, transforms itself into a learning-driven organization with a proper and systematic training system, and cultivates harmonious employment relations.

Strengthening Employee Promotions

Hengrui Pharma provides its employees with a cross-functional system and multiple career paths, designed for both administration management professionals and technical professionals, including R&D, production, marketing, and administration management. This environment encourages employees to develop into versatile talents with in-depth and broad knowledge and provides an unrestricted stage for their development.



The Cross-Functional Talent Development System



Hengrui Pharma is committed to continuously improving its personnel promotion system, standardizing talent selection, appointment, and training, and establishing a fair, just, and open employment mechanism. Hengrui Pharma has established its promotion standards and workflow, fully supports internal job rotations and transfers, operates in accordance with the principles of clear standards, transparency, and a blend of subjective and objective evaluation, selects talents appropriate for the business's status, and is committed to providing equal access to opportunities and smooth career development paths.

Creating Compensation Incentives

Hengrui Pharma is constantly optimizing its internal assessment system and has established a set of stringent performance management systems and operating procedures for assessing and measuring employees' performance in their positions using reasonable and fair evaluation measures. Meanwhile, operational guidelines and practice case reviews are conducted on a regular basis to ensure that such measures remain rationale for performance evaluation. In terms of performance management, we focus on broadening the scope of our assessments and listening to employees' feedback, continuously improving our multidimensional and performance-oriented compensations, introducing incentive measures such as project bonuses, patent bonuses, and rewards for outstanding employees, and continuously upgrading the incentive-oriented assessment to motivate employees and create high-performing teams.

Hengrui Pharma awarded restricted stock as an incentive to its employees in order to provide recipients with a shared interest in the company and a greater sense of belonging and identity while also providing the Company with a solid human resource foundation for long-term and steady growth. Since 2010, we have implemented four restricted stock incentive plans, benefiting over 2,000 employees including senior managers, key talents, and middle-level managers with over 54 million restricted shares awarded. The incentive plan, which began in 2020, was terminated in 2021 due to the changing market and volatile share prices. However, in March 2022, with confidence in its fundamental and development prospects, the Company issued the Hengrui Pharma's Report on Corporate Share Repurchases, proposing to repurchase its shares with its own funds and use them for the employee stock ownership plan in order to enhance the long-term incentive mechanism for its employees and fully motivate them.

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senior managers, key talents, and middle-level managers with over **54** million restricted shares awarded

Training Employees

With the long-term development of its employees in mind, Hengrui Pharma offers a variety of career development programs and training support through a rational and systematic training system that enhances employees' theoretical and practical skills, broadens their professional knowledge, and helps build a professional team.

We provide a variety of professional development opportunities for employees, such as specialized courses, long-term training, and mentorship programs for employees in various positions, job adaptation training programs for newly transferred and promoted employees, and the "New Youth" professional development program for recent Ph.D. graduates, among others, in order to assist employees in performing their duties efficiently and continuously improving their professional skills. We also offer programs to improve our managers' capability and talent pool and regular leadership training programs that cover manager role cognition, management skills, leadership, and management cases. We also actively collaborate with other organizations to provide joint training programs and invite external experts to share their expertise on a regular basis to broaden the horizons of our employees.

Xi'an Jiaotong-Liverpool University: Joint Master and PhD Programs

Since July 2021, Hengrui has been in cooperation with Xi'an Jiaotong-Liverpool University on joint Master and PhD programs. We recruit students among our employees and provide full support in the whole process covering program design, budget application, registration, entrance examinations, contacts with the university's supervisors, coordination and arrangement of learning and experiment resources, dissertation and patent application, creating opportunities for employees to improve their academic qualifications, which is of great significance for its talent echelon construction and incentives and retention of high-potential employees.

Huawei Global Training Center: Leadership Development Program

In May and July 2021, Hengrui organized nearly 80 managers to participate in the leadership development program offered by Huawei Global Training Center, which helped the managers broaden horizons and improve strategic management methodology and techniques, deepen their understanding and knowledge of strategic management and innovation-driven R&D through case studies, which offered inspiration for them to perform their duties.

EF Education First: English Language Improvement Program

Since April 2021, Hengrui Pharma has worked with EF Education First to improve its researchers' English speaking skills. We invite native-speaking tutors to help them improve speaking on a weekly basis, which helps to strengthen the communication and cooperation with foreign research institutions and auditors.

Hengrui Pharma also carries out staff training and education and communication activities covering drug quality management, occupational safety, responsible marketing, anti-corruption, EHS, and corporate culture to promote staff professional skills and strengthen team cohesion.

Labor Competitions

We irregularly organize skill competitions such as Good Manufacturing Practice (GMP) of Medical Products and Quality Management Team to improve employees' professional knowledge and operation.

Skills Competition

In January and December 2021, we organized two emergency rescue skills competitions for about 200 young employees to help them master CPR-related skills, and a total of 120 employees received "Ambulance Technician Certificate" from Lianyungang Municipal Government.

Learning and Exchanges

We regularly organize outstanding team leaders and employees for external learning and exchanges, improving their working methods and efficiency, and make the concept of team culture the focus of training for obtaining enterprise team working qualifications and job qualification.

Pre-job Training

We offer pre-job training for every newly hired employee. In the event held on July 10, 2021, we conducted corporate culture training and cohesion and outward bound training for 260 graduates.

Hengrui Pharma's Employee Training

Indicators		Unit of Measurement	Numbers in 2021
Accountable Marketing Training	Total Participants	Person	14,250
	Total Training Hours	Hour	140,800
	Attendance Percentage of Relevant Positions	%	100
Quality Training	Total Participants	Person	3,803
	Total Training Hours	Hour	304,236
	Attendance Percentage of Relevant Positions	%	100
Anti-corruption Training	Total Participants	Person	29,270
	Total Training Hours	Hour	42,398
	Attendance Percentage of Total Employees	%	100
EHS Training	Total Participants	Person	5,639
	Total Training Hours	Hour	66,700
	Attendance Percentage of Relevant Positions	%	100



Hengrui Pharma's Training programs in 2021

In addition to training programs and professional improvement activities, Hengrui Pharma encourages all employees to improve their qualifications and vocational skills with certificates and subsidies. To motivate employees to make continuous progress, we recommend one "Workers' Pioneer" and one "Youth Commando" to be candidates for provincial and municipal awards every year.



The Worker's Pioneer Award

Caring for Employees

Hengrui Pharma looks after its employees in a variety of ways, including respecting and protecting their democratic rights and interests, emphasizing a work-life balance, actively communicating with them, and enhancing their sense of belonging and happiness through a variety of activities.

Organizing Recreational and Sports Activities

Hengrui Pharma places a premium on enriching employees' intellectual and cultural lives, promotes the philosophy of "work happily, live happily", and regularly engages in cultural, sports, and recreational activities to improve team cohesion and collaboration and foster a positive work environment.

To enrich employees' life, we have 12 associations for different interests, including badminton, basketball, table tennis, board games, swimming and vocal music. We organize quarterly group activities such as birthday parties, invite parents and children of outstanding employees for visits during Mother's Day, Mid-Autumn Festival and Children's Day, and conduct group activities to celebrate festivals. In addition, we carry out dating activities for single young employees at least twice a year to help them have more opportunities to meet the other half.

Activities in the Cultural Month for Greater Cohesion and Boosted Morale

To inherit and carry forward the pioneering spirit of hard work and unity, we organize sports activities such as badminton doubles challenge, table tennis singles challenge and 3x3 basketball, and a collective birthday party for young employees in November every year, in order to create a corporate culture of unity and cooperation, to offer opportunities for employees to fully demonstrate themselves and to improve team cohesion and skills.



Spring Festival Celebration

During the Spring Festival of 2021, in response to the call to "celebrate New Year's Eve in where they are" according to the local government's and the Company's own epidemic prevention and control measures, nearly 500 non-local employees in Lianyungang chose to not go back to their hometown, and instead celebrated the New Year's Eve together. Hengrui Pharma carried out a series of New Year celebration activities, including New Year's Eve dinner, chess and board games, movie watching, matchmaking and other entertainment activities, so that everyone could have a sense of warmth and care and spend a safe, peaceful and meaningful New Year together.



Activities on Women's Day

To celebrate the International Women's Day on March 8 and promote women's spirit of self-esteem, confidence, independence, and strength, Hengrui Pharma organized a series of activities, including fast walking, movie watching and yoga classes, which fully demonstrated the beautiful image and spirituality of its female employees and improved their physical and mental health.



Ensuring Employee Welfare

With employees from all over the world, we strictly comply with the relevant laws, regulations and policies in the places where we operate, make sure that they have a good work-life balance and a good working and living environment, and taken care of their physical and mental health. We also make it as easy as possible for them to do their jobs to raise their sense of happiness at work.

Employees' Physical and Mental Health

Hengrui Pharma cares about its employees' physical and mental health, so we make sure that they get wedding leave, maternity leave, breastfeeding leave, paternity leave, and other related leave as required by law. We also help develop and implement its policy for localized employment, pay social insurance and housing fund for employees where they work, and help them get health care and housing fund loans. We provide a free physical examination once a year for employees and additional gynecological examination for female employees. In addition, we offer scholarships for the children of our employees after being admitted into a university. We purchase anti-pandemic supplies and a group health insurance for our employees during the pandemic.

Hengrui Pharma has established a medical assistance system for serious illness and a Mutual Assistance Foundation for Serious Illness to assist ill employees. Employees who are ill or hospitalized and incur out-of-pocket expenses in excess of RMB 3,000 may be reimbursed on a sliding scale. When an employee is diagnosed with a life-threatening illness or is killed in an accident, the Company will assist by organizing donations and other means. When an employee gives birth, is hospitalized, retires, or when a member of their immediate family dies, we will also organize staff to offer immediate condolences, so that they can feel the care and warmth offered by their employer.

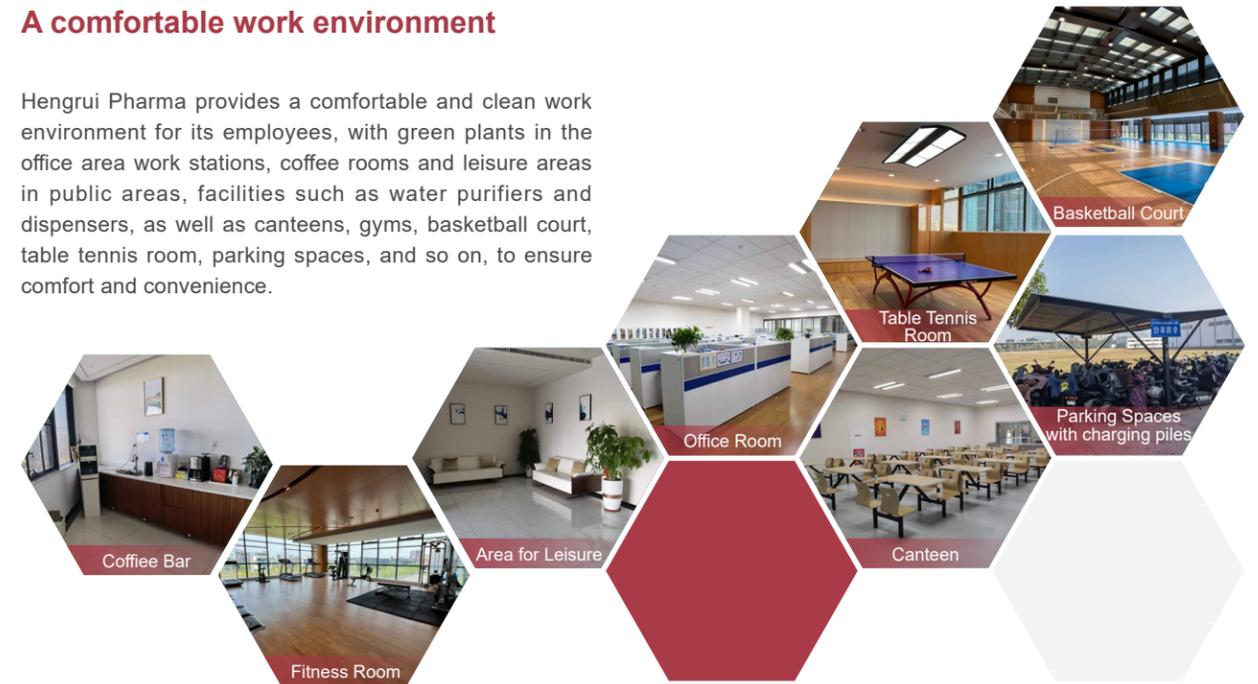
Seminar on Psychological Counseling

In 2021, Hengrui Pharma organized 180 employees to carry out three periods of "Heart to Heart" spiritual growth experience, inviting the director of the Psychological Counseling Center, the Fourth People's Hospital of Lianyungang, to teach its employees how to embrace and release stress.



A comfortable work environment

Hengrui Pharma provides a comfortable and clean work environment for its employees, with green plants in the office area work stations, coffee rooms and leisure areas in public areas, facilities such as water purifiers and dispensers, as well as canteens, gyms, basketball court, table tennis room, parking spaces, and so on, to ensure comfort and convenience.



For female employees, Hengrui Pharma has built breastfeeding rooms, offering them a private space for breastfeeding. Such rooms are fully equipped with facilities such as sofas and refrigerators, as well as guidance services for mothers to fully meet the needs of female employees.



Breastfeeding room

Enhancing Employee Communication

Hengrui Pharma actively communicates with its employees, encourages them to make rational suggestions to management, protects their legitimate rights and interests, allows them to fully participate in corporate management by strengthening information exchanges and providing unfiltered feedback, and strives to improve employee satisfaction.

Democratic Communication

Hengrui Pharma has established a multi-channel two-way communication mechanism for employees, including an assembly of employee representatives, compliance hotlines, WeChat for Business, emails, interviews, a suggestion box, and investigations to strengthen communication with employees and protect their rights and interests.

Hengrui Pharma respects its employees' freedom of association and has established groups for Communist Party affairs and a trade union in accordance with laws and regulations such as the Constitution of the All-China Federation of Trade Unions, the Trade Union Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Regulation on Labor Security Supervision, the Special Rules on the Labor Protection of Female Employees. We hold the annual staff representative assembly, with employees' representatives, technicians and managers, senior managers, party members, league members, and young and female employees among those in attendance. We gain a deep understanding of our employees and listen to their opinions and requirements at the assembly, discuss key and hot issues of their immediate interests, adopt major reform programs, labor protection measures, rewards and punishments, important rules and regulations, and strive to ensure their democratic rights to participation in the company's reform and development.

Hengrui Pharma holds employee seminars regularly and conducts investigations into their difficulties with accommodation, transportation, dining, and cultural life to encourage them to report and solve problems as soon as possible. Two on-site seminars were held during the reporting period, with over 100 employees attending and over 30 pieces of feedback collected.



Employee Satisfaction

Hengrui Pharma places a high value on employee satisfaction and engagement and strives to improve them through a variety of management strategies, including onboarding experience, compensation and benefits, career development, work environment, reward and evaluation, and employee satisfaction survey.

In 2021, as part of the operation reform, we conducted employee satisfaction interviews to solicit their feedback and suggestions on topics such as the operation of each system and department, staffing, and work procedures. The total number of interviewees was 477, and four research reports were completed. Hengrui Pharma will strictly implement the operation reform policy according to the research results, reduce costs and increase efficiency, ensure its teams are stable, effectively optimize and streamline procedures, and operate more pragmatically and efficiently.

Employee Complaints and Feedback

Hengrui Pharma has formulated the *Hengrui Pharma's Management System of Employee Feedback and Complaints* and established relevant channels to encourage employees to actively offer ideas and suggestions favorable for its development and report any violations of the law or practices harmful to its interests in their workplace. We appoint specialized personnel to collect and categorize these opinions, suggestions, and complaints on a regular basis, focusing on the more frequently complained about or significant issues and requiring that the feedback of handling process provided within one week of receipt.

We promote either anonymous or real-name reporting. Furthermore, real-name reporting is strictly governed by the principle of confidentiality to ensure that the whistleblower's true identity and any relevant confidential information are not revealed. We strictly enforce anti-retaliation measures. If retaliation against the whistleblower is proven, the perpetrator will be demoted, removed, or have their employment contracts terminated.



Enhancing Occupational Health and Safety

Hengrui Pharma adheres to the workplace safety policy of "putting safety first, prioritizing prevention, and pursuing comprehensive management", further implements the Work Safety Responsibility System, promotes standardized workplace safety, and strictly protects the health and safety of its employees, and continuously improves workplace safety.



Lianyungang City's "Business of Health" for the occupational health management in 2020

Creating Safety Management System

Hengrui Pharma implements the work safety policy of "putting safety first, taking prevention as its main means, and pursuing comprehensive management", insists on putting people first, firmly establishes the concept of safety development, strictly complies with laws and regulations such as the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, develops a work safety management framework, and improves the Measures for the Management of Work Safety Accidents (For Trial Implementation), the Procedures for Hazard Identification, Risk Evaluation and Risk Control, the Occupational Health Management System, the Plan for Contractor Health and Safety, the Regulations on the Safety Supervision and Management of Special Equipment (For Trial Implementation), the Biosafety Management System (For Trial Implementation) and other mechanisms, comprehensively promoted the construction of safety management system, and has received the Work Safety Standardization Certification and the ISO 45001 Occupational Health and the Safety Management System Certification.



Work Safety Standardization Certification (Level II)



Work Safety Standardization Certification (Level III)



Occupational Health and Safety Management System Certification

Hengrui Pharma requires all employees to sign a letter of responsibility for work safety, establish and implement a work safety responsibility system for personnel at all levels, assess its implementation on a regular basis, and incorporate such performance into employees' work reports and evaluation system. Simultaneously, we strengthen the safety inspections conducted by all contractors, emphasizing special operator qualification and special operation safety implementation. Additionally, we improve the management of workplace safety accidents, promptly and accurately report them, implement corrective measures, collect statistics and conduct analysis on such accidents on a regular basis in order to better prevent them.

Hengrui Pharma regularly organizes hazard surveillance of occupational diseases and examinations and improves occupational health files and employee health monitoring files. We identify and manage workplace safety risks, and evaluate the safety of the work environment on a regular basis from five perspectives, including human, machine, material, environment, and management, using on-site inspections, interviews, instrument testing, and the LEC method (hazard analysis of operation conditions) to identify risk factors, accident hazards, and weaknesses and problems in the mechanism of occupational health and work safety. At the same time, we hired a third-party agency to evaluate the risks of work injury after the implementation of the project, in order to evaluate the implementation effect of the project and find the problems that still exist in the working environment, further guide the Company to carry out rectification, and promote the continuous improvement of the its working environment. Based on the identified risks, we actively implement relevant response measures. We minimize employees' exposure to occupational hazards by using automated and intelligent equipment such as vertical carousels and robots. We provide flexible work hours through the use of shuttle buses that run at different times of day to stagger rush hours and reduce the risk of work-related accidents. Hengrui Pharma was named the "2020 Exemplary Organization for Work Safety" in 2021 by the Lianyungang Emergency Management Bureau, the Lianyungang Health and Health Commission, and the "Business of Health" in 2020 by the Lianyungang Municipal Health Commission for its occupational health management in Lianyungang. Hengrui Pharma did not experience any employee fatalities as a result of their jobs during the reporting period.

Constructing a Safety Culture

Hengrui Pharma actively conducts occupational safety drills, training, and competitions, holds regular "Work Safety Month" activities, constantly strengthens their "red-line and bottom-line awareness" and awareness of safety responsibilities, ensures the safety of Hengrui Pharma and employees' lives and properties, and ensures that all production and operation activities are in accordance with government legal requirements.

Hengrui Pharma has organized special emergency drills for laboratory, firefighting, and emergency evacuation to improve employees' ability to deal with emergencies.

Emergency Drills for Laboratory

Hengrui Pharma follows the requirements of *Work to Identify and Control Work Safety Hazards in Laboratory*, asking all laboratories to on-site training on cardiopulmonary resuscitation, artificial respiration, wound dressing, emergency rescue for hazardous chemical burns and other injuries, as well as drills for emergencies such as hazardous chemical leakage, unconsciousness due to poison and electric shock, to enhance the laboratory personnel's capabilities to deal with emergencies and unexpected accidents.



Additionally, Hengrui Pharma actively conducts various types of safety training for employees, such as vocational skills, safety awareness enhancement, and risk identification, in order to ensure that each department and individual meet their respective responsibilities for workplace safety and increases their awareness.

Interactive Training on Work-Related Injury Prevention

Based on the assessment results of risk factors of work-related injuries, Hengrui Pharma has developed science-based, practical and targeted training programs, and long offered training on work-related injury prevention for front-line employees, team leaders and work safety managers at different levels in an interactive way. Such training includes the interpretation of work-related injury insurance policies, interpretation of the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and identification of occupational disease hazard factors. Meanwhile, we provide VR experience of work-related accidents in the training, so that employees can vividly have such experience, draw lessons and understand the hazards.



Lecture on Safety

Hengrui Pharma, based on both its actual safety issues and typical safety accidents over the past years, offered its lecture on safety, and illustrated cases with videos, to improve employees' awareness of safety responsibility and importance of work safety.



Training on Health

Hengrui Pharma invited a professional third party to provide occupational health training, explaining to employees the use and maintenance precautions of various types of respiratory protective equipment, as well as the noise reduction performance of various types of ear plugs and ear muffs, and offering reasonable suggestions according to the differences of each position, enriching employees' practical knowledge for occupational safety in all aspects.



Biosafety Training

To further strengthen the biosafety of its microbiology laboratory, Hengrui Pharma regularly organizes staff to attend biosafety training. Hengrui Pharma organized multiple departments to participate in the training course on pathogenic microbiology laboratory Level 2 Biosafety in Lianyungang City in May, 2021, and in July 2021, we organized employees to participated in the Online Training on Laboratory Biosafety held by the National Institutes for Food and Drug Control. We held thematic training, discussion and exchanges on national laws and regulations relevant to biosafety, laboratory biosafety requirements, clinical laboratory biosafety practices under routine COVID-19 control measures, and conducted corresponding assessments to improve the biosafety awareness and risk prevention capabilities of microbiology laboratory personnel and managers, and effectively ensure biosafety in such laboratories.



Hengrui Pharma also actively organizes competitions, games and other forms of safety culture activities to raise and promote safety awareness in play, creates a good safety culture, and encourages employees and suppliers to enthusiastically participate in the construction of safety culture.



The first EHS "Super Lecturer" event



Safety Skills Competition

To improve the safety skills and the ability of employees to deal with emergencies in case of accidents, Hengrui Pharma organized a safety skills competition, including the wearing of protective equipment, emergency rescue skills and the use of firefighting equipment. Through such competitions, employees could have a strong grasp of how to use fire-fighting devices, wear protective equipment and apply emergency rescue skills, to ensure that they could quickly and properly take measures in response to emergencies, enhance their ability to save themselves and reduce damage.

In 2021, a total of 120 employees learned Cardio Pulmonary Resuscitation (CPR) and other first-aid related skills through the "Be a Life Saver" emergency rescue skills competition, and obtained the "Ambulance Technician Certificate" in Lianyungang.



"EHS Monopoly" Activities

Hengrui Pharma organized "EHS Monopoly" activities to engage employees in fun sports, and sets corresponding EHS questions at each site, so that they can learn and consolidate their knowledge and awareness of safety in a relaxing way.



Firefighting Skills Competition of Contractors

Implementing pandemic prevention and control measures

Hengrui Pharma has implemented relevant measures and established a sound pandemic prevention and control system and institution in accordance with the requirements of pandemic prevention and control measures in the places in which we operate. We conduct regular special inspections, strictly enforce preventive and control measures, actively organize employees to receive coronavirus vaccinations and ensure that all eligible employees have been vaccinated in accordance with the principles of voluntary participation and informed consent. During the reporting period, there were no employee infections in the Company.

Meanwhile, we implemented the control of imported goods. We strictly followed the China's national Technical Guidelines for Preventive Disinfection and Protection of the Surface of Imported High-Risk Non-Cold Chain Containers and Outer Packaging Surfaces of Goods, ranging from warehouse entry to acceptance of goods, urged our manufacturers and operators to improve the pandemic safety management system, and fully implemented control measures such as reporting in advance, preventive disinfection, nucleic acid testing, traceability management, and temperature control records. We strictly complied with the requirements to provide entry-exit inspection, quarantine certificates, customs clearance certificates, disinfection certificates and nucleic acid test reports, enforced measures targeting people and objects to fend off infections, conducted routine nucleic acid tests on key groups of people, and disinfected 100% of the imported goods, to ensure the safety of both imported goods and related personnel.



Hengrui Pharma employees get vaccinated against the COVID-19



During the reporting period, there were no employee infections in the Company.



We strictly complied with the requirements to provide entry-exit inspection, quarantine certificates, customs clearance certificates, disinfection certificates and nucleic acid test reports, enforced measures targeting people and objects to fend off infections, conducted routine nucleic acid tests on

key groups of people, and disinfected **100%** of the imported goods, to ensure the safety of both imported goods and related personnel.

05

Dedication to a Healthier Life

Hengrui Pharma has, since its inception, leveraged its professional strength in the field of medicine and health care, remained dedicated to partaking in public undertakings and social activities with its resources and strength, continuously made health care services more accessible, actively participated in several general welfare undertakings, and strived to deliver benefits to people and make contributions to society with its social responsibility as a corporate citizen in mind.



Making Health Care Services More Accessible

With the mission of "Promote a healthy life for mankind through advancements in science," Hengrui Pharma pursues a development strategy of innovation and internationalization. The board of directors includes inclusive health care services in its decision-making scope, and the Strategy Committee oversees the implementation.



Hengrui Pharma is committed to addressing unmet clinical needs, developing innovative "available and affordable" drugs for more patients, and continuously improving the accessibility and affordability of drugs to benefit patients. During the reporting period, nine of Hengrui Pharma's medications were included in China's National Reimbursement Drug List (NRDL). At the end of the reporting period, Hengrui Pharma had 85 drugs on the list, including eight out of its ten innovative drugs approved for marketing.

Addition to the NRDL Makes Hengrui Pharma's Camrelizumab for Injection More Accessible to Cancer Patients

In China, cancer is the leading cause of death and imposes a heavy burden on patients. Camrelizumab for injection is a humanized anti-PD-1 monoclonal antibody developed and patented by Hengrui Pharma, and was approved for marketing in May 2019 and added to the NRDL in December 2020. The price of 200 mg Carrilizumab was adjusted from RMB 19,800/vial to RMB 2,928/vial after price negotiations, a whopping 85.2% fall. The out-of-pocket price will be even lower, as part of medical bills is reimbursed at a varying ratio under each region's medical insurance payment system, further lowering patients' medical bills. This has become a game-changer, making cancer drugs significantly more affordable to patients and benefit more patients with our innovation achievements.



Addition to the NRDL Makes Hengrui Pharma's Platelet Counts-Increasing Herombopag Olamine Tablets More Accessible to ITP Patients

Chronic primary immune thrombocytopenia (ITP) in children is an acquired autoimmune disorder and is the most common bleeding disorder in children. The annual incidence in China is about 4-5 per 100,000 and poses a severe disease burden. With obvious limitations in the therapeutic drugs available in China for the treatment of this disease, TPO receptor agonist' R&D has been a hot trend in recent years. but Eltrombopag was the only drug approved for marketing for adults and targets chronic ITP patients aged 12 and above who do not respond well to previous treatments such as glucocorticoids and immunoglobulins, and no TPO drugs have been approved for children aged 6-11 with ITP. As such, Hengrui Pharma actively conducted clinical studies of Herombopag Olamine for children with chronic ITP and included Chinese children aged 6-17 in its Phase III clinical trials.

On December 3, 2021, Herombopag Olamine Tablets, a Class 1 innovative drug developed by Hengrui Pharma, was successfully added to the NRDL. The indications coverage includes ITP adult patients who do not respond well to previous treatments such as glucocorticoids and immunoglobulins, and adult patients with severe aplastic anemia (SAA) who do not respond well to immunosuppressive treatments.

In addition, as Herombopag Olamine is an orally administered drug, ITP patients no longer need to go to the hospital regularly for injections, ensuring them more convenience and comfort during treatment.

Internationalization is part of Hengrui Pharma's development strategy. As an earlier adopter of "going global" strategy, Hengrui Pharma is the first Chinese pharmaceutical company that sells its formulation products on a large scale to Europe, America, and Japan, with many generic products approved for marketing in those countries. The market share of some products is among the highest overseas, making these drugs more accessible to patients and benefiting more people around the world.

Hengrui Pharma is committed to making drugs for rare diseases more accessible. We are actively responding to the national advocacy for registering and developing rare disease drugs. We are currently developing 3 rare disease drugs and orphan drugs in oncology and hematology.

Hengrui Pharma's Camrelizumab for Injection Was Granted FDA Orphan Drug Designation

In April 2021, The FDA Office of Orphan Products Development granted Camrelizumab for injection orphan drug designation for the treatment of hepatocellular carcinoma. With the orphan drug designation, the drug can be entitled expedited clinical development and marketing registration.

Camrelizumab for injection is a humanized anti-PD-1 monoclonal antibody independently developed by Hengrui Pharma, and can bind to the human PD-1 receptor and block the PD-1/PD-L1 pathway to restore the body's anti-tumor immunity, thus laying a basis for immunotherapy. The orphan drug designation is based on a Multi-regional phase III clinical trial of Camrelizumab in combination with Apatinib Mesylate for the first-line treatment of advanced hepatocellular carcinoma currently being conducted by Hengrui Pharma in the United States. We have had several rounds of pre-filing communications with the FDA and are actively preparing filing materials. The clinical trial has been conducted synchronously in 13 countries and regions, including the United States, Europe, South Korea and China.

Generic drugs are alternative medicines with the same active pharmaceutical ingredients, dosage forms, routes of administration and therapeutic effects as branded medicines, which have important economic and social benefits such as reducing medical expenses, making medicines more accessible and enhancing health care services. As an innovative Chinese pharmaceutical company, Hengrui Pharma has always shouldered the responsibility of making quality drugs available and affordable to people, and actively promoted the development and production of generic drugs that can better meet the needs of Chinese patients. In 2021, Hengrui Pharma's generic Azilsartan Tablets, Dexmedetomidine Hydrochloride Injection, and other drugs were approved for marketing and deemed to pass the therapeutic equivalence evaluation as the first approved generics in China. As of March 2022, 24 Hengrui Pharma products had passed the therapeutic equivalence evaluation and 26 products had been deemed to do so.

Hengrui Pharma's Ondansetron Oral Soluble Film Was Approved for Marketing

Hengrui Pharma's Ondansetron Oral Soluble Film obtained the Drug Registration Certificate approved by the National Medical Products Administration, and was approved for marketing. Ondansetron is a selective 5-HT3 receptor antagonist indicated for the prevention of nausea and vomiting associated with highly and moderately emetogenic chemotherapy, radiotherapy and surgery. Ondansetron is currently available in China in the form of Ondansetron Hydrochloride tablets, capsules, orally disintegrating tablets and injectable solution. Hengrui Pharma's Ondansetron Oral Soluble Film is the first version generic product approved for marketing in China, and is the first oral soluble film approved by Hengrui Pharma, which is easy to use, and administered without water, can quickly dissolve when placed on the tongue. It is suitable for children, elderly patients and patients with swallowing difficulties, and can improve patient adherence.

Hengrui Pharma, with the prevention and treatment of diseases as its core, focuses on the development of medical disciplines. We act under the guidance offered in the 14th Five-Year Plan on medical education and health care, and place a high value on support for education and scientific research in medical disciplines. In recent years, we have donated more than RMB 10 million to universities or institutions such as China Pharmaceutical University, Nanjing Medical University, Lanzhou University, Sichuan University, and Xuzhou Medical University, and established the Hengrui Intervention Care Fund, the Western Medical Talent Training and Discipline Development Fund, and "the Belt and Road" Public Welfare Fund for International Cooperation, Medical Innovation and Leading Talents Training. We are committed to promoting the development of China's medical research and the cultivation of high-level medical talents.

Hengrui Pharma Continues to Carry out Clinical and Medical Activities for Public Welfare, Assisting the Building of a Healthy China

With a focus on the key link of tumor prevention and treatment - clinical research capacity building, Hengrui Pharma starts from the key areas of Good Clinical Practice (GCP) specification, study design and statistics, and translation of research results, etc., to carry out a series of public benefit training programs to promote more efficient and greater research results and boost the scientific, standardized and internationalized development of clinical medical research.

"Insight and Practice" GCP training program

In 2021, Hengrui Pharma offered financial support to the "Insight and Practice" GCP training program for public benefit. This training program comprises two modules, "Insight" for theory training, and "Practice" for an academic salon. The theory training invited nationally renowned GCP experts to give lectures, and offered national continuing education credits recognized by the Chinese Anti-Cancer Association (CACA) and issued GCP training certificates. The academic salon, with the aim to give full play to the leading example of GCP centers in first-tier cities, organized hospital teams for visits and exchanges, to promote the standardized and rational improvement of the research capabilities and ability of medical and nursing staff in China.

"Knowledge and Practice in Medicine" Training Program on Clinical Research Capabilities

In 2021, Hengrui Pharma actively co-sponsored the "Knowledge and Practice in Medicine" training program on clinical research capabilities initiated by "the Belt and Road" Medical Talent Training Alliance affiliated with China's National Health Commission (NHC), inviting clinical medicine experts from famous hospitals, clinical statisticians, editors-in-chief of academic journals, etc. to give lectures on topics such as clinical research design, statistical methods, paper writing and publication, clinical medical research project management. The program aims to help medical professionals improve their scientific research capabilities by guiding clinical practice with scientific medical theories, proposing research ideas based on clinical needs, determining research topics, guiding fund applications, and exploring new research methods.



Training program on scientific research application and publication

In 2021, Hengrui Pharma and AME Publishing Company, which has published more than 60 academic journals, jointly held the Ruiyisheng Clinical Research and Publication Workshop, which offered inspiration for the concept and design of clinical research from the perspective of publication, discussed how to write and publish research results. The workshop is designed to improve the quality of medical and nursing staff's research results by showing them how to collect papers before training, review papers during training, and publish papers after training.



As of the end of the reporting period, the two programs "Insight and Practice" GCP training program and "Knowledge and Practice in Medicine", launched by Hengrui Pharma for public benefit, have organized nearly 30 lectures, salons and training courses, covering more than ten provinces and cities and training tens of thousands of doctors. The training program on scientific research application and publication has contributed to the publication of more than 20 relevant papers in internationally recognized journals. The three public benefit programs help form a virtuous cycle of "theory-research-clinical practice", which ultimately improves medical standards and benefits patients.





Hengrui Pharma, with a Focus on Clinical Medicine, Supported Training on the Rational Use of Drugs

In 2021, Hengrui Pharma, together with the Chinese Society of Clinical Oncology, implemented relevant policies such as Administrative Measures for the Clinical Use of Anticancer Drugs (For Trial Implementation) and Guidelines for Clinical Trials Practices for Novel Anticancer Drugs (2020 Edition), launched a public benefit program to promoting rational use of drugs and standardize anticancer treatment, inviting members of CSCO Drug Safety management Expert Committee and nationally recognized oncologists were invited as lecturers, with participants including professional and technical personnel from multidisciplinary treatment teams and front-line clinical doctors. This program aims to help more oncology clinicians have a better knowledge of relevant national policies, and the use of novel antitumor drugs to ensure the safety of cancer patients.



Hengrui Pharma Supported the NHC to Aid Xinjiang by Bringing Together Medical Experts across China

In June 2021, supported by Hengrui Pharma, the NHC Capacity Building and Continuing Education Center organized the first phase of the Standardized Training Course on Clinical Competence in Anesthesiology" in Bortala Mongol Autonomous Prefecture, Xinjiang Autonomous Region. A group of famous anesthesiologists conducted targeted and systematic training on airway management and perioperative ultrasound in the Key Techniques Catalog of the NHC's Guidelines for Medical Service Capacity Building in Anesthesiology by teaching basic theory online, advanced theory on-site, and practical operation step-by-step. This training program significantly helped community-level medical workers in Xinjiang improve two core competencies in the field of anesthesia, namely airway management and perioperative ultrasound application, and is also an important initiative of the medical system to organize a large group of experts to assist Xinjiang, which helps to further improve the competency of local medical workers.



Hengrui Pharma Donated RMB 1 Million to Lanzhou University to Support Its R&D Efforts

In March 2021, Hengrui Pharma donated RMB 1 million to Lanzhou University, aiming to reinforce each other in pharmaceutical innovation, R&D, academic exchanges and talent cultivation, to achieve win-win results.



Delivering A Healthy Life for All

Focusing on building a healthy China, Hengrui Pharma advances clinical medical public benefits projects to raise public health awareness, thus contributing to people's health and well-being and implementing the strategy. Based on our rich experience and scientific research advantages in the development and marketing of anti-tumor drugs, we actively work with the Chinese Anti-Cancer Association, hospitals across the country, and authoritative experts in the industry to launch a wide range of public benefit projects. Hence, increasing people's scientific knowledge of cancer prevention and treatment, clinical research and rational drug use, etc., we have held nearly a hundred lectures, salons, and training courses across the country, providing huge benefits to patients. In 2021, Hengrui Pharma conducted several public welfare activities to prevent and treat major diseases, ranging from disease knowledge dissemination to treatment capacity enhancement. They include the Care Action for Breast Cancer Patients on Pink Ribbon Day to disseminate health management, "With All Your Love" for nationwide tumor knowledge popularization, education for tumor patients with CSCO, and empowerment of community-level medical workers to give oncology prevention and treatment, and "Ruitan New Life" Patient Care Program, among others, all of which have been strongly recognized by the industry, medical institutions and patients.



Hengrui Pharma Focused on Women's Health and Launched Care Action for Breast Cancer Patients

On Pink Ribbon Day on October 15, 2021, the public welfare brand "With All Your Love" created by Hengrui Pharma, supported the care action for breast cancer patients to promote women's awareness of self-health management and improve patients' ability to manage the disease in a standardized manner by disseminating systematic, authoritative and critical knowledge of breast cancer prevention and treatment to the public and patients. At this hybrid event, authoritative Chinese breast cancer experts disseminated knowledge to the nationwide participants on all-round and full-cycle health management for breast cancer prevention and treatment, shared the lessons and insights of patients who have been brave and persistent in their fight against cancer, shared successful recovery experience, and encouraged cancer patients and their families to strengthen their confidence in fighting and to manage the disease in a scientific and standardized manner.



Hengrui Pharma Supported the "Ruitan New Life" Patient Care Program

In May 2021, the public welfare program for patient care "Ruitan New Life," jointly launched by Waterdrop Medicine and Waterdrop Convergence Public Welfare Foundation and supported by Hengrui Pharma, was officially launched, with the goal of providing a series of support services worth up to RMB 10,000 for patients with advanced liver cancer who are receiving a combination of immunotherapy and targeted therapies (Carrilizumab in combination with Apatinib). The program's first phase is planned to serve 1,000 liver cancer patients, including medication benefits, whole-process disease management, rehabilitation education, and experience sharing, to further examine the diversified whole-process "medicine + insurance + patient" service model, effectively minimize the medical burden on cancer patients' families, assist patients in increasing their life span and improving their quality of life, and supporting the goal of "Healthy China 2030".



Henri Pharma's Public Welfare Brand and Southern Weekend Launch Public Welfare Photo Exhibition Festival

In 2021, Hengrui Pharma's public welfare brand "With All Your Love" joined hands with Southern Weekend to launch the online public welfare photo exhibition "Seeing - Doctors of the Times", which focused on the development of China's oncology, captured the precious moments when doctors and patients cooperated to win the battle against cancer, recorded the faces of life doctors with pictures, and served as archives of the development of China's health industry.



Credit to: Southern People Weekly



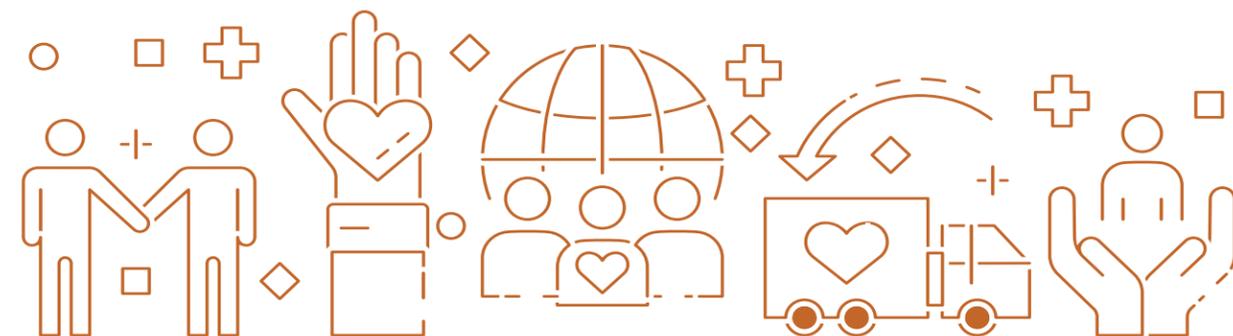
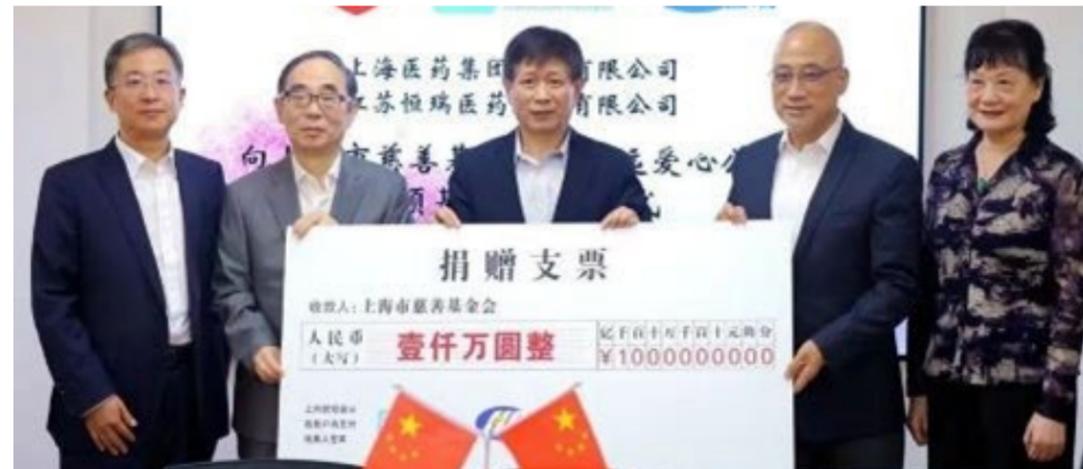
Focusing on Public Welfare Charity

Following the overall national strategy for poverty eradication, Hengrui Pharma continues to contribute to rural revitalization in historic, revolutionary base areas, remote areas, and critical areas for poverty eradication. In 2021, Hengrui Pharma was committed to education, highly valuing children's education in poor areas and actively improving the construction of education infrastructure.



Hengrui Pharma Worked with Shanghai Pharma to Set up the Shangyuan Public Welfare Special Fund

On October 13, 2021, Hengrui Pharma and Shanghai Pharmaceuticals Holding Co., Ltd. created a charity alliance with Shanghai Charity Foundation. Each contributed RMB 5 million to the Shangyuan Public Welfare Special Fund. The fund will be used for charity projects in Shanghai like medical care, medicine and medical insurance in Xinjiang, Tibet, Yunnan and Qinghai, as well as public welfare projects such as those targeting disabled children, rural revitalization, disease relief, doctor training and care for the disadvantaged.



Hengrui Pharma Supported Health Care and Education in Guanyun County, Lianyungang City

On May 24, 2021, Hengrui Pharma donated RMB 1.5 million to the Health Commission and the Education Bureau of Guanyun County, Lianyungang City, respectively. A total of RMB 3 million would be used to support local health care and educational projects, aid its rural revitalization and improve local sanitary conditions and educational infrastructure. Part of the donated capital will be used to support rural revitalization, train medical personnel, and upgrade facilities and equipment for occupational medical health checkups, while others will be used to renovate and build the infrastructure of primary and middle schools.

Hengrui Pharma supported Lianyungang's "Dream Transformation+" Care Program

In October 2020, the Jiangsu Provincial Committee of the Communist Youth League launched the "Dream Transformation+" Care Program, with a focus on nearly 10,000 "de facto orphans", a group of youths living in difficulties in the province. We also introduced the "1+3+6" project support system, referring to building one "dream room", 3 pairing mechanisms and 6 care projects, namely "Spring", "Summer", "Autumn", "Winter", "Knowledge" and "Practice". In January 2021, the "Dream Transformation+" Care Program was included in the work to improve people's livelihood in Jiangsu Province and Lianyungang City, and became an effective carrier and powerful tool for the Communist Youth League to help build a well-off society, pursue rural revitalization, and serve the youths in a targeted way. On May 6, 2021, Hengrui Pharma pledged RMB 500,000 for Lianyungang City's "Dream Transformation+" Care Program, to support its implementation, and play its part in the rural revitalization and youth education.



While expanding its market presence, Hengrui Pharma actively engages in public benefit and social activities under the Belt and Road Initiative. We established Belt and Road Initiative Poverty Alleviation Fund, supported China's efforts to station troops to cultivate and guard the initiative's border areas, and jointly organized the Belt and Road Central Asia Health Care Forum with Eurasian National University in Kazakhstan, offering assistance in the building of an international hospital along the BRI route.

In 2020 when the COVID-19 pandemic broke out, Hengrui Pharma immediately donated money and supplies. We supported many public benefit activities like forums on the combat against the pandemic in China and abroad. In 2021, in response to the government's request to receive vaccination, its Youth League Committee organized over 20 youth volunteers to assist the pandemic prevention and control team in pushing forward its work, including order maintenance and guidance when employees waited in line to get vaccinated. In April 2021, Cisatracurium Besilate injection was in short supply in South America due to the pandemic. In response, we supplied over 3 million doses to Brazil at a fair price to help South America fight the pandemic despite the tight domestic market and the soaring costs of raw materials.

Hengrui Pharma Donated More Than RMB 30 Million and Protective Supplies to Help Prevent and Control the Pandemic

On January 25, 2020, Hengrui Pharma donated the first batch of special funds and medical protective supplies totalling more than RMB 5 million to the Hubei Provincial Charity Federation, Wuhan Charity Federation and some medical institutions. As the virus rages, we donated more than RMB 20 million and protective supplies to charities, health care departments, key institutions and hospitals for epidemic prevention and control across the nation, including donations to the Red Cross Society of China, the China Population Welfare Foundation and the Jiangsu Provincial Charity Federation. All of our donations were used for front-line medical personnel in designated hospitals in the worst-hit regions.



For the sudden attack of crisis across China, Hengrui Pharma also lends a helping hand immediately. In 2021 when Henan Province was hit by floods, we donated RMB 10 million to support in disaster relief.

Hengrui Pharma has built a team of "Qingrui" volunteers composed of 74 employees, which regularly organizes such volunteer services as traffic order maintenance and natural environment protection to deliver warmth and care. On March 13, 2021, we brought together more than 100 people to engage in the "Sowing Hope, Enjoying Nature" voluntary tree planting activity, advocating a green and low-carbon life and a better ecological environment.



List of Major Applicable Laws and Regulations

Chapter Names	Internal Policies	Laws and Regulations
Effective Governance for Steady Corporate Growth	<ul style="list-style-type: none"> Articles of Association Board of Supervisors' Rules of Procedure Management System of Information Disclosure Matters Management and Registration System of Inside Information and Insider Internal Information Reporting System Investor Relations Management System Measures for Compliance Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd. Compliance Manual for All Employees of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation) Compliance Investigation System for Business Partners of Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation) The List of Prohibitive Actions and Obligations for Employees Provisions on Further Regulating Employees' Reporting Behavior 	<ul style="list-style-type: none"> Company Law of the People's Republic of China Securities Law of the People's Republic of China Code of Corporate Governance for Listed Companies Rules Governing the Listing of Stocks on Shanghai Stock Exchange Guidelines No. 7 on the Industry Information Disclosure by Listed Companies—Pharmaceutical Manufacturing Measures for the Evaluation of Information Disclosure of Listed Companies Regulatory Guidelines for Listed Companies No.3: Distribution of Cash Dividends of Listed Companies, the Articles of Association Anti-Money Laundering Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China Notice on Carrying out Party History Learning and Education in the Whole Party
Sustained Green Development for a Better Ecological Home	<ul style="list-style-type: none"> Environmental Protection Management System Environmental Health and Safety Plan Environmental Health and Safety Inspection Plan Environmental Health and Safety Expectations and Performance Assessment Environmental Factor Identification, Risk Assessment and Risk Control Procedures Hengrui Pharma 2021-2025 EHS Plan Procedure for Resource and Energy Management Emergency Plans for Environmental Emergencies Emergency Preparedness and Fire Prevention Plans EHS Group Management Charter (For Trial Implementation) Measures for EHS Management Assessment (For Trial Implementation) Solid Waste Management Regulations Solid Waste Utilization and Disposal Procedures 	<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China Energy Conservation Law of the People's Republic of China Water Pollution Prevention and Control Law of the People's Republic of China Atmospheric Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes Soil Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise Law of the People's Republic of China on Environmental Impact Assessment Cleaner Production Promotion Law of the People's Republic of China Measures for the Environmental Emergency Response Management Measures for the Administration of Environmental Emergency Response Plans for Enterprises and Public Institutions (For Trial Implementation) Energy Conservation Law of the People's Republic of China Water Law of the People's Republic of China

Chapter Names	Internal Policies	Laws and Regulations
Improved Innovation for Excellence	<ul style="list-style-type: none"> Management Measures on the Regulation of Pre-registration Approval of Published Papers and Clinical Trials Management Measures of Patent Application of Hengrui Pharma Regulations on Patent Maintenance Process of Hengrui Pharma Naming Rules for Pharmaceutical Products Regulations on Marketing Ten Prohibitions for Ensuring Integrity of Sales Management Guidelines on Basic Work Regulations of Sales Representative Guidelines on the Work Regulations of Marketing Executives Management System of Trade Secret Carriers (For Trial Implementation) Personal Data Privacy Protection Policy Notice on Strengthening Management of Information Data and Network Conference Security Supplier Management System Bidding Management System Price Management System Supplier Development and Access System Material Procurement Management Procedures Procurement Contract Management System Compliance Investigation System for Commercial Partners of Hengrui Pharma (For Trial Implementation) 	<ul style="list-style-type: none"> Patent Law of the People's Republic of China Trademark Law of the People's Republic of China Medicinal Product Administration Law of the People's Republic of China Measures for the Administration of Drug Registration Measures for the Supervision and Administration of Drug Production Measures for the Administration of Post-Marketing Drug Changes (For Trial Implementation) Good Clinical Practice Good Manufacturing Practices for Pharmaceutical Products Specifications for Pharmacovigilance Quality Management Regulation on the Administration of Laboratory Animals Declaration of Helsinki Personal Information Protection Law of the People's Republic of China Cybersecurity Law of the People's Republic of China General Data Protection Regulation (GDPR) Health Insurance Portability and Accountability Act (HIPAA Act)
Commitment to Employees and Promising Prospects	<ul style="list-style-type: none"> Employee Handbook Onboarding Management System and Process Process on the Issuance of Organizational Structure Adjustments and Changes in Senior Management Worker Adjustment Management System and Process Policy for Localized Employment Hengrui Pharma's Management System of Employee Feedback and Complaints Measures for the Management of Work Safety Accidents (For Trial Implementation) Procedures for Hazard Identification, Risk Evaluation and Risk Control Occupational Health Management System Plan for Contractor Health and Safety Regulations on the Safety Supervision and Management of Special Equipment (For Trial Implementation) Biosafety Management System (For Trial Implementation) Work to Identify and Control Work Safety Hazards in Laboratory 	<ul style="list-style-type: none"> Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Regulation on Paid Annual Leave for Employees Implementation Measures for Paid Annual Leave for Employees of Enterprises Labor Dispute Mediation and Arbitration Law of the People's Republic of China Constitution of the Chinese Trade Union Trade Union Law of the People's Republic of China Regulation on Labor Security Supervision Special Rules on the Labor Protection of Female Employees Work Safety Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Occupational Diseases China's National Technical Guidelines for Preventive Disinfection and Protection of the Surface of Imported High Risk Non-Cold Chain Containers and Outer Packaging Surfaces of Goods
Dedication to a Healthier Life		<ul style="list-style-type: none"> Administrative Measures for the Clinical Use of Anticancer Drugs (For Trial Implementation) Guidelines for Clinical Trials Practices for Novel Anticancer Drugs (2019 Edition)

Content Index of GRI Standards

Standard number and description		Page
GRI 101: Foundation		
GRI 102: General disclosures		
Organization profile	102-1 Name of the organization	P01
	102-2 Activities, brands, products, and services	P05-06
	102-3 Location of headquarters	P02
	102-4 Location of operations	P05-06
	102-5 Ownership and legal form	P01
	102-6 Market served	P05-06
	102-7 Scale of the organization	P05-06/P08
	102-8 Information on employees and other workers	P05-06/P08
	102-9 Supply chain	P65-68
	102-10 Significant changes to the organization and its supply chain	None
	102-11 Precautionary Principle or approach	P15-17
	102-12 External initiatives	P23
	102-13 Membership of associations	P69
Strategy	102-14 Statement from senior decision-maker	P03-04
	102-15 Key impacts, risks, and opportunities	P03-04/P07
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	P07/P17
	102-17 Mechanisms for advice and concerns about ethics	P17
Governance	102-18 Governance structure	P11-12
	102-19 Delegating authority	P19
	102-20 Executive-level responsibility for economic, environmental, and social topics	P19

Standard number and description		Page
Governance	102-21 Consulting stakeholders on economic, environmental, and social topics	P20-24
	102-22 Composition of the highest governance body and its committees	P11-12
	102-23 Chair of the highest governance body	P04
	102-29 Identifying and managing economic, environmental, and social impacts	P20-24
	102-31 Review of economic, environmental, and social topics	P20-21
	102-32 Highest governance body's role in sustainability reporting	P19
	102-33 Communicating critical concerns	P20-24
	102-34 Nature and total number of critical concerns	P20-24
Stakeholder engagement	102-40 List of stakeholder groups	P24
	102-42 Identifying and selecting stakeholders	P23-24
	102-43 Approach to stakeholder engagement	P23-24
	102-44 Key topics and concerns raised	P23-24
Reporting practices	102-45 Entities included in the consolidated financial statements	P01
	102-46 Defining report content and topic Boundaries	P20-22
	102-47 List of material topics	P22
	102-48 Restatements of information	None
	102-49 Changes in reporting	None
	102-50 Reporting period	P01
	102-51 Date of most recent report	P01
	102-52 Reporting cycle	P01
	102-53 Contact point for questions regarding the report	P02
102-54 Claims of reporting in accordance with the GRI Standards	P01	
102-55 GRI content index	P109-112	

Standard number and description		Page
GRI 201 Economic performance	201-1 Direct economic value generated and distributed	P08
GRI 203 Indirect economic impacts	203-1 Infrastructure investments and services supported	P93-106
	203-2 Significant indirect economic impacts	P93-106
GRI 204 Procurement practices	Management approach	P20-22/P65-68
	Management approach	P17/ P20-22
GRI 205 Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	P16-17/P78
	205-3 Confirmed incidents of corruption and actions taken	P17
GRI 301 Materials	301-1 Materials used by weight or volume	P37
	301-2 Recycled input materials used	P37
	301-3 Reclaimed products and their packaging materials	P37
GRI 302 Energy	302-1 Energy consumption within the organization	P37
	302-2 Energy consumption outside of the organization	P37
	302-4 Reduction of energy consumption	P32-34
GRI 303 Water	303-3 Water recycled and reused	P35-36
GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	P37
	305-2 Energy indirect (Scope 2) GHG emissions	P37
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P42
GRI 306 Effluents and waste	306-2 Waste by type and disposal method	P42
GRI 307 Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	P27
GRI 308 Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	P65-68

Standard number and description		Page
GRI 401 Employment	401-1 New employee hires and employee turnover	P73
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P81-82
	401-3 Parental leave	P81
GRI 403 Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	P86
GRI 404 Training and education	404-2 Programs for upgrading employee skills and transition assistance programs	P75-78
GRI 405 Diversity and equal opportunity	Management approach	P20-22
	405-1 Diversity of governance bodies and employees	P73
GRI 413 Local communities	Management approach	P20-22
	413-1 Operations with local community engagement, impact assessments, and development programs	P93-106
GRI 414 Supplier social assessment	414-1 New suppliers that were screened using social criteria	P65-68
GRI 416 Customer health and safety	Management approach	P20-22
	416-1 Assessment of the health and safety impacts of product and service categories	P45-61/P64
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P61
GRI 417 Marketing and labeling	417-1 Requirements for product and service information and labeling	P63
GRI 419 Socioeconomic compliance	Management approach	P15-17

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