



2023

Environmental, Social and Governance Report
Jiangsu Hengrui Pharmaceuticals Co., Ltd.



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Effective Governance Through Strengthened Responsibility Management

Sustained Green Development for a More Resilient Ecosystem

Improved Innovation with Commitment to Product Quality

Commitment to Employees and Their Values

Dedication to Social Responsibilities for a Shared Future

About this Report

This is the third Environmental, Social and Governance (ESG) Report of Jiangsu Hengrui Pharmaceuticals Co., Ltd., and it discloses in detail the Company's efforts to implement the new development philosophy, as well as the work and progress in sustainability, including environmental protection, social responsibilities and corporate governance, in an objective, transparent, and comprehensive manner.

Reporting Period

This report covers the period from January 1, 2023 to December 31, 2023. Note that some information may be from a previous time period or the year 2024.

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*, the *Guidelines of Shanghai Stock Exchange for the Application of Self-Regulation Rules for the Listed Companies No. 1 – Regulated Operation of Listed Companies (December 2023 Revision)*, 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 5.0).

Reference Description

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 shall prevail.

Confirmation and Approval

After confirmation by the Company's management, the Board of Directors approved the publication of this report on April 16, 2024.

Access to this Report

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

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

Email: ir@hengrui.com

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



Management's Statement

The year 2023 was a year full of challenges for society, the industry and Hengrui Pharma. Despite the intricate landscape, Hengrui Pharma, an innovative international pharmaceutical company specializing in R&D, production and promotion of high-quality drugs, remained steadfast in its mission and exerted relentless efforts, achieving several breakthroughs. Reflecting on 2023, Hengrui Pharma successfully confronted the challenges posed by industry evolution and the market environment. While maintaining economic efficiency, we remained committed to the concept of sustainable development, achieving consistent enhancements in our environmental, social and governance initiatives. This propelled the Company towards comprehensive high-quality development and fostered meaningful contributions to society.

At Hengrui Pharma, governance is our top priority, supported by robust responsibility management to facilitate long-term development. Hengrui Pharma has always maintained compliance operations and upheld business ethics to continuously enhance our governance system and risk management. Our operations are guided by party-building principles and driven by our commitment to ESG governance. We also engage in active communication with our diverse stakeholders to ensure our long-term progress in pursuing sustainability.

At Hengrui Pharma, we are fully committed to green development, actively implementing environmental protection practices in response to the call for peaking carbon emissions and realizing carbon neutrality. Hengrui Pharma firmly believes that lucid water and lush mountains are invaluable assets. Guided by our environmental management system and driven by our environmental objectives, we spare no effort in transforming Hengrui Pharma into a resource-saving and environmentally friendly company. Moreover, we continuously enhance environmental management policies and integrate the principles of green development into all facets of our operations, including R&D, production, office practices and supply chain management. This demonstrates our commitment to ecosystem preservation and allows us to contribute significantly to the creation of a more beautiful China.

At Hengrui Pharma, we are dedicated to continuous improvement, striving to deliver the best products and innovations to safeguard life and health through technology. The Company aligns scientific and technological innovation with its international strategy, with a focus on life sciences and meeting people's needs. We adhere to the principle of "science and technology empower innovation and innovation propels development", facilitating the application of scientific and technological breakthroughs to benefit more patients with new and improved drugs. At present, the Company has obtained the approval of 14 self-developed Class 1 novel drugs, 4 Class 2 novel drugs and 2 imported innovative drugs for marketing in China. In addition, over 90 self-developed innovative drugs are

now undergoing clinical development, and nearly 300 clinical trials are being conducted at home and abroad. These efforts to benefit the lives and health of patients around the world have established an efficient cycle where each batch of drugs approved for marketing is immediately followed by batches in clinical trials and R&D.

At Hengrui Pharma, we value our employees and seek to grow with them together. We recognize that talent serves as a crucial foundation for our business development and plays a vital role in enabling us to serve patients worldwide. We actively attract talent, respecting and valuing each employee while endeavoring to foster a diverse and inclusive corporate culture. At the same time, we provide robust career development pathways, diverse training initiatives, and a competitive compensation and benefits system to empower our employees in their pursuit of sustainable career growth and personal fulfillment.

At Hengrui Pharma, we fulfill our social responsibility to enhance the health and well-being of more people. As a leading pharmaceutical company in China, we actively promote inclusive healthcare and support national efforts to expand medical insurance coverage. Furthermore, we endeavor to elevate Chinese pharmaceutical brands on the global stage and consistently improve the accessibility and affordability of high-quality medications. At the same time, we are committed to social welfare initiatives, including investing in disease awareness campaigns, patient support programs, medical donations, community outreach, and other areas aimed at promoting the overall health and welfare of society.

Persistence takes us farther for a better life. Reflecting on the journey that has brought us to this point, we have continuously pursued exploration. Moving forward, we are about to set foot on a brand-new journey. Hengrui Pharma remains steadfast in our original mission of serving patients and upholding the values of "Innovation, Pragmatism, Focus, Diligence". We are committed to safeguarding patients' health and ensuring a high-quality life, overcoming challenges to advance the high-quality development of the pharmaceutical industry and contributing to the establishment of a healthier China. Together with our partners, we strive for sustainable development.

Sun Piaoyang

Chairman of Hengrui Pharma



About Hengrui Pharma

Founded in 1970, Hengrui Pharma was listed on the Shanghai Stock Exchange in 2000. As an innovative international pharmaceutical company dedicated to the R&D, production and promotion of high-quality drugs, Hengrui Pharma specializes in new drug R&D for the treatment of tumors, metabolic diseases, autoimmune diseases, respiratory diseases and neurological diseases. We proudly stand as one of China's foremost innovative pharmaceutical enterprises. As a representative of drug innovation and high-quality development in China, Hengrui Pharma has achieved significant recognition. We have been included in Pharma Exec's Top 50 Companies for five consecutive years. Additionally, we rank 13th among the Top 25 Global Pharmaceutical Companies by R&D Pipeline Size, according to Informa Pharma Intelligence, a leading global medical think tank information platform. This achievement marks the highest ranking among Chinese pharmaceutical companies on this list. Furthermore, Hengrui Pharma has consistently topped the list of Best Chinese Industrial Enterprises in Pharmaceutical R&D Product Lines, organized by the China National Pharmaceutical Industry Information Center, for 11 consecutive years.

 <p>Our Mission</p>	 <p>Our Vision</p>	 <p>Our Values</p>
<p>Promote a healthier life for humankind through advancements in science</p>	<p>Become a global biopharmaceutical group through innovation</p>	<p>Innovation, Pragmatism, Focus, Diligence</p>

Hengrui Pharma's corporate culture



Effective Governance Through Strengthened Responsibility Management

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Remaining true to our founding mission of serving patients, Hengrui Pharma has been a stalwart presence in the pharmaceutical industry for over 50 years, steadfastly dedicated to promoting patient health and advancing the high-quality development of the pharmaceutical sector. The Company views innovation as a driving force. With 14 R&D centers strategically located across the globe, including in Lianyungang, Shanghai, the United States and Europe, and boasting a global R&D team exceeding 5,000 individuals, we have significantly intensified our R&D endeavors to deliver innovative solutions for patients nationwide. To date, our investment in drug R&D has exceeded nearly RMB 40 billion, resulting in the approval of 14 self-developed Class 1 novel drugs, such as Rezvilutamide and Camrelizumab, along with 4 Class 2 novel drugs and 2 imported innovative drugs for marketing in China. Furthermore, we have initiated clinical development projects for over 90 self-developed innovative products and are conducting nearly 300 clinical trials, creating a seamless cycle wherein each batch of drugs approved for marketing is swiftly followed by additional batches in clinical trials and R&D. Moreover, the Company has set up a series of world-class technological platforms, covering PROTAC, molecular glue, ADC, bispecific/multi-specific antibodies, AI molecular design, $\gamma\delta T$, drug resistance, in vivo pharmacology, molecular dynamics and bioinformatics, further consolidating our foundation for innovative R&D endeavors.

As a leading pharmaceutical company in China, Hengrui Pharma proactively fulfills its social responsibilities by supporting national initiatives to expand medical insurance coverage and taking tangible steps to enhance access to high-quality medications. To date, a total of 103 Hengrui Pharma products have been included in national medical insurance coverage, among which are 13 innovative drugs like Rezvilutamide and Camrelizumab. This inclusion alleviates the financial strain on patients, ensuring greater affordability and accessibility to essential treatments.

With a global vision, Hengrui Pharma has taken decisive strides in conducting international clinical trials for innovative drugs and fostering international collaborations while maintaining domestic development. The Company has continuously engaged in exchanges and partnerships with multinational pharmaceutical firms, actively seeking opportunities to collaborate with industry leaders worldwide to expedite the application of R&D achievements. Moreover, with the support of globally renowned partners, Hengrui Pharma extends its presence into international markets, leveraging access to a global network of innovative drugs and maximizing product value. In 2023, the Company successfully concluded five foreign licensing agreements valued at over US\$4 billion. Additionally, Hengrui Pharma has applied for and received more than 20 registration approvals in Europe, the United States, Japan and other regions for various products, including injectables, oral formulations and inhalational anesthetics. This initiative significantly enhances global patient access to our medications.

Persistence takes us farther for a better life. Hengrui Pharma remains steadfast in its mission to "promote a healthier life for humankind through advancements in science", adhering to its vision of "becoming a global biopharmaceutical through innovation". We are committed to intensifying our efforts in developing innovative drugs to improve the lives of more patients and contribute to a healthier world. Through our dedication to innovation, we strive to forge ahead on our journey and make significant contributions to the healthcare industry.

<p>14 R&D centers across the globe</p>	<p>Global R&D team exceeding 5,000 individuals</p>	
<p>To date, our investment in drug R&D has reached nearly RMB 40 billion</p>	<p>We have initiated clinical development projects for over 90 self-developed innovative products</p>	<p>We are conducting nearly 300 clinical trials</p>
<p>103 Hengrui Pharma products have been included in national medical insurance coverage</p>	<p>In 2023, the Company successfully concluded 5 foreign licensing agreements valued at over US\$ 4 billion</p>	

Development History

- Lianyungang Pharmaceutical Factory, the predecessor of Hengrui Pharma, was officially established
- Hengrui Pharma's first injection preparation "Synthetic Papaverine" was approved for marketing, filling the domestic gap and marking its first step towards developing chemical drug
- Hengrui Pharma successfully developed its first anti-tumor drug "Etoposide", indicating a breakthrough of the Company in anti-tumor drugs
- Hengrui Pharma was rated as a national key high-tech enterprise
- Hengrui Pharma was listed on the Shanghai Stock Exchange
■ Shanghai Hengrui R&D Center was established
- Hengrui New Jersey R&D Center was established
- The innovative drug Imrecoxib Tablets was approved for marketing
- Irinotecan Injection was approved for marketing in the United States, Hengrui Pharma became the first Chinese pharmaceutical company whose injection was approved for marketing in the United States
- The oncology drug Oxaliplatin injection was approved for marketing in the EU. Hengrui Pharma became the first Chinese pharmaceutical company whose injection was approved for marketing in EU
- The innovative drug Apatinib Tablets was approved for marketing
- The clinical study of Apatinib was selected as the conference report by the American Society of Clinical Oncology (ASCO), marking the first one on China's innovative drug research at a global top academic conference as an outstanding paper

★ 1970

★ 1978

★ 1987

★ 1999

★ 2000

★ 2005

★ 2011

★ 2012

★ 2014

★ 2023

★ 2022

★ 2021

★ 2020

★ 2019

★ 2018

- Five overseas licensing cooperations of innovative drugs with a total value of over US\$4 billion were concluded
- Innovative drugs Adebrelimab, Repaglipatin and Oteseconazole were approved for marketing, bringing the number of marketed self-developed innovative drugs to 13 and the number of co-introduced innovative drugs to 2
- Innovative drug Edralbrutinib was granted orphan drug designation by the U.S. FDA
- The innovative drug Rezvilutamide Tablets was approved for marketing, bringing the total number of our innovative drugs to 11
- The innovative Herombopag Olamine Tablets was granted orphan drug designation by the U.S. FDA
- The jointly developed innovative drug Linperlisib was approved for marketing
- Innovative drugs Herombopag Olamine Tablets, Proline Henggliflozin Tablets and Dalcilis Isethionate Tablets were approved for marketing and a total of ten innovative drugs have been marketed
- Innovative drug Camrelizumab was granted orphan drug designation by the U.S. FDA
- Hengrui Pharma set up a clinical R&D center in Basel, Switzerland
- The innovative drug Fluzoparib Capsules was approved for marketing
- Camrelizumab, Pyrotinib and SHR-1701 were licensed to CrystalGenomics (South Korea), HLB Life Science (South Korea) and DONG-A ST (South Korea) respectively, for development in South Korea
- Innovative drug Camrelizumab for the treatment of recurrent/refractory Hodgkin's lymphoma was approved for marketing
- Innovative drug Remimazolam for the treatment of gastroscopy sedation was approved for marketing
- Innovative drugs Mecapegfilgrastim Injection and Pyrotinib Tablets were approved for marketing
- Innovative drugs JAK inhibitor SHR0302 and BTK inhibitor SHR1459 were licensed to Arcutis and TG Therapeutics in the United States respectively, with a total milestone of US\$ 570 million

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Awards and Honors Received by Hengrui Pharma in 2023

Our excellent performance in environmental, social and governance endeavors, has garnered extensive recognition and support from various sectors of society. We have been commended for our excellence in human resources, product quality, brand innovation, and social responsibility, among other areas.

Human resources

Top Employers China Certification 2023
Top Employers Institute

Product qualities

Hengrui Pharma's QC Team-Ambition and QC Team-Young Eagle won the "First Prize of the National Quality Management QC Team Activities in the Pharmaceutical Industry in 2023"
China Quality Association for Pharmaceuticals

The first batch of "Excellent Enterprise of Quality Management in the Pharmaceutical Industry in Jiangsu Province"
Jiangsu Quality Association for Pharmaceuticals

First batch of "Quality Assurance Enterprises for Sterile Drugs"
China Quality Association for Pharmaceuticals

Selected as one of the "International Famous Brands for Cultivation and Development in Jiangsu Province in 2023-2025"
Department of Comer of Jiangsu Province

Social responsibility

Innovative Responsible Company
National Patriotic Health Campaign Committee and Beijing Patriotic Health Campaign Committee

The "Thousands of Hospitals, Ten Thousand Doctors" public service program won the "2022 Public Service Practice Award" and "Public Service Project Award" at the 12th Public Service Festival
Syobserve and Gongyidaily

Brand innovation

Top the list of the "Best Chinese Industrial Enterprises in Pharmaceutical R&D Product Lines" for 11 consecutive years
2023 National Pharmaceutical Industry Information Annual Conference and 2022 Forum of Top 100 Pharmaceutical Companies

Rank 13th among the Top 25 Global Pharmaceutical Companies by R&D Pipeline Size, which is the best result of Chinese pharmaceutical companies on this list
Informa Pharma Intelligence

Rank among "Top 50 Global Pharmaceutical Companies" for five consecutive years
Pharm Exec

Rank No.1 on the list of China's Top 100 Pharmaceutical Innovation Companies for five consecutive years
E Healthcare Executive

Rank No.1 among the China Top 100 for the Comprehensive Strength of Pharmaceutical R&D for six consecutive years
Yaozhi.com and China Pharmaceuticals Magazine Agency

No.1 pharmaceutical manufacturing company in the "List of Chinese Enterprises in Science and Innovation Capacity"
Southern Weekly Science and Innovation Capacity Research Center

Rank No.1 in R&D Index of Non-Device Chinese Pharmaceutical Enterprises
Jointly hosted by China Center for Promotion of SME Development, Development Center for Medical Science and Technology of National Health Commission of the People's Republic of China, Chinese Society of Pharmaceutical Accounting, Digital Taxation Research Institute of Beijing Jiaotong University and China National Pharmaceutical Industry Information Center

"Outstanding Brand" of the 12th Jinzhi Award
JRJ

Rank No.1 among the Top 10 China's Big Pharma Enterprises for Innovation
2023 MHIS (China Medical and Health Industry Symbiosis Conference)

Rank No.1 among "China's Top 100 Pharmaceutical Companies" for five consecutive years
2023 MHIS (China Medical and Health Industry Symbiosis Conference)

Hengrui Pharma and its innovative drug Rezvilutamide Tablets were awarded "China Pharmaceutical High Quality Development Achievement Enterprise/Brand"
Institute of Medical Economics, National Medical Products Administration and Pharmaceutical Economic News

Rank No.1 among the "2023 Top 100 Pharmaceutical Companies in Competitiveness"
Sinohealth

Rank 2nd among the "2023 Top 10 Companies in R&D"
Sinohealth

Hengrui Pharma's Linperlisib Tablets rank among the "List of 2023 Novel Drugs"
Sinohealth



Hengrui Pharma also proactively addresses the concerns of the capital market by enhancing the accuracy, completeness and timeliness of our information disclosure. We actively participate in and support industry-related associations focused on sustainable development and pursue capital market ratings and sustainability certifications. Through these efforts, we aim to not only enhance the Company's economic efficiency but also contribute to the broader social development agenda.

Hengrui Pharma's ESG-related awards, honors and certificates in 2023

MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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Hengrui Pharma's ESG rating jumped to grade **"A"** according to MSCI, with the rating result improving for the **3rd year in a row**

沪市上市公司2022至2023年度信息披露工作评价结果

2023-10-20

🔍 A+ A

根据《上海证券交易所上市公司自律监管指引第9号——信息披露工作评价》的规定，本所于近期完成了沪市上市公司2022至2023年度信息披露工作评价，评价期间为2022年7月1日至2023年6月30日。具体评价结果见附件。

序号	证券代码	证券简称	评价结果
55	600276	恒瑞医药	A

Hengrui Pharma was awarded grade **"A"** by Shanghai Stock Exchange in information disclosure evaluation



Hengrui Pharma was awarded the **2023 Excellent Case of Corporate Social Responsibility Practices**



Hengrui Pharma was one of the **Top 20 Companies in Rural Revitalization** hosted by China Securities Journal



Hengrui Pharma was among the 2023 Easy-Board ESG+8 **"Value 100"**, with a Easy-Board ESG+8 value rating result of grade **"AA"**

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ESG Performance Highlights

Effective Governance

- Hengrui Pharma held **3** General Meetings of Shareholders, **7** meetings of the Board and **6** meetings of the Board of Supervisors
- We have hosted over **260** investor conversations and achieved a **100%** response rate to investor calls and questions received on the SSE E-Interactive platform
- Hengrui Pharma had **no** legal actions for corruption, competitive behavior, anti-trust and monopoly practices
- Business ethics and anti-corruption training totaled **207,540** hours, with **10** hours of training per employee
- Trainings on compliant marketing and responsible marketing covered all employees, with the total length totaling **79,200** hours

Sustained Green Development

- The environmental management system of **2** units have obtained the re-audit certification
- Total direct energy consumption: **2,751** tonnes of standard coal
- Total indirect energy consumption: **53,884** tonnes of standard coal
- Energy consumption targets have been fulfilled by **110.3%**
- Greenhouse gas emission totaled **208,280.09** tonnes of CO₂ equivalent
- 18,800** cubic meters of organic solutions have been recycled, generating approximately RMB **89.2392 million** of economic benefits
- 36** EHS audits on suppliers have been conducted

Innovation for Excellence

11 orphan drugs and drugs for rare diseases are undergoing the process of R&D

In 2023, **3** Class 1 innovative drugs and **4** Class 2 novel drugs have obtained the approval for marketing in China

In 2023, a total of **10** products passed the NMPA on-site verification; a total of **18** production lines passed the GMP compliance inspection; **all** the product lines of the Company have passed the GMP certification

Product quality management training programs have been organized for all employees, involving **16,933** participants with a total of **609** training hours

Commitment to Employees

In 2023, Hengrui Pharma has obtained the **"Top Employers China Certification"**

Hengrui Pharm has a total of **19,611** employees worldwide

The Company's training programs have covered **all** employees, with training hours per capita standing at **74.98** hours

The Company has passed the **ISO 45001** Occupational Health and Safety Management System Certification

Dedication to a Healthier Life

103 of Hengrui Pharma's drugs have been included in the national medical insurance program

Generic products produced by Hengrui Pharma have obtained approval in over **30** countries

In recent years, the Company has donated more than RMB **100 million** to public welfare and charity

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Effective Governance Through Strengthened Responsibility Management

At Hengrui Pharma, our operations adhere strictly to compliance standards and are guided by the principles of party-building, ensuring high-quality corporate governance for the Company's long-term development. We prioritize active communication with our diverse stakeholders to ensure sustained progress in our pursuit of sustainability. Moreover, we are committed to continually improving stakeholder consultations to identify and analyze material ESG issues. This enables us to stay focused on the right path amidst changing dynamics and challenges, ensuring steady progress towards our goals.





1.1 Improving Corporate Governance

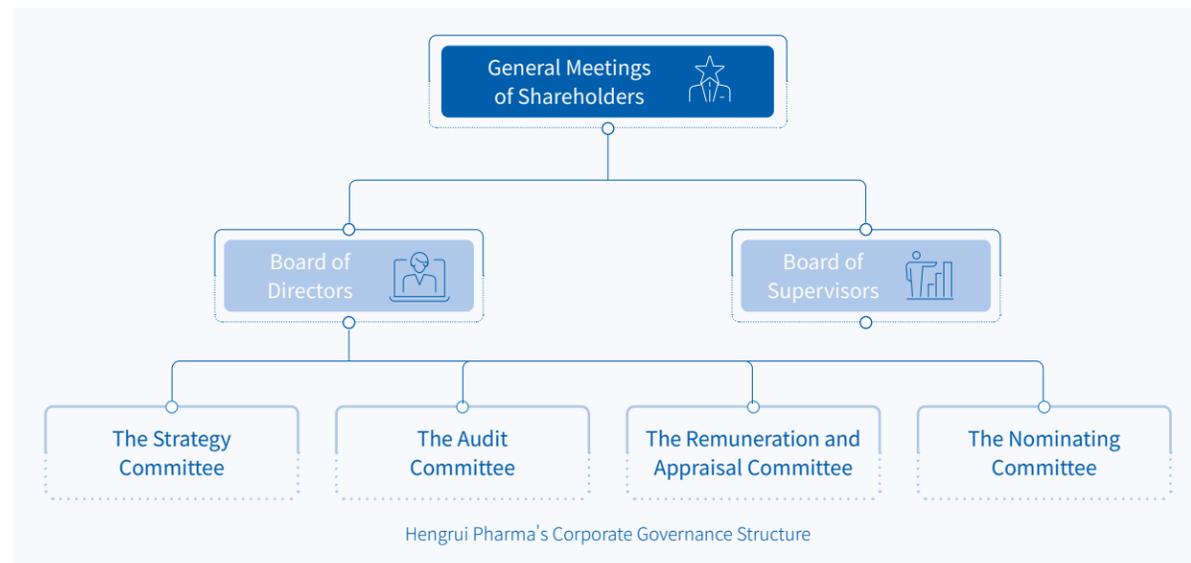
1.1.1 Corporate Governance Structure

Hengrui Pharma operates in strict accordance with 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, as well as internal rules such as the *Articles of Association*. This commitment extends to continually enhancing our corporate governance structure, aimed at safeguarding the rights and interests of shareholders and investors while bolstering institutional support for the Company's high-quality and efficient operations. During the reporting period, Hengrui Pharma held 3 General Meetings of Shareholders, 7 meetings of the Board of Directors and 6 meetings of the Board of Supervisors.

During the reporting period

Hengrui Pharma held

3 general Meetings of Shareholders
7 meetings of the Board of Directors
6 meetings of the Board of Supervisors



The Board of Directors comprises four special committees: The Strategy Committee, Audit Committee, Remuneration and Appraisal Committee and Nominating Committee. These committees play vital roles in providing recommendations for informed decision-making by the Board of Directors.

Hengrui Pharma is committed to cultivating a diversified and professional Board of Directors. We are actively implementing policies to promote diversity based on factors such as gender, educational background, professional experience, and geographic origin in the selection of directors. Additionally, the Supervisory Committee plays a crucial oversight role, ensuring timely detection and rectification of any irregularities that may impact the Company's finances and decision-making processes. This proactive approach aims to foster a compliant and trustworthy business environment for all shareholders and investors.



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1.1.2 Information Disclosure Management

Abiding by regulatory information disclosure requirements such as the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Guidelines No.3 of the Shanghai Stock Exchange on the Application of *Self-Regulation Rules for Listed Companies—Industry Information Disclosure*, as well as internal rules such as the *Management System of Information Disclosure Matters* and the *Internal Reporting System for Material Information*, the Company discloses its corporate-related information and performance statistics in a compliant, accurate and timely manner.

On this basis, the Company further optimizes the management process of ESG information disclosure. We improve communication, exchange and evaluation among various departments before disclosure, thereby improving the overall transparency and reliability of our disclosures. Furthermore, we bolster the assessment and training of individuals responsible for information disclosure and senior management, demonstrating our commitment to fulfilling the obligation of corporate information disclosure through concrete actions.

In order to clarify information disclosure requirements and ensure on-time reports and submission of information, the Securities Affairs Department started a new round of communications, exchanges and promotions with various business departments and significant subsidiaries during the reporting period. In order to guarantee the accuracy of the disclosed information, the Company has also stepped up its cross-checking procedures before making announcements and evaluated the performance of specific responsible personnel. Additionally, the Company hires expert consulting firms to regularly train directors, managers and senior management on information disclosure to increase their compliance awareness. While doing so, we keep stepping up our compliance auditing of external publicity to ensure the fairness of information disclosure.

1.1.3 Investor Relations Management

Hengrui Pharma prioritizes the protection of shareholders' legitimate rights and interests, with particular attention to minority shareholders. In accordance with the Regulatory Guidelines for Listed Companies No. 3—Distribution of Cash Dividends of Listed Companies issued by the China Securities Regulatory Commission and other relevant laws and regulations, the Company has established internal systems such as the *Investor Relations Management System*. These systems provide institutional support for the implementation of comprehensive profit distribution policies and safeguard stakeholders' rights to information, expression and decision-making.

To facilitate effective communication with investors, Hengrui Pharma has established diverse channels, including regular KPI review meetings, analyst meetings, on-site visits, the SSE E-Interactive platform, phone calls, emails and other means. These channels enable us to collect and address investors' concerns, fostering a long-term and stable positive interaction between both parties. Throughout the reporting period, we conducted over 260 investor conversations and ensured prompt responses to every investor call and query received through the SSE E-Interactive platform.

Hengrui Pharma's 2023 R&D Day Conference

On November 16, 2023, Hengrui Pharma convened the 2023 R&D Day Conference both online and offline, attracting over 1,000 investors, analysts and pharmaceutical experts, providing valuable opportunities of mutual learning and access to cutting-edge information for industrial peers. At the conference, the Chairman, General Manager and R&D executives from Hengrui Pharma shared the Company's strategic layout, transformed and upgraded measures, innovative R&D, and globalization progress. Sophisticated experts in liver cancer, metabolic diseases, autoimmune diseases, and other areas were also invited to introduce the advantages and latest progress in the application of Hengrui Pharma's self-developed innovative drugs in the treatment of different diseases.



2023 R&D Day Conference



Sun Piaoyang, Chairman of Hengrui Pharma, Delivered an Opening Remark on the R&D Day Conference



1.2 Enhancing Responsibility Management

Hengrui Pharma is committed to sustainable development, actively pursuing the seamless integration of sustainable development principles with our business operations. We have established and consistently enhanced our ESG governance structure, fostering effective stakeholder communication and dialogue. Furthermore, we earnestly strive to enhance the Company's management practices and implement sustainable actions, aiming to create enduring value for all stakeholders.

1.2.1 ESG Governance

Hengrui Pharma incorporates its steadfast commitment to excellent ESG performance into its daily operations and decision-making processes. The Company has established a robust ESG governance structure with clearly defined responsibilities and authority. Within this structure, the Board of Directors serves as the highest responsible body and decision-maker, while the Strategy Committee oversees management, ensuring the top-down implementation of ESG management responsibilities to support the Company's sustainable development and contribute to society.

Hengrui Pharma's ESG Governance Structure and Responsibilities



To ensure effective management of ESG issues and risks, as well as to achieve high-quality and sustainable development, we continuously enhance the remuneration assessment framework for management personnel. This involves linking executive and managerial pay to sustainable performance metrics related to safety, environmental protection, quality and compliance. These non-financial performance indicators, weighted at 5-20%, directly influence compensation based on actual assessment results.

We have established stringent assessment criteria for compliance, security, quality and environmental protection across various positions. Any identified issues will impact the performance evaluations of relevant managers, consequently affecting their eligibility for salary adjustments, equity incentives and other forms of remuneration, ultimately reducing their bonuses.



Effective Governance Through Strengthened Responsibility Management

Sustained Green Development for a More Resilient Ecosystem

Improved Innovation with Commitment to Product Quality

Commitment to Employees and Their Values

Dedication to Social Responsibilities for a Shared Future

1.2.2 Stakeholder Engagement

Hengrui Pharma establishes and continuously improves a normalized communication mechanism consisting of multiple channels to actively respond to the expectations and demands of its stakeholders, including governments, regulators, shareholders, investors, customers, consumers, employees, suppliers, partners, the environment, and the community. The Company also regulates and manages the impacts of its operations on economy, society and environment, thus facilitating the common development of the Company itself and the stakeholders.

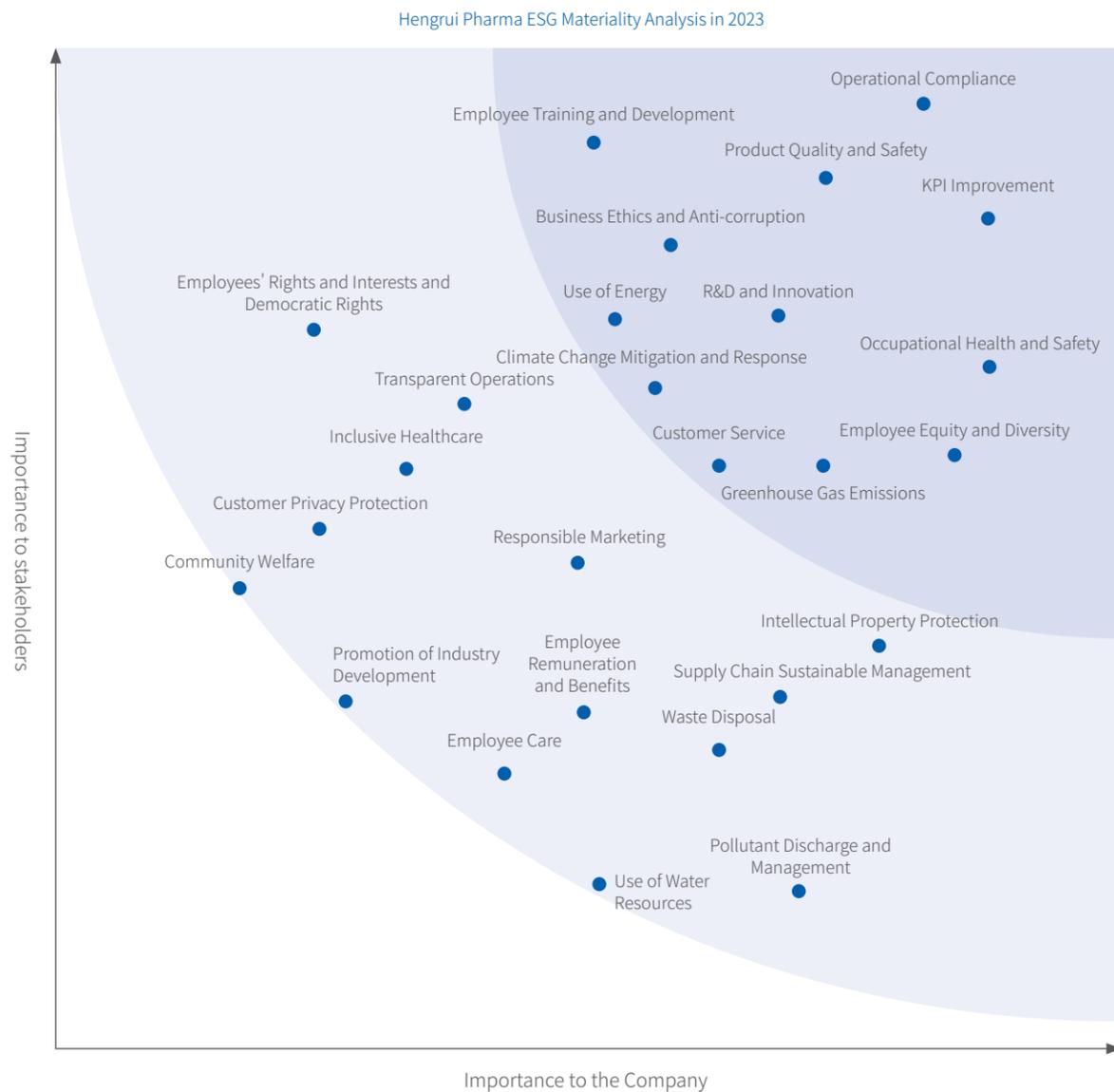
Hengrui Pharma Stakeholders' Demands and Corresponding Communication Channels

Stakeholders	Expectations and demands	Major communication channels
<p>Government and Regulator</p>	<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
<p>Shareholder and Investor</p>	<ul style="list-style-type: none"> Operational compliance Risk management Transparent operations Stable return 	<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
<p>Customer and Consumer</p>	<ul style="list-style-type: none"> Product and service quality R&D and innovation Protection of consumers' rights and interests Client privacy protection Intellectual property protection Responsible marketing 	<ul style="list-style-type: none"> Regular interviews Conferences and meetings Discussions with customers Customer satisfaction survey
<p>Employee</p>	<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 Performance evaluations and communications Filing a complaint and giving feedback Irregular visits and interviews
<p>Supplier and Partner</p>	<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
<p>Environment</p>	<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
<p>Community</p>	<ul style="list-style-type: none"> Promoting inclusive medical services Holding charity events Boosting community development 	<ul style="list-style-type: none"> Volunteerism Public welfare activity

1.2.3 Materiality Issues

Hengrui Pharma assesses the significance of various ESG issues by conducting interviews and administering questionnaires to stakeholders. We then identify and evaluate material issues for the year based on external market trends and the characteristics of our business operations, thereby allowing us to effectively address stakeholder expectations.

In 2023, Hengrui Pharma identified nearly 30 ESG issues and mapped a materiality matrix for the year according to the importance of the issues to stakeholders and the Company's development.



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1.3 Enhancing Compliance Management



Hengrui Pharma upholds integrity and values compliance in establishing business relations and conducting business transactions. We have implemented a robust compliance management system and established a standardized risk control mechanism to address business ethics-related issues in an organized and effective manner. These measures ensure that we operate within the bounds of the law and adhere to ethical standards, thereby fostering a clean and transparent business environment for all stakeholders.

1.3.1 Compliance Management

In line with the laws and regulations concerning the pharmaceutical industry, as well as internal policies and rules such as the *Measures for Compliance Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, Hengrui Pharma has constructed a three-tiered compliance management framework under the leadership of the Board of Directors. This framework solidifies the institutional basis for the Company's compliance management efforts.

List of Laws and Regulations Followed by Hengrui Pharma



Hengrui Pharma's Compliance Management Structure



In 2023, Hengrui Pharma organized compliance management activities in accordance with the annual plan for "comprehensive compliance". Following the principle of increasing efficiency while reducing costs, the Company refined compliance procedures and allocated resources in the legal affairs department to ensure stable, lawful and compliant development. Senior management's annual goal responsibility letter now includes core performance indicators related to compliance management, serving as the bottom line. By linking compliance management with the performance of senior management, the Company is propelled forward with greater momentum toward sustainable development.

Hengrui Pharma's Compliance Management Work in 2023

Legal affairs compliance procedure and resource management

- In 2023, in line with the principle of increasing efficiency while reducing cost, Hengrui Pharma formulated the *Guidelines for Further Strengthening Corporate Legal Affairs*, to further optimize the Company's contract management, litigation process and external legal counsel resource management to ensure the compliance of the Company's legal affairs.

Executive compliance commitment

- In 2023, Hengrui Pharma required executives to sign annual goal responsibility letters and evaluated the annual performance of executives according to their compliance management results. Strong links have been established between the performance of executives and their year-end bonuses and equity incentives.

In light of the responsibilities of employees in different departments and positions, the Company organizes employees to participate in special compliance training sessions to continuously build up the awareness of compliance management to strengthen the Company's compliance efforts.

- 3 compliance training sessions for new employees covered about 360 participants

- Training sessions "Frontline Compliance" covered 1,353 frontline representatives and regional managers in key provinces

- 50 compliance lectures for sales managers nationwide covered 1,467 participants

- 136 training sessions for all sales staff on the interpretation of compliance guidelines for academic activities and medical research projects covered 9,315 person-times

- Compliance education for all sales staff covered 1,937 participants

- Training sessions on "Clean Break, Compliance Interaction between Pharmaceutical Companies and Doctors" for employees of the Legal Department and the Sales Compliance Department



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1.3.2 Risk Control

Risk management is an important aspect of Hengrui Pharma's corporate operations and management. Through the implementation of operational risk control mechanisms across procurement, marketing and other areas, the Company has established guidelines for identifying, examining, evaluating and auditing risks within different departments.

In 2023, Hengrui Pharma formulated the *Notice of Strengthening the Management of High-Risk Operations* and revised the standard procedures of risk classification. These initiatives aim to better regulate the scope of high-risk operations and the corresponding audit and rectification processes, ultimately enhancing internal risk audit efforts.

Hengrui Pharma's Risk Control Mechanisms for Each Business Line



Procurement

- The Internal Control and Audit Department, in collaboration with the Finance Department and Compliance Department, among others, collects and analyzes the statistics of annual procurement expenses.
- Procurement compliance standards are clarified for supplier/contractor management, bidding process, execution process and other aspects.
- Based on the analysis conducted, procurement risk factors such as price transparency and temporary increases in procurement are classified and managed according to their grading results, categorized as high, medium, or low risks.



Marketing

- Regular inspections of sales operations are carried out to ensure compliance with regulations, guarantee adherence to laws and regulations throughout all processes and prevent any potential illegal or unethical commercial practices.
- An early warning mechanism is established to promptly address risks and irregularities in the course of operations.
- Regular supervision on the implementation of various expenses and risk projects is conducted to strengthen the internal control and compliance supervision and improve the control of key risk points.



Legal affairs

- The Company follows up on major projects such as investment and financing, patent introduction and authorization, through various channels such as legal review and argumentation, meetings and seminars and due diligence investigations, effectively identifying and controlling potential legal risks.

Hengrui Pharma places significant emphasis on conducting business ethics audits across finance, compliance and other operational areas to mitigate potential risks during operations. Additionally, the Company actively engages in compliance management exchanges with industry peers to glean insights from effective practices, thereby enhancing the efficiency of our compliance management efforts.

Hengrui Pharma's Risk Control Audit Highlights in 2023

Special audit		Compliance self-inspection	
Operational risks	In pursuit of cost reduction and efficiency enhancement, we conducted joint audits on various business segments including entrusted clinical external investment, entrusted production external investment and procurement. These audits aimed to strengthen connections between business lines and mitigate compliance risks.	Compliance risks	Hengrui Pharma organized self-inspections on compliance risks across different systems and departments. These inspections, conducted based on actual business needs and in alignment with applicable laws, regulations and corporate rules, enabled us to identify, report and address potential compliance risks promptly.
Compliance self-inspection	A joint audit team was formed by our Compliance Management Office, together with the Finance Department and the Internal Control and Audit Department, to lead the post-event audit on the Company's key procurement projects since 2022 and to rectify the process-, system-, and management-related risks identified by the audit.	Legal risks	Hengrui Pharma enhanced the management and audit of contracts to effectively reduce the contract legal risks, so as to safeguard the Company's interests.
		Financial risks	Hengrui Pharma placed emphasis on issues such as currency funds, accounting and tax management, organized internal financial inspections and formulated relevant special inspection reports.

Promotion Meeting of "Supporting the Development of Private Enterprises with Arbitration Service"

In November 2023, Hengrui Pharma participated in the promotion meeting of "Supporting the Development of Private Enterprises with Arbitration Service", during which lively discussions on various topics, including optimizing enterprise arbitration and legal services and protection enterprises' legitimate rights and interests were hosted. At the meeting, Hengrui Pharma was granted the title of arbitration service contact point.



The Promotion Meeting

Joining the "Trust and Integrity Enterprise Alliance"

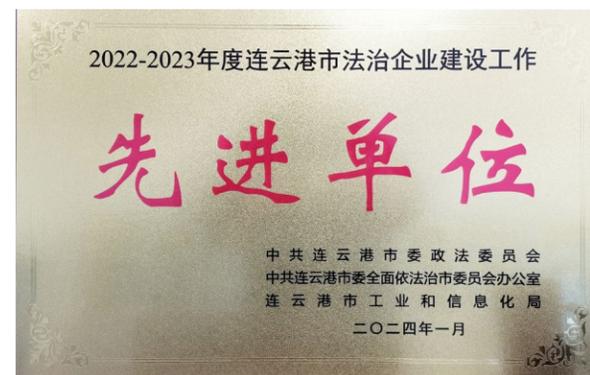
In February 2023, Hengrui Pharma became a member of the "Trust and Integrity Enterprise Alliance", which aims to let the society see the power of integrity, promote the development of a clean and compliant pharmaceutical industry and enhance the ability of practitioners to perform their duties. As a platform of exchange and communication, the alliance facilitates the business development of pharmaceutical enterprises.



The Certificate of "Member Enterprise of the Trust and Integrity Enterprise Alliance"

Hengrui Pharma was granted the title of "2022-2023 Lianyungang Excellent Enterprise in Rule of Law"

Attaching great importance to the building of the rule of law, Hengrui Pharma has continuously invested in system construction, operation mechanism, risk prevention, control and disposal, professional team building, among other aspects, and insisted on deepening the detailed implementation of relevant measures, which has provided a solid guarantee for the Company's steady development. In 2023, the Company further strengthened the legal affairs efforts such as contract management, dispute management, legal risk investigation, pre-event review of major projects, strengthened the legal risk alerts, fixed the management loopholes, optimized the process of legal affairs, coordinated the legal resources and organized a series of training sessions on clinical trial contract and company publicity, so as to enhance the legal awareness of the employees, improve the risk prevention and control capability and the ability to manage the enterprise according to the law. With these efforts, Hengrui Pharma was granted the title of "2022-2023 Lianyungang Excellent Enterprise in Rule of Law".



The Certificate of the "2022-2023 Lianyungang Excellent Enterprise in Rule Of Law"

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1.3.3 Business Ethics

Hengrui Pharma sticks to compliant operations and holds zero tolerance towards corruption, bribery, fraud and other unethical conducts. In line with the laws and regulation in places where it operates, such as the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Medicinal Product Administration Law of the People's Republic of China, the Company has formulated the *Business Ethics and Anti-Corruption Policy of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, and continued to improve internal management regulations such as the *Measures for Compliance Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, the *Compliance Manual for All Employees (For Trial Implementation)* and the *Regulations on Marketing*. These efforts have helped guarantee the smooth progress of the Company's anti-corruption, anti-bribery and anti-money laundering endeavors.

In 2023, Hengrui Pharma formulated and issued internal policies including the *Management Regulations on Executive Integrity of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation)* and the *Compliance Guidelines on Marketing*. The Company also conducted dispute remediation and integrity self-inspection as part of its effort to regulate business ethics management. During the reporting period, Hengrui Pharma had no litigation cases related to corruption, unfair competition, trust or monopoly.

Hengrui Pharma's Business Ethics Highlights in 2023

Integrity self-inspection

In line with the *Compliance Manual for All Employees (For Trial Implementation)* and the *List of Prohibitive Actions and Obligations for Employees (For Trial Implementation)* and other applicable internal regulations, the Company conducted self-inspection on the behavior of executives and employees at all levels, to correct corruption, money laundering, bribery and other potential misconducts in a timely manner, so as to "prevent problems before they occur".

Dispute remediation

The Company has developed corresponding remediation measures for font, engineering and other dispute events that may have an impact on the Company's operations to minimize the Company's business ethics risk.

Business ethics reporting channels

We have established a variety of reporting channels and encouraged employees to report violations within the Company during the course of operations via email, hotline, WeCom or other means, so as to jointly sustain the clean business environment. During the investigation process, we strictly adhere to the principle of whistleblower protection, keep the personal information of whistleblowers and documents provided confidential and prohibit any blackmail, threats, or retaliation against whistleblowers (see the *Business Ethics and Anti-Corruption Policy of Jiangsu Hengrui Pharmaceuticals Co., Ltd.* for details).

The Company reporting channels

Hotline: 0518—85108796

E-mail: compliance.report@hengrui.com

Our WeChat Official Account: Complaint/reporting module

Integrity Culture Building

The Company stay committed to incorporating the integrity culture into its daily operations. Upholding the instructions set forth in the *Business Ethics and Anti-Corruption Policy of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, the Company has rolled out a series of online and offline training sessions on business ethics, covering all employees, including permanent employees, part-time employees and contractors, as well as suppliers and other business partners. In 2023, the trainings on ethical standards and anti-corruption practices in Hengrui Pharma amounted to 207,540 hours, with the training length per capita standing at 10 hours.



Hengrui Pharma Plays Videos of Business Ethics on Screens in Cafeterias

In 2023, Hengrui Pharma attended the 6th (2023) Enterprise Integrity and Compliance Summit and other integrity training sessions and meetings and jointly set up the Legal Alliance of Listed Company in Lianyungang, so as to build up the integrity culture in the industry.

The 6th (2023) Enterprise Integrity and Compliance Summit

In October 2023, Hengrui Pharma attended the 6th (2023) Enterprise Integrity and Compliance Summit. Convened under the theme of "Integrity Empowers Enterprises in Pursuing High-Quality Development", the summit gathered 200 member enterprises and 300 business representatives, where lively discussion on corporate integrity and compliance governance took place.



The 6th (2023) Enterprise Integrity and Compliance Summit

2023 Guangdong-Hong Kong-Macao Greater Bay Area Corporate Compliance Summit

In April 2023, Hengrui Pharma attended the 2023 Guangdong-Hong Kong-Macao Greater Bay Area Corporate Compliance Summit, where in-depth discussions and exchanges on subjects including state-level compliances operations and challenges, corporate data compliance, anti-monopoly and anti-unfair competition compliance, advertising compliance, corporate public opinion governance, and intellectual property rights compliance were hosted, helping the Company better understand state-level business ethics-related regulations, thus building itself into a clean enterprise.



2023 Guangdong-Hong Kong-Macao Greater Bay Area Corporate Compliance Summit

2023 LCOUNCIL The Third Annual Legal Compliance Practice Hot Forum

In December 2023, Hengrui Pharma attended the 2023 LCOUNCIL The Third Annual Legal Compliance Practice Hot Forum. This forum provided a platform for lawyers, legal experts and scholars from different sectors to exchange ideas on data protection, business confidence protection, international compliance practice and medical compliance, among other heated legal issues, aiming at coping with the challenges and grasping opportunities for corporate compliance.



2023 LCOUNCIL The Third Annual Legal Compliance Practice Hot Forum

Hengrui Pharma's pursuit of integrity is also reflected in its supplier management practices. The Company has signed the *Compliance Management Commitment for Business Partners* and the *Compliance Commitment for Conference Services* with all suppliers/contractors, so as to establish a clean supply chain that covers compliance reporting, business ethics training and contract approval, among other aspects.

Supplier Business Ethics Management Measures

Compliance reporting

Hengrui Pharma encourages suppliers/contractors to report any illegal conduct in the course of cooperation in a timely manner through e-mail.

Contract approval

Hengrui Pharma continuously enhances contract approval, requiring suppliers/contractors to provide compliant services and goods, accept regular supervision and audit on clean cooperation management and offer transaction records, documents, official papers and other materials concerning Hengrui Pharma.

Compliance management training

In 2023, Hengrui Pharma introduced a series of online and offline training sessions on compliant suppliers/contractors management. During the reporting period, the Company's training sessions covered 813 participants, with the length of the training sessions standing at 271 hours.

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1.4 Following the Guidance of Party-Building

Guided by the Constitution of the Communist Party of China, the Constitution of the All-China Federation of Trade Unions and other applicable laws and regulations, Hengrui Pharma continues to improve its internal regulation the *Measures to Implement the Thematic Education Sessions on Xi Jinping Thought on Socialism with Chinese Characteristics for A New Era by Hengrui Pharma Party Committee*. The Company also conducts a series of arrangements on organization building, Party member development, promotion and implementation of Party's affairs and culture, so as to empower the Company's high-quality and effective development with excellent Party-building efforts.



Hengrui Pharma worked in collaboration with its peers in the industry to establish a Party-Building Alliance for Medicine and Health

The Company stays committed to Party-building communications with its peers in the industry. Together with the grassroots Party committees of AstraZeneca (WUXI) Trading Co., Ltd. and 7 other companies, we have established the Party-Building Alliance for Medicine and Health, as part of our effort to build Hengrui Pharma a company with strong cultural strength.



The Inauguration Ceremony of the Party-Building Alliance for Medicine and Health

"July 1" activities under the theme of "Learning about the Party's Struggles and Promoting the Great Founding Spirit of the Party"

In July 2023, Hengrui Pharma organized the "July 1" activities under the theme of "Learning about the Party's Struggles and Promoting the Great Founding Spirit of the Party", enhancing the awareness of Party members via visiting revolutionary memorial halls and revolutionary bases. The activities covered more than 60 new Party members and outstanding Party members.



Visiting the Site of the First Congress of the Communist Party of China (CPC)



Visiting the Nanhu Revolutionary Memorial Hall

02

Sustained Green Development for a More Resilient Ecosystem

Hengrui Pharma actively manages its operational impact on the environment, aligning with national initiatives to achieve carbon emission peaks and carbon neutrality. We integrate green and low-carbon development principles into our production and operational processes. We seize opportunities to minimize carbon emissions and conserve energy, enhancing resource utilization efficiency to drive our green and low-carbon transformation. Our goal is to establish Hengrui Pharma as an environmentally conscious and energy-efficient enterprise, collaborating with all sectors of society to nurture a more robust ecosystem.





2.1 Improving Environmental Management

Hengrui Pharma acts in strict accordance with the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric 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 Environment Pollution Caused by Solid Wastes, the Regulation on the Administration of Permitting of Pollutant Discharges, the Energy Conservation Law of the People's Republic of China and other applicable laws, regulations, industry standards and norms concerning environmental protection, to comprehensively regulate the environmental management and waste discharges and continue improving the management efficiency.

In 2023, we formulated and implemented the *EHS Business Management Regulations (For Trial Implementation)* to further strengthen unified management of environmental, health and safety matters before, during and after the event. These regulations aim to delineate clear responsibilities and duties in environmental management, ensuring compliance across all stages of internal environmental oversight. This initiative fosters effective collaboration in environmental management, streamlining processes for greater efficiency.

During the reporting period, the Company was not imposed with any major environmental penalties and had neither internal nor external environmental pollution incidents during the whole year's operation and production.

2.1.1 Environmental Management

To effectively enforce environmental policies and systems, we have established a complete environmental management structure. The Strategy Committee, serving as the Company's ESG management body accountable to the Board of Directors, is primarily responsible for formulating and assessing environmental management strategies and goals. It oversees the implementation of environment-related policies, tracks progress toward environmental objectives and reports on environmental management issues to the Board of Directors.



Hengrui Pharma's Environmental Management Structure

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Hengrui Pharma is steadfast in its mission to establish an environmental management system and mechanisms that are standardized, science-based and rational. We have intensified our efforts to implement environmental management systems across all manufacturing operations, mandating relevant units to obtain certifications for environmental management systems, clean production qualifications and green factory.

We aim to "ensure no less than three manufacturing operations certified with Environmental Management Systems (EMS) by 2025". By the end of the reporting period, all the manufacturing operations of Hengrui Pharma have established Environmental Management Systems according to the ISO 14001 standards, among which 2 operations were certified with ISO 14001 Environmental Management Systems, whose revenues accounted for 78% of Hengrui Pharma's total income. This indicates that 29% of the Company's manufacturing operations had been ISO 14001-certified.

We carry out rigorous internal and external environmental monitoring and audits regularly, aligning with certification standards to mitigate the environmental impact of our operations. Our comprehensive internal audit system covers all manufacturing operations, with annual audits conducted on core manufacturing operations and three-year audits on remaining member companies, ensuring thorough coverage.

We have contracted with independent third-party certification organizations to conduct annual supervisory audit on the environmental management systems of our member companies that have passed the certification and a recertification (renewal) audit every three years to evaluate and examine the effective implementation of the environmental management systems. During the reporting period, two of Hengrui Pharma's operations have passed the recertification of Environmental Management System.



Two of Hengrui Pharma's Operations have Passed the Recertification of Environmental Management System (EMS) in 2023

Among which

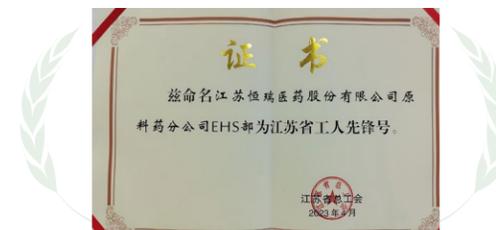
2 operations were certified with ISO 14001 environmental management systems

Whose revenues accounted for

78% of Hengrui Pharma's total income



2023 Award for Corporate Environmental Protection Quality of the Year



The Certificate of "Pioneer Worker of Jiangsu Province"

Hengrui Pharma is dedicated to leading and implementing green and environmentally friendly practices. During the reporting period, the Company received the "2023 Award for Corporate Environmental Protection Quality of the Year" from the Lianyungang Economic and Technological Development Area Administration Committee and the Lianyungang Bureau of Ecology and Environment. Additionally, the EHS Department of Hengrui Pharma's raw material branch was honored with the "Pioneer Worker of Jiangsu Province" title by the Jiangsu Federation of Trade Unions, underscoring our commitment to high-quality environmental management, green development and sustainable transformation.

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2.1.2 Environmental Goals

While exerting every effort to comprehensively improve the capability and efficiency of environmental management, Hengrui Pharma formulated the *Hengrui Pharma 2021-2025 EHS Plan* based on its development and the management practices of its peers. This plan outlines the direction of our EHS management and delineates key tasks and objectives.

Based on our strategic EHS planning, we aim to reuse (such as solvent regeneration and recycling, cleaning) at least 70% of hazardous waste by 2025. We have allocated environmental targets and responsibilities to each department, enabling continuous monitoring of progress toward environmental goals with the support of our multi-tiered environmental management structure and the establishment of a regular monitoring and feedback mechanism.

In 2023, we continued to expand our investment in environmental management to solidify the groundwork for implementing our five-year strategic plan and achieving environmental objectives. Building upon our EHS performance and management practices over the years, we have diligently examined and analyzed deficiencies, issues and improvement opportunities in fulfilling our environmental commitments.

To effectively incentivize employees, including senior management, to adhere to environmental management requirements and enhance environmental performance, we have introduced the *Measures for EHS Management Assessment (For Trial Implementation)*. This includes requiring senior management to sign annual goal responsibility letters and implementing incentive measures that incorporate both rewards and penalties, with environmental performance being a key determinant in executive compensation. Furthermore, we have established protocols for management involvement in serious environmental incidents, implementing a veto mechanism. This entails a reduction in annual performance-related pay and compensation for implicated management, along with exclusion from performance appraisals and promotion opportunities for the year.¹

2.1.3 Environmental Emergency Management

In strict accordance with the requirements of the *Measures for the Environmental Emergency Response Management* and the *Measures for the Administration of Record-filing of Environmental Emergency Response Plans for Enterprises and Public Institutions (for Trial Implementation)*, Hengrui Pharma implements effective environmental emergency response planning and on-site management.

We require all manufacturing operations to formulate their *Emergency Plans for Environmental Emergencies* according to their realities. During the reporting period, part of Hengrui Pharma's factories, Guangdong Hengrui, Shanghai Hengrui and Tianjin Hengrui finished the formulation, revision and filing process of the *Emergency Plans for Environmental Emergencies*.

2.1.4 Environmental Awareness Training

Hengrui Pharma is committed to cultivating environmental awareness among employees and fostering a collective commitment to high-quality green development. We have formulated the *Environmental Health and Safety Training Program*, as a means of exploring innovative strategies for promoting environmental stewardship. Through regular training sessions and promotional activities covering pertinent laws and regulations, as well as specialized environmental protection workshops conducted both online and offline, we aim to enhance employees' motivation and initiative in environmental conservation. These efforts contribute to the cultivation of a corporate culture where every individual recognizes and embraces their environmental responsibilities.



¹ When relevant incident occurs, the punishment and treatment shall be based on the actual condition.

2.2 Regulating Resource Utilization

Hengrui Pharma diligently monitors its energy and water consumption, taking proactive measures to conserve energy and regulate the management and utilization of these resources. Through the establishment of a highly efficient energy management system, we promote the adoption of energy and water conservation technologies, advocate for the use of clean and renewable energy sources and optimize the efficiency of energy and water resource utilization. These efforts align with national objectives to achieve carbon emission peaks and carbon neutrality, contributing to sustainable environmental practices.



2.2.1 Energy Management

Energy Management System

We adhere to the Energy Conservation Law of the People's Republic of China and other applicable laws and regulations. Focusing on the two major indicators of energy consumption intensity and volume, we have implemented a robust energy management system, establishing tailored energy consumption targets and pathways for energy efficiency and emission reduction that align with our operational and developmental needs.

To oversee our energy management efforts, we have established an energy management office and a leadership group dedicated to energy management. These entities develop energy management policies, objectives and plans, while also collecting and evaluating energy consumption data across all factories and departments. These initiatives serve as a cornerstone for enhancing energy utilization efficiency. Furthermore, we have developed the *Procedure for Resource and Energy Management* to ensure effective energy management and stringent oversight of all aspects of energy consumption, facilitating our transition to a low-carbon model. As of the end of the reporting period, Hengrui Pharma has obtained the ISO 50001 Energy Management System certification.

Hengrui Pharma remains steadfast in its commitment to sustainable development and actively fulfills its social responsibilities through tangible actions. We persistently promote emission and consumption reductions by setting energy-saving targets and implementing various technological and other measures to conserve energy.



Energy-Saving Technology Innovation

Hengrui Pharma prioritizes the innovation and implementation of energy-saving technologies to drive efficiency improvements. Through the introduction of energy-saving equipment, conducting energy-saving renovations and optimizing production processes, among other measures, we have significantly enhanced energy utilization efficiency and minimized energy waste. Throughout the reporting period, Hengrui Pharma and its affiliated entities intensified the adoption of energy-saving initiatives, yielding remarkable results.

Flue gas heat recovery

- To enhance flue gas heat recovery, Shanghai Hengrui started to install recovery equipment since April 2023, in an aim to establish a heat exchanger circulation system connecting boiler exhaust chimney and boiler water tank for heat recovery. The equipment was put into operation in May 2023, which helped save 15,268m³ of natural gas from May to November, reducing energy consumption and pollutant emissions.

Energy-saving transformation of air compressor frequency conversion

- By automatically adjusting the load of the air compressor, the working frequency of the air compressor in the Shanghai plants of Hengrui Pharma is stabilized at the minimum value, and the cumulative operation time after the transformation totaled 265 days, saving 139,900 kWh of electricity.

Establishment of a centralized control platform for public engineering and energy

- During the reporting period, Hengrui Pharma's raw material branch established a centralized control platform for public engineering and energy, accessing 552 sets of equipment, control systems and instrument data, realizing centralized control of public engineering equipment and online monitoring of energy data. This platform also enables analysis of energy trends, which saves manual operation costs while realizing refined management of energy consumption and precise reduction of energy consumption.



The Centralized Control Platform for Public Engineering and Energy



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Additionally, we conduct energy-saving campaigns in different forms through various online and offline channels to continually raise awareness among employees. These campaigns aim to engage all employees in energy-saving practices and promote the Company's transition to a low-carbon model.

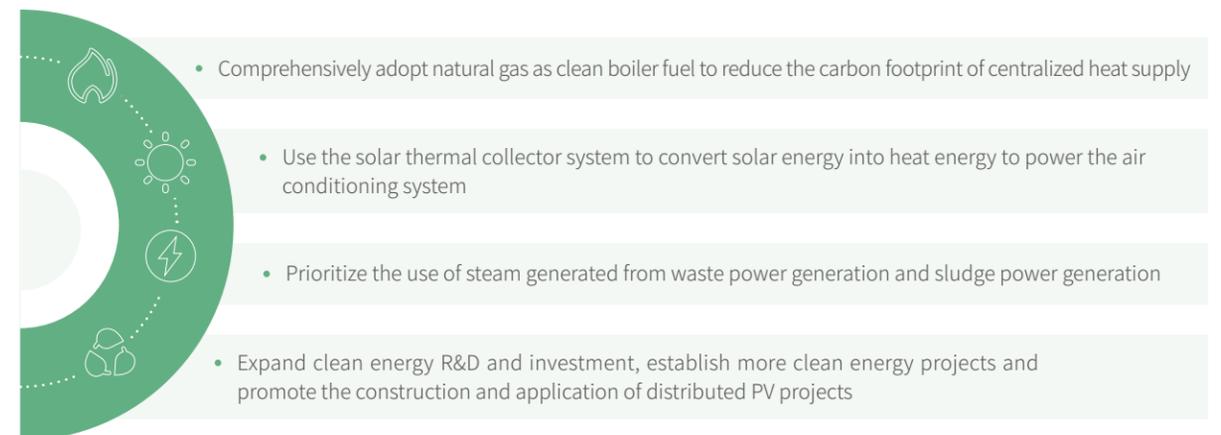


2023 Online Promotion of National Energy Conservation Awareness Week

Clean Energy Utilization

Hengrui Pharma is dedicated to transitioning to clean energy by expanding the use of renewable resources in our production and operations and optimizing our energy mix, thereby reducing carbon emissions.

In 2023, Shanghai Hengrui made significant progress with its PV project. As of the end of the reporting period, we concluded the bidding process for the project. Once installed, this project, with an installed capacity of about 0.541 MW and covering an area of approximately 3,000 square meters, is expected to generate 630,000 kWh of electricity per year. This substantial output will effectively refine our energy mix and contribute to our efforts in low-carbon development.



Progress in Promoting the Utilization of Clean Energy

Since 2018, we have invited the China Quality Certification Center to conduct annual environmental data analysis and accounting, as well as to investigate annual greenhouse gas emissions. Our aim is to reduce carbon emissions during operations and explore paths toward carbon neutrality tailored to our conditions. As of the end of the reporting period, we completed the assessment of our efforts to reduce greenhouse gas emissions and carbon footprint in 2023.

The greenhouse gas emissions from our manufacturing and operations activities primarily stem from fossil fuel combustion, as well as electricity and steam consumption. Below is the table presenting Hengrui Pharma's energy consumption and greenhouse gas emissions data for 2023.



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Indicator		Unit	2021	2022	2023
Energy Use	Total direct energy consumption ²	Tonnes of Standard Coal	4,508	3,366	2,751
	Total indirect energy consumption	Tonnes of Standard Coal	55,890	52,054	53,884
	Comprehensive energy consumption	Tonnes of Standard Coal	60,398	55,420	56,635
	Comprehensive energy consumption intensity	Comprehensive energy consumption/ RMB million revenues	/	/	2.48
Greenhouse Gas Emissions	Total direct greenhouse gas emissions ³	Tonnes of CO ₂ e	8,837.68	5,993.70	4,898.00
	Total indirect greenhouse gas emissions	Tonnes of CO ₂ e	235,222.57	197,519.22	203,382.08
	Total greenhouse gas emissions	Tonnes of CO ₂ e	244,060.25	203,512.91	208,280.09
	Greenhouse gas emission intensity	Tonnes of CO ₂ e/ RMB million revenues	/	/	9.13

² The total direct and indirect energy consumptions in the table are calculated according to the principle of converting various energy sources into standard coal and the reference coefficient set in the GB/T 2589 General Rules for Calculation of the Comprehensive Energy Consumption.

³ Scope 1 of this table is calculated with reference to the low heating value of energy in China Energy Statistical Yearbook 2013, the carbon content per unit of calorific value of energy and the carbon oxidation rate of fuels in the Guidelines for Provincial Greenhouse Gas Inventories (For Trial Implementation); Scope 2 is calculated with reference to the national grid average emission factor of 0.5703tCO₂/MWh specified in the Notice of Improving the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Industry in 2023-2025.

2.2.2 Water Resource Management

Hengrui Pharma advocates the harmonious coexistence between man and nature, and stays committed to conserving resources on the planet with concrete actions. We strictly adhere to the *Water Law of the People's Republic of China* as well as other laws and regulations in the areas where we operate. Through stringent water resource management systems and policies, we aim to curtail water consumption across all aspects of production and operations, thereby enhancing the efficiency of water resource utilization.

Our water resources are primarily sourced from municipal water supply systems and are utilized in production and office areas. We have implemented upgraded water-saving technologies in processes with high water consumption. Through projects such as RO concentrated water recovery, dry pump replacement and steam condensate recycling, we have managed to reduce water waste.

At the same time, we analyze data to gain a comprehensive understanding of water use, recycling and loss, identifying potentials for water-saving and areas for improvement. We conduct water-balance tests in each production plant to enable the operations concerned to accurately grasp the direction and status of water flow. This helps us effectively identify key facets of water waste, with the aim of implementing targeted improvement measures.

Steam condensate residual water recycling project

- We have installed a recovery system to reuse the recovered water through rational allocation. During the reporting period, this project saved about 50,000 tonnes of water.

Dry pump replacement project

- We have installed oil-free reciprocating roots vacuum pump units and dry vacuum pumps to replace water jet Roots pump vacuum units to avoid massive water waste. During the reporting period, this project saved about 106,000 tonnes of water.

Water balancing tank project

- We have installed additional intermediate water balancing tanks through the water balance transformation of cooling towers to effectively reduce water waste, saving about 15,000 tonnes of water per year.

Water-Saving Technology Transformation and Water Recovery Projects

We also attach great importance to the promotion of water conservation practices through various external and internal platforms, both online and offline. This initiative aims to encourage all employees to participate in water-saving actions.

2.2.3 Strict Material Management

While enhancing the efficiency of energy and water resource utilization, Hengrui Pharma intensifies efforts to minimize and recycle raw materials and packaging throughout its entire lifecycle. This commitment contributes to the advancement of the circular economy.



Packaging Materials Management

We prioritize addressing the adverse environmental impact of packaging materials used throughout our operations and the entire lifecycle of our products. We have incorporated factors such as pollution-free packaging, reduced packaging and recyclable packaging into processes including product packaging R&D, design and procurement. Through these efforts, we optimize packaging performance at its source and ensure that packaging materials are more environmentally friendly.

Outer packaging printing	Product packaging
<ul style="list-style-type: none"> Use corner stickers and printers instead of inkjet printers Eliminate the harm of inkjet printers to humans and reduce the consumption of ethanol solvents when cleaning inkjet printers 	<ul style="list-style-type: none"> Replacement of plastic trays for syringe bottles with paper trays Reduce the use of plastic products and realize the reduction of plastic products in packaging materials

Raw Material Management

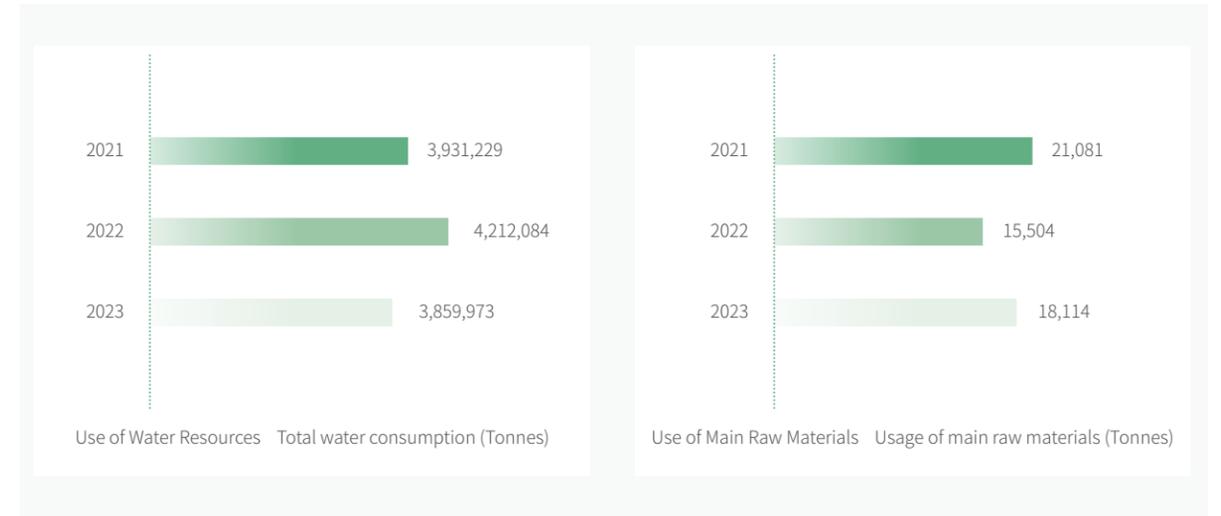
Under the guidance of EHS strategic planning, we have made unremitting efforts to minimize the use of toxic and hazardous materials and to reduce waste generation, thereby mitigating the adverse environmental impacts associated with production processes.

We replace organic solvents with water and reduce the use of hazardous materials in quality inspection; we are committed to waste reduction by making full use of several sets of solvent recovery facilities in our plants, such as membrane distillation, supergravity and continuous column, to recycle more organic solvents. During the reporting period, 32,800 cubic meters of solutions were processed, and 18,800 cubic meters of solutions were reused, generating economic benefits of nearly RMB 89.2392 million.

Statistics of solvent recovery and resource utilization in Hengrui Pharma during the reporting period are as follows:

32,800	18,800	Generating economic benefits of nearly
cubic meters of solutions were processed	cubic meters of solutions were reused	RMB 89.2392 million

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2.3 Controlling Pollutant Discharge

Hengrui Pharma has consistently prioritized the compliant discharge of pollutants as a key aspect of the Company's environmental management agenda. We actively promote green production and operations, fulfill our environmental responsibilities and strive to minimize pollution discharge to safeguard the ecosystem.

We strictly adhere to laws, regulations and standards for pollutant discharge management in China and the areas where we operate, 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*. Internally, we have formulated regulations such as the *Rainwater and Sewage Discharge Management System*, the *Noise Discharge Management System*, the *Exhaust Gas Discharge Management System* and the *Waste Management Procedures*. Through various scientific and effective measures, we ensure strict disposal and management of waste gas, wastewater and solid waste to align with national and local regulations. Furthermore, we explicitly mandate in relevant systems that all manufacturing operations must strictly adhere to emission disposal and management procedures, facilitating unified management of emissions and promoting efficient collaboration.

In addition, we have developed an efficient pollutant monitoring mechanism and engaged independent third-party certification organizations to conduct regular pollutant tests. This proactive approach ensures environmental safety both internally and externally.

2.3.1 Exhaust Gas Emissions Management

Hengrui Pharma diligently monitors the exhaust gases generated during our production and operations. We have implemented targeted treatment measures for exhaust gases from our manufacturing workshops and laboratories to ensure compliance with standards after effective treatment.



Exhaust gases generated in production workshops

- Exhaust gases containing VOCs are treated by pretreatment, absorption and activated carbon adsorption/regeneration before discharged
- Dusty exhaust gases are treated by dust removal facilities such as filters and burning plate dust removers



Exhaust gases generated in laboratories

- Exhaust gases are collected by fume hood and universal exhaust hood and treated by filtration or adsorption devices
- Adsorption materials are regularly replaced to improve the removal efficiency



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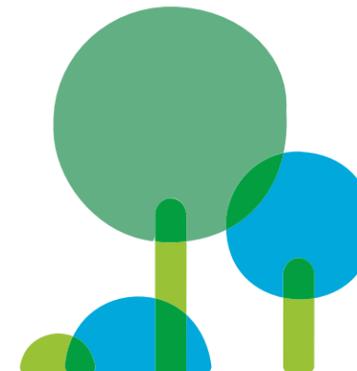
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During the reporting period, we increased investment in the construction of exhaust gas treatment facilities and equipment, as well as renovated part of the existing facilities to enhance treatment efficiency. For instance, we renovated part of the existing single-spray exhaust gas processing facilities at our factories in Dapu Industrial Park, Lianyungang, transforming them into multifunctional facilities using "spraying + activated carbon adsorption". This renovation has significantly improved the efficiency of volatile organic compound treatment and reduced the risk of environmental pollution from air pollutants.



Renovation Projects of Exhaust Gas Treatment Facilities

2.3.2 Sewage Discharge Management

At Hengrui Pharma, we adhere strictly to national and local wastewater pollution prevention and control policies, regulations and standards to ensure compliant wastewater discharge. We have established internal policies and regulations governing wastewater management, detailing standardized treatment processes and requirements. We assess the performance of personnel responsible for environmental management and require all manufacturing operations to rigorously implement relevant policies and regulations. To achieve systemic, efficient and safe wastewater management and treatment, we collect production wastewater, sewage in living areas, initial rainwater and clean sewage in accordance with the principle of "separate collection of rainwater and sewage, clean water and sewage, and separate treatment based on wastewater quality".

By analyzing wastewater treatment results, we continuously enhance wastewater treatment projects and upgrade facilities to advance our practices. During the reporting period, we launched the sewage network renovation project at our factories in Jinqiao Road, Dapu Industrial Park, Lianyungang. Expected to be completed in two to three years, the project will enable all wastewater to be channeled through the structure of "exposed pipes + pipe supports", preventing soil and underground water contamination caused by leakage during sewage channeling.

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2.3.3 Solid Waste Management

In solid waste disposal, we follow the "Reduce, Reuse and Recycle" principle in pursuit of waste reduction, long-term compliant discharge and resource utilization efficiency. We have formulated the *Solid Waste Management Regulations* and the *Solid Waste Utilization and Disposal Procedures* and other internal regulations to specify key management approaches and treatment processes for hazardous and non-hazardous wastes respectively and offer guidance to employees in storing, transporting and treating wastes in a science-based manner.

For hazardous wastes, we have developed special emergency response plans to mitigate the associated safety risks. We conduct regular training sessions for relevant personnel to continuously improve their ability to manage hazardous waste throughout the process and to conduct emergency disposal. We have set up a special temporary storage room to store hazardous waste, which is built in strict accordance with the *Pollution Control Standards for Hazardous Waste Storage*. The room is outfitted with the impermeable hardened ground and a guide drainage trench that connects to the accident pond to ensure the collection and treatment of pollutants in an unexpected environmental event. During the reporting period, part of the Hengrui Pharma affiliates conducted training sessions on hazardous waste management for relevant personnel for effective regulation and safety throughout the process.

Training on standardized management of hazardous wastes

In June 2023, the EHS Department of Chengdu Suncadia, a Hengrui Pharma affiliate, launched training sessions on standardized management of hazardous wastes, covering all executives and employees from departments that engage in the production and management of hazardous wastes. The training focused on the definition, classification, packaging, storage, labelling and emergency disposal of hazardous wastes, thereby solidifying the foundation for the standardized and safe management of hazardous wastes throughout the process.

At the same time, we advocate the concept of green development and environmental protection, encouraging employees to minimize paper usage and reducing food waste to decrease domestic and kitchen waste at its source. Additionally, we actively support the collection and management of household waste according to classification and explore diverse methods for treating non-hazardous waste.

The statistics of our major waste emissions in 2023 are as follows.

Indicator	Unit	2021	2022	2023
Total Hazardous Waste	Tonnes	14,166.20	14,032.16	18,493.75
Total Non-hazardous Waste	Tonnes	461	423.16	437.34
Nitrogen Oxides Emissions	Tonnes	2.55	2.25	2.09
Sulphur Oxides Emissions	Tonnes	0.06	0.06	0.12
Organic Compound Emissions	Tonnes	22.24	23.18	33.67
Total Other Significant Gas Emissions	Tonnes	1.48	1.33	2.43
Number of Pollutant Discharge Outlets	/	122	125	122

2.4 Practicing Green Operations



We are committed to green operations and green development. In response to global climate change, we have continuously explored green operational models and actively pursued green and low-carbon transformations through tangible actions. By doing so, we aim to contribute to global efforts in addressing climate change, preserving biodiversity and minimizing environmental impacts.

2.4.1 Responding to Climate Change

We remain devoted to our corporate responsibility and strive to collaborate with global partners to tackle the significant challenge of climate change. The increasing frequency of meteorological disasters such as strong winds, cyclones, floods and heavy rains, attributed to global warming, poses risks and impacts on our operations. These events can lead to chain reactions such as power and water outages, as well as urban flooding.

We recognize the significant impact of climate change on the long-term development of our business and have integrated climate change and related risks into our corporate governance and sustainability management processes and decision-making. By identifying climate risks and considering the specific characteristics of our business and operations, we have developed measures to strengthen our climate resilience. In 2023, we improved our emergency response system and contingency plans for extreme weather events. These enhancements have bolstered our capacity to manage production interruptions, energy shortages, resource supply disruptions, asset loss, injuries and fatalities resulting from extreme weather conditions.

Moving forward, we will persist in addressing climate change-induced chronic risks, such as policy changes and the escalating prices of energy and raw materials. We will intensify our efforts to develop a comprehensive climate change management system, explore opportunities for utilizing green energy and establish responsible supply chains, thus building up our resilience against climate change.

2.4.2 Biodiversity Conservation

At Hengrui Pharma, we firmly believe that conserving biodiversity and protecting ecosystems are essential for achieving green operations and sustainable development. We prioritize biodiversity conservation and restoration as integral aspects of our production and operational management. Our projects are carried out in strict accordance with the *Forestry Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment* and other applicable laws and regulations concerning bio conservation. We maximize our ecological conservation efforts by growing plants within our factories and ensuring the permeability function of the ground.



- Grow plants such as lawns and shrubs on the open space in our factories and maintain them regularly to ensure the greenery area, protect natural resources and maintain the diversity of the ecosystem
- Our parking lots are designed in a way that can protect the permeability of the ground and ecosystem. We have taken multiple measures to protect biodiversity and realize the harmonious coexistence of enterprise and ecology

2.4.3 Promoting Green Office

Green Office Management

We have integrated the principles of energy conservation and emissions reduction into our daily office practices to enhance awareness of green office initiatives among our employees and foster collaboration toward creating a zero-carbon future. During the reporting period, we revised several regulations, including the *Management Regulations on Administrative R&D Building*, the *Vehicle Fueling and Maintenance Management Process* and the *Shanghai Suncadia Administrative and Logistic Services Manual*, to streamline the management and institutional framework for green office practices and sustainable travel. We encourage everyone to participate in our green office initiative and promote a paperless office environment to cultivate a harmonious, low-carbon workplace.

We have implemented various measures to promote green development, including the efficient use of cooling and heating equipment, adjusting lighting schedules based on scientific principles, maximizing the utilization of rainwater and advocating for paperless office practices.

Energy conservation

- Controlling the air-conditioning operation temperature strictly and adjusting the operation temperature and operation time of cooling and heating equipments in time according to the weather conditions
- Arranging the time of outdoor lighting reasonably
- Enhancing night-time inspections to switch off air-conditioning and lighting equipment in a timely manner
- Achieving significant year-on-year reductions in steam and electricity costs in the cafeteria by switching off air-conditioning regularly and using solar-powered water heaters

Water conservation

- Employing rainwater for green irrigation by using a rainwater collection system

Paper conservation

- Implementing double-sided printing initiative; encourage paperless office
- Recycling waste paper and cardboard in a centralized manner and use the recycling fees as procurement funds for cleaning supplies
- Promoting onlinervisitor entry system by scanning QR code to streamline the application process, thus enhancing the efficiency

Vehicle Energy Saving and Emissions Reduction

Hengrui Pharma strictly monitors fuel consumption during vehicle operation and management. Through dynamic and science-based fuel consumption management practices, we have successfully reduced carbon emissions generated by vehicle operations. In 2023, we decreased the frequency of vehicle trips and improved the efficiency of vehicle utilization by optimizing routes, arranging rides scientifically and prioritizing departure orders. As a result of these efforts, vehicle fuel costs for the year decreased by 5% compared to the previous year.

In 2023
 Vehicle fuel costs for the year decreased by
5%
 compared to the previous year

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Implement dynamic management of fuel consumption

Set annual fuel consumption targets: optimize and integrating vehicle management by perfecting routes, setting the order of departure and ensuring the occupancy rate

Implement real-time evaluation of monthly fuel consumption: require vehicle drivers to upload mileage and refueling data photos each time after they refuel, setting annual vehicle fuel consumption targets and encourage them to reduce fuel consumption with performance points

Designate vehicle maintenance supervisors

Designate special personnel to pre-view vehicles before maintenance and adjust engine maintenance intervals and air filter replacement frequency according to vehicle maintenance requirements, to save vehicle management costs

Flexible dispatching

Dispatch vehicles in a science-based manner to ensure a certain occupancy rate and improve the full load rate and reduce travel mileage

2.4.4 Promoting Green Supply Chain

Hengrui Pharma is committed to collaborating with all stakeholders to establish a responsible and sustainable supply chain. We prioritize addressing pollutant emissions and energy consumption in the initial stages of production and communicate our low-carbon and environmental protection requirements to our suppliers. Our goal is to establish a green and low-carbon supply chain system.

To ensure that suppliers adhere to the Company's standards for certifications and performance regarding environmental protection, we have formulated and implemented the *Supplier EHS Audit Management Procedures*. These procedures are applicable to suppliers of various types and outline the responsibilities of relevant departments, as well as the management protocols for conducting supplier EHS audits to promote the standardization of supplier EHS audits.

In Hengrui Pharma, we prioritize environmental audits within our supplier EHS audits. We conduct thorough reviews and verification of suppliers' environmental management system certifications, emission permits, pollutant disposal processes and incidents of environmental violations, among other key aspects, as integral conditions for supplier access and screening. This initiative ensures that suppliers' environmental emissions are legal and compliant, thereby contributing to the reduction of pollutant emissions in our supply chain. We decisive action to terminate the supply qualification of suppliers that fail EHS audits, thereby compelling them to rectify relevant environmental issues and adhere to environmental management requirements.

We conduct EHS audit on suppliers every three years both on site and in written form. During the reporting period, we concluded 36 EHS audits on 36 suppliers, all of which complying with our requirements.

During the reporting period

We concluded EHS audits on

36

suppliers

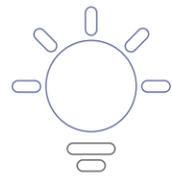


03

Improved Innovation with Commitment to Product Quality

Excellent product quality and service are the foundation upon which Hengrui Pharma builds its path to long-term development. We remain steadfast in our commitment to innovation and globalization strategies, continuously bolstering our R&D capabilities. Additionally, we prioritize the establishment of a robust quality management system to ensure the delivery of safe and reliable products and medical services to patients. Moreover, we actively engage in sustainable development activities with industry peers, fostering collaboration and knowledge exchange to achieve mutual benefits across the supply chain.





3.1 Enhancing Innovative R&D

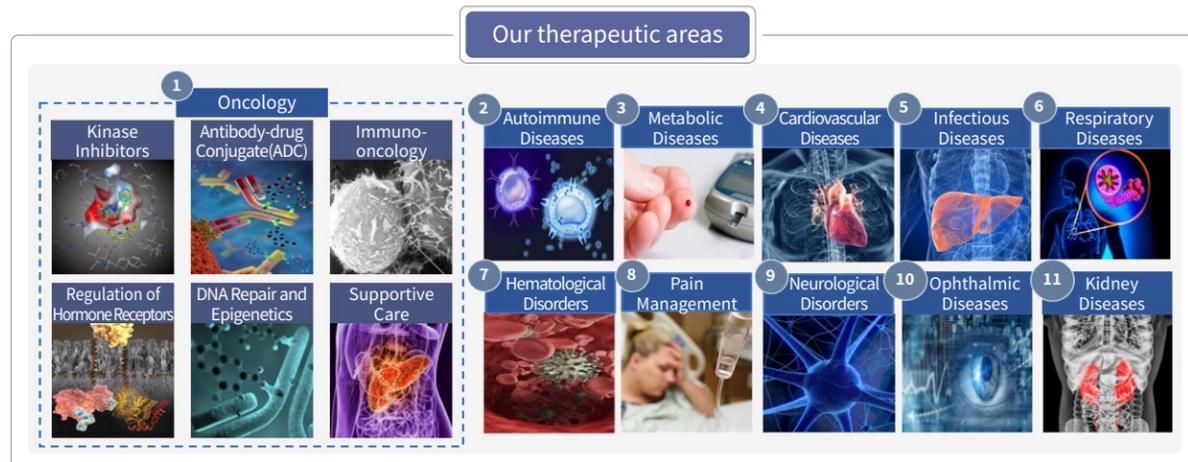
At Hengrui Pharma, we are dedicated to promoting development through scientific and technological innovation. We view innovative R&D as the driving force behind our growth, while the establishment of robust R&D systems and talented teams serves as the foundation for steady progress. The Company adheres to a "differentiation" competition strategy, guided by "unmet clinical needs" and centered on the primary objective of "being new, fast and special". Additionally, we place significant importance on continuously improving our IPR management system to safeguard innovative results and strengthen the basis for the Company's development and innovation efforts.

3.1.1 Deployment of R&D Strategy

Focus on Advantageous Areas

In Hengrui Pharma, we prioritize domestic needs, follow the international trends and focus on the healthcare industry and cutting-edge facets, in the pursuit of overcoming difficulties to facilitate the high-quality development of the medical development. We have made active deployments in numerous therapeutic areas, encompassing all processes such as early-stage research and development, preclinical development, translational medicine research and clinical research and development. These efforts aim to establish a diversified strategic matrix of R&D. While embracing advanced R&D pipelines in anti-tumor treatment, we have made substantial investments in autoimmune diseases, metabolic diseases, cardiovascular diseases, infectious diseases, respiratory diseases, hematological diseases, pain management, neurological diseases, ophthalmic diseases and kidney diseases. We have given special attention to on the three major disabling diseases with the highest incidence rate in China that may lead to poverty: tumors, chronic obstructive pulmonary disease (COPD) and stroke, and conducted targeted and comprehensive product planning and new drug development.

During the reporting period, we actively responded to requirements set forth in the "Healthy China 2030" Outline to intensify our efforts to enhance the management of tumors as chronic diseases and devoted to contributing to the longer life expectancy and high-quality livelihood of tumor patients through continuous efforts in innovative anti-tumor medicines. We have also expanded investment in the clinical trials of innovative drugs for rare diseases at home and abroad, as a way to satisfy the unmet clinical needs across the globe.



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Building Global Teams

In Hengrui Pharma, we believe that the R&D team building holds key to a comprehensive innovation system. We have established 14 R&D centers in the U.S., Europe, Australia, Japan and China, among other countries and regions, forming a global R&D system with complementary functions and specialties.



Hengrui Pharma's Global R&D System

As of the end of this reporting period, Hengrui Pharma had pooled more than 5,000 innovative talents with strong expertise and well-rounded capabilities around the world, solidifying the basis of the Company's innovation and execution capacity in treatment R&D for various diseases.



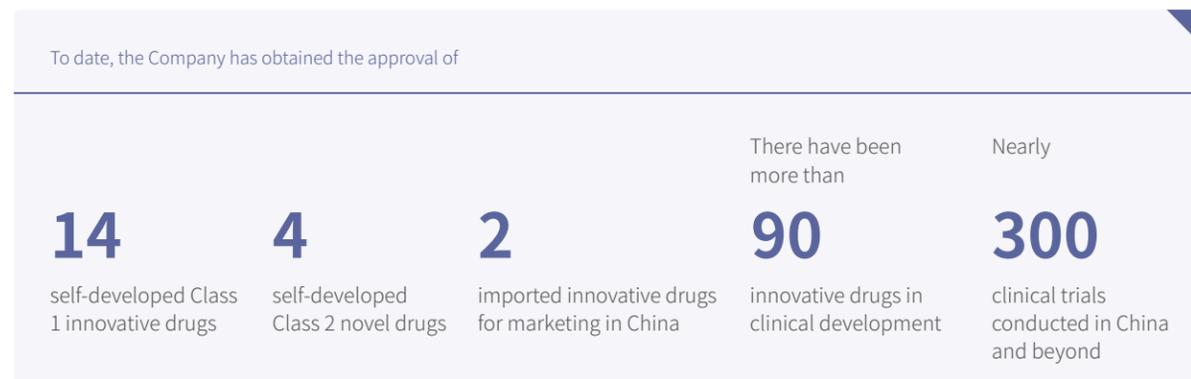
3.1.2 Producing Innovative Achievements

Hengrui Pharma prioritizes sci-tech innovation in pursuing development. With massive investment in R&D, we continuously optimize the R&D system and enhance capacity building, thus maintaining the Company's leading position in the industry while contributing to its high-quality development. In 2023, Hengrui Pharma's R&D expenditures totaled RMB 6.15 billion, accounting for 26.95% of its sales revenue, ranking among the top in the industry.



Innovative Drug R&D

To date, the Company has obtained the approval of 14 self-developed Class 1 innovative drugs, 4 self-developed Class 2 novel drugs and 2 imported innovative drugs for marketing in China, contributing to the accessibility and affordability of innovative drugs for Chinese patients. There have been more than 90 innovative drugs in clinical development, and nearly 300 clinical trials conducted in China and beyond.



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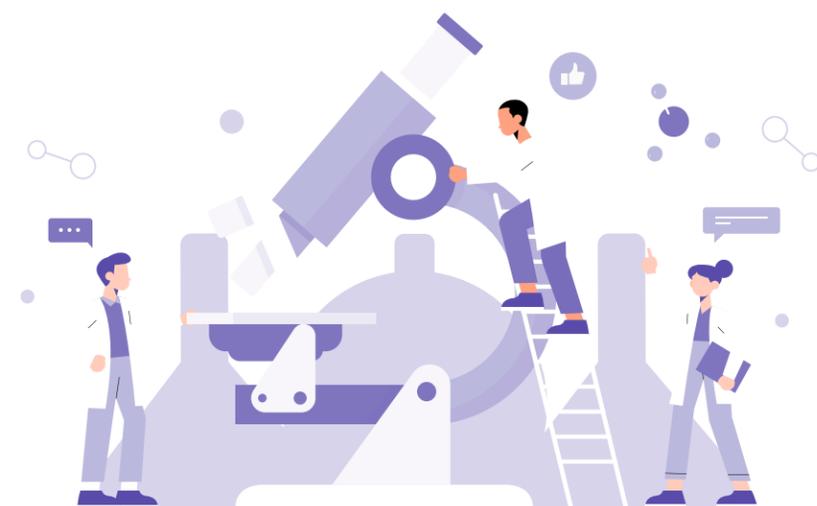
Hengrui Pharma's innovative drug for diabetes treatment Retagliptin Phosphate Tablets was approved for marketing

In June 2023, Hengrui Pharma's self-developed Class 1 innovative drug Retagliptin Phosphate Tablets was granted the approval for marketing by the National Medical Products Administration (NMPA) in China. This is the first DPP-4 inhibitor domestically developed in China, which is used for improving glycaemic control in adults with type 2 diabetes mellitus (T2DM). The DPP-4 inhibitor achieves precise glycaemic control with glycaemic dependence by glucose-dependent promotion of insulin secretion and inhibition of glucagon release and can effectively lower glucose without increasing the incidence of hypoglycaemic events.

Hengrui Pharma has achieved remarkable innovation results in metabolic disease treatment. Early at the end of 2021, the Company was granted the approval of the very first Class 1 innovative drug for diabetes treatment for marketing: Henagliflozin Proline Tablets. As the first SGLT2 inhibitor domestically developed in China, this product was covered under the medical insurance in 2023. The Retagliptin Phosphate Tablets is Hengrui Pharma's second self-developed innovative drug for metabolic disease treatment. With the approval of Henagliflozin Proline and Metformin Hydrochloride Extended-release Tablets (I) (II) for marketing in December 2023, the commitment of Hengrui Pharma to exploring innovative treatment for metabolic treatment to bring hopes to patients has been further highlighted.



Retagliptin Phosphate Tablets



During the reporting period, Hengrui Pharma continued to promote the industrialization of scientific research achievements and committed to enhancing innovative drug R&D for the treatment of various diseases. In 2023 alone, the Company was granted the approval of 3 Class 1 innovative drugs and 4 Class 2 novel drugs for marketing in China, solidifying the Company's advanced product pipelines.

Brief Introduction of Hengrui Pharma's Marketed Innovative Drugs

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 various 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	Mecapeg-filgrastim	May 2018	Mecapegfilgrastim is the Company's first self-developed therapeutic Class 1 biologic innovative drug, long-acting G-CSF product, the first to receive WHO chemical designation in China, providing a new therapeutic option for neutropenia during chemotherapy.	
4	Pyrotinib Maleate	August 2018	Pyrotinib Maleate is China's first self-developed anti-HER2 targeted drug and the first innovative drug for solid tumors conditionally approved based on a phase II clinical trial.	



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Order	Product Names	Date of Marketing Approval	Product Introduction	Product Pictures
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.	
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. Among the new generation of TPO-RA drugs, Herombopag Olamine is a redesigned and upgraded version of the lead compound and is an iterative drug for thrombocytopenia diseases in China.	



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Order	Product Names	Date of Marketing Approval	Product Introduction	Product Pictures
9	Dalpiciclib Isethionate	December 2021	Dalpiciclib Isethionate is China's first self-developed, novel, highly selective CDK4/6 inhibitor, which has boosted the accessibility of CDK4/6 inhibitors and offered new treatment options for Chinese breast cancer patients.	
10	Henagliflozin Proline	December 2021	Henagliflozin Proline is the first SGLT2 inhibitor developed independently in China, and its combination with Metformin Hydrochloride and DPP4 inhibitor is in the R&D stage, which can provide diverse clinical options.	
11	Rezvilutamide	June 2022	Rezvilutamide is the first novel androgen receptor (AR) inhibitor developed independently in China. As a new second-generation AR inhibitor, Rezvilutamide has recorded important innovations in its molecular structure, delivering greater clinical benefits to patients.	
12	Adebrelimab	March 2023	Adebrelimab, a humanized anti-PD-L1 monoclonal antibody, is the first independently developed PD-L1 inhibitor approved for small cell lung cancer indications in China.	

Order	Product Names	Date of Marketing Approval	Product Introduction	Product Pictures
13	Retagliptin Phosphate	June 2023	Retagliptin Phosphate is the first DPP-IV inhibitor domestically developed in China, which is used for improving glycaemic control in adults with type 2 diabetes mellitus (T2DM) and serves as a new solution for the personalized treatment of patients.	
14	Tegileridine Fumarate Injection	January 2024	Tegileridine Fumarate is the first self-developed Class 1 innovative opioid analgesic in China, which is used for the treatment of moderate to severe pain after abdominal surgery.	
15	Linperlisib	November 2022	Linperlisib, a new Class 1 drug introduced by the company and developed by Yingli Pharmaceutical, is a small molecule inhibitor of phosphatidylinositol 3-kinase- δ , the first highly selective PI3K δ inhibitor in China, offering new treatment options for patients with relapsed or refractory follicular lymphoma (R/R FL).	
16	Oteseconazole	June 2023	Oteseconazole is a new oral azole antifungal drug introduced by the Company from Mycovia Pharmaceuticals Inc, a U.S. company. It is the first Class 1 innovative drug approved for marketing among the Company's anti-infective treatment products, and also the Company's second imported innovative drug approved for marketing.	

Antibiotic Resistance R&D

In promoting innovative drug R&D, Hengrui Pharma is fully aware of the potential risks to global public health posed by the problem of antibiotic resistance. To cope with this issue, we proactively initiate targeted R&D projects, striving to mitigate the risks of antibiotic resistance.

During the reporting period, Hengrui Pharma has been conducting the R&D projects on cephalosporin HRS-8427 and echinocandin HRS-9432. Among them, HRS-8427 is more stable to β -lactamase and can effectively overcome carbapenem-resistant Gram-negative bacterial infections. Both HRS-8427 and HRS-9432 are our self-developed chemical Class 1 novel drugs, which have already obtained clinical approvals from the Centre for Drug Evaluation (CDE) and have been advanced to Phase 2 clinical trials. We will promote the marketing of the above drugs as soon as possible in the future to offer new solutions to the increasingly serious problem of antibiotic resistance.

Given that there is still no effective therapy to cope with azole-resistant invasive fungal diseases, the Company is now developing a Class 1 novel drug with a new mechanism of action and target for the treatment of azole resistant fungi. At present, the candidate molecules have demonstrated good antibacterial activity and safety and are expected to solve the problem of fungal resistance.

3.1.3 Protecting Intellectual Property Rights

Hengrui Pharma strictly adheres to applicable laws and regulations, including the *Patent Law of the People's Republic of China*, and has developed a variety of management measures 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 also released the *Guidelines for Filling Patent Application Office Actions*, the *Compliance Requirements for Patent Communication of Chemical Drugs Group* during this reporting period to ensure the effective development, protection and deployment of intellectual property rights.

Risk Management and Monitoring

The Company has established an IPR risk management and detection system that encompasses all aspects of R&D and international collaboration. To ensure informed and expert assessment and management of the Company's patent risks, we maintain regular communication with professional legal personnel and IPR experts.



Prior to the establishment of R&D projects
Prevent potential infringement risks via patent analysis and early warnings

During the R&D process
Identify and track the innovation points of projects to detect potential IPR risks and propose advice

In international cooperation
Safeguard the IPRs of the Company and its partners by specifying the ownership of IPR in the contracts

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IPR Training and Communication

At Hengrui Pharma, we conduct regular IPR training sessions tailored to the specific roles of our employees. These sessions are designed to enhance their awareness of IPR and the protection of innovation results, as well as to deepen their understanding of laws related to IPR protection.

Internal Training

- During the reporting period, our Intellectual Property Department hosted 7 training sessions on IPR protection for significantly related business departments. The training sessions covered topics such as the basic knowledge of patents, intellectual property terms and conditions and the principles of disclosure of clinical registrations, to enhance the awareness of employees on intellectual property regulations.

External Communication

Throughout the year, we have actively participated in external forums and seminars on IPR.

- 2023 Intellectual Property Industry Forum
- The Seminar on Interpreting Policies concerning the Mechanism for Early Resolution of Drug Patent Disputes organized by Chinese Pharmaceutical Association
- The Innovation Subjects Exchange Session organized by China National Intellectual Property Administration
- The Seminar on Medical Intellectual Property Rights Protection organized by Patent Protection Association of China

By engaging in external communication, we have broadened our horizon, which enables us to optimize the Company's IPR management from an innovative and open perspective.



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Compulsory Licensing

The Company strictly complies with the compulsory licensing provisions of the *Patent Law of the People's Republic of China* and recognizes that a reasonably implemented compulsory licensing system can make a significant difference. We support the establishment of a more robust compulsory licensing policy and judicial review procedure, as well as the adoption of sustainable intellectual property rights, in order to promote innovation and drug access.

We concur with the view that compulsory licensing is an alternative rather than a solution, and we support achieving a balance to improve global health care accessibility. We actively seek to circumvent geographical limitations by licensing our innovative medications so that our high-quality products can reach more patients abroad. We support relevant government departments in disclosing the basic information concerning licensing-related decision making, thus increasing the transparency of compulsory licensing throughout the whole process.

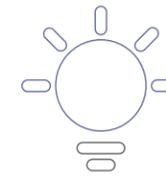
Over the years, we have facilitated the global expansion of our innovative drugs through collaboration with overseas partners. We license our proprietary innovative drugs to them for clinical development, registration and sales, with the goal of bringing benefits to patients worldwide.

List of Hengrui Pharma's Innovative Drug Projects Under Foreign License

Products	Partners	Date of Authorization
SHR0302 Tablets	Arcutis Biotherapeutics, Inc. the US	January 2018
SHR1459 Tablets	TG Therapeutics, Inc. the US	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
SHR2554 Tablets	TREELINE BIOSCIENCES, INC. the US	February 2023
SHR-1905 Injection	One Bio, Inc. the US (acquired by GSK)	August 2023
Pyrotinib Maleate Tablets	Dr. Reddy's, India	October 2023
Camrelizumab for Injection	Elevar Therapeutics, the US	October 2023
HRS-1167 Tablets, SHR-A1904 for Injection	Merck Healthcare	October 2023

3.2 Solidifying Quality Control

Hengrui Pharma remains steadfast to its corporate mission of "promoting a healthier life for humankind through advancements in science". We have dedicated our efforts to upgrading the internal quality and safety management system, enhancing quality control and drug safety management during production and bolstering drug marketing safety management initiatives to improve the efficiency of our quality management processes. Moreover, we prioritize the needs of our patients by continuously striving to enhance the consumer experience and safeguard their health. This commitment is reflected in our ongoing efforts to refine our consumer complaint handling mechanism and implement measures to protect consumers' rights and interests.



3.2.1 Product Quality System

Hengrui Pharma strictly follows the applicable laws, regulations and standards concerning drug quality in places where it operates, with Good Manufacturing Practices (GMP) as the core. Building upon this foundation, we continuously refine and enhance our product quality management system.

Quality Compliance System

During the reporting period, we aimed to establish a quality system aligned with international standards. We formulated and revised a wide range of quality management documents across various areas, including group management of laboratories, biosafety management, information-based quality system management and post-marketing drug risk management. These documents include the *Operating Procedures for the DMS Document Management System*, the *Data Integrity Management Procedures*, and the *Biosafety Management System*, among others. They serve as guidelines for subsidiaries to enhance their quality management practices, ensuring product quality and drug safety.



China

We comply with 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 (2010 Revision)* and other applicable laws and regulations

US

We comply with 21 CFR Part 210 and general 21 CFR Part 211

EU

We comply with EudraLex-Volume 4

Other markets

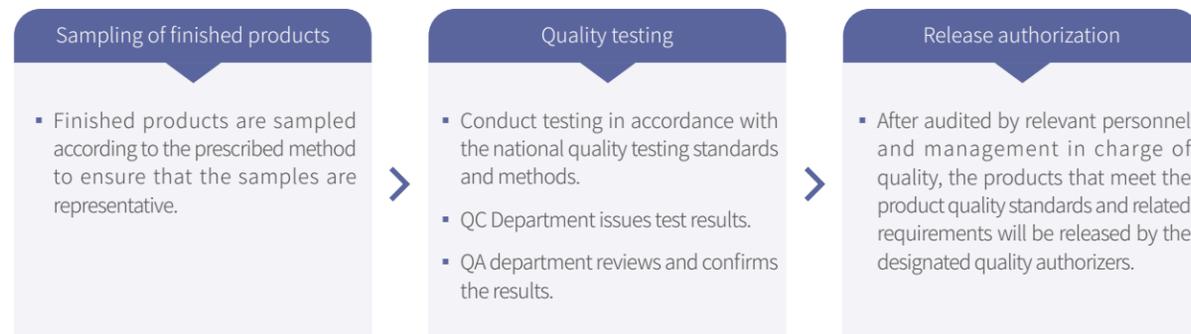
We comply with the WHO GMP and relevant market laws and regulations

In the pursuit of implementing production quality strategies and achieving the general targets of quality, we have consistently worked to advance quality development planning. This involves setting goals for continuous quality improvement and expanding our presence in overseas markets, thereby charting the overall trajectory for quality development. We have leveraged the Excellent Performance Module in our quality management processes and established a unified system of indicators related to drug quality. These initiatives are aimed at optimizing our internal management procedures, integrating our management approaches, enhancing management efficiency and performance evaluation and positioning ourselves as a premium brand.

Product Testing Capacity

We have established comprehensive quality testing procedures and a robust quality risk management mechanism that encompasses all aspects of production. To mitigate risks that may impact product quality, we have established an in-house laboratory quality testing center to ensure thorough testing of all products. Throughout the reporting period, the Company established a laboratory standard system and tasked the Quality Management Center with overseeing laboratory management. Additionally, we implemented a laboratory capacity evaluation system and conducted quality control activities to promptly identify potential issues. Measures such as blind sample testing, data integrity management training and skills assessment were employed to ensure data validity. Furthermore, we enhanced our in-house quality control capabilities by establishing rational and efficient testing standards and ensuring the effective operation of in-house testing facilities.

We have placed equal emphasis on information-based laboratory management. The Company has intensified efforts to accelerate the development of an information-based laboratory system and implemented the Laboratory Information Management System (LIMS) to oversee testing data and electronic records. This initiative aims to enhance the reliability and accuracy of pertinent data.



Hengrui Pharma's Quality Checking Process

In 2023, all our subsidiaries accepted and passed the certifications and audits from parties such as domestic and foreign drug supervision and management authorities as well as customers. The quality certifications passed and renewed during this reporting period are as follows:

- Domestically, a total of 10 products passed the NMPA on-site verification; 18 production lines passed the GMP compliance inspection, bring the pass rate to 100%.
- Internationally, we have passed 4 inspections and certifications by the U.S. FDA, 1 by the OGYEI of Hungary, 2 by the PMDA of Japan, 1 by the COFEPRIS of Mexico, and 2 by ANVISA of Brazil.

A total of **10** products passed the NMPA on-site verification

18 production lines passed the GMP compliance inspection

Bring the pass rate to **100%**



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3.2.2 Promoting Quality Culture

Hengrui Pharma highly values the improvement of quality awareness. In addition to our dedication to improving quality management measures, we have conducted a variety of training sessions on quality to foster a quality-centric culture within the Company.

During the reporting period, we organized training sessions for all employees on product quality management in various formats, including Quality Awareness Month, QC team activities and quality skills competitions. Additionally, we established special training sessions on GMP to impart relevant knowledge to employees whose roles are GMP-related, integrating GMP awareness into daily operations. As of the end of the reporting period, our 609-hour quality training sessions covered 16,933 employees.

Quality Training Sessions in 2023

Following the quality policy of "putting integrity and quality first" and in the pursuit of building up the Company's quality culture, we have launched the event of Quality Awareness Month in the third quarter in 2023 under the theme of "Enhancing Quality Awareness, Promoting High-Quality Development". Activities during the event were hosted in various forms, such as the GMP Knowledge Competition covering all employees and the Employee Skill Competition. With these efforts, we strived to help employees put quality management-related skills and knowledge into daily practices.

We also actively organized QC team activities and launched internal meetings for QC teams to exchange on their achievements and granted awards to teams with outstanding performance. We selected representatives from the QC teams that had been awarded to attend the Exchange Meeting on the Achievements of QC Teams of the 44th National Pharmaceutical Industry in Lanzhou, Gansu. The representatives presented excellent performance during the meeting.



Hengrui Pharma's QC Skill Competition



The Exchange Meeting on the Achievements of QC Teams of the 44th National Pharmaceutical Industry

With our excellent R&D and innovation capabilities, we have actively contributed to the formulation of industry standards and regulations on quality management, fostering the standardized and systematic development of the pharmaceutical industry while fulfilling our social responsibilities.

Hengrui Pharm actively participates in the drafting and formulation of international and local standards

- The Company took active part in the revision of the fascicule of the Quality Management System in the second version of the Drug GMP Guidelines organized by the Center for Food and Drug Inspection of NMPA. The revised fascicule was issued and implemented in January 2023
- The Company participated in the drafting of the Jiangsu Provincial Local Standard DB32/T 4556-2023 Guidelines for the Investigation of Incompliant Test Results in Drug Production. The standard was released in September 2023

In 2023, the Company received numerous industry quality honors and certifications due to its exceptional quality management capabilities. Moving forward, we will continue to enhance quality control efforts in our pursuit of excellence, providing a solid foundation for the Company's development.

Table of Hengrui Pharma's industry quality honors in 2023

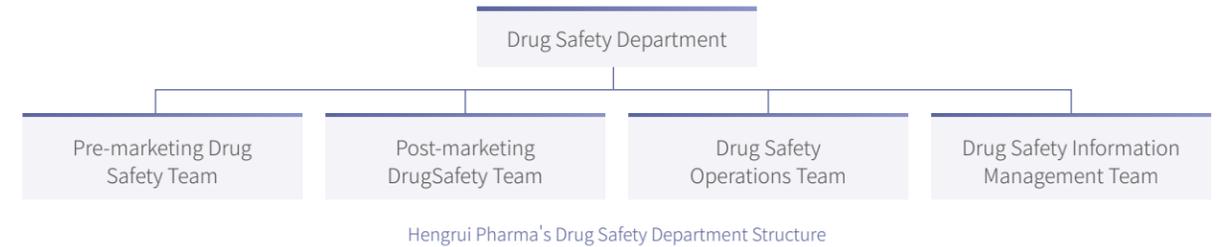
Awarded by	Honor	Project	Date
China Quality Association for Pharmaceuticals	Quality Assurance Enterprise for Sterile Drugs	/	March 2023
China Quality Association for Pharmaceuticals	First Prize of the China Quality Association for Pharmaceuticals QC Team Activities	QC Team-Ambition	September 2023
China Quality Association for Pharmaceuticals	First Prize of the China Quality Association for Pharmaceuticals QC Team Activities	QC Team-Young Eagle	September 2023
Jiangsu Quality Association for Pharmaceuticals	Excellent Enterprise of Quality Management in the Pharmaceutical Industry in Jiangsu Province	/	November 2023

3.2.3 R&D Security Assurance

Drug Safety System Building

At Hengrui Pharma, we recognize that prioritizing drug safety management is essential in both R&D innovation and quality management. In line with this principle, we established a dedicated Drug Safety Department in 2016. We have developed and refined our comprehensive pharmacovigilance system to conduct life-cycle drug safety management for our products and to provide unified drug safety oversight for the Company and its subsidiaries with product marketing licenses. Utilizing Argus, a drug safety database, we have created a comprehensive safety event profile for each of our drugs to ensure the efficacy of drug safety management.

As of the end of the reporting period, the Drug Safety Department was responsible for overseeing pharmacovigilance activities for over 100 products in development and more than 200 marketed products domestically and internationally. These activities encompassed the collection and analysis of safety data from pre-marketing clinical studies, product risk management, product signal monitoring and the formulation and updating of post-marketing instructions. These endeavors have significantly contributed to the safety management of new drug development, the safety analysis of marketing applications and the ongoing monitoring of post-marketing drug safety, thereby ensuring the safety of patients throughout the entire drug life cycle.



To ensure drug safety throughout the lifecycle and mitigate adverse reactions, we conduct corresponding drug safety management tests at different phases of drug development.

Preventive measures for drug safety risks

- Prior to conducting human experiments, each innovative drug must undergo pre-clinical safety pharmacological tests and toxicological studies. Based on the pre-clinical data and the clinical safety of drugs from the same category, we summarize products' major risks and implement targeted risk control measures in the course of clinical development
- We conduct timely assessments of individual safety reports from Phase I to Phase III clinical trials and collect product safety data. Based on this information, we update measures to control drug safety risks
- We monitor the safety of our products through mechanisms such as post-marketing studies and self-initiated reports after the products have been launched to ensure ongoing drug safety

At Hengrui Pharma, we remain steadfast in continuously improving and refining our pharmacovigilance quality management system; this system has successfully passed inspections for GVP, GMP and GCP conducted by regulatory institutions in various countries, as well as audits by our partners. Additionally, our Quality Assurance Department conducts comprehensive audits of the pharmacovigilance quality management system and suppliers on an annual basis.

R&D Guarantee System

At Hengrui Pharma, we prioritize compliance and ethics in our clinical trials. We adhere to the guidelines set forth by the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) and the *Declaration of Helsinki*. Our commitment extends to the humane treatment of laboratory animals, following the internationally recognized 3R principles (Replacement, Reduction and Refinement). This ensures that our R&D clinical trials not only comply with regulatory requirements in the countries where we operate but also uphold ethical standards in research and development.

Standardized Management of Clinical Trials

During the implementation of our clinical trials, we adhere strictly to trial protocols that prioritize the safety and rights of participants, as well as the authenticity and reliability of data. During this reporting period, the implementation of the completed registration research projects of the Company was fully compliant.

Standardized Management of Animal Testing

We place a high premium on the safety and ethical review of laboratory animals. We strictly adhere to regulations such as the Regulation on the Administration of Laboratory Animals, ensuring the humane treatment, welfare and safety of experimenters.



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3.2.4 Marketing Security Management

Safety Testing of Marketed Drugs

The Company has established various channels for collecting safety information regarding marketed drugs, allowing patients, consumers and doctors to report adverse events. These channels include the pharmacovigilance hotline 400 and the pharmacovigilance reporting email specified on the Company's official website. Additionally, we regularly study medical journals and academic papers for safety data from all sources, which are then uploaded to the global safety database, Argus Safety. This enables us to review and evaluate adverse reaction information in accordance with regulatory requirements in different countries.

We proactively initiate post-marketing safety studies of drugs. Utilizing the characteristics of each product, we regularly identify drug safety signals and assess risk levels based on our analysis. Upon identifying these results, we study the causes of risk and formulate appropriate control measures, such as updating instructions, reporting to regulatory authorities and communicating with medical personnel.

During the reporting period, we formulated protocols for post-marketing risk management plans to offer guidance on the implementation of such plans for drugs in China. This initiative aims to enhance the ongoing management of marketed drugs and ensure public safety regarding drug usage.

Product Tracing and Recall Mechanism

Hengrui Pharma conducts product release and testing in strict accordance with relevant standards to prevent the entry of any products with quality issues or potential safety risks into the market. The Company has implemented a drug tracing platform equipped with supportive management and guidance protocols, as well as a traceability code operating system, to ensure the traceability of marketed drugs.

The Company has also established the *Product Recall Procedures*, stipulating that recall procedures should be initiated when the following scenarios occur (including but not limited to), and the recall process and handling of recalled products should be conducted in line with the procedures. The recalled products need to be evaluated, and measures such as reprocessing or destruction will be taken according to the evaluation results. Among them, the products must be destroyed under drug regulatory agencies' supervision.

Scenarios where product recall is necessary

- When the information collected by the Company indicates that a batch of products or a product may endanger the safety of patients or has potential risks in this regard
- When the drug quality or adverse event information collected and recorded by the Company's adverse event monitoring system indicates that a drug may pose health risks
- When companies that operate or use our products or individual patients find that the products they operate or use may have safety hazards
- When product defects or other events found within the Company trigger product risks or when defects are identified in self-inspections or audits

To ensure the reliability of the recall system, we conduct a mock recall of our drugs every two years and a mock recall of active pharmaceutical ingredients (APIs) every three years. In 2023, we conducted a total of 7 mock recalls, all of which achieved expected results.

Since our listing, no product recalls due to product quality defects and safety hazards have occurred.

3.2.5 Improving Customer Service

Responsible Marketing

Hengrui Pharma prioritizes responsible marketing and remains committed to protecting the legitimate interests and rights of our consumers. During the reporting period, we formulated the *Responsible Marketing Policy of Hengrui Pharma*, which ensures that the Company's sales and marketing activities adhere to applicable laws, regulations, social norms and moral standards. This policy applies to all our employees, (including permanent, part-time employees and contractors), and we also encourage our partners to align with this policy.

We implement sales management policies 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 Representatives*, the *Guidelines on the Work Regulations of Marketing Executives* and the *Regulations on the Conduct of Marketing Executives*. These policies and measures enable us to provide guidelines for responsible marketing and better regulate our sales in all facets during the whole process.

During the reporting period, we released the *Compliance Management Responsibilities of Sales Executives*, outlining guidelines for our daily compliance inspections and assessments and assigning responsibility for compliance management within vertical business lines. To ensure comprehensive compliance inspections across all business lines throughout the entire process, we established a horizontal supervisory function system covering compliance, internal control, sales audit and finance. Our advocacy for responsible marketing extends from the group level to each business unit and product line, and across all regions.

We also conduct regular audits of our sales business and have implemented a risk warning mechanism to prevent any risks or violations in sales, ensuring compliant marketing practices. We employ rigorous measures to maintain compliance with our marketing strategies. Through regular internal controls and audits, we oversee every expenditure and the execution of risk projects, conduct deeper levels of internal compliance supervision and optimize the control of key risk points. In addition to these efforts, we have forged partnerships with government institutions and established mechanisms to coordinate various parties, thus creating a robust anti-corruption synergy to foster the Company's healthy development.

Our Internal Control and Audit Campaign for Responsible Marketing encompasses all sales activities, from contract signing to business operations. We conduct monthly inspections and mandate different functional departments to oversee and manage marketing activities before, during, and after events.

Before the event

All contracts undergo approval by departments responsible for legal affairs, compliance and other relevant areas before signing.

During the event

Throughout the project, the departments of internal control and compliance management conduct random inspections and follow-ups on business compliance and the accuracy of information.

After the event

The Audit Department reviews and summarizes marketing activities, conducts audits on compliant marketing processes and content and assesses whether personnel engaged in various aspects adhered to responsible marketing policies and systems. The Audit Department also supervises and rectifies potential violations of marketing policies and systems, addresses false advertising and holds relevant personnel accountable.

We organize training sessions on responsible marketing and advertising practices for all employees to enhance their awareness of responsible marketing. Hosted by the Company's Marketing Department, these sessions are conducted both online and offline, covering topics such as laws and regulations related to responsible marketing, product knowledge and product promotion. Following the training, employees are required to pass relevant exams.

Content ad requirements of responsible marketing training sessions

- Participant of training sessions on responsible marketing:
 - All employees: At least once a year
 - Marketing executives: At least twice a year
- In pursuing compliant sales, the training requires all employees to act in strict accordance with the Company's regulations concerning sales management. The Company's regulations allow no exaggeration, false or fake information in any marketing campaigns; no commercial bribery or other illegal conducts in sales activities; no mis-presentation of product, service or price; no false or misleading statement about competitors' products or services, so as to safeguard the Company's confidential data and consumers' privacy.
- In protecting consumer rights and interests, the training requires relevant personnel to ensure proper handling of each and every consumer complaint in accordance with the *Adverse Reaction/Event Reporting Process* formulated in line with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, in an effort to serve the society and the public, accept the supervision by the society and assume social responsibility.

During the reporting period, we ensured compliance marketing and responsible marketing training and education for all employees, totaling

79,200 hours of training



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Improving Customer Satisfaction

Hengrui Pharma remains dedicated to delivering excellent service to its customers, with a focus on meeting the needs of our patients and ensuring satisfactory services and care through effective consumer service management procedures.

For receiving quality-related complaints from its pharmaceutical information communication specialists, business staff, medical institutions, pharmacies and patients, the Company has established a customer service (complaint) management system, with our 400 hotline, complaint mailboxes and other communication channels. Meanwhile, we have established refined pathways to handle consumer complaints to make sure the complaints are addressed in a timely manner.



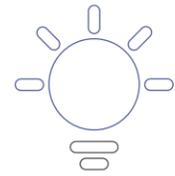
We conduct an annual consumer and customer satisfaction survey for continuous improvement. During this reporting period, we randomly selected 30 customers from over 400, who were asked to rate our products on various aspects including variety, quality, service attitude, sales policy and delivery timeliness. The average satisfaction rate reached 96 points.

Consumer Privacy and Security

Hengrui Pharma strictly complies with domestic and foreign laws, regulations and requirements such as the *Personal Information Protection Law of the People's Republic of China*, the *General Data Protection Regulation (GDPR) of the EU*, the *Health Insurance Portability and Accountability Act (HIPAA Act) of America*, and has formulated the *Management System of Trade Secret Carriers (For Trial Implementation)*, 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.

During the reporting period, the Company issued the *Handbook on Confidentiality* and *Notice on Strengthening the Confidentiality of External Negotiations* to further clarify the management norms related to information encryption and confidentiality, so as to effectively fulfil the responsibility of protecting consumer privacy. Relevant systems and policies apply to all employees, including full-time, part-time, temporary and third-party partners, etc.; this constraint is reflected in the relevant agreements signed with third parties.

We minimize the collection and handling of consumer data and information. We require that sensitive information about relevant personnel is collected only when absolutely necessary, we obtain consent from and inform the relevant personnel ahead of time about what information we will collect, how it will be used, stored and disposed of. On top of this, we also install security platform on the computers of sales personnel to ensure that data access rights to information systems are approved prior to authorization, so as to prevent important information breach such as consumer privacy.



3.3 Responsible Supply Chain Management

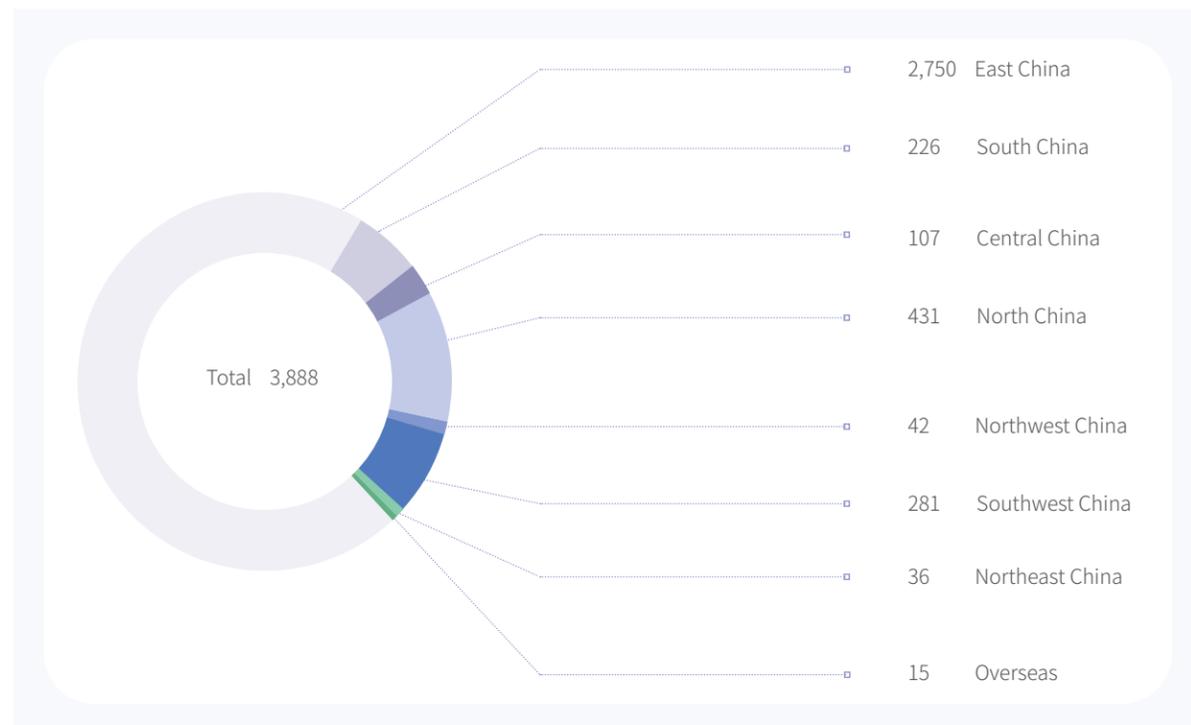
Hengrui Pharma is dedicated to enhancing its supply chain management system, integrating sustainable development factors into the life-cycle management of suppliers. Through the establishment of a refined mechanism for supplier access, evaluation and cancellation, as well as close collaboration with suppliers, we aim to cultivate a sustainable supply chain.

3.3.1 Comprehensive Supplier Management

The Company has incorporated various management-related laws and regulations into the supply chain management system, 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* and the *Good Manufacturing Practices for Pharmaceutical Products* and has refined its internal policies and systems. During the reporting period, we have optimized the *Management Regulations on Product Supply Assurance and Assessment*, which specifies the upper and lower safety stock limits and material procurement principles, so as to improve supply chain resilience while ensuring that the dynamic market demand is met.

By the end of the reporting period, the Company had a total of 3,888 suppliers, whose distribution by country and region is shown in the following table.

Distribution and Quantity of Hengrui Pharma's Suppliers



To digitize supplier management, the Company introduced a Supplier Relationship Management (SRM) system, which integrates the entire life cycle management of supplier registration and approval, sample collection, on-site inspections and performance assessment into a single platform. This has significantly enhanced management efficiency. During the reporting period, we further optimized the mechanism for collecting supplier qualifications for approval in the SRM system, aiming to conduct supplier access assessments more efficiently.

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Supplier Approval

We formulated policies for material suppliers such as the *GMP Material Supplier Approval Management System*, the *Non-GMP Material Supplier Approval Management System*, the *Customized R&D Material Supplier Approval Management System*, the *Fixed-asset Supplier Approval Management System*, the *Commission Service Supplier Approval Management System* and the *Clinical Service Supplier Approval Management System*. These policies further clarify the approval principles of various key supplier categories and precisely identify and control the risks in advance during the process of approval for key material and commission service.

In evaluating supplier qualifications and capacities, we consider various ESG factors, including innovation and R&D capability, product quality, occupational health and safety, safe production practices, environmental management and institutional systems. We employ an interdepartmental collaboration mechanism to assess supplier approval, aiming to attract more high-quality suppliers.

Integrity Procurement

We adhere to a procurement policy emphasizing "transparency and openness" to prevent corruption in the supply chain. In the process of supplier approval, we require all suppliers with the intention of cooperation to sign the *Operation Commitment of Business Partner*, in which requirements about integrity operation are specified; we have also included integrity clauses in our contracts with suppliers, announced relevant reporting channels, and stipulated that procurement agreements must be terminated if bribes are found.

In 2023, there was no breach of integrity in Hengrui Pharma's procurement system.



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Supplier Assessment

We have established a mechanism for the objective, quantitative and scientific evaluation of supplier performance, conducting scheduled and unscheduled inspections of our suppliers on quality, price, delivery, qualification, safety, environmental practices and service behavior. Additionally, we manage and grade suppliers based on performance evaluation results, using supplier grades to guide subsequent procurement order plans with suppliers of varying performance levels.

We have implemented a supplier management system for events, including the establishment of an event handling group, event investigation, event impact evaluation, assurance of supply and service and handling of suppliers to address emergencies arising from supplier-related causes. Based on the results of event handling, we adjust management strategies for the involved suppliers, as well as their performance evaluation, targeted training and cause-based audits, among other aspects.

We have made continuous efforts to optimize supplier assessment and rating standards to ensure their qualifications in terms of supply capacity. During the reporting period, we optimized the performance evaluation method and rating standard for material suppliers in accordance with the *GMP Material Supplier Performance Evaluation Management System*. This initiative aims to encourage suppliers to continuously improve their capacities.

Supplier Audit

We conduct regular audit on suppliers in terms of their product quality and health and safety management capabilities. We also stipulate that all critical materials, such as raw and auxiliary materials, internal packaging materials and chemical intermediates, need to pass quality audits, and this requirement applies to all Tier 1 and Tier 2 suppliers; non-critical materials, such as external packaging materials, fixed assets, and non-GMP materials, need to be audited when necessary.

During the reporting period, we conducted cause-based audits on suppliers based on their performance and received complaints. Additionally, we implemented access audits and regular audits on material suppliers that have a significant impact on product quality.

Access audit	The Technical Department, EHS Department and Procurement Department conduct joint audits on quality and system compliance, environment and safety and business and service assurance
Regular audit	Regular audits of key material suppliers are conducted every three years to evaluate quality and system compliance, problems identified in the last three years and environmental and safety management
Cause-based audit	Based on supplier complaints and performance evaluation, suppliers will be selected for cause-based audits, and communication with suppliers will be strengthened on major issues to promote supplier performance improvement

3.3.2 Implementing Supply Chain Assurance

Supplier Empowerment

Hengrui Pharma regularly conducts training sessions to educate suppliers of raw materials, packaging materials, testing consumables, equipment, facilities, and services on regulations, quality control, and other related subjects. Additionally, we provide targeted assistance and training sessions for suppliers who have experienced issues in past cooperation, aiming to continuously help them enhance their supply capacity and achieve win-win results. The Company formulates training and exchange programs for key material suppliers every year, and carries out training and exchanges on product quality with key material suppliers at least once a month.

Trainings and exchanges on product quality with suppliers

In November 2023, the Company organized a targeted training session for problematic suppliers both online and offline based on daily complaints and performance evaluation results. This session aimed at improving the capability of key API material suppliers to cope with the changes of control and assessment practices, and to communicate with customers proactively, while promoting product quality requirements. A total of 2 suppliers participated in the training session on site and 7 via online channel.

Business Stability

A stable supply chain is crucial for the Company's high-quality development. To ensure this stability, we have optimized strategies for centralized procurement and cost control, thereby guaranteeing the reliability and consistency of our supply chain.

We implement a centralized procurement mechanism, promote standardized procurement procedures and minimize decentralized procurement of the same product category
We establish a cost reduction and efficiency committee to approve and control procurement costs through commercial negotiations, market research and cost accounting



Our initiatives for contingency plans or mitigation control systems are as follows:

Supply risk analysis

- Analyzing from the demand side, internal execution of procurement, suppliers (e.g. production capacity, external environment including and not limited to environmental policy, safety control, energy control, social activities) and transportation, confirming and identifying the risk points at each level; combined with the Company's production plan, formulating targeted measures to avoid, mitigate and transfer supply risks, such as dual sourcing from suppliers, self-pick-up of specific materials, or developing alternative transport routes in collaboration with suppliers
- Classifying materials into several types: "high-risk" materials susceptible to market fluctuations and security, "exclusive monopoly" materials provided exclusively by single supplier, "regular" materials with three or more suppliers on the market and their variety and quality meeting our requirements and "conventional" materials; and implementing different procurement and stocking plans for different material types; classifying the Company's products and listing important drugs, innovative drugs, core products and national health insurance negotiated drugs as key supply items, of which the supply risk will be fed back regularly and corresponding measures will be formulated

Back-up manufacturing sites

- Developing supply chain capacity evaluation plan which applies to the marketed products and R&D pipeline products, and is used to evaluate the risks in the process of raw materials to complete products; a back-up plan will also be formulated; developing a co-production model with multiple sites for key products and large-scale production lines, adjusting the product mix in the light of market changes and resource allocation at each site, promoting a coordinated approach between the primary production site and the alternative ones, in an effort to ensure the continuity of the supply chain through reducing the risk of and dependence on one single source of supply

Mechanism of supply preparation

- Establishing the mechanism of supply preparation and requiring demand departments to analyze the utilization status and probability in the following 3 to 5 months according to the Company's sales plan; the Procurement Department is responsible for communicating with suppliers about supply preparation and production plan, and feeding back the risk points detected to the Production Planning Department, so as to better review the production plan of a certain product



04

Commitment to Employees and Their Values

Hengrui Pharma recognizes talent as an invaluable asset. We adhere to the philosophy of "talent is our primary resource" and "putting contributors first", and we remain steadfast in our strategy of scientific and technological innovation and globalization. We continuously invest in refining our talent development mechanisms, supporting employees' growth, maintaining organizational vitality and protecting employees' health. Our aim is to enhance their sense of belonging and satisfaction, empowering the shared development of the Company and our employees.



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Hengrui Pharma's external recognitions as employer of choice in 2023:



China Outstanding Employer Certification 2023
Top Employers Institute



China Best Employer Award 2023 China Most Intellectual Spirited Employers
Zhilian Zhaopin



2023 Excellent Employer in Jiangsu Province
Liepin



4.1 Focusing on Employment Diversity

Hengrui Pharma strictly follows the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other applicable laws and regulations. In addition, we have used the *Employee Handbook* as a guideline and formulated full-process policies to effectively protect labor rights and interests.

4.1.1 Talent Attraction

In upholding the philosophy of "talent is our primary resource", we place great emphasis on building talent teams and have implemented a formal talent pipeline development strategy. By accurately forecasting our hiring needs and considering our current staffing levels and the number of employees in service, we assess our talent reserves, actively develop new pools of talent, and attract top talent. These efforts strengthen the strategic talent foundation for the Company's future development.

During the reporting period, we conducted a thorough review of our talent reserves and organizational status, which effectively supported our efforts in organizational diagnosis, talent team building, incentives and retention. Based on the results of this review, we further refined our talent development strategy and recruited exceptional talent through various channels, including social recruitment, internal recommendations, internal job transfers and graduate traineeship programs. These initiatives have facilitated the transformation of our workforce, contributing significantly to the implementation of our innovation and globalization strategies.

Graduate Traineeship Program

To meet the strategic and business development needs of the Company, we have launched two graduate traineeship programs, namely the Stellar Program and the Star Youth Program, to continually bring high-quality talents to Hengrui Pharma. The graduate traineeship programs encompass a wide array of functional systems, such as R&D, clinical development, production and marketing. We also develop Individual Development Plan (IDP) for each employee participating in the graduate traineeship programs, delineating personalized training paths guided by mentors based on their characteristics and requirement of their positions. Such IDPs can help employees to grow rapidly into a new generation of core talents that think in big picture and embrace a global vision.

During the reporting period

We hired **1,096** university graduates

Including **64** with doctor's degrees

424 with master's degrees

4.1.2 Equality and Diversity

At Hengrui Pharma, we uphold the Ten Principles of the United Nations Global Compact, which includes respecting and protecting human rights. We strictly prohibit the use of child labor, forced labor, restrictions on freedom and any other forms of illegal labor. We also arrange reasonable schedules for our employees, demonstrating our commitment to compliant employment.

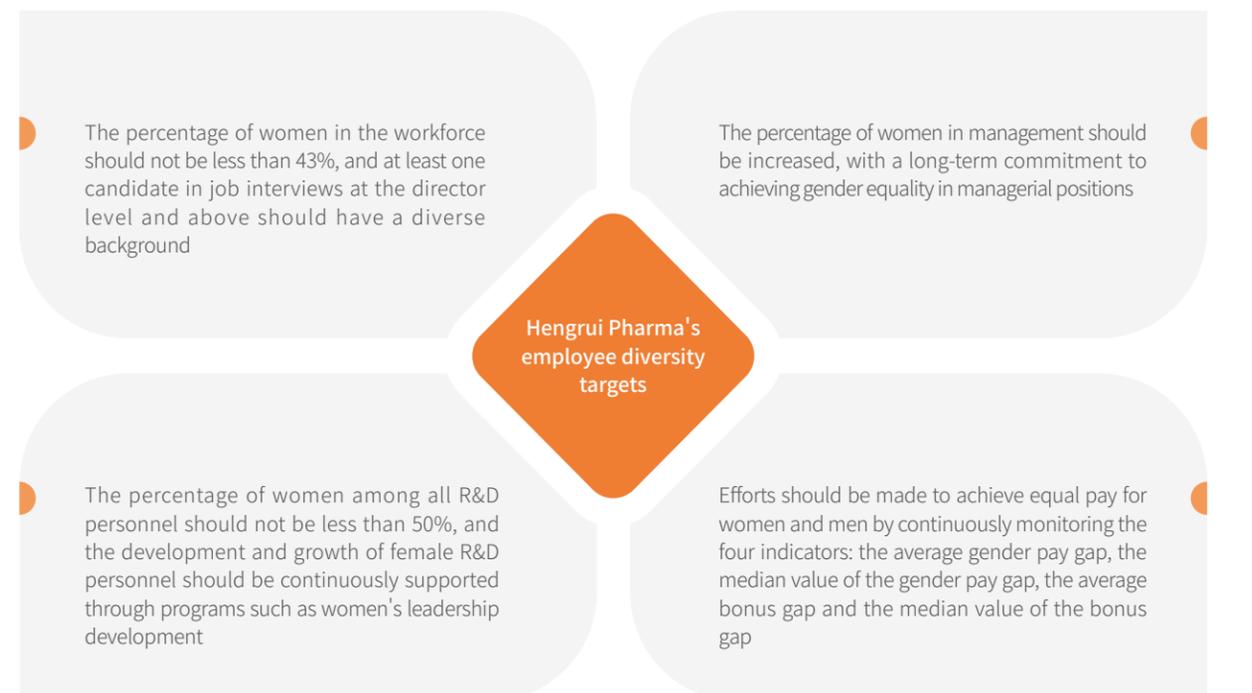
We have always prioritized equality. The Company clearly states its commitment to providing equal work opportunities in the *Employee Handbook* and prohibits any form of discrimination in the recruitment process. This includes, but is not limited to, discrimination based on ethnicity, race, gender, educational background, religion, or age. This practice ensures that all employees are treated equally in all stages of recruitment, work, pay, training, promotion and compensation.

We remain steadfast in our mission of creating a diverse and inclusive working environment for all employees. To this end, we have developed a comprehensive management and governance structure. The Board of Directors authorizes the Strategy Committee to formulate, manage, oversee and execute the Company's diverse and inclusive management strategy. To effectively manage diversity and inclusion, we have developed the *Employee Diversity Policy of Hengrui Pharma*. This policy serves as a guarantee of our commitment to the principle of diversity and inclusion.

We place a strong emphasis on cultivating and enhancing employees' awareness of diversity and inclusion. To this end, we organize annual employee training on diversity through online channels. Additionally, we require all employees to complete the training on the *Employee Diversity Policy of Hengrui Pharma* and pass the after-training exam. By monitoring the completion rate of training and the pass rate of exams, we ensure that all employees understand the Company's principles and regulations regarding diversity and inclusion.

At the same time, we provide material benefits for employees in need, such as providing accessible facilities for those with disabilities, designated lactation rooms for nursing mothers and specialized health examinations for female employees. These efforts are aimed at enhancing our employees' experiences and performance in terms of diversity and inclusion.

During the reporting period, we set quantitative employee diversity targets at the corporate level. We regularly monitor key diversity metrics and progress to ensure ongoing improvement in our diversity and inclusion efforts.



Hengrui Pharma's employment status at the end of the reporting period is shown as follows:

Hengrui Pharma's Employment Status in 2023

Indicator	Unit	2023
Total Number of Employees	/	19,611
Number of Female Employees	/	8,585
Percentage of Female Employees	%	43.8
Number of Newly Hired Employees	/	3,426
Number of Women Employees in New Hires	/	1,592
Ethnic Minority Employees	/	560
Percentage of Ethnic Minority Employees	%	2.9
Percentage of Women in the Board	%	11.1
Number of Executive Management	/	13
Number of Women in Executive Management	/	3
Percentage of Women in Executive Management	%	23.1
Average Percentage of Women in Executive Management over the Past Three Years	%	22.5
Number of Managers (Manager level and above) ⁴	/	2,199
Number of Female Managers (Manager level and above)	/	722
Percentage of Female Managers (Manager level and above)	%	32.8
Average Annual Profit per Employee	RMB10,000	21.94
Annual Employee Turnover	%	22.5
Average Years Employed for Female Employees	Year	4.7
Average Years Employed for Male Employees	Year	6.5

⁴ During the reporting period, we updated our statistical criteria regarding managers, who are defined as employees at the manager level and above who have employees under their direct supervision.

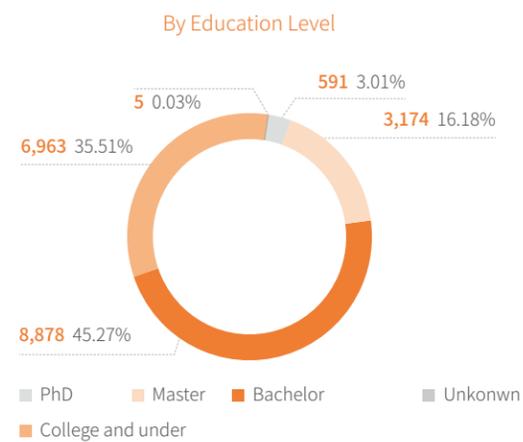
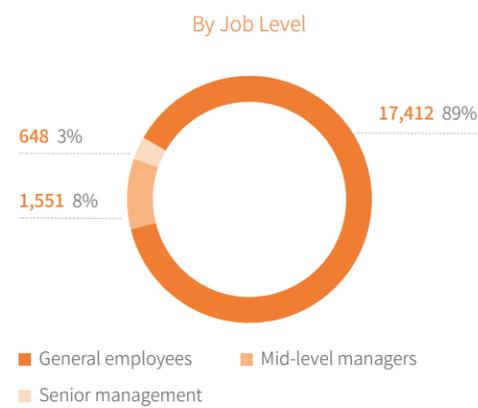
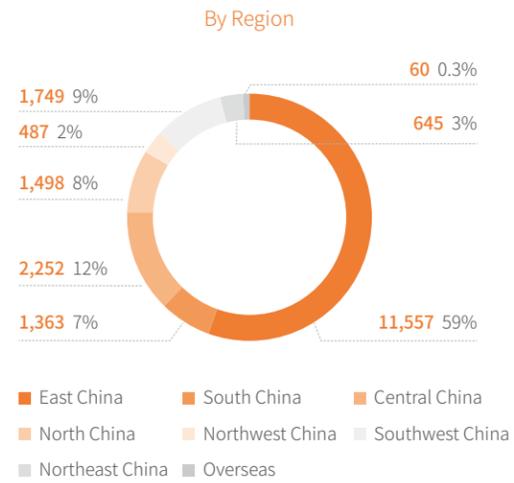
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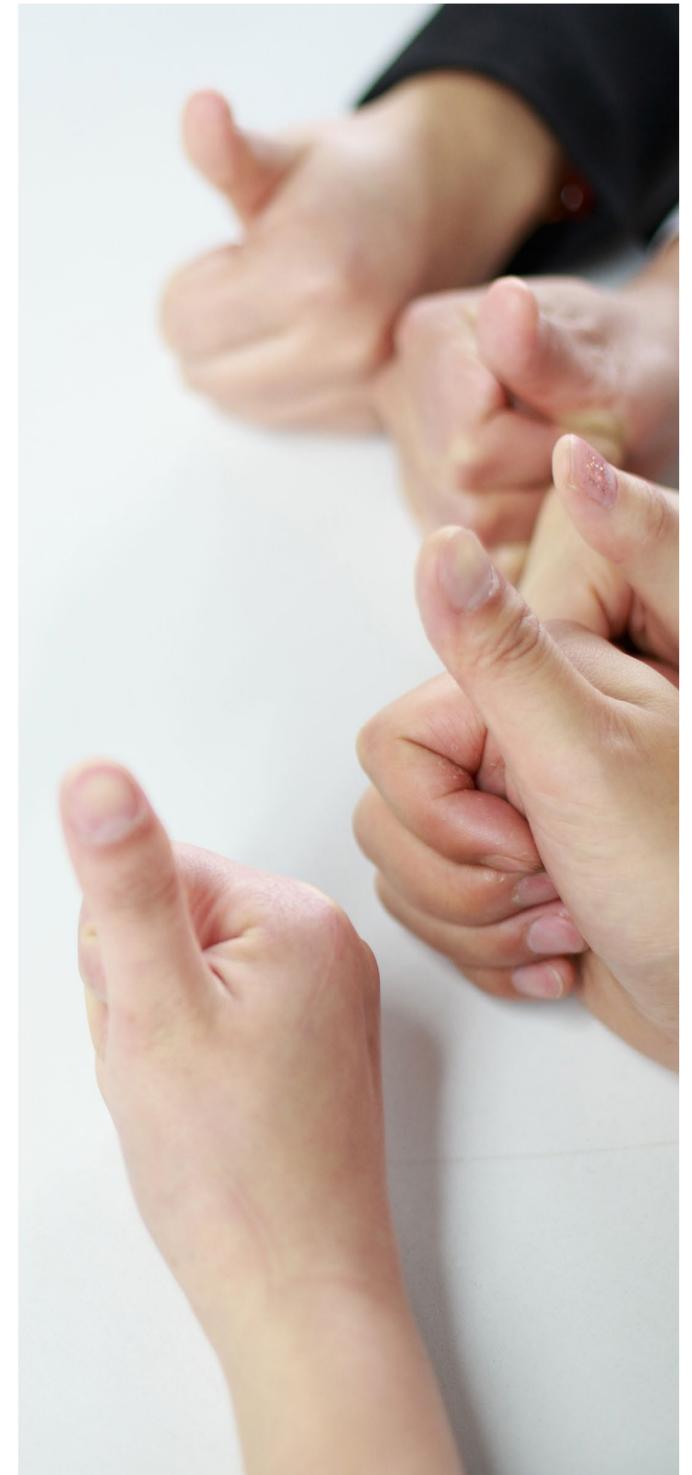
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Note: Five employees did not provide information of their education background due to the General Data Protection Regulation(GDPR).





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4.2 Supporting Talent Development



At Hengrui Pharma, we attach great importance to talent development, recognizing it as a key driver for the Company's sustainable growth. We promote a corporate culture that encourages continuous learning and personal development for all employees. Additionally, we have implemented a fair and reasonable remuneration and benefits system, along with diverse career development opportunities and ample training resources. These initiatives are designed to support and enhance our employees' career growth and development.

4.2.1 Remuneration Incentives

Performance Management

Upholding the principles of fairness, justice, openness and scientific rigor, we have established a rigorous employee performance management system. We conduct regular performance appraisals and feedback processes for all employees annually. These appraisals form the basis for decisions regarding promotions, remuneration adjustments, bonuses and nominations for awards for our employees. Moreover, we have issued the *Administrative Measures for Democratic Evaluation of Executives (Non-Marketing)* to enhance the multi-dimensional assessment of executives' performance, leadership and integrity. This measure aims to improve the objectivity and fairness of the assessment process.

We align overall business targets and strategic planning with each organization, team and individual within the Company, creating a "target-oriented" performance evaluation system to drive the Company's development. Employees, in consultation with their managers, set quantitative targets, and we regularly conduct comprehensive performance appraisals covering target achievement, team management and behavioral values. This approach allows us to evaluate employee performance in a more holistic and objective manner.

In addition, we have implemented a 360° evaluation mechanism, which is a critical performance management approach. This mechanism provides employees with comprehensive evaluations and feedback from their superiors, peers and subordinates. It helps employees understand their strengths, explore development opportunities and optimize self-management for overall improvement. In 2023, we mandated that all management at the director level and above undergo 360° evaluation at least once every year as part of their promotion appraisals, with results aligned with their annual performance.

During the performance feedback process, we require one-on-one conversations and tutorials on career development, addressing the demands and methods of cultivation between executives at all levels and employees. These efforts provide stronger support for our employees in pursuing their career development.

To ensure the fairness, justice and transparency of performance evaluation results, we have established a specialized channel for performance evaluation grievances and conduct regular performance conversations. This approach helps employees and their superiors reach a consensus on individual performance and target setting, understand the progress made and address any difficulties encountered in pursuing performance targets, thus assisting employees and organizations in achieving their goals.



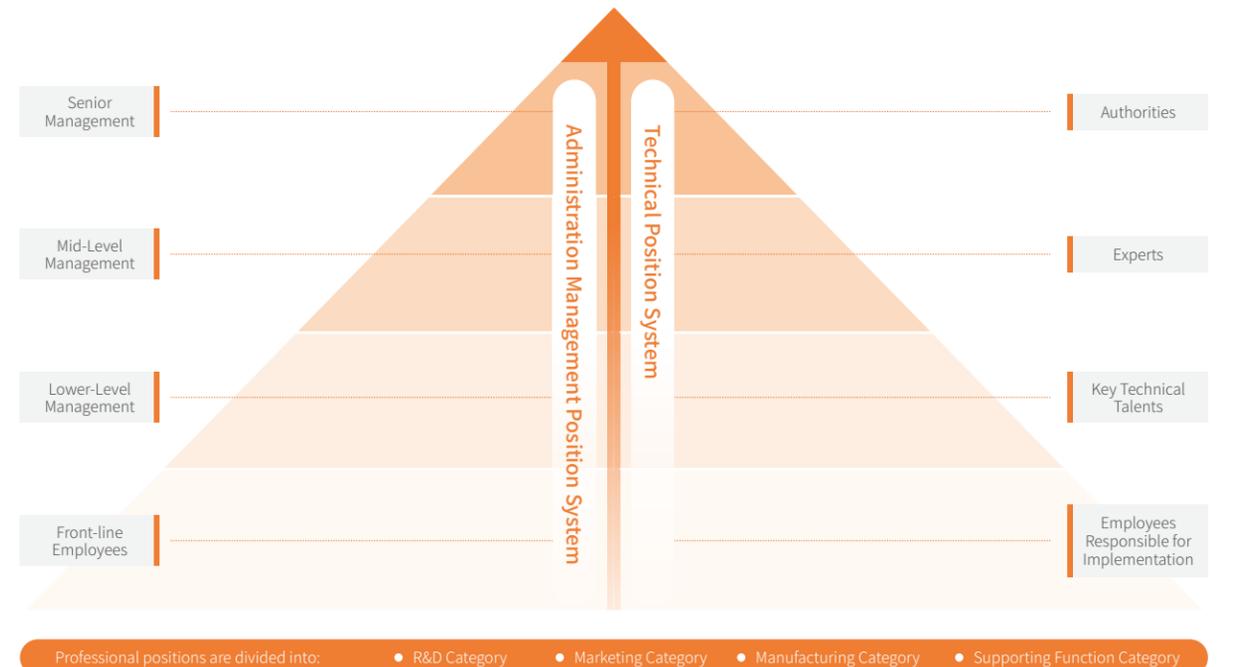
Remuneration Structure

Adhering to the "performance-based and value contributor-oriented" remuneration strategy, Hengrui Pharma has established a remuneration structure comprising fixed salaries and variable pay for all employees, with variable pay linked to both corporate and personal performance. This approach aims to cultivate employees' initiatives, attract and retain talent and incentivize high performance. We review the feasibility and competitiveness of our remuneration system annually, considering factors such as position value, promotions, talent reserves and general remuneration, to continuously enhance our remuneration structure and protect the legitimate rights and interests of our employees.

Additionally, we have introduced a series of incentives such as stock ownership, long-term service bonuses and corporate service grants, to further stimulate employee enthusiasm and cohesion. During the reporting period, in accordance with the *Measures for Employee Stock Ownership Plan (ESOP) in 2023 of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, we launched a new version of ESOP. This ESOP granted stock incentives to a total of 1,126 employees, including core management, core employees and other employees with outstanding performance. This ESOP further enhances the mechanism for sharing benefits between the Company, shareholders and employees, contributing to the Company's healthy and sustainable development.

4.2.2 Employee Development

At Hengrui Pharma, we prioritize talent cultivation and development. We have established a comprehensive employee promotion system and provide strong support for internal rotations and transfers. We offer diverse career development paths for employees in managerial and technical positions, with specified appointment criteria and relevant learning resources. These efforts enable employees to choose career paths that align with their position characteristics, career interests and personal capabilities.



Hengrui Pharma's Multiple Career Paths

The Company supports all employees (including full-time, part-time and contractors) in pursuing degree programs and certifications. We organize employees to participate in professional and technical qualification recognition and continuing education each year, following relevant government agency notices. We have also formulated the *Provisional Measures for Employee Education Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd.*, which outline training requirements for academic talents (bachelor's, master's and PhD) and non-academic talents. For different types of training, we have established corresponding framework regulations for study expense reimbursement and paid study leave, and we formulate support programs based on specific projects. Additionally, we encourage employees to pursue on-the-job academic education according to business development needs and specific job requirements. We provide employees with ten days of paid study leave each year and recognize their academic qualifications after they obtain their degrees.

Additionally, we have established long-term partnerships with educational institutions such as Xi'an Jiaotong-Liverpool University, China Pharmaceutical University, and Nanjing Medical University to develop and deliver joint training programs for our employees. We cover the tuition fees and travel expenses for employees participating in these programs. Additionally, we appoint trainees to specific positions based on our actual needs and designate in-house mentors to support their development.

Joint Training Programs with Xi'an Jiaotong-Liverpool University

Hengrui Pharma has signed Framework Agreement on Cooperation in Scientific Research and Joint Training with Xi'an Jiaotong-Liverpool University to launch joint training programs. The programs fully leverage the university's advantages in R&D, helping the Company cultivate top-notch talents tailored to its strategic planning and business development needs.

As of the end of the reporting period

The programs had enrolled three PhD students and two postgraduates

4.2.3 Employee Training

At Hengrui Pharma, we strive to foster a workplace culture of "life-long learning", in the pursuit of helping our employees improve their professional capabilities and strength, thus fulfilling their personal goals. Adhering to the philosophy of "customized instruction for each individual", we provide rich learning resources and personal development pathways tailored to different needs for employees in different career stages, such as newly hired employees, front-line employees, reserve talent, critical technical professionals, newly promoted managerial professionals and core managers. We have prepared various training courses for different groups of employees, such as newly hired employees, front-line employees, reserve talent, critical technical professionals and core managers, to help our employees at all levels comprehensively improve themselves.

In 2023

The percentage of employees receiving training reached

100%

With each employee receiving

74.98 hours

of training on average

Compliance and General Skills Training Programs

Compliance training is a fundamental aspect of employee development. We provide regular mandatory compliance training sessions on business ethics, anti-corruption practices, responsible marketing and occupational health and safety to all employees through our online learning platform. We require all employees to complete these training sessions on time to enhance their compliance awareness in their daily work.

Additionally, we offer general competence improvement courses for all employees on our online platform. These courses cover topics such as office software skills, communication skills and planning and management. The content of these courses is based on employee surveys and our actual business needs.

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Job-Specific Development Training Programs

We develop individual development training plans for employees based on the requirements of their roles, ensuring they have ample learning opportunities. Additionally, we develop training courses tailored to different functional departments, aligning them with the actual needs of our business development. During these training sessions, we require the superiors of trainees to act as mentors, assisting employees in mastering the knowledge and skills necessary for their specific roles, thereby improving work efficiency and quality. Our job-specific development training programs cover all employees and are delivered in various formats, including induction sessions, online and offline training sessions, interactive knowledge contests, expert lectures and regular evaluations. These programs are designed to enhance the job-specific skills and workplace competitiveness of our employees.

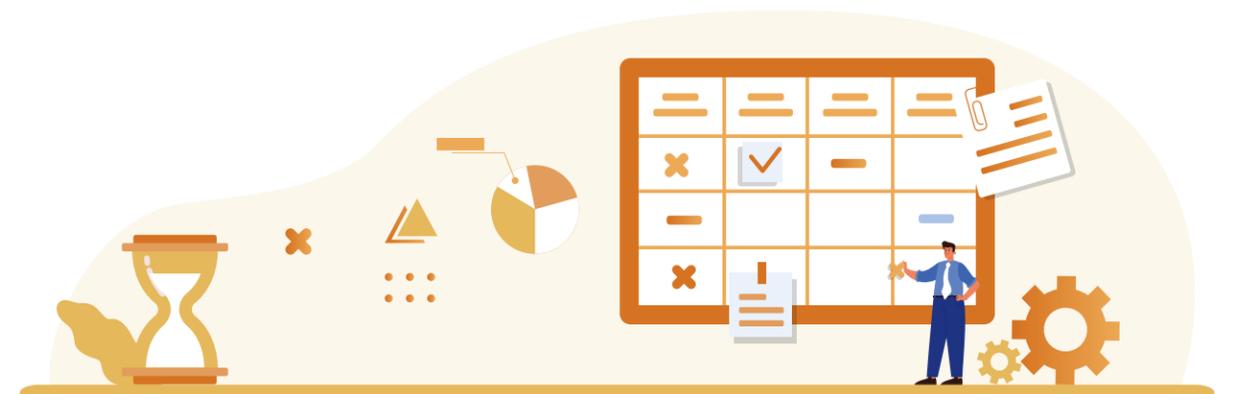
Job-Specific Development Training Programs on Adverse Reaction Reporting

During the reporting period, to improve the efficiency of adverse reaction reporting, we carried out job-specific training covering all employees engaging in the quality system. After a series of training courses and on-site practices, our employees demonstrated higher efficiency in adverse reaction reporting, and the success rate of reporting was lifted to 90%, with no adverse reactions left unreported in 24 hours. This signified that The Company has achieved huge progress in managing product quality and safety-related issues.

Leadership Development Training Programs

In accordance with the *Executive Management System*, Hengrui Pharma continuously conducts succession planning and development. This involves refining the capability model for key positions and identifying employees or successors with high potential. To help these successors develop the necessary skills for their potential positions, we have created a comprehensive Leadership Development Plan (LDP). This plan focuses on cultivating successors who can effectively operate and manage the Company. It is designed for all employees in managerial roles and backup executives. Through a series of training sessions, practical experiences and feedback mechanisms, the LDP aims to develop leadership skills for employees at all levels. Ultimately, the goal is to nurture future leaders and industry influencers with significant potential.

We have developed a detailed leadership training roadmap based on the duties and requirements of employees at various levels. This roadmap provides management at all levels with access to online leadership training courses from China Europe International Business School and professional coaches. Through systematic training and practical projects, we ensure that our employees have the opportunity to learn the leadership knowledge and skills necessary for each stage of their careers. We have also established a leadership feedback mechanism to help employees understand their own leadership development progress in a timely manner. We continuously adjust and optimize our leadership training system based on employee feedback. Additionally, each department and operation independently conduct tailor-made talent development programs according to the specific needs of their business and talent development.



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Leadership Development Training

All employees	With a focus on self-perception, project management, personal capabilities, among other factors, we launch leadership skill trainings for all employees
Front-line management	We design learning projects under various themes, such as role shifts of management, performance management, labor division in teamwork, effective communication and employee mentorship, to help front-line management improve their team management capabilities rapidly
Middle-level management	We help middle-level management fully understand their roles and positions, bolster management skills, improve team performance and facilitate organizational development and business optimization
Senior management	We select and empower leaders with in-depth understanding of the market, a global vision, a strong sense of mission and entrepreneurial spirit, to enhance the overall management capabilities and to facilitate business development

During the reporting period

We conducted a total of **12,510 hours** of leadership development training

Among all the participants **35%** were promoted in their ranks or positions

"Ruiying Plan"-Training Programs for Key Talents with Great Potentials

In 2023, we launched the "Ruiying Plan" for the Company's key talents with great potentials. Under this plan, we initiated 10 classes such as class of non-marketing system manager and director reserves, class of area managers, provincial managers, and regional managers under the marketing system and executive training class, covering a total of 389 employees.

We have set up comprehensive training programs such as on-the-job practices, centralized offline training sessions, online professional courses, comprehensive management ability assessment and case summary writing for employees participating in the "Ruiying Plan", helping them to develop into managers with a broad vision and excellent business and management abilities. Through these efforts, we aim to support the Company's endeavors to achieve its strategic goals and long-term development.



"Ruiying Plan" in 2023

4.3 Caring for Employees



Hengrui Pharma cares for its employees from multiple perspectives. We enhance employees' sense of belonging and satisfaction through effective employee communication channels, diverse employee benefits and a range of activities.

4.3.1 Employee Communication

Hengrui Pharma respects its employees' freedom of association and collective bargaining. In line with the *Labor Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, the *Constitution of the All-China Federation of Trade Unions* and other applicable laws and regulations, we have established groups for Communist Party affairs and a trade union. Our trade unions cover employees' representatives such as workers, technicians and managers, senior managers, party members, league members, young employees and female employees.

During the reporting period, we held the fifth staff representative assembly, discussing and approving important rules and regulations such as the *Group Contract*, the *Special Collective Contract on Remuneration*, the *Special Collective Contract on Labor Safety and Health* and the *Special Collective Contract on Special Protection for Female Employees*, which comprehensively safeguard the democratic rights of our employees.

We have formulated the *Hengrui Pharma's Management System of Employee Feedback and Complaints* to provide our employees with smooth and confidential formal grievance reporting procedures, which is designed to maintain the strict confidentiality of the complainant's information and the content of the grievance report, and we adopt measures to protect the safety and legitimate rights and interest of complainants when necessary. In addition to these measures, we have set up multiple channels for employee communication such as employee hotline, compliance hotline, general manager's email and WeCom. With these efforts, we seek to encourage our employees to actively communicate and offer feedback on the development and construction of the Company.

4.3.2 Employee Welfare

At Hengrui Pharma, we are committed to providing our employees with comprehensive benefits. We have established a non-salary benefits program covering all employees to help them achieve work-life balance and enhance their sense of belonging and happiness.

<ul style="list-style-type: none"> Health examination Additional medical insurance <p>Health Benefits</p>	<ul style="list-style-type: none"> General allowances, rental subsidy, transport subsidy, catering subsidy, among others Corporate service grant <p>Financial Supports</p>
<ul style="list-style-type: none"> Employee team-building activities Interest associations Holiday events and gifts <p>Work-Life Balance</p>	<ul style="list-style-type: none"> Statutory holidays, marriage and funeral leave, maternity leave, parental leave, paternity leave, sick leave, annual leave, etc. Basic pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund <p>Statutory Benefits</p>

Employee cultural and sports activities

Hengrui Pharma values work-life balance, advocates the philosophy of "happy work, happy life". We have set up sports associations, including badminton, basketball, table tennis, swimming, yoga. Moreover, we have organized different kinds of sports competitions regularly to encourage employees to actively participate in various cultural and sports activities after work.

During the reporting period, we hosted the fourth Employee Games under the theme of "Persistence Brings Us Far, Sport Brings Us Health". During the event, a total of 747 employees participated in 16 sports, which enhanced the employees' sense of collective honor and cohesion, while creating a relaxing and pleasant working atmosphere.



Employee Performance Festival



Employee Badminton Games

Hengrui Pharma's Family Day

At Hengrui Pharma, we care for employees' families and strive to bring more happiness to our employees. During the reporting period, we organized the activity of Family Day under the theme of "Building the Future with Little Hengrui-ers", which allowed the family members of our employees to gain a more comprehensive understanding of the work in the pharmaceutical industry through quiz on pharmaceutical knowledge, parent-child physical fitness challenge and parent-child thanksgiving education, among other activities. These activities demonstrated Hengrui's fine "family culture" and the "contributor-oriented" philosophy, facilitating an in-depth and warm corporate culture atmosphere.



Hengrui Pharma's Family Day



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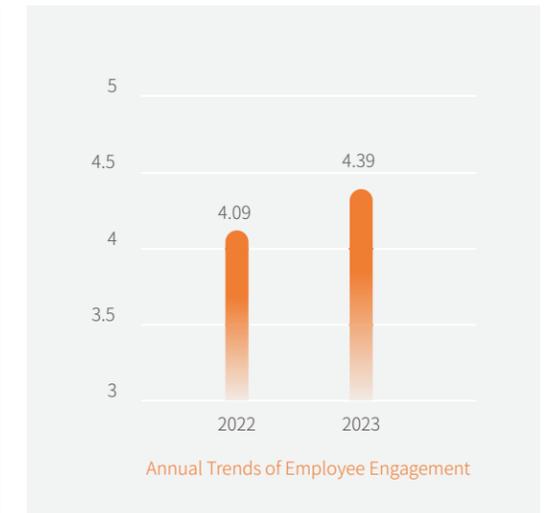
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4.3.3 Employee Engagement

Hengrui Pharma values the experience of its employees. We conduct annual engagement surveys to monitor employee satisfaction and understand their expectations. In 2023, we conducted the annual survey covering four perspectives: organizational system, strategy and culture, talent system and comprehensive remuneration. The survey included 50 detailed items, and we collected 9,155 questionnaires. The employee engagement score was 4.39 (out of 5).



Based on the survey results, we identified areas for improvement, promoted best practices and formulated rectification and action plans to enhance the employee experience in the workplace.



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4.4 Safeguarding Health and Safety



Hengrui Pharma adheres to the workplace safety policy of "putting safety first, prioritizing prevention and pursuing comprehensive management". We actively promote the development of a production safety management system and capabilities. Additionally, we work to strengthen the foundation of our safety culture and effectively protect the health and lives of our employees. These efforts ensure that our production and operations progress in a stable and orderly manner.



ISO 45001 Occupational Health and Safety Management System Certification

4.4.1 Safety Management System

Hengrui Pharma strictly complies with the requirements of 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*, and has established internal management systems such as the *Occupational Sanitation Management System* and the *EHS Duties of Personnel and Departments at All Levels of the Company*, as well as controlling procedures such as the *Control Procedures for Identification and Evaluation of Hazardous Sources* and the *Procedures for Investigation of Incidents and Non-conformity Control*, thus establishing a complete safe production management system. During the reporting period, the Company passed the ISO 45001 Occupational Health and Safety Management System Recertification.

Safety Management

Hengrui Pharma strictly enforces the work safety responsibility system. We have conducted comprehensive investigations to address weak links and hidden dangers, earnestly implemented various safety measures and effectively enhanced the efficiency of our safety management.

We have established a sophisticated safety management structure, with the Work Safety Committee serving as the Company's highest safety management body. This committee is responsible for coordinating and making decisions regarding work safety. Additionally, we strictly enforce the work safety responsibility system, requiring employees at all levels to sign the work safety responsibility letter. We rigorously implement the production safety reward and punishment assessment mechanism and incorporate the performance of employees' responsibilities into the duty appraisal system. These measures are aimed at ensuring the implementation of the Company's safety requirements.



All Employees are Required to Sign the Work Safety Responsibility Letter

The Company adheres to the principle of "preventing problems before they occur, controlling them at the source, prioritizing prevention and implementing comprehensive management" and continues to promote the dual prevention management system of both safety risk classification and hidden hazard investigation and management. During the reporting period, we initiated special governance action for safe production in winter, safety inspections before the Labor Day and the National Day Holiday, among other safety inspections. We conducted comprehensive inspections in various aspects, such as fire safety, laboratories and hazardous chemicals. Based on the inspection results, we formed a list of issues detected and comprehensively rectify all hidden dangers, thus building a robust safety line of defense.



Work Safety inspection



Top 10 Excellent Enterprise in Fire Safety Efforts

There were no major safety incidents at Hengrui Pharma during the reporting period. Hengrui Pharma was granted the title of "Excellent Enterprise" and "Top 10 Excellent Enterprise in Fire Safety Efforts" by the Work Safety Committee and the Fire Safety Committee of Lianyungang Economic and Technological Development Zone. Additionally, Suzhou Suncadia, one of Hengrui Pharma's affiliates, was awarded the title of "2023 Enterprise of Social Responsibility of the Work Safety Alliance" by local authorities and organizations.

Occupational Health Management

At Hengrui Pharma, we place a high value on employees' health by conducting regular monitoring of occupational hazards in accordance with legislative requirements. We organize annual occupational health checkups and continuously improve employee health monitoring files to safeguard their health. It's worth noting that during the reporting period, Hengrui Pharma had no cases of occupational disease.

Occupational Hazard Identification

- Carry out occupational hazards identification in accordance with laws and regulations and system standards
- Monitor occupational hazards on a regular basis by professional third-party institutions

Occupational Health Notice

- Equip employees exposed to occupational disease hazards with protective equipment
- Mandate employees to be certified for their jobs and to receive annual safety education and training to strengthen their health and protection capabilities

Occupational Health Files

- Organise pre-service, in-service and post-service occupational health check-ups
- Establish and improve employees' occupational health files and continuously follow up employees' health conditions

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4.4.2 Constructing a Safety Culture

At Hengrui Pharma, we remain steadfast in our mission to create a corporate culture where everyone learns safety knowledge and enhance safety awareness. To this end, we organize numerous safety culture construction activities on a yearly basis, including "Work Safety Month", "Fire Safety Month" and "Hidden Hazards Investigation Month". Through regular training, skill competitions, emergency drills and other diverse activities, we hope to solidify our safety culture and provide a long-term stable safety guarantee for the Company's business operations.

Work Safety Month

During the reporting period, we organized the "Work Safety Month" event, during which we fully improved our employees' capabilities in safe production, fire safety and emergency handling through various forms, such as campaigns on laws and regulations, special training programs, safety knowledge competitions and safety skill contests. With these efforts, we greatly promoted the building of safety culture.



"Work Safety Month" Training and Skill Contests

Comprehensive emergency drills

We formulate annual emergency drill plans based on the categories and characteristics of different risks and continuously optimize our risk emergency plans based on the results of the drills, to improve our emergency response mechanism.

During the reporting period, the Company organized various emergency drills for firefighting evacuation, chemical leakage, emergency rescue, special equipment, confined space accidents, flood and typhoon prevention, heat stroke prevention, etc., to improve employees' emergency response and handling capability in all aspects.



Fire Drills

05

Dedication to Social Responsibilities for a Shared Future



Hengrui Pharma remains steadfast to its corporate mission of "promoting a healthier life for humankind through advancements in science" and upholds its social responsibility of "serving patients and creating social values". We leverage our technological and resource advantages to enhance community health, empower our partners and bring benefits to patients worldwide.



5.1 Promoting Access to Healthcare



Hengrui Pharma gives top priority to public health issues at home and abroad. We continuously refine and improve our product marketing plans and pricing policies to benefit more people in various regions, thereby accelerating global access to medical services. Additionally, we actively provide assistance to enhance the quality of medical services at the local level, contributing to the shared advancement of businesses, regions and partners while pursuing our own development.

5.1.1 Improve Product Accessibility

At Hengrui Pharma, the Board of Directors has included access to healthcare issues in its management and decision-making process. The Strategy Committee, as a Board level representation, oversees the implementation of the Company's access to healthcare initiatives. The Committee coordinates, assesses and evaluates the Company's policies and strategic plans for access to healthcare. It also oversees the implementation of relevant policies and plans and regularly reports to the Board of Directors.

When making significant strategic and investment decisions, such as product registration, exports and expansion into emerging markets, the Strategy Committee fully considers the characteristics and social factors involved in healthcare access in different regions. The goal is to supply our products to more countries and regions, and benefit more people. To ensure the smooth and effective implementation of key tasks, including fair pricing, access to healthcare and public health improvement, the Company's departments are responsible for access to healthcare-related issues are mandated to fulfill their respective responsibilities.



Hengrui Pharma's Access to Healthcare Management Structure

Hengrui Pharma adheres to the provisions of the Doha Declaration on the TRIPS Agreement and Public Health on compulsory licensing of relevant medicines to safeguard the public's health. We strictly adhere to the provisions of the *Patent Law of the People's Republic of China* regarding compulsory licensing for drug patents in emergencies to safeguard public interests and health. Additionally, we support the entry of various generic drugs into the market to expand patients' treatment options, thereby continuously improving global healthcare affordability.

Medical Insurance Benefits

Hengrui Pharma strongly supports policies that improve medical insurance for the public good and uses pharmaceutical innovation to protect public health. Since the release of the National Drug List for Basic Medical Insurance, Work Injury Insurance and Maternity Insurance (2023 Edition), a total of 103 Hengrui Pharma products have been included, including 13 marketed innovative drugs. During the reporting period, we began selling three of our innovative drugs—Rezvilutamide, Dalpiciclib and Henagliflozin—at healthcare prices, which are now 65% lower on average. This has significantly improved drug accessibility and affordability, ensuring that more patients can benefit from the novel and high-quality drugs developed and produced by Hengrui Pharma.

A total of

103

Hengrui Pharma products have been included in the List of National Basic Medical Insurance

Fair Pricing

At Hengrui Pharma, we prioritize making our products accessible and fairly priced in different regions. We carefully consider the economic and social differences among countries and regions, and analyze regional gaps in terms of healthcare in the process of expansion into overseas market and implements the principle of fair pricing. Through these efforts, we ensure that our high-quality products are affordable in developing markets.

For instance, we conduct thorough market and product research when establishing projects overseas. This helps us develop a scientific and rational product marketing plan, including pricing strategies. We gather insights from industry research, pharmaceutical databases and local partners to understand factors such as prices of locally developed products in emerging/developing countries, the prices of local competitors, the local healthcare system and the incomes of local residents. This information helps us set prices that are fair across countries and ease the financial burden on patients in different regions.





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5.1.2 Contributing to Global Health

Expansion into Emerging Markets

Hengrui Pharma considers "promoting global public health and pursuing global well-being" as a crucial goal to fulfill its social responsibilities as a pharmaceutical company. Guided by this goal, we have made steady progress in implementing our globalization strategy in recent years. We have accelerated our expansion into global markets, focusing particularly on emerging markets, with the aim of benefiting more patients worldwide with Chinese medicines.

During the reporting period, we continued to promote our innovative drugs in emerging markets by introducing our self-developed drugs, already marketed in China, to global markets based on the existing competitive advantages and foundation. Additionally, we established initial cooperation agreements with clients in India, South America, the Middle East and Central Asia. As part of our strategy to expand global markets, we established overseas subsidiaries that began collaborating with local partners in areas such as drug registration, market access and clinical utilization. This demonstrates our growing competitiveness in emerging markets.

As of the end of the reporting period, Hengrui Pharma received approval for more than 20 of its generic drugs in over 30 countries. We are actively working on product registration in more than 15 additional countries. Our products have reached developing countries in the Middle East, Central Asia, Central and Eastern Europe and South America, as well as underdeveloped countries such as Bangladesh, Kenya, Tanzania, Zimbabwe, Botswana and Laos.

In the future, we will continue to expand the availability of our approved drugs to developing countries in response to global medical needs. We will also strive to increase the market share of our approved products in these countries as part of our efforts to improve global public health.



Improvement of Drug Supply Chain

At Hengrui Pharma, we prioritize the shipment, supply and sales of our products in overseas markets. We focus on improving the drug supply chain in developing countries by refining our supply mechanisms, reducing procurement intermediaries and enhancing procurement efficiency for our overseas clients.

We regularly analyze and optimize shipping routes and plans for our drugs. This includes adjusting loading volumes and implementing temperature monitoring during shipping to ensure the safe delivery of drugs to overseas regions. These efforts also help our clients reduce purchasing costs.

Additionally, we maintain a long-term and effective communication mechanism with our overseas clients to provide timely responses and assistance. This includes supporting them in aspects such as transportation route design, quality assurance, temperature control and cost optimization. Through these initiatives, we aim to empower our overseas partners to enhance their management and operation of the supply chain, establishing high-quality, effective and stable overseas pharmaceutical supply chains.

Management of Tumors as Chronic Diseases

Hengrui Pharma has been deeply involved in the development of anti-tumor therapies, advocating for the management of tumors as chronic diseases. Our goal is to enhance the life expectancy and quality of life for tumor patients worldwide.

As of the end of the reporting period, we obtained marketing approval for 9 Class 1 innovative drugs for tumor treatment. These drugs target various types of tumors, including breast cancer, lung cancer, gastrointestinal tumors, gynecologic tumors, and urologic tumors. These innovative drugs cater to tumor patients at early, middle and advanced stages of tumor progression, offering comprehensive life-cycle therapeutic management solutions. Additionally, we have developed supportive drugs for tumor patients to improve treatment compliance and efficacy. We are actively working to include these products in national medical insurance programs to ensure that more effective anti-tumor drugs are accessible to those in need.

Improvement of Pharmacovigilance Capacity

Hengrui Pharma places a strong emphasis on pharmacovigilance and product safety. We actively contribute to enhancing pharmacovigilance capacities both domestically and internationally to reduce drug risks around the world.



Participating in formulating group standards

In 2023, Hengrui Pharma took active part in the annual formulation of the very first group standard Guidelines for Quality Management of Commissioned Pharmacovigilance Activities (T/SHPPA 024-2023) in China led by Shanghai Center for Adverse Drug and Medical Device Reaction Monitoring. Serving as an advisory panel member for the research, development and finalization of the group standard, the Drug Safety Department of Hengrui Pharma put forward professional and constructive opinions based on the practical operation of enterprises. Furthermore, since we were among the first batch of enterprises to implement the standard, we pledged to achieve high efficiency and act in strict compliance. Highly recognized and appreciated by the leading organizer, Hengrui Pharma's participation in the development of the standard has contributed to the standardization and compliance management of commissioned pharmacovigilance in the industry.



Hengrui Pharma Participates in Discussions on Standard Formulation



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Experience sharing on signal detection and risk identification for "Camrelizumab for Injection"

In October 2023, the Drug Safety Department of Hengrui Pharma attended the Training and Risk Discussion for Key Monitoring Units of Drugs in Nanjing at the invitation of Nanjing Center for Adverse Reaction Monitoring, organizer of the event. During the event, we shared our hands-on experience on the signal detection and risk identification for "Camrelizumab for Injection", which garnered praise from other participants, as well as recognition and gratitude from local regulators for our contribution and endeavors to standardized management and enhancement of pharmacovigilance signal detection and risk identification in the industry.



Hengrui Pharma Shares Hands-on Experience

In developing countries and regions, we prioritize pharmacovigilance and drug safety issues. Based on different business cooperation modes, we establish effective communication mechanisms tailored to local conditions with our partners. These mechanisms outline the responsibilities and processes for both parties in pharmacovigilance initiatives. Through these mechanisms, we continuously collect and exchange product safety information, conduct product safety risk assessments and ensure compliance with local laws and regulations. This contributes to ensuring the safety of patients and public health in these regions.

Post-marketing supervision and safety guarantee for drugs in Egypt

Upon the marketing of our product Letrozole in Egypt, our Drug Safety Department signed pharmacovigilance agreement with local partners and conducted discussions on post-marketing safety issues such as adverse reaction to comprehensively assess, understand and prevent drug safety. With these efforts, we have rigorously implemented post-marketing supervision on our products in Egypt to achieve safe, scientific and rational clinical medication. When conducting re-registration of Letrozole in 2023, we carried out close cooperation with local partners in line with the requirements of local ministry of health to promptly respond to and satisfy external needs, solved relevant issues and further bolstered our capability of communicating and coordinating with overseas partners.

At Hengrui Pharma, we dedicate ourselves to building a pharmaceutical ecosystem with our global partners. We empower our local partners and ensure our products reach more people. We explore and expand cooperation mechanisms with partners in different countries and regions. This includes joint research and technology licensing, leveraging our strengths to drive the development of the local industry and improve medical services.



5.1.3 Empowering Public Health

Contributing to the Building of a Healthy China

Hengrui Pharma has actively responded to the "Healthy China 2030" Outline and pertinent strategies and contributed to the national health initiative by adhering to the guiding principle "A homegrown Chinese corporation should give back to China". We have utilized our technological, service and resource advantages to organize and participate in various academic exchanges, healthcare worker training programs and medical research funding initiatives. During the reporting period, we also introduced advanced medical technologies and concepts to support the development of medical talent and disciplines in China, furthering the progress of public health in the country.

Lectures by international experts



Inviting Experts from the U.K. to Deliver Lectures

In November 2023, in response to the "Healthy China" initiative and the need to improve hospitals' capacity in scientific research and surgery operation, the Strategic Development (Business) Department of Hengrui Pharma launched a program to invite cardiothoracic surgery experts from the U.K. to deliver lectures in Shaoxing and Shanghai, China.

This program was assisted by experts from the Royal College of Surgeons, Cambridge University, Shaoxing People's Hospital, and Shanghai Chest Hospital by delivering lectures, analyzing difficult cardiothoracic surgery cases and conducting surgery livestreaming. We organized academic communications and exchanges on the most advanced surgical techniques and international developments in the field of mitral valves. Through these efforts, this program provided new perspectives for China to optimize and improve medical technology in related fields in the future and solidified the foundation for cooperation and exchange between Chinese and foreign hospitals.

Capacity improvement trainings for healthcare workers

In 2023, Hengrui Pharma worked in collaboration with Fudan University and Tsinghua University to launch a total of ten capacity improvement training sessions for executives in public hospitals. These training sessions encouraged sharing and exchanges on various subjects such as policy environment, leadership, organizational transformation, scientific and technological innovation and global vision, covered about 360 hospital executives. The aim of these training sessions was to offer guidelines for hospital executives in building a broad mindset, mastering advanced management practices and developing outstanding leadership skills to promote the high-quality development of hospitals.



Training Sessions for Hospital Directors by Fudan University



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Special grant for pharmaceutical research

In 2023, Hengrui Pharma acted in line with the national strategy for scientific and technological innovation and talent cultivation in the field of healthcare, establishing the programs of "Special Grant for Scientific Research" and "National Special Grant for Pharmaceutical Research and Talent Training" with the Specialized Committee on Hospital Pharmacy of the Chinese Pharmaceutical Association and the Clinical Pharmacy Branch of the Chinese Medical Association.

These programs provide a national platform for high-level scientific research exchanges on pharmacy for directors of pharmacy departments of tertiary hospitals, discipline directors and young and middle-aged talents in the field of pharmacy. The establishment of the two pharmacy research fund programs has greatly satisfied the needs of pharmacy researchers for scientific research projects, responded to the strategic goal of cultivating young pharmacy talents and boosted the development of scientific and technological innovation in healthcare.



Experience Sharing on Scientific Research Projects/Talent Development Projects

Series activities of "Healthy China - Retravel the Journey of the Long March"

In April 2023, Hengrui Pharma launched its charity program "Healthy China - Retravel the Journey of the Long March", which contained a series of activities in region along the routes of the Long March, with the aim of facilitating the development of medical services, improving the sharing of high-quality medical resources, optimizing local public health facilities and enhancing the health awareness of local residents.

Supported by the "Health Hut" platform, the project is scheduled to be conducted in region along the routes of the Long March from 2023 to 2024. Clinical experts from major hospitals in Beijing and Shanghai will be invited to participate in the project together with the hospitals in the regio. At the same time, doctors from grassroots-level medical institutions in the region will be selected to receive standardized training and advanced training at major hospitals in Beijing and Shanghai, so that the local residents can enjoy quality medical and healthcare services conveniently at their doorsteps.



Launching Ceremony of "Healthy China · Retravel the Journey of the Long March"

5.2 Commitment to Social Responsibilities



In our pursuit of steady operational and developmental progress, we remain committed to our responsibilities and missions as a "corporate citizen". We continuously strive to create social value and contribute to society with the fruits of our development efforts.

5.2.1 Patient Care

Hengrui Pharma adopts a patient-oriented strategy, placing continuous emphasis on the practical needs of the public and patients in disease prevention, treatment, and prognosis. Through various activities such as health knowledge education, livestreaming and workshops for knowledge promotion, we endeavor to boost patients' confidence in recovery and provide them with care and support.

"With All Your Love" patient care public welfare brand

Hengrui Pharma has established the "With All Your Love" patient care brand in 2020, which is dedicated to gather strengths from all sectors to explore wider cooperation with partners from the innovative medical service ecosystem. The aim of the brand is to provide tumor patients with high-quality original innovative drugs catering to all tumor types and patient care services throughout the entire treatment process. It calls on the entire society to care for the families of cancer patients and inspire them with positive energy to build up confidence in the fight against cancer and bring them happiness in life.

In 2023, the brand offered strong support for a series of diversified activities of interpretations and recreations for knowledge promotion, including the "Breast Cancer - Knowledge Interpretation Activity" and the "Lymphoma-Knowledge Interpretation Activity". In line with professional guidelines for healthcare, these activities targeted various key cancer types to satisfy patients' unmet needs for knowledge about oncology treatment, enhanced patients' understanding of standardized treatment and helped reduce the cost of doctor-patient communication.

Hengrui Pharma's "With All Your Love" patient care brand won the Award of "2023 Charity Project of the Year" and Hengrui Pharma was honored with the "2023 CSR Industry Model Award" at the China Charity Festival, thanks to its unremitting efforts and outstanding contributions in practicing corporate social responsibilities.



Interpretation of CACA Guidelines in China



Awards Granted to the "With All Your Love" Patient Care Brand



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5.2.2 Medicine Donation

At Hengrui Pharma, we actively respond to the national strategy of "rural revitalization" by engaging in social medical assistance efforts and contributing to public health construction. Our aim is to provide medical support to people in need in impoverished regions. Through these actions, we help enhance drug accessibility in rural areas, thus contributing to sustainable rural development.

Donation of "Jiangsu Medical Huibao"

In January 2023, Hengrui Pharma donated "Jiangsu Yihuibao No. 1" to 1,000 citizens in need through Jiangsu Charity Federation at the invitation of Jiangsu Medical Insurance Bureau, delivering best wishes and care in the pandemic-plagued winter. This donation further reduced the burden of medical expenses on those in need and patients with serious illnesses, fully exhibiting the Company's social responsibility and commitment to building a multi-level medical insurance system in Jiangsu Province.

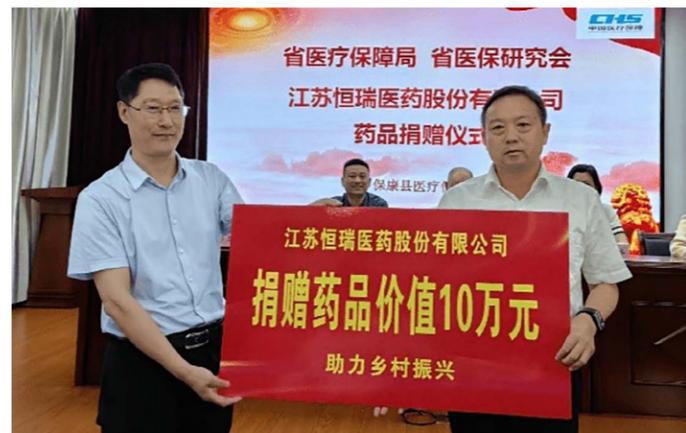


Donation Ceremony of "Jiangsu Yihuibao"

Hengrui Pharma holds a longstanding commitment to improving the lives of patients with chronic diseases like high blood pressure, arthritis and diabetes. We have developed long-term drug donation plans for underdeveloped regions in China, with the goal of enhancing the well-being and mental and physical health of patients. During the reporting period, we initiated product donations under this program in various locations in Hubei Province.

Drug donation to Xiangyang, Hubei Province

In July 2023, Hengrui Pharma launched drug donation in Baokang County, Xiangyang City under the guidance of Zeng Qingsong, Chief Researcher of Hubei Health Insurance Research Association. We donated drugs worth of RMB 100,000 for chronic disease treatment such as high blood pressure, diabetes and osteoarthritis, improving the quality of life for local patients and delivering love and care for rural residents.



Drug Donation Ceremony in Baokang County, Xiangyang City

Drug donation activity of "Caring for the Needy and Contributing to Rural Revitalization"

In September 2023, Hengrui Pharma took part in the drug donation activity of "Caring for the Needy and Contributing to Rural Revitalization" organized by Hubei Health Insurance Research Association. During the activity, we donated RMB 60,000 worth of chronic disease medicines such as Irbesartan for high blood pressure, Imrecoxib for rheumatoid arthritis and Henagliflozin for type 2 diabetes, to Shangyu Village, Sanxi Town, Huangshi City and Zongbei Village, Chuandian Town, Jingzhou City, bringing warmth and care for left-behind elderlies and residents in need in the village.



Drug Donation Activity of "Caring for the Needy and Contributing to Rural Revitalization"

5.2.3 Community Support

Hengrui Pharma is committed to exploring ways to benefit society and actively engaging in social welfare undertakings. We have increased our charitable investments in education, healthcare and special care, contributing to social progress with our technological and resource advantages. During the reporting period, we established various charity funds and organized charitable donations to schools, delivering the warmth of Hengrui Pharma through concrete actions. Additionally, many of our employees, while leading ordinary lives, demonstrate extraordinary compassion and responsibility by donating blood to help patients in need, embodying our spirit of care and responsibility.

Hengrui Pharma's charitable donations to village school in Yunnan Province

To support the development of rural education and facilitate rural revitalization through education, representatives of Hengrui Pharma visited the Central Comprehensive Primary School of Fengyuan Village in Dali, Yunnan Province in November 2023, donated supplies such as computers, winter school uniforms and sporting goods. This donation is one of Hengrui Pharma's concrete actions to support education and help local schools improve the quality of education and life.



Donation to the Central Comprehensive Primary School of Fengyuan Village



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Shangyuan Special Charity Fund

In October 2023, Hengrui Pharma worked in collaboration with Shanghai Pharmaceuticals Holding Co., Ltd. to establish "Shangyuan Special Charity Fund" under the Shanghai Charity Foundation.

- The fund will invest RMB 300,000 to help the Meiaironghe Art Troupe, which will help promote the integration of visually impaired youths with healthy youths at a deeper level.
- The fund will also invest RMB 2.4 million for the construction of the Early Childhood Research Center under the China Defence League, and for the renewal of public facilities such as benches in the waiting area, cultural walls and display boards of scientific and technological knowledge in medical institutions.

The fund will invest

RMB 300,000

to help the Meiaironghe Art Troupe

The fund will also invest

RMB 2.4million

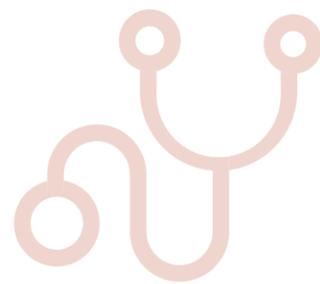
for the construction of the Early Childhood Research Center under the China Defence League

Voluntary blood donation of "Selfless Donation Brimming with Love and Sincerity"

In September 2023, a total of 120 CPC members from Hengrui Pharma actively participated in the voluntary blood donation of "Selfless Donation Brimming with Love and Sincerity", doing their utmost to offer help to patients in need. This donation embodied the spirit of selflessness of the Company and its employees, showcasing our commitment to fulfilling social responsibilities to all sectors of society.



Voluntary Blood Donation



Blood stem cell donation by employees

In September 2023, Gao Zhengfei, an excellent CPC member from Hengrui Pharma, donated blood stem cell to a 7-year-old leukemia patient, successfully helping the patient extend life expectancy. Gao Zhengfei is the 3rd in Lianyungang City and the 1st in Hengrui Pharma to donate blood stem cell, whose selflessness has been widely praised and recognized within the Company and by people from all walks of life.

5.2.4 Earthquake Relief

When disasters strike, support pours in from all corners. Hengrui Pharma and its employees have consistently been among the first responders, offering assistance to areas affected by disasters. Through various forms of aid such as donating medicines, supplies and financial support through foundations, we strive to help people in affected areas overcome difficulties.

Winter Clothing Donation by "Qingrui" Volunteer Association

After Gansu Province was hit by an earthquake, Hengrui Pharma's "Qingrui" Volunteer Association mobilized over 130 volunteers and initiated the "Love Brings Warmth in Winter" activity to donate 599 winter clothes to residents living in affected areas, embodying the sense of responsibility and mission of Hengrui Pharma.



Winter Clothing Donation for Earthquake Relief

Medicine donation to Linxia Hui Autonomous Prefecture

On December 18, 2023, 6.2-magnitude earthquake struck Jishishan County, Linxia Hui Autonomous Prefecture, Gansu Province. Upon learning the news, we acted promptly to donate RMB 1 million for earthquake relief through China Foundation for Rural Development (CFRD). We also mobilized first-aid medicines worth more than RMB 1 million to the quake-stricken areas by special trucks in the first instance. On the same day, we dispatched a special truck carrying cold and flu medicines, analgesic medicines, antibiotics and nutrient solution to Jishishan County to help build up local medical defense against the disaster and guard the physical and mental health of the affected residents.



Special Truck Carrying Medicines to Linxia Hui Autonomous Prefecture



Donation Certificate Granted by China Foundation for Rural Development

Staying true to our original aspirations is the key to our success. Moving forward, Hengrui Pharma will continue to uphold its noble mission of "promoting a healthier life for humankind through advancements in science" and its vision of "becoming a global biopharmaceutical group through innovation". We will continue to promote a corporate culture of selfless dedication, bringing benefits to patients worldwide.

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List of Major Applicable Laws and Regulations

Chapter Names	Laws and Regulations	Internal Policies
Effective Governance through Strengthened Responsibility Management	<ul style="list-style-type: none"> Company Law of the People's Republic of China Securities Law of the People's Republic of China Rules Governing the Listing of Stocks on Shanghai Stock Exchange Guidelines No. 3 of the Shanghai Stock Exchange on the Application of Self-Regulation Rules for Listed Companies—Industry Information Disclosure Regulatory Guidelines for Listed Companies No. 3—Distribution of Cash Dividends of Listed Companies Criminal Law of the People's Republic of China Notice of the Work Priorities for Rectifying the Misconducts in the Purchase and Sale of Medicinal Products and Medical Services (2023) Provisions on Prohibiting Monopoly Agreements Provisions on Prohibiting Abuse of Dominant Market Positions Provisions on the Examination of Concentrations of Undertakings Provisions on Prohibiting the Abuse of Intellectual Property Rights to Exclude or Restrict Competition Notice of Establishing a System for "Three Documents and One Letter" for Anti-Monopoly Measures for the Standard Contract for the Outbound Transfer of Personal Information Measures for the Administration of Personal Information Protection Compliance Audits (Exposure Draft) Interpretation No. 17 of the Accounting Standards for Business Enterprises Anti-Money Laundering Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China Medicinal Product Administration Law of the People's Republic of China Constitution of the All-China Federation of Trade Unions Constitution of the Communist Party of China 	<ul style="list-style-type: none"> Articles of Association Management System of Information Disclosure Matters Internal Reporting System for Material Information Investor Relations Management System Measures for Compliance Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd. Business Ethics and Anti-Corruption Policy of Jiangsu Hengrui Pharmaceuticals Co., Ltd. Compliance Manual for All Employees (For Trial Implementation) Regulations on Marketing Management Regulations on Executive Integrity of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (For Trial Implementation) Compliance Guidelines on Marketing List of Prohibitive Actions and Obligations for Employees (For Trial Implementation) Compliance Management Commitment for Business Partners Compliance Commitment for Conference Services Notice of Strengthening the Management of High-Risk Operations Guidelines for Further Strengthening Corporate Legal Affairs
	Sustained Green Development for a More Resilient Ecosystem	<ul style="list-style-type: none"> Environmental Protection 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 Regulation on the Administration of Permitting of Pollutant Discharges Energy Conservation Law of the People's Republic of China Measures for the Environmental Emergency Response Management

Chapter Names	Laws and Regulations	Internal Policies
Sustained Green Development for a More Resilient Ecosystem	<ul style="list-style-type: none"> Energy Conservation Law of the People's Republic of China and Public Institutions (for Trial Implementation) Water Law of the People's Republic of China Standards for Pollution Control on Hazardous Waste Storage Forestry Law of the People's Republic of China Law of the People's Republic of China on Environmental Impact Assessment 	<ul style="list-style-type: none"> Noise Discharge Management System Exhaust Gas Discharge Management System Waste Management Procedure Solid Waste Management Regulations Solid Waste Utilization and Disposal Procedures Management Regulations on Administrative R&D Building Vehicle Fueling and Maintenance Management Process Shanghai Suncadia Administrative and Logistic Services Manual Supplier EHS Audit Management Procedures
	Improved Innovation with Commitment to Product Quality	<ul style="list-style-type: none"> Patent Law of the People's Republic of China Good Manufacturing Practices (GMP) 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 (2010 Revision) 21 CFR Part 210 (the US) General 21 CFR Part 211 (the US) EudraLex-Volume 4 (the EU)

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GRI Standards

Chapter Names	Laws and Regulations	Internal Policies
Improved Innovation with Commitment to Product Quality	<ul style="list-style-type: none"> International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) Declaration of Helsinki Administration of Laboratory Animals Law of the People's Republic of China on the Protection of Consumer Rights and Interests Personal Information Protection Law of the People's Republic of China General Data Protection Regulation (GDPR) of the EU Health Insurance Portability and Accountability Act (HIPAA Act) of America 	<ul style="list-style-type: none"> 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 Handbook on Confidentiality Notice on Strengthening the Confidentiality of External Negotiations Management Regulations on Product Supply Assurance and Assessment GMP Material Supplier Approval Management System Non-GMP Material Supplier Approval Management System Customized R&D Material Supplier Approval Management System Fixed-asset Supplier Approval Management System Commission Service Supplier Approval Management System Clinical Service Supplier Approval Management System GMP Material Supplier Performance Evaluation Management System
Commitment to Employees and Their Values	<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 Trade Union Law of the People's Republic of China Constitution of the All-China Federation of Trade Unions Work Safety Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Occupational Diseases 	<ul style="list-style-type: none"> Employee Handbook Employee Diversity Policy of Hengrui Pharma Administrative Measures for Democratic Evaluation of Executives (Non-Marketing) Provisional Measures for Employee Education Management of Jiangsu Hengrui Pharmaceuticals Co., Ltd. Executive Management System Hengrui Pharma's Management System of Employee Feedback and Complaints Occupational Sanitation Management System EHS Duties of Personnel and Departments at All Levels of the Company Control Procedures for Identification and Evaluation of Hazardous Sources Procedures for Investigation of Incidents and Non-conformity Control
Dedication to Social Responsibilities for a Shared Future	<ul style="list-style-type: none"> Patent Law of the People's Republic of China 	

Disclosure Item	Disclosure Title	Chapter
<i>Universal Standards</i>		
2021 GRI 1: Foundation 2021		
2021 GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About Hengrui Pharma
2-2	Entities included in the organization's sustainability reporting	About this Report
2-3	Reporting period, frequency and contact point	About this Report
2-4	Restatements of information	There were no restatements of information during the Reporting Period
2-5	External assurance	There were no external assurance obtained for this year's report
Activities and workers		
2-6	Activities, value chain and other business relationships	3.3 Responsible Supply Chain Management
2-7	Employees	4.1.2 Equality and Diversity
2-8	Workers who are not employees	Not applicable
Governance		
2-9	Governance structure and composition	1.1.1 Corporate Governance Structure
2-10	Nomination and selection of the highest governance body	1.1.1 Corporate Governance Structure
2-11	Chair of the highest governance body	1.1.1 Corporate Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	1.1.1 Corporate Governance Structure
2-13	Delegation of responsibility for managing impacts	1.1.1 Corporate Governance Structure
2-14	Role of the highest governance body in sustainability reporting	1.1.1 Corporate Governance Structure
2-15	Conflicts of interest	1.3.1 Compliance Management
2-16	Communication of critical concerns	1.1.3 Investor Relations Management
2-17	Collective knowledge of the highest governance body	1.1.1 Corporate Governance Structure
2-18	Evaluation of the performance of the highest governance body	1.2.1 ESG Governance
2-19	Remuneration policies	4.2.1 Remuneration Incentives
2-20	Process to determine remuneration	4.2.1 Remuneration Incentives

Disclosure Item	Disclosure Title	Chapter
2-21	Annual total compensation ratio	Omitted due to confidentiality restrictions
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	1.2.1 ESG Governance
2-23	Policy commitments	See all chapters for details
2-24	Embedding policy commitments	1.3.3 Business Ethics
2-25	Processes to remediate negative impacts	1.3.3 Business Ethics
2-26	Mechanisms for seeking advice and raising concerns	1.3.3 Business Ethics
2-27	Compliance with laws and regulations	See all chapters for details
2-28	Membership associations	See all chapters for details
Stakeholder engagement		
2-29	Approach to stakeholder engagement	1.2.2 Stakeholder Engagement
2-30	Collective bargaining agreements	4.3.1 Employee Communication
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	1.2.3 Materiality Issues
3-2	List of material topics	1.2.3 Materiality Issues
3-3	Management of material topics	1.2.3 Materiality Issues
Topic Standards		
2016 GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	See the Annual Report for disclosure
201-2	Financial implications and other risks and opportunities due to climate change	2.4.1 Responding to Climate Change
201-3	Defined benefit plan obligations and other retirement plans	4.3.2 Employee Welfare
201-4	Financial assistance received from government	Not applicable
2016 Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed due to confidentiality restrictions
202-2	Proportion of senior management hired from the local community	Information unavailable
2016 Indirect Economic Impact 2016		
203-1	Infrastructure investments and services supported	5.1.2 Contributing to Global Health
		5.1.3 Empowering Public Health
		5.2.2 Medicine Donation
		5.2.3 Community Support
203-2	Significant indirect economic impacts	5.2 Commitment to Social Responsibilities

Disclosure Item	Disclosure Title	Chapter
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Information unavailable
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Information unavailable
205-2	Communication and training about anti-corruption policies and procedures	1.3.3 Business Ethics
205-3	Confirmed incidents of corruption and actions taken	1.3.3 Business Ethics
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.3.3 Business Ethics
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	2.2.3 Strict Material Management
301-2	Recycled input materials used	2.2.3 Strict Material Management
301-3	Reclaimed products and their packaging materials	2.2.3 Strict Material Management
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	2.2.1 Energy Management
302-2	Energy consumption outside of the organization	Information unavailable
302-3	Energy intensity	2.2.1 Energy Management
302-4	Reduction of energy consumption	2.2.1 Energy Management
302-5	products and services	2.2.1 Energy Management
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared Resource	2.2.2 Water Resource Management
303-2	Management of water discharge-related impacts	2.2.2 Water Resource Management
303-3	Water withdrawal	2.2.2 Water Resource Management
303-4	Water discharge	2.2.2 Water Resource Management
303-5	Water consumption	2.2.2 Water Resource Management
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2.4.2 Biodiversity Conservation
304-2	Significant impacts of activities, products and services on biodiversity	2.4.2 Biodiversity Conservation
304-3	Habitats protected or restored	Not applicable

Disclosure Item	Disclosure Title	Chapter
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	2.2.1 Energy Management
305-2	Energy indirect/Scope 2 GHG emissions	2.2.1 Energy Management
305-3	Other indirect/Scope 3 GHG emissions	Information unavailable
305-4	GHG emissions intensity	2.2.1 Energy Management
305-5	Reduction of GHG emissions	Information unavailable
305-6	Emissions of ozone-depleting substances (ODS)	Information unavailable
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	2.3.1 Exhaust Gas Emissions Management
GRI 306: Effluents and Waste 2016		
306-1	Waste generation and significant waste-related impacts	2.3.3 Solid Waste Management
306-2	Actions taken to prevent waste generation	2.3.3 Solid Waste Management
306-3	Composition of waste generated	2.3.3 Solid Waste Management
306-4	Recovery operations used to divert waste from disposal	2.3.3 Solid Waste Management
306-5	Disposal operations	2.3.3 Solid Waste Management
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	2.2.4 Promoting Green Supply Chain 3.3.1 Comprehensive Supplier Management
308-2	Negative environmental impacts in the supply chain and actions taken	3.3.1 Comprehensive Supplier Management
GRI 401: Employment 2016		
401-1	New employee hires and employee Turnover	4.1.2 Equality and Diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3.2 Employee Welfare
401-3	Parental leave	4.3.2 Employee Welfare

Disclosure Item	Disclosure Title	Chapter
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Not applicable
GRI 403: Occupational Health and safety 2018		
403-1	Occupational health and safety management system	4.4.1 Safety Management System
403-2	Hazard identification, risk assessment, and incident investigation	4.4.1 Safety Management System
403-3	Guidance for Disclosure	4.4.1 Safety Management System
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.1 Safety Management System
403-5	Worker training on occupational health and safety	4.4.2 Constructing a Safety Culture
403-6	Promotion of worker health	4.4.1 Safety Management System
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4.1 Safety Management System
403-8	Workers covered by an occupational health and safety management system	4.4.1 Safety Management System
403-9	Work-related injuries	4.4.1 Safety Management System
403-10	Work-related ill health	4.4.1 Safety Management System
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	4.2.3 Employee Training
404-2	Programs for upgrading employee skills and transition assistance programs	4.2.2 Employee Development 4.2.3 Employee Training
404-3	Percentage of employees receiving regular performance and career development reviews	4.2.1 Remuneration Incentives
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Disclosure 405-1 Diversity of governance bodies and employees	4.1.2 Equality and Diversity
405-2	Ratio of basic salary and remuneration of women to men	Omitted due to confidentiality restrictions
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	4.1.2 Equality and Diversity
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3.1 Employee Communication
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	4.1.2 Equality and Diversity

Disclosure Item	Disclosure Title	Chapter
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.1.2 Equality and Diversity
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Not applicable
GRI 411: Rights of indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	5.1 Promoting Access to Healthcare 5.2 Commitment to Social Responsibilities
413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	3.3.1 Comprehensive Supplier Management
414-2	Negative social impacts in the supply chain and actions taken	3.3.1 Comprehensive Supplier Management
GRI 415: Public Policy 2016		
415-1	Political contributions	Not applicable
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	3.2.4 Marketing Security Management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance concerning the health and safety impacts of products and services since the Company was listed
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	3.2.5 Improving Customer Service
417-2	Incidents of non-compliance concerning product and service information and labeling	No incidents during the Reporting Period
417-3	Incidents of non-compliance concerning marketing communications	No incidents during the Reporting Period
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No incidents during the Reporting Period

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