

HARBOUR
BIOMED

和 鉑 醫 藥 控 股 有 限 公 司
HBM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 02142

2021

Environmental, Social and
Governance Report





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About This Report

OVERVIEW

This is the second Environmental, Social and Governance (“**ESG**”) report published by HBM Holdings Limited (the “**Company**”). This report, which will be published annually, focuses on the Company’s performance in the areas of corporate governance, value innovation, people development, employee safety, environmental protection, and social contribution.

REPORT SCOPE

Unless otherwise stated, the information contained in this report covers the period from 1 January to 31 December 2021 (hereinafter referred to as “**the year**” or “**the reporting period**”), with some references to information from prior years. The scope of this report includes HBM Holdings Limited and its subsidiaries (collectively referred to as “**the Group**”, “**HBM**” or “**we**”).

PREPARATION BASIS

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”), as set out in Appendix 27 of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEX**”).

SOURCES AND RELIABILITY ASSURANCE

Unless otherwise stated, the data in this report were obtained from the Company’s internal information, survey interview records, and other relevant documents. The Board of Directors of the Company (the Board) undertakes that this report does not contain any false information or misleading statements and that the Board is responsible for the truthfulness, accuracy, and completeness of its contents.

CONFIRMATION AND APPROVAL

This report was confirmed by management and approved by the Board in March, 2022.

ACCESS TO AND FEEDBACK ON THIS REPORT

This report is available in both traditional Chinese and English. An electronic version of the report is available on our website: <https://www.harbourbiomed.com/investor>, and on the website of the Hong Kong Stock Exchange: www.hkexnews.hk. In case of any discrepancy between the English and Chinese versions of this report, please refer to the English version.



Management Message

This report is the second environmental, social and governance report issued by HBM, which reports our environmental, social and governance performance this year to various stakeholders.

Looking back on 2021, with the continued deepening of China's medical reforms and the structural adjustment of the pharmaceutical industry, industry demand is expected to grow steadily. HBM has kept up with the trends of the time. We implemented and followed the concept of sustainable development, and maintain a high-standard level of governance and high-quality talent cultivation. We have also made protecting the green ecology and building a beautiful community an important part of the Company's daily operations. HBM has continued to drive its innovation value and improve its economic efficiency. In 2021, HBM continued to improve and achieved fruitful results.

During the year, we continued to improve our corporate governance framework. Guided by the business value of integrity, we actively carried out internal risk assessment and anti-corruption training to ensure that the Company operates smoothly on the right path. We completed the establishment of a matrix of stakeholder communication and material issues during the year to further promote the establishment and improvement of the ESG system and continuously improve our corporate decision-making strategy.

During the year, we made R&D innovation and quality the driving force for Company advancement. We rely on our three major technology platforms, while integrating our resources and constantly innovating. We strengthened the management of upstream suppliers and comprehensively ensured our product quality and safety. We actively sought external cooperation resources, strengthened our strategic cooperation with major medical institutions, and helped drive the common development of the entire industry.

In line with the Company's actual situation, in 2021, we implemented the people-oriented employment concept, and adopted an equal recruitment and employment system. We offered an industry-competitive remuneration and welfare mechanism, a sound training mechanism, a clear career plan, and diversified employee activities. We effectively safeguarded the basic rights and interests of our employees and met the needs of employees to realize their personal growth. With the talent pool of the Company, we improved the Company's core competitiveness.

We focused on environmental management and addressing climate change, as well as identifying and summarizing the transition risks that may arise in our operations, and focused on four main environmental goals. We further improved and optimized our internal and external environmental emergency plan, pollution control, and emissions reduction measures. We also strived to minimize the impact of our enterprise operations on the environment, and to achieve green, low-carbon development of the Group's entities.

We stand out in the pharmaceutical industry, joining hands with our partners to actively participate in public welfare projects, such as medical education, rural revitalization, and anti-epidemic and disaster relief. We donated resources to strongly support disaster prevention and control, as well as post-disaster disease health management. We strike a balance between corporate economic and social benefits by constructing a beautiful community with quality healthcare and love.

Moving forward, HBM will continue to adhere to the business philosophy "Committed to Improving Patients' Lives". We will deeply cultivate the field of medicine, plan the layout of clinical value-oriented product lines, and continue to practice low-carbon economic development. We will actively participate in public welfare and charity activities to give back to society and will continue our unrelenting efforts to realize the corporate vision "Healthy Life, Breakthrough Medicine".

2021 Honors and Milestones

HONORS AND AWARDS

| Honors | Organizers |
|---|---|
| Sina Finance Best Small and Medium Market Cap Listed Company | Sina Finance |
| 2021 Shanghai SME Development Special Award | Shanghai Municipal Commission of Economy and Informatization |
| Star Glory List-2021 Annual Award for the Most Growing Biological Innovative Drugs | Shanghai Chinese Academy of Sciences, Shanghai Branch |
| Top 10 Most Promising Key Technology Platforms | China Biopharmaceutical Industry Chain Innovation and Transformation Alliance |
| Top 30 innovative Chinese Antibody Drug Companies | Minenet |
| Key Enterprise of the “Plateau Industry” in Suzhou Industrial Park | Suzhou Industrial Park Economic Development Committee |
| Shanghai 2021 “Science and Technology Innovation Action Plan” Special Award for Biomedical Technology Support | Shanghai Science and Technology Commission |
| Suzhou Enterprise Engineering Technology Research Center | Suzhou Science and Technology Bureau |
| Gusu, Suzhou Significant Innovation Team | Suzhou Science and Technology Bureau |
| Special Award for the Transformation of Scientific and Technological Achievements in Jiangsu Province | Jiangsu Provincial Department of Science and Technology |
| Suzhou Industrial Park Technology Enterprise Listing Award | CPC Suzhou Industrial Park Working Committee, Suzhou Industrial Park Management Committee |
| Suzhou Industrial Park 2020 Outstanding Economic Contribution Award | CPC Suzhou Industrial Park Working Committee, Suzhou Industrial Park Management Committee |
| Financing China’s 2020 New Economy Top 30 Most Valuable Enterprises for Investment | Financing China |
| The 5th “Golden Hong Kong Stock Best Pharmaceutical and Medical Company” | Zhitong Finance, RoyalFlush Finance |

MAJOR EVENTS IN 2021

Research & Development Progress of Products

- Breakthrough Therapy Designation to batoclimab for MG
- Completed first dosing in Phase III clinical trial of tanfanercept
- First patient dosed in phase III clinical trial of batoclimab for MG and TED Phase II/III trial
- Clinical trial of next-generation anti-CTLA-4 antibody HBM4003 achieved positive results
- Published internal-developed bispecific antibodies at Antibody Engineering & Therapeutics (AET) Conference

Business Development

- Collaborated with Dana-Faber, a teaching hospital of Harvard Medical School, to develop novel oncologic drugs
- Advanced collaboration with Mount Sinai over a collection of antibodies having SARS-CoV-2 (COVID-19) neutralizing properties generated from the HBM platform

Capital Market

- Included in the Hang Seng Composite Index
- Included in Shenzhen-Hong Kong Stock Connect

Social Care

- Donated RMB\$1 million to Henan flood relief



1. About HBM

As an international biopharmaceutical company focusing on the research and development (R&D) of differentiated antibody therapies in the fields of immunity and oncology, HBM has always kept in mind its business philosophy “Committed to Improving Patients’ Life” since its establishment in 2016. With its strong core technology platform and rich industry experience, it has continued to discover, develop and commercialize innovative antibody therapies, and has makes an unremitting effort to realize its corporate vision “Innovative Medicines for Healthy Life”.

At present, with its own antibody development platform and single-cell cloning platform, HBM has created a highly innovative and differentiated antibody drug pipeline and established a unique and efficient next-generation innovative therapeutic antibody R&D engine. HBM also actively communicates with the world’s top academic institutions and biopharmaceutical companies to carry out diversified cooperation, thereby empowering industrial upgrading, leading global innovation, and creating more efficient and stable treatments for patients.

As HBM’s clinical assets and preclinical products are becoming more mature, the Company is gradually developing its internal production capacity and commercial team. The Group will initiate the clinical supply production facility project in 2021 to support the clinical development of product pipeline projects. The pilot production facility is located in Suzhou City, Jiangsu Province, with a usable area of approximately 8,500 square meters and a planned production scale of up to 4,000 liters. With the rapid formation of the Company’s chemical production and management team, the plant is expected to start production in 2022. The Company began to build a commercial team with comprehensive knowledge, experience and expertise in sales, marketing and market entry. In 2021, the commercialization team started related work to prepare for the launch of leading products in the future and lay a solid foundation for future commercial academic promotion and pipeline expansion.

Moving forward, HBM will continue to focus on the needs of patients. While ensuring high-standard services, it will continue to improve its market competitiveness and market share to seek new opportunities and create new development space for the Group’s development.

DEVELOPMENT HISTORY OF HBM

| Year | Development History of HBM |
|------|--|
| 2016 | <ul style="list-style-type: none"> In July, HBM Holdings Limited was established |
| 2017 | <ul style="list-style-type: none"> In January, the series A financing was completed |
| 2018 | <ul style="list-style-type: none"> In January, completed A3 financing to accelerate clinical program development and the Company's business growth In September, completed Series B financing of US\$85 million to accelerate innovative product development |
| 2019 | <ul style="list-style-type: none"> In January, the Beacon® single-cell light guide system was integrated |
| 2020 | <ul style="list-style-type: none"> In March, completed US\$75 Million Series B+ funding to drive clinical product development Completed US\$102.8 million in Series C financing In December, HBM was listed on Hong Kong Stock Exchange to raise US\$216m of global public offering |
| 2021 | <ul style="list-style-type: none"> In March, it was included in the Hang Seng Composite Index and Shenzhen-Hong Kong Stock Connect In June, Capital Group increased its HBM share to 6.1% |

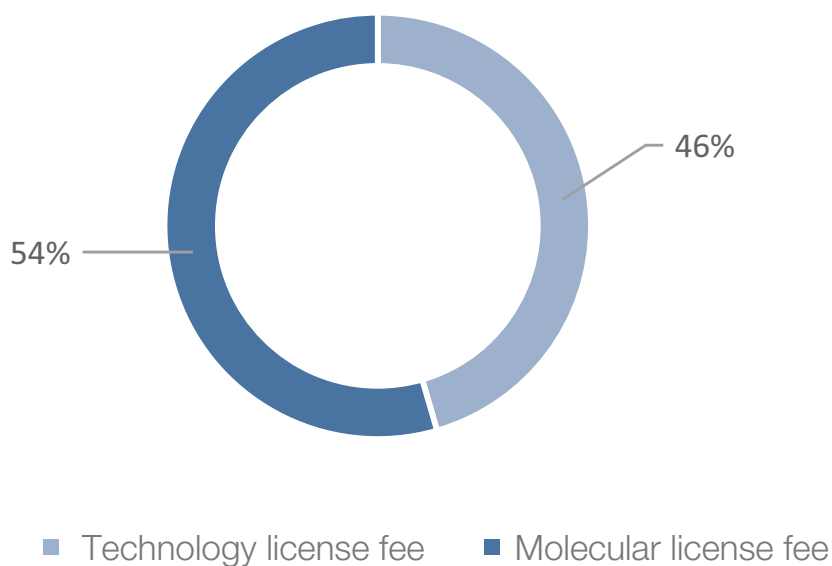
1. About HBM

FINANCIAL PERFORMANCE

In 2021, owing to continued medical reforms in China and improvements in the structural adjustment of the medical industry, the overall medical industry was on an upward trend. With the support of the newly revised “Measures for the Administration of Drug Registration”, the Group expanded and deepened R&D through its clinical value-oriented product line.

During the reporting period, the Group’s total revenue was US\$4,308,000, including US\$1,961,000 in technology license fees¹ and US\$2,347,000 in molecular license fees².

HBM Income Source in 2021



- 1 Technology license fee: The performance obligation is satisfied over time throughout the licence period as the customer is granted the right to access know-how the Group has the exclusive right to use. An upfront payment is generally due within 10 days after the effective date of the contract, and other payments are generally due 30 to 45 days from the date of billing.
- 2 Molecular license fee: The performance obligations are fulfilled when the customer obtains the right to use the underlying license. Payment is generally due within 10 business days from the date of billing.

BUSINESS DEVELOPMENT

HBM believes innovation and R&D are the core competitiveness of a biological company. We focus on developing highly differentiated products with clear value that meet clinical needs. The Group focuses on its proprietary technologies and platforms, and continually strengthens global cooperation and cooperation with industry partners to maximize product value.

During the reporting period, the Group achieved breakthroughs in key product development, scientific research innovation, and strategic cooperation.

Key Products Development

- The first wave of indications for batoclimab HBM9161 made full clinical development
- Tanfanercept HBM9036 advanced Phase III clinical trial development
- Significant progress in the global development of HBM4003
- A fully human bispecific antibody, HBM7008, entered clinical stage generated from the Company's HBICE® platform

Scientific Research Innovation

- Applied for 65 patents
- Received 6 patents
- Reported scientific research results in academic conferences

Strategic Cooperation

- Established a research collaboration agreement with the Dana-Farber Cancer Institute of Harvard Medical School
- Reached a strategic cooperation agreement with BioMap
- Engaged in further advanced academic cooperation with Mount Sinai
- Developed further strategic cooperation with Hualan Genetic

HBM's business Major breakthroughs in 2021



1. About HBM

As at the end of the financial year, we had developed 10 potential drugs focusing on immune and tumor diseases. Relying on the three major technology platforms with leading technological advantages, we took the lead in filling in the gaps in the relevant markets.

| Technology Platform | Description |
|--------------------------------|--|
| Harbour Mice® | The platform uses transgenic mice as the engine and produces mainly fully human, affinity-matured, monoclonal antibodies with excellent druggability and novel antibodies, which have a wide range of application value and potential. Among them, the H2L2 platform produces classic fully human antibodies, and the HCAb platform produces a variety of stable fully human pure heavy chain antibodies (HCAb) and derived human VH single domain parts, helping us to rely on relatively small molecular size and fewer polypeptide chains. Novel multi-specific multivalent antibodies are produced with simplified structures. |
| HBICE® Platform | The platform is built on the basis of the HCAb platform, which has good flexibility and specificity. It can design molecules with different outcomes and binding modes, and activate immune cells through different pathways to improve their tumor-killing efficacy. |
| Single Cell Technical Platform | The platform established a complete single B cell cloning technology, including enrichment from mouse CD138+ plasma cells, single B cell isolation on a chip, antibody binding and functional screening methods on a chip, single cell antibody sequencing, high-throughput recombinant antibody production, and validation technology. This greatly improves the efficiency and success rate of antibody drug discovery. |

We have deployed Antibody-Drug Conjugate (ADC) platform patents, while continuing to promote core drug clinical trials and high-quality potential drug research. We will continue to promote core drug clinical trials and high-quality drug candidate research, and actively cooperate with major medical research institutions at home and abroad to continuously strengthen drug development and commercialization capabilities to cope with the complex market environment. We strive to provide new therapeutic drugs for immune diseases and cancer patients, and maintain our current good financial growth momentum.



2. Prudent Governance

HBM actively practice the concept of corporate sustainable development and continuously improves its corporate governance structure. We strive to improve risk-management system and continually promotes the Group's ESG governance work.

2.1 CORPORATE GOVERNANCE

The Group attaches great importance to compliant and efficient corporate governance and strictly complies with all laws, regulations, and regulatory requirements, such as the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and the *Code of Corporate Governance for Listed Companies*. We constantly seek to improve our corporate governance structure and have established a sound professional committee and risk-management system. The Group also enhances the enterprise's strategic decision-making ability and operation management level to ensure protection of the interests of shareholders and stakeholders as far as possible.

GOVERNANCE STRUCTURE

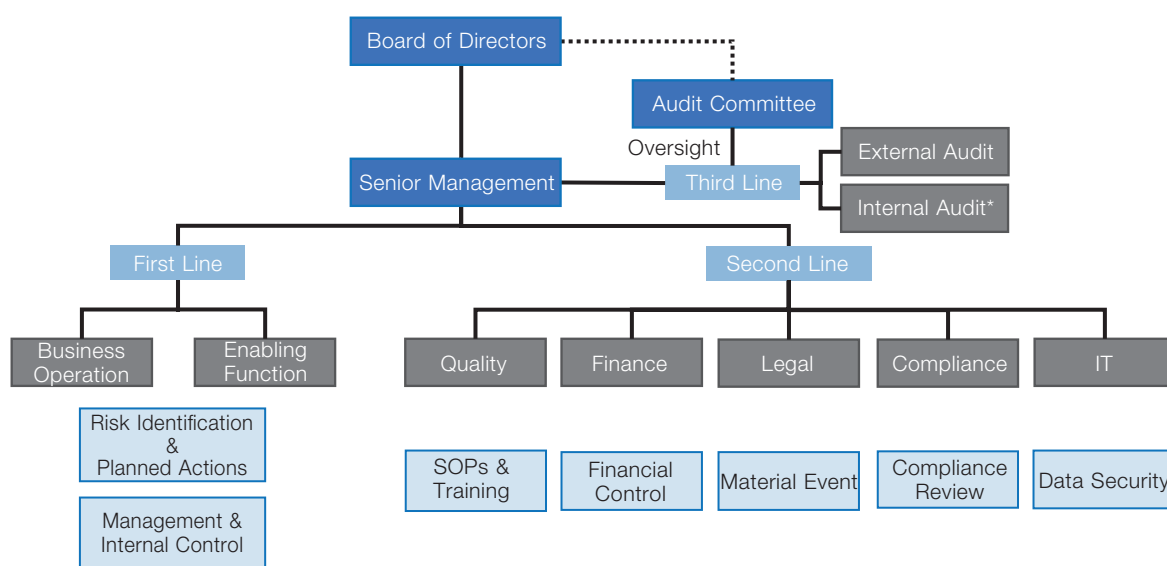
HBM places corporate governance at an important position in the development of the Group. We constantly standardize the corporate governance structure and optimize the internal structure. The Group adopted a three-tier governance structure: the general meeting of shareholders, the Board of Directors, and management. There are three committees under the Board of Directors: the Audit Committee, the Remuneration Committee, and the Nomination Committee. The members of each committee are appointed by the Board of Directors.

We consider it a high priority on the diversity of our Board in terms of gender, background, and expertise. As at the release date of this report, the Board of Directors of the Group consisted of eight directors, including three independent directors. The current directors include one female director and three directors who have doctorate degrees. The members of the Board of Directors have extensive industry experience and combine their respective strengths to contribute to the comprehensive development of the Group.

2. Prudent Governance

RISK MANAGEMENT

HBM regards risk management as a proactive measure for creating efficiencies and promotes our responsibilities. We have established a risk management framework with the board of directors as the highest management organization, together with “three lines of defense”, fully incorporating risk management mechanisms in our business. With clear-defined responsibilities for each level of our risk management framework, HBM actively conducts internal communication and risk assessment to mitigate internal and external risks.



HBM Risk Management Structure

* For the internal audit, please refer to Page 66 of the Annual Report 2021.

2. Prudent Governance

| | |
|------------------------|--|
| First line of defense | Each of the functional departments and business units, as well as personnel holding the respective business position, shall be the first responsible unit for handling matters within their terms of reference for risk identification and management. |
| Second line of defense | Supervision and support for risk management – Relevant functional departments shall assist the front-line business departments to assume joint responsibilities for overseeing, inspecting and evaluating those works relating to the implementation of risk management. |
| Third line of defense | Independent assurance – The Audit Committee under the Board shall be responsible for overseeing and reviewing the results of the risk management and external audit report. |

Three lines of defense

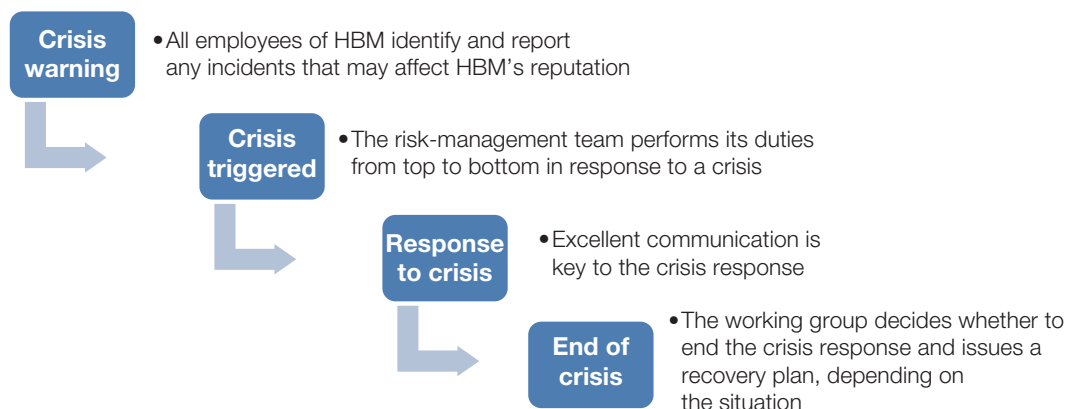
On the basis of the existing risk management and control system, the Group added the “*HBM Crisis Handling Procedure*” in 2021 to deal with media and public opinion incidents, safety and health crises, product risks, and other crisis events that may appear from time to time. To manage crisis events more effectively and further protect corporate reputation, HBM established a crisis-management team. The person in charge of corporate public relations plays an important role in management and acts as the coordinator to carry out work in an orderly manner in response to any crises.



Responsibilities of the HBM Crisis Management Team

2. Prudent Governance

We also formulated a crisis-management process from crisis early warning, triggering, and response to end of crisis to ensure professional and standardized crisis management and guarantee that the Group can quickly respond to emergencies and other crises from start to finish.



HBM full-cycle crisis-management process

BUSINESS ETHICS

To maintain an ethical business environment, HBM adheres to the business value of integrity and practices the business philosophies of fairness and compliance to ensure the steady development of the Group. We strictly abide by the *Anti-Money Laundering Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Bidding Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other related laws and regulations. We have continued to improve compliance system construction and the compliance management process and revise the internal management systems through documents such as the *Employee Handbook* and *HBM Compliance Policy*. We monitor and manage the business ethics behavior of all employees to ensure corporate compliance, and strictly combat corruption, fraud, money laundering and other unethical behavior.

HBM's sound reporting and complaint system effectively monitors and provides feedback on business ethics. We encourage employees at all levels to monitor and report any violations of business ethics by telephone, e-mail, letter, etc. at any time. After receiving a report, we respond immediately. Within two working days, the Legal Department must report the information to management level and carry out a corresponding investigation and rectification action in a timely manner. For identified integrity-related cases, we report the cases and handling results to Audit Committee. Audit Committee will then identify and manage the Company's potential risks according to relevant case situations, aiming to prevent the recurrence of similar incidents. We are committed to protecting the privacy of whistleblowers and safeguarding the legitimate rights. We take strict confidentiality measures during the process of accepting reported incidents. We strictly limit the accessing authority of reported information, and prohibit relevant personnel from divulging any personal information of whistleblowers. In the event of a retaliatory incident against a whistleblower, our Legal Department will investigate and report as soon as possible, and handle it in accordance with relevant laws and regulations. We ensure to protect the interests of whistleblowers while ensuring compliance with the Company's business practices.



2. Prudent Governance

To reduce potential business compliance risks and establish responsible, integral and long-term stable and mutually beneficial relationships, the Procurement Department strictly reviews the compliance qualifications of suppliers before any cooperation to ensure they do not violate business ethics. For significant contract procurements, the Procurement Department shall issue additional reports to prove the rationality of the purchase. In addition, we require all suppliers to sign an Integrity Agreement to promote the principles of business ethics and compliance with all external partners. *The Suppliers Code of Ethics for Business Conduct and Procurement Code of Conduct* stipulates the code of conduct that our employees must abide by in the cooperative relationship with suppliers. If a supplier has reasonable reasons to suspect that a supplier or HBM employees have or may have violated the compliance rules, it must report it by email. Our Legal Department investigates all cases based on the information received.

HBM ensures fair business operations by carrying out compliance training. During the reporting period, we actively carried out compliance training for all employees and partners, including the executives. The training cultivated compliance awareness and ensured that employee behavior complies with business ethics and legal regulations. During the reporting period, the Group did not have any lawsuits related to corruption. For more information on the Company's executive remuneration, please refer to HBM's 2021 annual report.

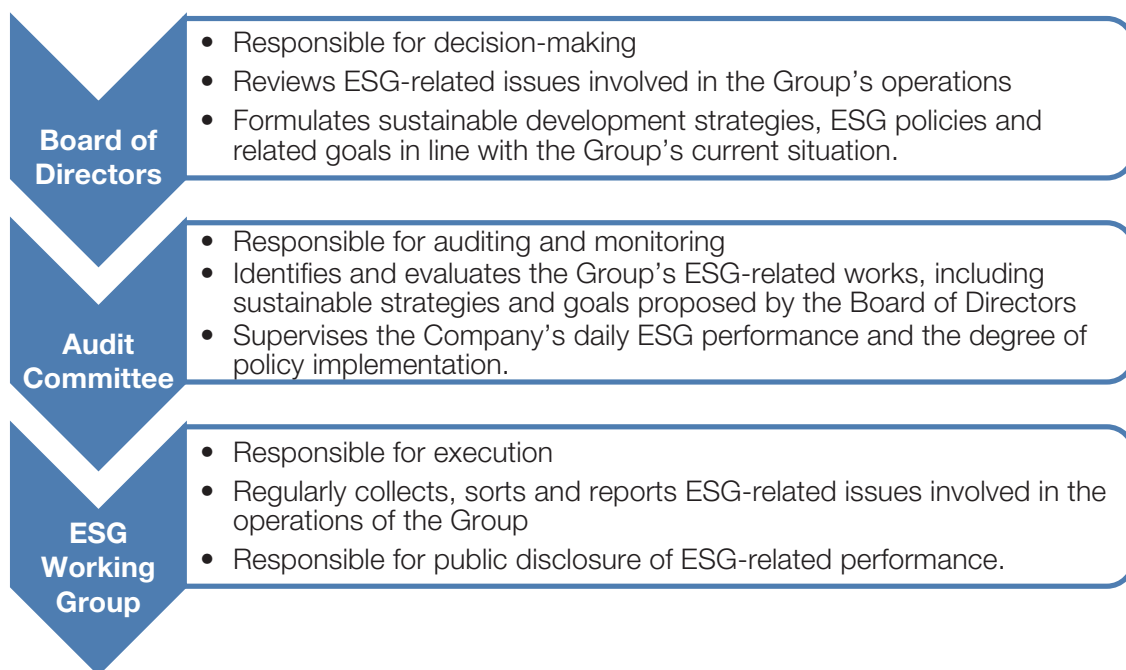
2.2 ESG GOVERNANCE

HBM attaches great importance to the establishment of environmental, social and governance systems, and is deeply committed to practicing the concept of sustainable development in its daily operations to achieve a healthy balance between economic and environmental benefits. At the same time, the Group has continuously updated and improved its corporate ESG governance structure and sustainable development strategy by building a cooperative relationship of equality, mutual assistance and benefits with its stakeholders to ensure that the Company can move forward steadily on the right path.

ESG GOVERNANCE

The Group firmly believes that excellent ESG performance will ensure the stable, long-term development of the Company, gain support from investors, and make us stand out in the industry. To this end, we have built a top-down ESG governance structure to ensure the implementation of the relevant policies and ensure first-rate ESG governance.

2. Prudent Governance



ESG governance structure and key responsibilities

BOARD STATEMENT

As the highest responsible organization for the management and public disclosure of HBM's ESG issues, the Board of Directors is ultimately responsible for HBM's sustainable development strategy, ESG policies, ESG risks, formulating related goals, and ESG performance. As the monitoring body for ESG issues, the Audit Committee is responsible for identifying and evaluating HBM's ESG-related issues, supervising the implementation of ESG risk identification, objectives, and various other tasks, coordinating ESG-related resources, and regularly reporting to the Board of Directors. The Board holds regular meetings to review sustainable development strategies, ESG policies, ESG risks and related goals, as well as ESG-related issues involved in the operations of the Group, and to discuss whether key ESG areas need to be added, removed, or revised to ensure the Group's sustainable development.

DAILY IMPLEMENTATION

HBM established an ESG working group composed of the heads of relevant departments to help formulate and implement ESG strategies, ESG risk prevention and control measures, and ESG goals and management guidelines, and integrate ESG elements into the Group's daily operations.



2. Prudent Governance

ESG RISK IDENTIFICATION AND TARGET SETTING

During the reporting period, we carried out climate change risk identification and formulated response plans for the identified climate change risks. We also formulated four group environmental objectives and identified the main ways to achieve the environmental objectives. For the identification of climate change risks and the formulation of environmental goals, please refer to chapter 5.1 Green Operations and 5.2 Combating Climate Change in this report.

MATERIALITY ANALYSIS

We discussed and approved major ESG issues identified, formulated sustainable development strategies and ESG management policies based on the relevant issues, followed up on international sustainable development trends and peer performance in a timely manner, and regularly reviewed the progress of related work. For information on the material issues, please refer to the content below this chapter.

STAKEHOLDER COMMUNICATION

While continuously improving the level of ESG governance within the Company, the Group also actively communicates with stakeholders, and establishes diversified communication channels according to stakeholder type. We listen to the voices of all stakeholders to respond to various interests accurately and efficiently and establish a good relationship with stakeholders.

2. Prudent Governance

The Group has identified seven types of stakeholders who have significance influence to the daily operations of the Company, and communicates with them in the following ways:

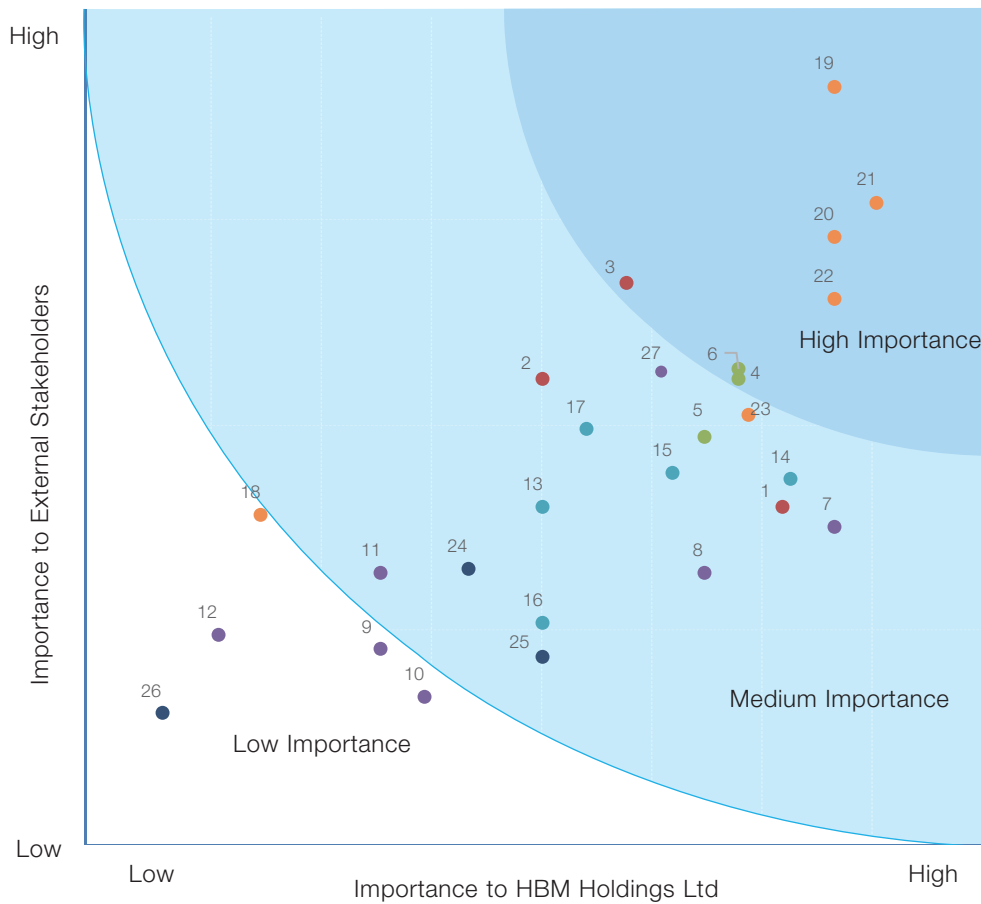
| Number | Stakeholder | Communication Channel |
|--------|--|---|
| 1 | Shareholders and Investors | <ul style="list-style-type: none">• Shareholders' meeting• Earnings briefing• Roadshow• Investor research• Investor emails, forums, and other online communication• Company news• WeChat public account |
| 2 | Government and Regulatory Institutions | <ul style="list-style-type: none">• Press releases/news announcements• Regular communication |
| 3 | Staff | <ul style="list-style-type: none">• Opinion box• Team-building activities• Staff communication meeting |
| 4 | General Public | <ul style="list-style-type: none">• Public welfare activities• Paying attention to the needs of doctors and patients• Regular visits |
| 5 | Suppliers | <ul style="list-style-type: none">• On-site reviews• Supplier assessment• Technical training |
| 6 | Partners | <ul style="list-style-type: none">• Technical meetings• Online communication• Industry communication meetings |
| 7 | Customers | <ul style="list-style-type: none">• Customer communication meetings |

ESG MATERIALITY ISSUES

In addition to daily interaction with stakeholders, we conducted interviews, questionnaires and other methods to better understand the concerns of various stakeholders about the Group's ESG issues. Through communication, we clarify the focus of our ESG practices and information disclosure, and improve the relevance of the report. Combined with our survey results, corporate status, and market development trends and national policies, the material issues of the year were identified and evaluated to ensure the accuracy and comprehensiveness of information disclosure.

2. Prudent Governance

During the reporting period, the Group comprehensively considered the concerns of various stakeholders, and conducted in-depth communication with various departments to understand their business and work processes. A topic on addressing climate change has been added to the 2020 baseline. Twenty-seven major issues closely related to the daily operations of the Company were identified, including seven highly important issues. A Materiality Matrix for the year was constructed.



Materiality Matrix of HBM Holdings Ltd

2. Prudent Governance

| Economic Issues | | Labor Issues | |
|----------------------|--|--------------------------------|--|
| 1 | Corporate Tax Policy | 13 | Employee Diversity and Equal Opportunities |
| 2 | Government Support | 14 | Employee Occupational Safety and Health Management |
| 3 | Trade Environment Impact | 15 | Employee Welfare, Development and Training |
| Governance Issues | | 16 | Prevention of Child Labor and Forced Labor |
| 4 | Sustainability Governance Framework and Objectives | 17 | Employee Rights Protection |
| 5 | Sustainable Development Risk Identification | Product and Value Chain issues | |
| 6 | Corruption Response | 18 | Supplier ESG Performance |
| Environmental Issues | | 19 | Product Development Capability |
| 7 | Emission Management (effluent, emissions, waste) | 20 | Product and Service Quality |
| 8 | Water Use Management | 21 | Product Safety and Traceability |
| 9 | Energy Use and GHG Emissions Management | 22 | Customer/Partner Privacy Protection |
| 10 | Materials and Packaging Use | 23 | Customer/Partner Complaint Management |
| 11 | Management Biodiversity Concerns | Community Issues | |
| 12 | Animal Welfare Concerns | 24 | Inclusive Healthcare |
| 27 | Combating Climate Change | 25 | Public Service and Charity Activities |
| Labor Issues | | 26 | Community Involvement |



3. Value Innovation

HBM continues to steer business growth with technological innovation. We continue to increase investment in product R&D and strive to build a product life cycle quality management system. We attach great importance to providing patients and customers with high-quality, reliable products throughout the product life cycle. Through independent R&D and external cooperation, technology platform upgrades and accelerates the R&D progress of our products, we provide comprehensive and effective assurance of the quality and safety of our technology, and constantly promote the advancement and transformation of the biopharmaceutical industry.

3.1 DILIGENT R&D

Product R&D is important for a company to achieve sustainable development, and demonstrate the Company's implementation of ESG concept. As a pioneer in biomedical technology, HBM is oriented to solve clinical needs of the society, and strives to create valuable innovative products. We aim to steer people's health and well-being to a new level while addressing social needs.

HBM focuses on innovative R&D, and strives to build a first-class technology platform and a solid foundation for the R&D of technology and products. We actively advocate employee innovation and encourage employees to convert their innovative results into patents. To stimulate the enthusiasm of the Company's employees to invent and create, we formulated a reward plan for the inventions and creations of our employees in their jobs to cultivate employees' innovative awareness and enthusiasm. We aim to innovate and strengthen the market competitiveness and promote the industrialization of scientific and technological advances.

◆ SOCIAL-NEEDS-ORIENTED MEDICINE DEVELOPMENT

The Group continues to focus on the new generation of innovative therapies in the field of immunity and tumor immunity. The drug discovery and preclinical research teams conduct drug discovery, formulation development, process development, and preclinical research on new candidate drugs. Besides, our professional science team continues to optimize and develop our three technology platforms, namely the Harbour Mice[®] platform (including classic dual light chain platform H2L2 and heavy chain only platform HCAb), the bispecific antibody platform HBICE[®], and the single-cell technology platform Beacon[®]. We combine the efficiency and innovation of the drug discovery platforms and continuously explore next-generation therapeutic methods with innovative and leading partners in the industry in the therapeutic fields of CAR-T, ADC and NK cells.

◆ MEDICINE R&D EMPOWERED BY DIGITALIZATION

With the digitalized era approaching, we actively introduced emerging technologies, such as artificial intelligence (AI) and machine learning, to empower R&D work. On the basis of our Harbour Mice[®] platform, the bispecific antibody platform HBICE[®], and the single-cell technology platform Beacon[®], we introduce artificial intelligence technology in R&D stage. Technology is applied to empower the whole process of new drug R&D, production and application, comprehensively promoting the deep integration of R&D collaboration and technological innovation.

3. Value Innovation

AI empowers new drug R&D

On May 12, 2021, HBM and BioMap reached a strategic cooperation agreement. With the fields of scientific research, new technology industry implementation, and new product development and transformation, we leverage the advantages of BioMap in AI to establish a computer technology and research platform. The collaboration aims to design specific antibody drugs with superior physicochemical properties and druggability according to the structure and biological properties of potential therapeutic targets. We are developing therapeutic drugs that meet clinical needs and creating a new era of AI in new drug R&D.

◆ GROUNDBREAKING RESEARCH AND DEVELOPMENT RESULT

Relying on the technology platform and various R&D methods, HBM continues to make breakthroughs in research. During the reporting period, we made major breakthroughs in our new-generation anti-CTLA-4 antibody HBM4003, self-developed bispecific antibody HBM7008, tanfanercept HBM9036 and batoclimab HBM9161.

A next generation of anti-CTLA-4 antibodies

- The China National Medical Products Administration approved new-generation HBM4003 anti-CTLA-4 for clinical trial of combined use of non-small cell lung cancer and solid tumor in China

Self-developed bispecific antibodies

- HBM participated in the 2021 Antibody Engineering & Therapeutics (AET) conference and released our bispecific antibody HBM7022, developed from our antibody technology platform HBICE®. And in 2021, we announced the world's first fully human dual-characteristic antibody HBM7008.

Batoclimab HBM9161

- Batoclimab HBM9161 completed the first dosing of first patient in the Phase III clinical trial for MG and the Phase II/III clinical trial for TED respectively

Main R & D achievements during the reporting period

During the reporting period, our innovative achievements were recognized by the government and different sectors of society. The Group's Suzhou antibody immunization project won the Suzhou Major Research Project Team Award and the Jiangsu Provincial Science and Technology Achievement Transformation Special Award in 2021. In addition, two of our preclinical research projects (HBM1022 & HBM7008) were selected for Shanghai 2021 "Science and Technology Innovation Action Plan" Special Award for Biomedical Technology Support.

3. Value Innovation

Affirmation from all walks of life is the driving force for our innovative R&D work. We adhere to the original intention of tackling the root of social medical problems. Taking the Group's R&D capabilities as the starting point, we continue to move towards the goal of curing patients and eliminating diseases.

INTELLECTUAL PROPERTY PROTECTION

Intellectual property (IP) protection applies to innovation achievements, which is an important part of our innovation management capabilities. In accordance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, and other relevant laws and regulations, we formulated internal systems, such as our Intellectual Property Protection Management System. This also helps prevent the occurrence of self-infringing acts.

We actively carry out training related to IP rights to deepen employees' awareness and protection of IP rights. During the reporting period, HBM obtained 6 invention patents. As at the end of the reporting period, the Group had accumulated 79 authorized invention patents and 10 registered trademarks.

Patsnap Patent Database Training

During the reporting period, HBM invited external professionals to organize two training workshops for our employees on the Patsnap patent database. They introduced basic information about invention patents, platform features and searching methods on the Patsnap patent retrieval platform. The training established IP protection awareness among our R&D personnel and showed our employees how to conduct patent retrieval and analysis more professionally and efficiently.



3.2 EXCELLENT QUALITY

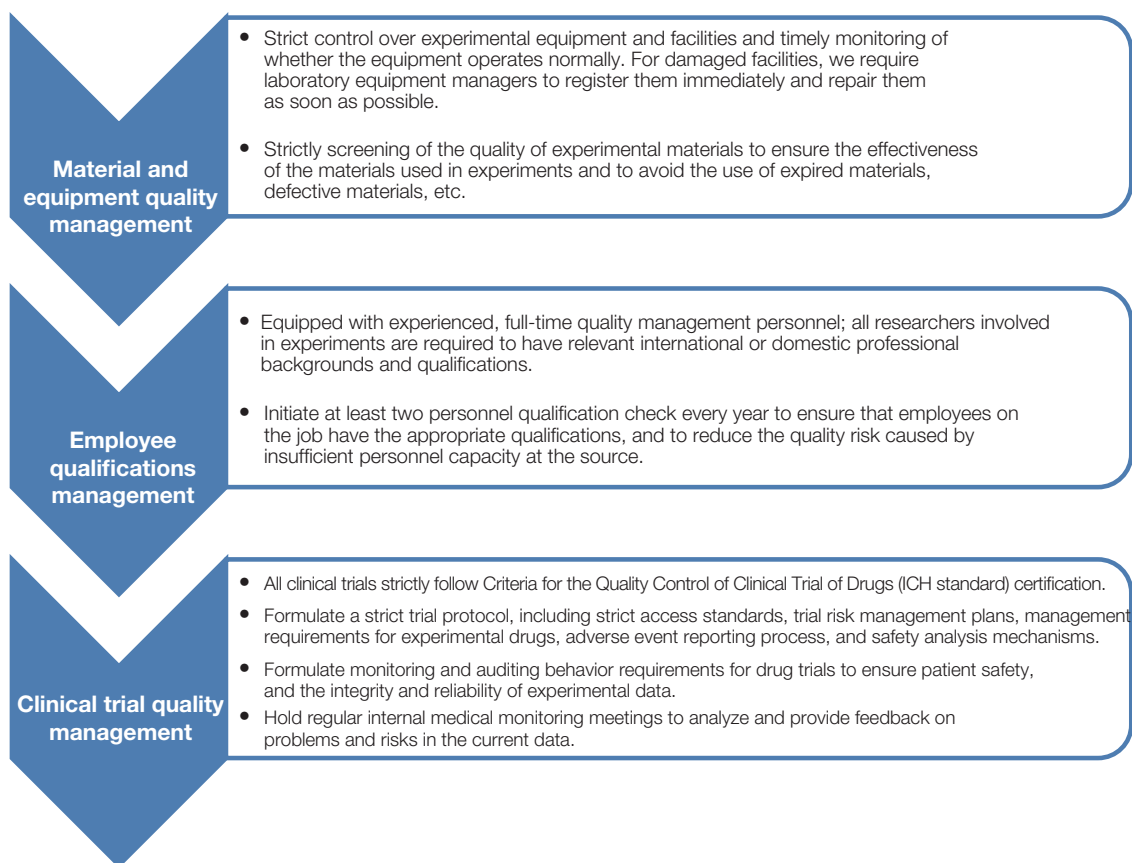
To ensure the quality and safety of platform technology, HBM strictly abides by the Product Quality Law of the People's Republic of China, The Drug Administration Law of the People's Republic of China, and related laws and regulations. We formulated Product Quality Standard Management Regulations, Quality Risk Management, and other internal management systems. During the reporting period, we optimized the quality control system and upgraded from the previous departmental standard process management to unified management at the group level. The coverage of the system was also expanded to comprehensively control the management of product and service quality.

3. Value Innovation

We established a full-process quality management system, which covers the entire life cycle of products and services, including supplier management, R&D, clinical trials in the laboratory, and various stages of factory construction. We continued to improve the quality audit standards, formulate annual quality audit plans, and carry out regular internal and external quality audits.

In terms of supplier quality management, we require suppliers related to GxP to complete a quality questionnaire report or to undergo an on-site quality inspection by our Quality Department. We rate suppliers according to the quality evaluation results and the quality audit process. The results are centralized and recorded in the supplier management system.

In terms of laboratory quality management, we ensure the accuracy, effectiveness, and comprehensiveness of laboratory management and the high quality of R&D results through layer-by-layer control of experimental materials and equipment, and verifying the qualifications of the relevant personnel and the quality of clinical trials.



Quality assurance initiatives in HBM's Biomedical Laboratory

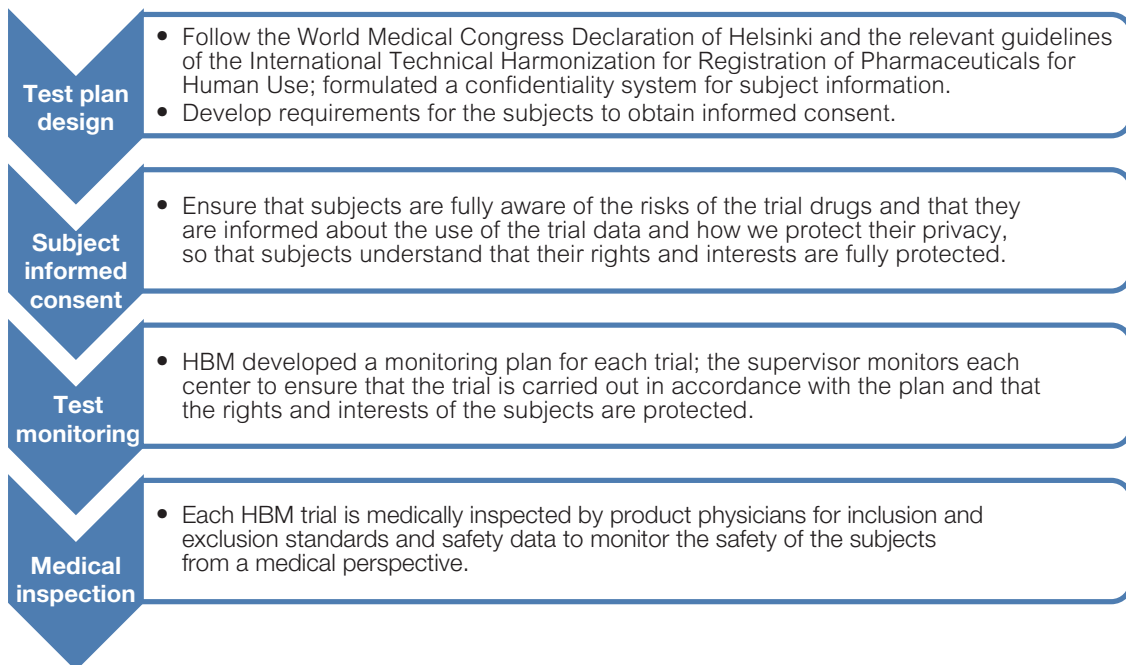
3. Value Innovation

During the construction of our large-scale production base during the reporting period, we formulated the “On-site Management Plan” and other institutional documents, and carried out standardized management and regular supervision and review of the construction quality of the construction contractor to ensure that the project quality meets the standards we set. We also carried out advance product certification work for the products planned for production.

On the basis of a sound quality management system and system, we carried out a series of quality-related training sessions for employees to enhance their awareness of quality and safety. The training also ensured the effective implementation of quality-control procedures. During the reporting period, we also carried out training for employees on the relabeling specifications of research pharmaceutical products to strengthen their control over the details of product quality.

TESTERS’ PRIVACY PROTECTION

HBM strictly abides by the Quality Management Practice for Drug Clinical Trials, the Civil Code of the People’s Republic of China, the World Medical Congress Declaration of Helsinki, and other laws and documents related to the privacy and security protection of subjects. We improved the privacy management system to deal with the potential risk of leakage of subjects’ privacy. The privacy of our subjects is fully guaranteed.



Privacy protection measures

3. Value Innovation

In 2021, HBM carried out strict quality management of all clinical trials based on the degree of risk, covering the standardization, safety, ethics, and other aspects of the trials. The clinical trial management team formulated the project quality management plan, evaluated the project quality risks, and implemented quality inspection. The quality-assurance department arranged inspections for high-risk trials, including the protection and safety of subjects' rights and interests, the authenticity and reliability of the data, program compliance, and filing necessary documents.

During the reporting period, HBM carried out various forms of privacy protection-related training for employees to ensure they understand privacy protection-related laws, regulations and policies, and to establish privacy-protection awareness.

| Employee induction training | Test project training | Revised procedure training |
|--|---|---|
| <ul style="list-style-type: none">• Upon entry, every employee with trial management responsibilities receives training on procedures related to subject privacy protection. | <ul style="list-style-type: none">• During the preparation and implementation of each trial, the trial project team personnel receive training when the protocol and informed consent form are generated and updated.• New personnel are given tests after completing the relevant training. | <ul style="list-style-type: none">• Employees receive more training when procedures related to subject privacy are updated. |

Subject Privacy Protection Training

ANIMAL WELFARE

HBM is committed to maintaining the basic welfare of experimental animals in terms of physiology, psychology, environment, and hygiene. We strictly abide by the Administrative Regulations on Laboratory Animals and the Administrative Measures for Laboratory Animal Licenses (Trial). Before conducting various animal experiments at HBM, it is necessary to apply for permission for experimental animal management and an ethical review. An application must be submitted for the use of experimental animals, and approval from Institutional Animal Care and Use Committee (IACUC) is required before any experiments begin. The experiments should be carried out under monitoring and inspection. The submitted Animal Utilization Protocols (AUP) must be reviewed and proposed by the secretary of the ethics committee and finally approved by the chairman of the ethics committee.

We also continued to improve the review of the qualifications and licenses for ethical animal experiments. Experimental animals are purchased from professional institutions. Fully human antibody transgenic mice are raised and bred by top institutions in the industry. Animal experiments are performed in professional external animal rooms. Before carrying out animal experiments, we ensure that we have applied for the experimental animal management and ethical review licenses in advance. We also conduct regular qualification audits on the feeding suppliers of the mouse platform to ensure that the animals tested are treated reasonably.

3.3 RESPONSIBLE PROCUREMENT

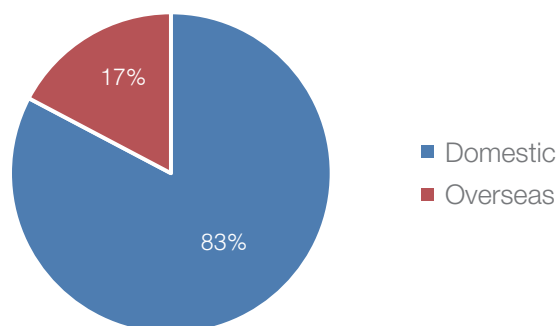
HBM has always adhered to the cooperation tenet of integral cooperation and mutual development. We continuously improve upstream and downstream supply chain management. We formulated a series of procurement support systems, including Communication Guidance with External Stakeholders and the Indirect Logistics and Service Procurement Process, to provide a code of conduct for our employees and partners to ensure legal and reasonable development, and efficient procurement activities.

To better manage suppliers, we updated the supply chain management digital platform during the reporting period, including supplier access review, supplier master data, bidding, performance evaluation, development classification and elimination. It helps the us maximize the value of its external partners, and better cope with market fluctuations and the rapidly changing business environment. We also pay attention to the dynamics of the global commercial and trade environment to mitigate the adverse effects of importing clinically required products from overseas during the pandemic.

In 2021, we conducted a basic qualification review for all suppliers, including their environmental qualifications, registered capital, business scale, service team personnel, project experience and customer cases, to avoid potential cooperation risks in advance. In the review, the Quality Department conducted quality management system-related audits on 90 GxP (Good Clinical Practice), focusing on different service types, such as GLP (Good Laboratory Practice, non-clinical drug research quality management), GCP (Good Clinical Practice, Drug Clinical Trials), GSP (Good Supply Practice), and GMP (Good Manufacturing Practice of Medical Products, Good Manufacturing Practice). We developed various questionnaires and conducted on-site audits of GMP-related suppliers. We also hired a professional third-party organization to conduct audits and on-site audits on GCP and GMP-related suppliers.

As at the end of the reporting period, the Group had 648 suppliers: 536 in mainland China and 112 overseas. Among them, 20 suppliers obtained ISO 14001 environmental management system certification, five suppliers passed OHSAS 18001 occupational health and safety management system certification, and 38 suppliers obtained ISO 9001 quality management system certification.

Distribution of suppliers by region





3. Value Innovation

During the contract period with suppliers, we continuously supervise the suppliers' behavior and service quality. We formulate short- and long-term solutions for the problems found in the process of contract performance and record them in a Complaint Incident Handling Tracking Form. We continue to track supplier improvement measures and implementation to ensure that problems are properly handled.

After the contract period, we conduct a comprehensive evaluation of the service quality and business capability of the suppliers, according to the Supplier Performance Evaluation Form. Suppliers are divided into three categories: preferred suppliers, general suppliers and suppliers not recommended.

In terms of supplier training and publicity, we conduct training on business requirements and company policies and systems for partners and clinical service providers for travel, infrastructure, and so forth. The Company communicates with key suppliers, reviews the business situation in the previous year, and fills in the gaps. We actively participate in the pharmaceutical industry supplier conference and look forward to future cooperation with upstream suppliers.

3.4 INDUSTRY SYNERGY FOR WIN-WIN COOPERATION

HBM has always made external cooperation a core part of the Company's development strategy. We constantly seek external opportunities for win-win cooperation. During the reporting period, we cooperated with some of the world's top scientific research institutions. We gave full play to their resource advantages, built an all-round, in-depth, multi-field strategic cooperation mechanism with high standards, and jointly developed high-value products and technologies. During the reporting period, we reached cooperation agreements with dozens of well-known domestic and international pharmaceutical research centers and hospitals.

Further advanced collaboration with Mount Sinai for the new coronavirus neutralizing antibody generated from the HBM technology platform

During the reporting period, Mount Sinai developed a series of novel coronavirus neutralizing antibodies on the Harbour Mice® platform through cooperation with the US subsidiary of HBM. Moving forward, the two parties will work together to develop fully human monoclonal antibodies, which are expected to be used in the treatment of new coronavirus-related diseases.

3. Value Innovation

HBM and Dana-Farber reached an agreement to jointly promote the R&D of new tumor drugs

HBM and Dana-Farber are jointly developing novel anti-tumor drugs, including bispecific antibodies and CAR-T cell therapy products. This strategic partnership will leverage the Harbour Mice® platform of HBM and combine Dana-Farber's expertise in CAR-T drug development and basic oncology research to jointly advance the R&D of innovative biotherapeutics.

HBM and Nankai University jointly discovered a SARS-CoV-2 neutralizing antibody that binds to a novel epitope

During the reporting period, preliminary preclinical research on the neutralizing antibody against the novel coronavirus jointly developed by HBM and a research group, including academician Rao Zihe and Professor Guo Yu of Nankai University, was completed. The relevant research results were published online in the internationally renowned journal *PLOS Biology*. The study revealed novel epitopes for three antibody receptor-binding motifs through high-resolution X-ray crystallographic structures, and found that the antibodies exhibited good antiviral effects in animal models. These research results have important implications for the development of monoclonal antibody-related therapeutic interventions against COVID-19, including antibodies with potential therapeutic effects.

This research once again involved the joint R&D of new coronavirus antibodies by HBM and a top academic institution. HBM will continue to promote the R&D of neutralizing antibodies and contribute to the global fight against the epidemic.

While carrying out technical cooperation, we also actively participate in industry exchange activities. By participating in academic forums, industry summits and other meetings, we promote discussion and exchanges among enterprises, and promote the development of the biopharmaceutical industry with our own values, thus giving back to society.

3. Value Innovation

The 3rd China International Bio & Chemical Pharmaceutical Industry Conference

Dr. Weidong Li, Vice President of HBM, gave a speech on the theme “Accelerating Clinical Drug Development with Innovative Statistical Methods” at the conference. He demonstrated that drug R&D is a high-risk, high-investment process: “Companies that want to reduce R&D risks must make decisive choices to speed up the R&D process of promising drugs and promptly cut off those with unsatisfactory results during the research period.” This sharing was widely recognized by professionals and the public.

HBM participated in the first China Myasthenia Gravis and Neurology Medicine Innovation Public Welfare Summit Forum

In July 2021, HBM participated in the first China Myasthenia Gravis and Neurology Medicine Innovation Public Welfare Summit Forum, hosted by the Beijing Aili Care Center. The theme of the forum was “Medical Innovation, Changing the Future of Patients”. More than 40 top experts in the field of neurology and medical technology evaluation from China and abroad were invited, as well as 55 myasthenia gravis from all over the country. Patients attended the meeting with their families.

The summit recognized HBM’s outstanding contribution in the R&D process of innovative drugs for myasthenia gravis. Under the global innovation system, HBM has effectively promoted China from a large pharmaceutical country to an innovative pharmaceutical power, and was awarded the Innovation Promotion Award.



3. Value Innovation

HBM was invited to participate in the Sino-US Bilateral Symposium on Cancer Diagnosis and Treatment to Promote Standardized Cancer Diagnosis and Treatment

Dr. Chen Xiaoxiang, Chief Product Development Officer of HBM, was invited to preside over a bilateral academic seminar on cancer diagnosis and treatment between China and the United States, and delivered the closing speech of the conference. The Sino-US Bilateral Symposium on Cancer Diagnosis and Treatment was hosted by the China Anti-Cancer Association and the US-China Anti-Cancer Association. Authoritative leaders in the Chinese and American industries were specially invited to present and discuss the latest research results from basic research to clinical progress in an all-round way, providing an opportunity to jointly explore the standardized diagnosis and treatment of tumors.

主办方   承办方   赞助方  

中美肿瘤诊治 双边学术研讨会 专场

China-US Anti-Cancer Symposium

时间：北京时间12月21日（周二）上午8:30-10:30
美西时间12月20日（周一）下午4:30-6:30
美东时间12月20日（周一）下午7:30-9:30

地点：线上直播
语言：中英双语

特邀嘉宾



陈小祥 博士
美中抗癌协会执委
和铂医药首席产品开发官

4. Nurturing Talent

HBM focuses on talent attraction, development and training. We regard talent development as an important engine to ensure the sustainable development of the Group.

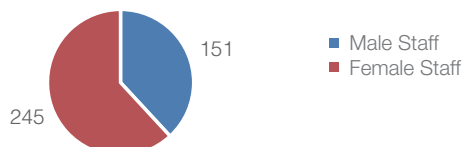
4.1 DIVERSIFIED EMPLOYMENT

We strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, *Provisions on the Prohibition of Using Child Labor*, and related laws and regulations. We treat employees equally regardless of race, age, cultural background, gender and religion. During the period under review, we updated internal documents such as the *Employee Handbook* and *Job Grade Management Regulations*.

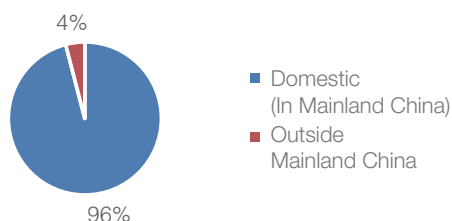
During the recruitment process, we prevent the use of child labor and forced labor, and strictly check the age information of recruiters. If a case of child labor or forced labor is found, we strictly follow relevant procedures and punish relevant personnel.

During the reporting period, the Group had 241 new employees. As of the end of the reporting period, there are 396 employees, three of whom were disabled.

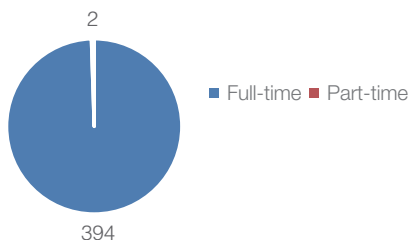
Number of employees by gender



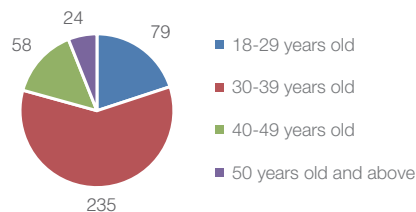
Number of employees by region



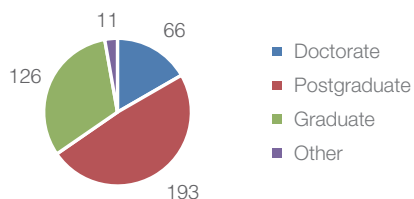
Number of employees by type of employment



Number of employees by age

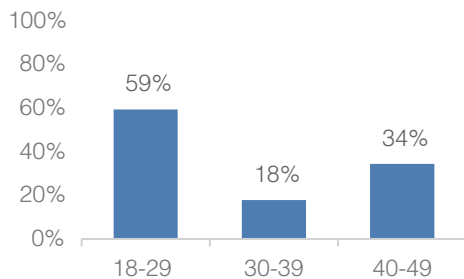


Number of staff by education

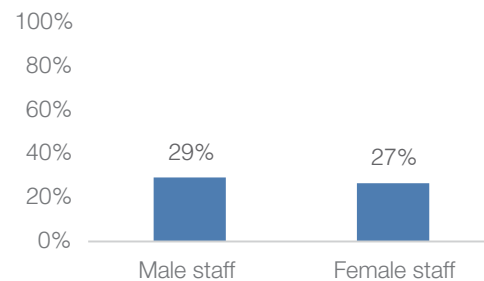


4. Nurturing Talent

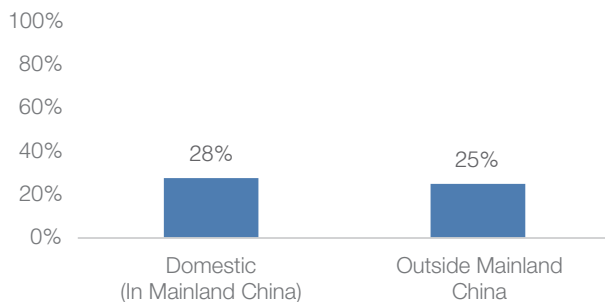
Staff turnover by age



Staff turnover by gender



Staff turnover rate by region



REMUNERATION AND BENEFITS

In accordance with relevant laws and regulations, HBM provides employees with salaries that are competitive and in line with the Company's regional practices. Based on internal tools and assessment procedures, we regularly evaluate individual and team achievements and provide performance compensation commensurate with their contribution. HBM has an annual performance salary adjustment budget, and on this basis, with reference to competition analysis, industry and economic cycles, and the Company's own operations, we revise each year's remuneration figures. In addition, HBM grants Company equity to individuals who have made significant contributions to the Company. We attract and retain talent through share incentive plans, aligning the interests of employees, directors and consultants with the Company through the measures.

We also pay close attention to employee feedback on remuneration and benefits. We continue to carry out in-depth research and focus on reviewing the employee remuneration structure to continually optimize it. During the reporting period, we added a long-term incentive plan. We also increased employee meal allowances, provided a "star award", an "annual award" and other incentives and subsidies for outstanding employees, continuously building a multi-level remuneration and benefits system.

In terms of employee benefits, in addition to paying social insurance and a housing fund for employees in accordance with the law, the Group purchases commercial insurance for employees' family members and provides regular, free medical examinations for all employees. We send gifts of a certain amount to eligible employees on holidays and major personal anniversaries. During the reporting period, we raised the subsidy standard for Women's Day to improve the happiness level of our employees.

4. Nurturing Talent

4.2 TALENT EMPOWERMENT

To satisfy the different learning needs of employees and enrich the training mode, HBM provides diversified learning resources and a comprehensive training mechanism for all employees. These further realize the integrated development of employees' general skills and management skills.

EMPLOYEE TRAINING

The Group pays particular attention to diverse learning channels and learning content. We officially launched an online learning platform in 2021 to provide employees with more diverse learning channels. We encourage employees to continuously improve their abilities and unleash their potential. We encourage employees to obtain relevant vocational certificates through our *Education Aid Policy*. They are encouraged to share resources and help each other achieve mutual progress. In addition, the Company's high-quality experts and overseas resources are utilized to improve employee training quality. During the reporting period, we invited an external industry expert, Professor Gong Lan, from the Eye and ENT Hospital of Fudan University, to give a speech on xerophthalmia for our employees and explain the current scientific knowledge on xerophthalmia in detail.

In 2021, we carried out a number of special training activities to help employees continuously improve their professional skills and innovative thinking ability.

HBM "Business Presentation Skills" training

In the first half of 2021, HBM launched its "Business Presentation Skills" training to help the Company and its employees achieve the following goals:

- Satisfy audience needs and business goals
- Present a professional image to the audience, with clear logic and focus
- Lead the audience's thinking and use stories to achieve resonance
- Improve leadership, self-confidence and generosity, and enhance the influence of speech.



4. Nurturing Talent

“Solving problems with innovative thinking”

In the second half of 2021, we carried out “Solving Problems with Innovative Thinking” training, showing how Power of Action (POA) thinking can be used to solve problems at work, finding resources and partners and jointly solve problems. The participants were trained to develop problem-solving skills to identify problems, set goals, describe problems, win trust of partners, dig deep into the reasons for problems, create solutions and respond quickly, etc.



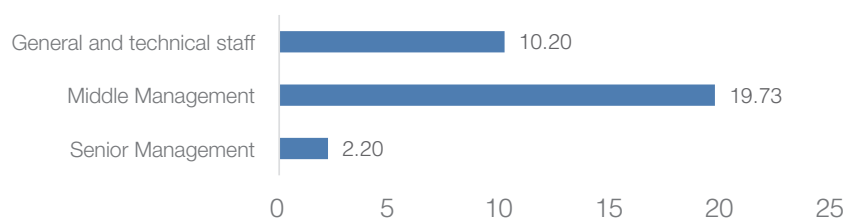
4. Nurturing Talent

In 2021, we invested RMB460,000 in employee training and development, carrying out 5,596 hours of training, covering employees of all ranks and functions.

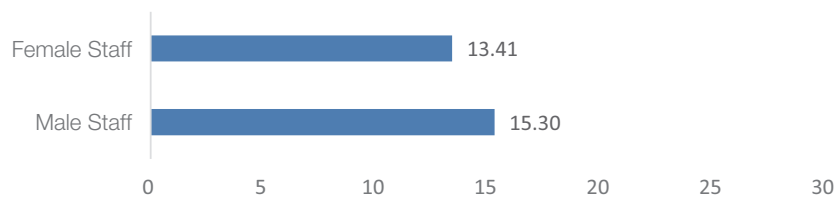
| Coverage of employees receiving training by grade | |
|---|--------|
| Senior management | 1.45% |
| Middle management | 47.40% |
| General and technical staff | 51.16% |

| Coverage of employees receiving training by gender | |
|--|--------|
| Male employees | 34.68% |
| Female employees | 65.32% |

Average number of hours of staff training by rank



Average number of hours of staff training by gender



EMPLOYEE PROMOTION

HBM has a clear plan for the career development of employees, and clarifies each position, promotion channels at different levels, and the qualification standards in the Position and Rank Management Regulations to help employees determine their own career development direction. We also advocate the self-development of employees, relying on the internal career development system platform to provide more opportunities for employees who are capable of handling additional responsibilities, and ensure that all employees have the right to apply for internal development.

We have a clear performance appraisal mechanism. Top-down performance reviews are held every half year, mid-year and year-end, while a performance target evaluation for the following year is required in December. During the employee promotion adjustment stage in April and October every year, the Human Resources Department and line managers organize one-on-one employee interviews to discuss and understand each employee's work performance, personal development, and difficulties encountered in their work to facilitate employee development.

4.3 CARING FOR EMPLOYEES

HBM is committed to building a systematic employee care mechanism, and to constantly updating and improving the system. We actively develop communication channels for employees, organize various caring activities for employees, creating a harmonious team atmosphere.

EMPLOYEE COMMUNICATION

The voice of the employees has always been part of the development and growth of the Group. HBM adheres to the principles of "openness and honesty" to carry out its annual communication plan. We have daily staff mailboxes to listen to the voices of our employees.

During the reporting period, HBM management team continued to strengthen the emphasis on the communication meetings with all employees and upgraded some of the existing channels to enhance flexibility. With the help of employee communication meetings, we directly communicate the latest development trends, business status, policy publicity, and other content to each employee. We present awards to outstanding individuals and teams to encourage and boost the morale of all employees. We also set up Question-and-Answer sessions to allow employees at all levels to express their opinions fairly and impartially or submit questions anonymously. The CEO answers questions on the spot, questions that are not answered at the meeting are answered by email after the meeting.

4. Nurturing Talent



Employee communication meeting

HBM continually enriches the communication channels. Online communication is simultaneously adopted along with face-to-face on-site communication. We use a WeChat Mini Program to publish questionnaires, collect and integrate the most honest opinions of employees, organize and give feedback to all employees.

CARING ACTIVITIES

The Group also pays attention to the physical and mental health of its employees in all aspects. We encourage a healthy work-life balance by organizing a variety of group activities. By organizing activity clubs, covering sports activities such as badminton and basketball, as well as festive gatherings such as Mid-Autumn Festival and Christmas events, we help employees unwind and reduce their stress from work. We also provide special team building funds to each department on a quarterly basis to organize team building activities within each department, enhance organizational cohesion and deepen team cooperation. For employees in need, we provide special care measures timely, such as setting up Mother's Room to provide comprehensive care for female employees during pregnancy and breastfeeding.

HBM Goddess Festival

On March 8, 2021, HBM organized the “HBM Goddess Festival” event, sending each female employee a rose and a holiday card, and issuing welfare points. Offices in different regions took turns to organize lipstick DIY workshops.



Children's Day – Young HBMs Sow Big Dreams

During the “6.1” Children's Day in 2021, HBM organized the “HBM Children's Day – Young HBMs Sow Big Dreams” event. Colleagues from the Company were invited to lead the children of employees' families to participate in the half-day activity. In the HBM Family Day event, we expressed our gratitude not only to the employees for their dedication to the Company, but also to their families for their support behind our employees.

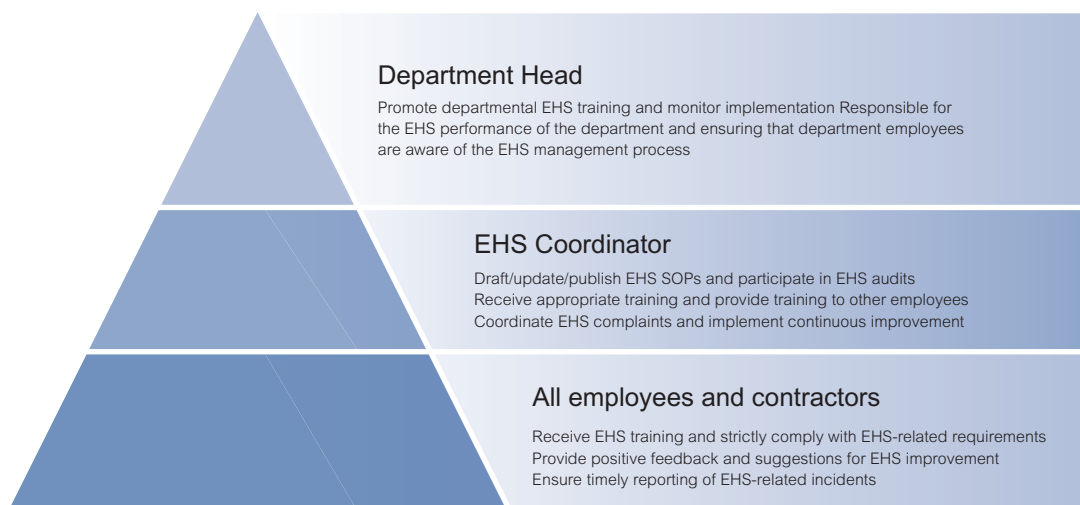


4.4 SAFETY AND HEALTH

Ensuring the health and safety of our employees is an important part of HBM's mission. We strictly abide by the laws and regulations of each location in which we operate, including the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, to ensure the health and safety of all employees during their employment. Based on the characteristics and current circumstances of the Group and the requirements of the *Emergency Plan for Production Safety Accidents of Production and Business Units*, we compiled and issued the *Emergency Plan for Production Safety Accidents of HBM Pharmaceutical (Suzhou) Co., Ltd.* and the *Emergency Plan for Production Safety Accidents of HBM (Shanghai) Co., Ltd.* Strict safety management and construction rules are implemented on both the construction and laboratory sites. We adhere to the principles of “people-oriented, rapid response, unified command, and division of responsibilities”, and continually strengthen enterprise safety management. Once an accident occurs, we quickly and effectively control and react to the incident to minimize casualties, property losses and accident hazards.

We set up the Environment, Health and Safety (EHS) management organizational structure to standardize the EHS responsibilities of each level, so that every member is involved in EHS.

4. Nurturing Talent

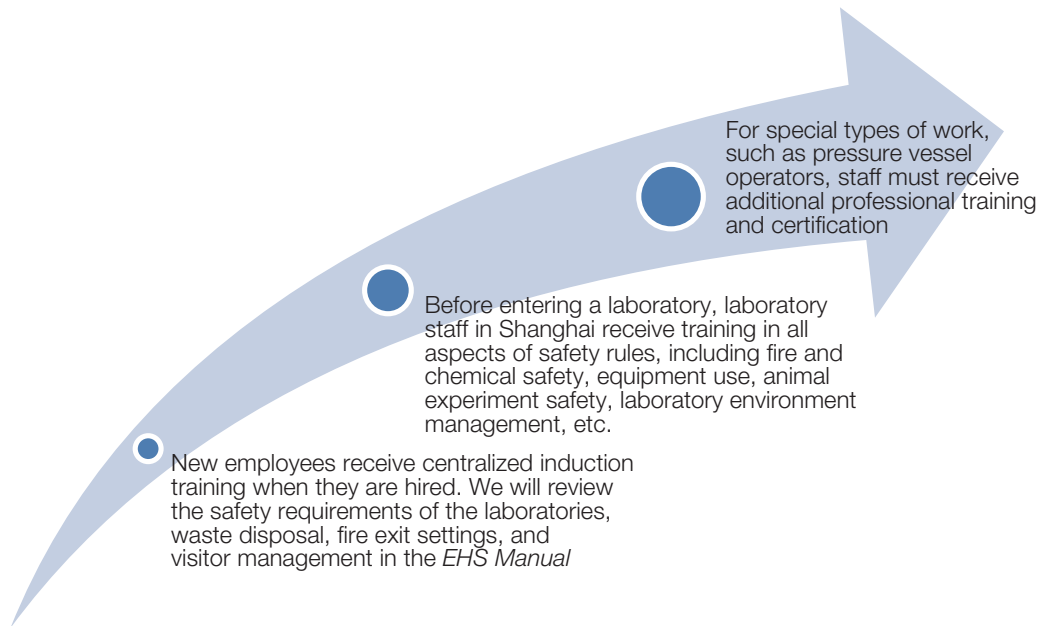


HBM's EHS Responsibilities at All Levels

To ensure the healthy development of employees, we sign an *Occupational Disease Hazard Notification* with employees. It clearly defines the occupational disease hazards in the workplace and formulates strict management systems and operational instructions for key risks. If employees suffer from an occupational disease, we follow the legal and regulatory requirements to provide treatment. We provide occupational disease examinations for all employees every year, and always pay attention to the physical condition of our employees.

We focus on improving employees' safety awareness with an employee safety training system. We strengthen employee safety management by adopting a three-level training management model. In the course of our daily work, we continuously increase our efforts in safety advocacy and education. For on-site construction personnel in the Suzhou plant, morning meetings and toolbox meetings are held every day to publicize and implement safety procedures. Fire drills are carried out on a regular basis. During the reporting period, we conducted 210 hours of EHS training with 35 trainees, for an average of six hours of training each.

4. Nurturing Talent



HBM's Three-Level EHS Training

During the reporting period, under the challenge brought by the pandemic, the Group strengthened its prevention and control efforts. We encouraged employees to take the initiative to get vaccinated against Covid-19 and arranged for administrative departments to distribute anti-epidemic resources, such as disposable masks, to employees. Offices were regularly disinfected.

4. Nurturing Talent

Since the establishment of the Group, there have not been any work-related personal injury or deaths.



HBM internal employee safety training



Suzhou site construction personnel safety training



Construction site toolbox conference



Daily morning shift meeting at a construction site



5. Environment Protection

HBM regards green operations as a mission of all employees. We insist on environmental management and address climate change as the focus of our work. Various measures for energy conservation and emissions reduction were implemented. The concept of green development is integrated into our daily work to help the smooth realization of the low-carbon goals of the country, industry and Company.

5.1 ENVIRONMENTAL MANAGEMENT

HBM is well aware of the importance of environmental protection. We actively focus on the green development of the enterprise, and continuously reduce the impact on the environment from the Company's business needs. The Group strictly follows the Environmental Protection Law of the People's Republic of China, as well as the laws and regulations of the Netherlands, the United States and Australia, where it operates. We continuously improve and revise our internal management systems, including our EHS Work Guidelines, HBM Energy Conservation Policy and Experiment Hazardous Waste Treatment, to improve our management level in terms of environmental protection and ensure the green and sustainable development of the Group.

We regularly and systematically compile statistics on and analyze the Group's energy and resource use, as well as the discharge of three categories of waste. We strive to improve energy efficiency and resource use, and reduce pollution emissions and the impact of the Company's business development on the environment.

5.2 COMBATING CLIMATE CHANGE

While ensuring legal compliance in our operating environment, HBM clearly recognizes the risks that climate change may present to the industry and the Company. We incorporate climate change into a significant part of the Group's sustainable development. We refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and respond to the expectations of stakeholders regarding our environmental responsibility and performance through forward-looking risk prevention and control. During the reporting period, we identified seven transition risks that may have an impact on the Group. By assessing the relevance of these risks to the Group's business, we classified them into different levels, formulated targeted countermeasures, and proactively explored the direction of low-carbon transition.

5. Environment Protection

| Climate Change Risk | | Risk Description | Risk Response Measures | Risk Impact Level |
|---------------------|--|--|---|-------------------|
| Technology | Low-carbon technology investment failure | In the process of low-carbon technology transformation, HBM may purchase or invest in new energy projects, such as photovoltaics, and there is a certain risk of investment failure. | HBM strengthens risk assessment before investing in low-carbon technologies to ensure the risks are controllable. | Low |
| | Low carbon technology transition cost | HBM's carbon emissions come mainly from the use of electricity, and the operation of its laboratory equipment. In the process of energy-saving transformation, HBM may face technical iteration and replacement from low-energy experimental equipment. HBM may also face the issue of re-installation, increasing the cost of investment. | Taking into account the cost of technology iterations, HBM conducts a comprehensive assessment of low-carbon technologies. | Low |
| Procurement | Rising raw material costs | Climate change may affect biodiversity, resulting in increased difficulty in obtaining raw materials for HBM's operations (energy, water resources, experimental supplies, administrative consumption resources, etc.). Prices may also increase, resulting in higher R&D and operating costs. | HBM continues to track the market price of raw materials, seek alternative materials, and reduce dependence on a single supply chain. | High |
| Market | Changing consumer habits | With the publicity and advocacy of low-carbon emissions from all walks of life, companies that provide products or services with low-carbon emissions will have a stronger position in the low-carbon transformation. Failure to transform into a low-carbon operating company may cause a loss of market share and lower profit. | HBM pays attention to market dynamics and grasps the market development trend in advance. | Low |
| | Uncertain market signals | Climate change could have knock-on effects regarding the availability of natural resources or shifts in disease patterns, resulting in new diseases. The spread of new diseases may lead to changes in the supply and demand structure of certain products and services of HBM, which may lead to missed market opportunities. | | Medium |

5. Environment Protection

| Climate Change Risk | | Risk Description | Risk Response Measures | Risk Impact Level |
|---------------------|---|--|--|-------------------|
| Policy and Law | Tighter emissions reporting obligations and compliance requirements | With the improvement and implementation of management measures such as reducing carbon emissions and carbon trading, China has put forward higher requirements for corporate emissions reporting. HBM will face increasingly stringent disclosure requirements for climate change-related information, which means that the Company needs more comprehensive and systematic collection of data and analysis of climate change-related information. | HBM improves its environmental data management system and the quality of information disclosure. | Low |
| Reputation | Attention and negative feedback from stakeholders | The expectations of various stakeholders for HBM to take more steps to effectively manage and reduce its environmental footprint are growing. Failure to meet the expectations of stakeholders may expose HBM to global reputational risks, thereby affecting the Company's reputation, resulting in consequences such as a decline in demand for our products and services. | HBM strengthens communication with stakeholders to keep abreast of stakeholders' concerns and needs. | Low |

5. Environment Protection

5.3 GREEN OPERATIONS

During the reporting period, under the orderly implementation of various environmental protection measures, we achieved a continuous reduction in the Group's greenhouse gas emission intensity and the intensity of hazardous and non-hazardous wastes. At the same time, we have noticed that with the gradual expansion of the Group's business, continuous development of clinical pipelines, together with construction of pilot production base, we have put forward more demands on energy and resources. As a result, the Group's electricity consumption, water and packaging resource usage, waste water and air emissions indicators have increased compared to last year. After timely insight into changes in relevant environmental indicators, in order to effectively control the impact of business development on the environment, we set four environmental goals, clarified the implementation path of the goals, and implemented targeted management in four areas in 2021 – greenhouse gas emissions, waste reduction, energy use efficiency and water efficiency – and further optimized the Group's environmental performance system³.

Emissions target

2022-2026 Scope 1 and 2 greenhouse gas emissions intensity (greenhouse gas emissions/R&D investment) compound decline of not less than 3%

- Integrate energy-efficient design into the construction of new facilities
- Increase investment in and the use of renewable resources
- Gradually integrate the current and future "dual carbon" goals and relevant policy guidance into the Company's emissions management

Waste reduction target

The final waste discharge amount lower than the standard of the local waste discharge requirements of the production facility

- Commit to taking the first-level of cleaner production as a benchmark, adopt advanced and applicable technologies, processes and equipment to implement cleaner production technological transformation, and promote the full coverage of cleaner production
- Conduct laboratory waste assessments to reduce the generation of hazardous waste
- Assess opportunities to reduce and recycle materials
- Advocate a paperless office

Energy efficiency goals

From 2022 to 2026, the composite decrease in power consumption intensity (consumption/R&D expenses) must not be less than 3%

- Reduce the energy demand for energy in the course of producing products through the use of innovative production technologies
- Improve the energy efficiency of each facility
- Use innovative renewable energy technologies

Water efficiency goal

After 2026, water resource use intensity (consumption/R&D investment) will achieve negative annual growth

- Assess water risk in the R&D and production processes
- Maximize water recovery and reuse

EBM Environmental Goals⁴

³ The compounded rate of decline in the target is the annual rate of decline for the period 2022-2026.

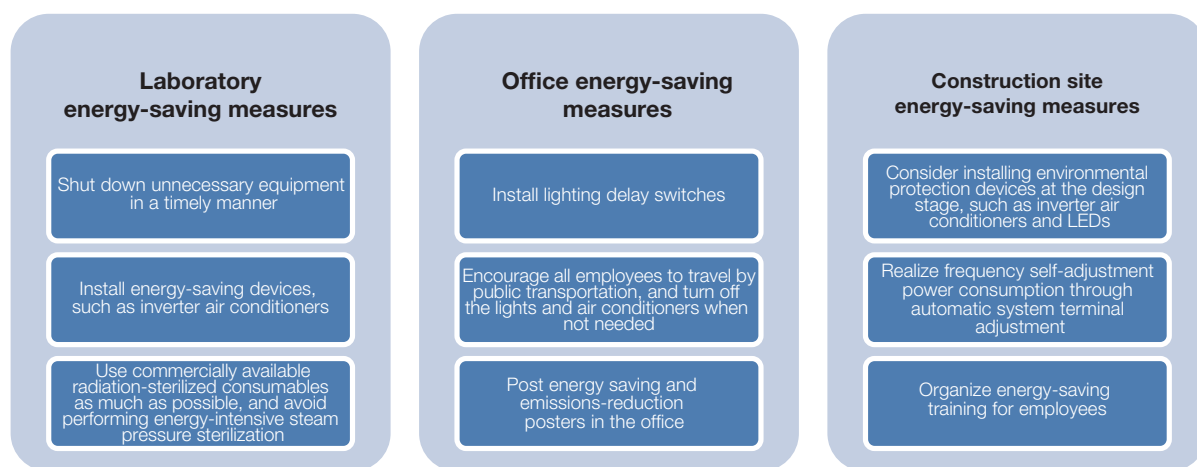
⁴ Since HBM did not commence production during the reporting period, the target coverage does not include production bases; all targets will be reviewed and updated regularly in line with the Company's latest business development.

5. Environment Protection

ENERGY MANAGEMENT

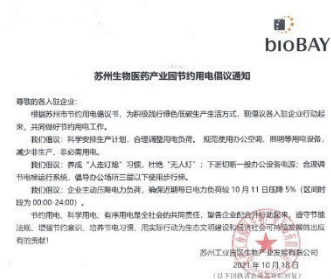
We strictly abide by the Energy Conservation Law of the People's Republic of China, the Energy Policy Act of the United States, the Environmental Management Law of the Netherlands, and other related local laws and regulations to ensure legal compliance in our energy management. In daily production and lifestyle, we vigorously encourage our employees to reduce unnecessary energy consumption and establish a low-carbon lifestyle.

We implemented reliable energy-saving measures based on the Company's actual situation and operational strategy, and formulated internal energy consumption management rules and regulations in our laboratories, construction sites and offices, to be a green, low-carbon pioneer.



Proposal for power saving in HBM's Suzhou plant

HBM firmly responded to the national green, low-carbon production and lifestyle policies. On October 18, 2021, we issued a notice at Suzhou Bio-Industrial Park to save electricity and made a 5% reduction in the current daily power load compared with that on October 11, thus contributing to ensuring grid security and people's livelihood.



承诺书
我郑重承诺：我自愿积极响应苏州生物医药产业园节约用电倡议的号召，做到近期每日电力负荷较 10 月 11 日下降 5%，为增强电网安全性和民生需要尽一份力。

5. Environment Protection

During the reporting period, the energy consumption and greenhouse gas emissions of the Group were as follows:

| Specific Project | Unit | 2020 | 2021 |
|---|--|--------------|--------------|
| Purchased electricity consumption | kWh | 1,792,502.00 | 1,878,892.00 |
| Outsourced electricity consumption intensity | kWh/person | 6,738.73 | 4,744.68 |
| Comprehensive energy consumption ⁵ | tons of standard coal | 220.30 | 230.92 |
| Greenhouse gas emissions ⁶ ※ | tons of carbon dioxide equivalent | 1,261.03 | 1,321.80 |
| Greenhouse gas emissions intensity | tons of carbon dioxide equivalent/person | 4.74 | 3.34 |

HBM sees energy saving and consumption reduction as the focus of its low-carbon operations. We emphasize improving energy utilization efficiency and reducing our carbon footprint, and vigorously promote energy-saving measures. We strictly regulate the management of the three wastes to ensure that our R&D operations do not have a negative impact on the environment.

RESOURCE MANAGEMENT

HBM also shoulders the responsibility for conserving resources as much as possible. In terms of daily office work, we always advocate double-sided printing for employees, and choose black and white printing when possible. Printed papers are reused as scratch paper. We encourage employees to reduce the use of disposable items and recycle materials.

HBM understands the importance of water resource protection and water conservation. We strictly follow the laws and regulations of the places in which we operate, such as the Water Law of the People's Republic of China. During the reporting period, the Company's main source of water was municipal water. To achieve a greater degree of water recycling and discharge compliance, we took measures to encourage employees to save water.

5 Energy consumption: Calculated according to the General Principles of Comprehensive Energy Consumption Calculation (GB2589-2020).

6 Greenhouse gas emissions come from indirect emissions from purchased electricity. The electricity emissions factor is adopted from the "2011 and 2012 China Regional Power Grid Average Carbon Dioxide Emission Factors"; the calculation of greenhouse gas emissions refers to the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial)".

5. Environment Protection

During the reporting period, the Group's use of resources was as follows:

| Specific Project | Unit | 2020 | 2021 |
|----------------------------|-------------|--------|----------|
| Water use | ton | 907.00 | 2,487.00 |
| Water use intensity | tons/person | 3.41 | 6.28 |
| Use of packaging materials | kilogram | 5.00 | 110.00 |

THREE WASTE MANAGEMENT

HBM regards pollution control and emissions reduction as an important part of environmental protection. During the reporting period, the Group strictly complied with the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Clean Water Act of the United States, the Clean Air Act, the Solid Pollutant Disposal Act, and other domestic and foreign laws and regulations and industry standards where it operates. We formulated an internal management system based on our situation, and took relevant measures to dispose of hazardous waste in compliance with regulations and to treat the exhaust gas from the laboratory fume hood. We also completed an annual inspection of exhaust gas and wastewater.

The wastewater produced by HBM's daily production and office is mainly experimental wastewater and domestic sewage. After harmless treatment, laboratory wastewater enters the sewage pipe network of the building through our dedicated experimental waste water discharge pipeline, and then is mixed with domestic sewage. It is discharged into the municipal sewage pipe network through the sewage pipeline of the park in which it is located. During the reporting period, we renovated the sump for the collection of laboratory waste liquids to improve work efficiency by optimizing the facilities for collecting hazardous liquid wastes and simplifying the operations of users to avoid damage to the environment due to misoperation. In 2021, the discharge concentration of harmful substances in our wastewater was lower than the indirect discharge limit in the Biopharmaceutical Industry Pollutant Discharge Standard.

HBM's waste gas comes mainly from the fume hood and exhaust devices of various physical and chemical tests. We use an activated carbon device to adsorb the waste gas before it is discharged, and replace the activated carbon regularly to ensure the effectiveness of our waste gas treatment. We also conduct regular monitoring and evaluation of production waste gas in accordance with the local standards of each park.

Following is the amount of discharge of wastewater and waste gas from HBM during the reporting period:

| Category | Project | Unit | 2020 | 2021 |
|-------------|---|-------------|----------------------|----------------------|
| Wastewater | Wastewater discharge | cubic meter | 816.00 | 2,238.3 |
| Exhaust gas | Exhaust emissions | cubic meter | 2.54*10 ⁷ | 3.24*10 ⁷ |
| | Volatile organic compound (VOC) emissions | kilogram | 16.61 | 15.05 |

5. Environment Protection

HBM attaches great importance to the environmentally sound disposal of waste. We strictly follow the Hazardous Waste Storage Pollution Control Standard (GB18597-2001), Hazardous Waste Collection, Storage and Transportation Technical Specifications (HJ2025-2012), Standards for Pollution Control of General Industrial Solid Waste Storage and Disposal Sites (GB18599-2001), and other related local laws and regulations. We classify hazardous and non-hazardous waste in production and life. We centralize non-hazardous waste and transport it to the designated garbage collection point of the property for processing. For hazardous waste generated by projects, we usually collect and pack it according to its composition and characteristics, and then store it in the hazardous waste temporary storage room for physical isolation. We take temporary storage protection measures and regularly entrust the waste to qualified hazardous waste disposal units for disposal.



Original Hazardous Waste Collection (left)



Current Hazardous Waste Collection (right)

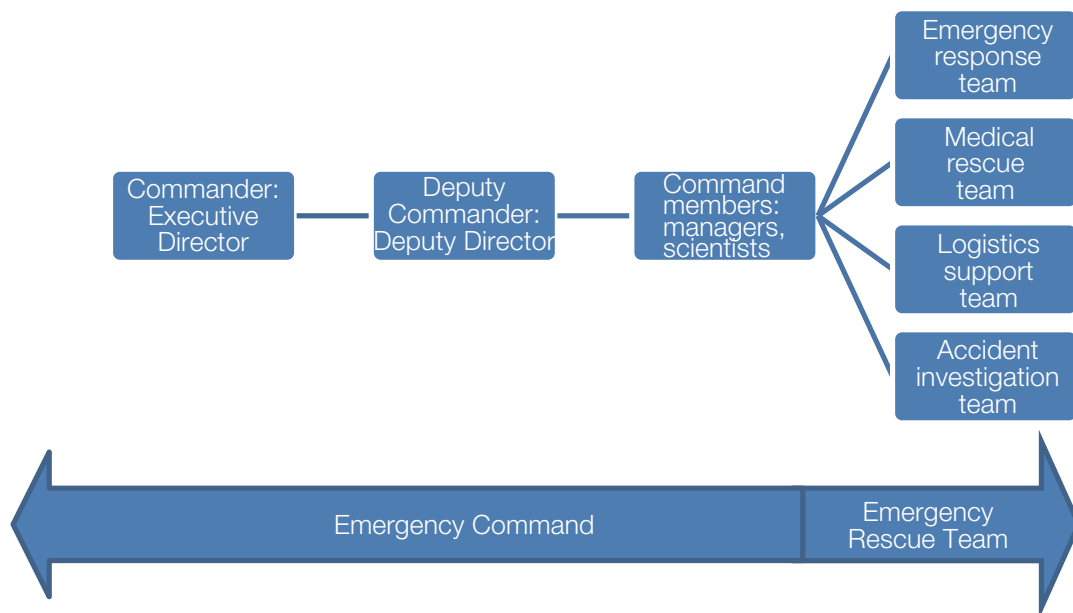
During the reporting period, the waste generation of HBM was as follows:

| Category | Project | Unit | 2020 | 2021 |
|---------------------|----------------------------|-------------|-------|-------|
| Hazardous waste | Medical waste | ton | 6.75 | 7.30 |
| | Other waste | ton | 5.91 | 13.19 |
| | Total hazardous waste | ton | 12.66 | 20.49 |
| | Intensity | tons/person | 0.05 | 0.05 |
| Non-hazardous waste | Non-recyclable waste | ton | 33 | 30.00 |
| | Recyclable household waste | ton | 3.5 | 11.50 |
| | Total non-hazardous waste | ton | 36.5 | 41.50 |
| | Intensity | tons/person | 0.14 | 0.10 |

5. Environment Protection

ENVIRONMENTAL EMERGENCY PLAN

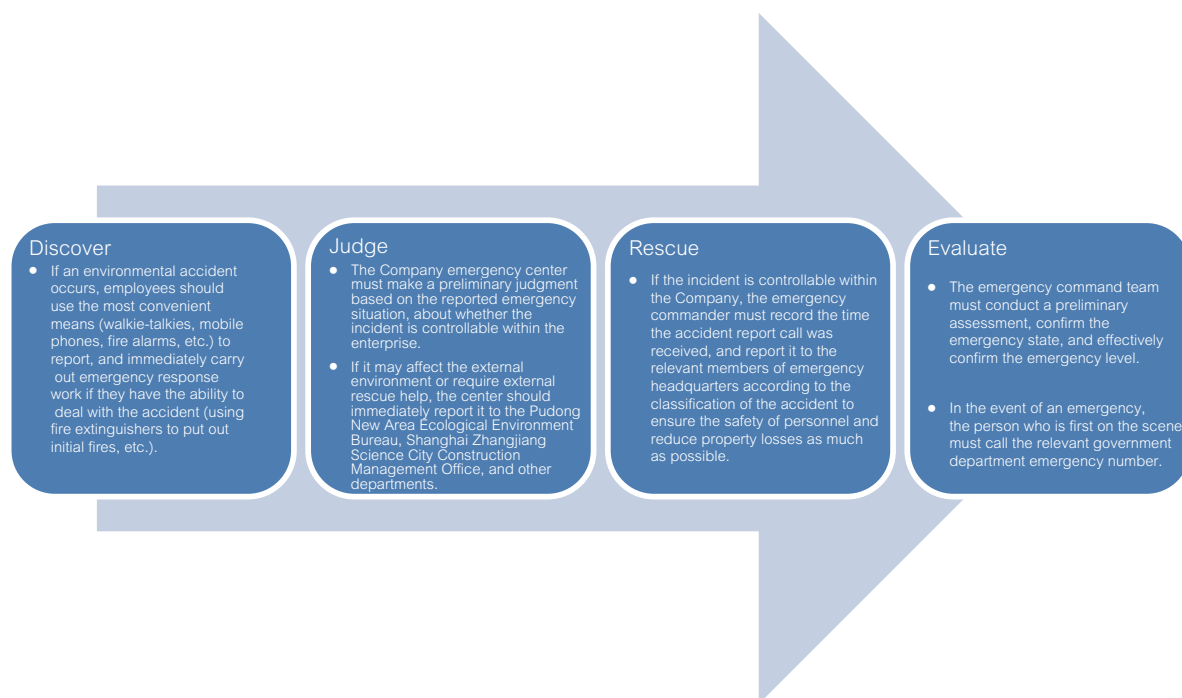
In addition to formulating a normalized environmental management system and management process, we keep in mind the importance of environmental safety precautions. In response to possible environmental emergencies, we revised and implemented the HBM (Suzhou) Emergency Response Plan for Environmental Incidents and the HBM (Shanghai) Emergency Response Plan, based on the laws, regulations and environmental protection requirements of the locations in which we operate, as well as the Company's actual situation. We actively and continually improve and optimize our internal and external emergency plan system, and are committed to reducing the risk and impact of sudden environmental accidents.



Emergency Organization Chart

Based on the emergency organization system, we set up a four-step emergency organization processing procedure, “discover-judge-rescue-evaluate”, to deal with various unexpected environmental risks, and ensure that the risk response process complies with all laws, rules and regulations and is conducted in an orderly manner.

5. Environment Protection



Emergency Response Procedure Flowchart

During the reporting period, HBM implemented an emergency plan and conducted multiple emergency drills, including drills conducted in coordination and cooperation with multiple emergency teams or external emergency agencies, as well as the comprehensive integration of all or part of the functions of the company-level plan. We conduct drills at least once a year to further improve the ability of the whole group to respond to and prevent environmental emergencies. We carry out unified training for new employees, including EHS, to ensure they are fully prepared to deal with emergencies.

6. Beautiful Community

While focusing on economic benefits, HBM keeps in mind the original intention and mission of a pharmaceutical company and practices corporate social responsibility. We vigorously carry out public welfare activities and pay extensive attention to disadvantaged groups. We give back to society through public welfare services and community activities, building people together with health and love.

6.1 DELIVERING HEALTH

HBM actively pays attention to the issue of medical education and helps to cultivate medical and health talent to promote the development of the industry. During the reporting period, the Group took advantage of its own characteristics and gave full play to its advantages. HBM carried out various types of health awareness promotion activities, organized many educational and popular science activities for different ages and audiences, and spread the concept of medicine and health to the public. We continued to cooperate closely with a number of domestic and foreign academic institutions and universities to strengthen the combination of production, education and research.

“Little Dr. HBM” visits the laboratory

On June 10, 2021, HBM invited primary school students from some schools in Shanghai to visit the laboratory. During the event, HBM “teachers” explained basic biological knowledge, such as cells, to the children through detailed popular science, which stimulated everyone’s strong interest in learning. The children ended the HBM trip with fruitful knowledge.



6. Beautiful Community

Combination of production, education and research | HBM and ShanghaiTech University to build a practical platform for the biomedical industry

On July 19, 2021, more than 30 teachers and students from the Institute of Immunochemistry at Shanghai University of Science & Technology visited HBM's Zhangjiang R&D Center for an industry-university-research exchange, whose purpose was to broaden industry knowledge and provide career development information for the students, encourage more fresh graduates to join the innovative biopharmaceutical industry, and jointly promote the progress of human health.

Dr. Zhou Sixiang, Vice President of HBM and Head of the Asia Pacific Region of the Business Development Department, and Mr. Song Liujun, Director of the Business Development Department, gave a detailed introduction of HBM's corporate development history, technology platform advantages, and product development process, and shared with teachers and students of Shanghai University of Science & Technology how HBM empowers the development of new products through innovative technology platforms and has created a global technology ecosystem with breakthrough innovations.

Dr. He Yun, Head of Antibody Technology of Harbin Pharmaceutical, provided a systematic industry interpretation for teachers and students of Shanghai University of Science and Technology based on the present status of innovative drugs in China, the development history of the pharmaceutical industry, global R&D trends, and the development trend of antibody technology, and analyzed the pharmaceutical industry from multiple dimensions. He also shared career prospects and personal career stories to guide visiting students to broaden their understanding of the biomedical industry. The exchange ignited the students' enthusiasm for pharmaceutical R&D. They had active discussions with Dr. He on hot topics, such as professional prospects, career paths for scientists, drug R&D, and target screening.

The exchange went deep into the front line of R&D. Using the key equipment in the laboratory, our team of scientists introduced preliminary experimental work from antibody screening and biological activity identification to chemical development, including cell line construction, cell culture process development, protein purification process development, formulation process development and analytical methods. This provided the students with a broad understanding of a series of processes for drug development and marketing.



6. Beautiful Community

During the reporting period, HBM actively participated in pharmaceutical industry forums to popularize the future of Chinese biopharmaceuticals to the public. It sponsored and participated in the first China Myasthenia Gravis and Neurology Medicine Innovation Public Welfare Summit Forum, supported thyroid eye disease research activities, and promoted the delivery of health to the public.

Industry Dialogue | Dr. Wang Jinsong of HBM was a guest at the FMBA event of China Europe International Business School

On May 26, 2021, China Europe International Business School (CEIBS) invited Dr. Wang Jinsong, founder, chairman and CEO of HBM, to attend a special event titled “F-Dialogue with Big Names” in its FMBA “Finance Depth X Management Breadth” course. He delivered the keynote speech, titled “Welcome to the Golden Age of Chinese Biomedicine”, and held an expert dialogue with Professor Zhou Dongsheng, Director of the China-Europe Health Industry Research Center, on topics such as the strategic positioning, development status, and future opportunities of Chinese biopharmaceutical companies.



6. Beautiful Community

6.2 DONATING WITH LOVE

For a long time, HBM has participated in public welfare and charitable activities in various ways, assumed its social responsibility, and helped common development. During the reporting period, we continued this tradition and gave back to society by continuing to carry out volunteer education activities in rural areas, actively participating in social welfare projects, donating materials to the front lines of disaster areas, and so forth, walking hand in hand with people from all walks of society for a better future for all.

Staff teaching group

Over the years, HBM has actively responded to the rural revitalization strategy, focusing on supporting the development of education in remote areas. The employees of the Group support teaching in mountainous areas through an online platform every week, accumulating over 200 class hours. In October 2021, HBM sent three volunteer teachers to Shi'ai School, in Liangcun, Huaiji County, Zhaoqing City, Guangdong Province, to observe the current situation of the children supported by the "Voluntary Education China 2.0" partners. Before the colleagues who led the team set off, employees from various HBM companies donated books and toys of love to the children in the mountainous area. Colleagues who went to support the teaching also prepared wonderful cultural and scientific lessons for the children, including handicraft classes. The children benefited a lot from the classes and had a lot of fun.



“Walk with HBM with Love” Charity Walking for Donation Activity

On “99 Charity Day” in 2021, HBM and Beijing Aili Myasthenia Gravis Rare Disease Care Center, with the help of Tencent’s public welfare platform, launched the “HBM for Love” charity step donation activity, to show love, pay attention to, and support myasthenia gravis patients to help them regain their strength.

During the event, using the conversion method of one RMB for 1,000 steps, for every 1,000 steps by employees, HBM donated RMB1 to patients with myasthenia gravis, gathering the warmth of love with every bit of strength to warm every patient. A total of 308 employees participated in the charity donation activity, for a participation rate of 93%, resulting in a total of 20,023,116 steps.



6. Beautiful Community

Rescue support in the Henan disaster area

HBM paid attention to construction and events in the disaster area, and cares about the people in the area. In July 2021, HBM donated RMB1 million to the Red Cross Foundation of China to help Henan. The donated funds were used to procure emergency relief materials in Henan and surrounding areas that were severely affected by heavy rains, to support local post-disaster eradication and pandemic prevention and disaster-related disease health management work, to assist in Henan's flood control and disaster relief and reconstruction work, and to ensure the emergency living needs of the disaster-stricken people were met.



Appendix 1 – List of Main Applicable Laws and Regulations

| Category | Law and regulations |
|--|--|
| Environmental Protection | Environmental Protection Law of the People's Republic of China |
| | Energy Conservation Law of the People's Republic of China |
| | Water Law of the People's Republic of China |
| | Water Pollution Prevention and Control Law of the People's Republic of China |
| | Air Pollution Prevention and Control Law of the People's Republic of China |
| | The Energy Policy Act of 2005 |
| | The Clean Water Act |
| | The Clean Air Act |
| | The Solid Waste Disposal Act |
| | Environmental Policy Plan |
| Labor | Labor Law of the People's Republic of China |
| | Labor Contract Law of the People's Republic of China |
| | Social Insurance Law of the People's Republic of China |
| | Provisions on the Prohibition of Using Child Labor “ |
| | Work Safety Law of the People's Republic of China |
| | Law of the People's Republic of China on the Prevention and Control of Occupational Diseases |
| | Emergency Response Law of the People's Republic of China |
| | Occupational Safety and Health Act of the United States |
| Anti-Corruption and Corporate Governance | Securities Law of the People's Republic of China Regulations of Listing Companies |
| | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| | Regulations of Listing Companies |
| Intellectual Property Rights | Patent Law of the People's Republic of China |
| | Trademark Law of the People's Republic of China |
| | Copyright Law of the People's Republic of China |
| Product Responsibility and Service | Law of the People's Republic of China on Product Quality |
| | Drug Administration Law of the People's Republic of China |
| | Good Practice for Clinical Trials of Drugs |
| | Civil Code of the People's Republic of China |
| | Regulation on the Administration of Laboratory Animals |
| | Measures for the Administration of Laboratory Animal Licenses (Trial) |
| | World Medical Association Declaration of Helsinki |

Appendix 2 – HKEX Environmental, Social and Governance Reporting Guide

| Subject Areas, Aspects, General Disclosures and KPIs | | Section |
|--|--|----------------------|
| Environment | | |
| Aspect A1 | Emissions | |
| General Disclosure | <p>Information on:</p> <ol style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> | 5.3 Green Operations |
| KPI A1.1 | The types of emissions and respective emissions data. | 5.3 Green Operations |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 5.3 Green Operations |
| KPI A1.3 | Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 5.3 Green Operations |
| KPI A1.4 | Total non-hazardous waste produced (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility). | 5.3 Green Operations |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | 5.3 Green Operations |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | 5.3 Green Operations |

Appendix 2 – HKEX Environmental, Social and Governance Reporting Guide

| Subject Areas, Aspects, General Disclosures and KPIs | | Section |
|--|---|---|
| Aspect A2 | Use of Resources | |
| General Disclosure | <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p> | 5.3 Green Operations |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | 5.3 Green Operations |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 5.3 Green Operations |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | 5.3 Green Operations |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | 5.3 Green Operations |
| KPI A2.5 | Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced. | The Company has not yet launched a product; no packaging material at the moment |
| Aspect A3 | The Environment and Natural Resources | |
| General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources. | The Company operations and business development do not involve related content as of the reporting period |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | The Company operations and business development do not involve related content as of the reporting period |

Appendix 2 – HKEX Environmental, Social and Governance Reporting Guide

| Subject Areas, Aspects, General Disclosures and KPIs | | Section |
|--|--|----------------------------|
| Social | | |
| Aspect B1 | Employment and Labor Practices | |
| General Disclosure | <p>Information on:</p> <ol style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> | 4.1 Diversified Employment |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region. | 4.1 Diversified Employment |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | 4.1 Diversified Employment |
| Aspect B2 | Health and Safety | |
| General Disclosure | <p>General Disclosure Information on:</p> <ol style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p> | 4.4 Safety and Health |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 4.4 Safety and Health |
| KPI B2.2 | Lost days due to work injury. | 4.4 Safety and Health |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | 4.4 Safety and Health |

Appendix 2 – HKEX Environmental, Social and Governance Reporting Guide

| Subject Areas, Aspects, General Disclosures and KPIs | | Section |
|--|---|-----------------------------|
| Aspect B3 | Development and Training | |
| General Disclosure | <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i></p> | 4.2 Talent Empowerment |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | 4.2 Talent Empowerment |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | 4.2 Talent Empowerment |
| Aspect B4 | Labor Standards | |
| General Disclosure | <p>Information on:</p> <ol style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to preventing child and forced labor.</p> | 4.1 Diversified Employment |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labor. | 4.1 Diversified Employment |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | 4.1 Diversified Employment |
| Aspect B5 | Supply Chain Management | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | 3.3 Responsible Procurement |
| KPI B5.1 | Number of suppliers by geographical region. | 3.3 Responsible Procurement |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | 3.3 Responsible Procurement |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | 3.3 Responsible Procurement |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | 3.3 Responsible Procurement |

Appendix 2 – HKEX Environmental, Social and Governance Reporting Guide

| Subject Areas, Aspects, General Disclosures and KPIs | | Section |
|--|--|---|
| Aspect B6 | Product Responsibility | |
| General Disclosure | <p>Information on:</p> <ol style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> | 3. Value Innovation |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | The Company has not yet launched a product; to be disclosed in the future |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | The relevant mechanisms and procedures are being developed; to be disclosed in the future |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 3.1 Diligent R&D |
| KPI B6.4 | Description of quality assurance process and recall procedures. | The Company has not yet launched a product; to be disclosed in the future |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | 3.2 Excellent Quality |

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| Subject Areas, Aspects, General Disclosures and KPIs | | Section |
|--|---|--|
| Aspect B7 | Anti-corruption | |
| General Disclosure | Information on: 1. (a) the policies; and 2. (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 2.1 Corporate Governance |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | 2.1 Corporate Governance |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | 2.1 Corporate Governance |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | 2.1 Corporate Governance |
| Aspect B8 | Community Investment | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 6. Beautiful Community |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). | 6. Beautiful Community |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | 6. Beautiful Community 1. About HBM |