

# HARBOUR 和 鉑 醫 藥 控 股 有 限 公 司

## B I O M E D H B M H O L D I N G S L I M I T E D

*( incorporated in the Cayman Islands with limited liability )*

Stock Code : 02142

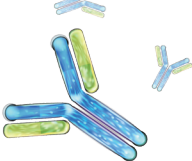


The graphic design features a large, light blue circle on the left and a large, light green circle on the right, both containing abstract patterns. A central vertical line divides the composition. On the left side, there is a circular inset showing a microscopic view of blue and yellow structures. On the right side, there is a circular inset showing a microscopic view of a yellow and orange structure. A purple circle is positioned in the lower right quadrant, and a green circle is positioned in the lower left quadrant. The text 'Environmental, Social and Governance Report 2020' is located in the bottom right corner, enclosed within a green circular frame.

Environmental,  
Social and  
Governance Report  
**2020**

# Table of Contents

About This Report	2
Management Message	3
2020 Honors and Milestones	4
1. About HBM	5
1.1 About HBM	5
1.2 Business Development	7
2. Responsible Governance	11
2.1 Corporate Governance	11
2.2 ESG Governance	14
3. Value Innovation	19
3.1 Committed to R&D	19
3.2 Excellent Quality	24
3.3 Responsible Sourcing	27
3.4 Industry Synergies	29
4. Attracting Talent	33
4.1 Diversified Employment	33
4.2 Precise Empowerment	35
4.3 Safety and Health	37
4.4 Continuous Care	39
5. Green Operations	42
5.1 Green Management	42
5.2 Reducing Consumption and Saving Energy	46
5.3 Pollution Control and Emissions Reduction	47
6. Giving Back to Society	49
6.1 Delivering Health	49
6.2 Contributing to Charity	51
Appendix 1 – List of Main Applicable Laws and Regulations	52
Appendix 2 – Index to HKEX Environmental, Social and Governance Reporting Guide	53



# About This Report

## OVERVIEW

This is the first 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 responsible governance, value innovation, product quality, 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 2020 to 31 December 2020 (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 has been 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**”). This report is disclosed in strict compliance with the “**comply or explain**” requirement of the Guide.

## 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 undertakes that this report does not contain any false information or misleading statements and that it 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 of Directors in July, 2021.

## ACCESS AND FEEDBACK TO 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](http://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

The in-depth implementation of China's medical reforms and the strong encouragement and support of national policies has ushered in new development opportunities for China's innovative drug industry. HBM is a leader in the development of China's innovative drug industry and is committed to bringing good news to human health by focusing on the research and development (R&D) of innovative drugs for immune and oncology diseases.

Since its establishment in July 2016, HBM has gained capital support for its "leading biotechnology platform + outstanding R&D capabilities + a rich and differentiated oncology and auto-immune product pipeline". The Group has also established strong competitive advantages in the R&D of innovative drugs, constructed a leading international core technology platform, and cooperated with top local and overseas medical institutions. This has played a positive role in supporting China's biopharmaceutical industry to achieve the leap from "running" to "leading".

HBM is a socially responsible pharmaceutical R&D company, whose corporate mission is to "focus on core technologies, empower industry upgrades, lead global innovation, and serve human health". The Group's strategic development goals include a commitment to sustainable development, green management and social responsibility.

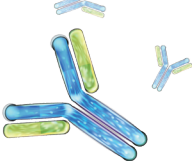
HBM is committed to sound governance and sustainable development. We have established a comprehensive internal management structure and system, and a dedicated ESG team to strengthen our internal controls. This provides important internal support for the sustainable and healthy development of the Group.

We gather talent and promote diversified development. HBM has always attached great importance to the attraction, discovery, and cultivation of talent. We provide professional training for different levels of employees and managers, uphold a people-oriented concept, care for our employees in production and operations through various channels and ways, and constantly improve our employee-related systems and policies.

We take responsibility for giving back to society. While continuing to develop its business, HBM has not stopped giving back to society. The Group carried out a series of activities and lectures to popularize medical and health knowledge in the industry and establish a positive corporate image. During the COVID-19 pandemic, we have also actively provided needed help to the people in affected areas.

We focus on green, low-carbon operations and environmental protection. HBM shoulders its corporate social responsibility by prioritizing the environment, health and safety. We have implemented various energy-saving and pollution-control initiatives, thus serving as a model for our peers in the pharmaceutical industry.

With the clinical advancement of a number of products and the acceleration of R&D progress, HBM expects to achieve fast growth in the future, ushering in a harvest period. We will continue to work hard to achieve the Group's vision of "innovative medicines for healthy life" for the benefit of our shareholders and society with outstanding performance and a responsible attitude.



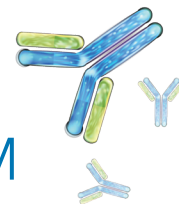
# 2020 Honors and Milestones

## HONORS AND AWARDS

Time	Organizers	Honors
February 2020	Shanghai Municipality	Zhangjiang Science and Technology City Key Contracted Projects
May 2020	Science and Technology Commission of Shanghai Municipality	National High and New Technology Enterprise Library Cultivating License
September 2020	Editorial Board, Progress in Pharmaceutical Sciences	Kunpeng Award of China's Biopharmaceutical Industry Chain Innovation Billboard – Key common technology platforms with the most promising applications and R&D institutions in 2019
October 2020	Cyzone	2020 China's Top 80 Healthcare Innovation Enterprises
October 2020	People's Daily Online	The Excellent Case of Advanced Enterprises in 2020 Science and Technology Innovation by People's Daily Online

## MAJOR EVENTS IN 2020





# 1. About HBM

## 1.1 ABOUT HBM

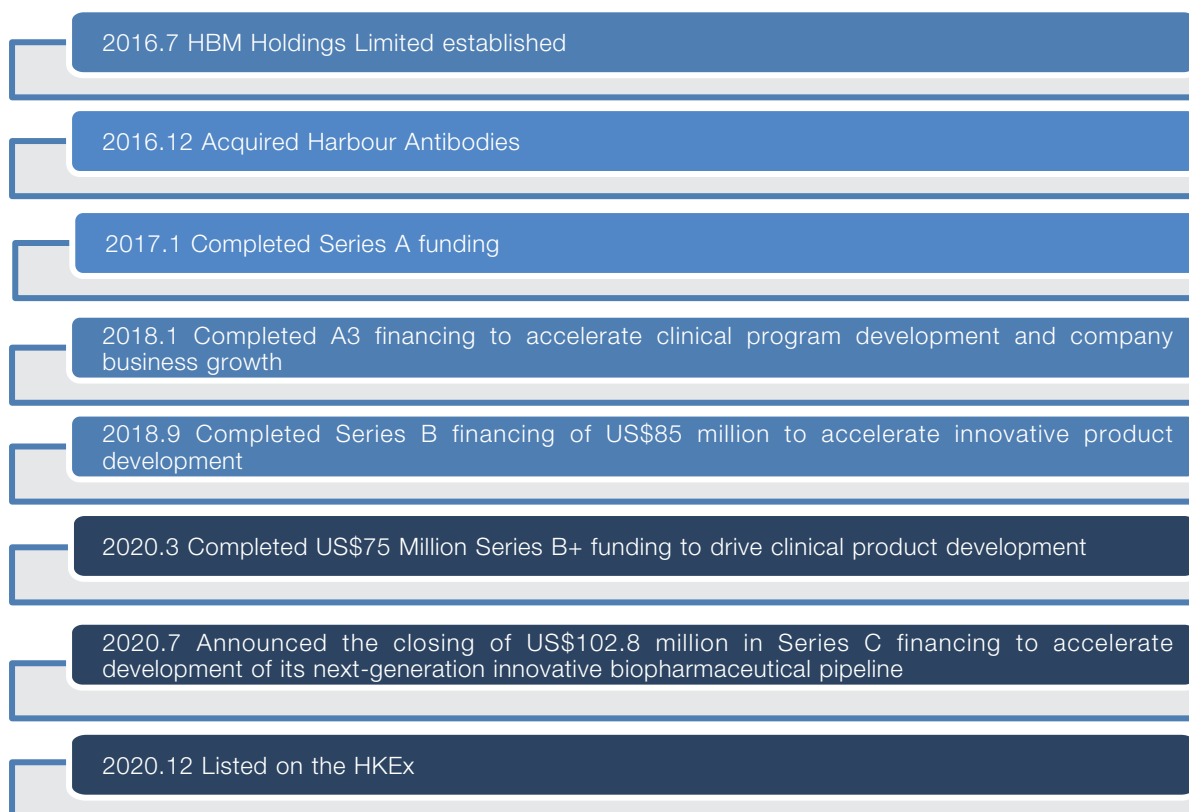
### COMPANY PROFILE

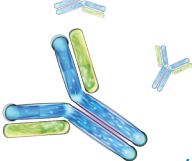
Founded in 2016, HBM is a biopharmaceutical company focusing on innovative drug development, commercialization and global operations. We adopt global innovative R&D and operations, and provide competitive, differentiated biopharmaceutical products for people locally and abroad. We lead our peers in terms of product pipeline, technology platform construction, and external cooperation.

HBM has a strong core technology platform to rapidly build a pipeline of highly innovative and differentiated antibody drugs. Our proprietary Harbour Mice® platform accelerates the development of innovative drugs, and HBM has developed a heavy chain antibody platform, HCAb-based immune cell engager platform (HBICE™), to develop a new generation of bispecific antibodies that can achieve anti-tumor efficacy which had not been possible with traditional combination therapies.

Moving forward, HBM will continue to strengthen its technology and platform advantages, increase its investment in R&D, improve its innovation capability, establish more extensive global technical cooperation, and strive to achieve its goal of becoming an industry leader.

### DEVELOPMENT HISTORY OF HBM





## 1. About HBM

### COMPANY VISION AND MISSION

#### Corporate Vision

- Innovative medicines for healthy life

#### Corporate Mission

- To become the leading company driving global innovation of NextGen Antibody Therapeutics

### ECONOMIC PERFORMANCE

As a clinical-stage biopharmaceutical company engaged in the discovery and development of differentiated antibody therapeutics in immunology and oncology disease areas, we are developing a diversified and balanced pipeline of potentially differentiated cutting-edge immunology and immuno-oncology therapies, both internally and through collaborations with global pharmaceutical and academic partners. During 2020, as a company in clinical stage, the economic performance of the company had a significant growth due to the revenue related to our antibody therapeutics development and collaboration. The Group's revenue came from three main components: molecular licensing fees<sup>1</sup>, technology licensing fees<sup>2</sup> and platform research fees<sup>3</sup>. During the reporting period, molecular license fee revenue of US\$12,838,000 accounted for over 90% of revenue for the same period, which reflects HBM's further investment in independent R&D during the reporting period to accelerate the development of its in-house product pipeline.

1 Molecular licence fee: The performance obligations are fulfilled at a point in time as the customers obtain rights to use the underlying license and payment is generally due within 10 business days from the date of billing.

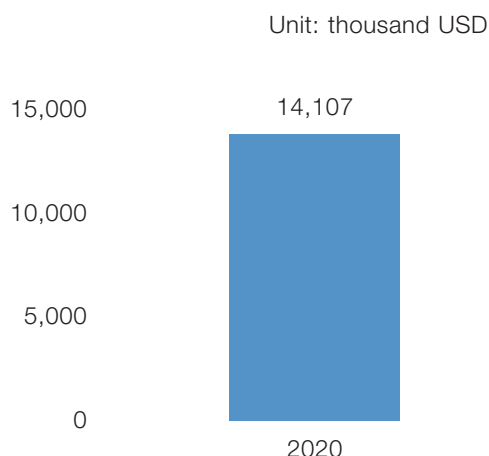
2 Technology licence fee: The performance obligation is satisfied over time throughout the licence period as the customers are granted rights to access know-hows which the Group has exclusive rights to use. Upfront payment is generally due within 10 days after the effective date of contract, whereas other payment is generally due within 30 and 45 days from the date of billing.

3 Platform-based research fee: The performance obligation is satisfied at a point in time when research results are delivered to and accepted by the customer and the payment is generally due within 30 days from the date of billing.

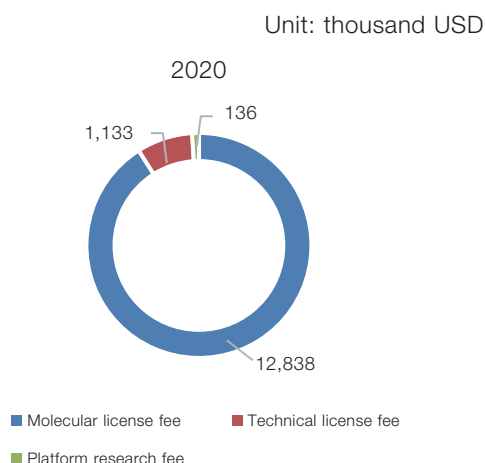


## 1. About HBM

**Earnings**



**Income source charts**



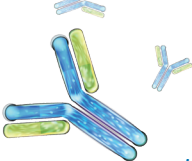
## 1.2 BUSINESS DEVELOPMENT

HBM has made many breakthroughs in the field of oncology and immune diseases treatments. We have established a diversified, market-differentiated product pipeline and three technology platforms with technological leadership, providing impetus for our sustainable development. During the reporting period, HBM continued to accelerate the development process of its pharmaceutical products and R&D technology platforms, and sought to establish solid cooperation with more renowned medical and R&D institutions.

### BUSINESS OVERVIEW

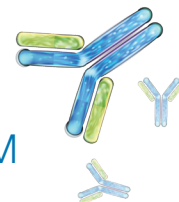
#### Three technology platforms

Based on the unique Harbour Mice® (including both H2L2 and HCAb fully human transgenic mouse platforms), HBICE™ platform and single B-cell technology platform of HBM, the Company has established a full platform of antibody drug discovery technologies, including single B-cell cloning, second-generation sequencing, bioinformatics, unique immunization technologies, protein science, yeast/phage/mammalian cell display technologies, and antibody engineering technologies, to effectively accelerate the development of innovative antibody drugs.



## 1. About HBM

Technology platform	Description
Harbour Mice®	Transgenic mice are becoming one of the most powerful engines for biopharmaceutical R&D because of their potential to produce fully human antibodies. The majority of fully human antibodies approved in the US to date have been developed using the transgenic mouse platform. In particular, the H2L2 platform is capable of producing classic fully human antibodies, while the HCAb platform produces a wide range of stable all-human pure heavy chain antibodies (HCAb) and derived human VH single structural domain fractions, allowing us to prepare novel multi-specific, multivalent antibodies in a simplified structure with a relatively small molecular size and fewer polypeptide chains.
HBICE™	Based on the HCAb platform, our proprietary HBICE™ (HCAb-based Immune Cell Interface) platform allows the rapid development of multiple specific antibodies to redirect immune cells to the tumor microenvironment (TME) for tumor eradication.
Single Cell Technology Platform	Single-cell technology is widely used in biological research. We introduced Berkeley Lights' advanced Beacon® optofluidic technology and established a single cell screening technology platform, which currently focuses on single B cell clones to enhance our all human antibody discovery capabilities and single-cell analysis for translational cancer research.



## 1. About HBM

### BUSINESS COOPERATION

External cooperation is an important part of HBM's strategy. HBM has established R&D centers in the US, Europe and China to serve the world with regional innovations.

#### Co-development

- Using fully-human antibody discovery capabilities and clinical development strengths of the Harbour Mice® technology platform, we work with partners with unique resources and strengths to research and/or co-develop and commercialize innovative biologics.

- Partners:  科伦药业  正大天晴  abbvie  VIR  
 Utrecht University  Erasmus MC

#### Project cooperation

- **External licensing:** Developing a series of first-in-class or best-in-class antibody candidates at different development stages, and licensing certain products to partners to maximize the value of the products and facilitate the concentration of resources to rapidly advance R&D progress in the areas of interest.

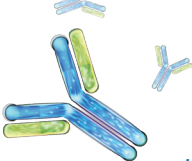
- Partners:  abbvie  华兰生物 HUALAN BIO  Teva

- **Project launch:** Regional or global interests in pre-clinical or clinical stage projects with first-in-class or best-in-class potential from other biopharmaceutical companies to enhance our product pipeline in oncology immunology and autoimmune diseases.

- Partner:  HANALL

- **Technology licensing:** Harbour Mice® includes two transgenic mouse platforms, H2L2 and HCAb, which are widely used by over 45 companies and research institutions worldwide.

- Partners:  Innovent 信达生物制药  Lilly



## 1. About HBM

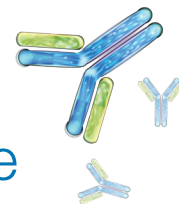
Joint-venture projects

- Partners have been selected based on their unique knowledge of, and insight into, specific diseases or technologies, and have been chosen to enter into joint ventures to explore innovative projects that address unmet medical needs. A number of joint ventures have been initiated for collaborative discovery, development and commercialization of rare diseases, for example, bringing together a wide range of technologies and resources for collaboration.

R&D institutional cooperation

- Combining the strengths of R&D organizations' early discovery and translational capabilities with the strengths of HBM's technology platform and clinical development, allowing promising drug targets to be fast-tracked to the next stage of development.

- Partners:   



## 2. Responsible Governance

HBM actively fulfills its social responsibility and improves its corporate governance system to ensure efficient and compliant operations. We integrate our corporate philosophy and mission into our business strategy, and continuously optimize our work related to corporate and ESG governance.

### 2.1 CORPORATE GOVERNANCE

The Group attaches great importance to compliant and efficient corporate governance and strictly complies with 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 have established a standardized corporate governance structure and a sound internal control system to ensure maximum protection of the interests of shareholders and equity holders.

#### BOARD COMPOSITION

The Group has a three-tier governance structure, comprising general meetings, the Board and management. The Board consists of an Audit Committee, a Remuneration Committee, and a Nomination Committee. The chairperson and members of each committee are appointed by the Board. During the reporting period, we held one Board meeting and one Remuneration Committee meeting.

Audit Committee	• Assists and advises the Board in developing open and transparent arrangements for financial reporting, risk management, and internal-control principles
Remuneration Committee	• Advises the Board and senior management on the Group's remuneration policy and structure, evaluates the performance of the Board and senior management, and reviews and approves incentive plans, and other terms and conditions
Nomination Committee	• Advises the Board on suitable candidates to serve as directors of the Company, and monitors and evaluates the performance of the Board

We place particular emphasis on the diversity of our Board in terms of gender, background and area of expertise. As of the end of the reporting period, the Group's Board consisted of eight directors, including three independent directors, one female director and four directors with PhDs, all of whom have extensive industry experience, thus providing a holistic and integrated perspective and outlook to enhance corporate decision-making.

## 2. Responsible Governance

Name	Category of directors	Gender	Education background	Experience and competence		
				Industry experience	Financial management	Risk management
Wang Jingsong	Executive Director	Male	PhD in Molecular Pharmacology	✓		
Liao Maijing	Executive Director	Male	PhD in Biochemistry and Biophysics; MBA	✓	✓	✓
Qiu Yumin	Non-Executive Director	Male	MBA in Finance		✓	✓
Wang Junfeng	Non-Executive Director	Male	MBA		✓	✓
Chen Weiwei	Non-Executive Director	Female	Master of Management	✓	✓	✓
Robert Irwin Kamen	Independent Non-Executive Director	Male	PhD in Biochemistry and Molecular Biology	✓	✓	✓
Ye Xiaoping	Independent Non-Executive Director	Male	PhD in Immunology	✓		
Yau Ka Chi	Independent Non-Executive Director	Male	Professional diploma in Company Secretaryship & Administration		✓	✓

### BUSINESS ETHICS

HBM adheres to the principles of fairness and compliance in external cooperation. The Company has set up a procurement department and a quality department to strictly regulate business practices in its operations. We maintain legal compliance in negotiations, document management, and information exchange with the assistance of external lawyers and our internal legal department. The Company has yet to launch any products and will form a commercial team to set up a marketing plan before products are launched. We have established an anti-fraud internal control system by setting up reporting and complaint channels as well as taking corresponding measures against fraud. Whistleblowers including employees and business partners can file complaints and reports on breaches of professional ethics through the reporting telephone hotline, via email or by post. The Legal Department of the Company will report the case to the management within 2 working days after receiving the reports, conduct relevant investigations as well as take remedial and corrective measures in a timely manner. We also plan to conduct regular compliance training for our commercial team and partners during the course of our commercial activities. We promote compliance awareness and ensure that their business practices are in line with the Company's business ethics and all legal requirements. During the reporting period, the Group was not involved in any litigation cases related to corruption. For details about the Company's executive compensation, please refer to HBM Annual Report 2020.

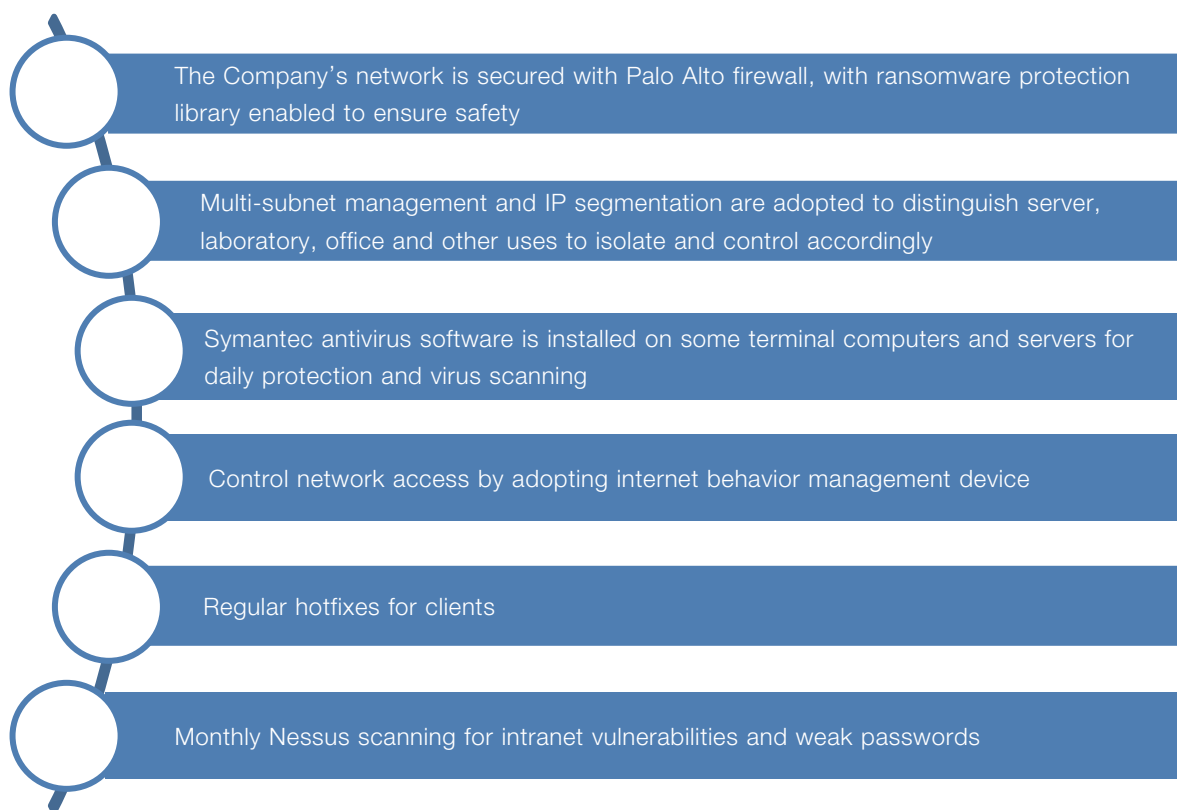


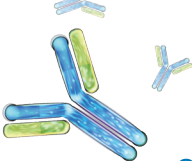
## 2. Responsible Governance

### RISK MANAGEMENT

HBM established a Risk Management Team, with senior management as core members, to regularly communicate and develop potential risk management response mechanisms and to report to the Audit Committee on a regular basis. Through a process-oriented system of time grading, crisis management, efficient communication, and tracking management, we take advantage of our internal strengths and actively engage in effective communication with the media, investors and various other stakeholders. To further manage operational risks and potential negative news, we have a comprehensive public opinion monitoring system to monitor in real time both positive and negative news on policy topics from China to global, industry developments, and the Company itself.

HBM prioritizes cybersecurity management. We have a range of initiatives in place to protect information security and trade secrets of the Company, employees, patients, subjects and partners.





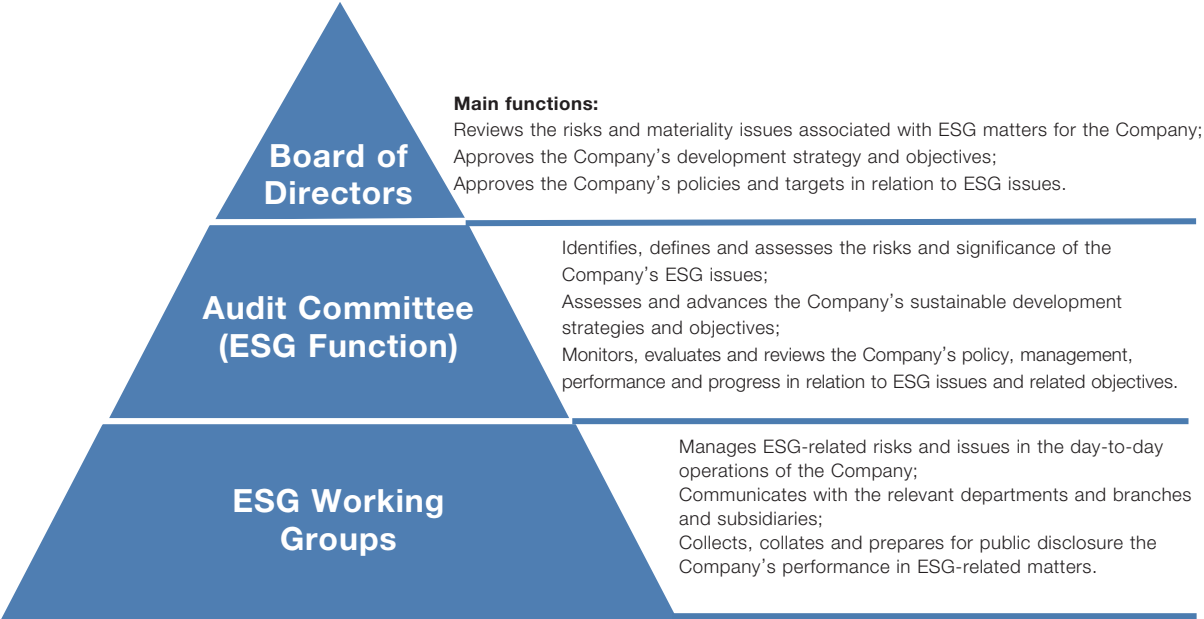
## 2. Responsible Governance

### 2.2 ESG GOVERNANCE

Based on our corporate vision of “Innovative medicines for healthy life”, we are committed to integrating the concept of sustainable development into our strategic development and daily operations to continuously improve our sustainable management system and structure. In addition, we have continued to enhance our ESG management system by maintaining communication and interaction with our equity holders to achieve long-term corporate value for all parties.

#### ESG GOVERNANCE STRUCTURE

To ensure the effectiveness of our ESG management and to promote the stable long-term development of the Group, we added an ESG function to our Audit Committee, forming a three-tier ESG governance structure, consisting of the Board, the Audit Committee (which includes the ESG function), and the ESG Working Group. The main functions of each ESG level are shown in the following table;



**ESG governance structure and key functions**



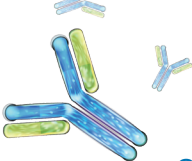
## 2. Responsible Governance

### STAKEHOLDER COMMUNICATION

To provide an objective and comprehensive assessment of the ESG performance of HBM, the Group adopts appropriate communication channels for different stakeholders to learn about their needs in depth and actively respond to their views and needs through action.

The Group communicates with significant stakeholders primarily through the following means:

Stakeholders	Topics of interest	Communication channels
Shareholders and Investors	Board Involvement in ESG Management	<ul style="list-style-type: none"> <li>– General meeting of shareholders</li> <li>– Earnings presentation</li> <li>– Roadshow events</li> </ul>
	Compliance with Business Ethics	<ul style="list-style-type: none"> <li>– Investor research activities</li> <li>– Investor mailbox</li> </ul>
	Operational Risk Management	<ul style="list-style-type: none"> <li>– Company announcement</li> <li>– WeChat public website</li> </ul>
	Industry Trends	<ul style="list-style-type: none"> <li>– Investor forum</li> </ul>
	Technology and Innovation	
Government and Regulatory Bodies	Compliance with Business Ethics	<ul style="list-style-type: none"> <li>– Press releases/information bulletins</li> <li>– Regular communication</li> </ul>
	Operational Risk Management	
	Energy and GHG Emissions Management	
	Emission Management	
	Water Use Management	
Staff	Materials Use Management	
	Employee Diversity, Equity & Inclusion	<ul style="list-style-type: none"> <li>– Suggestion box</li> <li>– Team building activities</li> <li>– Townhall meeting</li> </ul>
	Employee Health and Safety	
	Employee Training and Development	
	Employment Policy	
	Employee Compensation and Benefits	



## 2. Responsible Governance

Stakeholders	Topics of interest	Communication channels
Communities and the General Public	Philanthropy and Community Contributions	– Carrying out pro bono activities – Focusing on the needs of patients and doctors
	Emission Management	– Regular visits
	Energy and GHG Emissions Management	
	Product Quality Control	
Suppliers	Compliance with Business Ethics	– On-site assessment – Supplier assessment
	Supplier ESG Management	– Technical training
Partners	Product Quality Control	– Technical meetings – Online communication
	Intellectual Property Protection	– Industry communication meetings
	Innovative R&D	
Clients	Product Quality Control	– Customer satisfaction survey – Customer-complaint handling
	Customer Privacy Protection	– Brand-promotion sessions

We attach particular importance to investor communication and strictly comply with the provisions of the Listing Rules on “Disclosure of Information” and “General Disclosure Obligations”, and maintain active communication with investors.

Since HBM’s establishment, we have organized various types of investment activities to provide useful, transparent and timely investment channels and information to investment-related parties to ensure the effective and timely delivery of Company’s information. Through active communication and information disclosure, HBM has established a good relationship with investors and has won the trust and support of more and more equity holders.



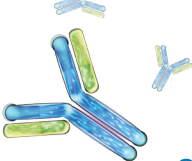
## 2. Responsible Governance

### ANALYSIS OF MATERIALITY ISSUES

HBM is committed to building stable, long-term, and mutually trusting relationships with our equity holders to achieve a win-win situation and maximize value. During the reporting period, in addition to maintaining daily communication with our equity holders, we conducted interviews and questionnaires with them to understand their ESG concerns about HBM. We combined this with the current state of the industry and corporate operations to work out the year's ESG materiality matrix. We identified seven highly important ESG issues, located in the top right corner of the matrix below. These highly significant issues are common to all stakeholders and the Group, so they will continue to be the focus of future ESG developments.

The following matrix indicates HBM's materiality issues during the reporting period:





## 2. Responsible Governance

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



## 3. Value Innovation

With the vision of “innovative medicines for healthy life” and the aim of satisfying patient needs, HBM has continued to invest in product development and technological innovation, and to accumulate technological strength and innovation capability. Through independent R&D, joint development and diversified collaboration, we have rapidly built a differentiated advantage and a rich pipeline of innovative products. We aim to promote the robust development of China’s pharmaceutical innovation and the upgrading and transformation of the biopharmaceutical industry.

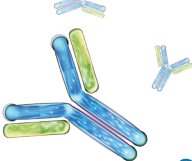
### 3.1 COMMITTED TO R&D

R&D and innovation are the core competencies of biopharmaceutical companies. HBM regards them as essential to our long-term development. As aforementioned, our outstanding discovery platform works as an engine to steer efficient internal innovation forward, and to connect to global resources and empower the industry. In addition, our R&D team covers the entire process of drug production technology R&D, including cell line development, cell culture process optimization, protein purification process development, and prescription screening and filling process development, with analytical science running through the entire process. The project management team is responsible for coordinating and planning the collaboration with biopharmaceutical contract development and manufacturing platforms. The operations management team is in charge of ensuring that the entire process complies with the relevant regulatory requirements of the government and drug regulatory authorities, and of enforcing HBM’s internal rules and regulations. We are particular about subject rights. Our clinical research data protection policy strictly complies with the rules and regulations of National Medical Products Administration to protect the privacy of subjects.

#### INNOVATIVE R&D

HBM adheres to platform construction, commits to the discovery, development and commercialization of novel antibody therapeutics, empowering the global R&D of novel drug innovation and accelerating the industry innovation of antibody therapeutics. Harbour Mice® platform is a fully-human transgenic-mouse platform with worldwide intellectual property protection, which has the potential to generate fully-human, affinity-proven classical antibodies with excellent drug-forming properties. The platform has a wide range of applications and the potential to generate fully-human, classical antibodies with mature affinity and excellent druggability, as well as next-generation novel antibodies. We have built a comprehensive platform of antibody drug discovery technologies around HBM’s unique Harbour Mice® platform to effectively accelerate the development of innovative antibody drugs.

The Harbour antibody platform, including the HBICE™ platform and the efficient screening platform Beacon® as key technology extensions, is equipped with a suite of technologies to enhance or amplify the efficacy of antibodies. Through extensive in-house R&D over the years, our Harbour antibody platform has evolved from a technology platform for the generation of traditional antibodies to a platform that facilitates the discovery and development of differentiated antibody therapies for immune and oncology diseases, addressing large unmet medical needs. In addition, we are further harnessing the power of artificial intelligence (AI) and computer engines to drive efficient innovation. During the first half of 2021, HBM launched a strategic partnership with BioMap, founded by Baidu founder Robin Li, to bring AI technology into biopharmaceutical innovation and co-develop for challenging targets widely recognized by the pharmaceutical industry.



### 3. Value Innovation

The Harbour antibody platform has been integral to our rapidly growing business. The H2L2 platform is capable of generating classic fully human antibodies, a technology that avoids the complex process of humanization and guarantees the risk of immunogenicity of the product while enhancing the affinity of the molecule. A number of biopharmaceutical companies around the world use the H2L2 platform for drug R&D. The platform has generated several clinical-stage programs worldwide. The HCAb (heavy chain antibody) platform, which generates multiple, stable, fully human HCAb-derived VH single-domain units, enables the development of novel multi-specific multivalent antibodies with a simple structure, relatively small molecular size, and fewer peptide chains. With the know-how accumulated from the HCAb platform, we have developed the HBICE platform in-house and are capable of manufacturing a wide range of novel immune cell articulator bispecific antibodies based on HCAb.

The Harbour antibody platform has enabled us to develop our own differentiated drug candidates, most notably our next generation CTLA-4 asset HBM4003 (generated from the HCAb platform), our new coronavirus neutralizing antibody HBM9022 (generated from the H2L2 platform) and a series of differentiated novel bispecific antibodies (generated from the HBICE™ platform).

<p><b>HBM New-generation anti-CTLA-4 antibody HBM4003 approved for new drug clinical trials in multiple countries</b></p> <p>During the reporting period, HBM4003, our next-generation anti-CTLA-4 antibody, was approved by the NMPA in China, the FDA in the US and the TGA in the Australia for new drug clinical trials. The product is the first fully-human heavy-chain antibody in the world to enter clinical trial studies with a differentiated mechanism of action, after demonstrating excellent anti-tumor activity in pre-clinical studies. The Company has initiated various clinical trials of HBM4003 in China and Australia for different solid tumor treatments.</p> <p>HBM4003 is the fully-human anti-CTLA-4 monoclonal heavy chain only antibody (HCAb) generated from Harbour Mice®. HBM4003 shows enhanced antibody-dependent cell cytotoxicity (ADCC) killing activity and is extremely specific to CTLA-4<sup>High</sup> Treg cells in tumor tissues. The potent anti-tumor efficacy and differentiated pharmacokinetics with durable pharmacodynamic effect present a favorable product profile. This novel and differentiated mechanism of action has the potential to improve efficacy while significantly reducing the toxicity of the drug.</p>
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### 3. Value Innovation

#### Batoclimab (HBM9161)

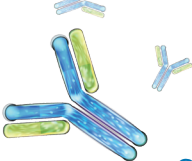
Batoclimab is the first FcRn inhibitor of its kind under development in Greater China. We have developed a portfolio-in-a-product development strategy for it, with the goal of bringing this all new therapy to patients in China by submitting the first BLA to the NMPA in 2022. The product can treat a wide range of autoimmune diseases, especially for diseases such as Myasthenia Gravis (MG) and Neuromyelitis Optica Spectrum Disorders (NMOSD), for which no treatment is available in China yet.

During the reporting period, batoclimab entered clinical development with multiple clinical approvals and several clinical trials (including pivotal registration trials) in progress.

#### The 25th National Eye Congress – Results of the clinical Phase II study of tanfenercept (HBM9036) eye drops

HBM announced the results of its clinical Phase II study of tanfenercept (HBM9036) eye drops in Chinese patients with moderate to severe dry eye disease at the 25th National Eye Congress.

The incidence of dry eye disease is increasing annually because of the global ageing population, frequent use of smartphones, and environmental micro-dust pollution. Tanfenercept (HBM9036) is an innovative TNF receptor 1 fragment for patients with moderate to severe dry eye disease, which is molecularly engineered to alleviate dry eye symptoms. The rapid onset of action, significant efficacy, excellent tolerability and comfort of tanfenercept in proof-of-concept and comparable trials in China provide strong support for Phase III registration clinical trials in China, enabling the development of this innovative treatment option to meet the needs of patients as early as possible.



### 3. Value Innovation

Promoting the progress of the pharmaceutical industry and leading innovation	
HBM won the Kunpeng Award in “China’s Biopharmaceutical Industry Chain Innovation Billboard”	HBM was selected “The Excellent Case of Advanced Enterprises in 2020 Science and Technology Innovation by People.cn”
<p>In September 2020, the “2020 Nanjing International New Medicine and Life Health Industry Innovation and Investment Summit”, hosted by the Nanjing Municipal People’s Government, released the “China Biopharmaceutical Industry Chain Innovation Trend List”. HBM was awarded the first “Kunpeng Award” for the most promising key public technology platforms and R&amp;D institutions.</p> <p>The Harbour Mice® technology platform is the world’s leading engine for innovative biologics discovery. It has gained widespread use and recognition from the world’s leading academic institutions, research units and renowned multinational pharmaceutical companies, and has created flexible conditions for a multifaceted collaboration model between HBM and its industry partners, thus becoming an accelerator of innovation for the industry.</p>	<p>In October 2020, the People’s Network hosted the “2020 Science and Technology Innovation Enterprise Frontier Summit and the First People’s Network Science and Technology Innovation Enterprise Excellent Case Release” event. After the pre-selection of cases, online defense and expert evaluation, HBM was selected “The Excellent Case of Advanced Enterprises in 2020 Science and Technology Innovation by People.cn”.</p> <p>Based on its insight into bottlenecks in the industry, HBM has established extensive collaboration with more than 45 industry and academic partners around the world in a diversified model. This synchronization with the world’s top science and technology institutions has leveraged the powerful antibody development capabilities of HBM’s fully human antibody platform to empower China’s leading innovative biopharmaceutical companies.</p>
	



### 3. Value Innovation

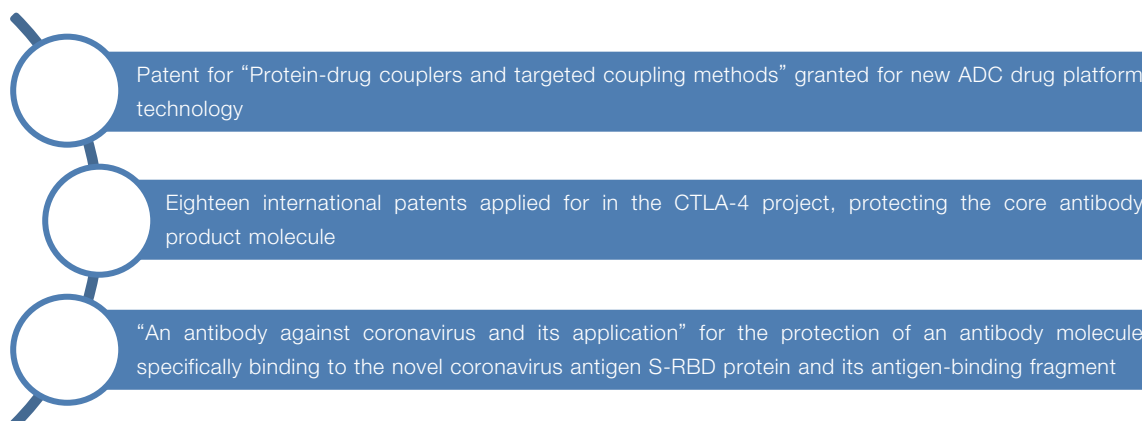
#### INTELLECTUAL PROPERTY PROTECTION

HBM respects the scientific & intellectual achievements of every R&D member. We formulated an Intellectual Property Protection Management System in accordance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Writings Law of the People's Republic of China*, and other relevant laws and regulations to regulate the management of, and effectively protect, the Group's intellectual property rights.

HBM encourages all of its employees to actively transform their R&D results into patent applications to protect technical secrets and increase their motivation to innovate on their own. We developed an intellectual property rights (IPR) reward and remuneration scheme for our employees to stimulate their active innovation while strengthening their autonomy in the maintenance of IPR and R&D results.

In order to improve the management, protection and application of IPR, we provide promotion and training related to IPR to strengthen employee legal compliance and awareness of IPR. During the reporting period, we conducted basic IPR training and established a patent database for our employees to strengthen their awareness of patent drafting and IPR protection by teaching them the basic concepts of patents, patent applications, patentability determination, and related topics.

During the reporting period, HBM was granted four patents for inventions and owns more than 200 exclusive patent licenses. As at the end of the reporting period, the Group had been granted five patents and two registered trademarks.





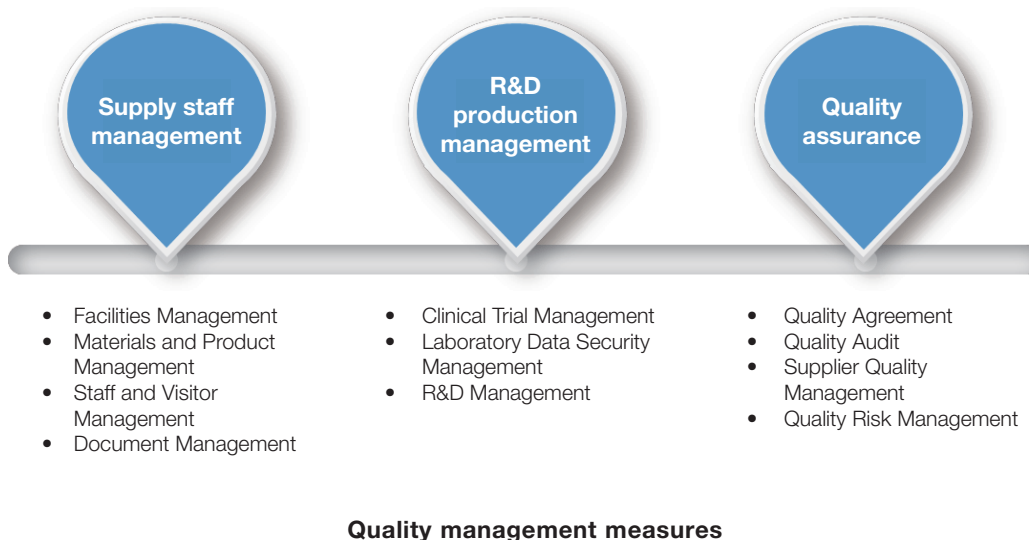
### 3. Value Innovation

#### 3.2 EXCELLENT QUALITY

HBM is highly concerned about product quality and safety, and strictly abides by all related laws and regulations, such as the *Law of the People's Republic of China on Product Quality* and the *Law of the People's Republic of China on Drug Administration*. Through a comprehensive management system and strict quality assurance measures, we constantly improve product quality, and provide safe and effective products for patients and consumers.

##### 3.2.1 QUALITY MANAGEMENT

A strict and standardized quality management system is the foundation for safeguarding product quality. The Group strives to constantly improving its quality management system that covers the entire product life cycle, with comprehensive quality control and monitoring in the full process of pharmaceutical research, clinical trial and development, as well as production and preparation to ensure product compliance. During the reporting period, we established a comprehensive quality management system, and promulgated and updated a series of management standard documents one after another to continuously regulate business practices and enhance product quality.





### 3. Value Innovation

Through our quality management system, we have built a first-class quality management team with experienced and dedicated management staff, who are responsible for quality control during laboratory development, clinical trials, and drug manufacturing. In addition, we have an annual quality internal audit plan on a project basis, and continuously promote quality audits through cooperation with qualified outsourcing service providers.

#### Preliminary experiments

- Experimental researchers have professional international or national backgrounds and qualifications.

#### Clinical trials

- All studies are conducted in strict compliance with the *Criteria for the Quality Control of Clinical Trial of Drugs* (ICH standards and other strict standards depending on the local regulations of the country where the trial is conducted).
- Establishing strict scientific protocols (including clear entry criteria, risk management plans, trial drug management requirements, adverse event reporting processes, and safety analysis mechanisms) as well as monitoring and auditing practices to ensure patient safety, and data integrity and reliability.
- Holding regular, internal medical monitoring meetings and introducing independent data monitoring committees where appropriate to analyze and provide feedback on problems and risks in the existing data, while adjusting trial direction in a timely manner to ensure patient safety, and data integrity and reliability.

#### Pharmaceutical production

- Planning to promote the construction of a large-scale production base and obtaining product certification.
- Continuous improving production quality control, product traceability, supplier management and other work.

#### Quality assurance initiatives

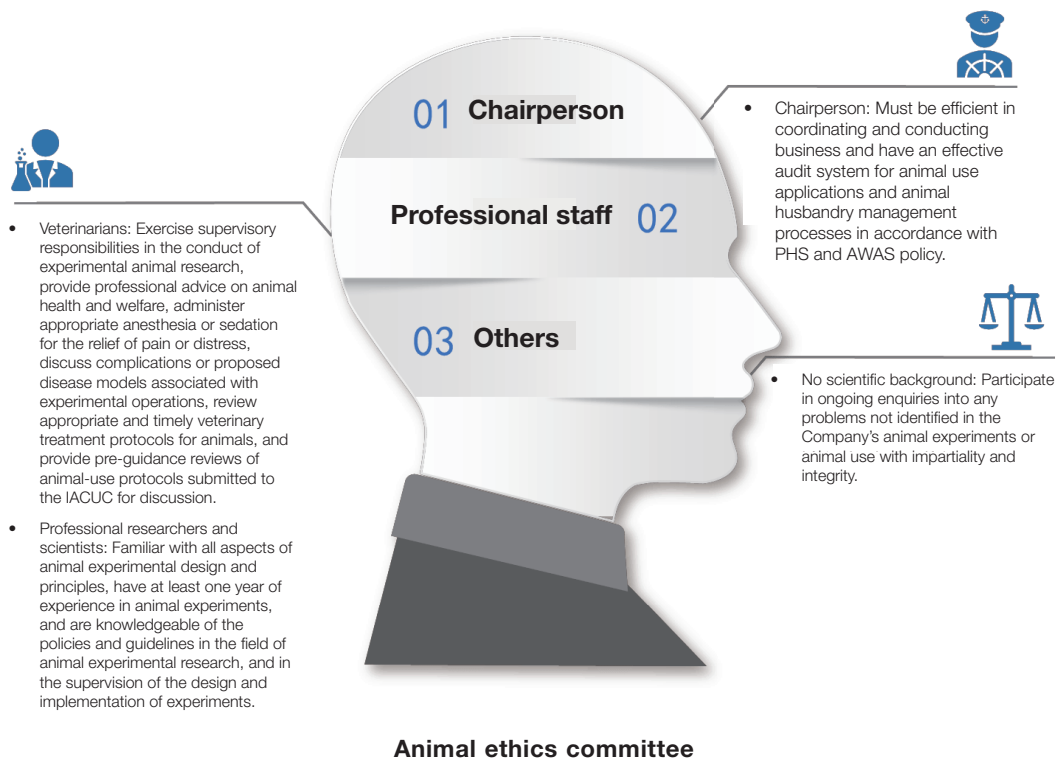
In order to ensure that our work processes comply with the management system requirements, we arrange quality training for staff to comprehensively raise the quality and safety awareness of all HBM employees. Through self-learning, and internal and external training, we continue to promote a high-quality culture and plan to carry out quality culture promotion activities in 2021 with wider coverage and richer content to integrate quality and safety awareness into our daily work.



### 3. Value Innovation

#### 3.2.2 ANIMAL WELFARE

As scientists, we always have respect and gratitude for the animals that give their lives for human scientific research, and we are fully committed to maintaining the basic welfare of laboratory animals in respect of physiology, psychology, environment and hygiene. We strictly comply with all applicable national and regional laws and regulations related to laboratory animals, and constantly improve and update our management system and documents related to animal welfare. We established the HBM Institutional Animal Care and Use Committee (IACUC), which consists of the Chairman, veterinarians, scientists and other professionals, to strengthen supervision and management and promote the development and construction of our animal platform.





### 3. Value Innovation

System building	Qualifications	Overseeing implementation
<ul style="list-style-type: none"> <li>Establish regulations for the management of laboratory animals (applications for the use of rodents, specifications for animal blood collection requirements, specifications for pharmacological and pharmacodynamic tests, etc.)</li> <li>Establish IACUC regulations for the overall control of animal experimentation and animal welfare</li> </ul>	<ul style="list-style-type: none"> <li>Apply for laboratory animal management and ethical clearance before conducting any animal experiments</li> <li>Conduct regular qualification audits of the mice platform's breeding suppliers to ensure compliance</li> </ul>	<ul style="list-style-type: none"> <li>Supervise and manage animal experimentation related activities, personnel, sites, experimental data, etc. in accordance with the management system, IACUC manual, and the relevant laws and regulations</li> <li>Conduct monthly meetings to discuss and rectify relevant problems</li> </ul>

#### Animal welfare protection initiatives

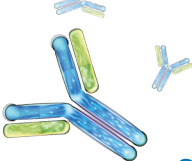
### 3.3 RESPONSIBLE SOURCING

HBM adheres to the intertwined principles of honest cooperation and common development, and continuously optimizes supply chain management. The Group has established a comprehensive supply chain management system, including a supplier access system, a supplier evaluation system and a supplier control process. We place great emphasis on responsible sourcing and include a commitment to business ethics at every stage of the procurement process.

#### MANAGEMENT SYSTEM

HBM is committed to conducting legal, reasonable and efficient procurement activities. We formulated and implemented the *Guidelines for Communication with External Stakeholders*, which clarifies the behavioral requirements of relevant personnel in each functional department when interacting with external experts and external stakeholders, including integrity, compliance, and commercial hospitality. In addition, we actively take relevant initiatives to minimize the environmental impact of the trade of clinical products imported from around the world.

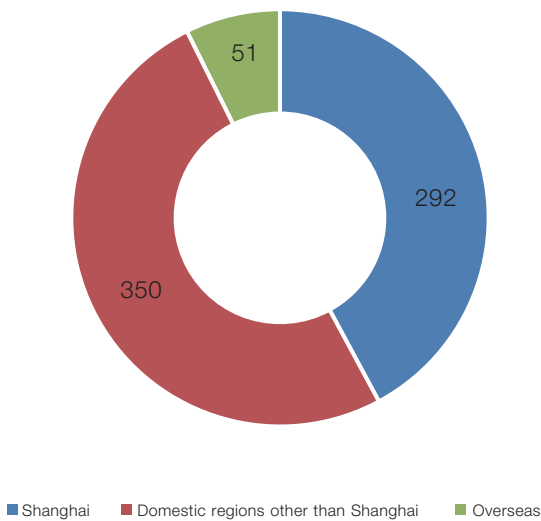
In order to standardize the procurement process, strengthen supplier access management and establish a sound supplier management system, we developed and implemented the *Indirect Materials and Services Procurement Process*. This clarifies the scope of materials and services procurement, ethical and compliance requirements for procurement personnel, the responsibilities of each functional department in the procurement process, the procurement process, and supplier management procedures.



### 3. Value Innovation

We have clearly defined the supplier screening process, supplier establishment and grading evaluation system in the *Indirect Materials and Services Procurement Process* to provide more comprehensive guidelines for the Group to source excellent suppliers. Before supplier establishment, we carry out qualification audit and make an integrated assessment with the basic information of suppliers, project experience, project completion quality, cost, etc. We then compile an assessment summary and, if the supplier passes the assessment, we enter into the process of supplier establishment. As at 31 December 2020, we had 693 suppliers worldwide. The supplier breakdown by region is as follows:

Number of suppliers by region



During the performance process, we track and supervise the quality of products and services provided by suppliers. We formulate short-term and long-term solutions to the problems found during the performance process and record them in the Complaint Handling Tracking Form, and continuously follow up on the improvement measures of suppliers to ensure the problems are addressed. After performance, we conduct a comprehensive evaluation of the service quality and business of suppliers according to the Supplier Performance Evaluation Form. Then we put the suppliers into three categories, preferred, average and not recommended. During the reporting period, we conducted annual performance evaluations of 50 key suppliers, and conducted reviews of suppliers with production quality issues, including 20 SBR laboratory reviews, 10 annual summary reviews, and 20 quality inspections.



### 3. Value Innovation

HBM adheres to transparent and legal procurement and resists any unfair competition or corruption in the procurement process and supplier performance. We sign the Compliance Commitment Letter for Suppliers with all suppliers, and incorporate business ethics dimensions into the inspection of different aspects of cooperation. We have a zero-tolerance attitude towards suppliers that have poor integrity or that violate the relevant terms of the Compliance Commitment Letter. Suppliers that provide false information, compete improperly or unfairly, employ underage personnel, use illegal labor, or engage in commercial bribery or unethical business practices are blacklisted, and all business dealings with them are terminated. In addition, to achieve electronic, transparent and traceable data for the processing of procurement requirements, price enquiries and other processes, procurement activities are carried out in the office automation (OA) system.

#### COMMUNICATION

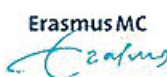
During the course of a project, we communicate via email and telephone to ensure consistency and the smooth running of the project. In addition, we conduct supplier training to enhance supplier awareness of the importance of compliance and quality, while improving their work skills to continuously optimize the quality of our products and services.

#### 3.4 INDUSTRY SYNERGIES

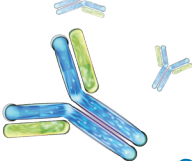
HBM endorses the concept of “leadership development”. By integrating the best innovation platforms, the most innovative product pipelines, and the most suitable partners in the three dimensions of technology, projects and collaboration, HBM is committed to addressing unmet clinical needs, promoting the overall innovation and R&D capabilities of global biopharmaceutical companies, and contributing to the healthy and sustainable development of the industry ecosystem.

#### PARTNERING TO WIN

HBM is an innovative biopharmaceutical company. External collaboration and development have always been at the core of our strategy. With R&D centers in the US, Europe and China, we strive to build a global ecosystem of high-quality collaboration to enhance the overall level of drug development in the industry.



Global cooperation ecosystem



### 3. Value Innovation

Since the establishment of our platform, we have worked closely with renowned multinational pharmaceutical companies, such as Abbvie, Eli Lilly and Pfizer, emerging biopharmaceutical companies, such as BeiGene and Innovent, and traditional domestic pharmaceutical companies, such as Kelun Industry Group and Hualan Bio. We aim to take advantage of our complementary resources and advantages through collaborative R&D, project licensing, and project introduction to jointly promote the vigorous development of the biopharmaceutical industry.

#### **HBM - Hualan Biological Engineering, Inc. (Hualan Bio) strategic cooperation projects**

During the reporting period, we entered into a strategic collaboration agreement with Hualan Bio for the development of three innovative monoclonal antibodies and bispecific antibodies for various oncology therapeutics developed by HBM. Under the agreement, we granted Hualan Bio an exclusive license to develop, manufacture, and commercialize these projects in Greater China, and the two companies will collaborate in various areas of preclinical and clinical development and drug manufacturing.

This project marks the first industrial endorsement of HBM's HBICE™ (Heavy Chain Antibody (HCAb)-based on Immune Cell Articulator Antibody) platform and enables us to leverage the superior resources of both parties to jointly move our products to market and achieve industrial empowerment.

#### **HBM and Vir Biotechnology (NASDAQ: VIR) form a strategic partnership to develop innovative therapies for oncology and infectious diseases**

During the reporting period, we entered into a strategic partnership with Vir Biotechnology, a clinical-stage immunology company, for the early discovery, development, and commercialization of innovative therapeutic molecules targeting the oncology and infectious disease sectors. The Company will use several of its next-generation technologies, including its own transgenic mouse platform, Harbour Mice®, to collaborate on the development of antibodies for this purpose. The two companies will combine their respective expertise in basic science to accelerate research into innovative immunotherapeutics and further advance the clinical development of collaborative projects in oncology and infectious diseases.



### 3. Value Innovation

#### HBM and Viva Biotech form a strategic partnership on incubating innovative drug companies

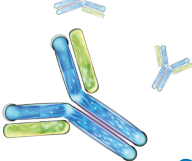
During the reporting period, we entered into a strategic partnership with Viva Biotech, in which both companies will integrate their respective resource strengths in drug discovery and participate in the incubation of innovative biologics companies. The partnership combines H2L2's leading, globally patented H2L2 fully humanized antibody transgenic mice platform and international innovative biologics development experience with Viva Biotech's structure-based early drug discovery services. The two companies will participate in the incubation of innovative biologics companies through an EFS (exchange of services for equity) and scientific incubation model to create effective, complementary and synergistic effects at the technology level, thus jointly accelerating their new drug development process.

#### INDUSTRY DEVELOPMENT

We are actively involved in industry exchanges and knowledge sharing in parallel with our commercial partnerships, joining hands with the community to develop together and create more value for patients and consumers. During the reporting period, we participated in a series of healthcare industry conferences through online videos, forums and offline lectures.

#### Conference List

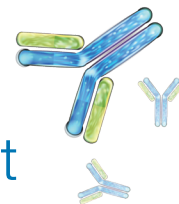
JPM Meeting
MSQ Webinar
Healthy China International Public Health Management Training Theme Workshop
Public Health Management Training Seminar
Tung Po Chau Forum
Lecture at Hong Kong Baptist University
DIA webinar: COVID-19: Experts from China Speak on Conducting Clinical Trials During the Pandemic
DIA China ACC Meeting
2020 BDIC Conference (Big Data Industry Conference 2020)
Nanjing New Medicine and Life Health Coordinates
PhIRDA Expanded Meeting of the Second Session of the 11th Council
The 5 <sup>th</sup> China BioMed Innovation and Investment Conference
People.cn 2020 Technology Innovation Enterprise Frontier Summit
2020 DIA Annual Meeting (2020 Drug Association Annual Conference)
2020 West Lake Forum on Pharmaceutical Innovation



### 3. Value Innovation

In addition, we are committed to promoting the building of industry-academia research by collaborating with highly sophisticated universities and research institutions around the world. This provides a platform for a wide range of outstanding research talent and promotes the industry’s talent pool, while constantly exploring new areas of research to promote the success of the medical industry.

Collaboration with Utrecht University to drive the development of innovative COVID-19 fully human monoclonal antibody
<p>During the reporting period, the Group worked with scientists from Utrecht University and Erasmus University Medical Centre in the Netherlands to study fully human antibodies that effectively block novel coronavirus-infected cells. This new fully human antibody was discovered by our H2L2 fully human antibody transgenic mice platform, which does not need to go through the humanization process and reduces possible side effects because of immunogenicity. Because its binding site is different from that of most other antibodies, this antibody is expected to be the best option for “antibody cocktail therapy” (highly effective antiretroviral treatment).</p> <p>The rapid progress of this project relies on our excellent R&amp;D team and university partners, the strength of our fully-human antibody discovery platform, and our partner AbbVie’s world-leading expertise in antibody and antiviral drug development. With clinical trials underway, the project is expected to contribute to human health by becoming an effective weapon in the fight against the coronavirus in the future.</p>



## 4. Attracting Talent

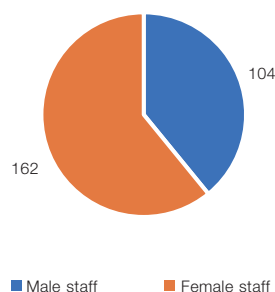
We adopt people-oriented methods and recruit talent through multiple channels. We appreciate the value of our employees and actively protect their rights and interests. We pay attention to staff development, strive to create a diversified training system, fair and transparent promotion channels, and encourage our employees to grow with the Company. We attach great importance to, and constantly improve, staff health and safety, and create a healthy and harmonious working environment. We listen carefully to feedback from our employees, continue to communicate and show our care, and are committed to winning the loyalty of, and developing a sense of belonging among, our employees. We work together to build a business community for the long-term stable development of HBM.

### 4.1 DIVERSIFIED EMPLOYMENT

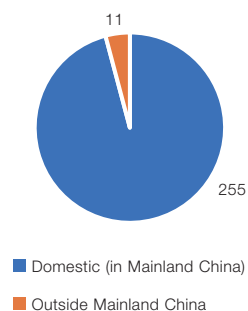
The sustainable development of an enterprise cannot be achieved without high-quality talent. The Group adheres to a fair and equitable employment philosophy and strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and other laws and regulations. HBM has formulated internal documents, such as the *Employee Handbook* and the *Job Grade Management Regulations*, and makes employment-related decisions in accordance with equal employment opportunities. We are committed to creating a diverse working environment, according to our internal recruitment management system. We have standardized the recruitment process, eliminated any discrimination on the grounds of ethnicity, nationality, religion, gender, age and disability, and rejected the use of child or forced labor. If irregularities are discovered, we deal with them and the personnel involved in strict accordance with the relevant procedures. As at the end of the reporting period, there were no incidents of child labor or forced labor employed by HBM.

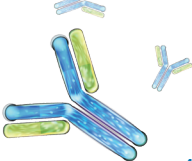
During the reporting period, 118 new employees were recruited by the Group. HBM had 266 employees in service at the end of the reporting period, of which 248 are full-time employees.

Number of employees by gender



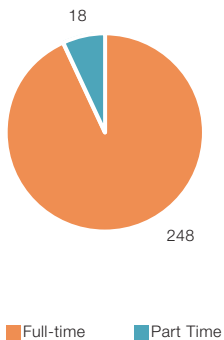
Number of employees by region



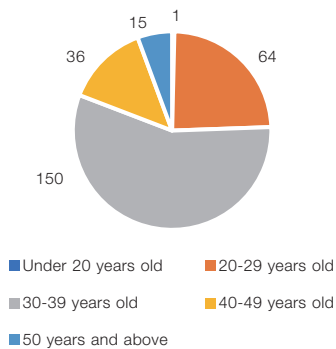


## 4. Attracting Talent

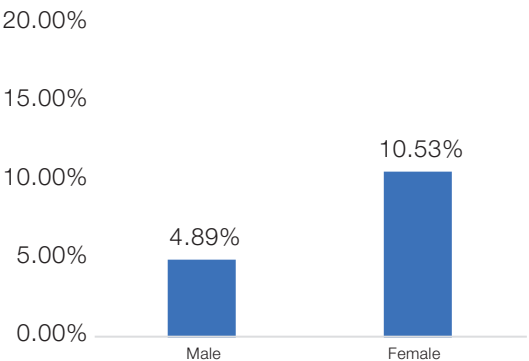
**Number of employees by type of employment**



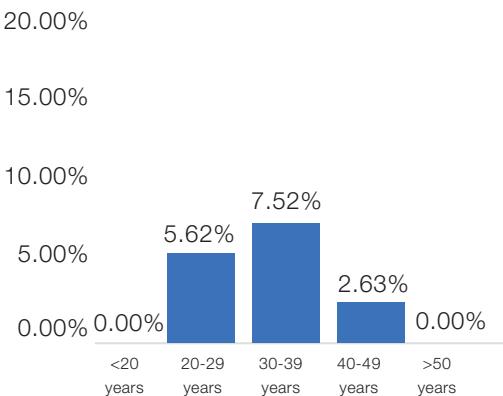
**Number of employees by age**



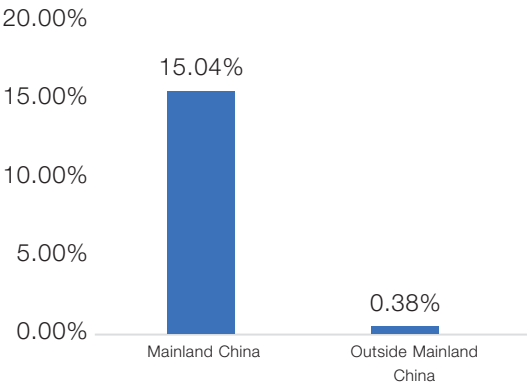
**Staff turnover rate by gender**



**Staff turnover rate by age**



**Staff turnover rate by gender**





## 4. Attracting Talent

### REMUNERATION AND BENEFITS

We measure employee's basic salary based on the "market value" of a position and the individual's continuous performance, and we make salary adjustments and determine bonus amounts with reference to annual performance. In addition, we have a share option incentive scheme in place to attract outstanding talent and enhance the Company's competitiveness. We are committed to providing a competitive remuneration system and a comprehensive welfare system for our employees.

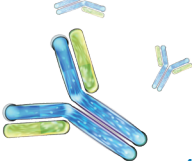
The Group purchases social insurance plans for our employees in accordance with relevant laws and regulations, and local government regulations, including pension, medical, unemployment, work injury, maternity and housing. In addition, to help employees continuously improve their physical and mental health, we organize free health check-ups for employees on a regular basis, issue festive gifts, such as coupons and shopping vouchers for female employees on Women's Day, and give congratulatory payments to female employees who give birth. This reflects our people-oriented care concept, and we continuously strive to enhance employee happiness in the workplace.

The Group operates on a standard 40-hour work week (eight hours a day, five days a week). HBM complies with national regulations on holidays. Employees are entitled to paid leave on statutory holidays, and are entitled to a different number of days of paid annual leave depending on their length of service. In addition, according to the *Employee Handbook*, employees who have completed their probationary period are eligible for 12 days of fully paid sick leave, marriage leave, three working days of bereavement leave, and maternity leave, in accordance with local government regulations.

### 4.2 PRECISE EMPOWERMENT

While the Group strives to enhance economic efficiency, we also focus on the enhancement and realization of employee value. We established *Job Grade Management Regulations* to optimize the selection and promotion of talent, to explore their potential, and to help them maximize their personal value in the workplace. We provide our employees with the opportunity to develop their careers through a variety of career development and promotion channels, as well as through internal promotion, job transfers, and organizational optimization. We encourage our employees to pursue multiple aspects of development. We also offer them the opportunity to apply for internal vacancies through our internal recruitment system, and to be promoted or internally transferred after a selection process, which includes internal applications and interviews. We are committed to providing rich learning resources and a comprehensive training program for all employees, expanding diversified learning channels by recommending training courses, sharing resource communities, providing expert team services, optimizing staff development platforms, cultivating high-quality work teams, and helping employees make continuous progress.

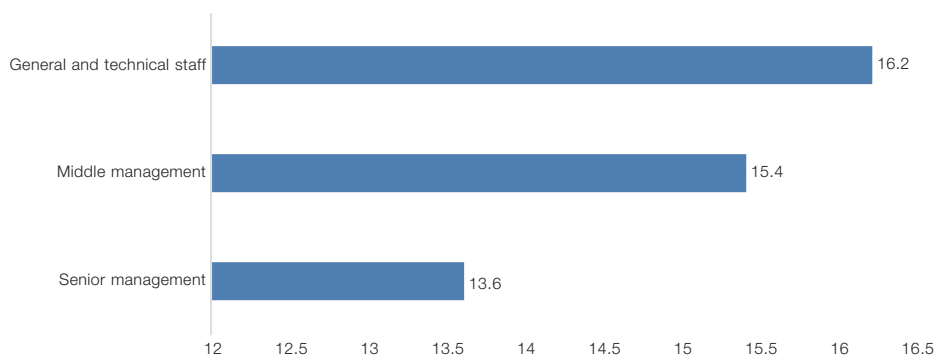
HBM adheres to the concept of "we continue to learn, grow and change". In addition to providing learning opportunities and training courses for employees, HBM has an education subsidy policy to provide quality training resources and overseas development opportunities for outstanding employees to achieve the common growth of both the employees and the Company.



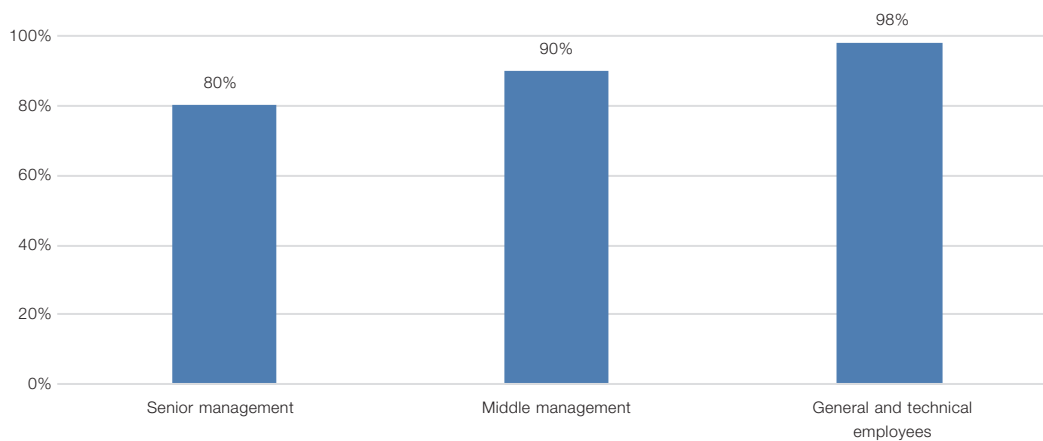
## 4. Attracting Talent

During the reporting period, we focused on different areas, such as academic knowledge and parent-child relationships. We conducted more than 50 training activities by organizing lectures and parent-child activities, with a total training investment of RMB232,000 and a cumulative total of 3,832 training hours.

**Average number of hours of staff training**



**Coverage of employees receiving training by rank**





## 4. Attracting Talent

### 4.3 SAFETY AND HEALTH

The Group cares about the occupational health and safety of our employees and is committed to creating a safe and healthy workplace. We strictly abide by the *Work Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Occupational Safety and Health Act* of the United States and relevant laws and regulations in other operations sites. We follow all local work safety regulations, and in conjunction with the requirements of the *Guidelines for the Preparation of Emergency Response Plans for Production and Safety Accidents in Production and Operation Units*, and the production characteristics and actual situation of the Group. We have compiled and issued institutional documents, such as the *HBM Pharmaceuticals Shanghai Safety Accident Emergency Plan*, the *HBM Pharmaceuticals (Suzhou) Limited Safety Accident Emergency Plan*, the *HBM Pharmaceuticals Shanghai Environmental Incident Emergency Plan*, and the *Suzhou HBM EIA Emergency Plan*. Based on the principle of “people-oriented, rapid response, unified command and division of responsibility”, we have strengthened the safety management of the enterprise and prevented accidents. We can quickly and effectively control and deal with the aftermath of emergencies to ensure the safety of production and operations and the lives and property of HBM employees.

We constantly refine and improve our occupational health and safety protection system, enhancing occupational health management in all areas and maximizing the protection of employees while regulating production. HBM is committed to creating and maintaining a safe and stable working environment by continuously improving the employee safety training system, strengthening employee safety management, and enhancing employee safety awareness.

During the reporting period, the number of hours of Environment, Health and Safety (EHS) training received by the Group's employees are as follows.

Item	Unit	Shanghai	Suzhou
Total number of hours of EHS training organized	Hours	1,680	408
Number of hours of EHS training per capita	Hours	24	12
Total number of employees receiving EHS training	Number	3,360	408

## 4. Attracting Talent

We have continuously increased our publicity and education efforts, making environmental protection, occupational health and production safety an important part of the training of new employees. We protect them from occupational hazards when dealing with most low-risk hazards. We signed the Notice of Occupational Disease Hazards with our employees, clearly informing them of the occupational disease hazards that may arise in the course of their work and their consequences, and occupational disease protection measures and treatment, requiring them to strictly comply with the occupational health management system and operating procedures. If employees suffer from an occupational disease, we will provide them with appropriate solutions, such as diagnosis and treatment of occupational diseases, in accordance with the requirements of relevant national laws and regulations. We ensure that all production and operations are carried out in a safe and healthy manner by issuing daily protective equipment to employees in relevant positions, installing safety warning signs in laboratories, issuing job descriptions for special positions, prohibiting violence in the workplace, and banning alcohol, drugs and smoking. Since the establishment of the Group, there have been no injuries or fatalities arising from work-related incidents.



Laboratory hazard signs



Occupational hazard signs

To prevent the spread of COVID-19 in our offices and research facilities, we implemented a comprehensive disease-prevention program and a range of protective measures. We did not have any suspected or confirmed cases of COVID-19 in our operating sites or among our employees in 2020.



## 4. Attracting Talent

Severe outbreak period	Regular management during pandemic
<input type="checkbox"/> Set up a pandemic management leadership group to guide the pandemic prevention work	<input type="checkbox"/> Strengthened reminders and requirements for staff on personal protection through email, WeChat groups, bulletin boards, etc.
<input type="checkbox"/> Tracked the outbound travel records and health status of employees and their immediate family members/co-residents	<input type="checkbox"/> Provided personal protective equipment for outbreaks
<input type="checkbox"/> Sent regular guidance notices such as vaccination guidelines to staff	<input type="checkbox"/> Required staff temperature checks before entering the office
<input type="checkbox"/> Required declarations and registration of employees returning to work	<input type="checkbox"/> Provided hand sanitizers and other pandemic prevention materials, and regular disinfection and ventilation
<input type="checkbox"/> Required temperature testing and registration of staff before entering the premises	<input type="checkbox"/> Required visitors to register for vaccination and temperature measurement
<input type="checkbox"/> Placed hand sanitizers in offices and laboratories, and enhanced disinfection and ventilation measures	<input type="checkbox"/> Arranged for staff to take the New Crown Nucleic Acid test in accordance with the pandemic situation
<input type="checkbox"/> Reduced visitor arrivals, and required health code verification, temperature testing, masking and other precautions for a limited number of visitors	

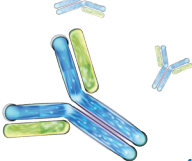
### 4.4 CONTINUOUS CARE

In addition to paying attention to the growth of our employees and occupational safety and health, HBM takes into full account the needs of our employees and provides them with a wide range of benefits and care. The Group collects opinions and suggestions from employees through various channels, is devoted to understanding their needs, continuously improves the employee care system, and strives to enhance the happiness and sense of belonging of its employees.

#### EMPLOYEE COMMUNICATION

HBM advocates the concepts of “no one knows your job better than you do, so you are the best person make improvement to your work or department” and “no two leaves are exactly the same” to its employees, embracing their diversity and recognizing the value they create.

The Group has developed an annual communication plan and adopted diversified channels to communicate the development direction and work requirements of HBM to employees, through annual parties, quarterly town halls, and weekly meetings. We give employees advance knowledge of future work and collect their feedback in a timely manner. We are committed to creating a transparent and efficient internal communication channel.



## 4. Attracting Talent

Open and honest communication is important for the effective implementation of the HBM philosophy. We embrace the diversity of our employees' views, encourage them to communicate proactively and confidently with their group leaders, and encourage all employees to make rational suggestions. We have also developed a comprehensive grievance process to encourage employees to report cases of unreasonable or unlawful internal treatment. In line with the principles of promptness, confidentiality and objectivity, we require the relevant departments to actively cooperate with investigations and evidence collection, and to respond to investigations within three working days to maximize employee satisfaction.

HBM widely collects employee opinions and feedback through various channels, such as staff meetings, roundtables, departmental manager meetings, departmental and inter-departmental meetings, internal websites, staff journals, anonymous office suggestion boxes, bulletin boards, and online social media. We use many of the requests and suggestions to improve and refine our systems to continuously stimulate the enthusiasm and creativity of our employees.

### EMPLOYEE CARE

HBM regards its employees as its most valuable asset and provides them with comprehensive care for both their physical and psychological health to enhance their sense of belonging and work satisfaction.

During the reporting period, we organized a variety of cross-departmental group activities and a number of group activities through the "HBM Club" to enhance the physical fitness of our employees and relieve work pressure.



## 4. Attracting Talent



**HBM team building activity**

In addition to team activities, we care about our employees' needs and difficulties, from family to work, and provide timely and comprehensive assistance, if needed. We have set up a nursing room in our office premises for the convenience of female employees who need it. If employees suffer from serious illness, we will promptly recommend a hospital and arrange someone to accompany them for consultation. If employees are depressed because of family issues, the Group's human resources department will pay a personal visit to provide counselling and contact a psychology expert to accompany the employee for a psychological consultation.

Through this all-round care and assistance, our goal is to strengthen our employees' sense of belonging, improve their work-life balance, and help them integrate into their team and realize their value, and increase their level of happiness and wellness.



## 5. Green Operations

HBM understands that green operations are the backbone of enterprise development. The Group actively practises the concept of green operations, makes the environment a key management priority, strictly implements various energy-saving, pollution control and emissions-reduction initiatives, and takes practical action to protect the environment, while ensuring the sustainable economic development of the enterprise.

### 5.1 GREEN MANAGEMENT

By implementing green management, establishing green development strategies and accelerating the formation of a green corporate culture, the Group achieve stable, long-term economic development. During the reporting period, HBM carried out comprehensive green management by establishing a series of environmental guidelines. We implement green operations in our daily production and life. While implementing various measures, such as standardizing laboratory operations and waste-disposal processes to ensure zero pollution emissions, we also regularly manage and monitor the Group's energy and resource usage, and waste generation and disposal.

HBM strictly complies with the *Environmental Protection Law of the People's Republic of China* and the *Emergency Response Law of the People's Republic of China*, as well as applicable laws and regulations in the Netherlands, US and Australia. The Group continuously improves the level of environmental management and efficiency in the use of energy and resources through a sound internal environmental management system, including the EHS Guidelines, HBM Energy Conservation Policy and Experimental Hazardous Waste Disposal Process.

During the reporting period, the Group continued to invite authoritative third-party organizations to assess and issue reports on the Group's waste emissions (wastewater, exhaust gas and solid waste), actively taking up our corporate responsibility for sustainable development.





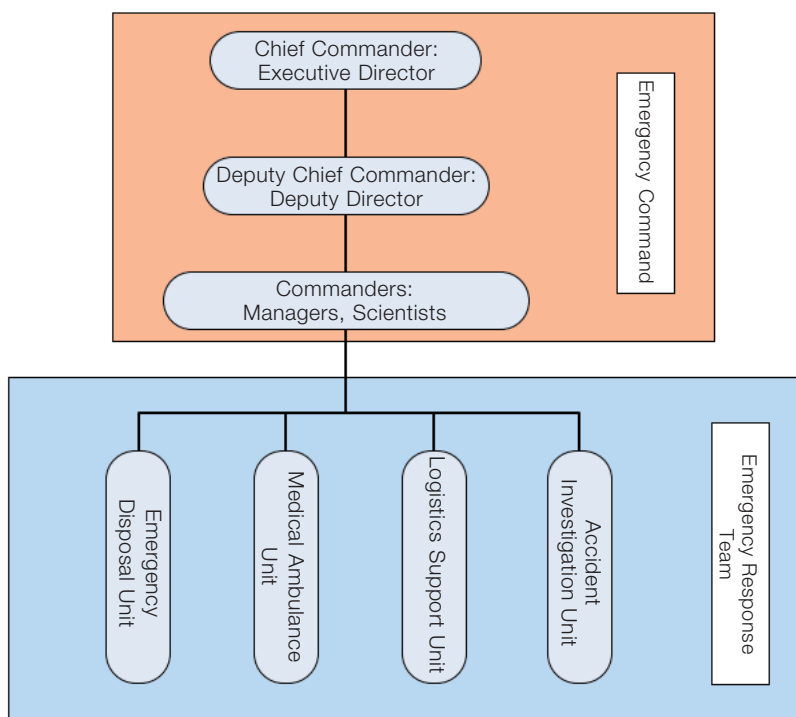
## 5. Green Operations

HBM understands that enhancing environmental awareness and improving good practice by its employees is key to the implementation of the Group's environmental policy and for the operation of its environmental management and organizational guarantee system. Through verbal sharings and lectures on emergency rescue knowledge, we teach drills for evacuation and individual protection to the surrounding communities, so that the surrounding areas which may be affected by an accident will have a comprehensive understanding of the basic procedures for emergency rescue in hazardous chemical accidents and the measures which should be taken.

### ENVIRONMENTAL EMERGENCY PLAN

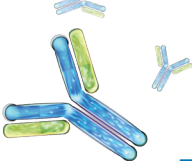
To implement prevention-oriented environmental safety, HBM prepared and implemented the *HBM (Suzhou) Emergency Response Plan for Sudden Environmental Events* and *HBM (Shanghai) Emergency Response Plan for Sudden Environmental Events* in accordance with the environmental requirements of the operation locations, taking into account the actual situation and the nature of production of the Company. Based on this plan, the Group established a comprehensive internal and external emergency response plan to minimize the impact of sudden environmental risk incidents.

The Group also established a corporate emergency response organization system, which consists of leaders and staff from relevant departments of HBM and is responsible for emergency response.

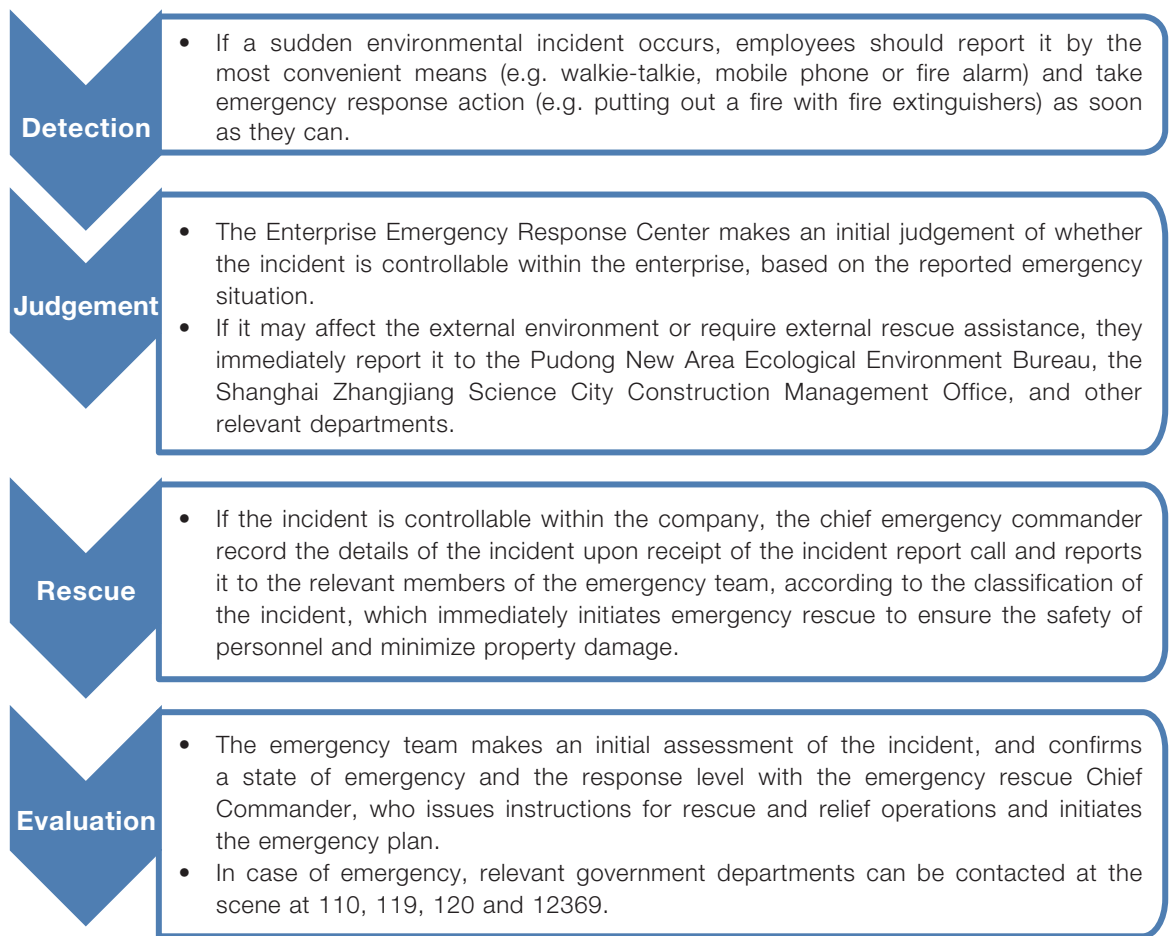


**Corporate emergency response organizational chart**

With the emergency organization system as the foundation, we set up a four-step emergency system and handling procedure, called "Detection – Judgement – Rescue – Evaluation", to deal with all kinds of sudden environmental risks, ensuring that the risk response process is orderly, standardized and transparent.



## 5. Green Operations



**Flow chart of corporate emergency response procedures**



## 5. Green Operations

During the reporting period, HBM conducted a number of emergency drills in relation to the emergency plan provisions to enhance the ability of the entire Company to respond to and prevent environmental emergencies and handle accidents.

### Corporate spill response drills

Company level drills are coordinated among multiple emergency-response teams and certain external emergency response organizations. Integrated drills are held for some or all of the functions of the Company at least once a year.

The drills include the following:

- (1) Emergency assembly of all rescue personnel at the emergency assembly point.
- (2) Mastering the emergency rescue plan and organizing emergency rescue operations in an orderly manner in case of an accident.
- (3) Familiarity with how to effectively control accidents and prevent them from getting out of hand and expanding.
- (4) Arranging for all departments to work according to the responsibilities and division of labor for emergency rescue.
- (5) Mobilizing emergency supplies.
- (6) The process of calling the police to request outside rescue forces, and to release news of the accident and organize an evacuation of the surrounding community, if necessary, with the aid of government departments.
- (7) Cordoning off and isolating the accident site, and decontaminating it, if necessary.
- (8) Arranging practical exercises in the comprehensive plan and each special emergency plan.
- (9) Rehearsing each site disposal plan.
- (10) After the completion of the exercise, a summary is made to identify problems and recommend solutions for continuous improvement.





## 5. Green Operations

### 5.2 REDUCING CONSUMPTION AND SAVING ENERGY

HBM strictly abides by the laws and regulations of the places where we operate, such as *Energy Conservation Law of the People's Republic of China*, the *Energy Policy Act of 2005* of the United States, *Environmental Policy Plan* of the Netherlands. We regard saving energy and reducing consumption as the key to efficient, high-quality production. The Group advocates conservation and moderation in production, and adopts effective energy-saving measures in line with the actual situation of the Company, thus promoting green recycling as much as possible.

#### Energy-saving measures

- Laboratory workers turning off equipment not being used
- Office workers turning off unnecessary air conditioning
- Installing time-delayed light switches
- Putting up energy-saving posters in the office
- Installing energy-saving devices, such as inverter air conditioners
- Encouraging staff to use public transport

The Group's energy consumption and greenhouse gas emissions for the reporting period were as follows:

Item	Unit	2020
Purchased electricity consumption	Kilowatt hours	1,792,502
Electricity consumption intensity	Kilowatt hours/Person	6,738.73
Greenhouse gas emissions <sup>4</sup>	Tons of carbon dioxide equivalent	1,261.03
Greenhouse gas emissions intensity	Tons of carbon dioxide equivalent/ Person	4.74

We also focus on reducing the use of other resources. In the office, we encourage staff to print on both sides of paper and in black and white whenever possible. We use printed paper as drafts for secondary use, and encourage staff to reduce the use of disposable items. To conserve water, we encourage our staff to turn off water taps in a timely manner.

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

Item	Unit	2020
Water use	Ton	907
Water use intensity	Ton/Person	3.41
Packaging material use	Kilogram	5

<sup>4</sup> Only Scope 2 GHG emissions of the Group were accounted for, i.e. GHG from purchased indirect energy consumption



## 5. Green Operations

### 5.3 POLLUTION CONTROL AND EMISSIONS REDUCTION

HBM strictly complies with the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Integrated Emission Standards of Air Pollution*, the *Clean Water Act*, the *Clean Air Act* and the *Solid Waste Disposal Act* of the United States and relevant laws and regulations in operational sites. During the reporting period, the Group complied with environmental protection requirements, standardized the collection and disposal of hazardous waste, treated the exhaust gas from the on-site fume hood, and completed the annual testing of wastewater, exhaust gas and noise.

#### MANAGEMENT OF THE WASTES

The wastewater generated from production and human activity at HBM consists mainly of experimental wastewater and domestic wastewater generated by staff. After toxicity removal, the experimental wastewater is discharged into the sewage network of the building, which has its own special experimental wastewater discharge pipeline. Then it is incorporated into the municipal sewage network together with domestic wastewater through the sewage pipeline of the park where it is located. During the reporting period, the discharge concentration of hazardous substances in the Group's wastewater was below the indirect discharge limits in the Emission Standards for Pollutants in the Biopharmaceutical Industry.

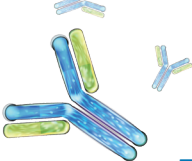
The exhaust gas of HBM originate mainly from the fume hoods and exhaust units of individual physical and chemical experiments. We use activated carbon units to adsorb the exhaust gases before discharge, and replace the activated carbon regularly to ensure the effectiveness of waste disposal. Each of our operational sites conducts regular testing and assessment of the production and domestic exhaust gases in accordance with local standards.

The table below sets out the emissions of waste gas and wastewater during the reporting period:

Category	Project	Unit	Value
Exhaust gas	Exhaust emissions	Cubic meter	2.54*10 <sup>7</sup>
	Volatile organic compounds (VOC) emissions	Kilogram	16.61
Waste water	Wastewater emissions	Cubic meter	816

As a responsible pharmaceutical company, HBM always regards waste disposal as a top priority in our operations. In accordance with local waste disposal standards, HBM separates and disposes of hazardous and non-hazardous waste generated from the Group's production and human activity.

The non-hazardous waste generated is mainly domestic waste and construction waste, which is primarily disposed of by transporting it to the designated waste collection points on our properties.



## 5. Green Operations

For hazardous waste (including waste biological materials, waste disposable materials, experimental waste liquids, waste chemical packaging, protein purification waste cartridges, pure water preparation waste cartridges, first two rounds of washing wastewater, waste glassware, biological safety cabinet waste filters, waste filter cotton and waste gas treatment waste-activated carbon generated by projects), the Group usually collects and packages them according to their components and characteristics and then stores them in hazardous waste temporary storage rooms with corresponding temporary storage protection measures. We regularly delegate qualified hazardous waste disposal companies to recycle or dispose of them.

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

	Item	Unit	2020
Hazardous waste	Medical waste	Tons	6.75
	Other waste	Tons	5.91
	Total hazardous waste	Tons	12.66
	Intensity of total hazardous waste	Tons/Person	0.05
Non-hazardous waste	Non-recyclable waste	Tons	33
	Recyclable household waste	Tons	3.5
	Total non-hazardous waste	Tons	36.5
	Intensity of total non-hazardous waste	Tons/Person	0.14



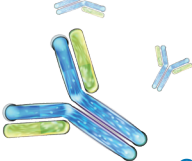
## 6. Giving Back to Society

With the guiding principle of “improving the quality of life of patients and serving the health of mankind”, HBM actively initiates and participates in various public welfare activities, while paying close attention to the needs of patients and fulfilling its corporate social responsibility.

### 6.1 DELIVERING HEALTH

As a member of the pharmaceutical industry, HBM has always been mindful of its mission to give back to society. We conducted a number of seminars and awareness campaigns for patients and the public during the reporting period, thereby building a good corporate image and demonstrating the Company’s social responsibility.

14 April 2020 Drug Information Association (DIA) Clinical Development China Experience Sharing	
21 April 2020 Training on Public Health Management in Healthy China	
2 May 2020 Chairing a Healthy China Public Health Management Seminar	
4 June 2020 Chinese Antibody Society Online Seminar – Neutralizing Antibody Development	
17 October 2020 Maplewood Young Talent Association Activities	




## 6. Giving Back to Society

In addition, HBM cooperated with Soochow University to hold a postgraduate academic forum to strengthen exchange and cooperation with the School of Pharmacy and to cultivate new talent for drug development and industry progress.

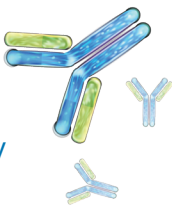
**“HBM-College of Pharmaceutical Sciences, Soochow University”  
Tenth Postgraduate Academic Forum**

On 5 December 2020, the 10th Postgraduate Academic Forum of the School of Pharmacy, Soochow University, was held in the Academic Lecture Hall of the Binglin Library. More than 300 students and teachers attended the meeting, including Professor Song Weihong, a member of the Canadian Academy of Health Sciences, a tenured Chair Professor at the University of British Columbia, and Vice President of Wenzhou University, Professor Shi Peng, Secretary of the Party Committee of the Kunming Institute of Zoology, Chinese Academy of Sciences, Professor Xu Lin and Professor Huang Jingfei.

The annual academic forum for postgraduate students of the School of Pharmacy invited academics and famous scholars from home and abroad to give keynote presentations to broaden students' horizons, strengthen academic exchanges, and create a good academic atmosphere, while building a professional, cutting-edge platform for promoting cross-discipline research.



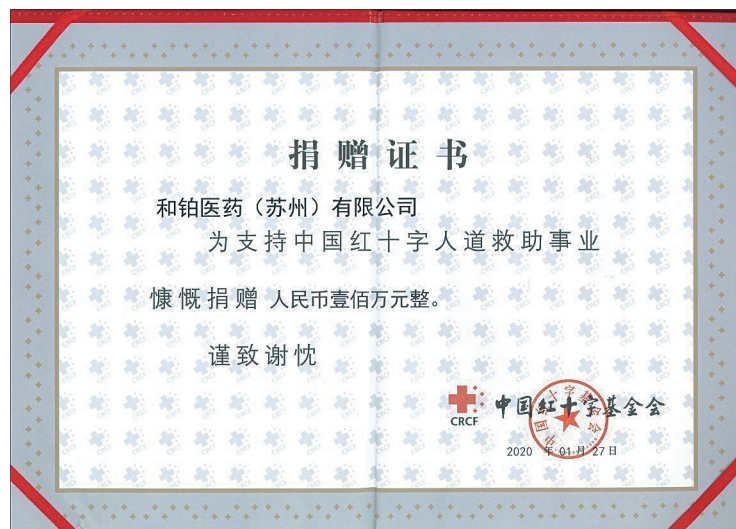
HBM actively participated in lectures on various diseases to give back to the community. During the reporting period, the Group’s current research on optic neuromyelitis optica spectrum disorders (“**NMOSD**”) was presented at a lecture on NMOSD at the Third Hospital of Sun Yat-sen University, raising awareness of the disease in the community.



## 6.2 CONTRIBUTING TO CHARITY

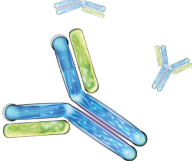
In the face of the challenges of the coronavirus pandemic, HBM focused on charity and social assistance and continued to contribute the strength of HBM employees in the battle against the pandemic.

During the reporting period, HBM (Suzhou) Co., Ltd. donated RMB1 million to the China Red Cross Foundation to support the construction of a member of the Thunder God Hill, to support the prevention and control of the coronavirus pandemic in Wuhan, and to purchase medical supplies, such as protective clothing, masks, goggles, respirators and disinfectant solutions, for front-line medical staff in relevant departments of the hospital, helping medical staff treat patients more safely.



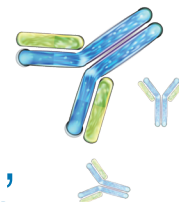
**HBM certificate of donation from the Red Cross**

HBM leveraged its core technology platform to discover and conduct clinical trials of the 47D11 neutralizing antibody. The drug has good therapeutic potential against the coronavirus, including a range of potential escape mutations, which may help to eradicate the pandemic early.



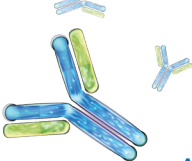
## Appendix 1 – List of Main Applicable Laws and Regulations

Category	Laws and regulations
Environmental Protection	Environmental Protection Law of the People's Republic of China
	Emergency Response Law of the People's Republic of China
	Energy Conservation Law of the People's Republic of China
	Water Pollution Prevention and Control Law of the People's Republic of China
	Air Pollution Prevention and Control Law of the People's Republic of China
	Integrated Emission Standards for Atmospheric Pollutants
	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
	Work Safety Law of the People's Republic of China
	Emergency Response Law of the People's Republic of China
	Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
	Occupational Safety and Health Act of the United States
Anti-Corruption and Corporate Governance	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
	Securities Law of the People's Republic of China
	Regulations of Listing Companies
Intellectual Property Right	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



## Appendix 2 – Index to HKEX Environmental, Social and Governance Reporting Guide

Environmental, social and regulatory scope, general disclosure and KPIs		Section
Environment		
Aspect A1	Emissions	
General Disclosure	<p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	<p>5.1 Green Management</p> <p>5.3 Pollution Control and Emission Reduction</p>
KPI A1.1	The types of emissions and respective emissions data.	5.3 Pollution Control and Emission Reduction
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 Pollution Control and Emission Reduction
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 Pollution Control and Emission Reduction
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 Pollution Control and Emission Reduction
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.3 Pollution Control and Emission Reduction
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 Pollution Control and Emission Reduction



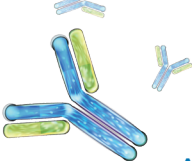
## Appendix 2 – Index to HKEX Environmental, Social and Governance Reporting Guide

Environmental, social and regulatory scope, general disclosure and KPIs		Section
<b>Aspect A2</b>	<b>Use of Resources</b>	
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>	<p>5.1 Green Management</p> <p>5.2 Energy Saving and Consumption Reduction</p>
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).	5.2 Energy Saving and Consumption Reduction
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.2 Energy Saving and Consumption Reduction
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.2 Energy Saving and Consumption Reduction
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.	5.2 Energy Saving and Consumption Reduction
<b>Aspect A3</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	5.1 Green Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.1 Green Management



## Appendix 2 – Index to HKEX Environmental, Social and Governance Reporting Guide

Environmental, social and regulatory scope, general disclosure and KPIs		Section
Social		
Aspect B1	Employment and Labor Practices	
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	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	General Disclosure Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 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.	4.3 Safety and Health
KPI B2.2	Lost days due to work injury.	4.3 Safety and Health
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Safety and Health



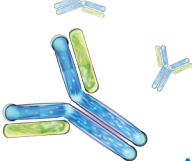
## Appendix 2 – Index to HKEX Environmental, Social and Governance Reporting Guide

Environmental, social and regulatory scope, general disclosure and KPIs		Section
<b>Aspect B3</b>	<b>Development and Training</b>	
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 Precise Empowerment
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Precise Empowerment
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.2 Precise Empowerment
<b>Aspect B4</b>	<b>Labor Standards</b>	
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <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 labour.	4.1 Diversified Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Diversified Employment
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.3 Responsible Sourcing
KPI B5.1	Number of suppliers by geographical region.	3.3 Responsible Sourcing
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 Sourcing



## Appendix 2 – Index to HKEX Environmental, Social and Governance Reporting Guide

Environmental, social and regulatory scope, general disclosure and KPIs		Section
Aspect B6	Product Responsibility	
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.2 Excellent Quality
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, plan to disclose in the future
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Relevant mechanisms and procedures are being developed, plan to disclose in the future
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1 Committed to R&D
KPI B6.4	Description of quality assurance process and recall procedures.	The company has not yet launched a product, plan to disclose in the future
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Relevant mechanisms and procedures are being developed, plan to disclose in the future



## Appendix 2 – Index to HKEX Environmental, Social and Governance Reporting Guide

Environmental, social and regulatory scope, general disclosure and KPIs		Section
<b>Aspect B7</b>	<b>Anti-corruption</b>	
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Relevant mechanisms and procedures are being developed, plan to disclose in the future
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
<b>Aspect B8</b>	<b>Community Investment</b>	
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.	6.2 Contributing to Charity
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6.2 Contributing to Charity
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.2 Contributing to Charity