

2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

TOT BIOPHARM International Company Limited
(Incorporated in Hong Kong with limited liability) (Stock Code: 1875)





TOT BIOPHARM
INTERNATIONAL COMPANY LIMITED

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE (ESG) REPORT**

2019



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ABOUT THE REPORT

Overview

This is the inaugural Environmental, Social and Governance (hereinafter referred to as “ESG”) report published by TOT BIOPHARM International Company Limited (hereinafter referred to as “the Company”). As a yearly report, it is published periodically on an annual basis, which focuses on the disclosure of the Company’s performance in responsible governance, product quality, innovative research and development (“R&D”), talent development, production safety and health, environmental protection, and giving back to society.

Formulation Basis

Formulated on the basis of the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange” or “HKEX”) (hereinafter referred to as the “Listing Rules”), the report intends to disclose information about corporate ESG performance to related parties and shareholders for reference. Its contents are determined by existing procedures, including identifying and ranking important stakeholders, identifying and ranking material ESG issues, collecting relevant information, examining quantitative data herein, and so on. The Company has been in strict compliance with the “Comply or Explain” requirement as set out in the ESG Reporting Guide.

Scope and Boundary of the Report

The report involves the Company and its affiliated companies (collectively known as “the Group”, “TOT BIOPHARM” or “we”). Data ranging from January 1st of 2019 to December 31st of 2019 (“the reporting period” or “the Year”) are disclosed, partly covering information relating to prior years. Unless otherwise specified, the currency mentioned herein shall be RMB, and the data intensity is calculated with reference to the number of employees on active duty at the end of the reporting period.

Source and Reliability Assurance of Data

Data and cases hereof are mainly sourced from the Company’s statistical reports and relevant documents. The board of directors of the Company (the “Board”) undertakes that there is no false record or misleading statement in this report, and is responsible for the truthfulness, accuracy and completeness of its contents.

Availability of Report

This report is prepared in Chinese and English for readers’ reference. The report has also been published in electronic form, and has been uploaded onto the Group website www.totbiopharm.cn and the HKEX website www.hkexnews.hk. If there is any inconsistency or discrepancy between the Chinese and English versions of this report, the Chinese version shall prevail.

Confirmation and Approval

This report was approved by the Board on June 17th of 2020 upon the confirmation by the Management.

MANAGEMENT'S STATEMENT

The year 2019 is a milestone year in the history of TOT BIOPHARM International Company Limited.

The Company was listed on the Main Board of the Stock Exchange on November 8th of 2019 (the "Listing Date") and successfully entered the international capital market, marking how the Group has entered a new stage of internationalization and rapid development. During the Year, we eagerly embraced the robust development of China's pharmaceutical industry, stayed highly committed to the development of anti-tumor drugs, and has all along practiced corporate social responsibility.

During the Year, we have strengthened our operations and management, and have proactively communicated with our investors to ensure transparency in information disclosure; we have made positive efforts to improve risk management and internal control systems to enhance our risk prevention capacity; viewing the adherence to business ethics as the foremost condition for long-term corporate operations, we also persistently fought against corruption and bribery in our endeavors to create an honest and non-corrupt business environment.

During the Year, standing by our corporate vision "to improve the quality of life of cancer patients worldwide with innovative technology", we focused on the quality risk management in the life-cycle of products, and continued to enhance our quality management system by establishing Quality Assurance and Control Departments that are responsible for the Company's all-round quality control and management operations. In addition, we have actively enhanced the supply chain management, hoping to promote the sustainable development of the industry chain with the coupled efforts of our partners.

During the Year, through continuous innovation, we have established our large-scale production capacity as well as a comprehensive technology

platform for oncology R&D, continuously improved our full industry chain capacities, and devoted ourselves to devising all-round solutions for global cancer patients and their families. We are the first pharmaceutical company in China to maturely exploit the PB-Hybrid Technology, and had upgraded our production processes and capacity within the reporting period. Moreover, we constantly enhanced our strategic collaboration by collaborating with a number of well-established pharmaceutical companies in disparate fields, such as for the development of innovative drugs or combination therapies, to promote the implementation of the Company's global development strategy.

During the Year, we have been committed to creating an equal, diversified and inclusive work environment in which all employees can enjoy a scientific and reasonable training system, a fair and just promotion mechanism, as well as multi-level and disparate training courses and activities. We have also provided the "three-path" career development channel for employees, which can help them realize their potential to the greatest extent, improve their competitiveness, and enhance their sense of belonging, which lays the very foundation for our global development strategy and the future developmental trends of the industry.

During the Year, we attached the same importance to environmental protection by actively implementing the environmental protection policies formulated, observing the comprehensive environment, health and safety (EHS) standards, and obtaining the ISO 14001 Environmental Management System Certificate. We continue to strengthen the control and proper treatment of wastewater, exhaust gas and waste materials generated from operations, and reduce the negative impacts caused by pollutant emissions on the surrounding

environment and residents' health. We were also committed to constructing an energy management system and promoting the idea of energy conservation and emission reduction within the Company.

During the Year, advocating the spirit of "caring for health, humanity and society", we continued our community service activities, such as continuing our support and care for cancer patients and underprivileged groups, hosting lectures on humanism and holding charitable donations, which improve the quality of life of cancer patients while delivering love and care to where they are needed. Moreover, at the beginning of the novel coronavirus outbreak, shouldering a strong sense of social responsibility as a member of the pharmaceutical industry, we not only donated RMB 1,000,000 to the Hubei Charity Federation, but also provided front-line medical personnel and cancer patients with nutritional supplements to show our sincere support.

We look ahead with brimming confidence! The oncology drug market in China is rapidly developing and the Group is well-positioned with the continuous national support for the pharmaceutical industry. TOT BIOPHARM will always adhere to its operating philosophy of "Balance of Humanity and Technology", and continuously coordinate the interests of different parties, such as shareholders, employees, customers, medical professionals and communities, so as to create value for all. Looking towards the global market with a strong foothold in China, we will drive the realization of the Company's long-term development strategies with openness and innovativeness. May we be on our way to greater prosperity in the future!

HONORS AND MILESTONES IN 2019

国家卫生健康委医药卫生科技发展研究中心

卫科发函〔2019〕264号

关于重大新药创制科技重大专项
2019年度实施计划立项课题的通知

National Special Major Project
for Technologies of Innovative
Manufacturing of Major New
Drugs



Recognized as "the most valuable
pharmaceutical & medical
company" of the 2019 Gold Hong
Kong Stock Awards



Jiangsu Province Zifeng Award
for Technological Innovation
Enterprises 2019

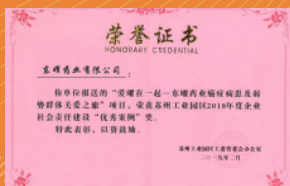


Honored as being listed on
the "2019 3rd Best Healthcare
Investment List", and was awarded
"the best biomedicine investment
case of the year"

Honors and Milestones in 2019



Technologically Advanced Service
Enterprise of Jiangsu Province



Awarded the "Exemplary Case of
Corporate Social Responsibility",
Suzhou Industrial Park



Private Technology Enterprise of
Jiangsu Province



Awarded with the "2019 Listing Award for
Technological Companies and Innovative
Technological Research and Development
Award", Suzhou Industrial Park

Business Highlights and Milestones in 2019

R & D and Clinical Trial Progress

- TAB008 (anti-VEGF mAb) patient enrollment for the Phase III clinical trial has been completed, currently entering a preparatory phase for listing applications
- TAB014 (anti-VEGF mAb) was recognized as a National Special Major Project for Technologies of "Innovative Manufacturing of Major New Drugs" in China
- TAA013 (anti-HER2 ADC) was the first T-DMI type ADC product to have its Phase I clinical data published in the Chinese market
- TAD011 (anti-EGFR mAb) Phase I clinical trial has commenced

Business Collaborations

- The new CDMO⁽¹⁾ contract was signed
- We cooperated with Harbour BioMed for the joint development of fully humanized monoclonal antibodies
- We started cooperating with NewBio Therapeutics Inc. pertaining to the jointly developed early ADC drugs
- We started cooperating with Shanghai Junshi Biosciences Co., Ltd. to develop advanced liver cancer-treating combination therapies pertaining to TAB008 and the recombinant humanized anti-PD-1 monoclonal antibody
- We started cooperating with Alphamab Oncology regarding a combination therapy involving KN046 (a kind of PD-L1 / CTLA-4 bi-specific antibody)

Regulatory Approvals

- We have submitted the listing application for TOM218 (highly-concentrated megestrol acetate nanosuspension), which has been accepted for filing
- We have submitted the listing application for TOZ309 (temozolomide capsule), which has been accepted for filing, as well as the relevant patent application
- We have completed the development of the key processes and technologies, and achieved the commercial-scale production capacity for TOM312 (megestrol acetate oral suspension)

Commercialization and Production

- We have constructed a GMP (Good Manufacturing Practices)-compliant production base for the commercialization of biological drugs with a designed capacity of 16,000L. Currently, its actual capacity has already reached 4,000L and has successfully completed multiple batches of commercial production
- With our self-developed PB-Hybrid Technology, which is a state-of-the-art technology, the expansion of our production capacity from 25L to 2,000L has been confirmed and tested. Such a technology has been applied in the production of TAB008, TAB014 and TAA013, laying a solid foundation for the production of TAA013 Phase III clinical samples
- The construction of ADC (antibody drug conjugates) commercial production workshop has commenced
- The construction of the liposome injection workshop has been completed

Note

- (1) CDMO refers to Contract Development and Manufacturing Organization, which is a pharmaceutical company that develops and produces drugs on behalf of other pharmaceutical companies through contractual arrangements.

A person wearing a blue protective suit, a white surgical mask, and round glasses is working in a laboratory. The background is a blurred laboratory setting with various pieces of equipment.

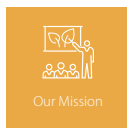
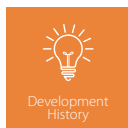
01

DEVELOPING TOT BASED ON INTEGRITY

Established in 2009, TOT BIOPHARM is a biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies. Seeing “strengthening the presence in China and becoming an international leader” as our goal, and “improving the quality of life of cancer patients worldwide with innovative technology” as our vision, we endeavor to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals.



ABOUT US



Established in 2009, TOT BIOPHARM is a biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies. Seeing “strengthening the presence in China and becoming an international leader” as our goal, and “improving the quality of life of cancer patients worldwide with innovative technology” as our vision, we endeavor to build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals. In addition, we have and will always adhere to our business philosophy of “Balance of Humanity and Technology”, and we will be establishing a comprehensive platform that combines drug discovery, product development, pre-clinical and clinical development, commercial-

scale production, and sales and marketing, which aims to help more people live a better and healthier life, and to create value for society.

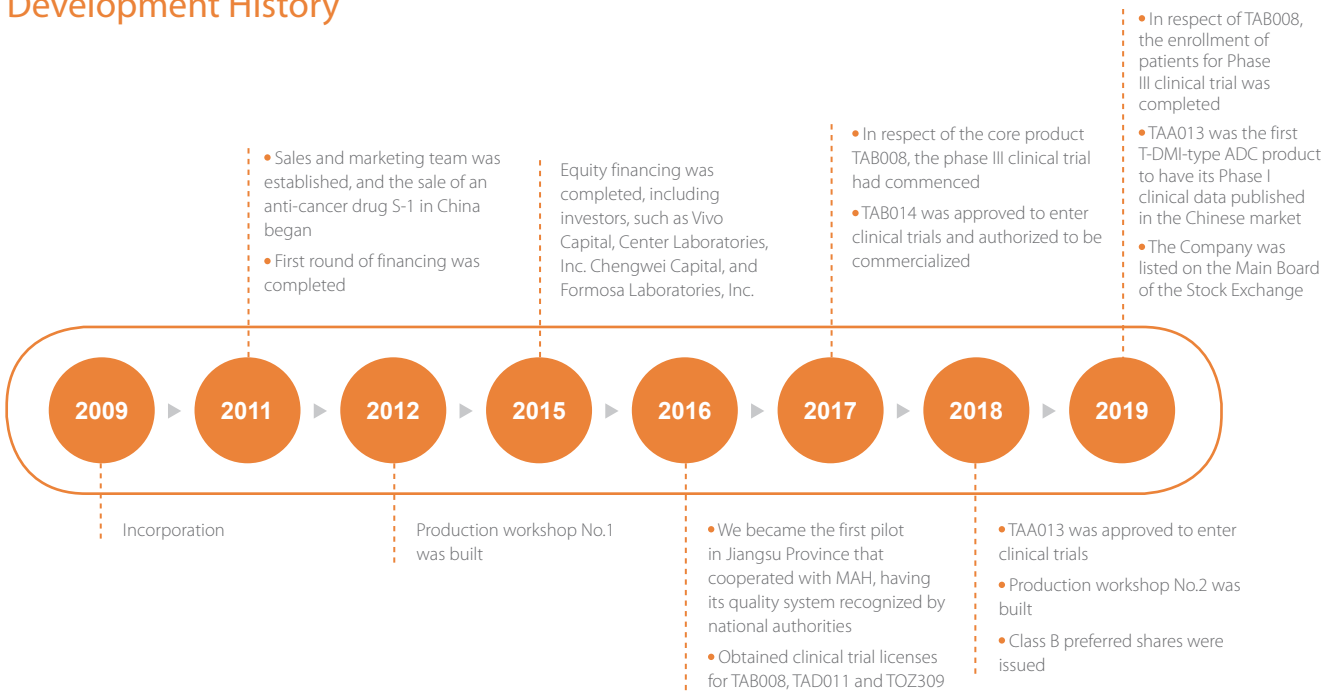
With the Company’s successful listing on the Main Board of the HKEX on November 8th of 2019, we won a high degree of recognition from our shareholders and the capital market. The listing also represents the Group’s entry into a new stage of internationalization and rapid development. The Group will continue its hard work in managing investor relations. Abiding by the relevant laws and regulations, we promptly make our business developments known to domestic and foreign analysts, as well as institutional and potential

investors through the means of announcements, news releases, roadshows, industry forums, receptions for investors, and the Group’s website, improving the timeliness and transparency of information disclosure. In the future, we will always view corporate governance, compliance operations, and risk management and control as the focus for our sound and long-term development, and devote efforts for sustaining an excellent interactive mechanism with our investors to constantly improve our positive image in the capital market.



▲ TOT BIOPHARM was successfully listed in HKEX

Development History



Our Mission

To build a leading brand name of oncology treatments trusted by patients and their families as well as medical professionals.

Corporate Values



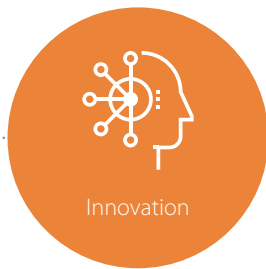
To provide appropriate anti-cancer drugs to appropriate cancer patients at the appropriate time of cancer treatment

To provide cancer patients with high-quality and reasonably priced anti-cancer drugs

To promote cancer patients' physical, mental and spiritual well-being



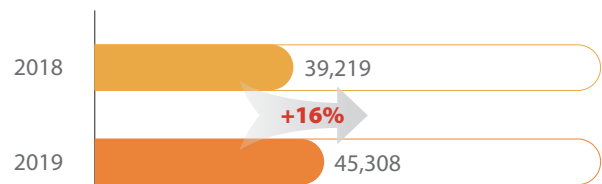
The Company's Four Spirits



Financial Performance

During the reporting period, we actively responded to market changes, persisted in rapid R&D, strengthened our comprehensive management capabilities, improved our strategy deployment, and extended our presence along the full industry chain. For the year of 2019, our revenue amounted to RMB 45,308,000, seeing a 16% increase compared to that in 2018.

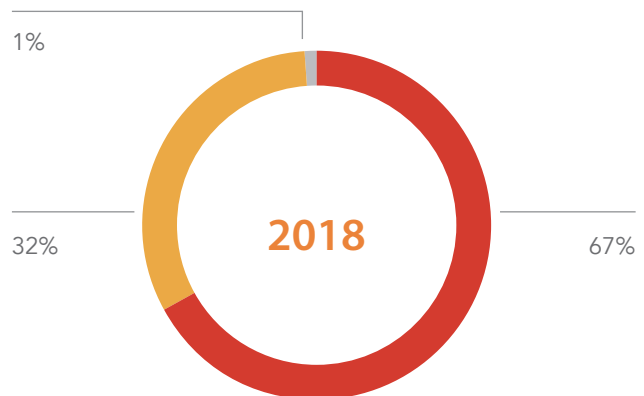
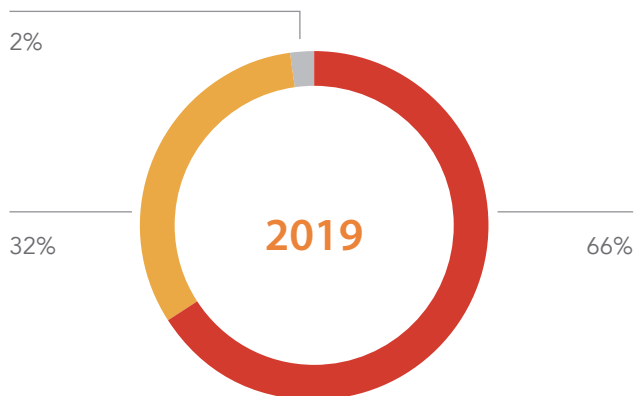
Revenue



Unit: RMB'000

The Revenue Distribution Diagram

■ Consultancy ■ CMO and CDMO ■ Product sales



BUSINESS OVERVIEW

We have a comprehensive portfolio of oncology drug candidates that target various types of cancers, which includes multiple types of monoclonal antibodies (mAbs), antibody drug conjugates (ADC), oncolytic virus drugs and special oncology drugs (like liposome drugs). Our strategy is to develop innovative drugs with a strong potential for commercialization and clear market demand. We now have 12 drugs undergoing development, including 7 biological drug candidates and 5 chemical drug candidates.

| Category | Drug Candidate | Indication(s) | Registration Category |
|---|--|---|----------------------------|
| Monoclonal antibody/ recombinant protein | TAB008 ⁽²⁾ (anti-VEGF mAb) | Metastatic colorectal cancer (mCRC), advanced, metastatic or recurrent non-squamous non-small-cell lung cancer (nsNSCLC) | Category 2 biosimilar |
| | TAD011 (anti-EGFR mAb) | Nasopharyngeal cancer, esophageal cancer, pancreatic cancer | Category 2 new drug |
| | TAB014 ⁽³⁾ (anti-VEGF mAb) | Wet age-related macular degeneration (wAMD) | Category 1 new drug |
| | TAY018 (anti-CD47 mAb) | Non-Hodgkin's lymphoma, myelodysplastic syndrome, acute myelogenous leukemia, solid tumors | Category 1 new drug |
| | TEP118 ⁽⁴⁾ (modified version of hyaluronidase) | Biliary cancer, gallbladder tumors, metastatic cancer, non-small-cell lung cancer (NSCLC), gastric cancer | Category 1 new drug |
| ADC drug | TAA013 (anti-HER2 ADC) | HER2-positive breast cancer | Category 1 new drug |
| Oncolytic virus drug | TVP211 (genetically modified vaccinia virus) | Solid tumors | Category 1 new drug |
| Liposome chemical drug | TID214 (liposomal docetaxel) | Solid tumors | Category 2 new drug |
| | TIO217 (liposomal oxaliplatin) | Gastrointestinal tumors | Category 2 new drug |
| Small molecular chemical drugs | TOZ309 (temozolomide capsule) | Malignant glioma | Category 4 generic drug |
| | TOM312 (oral megestrol acetate suspension) | Cancer- and HIV-associated cachexia | Category 5.2 imported drug |
| | TIC318 (carboplatin injection) | Epithelial-derived ovarian cancer, small-cell lung cancer, head and neck squamous cell carcinoma, testicular tumors, malignant lymphoma, cervical cancer, bladder cancer, and NSCLC | Category 4 generic drug |

Notes

- (2) TAB008, the most advanced biological drug candidate, is a bevacizumab biosimilar. Bevacizumab has been approved for the treatment of nsNSCLC and mCRC in China. Additional indications of bevacizumab approved in the United States or the European Union include glioblastoma, renal cell carcinoma, cervical cancer, ovarian cancer, and breast cancer.
- (3) TAB014 is an ophthalmic formulation of bevacizumab.
- (4) TEP118 is a recombinant protein.

CORPORATE GOVERNANCE



Corporate Governance

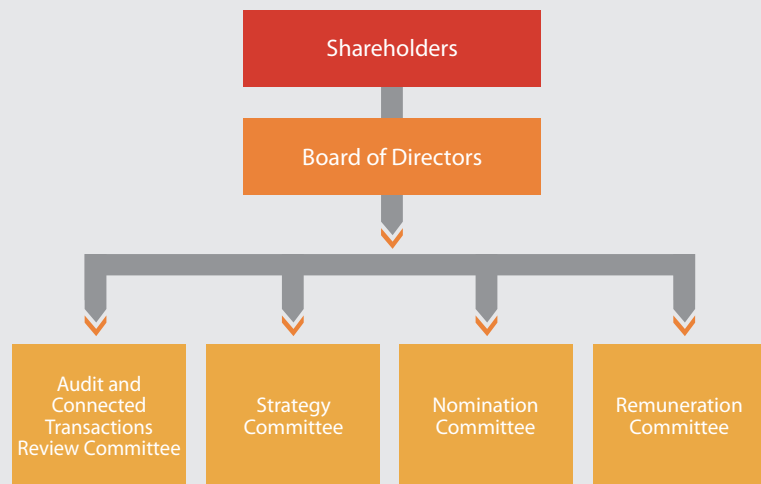
TOT BIOPHARM is committed to achieving high standards of corporate governance, enhancing its corporate value, and shouldering responsibility. Subject to the Listing Rules and other applicable laws and regulations, the Group constructs a strict governance structure according to the modern corporate system standards and corporate governance practices. Our corporate governance

structure comprises the General Meeting of Shareholders as the highest decision-making body for matters requiring shareholders' approval under the Listing Rules and other applicable laws and regulations, the Board of Directors as the decision-making and supervisory body for daily business operations, and the Management as the body to manage and operate daily business.

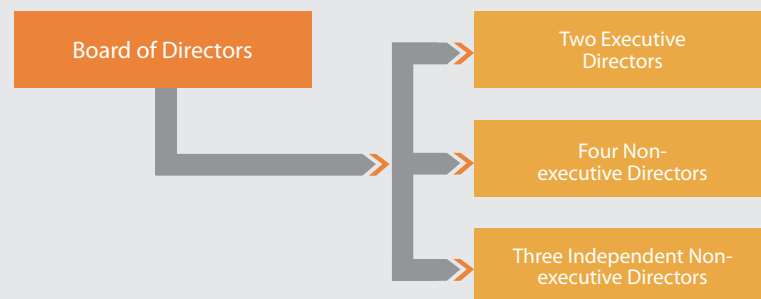


▲ Photo of General Manager Ms. Yeh-Huang, Chun-Ying at the Summit

Corporate Governance Structure



Board Composition



During the period from the Listing Date to December 31st of 2019, we held two board meetings and one Audit and Connected Transactions Review Committee meeting, but no General Meeting of Shareholders. All meetings that were convened and held are all in accordance with the relevant legal requirements. All major issues were approved based on the relevant approval procedures, and independent non-executive directors gave their independent opinions regarding the related issues.

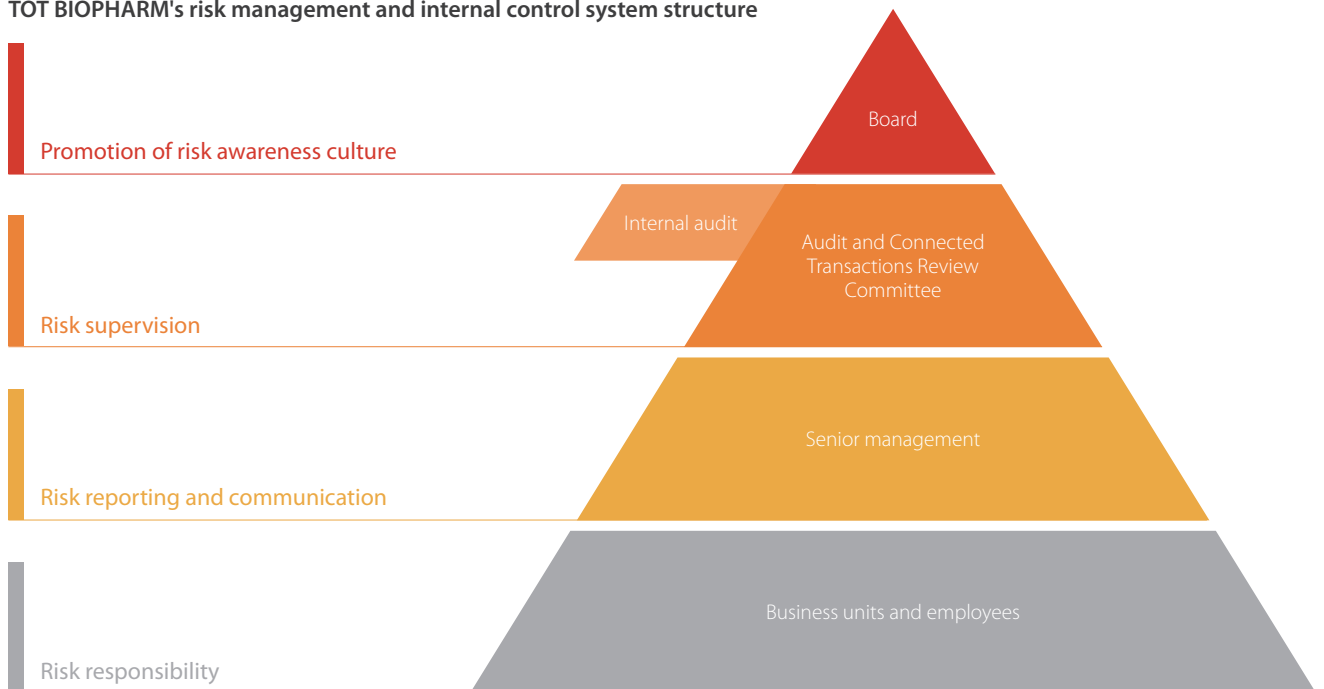
In addition, TOT BIOPHARM, strictly abiding by the requirements established in the *Basic Norms for Enterprise Internal Controls* and the related guides, implemented the risk management policy and relevant Standard Operating Procedure (SOP) devised by the Group to regularize its internal control system and management processes. We have established a risk management and internal control system structure to identify, evaluate, resolve, monitor, and communicate the key risks, such as strategic risks, financial risks, operational risks and compliance risks, so as to ensure the effectiveness of internal risk control. During the reporting period, the

Board reviewed the risk management and internal control system, and believed that such a system is effective and adequate. While enhancing governance, we have also simultaneously spread knowledge of internal

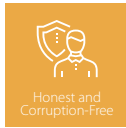
controls by organizing internal training and learning sessions to ensure the thorough implementation of our internal control system and the further improvement of our risk prevention capacity.



TOT BIOPHARM's risk management and internal control system structure



See 2019 Annual Report of TOT BIOPHARM for more information on corporate governance



Information Disclosure

During the reporting period, the Group persisted in transparent information disclosures to protect the rights and interests of investors, and acted in strict compliance with the relevant regulations pertaining to “information disclosure” and “general duty of disclosure” in the Listing Rules to ensure the reliability, transparency and timeliness of the information disclosure.

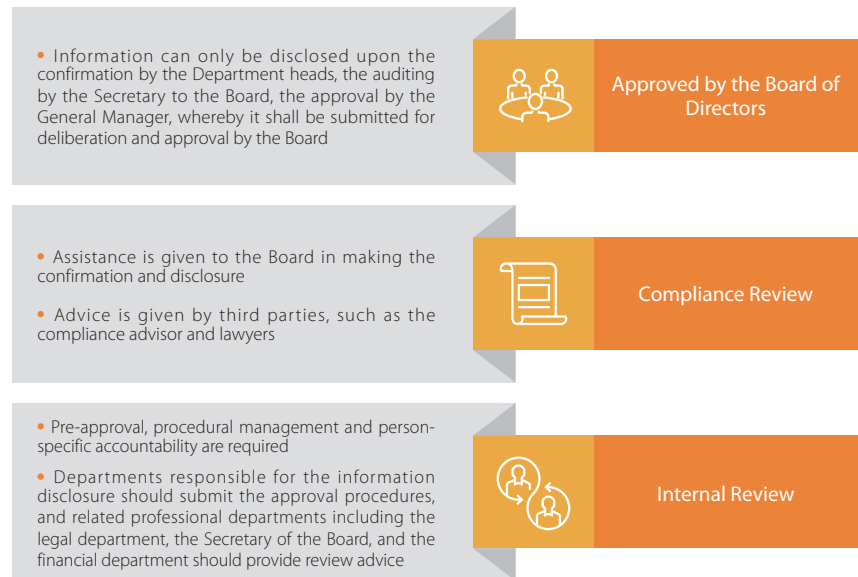
The Group has formed clear rules regarding external information disclosure procedures and the applicable scope of such disclosure for announcements that involve inside information, voluntary announcement, results announcement, and transaction disclosure. Hence, this ensures that one can rapidly identify and evaluate the information that should be disclosed under reasonably practicable circumstances, and disclose so within the specified time and in a timely fashion.



▲ Dr. Liu, Jun, chief scientific officer and COO, is communicating with investors

Apart from protecting the rights and interests of investors with transparent information disclosure, we also pay attention to maintaining strong relationships with the investors and communicating with our peers in the industry. During the reporting period, the Group attended “2019 3rd Best Healthcare Investment List Summit” organized by HaoYue Capital, where the General Manager Ms. Yeh-Huang, Chun-Ying participated in

Information Disclosure Management and Control Procedures



the Summit’s bio-pharmaceutical roundtable dialogue with *Global Innovation* as its theme, and discussed the importance of innovative development to the Chinese bio-pharmaceutical industry together with other participators. The Group was also included in the “3rd Best Healthcare Investment List”, which is highly recognized in the industry, and was also awarded as “the best biomedicine investment case of the year.”

Since the listing of the Company on November 8th of 2019, we have worked to enhance communication with shareholders, investors and the capital market. We continue sustaining communication during daily business operations, such as different forms of face-to-face meetings, teleconferences, reverse roadshows with the investors to promptly update and provide them with information on the Company’s new development strategies. Moreover, after the listing, we have simultaneously and actively organized reverse roadshows

to invite investors and analysts to visit our headquarters in Suzhou where they can communicate with the heads of various departments and have their enquiries resolved. Moreover, they could personally experience the corporate culture and management atmosphere.



▲ Dr. Liu Min, chief medical officer, is communicating with investors

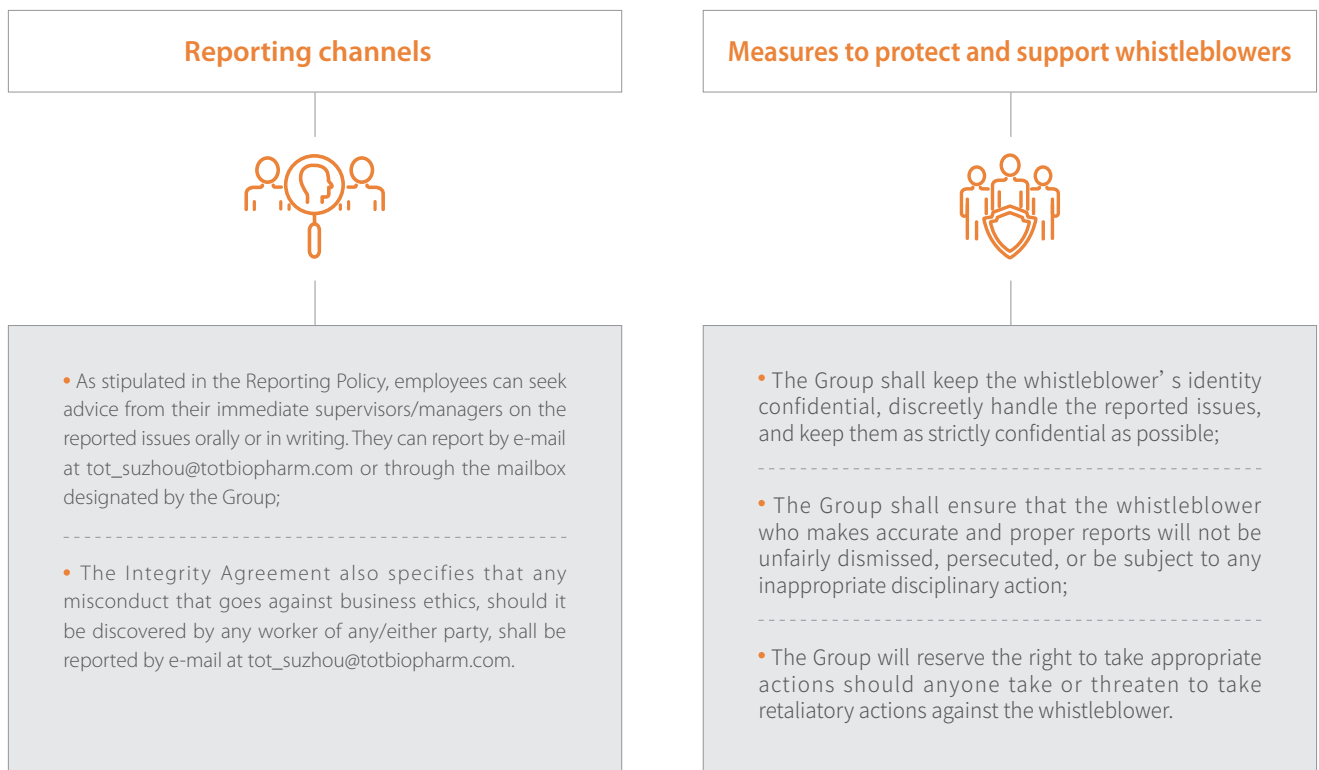
Honest and Corruption-Free

TOT BIOPHARM is clearly aware of its responsibilities to shareholders and the public, and has been dedicated to maintaining high standards of integrity, openness, honesty, and an accountability system. It also regards the adherence to business ethics as the primary condition of long-term corporate operations. The Group strictly complies with the legal and regulatory requirements of the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, and the *Interim Provisions on Banning Commercial Bribery*, and encourages employees and those who engage in business dealings with the Group,

including stakeholders such as customers and suppliers, to report any misconduct, malpractices and illegal behavior within the Group.

We formulated the Reporting Policy during the reporting period, which clearly explicates the reporting channels for our employees, the handling measures for the reported matters, as well as the measures to protect and support whistleblowers. The Group's Audit and Connected Transactions Review Committee will be responsible for supervising and reviewing the implementation of the Reporting Policy and the actions

recommended in connection with the investigation of the reported matters. In addition, we also require those suppliers whose annual transaction amount with us exceeds RMB100,000 to sign the Integrity Agreement, which requires both parties to take effective measures to procure the related employees to behave with integrity and self-discipline, while firmly eradicating commercial bribery and other misconducts that go against business ethics. As of December 31st of 2019, the Integrity Agreement has been signed with a coverage rate of 50%.



While strengthening its supervision and mechanisms accountability mechanisms, TOT BIOPHARM also attaches great importance to establishing employees' business ethics capabilities - it continues to strengthen the promotion of integrity and the education of the same, as well as reinforcing anti-corruption training. In 2019, there were no cases of corruption or embezzlement being brought nor closed.

A hand in a white glove holding a pipette tip over a multi-well plate in a laboratory setting. The background is blurred, showing laboratory equipment and a yellow biohazard warning sign on the left.

02

MAKING DEVELOPMENT SUSTAINABLE

TOT BIOPHARM continuously strengthens the integration of the ESG responsibility concept with business strategies and improves the ESG governance system. At the same time, it is dedicated to sustaining transparent, open, timely, and effective communication with its different stakeholders, identifying and managing material ESG issues, and realizing corporate sustainable development with great efforts.



ESG GOVERNANCE

IDENTIFYING AND COMMUNICATING WITH STAKEHOLDERS

A sound ESG governance system serves as a necessary foundation for the improvement of corporate ESG performance. Our ESG governance system is led by the Board, which is responsible for ensuring the alignment of the ESG strategic direction and the corporate development direction, and regularly evaluating and determining the related risks. As the core of the ESG governance system, the General Manager's Office is responsible for converting corporate ESG strategies into specific execution plans, and reporting to the Board. The ESG working group consists of employees from various departments, including the management division, sales and marketing division, human resources division, factory operation division, chemical drug business units, biological drug business units, the medical research center and the R&D management center, and implements ESG decisions in day-to-day work. The working group, through meetings, questionnaires and other means, communicates with stakeholders, evaluates and responds to ESG-related risks and demands, regularly reports to the Management on the progress of ESG governance, and makes timely improvements based on feedback.

As a group directly related to the sustainable development of TOT BIOPHARM, stakeholders play a very important role in the Group's decision-making process. We constantly keep in close communication with stakeholders to help the Group correctly evaluate the impact of its own decisions, truly understand stakeholders' concerns, promptly respond to their demands, and adjust our development direction in a timely manner. During the reporting period, we identified the following 7 groups of major stakeholders with decision-making power, bear influence/impact on us, and have a close relationship with us.

In order to evaluate the Group's ESG performance more objectively and comprehensively, we use different communication channels that target different stakeholders. With the two-way, transparent and regularized feedback mechanism, we can thoroughly understand the demands of different parties, collect their opinions, and actively respond to their opinions and demands through our actions, thereby further realizing the Group's comprehensive sustainable development. Issues of concern and the relevant communication methods for different stakeholder groups in the reporting period are listed in the table on the right.



| Stakeholder groups | Issues of concern | Methods of communication and response |
|--|--|---|
|  Shareholders and Investors | Participation by the Board in ESG governance | <ul style="list-style-type: none"> Strengthening efforts to combat corruption and promote clean governance Improving the ESG governance system Enhancing corporate governance Increasing communication with investors Making information disclosure more transparent |
| | Abiding by business ethics | |
| | Management of operational risks | |
|  Government and Regulators | Abiding by business ethics | <ul style="list-style-type: none"> Strengthening efforts to combat corruption and promote clean governance Making information disclosure more transparent Complying with related laws and regulations for environmental protection Managing and controlling emissions Reducing the use of resources and energy |
| | Management of operational risks | |
| | Management of energy and greenhouse gases | |
| | Management of emissions | |
| | Management of the use of water resources | |
| | Management of the use of materials | |
|  Employees | Diversity and inclusion of employees | <ul style="list-style-type: none"> Construction of corporate culture Fair recruitment Establishment of communication mechanisms for employees Guarantee/Assurance for employees' health and safety Organizing employee training Providing appropriate paths for promotion Increasing employee benefits |
| | Health and safety of employees | |
| | Employee training and development | |
| | Employment policies | |
| | Employee salary and benefits | |
|  Communities and the Public | Charitable work and contributions to communities | <ul style="list-style-type: none"> Conducting charitable activities Focusing on the demands of both doctors and patients Complying with related laws and regulations for environmental protection Management and control of emissions Reducing the use of resources and energy Establishing a sound quality management system |
| | Management of emissions | |
| | Management of energy and greenhouse gases | |
| | Quality control of products | |
|  Suppliers | Abiding by business ethics | <ul style="list-style-type: none"> Strengthening efforts to combat corruption and promote clean governance Optimizing procurement management |
| | ESG management of suppliers | |
|  Business Partners | Quality control of products | <ul style="list-style-type: none"> Establishing a sound quality management system Strictly protecting intellectual property rights Improving product R&D and production capacity Optimizing cooperation platforms |
| | Intellectual property rights protection | |
| | Innovation and R&D | |
|  Customers | Quality control of products | <ul style="list-style-type: none"> Establishing a sound quality management system Conducting a customer satisfaction survey Strictly protecting the rights and interests of customers |
| | Protection of customers' privacy | |

MATERIALITY ANALYSIS

To identify material ESG issues of the Group, we conducted a comprehensive evaluation of material issues with reference to multiple aspects, including the recommendations of the Management, analytical recommendations by internal and external experts, information analyses by the media, and benchmarking research on domestic and foreign peers. After the initial identification of annual ESG issues, the material ESG issues of the Group were

determined by considering several factors, such as the contribution to sustainable development, the general level of concern of stakeholders, and the degree of alignment with the Group's strategic development needs. In this report, we will make in-depth disclosures regarding these issues, so as to report on the Group's ESG performance in 2019 to all sectors.



Identifying potential material issues

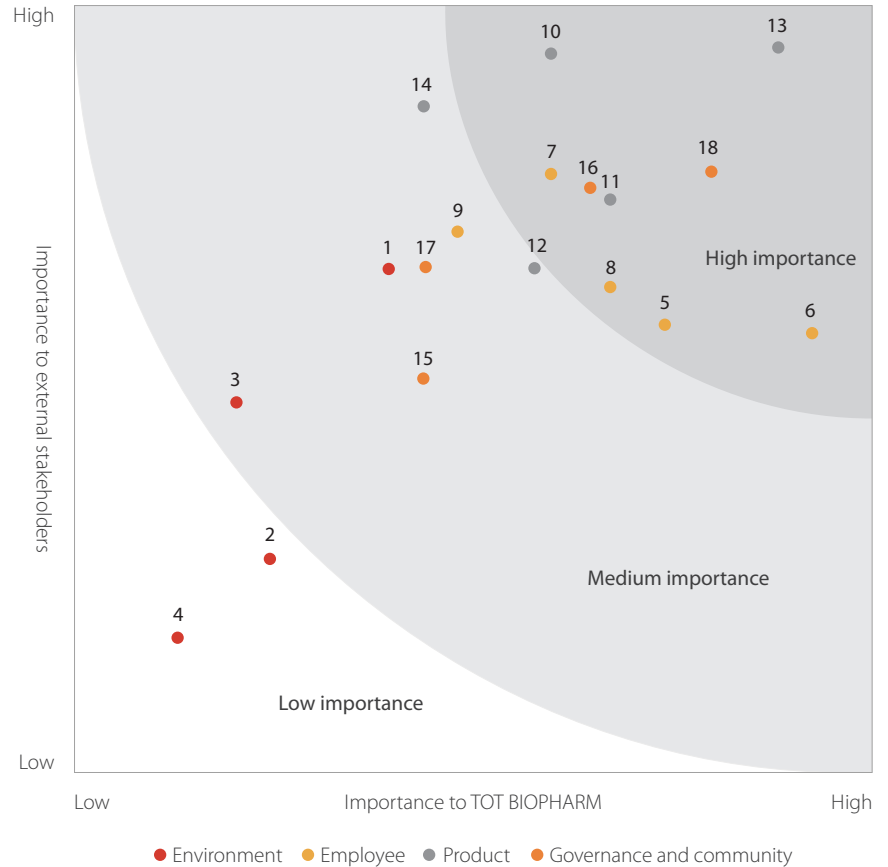
By virtue of media analysis, peer benchmarking analysis, and review of other relevant documents, we have identified potential material issues that can reflect the impacts of the Group's business on the economy, environment, and society, or can influence the stakeholders' evaluation of the Group and decision-making.



Ranking the potential material issues

Through interviewing stakeholders and conducting questionnaire surveys, we understood the prioritized issues of concern of the stakeholders, and concluded a materiality matrix, through which we identified the truly material issues.

In 2019, the Group completed over 10 in-depth telephone interviews with the stakeholders, and conducted surveys targeting them, with a total of 40 questionnaires distributed and returned to us. Through the questionnaires, we understood the importance of the relevant ESG issues to different stakeholders. The feedback is reflected in the materiality matrix on the right, in which 9 highly important ESG issues are identified and are situated in the upper right area. We list all relevant TOT BIOPHARM ESG issues below, and highlight the highly important ones in bold. Such issues with high importance will be disclosed in detail in this report as they are important common concerns of both stakeholders and the Group.



Materiality Matrix of TOT BIOPHARM

| Environment issues | Employee issues | Product issues | Governance and community issues |
|---|--|--|---|
| 1 Management of emissions | 5 Diversity and inclusion of employees | 10 Innovation and R&D | 15 Charitable work and contributions to communities |
| 2 Management of energy and greenhouse gases | 6 Employees' salary and benefits | 11 Quality control of products | 16 Participation by the Board in ESG governance |
| 3 Management of the use of water resources | 7 Health and safety of employees | 12 ESG management of suppliers | 17 Abiding by business ethics |
| 4 Management of the use of materials | 8 Employee training and development | 13 Intellectual property rights protection | 18 Management of operational risks |
| | 9 Employment policies | 14 Protecting customers' privacy | |



03

EMBRACING QUALITY WITH PROFESSIONALISM

Adhering to the principle of “quality first”, as well as insisting upon the values of scientific and professional production and services, TOT BIOPHARM provides quality, standard, and safe products and services to more patients and customers. At the same time, we focus on creating a responsible supply chain, working with all parties to jointly build a healthy ecology for the industry. In all, we shall continue to advance the national development of oncology and human health businesses.





CREATING EXCELLENT QUALITY

Having always paid close attention to product quality, the Group is committed to enhancing the quality management system so as to constantly improve the competitiveness of our products and attractiveness of our services. We pay close attention to the demands of our customers to strive to provide a safe and effective product and service experience for our patients and customers.



Quality First

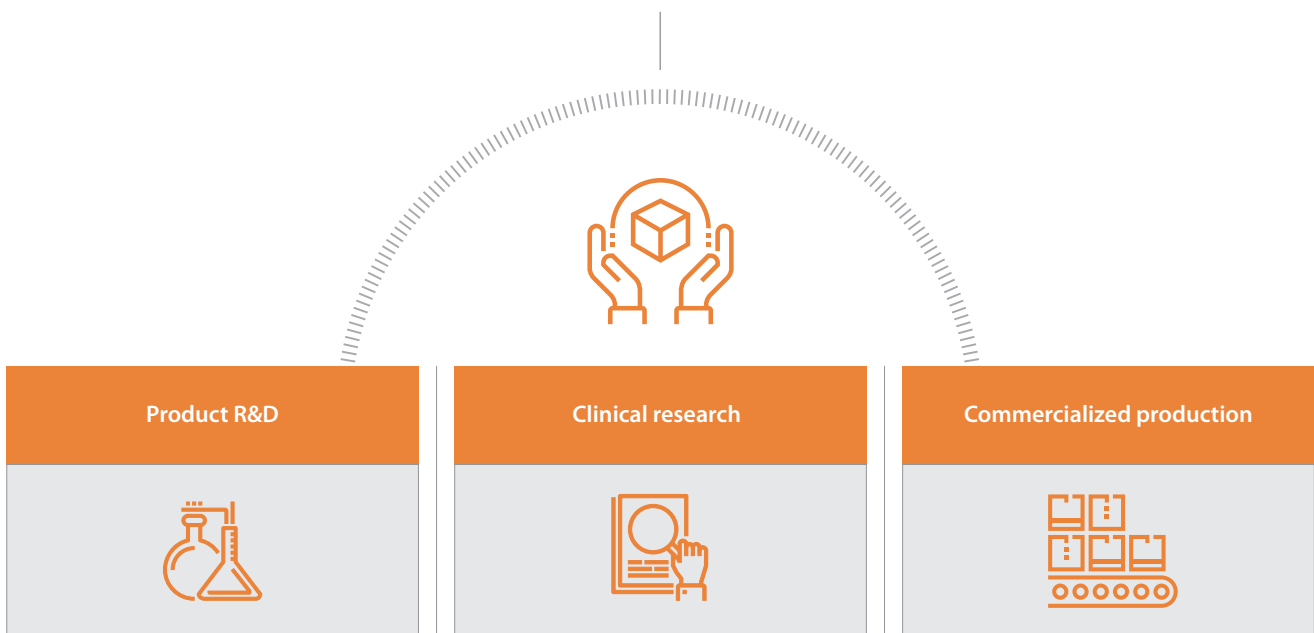
We have all along strictly adhered to the laws and regulations related to drug quality control, such as the *Pharmaceutical Administration Law of the People's Republic of China* and the *Good Manufacturing Practices for Pharmaceutical Products*, and have also formulated internal rules and regulations, such as the *Standard Management Procedures for Quality Risks*, the *Standard Management Procedures for Deviation*, and the *Standard Management Procedures for Reviewing the Quality of Products*, in order to

comprehensively safeguard the Company's quality management in the processes of drug development, clinical research, and commercialized production.

In view that a well-established quality control system is crucial to realize the "quality first" philosophy, the Group works to improve the said system by expanding its coverage to the whole product life-cycle and investing resources in key processes, covering product R&D, clinical

research, and commercialized production, to ensure that the quality of products meet their requisite requirements and standards. At the same time, we engaged external experts (including former officials from the United States Food and Drug Administration) to evaluate our quality management system, and conduct a gap analysis according to the international standards to help us continuously raise our management standards.

Quality management system



We set up Quality Assurance (QA) and Quality Control (QC) departments to shoulder the responsibilities for the Company's quality management work, and we have appointed management personnel with the relevant professional background so that they can assist in realizing professional and refined product quality management. Simultaneously, we have also established a complete self-inspection and

daily inspection process to regularly inspect and audit the material suppliers and service providers of the Company, thereby achieving the timely prevention of quality problems and continuous improvement of product quality.

Focusing on the construction of the Company's quality culture, we have continuously raised our employees' quality cultural awareness and helped

them practice the said philosophy at work through offering a series of activities and training, such as enabling the publicity and actualization of product quality cultural awareness, the discussions on quality management, relevant training for all positions, GMP professional training, and so on.

- 1 2 Publicizing and actualizing quality cultural awareness
- 3 Relevant training on quality for all positions
- 4 Discussion on quality management



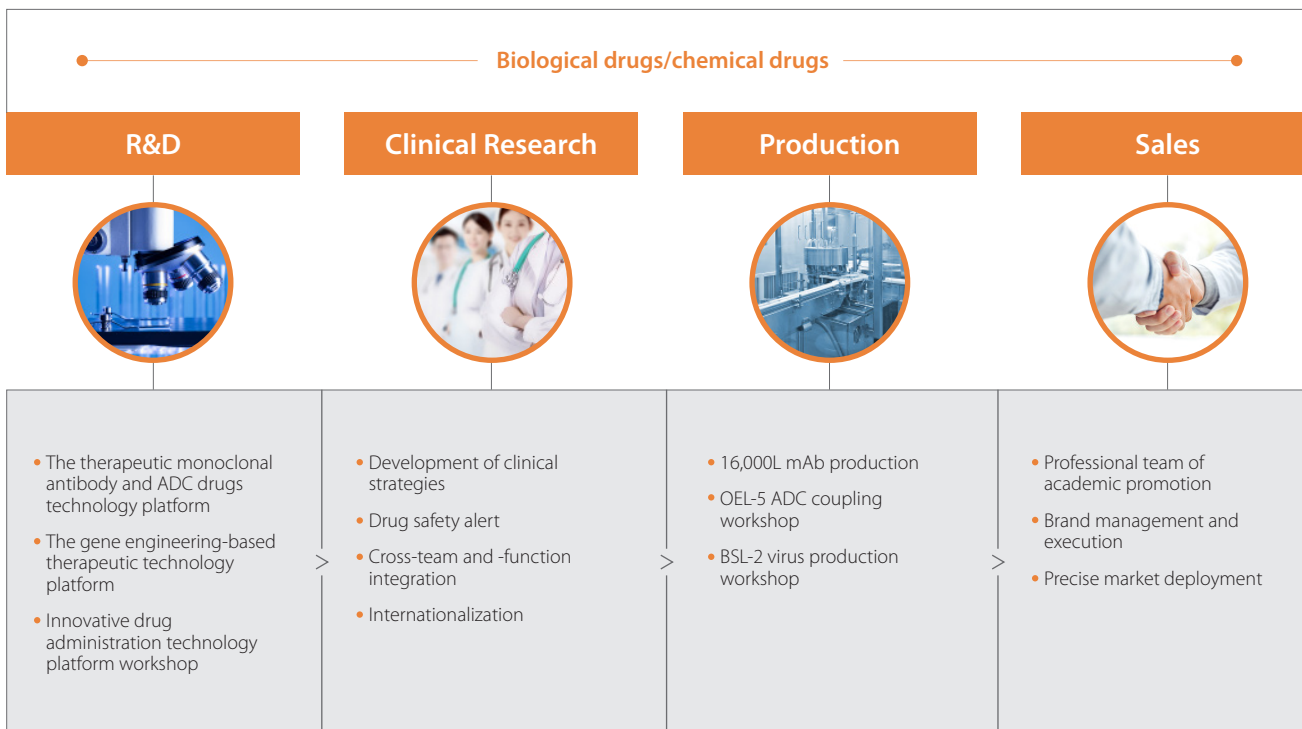
Excellent Services

All along adhering to the corporate vision of “improving the quality of life of cancer patients worldwide with innovative technology”, the Group actively builds its full industry chain capabilities, including R&D, production, clinical trial and sales. In addition, the Group

continuously improves the high-standard, “two-chain four-platform” system (entailing the complete industry value chain, the high-quality and extensive product chain, the innovative technology platform, the high-standard commercial production platform,

the clinical research platform as well as the marketing and business platform), proactively undertakes the mission and responsibility of battling cancer, and accelerates the R&D of drugs to benefit more patients.

Full industry chain capacities





Complaint Handling

The Group is well aware that customers' demands and feedback are important driving forces to drive the improvement of products and services, and we have continued to establish a sound mechanism for handling users' complaints. Aiming to offer users satisfactory responses, we formulated the *Standard Management Procedures for Handling Drug Complaints*, specifying the standards for determining the existence of

facts that constituted the complaints, and requiring causal investigations and impact assessments for the effective complaints. At the same time, we implemented corrective and preventive measures, and constantly set customer satisfaction as our improvement goal. During the reporting period, our products had not been launched, and there had been no user complaints.

Product Recall

We greatly understand the importance of product recall, strictly abide by the *Measures for Drug Recalls* and other relevant regulations, and have formulated normative documents like the *Product Recall Management Regulations* and the *Standard*

Management Regulations for Handling Returned Products, in order to ensure the orderliness and effectiveness of product recall work. During the reporting period, there had been no product recall as our products had not been sold on the market.

Product recall process



Protecting Customers' Privacy

The Group focuses on protecting customer privacy and data security, hence it continuously optimized control and management measures to prevent the leakage of customer information. We will file customer information into ERP (Enterprise Resource Planning), and enhance data integrity,

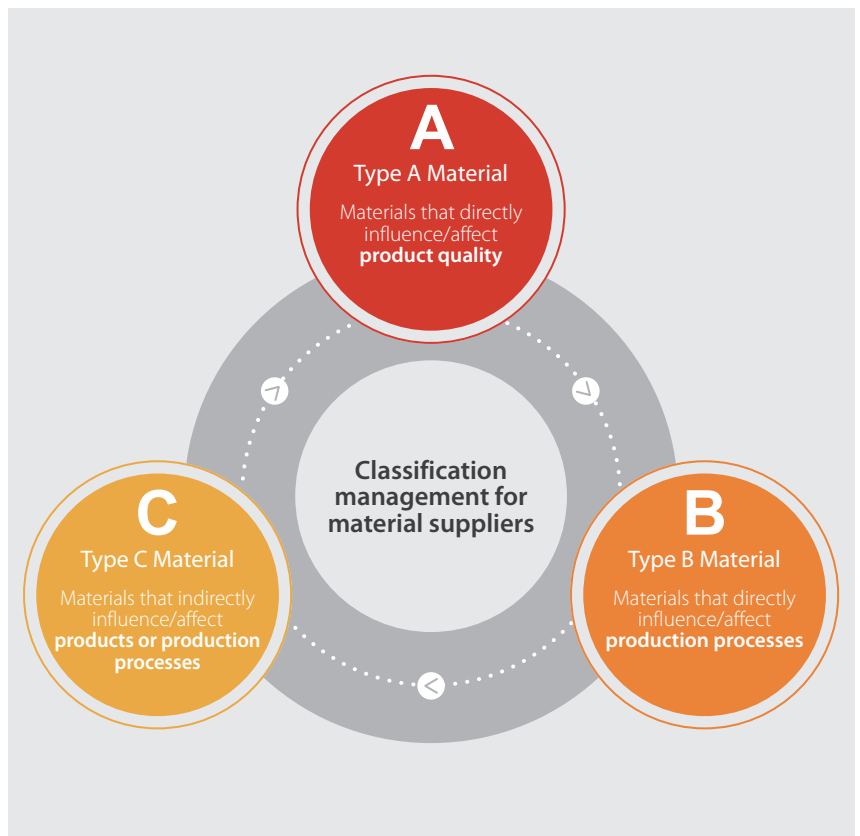
security and confidentiality through the ERP assignment of permission. During the reporting period, we also took the following measures to ensure information security:

- Conducted regular backup and recovery tests for important and key data files;
- Established the tools for cyber network control and defense, such as firewalls, anti-virus walls, intrusion detection and more;
- Formulated strategies for the management of system passwords;
- Established requirements for documentation and data security operations;
- Established requirements for virus prevention operations.

Within the reporting period, the Company had not received complaints about the invasion of user privacy or violation against data protection regulations.

SUPPLY CHAIN MANAGEMENT

We have always persisted in perfecting our supply chain management system with an open mind. We have formulated the *Procurement Management Regulations* and the *Supplier Management Regulations* to continuously strengthen access management for new suppliers, and standardized the qualification requirements for different suppliers. Additionally, we strictly controlled the access risks of suppliers by standardizing the management of supplier access through documents such as the *Supplier Import Procedures* and the *Evaluation Form for Supplier Imports*. We have established a classification management mechanism for suppliers. For example, for the classified management of material suppliers, we adopted a three-level classification management system according to the production processes, related risk levels, and stages of use, so as to continuously encourage benign competition between the suppliers and optimize the Company's team of suppliers. In addition, to lower logistics costs and improve the speed of response, we adhere to localized procurement, supporting and promoting the growth and development of the supply chain in where we operate.



As of December 31st of 2019, we cooperated with 302 suppliers in total, including 169 from the Jiangsu Province and 133 from other provinces.



The Group insists on transparent procurement and resists any unfair competition or corruption in the procurement process. To ensure the integrity and transparency of the Group's supply chain, we select the appropriate supplier through bidding for projects with a purchase amount over RMB 2,000,000, and sign an integrity undertaking with all engaged suppliers. Also, we conduct quarterly assessments on suppliers, assessing factors like costs, delivery date, quality,

cooperativeness, and so on, and decide on the corresponding cooperation strategies after the comprehensive scoring by the Company's procurement, warehouse management, R&D, and QA (quality assurance) departments. Moreover, we conduct dynamic and regular on-site audits for the suppliers, with the scope of inspection mainly covering on-site management, quality management and file management.

Supplier audit processes



In the course of developing and cooperating with suppliers, we always advocate that they should constantly meet the high standards of the industry. We view the qualifications of suppliers as important and adopt different development and selection strategies based on their classifications. In respect of the selection of raw materials, we focus on pharmaceutical production licenses, GMP/GSP (Good Supply Practice)-related certifications, and require a CDE (Center for Drug Evaluation) registration number for products. Moreover, we have compulsory requirements for product quality

standards and COA (Certificate of Analysis) for products upon factory production. When selecting the suppliers for production equipment (including software), we give priority to those with a strong customer base, impressive performance, and cutting-edge experience, so as to help us utilize more advanced processes and equipment design concepts, as well as lower the equipment elimination rates. Furthermore, with respect to infrastructure, we will pay more attention to the evaluation of the supplier's verification and technical teams.

Supplier Qualifications

- > Process quality, safety, environmental audit, and other production, supply or operation qualifications or licenses, as required by national regulations, relevant national authorities, relevant industries or operating centers
- > Suppliers with a decent business reputation in the industry and no illegal records or serious legal disputes in their operating activities in the last three years
- > Suppliers are equipped with a complete quality assurance system, and have not had a disqualification/failure in the national, industrial and operation centers and local governments' quality inspection centers in the last three years
- > Have the capability of fulfilling a contract, good financial position, impressive business performance and strong after-sales service ability
- > In principle, suppliers select manufacturers, except that where manufacturers cannot be selected due to certain constraints, then an appropriate number of dealers will be selected after strict investigations
- > Subject to other conditions specified by laws and regulations



▲ Safety training for suppliers

In addition, we always maintain close and effective communication with suppliers, continuously enhance their performance in quality, safety and standardization by means of improvement guidance, offline training, and platform sharing, and more. During the reporting period, we helped

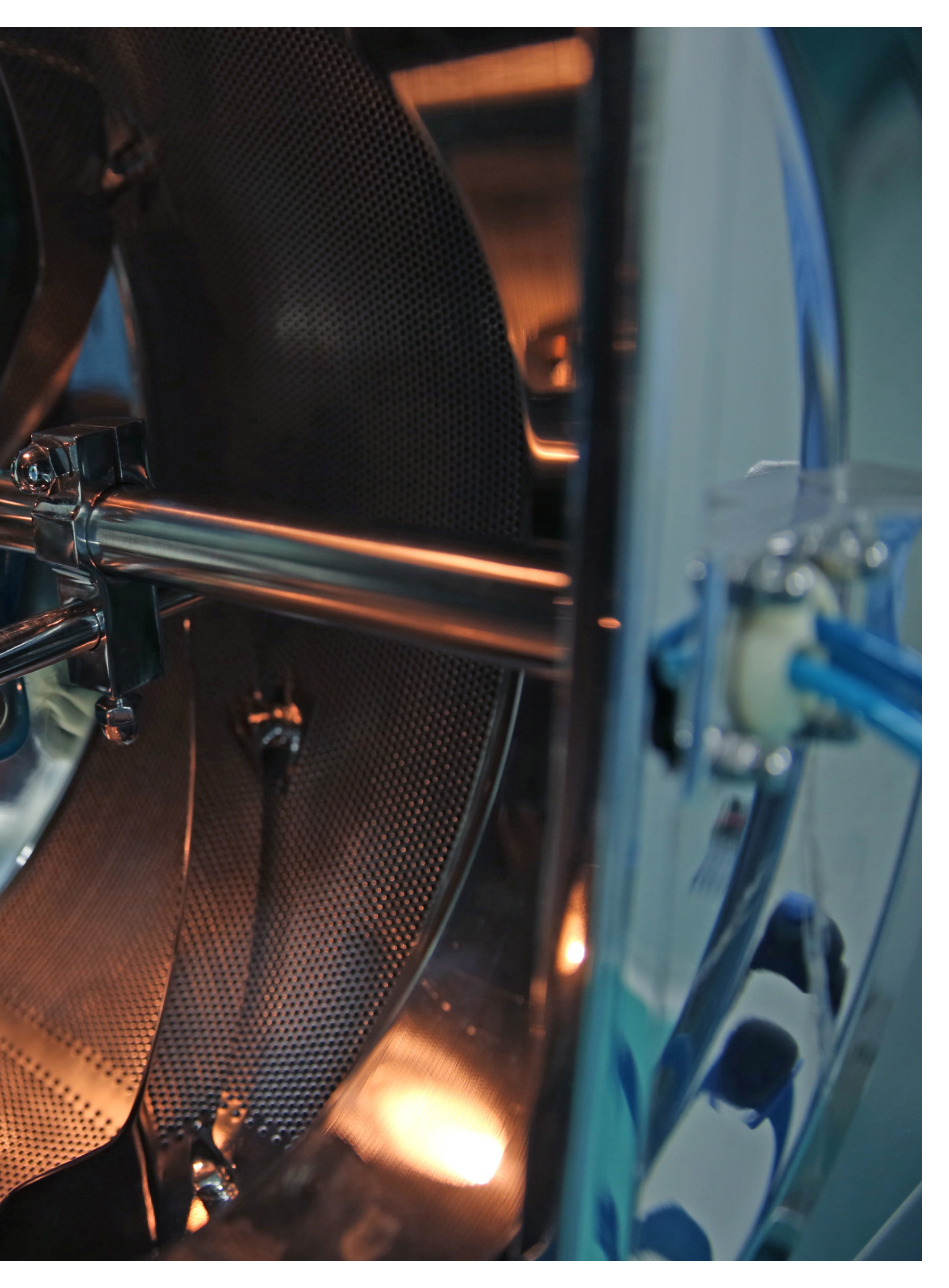
material suppliers analyze why the relevant data was abnormal, and assisted in testing and examining the data. Meanwhile, we developed safety training for infrastructure suppliers, to improve the safety awareness of employees on duty.



04

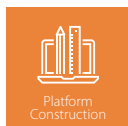
LEADING INNOVATION WITH SCIENCE AND TECHNOLOGY

Committed to creating greater value for the local economy, the industry and its business partners, TOT BIOPHARM continuously improves its R&D and innovation capacity, and actively participates in industrial exchanges to accelerate diversified strategic cooperation.



TECHNOLOGY R&D

The Group places utmost importance on technological innovation. We constantly increase investment in R&D and accelerate the R&D progress while introducing different business partners for diversifying our product pipeline and creating win-win situations through the further opening up of businesses and platforms.



Platform Construction

We have established three advanced technology platforms: The Therapeutic Monoclonal Antibody and Antibody Drugs Conjugates (ADC) Technology Platform, the Gene Engineering-based Therapeutic Technology Platform, and the Innovative Drug Administration Technology Platform. Through the abovementioned platforms, we have developed multiple innovative antitumor

drugs, covering nine out of ten cancers with the highest incidence rate in China, providing comprehensive cancer therapeutic plans to meet the patients' demands. Meanwhile, the technology platforms also help R&D personnel accelerate drug development, continuously track the R&D progress in each field, and ensure the development of innovative solutions.



Therapeutic monoclonal antibody and ADC drug technology platform

- The platform covers the processes of cell cloning and screening, the construction of cell banks, technique development, pilot-scale study, scale-up production, filling and packaging.
- The technology of the platform has been applied to the development of 4 mAb and ADC drug candidates, including PB-Hybrid Technology.
- The platform has integrated the R&D and production capacities of antibody-based drugs and ADC to accommodate high-quality commercialization of drugs in development.



Gene engineering-based therapeutic technology platform

- An R&D and production platform that uses the oncolytic virus to induce the activation of antitumor immunity.
- It integrates anti-tumor immunotherapy and gene therapy.



Innovative drug administration technology platform

- A comprehensive platform for process development and industrialized production of highly-active drug injection with the sterile lyophilization and sterile filling production capacities, meeting the production requirements of GMP for OEB 4/5 active lyophilized powder injection/solution injection.

Innovative Technology

The Group always adheres to innovation-driven development by continuously increasing the investment in R&D, constantly strengthening its core competitiveness, and furthering the upgrading and development of the Company. We have completed the construction of a commercial production base with a designed capacity of 16,000L, and

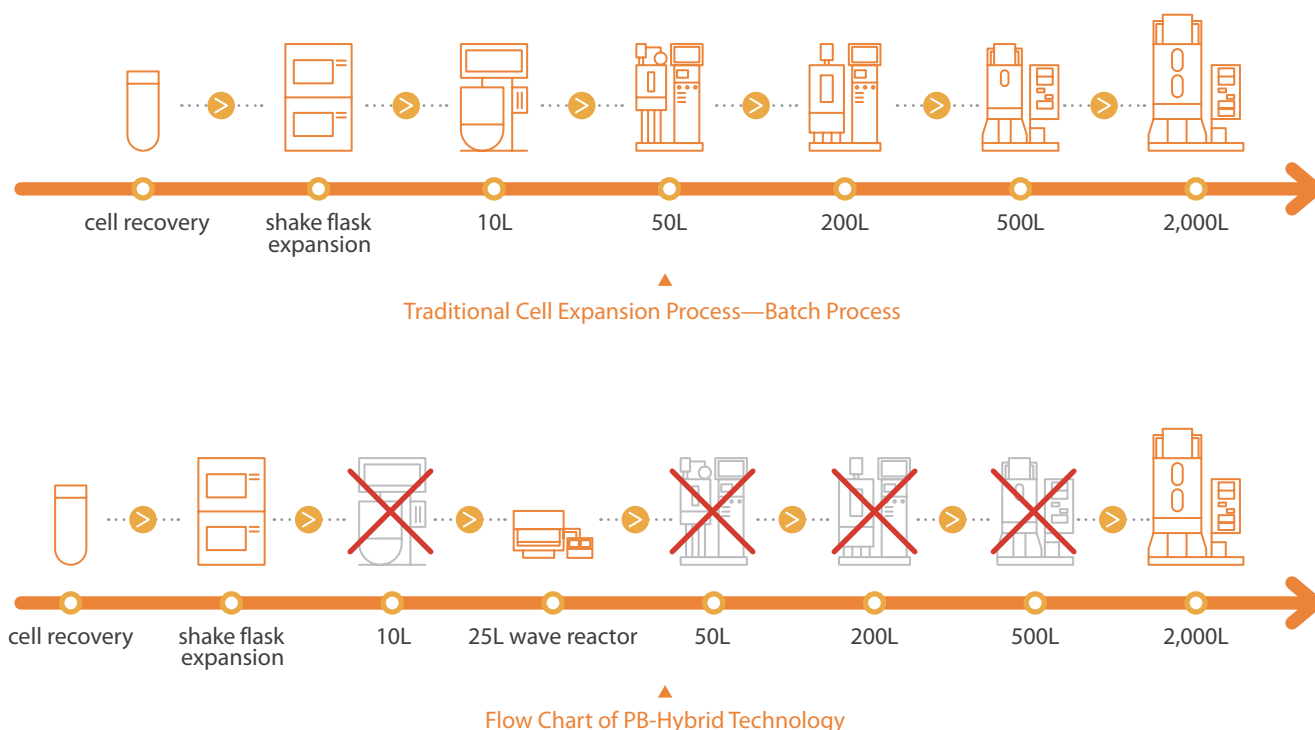
have carried out technological innovation and product R&D. We have developed multiple antitumor drug series and varieties, among which 6 drugs in development are already entering the critical phases of clinical trials and beyond, forming a complete and high-quality drug product chain.

Perfusion-Batch Hybrid Technology

We independently developed the Perfusion Batch-Hybrid Technology (PB-Hybrid Technology) in 2017, which disrupted the traditional cell expansion process for large-scale monoclonal antibody production. The technology expands our production capacity from 25L to 2000L directly, skipping the

step of 10L, 50L, 200L and 500L increments. After being verified and applied to over ten batches of 2000L-scaled products across multiple varieties with a 100% success rate, it has been proven to be a mature technology platform of the Company. At the same time, the technology is borne with advantages,

including the simplification of production processes, the optimization of product quality, the shortening of production cycles, the reduction of capital expenditure, and other advantages, making us the first listed company in China to apply such technology to commercial scale production.



Antibody Drug Conjugate (ADC) Technology

The Group has always been devoted to studying antibody drug conjugate (ADC) technology. We have completed the R&D, pilot-scale testing and the release of phase I clinical research data for the ADC product, TAA013, as well as the R&D and production of several new generation ADC drugs with our strategic cooperative partners. TAA013 is manufactured through a two-step process. Step one, the antibody modification reaction: the linker is connected to the antibody to form the intermediate (mAb-linker) substance. Step two, the coupling reaction: the payload (toxin) is connected to the linker to obtain the mAb-linker-payload, which is the antibody conjugate (ADC). The two-step method can effectively reduce the volume of organic solvents used and improve the stability of the product.

Oncolytic Virus Technology

The oncolytic virus employs a serum-free suspension in disposable bioreactors to culture the HELA cells, to which it is the first time that such technology was applied in China. Up till now, it has completed a 50L-scale of cell culture, with the virus titer reaching up to over 1×10^8 cfu/mL.

Development of Quality Method for Establishing A New Detecting Method

- The TaqMan probe method is used to detect the number of light and heavy chain copies of the monoclonal antibodies in CHO-engineered cells.
- It is a detecting method with high sensitivity, used to detect the concentration of wild-type viruses in the engineered vaccinia viruses.

Intellectual Property Rights Protection

The Group deeply understands the importance of intellectual property rights protection. Therefore, we strictly abide by the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and other laws and regulations. We also internally formulated a series of standardized management documents, inclusive of the *Management Rules of Intellectual Property Rights*, the *Management Regulations of Patent Awards*, and the *Application and Management Measures for Patent Proposals*, aiming to constantly improve the pragmatic, process-based, and institutionalized management standards for intellectual property rights. Moreover, we have also established the intellectual property rights center as the department managing intellectual property rights for the Company. Through the deployment of full time intellectual property rights management personnel, we can realize standardized and professional intellectual property rights management. As of December 31st of 2019, we have obtained 15 authorized patents accumulatively (including 13 invention patents and 2 utility model patents) and more than 130 registered trademarks.

INDUSTRIAL DEVELOPMENT



In order to advance the strategic progress of the Company in the field of antitumor therapies, we continuously learn and understand the advanced technological and dynamic trends domestically and internationally, constantly explore more possibilities for international cooperation, and actively cooperate with internationally well-known biotechnology and pharmaceutical enterprises. Relying on the Company's comprehensive industry value chain capacities, we also carry out continuous cooperative projects with third parties at different stages of the industry value chain to jointly promote the healthy development of the industry.

In addition, we also strive to become the global leader and the guide for oncotherapy technology and solutions by actively holding or participating in seminars, forums, and other professional sharing activities, constantly discussing industrial development trends, and sharing strategies and practical experience in R&D, production and quality control, while helping to improve the industry's scientific research levels.



A Cooperation Agreement Was Signed Between TOT BIOPHARM and Junshi Biosciences

During the reporting period, the Group signed a cooperation agreement with Junshi Biosciences. We combined TAB008 (Anti-VEGF, biosimilar monoclonal antibody for bevacizumab), a drug we developed on our own, and JS001 (Recombinant humanized anti-PD-1 checkpoint inhibitor/monoclonal antibody for toripalimab, named as Tuoyi), the drug independently developed by Junshi Biosciences. Both parties are carrying out research for the combination drugs that target advanced hepatocellular carcinoma for promoting the development of related combination therapies.

A Global Strategic Partnership Was Reached Between TOT BIOPHARM and Harbour BioMed

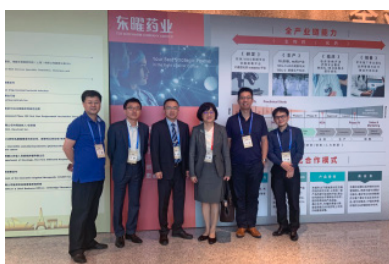
During the reporting period, we reached a global strategic partnership with Harbour BioMed. Harbour Biomed has the globally patented Harbour Mice (transgenic mouse platforms for generating human therapeutic antibodies) technology and globally-leading teams and experience in developing innovative antibody drugs, while we have the key R&D technologies and high standards of production conditions. Therefore, the cooperation leverages the strengths of both parties to launch the R&D project for antibodies that innovatively targets oncological diseases, and we jointly study, develop, and commercialize the new humanized antibody drugs.



The 2nd Conference on the Industrial Development of Antibody Drugs

In October 2019, the 2nd Conference on the Industrial Development of Antibody Drugs was held in Shanghai. We were invited to attend the conference, at which we made a speech on the Application of PB-Hybrid Technology in the Commercialized Production of Antibodies. PB-Hybrid

Technology indicates that TOH BIOPHARM is actively working on the development of new drugs with high technological barriers and economic value. In addition to improving our own industry value, we also hope to reach a new level for the antibody industry in China with mutual encouragement.



The 4th Conference on Pharmaceutical Innovation and Investment in China

In September 2019, the 4th Conference on Pharmaceutical Innovation and Investment in China was held at the Suzhou Expo Center, at which we firstly released the Phase I Clinical Data for Antibody Drug Conjugate TAA013 globally. The clinical test results verify that TAA013 is tolerable, safe and effective, which

shows preliminary efficacy for the patients (who are treated with multiple HER2 drug therapy) suffering from HER-2 positive breast cancer. It is estimated that the accessibility and affordability of medication could be improved.



During the clinical research stage and the like, the Company fully considers the need to care for animals. We do not establish animal-rearing labs. All researches involving animal experimentation are conducted in cooperation with other CROs (Contract Research Organization). When selecting CROs for cooperation, we strictly inspected every CRO's daily feeding and managing of animals, the technical and operational proficiency of lab operators, and whether the concept of "reverence for life and caring for life" was used in directing lab operations,

aiming to minimize the pain of animals as much as possible and to safeguard the welfare of laboratory animals. Also, at the end of experiments, we suggest that CROs euthanize the animals in accordance with humanism principles, instead of vivisection or cruel means of disposal, and to allow no or few interferences with the animals' physiological status before their deaths. We also encourage CROs to set up an exclusive execution area so as to prevent other animals from witnessing the process of euthanasia.



05

CARING FOR EMPLOYEES WITH HUMANISM

Being people-oriented, TOT BIOPHARM attaches importance to the value of people as it is convinced that people are the foundation for enterprises to continue their successes and perennially develop. We also actively safeguard employees' legal rights and interests, care for their physical and psychological health, respect their value as employees, and have strived to create a better career development and training system to stimulate their potential and realize the growth of both the corporation and the employees.





OVERVIEW OF EMPLOYEES



The Group is devoted to creating a fair and just employment environment for our employees. We strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and other laws and regulations. On this basis, we have also formulated the *Employee Manual of TOT BIOPHARM International Company Limited*, the *Management Measures for Recruitment and Employment*, the *Management Measures for Performance and the Administration of Reward and Punishment*, the *Management Measures for Personnel Changes and Dismissal*, the *Management Measures for Attendance and Leave*, the *Management Measures for Business Trips*, the *Management Measures for Salary and Benefits*, and other normative documents for employee management, which aim to comprehensively guarantee the legal rights and interests of our employees regarding recruitment, promotion, dismissal, working hours, salary and benefits, and other aspects.

We persistently evaluate the performance of the Company in terms of fair opportunity and diversity, actively safeguard women's rights, strictly prohibit child labor and forced labor during recruitment and employment processes, respect the diversity in applicants in various aspects, such as gender, age,

cultural background and religious beliefs, and fight against any form of discrimination and unequal competition. As of December 31st of 2019, we had 326 employees who are classified by gender, position, age and geographical area as follows:

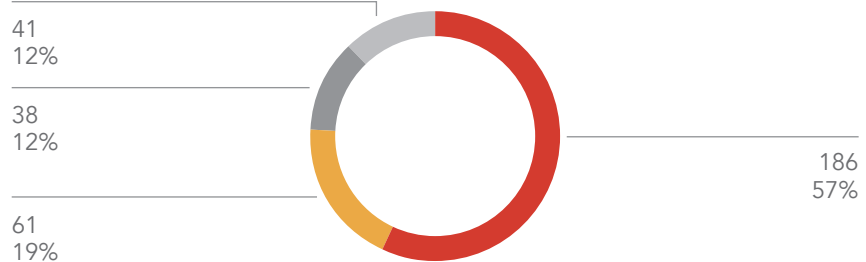
Total number of employees by gender

■ Male ■ Female



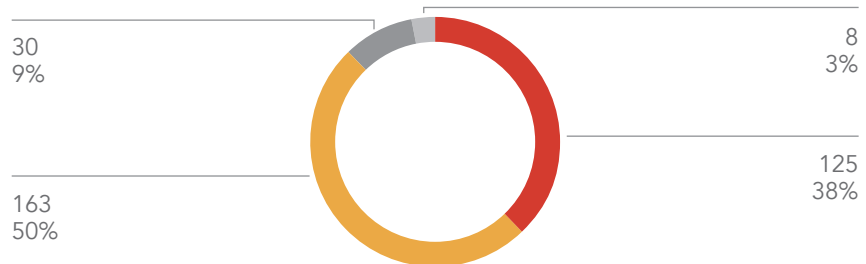
Total number of employees by position

■ R&D ■ Sales & Marketing
 ■ General Administration
 ■ Manufacturing



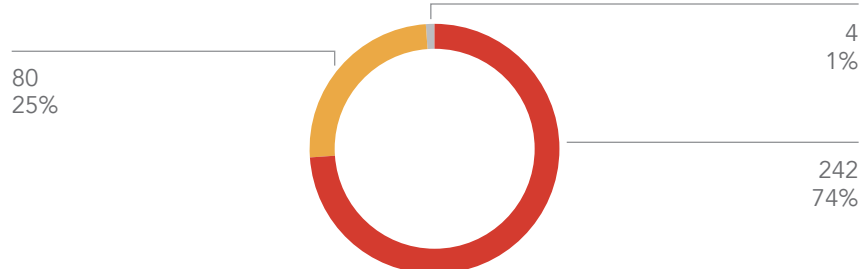
Total number of employees by age

■ 18-29 years old ■ 30-39 years old
 ■ 40-49 years old ■ 50 years old or above



Total number of employees by geographical area

■ Suzhou
 ■ Mainland China except for Suzhou
 ■ Hong Kong, Macao, Taiwan and overseas regions



To maintain the harmony and stability within the Company, and actualize the protection of employees' rights and interests, we established the Labor Union of TOT BIOPHARM during the reporting period,

through which we could understand the working and living conditions of our employees in a timely fashion to thereby proactively construct harmonious labor relations and further motivate our employees.



▲ The Opening Ceremony of the First Labor Union of TOT BIOPHARM



Talent Recruitment

Well aware that high-caliber personnel is indispensable for the sustainable development of a company, we adhere to consistent employment standards and firmly believe that the Company and all its employees are members of a shared community. During the recruitment process, we focus on whether the personal values of our employees match our corporate culture, and whether our employees get along with their immediate supervisors/managers. Hence, we continuously promote the integration of our employees' values with our corporate culture to continuously

guarantee the Company's long-term and healthy development. We primarily recruit talent through online recruitment, campus recruitment, internal referral/recommendation, and headhunting services. We hope to invite talent who fits well with the Company in terms of professionalism, culture, personal growth and other aspects through face-to-face interviews (premised on behavioral science) and interactive communication. During the reporting period, a total of 83 new employees had joined us.

TALENT CULTIVATION

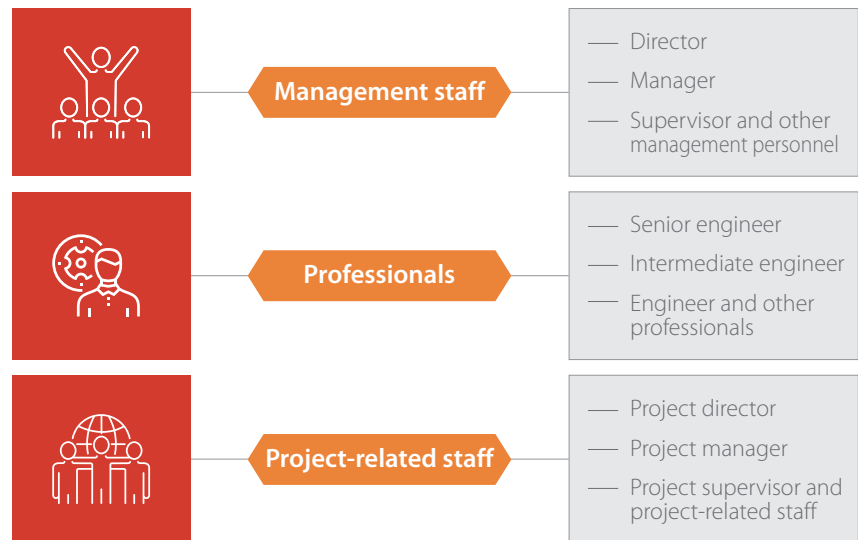
Talents are the very foundation of any enterprise's long-term development. The Group continues to pay close attention to talent cultivation and development by providing employees with scientific and practical training, as well as a fair and just promotion mechanism to help employees achieve self-worth.



Career Development

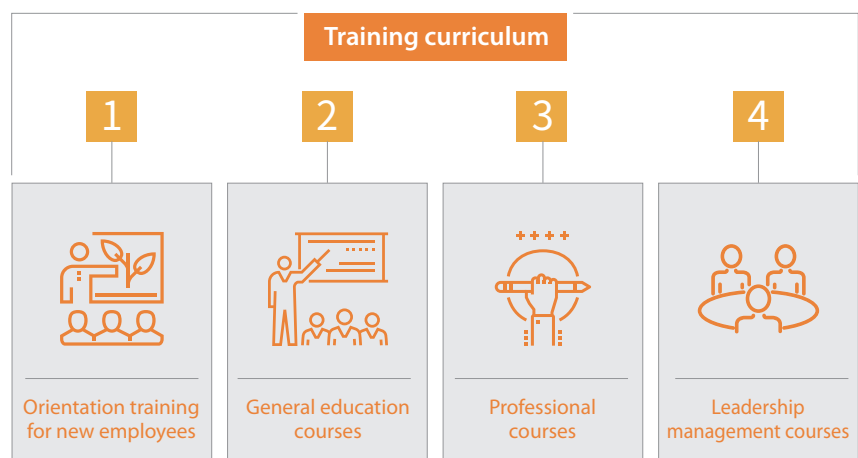
The Group continues to optimize the career development path and platform for employees. Specifically, through offering the "three-path" career development channels for management staff, professionals and project-related staff, every employee can, based on his/her own

role or tasks in the organization and his/her personal development path, select one of these channels for further development, or select multiple channels at different stages of career development via job rotation or promotion.



Talent Training

The Group attaches great importance to the career development of each employee. To equip the Company with the constant motivation to learn and improve, we made efforts to establish a talent training system that covers all employees and strove to foster the culture of a learning organization. We also focused on introducing professional learning resources, cooperated with well-known training agencies, organized lectures, and invited experts to give speeches and lectures. Besides, we have continuously enhanced and enriched our training curriculum system, which is centered on orientation training for new employees, general education courses, professional courses, and leadership management courses, to comprehensively elevate the employees' comprehensive professional quality, and further promote the employees' growth.



During the reporting period, we developed multi-layered and multiple types of training courses and sharing activities, including the “Dawn Plan”, “TOT Forum”, “I-Sharing in TOT” and others, to promote the rapid development and self-improvement of TOT BIOPHARM employees.



- ① “Dawn Plan” Training
- ② High-performance Manager Management Training
- ③ “TOT Forum” Activities
- ④ “I-Sharing in TOT” Activities

To continuously enhance the capacity for innovation and strengthen the vitality within the Company, we proactively introduced in-house lecturing/instructing systems – through monthly book clubs and online courses, and we have continuously raised the employees’ cognition regarding the quality control of products, the innovation of technological models, the innovation of business models, and other aspects, which facilitate the creation of a learning atmosphere within the organization and push to improve the employees’ professional abilities. As of December 31st of 2019, we had trained 51 internal lecturers/instructors, including 10 newly-trained internal lecturers/instructors in 2019.

The figures on the right indicate the percentage of trained employees and the average training hours of employees in the Group by gender and by position/rank during the reporting period:

The percentage of trained employees by gender



The average training hours of employees by gender



The percentage of trained employees by position



The average training hours of employees by position



HEALTH AND SAFETY



The Group pays close attention to the health and safety of employees. We strictly abide by the *Production Safety Law of the People's Republic of China*, the *Special Equipment Safety 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 Treatment of Occupational Diseases*, the *Regulation on Work-Related Injury Insurances*, and other laws and regulations related to production safety and occupational health. We have also formulated 30 safety production-related and 7 occupational health-related, operation standard management procedures, such as the *Management Measures for the Storage and Use of Chemicals*, the *Management Regulations on the Safety Equipment for Labor*, and the *Management Procedures for the Environmental Health and Safety of Contractors*, to constantly perfect the protection the system offers.

Healthcare

The Group believes that ensuring the health and safety of employees is the foundation for enterprises to develop sustainably. We regularly engage a third party institution to conduct evaluations and inspections on the occupational hazards of the whole factory to continuously elevate our management standards in terms of occupational health. The

results of such evaluations and inspections in 2019 were all up to the relevant national standards. Moreover, we also made great efforts to protect our employees' occupational health through annual occupational health examinations, the provision of personal protective equipment, occupational health training, and other methods.

Production Safety Management

Insisting upon the production safety target of "zero work-related injuries and zero accidents", the Group has continuously strengthened and implemented an accountability system for production safety. We have always strengthened the management of contractors' (mainly including professional construction contractors, professional repair and maintenance providers and others) and employees' safety. During the reporting period, we formulated and achieved the annual production safety target of "promoting a safe environment with zero safety incidents among contractors and zero work-related injuries among employees".

We have consistently strengthened the standardization of production safety, and persistently reviewed our work in managing the safety of hazardous operations, in

managing safety signs and labels, and in managing the safety of contractors and other dimensions. During the reporting period, we adjusted the contents of and the approval process for "hazardous work" as defined within the factory to continuously reduce the risk coefficient brought by hazardous operations. We uniformly planned and improved the safety signs within the factory, and through the visualized safety colors and warning signs and labels, notified and warned the on-site personnel to avoid the potential risks at the factory. In addition, we adopted the means of work/operational authorization to conduct qualification reviews and safety training for contractors, assist them in risk identification for their operations, and formulate and take the relevant risk control measures.



Management of Safety Signs and Labels

Furthermore, to constantly improve our employees' safety awareness, we have persistently strengthened the promotion of knowledge and the training on safety by organizing weekly debates, emergency drills, emergency skills training, and other activities. During the reporting period, there were no work-related injuries.

- 1 2 Fire Emergency Drill
- 3 4 Laboratory Chemical Agent Leakage Drill
- 5 Emergency Skills Training
- 6 Weekly Debates on Safety



CARE AND SUPPORT

Care is one of the four spirits of TOT BIOPHARM. We are committed to providing a well-established salary and benefits system for employees, actively creating a comfortable and warm working environment, and carefully understanding the demands of each employee, which comprehensively guides our employees to pursue a good life in a healthier way.



Salary and benefits

The Group works to provide employees with a competitive remuneration and benefits system. In addition to providing employees with the statutorily-required benefits, we also offer more generous employee benefits than those legally required, including benefits such as vacation arrangements, cash gifts for all sorts of holidays and festivals, supplementary medical insurance, and annual physical examinations. We adopt

a performance-oriented reward mechanism, including annual performance bonuses, annual salary adjustments, project bonuses, and so on. During the reporting period, we cooperated with a third party institution to carry out a pay review survey, and updated the Company's internal salary structure based on the survey results to continuously optimize our salary management model for employees.

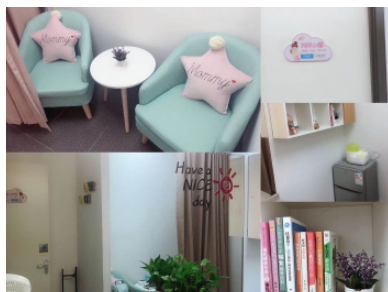
Care for Employees

The Group actively creates a corporate culture that cares about its employees. We are devoted to building a sound communication system for our employees so as to sincerely listen to the suggestions and demands from our front-line employees. We persistently improved the working and living environment for our employees to continuously promote our employees' sense of belonging, identity, and happiness.

We care about the family life of each employee and hope that he/she can gain a greater sense of fulfillment and happiness from work. Therefore, through hosting myriad corporate cultural activities, such as family day activities, monthly birthday celebrations and physical fitness activities, we constantly enrich the lives of our employees, and we make every effort to help our employees realize work-life integration.

Upgraded the "Mamiroom"

The "Mamiroom" is continuously upgraded and reconstructed to create a cozy and full-of-love environment for lactating employees. Aside from being fully-equipped with basic facilities, it also provides a variety of books relating to the topics of complementary feeding, preschool education, and work-family balance. We hope to give the new mothers of TOT BIOPHARM heart-warming accompaniment during their growth.



Improved Accommodation

At the beginning of 2019, we completed the relocation of our dormitories, and conducted daily dormitory management in the form of safety training, fun appraisals, observation and learning, and other activities so as to guide employees to actively maintain a safe and comfortable environment at the dormitory. We also hold activities at important festivals to offer homely warmth for employees residing at the dormitory.



Family Day Activities

In October 2019, we carried out family day activities themed "Happiness · Family · Health" where all employees deeply felt the family-like culture at TOT BIOPHARM. In addition, we also prepared games and interesting activities related to the pharmaceutical industry and centered on the theme of the family day activities. By arranging a charity bazaar, we showed our concern for and gave our best wishes to the children of Khorgas National Gate Junior High School.

International Women's Day Activity

On 8th March of 2019, we carried out special activities to celebrate International Women's Day, during which female employees made new friends and had fun through making flower arrangements and delicious dumplings, discussing disparate topics, and other activities. At last, Ms. Yeh-Huang Chun-Ying expressed her hopes that every female employee in TOT BIOPHARM could show their most beautiful side every day and rise up to the challenges from the world with their feminine tenderness and tenacity.

Parent-Child Activities

In November 2019, "TOT Parent-child Activity Day" was successfully held to the expectations of the children. Everyone went to an island situated at the center of Lake Taihu with their parents by boat or by car. Through a series of outward bound activities, picnics and a campfire party, children and parents were brought closer together. Upon the completion of activities, the children were issued badges. The two-day and one-night homely experience ended with great takeaways for each family that participated in the activity.



Monthly Birthday Celebrations

We hold a birthday party every month. On the day, every member of TOT BIOPHARM would send their best wishes to those employees whose birthdays fall within that month. In addition to delicious food and cakes, we would also arrange special experiential activities for them, such as knowledge contests, interactive games and story-telling sessions for stories on how TOT BIOPHARM and "I" grew together. Employees, amidst their cheers and laughter, are moved and are happy.

Cycling Around Lake Taihu

In May 2019, the cyclists of TOT BIOPHARM set off on a new journey again, cycling around Lake Taihu for the fifth time. The whole journey covered about 305km, which is the longest and hardest one over the years. Along the journey, we accompanied and encouraged each other, leaving no one behind. At the beautiful Lake Taihu, we reached self-transcendence, and became the most astounding sight ourselves.

Joint Sports Competition with Other Companies

In September 2019, we participated in a joint sports competition with other companies which are on friendly terms with us. The athletes of TOT BIOPHARM participated in three games, namely, basketball, badminton, and golf. During the game, they sweated, worked hard, adopted a professional and willing-to-learn attitude, respected referees and competitors, and won external recognition. Hence, they were awarded the "Best Corporate Culture Award", showcasing the cultural spirit of TOT BIOPHARM.

06

BEING GREEN WITH RESPONSIBILITY

TOT BIOPHARM not only abides by the moral and commercial standards of the pharmaceutical industry in the whole process of R&D, production and marketing, but also formulates comprehensive standards relating to the environment, health and safety (EHS) for the workplace, so as to continuously monitor compliant performance and constantly evaluate and improve the implementation of EHS practice, thereby adhere to the green operating philosophy.



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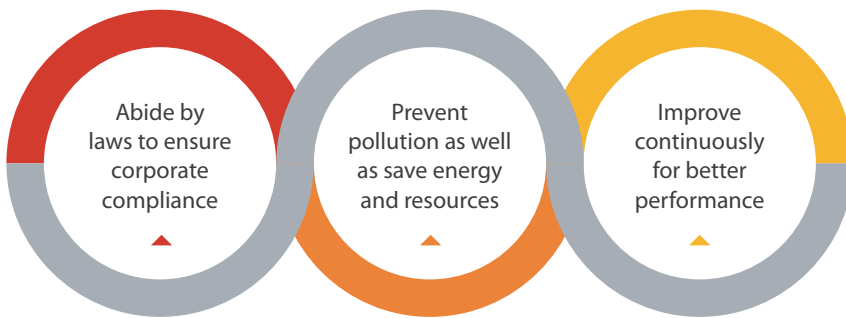
$H.$

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GREEN MANAGEMENT



TOT BIOPHARM actively identifies, regularly evaluates, and updates the environment-related laws and regulations. We strictly complied with 249 environment-related laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Integrated Wastewater Discharge Standard*, and the *Integrated Emission Standard of Air Pollutants*. We promise to implement the formulated environmental protection policies and establish sound environmental management systems and organizational protection mechanisms. Trying our best to fulfill our commitments to environmental protection towards communities and society, we were audited externally by a third party and was awarded the ISO 14001 Environmental Management Certificate in December 2019.



Environmental Protection Policy

The operation and implementation of the management system must continuously improve employees' awareness and abilities. During the reporting period, we developed several environmental knowledge trainings and publicity events to convey the concepts of environmental protection to each employee, practically strengthening their awareness of their environmental protection responsibility.



ISO 14001 Certificate

Training and Publicity Events

The Group hosted the launching conference for the ISO 14001 environmental management system, at which the Shanghai Minhang Jiangchuan Green Light-Year Environmental Service Center was invited to hold a small theatrical performance themed after the UN Conference on Sustainable Enterprises at the factory. The employees can play 6 key roles, namely, the media, schools, communities, enterprises, the government, and service providers, and make speeches at the conference accordingly to jointly discuss how green development can be feasibly realized.



The Group has organized environmental management training regarding the internal factory environment, including the training for the audit team, the publicity training at the departmental level, the trash sorting training for cleaners, and more. There were 15 training sessions in the second half of 2019 with nearly 400 attendees.

RESOURCE CHERISHING

Resource cherishing, energy conservation and emission reduction not only benefit the state and its people, but also lay a good foundation for the enterprises' high-quality and highly efficient production. In terms of resource and energy management, in strict accordance with the *Energy Management Regulations* as formulated, the Company makes proper and reasonable use of the water resources and different types of energy within the factory, and conducts regular analyses of the consumption levels. The Company also incorporates energy efficiency into the framework of management measures, and devotes itself to conveying the concept of energy conservation and emission reduction to all employees.



Water Resource Management



- Selectively purchasing water-saving equipment and facilities, for example, a sensor-activated faucet to avoid wasting water resources when washing hands
- Day-to-day monitoring of the consumption of water resources with timely corrective measures if there is any abnormality
- Strictly complying with the regulatory requirements of SOP, for example, the flushing time, the volume of flushing water, the frequency of cleaning and so on
- Reclaiming RO-concentrated water, EDI-concentrated water and the drainage from water tanks to the grey water system for greening and toilets

Power Management



- Preferentially choosing the facilities with an energy consumption of level 2 or above
- Day-to-day monitoring of power consumption with timely corrective measures if there is any abnormality
- Preferentially using lamps with high energy-saving efficiency
- Adjusting the lighting time of street lights at the factory road based on different seasons
- Properly setting the water outlet temperature of the chiller at the workshop for improving cooling efficiency

Natural Gas Management



- Day-to-day monitoring of the natural gas consumption with timely corrective measures if there is any abnormality
- Maintaining the boilers regularly to improve their combustion efficiency
- Properly setting the boilers' inlet water temperature and vapour pressure to improve the operational efficiency of the boilers



The following table lists the details of energy consumption and greenhouse gas emissions by the Group during the reporting period:

| | Unit | 2019 |
|--|---|------------|
| Purchased electricity | kWh | 11,026,380 |
| Natural gas | m ³ | 1,647,000 |
| Diesel | L | 500 |
| Direct energy consumption | ton of standard coal equivalent | 2,000 |
| Indirect energy consumption | ton of standard coal equivalent | 1,355 |
| Total energy consumption | ton of standard coal equivalent | 3,355 |
| The intensity of energy consumption | ton of standard coal equivalent /person | 10.29 |
| Scope 1 greenhouse gas emissions | ton of CO ₂ equivalent | 3,562 |
| Scope 2 greenhouse gas emissions | ton of CO ₂ equivalent | 7,757 |
| Total greenhouse gas emissions | ton of CO ₂ equivalent | 11,319 |
| The intensity of greenhouse gas emission | ton of CO ₂ equivalent /person | 34.72 |

Cases of Energy Saving and Emissions Reduction

During winter, the energy consumption can be reduced by

1,148 kWh/d

During summer, the energy consumption can be reduced by

2,296 kWh/d

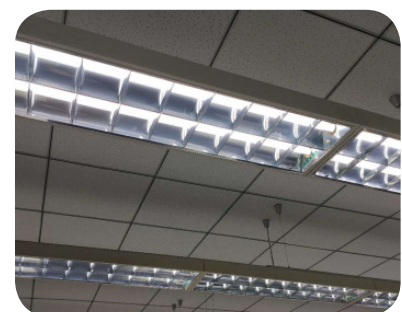


In 2019, the Group purchased a new variable speed screw chiller with the capacity of 300RT and two variable speed water pumps, which were installed at the chiller room of Factory No.1, and were put into operation on November 15th after the installation and debugging. The Integrated Part Load Value (IPLV (C)) of the variable speed screw chiller with the capacity of 300RT is 7.69, acting as a Grade One Energy Efficiency equipment.

In 2019, the Group purchased and replaced 200 LED lamps, whereby the lamps' power is 16W/ lamp, being far less than the ordinary T8 lamps with the power as 36W/lamp.

The energy consumption can be potentially reduced by

32 kWh/d



The following table indicates the details of water resource consumption and packaging material consumption by the Group within the reporting period:

| | Unit | 2019 |
|---|------------|---------|
| Water resource consumption | ton | 177,921 |
| Reusing grey water | ton | 26,280 |
| The intensity of water resource consumption | ton/person | 545.77 |
| Packaging material [★] consumption | Kg | 3,500 |

[★] The packaging materials used by the Group are mainly vial bottles.

Cases of Conserving Water Resources

If one operates the cooling tower for one whole year, the water consumption could be reduced by

30,000 tons

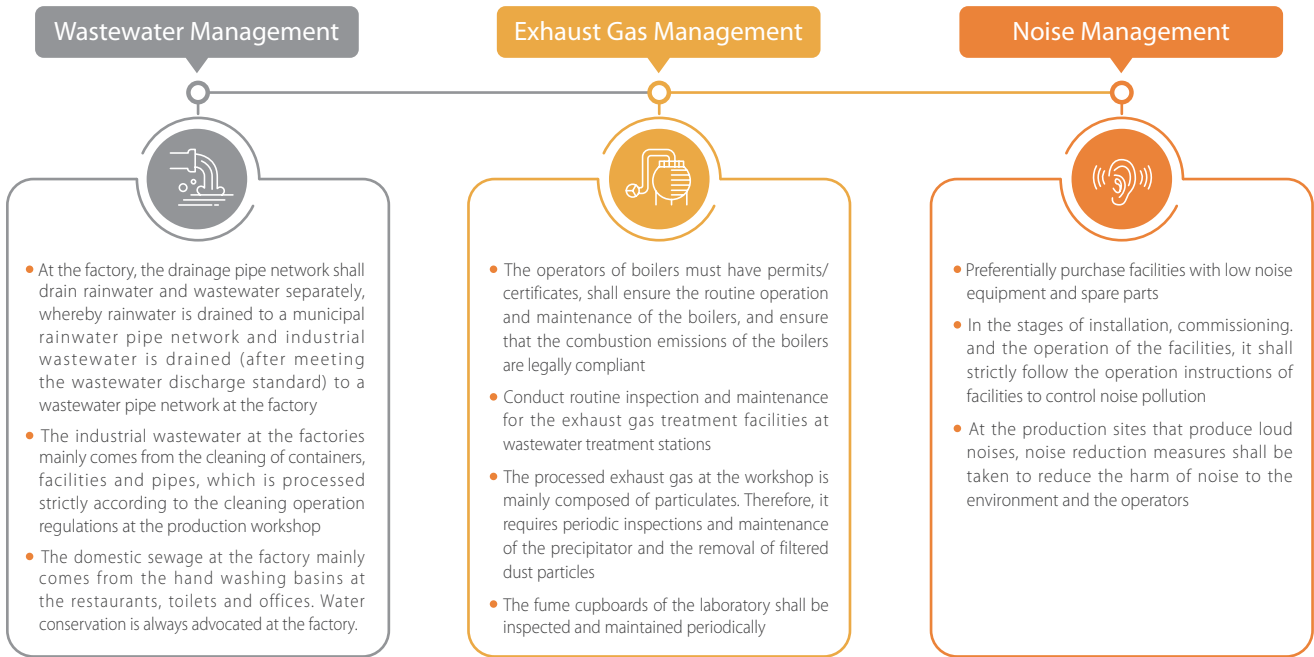
In 2019, the Group adopted the model of reusing grey water, whereby the grey water was sourced from the sampling drainage of the workshop at Factory No. 2, the cleaning water from washing sanitary ware and the recycled RO-concentrated water. The grey water was then recycled to the reclaimed grey water sink of TOT BIOPHARM that boasts a 360m³ capacity. The reclaimed water is thereby pumped to the 24m³ firefighting water tank and cooling tower for water replenishment.



COMPLIANT EMISSIONS



TOT BIOPHARM is equipped with professional environmental management personnel for ensuring the normal operations of the environmental facilities and carrying out effective emission management and supervision. We strictly abide by the *Exhaust Gas Control and Management Procedures*, the *Wastewater Control Regulations*, the *Noise Control and Management Procedures*, and other documents to implement the management procedures. At the same time, qualified monitoring agencies are regularly employed to carry out the corresponding environmental monitoring on the Company, and thereby issue a Monitoring Report to strictly prevent the situation of excessive emissions.



The following table indicates the details of wastewater discharge and exhaust gas emission by the Group during the reporting period:

| | Unit | 2019 |
|-----------------------------|----------------|------------|
| Total wastewater discharge | m ³ | 142,337 |
| COD emissions | ton | 0.0017 |
| Ammonia nitrogen emissions | ton | 0.0004 |
| Total exhaust gas emissions | m ³ | 17,293,500 |
| Nitrogen oxide emissions | ton | 0.7263 |
| Sulfur oxide emissions | ton | 0 |
| Particulate emissions | ton | 0.0293 |

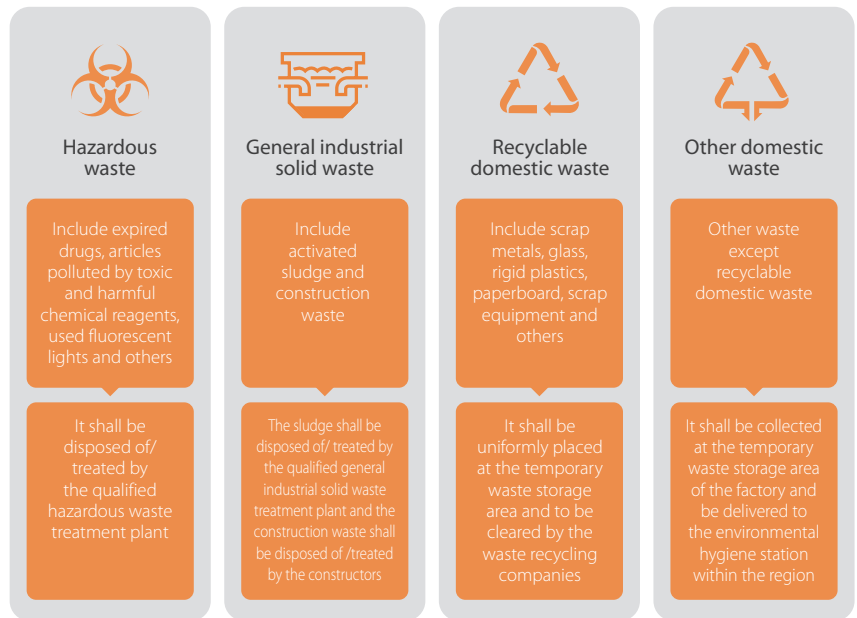
“Zero” Wastewater Discharge

In 2019, the wastewater generated from the monoclonal antibody factory workshop in TOT BIOPHARM was drained to the sewage treatment plant so as to undergo evaporation treatment after the anaerobic and aerobic biochemical processes. The treated water was drained to the reclaimed grey water sink for firefighting purposes and for its use by the cooling tower so as to realize wastewater recovery and reuse.



Classification and Disposal/Treatment of Waste in TOT BIOPHARM

Targeting the wastes produced by production and operation processes, the Group prepared and published the *Management Regulations for Wastes*, so as to regulate the classification, storage and disposal of wastes, specify the departments with the corresponding responsibilities, reduce the environmental pollution produced by wastes, and prevent the adverse impacts of such on human health.



The following table lists the details of waste production by the Group during the reporting period:

| | Unit | 2019 |
|---|------------|------|
| Hazardous waste | ton | 12.8 |
| Non-hazardous waste★ | ton | 99.3 |
| Recyclable domestic waste | ton | 11.0 |
| Intensity of hazardous waste produced | ton/person | 0.04 |
| Intensity of non-hazardous waste produced | ton/person | 0.30 |

★ Non-hazardous waste includes general industrial solid waste and other domestic waste.

In terms of managing environmental emergencies, in compliance with the related laws and regulations, as well as the requirements made by the superior People's Government and the relevant departments, TOT BIOPHARM formulated the *Emergency Plan for Environmental Emergencies of TOT BIOPHARM Company Limited* in light of the actual circumstances. Moreover, TOT BIOPHARM also conducts assessments on the sources of environmental risks and the environmental risks themselves, and has established an emergency organization with the members and their respective responsibilities made clear. In addition, emergency drills are carried out regularly every year.



In respect of environmental emergencies in daily operations, other than formulating contingency plans and conducting environmental risk assessments, we have also conducted environmental emergency drills. Two emergency drills were organized in 2019: emergency disposal in the case of leakage of environmentally-hazardous substances, and emergency disposal in the case of leakage of hazardous waste.

For the emergency drill pertaining to the emergency disposal of the hazardous waste leakage, we simulated the scenario where after the factory suffered a fire, the water for fire-fighting, carrying the hazardous substances, were leaked to the rainwater pipe network at the factory, and one must halt the leakage of the pollutants to the municipal rainwater pipe network as soon as possible. The emergency disposal of leaked hazardous waste uses harmless sodium chloride to conduct the leakage drill, whereby employees can familiarize themselves with the emergency disposal process upon leakage, quickly handle the accidents, and reduce environmental hazards.





07

CONTRIBUTING TO SOCIETY WITH ACTIONS

TOT BIOPHARM is an enterprise that focuses on “Balance of Humanity and Technology” – we shoulder missions, care for life, focus on boosting peoples’ health, and actively perform our corporate social responsibility. Wherever our country, society, patients and healthcare professionals need us, we do our best to assist, and, give back to our society with concrete actions. In the year of 2019, the Group made charitable donations of approximately RMB 674,000.



Since the year of 2010, we have advocated the caring spirit of "caring for peoples' health, humanity, and society", and have launched and participated in all kinds of charitable activities under our main theme - "We have to love together – the TOT BIOPHARM journey of love for cancer patients and vulnerable groups".

All along utilizing its strength and professional specialties, TOT BIOPHARM has devoted itself to charitable activities, including caring for cancer patients and vulnerable groups, lectures on humanism and public welfare, charitable donations, and other activities, to spread love and care to where it is needed.

Caring for cancer patients



- Promoted the "oncology hospitals informing patients of their medical conditions" and "psychological tumors of medical staff" training courses, and facilitated the communication between doctors, cancer patients, and their family members, so as to ensure that the patient and his/her family members know of the disease, which is beneficial for subsequent treatments.
- Supported the training courses of the Global Chinese Breast Cancer Organizations Alliance and the Rehabilitation Branch of the Chinese Anti-Cancer Association for their backbone members.

Caring for vulnerable groups



- Actively formed supportive relationships with Special Education Schools for children, such as the Shanghai Guangzhong School and the Suzhou Industrial Park Zone Boai School, so as to let children with special needs and vulnerable groups feel social warmth and love.

Lectures on humanism and public welfare



- Launched multiple lectures on humanism and public welfare to make known the aetiology of tumors, the susceptibility factors of tumors, certain common symptoms of tumors, and some simple self-examination methods. Moreover, these lectures can also publicize certain common knowledge of cancer prevention, and raise public awareness of cancer and focus on health.

Charitable donations



- Arranged several charitable donation activities, including fundraising activities for children with burn wounds, and the establishment of a "Work-Study Fund" at the Khorgas National Gate Junior Middle School, Xinjiang, and others;
- At the same time, we focused on expanding charitable activities to involve all staff members. Through activities like "Family Day Charity Sale" and "Respecting the Elderly of Nursing Homes", all employees and their family members are encouraged to participate in them, creating an atmosphere where everyone is engaged in public welfare activities.

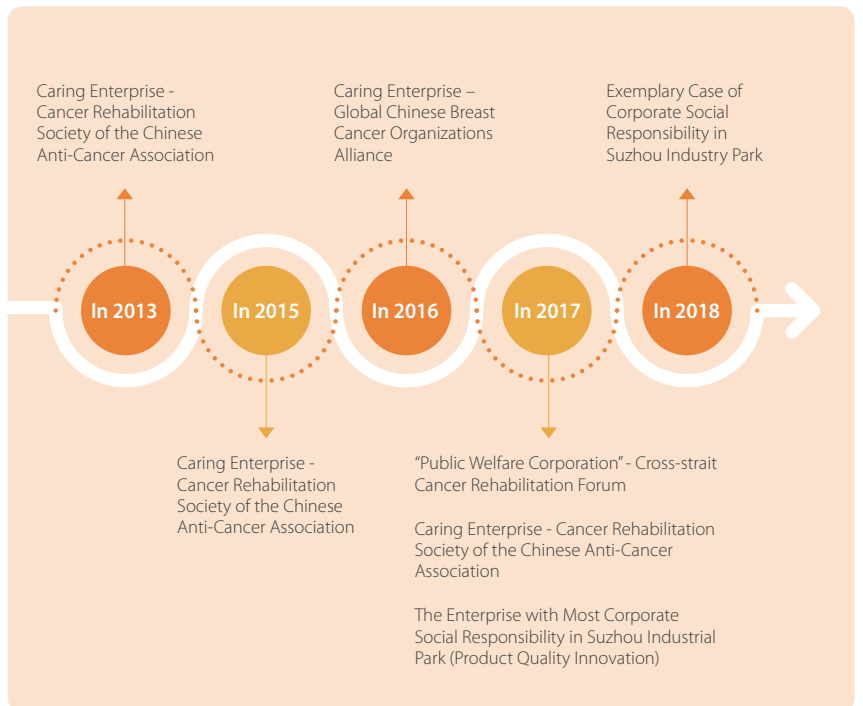




Relying on our years of experience in engaging in public welfare activities, we have won many honorary titles and awards:



▲ The "Exemplary Case of Corporate Social Responsibility of 2018" Certificate of Honor, Suzhou Industrial Park



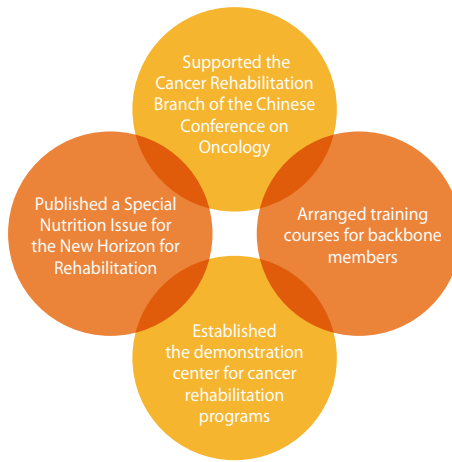
HEALTH CARE



During the reporting period, we continuously adhered to our patient-centered principle, and provided patients with comprehensive anti-cancer treatments based on the overall needs of cancer patients. At the same time, we also developed multiple physical, mental and spiritual care programs for cancer patients, their family members, and medical staff, striving to alleviate the adverse physical and psychological reactions patients and their family members may have due to stress, and to promote harmonious relationships between doctors and patients.

Concern for Cancer Patients and Their Family Members

Owing to our patient-centered corporate social responsibility, TOT BIOPHARM actively responded to the *Healthy China 2030 Planning Outline* during the reporting period, and donated to the Cancer Rehabilitation Society of the China Anti-Cancer Association. In addition, we deepened cooperation with the said Society in the four aspects on the right, which not only effectively strengthened the promotion of awareness of the nutrition needed to target tumors for cancer patients and their families in China, but also promoted the creation of a comprehensive medical consortium for cancer prevention and rehabilitation.



▲ On May 13th of 2019, the training for backbone members was arranged in Jiujiang, Jiangxi



On March 1st of 2019, we visited the Shaanxi Provincial Cancer Hospital for investigating and confirming the optimization cooperation plans for cancer patients' nutritional care



On May 31st of 2019, the first stage of training for medical staff on nutritional care was arranged at the Shaanxi Provincial Cancer Hospital based on the optimization cooperation plans for cancer patients' nutritional care



On October 11th of 2019, the training for the core nutrition team was arranged at the Shaanxi Provincial Cancer Hospital based on the optimization cooperation plans for cancer patients' nutritional care

Cultivate New Forces for Tumor Treatment

In 2019, TOT BIOPHARM and Hope Foundation for Cancer Care signed a three-year cooperation plan on the optimization of nutritional care for cancer patients at the Shaanxi Provincial Cancer Hospital, including the participation in the Cross-strait cancer nutritional care summit forum, themed as "Getting Nutrition From The Beginning", as well as the seminars and a series of training activities for the new forces of tumor treatment.



At the same time, we also donated to other cancer rehabilitation organizations and charitable foundations during the reporting period, performing the corporate social responsibilities as a corporate citizen.

In January 2019

We donated to Global Chinese Breast Cancer Organizations Alliance.

In April 2019

We donated to the Cancer Rehabilitation Association in Suzhou Industry Park.

In March 2019

We donated to the Beijing You Mai Charity Foundation, to which the donation is used to support poor patients to obtain remote consultation and training under the You Mai Health and Poverty Alleviation Public Welfare Project, with a total of 18 beneficiaries.

COMMUNITY SERVICE



Assisting Students
At Border Areas to
Realize Their Dreams



Fighting Against the
Epidemic and Working
Together to Get Through
the Difficult Times

Assisting Students At Border Areas to Realize Their Dreams

TOT BIOPHARM provides assistance to the Khorgas National Gate Junior High School, Xinjiang, and has set up a student fund premised on love and care. After making cash donations in 2018, we then donated sports equipment and clothing to the school in June 2019, including 40 basketballs, 60 footballs and 30 sports vests, aimed to help realize the dreams of the students at border areas. Meanwhile, we have also invited experiential education experts from Taiwan to organize 4 hours' worth of experiential training and recreational activities for teachers and students so that the experiential education can take root in the border areas. The employees of the Group have also spontaneously organized the collection and donation of books and clothing, some of whom applied for volunteer permits and joined the ranks of social volunteers. We have always looked forward to contributing more efforts towards the harmony and beauty of society. During the reporting period, a total of 1,300 junior high school students were benefitted.



At the beginning of 2020, the novel coronavirus outbreak swept across the country, making everyone anxious. With strong social responsibility as a member of the pharmaceutical industry, TOT BIOPHARM proactively responded to the challenge. Since the start of the epidemic, the Company has long been concerned about the infected areas, hence we quickly mobilized various resources, such as manpower and materials, and coordinated the deployment of such resources. In addition, we eagerly donated money and resources, plunging ourselves into this epidemic "warfare" that bore no gunpowder smoke in the hour of need.

Fighting Against the Epidemic and Working Together to Get Through the Difficult Times



As a company that engages in the research and development of new drugs, we shoulder the same responsibilities and mission as the medical staff. In the face of the epidemic, we stayed with all the patients, their family members, and the medical staff who are fighting against the epidemic. The Group donated RMB 1 million to the Hubei Charity Federation on January 27th of 2020 to support the purchase of urgently-needed medical supplies and the securing of basic personnel supplies in Wuhan owing to the novel coronavirus epidemic, and donated protective clothing to the Suzhou Fifth People's Hospital.

In addition, we are also concerned about the nourishment and health of the front-line medical staff and cancer patients in key epidemic areas. We had successively donated altogether 1,370 boxes of nutritional supplement milk drinks to the Hubei Charity Federation and Beijing Love Book Cancer Foundation to help supplement the nutrition levels of the medical staff and cancer patients, as well as to raise their immunity. We firmly believe that as long as we all are united as one, the unity of our will shall be an impregnable stronghold, and we will win the battle against the epidemic.

APPENDIX 1

List of Applicable Laws and Regulations

This section sorts and lists the main laws and regulations that are applicable to the Group in the order of the ESG index, as in accordance with the requirements as stipulated in “the relevant laws and regulations that have a significant impact on the issuer” within “General Disclosure” of the HKEX guidelines.

| Classification | The laws and regulations |
|--|--|
| Laws and regulations related to environmental protection | <i>Environmental Protection Law of the People's Republic of China</i> |
| | <i>Environmental Protection Tax Law of the People's Republic of China</i> |
| | <i>Water Law of the People's Republic of China</i> |
| | <i>Water Pollution Prevention and Control Law of the People's Republic of China</i> |
| | <i>Law of the People's Republic of China on the Prevention and Control of Pollution From Environmental Noise</i> |
| | <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste</i> |
| | <i>Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</i> |
| | <i>Law of the People's Republic of China on Appraising of Environment Impacts</i> |
| | <i>Cleaner Production Promotion Law of the People's Republic of China</i> |
| | <i>Circular Economy Promotion Law of the People's Republic of China</i> |
| | <i>Integrated Emission Standard of Air Pollutants</i> |
| <i>Integrated Wastewater Discharge Standard</i> | |
| Laws and regulations related to labor | <i>Labor Law of the People's Republic of China</i> |
| | <i>Labor Contract Law of the People's Republic of China</i> |
| | <i>Production Safety Law of the People's Republic of China</i> |
| | <i>Special Equipment Safety Law of the People's Republic of China</i> |
| | <i>Law of the People's Republic of China on the Protection of Women's Rights and Interests</i> |
| | <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> |
| | <i>Social Insurance Law of the People's Republic of China</i> |
| | <i>Trade Union Law of the People's Republic of China</i> |
| | <i>Regulation on Work-Related Injury Insurances</i> |
| | <i>Regulation on Emergency Responses to Work Safety Accidents</i> |
| <i>Provision on the Prohibition of Using Child Labor</i> | |
| Laws and regulations related to product responsibility | <i>Trademark Law of the People's Republic of China</i> |
| | <i>Patent Law of the People's Republic of China</i> |
| | <i>Pharmaceutical Administration Law of the People's Republic of China</i> |
| | <i>Regulations for the Implementation of the Drug Administration Law of the People's Republic of China</i> |
| | <i>Provisions for Drug Registration</i> |
| | <i>Good Manufacturing Practices for Pharmaceutical Products</i> |
| | <i>Standard Management Regulations for Handling Drug Complaints</i> |
| | <i>Administrative Measures for Drug Recall</i> |
| | <i>Title 21, Food and Drugs, the Code of Federal Regulations, CFR</i> |
| <i>Federal Food, Drug and Cosmetic Act, FD&C Act</i> | |
| The laws and regulations related to anti-corruption and company governance | <i>Anti-Unfair Competition Law of the People's Republic of China</i> |
| | <i>Anti-Money Laundering Law of the People's Republic of China</i> |
| | <i>Anti-Monopoly Law of the People's Republic of China</i> |
| | <i>Company Law of the People's Republic of China</i> |
| | <i>Securities Law of the People's Republic of China</i> |
| | <i>Interim Provisions on Banning Commercial Bribery</i> |
| | <i>Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> |
| | <i>Code of Corporate Governance for Listed Companies in China</i> |
| <i>Basic Norms for Enterprise Internal Controls</i> | |

APPENDIX 2

The Content Index of Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited

| Subject Areas, Aspects, General Disclosures and Key Performance Indicators | | | Relevant Section |
|--|--------------------|--|---|
| Environmental | | | |
| A1: Emissions | General disclosure | Information on: (a) the policies; and (b) compliance with the relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste | Being Green with Responsibility |
| | A1.1 | The types of emissions and respective emissions data | Compliant Emissions |
| | A1.2 | Total greenhouse gas emissions and its intensity | Resource Cherishing |
| | A1.3 | Total hazardous waste produced and its intensity | Compliant Emissions |
| | A1.4 | Total non-hazardous waste produced and its intensity | Compliant Emissions |
| | A1.5 | Description of the measures to mitigate emissions, and the results achieved | Compliant Emissions |
| | A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and the results achieved | Compliant Emissions |
| A2: Resource utilization | General disclosure | The policies related to the effective use of resources (including energy, water, and other raw materials) | Resource Cherishing |
| | A2.1 | Total direct and/or indirect energy (e.g. electricity, gas or oil) consumption and intensity by type | Resource Cherishing |
| | A2.2 | Total water consumption and intensity | Resource Cherishing |
| | A2.3 | Description of energy use efficiency initiatives and the results achieved | Resource Cherishing |
| | A2.4 | Description of the problems of obtaining/sourcing water that is fit for purpose, water efficiency initiatives, and the results achieved | Resource Cherishing |
| | A2.5 | Total packaging material used for finished products and the reference to per unit produced | Resource Cherishing |
| A3: Environmental and Natural resources | General disclosure | The policies of reducing the issuer's significant impact on the environment and natural resources. | Being Green with Responsibility |
| | A3.1 | Description of the significant impacts of business activities on the environment and natural resources, and the actions taken to manage such impacts | Being Green with Responsibility |
| Social | | | |
| B1: Employment | General disclosure | Information on: (a) the policies; and (b) compliance with the 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 | Overview of Employees Talent Cultivation Care and Support |
| | B1.1 | The total number of employees classified by gender, type of employment, age group and geographical region | Overview of Employees |
| | B1.2 | The employee turnover rate by gender, age group and geographical region | The Company is promoting a more refined management of employee turnover rates, we hope to disclose so in the near future. |
| B2: Health and safety | General disclosure | Information on: (a) the policies; and (b) compliance with the relevant laws and regulations that have a significant effect on the issuer relating to the provision of a safe working environment and the protection of employees from occupational hazards. | Health and Safety |
| | B2.1 | Number and rate of work-related fatalities | Health and Safety |
| | B2.2 | The number of working days lost due to work injury | The Group plans to manage so in a more refined manner for future disclosure. |
| | B2.3 | Description of the occupational health and safety measures adopted, and how they are implemented and monitored | Health and Safety |

The Content Index of Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited

| Subject Areas, Aspects, General Disclosures and Key Performance Indicators | | | Relevant Section |
|--|--------------------|---|---|
| Social | | | |
| B3: Development and training | General disclosure | The policies related to improving employees' knowledge and skills for discharging duties at work. The description of training activities | Talent Cultivation |
| | B3.1 | The percentage of trained employees by gender and employee category | Talent Cultivation |
| | B3.2 | The average training hours completed per employee by gender and employee category | Talent Cultivation |
| B4: Labor rules | General disclosure | Information on: (a) the policies; and (b) compliance with the relevant laws and regulations that have a significant impact on the issuer relating to the prevention of child labor and forced labor | Overview of Employees |
| | B4.1 | Description of measures to review employment practices to prevent employing child labor and forced labor | Overview of Employees |
| | B4.2 | Description of the steps taken to eliminate such practices when discovered | Overview of Employees |
| B5: Supply chain management | General disclosure | The policies on managing environmental and social risks of the supply chain | Supply Chain Management |
| | B5.1 | The number of suppliers by geographical region | Supply Chain Management |
| | B5.2 | Description of the practices relating to engaging suppliers, the number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Supply Chain Management |
| B6: Product Responsibility | General disclosure | Information on: (a) the policies; and (b) compliance with the relevant laws and regulations that have a significant impact on the issuer relating to the health and safety, advertising, labelling and privacy matters relating to the products and services provided, and the methods of redress | Creating Excellent Quality |
| | B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons | During the reporting period, there were no products recalled. |
| | B6.2 | The number of product and service-related complaints received and how they are dealt with | Creating Excellent Quality |
| | B6.3 | Description of the practices relating to observing and protecting intellectual property rights | Creating Excellent Quality |
| | B6.4 | Description of the quality assurance process and product recall procedures | Creating Excellent Quality |
| | B6.5 | Description of consumer data and privacy policies, and how they are implemented and monitored | Creating Excellent Quality |
| B7: Anti-corruption | General disclosure | Information on: (a) the policies; and (b) compliance with the relevant laws and regulations that have a significant impact on the issuer relating to the prevention of bribery, extortion, fraud and money laundering | Corporate Governance |
| | B7.1 | The 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 | Corporate Governance |
| | B7.2 | Description of the prevention measures, whistleblowing procedures, and how they are implemented and monitored | Corporate Governance |
| B8: Community investment | General disclosure | The 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 | Contributing to Society with Actions |
| | B8.1 | Focus areas of contribution | Contributing to Society with Actions |
| | B8.2 | The resources contributed to the focus area | Contributing to Society with Actions |



Traditional
Chinese Website



English
Website

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