




EVEREST MEDICINES
云顶新耀

Everest Medicines Limited
雲頂新耀有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1952



Better **Medicines**,
Better **Life**

2021

Environmental, Social and Governance Report

2021 Environmental, Social and Governance Report



CONTENTS

Chairman's Statement	2
About this Report	3
Reporting Period	3
Scope of this Report	3
Reporting Reference	3
Endorsement and Approval	4
Feedback for this Report	4
Governance	5
ESG Governance	5
Business Ethics	5
Intellectual Property and Data Protection	6
Stakeholder Engagement and Materiality Assessment	7
Stakeholder Engagement	7
Materiality Assessment	8
Environmental Protection	9
Energy Usage and Emissions	9
Water Resource Management	10
Waste Management	11
Social Responsibility	12
Employment	12
Employee Welfare	14
Occupational Health and Safety	14
Development and Training	15
Labor Standards	16
Safety of Clinical Trials	17
Supply Chain Management	17
Product Responsibility	18
Community Investment	19
Appendix I: The Stock Exchange ESG Reporting Guide Index	20



2021 Environmental, Social and Governance Report

CHAIRMAN'S STATEMENT

Everest Medicines Limited (“We”, the “Company” or “Everest Medicines”), is proud to present the **2021 ESG Report** covering our ESG initiatives and performance during the year.

As we continue our dedicated work in clinical research and development and commercialization of medicines, the Company is committed to strengthening its systems and procedures to integrate ESG as a key consideration into management and operations. Quality remains the top priority in all aspects of Everest Medicines’ business. We continue to place great emphasis on promoting quality management in clinical trials, product development, and the management of third-party vendors. As a relatively young company, we are taking active steps to strengthen our internal systems and procedures to ensure high standards of quality management. We have begun integrating our quality management systems and procedures in the Electronic Quality Management System for harmonization and alignment across the business.

This year, we have established an Environmental, Social and Governance Working Group to oversee and manage ESG issues across our business. This has enabled us to review and evaluate our operations and identify areas for further improvement for the benefit of our employees and business. We are pleased to share the details of how we have integrated environmental considerations in the process of constructing our manufacturing facility and the success of the overall impact assessment.

In terms of business ethics, we value integrity, transparency, and honesty and continue to upholding strong ethical standards across our business operations. We expect our employees to maintain this expectation of integrity when engaging in activities related to our business. We believe that our ESG efforts are part of achieving the highest standards of clinical trial excellence. In this report, we will detail all the progress we have made this year on our journey to develop life-saving innovative medicines.



2021 Environmental, Social and Governance Report

ABOUT THIS REPORT

Everest Medicines Limited, is pleased to present our **Environmental, Social and Governance** (“ESG”) report, covering the management of our ESG issues and ESG performance for the 2021 calendar and financial year. This report has summarized measures undertaken by the Company and its subsidiaries (collectively, the “Group”) in its pursuit of sustainability and the evaluation of the environmental and social impact as a result of these actions.

Reporting Period

This report covers Everest Medicines’ ESG management approach and performance for the period from 1 January 2021 to 31 December 2021 (“the Reporting Period”).

Scope of this Report

The scope of this report primarily covers our core business and includes the key offices located in major cities around the world, namely Beijing, Shanghai, New York and San Diego.

Reporting Reference

This report has been prepared according to the **ESG Reporting Guide** as set out in Appendix 27 of the **Rules Governing the Listing of Securities** on the Stock Exchange of Hong Kong Limited (“SEHK”). This report summarizes the initiatives, quantitative data, and approaches that the Company undertakes to manage its material ESG issues, as well as discloses environmental quantitative information related to its sustainability performance and involvement which aims to provide the transparency and accountability of the Company’s actions to stakeholders. For more information relating to the Company’s business and its corporate governance practices, please refer to the Corporate Governance section in the Annual Report published by the Company on 8 April 2022.

2021 Environmental, Social and Governance Report

In the preparation of this **ESG Report**, the Group follows the four reporting principles as set out in the **ESG Reporting Guide**:

Reporting principles	Materiality	Quantitative	Balance	Consistency
Application in this ESG Report	Material environmental and social issues were identified and prioritised with inputs from internal and external stakeholders of the Group, and are disclosed in this ESG Report .	The Group accounts for and discloses KPIs in quantitative terms for proper evaluation of the effectiveness of ESG policies and actions.	This ESG Report aims to disclose data in an objective way, which aims to provide stakeholders with a balanced overview of the Group's overall ESG performances.	The Group adopts consistent measurement methodology to achieve meaningful comparison of ESG performances over time whenever practicable. Any updates in the methods or KPIs used are disclosed.

Endorsement and Approval

The Board of Directors is responsible for overseeing the statutory compliance, stakeholder engagement, ESG performance and risk management. The Board approved this **ESG report** on March 28, 2022.

Feedback for this Report

We value your feedback as we set the direction of our development and seek to address your concerns wherever possible. Please share your comments on our sustainability performance with us at IR@everestmedicines.com.



2021 Environmental, Social and Governance Report

GOVERNANCE

ESG Governance

Everest Medicines believes that creating long-term value rides on the sustainable development of our business. We actively integrate ESG management into our strategic plan and goals and have taken measures to encourage participation in ESG efforts across the Company. The Board and Management are committed to enhancing Everest Medicines' value to stakeholders through a robust corporate governance framework. The Board considers ESG-related risks and opportunities as part of the Group's overall strategic formulation, and significant ESG impact is accumulated in day-to-day operations. The Board bears ultimate responsibility for the Company's sustainability direction, strategy, objective, performance, and reporting.

This year we have established the ESG Working Group to promote effective implementation of our sustainability agenda. The ESG Working Group oversees the management and implementation of environmental factors and impact of our operations on various stakeholders, and liaises closely with senior management from Finance, Legal, and Quality Management. The ESG Working Group maintains close communication with external consultants to continuously promote capacity-building in sustainable development, as well as deepen the understanding of developing industry trends, regulatory requirements, and the demands of capital markets. The ESG Working Group is looking to establish an Environmental Management System for future business operations and development.

Business Ethics

At Everest Medicines, we uphold high standards of integrity and ethical business conduct and undertake approaches to cause our employees acting in a compliant manner as well. Employees and representatives of Everest Medicines are expected to conduct business in a fair, ethical and legal manner. Business Ethics governance begins with our **Code of Conduct and Business Ethics**, which provides guidance to interact with our stakeholders and ensures proper conduct across all aspects of the Company's operations. The policies, procedures and guidelines relating to ethical business conduct including the prevention of bribery and fraud, conflict of interest, the acceptance of gifts and entertainment from third parties are all set out in the **Code of Conduct and Business Ethics**. To support our **Code of Conduct and Business Ethics**, regular trainings are provided to new hires each year by our Legal and Compliance function to ensure the aforementioned are conducted in compliance with all applicable laws and regulations.

In 2021, we rolled out a series of internal policies guiding promotion and marketing activities and provided corresponding trainings to prepare for the coming commercialization of the Company's products. For commercial team personnel, we assigned electronic learning module on anti-bribery and corruption topic and the relevant policies, which is incorporated into the annual curriculum.



2021 Environmental, Social and Governance Report

We continuously promoted a culture of open communication and transparency and encourage our employees or other stakeholders to ask questions or raise concerns in regards to any ethical violations and possible illegal or fraudulent activity. Any employee with concerns about potential, suspected, or actual violation of our **Code of Conduct and Business Ethics** is asked to promptly report such information through our compliance hotline, and to the employee's line manager and the Compliance Officer. The Company handled such reports by conducting a prompt and thorough investigation, leveraging both internal and/or external resources. Special care was taken to protect the confidentiality of the reporting employee.

The Company has not known material instances of non-compliance with relevant laws and regulations regarding bribery, extortion, fraud, or money laundering in its countries of employment during the Reporting Period.

Intellectual Property and Data Protection

Protecting the intellectual property of Everest Medicines is crucial to our business success and key to our commercial development. The **Intellectual Property Policy** provides an overview of common types of intellectual property and the respective duties and responsibilities of our employees in protecting this information. The Policy sets out important practices related to confidentiality, copyright and trademarks protection, and trade secret protection. Our **Employee Handbook** also stipulates the high standards required for the use of confidential data, with specific security controls to protect this data.

Our commitment to quality and safety extends to the protection of patient data privacy in accordance with regulatory and international standards. We have established a **Personal Data Protection Policy** which became effective in February 2022. This policy sets forth the basic principles by which the Company processes personal data, in electronic, paper or verbal format. It also discusses topics including data protection in business activities, response to personal data breach incidents, roles and responsibilities, and more. Where there may be risk to the rights and freedoms of Data Subjects, we will take effective and efficient mitigation and remedy actions in accordance with all applicable laws and regulations. In addition, we have set up a Standard Operating Procedure (SOP) on Data and Confidentiality Protection, which describes the methodology, the process and the responsibility for maintaining confidentiality of personal information as well as data privacy within Everest Medicines in compliance with The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) Guideline for **Good Clinical Practice** (GCP), **Good Manufacture Practice** (GMP), **Good Supplying Practice** (GSP), **Good Pharmacovigilance Practice** (GPvP) and applicable data protection laws, privacy laws, and regulations.

All employees are responsible for ensuring proper data security is maintained at all times. The Clinical Research Organizations and other clinical-related vendors involved with Everest Medicines are required to comply with GCP, GMP, GSP, GPvP and all relevant laws and regulations, including but not limited to privacy, data protection and data integrity. Everest Medicines ensures all marketing strategies and associated advertisements are in full compliance with relevant local, national and global regulations.

During the Reporting Period, the Company complied with the laws and regulations that have a significant impact on it relating to labelling and privacy matters relating to products and services provided and methods of redress.

2021 Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholders' expectations are critical to the Group's efforts to define its sustainability strategy and reporting. We aim to nurture relationships with both our internal and external stakeholders to ensure we are responsive and inclusive.

We commissioned an independent consultant to conduct a stakeholder engagement exercise to identify the Group's material sustainability issues. Through this exercise, we revisited and updated our list of material issues taking into account our current business operations and the expectations of different stakeholders.

Stakeholder Engagement

During the reporting year, the Group has conducted its latest stakeholder engagement by inviting both internal and external stakeholders to participate in the stakeholder engagement practice to gain a better understanding of their insights and concerns for setting the overall direction of our sustainability strategy.

In the coming years, we will continue to review our stakeholder engagement practice and improve by including a broader range of stakeholders for a more holistic view on topics material to the Group's ESG performance.

Stakeholders	Engagement
Investors	<ul style="list-style-type: none">• Issue timely announcements and circulars• Convene regular shareholders' meetings• Publish financial and ESG reports• Meetings and conferences• Website
Employees	<ul style="list-style-type: none">• Training and employee-caring activities• Grievance mechanism
Customers	<ul style="list-style-type: none">• Feedback surveys• Meetings and conferences• Website
Suppliers and contractors	<ul style="list-style-type: none">• Tendering process• Supplier rating system• Meetings and conferences• Site visits
Government and regulatory authorities	<ul style="list-style-type: none">• Meetings and conferences
Community	<ul style="list-style-type: none">• Volunteering opportunities• Charitable events

2021 Environmental, Social and Governance Report

Materiality Assessment

Materiality Assessment Process

In defining our material topics, we reflect on an issue's importance to stakeholders and significance to Everest Medicines, relative to the Company's ESG impacts. To facilitate this evaluation, an independent consultant was engaged to conduct a stakeholder engagement exercise. The purpose of this exercise was to identify material ESG impacts along our value chain and to align this Report with the Group's strategies and the expectations of our stakeholders.

Our materiality assessment consists of three stages: Identification of Key Sustainability Issues, Engagement with Key Stakeholders and Validation and Review, which is summarized as follows:

Identification of Key Sustainability Issues	Engagement with Key Stakeholders	Validation and Review
A list of sustainability issues relevant to the Group was identified with reference to the SEHK ESG Reporting Guide , material sustainability issues of peers and industry trends.	Stakeholders were invited to prioritize the identified sustainability issues. One-on-one interviews with the Group's management were conducted for them to share views on what issues are material to the Group's sustainable development.	The findings from the interviews were consolidated, analysed and presented in the table below. Going forward, the Group will perform a regular review of the material topics by collecting stakeholder feedback and ensuring the topics align with our organization strategy.

Materiality Assessment Result

The materiality assessment results identified sustainability issues that are the most important to our stakeholders for the foundations of our sustainability approach, strategy and reporting.

Relevant sustainability issues identified:

Material topics
Talent recruitment and retention
Occupational health and safety
Training and development
Equal opportunities
Supply chain management
Safety of clinical trials
Product quality and safety
Patients' data protection and privacy
Business integrity

2021 Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION

Everest Medicines strives to promote environmental awareness throughout our business activities and operations. We take measures to reduce energy usage, conserve natural resources, and minimize our environmental impact where possible. The Company strictly follows the national and local laws and regulations on environmental protection, including the ***Environmental Protection Law of the People's Republic of China*** (the "PRC"), the ***Law of the PRC on the Prevention and Control of Air Pollution***, the ***Law of the PRC on the Prevention and Control of Water Pollution*** and the ***Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste***.

The nature of our business entails the majority of our operations being conducted in office environments with limited environmental impact. In 2021, we have launched the Jiashan construction project for the construction of our first factory. The construction of the phase 1 of our manufacturing site has been topped out, and we have begun interior design since the end of 2021. The Everest Medicines team has been closely involved to ensure the environmental impact of the Jiashan project is considered and managed throughout each stage. The factory is also designed with environmental considerations that complies with local laws and regulations.

During the Reporting Period, the Company complied with relevant environmental laws and regulations of the countries where we operate.

Energy Usage and Emissions

Everest Medicines is committed to conserving energy in daily operations at the offices and strives to cultivate environmental awareness amongst our employees to reduce electricity use. Employees are encouraged to turn off their computers and monitors after working hours. Our printers are switched into energy-saving mode automatically when not in use to reduce energy usage.

This year, we have conducted a review of our overall energy usage to provide guidance on our energy-saving plan and choice of equipment. We have carried out environmental impact assessments ("EIAs") for the Jiashan project in accordance with national and regional emission control regulations. These EIAs have been used to formulate our air emission plans and treatment, as well as air emission indicators. With the intention of minimizing our greenhouse gas emissions, our preference is to use eco-friendly and energy-saving office equipment. Moreover, we have integrated considerations for energy recycling in the design of our utilities systems.

2021 Environmental, Social and Governance Report

The Company's energy use mainly comes from electricity consumption at our offices. Details of electricity consumption at our offices for the year are summarized in the table¹ below.

	Unit	2021	2020
Electricity consumption			
Shanghai	kWh	127,500	109,814
Beijing ²	kWh	134,596	21,909
Overall	kWh	262,096	131,723
Intensity of electricity consumption			
Shanghai	kWh/m ²	124.04	106.83
Beijing	kWh/m ²	57.81	41.96
Overall	kWh/m ²	78.10	84.98

In view of our business nature and operations, emissions including air and greenhouse gas are not considered to be material and disclosed.

Water Resource Management

We undertake measures to reduce water consumption and consume water responsibly in our operations. Water in our offices is managed by property management. We did not encounter any significant issues related to water sourcing.

As for our Jiashan Project construction site, we have conducted an analysis and evaluation of the project's total water and steam consumption. The construction site implements a strict and effective division of rainwater from sewage water. In addition, the air-conditioner condensation recycling system has also been optimized to reduce chemical consumption and the water treatment load.

Details of water usage at our offices are summarized in the table³ below.

	Unit	2021	2020
Water usage			
Beijing	tons	92	—
Intensity of water use			
Beijing	tons/m ²	0.040	—

¹ The data of electricity consumption at our San Diego and New York offices are not available.

² The data of electricity consumption at our Beijing office has grown in 2021 due to an increase in the office area and headcount.

³ In 2020, the data of water usage at our offices in Beijing is not available as the water meter is shared with other building tenants. In 2021, the data of water usage at our offices in Shanghai, San Diego and New York are not available.

2021 Environmental, Social and Governance Report

Waste Management

The Company encourages employees to reduce and recycle where possible and reduce waste across our offices. Waste is classified into hazardous and non-hazardous waste. Hazardous waste is collected by authorized third-party contractors for proper processing and centralized disposal in line with environmental protection regulatory requirements.

Domestic waste and construction waste from the Jiashan Project are strictly classified and respectively disposed of in compliance with local regulations. Chemicals from the construction project are also stringently managed, with special storage points for chemicals and anti-leakage measures in place. We have conducted a review of the waste production, including gas, water, and hazardous waste, of the Jiashan Project to identify and implements areas of improvement to the disposal and discharge process.

In terms of our business nature, we do not generate a significant amount of hazardous waste from our primary business activity which is conducted in offices. Details of non-hazardous waste disposal are summarized in the table below.

	Unit	2021	2020
General waste disposed			
Shanghai	tons	20.9	7.7
Beijing	tons	9.9	5.3
San Diego	tons	0.3	0.3
New York	tons	0.7	0.7
Overall	tons	31.4	14.0

2021 Environmental, Social and Governance Report

SOCIAL RESPONSIBILITY

Employment

	Unit	2021
Total number of employees	No.	405
By employment type		
Contracted and full-time employees	No.	405
Non-contracted and part-time employees	No.	0
By gender		
Male	No.	175
Female	No.	230
By age group		
Below 30	No.	35
30–50	No.	344
Above 50	No.	26
By employment category		
Senior managers or above ⁴	No.	240
Managers	No.	95
General employees	No.	70
Turnover		
Total number of resigned employees	No.	53
Turnover rate	%	13.1%
Number of employees turnover by gender		
Male	No.	16
Female	No.	37
Employee's turnover rate by gender		
Male	%	9.1%
Female	%	16.1%
Number of employees turnover by age group		
Below 30	No.	3
30–50	No.	49
Above 50	No.	1

⁴ Senior managers or above in 2020 (8 people) refers to members from senior management team only.

2021 Environmental, Social and Governance Report

	Unit	2021
Employee's turnover rate by age group		
Below 30	%	8.6%
30–50	%	14.2%
Above 50	%	3.8%
Number of employees turnover by geographical region		
China	No.	51
Oversea	No.	2
Employee's turnover rate by geographical region		
China	%	13.3%
Oversea	%	9.5%

Everest Medicines derives its success from its dedicated employees to deliver high-quality products and services. The Company is dedicated to fostering a culture of inclusiveness and open communication at the workplace to enable employees to perform to the best of their ability. We believe in providing equal opportunities to all and ensure that any employment-related decisions such as recruitment, compensation, promotion, and performance evaluation are conducted solely based on employees' merits and qualifications. The **Employee Handbook** provides guidelines to all employees regarding their workplace conduct and is refreshed periodically.

We have zero tolerance for any form of harassment, intimidation, bias and discrimination on the grounds of age, gender, disability, religion, family status and obligations, race and color.

The Company has a specific procedure detailed in the separate **Policy Against Harassment, Discrimination and Retaliation** that should be applied to any reported concerns or complaints related to any forms of harassment, discrimination, or retaliation based on a protected category.

Separately, the Company has an **Open Door Policy** that encourages employees to participate in decisions affecting them and their daily professional responsibilities. Employees who have job-related concerns or complaints are encouraged to discuss them with their line manager or any other management representative with whom they feel comfortable.

We strictly abide by local legislations such as the **Employment Ordinance** of Hong Kong, **Labor Contract Law** and **Labor Law** of the PRC. Our Chinese **Employee Handbook** is accessible to all employees in Shanghai and Beijing, and it covers policies related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

During the Reporting Period, there was no regulatory non-compliance that has a significant impact on the Company related to remuneration and dismissal, recruitment and promotion, working hours, leave and holidays, equal opportunities, anti-discrimination and other matters related to staff benefits. In addition, no regulatory non-compliance related to child labor or forced labor prevention was recorded during the Reporting Period.



2021 Environmental, Social and Governance Report

Employee Welfare

Our employees enjoy a wide range of benefits. For example, paid leave, family leave, disability leave, basic medical insurance, employment injury insurance, unemployment insurance, maternity insurance and annual body check-up. The Company recognizes the importance of birthdays and other celebratory events. We will arrange for celebrations to celebrate these special occasions. Moreover, the Company provides vacation benefits to eligible employees to enable them to take paid time off for rest and recreation. We believe that this time is valuable for employees in order to enhance their productivity and make their work experience with the Company personally more satisfying.

In addition, we offer Employee Share Option Plan (“ESOP”) to motivate the selected participants, including our employees, to contribute to the Company’s growth and development. Such ESOP is part of employees benefits we provided to our employees. It enables the Company to attract, retain, incentivize, reward and remunerate the employees, and encourage them to work towards enhancing the value of the Company for the benefit of the Company and shareholders as a whole.

To help with recruiting efforts, the Company’s hiring team has designed a Referral Bonus Plan and encourages all employees to participate. A referral bonus is an award to provide incentives and recognition to current employees who bring new talent into the Company by referring candidates for specific positions. Once the candidate is successfully placed and successfully completes his or her Probationary Period, the referrer may be eligible for a referral bonus.

Occupational Health and Safety

Everest Medicines prioritizes the wellbeing of employees and takes steps to ensure their safety at the workplace. Occupational health and safety rules are covered in the **Employee Handbook** to provide guidance to complying with applicable occupational health and safety laws and regulations.

Our dedication to creating a healthy and safe working environment for all our employees includes monitoring air quality of building offices, as well as providing ergonomic office furniture to ensure comfort in daily operations. One of our offices in Shanghai is under renovation for the benefit of all our employees.

We perform a regular review of the internal occupational health and safety management which considers employees' feedback to drive continuous improvement on the health and safety of employees. Employees are encouraged to take action to maintain high standards of health and safety, and any potential safety risks should be reported to the responsible personnel. All employees are expected to be familiar with safety measures and emergency procedures.

During the COVID-19 pandemic, we have adopted a thorough disease prevention scheme to protect our workers from contracting COVID-19. The measures we have implemented include, among others regularly sterilizing and ventilating our offices, checking the body temperature of our employees, keeping track of the travel history and health conditions of employees and their immediate family members, providing face masks to employees attending the office, minimizing in-person meetings to the extent possible and requesting employees to wear masks at all times during working hours.

2021 Environmental, Social and Governance Report

Operational staff undergo safety training for operational staff to promote safety awareness and minimize the risk of potential work hazards. Our offices conduct fire drills to prepare employees to respond effectively in case of any accident. During the Reporting Period, there were no occupational fatalities or injuries.

Development and Training

At Everest Medicines, we invest in our employees through training and development to allow individuals to maximize their potential and contribute effectively to the Company. We encourage all employees to continue developing their career through acquiring professional knowledge and other relevant experiences. We offer on-the-job training and self-learning programs that deepen employees' knowledge and industry-relevant skills. A range of learning opportunities and resources including but not limited to training on leadership and communication, quality control, and information technology are available on an ongoing basis.

Approximately 4,943 hours of training were conducted during the Reporting Period with each employee receiving an average of about 12.2 hours of training.

	Unit	2021
Percentage of trained employees by gender		
Male	%	100%
Female	%	100%
Percentage of trained employees by employee category		
Senior managers or above	%	100%
Managers	%	100%
General employees	%	100%
Average training hours by gender		
Male	hours	11.9
Female	hours	12.4
Average training hours by employee category		
Senior managers or above	hours	86.9
Managers	hours	3.6
General employees	hours	25.5

2021 Environmental, Social and Governance Report

The Company endeavors to provide a working environment where employees can perform at their best. A performance assessment mechanism has been implemented to help Everest Medicines sustain the talent that supports its business in a rapidly changing and increasingly competitive industry. This performance assessment is part of the high-performance culture that recognizes and rewards high-performing employees for their achievements. Regular performance reviews are conducted semi-annually to enable the Company to monitor and evaluate employees' performance, while also providing relevant training to effectively support employee development. Employees are encouraged to establish an Individual Development Plan to track their own progress and identify areas for further development. This review process offers a chance for all employees to evaluate their goals and maximize their career potential with the support of their supervisors and managers.

Overview of Performance Management Process



Labor Standards

Everest Medicines upholds high labor standards across our global operations. We respect human rights and are firmly opposed to any form of child or forced labor. To ensure these labor standards are upheld, our Human Resources department performs identity checks in the recruitment process to ensure all recruited employees are above the legal working age. Our employment contracts also stipulate reasonable working hours to protect against any instances of forced labor.

During the Reporting Period, Everest Medicines has been fully compliant with employment laws and not found involved in any instances of child labor or forced labor.

2021 Environmental, Social and Governance Report



Safety of Clinical Trials

Quality and safety are the top priorities of Everest Medicines. The Company follows a structured and formal process for governing and executing clinical trials in the development of medicines. Clinical Quality Assurance (CQA) is part of our Quality Management System, overseen by the Quality Management Department to assess and manage the quality risks related to clinical trials.

The core element to guaranteeing the safety of clinical trials is the informed consent of all clinical trial participants and adverse event (AE)/serious adverse event (SAE) reporting. We have a SOP in place that describes the requirements and process for the development, review, and distribution of the Informed Consent Forms (ICF) for clinical studies and Safety Data management. ICFs must include all required elements of informed consent as defined by regulations, with strict review and approval processes as part of the drafting process. This allows the patient to make an informed decision about their participation in the clinical investigation and provide their voluntary agreement to participate. Everest Medicines complies with GCP in all aspects of its clinical trial management.

Supply Chain Management

High ethical and environmental standards are expected throughout all of Everest Medicines' global business operations. This expectation extends to our supply chain which is managed according to our SOP framework. The SOP defines the responsibilities and process for purchasing goods and services, including the verification of the qualifications of suppliers and contracted service providers. The selection process of suppliers includes specific criteria to manage health and safety, with qualifications checked during initial due diligence. Suppliers who fail to meet the standard will be expected to take remedial actions and will be terminated if no improvement is shown. When our business requires, Environmental, Health and Safety (EHS) clauses will be added into supplier contracts and the Procurement team will conduct performance reviews of key vendors for regulation management.

Third party-vendors undergo a preliminary risk evaluation prior to engagement, and we conduct compliance due diligence for the identified high-risk vendors. These high-risk vendors include those with close interactions with government agencies or officials on behalf of us, or provide relatively sensitive services such as patient recruiting, external meeting organization vendors, etc.

Everest Medicines uses a limited number of highly reputable Contract Research Organizations ("CROs") to support our clinical studies in China. CROs are selected based on their academic qualifications, industry reputation, compliance with relevant regulatory agencies and cost competitiveness. We have developed alternative sourcing strategies for these suppliers and look to establish alternative sources where necessary based on a supply continuity risk assessment. Aside from agreements with certain CROs, we do not enter into long-term dedicated capacity or minimum supply arrangements and order our supplies and services on purchase order basis.

2021 Environmental, Social and Governance Report

We conduct an audit of the CROs once every three years. Ad hoc audits or quality visits are also conducted based on identified risks or for Centre for Food and Drug Inspection's inspection preparation needs. The routine oversight includes quality issue escalated corrective and preventive action (CAPA) follow up, quality risk assessment remediation action, key quality indicators (KQI) and Quality Control (QC) team's oversight activities, such as trial master file (TMF) QC review, Co-Monitoring, and others.

	Unit	2021
Number of suppliers by geographical region⁵		
China	No.	324
Overseas	No.	26

Product Responsibility

Our business relies on creating high-quality products and services to remain competitive and successful. The Quality Management Department is entrusted to monitor and drive quality performance and to implement quality governance mechanisms. Our independent Quality Management System (QMS) dedicates significant attention to quality control and assurance for the clinical development, manufacturing and testing of our drug candidates.

The phase I of the electronic Quality Management System (eQMS), including eSOP management and e-Training management modules, has been installed and implemented. Everest has been establishing and modifying the unified quality management system covering GCP, GMP, and GSP to ensure the relevant management activities conform with ICH standards and the applicable laws, regulations, and regulatory guidelines.

The primary responsibilities of our quality management organization include the following:

- establishing a robust quality management system for our line functions to ensure that all our activities conform with global and local regulatory requirements;
- adopting and implementing audit plans for investigator site audits, process audits, system audits, Contract Manufacturing Organization (CMO) site audits, and GxP vendor audits to ensure our compliance with applicable regulatory requirements;
- maintaining quality control policy and standard operating procedures and coordinating and performing risk evaluations for our Company and individual projects to ensure adequate quality metrics and timely reporting to our senior management team;

⁵ Our suppliers mainly include contract development and manufacturing organizations, contract research organizations, digital suppliers, manufacturing construction related suppliers, office general and administrative suppliers, production equipment related suppliers and sales & marketing suppliers.



2021 Environmental, Social and Governance Report

- maintaining our vendor management system, which includes establishing appropriate processes for the assessment of vendors, monitoring their performance, reviewing and approving quality agreements and other duties; and
- ensuring patient safety and well-being during our clinical trials and the credibility of our clinical trial data.

Our **Quality Manual** outlines our QMS and provides quality policies and principles to all employees in Everest Medicines. This includes all therapeutic areas (TAs) and contracted service providers. The **Quality Manual** applies to all TAs for all GxP, including GCP, GMP, GLP, GSP and GPvP, related activities throughout medical product lifecycle stage.

The product research and development, manufacturing, and distribution activities of Everest Medicines including outsourced activities (such as CROs, CMOs, and material and service suppliers) are in full compliance with China GCP, GMP, and GSP requirements and ICH standards, as well as other applicable local health regulatory requirements. We place emphasis on quality first to protect study subjects' privacy and rights being protected, guaranteeing patients' safety, and sustaining the integrity of clinical data. The high-quality levels in our operations enable us to supply patients with high quality, safe and effective products.

Community Investment

Everest Medicines strives to create a positive impact on local communities. We realize the importance of the various socio-economic factors that have contributed to our success, and strive to support the development of the communities and various stakeholders and make a positive impact in their lives.

APPENDIX I: THE STOCK EXCHANGE ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Section	Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	— Air emissions are not identified as material to the Company hence data is not tracked.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	— Greenhouse gas emissions are not identified as material to the Company. We will continue to observe any regulatory changes and review our disclosure on an ongoing basis.
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	— Due to our business nature, no significant amount of hazardous waste is generated.

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	
KPIA1.5	Description of emissions target(s) set and steps taken to achieve them.	—	While we advocate the principle of environmental protection and energy conservation, emissions including air and greenhouse gases are not considered material for the nature of our business.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Use and Emissions	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resource Management	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Use and Emissions	

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resource Management	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	—	Our business activities do not involve packaging materials used for finished products.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	Environmental Protection	
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	—	Climate-related issues are not identified as material to the Company. We will continue to observe any regulatory changes and review our disclosure on an ongoing basis.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	—	

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
B. Social			
Aspect B1: Employment and Labor Practices			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety	

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	—	There was no work-related fatality occurred in the past three years.
KPI B2.2	Lost days due to work injury.	—	There was no work-related injury occurred during the reporting period.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	
Aspect B4: Labor Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standards	

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards	
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Section	Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	—
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	—
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property and Data Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Intellectual Property and Data Protection

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Section	Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics There were no legal cases regarding corrupt practices during the reporting period.
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics

2021 Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section	Remarks
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	The nature of our business involves the development of innovative medicines to address unmet medical needs. We will continue to explore how to further contribute to our communities in ways that can best leverage our business strengths.
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	



EVEREST MEDICINES

云 顶 新 耀