



君圣泰医药
HighTide Therapeutics, Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2511

2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



MANAGEMENT'S STATEMENT

In this era of change and innovation, HighTide Therapeutics (Stock Code: 2511.HK), as a socially responsible pharmaceutical company, upholds the concept of sustainable corporate development. We have made green management, steady growth and social responsibility part of the Group's strategic development goals. Not only do we adhere to our patient-centred approach and aim to improve the overall health and quality of life of patients, we have also strengthened our commitment and focus on Environmental, Social and Governance (ESG). We are convinced that long-term sustainable development can only be achieved by maintaining a good balance between the development of world-leading novel drugs and social responsibility and environmental protection.

Conserving ecological resources is one of the goals we pursue in implementing green operations. As a practitioner of sustainable energy development, we have placed environmental protection and health and safety at the core of our operations and management, and have taken a series of initiatives to reduce the burden on the environment. In 2023, we optimized our business operations and management processes, reduced the generation of waste, and actively adopted environmentally friendly materials. At the same time, we take environmental factors into full consideration in our research and development process, and strive to control environmental risks and reduce environmental impact while ensuring efficacy.

Improvement of the governance system is one of the guiding principles for the steady development of business operations. In 2023, the Group continued to optimize its governance structure and focus on improving its management system to ensure smooth and compliant operations. We have established an internal control and compliance system to ensure fairness and transparency in our operations; we regularly assess ESG risks to ensure that our corporate strategy is aligned with global sustainable development goals; and we proactively and transparently disclose ESG information and launch investor communication campaigns to enhance the market's trust in us.

Social responsibility and giving back to society are some of the important missions of HighTide. In 2023, while we are fully committed to developing our business, we have actively fulfilled our social responsibility by cooperating with various NGOs to carry out health education activities such as disease prevention, contributing to the improvement of public health awareness, and demonstrating good corporate responsibility.

Looking ahead, HighTide Therapeutics will continue: improving its R&D and innovation capabilities, adhering to green development, and bringing more innovative therapies to patients; improving its management system and strengthening the company's concept of sustainable development; fulfilling its corporate social responsibility and economic responsibility, and joining hands with all stakeholders to promote the development and progress of the industry and create a green future together.

We are fully aware that the development of HighTide Therapeutics cannot be separated from the hard work of every employee, the support of our partner. We will continue working hard, assuming due social responsibility, creating social value consistently, and contributing our share to the development of society.

Finally, we would like to extend our sincere gratitude to all of our hardworking employees who have devoted themselves to the sustainable development of HighTide. We are also grateful for the trust and support of our shareholders and business partners. Let us work together to create a healthier, greener, and fairer future!

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1. ABOUT THIS REPORT

HighTide Therapeutics, Inc. (“**HighTide**”, “**HighTide Therapeutics**”, the “**Company**”, or “**we**”) is pleased to release its first Environmental, Social and Governance Report (this “**Report**”) to comprehensively disclose the Company’s environmental, social, and governance (ESG) policies, achievements, and performance in corporate responsibility and sustainable development.

1.1 Reporting Principles

This Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “**Guide**”) contained in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”), and its contents comply with the disclosure principles and the “comply or explain” provisions stipulated in the Guide. The contents of this Report conform with the reporting principles of “materiality,” “quantitative,” “balance”, and “consistency”.

Materiality	This Report has identified and disclosed material ESG factors and the criteria for their selection, as well as the process and results of stakeholder engagement.
Quantitative	This Report has explained the standards, methodologies, assumptions and calculation tools used to report greenhouse gas emissions, as well as the sources of conversion factors.
Balance	This Report presents the Company’s performance in 2023 in an unbiased manner to avoid selections, omissions, or presentation formats that may improperly influence readers’ decision-making or judgment.
Consistency	Consistent statistical methods were applied to disclose data in this Report. Any changes will be clearly stated in this Report.

1.2 Report Scope

This Report outlines HighTide’s efforts and achievements in corporate social responsibility (CSR) and sustainable development between January 1, 2023 and December 31, 2023. The organizational scope of this Report includes the headquarters of HighTide Therapeutics and its wholly-owned subsidiaries operating in China.

For ease of expression, the terms “HighTide Therapeutics”, “HighTide”, “the Company” and “we” mentioned in this Report refer to HighTide Therapeutics, Inc. and the following subsidiaries.

Names of Key Subsidiaries

Abbreviations

Shanghai Fusion Therapeutics, Ltd. (上海福藥生物技術有限公司)	Shanghai Fusion
Shenzhen JSK Consumer Healthcare Ltd. (深圳君圣康生物技術有限公司)	Shenzhen JSK
Shenzhen HighTide Biopharmaceutical Ltd. (深圳君圣泰生物技術有限公司)	Shenzhen HighTide

1.3 Data Sources

The sources of data of this Report include HighTide's relevant internal statistical statements, public media reports, third-party surveys and reports, and third-party evaluations. Unless otherwise stated, the currency used in this Report refers to Renminbi (RMB).

1.4 Report Language

This Report is available in both Chinese and English. In case of any contradiction or inconsistency between the two versions, the English version shall prevail.

1.5 Access to and Feedback on Report

You may download this Report from HighTide's official website: <https://hightidetx.com>.

We value the comments of stakeholders regarding this Report. If you have any questions or suggestions, please feel free to contact us using the following:

Email: Investor@hightidetx.com

2. ABOUT HIGHTIDE

HighTide Therapeutics, Inc. (stock code: 2511.HK) is a globally-integrated biopharmaceutical company committed to addressing significant unmet medical needs in the clinical treatment of metabolic and digestive diseases. Guided by our internationalized team of senior executives and world-class science advisory committee, we endeavor to advance original innovation and develop first-in-class, multi-functional, and multi-indication drugs, aiming to improve the comprehensive clinical benefits and overall health of our patients. The Company has used its own intellectual property to diversify its product pipeline and has been advancing mid- and late-stage clinical trials to develop indications, including metabolic dysfunction-associated steatohepatitis (MASH), type 2 diabetes mellitus (T2DM), severe hypertriglyceridemia (SHTG), primary sclerosing cholangitis (PSC), and primary biliary cholangitis (PBC). As a first-in-class, multi-target new molecular entity, our lead drug candidate HTD1801 has received two fast track designations and one orphan drug designation. In China, HTD1801 has been included in the "Major National Science and Technology Projects for New Drug Development" under the "National 13th Five-Year Plan".

2.1 The Board of Directors

The Nomination Committee is responsible for reviewing the diversity of the board of directors (the "**Board**") in accordance with the Company's Board diversity policy and based on the backgrounds of selected candidates and the development of the Company, taking into account considerations of the diversity of candidates, including but not limited to gender, skills, age, professional experience, knowledge, culture, educational background, ethnicity, and length of service.

By December 31st 2023, the Board is composed of nine directors, including two executive directors, four non-executive directors, and three independent non-executive directors. Our Board composition is balanced in terms of knowledge and skills, and possesses technical expertise and practical experience in many fields, including biochemistry, pharmaceuticals, business development, R&D, investment management, and corporate finance. Moreover, in terms of gender diversity, the Board currently has two female directors (making up 22.2% of the Board) and seven male directors. We will keep taking steps to improve gender diversity within the Company at all levels, including but not limited to at the Board and senior management levels. We will actively identify female individuals suitably qualified to become our Board members. We will ensure that there is gender diversity when recruit staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of the Board. Our Company will continue our emphasis on the training of female talent and provide long-term career opportunities for female employees.

Dr. LIU Liping, HighTide's founder and chairwoman, has been primarily responsible for the R&D activities, overall management of the business strategy, corporate development and financing of the Company since the establishment of HighTide in 2011. Dr. Liu has over 20 years of commitment to the R&D of innovative drugs and a wealth of experience in innovative drug development for metabolic and digestive diseases. She has previously led the approval of eight clinical trials for two investigational new drugs (IND) in the United States, China, Canada, and Australia, and owns over 100 patents and patent applications. As an inspiring role model for women, Dr. LIU Liping was selected for the EY Entrepreneurial Winning Women™ Asia-Pacific 2023.

2.2 Milestones in 2023

- Completed Phase II clinical trial for T2DM;
- Initiated Phase III clinical trial for T2DM;
- Initiated Phase IIb clinical trial of MASH in Hong Kong;
- Presented the results of a post-hoc analysis on the Phase 2a clinical trial of HTD1801 in patients with MASH and T2DM at the European Association for the Study of the Liver (EASL) Congress 2023;
- Released Phase II clinical trial data on HTD1801's significant improvements in patients with T2DM at the Annual Meeting of the European Association for the Study of Diabetes (EASD);
- Presented the results of further analysis on the Phase 2a clinical trial of HTD1801's improvements in patients with MASH and T2DM at the American Association for the Study of Liver Diseases (AASLD); and
- Commenced trading on the Main Board of the Hong Kong Stock Exchange.

2.3 Titles and Honors

- Shenzhen Municipality Specialized, Excellent, Featured, and Innovative Small and Medium Enterprise;
- High-Tech Small and Medium Enterprise 2023;
- Top 50 Most Influential Medical Enterprise in 2022;
- Future Healthcare VB Award • Top 100 Chinese Innovative Biopharmaceutical Enterprise;
- Top 30 Innovative Chinese Small-Molecular Drug Companies in 2022; and
- Invited to be a OASES Partner in biopharmaceuticals by the Hong Kong government.

3. SUSTAINABLE DEVELOPMENT GOVERNANCE

We are committed to centering patients' needs, focusing on original innovation and striving to develop first-in-class, multi-functional, and multi-indication drugs. In addition to curing diseases, we aim to improve the overall health and quality of life for our patients, and proactively fulfill our social responsibility. Meanwhile, we deeply integrate ESG philosophy into every aspect of our business operations, and we are committed to achieving long-term, steady growth and promoting the sustainable development of the entire industry through the continuous improvement of high standards of corporate governance.

3.1 Board Statement

As a responsible corporate citizen, HighTide adheres to the principles of sustainable development, proactively fulfills its corporate social responsibility, and incorporates environmental protection and environmental management in our business decision-making. HighTide has established an effective framework to strengthen ESG management. The Board is fully responsible for the overall supervision and determination of the risks and opportunities that may affect our business environment, society, and the climate, and establishes and implements ESG policies and objectives, and reviews the Company's performance against ESG targets on an annual basis. In addition, the Board is fully responsible for all ESG strategy and related reporting activities.

To materially advance our corporate social responsibility and sustainability measures, HighTide has assembled an ESG working group that operates under detailed terms of reference. Meanwhile, we have developed our own ESG guidelines in accordance with international standards to guide us in carrying out our corporate social responsibility, reducing negative environmental impact and achieving sustainable development in our daily operations.

3.2 ESG Management Structure

HighTide Therapeutics acknowledges that an effective governance structure is what enables the Company to deliver on its commitment to sustainability. HighTide Therapeutics has strengthened the Board's involvement in the Company's ESG affairs, proactively incorporated ESG philosophy into business practices, and continuously improved the two-level ESG management structure comprising the Board and ESG working group, while clearly defining their respective functions and ESG management responsibilities to ensure the seamless promotion of ESG efforts.

Table: Sustainability Governance Structure and Main Responsibilities

Board	<ul style="list-style-type: none">• As the highest decision-making unit, the Board has the greatest responsibility for the management of sustainable development• Review and determine the Company's sustainability management philosophy and strategy• Review and approve the Company's ESG management guidelines, strategies, and annual work, including evaluating, prioritizing, and managing major ESG matters
ESG Working Group (Consisting of responsible persons from the Legal, Research and Development, Finance, Investor Relations, Quality Assurance, Human Resources, and Administration Departments, and one Board member)	<ul style="list-style-type: none">• Evaluate and manage the Company's ESG-related risks and opportunities, and devise the Company's ESG plan, management structure, system, strategy, as well as detailed rules for implementation to ensure the ongoing implementation and enforcement of the Company's ESG policies• Direct and review the identification and prioritization of major ESG issues• Map out key ESG issues for the Company• Review the Company's ESG performance and internal control system, providing suggestions regarding the appropriateness and effectiveness• Review the Company's ESG-related disclosure documents, including but not limited to the annual ESG report• Track ESG-related risks, pose inquiries and present solutions regarding major issues that affect the Company's fulfillment of ESG-related responsibilities, and examine and supervise the handling of such matters

3.3 Stakeholder Communication

HighTide Therapeutics actively communicates with seven major stakeholder groups (investors and shareholders, customers, employees, suppliers and partners, the government, social organizations and the media, and industry associations) to gain an in-depth understanding into their requirements and expectations with regard to ESG information disclosure and management.

Stakeholder Type	Main Communication Channels	Issues of Concern	Response Measures
Investors and Shareholders	<ul style="list-style-type: none"> Information disclosure General meetings Investor networking events On-site reception Teleconferences 	<ul style="list-style-type: none"> Risk management Investor relations Product innovation and development Standardized governance 	<ul style="list-style-type: none"> Continuously identify, evaluate, and respond to risks, and devise corresponding measures to enhance risk management Regularly disclose information on business operations and R&D, and respond to investor concerns
Government Agencies	<ul style="list-style-type: none"> Supervision and inspection Information disclosure Statistical statements 	<ul style="list-style-type: none"> Compliance Business ethics Waste management 	<ul style="list-style-type: none"> Respond to national policies Implement government management rules Strengthen corporate compliance management and operations Regularly disclose information on business operations and R&D

Stakeholder Type	Main Communication Channels	Issues of Concern	Response Measures
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Customer visits Emails 	<ul style="list-style-type: none"> Product quality and safety Data security and customer privacy protection Excellent customer service Responsible marketing Drug accessibility 	<ul style="list-style-type: none"> Improve product and service quality Respond positively to customer inquiries and complaints Maintain an effective mechanism for customer communication Intensify the management of responsible marketing Regularly disclose corporate information
Employees	<ul style="list-style-type: none"> Employee handbook Employee relations specialist Employee training Emails 	<ul style="list-style-type: none"> Employee health and safety Employee diversity and equal training and development of employees Employee benefits and security 	<ul style="list-style-type: none"> Improve the remuneration system and enrich the welfare system Carry out diverse training programs, and streamline the promotion system Strengthen the safety management system to safeguard occupational health and safety Listen to employee complaints and organize employee activities

Stakeholder Type	Main Communication Channels	Issues of Concern	Response Measures
Suppliers, Partners and Industry Associations	<ul style="list-style-type: none"> • Supplier evaluation • Day-to-day communication • Industry communication 	<ul style="list-style-type: none"> • Sustainable supply chains • Business ethics and anti-corruption 	<ul style="list-style-type: none"> • Improve supplier management mechanisms, including the management of environmental and social risks • Promote the development of a sustainable supply chain • Enhance communication with suppliers • Attend industry networking events and share business experiences
Social Organizations and Media	<ul style="list-style-type: none"> • Social welfare activities • Information disclosure 	<ul style="list-style-type: none"> • Pollutant emissions management • Responding to climate change • Community contribution and development • Energy consumption • Water resources 	<ul style="list-style-type: none"> • Health literacy • Regularly disclose corporate information • Respond positively to inquiries and complaints

3.4 Materiality Assessment

We are focused on the identification and management of sustainability issues, and have conducted a material issue analysis by distributing a questionnaire to all kinds of stakeholders to obtaining their views on the materiality of issues, resulting in a matrix of material issues for 2023.

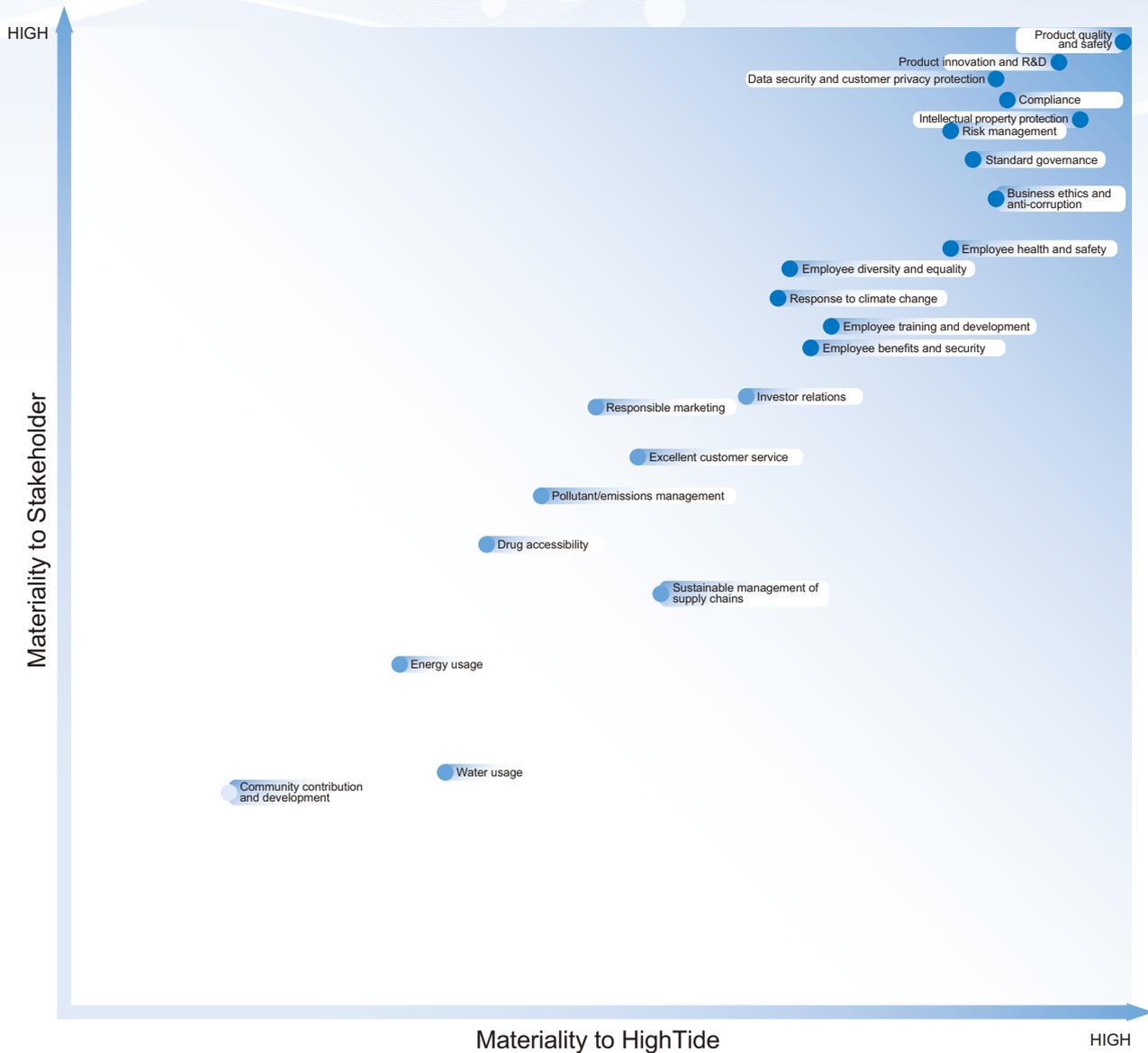
Figure: Process of Materiality Assessment



Listing the material ESG issues in order of priority based on the impact on stakeholders and their major concerns, we have identified 13 highly material issues, 8 relatively material issues, and 1 material issue. Finally, the results of the prioritization of ESG issues were verified by the Company's ESG working group and submitted to the Board for approval. Depending on their materiality, we have disclosed these material issues to varying degrees in this Report and take them into account as significant considerations during our formulation of ESG policy and strategy. The results of the materiality assessment for the reporting period are presented below:

Table: Materiality Assessment

Materiality	Material Issues
Highly material	<ul style="list-style-type: none"> Product quality and safety Intellectual property protection Product innovation and R&D Data security and customer privacy protection Employee health and safety Employee diversity and equality Standard governance Business ethics and anti-corruption Compliance Risk management Employee training and development Employee benefits and security Response to climate change
Relatively material	<ul style="list-style-type: none"> Investor relations Excellent customer service Responsible marketing Sustainable management of supply chains Pollutant/emissions management Energy usage Water usage Drug accessibility
Material	<ul style="list-style-type: none"> Community contribution and development



4. QUALITY ASSURANCE

HighTide Therapeutics has integrated its expertise in biology, medicinal chemistry, clinical development and registration affairs, developing products that conform to international standards and simultaneously conducting multiple clinical trials around the world, including in the United States, Australia, Canada, and China, where the safety and efficacy of our products have received various certifications, promoting the modernization and internationalization of natural products.

4.1 Innovation and R&D

Currently, HighTide is focusing on the development of multiple assets. Our core drug candidate, HTD1801, is a first-in-class new molecular entity for which a global Phase IIb trial for MASH has already been initiated and completed patient enrollment in 1Q 2024; a Phase II clinical trial for the treatment of T2DM has been completed, and a Phase III clinical trial was launched in 2023; and Phase II clinical trials for the treatment of PSC and PBC have been successfully completed. The United States Food and Drug Administration (FDA) has granted HTD1801 Fast Track designation for the MASH and PSC indications and Orphan Drug designation for PSC.

Our R&D team has a wealth of expertise, deep understanding, and extensive development experience in metabolic and digestive diseases. Our R&D team leads the market in the identification of compounds designed to modulate multiple pathways underlying chronic diseases, which has given us a unique advantage in addressing unmet clinical needs across complex pathologies. Our drug discovery team members have on average 11 years of experience, and all of them have obtained post-graduate degrees, with expertise in biology, medicinal chemistry, drug metabolism and pharmacokinetics (DMPK), chemistry and early clinical areas, which support our product development. Our clinical development team consists of scientists and doctors with a wealth of experience in drug development, who participate in devising clinical development strategies, designing clinical trial protocols, operating and organizing clinical trials, monitoring drug safety, and controlling the quality of clinical trials. Our team members each have, on average, 11 years of experience each.

Figure: HighTide Product Pipeline

Candidate	Mechanism/Target	Indication	Right	Designations	Pre-Clinical	Phase I	Phase II	Phase III
HTD1801 ★	Berberine ursodeoxycholate (BUDC)	MASH	 Global ⁽¹⁾	FTD	Phase IIa completed in US; Phase IIb is initiated in US, HK and Mainland China			
		T2DM	 Global		Phase II completed in Mainland China, Phase III is initiated in Mainland China			
		SHTG	 Global		Phase II completed in Mainland China, Phase III is initiated in Mainland China			
		PSC	 Global ⁽¹⁾	FTD, ODD	Phase II completed in US and Canada; IND approved obtained in China			
		PBC	 Global		Phase II completed in US			
HTD4010	Polypeptide Drug	AH	 Global		Phase I completed in Australia			
HTD1804	Undisclosed	Obesity	 Global		Phase I completed in US			
HTD1805	Undisclosed	Metabolic Disease	 Global		Phase I completed in US			
HTD2802	Undisclosed	IBD	 Global		Phase I completed in US			

★ Core Product

4.2 Product Quality and Safety

In order to provide safe and efficient products, HighTide attaches great importance to the management of production quality, and strictly complies with relevant laws and regulations, such as the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), Good Manufacturing Practice for Drugs (“GMP”) (《藥品生產質量管理規範》), and Good Supply Practice for Drugs (“GLP”) (《藥品經營質量管理規範》). We have developed our quality management system and standards in accordance with ISO9001, GMP, and GLP.

At least once a year, quality assurance (QA) specialists at HighTide assemble an internal audit team and implement an internal audit (self-inspections). Depending on the audit objectives, the internal audit covers the entirety of the quality system or conducts a focused audit on a specific module. Internal audits help optimize our quality management system and ensure the operations of the quality system complies with the requirements set forth in laws, regulations, and HighTide's standard operating procedure (SOP). Meanwhile, the Company has created guidelines, including 'Non-conforming Product Management' (《不合格品管理》), 'Deviation Management' (《偏差管理》), and 'Corrective and Preventive Measures' (《糾正和預防措施》), and carries out investigations into quality incidents at the first instance.

To reinforce our commitment to manufacturing safe and high-quality products, we have formulated an internal document titled 'Disposal of Withdrawn, Expired and Unqualified Clinical Trial Drugs' (《收回、過期及不合格臨床試驗用藥品的處置》) to standardize the disposal of withdrawn, expired and unqualified clinical trial drugs that are to be destroyed.

In addition, we implement “total employee participation” in quality management, cultivate employees' quality consciousness through the establishment of a knowledge management system, and organize multi-level quality management training programs for all employees, including:

- On-boarding training: new employees should receive on-boarding training organized jointly by the Quality Management Department and the department they work in, which covers drug-related laws and regulations, basic knowledge of GxP, document and records management, etc.
- Post training: department heads or designated personnel shall formulate post training plans for new employees or transferred employees which correspond to their new job responsibilities. The training plan should at least cover post responsibilities, SOP, and post-related knowledge and skills.
- On-the-job training: the Company provides training for all employees or departmental employees according to the annual training plan. Such training includes updates on laws and regulations, operational training for specific department posts, and professional knowledge training.

During the reporting period, the Company had no incidents of product recall due to safety or health reasons.

4.3 Customer Service

It is of paramount importance to our Company that we work proactively to maintain our relationships with our customers, improve customer satisfaction and maintain our positive reputation. In addition to rigorously following the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益法》), we created the HighTide Complaints Management System (《君圣泰投訴管理制度》) to standardize our process of handling complaints about production and quality, and medical or adverse events concerning our clinical-trial products. In order to comprehensively collect customers' opinions, we have set up diversified and unimpeded consultation and complaint channels through which customers can submit complaints in person, by phone, by post or online. Our employees are required to submit basic information about oral, electronic, or written complaints in relation to product quality and/or product non-conformity to the Quality Management Department within 24 hours after receiving the complaints in order to facilitate prompt responses. An investigation will be completed within 30 days upon receipt of a complaint.

Furthermore, our Quality Management Department conducts an annual review of the complaint log and reports on any complaint trends and quality issues identified during the period of management review, including by summarizing the frequency and severity of similar complaints, analyzing the causes of repeat complaints, and presenting corrective and preventative measures (if applicable). Appropriate measures should be taken in respect of potential product quality problems to prevent the recurrence of similar issues.

During the reporting period, the Company did not receive any complaints about its products or services.

5. STABLE GROWTH

HighTide has always adhered to high standards of business ethics and integrity, and is committed to operating in the pharmaceutical industry in a responsible manner. To achieve this goal, the Company has formulated and implemented a series of policies and measures covering key areas such as compliance operations, information and privacy protection, intellectual property protection, product information and advertisement supervision, and supply chain management. HighTide strives to continuously enhance its social value and contribute to the development of social health.

5.1 Compliance Operations

HighTide Therapeutics has always rigorously followed the laws and regulations of the regions in which it operates, and is committed to maintaining high standards of corporate governance. We are constantly improving our compliance governance system and standardizing our business operation processes to prevent potential risks. At the same time, we are determined to step up our anti-corruption efforts to eradicate corruption in any form and to ensure the healthy, stable, and sustainable development of the Company.

5.1.1 Risk Control

HighTide Therapeutics continues to optimize its internal risk control system, developing a series of internal systems and actively performing control self-assessment and risk identification.

Risk Management Systems

HighTide Therapeutics has placed compliance risks under strict control, and has set up a risk management committee and formulated the HighTide Risk Management System (《君圣泰風險管理制度》) to comprehensively consider all types of risks associated with the Company's development strategy, including strategic environmental risks (such as significant fluctuations in the market and exchange rates, and natural disasters), procedural risks (such as business operation risks, financial risks, authorization risks, information and technology risks, and comprehensive risks), and information risks in strategic decision-making. The Company has formulated an effective risk assessment process which allows us to identify and assess risks proactively, improve our risk prevention and control and management levels through a dynamic monitoring, review and prevention mechanism, form risk assessment documents on relevant matters, track the control process, communicate and share risk information with relevant entities, and implement risk management and corrective actions in a timely matter.

To supervise the implementation and progress of our risk management policies and corporate governance measures, we have adopted and will continue to adopt risk management measures, which include the following:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge of and compliance with applicable laws and regulations;
- Directors and senior management attend training courses in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

Risk Assessment Process

1. Form risk assessment and management teams for each department, the members of which are each responsible for evaluating the various risks faced by their departments, business units, and subsidiaries, and submitting opinions to the risk management committee;
2. Identify risks and their sources and categories. Rank the identified risks to document them in detail. The sources and categories of risks include but are not limited to environmental risks, procedural risks, and informational risks in strategic decision-making;
3. Implement the risk assessment indicator system and criteria. The system must be capable of evaluating the Company's incurred and potential risks fully and comprehensively;
4. Analyze risks and confirm potential losses associated with them;
5. Develop solutions based on identified risks. Risks can be transferred, prevented, mitigated, or turned into opportunities in some other way.

Internal Control

HighTide Therapeutics has a comprehensive internal control mechanism, which has the Internal Audit Management System (《內部審計管理制度》) to fully utilize the internal audit to strengthen internal control, control operational risks, improve operation management and enhance economic efficiency to complement the improvement and development of the Company's corporate governance structure, and to achieve the systemization and standardization of the internal audit work.

We have also engaged an independent internal control consultant to evaluate our internal control system. The internal control consultant has performed review procedures for specific aspects of the internal control system, including financial reporting and disclosure monitoring, corporate-level monitoring, information system control management, and other operational procedures. We have improved our internal control system by adopting and implementing appropriate measures for strengthening internal control. We will keep working to regularly assess and enhance these internal control policies, measures and procedures.

Emergency Management

We have developed the Emergency Planning Management System (《應急預案管理制度》) to handle emergencies that occur suddenly within the Company and seriously impact or may result in serious impact to normal production and operational activities. The management system includes the main measures for the disposal of emergencies in four major aspects: governance, operations, environment, and information, with a view to strengthen the Company's ability to respond quickly to emergencies, minimize the impacts and resulting losses, maintain normal production and operational order, and safeguard the lawful interests of investors.

Managing Investor Relations

HighTide Therapeutics believes that the establishment of an open, transparent, and deepened investor communication mechanism is a crucial part of corporate governance. Therefore, we attach great importance to information disclosure and ensure the fairness of information disclosure and the protection of the legitimate rights and interests of investors in accordance with the requirements of our internal Disclosure Affairs Management System (《信息披露事務管理制度》).

Moreover, in 2023, the Company actively communicated with investors, such as by organizing investor exchange meetings, on-site receptions, teleconferences, project visits, and online information sessions. We addressed investor concerns, such as those about the Company's business performance, liabilities, governance, and other issues to solidify investor confidence and promote the long-term sustainable cooperation and development between our investors and the Company.

Building a Compliance Culture

Building a compliance culture throughout the entire Company is something we value highly. Our legal team is responsible for establishing, developing, and refining our compliance management system in order to guarantee that a compliance culture is ingrained in our daily operations. The legal team also provides compliance training for our employees, and detects, evaluates, and reports compliance risks and requirements in a timely manner. In collaboration with senior management, the legal team oversees and evaluates the effectiveness of our compliance function and structure to ensure applicable laws and regulations are complied with. We have also engaged a third-party compliance consultant provide us with professional guidance.

Case Study: Compliance Training



Following our Listing on the Hong Kong Stock Exchange in 2023, the importance of compliance has become unprecedentedly highlighted. Compliance is not only related to the Company's stable growth, but also serves as a basic principle for every single employee to follow. HighTide attaches great importance to compliance training, and has continuously sought to improve employees' compliance awareness and ability by devising detailed training programs, strengthening compliance publicity, and organizing a variety of training activities. Meanwhile, we strive to construct a more robust compliance management system, a stronger compliance culture, and a reinforced evaluation, reward, and punishment mechanism to build a positive compliance environment at HighTide.

5.1.2 Anti-Corruption Policy

HighTide Therapeutics strictly adheres to the principles of integrity and self-discipline and strives to construct a solid line of defence against corruption. We uphold high standards of business ethics and rigorous corporate governance objectives, collaborating with all relevant stakeholders in good faith to maintain a healthy business ecosystem. We have zero tolerance for corruption, bribery, extortion, fraud and money laundering.

We strictly comply with the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), and Company Law of the People's Republic of China (《中華人民共和國公司法》), and we have developed a set of management systems – HighTide Anti-Fraud Management System (《君圣泰反舞弊管理制度》), HighTide Anti-Money Laundering Management System (《君圣泰反洗錢管理制度》), HighTide Anti-Bribery Management System (《君圣泰反賄賂管理制度》), HighTide Connected Transactions Management System (《君圣泰關連交易管理制度》), and HighTide Code of Business Conduct (《君圣泰業務行為守則》) – to clearly define key policies and risk points of the Company, including on anti-fraud, anti-bribery, anti-money laundering, conflicts of interest, business transactions, and external donations, by covering supplier and customer relationships, hospitality and gifts, financial interests and human resources issues. Our employees, including but not limited to directors and members of the R&D team, are prohibited from having or being suspected of having a personal interest in business transactions with suppliers, customers, competitors or distributors, accepting money, financial, or other benefits from suppliers, customers, competitors or distributors, or having close relatives who work for a supplier, customer, competitor or distributor. In addition, we have formulated a Management System on Conflicts of Interest Declaration (《利益衝突申報管理制度》), which requires personnel in key positions such as sales, purchasing, product design, business outsourcing, engineering fabrication and installation, and marketing to complete, between December 1 and December 31 every year, a procedure for the periodic declaration of relations and behaviors that cause a conflict of interest, and to put in place corresponding preventive and punitive measures to reinforce anti-corruption efforts. The policy is audited and updated by the Company at regular intervals.

During the reporting period, the Company's anti-corruption training covered 100 percent of its employees.

Case Study: Anti-Corruption Training



Acts of corruption and fraud can result in huge financial losses and jeopardize a company's reputation. Employees are able to recognize the dangers of these behaviors through training, and increase the vigilance and effectively prevent risks. The effectiveness of the training can be ensured through various formats such as lectures, case study analysis, and group discussions. Through anti-fraud and anti-corruption training, HighTide fosters a positive corporate culture, supports robust business growth and enhances its corporate and social reputation. In the future, we will continue to step up our efforts in anti-corruption and anti-fraud training to lay a solid foundation for sustainable development.

5.1.3 Whistleblowing Policy

HighTide encourages whistleblowing using real names. Employees and external parties with whom we have direct or indirect business relationships may report acts of corruption to our CEO Office through various channels, such as phone calls, emails, letters or in-person meetings. Whistleblowing channels are included in major contracts as well. The Company is committed to real-name whistleblowing; the Company requires the CEO Office to notify the whistleblower of the results of a report and explain the reasons, regardless of whether a case is filed or not. Where the case is not filed, the CEO Office shall notify the whistleblower of the results and reasons within ten working days; where the case is filed, the CEO Office shall notify the whistleblower of the investigation results within three months. If the complaint is verified and helps prevent further losses for the Company, the whistleblower may receive a discretionary reward.

We promise to keep the identity of the whistleblower and the details of the complaint strictly confidential. In the process of the investigation, the whistleblower will be protected. The identity of the whistleblower shall not be disclosed except with the whistleblower's consent during the publicity of the case or presentation of reward to the whistleblower. Furthermore, if the whistleblower suffers retaliation as a result of making a report, the whistleblower may make a report to the Internal Audit Department. If the report of retaliation is verified by the Internal Audit Department, the people involved will be held accountable. Any case that involves violation of the law will be transferred to the judiciary.

During the reporting period, the Company and its employees were not involved in any litigation due to acts of non-compliance such as corruption, bribery, conflicts of interest, fraud, money laundering, extortion, or unfair competition..

5.2 Information and Privacy Protection

The Company prioritizes protecting the privacy and information of its partners and customers, and rigorously complies with all applicable laws and regulations, such as the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), and Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》).

We have established procedures to protect the confidentiality of patients' data. We implement strict internal policies to govern the collection, handling, storage, retrieval of, and access to our patients' personal data and medical records and protect the security and confidentiality of personal information to ensure compliance with all applicable national or international rules and regulations on data protection and privacy. We usually require our personnel to collect and safeguard personal information in their possession. Our information technology network is configured with multiple layers of protection to secure our databases and servers. We have also implemented a variety of protocols and procedures to safeguard our data assets and prevent unauthorized access to our network. According to Good Clinical Practice and relevant regulations, access to clinical trial data has been strictly limited to authorized personnel. In order to strengthen the management of our database, ensure the normal and effective operation of the database, and ensure the security of the database, we have designated a database administrator to carry out daily maintenance, authority control, security protection and other management responsibilities. Additionally, we require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data can only be used for the intended purposes as stated in the informed consent form and with the permission of patients.

Furthermore, we enter into confidentiality agreements with all employees with access to the aforementioned privacy information. The confidentiality agreements provide that, among other things, the employees are legally obligated to not misuse confidential information during their service and to surrender all confidential information in their possession upon resignation, with the duty of confidentiality remaining after they leave office. A series of measures have been adopted by the Company to ensure that our employees abide by our data security measures. For example, we provide training on relevant data security policies to our employees.

During the reporting period, HighTide did not experience any leakage or theft of important information, or loss of customer or subject data.

5.3 Intellectual Property Rights Protection

HighTide Therapeutics strictly abides by the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), Patent Law of the People's Republic of China (《中華人民共和國專利法》), and Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》) and other laws and regulations, working tirelessly to safeguard its own intellectual property rights (IPR), avoid infringing upon the IPR of others and manage network compliance. We fully respect the IPR of other individuals and organizations and are determined to eradicate unfair competition acts, aiming to build a strong foundation for IPR management and enhance our IPR management levels.

We have developed robust IPR management systems, including the HighTide Anti-Infringement Management System (《君圣泰防侵權管理制度》), the HighTide Management System on the IPR Protection of Technology Results (《君圣泰科技成果知識產權保護管理制度》), and the Patent Application and Management System (《專利申請與管理制度》), which cover the core contents of IPR management, including the application rights, ownership rights, usage rights, license rights, and rights of transfer of theoretical research results, technological research results, soft science research results, award-winning results, publications, patents, trademarks, brands, trade secrets, and computer software copyrights, to promote the Company's efficient use of IPR rights, expand its IPR landscape, and prevent IPR risks.

The Group currently hold 70 patents and 29 registered trademarks. During the reporting period, the Company obtained 14 new patents and 8 newly registered trademarks.

Software Authentication

The Company is required to purchase and use legitimate versions of commercial software and renew fees upon expiry; relevant documentation from the purchasing process, which is conducted through official channels, is properly recorded and retained. The content and scope of the rights related to the purchased software must be specified in the purchase agreement, such as the availability of free upgrades, whether versions can be updated, the interoperability with associated companies, non-interruption during the license period, and exemption for previous use.

The Company has, on multiple occasions, published articles, sent company-wide emails, and organized training titled Software Authentication Risk (《軟件正版化風險培訓》) to raise employee awareness of using licensed software. To further ensure the use of licensed software, all computers at the Company are regularly inspected. In the event that software which has not been purchased by the Company but which is not free-of-charge is detected, it shall be uninstalled and all related files (including file directories) shall be deleted.

5.4 Responsible Marketing

In the course of conducting its business operations, the Company upholds its founding values of being socially responsible, with a particular emphasis on compliant marketing activities. We strictly abide by all applicable laws and regulations, such as the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), and Measures for the Examination of Drug Advertisements (《藥品廣告審查辦法》), and have a zero-tolerance policy for any infraction of them.

To standardize the Company's disclosure activities, we have implemented the Disclosure Management System (《信息披露管理制度》), which clearly stipulates the management requirements for external information disclosure, media interaction, and responding to inquiries from third-party organizations. All externally published information must undergo rigorous review to ensure accuracy and to avoid exaggerated, false, or misleading content. We are committed to maintaining the authenticity and impartiality of information and providing accurate and reliable information to the public.

During the reporting period, the Company was not involved in any litigation relating to advertisements, labels, and privacy issues in connection with its products or services.

5.5 Sustainable Supply Chain Management

HighTide Therapeutics strives to build a collaborative, open, and mutually beneficial supply chain platform. We hope that as we continue to move forward and develop our business, we can work together with our long-term partners to shape a brighter future for the entire industry and contribute our strengths and knowledge. Meanwhile, we hope to fulfill our corporate social responsibility and make the planet a more sustainable place in collaboration with more partners.

5.5.1 Supply Chain Management

We created the HighTide Therapeutics Supplier Management Procedure (《君圣泰醫藥供應商管理程序》) for supplier review and assessment to ensure that all purchased items meet relevant quality requirements for the production of their products. Meanwhile, we organize purchased items and their suppliers into three categories according to their impact on our products.

Material/Supplier Classification

Category A: critical materials, meaning the auxiliary raw materials and inner-packaging materials required to make up our products, or those having a direct impact on the use or quality of our final products, which may lead to customer complaints.

Category B: important materials, meaning the parts or components of our products without a direct impact on the use and quality of our final products.

Category C: auxiliary materials, meaning auxiliary consumable materials used during production of products.

Supplier Assessment Procedure

We manage our suppliers comprehensively in five stages: qualifications evaluation, technical data evaluation, sample evaluation, on-site inspection, and additional evaluation. To ensure the effective management of our supplier database, a supplier must satisfy our standards in all these areas before it may be added to our list of qualified suppliers.

- **Qualifications evaluation:** suppliers must provide credentials including the “three-in-one” business license; suppliers in special industries must have obtained nationally-recognized certifications, such as the quality management system certification or production licenses of the industries; if the supplier is an authorized distributor, the certificate of authorization from the original manufacturer must be submitted.
- **Technical data evaluation:** suppliers must provide related technical data, including the description of the manufacturing techniques of the purchased products, relevant quality standards and inspection methods, safety evaluation materials, a business self-inspection reports or a valid inspection report from a certified inspecting agency, and registration information for the products to be purchased (if applicable).
- **Sample evaluation:** after reviewing the basic information of the supplier to assess whether our requirements can be met, the supplier will be required to provide material samples if it is a first-time purchase from Class A material suppliers or when the Quality Management Department deems it necessary. According to our Purchasing Management Procedure (《採購管理規程》), the Quality Management Department will test samples using agreed-upon standards and methods to ensure they meet product requirements, as well as complete the “Sample Confirmation Report”.
- **On-site inspection:** on-site inspections are conducted to evaluate the raw materials, manufacturing techniques, facilities, and quality systems of a supplier in case of a first-time purchase from Class A material suppliers or as our Quality Management Department deems necessary.
- **Additional evaluation:** evaluation of other items such as prices, after-sale service and lead time.

Periodic Supplier Assessment

Guided by our vision to create a fair and coordinated climate for supply chain management, every year we reevaluate our existing suppliers, with an interdepartmental team organizing our quality management department to comprehensively assess their product pass rate, delivery timeliness, degree of contract fulfillment, and service quality. To suppliers who have performed poorly, probation, warning, or disqualification will be implemented. In the event of a significant change in the key element of a sourced item that may affect our product quality, such as manufacturing conditions, specifications, patterns, manufacturing techniques, quality standards, or the inspection method, supplier reevaluation will be initiated and even an on-site audit when necessary.

During the reporting period, we conducted 17 supplier audits, none of which failed.

5.5.2 Supplier Growth

HighTide Therapeutics is dedicated to grow with its suppliers. By providing training sessions for our suppliers, we strive to improve their abilities and empower them to forge ahead together. We also encourage our suppliers to promote sustainable supply chain management in conjunction with building and maintaining safer, healthier, and more compliant employment and manufacturing environments.

Our major suppliers mainly comprised contract research organizations, clinical site management organizations, and contract development and manufacturing organizations.

During the reporting period, we had 467 suppliers, 265 of whom are based in China.

5.5.3 Clean Procurement

Our contracts with suppliers include anti-bribery, anti-corruption, and other terms, such as the requirement that each party shall comply with any domestic anti-bribery laws, rules, and/or guidelines when carrying out its obligations under the agreement. Moreover, we require relevant parties to undertake not to seek, accept, provide, promise, or offer any payment, loan, service, or gift as a condition or as a result of the cooperation, and that any representative shall not directly or indirectly present any offer, promise, bribe, kickback, reward, payment, or gift to improperly influence the discretion of any government official, political party, civil servant candidate, or anyone on behalf of them regarding the fulfillment of obligations under the agreement.

By establishing an institutional management system for clean procurement, we ensure that our employees and suppliers to avoid unethical or illegal business practices and maintain the integrity of our supply chain.

During the reporting period, 100 percent of our suppliers undertook to follow the clean procurement policy.

6. PEOPLE-ORIENTED CULTURE

HighTide is committed to people-oriented development, seeing employees as its most valuable asset and pursuing growth together with them. We are committed to creating a fair and respectful working environment, in which employee's legitimate rights and interests are protected and appropriate resources are available to promote their development. We value the training and development of employees and will continue to improve our successor cultivation by internal training and external recruitment. Meanwhile, we focus on employee needs, increase employee satisfaction, share the benefits from development with them, and work together to create a brighter future.

6.1 Equal Employment

HighTide Therapeutics complies with relevant laws and regulations, including the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》), and created the HighTide Recruitment Management System (《君圣泰招聘管理制度》) to manage its recruitment activities. We hire employees based on the "open, fair, impartial, and merit-based" principle, regardless of their ethnicity, race, age, gender, marital status, society, and religion. When it comes to the cultivation and retention of employees, we make every effort to bring out their fullest potential.

Employment Compliance

HighTide Therapeutics upholds international principles related to human rights, including the *Universal Declaration of Human Rights*, *Guiding Principles for Business and Human Rights*, labor standards laid out by the International Labor Organization (ILO), and the principle of autonomy relating to safety and human rights. Based on a proper understanding of human rights issues, we try our best to align our business activities with these human rights issues.

The Company strictly prohibits the use of any form of forced or child labor by its wholly-owned subsidiaries and business partners. Employment contracts are signed with all regular employees, and labor service contracts are signed with interns and temporary workers. We require all candidates to complete employment procedures using their legal and valid identification to ensure the legal working age is met. Once the use of child labor or forced labor is discovered, it shall be stopped immediately, and the case will be handled in accordance with laws and regulations.

To maintain employment compliance, we carry out effective human resources management in our Company and our wholly-owned subsidiaries. During the reporting period, we signed employment contracts with all of our regular employees and labor service contracts with non-regular workers, while also requiring all contractors to sign employment contracts with their employees. During the reporting period, we did not violate any applicable laws, regulations, or principles in the regions we operated, or use child, compulsory, or forced labor.

Workplace Diversity

We prohibit the use of gender, age, race, nationality, religious belief, or other social or personal factors as employment considerations. We promote equal employment, and create a diverse employment atmosphere. We also require suppliers and partners to abide by relevant laws and regulations.

HighTide Therapeutics respects the personality traits of every employee and is committed to providing an equal, inclusive, and diverse working environment for all employees. We oppose all forms of discrimination and harassment. Physical, psychological, or verbal prejudice, harassment, and abuse are prohibited at HighTide. If such conduct is found to have occurred, the violator will be severely punished by HighTide. Moreover, we provide employment opportunities to disadvantaged groups, including the handicapped and the impoverished, depending on our conditions and resources.

During the reporting period, female employees accounted for 63.6% of our workforce. There was no case of discrimination or harassment discovered through self-inspection or complaints during the reporting period.

Hiring and Exit

We follow the “open, fair, and impartial” principles in our hiring process, with our *Recruitment Management System* (《招聘管理制度》) that emphasizes equal opportunity, comprehensive evaluation, fair competition, and merit-based selection. Job vacancies will be available to all applicants, including both existing employees and external applicants. Candidates will be assessed jointly by the hiring and human resources departments based on their knowledge, aptitude, skills, character, experience, health, and competency. We guarantee that all applicants will have equal opportunities to be hired and that we will not discriminate against any applicant based on their gender, age, ethnicity, religion, nationality, or disability. Our recruitment channels include, but are not limited to internal selection, external recruitment, employee recommendation, media recruitment, and job fair recruitment.

Both the Company and the employee have the right to terminate an employment contract. Employees may initiate the termination of the employment relationship, on the condition that they reach an agreement and confirm the last day of service with their supervisor, complete the handover process, and return items to the Company. As an effort to retain talent, the Human Resources Department will arrange an exit interview with the outgoing employee to look into the reasons for resignation and to collect opinions that may help with workplace improvement.

6.2 Compensation and Benefits

HighTide believes it is employee wellbeing and engagement that shape the Company's future. Based on the "people-oriented" philosophy, we keep working to update the *HighTide Compensation Management System* (《君圣泰薪酬管理制度》) and *HighTide Performance Review System* (《君圣泰绩效考核制度》) to refine our compensation management system and benefit structure. We have a diverse, individualized, and experience-focused system that offers care and support to employees with the purpose of increasing their workplace wellbeing.

HighTide advocates the concepts of talent-centeredness, performance-oriented culture, and cost efficiency in compensation management, and is committed to providing an inclusive and competitive system of compensation and benefits, including fixed compensation (i.e. the monthly salary) and variable compensation (i.e. the year-end bonus, for those posts to which year-end bonuses apply, as defined in the compensation structure), cash allowances (i.e. welfare allowances), and diverse forms of welfare for employee security and care. The fair and transparent competitive mechanism, which encourages employees to improve their personal qualities and abilities, enhance organizational performance, and realize the unity of employees' career development and the Company's development. We generally initiate the annual salary adjustment program every January, based on employees' length of service and performance review results, as well as our business performance in the previous year.

In addition, HighTide offers bonuses and other incentives, and encourages managers to provide timely and project-specific incentives to employees from time-to-time. Furthermore, we organize annual evaluation to select outstanding employees, projects, and teams at the corporate and department levels at the end of each year, with honors and rewards given to those employees.

- The Company ensures that employees receive benefits in a fair manner. The *HighTide Compensation Management System* (《君圣泰薪酬管理制度》) clearly outlines our welfare policy to safeguard employees' interests. According to the legal requirements, the Company offers five different kinds of insurance (pension, unemployment, medical, work injury, maternity) and one housing fund for its employees. Moreover, our employees are entitled to legal holidays, sick leave, personal leave, annual leave, marriage leave, compassionate leave, maternity leave, paternity leave, breastfeeding leave, work injury leave, public leave, and prenatal check-up leave.
- Meanwhile, various forms of allowance are available as well, such as lunch allowance, overtime dinner allowance, and communication allowance. An annual health check-up is organized for all employees every autumn.

- Driven by a genuine concern for the physical and psychological wellbeing of employees, the Company advocates work-life balance. A range of activities will be organized at the end of each year, including team-building activities, holiday gifts, and caring for employees and their family members.

Cash Benefits

- Communication allowance
- Festival allowance
- Meal allowance
- Condolence allowance

Non-Cash Benefits

- Social insurance and housing fund
- Health check-up
- Departmental activity funds

Leave

- Statutory holidays
- Marriage leave and compassionate leave
- Prenatal check-up leave, maternity leave, breastfeeding leave, and paternity leave
- Sick leave, and work injury leave
- Annual leave and extra annual leave

HighTide recognizes the time pressure faced by long-distance commuters and working parents. Therefore, the Company has adopted flexible working hours to help alleviate the situation.

Case Study: Team-Building at Fairy Lake Botanical Garden in September 2023



6.3 Training and Development

6.3.1 Employee Development

A fair performance assessment and promotion appraisal system forms the basis of a company's steady growth. Improvements are constantly made to the *HighTide Promotion (Transfer) Management System* (《君圣泰竞聘(調動)管理制度》). We work to build a supportive framework of talent development to help employees achieve their career goals, all the while fully respecting their individual career planning and growth.

To increase employee engagement, loyalty, and satisfaction, HighTide acquires talents for some of the posts mainly through internal channels, according to its promotion management policy. In other words, in the event of a job vacancy, existing employees will be given preference over external applicants.

6.3.2 Employee Training

The Company values the development of talents and understands that employees are the key to the long-term development of the enterprise. The *HighTide Training Management System* (《君圣泰培訓管理制度》) is dedicated to enhance the quality of employees, strengthen job competency, which will ultimately lead to the fulfillment of our business objectives and strategic plans.

The Company offers three types of training: on-boarding training, general training, and professional training. On-boarding training includes trainings at corporate, departmental, and team levels; general training is organized by the Human Resources Department for all employees. Professional training, which is provided to departmental members, aims to sharpen professional skills to fulfill the needs of specific posts.

Moreover, we offer opportunities for overseas training, which can be obtained through designation or application. Training-related costs will be borne by the Company.

In 2023, we organized a wide array of in-service training programs, covering themes such as health and safety, quality control, patent protection, anti-corruption, and data compliance, in order to normalize employee compliance behaviors, increase their interdisciplinary knowledge, expand their skill set, and empower them to achieve their career goals.

6.4 Health and Safety

HighTide values the health and safety of our employees and is committed to providing them with a healthy and safe working environment, by strictly complying with applicable laws and regulations, including the *Production Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), *Fire Control Law of the People's Republic of China* (《中華人民共和國消防法》), and *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》).

Safety and health issues are strongly emphasized in our employee handbook. While the Company strives to build and provide a safe work environment, every single employee at HighTide also has a duty to maintain it. Employees holding supervisory posts are responsible for managing and overseeing the safety of their management areas.

Occupational Health Measures

Under a sound occupational health and safety management system, we offer diverse and inclusive management services to improve occupational health, aiming to enhance the overall health level of our employees.

- **Health check-up:** It is arranged for all employees every year.
- **Greenery:** We grow green plants in the office area to improve employee health and wellbeing.
- **Office health:** We embrace the policy of a smoke-free office; smoking is prohibited, except in designated smoking areas.
- **Safety training:** The Company organizes safety training sessions and encourages employee participation to make sure they master the necessary skills.
- **Safety inspection:** After working hours, our safety inspectors will check electrical safety in all the offices to ensure safety standards are met.

Health and Safety Training

The Company regularly engages employees in safety drills and training sessions to improve their awareness of and ability to handle health and safety issues. In 2023, we organized/participated in health and safety training sessions covering a number of key modules, including safety training for new employees, training on the management of hazardous chemicals, and fire and emergency response drills. These activities aim to provide the latest and most comprehensive health and safety information, and promote safety awareness in the workplace. To ensure the smooth implementation of various training activities, we actively coordinate resources from various parties, including the organizing organizations, relevant departments and units to form a synergy.

Case Study: Fire Drill



HighTide understands how vital fire safety is. We engaged our employees in the fire drill organized by the property management company, which not only strengthened our fire safety awareness but also demonstrated our commitment to the safety of our employees and the community. Through participation in the drill, our employees had an opportunity to practice emergency procedures and contributed to fire safety in the community.

During the reporting period, no accidents of work injury or work-related fatality occurred in the Company.

7. ENVIRONMENTAL PROTECTION

During its business expansion, HighTide remains mindful of its social responsibility and its mission to protect the ecosystem. We actively respond to the national call for energy conservation and emission reduction, adhere to green development to promote environmental beauty, identify and actively respond to the risk of climate change, continue to implement energy management, water management, waste management and air pollution prevention and control, and are committed to realizing sustainable development with a win-win situation for the environment, the economy and social benefits. We strictly comply with applicable laws and regulations, such as the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), *Law of the People's Republic of China on Prevention and Control of Environmental Pollution* (《中華人民共和國大氣污染防治法》), *Law of the People's Republic of China on Prevention and Control of Water Pollution* (《中華人民共和國水污染防治法》), *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》), and *Law of the People's Republic of China on Energy Conservation* (《中華人民共和國節約能源法》).

During the reporting period, the Company did not breach any laws or regulations regarding gas and greenhouse gas emissions, discharges to water and land, the creation of hazardous and non-hazardous wastes, major effects on the environment and natural resources, etc.

To incorporate environmental management into every aspect of our operations, we set up the environmental, social, and governance working group (ESG working group) for coordinating, directing, and supervising these issues, with functional departments and business departments responsible for executing the measures of environmental management. The Company has taken into account its historical consumption or emissions, and carefully considered its future business expansion in order to balance business growth and environmental protection and achieve sustainable development. We will keep working to reduce electricity and water use, as well as the intensity of gas emissions and hazardous waste discharges. Meanwhile, since we are still at a stage of rapid development, compared to historical data, our environmental figures may vary for a range of factors, such as work-from-home policies, environmental data fluctuates and is not entirely comparable compared to historical data. Therefore, we will be using our environmental data in 2023 as a baseline to set a reasonable target of carbon emissions reduction and drive sustainable development.

We realize that reducing greenhouse gas emissions is key to mitigating climate change related risks. We have set greenhouse gas targets based on different time dimensions.

Mid term goal: To achieve carbon peak at the operational level of the company by 2030.

Long term goal: To achieve carbon neutrality at the operational level of the company by 2060.

During this period, we will strive to continuously reduce per capita carbon dioxide emissions and energy consumption.

7.1 Emissions Management

HighTide has established strict regulations for the discharge and disposal of emissions, endeavors to reduce all types of emissions generated in operation and production, and regularly tests the discharge of pollutants to reduce the impact on the ecological environment.

Waste gas emissions

Our business activities did not generate emissions for the time being.

Waste water discharges

Our business activities do not generate waste water discharges for the time being.

Greenhouse gas emissions

Our greenhouse gas emissions come from electricity consumption in the office and laboratories (Scope 2). To lessen our environmental impact, we minimize carbon emissions by implementing emission reductions and energy efficiency improvements.. Relevant measures are detailed in the section of "Use of Resources".

In order to enhance our understanding over our greenhouse gas emissions situation, we measured our greenhouse gas (GHG) inventory according to the *Greenhouse Gas Protocol* by the World Resources Institute and World Business Council for Sustainable Development, and *ISO 14064-1* by the International Organization for Standardization (ISO).

During the reporting period, HighTide's GHG emissions were 132.66t of CO₂ equivalent.

The average emissions were 2.01t CO₂e/person.

Waste Disposal

As a pharmaceutical company, we are keenly aware of the crucial importance of waste disposal and practice proper methods and procedures of waste disposal in order not to cause harm to social health and safety,, and to reduce the generation of waste. Waste produced in our production activities is divided into hazardous waste and non-hazardous waste. The first type is subdivided into office hazardous waste (used batteries, toner cartridges, etc.) and laboratory hazardous waste (primarily waste chemical solution), and the second type mainly refers to office garbage. Regarding different types of waste, we devised corresponding measures according to recycling needs, ensuring waste disposal compliance while minimizing waste production. Hazardous and non-hazardous office waste are separately collected by cleaners and sent to the office building management company for disposal, while hazardous laboratory waste is collected and professionally disposed by a licensed third-party company.

To produce less hazardous and non-hazardous waste, we encourage employees to recycle paper, metal, and plastic items, and advocate going paperless and the reuse of printer paper. While contributing to waste minimization, these measures also demonstrate our awareness of and commitment to environmental protection.

During the reporting period, the amount of hazardous waste produced by the was 0.05 tons of waste solution. (0.00076 tons per capita).

7.2 Use of Resources

Since HighTide is at the stage of rapid development, our product development and other activities are dependent on our contract research institutes (CRO) and contract development and manufacturing organizations (CDMO). We work with leading firms in the CRO and CDMO industries that have effective preventive measures against environmental and natural resource risks. Therefore, the nature of our current business does not have significant impact to the environment and natural resources, and we do not expect the potential risk of such issues to have a material adverse effect on our business, strategy and financial results. Nevertheless, the Company is committed to protecting the environment and conserving natural resources.

Energy Management

Electricity is the major type of energy consumed by HighTide during business operations. We are committed to reducing overall and per capita energy consumption. We developed the *HighTide Green Office Management System* (《君圣泰綠色辦公管理制度》) and *Nine Low-Carbon Initiatives* (《低碳九大倡議》) to reduce our energy consumption, which advocates low-carbon lifestyles among employees, such as the energy-efficient use of lights, electrical devices, ventilation facilities, and air conditioners, water conservation, waste minimization, recycling of office supplies, working environment improvements, green transportation, the adoption of environmentally friendly products, and food waste reduction.

To conserve fuel, the Company does not own vehicles or a canteen.

During the reporting period, HighTide's total amount of electricity consumption was 232.62MWh (3.52kWh per capita).

Water Resource Management

To cope with the global water crisis, we are committed to reducing overall and per capita water resource consumption. We educate our employees about water conservation and incorporate measures into the business process to achieve more efficient water usage. Water taps and toilets with water-saving signs have been installed in our washrooms. HighTide uses water from the municipal water supply. Therefore, we do not have any issue in sourcing water that is fit for purpose.

During the reporting period, our water consumption was 3,598.00 tons (54.51 per capita).

7.3 Climate Change

We acknowledge the broad consensus that human activity is the primary cause of climate change. The effects of climate change will continue to affect our customers, sales, and supply chain. We endorse the objects of the Paris Agreement and industry-led national, regional and local policy solutions to reduce carbon emissions and build resilience to climate change. To this end, HighTide has developed our policy for climate change and related risk management.

We have identified potentially severe and chronic physical risks associated with climate change may have an impact on our financial situation and business operations, especially with regard to extreme weather. Extreme weather, such as rainstorms and typhoons, can interrupt our supply chain and corporate operations. Besides, transition risk may arise, when low-carbon transformation involves changes to climate-related laws and regulations. Increased investments in environmentally friendly operations may be necessary due to the increasingly stringent environmental regulations. Any behaviors that fail to respond to the public's growing awareness about environmental protection may damage our reputation and cause a loss of customers. In view of the above, we performed an analysis of risks relating to climate change, based on the disclosure methods and suggestions presented by the Task Force on Climate-related Financial Disclosures (TCFD), and devised solutions to mitigate potential impacts.

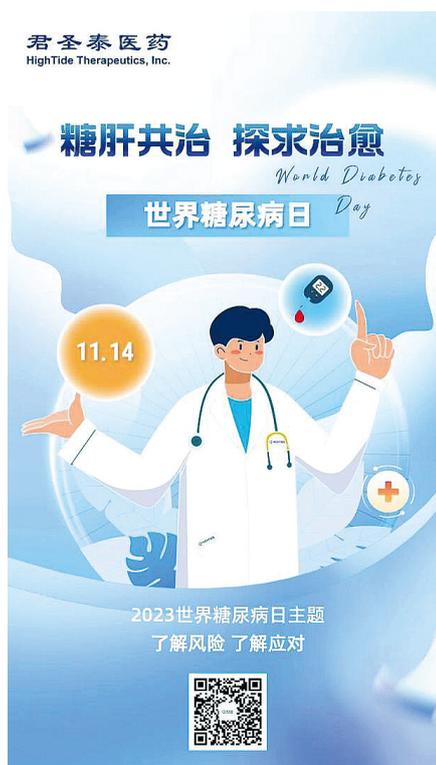
Risk Type		Potential Impacts		Solutions
Physical risks	Acute risks	Frequent extreme weather events (typhoons, floods, droughts, etc.)	Sales losses caused by supply/manufacture/sales/ transportation interruption	Devise emergency plans and continue to optimize emergency mechanisms
	Chronic risks	Average temperature rise	Higher energy costs due to increased energy consumption in laboratories, factories and offices leads to Decreased employee productivity and increased labor costs	Adopt higher-efficiency equipment greater work flexibility in time and methods
Transition risks	Policy and legal risks	Low-carbon industry policies	Government allocation of carbon emission allowances and carbon cost pressures	
		Increasingly stringent regulations	Fines, business losses, closures, and negative impacts on the brand and corporate reputation Stricter compliance requirements for supply chains	Close attention to changes in environmental legislation and policies in order to respond quickly
	litigation risks	Litigation risks caused by supply chain interruption due to inability to fulfill contracts timely		

Risk Type	Potential Impacts		Solutions
Technical risks	Low-carbon technology costs	Increased R&D investments relating to the development of innovative technologies such as green biocatalysis	ESG Integration in investment decision-making
		Cost increase due to equipment optimization towards energy efficiency	Strengthen sustainable management of the supply chain and assist suppliers with low-carbon transition
		Order losses and reduced revenues due to inadequate disclosures of carbon neutrality goals and statistics	
	Change in customer behavior	Requirements posed by downstream organizational customers on low-carbon bio-pharmaceutical products and strategic carbon neutrality goals	Enhance the Company's sustainable management levels and respond proactively to climate risks
Rising raw material costs	Quantity and quality decline of raw materials	Increased R&D costs due to the shortage of laboratory supplies	
		Uncertainty in demand	Increased demand for drugs and other pharmaceutical products due to the emergence of new chronic diseases and other diseases
Reputation risks	Negative feedback	Reputational damage caused by inadequate disclosure of carbon reduction goals and statistics that fails to address stakeholder concerns	Improve the timeliness and transparency of disclosure

8. SOCIAL CONTRIBUTIONS

- As a pharmaceutical company, we clearly understand the negative effects of chronic diseases and the need of raising public awareness about them. The Company embraces its social responsibility and draws on its unique advantages to educate the public about chronic diseases and raise their health consciousness.
- We encourage all employees of the Company to promote the hazards of chronic diseases to their loved ones and friends, and to participate in public welfare activities related to chronic diseases in their spare time.

Case Study: World Diabetes Day



World Diabetes Day (WDD) is marked every year on 14 November. In 2023, the slogan for the 17th WDD campaign was “Know your risk, Know your response”.

We actively publicized the theme of World Diabetes Day on our WeChat official account.

APPENDIX I: KPI SUMMARY

Sustainable Development Indicators ¹		Unit	2022 Figures	2023 Figures
GHG emissions				
Amount	Scope 1	tCO ₂	0	0
	Scope 2	tCO ₂	106.2	132.66
Total GHG emissions (Scope 1 + Scope 2)		tCO ₂	106.2	132.66
GHG emissions per capita		tCO ₂ per capita	–	2.01
Energy consumption				
Indirect consumption	Electricity from external sources	MWh	186.3	232.62
Energy intensity		MWh per capita	–	3.52
Water management				
Water usage		Tons	2307.4	3598
Water usage per capita		Tons per capita	–	54.52
Waste management				
Hazardous waste ²		Tons	0.7	0.05
Hazardous waste per capita		Tons per capita	–	0.00076
Non-hazardous waste ³		Tons	–	–
Non-hazardous waste per capita		Tons per capita	–	–

1. Environmental figures in 2023 slightly rose from those in 2022, mainly because our employees were periodically working from home in 2022, due to China's COVID-19 policy, while in 2023, the Company resumed normal operations in the office. In 2024, we will embrace more effective green office management practices to reduce environmental impact and bring down the figures.
2. The hazardous waste in 2022 includes hazardous office waste (used batteries and toner cartridges). Starting in 2023, the disclosure range of hazardous waste is limited to hazardous waste produced in laboratories, which is collected and disposed of by a licensed third-party company. Hazardous office waste is disposed of by the property management company and is excluded from our corporate statistics.
3. The Company does not generate statistics of its non-hazardous waste, which is disposed of by the property management company.

Sustainable Development Indicators¹

2023 Figures

Total Number of Employees		66
By Gender	Male	24
	Female	42
By Employment Type	Full-time employees	66
	Part-time employees	0
By Employee Category	Senior management	7
	Middle management	18
	Basic-level employees	41
By Age Group	Below 30 (in service)	11
	30–49 (in service)	48
	50 and above (in service)	7
By Region	From Mainland China	54
	From Hong Kong, Macao or Taiwan	1
	From foreign countries	11
Voluntary Turnover Rate		7%
By Gender	Male	50%
	Female	50%
By Age Group	Below 30 (in service)	40%
	30–49 (in service)	40%
	50 and above (in service)	20%

Sustainable Development Indicators¹

2023 Figures

By Employee Category	Senior management	0%
	Middle management	27%
	Basic-level employees	73%
Number of Work-related Fatality		0
Rate of Work-related Fatality		0
Lost Days Due to Work Injury		0
Times of Work-related Fatality		0
Average Training Hours Per Employees		3 hours
Gender	Male	3 hours
	Female	3hours
Employment Type	Senior managers	3 hours
	Middle managers	3 hours
	Basic-level employees	3 hours
	Percentage of Employees Trained	100%
Gender	Male	100%
	Female	100%
Employment Type	Senior managers	100%
	Middle managers	100%
	Basic-level employees	100%
Total Number of Suppliers		467
By Region	Based in Mainland China	265
	Outside of Mainland China	202

Sustainable Development Indicators¹**2023 Figures**

Percentage of suppliers undertook to follow the clean procurement policy	100%
Number of complaints about products or service	0
Percentage of products withdrawn for safety and health reasons	0%
Number of corruption-related litigation cases presented and concluded	0
Number of Board members receiving anti-corruption training	2
Anti-corruption training hours for Board members	1 hour
Number of employees receiving anti-corruption training	66
Anti-corruption training hours for employees	1 hour

APPENDIX II: "HKEX ESG GUIDE" CONTENT INDEX

Aspects		Sections in ESG Report	
A. Environmental			
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.	7. Environmental Protection
	A1.1	The types of emissions and respective emissions data.	7.1 Emissions Management Appendix I KPI Summary
	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).	7.1 Emissions Management Appendix I KPI Summary
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.1 Emissions Management Appendix I KPI Summary
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.1 Emissions Management Appendix I KPI Summary
	A1.5	Description of emission target(s) set and steps taken to achieve them.	7. Environmental Protection 7.1 Emissions Management
	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.	7. Environmental Protection 7.1 Emissions Management

Aspects			Sections in ESG Report
A2 Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2 Use of Resources
	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).	7.2 Use of Resources Appendix I: KPI Summary
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7.2 Use of Resources Appendix I: KPI Summary
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7. Environmental Protection 7.2 Use of Resources
	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.	7. Environmental Protection 7.2 Use of Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	We did not use any packaging materials during the reporting period.
A3 The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	7.2 Use of Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.2 Use of Resources
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.	7.3 Climate Change
	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.	7.3 Climate Change

Aspects			Sections in ESG Report
B. Social			
B1 Employment	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.	6. People-Oriented Culture
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	6.1 Equal Employment Appendix I: KPI Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.	6.1 Equal Employment Appendix I: KPI Summary
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.	6.4 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.4 Health and Safety Appendix I: KPI Summary
	B2.2	Lost days due to work injury.	6.4 Health and Safety Appendix I: KPI Summary
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.4 Health and Safety Appendix I: KPI Summary

Aspects			Sections in ESG Report
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3 Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 Training and Development Appendix I: KPI Summary
	B3.2	The average training hours completed per employee by gender and employee category.	6.3 Training and Development Appendix I: KPI Summary
B4 Labour 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 labour.	6.1 Equal Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1 Equal Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 Equal Employment
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.5 Sustainable Supply Chain Management
	B5.1	Number of suppliers by geographical region.	5.5 Sustainable Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.5 Sustainable Supply Chain Management Appendix I: KPI Summary
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.5 Sustainable Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.5 Sustainable Supply Chain Management

Aspects			Sections in ESG Report
B6 Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	4.2 Product Quality and Safety 4.3 Customer Service 5.2 Information and Privacy Protection 5.4 Responsible Marketing
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.2 Product Quality and Safety Appendix I: KPI Summary
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.3 Customer Service Appendix I: KPI Summary
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.3 Intellectual Property Rights Protection
	B6.4	Description of quality assurance process and recall procedures.	4.2 Product Quality and Safety
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.2 Information and Privacy Protection
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.	5.1 Compliance Operations
	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.	5.1 Compliance Operations Appendix I: KPI Summary
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.1 Compliance Operations
	B7.3	Description of anti-corruption training provided to directors and staff.	5.1 Compliance Operations Appendix I: KPI Summary

Aspects			Sections in ESG Report
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.	8. Social Contributions
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8. Social Contributions
	B8.2	Resources contributed (e.g. money or time) to the focus area.	8. Social Contributions