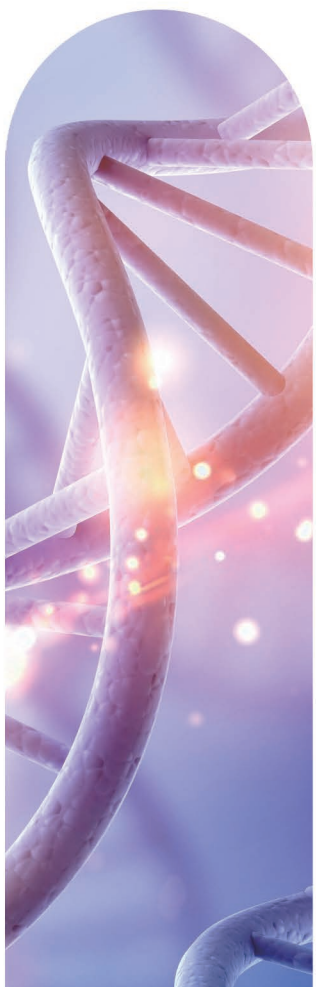
HUTCHMED

HUTCHMED (CHINA) LIMITED
和黃醫藥(中國)有限公司
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)
HKEX: 13 | Nasdaq: HCM | AIM: HCM

2023

SUSTAINABILITY REPORT



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ABOUT THIS REPORT[1]

OVERVIEW

The 2023 Sustainability Report ("this Report") of HUTCHMED (China) Limited ("HUTCHMED" or the "Company") provides a comprehensive insight into the Company's sustainability performance during the fiscal year 2023. This Report delves into HUTCHMED's sustainability management strategies, addressing material aspects relevant to the Company's business and stakeholders within the two key segments: (1) Oncology/Immunology and (2) Other Ventures.

This Report should be read in conjunction with the 2023 Annual Report ("Annual Report") of the Company, its corporate governance-related policies, sustainability-related policies, and other contents contained on our website.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the provisions of the Environmental, Social and Governance Reporting Guide (Main Board Listing Rules Appendix C2) ("ESG Guide") issued by the HKEX. To give a more comprehensive disclosure of the Group's sustainability performance, this Report was also prepared with reference to the Nasdaq ESG Reporting Guide, the London Stock Exchange ("LSE") Group's ESG Reporting Guidance, the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), the International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards (IFRS S1 and IFRS S2), the Sustainability Accounting Standard Board ("SASB") Biotechnology & Pharmaceuticals Sustainability Accounting Standard, as well as the United Nations Sustainable Development Goals ("UN SDGs"). Our climate actions are also disclosed in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

REPORTING BOUNDARY AND PREPARATION[2]

This Report covers the Oncology/Immunology segment of HUTCHMED, including our commercial and research and development ("R&D") operations in Shanghai and the U.S.; the Hong Kong Head Office; and the Other Ventures segment, including our subsidiaries Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Limited ("Hutchison Sinopharm"), Hutchison Healthcare Limited ("HHL"), Hutchison Hain Organic (Hong Kong) Limited ("HHO"), and HUTCHMED Science Nutrition Limited ("HSN")[3], and the non-consolidated joint venture Shanghai Hutchison Pharmaceuticals Limited ("SHPL"). The sustainability performance of SHPL is separately included in Chapter 14.

The content and data contained in this Report were collected and consolidated by the sustainability working group formed by representatives of various departments and business units of the Group. Unless otherwise specified, this Report covers the period from January 1, 2023 to December 31, 2023.

All amounts are expressed in U.S. dollars unless otherwise stated.

This Report was endorsed by the Sustainability Committee and approved by the Board of Directors in March 2024 and subsequently published in April 2024 alongside the Annual Report.

FEEDBACK

We highly value your opinions on our sustainability performance and strategies. Please send us your comments through: info@hutch-med.com.

[1] HKEX mandatory disclosure requirement ("MDR") 14

[2] MDR 15

[3] HHO and HSN were divested from HUTCHMED on December 7, 2023. Data of HHO and HSN reported in this Report included the period from January 1, 2023 to November 30, 2023.

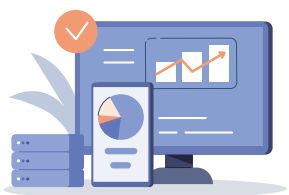
2023 SUSTAINABILITY HIGHLIGHTS

HOLISTIC SUSTAINABILITY FRAMEWORK DEVELOPMENT

- Identified **five sustainability pillars** for a holistic sustainability framework: **climate action**, **innovation**, **ethics and transparency**, **human capital**, and **access to healthcare**

GOOD PROGRESS ON SUSTAINABILITY TARGETS[4]

- Accelerated progress in achieving all **11 sustainability goals and targets**
- Achieved a **68% reduction** in carbon emission intensity compared to 2020; **58% reduction** in energy intensity compared to 2020; **2.4% reduction** in business air travel intensity compared to 2019
- Conducted an extensive analysis on business air travel data to initiate a **travel budget** for each department in 2024
- Sustainability performance continued to be incorporated into **management's performance-based compensation** and remuneration
- Maintained high standards on **compliance and ethics**



DIGITALISED DATA COLLECTION PROCESS

- Adopted a **digital data collection platform** to streamline collecting, managing, and reporting data, ensuring improved data reliability, comparability, and transparency

SCOPE 3 EMISSION DATA SCREENING AND MEASUREMENT

- Conducted screening and measurement of material Scope 3 emission categories, aligning with impending regulatory changes for comprehensive emission accounting
- Increased **engagement with suppliers** to implement sustainability initiatives collaboratively
- **Disclosed HUTCHMED's material Scope 3 data** for the first time – completing our scope 1-3 emission inventory to better illustrate our carbon footprint and monitor our climate action

[4] MDR 13 (iii)

CREATING POSITIVE SOCIAL IMPACT

Good progress was seen in 2023 to further reach our goal of bringing innovative medicines to patients around the world.

- **FRUZAQLA™ (fruquintinib) Approved in the U.S.**

  Our partner Takeda received approval from the U.S. FDA for FRUZAQLA™ (fruquintinib), an oral targeted therapy for adults with metastatic colorectal cancer regardless of biomarker status or prior therapies in more than a decade.

- **All Medicines Marketed in China are Included in the NRDL**

  ELUNATE® (fruquintinib) and SULANDA® (surufatinib) continued to be included in the NRDL for a new two-year term starting January 1, 2024, on the same terms as the previous two-year agreement; ORPATHYS® (savolitinib) was first included in the NRDL since March 1, 2023, broadening patient access to these medicines.

- **ELUNATE® (fruquintinib) Approved in Hong Kong**

  ELUNATE® (fruquintinib) is the first medicine approved under the new "1+" mechanism by the HKSAR Government, providing an important treatment option to patients in Hong Kong.

- **TAZVERIK® (tazemetostat) and ORPATHYS® (savolitinib) Approved in Macau**

  TAZVERIK® (tazemetostat) and ORPATHYS® (savolitinib) received approval in Macau in March 2023, following ELUNATE® (fruquintinib)'s approval in 2022.

- Since 2018, **over 150,000 patients** have received our novel cancer medicines commercially.

SUSTAINABILITY RATINGS AND AWARDS

Steady improvements have been shown in major local and international sustainability ratings over the years, reflecting a wider recognition of HUTCHMED's efforts in sustainability.

MAJOR RATINGS

Ratings	Rating Date	Current Rating/Scores	Previous Rating/Scores
MSCI ESG Rating	Sep 25, 2023	↑ **BBB**	BB
S&P Global ESG Score	Aug 25, 2023	↑ **49/100** (90th percentile)	25/100 (61st percentile)
Sustainalytics	May 17, 2023	↑ **28.7** (Medium Risk)	37.8 (High Risk)
ISS ESG Corporate Rating	Feb 01, 2024	↑ **C**	C-
HSI/HKQAA Ratings	Sep 13, 2023	↑ **BBB+**	BBB
Wind ESG Rating	Apr, 2023	↑ **A**	BBB

SUSTAINABILITY AWARDS

GBA ESG Achievement Awards 2023
– Metro Finance

- GBA ESG Achievement Award
- Outstanding Green Sustainable Award
- Outstanding Social Sustainable Award
- Outstanding Corporate Governance Award

"Recognized Sustainable Development Corporate" Certificate

ESG Leading Enterprises 2023
– Bloomberg Businessweek/Chinese Edition

- ESG Leading Enterprises
- Leading Social Initiatives

Top 20 Chinese Pharmaceutical Listed Companies in ESG Competitiveness
– Healthcare Executive

2023 Caring Company
– The Hong Kong Council of Social Service

商界展關懷®
caringcompany 2021-24
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

"I am pleased to endorse HUTCHMED for their remarkable commitment to sustainability and global patient access. HUTCHMED's innovative medicines are not only transformative for patients worldwide but are also developed with a strong emphasis on environmentally responsible practices. HUTCHMED's holistic approach is both inspiring and impactful, contributing significantly to positive change in healthcare and environmental responsibility."

Melissa Fung, Partner & Assessment Consultant, Deloitte Risk Advisory

"HUTCHMED well deserved all awards under our GBA ESG Achievement Awards 2023. Despite continuous internal and external challenges in recent years, HUTCHMED has been relentlessly driving innovation and transformation, conducting more than 30 clinical trials worldwide. The Company adheres to its long-term goal of bringing in-house discovered innovative medicines to patients around the world and is committed to integrating sustainability into all business levels, creating long-term value for its investors and stakeholders."

Alaric Chu, General Manager – Program & Channel Operations, Metro Finance

MESSAGE FROM OUR CHAIRMAN

"Sustainability is an ongoing commitment requiring collaboration and innovation."

As we reflect on the past year, I am pleased to share with you the major strides we have made on our sustainability journey at HUTCHMED. In the face of ongoing global challenges, our commitment to sustainability has been unwavering, driving us to new heights and accomplishments.

In 2023, we continued our commitment to embedding sustainability into all aspects of our operations, creating long-term value for our investors and stakeholders. Building on the substantial initiatives of the previous years and with reference to the latest sustainability standards, we developed a holistic sustainability framework covering areas that are central to our industry – climate action, innovation, ethics and transparency, human capital, and access to healthcare. This framework serves as a comprehensive guide to ensure that sustainability remains a core element across every facet of our business. We also continue to uphold high levels of compliance and ethical standards across our operations.

One of our notable achievements involved extending our emission inventory to screen and measure our material Scope 3 categories. This initiative not only aligns with the impending regulatory changes but also underscores our steadfast dedication to sustainability along our entire value chain. Our engagement with suppliers has deepened, enabling us to put forward sustainability initiatives collaboratively and advance our collective positive impact.

We continued to work towards becoming a net-zero company by 2050, with further advancements towards our near-term 2025 targets. In 2023 our total revenues grew 97% to US$838 million, which includes recognition of US$280 million of the upfront partnership payment from Takeda. I am pleased to report that by the end of 2023, we achieved a 68% reduction in carbon emission intensity and a 58% reduction in energy intensity from our operations compared to 2020. To better reflect air travel emissions against the growth of the Company, we adjusted our

air travel target to an intensity-based target starting from 2023. While we saw a 2.4% decrease in air travel emission compared to 2019, we will continue our efforts to explore all feasible ways to archive the 2025 target of 10% reduction, including allocating a travel budget to each department starting from 2024.

Simultaneously, we intensified efforts in enhancing our data collection processes. This ongoing initiative assures high data quality, enabling us to implement a robust system for constant monitoring, tracking, and management of key performance indicators ("KPIs") related to sustainability. By investing in advanced data collection methodologies like leveraging online platforms, we ensure a comprehensive and accurate representation of our environmental, social and governance ("ESG") performance. This commitment to transparency and accuracy in reporting is a cornerstone of our sustainability practices, reinforcing our dedication to providing stakeholders with reliable insights into our ongoing initiatives and progress. As we continually refine our data collection processes, we aim to elevate the effectiveness of our sustainability measures, reinforcing our commitment to responsible and accountable business practices.

Creating positive social impact is also central to our vision to build a healthy community for all. In terms of healthcare accessibility, 2023 brought about major breakthroughs. Together with our partner Takeda, we celebrated the approval of FRUZAQLA™ (fruquintinib) by the U.S. Food and Drug Administration ("FDA") for previously treated metastatic colorectal cancer ("CRC"). This approval marks a significant advancement, offering a novel chemotherapy-free treatment option that has the potential to improve survival outcomes without compromising patients' quality of life. In 2023 alone, over 60,000 patients received our novel cancer medicines commercially. Additionally, all our innovative medicines marketed in China – ELUNATE® (fruquintinib), SULANDA® (surufatinib) and ORPATHYS® (savolitinib) – are included in the China National Reimbursement Drug List ("NRDL"). This inclusion underscores our commitment to providing innovative medicines to more patients in need by improving the accessibility and affordability of our medicines, contributing to the sustainable development of the pharmaceutical industry.

Internally, in 2023, we welcomed the launch of our first Culture Handbook, laying out our Group-wide mission, vision, values and culture. Discovering, developing, and bringing innovative medicines to patients worldwide remains the core of our mission. Our shared vision is to be a leading innovative biopharmaceutical company to improve lives globally, driven by medical need. The fundamental values for everyone at HUTCHMED are being innovative, pragmatic, collaborative and efficient. We also strive to create a workplace culture based on respect that empowers our employees to achieve their full potential. Our 2023 employee engagement survey "Your Voice 2023" received an encouraging response rate of 96% from all our employees. The results showed improvements in all the 23 dimensions and exceeding industry benchmarks in 14 dimensions, such as action taking, belonging, culture, empowerment, engagement, feedback, growth, leadership, prospects, purpose, role clarity, and team.

In 2023, we continued our journey to enhance diversity, equity and inclusion. Female representation at the Board stands at 22%, above average amongst companies listed on the Stock Exchange of Hong Kong Limited ("HKEX"). A Diversity, Equity and Inclusion Team was established in 2023 to promote employee engagement and two-way communication. We will continue to review and assess the appropriate level of gender diversity and composition that aligns with the strategy of the Company. The Board also places tremendous emphasis on diversity across all levels of the Group. The total gender diversity of the workforce is highly balanced, with female representing 53%. To support diversity across all facets, beyond gender, including race and ethnicity, disability, social mobility and age, we are enhancing diversity, equity and inclusion efforts through employee networks, mentoring programs, equitable hiring practices, policies and awareness building events and training for all employees to support inclusive behaviors.

Our sustainability efforts have not gone unnoticed, with improvements in our ESG ratings across major rating providers. We were honored with prestigious awards such as the Bloomberg Businessweek "ESG Leading Enterprises 2023" and the GBA ESG Achievement Awards 2023. These accolades acknowledge our dedicated work in the realm of sustainability.

As I conclude this letter, I extend our heartfelt gratitude to our employees, value chain partners, and all supporters who have been instrumental in our sustainability journey. As we move into 2024, our commitment remains steadfast, and we recognize that sustainability is an ongoing commitment requiring collaboration and innovation. We invite everyone to join us in shaping a more sustainable future where businesses thrive, communities prosper, and the planet flourishes.

Simon To
Chairman
March 2024

ABOUT HUTCHMED

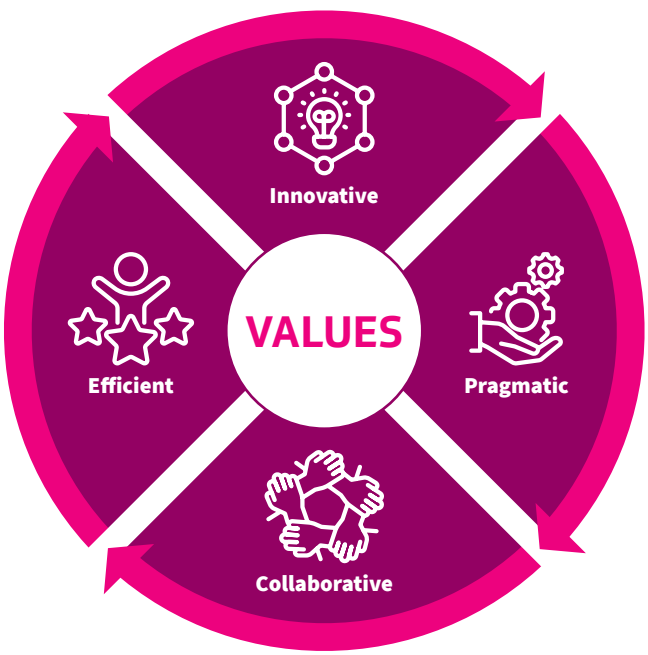
OUR MISSION, VISION, VALUES AND CULTURE

MISSION

To discover, develop and bring innovative medicines to patients worldwide

VISION

To be a leading innovative biopharmaceutical company to improve lives globally, driven by medical need



CORPORATE CULTURE

Guided by the Group's core values, the Board, together with senior management, play a leading role in defining the purpose and strategic direction of the Group, set the tone and shape the corporate culture of the Company to ensure all businesses across the Group are aligned with the same purpose. Alongside the Groups robust corporate governance framework and effective risk management and internal control systems, the desired culture is developed and reflected consistently as in the operating practices and policies of the Group, as well as its relations with stakeholders, through active collaboration, effective engagement and regular training at all levels.

To learn more, please refer to the Corporate Governance Report within our Annual Report .

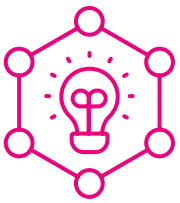
CORPORATE STRATEGY

The primary objective of the Company is to become a leader in the discovery, development and commercialization of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases.

The strategy of the Company is to leverage the highly specialized expertise of the drug discovery division to develop and expand the drug candidate portfolio of the Group for the global market, building on the first-mover advantage in the development and launch of novel cancer drugs in China and engaging partners for late-stage development and commercialization outside of China. This strategy is aligned with the Company's culture of innovation and high engagement and empowerment of staff with a strong focus on reward and recognition.

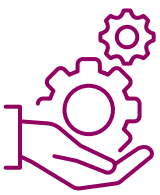
ABOUT OUR VALUES

INNOVATIVE



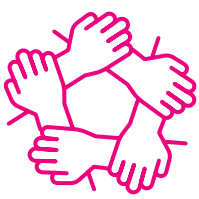
- With innovation at the core of everything we do, we discover and develop novel, differentiated medicines to address unmet medical needs.
- We are driven by science to provide effective, safe, advanced new treatments at world-class standards for patients in need around the world.

PRAGMATIC



- While striving to develop the best outcomes for our patients, we maintain the highest ethical and professional standards of truthfulness, integrity and accountability. We conduct our business responsibly, in full compliance with all regulations.
- We are committed to continue to grow our business in a sustainable and conscious manner, managing everything we do rationally, with reason and sense. This will lead us to realize the full potential of our products, brands and business.

COLLABORATIVE



- Guided by our corporate strategy, we encourage cross-functional collaboration and communication to foster a culture of trust and support, where each member of our team is empowered to take ownership of their work and support one another to achieve our collective goals.
- To drive greater value to unmet medical needs, we leverage the rapid advances of the industry by forming broad and deep collaborations with mutual benefits.

EFFICIENT

- We are committed to our responsibilities and promises as we strive for greater effectiveness and accountability.
- We make conscious decisions on how we use our resources as we grow a productive and top-notch drug discovery, development and commercialization that shapes our sustainable organization.

OUR BUSINESS MODEL AND MARKET

HUTCHMED is an innovative, commercial-stage, biopharmaceutical company. We are committed to the discovery, global development, and commercialization of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases.

HUTCHMED has two business segments:

- The **Oncology/Immunology segment** has been driving the reseach, development and production of our portfolio of innovative targeted therapeutics and immunotherapy drug candidates since the early 2000s. Since 2020, this segment has also been driving the marketing and distribution of our highly innovative oncology medicines, fruquintinib (branded as **ELUNATE®** in China and **FRUZAQLA™** in the U.S.), surufatinib (branded as **SULANDA®** in China), savolitinib (branded as **ORPATHYS®** in China) and tazemetostat (branded as **TAZVERIK®** in China, the U.S. and Japan). This segment had over 1,800 staff at year end.

  FRUZAQLA™ was approved by the U.S. FDA in November 2023, where it is marketed by our partner, Takeda. In China, ELUNATE®, SULANDA® and ORPATHYS® (marketed by our partner AstraZeneca) have all been approved and launched. ELUNATE® also received marketing approval in the Hong Kong Special Administrative Region ("Hong Kong") in January 2024. TAZVERIK® has been approved and launched in Hainan Boao Lecheng International Medical Tourism Pilot Zone ("Hainan Pilot Zone"). Our success in discovery led to many development collaborations with leading global and regional pharmaceutical companies such as AstraZeneca, Eli Lilly, Ipsen, Takeda, BeiGene, Innovent, Junshi and Inmagene.

  Within Oncology/Immunology, our R&D operations employed about 900 scientists and staff at year end, primarily in Shanghai, China and in Florham Park, New Jersey, USA. As of the end of 2023, including the four newly launched products above, we have 13 oncology drug candidates in clinical trials.

- The **Other Ventures segment** is a profitable platform that manufactures, markets, and distributes prescription medicines and consumer health products in China and other countries in Asia. Consolidated subsidiaries in this segment in 2023 include Hutchison Sinopharm, HHL, HHO, and HSN[5]. This segment also includes our non-consolidated interest in SHPL.

The successful operation of both segments relies on the support of our business partners, including suppliers, vendors, agents, contractors, joint venture partners and representatives. The quality, delivery and responsiveness of our business partners is of paramount importance. They are also our partners in promoting social responsibility and ethical business conduct throughout our operations.

2023 BUSINESS HIGHLIGHTS

1) ONCOLOGY/IMMUNOLOGY MARKETED PRODUCTS

We discover, develop, manufacture and market targeted therapies and immunotherapies for the treatment of cancer and immunological diseases through a fully integrated team.

Fruquintinib (ELUNATE® in China, FRUZAQLA™ in the U.S.)

ELUNATE®/FRUZAQLA™ is an oral medicine that works by very selectively blocking tumor angiogenesis, which is the formation of new blood vessels that supply oxygen and nutrients to tumor cells.

ELUNATE® is approved in China for the treatment of colorectal cancer patients. Colorectal cancer is a type of solid tumor cancer that starts in either the colon or rectum, and was the third most diagnosed form of cancer in China in 2020, with an estimated 555,000 new cases each year. In China, ELUNATE® is the leading treatment for late-stage CRC with 47% of third-line treated patient share according to an IQVIA tracking study in 2023. ELUNATE® was first included in the NRDL in January 2020 and, following negotiations with the China National Healthcare Security Administration ("NHSA"), ELUNATE® continues to be included in the NRDL for a new two-year term starting in January 2024 at the same price as the 2023 NRDL price. It is co-developed and co-marketed by HUTCHMED and Eli Lilly and Company.

[5] HHO and HSN were divested from HUTCHMED on December 7, 2023. Data of HHO and HSN reported in this Report included the period from January 1, 2023 to November 30, 2023

Outside of China, fruquintinib is being marketed by our partner Takeda who launched FRUZAQLA™ in the U.S. within 24 hours after it was approved for colorectal cancer patients in November 2023, with the first prescription received a day after approval. According to Takeda, uptake had been strong, with new patient starts exceeding expectations. Additional regulatory applications are progressing including in the European Union ("EU") and Japan.

In January 2024, ELUNATE® was approved in Hong Kong. This is the first medicine approved under the new mechanism for registration of new drugs ("1+" mechanism). CRC was the second most common cancer in Hong Kong in 2021, with about 5,900 new patients diagnosed.

Surufatinib (SULANDA® in China)

SULANDA® is an oral medicine that works by both selectively blocking tumor angiogenesis, like ELUNATE®, but also by promoting the body's immune response against tumor cells.

SULANDA® was launched in China in 2021 for the treatment of all advanced neuroendocrine tumors ("NETs"), which are a type of cancer of the nervous system or in glands that produce hormones, for which there were an estimated 71,300 newly diagnosed patients in 2020 in China, with potentially up to 300,000 patients living with the disease. According to the IQVIA tracking study report in 2023, SULANDA® maintained its position in the market with 21% prescription share in NET treatment. SULANDA® was first included in the NRDL in January 2022 and, following negotiations with the China NHSA, SULANDA® continues to be included in the NRDL for a new two-year term starting in January 2024, at the same price as the 2023 NRDL price.

Surufatinib has been successfully recommended in 2023 "*Chinese medical association consensus for standardized diagnosis and treatment of pancreatic cancer neuroendocrine neoplasms*" and four other treatment guidelines for neuroendocrine tumors. As a result, doctors' acceptance and patients' access to SULANDA® continue to increase.

Savolitinib (ORPATHYS® in China)

ORPATHYS® is an oral medicine that works on certain types of cancers that are driven by abnormalities in a particular biomolecular pathway called MET. ORPATHYS® blocks the MET pathway, thereby inhibiting these types of tumors. As a result, patients that test positive for MET abnormalities may benefit from ORPATHYS®.

ORPATHYS® was the first selective MET inhibitor medicine approved in China. It was launched and marketed by our partner, AstraZeneca for patients with certain MET-driven lung cancers. More than a third of the world's lung cancer patients are in China.[6,7,8]

In 2021, 2022 and the first two months of 2023, ORPATHYS® was sold as a self-pay drug. Following negotiations with the China NHSA in January 2023, ORPATHYS® has been included in the updated NRDL since March 2023 at a 38% discount relative to the self-pay price, broadening patient access to this medicine.

Market understanding of the need for MET testing has improved significantly, with approximately half of new advanced/relapsed NSCLC patients in China being tested. In the National Health Commission's *Treatment Guidelines for Primary Lung Cancer 2022* and the China Medical Association Oncology Committee Lung Cancer Group's *China Medical Association Guideline for Clinical Diagnosis and Treatment of Lung Cancer*, ORPATHYS® was identified as the only targeted therapy recommended for MET exon 14 patients, while a similar guideline from CSCO also recommended ORPATHYS® as the standard of care for such patients. As MET testing awareness and access increases, more patients are expected to be prescribed a selective MET inhibitor.

Tazemetostat (TAZVERIK® in Hainan, China; the U.S. and Japan)

TAZVERIK® is an oral medicine that is approved in the U.S. and Japan for the treatment of patients with certain types of lymphoma (a blood cancer) and an extremely rare cancer called epithelioid sarcoma. It works by blocking a certain enzyme that helps cancers grow.

[6] Vuong HG, et al. Clinicopathological implications of MET exon 14 mutations in non-small cell lung cancer – A systematic review and meta-analysis. Lung Cancer 2018; 123: 76-82.

[7] World Health Organization. International Agency for Research on Cancer. Lung Fact Sheet. Available at https://gco.iarc.fr/today/data/factsheets/cancers/15-Lung-fact-sheet.pdf. Accessed June 2021.

[8] World Health Organization. International Agency for Research on Cancer. Globocan China Fact Sheet 2020. Available at http://gco.iarc.fr/today/data/factsheets/populations/160-china-fact-sheets.pdf. Accessed June 2021.

In May 2022, TAZVERIK® was approved by the Health Commission and Medical Products Administration of Hainan Province to be used in the Hainan Pilot Zone in China, under the *Clinically Urgently Needed Imported Drugs* scheme, for the treatment of certain patients with epithelioid sarcoma and follicular lymphoma consistent with the label as approved by the U.S. FDA. Launched in 2013 and located in China, the Hainan Pilot Zone is a destination for international medical tourism and global hub for scientific innovation. Tazemetostat was included in the 2022 CSCO guidelines for epithelioid sarcoma and subsequently included in the 2023 CSCO guideline for follicular lymphoma.

2) ONCOLOGY/IMMUNOLOGY R&D

Our comprehensive drug R&D operation covers chemistry; biology; pharmacology; toxicology; manufacturing controls for clinical and commercial supply; clinical development; regulatory affairs; and other functions. With the U.S. FDA approval of fruquintinib in November 2023, we now possess a track record of discovery, clinical development and marketing approval of an innovative medicine not just in China, but in the global market. In addition to **fruquintinib**, **surufatinib**, **savolitinib** and **tazemetostat**, we are conducting clinical trials on a broad pipeline of other differentiated drug candidates including **sovleplenib**, **amdizalisib**, **HMPL-453**, **HMPL-306**, **HMPL-760**, **HMPL-295**, **HMPL-653**, **HMPL-A83**, **HMPL-415** and several others in preclinical research and development. We are conducting over 30 different clinical studies in oncology patients globally.

This broad pipeline of differentiated targeted therapies and immunotherapies is built for the global market. The aim of our research is to develop highly selective medicines with superior safety profiles, which have the potential to be effectively paired with other oncology and immunology therapies at effective dosages with fewer side effects.

In 2023, beyond the filing of market authorization applications in the U.S., EU and Japan for FRUZAQLA™, we also filed an additional application for ELUNATE® for the treatment of gastric cancer patients in China.

For ORPATHYS®, we completed another trial in lung cancer patients with MET, which has potential to expand usage to include newly diagnosed patients in China. Outside China, we continue our work with AstraZeneca on the pivotal global lung cancer trial called SAVANNAH. This study completed enrollment in 2022, 2023 and early 2024. We believe the convenient dosing, targeted efficacy and safety profile of ORPATHYS® as an oral medicine in combination with a similar oral medicine from AstraZeneca called TAGRISSO®, should position it well in addressing the unmet needs of MET positive lung cancer patients.

Another milestone we have is the success we had in the registration clinical trial in China in Immune thrombocytopenia purpura ("ITP") patients for sovleplenib, our first potential novel medicine in immunological diseases. The marketing authorization application in China was accepted and granted priority review in January 2024. There are over 250,000 new and existing adult ITP patients in China[9]. The treatment options are limited, representing an unmet medical need that sovleplenib could help address. Sovleplenib has the potential to target other major diseases such as rheumatoid arthritis. We are also planning to initiate clinical development of sovleplenib outside China in 2024.

To learn more about our R&D, please refer to our Annual report or visit our website .

3) MANUFACTURING

We have a drug product facility in Suzhou, China, which manufactures both clinical and commercial supplies for some of our products. We have also completed construction and facility and equipment qualification of a new drug product facility in Shanghai, China, which will increase our novel drug product manufacturing capacity by over five times. The Pudong facility has successfully passed an inspection by the local regulatory agency and was issued the Drug Manufacturing Permit in 2023. The clinical manufacturing and technology transfer for some of our commercial products are underway in our new facility. This is in line with our previously outlined expectations of manufacturing clinical supplies from the new facility starting in 2023 and commercial supplies around 2025, after the necessary regulatory filings and approvals.

Shanghai facility

We have established the supply chain for FRUZAQLA™ for the U.S. market. Our Suzhou facility passed a pre-approval inspection (PAI) by the U.S. FDA in August 2023. We have qualified two drug product sites for supplying FRUZAQLA™ to the U.S. market: our own facility in Suzhou and a second drug product contract manufacturing organization in Switzerland.

[9] Source: IQVIA. Report on file.

4) OTHER VENTURES

Our Other Ventures include drug marketing and distribution platforms covering about 290 cities and towns in China with over 2,900 mainly manufacturing and commercial personnel. Built over the past 20 years, they primarily focus on prescription drugs and science-based nutrition products through several joint ventures and subsidiary companies.

Hutchison Sinopharm

Hutchison Sinopharm is our consolidated joint venture with Sinopharm. Based in Shanghai, Hutchison Sinopharm focuses on providing logistics services, and distributing and marketing prescription drugs in China. As of December 31, 2023, Hutchison Sinopharm had a dedicated team of over 40 people that focus on marketing over 1,000 third-party prescription drugs and other products directly to about 790 public and private hospitals in the Shanghai region and through a network of approximately 125 distributors to cover all other provinces in China.

HHL

HHL is our wholly owned subsidiary and is primarily engaged in the manufacture and sale of health supplements and personal care products. HHL's major product is Zhi Ling Tong DHA capsules, a health supplement made from algae DHA oil for the promotion of brain and retinal development in babies and young children, which is distributed by SHPL.

SHPL

Our own-brand prescription drugs business is operated through our non-consolidated joint venture SHPL. The SHPL operation is large-scale, with a commercial team of about 2,300 staff managing the medical detailing and marketing of its products not just in hospitals in provincial capitals and medium-sized cities, but also in the majority of county-level hospitals in China. SHPL's Good Manufacturing Practice-certified factory holds 74 drug product manufacturing licenses and is operated by about 560 manufacturing staff.

SHPL's main product is She Xiang Bao Xin ("SXBX") pill, an oral vasodilator prescription therapy for coronary artery disease. SXBX pill is the second largest botanical prescription drug in this indication in China, with a national market share in 2023 of 22%.

Consumer Products Businesses Disposal

On December 7, 2023, HUTCHMED disposed of two businesses, HHO and HSN, each of which is principally engaged in wholesale and trading of healthcare and consumer products. The disposal allows HUTCHMED to focus its resources on its core business areas.

SUSTAINABILITY GOVERNANCE[10]

BOARD STATEMENT[11]

The Board holds ultimate responsibility for integrating sustainability into the Company's long-term growth and strategy[12]. Vigilant oversight involves monitoring key sustainability issues, performance indicators, emerging trends, and potential risks and opportunities affecting business development. With support from the Sustainability Committee, senior management, and the sustainability working group, the Board governs the approach to sustainable development and the implementation of strategies.

In overseeing risk management, the Board conducts ongoing identification and assessment of climate and sustainability risks. Collaborating with the Audit Committee and Sustainability Committee, it reviews the risk management framework, ensuring its effectiveness in design, implementation, and monitoring. Climate-related risk is incorporated into sustainability risks in the risk management framework of the Company following the climate-risk assessment conducted in 2022[13]. Continuous monitoring and reviews have been then undertaken, evaluating the efficacy of the climate resilience strategy and potential financial impacts.

Looking to the future, the Board of Directors will continue to lead in the area of sustainability. It is committed to embedding corporate social responsibility ("CSR") and sustainability into the DNA of our business to ensure long-term value creation for all stakeholders.

OUR GOAL AND TARGET

Develop a good ESG governance structure with an effective risk management system.

Track Progress Target

To develop an ESG framework that defines its key focus area and strategic priorities. The framework should be supported by all levels of the Group.

2023 Progress

- A four-tier sustainability governance structure was enhanced in 2022 for the effective management and implementation of the Group's sustainability objectives[14].
- 10 sustainability related meetings and trainings were organized for all levels of employees to raise internal awareness on sustainability. Our online ESG training was organized for all employees in the Group.

[10] Overall Approach 10; MDR 13
[11] MDR 13
[12] Overall Approach 10
[13] MDR 13 (ii); A4 Climate Change
[14] MDR 13 (i)

SUSTAINABILITY GOVERNANCE STRUCTURE[15]

Committed to leadership in sustainability, the Board aims to embed CSR and sustainability into the business, delivering enduring value for stakeholders. The establishment of a robust sustainability governance structure is deemed crucial, as reflected in the four-tier sustainability governance structure below.

Our Four-tier Sustainability Governance Structure

Board Level

Board of Directors[16]

Chairman, CEO & CSO, CFO, 3 NEDs, 3 INEDs Note 1

Responsibilities

- Oversees the sustainability strategy, reporting, and risk management[17]
- Regularly reviews the progress against the HUTCHMED's sustainability objectives and targets[18]
- Shapes and oversees the corporate culture
- Directs, supervises and monitors the managerial performance and operating practice
- Ensures ongoing communication with shareholders and engagement with key stakeholders

2023 Activity

- In 2023, each director of the Board received an average of 14 hours of training, covering the areas of corporate governance, risk management, and sustainability practices
- The Board also endorsed and approved the 2022 Sustainability Report of the Company

[15] MDR 13 (i)
[16] MDR 13 (i)
[17] Overall Approach 10
[18] MDR 13 (iii)

Board Level Committee

Sustainability Committee[19]

CFO, NED, INED [Note 1]

Responsibilities

- Advises the Board and oversees the operations of CSR and sustainability initiatives of the Group
- In accordance with the Sustainability Committee – Terms of Reference, the Committee meets at least twice a year to review the sustainability performance and evaluate whether the Group is on track with the CSR and sustainability priorities and goals
- Makes recommendations to the Board on the Group's CSR and sustainability risks and opportunities, objectives, strategies, priorities, initiatives, goals, and sustainability disclosures
- Endorses and recommends the 2022 Sustainability Report of the Company to the Board for approval

2023 Activity

- In 2023, the Committee held three meetings with 100% attendance to discuss and review the sustainability initiatives including materiality assessment, progress of sustainability goals and targets, Scope 3 screening and measurement
- The adequacy of resources, staff qualifications and experience, training programs and budget of the Group's sustainability performance and reporting function was also examined and considered satisfactory by the Sustainability Committee
- The Committee also endorsed and recommended the 2022 Sustainability Report of the Company to the Board for approval

Name of Member	Position	Attended/ Eligible to attend
Edith Shih (Chairman)	NED and Company Secretary	3/3
Cheng Chig Fung, Johnny	ED and CFO	3/3
Mok Shu Kam, Tony	INED	3/3

[19] MDR 13 (i)

Management Level

Senior Management

CEO & CSO, CFO, COO, CMO and other department heads [Note 1]

Responsibilities

- Meets regularly to discuss sustainability issues ahead of their submission to the Sustainability Committee for their review and oversight of the performance of the sustainability initiatives
- Provides oversight on how the sustainability working group integrates sustainability into daily practices
- Has the overall responsibility to assess and manage sustainability issues that impact the business
- Discusses and develops strategic direction on emerging issues
- Develops and monitors the progress of the sustainability goals and targets
- Receives updates from the sustainability working group on the overall performance
- Sustainability performance is incorporated into management's performance-based compensation and remuneration
- From the senior management team, the Head of Corporate Management & Communications directly oversees and co-ordinates sustainability-related issues

2023 Activity

- In 2023, the senior management held two meetings to discuss sustainability issues ahead of their submission to the Sustainability Committee for their review and oversight of the performance of the sustainability initiatives.

Operation Level

Sustainability Working Group

Representatives from different business units

Responsibilities

- Meets regularly to discuss implementation plans of sustainability initiatives
- Provides operational support in driving sustainability performance across the Group
- Monitors sustainability issues and updates the senior management and the Sustainability Committee on emerging risks and opportunities throughout the business activities
- Collects data to facilitate corporate sustainability disclosures and identify areas for improving operational performance and disclosure

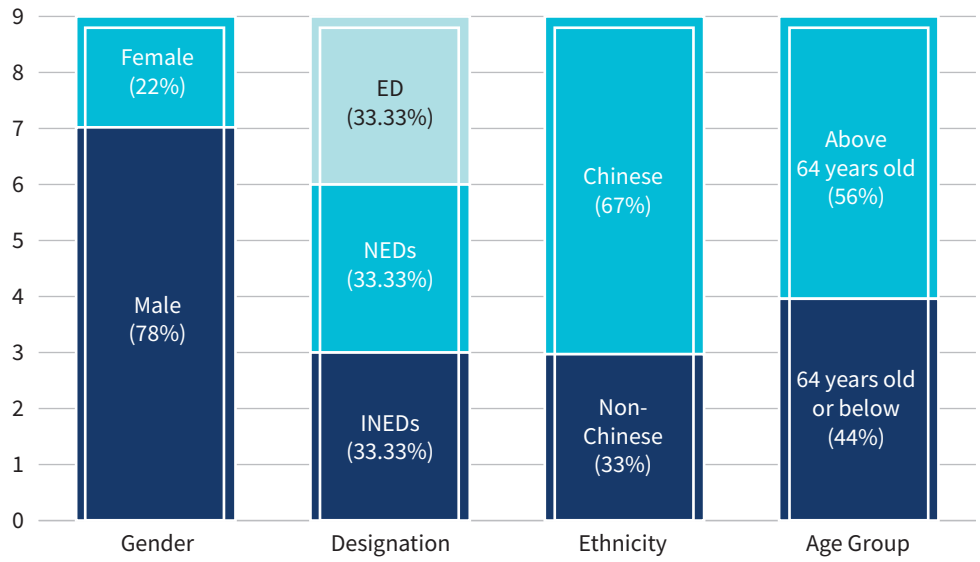
2023 Activity

- In 2023, the working group held five meetings to discuss sustainability initiatives; four trainings on data collection; one group-wide sustainability online training for all staff across offices (Hong Kong, mainland China, and the U.S.)

Note 1: CEO = Chief Executive Officer
CSO = Chief Scientific Officer
CFO = Chief Financial Officer
COO = Chief Operating Officer
CMO = Chief Medical Officer
ED = Executive Director
INED = Independent Non-executive Director
NED = Non-executive Director

BOARD COMPOSITION AND DIVERSITY

Board Composition and Diversity Note 1



The Board is committed to fostering diversity, equity and inclusion across all levels of the Group. Female representation at the Board stands at approximately 22%, above average[20] amongst companies listed on the HKEX. Gender diversity of the workforce also stands at a relatively balanced level, with female representing 53%. Further details on the gender ratio of the Group and initiatives undertaken to enhance gender diversity across senior management and the broader workforce, along with relevant data, can be found in Chapter 12 of this Report.

Note1:
ED = Executive Director
INED = Independent Non-executive Director
NED = Non-executive Director

RISK MANAGEMENT

The Board has the ultimate responsibility for the risk management, internal control, and legal and regulatory compliance of the Group. In meeting its responsibilities, the Board, with due regard to the Company's risk appetite, evaluates and determines the nature and extent of the risks (including sustainability and cybersecurity risks) that the Company is willing to accept in pursuit of its strategic and business objectives. The Board inculcates appropriate risk culture across the business operations of the Group and has put in place a comprehensive range of policies and systems, including parameters of delegated authority, which provide a framework for the identification, reporting and management of risks. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis.

The Company adopts an Enterprise Risk Management ("ERM") framework which is consistent with the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework. The ERM framework facilitates a systematic approach in identifying, assessing, managing and monitoring risks (including sustainability and cyber risks) within the Group, be they are of strategic, financial, operational or compliance nature.

Risk management is an integral part of the day-to-day operations and management of the Group and is a continuous process carried out at all levels of the Group. There are ongoing dialogues between the Executive Directors and the management team of each core business division about the current and emerging risks (including sustainability and cyber risks) that are relevant to their businesses, the plausible impact of the risks and mitigation measures to ensure that the executive management teams of each core business have performed their duties to have effective systems. These measures include instituting additional controls and deploying appropriate insurance instruments to minimize or transfer the impact or risks that the Group's businesses face. The latter also includes Directors and Officers Liability Insurance to protect Directors and officers of the Group against potential personal legal liabilities.

[20] As of March 2024. Source: Board Diversity & Inclusions in Focus (hkex.com.hk)

In terms of formal risk review and reporting, the Group adopts a "top-down and bottom-up" approach involving regular input from each core business as well as discussions and reviews by the Executive Directors and the Board, through the Audit Committee. More specifically, on a half-yearly basis, each core business unit is required to formally identify the significant risks (including sustainability and cyber risks) their business faces and assess the risk severity in terms of potential impact and likelihood, whilst the Executive Directors provide input after taking a holistic assessment of all the significant risks that the Group faces. Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the related risk assessment report, form part of the risk management report for review and approval by the Audit Committee on a half-yearly basis. The Audit Committee, on behalf of the Board, reviews the report, discusses the risk management and internal control systems, including matters related to cybersecurity risks, with the Internal Audit General Manager and Executive Directors, and provides input as appropriate so as to ensure effective systems are in place.

In 2023, we continued to proactively address sustainability risks following the climate risk assessment conducted in 2022. Climate risks identified along with potential financial impacts have been integrated into our ERM framework. This has led to improvements in the integration of sustainability risks and ongoing monitoring.

For more details, please refer to the Corporate Governance Report within our Annual Report.

SUSTAINABILITY AND GOVERNANCE POLICIES[21]

HUTCHMED's commitment to operating responsibly has taken the Group beyond the regulatory requirement for sustainability as reflected in our sustainability and governance policies and statements. We strive to stay abreast of the latest updates regarding regulatory changes on sustainability and regularly review the policies with reference to local and international guidelines and standards. All members of the Group must comply with and implement the said policies and statements to help HUTCHMED achieve its sustainability objectives. The major sustainability related policies are as follows. Details of each policy can be found on our website.

- Sustainability Policy
- Anti-Bribery and Anti-Corruption Policy[22]
- Environmental Policy[23]
- Human Rights Policy[24]
- Health and Safety Policy[25]
- Modern Slavery and Human Trafficking Statement[26]
- Interaction with HCO, HCP and Patient Organizations
- Quality Management System Summary[27]

OTHER SUSTAINABILITY-RELATED POLICIES

- Sustainability Committee – Terms of Reference
- Audit Committee – Terms of Reference
- Nomination Committee – Terms of Reference
- Remuneration Committee – Terms of Reference
- Technical Committee – Terms of Reference
- Board Diversity Policy
- Director Nomination Policy
- Memorandum and Articles of Association
- Statement of compliance with the Hong Kong Corporate Governance Code
- Procedures for a Shareholder to Propose a Person for Election as a Director of the Company
- Anti-Bribery and Anti-Corruption Policy
- Code of Ethics
- Code of Ethics – Business Partners
- Policy on Personal Data Governance
- Information Security Policy
- Shareholders Communication Policy
- Whistleblowing Policy
- AIM Rule 26
- Policy on Handling of Confidential and Price-sensitive Inside Information, and Securities Dealing
- Interaction with HCO, HCP and Patient Organizations
- Quality Management System Summary
- Drug Safety Information Reporting Summary[28]
- PhIRDA Code of Ethics

[21] MDR 12 (i)
[22] B7 Anti-corruption
[23] A1 Emissions; A2 Use of Resources; A3 The Environment and Natural Resources; A4 Climate Change
[24] B1 Employment; B4 Labor Standards; B5 Supply Chain Management
[25] B2 Health and Safety
[26] B1 Employment; B4 Labor Standards; B5 Supply Chain Management
[27] B6 Product Responsibility; KPI B6.4
[28] B6 Product Responsibility; KPI B6.5

SUSTAINABILITY STRATEGY[29]

Understanding the needs and concerns of our stakeholders guides our approach to sustainability and our future activity. Materiality to the business is determined by assessing how each sustainability issue impacts our business and stakeholders, as well as our impact on society and the environment, through internal and external viewpoints.

STAKEHOLDER ENGAGEMENT APPROACH

We continue to engage with our stakeholders to understand their expectations and perceptions of our sustainable development performance. Ongoing communication helps us maintain trust, reconcile differing interests, and identify emerging social and environmental risks and opportunities to the business. The following sets out our key stakeholder groups and our main communication channels.

Employees

Main mode of engagement:

- Town-hall meetings
- Team building events
- Employee engagement surveys
- Topic-specific trainings and meetings
- Community services
- Intranet
- Company website
- Newsletters
- Annual and interim reports
- Sustainability reports

Investors and Shareholders

Main mode of engagement:

- Annual general meetings
- In-person and video meetings
- Investor conferences
- Corporate presentations
- Stock exchange announcements
- Roadshows
- Press releases
- Company website
- Direct outreach via emails
- Annual and interim reports
- Sustainability reports

Governments and Regulators

Main mode of engagement:

- Joint projects
- Working committees and consultations
- Onsite inspections
- Submissions for new drugs applications
- Submissions for NRDL/NRDL renewals
- Company website
- Annual and interim reports
- Sustainability reports

[29] Overall Approach 7; MDR 14

Customers
(healthcare professionals and patients)

Main mode of engagement:

- In-person customer visits
- Market research
- Post-conference research
- Patient assistance programs
- Customers' access to the NRDL

Business Partners

Main mode of engagement:

- Multi-stakeholder meetings and seminars on specific issues
- Joint projects and partnerships
- Training for business partners
- Company website
- Annual and interim reports
- Sustainability reports

Suppliers

Main mode of engagement:

- Virtual or in-person meetings
- On-site investigation/quality inspection
- Training for suppliers
- Questionnaires
- Audits
- Improvement programs
- Company website
- Annual and interim reports
- Sustainability reports

Industry Associations and Academia

Main mode of engagement:

- Joint projects
- Research funds
- Multi-stakeholder forums and partnerships
- Industry conferences and seminars
- Company website
- Annual and interim reports
- Sustainability reports

NGOs and Community

Main mode of engagement:

- Community projects
- Volunteer activities
- Donations
- Company website
- Annual and interim reports
- Sustainability reports

Media

Main mode of engagement:

- Press conferences
- Media interviews
- Awards
- Press releases
- Feedback and responses to media enquiries
- Company website
- Annual and interim reports
- Sustainability reports

MATERIALITY ASSESSMENT[30]

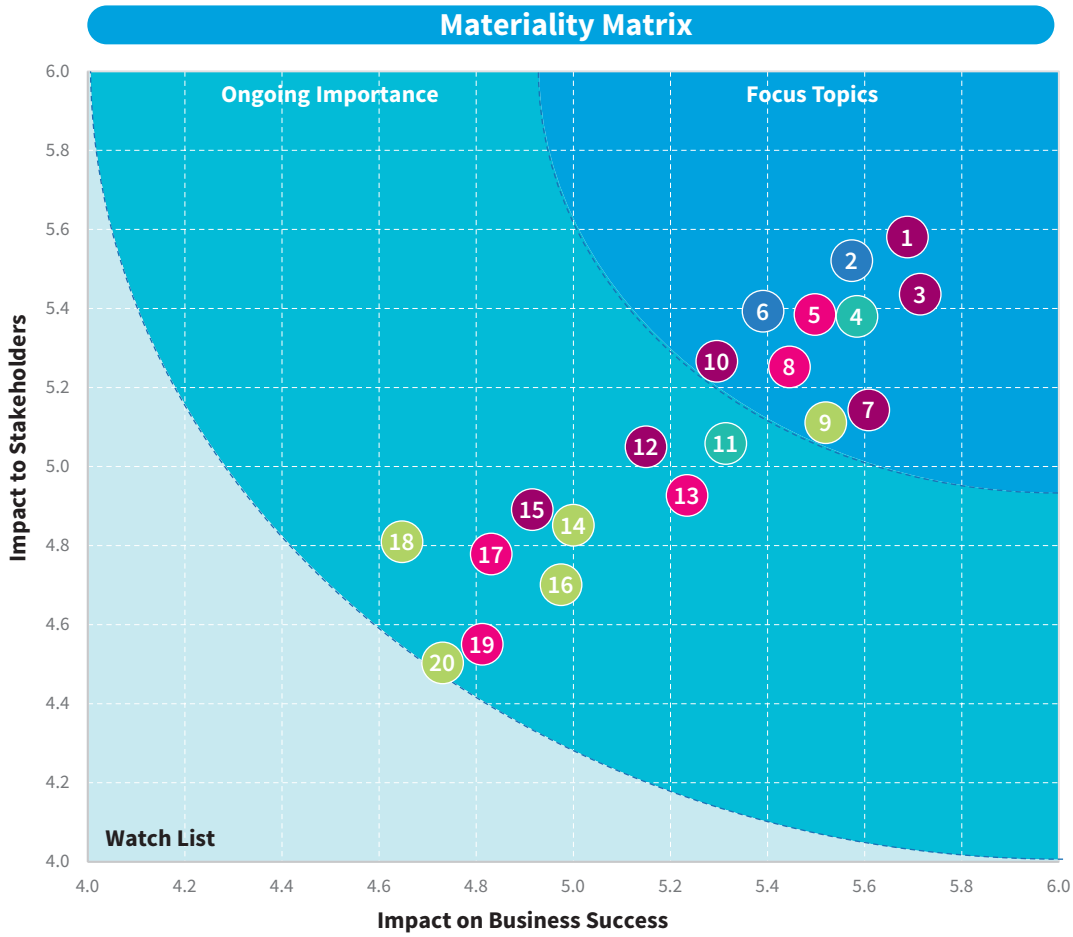
In 2022, with the support of an independent third-party, we have conducted a comprehensive materiality assessment with both internal and external stakeholders by means of online surveys, focus group meetings and deep dive interviews to identify 33 ESG material topics. Please refer to P.23-27 of our 2022 Sustainability Report to understand more on our stakeholder-driven materiality approach, key stakeholder groups and format of engagement, stakeholders' concerns and our response. In 2023, to refresh the material topics and matrix, we took into account insights from the SASB materiality topics for the pharmaceutical industry, peer benchmarking and global trends in sustainability along with a review of the materiality assessment results from 2022. As a result, we have reorganized and consolidated the material topics, condensing the 33 topics to 20. This facilitates our prioritization of the most relevant sustainability issues that have a significant impact on our business and stakeholders. The outcome of the materiality refresh was reported, discussed, and approved by senior management and the Sustainability Committee. The assessed aggregated results were also approved by the Board.

Our Material Topics

The materiality matrix maps 20 ESG material issues, with their importance to external stakeholders plotted on the y-axis and their importance to our business continuity and development plotted on the x-axis. Overall materiality was determined by the aggregate score assigned to each ESG material issue by our internal and external stakeholders. All material issues have been addressed in this Report in accordance with the various reporting standards. The top five material issues to internal and external stakeholders have been identified as Business Ethics and Anti-Corruption, Affordability and Access to Healthcare, Product Quality and Safety, Product Innovation, and Employee Development. The rankings are outlined in the materiality matrix.

[30] Overall Approach 7; MDR 14

Materiality Matrix



Pillars

- Ethics and Transparency
- Human Capital
- Innovation
- Climate Action
- Access to Healthcare

Ethics and Transparency

- 1 Business Ethics and Anti-corruption
- 3 Product Quality and Safety
- 7 Bioethics
- 10 Data Privacy and Security
- 12 Responsible Marketing
- 15 Responsible Supply Chain Management

Human Capital

- 5 Employee Development
- 8 Occupational Health and Safety
- 13 Diversity, Equity and Inclusion
- 17 Human & Labor Rights
- 19 Community Contribution

Innovation

- 4 Product Innovation
- 11 Intellectual Property Protection

Climate Action

- 9 Climate Resilience and Climate Action
- 14 Product Sustainability
- 16 Water Use
- 18 Natural Resources and Biodiversity
- 20 Waste and Packaging

Access to Healthcare

- 2 Affordability & Access to Healthcare
- 6 Patient Engagement and Advocacy

Material Topics (1 being the most material to the Company)	How We Address Them (Corresponding Chapters in this Report)
1. Business Ethics and Anti-Corruption	7. Business Ethics and Anti-Corruption
2. Affordability and Access to Healthcare	10. Access to Healthcare
3. Product Quality and Safety	8. Responsible Commercialization
4. Product Innovation	9. Research and Development
5. Employee Development	12. Human Capital Management
6. Patient Engagement and Advocacy	10. Access to Healthcare
7. Bioethics	9. Research and Development
8. Occupational Health and Safety	12. Human Capital Management
9. Climate Resilience and Climate Action	11. Climate Action
10. Data Privacy and Security	8. Responsible Commercialization
11. Intellectual Property Protection	7. Business Ethics and Anti-Corruption
12. Responsible Marketing	8. Responsible Commercialization
13. Diversity, Equity and Inclusion	12. Human Capital Management
14. Product Sustainability	11. Climate Action
15. Responsible Supply Chain Management	8. Responsible Commercialization
16. Water Use	11. Climate Action
17. Human and Labor Rights	12. Human Capital Management
18. Natural Resources and Biodiversity	11. Climate Action
19. Community Contribution	12. Human Capital Management
20. Waste and Packaging	11. Climate Action

DEVELOPING A HOLISTIC SUSTAINABILITY STRATEGY

To bring HUTCHMED's purpose to life, our sustainability strategy framework is integrated into every aspect of our business decisions that guides us in improving the lives of patients through the discovery, development and delivery of world-class treatments for cancer and immunological diseases. Our Sustainability Framework is built on the five pillars below, and further extends to nine focus areas covering the 11 short to long-term sustainability goals and targets[31] set in 2022. Please refer to Chapter 5 for the overview of the 2025 goals and targets. The Board, including the board-level Sustainability Committee, is responsible for overseeing the framework, while the senior management takes responsibility for its efficient execution. This framework holds both the Company as a whole and each individual business unit accountable for our aspirations. It offers a comprehensive approach to managing our impact, allowing us to work towards maximizing our contributions and minimizing any adverse effects.

Through ongoing stakeholder engagement, we have established clear guidelines for our obligations to the individuals and entities we serve, including our employees, the communities we operate in, and our shareholders. As we continuously assess the most effective ways to fulfill our purpose and meet the needs of our stakeholders, we have implemented measures to enhance the refinement, prioritization, and strategic handling of pertinent sustainability matters that can influence our business, as well as the well-being of people and society. Our sustainability strategy has the ambition to set the direction for our key strategic ESG focus areas under the five Sustainability Pillars, namely Ethics and Transparency, Innovation, Climate Action, Access to Healthcare and Human Capital. Each of the identified pillars center around an array of strategic initiatives as well as metrics and targets. An implementation roadmap for each of the pillars is being prudently developed, weighing up the concerns and suggestions from both internal and external stakeholders reflected in the materiality assessment.

[31] MDR 13 (iii)

We focus our efforts on the areas where we are uniquely positioned in this industry to achieve the greatest impact. Our five Sustainability Pillars not only take into account peer benchmarking and assessment against the SASB industry-based metrics, but also incorporate the most relevant material sustainability topics identified in our materiality assessment. The five pillars serve as a guide to generating lasting value by upholding integrity, trust, and accountability in our operations, safeguarding and enhancing the well-being of the communities through research and development, addressing the significant environmental challenges posed by climate change, contributing to improved health outcomes for patients and healthcare providers and creating fulfilling opportunities for our employees and suppliers.

Our Five Sustainability Pillars

Ethics and Transparency

Focus areas:

Responsible Supply Chain

Considering all the social and environmental impacts throughout every step of the supply chain network.

Business Ethics

Implementing policies and procedures on preventing fraud, bribery, discrimination, and strengthening corporate governance.

Innovation

Focus area:

Product Quality and Innovation

Maintaining high quality of pharmaceutical products which is determined by the quality of the raw materials, equipment, and the technical knowledge required to process, package, and distribute the product.

Access to Healthcare

Focus area:

Affordability and Access

Providing equitable and sustainable access to medicines.

Climate Action

Focus areas:

Climate Change

Taking actions on climate mitigation, adaptation and enhancing resilience in business operations.

Waste Management

Managing waste production, handling, processing, storage, and transport from its point of generation to its final acceptable disposal.

Water Management

Managing and understanding water use and shared risk in terms of water governance, water balance, and water quality.

Human Capital

Focus area:

Diversity, Equity and Inclusion

Addressing workforce representation, ensuring fair treatment for all people and demonstrating the degree to which HUTCHMED embraces all employees and enables them to make meaningful contributions.

Business Ethics

Improving employees' existing competencies and skills and developing newer ones to support HUTCHMED's goals.

2025 GOALS AND TARGETS

Environment Goal[32]

HUTCHMED will become a **net-zero** company by **2050** through producing pharmaceutical products and developing impactful partnerships.

Environment

☑ On Track	☑ On Track	☑ On Track
Environment Target 1	**Environment Target 2**	**Environment Target 3**
Carbon Emission Intensity	Energy Intensity	Business Air Travel Emission Intensity
30% (baseline year 2020)	**10%** (baseline year 2020)	**10%** (baseline year 2019)

Social

☑ On Track	☑ On Track
Social Goal 1 (Patient Outcome)	**Social Goal 2** (Access to healthcare)
Be dedicated to the safety of medicines by constantly monitoring patient outcomes, identifying any unexpected safety issues that might arise.	Aim to increase access to healthcare, especially for life saving treatments.
Social Target 1 Maintain **zero** critical findings from safety inspections and audits.	**Social Target 2** Deliver affordable medicines to patients through initiatives such as Named Patient Program ("NPP").

[32] KPI A1.5; KPI A2.3

Social

☑ On Track	☑ On Track	☑ On Track
Social Goal 3 (Product affordability and pricing)	**Social Goal 4** (Diversity, equity and inclusion)	**Social Goal 5** (Diversity, equity and inclusion)
Allow all patients to access the medicines without suffering financial hardship.	Be committed to being an ethical, open and inclusive company.	Be committed to being an ethical, open and inclusive company.
Social Target 3 Continue efforts to apply for its medicines to be added to the NRDL.	**Social Target 4** Achieve gender equality for middle management and above.	**Social Target 5** Continue to work towards further strengthening its board diversity.

Governance

☑ On Track	☑ On Track	☑ On Track
Governance Goal 1 (Business ethics and clinical trial practices)	**Governance Goal 2** (Product quality and safety and product innovation)	**Governance Goal 3** (Accountability)
Be committed to increasing public trust in the pharmaceutical industry.	Develop and bring to market innovative and high quality products.	Aim to develop a good ESG governance structure with an effective risk management system.
Governance Target 1 Maintain **100%** of active employees trained on the Code of Ethics.	**Governance Target 2** Train **100%** active employees on sustainability.	**Governance Target 3** Develop an ESG framework that defines its key focus area and strategic priorities and be supported by all levels of the Group.

BUSINESS ETHICS & ANTI-CORRUPTION

Ethics and Transparency

We are committed to upholding the highest standards of corporate governance, integrity, and sustainability in all our business activities. Under the leadership of the Board and senior management, we foster an ethical business culture that sets clear expectations for all employees to conduct business with the highest standards of business ethics, and in compliance with all applicable laws and regulatory requirements. A set of comprehensive systems and policies are in place to ensure robust ethics and regulatory compliance underlying the operations and practices across the Group.

Our actions support the following SDGs:

OUR GOALS AND TARGETS[33]

Be committed to increasing public trust in the pharmaceutical industry.

2025 Target

To maintain 100% of active employees trained on the Code of Ethics.

2023 Progress

We maintained 100% training rate for all employees on the Code of Ethics in 2023.

[33] Reporting Principles 11 (2)

CODE OF CONDUCT AND ANTI-CORRUPTION[34]

Our Code of Ethics guides our employees across all levels to observe HUTCHMED's principles such as integrity, responsibility, and accountability in the conduct of business operations. It also sets out our commitment to directors and employees of our Group, customers, investors, governmental authorities, and the general public about our expectations regarding conflicts of interest, fair dealing and integrity, discrimination and harassment, bribery and confidentiality, and other related issues.

We also expect our business partners, including suppliers, vendors, customers, agents, contractors, joint venture partners and representatives, to meet our ethical standards. Thus, we have formulated the Code of Ethics – for Business Partners to promote the standards outlined in our internal Code of Ethics , including

(i) honest and ethical conduct;
(ii) respect of confidentiality and intellectual property ("IP");
(iii) compliance with applicable laws, rules, codes and regulations;
(iv) prompt internal reporting of any violations of the Code; and
(v) accountability for adherence to the Code.

We take a zero-tolerance approach to any form of bribery and corruption, fraud, blackmail, misuse, or misappropriation of the Company's assets in our business dealings. Our employees are strictly prohibited from soliciting, accepting, or offering bribes when dealing with any government entity, public or private officials. We comply with the Criminal Law and Anti-unfair Competition Law of the PRC, Prevention of Bribery Ordinance in Hong Kong (Cap.201), Foreign Corrupt Practices Act in U.S. and The Bribery Act in UK. An annual mandatory training of the Group-wide ABAC Policy is arranged for all employees to assist them in recognizing circumstances which may lead to bribery and corruption. It governs the actions of our employees regarding political and charitable contributions, facilitation payments, gifts, hospitality, employment, and procurement.

In addition, HUTCHMED is a council member of China Pharmaceutical Innovation and Research Development Association (PhiRDA), a member of the International Federation of Pharmaceutical Manufacturers & Associations ("IFPMA") and a member of Asia Partnership Conference of Pharmaceutical Associations . In Hong Kong, we follow the Hong Kong Association of the Pharmaceutical Industry Code of Practice. Through business partnerships, we also follow the Code of Practice of the China Association of Enterprises with Foreign Investment's R&D-based Pharmaceutical Association Committee (RDPAC) , which is contained in our internal standard operating procedures ("SOPs") and policies, such as Interactions with Healthcare Professionals ("HCP"), Healthcare Organizations ("HCO") and Patient Organizations .[35]

Additionally, we conduct a bribery risk assessment regularly to identify and evaluate any potential bribery-related risks. Each business unit is required to report any actual or suspected incidents of bribery, theft, fraud or similar offenses to the Internal Audit department for independent analyses and necessary follow-up. In instances where violations of policies and regulations are identified, we are committed to taking prompt and appropriate action. During the reporting period, no significant bribery or potential bribery-related risks were identified in the risk assessment.

To safeguard our reputation and maintain relationships with business partners, our employees remain alert to any risk of unlawful business conduct. Policies regulate employees' behaviour and provide specific guidelines for handling suspected corruption cases with special care. Additionally, we have implemented the policy on Handling of Confidential and Price-sensitive Inside Information, and Securities Dealing to exercise control and oversight over inside information and any misbehaviour of our employees. Detailed procedures to handle price-sensitive inside information, and disclosure obligations of internal control are covered in the policy.[36] In 2023, there were no concluded legal cases regarding corrupt practices related to our business brought against the Company or its employees.[37] There were also no material monetary losses as a result of legal proceedings associated with corruption or bribery[38].

To maintain a high level of business integrity and ensure all our business dealings and conduct are in compliance with competition laws, we strictly follow the Group-wide Competition Compliance Policy. All employees are required to comply with the competition laws of every country, state and locality where HUTCHMED operates.

[34] B7 Anti-corruption
[35] SASB-BP-510a.2
[36] KPI B7.2
[37] KPI B7.1
[38] SASB-BP-510a.1

COMPLIANCE CULTURE WEEK

To enhance the Company's compliance culture and promote compliance awareness among colleagues, a Compliance Culture Week event was organized in December 2023. A series of online and offline games, competition and activities were held, allowing colleagues to reinforce their compliance knowledge in a leisure manner. The event received an overwhelming response from colleagues, with an impressive records of 12,000 participations.

EMPLOYEE AWARENESS

To foster responsible business conduct and to ensure that employees keep abreast of the latest compliance requirements, all employees are required to declare their commitments and adherence to the Company's policies annually. HUTCHMED's ABAC commitment is effectively communicated to all employees through internal email distributions, intranet, promotional articles, and other relevant means of communication. This includes bribery and corruption risks, laws, regulations, and standards in the area where we operate.

We also organize annual business ethics training to keep employees well-informed about our ethical standards. Additionally, as part of the new employee orientation program, we include specific training on our ABAC policy. In 2023, to facilitate the identification of potential fraud and corruption, as well as proper management of interactions with external parties, a total of 2,333 hours of training were provided to directors and employees on our Code of Ethics, ABAC Policy, and HCP & HCO policies. Employees are well-equipped with practical measures and solutions to address common ethical challenges and corruption issues encountered in the course of daily operations.[39]

ANTI-CORRUPTION TRAINING[40]

Employee Category	Percentage of employees who received training
Executive and Senior management	**100%**
Middle management	**100%**
General staff	**100%**

Our compliance teams have the overall responsibility of monitoring compliance with our ABAC Policy and Code of Ethics. We take every breach and case of non-compliance seriously and may ultimately consider termination of employment and contract. During the reporting period, we were not aware of any material legal or non-compliance cases brought against the Group regarding corruption, bribery, fraud, and money laundering.

HUMAN RIGHTS & LABOR RIGHTS[41]

We strive to protect the internationally recognized human rights principles in our business and supply chain. Our Human Rights Policy and Modern Slavery and Human Trafficking Statement set out clear expectations on respecting and promoting human rights as well as ensuring no slavery or human trafficking exists in any part of our business or in our supply chains. To further strengthen our commitment to human rights principles across our business operations, including our supply chain, we have implemented and enforced robust systems and controls to prohibit any form of forced, prison, or bonded labour, slavery, human trafficking, or employment below legal minimum age requirements. Additionally, we delivered human rights training to empower our employees with the knowledge to identify and address human rights issues.

To ensure a secure and discrimination-free workplace for our employees, we have implemented a robust set of recruitment and procurement procedures. We have a zero-tolerance to any form of inappropriate behavior that constitutes harassment or discrimination based on gender, race, ethnicity, disability, marital status, pregnancy and family status. All employees are well-informed and conscious of the relevant requirements through the provision of training in induction programs and policy manuals. In 2023, there were no incidents of human rights violations.

[39] KPI B7.2
[40] KPI B7.3
[41] B1 Employment; KP1 B4.1- B4.2; B4: Labor Standards; B5 Supply China Management

DATA PRIVACY AND SECURITY[42]

In light of the escalating concerns surrounding data privacy on both a local and global scale, we are highly conscious of the compliance requirements imposed by international and local data privacy protection laws. Various measures have been implemented, covering the monitoring of local and international data privacy developments relevant to the Group as well as regular staff awareness training.

We exercise high standards of integrity in dealing with personal data. The Information Security Policy and Policy on Personal Information Governance are in place to monitor and comply with information technology ("IT") and data security standards, maintain the integrity of information and prevent unauthorized access and disclosure. Our Data Protection Officer is responsible for overseeing the Group's adherence with applicable data protection laws and regulations. Policies and related SOPs on personal and customer data management are in place to ensure compliance with data protection laws and regulations in which we operate, including the Personal Information Protection Law of the PRC, the General Data Protection Regulation 2016/679 of the EU, the Data Protection Act 2018 of the UK, the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong. Separately, we addressed the requirements of the California Consumer Privacy Act, as amended by the California Privacy Rights Act of 2020, given the unique requirements of that law. All employees are well-informed on protecting classified and confidential information of the Company, personnel, patients and customers. During Audit Committee meetings, senior management of the Company update the Committee on any information security matters.

To uphold the integrity of computerized systems to store information used in our clinical trials, SOPs on the control and operation of the systems and their associated electronic records are in place to ensure compliance to all applicable regulations as well as requirements of Good Clinical Practices ("GCP"), Good Pharmacovigilance Practices ("GVP"), and Good Laboratory Practices ("GLP")[43]. These procedures cover the computerized systems' lifecycle, including concept, development, testing, release, maintenance, and retirement, and ensuring system integrity through change management, periodic assessment, and incident management.

A comprehensive cyber-security framework has been established to align with the best-practice cybersecurity guidelines published by the National Institute of Standards and Technology (NIST). To prevent data leakage across business operations and ensure adherence to the industry best practices, in addition to our robust data governance structures, our IT systems undergo both internal reviews and an annual cyber-security assessment conducted by an independent third party. Risk assessments and reviews are carried out monthly to identify improvement areas and assess the operating effectiveness of controls and procedures in the event of information incidents. In 2023, a cyber-security external audit and a cybersecurity maturity assessment were conducted across the Group. Additionally, we have acquired a cyber-security insurance to further protect our IT systems.

To mitigate the impact of cyber-attacks and crimes, we have formulated a cyber-incident response plan that sets out clear procedures and data recovery strategies mitigation measures for managing the damage from cyber-security incidents. The plan helps minimize downtime and ensure business continuity by recovering critical information promptly.

In 2023, no significant data leak or information security breach was observed or recorded.

INTELLECTUAL PROPERTY[44]

IP plays a pivotal role in innovation, one of our five sustainability pillars. We protect and respect IP rights by complying with and keeping ourselves abreast of all IP laws and regulations of the countries in which we operate. Our IP Handbook outlines the responsibilities over the use and maintenance of IP, the procedures to monitor and maintain the IP management system, including regular maintenance of the infrastructure and registering of patents and IP rights. To mitigate the risk of IP rights infringement, employees are consistently reminded to assess and be highly alert of the misuse of IP rights. The Handbook explicitly states the corrective measures to safeguard against any unauthorized use of third-party IP[45].

In the event of any IP infringement concerning our IP assets, we will seek guidance from legal experts to formulate an effective protection strategy, including confidentiality and non-competition agreements, registration, maintenance, enforcement and prosecution of IP rights, and defense of claims. The findings of infringement will also be reported to the management for an assessment of the potential reputational risk. If the misuse of our IP persists, we are prepared to take further legal actions. While proactively protecting our own IP rights, we also demonstrate respect for the R&D results of others to foster fairness within the industry.

As of December 31, 2023, we had 274 issued patents, including 25 Chinese patents, 24 U.S. patents, 13 European patents, 354 patent applications pending in major market jurisdictions, and 7 pending Patent Cooperation Treaty (PCT) patent applications relating to the drug candidates of our Oncology/Immunology operations.

[42] B6 Product Responsibility; KPI B6.5
[43] B6 General Disclosure
[44] B6 Product Responsibility; KPI B6.3
[45] B6 Product Responsibility

We also conduct our business using trademarks, including "HUTCHMED", "ELUNATE®", "SULANDA®", "ORPATHYS®", "FRUZAQLA™", and others. To protect these brands and to serve as a deterrent to counterfeits, we filed trademark registrations in various jurisdictions, including Hong Kong, mainland China, the U.S., UK, EU, and other regions. Currently, we have an expanding portfolio of over 652 registered trademarks. In addition, our non-consolidated joint venture SHPL also owns a total of 21 trademarks related to its products in mainland China which also protect its well-known brand "Shang Yao".

WHISTLEBLOWING[46]

In our ongoing efforts to prevent unethical practices and misconduct, we actively encourage our employees and business partners to make complaints or raise concerns regarding possible improprieties in confidence, including violation of business ethics, serious breaches of Group policies, fraud, corruption, collusion with suppliers or contractors, as well as conflicts of interest. Our Audit Committee has the overall authority and oversight of investigation of such reported matters.

We have established a grievance mechanism to ensure independent and fair investigation and appropriate follow-up actions. All reports are investigated thoroughly by the designated department and appropriate disciplinary actions are taken to address any findings. To protect the whistleblower from any form of retaliation and discrimination, we accept anonymous reports. Every complaint, in the form of report, can be made in person or in writing either by email or by post to the General Manager – Group Management Services who shall report to the Chairman of the Audit Committee.

We also ensure the report and the whistleblower's identity are kept confidential and protected to avoid the fear of retaliation. Our Group-wide Whistleblowing Policy is in place for such independent investigations and for appropriate follow-up actions to be taken. This Policy will be reviewed by the Audit Committee regularly to ensure continuing compliance with applicable laws and stock exchange rules as well as their effectiveness. In 2023, no material cases of non-compliance with our codes and policies, or any material violations of applicable laws and regulations were found.

[46] KPI B6.2; KPI B7.2

RESPONSIBLE COMMERCIALIZATION[47]

Ethics and Transparency

This year, HUTCHMED has taken a significant step to getting closer to becoming a self-sustaining and globally recognized biopharmaceutical company, aligning our mission of discovering, developing and bringing innovative medicines to patients worldwide. A fundamental strategic shift has taken place in late 2022, and now our prioritized pipeline is driving notable results. We delve into the powerful synergy between responsible commercialization and being a successful company. We understand that our global ambition relies not only on accelerating our reach and impact but also on ensuring the profitability and sustainability of our operations. Through our steadfast commitment to responsible commercialization, we have discovered that ethical practices, social responsibility, and environmental stewardship are not merely altruistic endeavors, but integral drivers of our long-term sustainability.

The inclusion of our in-house developed oncology products, ELUNATE® (fruquintinib), SULANDA® (surufatinib), and ORPATHYS® (savolitinib) on the NRDL in China, and the approval of TAZVERIK® to enter the Hainan Pilot Zone in China marked pivotal moments in expanding access to innovative therapies and improving patient care in the region. Outside of China, FRUZAQLA™ (fruquintinib) is now marketed by our partner Takeda in the U.S. after the U.S. FDA approval in November 2023.

Up to the end of 2023, over 150,000 patients have received our novel cancer medicines commercially.

Our actions support the following SDGs:

[47] B6 Product Responsibility

OUR GOALS AND TARGETS[48]

Be dedicated to the safety of our products by constantly monitoring patient outcomes, and identifying any unexpected safety issues that may arise.

2025 Target:

To maintain zero critical findings from safety inspections and audits.

2023 Progress:

☑ We maintained zero critical findings from safety inspections and audits spanning all geographies.

Aims to increase access to healthcare, especially for life-saving treatments.

Track Progress Target

To deliver affordable medicines to patients through initiatives such as expanded access and NPPs.

2023 Progress

☑ HUTCHMED products have entered patient assistance programs, expanded access programs or NPPs in mainland China, Hong Kong and Macau.

Be committed to allowing all patients to access the medicines without suffering financial hardship.

Track Progress Target

To continue our efforts on applying for its medicines to be added to the NRDL.

2023 Progress

☑ All three HUTCHMED medicines marketed in China are now included in the NRDL. ELUNATE® (fruquintinib) and SULANDA® (surufatinib) continued to be included in the NRDL for a new two-year term starting January 1, 2024, at the same terms as the previous two-year agreement; ORPATHYS® (savolitinib) was first included in the NRDL since March 1, 2023, broadening patient access to these medicines.

[48] Reporting Principles 11 (2)

2023 HIGHLIGHTS:

FRUZAQLA™ (FRUQUINTINIB) U.S. FDA APPROVAL

Our partner Takeda received approval from the U.S. FDA for FRUZAQLA™ (fruquintinib), the first novel oral targeted therapy for adults with metastatic CRC regardless of biomarker status or prior therapies in more than a decade. This approval was received under Priority Review more than 20 days ahead of the scheduled date of November 30, 2023, under the Prescription Drug Users Fee Act (PDUFA).

Takeda launched FRUZAQLA™ in the U.S. within 48 hours after it was approved, with the first prescription received a day after approval. According to Takeda, uptake has been strong, with new patient starts exceeding expectations, and additional regulatory applications progressing as expected including in the EU and Japan. From its launch until the end of 2023, FRUZAQLA™ achieved in-market U.S. sales of US$15.1 million.

Dr. Weiguo Su
Executive Director,
Chief Executive Officer and
Chief Scientific Officer

"This is a landmark moment for metastatic CRC patients in the U.S., who will soon have a much-needed new treatment option that improves survival rates without negatively impacting their quality of life. It is also a landmark moment for HUTCHMED, as we see our first medicine approved outside of our home market, where we have been improving patient outcomes with our novel oncology medicines for the last five years. In late 2022, we launched a partnership strategy for globalizing our innovative drug candidates and we are pleased to see early delivery of this new approach just a year later. This initial success is thank to our partner Takeda, who saw the value in fruquintinib, shared our vision for taking it global, and worked hard with us to secure this U.S. approval. We look forward to continuing our work with Takeda in an effort to bring FRUZAQLA™ to patients across the globe." – November 8, 2023.

About CRC

CRC is a cancer that starts in either the colon or rectum. According to the International Agency for Research on Cancer (IARC), CRC is the third most prevalent cancer worldwide, associated with more than 935,000 deaths in 2020.[49] In the U.S., it was estimated that 153,000 patients would be diagnosed with CRC and 53,000 deaths from the disease would occur in 2023.[50] In Europe, CRC was the second most common cancer in 2020, with approximately 520,000 new cases and 245,000 deaths. In Japan, CRC was the most common cancer, with an estimated 148,000 new cases and 60,000 deaths in 2020.[51] Although early-stage CRC can be surgically resected, metastatic CRC remains an area of high unmet need with poor outcomes and limited treatment options. Some patients with metastatic CRC may benefit from personalized therapeutic strategies based on molecular characteristics; however, most patients have tumors that do not harbor actionable mutations.[52,53,54,55,56]

[49] Sung H, et al. Global Cancer Statistics 2020: GLOBOCAN Estimates of Incidence and Mortality Worldwide for 36 Cancers in 185 Countries. CA Cancer J Clin. 2021;71(3):209-249. doi:10.3322/caac.21660.

[50] Siegel RL, et al. Colorectal cancer statistics, 2023 [published online ahead of print, 2023 Mar 1]. CA Cancer J Clin. 2023; 73(3):233-254. doi:10.3322/caac.21772.

[51] Sung H, et al. Global Cancer Statistics 2020: GLOBOCAN Estimates of Incidence and Mortality Worldwide for 36 Cancers in 185 Countries. CA Cancer J Clin. 2021;71(3):209-249. doi:10.3322/caac.21660.

[52] Bando H, et al. Therapeutic landscape and future direction of metastatic colorectal cancer. Nat Rev Gastroenterol Hepatol 2023; 20(5)306-322. doi:10.1038/s41575-022-00736-1.

[53] D'Haene N, et al. Clinical application of targeted next-generation sequencing for colorectal cancer patients: a multicentric Belgian experience. Oncotarget. 2018;9(29):20761-20768. Published 2018 Apr 17. doi:10.18632/oncotarget.25099.

[54] Venderbosch, et al. Mismatch repair status and braf mutation status in metastatic colorectal cancer patients: A pooled analysis of the Cairo, Cairo2, coin, and Focus Studies. Clinical Cancer Res.,2014; 20(20):5322–5330. doi:10.1158/1078-0432.ccr-14-0332.

[55] Koopman, M., et al. Deficient mismatch repair system in patients with sporadic advanced colorectal cancer. Br J Cancer. 209;100(2), 266–273. doi:10.1038/sj.bjc.6604867.

[56] Ahcene Djaballah S, et al. HER2 in Colorectal Cancer: The Long and Winding Road From Negative Predictive Factor to Positive Actionable Target. Am Soc Clin Oncol Educ Book. 2022;42:1-14. doi:10.1200/EDBK_351354.

2023 HIGHLIGHTS:

ELUNATE® (fruquintinib) Marketing Approval in Hong Kong

ELUNATE® (fruquintinib) is the first medicine approved under new "1+" mechanism by the Hong Kong Government, providing an important treatment option to patients in Hong Kong. We have made it a priority to do everything we can to bring the benefits of our innovative medicines to Hong Kong, our Company's birthplace, and are excited to have our first medicine now approved here. As we advance our pipeline of drug candidates in other cancer types and immunological diseases, we look forward to bringing additional therapies to benefit patients in Hong Kong.

"CRC is the second most common cancer type in Hong Kong with limited effective treatment options available, especially for previously treated metastatic CRC patients. Fruquintinib, as a third-line treatment administered orally, demonstrated clinically meaningful benefits and a consistent safety profile in global clinical trials. We are honored to be the first through the "1+" mechanism and look forward to bringing this important treatment option to patients in Hong Kong as quickly as possible." – January 30, 2024.

Caron Li
Vice President, Oncology and Immunology, Hong Kong and Regional Markets

RESPONSIBLE MARKETING AND PRICING[57]

HUTCHMED is committed to responsible marketing practices and adheres to relevant laws and regulations to ensure the accurate and safe promotion of its medicines. The Company strictly follows guidelines such as the Advertising Law of the Peoples Republic of China, Standards for the Examination and Publication of Drug Advertisements, and the Provisions for the Administration of Drug Instructions and Labels. These regulations help prevent false or exaggerated advertising and ensure that accurate information is conveyed to healthcare professionals and organizations.

We are also committed to responsible pricing. When determining pricing for our products, we

- conduct market research and professional analysis of the pharmacoeconomics;
- make reference to the pricing of similar products;
- ensure patient affordability and fair pricing practices are well addressed;
- consider rolling out patient assistance program for eligible patients; and
- consider applying for inclusion in NRDL once the product gets marketed.

Pricing information is well communicated to stakeholders, including healthcare providers and patients. The market price of ELUNATE® (fruquintinib), ORPATHYS® (savolitinib), and SULANDA® (surufatinib) are made public and can be checked by medical institutions on specific websites.

HUTCHMED values strong collaborations with HCPs and HCOs as an integral part of its responsible marketing practices. We prioritize transparent and ethical partnerships, ensuring that any support provided to HCPs or HCOs is based on scientific evidence and not perceived as an inducement or reward for prescribing or promoting its products. We also strictly adhere to internal policies and HKAPI Code of Practice that prohibit any actions compromising professional independence. By fostering open and collaborative relationships with HCPs and HCOs, we aim to ensure that accurate and unbiased information about its products is shared, facilitating responsible and informed decision-making in patient care.

[57] B6 General Disclosure

To enforce compliance, regular assessments of our products and services are conducted to maintain the authenticity of promotional content and advertisements. Responsible consumption guidance activities, including product packaging, promotion, and aftersales services, are carried out to prioritize patient safety. Policies and guidelines are in place to regulate drug promotion behavior, ensuring that interactions with HCPs and HCOs are conducted ethically and transparently. In addition, our compliance committee comprising senior executives is responsible for overseeing and monitoring marketing and sales activities. This committee reviews promotional and non-promotional materials to ensure accuracy, fairness, and compliance with regulations, fostering integrity in business practices. Internal compliance training programs for employees are maintained to enhance awareness of compliance requirements and high ethical standards. Our marketing and sales team also undergoes regular inspections to assess their adherence to responsible marketing practices and ethical guidelines.

During the reporting period, no material cases were reported and investigated by the regulatory authorities for illegal advertising or promotion, nor related violations in terms of product and service labelling. We were also not aware of any monetary losses as a result of legal proceedings associated with false marketing claims[58].

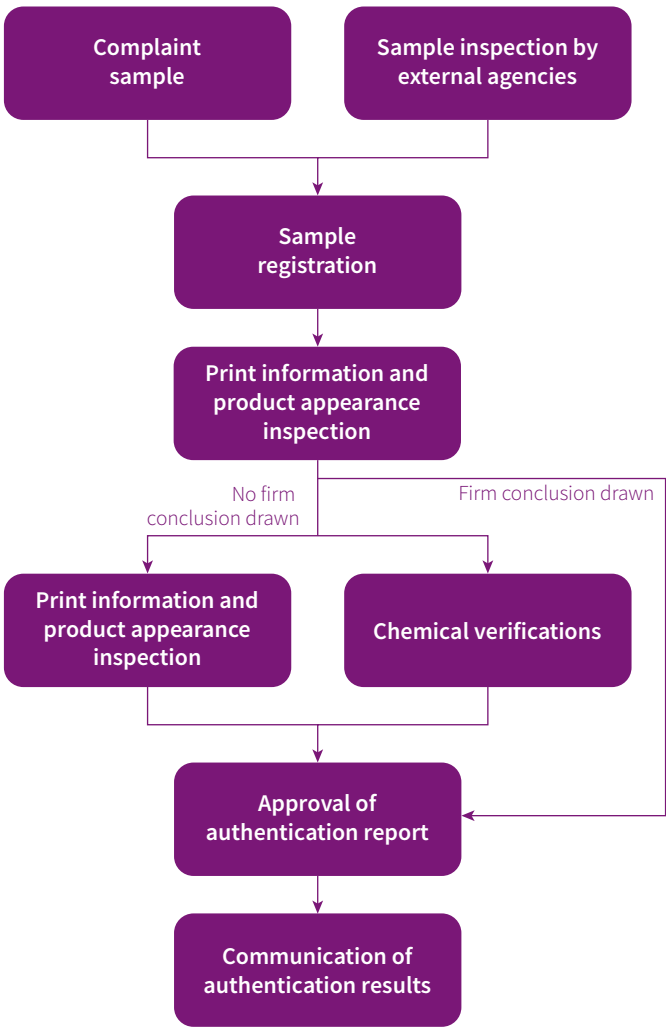
ANTI-COUNTERFEITING AND PRODUCT TRACEABILITY[59]

HUTCHMED places a strong emphasis on anti-counterfeiting and product traceability to ensure the integrity and safety of its medicines. Through the implementation of advanced technologies and systems, HUTCHMED is committed to preventing the infiltration of counterfeit drugs into the market. The Company has adopted product authentication measures, including anti-counterfeit packaging technologies, to enhance security and make it difficult for counterfeiters to replicate its products.

A comprehensive traceability program is in place to enable the tracking and verification of its products throughout the supply chain. We incorporate serialized barcodes on the product carton boxes. These unique barcodes serve as identifiers that can be scanned and traced throughout the supply chain. By printing serialized barcodes on the carton boxes, it enables efficient tracking and verification of each product unit, allowing for accurate monitoring of the product's journey from production to distribution[60]. This traceability system helps prevent counterfeiting, detect any potential diversion or tampering, providing transparency and accountability, and maintain the integrity of HUTCHMED's pharmaceutical products.

We take the issue of counterfeit products seriously, and therefore have established an extensive process for alerting customers and business partners about potential or known risks associated with counterfeit products. When a potential or confirmed case of counterfeit product is identified, we promptly initiate a comprehensive investigation to gather evidence and assess the scope of the issue. Internal teams collaborate with law enforcement agencies, regulatory bodies, and other relevant stakeholders to address the situation effectively[61]. In 2023, no actions have led to raids, seizure, arrests, or filing of criminal charges related to counterfeit products[62].

PRODUCT AUTHENTICATION PROCESS FOR SUSPICIOUS PACKAGING AND DRUG PRODUCTS



[58] SASB-BP-270a.1
[59] KPI B6.1
[60] SASB-BP-260a.1
[61] SASB-BP-260a.2
[62] SASB-BP-260a.3

ADVERSE EVENTS[63]

Robust adverse events management system is a critical aspect to ensuring patient safety and the integrity of healthcare practices.

We strictly adhere to national laws, regulations and guidelines, such as the Administrative Measures for Drug Recalls, Drug Administration Law, Adverse Drug Reaction Reporting and Monitoring Management System, and Measures for Monitoring and Re-evaluation Management of Adverse Events of Medical Devices. A comprehensive Drug Safety Information Reporting Policy is in place to ensure compliance with worldwide laws and regulations pertaining to the reporting of drug safety information, including adverse events and special situations related to our products. This policy outlines the Company's responsibility to establish and maintain a robust pharmacovigilance system for monitoring, identifying, assessing, and managing drug safety information, thereby safeguarding the well-being of patients and subjects to the highest extent possible.

HUTCHMED highlights medication safety and the safe usage of devices, with a focus on vigilant monitoring to identify any known or potential adverse drug reactions associated with our products. In the event of any issues, prompt and appropriate actions are taken to mitigate patient risks, such as conducting investigations to identify the root causes of adverse events and implementing preventive measures. All case reports are submitted to the global health authorities as per legal FDA and regulatory requirements, such as the EMA, Medicines and Healthcare Products Regulatory Agency ("MHRA"), NMPA, and corrective and preventive action plans are devised. Transparency and communication play a vital role in adverse events management, ensuring that relevant stakeholders, including healthcare professionals, regulatory authorities, and patients, are informed about potential risks and mitigation strategies. By prioritizing adverse events management, the Company can uphold patient safety, enhance product quality, and continuously improve our healthcare practices.

We have implemented the Third-Party Risk Assessment SOP, requiring all suppliers identified with high business impact to complete the relevant supplier training programs. The TPRM SOP defines the risk tiers and operating procedures to be followed to monitor ethics and compliance risk for each of the tiers of suppliers.

To test the effectiveness of our recall system and identify areas for improvement, simulate drug recall drills are conducted annually. Drills are designed to test the effectiveness of the company's recall system and ensure preparedness for emergency situations. By simulating a drug recall scenario, HUTCHMED can evaluate the efficiency and responsiveness of our internal processes, identify any potential gaps or areas for improvement to develop better CAPA plans, and take corrective actions as necessary. This proactive approach helps to enhance our ability to swiftly and safely recall drugs if needed, minimizing potential harm to patients and ensuring their well-being. During the reporting year, there were no quality-related adverse events or product recalls occurred[64], nor accepted for takeback, reuse, or disposal[65]. There were zero fatalities associated with products reported in the FDA Adverse Event Reporting System[66] as we do not lead any product commercialization in the U.S.

To enhance our monitoring and management of adverse reactions, HUTCHMED regularly conducts training sessions for employees specifically focused on adverse reactions and has implemented effective risk control measures.

PHARMACOVIGILANCE QUALITY SYSTEM

HUTCHMED maintains a robust Pharmacovigilance Quality System to ensure the highest standards of drug safety and regulatory compliance. It is designed to identify, assess, and manage the safety of our products throughout their lifecycle. It encompasses a comprehensive set of processes, procedures, and controls that are regularly reviewed and updated to align with evolving regulatory requirements and industry best practices.

Our Pharmacovigilance Quality System includes rigorous quality assurance measures to monitor and evaluate the effectiveness of our pharmacovigilance activities. This involves conducting internal audits, implementing corrective and preventive actions, and fostering a culture of continuous improvement. The integrity, accuracy, and completeness of our pharmacovigilance data, are carefully maintained to ensure that adverse events and safety information are promptly collected, processed, analyzed, and reported.

In addition to adhering to global pharmacovigilance standards, we work closely with regulatory authorities, including the NMPA, to ensure compliance with local requirements and timely submission of safety reports.

Our dedicated pharmacovigilance team undergoes regular training and possesses the necessary expertise to effectively monitor and manage drug safety issues. By upholding the principles of patient safety, transparency, and accountability, our system reinforces our commitment to delivering safe and effective medicines to patients worldwide.

In 2023, no safety violations were reported.

[63] KPI B6.2; KPI B6.4

[64] KPI B6.1; SASB-BP-250a.3

[65] SASB-BP-250a.4

[66] SASB-BP-250a.2

RESPONSIBLE SUPPLY CHAIN MANAGEMENT[67]

HUTCHMED places significant importance on ensuring ethical and sustainable practices throughout our supply chain operations. Our commitment to compliance is unwavering, as we adhere strictly to applicable national and local laws and regulations throughout our supply chain operations. We are dedicated to ensuring that our supply chain operates in a manner that upholds ethical standards, promotes sustainability, and fosters positive social impact. With this understanding, we have implemented a comprehensive supplier management framework to foster transparency, collaboration, and continuous improvement within our supply chain. Our proactive approach to responsible supply chain management includes working closely with suppliers, applying criteria on supplier selection, promoting responsible sourcing, reducing environmental impact, ensuring ethical labor practices, fostering collaboration, and maintaining transparency. We aim to mitigate risks, drive positive change, and create a resilient and sustainable ecosystem that not only meets the needs of our business but also contributes to the well-being of our stakeholders and the communities in which we operate.

In 2023, our Group had a total of 2,007 suppliers from different locations. We maintain regular and open communication channels with them by utilizing surveys and other direct means. To create a collective impact that extends beyond our organization, we strive to forge strong partnerships with our suppliers, working together to drive sustainability initiatives and promote responsible practices throughout the supply chain.

NUMBER OF SUPPLIERS BY GEOGRAPHIC REGION[68]

Region	No. of suppliers
Mainland China	1,711
United States and other countries	214
Hong Kong	82
Total	2,007

1. Supplier Selection and Engagement

Our robust supplier management system includes a comprehensive supplier assessment process that plays a vital role in ensuring the quality and integrity of our supply chain. During our supplier selection process, we evaluate suppliers' Environmental, Health and Safety ("EHS") compliance risks through information available on the national corporate credit information system and online company search database (qcc.com) to avoid using suppliers with high EHS risks or negative records and reputation. According to the corresponding SOP, contracts with EHS agreements have to be signed with the applicable suppliers. During the sourcing, bidding, and procurement process, we take into reasonable consideration of EHS performance of suppliers and prioritize sustainable solutions and services. New supplier on-boarding process includes completion of the Request of Information and Conflict Of Interest Forms. All key suppliers are reviewed annually based on the HUTCHMED Supplier Annual Performance Feedback Form.

2. Ethical Labor Practices

Upholding the highest standards of integrity, sustainability, and ethics is fundamental to our supplier management approach. To ensure alignment with our values and expectations, we have established a comprehensive set of supplier specifications and guidelines stringent quality requirements. Suppliers are also required to endorse and comply with our Anti-Bribery and Anti-Corruption laws, affirming their commitment to ethical business practices. All suppliers are required to adhere to HUTCHMED's fundamental principles and policies as stated in our contract and engagement agreements, including the Code of Ethics for Business Partners, Human Rights Policy, Health and Safety Policy, and Sustainability Policy, encompassing key areas on ethical standards, human rights protection, and health, safety, environmental, and social practices. We also arrange mandatory compliance training for business partners and make sure suppliers are attesting to ethical standards in their business operations, including ESG and fair business and labor practices.

[67] B5 Supply Chain Management; KPI B5.2 – B5.4; G5.1- G5.2

[68] KPI B5.1; KPI 5.2

3. Ongoing Supplier Monitoring

Supplier assessments and audits are conducted on a regular basis to monitor ongoing compliance and identify any areas of non-compliance. In 2023, HUTCHMED carried out 1,033 supplier assessments and audits as part of our commitment to maintaining solid supplier relationships. If any suppliers fail to meet our assessment criteria, we initiate further investigation and provide improvement suggestions to address the identified areas of non-compliance. Suppliers are expected to develop CAPA plans to rectify the issues and ensure future compliance. Key supplier processes and SOPs are being documented by supplier for review by the Quality Assurance department at HUTCHMED either remotely or during an on-site visit, depending on the supplier risk level and according to the supplier audit plan.

We have engaged a 3- year third party supplier due diligence service in June 2022 to support the screening of new suppliers and ongoing monitoring of critical suppliers for financial, ethical and corporate compliance risks. The first batch of due diligence was conducted on suppliers deemed of high and medium risk in December 2023 and no 'red flags' were identified from the assessment. Starting from 2024, ESG criteria has been included as part of new supplier assessment process.

Our supplier management process emphasizes the importance of continual improvement and adherence to our standards. In cases where there is a lack of commitment or failure to improve despite support, we may consider terminating the relationship with the specific supplier. During the year, no suppliers were identified with negative environmental and social impacts or non-compliance issues[69], highlighting the effectiveness of our supplier management practices. 100% of our Tier I suppliers participated either in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients.[70]

[69] KPI B5.3

[70] SASB-BP-430a.1

RESEARCH & DEVELOPMENT[71]

Innovation

Taking a science-focused and innovative approach to research and development has been a core philosophy of HUTCHMED. As we progress to becoming a leading biopharmaceutical company, we proactively address and understand the risks and opportunities arising from dynamic market conditions and shifts within the global pharmaceutical industry. Our commitment remains steadfast in utilizing innovation as the impetus behind our pursuit of new drug discoveries. We are also dedicated to investing in endeavors that expedite our progress towards achieving the objective of providing groundbreaking medicines to patients worldwide.

With the U.S. FDA approval of fruquintinib in November 2023, we now possess a track record of discovery, clinical development and marketing approval of an innovative medicine in the global market. For more information about our innovative drugs, please refer to the Operation Review Section of the Annual Report.

Our actions support the following SDGs:

R&D HIGHLIGHTS

>20
novel drug candidates
created by our drug discovery engine

>150,000
patients treated
by our novel cancer medicines

>15,000
enrolled
in clinical trials

>30 countries
in clinical trials

US$2bn[72]
invested in R&D

8 partnerships
in R&D

[71] B6 Product Responsibility

[72] We and our collaboration partners have invested approximately $2 billion in our Oncology/Immunology operations as of December 31, 2023, with almost all of these funds used for research and development expenses for the development of our drug candidates.

OUR GOALS AND TARGETS[73]

Be committed to increasing public trust in the pharmaceutical sector.

2025 Target

Maintaining 100% of active employees trained on the Code of Ethics.

2023 Progress

- HUTCHMED remained focused on promoting inclusivity and representation in clinical trials, striving to incorporate diversity, equity and inclusion considerations throughout the entire clinical development process. This included factors such as geographically diverse clinical trial sites selection, providing early access opportunities, and ensuring continued post-trial access for participants.
- 100% of our employees trained on the Code of Ethics in 2023.

Develop and bring to market innovative and high-quality products - by doing so improving the quality of healthcare for people around the world.

Track Progress Target

Promoting innovation through partnerships and the exchange of ideas – complemented by investments in infrastructure and the necessary framework conditions to create an optimal innovation culture.

2025 Target

To train 100% active employees on sustainability.

2023 Progress

- We have ongoing partnerships with AstraZeneca, Eli Lilly, BeiGene, Innovent, Junshi, Inmagene and Ipsen on the development, commercialization and manufacture of different types of medicines.
- In 2023, we entered into a license agreement with a subsidiary of Takeda to further the global development, commercialization and manufacture of fruquintinib outside of mainland China, Hong Kong and Macau.
- In 2023, 100% active employees trained on sustainability.

[73] Reporting Principles 11 (2)

OUR INNOVATIVE APPROACH

Our approach to innovation is characterized by a commitment to scientific excellence, collaboration, and patient-centricity. At its core, the approach to innovation embodies a commitment to advancing patient care, enhancing operational efficiency, and fostering long-term viability. By leveraging cutting-edge R&D capabilities, we strive to address unmet medical needs and deliver transformative treatments for patients. A key aspect of our innovation strategy involves fostering strategic partnerships with academia, and other industry stakeholders to access complementary expertise and resources. Through this holistic approach, we aim to drive sustainable innovation and make meaningful contributions to healthcare - not only aiming to meet current needs but also anticipate and pre-emptively address future demands.

Our core R&D philosophy is to take a holistic approach to the treatment of cancer and immunological diseases through multiple modalities and mechanisms, including targeted therapies, immunotherapies and other pathways. A primary objective of our research efforts has been to develop next generation drug candidates with:

- unique selectivity to limit target-based toxicity;
- high potency to optimize the dose selection with the objective to lower the required dose and thereby limit compound-based toxicity;
- chemical structures deliberately engineered to improve drug exposure in the targeted tissue; and/or
- ability to be combined with other therapeutic agents, including targeted therapies, immunotherapies and chemotherapies.

We have built our own drug discovery engine, with which we strive to create differentiated novel oncology and immunology treatments with global potential. These include furthering both small molecule and biologic therapies which address aberrant genetic drivers and cancer cell metabolism; modulate tumor immune microenvironment; and target immune cell checkpoints. We design drug candidates with profiles that enable them to be used in innovative combinations with other therapies, such as chemotherapy, immunotherapy and other targeted therapy in order to attack disease simultaneously through multiple modalities and pathways. We believe that this approach can significantly improve treatment outcomes for patients.

Our pipeline of drug candidates has been steadily advancing and expanding, with 13 drug candidates put into clinical development. See Our Pipeline on our website for more details.

OUR MAJOR COLLABORATION PARTNERS

Creating high quality global first-in-class or best-in-class drug candidates requires investment of resources over a prolonged period of time. Collaborations and joint ventures with corporate partners have thus provided us with significant funding and access to our partners' scientific, development, regulatory and commercial capabilities. When we entered into these collaborations, we had already conducted the discovery research and early clinical development of each drug candidate and, following our agreements, continued to conduct the clinical development and manage the engagement with regulatory authorities.

AstraZeneca

In 2008, our in-house teams started research on MET inhibitors, subsequently discovering our drug candidate, ORPATHYS® (brand for savolitinib in China), and conducting its pre-clinical development in-house. In 2011, we submitted applications for clinical development and initiated Phase I clinical trials before we entered into an agreement with AstraZeneca under which we granted them co-exclusive, worldwide rights to develop, and exclusive worldwide rights to manufacture and commercialize ORPATHYS® for all diagnostic, prophylactic and therapeutic uses.

Eli Lilly

In 2007, our in-house research into vascular endothelial growth factor receptor ("VEGFR") inhibitors led to the discovery of our drug candidate, ELUNATE® (brand for fruquintinib in China). We conducted preclinical development in-house and initiated a Phase I clinical trial in 2010. In 2013, we entered into an agreement with Eli Lilly whereby we granted Eli Lilly an exclusive license to develop, manufacture and commercialize ELUNATE® for all uses in mainland China and Hong Kong. In 2018 and 2020, we amended the agreement with Eli Lilly and continued to lead the development of ELUNATE®, including all clinical trial development.

Takeda

In 2022, we successfully completed a global Phase III clinical trial of FRUZAQLA™ (brand for fruquintinib outside China) in previously-treated colorectal cancer patients. In 2023, we entered into a license agreement with a subsidiary of Takeda to further the global development, commercialization and manufacture of FRUZAQLA™ outside of mainland China, Hong Kong and Macau.

Innovent

In 2018, we entered into a global collaboration with Innovent to evaluate the combination of ELUNATE® with Innovent's antibody medicine, Tyvyt. In 2019, we expanded this global collaboration to evaluate the safety and efficacy of Tyvyt in combination with SULANDA® (brand for surufatinib in China).

Junshi

In 2018, we entered into a global collaboration with Junshi to evaluate the combination of SULANDA® with Junshi's antibody medicine, Tuoyi.

BeiGene

In 2020, we entered into a clinical collaboration agreement with BeiGene to evaluate the safety, tolerability and efficacy of combining SULANDA® and ELUNATE®/FRUZAQLA™ with BeiGene's antibody medicine, tislelizumab, in the U.S., Europe, China and Australia.

Inmagene

In 2021, we entered into a strategic partnership with Inmagene to further develop several novel pre-clinical drug candidates discovered by us for the potential treatment of multiple immunological diseases. Since then, Inmagene initiated two global Phase IIa trials with IMG-007 and completed a Phase I study with IMG-004, which are both promising drug candidates.

Ipsen

In 2021, we obtained a co-exclusive license to develop, an exclusive license to commercialize and a co-exclusive license to manufacture Ipsen's TAZVERIK® (brand for tazemetostat in the U.S. and Japan) in China for all therapeutic and palliative uses. Since then, TAZVERIK® was approved in the Hainan Pilot Zone in China, under the Clinically Urgently Needed Imported Drugs scheme, and we have fully enrolled a clinical trial for potential market authorization in China.

Going forward, we remain dedicated to discovering innovative treatments to address the global unmet medical needs in the field of cancer and immunological diseases. In 2023, $302 million was spent on R&D, which contributes to our current product innovations.

CLINICAL TRIALS

The clinical development stage involves the supervised administration of the drug product to human subjects or patients, overseen by qualified investigators who are typically independent physicians not affiliated with or controlled by the trial sponsor. This process adheres to Good Clinical Practices ("GCP"), which generally require written informed consent from all research participants. Our clinical trials are conducted according to comprehensive written study protocols that outline the trial's objectives, dosing procedures, subject selection criteria, exclusion criteria, and safety and efficacy monitoring parameters. In addition, each clinical trial must undergo reviews and approval by the relevant institutions where the trial will take place.

An independent ethics committee ("IEC") is responsible for safeguarding the welfare and rights of trial participants. The IEC assesses factors such as the minimization of risks to participants and the reasonableness of risks in relation to potential benefits. The IEC also reviews and approves the informed consent form provided to each participant or their legal representative and monitors the trial until its completion. Participants are explicitly informed of their rights and the grievance process outlined in the informed consent form. If participants have any questions, difficulties, concerns, or dissatisfaction during the trial, they can approach the IEC for assistance. Before commencing any trial, we conduct risk assessments to minimize potential risks to participants and ensure the quality of trial data. Regular reviews are conducted during the trials to ensure the effectiveness of risk mitigation measures.

If a violation is identified by monitors, auditors, vendors, or site staff, it is reported to our quality team. The quality team evaluates the severity and impact of the violation and reports it to regulatory authorities or IECs in accordance with applicable regulations. A formal investigation is conducted to determine the root cause of the violation, and CAPA are developed accordingly.

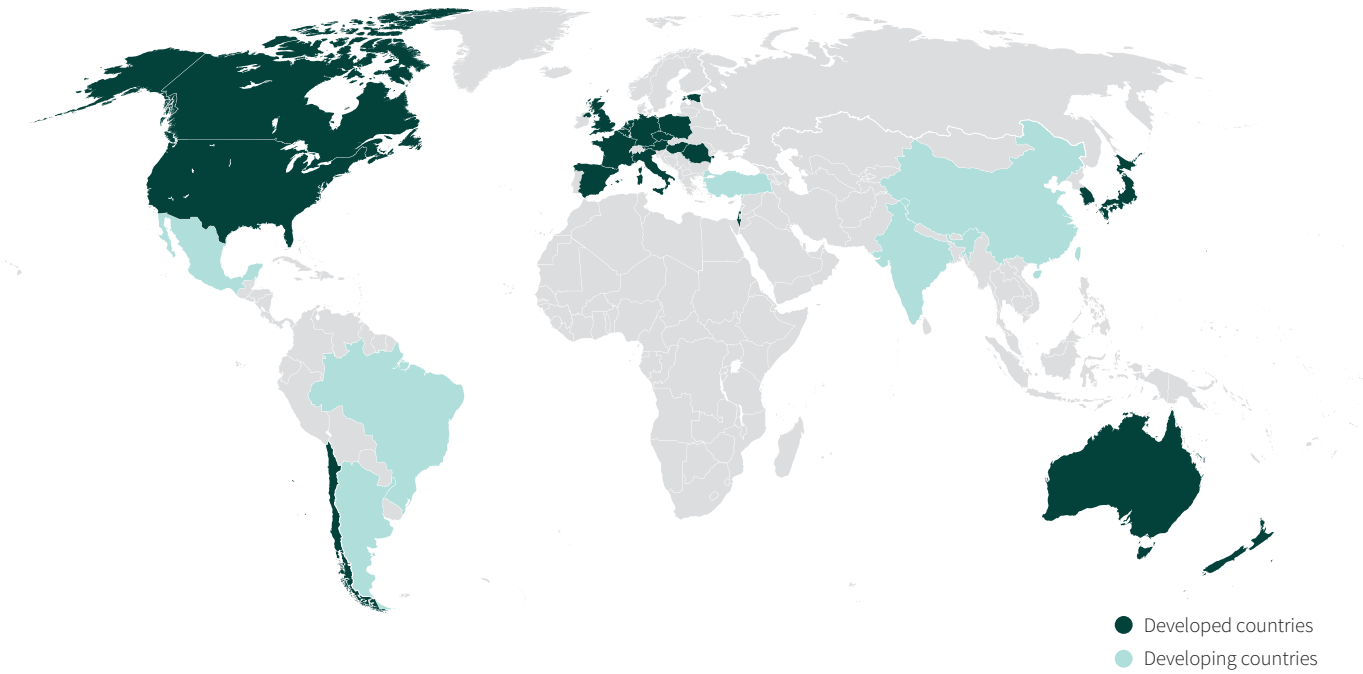
Clinical trials typically progress through three phases—Phase I, Phase II, and Phase III—that may overlap or be combined. Oncology clinical trials specifically offer continued access to treatment for patients who have benefited from specific drugs or investigational drug candidates, until their physicians determine otherwise, upon completion of the trials.

To prioritize R&D activities for addressing the highest unmet medical needs, HUTCHMED conducts a systematic review using a prioritized framework to assess clinical needs in specific disease areas, mechanistic rationale for each agent, competitive landscape, operational feasibility, regulatory path, need for companion diagnostics and internal pipeline density. A commercial assessment is also conducted which includes input from consultants and experts in the clinical community. The commercial assessment includes a valuation that ensures maximum patient impact from R&D expenses and also assesses the size of the potential patient population. The trials and activities which have the greatest alignment with unmet need and the HUTCHMED priorities that are very likely to demonstrate technical and regulatory success are prioritized. Our clinical development programs are then built to deliver a sustainable pipeline for prioritized agents.

Over the years, clinical trials and pre–clinical trials of our in–house discovered drug candidates have been conducted in more than 30 countries and territories, covering a diverse range of patients, spreading from developing countries to developed countries[74].

During the reporting year, there were no monetary losses as a result of legal proceedings associated with clinical trials in developing countries.[75]

Territories with HUTCHMED Drug Candidate Clinical Trial Sites



Territories

- Austria
- Belgium
- Czech Republic
- Denmark
- Estonia
- France
- Germany
- Hungary
- Italy
- Netherlands
- Poland
- Romania
- Spain
- United Kingdom
- Argentina
- Brazil
- Chile
- Canada
- Mexico
- United States
- China
- Hong Kong
- India
- Japan
- Israel
- Singapore
- South Korea
- Australia
- New Zealand
- Türkiye

[74] DAC List of ODA Recipients for reporting on aid in 2022 and 2023: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm

[75] SASB-BP-210a.3

CONDUCTING SAFE AND ETHICAL CLINICAL TRIALS

Clinical trials play a crucial role in assessing the safety, efficacy, and quality of drugs. These trials are conducted with the highest ethical and scientific standards, prioritizing the respect for participants' human rights, and placing significant emphasis on safety. Leveraging our international clinical infrastructure, we have rapidly expanded our capabilities in clinical and regulatory affairs across the U.S., Europe, and Japan. This expansion enhances our core clinical development efforts and enables us to bring innovative medicines from discovery to late-stage development for the benefit of patients worldwide.

We adhere strictly to international and local laws, regulatory requirements, and ethical principles and standards that govern clinical trials globally. This includes complying with the GCP standards, as well as the protocols and trial design specifications approved by regulatory authorities such as the NMPA, the EMA, the MHRA, the PMDA, and the U.S. FDA. We also strictly follow internationally recognized guidelines for ethical clinical trials, such as those developed by the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use ("ICH"), the ICHGCP, China GCP, and Declaration of Helsinki. By all means, we prioritize the safety, well-being, rights, and ethical treatment of trial participants and have clinical trials liability insurance to provide protection in this regard[76].

We are also dedicated to staying abreast on changes in regulations across different jurisdictions where we conduct research and clinical trials. SOPs have been established to guide employees at clinical investigative sites in the conduct, management, and reporting of clinical studies. These SOPs are regularly reviewed and updated to ensure compliance with regulations. Employees involved in clinical trials receive regular training on relevant laws, regulations, SOPs, and other necessary requirements.

Our Clinical Operations team is responsible for the oversight of the conduct of clinical studies, including regulated activities performed on behalf of HUTCHMED by clinical research organizations and suppliers including coordination and management of clinical study monitoring. We ensure system compliance and protect sensitive data, such as the use of biometrics to control user access and permissions, extensive user training, and electronic safeguards. We make sure the Medical Writing in the Investigational Brochure is current and that identified safety risks are incorporated into the Informed Consent Templates. For managing Adverse Events ("AE") and Serious Adverse Events ("SAE") during the clinical trials, our Drug Safety/Product Safety & Pharmacovigilance team is there to oversee and communicate relevant, current activities associated with the safety information derived from clinical trials, including:

- Ensuring the establishment and maintenance of a safety quality system, including procedures, that adheres to applicable compliance requirements regarding collection, management, monitoring, analyses, reporting, and surveillance of AEs/SAEs from clinical studies and Investigator Initiated Trials, reportable nonclinical findings, and AEs from post-marketing sources;
- Developing and maintaining a Safety Data Management System for data collection, management, reporting and proactive monitoring of safety information regarding investigational and marketed HUTCHMED products; and
- Providing relevant safety concepts/definitions for inclusion in study protocols and provide clinical investigators with instructions on how to report potential SAEs to HUTCHMED.

We maintain open communication with participants, regulatory authorities, external clinical research partners and study sites to ensure transparent information sharing.

To ensure qualified partners involved in clinical trials are selected, our SOPs outline the criteria for choosing clinical research organizations. Vendor qualification and re-qualification processes are regularly evaluated to ensure effective management of contracted clinical research and adherence to industry standards.

The safety, efficacy, and tolerability profiles of our drugs are also continuously and closely monitored. Our Clinical and Regulatory Department plays a vital role in monitoring and reviewing experiments conducted by research organizations, managing clinical data, analyzing information, and generating reports for all research cases. A global computerized system, including the electronic Trial Master File (eTMF) and Clinical Trial Management System (CTMS), is operated to oversee all clinical trials. This includes assessing potential adverse effects and managing associated risks. Regular and surprise inspections, coupled with close communication with our partners, allow for prompt rectifications if any concerns or abnormalities arise.

During the reporting year, there were no FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in (1) Voluntary Action Indicated (VAI) or (2) Official Action Indicated (OAI)[77].

[76] B6 General Disclosure

[77] SASB-BP-210a.2

RESULTS AND DISCLOSURE OF CLINICAL DATA

Sharing clinical trial data in an appropriate manner is critical for improving the transparency of clinical trials and gaining the trust of society. In line with this stance, we disclose our clinical trial processes and results to the fullest extent possible and in accordance with the applicable national requirements governing the disclosure of ongoing clinical trials, and for the submission of results to public registries in relevant jurisdictions. Irrespective of the location of the clinical trial, details of our clinical studies and results are publicly disclosed on clinicaltrials.gov , an international database maintained by the U.S. National Institutes of Health. In China, regardless of clinical trial stages, we publish our clinical trials details and results to the China Center for Drug Evaluation of the NMPA website www.chinadrugtrials.org.cn . In addition, progress reports on ongoing clinical trials are submitted annually to the relevant regulatory authority and more frequently if SAEs are detected.

Our SOP on the Management of Serious Adverse Event Reports in Clinical Trials provides guidance for the collection, processing, evaluation, and submission of these reports. Criteria for valid cases, timeframes, roles and responsibilities, investigations, reporting processes and follow-up actions are clearly defined. All clinical trials sponsored by us adhere to the same standards. Procedures are regularly reviewed and updated to reflect evolving safety standards to safeguard trial participants.

Over the years, our clinical results have been published in high impact factor journals such as the Lancet, the *JTO Clinical and Research Reports, the European Journal of Cancer*, the *Journal of the American Medical Association*, the *Journal of Clinical Oncology*; and presented in global medical conferences such as the global curriculum organised by American Society of Clinical Oncology (ASCO) and European Society of Medical Oncology (ESMO).

Apart from these, our collaboration with hospitals in clinical trials helps improve their scientific research capability and the impact in their therapeutic areas. The data generated in the trials also served to support the registrations of our self-discovered drug candidates in both China and the U.S. markets.

ANIMAL WELFARE

HUTCHMED places significant emphasis on preserving ecological diversity and upholds a commitment to refrain from using protected animals in our animal experiments. We strictly adhere to all relevant national or regional guidelines governing the management and use of experimental animals, including the Good Laboratory Practice, the Regulation on the Administration of Experimental Animals, the Administrative Measures of Shanghai Municipality on Affairs Concerning Experimental Animals, and the National Guidance for the Use of Experimental Animals. We employ scientifically and ethically sound practices in the breeding and utilization of laboratory animals, actively enhancing animal welfare and improving their living conditions. We also prioritize the rights of laboratory animals, continuously explore and refine animal experimentation techniques, and incorporate the principles of Replacement, Reduction, and Refinement ("3R") to minimize pain and mortality. These efforts reflect our steadfast commitment to animal ethics and the protection of animal welfare.

THREE RS PRINCIPLES

- Replacement – we actively avoid or seek alternative methods to replace the use of animal experiments
- Reduction – we strictly control laboratory animal usage and frequency of such experiments
- Refinement – we strive to eliminate pain, distress or discomfort before, during and after the experimental procedures

Our Laboratory Animal Care and Use Committee provides oversight on laboratory animal welfare and the management of animal experiments and is directly responsible for monitoring HUTCHMED's implementation of experimental animals, work plans, and performance. Major responsibilities of the committee include:

- Oversee animal welfare in HUTCHMED's animal facility;
- Review and approve Animal Research Protocols;
- Inspect the institutional animal care programs and animal facility, including animal study areas and satellite facilities at least once a year;
- Review the animal resource center's program for the utilization of animals in research at least once a year;
- Review and investigate legitimate concerns involving the care and use of laboratory animals resulting from public and/or employee complaints;
- Suspend an activity involving animals if non-compliance is verified;
- Take corrective action and report non-compliance to funding agencies; and
- Deal with all concerns related to laboratory animals in HUTCHMED.

Regular inspections of laboratory animal facilities and ethical reviews are conducted to ensure compliance with our internal SOPs. In order to promote professional conduct among laboratory animal practitioners, standardize practices and ensure the highest standards of care for laboratory animals, mandatory periodic trainings are arranged for them on the management of experimental animals, including feeding and care.

Our animal facility passed the on-site inspection conducted by the Association for Assessment and Accreditation of Laboratory Animal Care ("AAALAC"), and maintained our qualification in 2023. We have also obtained the laboratory animal use license from the Science and Technology Commission of Shanghai Municipality (STCSM) and passed its annual and 5-year review.

Furthermore, our contract research organizations ("CROs") have also received approval from AAALAC. These accreditations and licenses demonstrate our diligent treatment to animals and ensure that the experimental methods employed adhere to rigorous requirements and standards, particularly in the conservation of natural resources. They also provide the assurance that we uphold a high level of animal welfare. With careful experimental design and sophisticated statistical techniques, we strive to minimize the number of animals needed for a study while still getting valid results. Throughout the reporting year, a total of 11,940 animals were used in internal research activities, while 1,618 animals were used in external research activities.

To foster a culture of compassion within our organization, we have implemented regular staff training sessions focused on practical work and the ethical treatment of laboratory animals to enhance awareness and understanding of animal welfare. As part of the onboarding process, all new employees in our Laboratory Animal Center are required to undergo training on animal welfare. We acknowledge and reward individuals who demonstrate exceptional performance and achievements in laboratory animal care and experimentation. Conversely, appropriate action will be taken against those who violate the Company's rules and regulations pertaining to experimental animals.

PRODUCT QUALITY AND SAFETY[78]

HUTCHMED considers quality and safety as the foundation for product development. We established a quality management system with standards and procedures that cover the whole production and operation process, as well as the life cycle of products. Strict quality inspection and risk monitoring system are in place to ensure product quality and safety in order to safeguard the lives and health of patients.

We strictly abide by the Drug Administration Law of the People's Republic of China, Measures for the Supervision over and Administration of Pharmaceutical Production, the Food Safety Law of the People's Republic of China, Good Manufacturing Practices ("GMP") for Pharmaceutical Products, and other national and local laws and regulations. The Quality Management System, which incorporates GMP, Good Distribution Practice, Good Pharmacovigilance Practices, and Quality Risk Management, is operated by competent personnel who receive regular training. The associated operations are also overseen and monitored by the Quality Department to ensure proper system implementation.

During the reporting year, there were also no FDA enforcement actions taken in response to violations of current Good Manufacturing Practices[79].

We take proactive action to review and enhance our Quality Management System to ensure product quality and safety throughout our operations. Existing systems, including the global Electronic Document Management System, are periodically examined for proper functioning including documentation and evaluation. Corrective and preventive actions proposed by departments are required to be handled in a timely manner to ensure product quality within the control range.

Regular quality audits on research and development, clinical, manufacturing, and distribution activities are also in place. Findings and observations are recorded within audit reports and effectively communicated with relevant departments. Internal self-inspection and acceptance of external on-site inspection, sampling inspection, and compliance inspections were conducted to ensure there were no serious or major defects. We are committed to maintaining zero critical findings from regulatory inspections. During the year, an average of 100 quality audits were carried out. We also supported 10 regulatory inspections and 10 batches of official sample checking throughout the year, all of which passed the inspection.

In 2023, no critical findings have been identified during the regulatory inspections.

[78] KPI B6.4

[79] SASB-BP-250a.5

ACCESS TO HEALTHCARE

Access to Healthcare

Access to healthcare is one of the central pillars of our sustainability strategy, reflecting our commitment to placing patients at the heart of everything we do. We strive to address the global challenge of healthcare inequities and improve the accessibility of our innovative pharmaceutical products to patients in need. We believe that sustainability in healthcare lies in the universal access to affordable treatments that can save lives and enhance well-being, irrespective of geographical boundaries.

In 2023, HUTCHMED demonstrated an unwavering dedication to the Access to Healthcare pillar within our sustainability framework. Recognizing the critical importance of healthcare accessibility, we prioritized efforts to ensure that patients can access our innovative medicines without barriers or undue financial hardship. Building upon previous initiatives, we strive to expand our patient assistance programs and forged strategic collaborations with healthcare organizations and charitable foundations.

Our actions support the following SDGs:

OUR GOALS AND TARGETS[80]

Aim to increase access to healthcare, especially for life-saving treatments.

Track Progress Target

To deliver affordable medicines to patients through initiatives such as NPPs.

2023 Progress

- HUTCHMED products have entered patient assistance programs, expanded access programs or NPPs in mainland China, Hong Kong and Macau.
- TAZVERIK® (tazemetostat) was approved by the Health Commission and Medical Products Administration of Hainan Province to be used in the Hainan Pilot Zone, under the Clinically Urgently Needed Imported Drugs scheme.

[80] Reporting Principles 11 (2)

Be committed to allowing all patients to access the medicines without suffering financial hardship.

Track Progress Target

To continue our efforts on applying for its medicines to be added to the NRDL.

2023 Progress

All three HUTCHMED medicines marketed in China included in the NRDL. We submitted NDA to the Japan PMDA for fruquintinib for previously treated metastatic colorectal cancer in 2023.

2023 HIGHLIGHTS

- **This year, our partnership with Takeda for the development and commercialization of fruquintinib outside of China has resulted in significant implications for access to healthcare. Fruquintinib, a highly selective inhibitor with potential in treating metastatic CRC, is having the opportunity to reach a broader patient population globally. Through Takeda's expertise and global presence in drug development and commercialization, fruquintinib can be made available to patients in various regions outside of China, including the U.S., and potentially Europe, and Japan where regulatory applications are progressing. The Takeda Oncology Here2Assist program is also publicly available for FRUZAQLA™ (fruquintinib) patients in need of financial and other assistance. This partnership is a significant step forward in advancing healthcare equity by ensuring that patients in different parts of the world have access to potentially life-saving therapies. We also helped Takeda set up their fruquintinib expanded access program for patients outside of China in 2023.**
- **Separately, all of our three major innovative medicines, ELUNATE® (fruquintinib), SULANDA® (surufatinib), ORPATHYS® (savolitinib) continue to be included in the NRDL in 2023. ELUNATE® (fruquintinib) and SULANDA® (surufatinib) were approved to market in Macau following the China NMPA approval, which greatly enhances the accessibility and affordability of innovative medicines for Chinese patients. Moreover, in January 2024, ELUNATE® (fruquintinib) was approved in Hong Kong as the first medicine to be approved under the new mechanism for registration of new drugs ("1+" mechanism). CRC was the second most common cancer in Hong Kong in 2021, with about 5,900 new patients diagnosed and associated with about 2,300 deaths.**
- **Furthermore, during the year, TAZVERIK® (tazemetostat) and ORPATHYS® (savolitinib) received approvals and launched in Macau. Following its approval in the Hainan Pilot Zone in 2022, TAZVERIK® (tazemetostat) has achieved a significant milestone in expanding patient access to this first-in-class EZH2 inhibitor by being approved and launched in the Macau during 2023. For patients with epithelioid sarcoma or follicular lymphoma, TAZVERIK® (tazemetostat) offers a potential treatment option that targets the EZH2 enzyme, inhibiting tumor growth and potentially improving patient outcomes. The approval of TAZVERIK® (tazemetostat) in both the Hainan Pilot Zone and Macau allows eligible patients in these regions to benefit from this innovative therapy.**
- **We believe that improving access to healthcare is not only a moral imperative but also an essential component of sustainable and responsible business practices. By fostering equitable access, we aim to contribute to the well-being and health outcomes of individuals and communities while creating long-term value for our stakeholders.**

AFFORDABILITY AND ACCESS TO PRODUCTS AND HEALTHCARE[81]

Our access to medicines strategy involves the launching of new products and leveraging our research capabilities to improve patient outcomes. In alignment with our sustainability strategy, we are dedicated to expanding access to our innovative medicines and medical technologies. We made investigational products available to seriously ill patients or patients with a life-threatening disease or illness who have exhausted all available treatment options. We encourage clinical trial participation in order to further the science behind patient care. In the event clinical trial participation is not available or feasible, when patients do not qualify for clinical trials and have exhausted all available medical options, we may consider providing an investigational agent outside of a clinical trial, or before it is approved by regulators as part of an individual or group based expanded access program.

To address affordability challenges and ensure fair pricing practices for our products, we consider patient affordability as well as market research and professional analysis of pharmacoeconomics when determining pricing for our products. As we do not lead any product commercialization in the U.S., in 2023 we had no U.S. products that had changes in its average list[82], or net price compared to the previous year[83]. We also apply our new medicines to enter NRDL as soon as they gain marketing approvals in China.

Through our patient assistance programs, we provided financial support and assistance to eligible patients, enabling them to access our treatments regardless of their financial circumstances. These programs not only eased the burden of medication costs but also aimed to enhance overall healthcare accessibility. We continuously review these programs, ensuring they remain responsive to the evolving needs of patients and are aligned with best practices in the industry. In addition to patient assistance programs, we actively engaged in partnerships with healthcare organizations and charitable foundations, fostering a collaborative approach to address healthcare disparities.

Our ongoing patient access programs in China are a testament to our commitment on access to healthcare. In collaboration with the China Primary Health Care Foundation (CPHCF), we have launched a patient assistance program (PAP) specifically for SULANDA® (surufatinib). This program aims to ensure that patients who meet specific medical and economic criteria have affordable access to this life-saving medicine.

Since the program's inception in 2021, we have made significant strides in helping patients by donating over 7,630 boxes of SULANDA® (surufatinib) to 363 individuals as of December 31, 2023. This substantial donation has resulted in an estimated treatment cost reduction of over RMB29 million (US$4.1 million)[84]. By alleviating the financial burden associated with treatment, we aim to enhance patients' access to the necessary medical care they need.

The patient assistance program not only addresses the economic challenges faced by patients but also ensures improved access to medical treatment. We firmly believe that all patients, regardless of their financial situation, should have access to life-saving medications.

All three of our in-house medicines are included in Hong Kong's NPP since late 2021, demonstrating our dedication to ensuring that patients with limited therapeutic options have access to innovative treatments. We also extended our named-patient early access program for fruquintinib to Australia in 2022 to reaching patients beyond Hong Kong and providing access to their therapies in other regions. By working together, we implemented sustainable activities that aimed to improve medicine accessibility, educate patients about treatment options, and raise awareness about specific diseases. These partnerships allowed us to leverage our expertise and resources to make a lasting impact on patient access to healthcare.

During the reporting year, there were no settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorised generic product to market for a defined time period[85].

TAZVERIK® (TAZEMETOSTAT) IN HAINAN

In May 2022, TAZVERIK® (tazemetostat) in Hainan was approved by the Health Commission and Medical Products Administration of Hainan Province to be used in the Hainan Pilot Zone, under the Clinically Urgently Needed Imported Drugs scheme, for the treatment of certain patients with epithelioid sarcoma and follicular lymphoma consistent with the label as approved by the FDA. Launched in 2013 and located in China, the Hainan Pilot Zone is a destination for international medical tourism and global hub for scientific innovation, welcoming 83,900 medical tourists in 2020, according to official data.

[81] SASB-BP-240a.1
[82] SASB-BP-240b.2
[83] SASB-BP-240b.3
[84] 2023 average exchange rate 1US$= 7.07RMB
[85] SASB-BP-240b.1

Under this scheme, Chinese patients are given the opportunity to gain access to the innovative medicines approved in the U.S., Europe, and Japan, but not yet approved for marketing in mainland China. In the case of TAZVERIK® (tazemetostat), Chinese patients in urgent need could be prescribed to the medicine three to five years before its estimated approval time in mainland China, thereby greatly enhancing their chances of receiving innovative treatment, prolonging their survival, and improving their overall quality of life.

This initiative can help doctors and medical experts gain early access to first-hand information about patients who are being treated with this medicine, allowing them to understand the treatment experience of epigenetic therapy with EZH2 inhibitor. Moreover, epithelioid sarcoma is an extremely rare disease with no innovative therapies in development in China, in part because of the costs involved for such research. This scheme is the only avenue for such patients to access a novel treatment for their disease.

In order to improve the affordability of patients, we have launched a treatment subsidy program through cooperation with a charity foundation once TAZVERIK® (tazemetostat) entered the Hainan Pilot Zone. By the end of 2023, a total of RMB5.29 million (US$750,000) was donated, benefiting 100% eligible patients who have received TAZVERIK® (tazemetostat) as treatment in the Hainan Pilot Zone. Looking forward, we will continue to explore the feasibility of entering NPPs in different regions to expand medicine accessibility and affordability to more patients in need.

PATIENT ENGAGEMENT AND ADVOCACY

Patient Engagement and Advocacy is a fundamental aspect of our commitment to patient-centric healthcare. Recognizing the importance of empowering and supporting patients throughout their treatment journey, HUTCHMED has been implementing comprehensive initiatives to enhance patient engagement and advocacy.

We place great emphasis on patient education and awareness and believe that informed patients make better decisions about their healthcare. To that end, we strive to develop robust patient education resources and materials that provide clear and comprehensive information about diseases, treatment options, potential side effects, and self-care practices. These resources are made available to patients, caregivers, and healthcare professionals through various channels, including our website, patient support programs, and partnerships with patient organizations. By empowering patients with knowledge, we aim to equip them to actively participate in their treatment decisions and improve their overall health outcomes.

Furthermore, the Group actively engages in patient advocacy efforts in collaboration with patient organizations and advocacy groups. We value the insights and perspectives of patient advocates, as they provide valuable input on the unique challenges faced by patients and their families. Through partnerships and participation in advocacy initiatives, we work to amplify patient voices, promote policy changes that improve patient care and access to treatments, and raise awareness about specific diseases. HUTCHMED seeks to drive positive changes in healthcare policies and practices, ultimately benefiting patients and the broader patient community across China.

All in all, through our steadfast commitment to the Access to Healthcare pillar, we firmly believe that healthcare is a fundamental right, and continue to work diligently to ensure that our innovative medicines are accessible to all who need them, without compromising on quality or affordability. By fostering partnerships, implementing patient assistance programs, and advocating for change, we remain dedicated to improving healthcare accessibility and making a positive impact on patient outcomes.

CLIMATE ACTION[86]

Climate Action

Building upon the progress made in 2022, we carried forward our sustainability journey in 2023 with a focus on accelerating our path towards energy conservation and becoming a net-zero company by 2050. To drive this vision, we conducted a thorough scope 3 screening and measurement along the value chain with the support of a digital data collection platform.

Our actions support the following SDGs:

OUR GOALS AND TARGETS

To become a net-zero company by 2050 through producing sustainable pharmaceutical products and developing impactful partnerships.

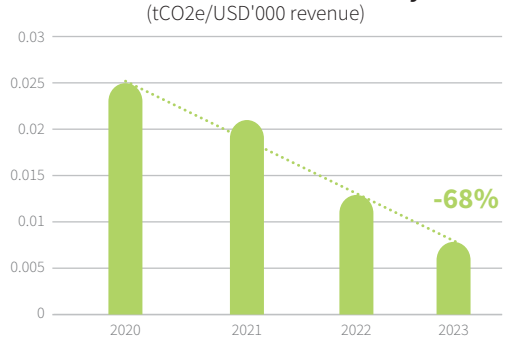
2025 Target[87]

1. To reduce carbon emission intensity by 30% from a 2020 baseline
2. To reduce energy intensity by 10% from a 2020 baseline
3. To reduce emission intensity from business air travel by 10% from a 2019 baseline

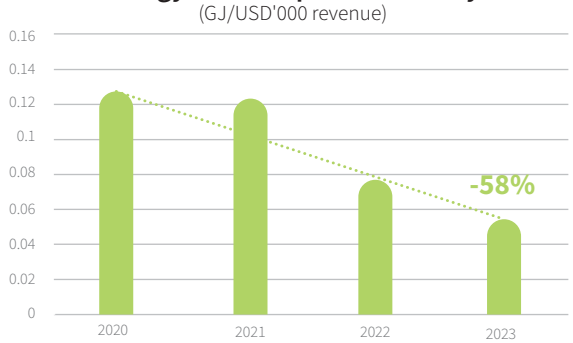
2023 Progress

- ☑ Achieved a reduction in carbon emission intensity of 68% in 2023 compared to 2020.
- ☑ Achieved a reduction in energy intensity of 58% in 2023 compared to 2020.

Carbon Emissions Intensity
(tCO2e/USD'000 revenue)



Energy Consumption Intensity
(GJ/USD'000 revenue)



[86] A1 Emissions; A2 Use of Resources; A3 The Environment and Natural Resources; A4 Climate Change

[87] KPI A1.5; KPI A2.3

Setting Realistic Targets

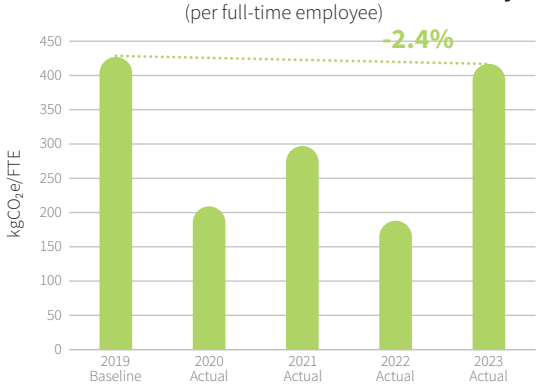
- As part of our assessment of the air travel emissions, we are reassessing our air travel emission reduction target to ensure it aligns with our operational realities and business needs. By setting realistic and achievable targets, we aim to maintain momentum and drive continuous improvement in our sustainability performance. We therefore have moved from an absolute target to an intensity-based target per full-time employee.
- There was a slight 2.4% overall decrease in emissions intensity (per full-time employee) from business air travel in 2023 compared to 2019. We will continue to track and monitor our air travel emissions against our set target.

To further enhance our management of our carbon footprint from air travel, we intend to continuously enhance and deepen our mitigation measures, as such we plan to:

- **Review our travel policies:** We are conducting a thorough review of our travel policies and procedures to identify additional opportunities for optimization and further promotion of sustainable travel practices.
- **Enhancing employee engagement:** We are intensifying our efforts to engage and educate employees about the importance of reducing air travel emissions and the role they play in achieving our sustainability goals.
- **Establish an internal departmental travel budget:** The internal travel budget sets a cap for business travel within a specified period. The budget is calculated based on the emission reduction target and will provide a clear framework for allocating budgets and tracking progress towards our reduction targets.

We acknowledge the challenges we have faced in progressing on our air travel emission reduction target; however, we remain committed to addressing this issue and taking proactive measures to improve our performance. By learning from our experiences, engaging stakeholders, and implementing effective mitigation measures, we are confident that we can make meaningful progress towards our set targets.

Business Air Travel Emissions Intensity
(per full-time employee)



2023 HIGHLIGHTS

- **Continued working towards environmental targets on carbon and energy reduction to accelerate the sustainability journey.**
- **Introduced "Climate Action" as one of the pillars within HUTCHMED's five Sustainability Pillars.**
- **Conducted a comprehensive scope 3 emissions data screening and measurement.**
- **Leveraged a digital data collection platform to enhance environmental data quality and accuracy.**

CLIMATE RESILIENCE AND CLIMATE ACTION

POLICIES AND MANAGEMENT SYSTEMS[88]

The Group strives to reduce environmental impacts and foster positive behavioral change across all levels of operations by integrating sustainability into all facets of our value chain. We have established the Sustainability Policy and Environmental Policy , as well as a dedicated EHS Team to demonstrate our environmental commitment and approaches to sustainability.

Our policies and internal guidelines are regularly reviewed and updated to ensure the effectiveness and relevance. We conduct regular audits to assess the compliance with established procedures and regulations at our operational sites. Operational sites are required to develop and implement corrective action plans for areas in need of improvement, and we closely keep track of the progress. To ensure comprehensive management of EHS risks, sustainability considerations are embedded early in the project planning phase. In planning facilities or installations, we adopt "the three parallels" management strategy that considers pollution and emission prevention measures in the design, construction, and operational phases.

We comply with relevant national and regional environmental laws and regulations in regions where we operate our business. There were no significant cases of non-compliance against environmental related legislations within the reporting year.[89]

ADDRESSING CLIMATE RISKS[90]

In 2022, we took proactive efforts to building climate resilience by conducting a comprehensive climate risk assessment to identify climate-related risks and opportunities that impact our business. The Board has the ultimate responsibilities and oversight of the physical and transitional risks and opportunities posed to HUTCHMED by climate change. A four-tier sustainability governance structure with cross-functional membership has also been established to effectively manage and govern the climate initiatives of the Group.

The climate risk assessment risks for our key operational locations (Shanghai, Suzhou, Hong Kong and U.S) covered an analysis of climate-related, including both physical and transition risks, alongside the potential financial impact under two science-based climate scenarios: one where average temperature increases by 4° C (brown scenario) and one where average temperature increases are kept to below 2° C (turquoise scenario). The identification and assessment of climate-related risks has been integrated to our existing ERM framework for improvement in the integration of sustainability risks. For the physical and transitional risks identified, please refer to Action on Climate Risks in 2022 Sustainability report.

In 2023, we stepped up our commitment and efforts to address the sustainability risks and achieve the relevant targets set building on the climate risk assessment conducted in 2022. We maintain continuous monitoring of the identified risks to stay informed and responsive to changes in the risk landscape, and to ensure our strategies and initiatives align with our sustainability objectives.

For more details of our TCFD disclosure, please refer to Action on Climate Risks in our 2022 Sustainability report.

BUSINESS AIR TRAVEL EMISSIONS

We recognize that air travel is an important contributor to our carbon footprint and acknowledge the need to mitigate its environmental impact. However, we acknowledge that we have faced challenges in meeting our air travel emission reduction target, and we are transparently addressing this issue.

These challenges include:

- **Increased business travel:** Due to factors such as business expansion, and project requirements, our overall volume of air travel has increased, resulting in higher emissions than anticipated.
- **Limited adoption of alternatives:** While we have encouraged alternatives to air travel, such as video conferencing, the widespread emissions reduction has been lower than expected.
- **Operational constraints:** In some cases, operational constraints, such as limited availability of alternative transportation options, have hindered our ability to reduce air travel emissions effectively.

[88] A1 Emissions; A2 use of Resources; A3 The Environment and Natural Resources; A4 Climate Change

[89] A1 Emissions

[90] KPI A3.1; A4 Climate Change; KPI A4.1

Regardless of the challenges, we remain committed to addressing emissions from air travel and have reacted by implementing mitigation measures to improve our performance. Key actions we are taking include:

- By encouraging remote communication, we reduce the frequency of flights and associated emissions.
- We have updated our travel policies and procedures to promote the use of low-carbon modes of travel. This includes selecting trains over airlines for short- to medium distance travel.
- We set internal travel budget for all departments for business travel within a specified period. The travel budget is calculated based on the emissions reduction target and will provide a clear framework for allocating budget and tracking progress towards our reduction targets.
- We provide training and awareness programs to educate employees about the environmental impact of air travel and the importance of reducing emissions.

CLEAN AND LOW-CARBON OPERATIONS[91]

We strive to strengthen our resilience in response to climate change impact and established appropriate procedures and processes to minimize the environmental footprint associated with the impacts of climate change in our pursuit of high-quality products. Thus, we proactively seek out innovative ways to improve energy efficiency to reduce resource consumption from our day-to-day operations.

To effectively manage the physical and transition risks from climate-related events such as extreme weather patterns, our Shanghai and Suzhou manufacturing plants have implemented robust business continuity planning and emergency response planning. These involves strategies to minimize disruptions, procedures to maintain essential operation, protect critical infrastructure and foster emergency awareness. The business continuity plan and emergency response plan are communicated to all levels of employees to promote the culture of preparedness and resilience within the Group. They are also regularly reviewed for the relevance and effectiveness with the change in environmental landscape and regulatory requirement.

GREEN MANUFACTURING AND OPERATION[92]

We have implemented various initiatives in our manufacturing sites aiming to reduce energy consumption and GHG emissions, for instance:

- Our Suzhou factory's chiller water pumps are currently operating on a 2+1 standby configuration with fixed-frequency pumps. To achieve energy savings, we are planning to convert one of the pumps to variable frequency, with an estimated savings of 93,437 kWh in a year.
- The heating of our air-conditioning system in the workstation is switched from the original electric boiler to municipal steam heating and resulting in a 27% energy reduction.
- Centralizing the air conditioning system in all offices and manufacturing sites, and gradually replacing the existing lighting fixtures with energy-efficient LED bulbs to minimize electrical consumption.
- Activated carbon filters have been incorporated into the laboratory exhaust system and wastewater treatment facility to reduce the emissions of volatile organic compounds (VOC) and organic exhaust gases.
- Electric vehicles and public transportation for daily commute is encouraged. Dedicated charging stations are reserved for electric vehicles in our Shanghai manufacturing site, contributing to the reduction of greenhouse gas emissions.

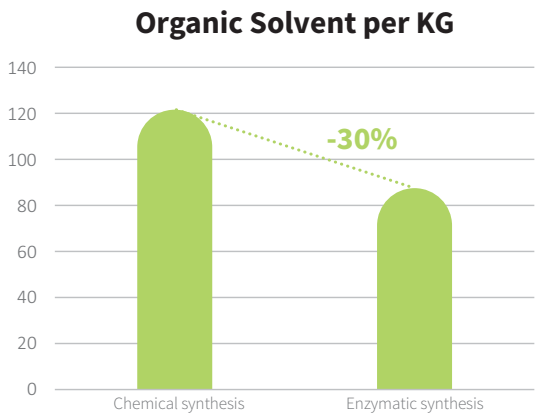
To minimize the air emissions generated from our operation, we have established strict protocols to ensure compliance with applicable regulations and emission standards in the areas where we operate. For example, we conduct regular maintenance on the air pollution control devices and real time monitoring over emissions of pollutants to better control the impact of our air emissions. We respond to different weather warning signals through specified operational arrangements to control the amount of emissions discharged into the atmosphere. Moreover, we have invested in clean technologies including installation of high efficiency scrubbers to reduce VOCs emissions and an upgrade of the boiler system to reduce nitrous oxide emissions.

[91] KPI A4.1

[92] KPI A2.3

Discovering the use of enzyme-catalyzed reactions to reduce hazardous wastes and water usage

In recent years, through the research and use of enzyme-catalyzed reactions in the manufacturing process of the starting materials for savolitinib, a significant amount of by-products such as the emission of greenhouse gas, wastewater, and organic solvent, were reduced.



Through ongoing R&D, we focused on developing enzymatic reactions, because they not only offer high chemical selectivity to specific transformations such as high chiral purity, but they are also highly environmentally friendly. The manufacturing process is less energy intensive as reactions take place at room temperature. Moreover, no heavy metal catalysts and much less organic solvent usage is involved, reducing water waste treatment at the same time.

With the prior chemical process using solely organic solvent, 121.8kg of raw input material was needed to prepare 1kg of the desired product. By incorporating an enzymatic reaction, only 87.5kg of raw input material is needed to prepare the same amount of product. Switching from chemical synthesis to enzymatic synthesis in this specific manufacturing process has greatly reduced the Process Mass Intensity ("PMI") by almost 30%.

Looking forward, we will continue to work on the optimization of the enzyme to improve efficiency and the process to reduce solvent and water usage.

Installation of Solar Panels at Shanghai Site Delivering Clean Energy

In response to the national carbon peak and carbon neutral policy, solar panels have been installed at our Shanghai site to generate renewable energy for our daytime operation. The use of renewable energy significantly reduces electricity usage and greenhouse gas emissions, demonstrating our commitment to sustainable practices and environmental stewardship.

Project Overview

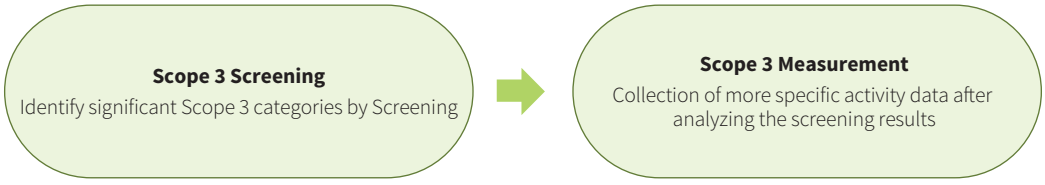
- Operation started in Sept 2023
- Installation capacity: 112kW-peak, 1,000 sq. meters (200 panels on the roof top of Manufacturing Building 1), with a service life of 25 years
- Provide low-cost power supply during the day; reduce indoor temperature and subsequently indoor energy consumption
- Power generation forecast: 120MWh in the first year, and 2,830MWh in 25 years (1 MWh = 1,000 kWh)
- Reduction in electricity fees: average saving of ~US$17,500 per year, and a total saving of ~US$400,000 in 25 years

SCOPE 3 SCREENING AND MEASUREMENT[93]

We are committed to advancing healthcare while minimizing environmental impact – as such we recognize the importance of addressing Scope 3 emissions to further accelerate our sustainability journey. In this section, we provide an overview of our approach to measuring and managing Scope 3 emissions, reflecting our commitment to sustainability across the value chain.

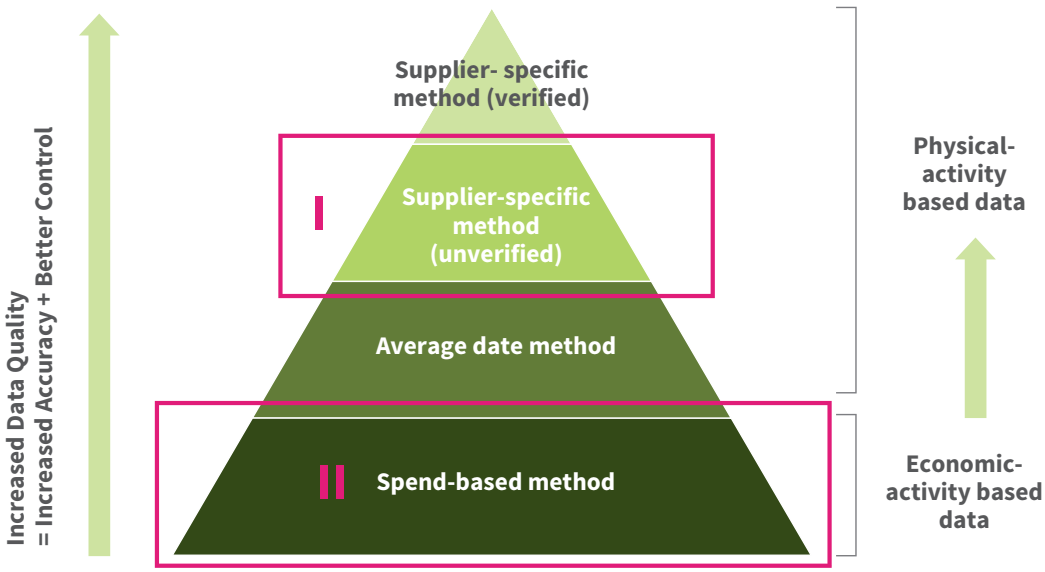
Scope 3 emissions in the pharmaceutical industry encompass various indirect greenhouse gas emissions associated with activities such as procurement of raw materials, distribution of products, or fuel- and energy-related activities. These emissions extend beyond our direct operations and are crucial for understanding our overall environmental footprint.

In 2023, we have completed a two-step approach to identify, measure, and manage Scope 3 emissions. As a first step we identified and categorized our Scope 3 emissions across our value chain. This involved conducting a thorough screening assessment of indirect Scope 3 emissions sources, including but not limited to purchased goods and services, capital goods, business travel, employee commuting, and transportation and distribution.



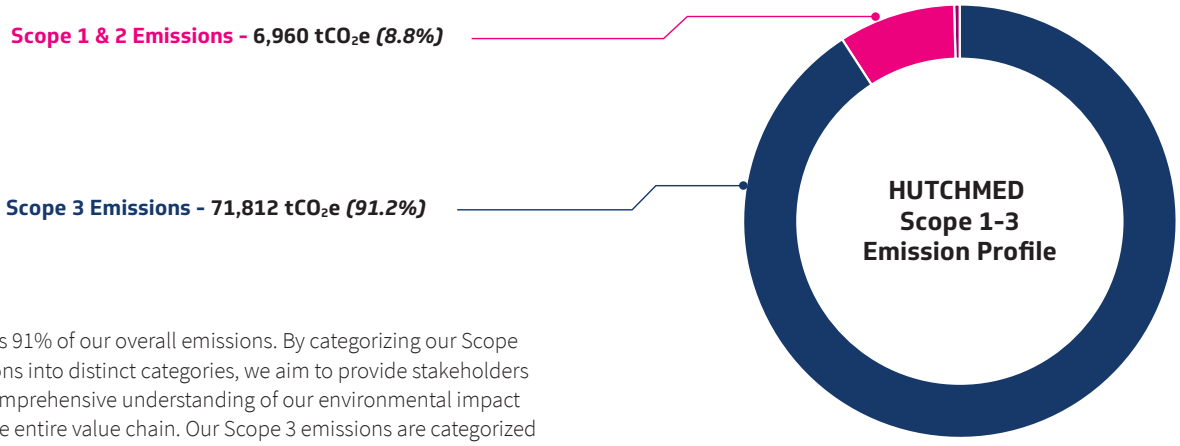
In a second step, we worked closely with our suppliers and service providers to collect relevant HUTCHMED activity data on Scope 3 emissions using standardized reporting protocols. This data went through internal verification processes to ensure accuracy and reliability. Once collected, we quantified the Scope 3 emissions using industry-standard methodologies and emission factors. Emissions associated with each category were quantified using a hybrid approach of emission factors, activity data, and conversion factors, ensuring accuracy and consistency in our calculations, enabling us to analyse emission hotspots and identify opportunities for emissions reduction throughout our value chain. The below 2023 Scope 1-3 GHG inventory is based on a thorough review of HUTCHMED's assets, facilities and operations, following the GHG protocol[94].

Scope 3 Data Collection Method - Hybrid Method (I+II)

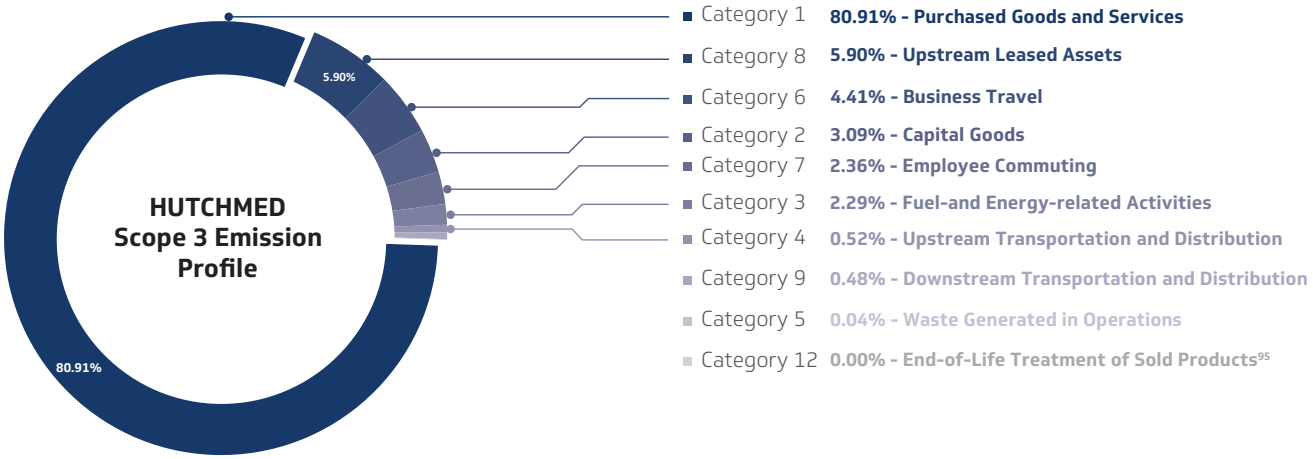


[93] KPI A1.1

[94] KPI A1.1; KPI A1.2



Scope 3 is 91% of our overall emissions. By categorizing our Scope 3 emissions into distinct categories, we aim to provide stakeholders with a comprehensive understanding of our environmental impact across the entire value chain. Our Scope 3 emissions are categorized into distinct categories, each representing different sources of indirect emissions across our value chain.



Within our Other Ventures, our Hutchison Sinopharm consolidated joint venture provides logistics and distribution services in China, and, as such, our Scope 3 Category 1 (Purchase Goods and Services) includes a very substantial amount of third-party goods that are others' business. These are the largest component of our Scope 3 Category 1 emissions (47%). Emissions from our CROs and utilities came as the second and third largest emitters, contributing 19% and 12% to Category 1 respectively.

Moving forward, we understand that the process of measuring Scope 3 emissions is an ongoing journey. Despite our efforts to enhance data collection and quality, we acknowledge persistent challenges concerning data availability and consistency. Regardless of the challenges, we continue to place significant importance on collaborating with our suppliers, industry peers, stakeholders, and regulatory bodies to collectively tackle these challenges. By fostering collaboration, we aim to improve data transparency, data quality and drive collective action on Scope 3 emissions. Our commitment to continuous improvement remains steadfast as we strive to refine our approach to measuring and managing Scope 3 emissions.

We also stepped up efforts to streamline the data collection process via a digital data collection platform. As part of a commitment to reducing the carbon footprint, we strive to continually enhance and monitor our emission profile through digitalization.

[95] Third-party goods which are part of the Hutchison Sinopharm logistics and distribution services are excluded from Category 12 End-of-life Treatment of Sold Products, because HUTCHMED is not involved in any processing or value-add work on these products and therefore these products are considered final goods by the third parties. Scope 3 emissions from the distribution services have been included in Categories 4 and 9.

WASTE AND PACKAGING[96]

We are committed to enhancing resources efficiency, including energy, water and promoting circular economy across our day-to-day operations. Hazardous materials and chemicals are used in our research and manufacturing processes. To reduce our environmental footprint arising from the disposal of hazardous substances, we take a robust approach to waste management. Regular safety training is provided to our employees to ensure they are equipped with necessary knowledge in proper handling waste and mitigating negative impacts.

Our commitment to responsible waste management is a fundamental component of our environmental management system. We incorporate circular economy principles throughout our product's life cycle, from sourcing, design, production to distribution. In 2023, we generated a total of 106 tons of hazardous waste, at a hazardous waste intensity of 0.000126 tons/US$'000 revenue[97]. Specifically, there was an overall decrease of 65% in activated carbon generated from our factory showing our commitment to sustainability and environmental protection. We strive to minimize our operational waste from our sites, and we continually track and monitor our progress in the pursuit of an appropriate waste reduction target.

Hazardous wastes generated from our manufacturing processes include waste solvents, waste lubricants, waste drugs, and other types of regulated waste. To prevent chemicals that can cause aquatic damage from entering the drainage system, our process water undergoes strict wastewater treatment processes before discharging into the municipal sewage system. Wastewater containing heavy metal and phosphorus are collected and disposed of as hazardous waste. To prevent any potential land contamination, we have established designated hazardous waste storage areas equipped with labelled spill and leak-proof containers for proper storage and handling at operational sites. Furthermore, qualified external contractors are appointed to collect, handle, and dispose of our waste to ensure they are managed in compliance with relevant regulations.

To ensure the effectiveness and efficiency of our waste management procedures, scheduled and spot checks are conducted regularly on our own processes as well as those performed by contractors and suppliers. Our EHS team maintains ongoing compliance at operational sites and will implement any necessary corrective actions for areas in need of improvement. Relevant records are properly retained as mandated by relevant regulations and authorities.

Various initiatives regarding waste reduction have been implemented across all operations:

Recycling bins are placed in all offices encouraging the recycling of paper, plastic bottles, aluminium cans.

With our colleagues dedication and participation, we saw **significant increase in recycling amounts** compared to last year:

195%
increase on
total waste recycled

120%
increase on
paper recycled

76%
increase on
printer catridges recycled

We signed a **resource recovery agreement** for our Suzhou factory with suppliers to collect crapped printing and packaging materials for recycling.

Bottled water are gradually replaced with **direct drinking water dispensers** across offices and factories.

Carbon adsorption treatment facilities were introduced to factories and laboratories for the treatment of organic waste gas to reduce VOC emissions.

[96] KPI A1.3; KPI A1.4; KPI A1.6

[97] KPI A1.3; KPI A1.4

Non-hazardous wastes, or general wastes are those that are generated from our offices and manufacturing operations. We proactively explore opportunities to recycle our wastes as part of our waste reduction efforts, for instance, we avoid the consumption of bottled water and added three direct drinking water dispensers to reduce plastic waste. In 2023, we have managed to recycle 1,105 kg of plastics and 345 kg of metals. There was a significant increase of 120% in recycled paper due to our improved initiatives on paper recycling and saving. We have also signed a resource recovery agreement for scrapped printing and packaging materials to support circular packaging and resource recycling.

WATER USE[98]

We aim to promote water efficiency and water conservation within our operations as it is a vital resource for processes at our operational sites including cleaning and cooling. As such, we have rainwater harvesting system installed in our manufacturing sites to collect rainwater for cleaning purposes. Wastewater treatment facility is in place to ensure efficient water use and minimize effluent discharge. While we are not aware of any challenges in sourcing water, we continuously undertake several initiatives to improve water use in the pursuit of water efficiency targets. For example, we have invested in equipment such as the condensate recovery system and purified water recovery system to improve water efficiency and reduce water consumption. Water consumption of operational sites are regularly monitored and assessed to identify any abnormal water usage for further investigations. In 2023, we consumed a total of 25,747 cubic meters of water[99].

Effluent discharge from our laboratories and production facilities have to undergo wastewater treatment to ensure the water quality complies with all local laws and regulatory standards. We have appointed a qualified third-party contractor to conduct regular testing and monitoring on chemical oxygen demand ("COD") and ammonia nitrogen concentrations of the treated wastewater from the laboratories. Within the reporting year, 22,483 cubic meters of wastewater was discharged.

PRODUCT SUSTAINABILITY[100]

We are committed to implementing responsible sourcing practices throughout our operations. We support our operational teams in embedding sustainability considerations into the procurement process. Where suitable options exist, we

- reduce the use of virgin materials;
- avoid single-use disposable items and replace them with durable and reusable and/or recyclable alternatives;
- minimize the use of packaging;
- reduce the use of hazardous substances; and
- adopt specifications for greater energy efficiency, water efficiency and clean technology.

We put great emphasis on environmental and social responsibility in supplier selection during procurement and avoid engaging suppliers with high EHS compliance risks and prioritize suppliers that proactively undertake environmentally friendly initiatives such as being certified with ISO14001 on environmental management systems. We also seek out suppliers who share our commitment to responsible sourcing. This involves ensuring that raw materials and components used in our products are obtained from sustainable and ethical sources. We work closely with suppliers to trace the origin of materials, promote fair trade practices, and minimize the environmental impact of our supply chain. We also collaborate with suppliers to reduce the use of materials and resources in the outsourcing of pharmaceutical intermediates and APIs, particularly in reducing energy consumption and the use of organic solvents. All existing and potential suppliers involved in major procurement categories undergo an annual assessment to evaluate their performance against standardized criteria. These criteria encompass various indicators, including quality performance, environmental protection, supply consistency, and alignment with our business operations. Through rigorous evaluation and scoring, we carefully review each supplier to ensure they meet our stringent standards and requirements. When material quality issues arise or significant changes occur in production conditions, processes, quality standards, and inspection methods that may affect product quality, we actively conduct relevant on-site quality audits.

Furthermore, to foster sustainable living style within consumers, recyclable packaging materials and minimal packaging principle have been used for all products under the brand ÉCOLLIE, where we have included sustainability messages in the packaging to assist consumers on making informed decisions on sustainable consumption.

[98] KPI A2.2; KPI A2.4

[99] KPI A2.2

[100] KPI B5.4

HUMAN CAPITAL MANAGEMENT[101]

Human Capital

As a people-centric company, we attract, build and retain a professional team with top talent. The diverse development of our employees is prioritized, and we strive to create an equitable and inclusive workplace that fosters productivity, satisfaction, and talent retention for all who work in HUTCHMED. We also respect and protect the legitimate rights and interests of our employees, promote internal communication channels and continuously improve occupational health and safety across all locations.

In 2023, we remain committed to talent development through the implementation of the new Talent Development Strategy and an enriched e-learning platform, aiming to enhance employees' career development and competencies building. Employees' satisfaction at HUTCHMED, as shown in 23 dimensions in a company-wide employee survey, has improved greatly and surpassed the Pharma Industry Benchmark scores.

Our actions align with the following SDGs:

2023 HIGHLIGHTS

- **A 3E (Empower, Execute, Excel) Leadership Framework was launched in 2023, establishing a clear and comprehensive leadership model for the company; and providing guidance for the learning and development of employees and managers to extend our mindset, and upgrade management capabilities comprehensively to support achieving HUTCHMED's strategic goals.**
- **An employee engagement survey – "Your Voice 2023" recorded a 96% response rate from all employees across all operations, providing the Group valuable input in an anonymous way.**
- **A Diversity, Equity and Inclusion Team was established in 2023, bringing together different levels of colleagues from various departments to represent our employees to provide feedback to leadership regarding employee needs and concerns, and promote ONE HUTCHMED culture through various initiatives.**

[101] B1 Employment; S6; G1

OUR GOALS AND TARGETS[102]

Be committed to be an ethical, open and inclusive company.

2025 Target

To achieve gender equality for middle management and above.

2023 Track Progress Target

HUTCHMED works towards further strengthening our board diversity in the coming years.

2023 Progress

The gender diversity of the total workforce and management stood highly balanced.

- Overall gender ratio (Male to Female): 47:53
- Management[103] gender ratio (Male to Female): 46:54
- Board gender ratio (Male to Female): 78:22

PROMOTING DIVERSITY, EQUITY AND INCLUSION[104]

Diversity, equity and inclusion principles have been implemented across all business operations. We aim to foster an inclusive culture, starting with an inclusive leadership structure. Regular workshops and forums are organized to raise awareness of unconscious bias and the value of diversity within our workplace and communities.

As a committed equal opportunity employer, we welcome individuals of diverse ethnicities, races, religions, cultures, genders, gender identities, sexual orientations, ages, abilities and opinions. We strive to create a positive and inclusive environment where employees feel valued and respected, enabling them to fully realize their potential and contribute their unique skills and talents. As such, we have implemented annual trainings that aim to reflect anti-discrimination values and promote equal opportunities and diversity in the workplace.

Consistent with our diversity, equity and inclusion commitment, we remain focused on improving gender equality in our workforce. We ensure that hiring managers have access to a diverse pool of candidates whenever possible. Our Code of Ethics and Employee Handbook outline our standards and expectations for fair employment opportunities, including our joint venture companies. Regular reviews of our talent policies are conducted by our Human Resources Department to ensure compliance with legal requirements and maintain employee engagement. We remain committed to enhancing our diversity, equity and inclusion performance, exceeding regulatory compliance standards.

Demonstrating our commitment to diversity, equity and inclusion within our workplace, the HUTCHMED Diversity, Equity and Inclusion Team was established in 2023, bringing together different levels of colleagues from various departments to represent our employees to improve employee engagement and satisfaction. Responsibilities of the committee include providing feedback to leadership regarding employee needs developing and promoting the ONE HUTCHMED culture through various initiatives.

[102] Reporting Principles 11 (2)

[103] Includes Executive, Senior and Middle Management

[104] B1 General Disclosure

INTERNATIONAL WOMEN'S DAY

As an equal employer, we are committed to creating the best workplace for employees and encouraging and advocating diversity, equity, and inclusion in every facet of our business.

Every year, we celebrate International Women's Day at HUTCHMED on March 8 to express our gratitude to all female colleagues in different positions for their dedicated work.

In 2023, our female colleagues spent a pleasant afternoon on International Women's Day by attending a movie event organized by the Company. A series of rich online courses surrounding the theme "Women in Workplace" were also arranged for our female colleagues' skillsets empowerment.

WORKFORCE DIVERSITY

As of the end of 2023, the Company employed a total of 1,991 individuals, with close to 100% of our staff working on a full-time basis. We strive to promote gender equality across all hierarchical levels, particularly in management positions. Notably, women constitute a significant 53% of HUTCHMED's workforce, exceeding the representation of men in both managerial and non-managerial categories. 55% of our middle management team consists of women, clearly demonstrating our commitment to maintaining gender equality at the general staff and middle management levels. 25% of our executive and senior management roles are also held by women. We will continue to work towards increasing executive and senior management diversity. Female representation in the Board stands at approximately 22% (two out of nine), which is above average amongst companies listed on HKEX. We actively seek to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board.

TALENT ACQUISITION AND RETENTION[105]

We have established a set of comprehensive human resources policies that serve as a guiding framework for our talent acquisition efforts. These policies adhere strictly to all relevant rules and regulations pertaining to recruitment, termination, compensation and promotion, ensuring equal opportunities, non-discrimination, non-harassment, diversity, working hours, rest periods and other employee benefits in the countries/regions where we operate.

To attract top-tier talent and expand our pool of skilled individuals, we utilize diversified recruitment channels and regularly organize campus recruitment events.

In 2023, we are proud to have maintained a hiring rate of 100% from local communities, well demonstrating our support to local employment[106].

COMPREHENSIVE BENEFITS AND REMUNERATION

Fair and competitive compensation packages play a crucial role in attracting and maintaining skilled talent, thereby strengthening our human and organizational capital. We offer comprehensive benefit plans to all our employees, encompassing medical and social insurance, housing allowances, retirement schemes, discretionary bonuses, and leave entitlements. We regularly review our benefits to employees. Among others, life insurance, annual leave optimization, expanded medical coverage, enhanced lunch allowances and nursery rooms have all been upgraded as a result. This ensures that our employee benefits are competitive with market standards. Employees are entitled to a diverse range of holidays, including national holidays, statutory annual

[105] B1 General Disclosure; SASB-BP-330a.1

[106] Local employees refer to employees hired in Hong Kong and mainland China.

leave, casual leave, paid sick leave, maternity leave, parental leave and compassionate leave. We also provide equitable treatment including severance pay and benefit continuation for involuntary terminations to promote continued employability and career planning.

A dedicated remuneration department has been established for formulating and supervising our remuneration packages. We are committed to maintaining our competitive edge by providing our professionals with competitive remuneration packages that are at or above market median levels. These equitable remuneration packages are aligned with market benchmarks and are tailored based on employees' performance and capabilities. The remuneration structure encompasses various components, including basic salary, performance-related bonuses, allowances and incentive plans. Since 2005, we have implemented share option schemes along with other reward and recognition opportunities such as the Long Service Award and the Long-Term Incentive Plan (LTIP), which aim to recognize and appreciate our employees' dedicated contributions. In addition, our joint ventures offer performance-based bonuses to sales representatives as a further incentive. Transparency is maintained through monthly pay slips and annual salary adjustment letters to promptly and accurately communicate any changes in compensation. We also regularly conduct salary review meetings to address any inquiries regarding compensation and to gather employees' feedback and suggestions.

We also motivate employees through non-monetary incentives such as employee recognition and reward programs which aim to recognize those who have demonstrated outstanding performance, innovation and continuous improvement in their daily work. These awards, presented at our annual event, include Outstanding Employee Award, Project Award, Excellent Team Award, Annual Collaborative Award, Annual Efficient Award, Annual Pragmatic Awards, High Performers; and long service awards including 10-Year Service Award, 15-Year Service Award, and 20-Year Service Award. In 2023, a CEO Award was also presented to an outstanding employee and an outstanding team in recognition of their exceptional contributions to the Group. Every award is recognition of employees' efforts and achievements, and appreciation of their contributions to the Company.

Using work performance as the fundamental criterion for evaluating employees' work output and abilities, we continuously reassess our appraisal mechanism to guarantee a fair and impartial working environment for all employees. During the reporting year, all employees completed their regular performance and career development reviews.

Employee Awards Presentation

CHILD LABOR AND FORCED LABOR

E-Verify is a crucial tool that we utilize to ensure the eligibility of our employees to work in the regions we operate. Beyond the confirmation of work authorization, it also serves as a means of verifying the age of our incoming workforce. At the time of onboarding, every employee goes through this rigorous verification process. This is not just a compliance measure; it's a commitment to ethical business practices.

By ensuring age verification, we aim to effectively eliminate any possibility of employing individuals below the legal working age. This helps us to protect young individuals from the dangers of child labor and ensures that our workforce consists of individuals who are capable of making informed decisions about their employment. Moreover, E-Verify also helps us prevent the use of forced labor. By confirming the voluntary willingness of employees to work, we ensure that no one is coerced or forced into employment against their will. This is a crucial step in ensuring that the Company adheres to the highest ethical standards and respects the rights of every individual employed with us.

TALENT DEVELOPMENT AND ENGAGEMENT[107]

We place significant emphasis on staff training and development, recognizing its crucial role in enhancing work performance and personal capabilities. To foster a culture of continuous learning, we offer promotion and job rotation opportunities to our employees, enabling them to broaden their skill sets and gain valuable experience. Furthermore, we provide diversified training programs tailored to the needs of employees at all levels. In 2023, our Academic Learning Committee organized a comprehensive array of academic lectures. These lectures aim to offer employees diverse learning opportunities and better support their professional growth in the field of new drug research and development. Our online training platform, Harvard ManageMentor, offers management-level employees access to hundreds of courses provided by the Harvard Business School for enhancing their knowledge and skills.

STAFF TRAINING

All newly hired employees are required to participate in our on-boarding training program. For our current workforce, we offer a diverse range of e-training courses, covering both contemporary regulatory requirements and the latest industry best practices. These courses are accessible on our e-learning platform, allowing employees to study at their own convenience. Moreover, we encourage our employees to attend academic lectures, industrial conferences, and forums to broaden their perspectives and achieve professional excellence. Furthermore, cross-border resources and third-party contracting resources are utilized to meet the workforce demands and address skill deficiencies within the rapidly evolving healthcare sector.

We understand that leadership is a crucial driving force for enhancing organizational efficiency and creating enterprise value. As such, we continuously strive to improve leadership capabilities and overall competitiveness by acquiring new knowledge and skillsets. In 2023, the Company established and launched the "3E Leadership Model", from Empower (leveraging talents) to Execute (strategic execution) and Excel (excellence and win-win), which provides a clear and comprehensive leadership development system. This model serves as a guiding framework for the learning and development of employees and managers, fostering an innovative management mindset and enhancing overall management capabilities. As it is successfully implemented, it will undoubtedly pave the way for personal career development and sustainable enterprise growth.

Beyond conducting annual training to ensure comprehensive interventions for competency enhancement and professional knowledge development, we also provide support and sponsorship for employees to participate in external training courses, fully funded by the Company. This is done to foster a culture of continuous learning. As of December 31, 2023, all employees received training throughout the year, accumulating a total of 42,419 training hours.

[107] B3 Development and Training, KPI B3.1-B3.2

	Unit	Male	Female
Employee training hours in 2023			
Average training hours	Hours	22.0	20.7
General employees	Hours	20.8	
Middle management	Hours	21.8	
Senior management	Hours	24.0	
Percentage of employees trained in 2023			
Trained employees	%	100%	100%
General employees	%	100%	
Middle management	%	100%	
Senior management	%	100%	

COMMUNICATION WITH EMPLOYEES

We place significant emphasis on engaging our employees actively. Our Employee Handbook serves as a key resource to ensure high transparency in communicating our policies, internal reporting procedures, and expectations to all our staff. In 2023, we also welcomed the launch of our first culture handbook, laying out our Group-wide mission, vision, and values. Regularly conducting employee engagement surveys plays a pivotal role in gathering feedback on employee needs, concerns, and opinions.

To foster open communication, we have a diversified communication mechanism between employees and senior management. One example is our town hall meetings, which are frequently held for employees to share their ideas and receive timely responses. Furthermore, our joint ventures collaborate closely with labor unions to ensure that the voices of our employees are heard and addressed, fostering a positive work environment.

Drawing from the valuable feedback of the Group-wide employee engagement survey conducted in 2021, we subsequently implemented a series of initiatives in areas such as company prospects, leadership, role clarity, involvement, challenge status quo, rewards, culture and benefits:

- **Sustainable strategy:** In response to the challenging market conditions currently affecting the global biopharmaceutical sector, we revised our company strategy following an in-depth evaluation of the business, aimed at accelerating HUTCHMED's path to profitability and establishing a long-term sustainable business.
- **Global partnership:** We announced a license to Takeda to develop and commercialize fruquintinib outside China to improve treatment outcomes for cancer patients. Takeda has the scale and expertise in global drug development and commercialization to advance fruquintinib globally outside of China.
- **Culture:** Based on our reflection on HUTCHMED's development and culture with our employees' impactful input, we identified the Company's mission, vision, and values to support our strategy.
- **Leadership and talent development:** We established a clear and comprehensive HUTCHMED 3E Leadership Framework. It provides guidance for the learning and development of employees and managers to extend our mindset, and upgrade management capabilities comprehensively to support the achievement of HUTCHMED's strategic goals.
- **Learning platform:** We selected e-learning platforms for our people and encourage employees to continue learning based on individual developmental needs.
- **Compensation:** We continued to conduct employee compensation benchmarking surveys to ensure our pay philosophy and pay ranges are competitive with our peer group companies.

- **Recognition:** We rewarded talents that greatly contributed to key company projects with awards, to recognize and appreciate their special efforts and contributions.
- **Communication and collaboration:** We organized regular cross-functional town hall and team meetings to share company/functional strategy, objectives, key initiatives and achievements, and to listen to employees' voices proactively. We continue to take good care of our employees, e.g., organized cross-functional team buildings, set up nursing rooms, and etc. Each business unit has formed their own Diversity, Equity and Inclusion Team and/or Culture Committee to enhance employee engagement and two-ways communication.
- **Efficiency:** Driving digital projects to optimize business process efficiency, achieving the entire lifecycle online management from procurement and contracts to financial processes, improving paperless processes for Discovery departments through Electronic Laboratory Notebooks implementation.

In October 2023, an employee engagement survey – "Your Voice 2023" was conducted to elicit employees' expectations on the Company's priority areas. 1,724 employees responded to the online survey, representing an impressive response rate of 96%. During the online survey, employees provided valuable feedback on our employee engagement performance. Compared to our previous survey conducted in 2021, we have made progress in all 23 scoring dimensions and have exceeded the pharmaceutical industry benchmark in 14 dimensions. We achieved a score of 80 or above in 10 areas including Feedback, Purpose, Prospects, Leadership, Engagement, Empowerment, Action Taking, Growth, Culture, Belonging, which together indicates excellent performance. Our overall employee engagement score was 83 and exceeded the pharmaceutical industry benchmark by 9 points.

Employee Survey - Your Voice 2023

Response rate: **96%**

Progress made in all **23** scoring dimensions, exceeding the pharmaceutical industry benchmark in **14** dimensions.

Scoring **80/100** or above in **10** areas including Feedback, Purpose, Prospects, Leadership, Engagement, Empowerment, Action Taking, Growth, Culture, Belonging, which together indicates excellent performance.

Employee engagement **83/100**

Exceeded the pharmaceutical industry benchmark ⬆ **9%**

Throughout 2023, 4 town hall meetings were conducted. These meetings served as platforms for management to share the Company's latest updates with employees across mainland China, Hong Kong, Macau, and the U.S. offices. Employees took the opportunity to pose questions during the designated Q&A sessions of these town hall meetings.

In addition to attending town hall meetings and directly discussing their grievances with supervisors, employees have the option to voice their complaints and concerns through our Ethics whistleblowing hotline and HR escalation procedures with our grievance mechanism. The mechanism is meticulously designed to ensure that all complaints and concerns expressed by employees regarding the Group's business and operations are duly heard and addressed in a timely and appropriate manner. The procedures encompass two primary aspects: (i) Employees' ability to file complaints or raise concerns with the Company, and (ii) the Company's commitment to address the complaints received. During each Audit Committee meeting, the General Manager of Group Management Services is responsible for reporting to the Audit Committee on the complaints received since the last status report, the progress of all pending investigations, and the final resolutions and outcomes of all investigations that have been closed or completed since the previous report. A copy of each status report is also made available to the Chairman, CEO, and the Company Secretary to ensure transparency and accountability.

The channels available for employees to raise concerns or report potential ethical violations are as follows:

1. **Report directly to superiors:** If an employee believes that his/her superior or direct manager was the beneficiary or participant in an ethical violation, the employee can report it to a higher-level manager.
2. **HR department:** The HR department coordinates a dedicated team to handle ethics and compliance issues and ensure that company policies are closely followed.
3. **Corporate Compliance Committee:** The Compliance Committee oversees the Company's ethical and compliance standards. Employees can report their concerns directly to this committee.
4. **Internal audit team:** The internal audit team conducts regular compliance checks and audits. If an employee believes an ethics violation has occurred, the employee can provide information to this team and they will conduct the necessary investigation.

OCCUPATIONAL HEALTH AND SAFETY[108]

We regard our employees as our most treasured asset and are deeply committed to fostering a positive working culture and environment that enables them to perform to the best of their abilities.

MAINTAINING WORKPLACE SAFETY

The safety, health, and well-being of our employees at HUTCHMED are non-negotiable and fundamental principles. We prioritize occupational safety and health ("OHS") in all our business processes, guided by comprehensive management systems and procedures. The Group strictly adheres to environmental protection, occupational health, and work safety regulations in the countries and regions where we operate. Relevant policies and procedures are clearly formulated for employee compliance. We have also established an OHS governance structure led by senior management, ensuring oversight of our OHS management. A dedicated EHS team implements OHS policies across all levels of the organization, which ensures that the workplace is free from significant and recognized hazards, adhering strictly to the standards, rules, and regulations established by the U.S. Occupational Safety and Health Act. Furthermore, our EHS department in Shanghai has implemented the global EHS Quality Management System, satisfying the requirements outlined in ISO 9000/9001.

The EHS team conducts regular reviews of our safety measures, facilities, equipment and overall infrastructure to guarantee a secure working environment for our employees. Over the past three years, HUTCHMED has maintained zero work-related fatalities[109]. While enhancing the establishment and review of the Group's internal EHS system, we encourage our sites to obtain pertinent certificates for occupational health and safety management systems, environmental management systems and national work safety standards. Regular external audits are conducted to ensure the integrity and performance of our OHS management systems. Before use, our laboratories and facilities have to undergo testing against local and international standards and requirements by a qualified occupational health agency. Monthly inspections are also carried out by OHS specialists to ensure standards are maintained. In 2023, we have conducted comprehensive hazard identification and risk assessment. Our internal risk assessors are trained across various departments to identify potential risk areas and hazards. Based on the identified risk level, we can then implement risk mitigation measures to enhance our risk prevention and control plans.

To foster a secure work culture, we promote education and training related to EHS. Safety training is offered to all employees, including new hires, along with specialized training and team activities designed to enhance EHS knowledge, professional level and emergency response capabilities through diverse promotional and guidance methods. To ensure staff are kept up-to-date with the latest requirements, our laboratories regularly disseminate information on safety, environmental protection, regulations and policies. We remain committed to allocating substantial resources towards maintaining workplace safety.

Furthermore, we provide customized packages for our employees' annual health check-ups. We have a stringent policy in place to guarantee that personnel who have not undergone occupational health examination are not assigned to work in potentially hazardous environments. Additionally, we conduct annual job hazard assessment examinations for our workplaces. Employees are requested to promptly report any identified workplace hazards and we make sure our workplace safety is up to the regulatory standards.

The Group maintains zero tolerance for the concealment, misreporting, omission, or delayed reporting of OHS incidents. We are committed to continuously enhancing our emergency response capabilities to improve our ability to respond to emergencies effectively. This includes, but is not limited to, optimizing the allocation of emergency resources, increasing the training of emergency personnel, revising our emergency plans, accident handling and reporting procedures, and organizing various emergency drills for chemical leakage, fire, electric shock, biohazard and lift malfunction incidents. We have formed a highly qualified accident investigation team responsible for emergency response. This team is tasked with issuing comprehensive reports that summarize the impact and potential causes of incidents, along with the necessary steps to prevent similar occurrences in the future. The progress of follow-up actions is monitored promptly to ensure accountability and effective implementation.

[108] B2 Health and Safety; S8; KPI B2.3

[109] KPI B2.1

Occupational health and safety statistics[110]

	Unit	2022	2023
Work-related fatalities	No.	0	0
Lost days rate	Days per 200,000 working hours	2.23	0.85
Total training hours of health and safety	Hours	5,490	6,306

WORK-LIFE BALANCE

Holiday dinner

We highly prioritize the work-life balance of our employees and are committed to promoting their physical and mental well-being, thereby fostering a positive corporate culture. Throughout the year, we organize various team-building activities designed to inspire, enhance the wellbeing of our staff and to cultivate a strong sense of belonging towards the Company.

Flexible working mode, including flexible working hours and location, and compensation leave, have been implemented for suitable employees to arrange their most suitable work mode according to their own working habits and lifestyle. This arrangement not only improves work efficiency, but also takes care of employees' different family and life needs.

Team building events

[110] KPI B2.1; KPI B2.2

COMMUNITY INVESTMENT[111]

We remain committed to social responsibility by actively contributing to societal health protection and inclusive healthcare. We are passionate about empowering the community through a diverse range of projects, including charitable activities, healthcare support and educational assistance, thereby promoting the sustainable development of medical and healthcare services.

We invested in providing our communities with high-quality drug options. Our donations of 7,630 boxes of SULANDA® (surufatinib) through our patient access programs, as well as the treatment subsidy program of TAZVERIK® (tazemetostat), resulted in an estimated reduction of US$4.7 million in treatment costs in 2023. Furthermore, our employees actively participated in various community projects, logging over 130 volunteer hours.

Moreover, in 2023, we partnered with a nonprofit organization, "Here to Serve – Pediatric Cancer" and launched a special initiative for the holiday season to bring holiday cheer to lower income families dealing with cancer. "Here to Serve – Pediatric Cancer" is a nonprofit organization that provides critical support and resources to children and families facing the challenges of pediatric cancer. They offer a range of services including emotional support, financial assistance, and educational programs to help families cope with the emotional and financial burden of cancer treatment.

We are also committed to caring for children in the underprivileged rural areas in China. We have been supporting the development of young individuals living in impoverished conditions through direct sponsorships and the donation of resources to schools in China. Since 2013, about 2,000 students have been supported and have benefited through this ongoing initiative.

Since 2013, we have embarked on the community caring journey to provide support to a local village school in Ji'an City, Jiangxi Province. This year, we gathered educational resources, including over 1,100 textbooks, readers, learning tools, sports equipment and computers, with the intention of making a tangible impact on education and the overall well-being of children living in underprivileged conditions. In September when the new school year began, our Cultural Committee members delivered new school bags, stationery and gifts to the school to commemorate Teacher's Day and to reflect our commitment to enhancing the learning environment for young people.

In 2023, we continued to receive the "Caring Company" award from The Hong Kong Council of Social Service for the third consecutive year. This award is a recognition of our commitment in Caring for the Community, Caring for the Employees and Caring for the Environment over the past year.



Community care events

[111] B8 Community Investment; KPI B8.1-B8.2

PERFORMANCE DATA SUMMARY (ENVIRONMENTAL)[112]

GHG EMISSIONS[113]

(tCO_2e)	2023	2022	2021	2023 vs 2022 Change (%)
Scope 1 and 2 GHG emissions	6,960	6,675	8,213	4%
Scope 1, 2 and 3 GHG emissions	78,772	N/A	N/A	
Direct GHG emission (Scope 1)	320	244	313	31%
Indirect GHG emission (Scope 2)	6,640	6,431 Note 1	7,900 Note 1	3%
Other indirect GHG emission (Scope 3)	71,812	N/A Note 2	N/A Note 2	
Of which air travel:	917 Note 3	382	522	140%
Revenue (consolidated entities) (US$'000)	837,999 Note 4	426,409	334,388	97%
Scope 1 & 2 GHG emission intensity (tCO_2e/US$'000 revenue)	0.008	0.016	0.025	-47%
Scope 1, 2 & 3 GHG emission intensity (tCO_2e/US$'000 revenue)	0.094	N/A	N/A	

tCO_2e = tonnes (metric tons, t) of carbon dioxide (CO_2) equivalent (e)

Note 1: Scope 2 emissions in 2022 and 2021 are restated due to re-calculation of steam consumption and improved data accuracy.

Note 2: Scope 3 emissions in 2022 and 2021 are limited to business air travel. Scope 3 emissions in 2023 include all other indirect emissions that occur outside the company, covering both upstream and downstream emissions.

Note 3: It includes both FTEs' (830.4 tCO_2e) and CRO service providers' (86.6 tCO_2e) air travel emissions.

Note 4: 2023 includes US$280 million recognized from upfront payment by Takeda.

[112] The calculation standards and methodologies for GHG emissions were referenced from the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" by the Environment Protection Department and Electrical and Mechanical Services Department of the HKSAR Government. Emission factors for the reporting of GHG emissions were referenced from sources including the Sustainability Report 2021 of CLP Power Hong Kong Ltd, the average CO2 emission factors of China's Regional Grid in 2019 issued by the Ministry of Ecology and Environment of the People's Republic of China and "How to Prepare an ESG Report – Appendix 2 Reporting Guidance on Environmental KPIs" by the Hong Kong Stock Exchange. The reporting scope of each year corresponds to that of its sustainability reporting year.

[113] KPI A1.2

AIR EMISSIONS[114]

(kg)	2023	2022	2021	2023 vs 2022 Change (%)
Nitrogen Oxides (NO_x)	14.62	24.86	5.38	-41%
Sulphur Oxides (SO_x)	0.19	0.18	0.12	8%
Particulate matter (PM)	1.29	2.23	0.40	-42%

ENERGY CONSUMPTION[115]

(GJ)[Note 1,2]	2023	2022	2021	2023 vs 2022 Change (%)
Total Energy Consumption (kWH) ('000)	12,601	12,004 [Note 3]	14,500 [Note 3]	5%
Total Energy Consumption (GJ)	45,363	43,217 [Note 3]	52,200 [Note 3]	5%
Electricity consumption	34,201	32,557	41,140	5%
Steam consumption	10,700	10,241 [Note 4]	10,772 [Note 4]	4%
Natural gas consumption	0	0	0	0%
Diesel consumption	0	0	0	0%
Gasoline consumption	462	419	288	10%
Total energy intensity (GJ/US$'000 revenue)	0.054	0.101 [Note 3]	0.156 [Note 3]	-47%

Note 1: GJ = Giga Joule (GJ), which is equal to 1 x 10^9 joule (J) = 277.8 kWH

Note 2: Data from the U.S. office have been excluded in 2022 and 2021 because electricity is provided by the landlord

Note 3: The total energy consumption in 2022 and 2021 is reinstated due to reinstated steam consumption

Note 4: Steam consumption in 2022 and 2021 is restated due to re-calculation and improved data accuracy

[114] KPI A1.1

[115] KPI A2.1

WATER CONSUMPTION[116]

(cubic meters)	2023	2022	2023 vs 2022 Change (%)
Total water consumption	25,747	22,397	15%
Water consumption intensity (cubic meters/US$'000 revenue)	0.031	0.05	-38%

WASTEWATER DISCHARGE

(cubic meters)	2023	2022	2023 vs 2022 Change (%)
Total wastewater discharged	22,483	19,736	14%

PAPER

(tons)	2023	2022	2023 vs 2022 Change (%)
Total paper purchased	14	12 Note 1	17%

Note 1: Paper consumption in 2022 is restated due to re-calculation and improved data accuracy.

[116] KPI A2.2

PACKAGING MATERIALS[117]

(tons)	2023	2022	2023 vs 2022 Change (%)
Paper	16	12	33%
Plastic	7	6	17%
Metals	2	1	100%
Total	25	19	32%

WASTE AND RECYCLING[118]

Waste (tons)	2023	2022	2023 vs 2022 Change (%)
Non-hazardous waste	68	N/A [Note 1]	N/A
Hazardous waste	106	79	34%
Non-hazardous waste intensity (tons/US$'000)	0.000082	N/A [Note 1]	N/A
Hazardous waste intensity (tons/US$'000)	0.000126	0.000186	-32%

Note 1: Non-hazardous waste data in 2022 is adjusted based on reassessment of data and updated calculation method.

Waste recycled by type (tons)	2023	2022	2023 vs 2022 Change (%)
Paper	4.278	1.943	120%
Plastic	1.105	0.000	N/A
Metals	0.345	0.000	N/A
Glass	0.003	0.000	N/A
Fluorescent tubes	0.002	0.000	N/A
Total [Note 1]	5.733	1.943	195%
Printer cartridges (pieces)	144	82	76%

Note 1: Total weight of waste recycled excludes printer cartridges.

[117] KPI A2.5

[118] KPI A1.3, KPI A1.4

PERFORMANCE DATA SUMMARY
(SOCIAL)

WORKFORCE DEMOGRAPHICS[119]

Total number of employees	2023	2022	2021
	1,991	2,027	1,715

Total number of employees by age	2023		2022		2021	
	Female	Male	Female	Male	Female	Male
19 and below	0	0	0	0	0	0
20 - 29	242	189	304	203	236	160
30 - 39	570	495	539	475	456	402
40 - 49	203	205	199	195	170	181
50 - 59	36	33	49	38	47	42
60 and above	8	10	10	15	7	14
Total	1,059	932	1,101	926	916	799

Total number of employees by region	2023		2022		2021	
	Female	Male	Female	Male	Female	Male
Hong Kong	36	23	52	26	32	24
Mainland China	984	890	969	852	808	724
U.S., Europe and Others	39	19	80	48	76	51

Total number of employees by contract type	2023	2022	2021
Full-time	1,987	2,025	1,715
Part-time	4	2	0
Temporary	0	0	0

[119] KPI B1.1; S4.1; S4.3; S5.1 The reporting scope of each year corresponds to that of its sustainability reporting year.

Total number of employees by employee category	2023				2022				2021			
	Female		Male		Female		Male		Female		Male	
General staff	796	53.0%	708	47.0%	806	55.4%	649	44.6%	672	54.4%	564	45.6%
Middle management	259	55.0%	212	45.0%	288	52.4%	262	47.6%	241	52.2%	221	47.8%
Executive and Senior management	4	25.0%	12	75.0%	7	31.8%	15	68.2%	3	17.7%	14	82.4%
Total	1,059	53.2%	932	46.8%	1,101	54.3%	926	45.7%	916	53.4%	799	46.6%

EMPLOYEE TURNOVER RATE BY GENDER, AGE AND GEOGRAPHICAL REGION[120]

Employee turnover rate by gender (%)	2023	2022	2021
Male	26.8%	31.6%	26.7%
Female	22.1%	24.3%	19.3%
Total	24.3%	27.7%	22.7%

Employee turnover by age (%)	2023	2022	2021
19 and below	0%	0%	0%
20 - 29	35.0%	34.3%	26.0%
30 - 39	20.8%	27.8%	26.2%
40 - 49	16.9%	17.5%	14.0%
50 - 59	40.6%	29.9%	1.1%
60 and above	83.3%	40.0%	9.5%

Employee turnover by region (%)	2023	2022	2021
Hong Kong	13.6%	23.1%	16.1%
Mainland China	21.9%	27.4%	24.2%
U.S., Europe and Others	113.8% Note 1	35.1%	7.9%

Note 1 – Due to the restructuring of U.S. commercial operations in 2023, the number of leavers in U.S., Europe and Others is greater than the number of employees by year end.

Turnover rate (in relevant geographical region) = L(x)/E(x) * 100

L(x) = Employees in the specified region leaving employment

E(x) = Number of employees in the specified region

	2023	2022	2021
Voluntary employee (full-time) turnover (%)	19.7%	27.7%	22.5%

[120] KPI B1.2; S3.1-S3.2; SASB-BP-330a.2

Voluntary employee turnover by employee category (%)	2023	2022	2021
General staff	23.3%	N/A	N/A
Middle management	9.1%	N/A	N/A
Executives and senior management	0%	N/A	N/A
Total	19.7%	N/A	N/A

Involuntary employee turnover by employee category (%)	2023	2022	2021
General staff	1.9%	N/A	N/A
Middle management	12.7%	N/A	N/A
Executives and senior management	12.5%	N/A	N/A
Total	4.5%	N/A	N/A

New employee hires by gender	2023	2022	2021
Male	210	327	310
Female	181	397	410
Total	391	724	720

New employee hires by age	2023	2022	2021
19 and below	0	1	0
20 - 29	152	285	268
30 - 39	198	341	368
40 - 49	39	77	75
50 - 59	2	15	9
60 and above	0	5	0
Total	391	724	720

New employee hires by region	2023	2022	2021
Hong Kong	6	18	12
Mainland China	384	679	645
U.S., Europe and Others	1	27	63
Total	391	724	720

OCCUPATIONAL HEALTH AND SAFETY DATA[121]

Safety Performance	Unit	2023	2022	2021
Total training hours of health and safety	Hours	6,306	5,490	N/A
Work-related fatalities	Cases	0	0	N/A
Rate of work-related fatalities Note 1	%	0	0	N/A
Lost days rate Note 1	%	0.85	2.23	N/A
Lost days due to work injury	Days	17	45	N/A

Note 1: Calculated based on 200,000 hours worked

TRAINING[122]

Percentage of employees trained by employee category	2023	2022	2021
General staff	100%	100%	100%
Middle management	100%	100%	100%
Executive and Senior management	100%	100%	100%
Total	100%	100%	100%

Percentage of employees trained by gender	2023	2022	2021
Male	100%	100%	100%
Female	100%	100%	100%
Total	100%	100%	100%

Average training hours by gender	2023	2022
Male	22.0	23.8
Female	20.7	22.0
Total	21.3	22.8

[121] KPI B2.1-B2.2; S7

[122] KPI B3.1; KPI B3.2

Average Training hours by employment category	2023	2022
General staff	20.8	23.7
Middle management	21.8	20.8
Executive and Senior management	24.0	14.6
Total	21.1	22.8

Total training hours on the following topics	2023	2022
Code of Ethics	503	532
Anti-corruption and Compliance	1,830	2,100
Health and Safety	6,306	5,490
Others (including new hires induction training, academic lectures and forums, quality control, general skills, management and leadership trainings)	33,082	39,235
ESG	698	N/A
Total	42,419	47,375

Number of parental leave	2023		2022		2021	
	Female	Male	Female	Male	Female	Male
Entitled by gender	31	12	27	18	16	12
Taken by gender	30	12	27	18	16	12
Returned to work after parental leave, by gender	30	12	25	18	16	12
Returned to work rate	100%	100%	93%	100%	100%	100%

NON-CONSOLIDATED JOINT VENTURE

SHPL is an own-brand prescription drugs business that is 50.0% owned by HUTCHMED. Shanghai Pharmaceuticals Holding Co., Limited is the other 50.0% joint venture partner. As a non-consolidated business, its revenue is not included in the total revenue of HUTCHMED.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

The manufacturing facility of SHPL is certified with Good Manufacturing Practice and holds 74 drug product manufacturing licenses. The primary product manufactured by SHPL is the She Xiang Bao Xin (SXBX) pill, an oral vasodilator prescription therapy developed specifically for coronary artery disease.

SHPL has implemented stringent quality control measures for products, ensuring quality standards for raw materials, excipients and packaging materials. It has also developed intermediate control requirements for each stage of production, encompassing production process controls and quality standards for intermediate and final products. It has established an ISO 9001 certified quality management system covering drug production, drug vigilance and sales.

To ensure compliance, SHPL conducts regular self-inspections and annual external audits to ensure its overall risks are well-managed. In 2023, no product quality-related complaints were received.

CLIMATE ACTION

SHPL has implemented robust environmental management practices, evident through its ISO 14001-certified environmental management system. It has also obtained ISO 50001 certification for its energy management system.

In 2021, significant improvements were made at the SHPL factory, specifically in the chilled water process. The 24-hour chilled water system was integrated with the chilled water process unit, resulting in an estimated annual coal saving of 14.5 tonnes.

Furthermore, SHPL has prioritized the adoption of renewable energy sources. To this end, a solar panel system with a capacity of 21.8 kW was installed at the factory. The electricity generated by the solar panels is connected to the wastewater treatment system. As of January 2024, the cumulative electricity production from the solar panels has reached 57,855 kWh.

Moving forward, SHPL plans to expand its sustainability efforts by adopting the condensate recovery system, upgrading the boiler system at the factory to reduce nitrogen oxide emissions, and a Phase 2 project has also been scheduled for the installation of solar panels. This project will have a total installed capacity of 1,150 kW and is anticipated to generate an average annual electricity output of 1.18 million kWh. Consequently, it should contribute an average annual reduction of 337 tons in coal consumption and a decrease of 673 tonnes in carbon emissions. In 2023, the total Scope 1 and 2 carbon emissions from SHPL were 17,165 tonnes and water consumption was 265,132 cubic meters.

SHPL recognizes that Chinese medicine residues have high recycling value, and so it partnered with a local composting company to recycle Chinese medicine residue and sludge that arises from its factories. In 2023, 2,789 tonnes of Chinese medicine residue and sludge were diverted from the waste stream to the composting company for recycling as organic fertilizer. Notably, SHPL achieves 100% resource utilization for major solid waste, and observes a 17% reduction in non-hazardous waste. The amount of plastics being recycled also increased by 19% in 2023. SHPL engaged a qualified waste treatment contractor to handle its hazardous waste and has a designated storage area to prevent leakage of toxic substance to the environment. Qualified third-party contractors are appointed at SHPL to conduct regular testing and monitoring on chemical oxygen demand and ammonia nitrogen concentrations of the treated wastewater from the facility.

HUMAN CAPITAL MANAGEMENT

The SHPL operations are supported by a workforce of 3,005 staff members, including about 2,300 staff in its commercial team and about 560 in its manufacturing team. A health and safety system that is certified with ISO 45001:2018 is implemented in SHPL. Its laboratories and facilities are tested against local and international standards and requirements by a qualified occupational health agency prior to use. To monitor employees' health, SHPL arranges regular medical examinations for all staff. It also provides employees with appropriate personal protection equipment for high-risk operations. In 2023, there was no record of non-compliance related to health and safety.

Separately, in 2023, over 2,300 training sessions were conducted across different business departments, encompassing a wide range of topics, such as sustainability, anti-bribery and corruption, compliance, corporate culture, core values, product knowledge, professional expertise, technical skills, and managerial techniques. A total of 138,000 training hours were recorded throughout the year. According to the results of an employee engagement survey conducted in 2023, 80% of staff were satisfied with the working environment and development at SHPL.

SOCIAL ENGAGEMENT

SHPL committed to enhancing its social responsibility through its dedication to charitable endeavors and community welfare initiatives. The company actively contributes to society by prioritizing health protection and inclusive healthcare. SHPL is deeply invested in empowering the community through various projects, such as charitable activities, support for healthcare and education. These initiatives aim to foster the sustainable development of medical and health services, thereby creating a positive impact on society.

By building its 84th library in Chengkou, a rural county in southwest China, SHPL has demonstrated its dedication to bringing education to underprivileged communities. Access to education is a key driver of social development and can significantly improve the quality of life for individuals and communities.

Furthermore, it showcased the expertise in Chinese medicine by conducting a course on traditional Chinese medicines for the children in Chengkou. This initiative not only promoted knowledge and awareness of Chinese heritage but also inspired children to explore the field of healthcare and potentially become future healthcare practitioners. By combining education with cultural preservation, SHPL is fostering a sense of pride and connection to their Chinese heritage among the younger generation.

SHPL has made significant progress in its journey towards the internationalization of traditional Chinese medicine. One notable achievement is the successful export of their product, Biliflow, to Canada. SHPL underwent a rigorous registration process to meet the requirements set by Health Canada. After thorough analysis and preparation, Biliflow received the necessary regulatory approvals and obtained the Natural Product Number in Canada. To ensure the quality and compliance of their overseas production site, SHPL obtained the Foreign Site Reference Number from Health Canada, making them the first Chinese herbal medicine manufacturer to receive this certification.

SHPL collaborated with a Canadian importing partner, sharing a common vision for the internationalization of Chinese medicine. They signed sales agreements and meticulously designed product packaging to meet the specific regulations of the Canadian pharmaceutical market. The successful export of Biliflow to Canada was made possible through the dedication and cooperation of various departments within SHPL. This accomplishment demonstrates SHPL's commitment to sustainability principles. It showcases their adherence to regulatory standards, dedication to quality assurance, and their efforts to expand access to traditional Chinese medicine globally.

AWARDS AND RECOGNITION

SHPL has been consistently recognized and honored for its outstanding achievements. The dedication to sustainability and responsible business practices has garnered prestigious awards and notable recognition within the industry.

SHPL has received the prestigious "2023 Forward-looking Employer Award" at the HRise 2023 Fourth Annual Human Resources Forward-thinking Summit. The company was recognized for its outstanding products, advanced technology, comprehensive welfare system, vibrant organizational culture, and diverse career development paths. The Forward-looking Employer Award aims to honor enterprises and institutions that excel in employer brand building, employer brand communication, building happy workplaces, and ESG practices. SHPL remains committed to nurturing its employer brand and fostering the growth and development of its employees through innovative approaches and a forward-thinking perspective.

Community event


Export of Biliflow to Canada

REPORTING INDEX

1) HKEX, NASDAQ, LSE GROUP AND GRI ESG REPORTING GUIDES CONTENT INDEX

This Report has been prepared in accordance with the provisions of the latest ESG Guide issued by the HKEX, and also with reference to the Nasdaq ESG Reporting Guide, and the LSE Group's ESG Reporting Guidance, as well as the GRI Standards. The table below summarizes where relevant disclosures could be found throughout this report. Relevant SDGs are also cross-referenced below.

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
MDR 13	A statement from the board containing the following elements: i. a disclosure of the board's oversight of ESG issues; ii. the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and iii. how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	E8, E9, E10, G3, G8, G9	–	–	2023 Sustainability Highlights Sustainability Governance Sustainability Strategy	P.4 P.15-19 P.26-27	
MDR 14	A description of, or an explanation on, the application of the (i) Materiality, (ii) Quantitative, (iii) Consistency reporting principles	G8, G9	–	3-1, 3-2	About This Report Sustainability Strategy	P.3 P.23-25	
MDR 15	Reporting boundaries of the ESG report and the process of setting them	G8, G9	–	3-1	About This Report	P.3	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Environment							
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.	E7	–	3-3	Environmental Policy Climate Action The Company is not aware of any non-compliance that had a significant impact on the Company in the reporting year.	P.20 P.57	 
KPI A1.1	The types of emissions and respective emissions data.	E2	–	305-1, 305-2, 305-7	Scope 3 Screening and Measurement Performance Data Summary (Environmental)	P.60-61 P.75	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity.	E1 E2	–	305-1, 305-2, 305-4	Scope 3 Screening and Measurement Performance Data Summary (Environmental)	P.60-61 P.74	
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity.	E7	–	306-3, 306-4, 306-5	Waste and Packaging Performance Data Summary (Environmental)	P.62 P.77	
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity.	E7	–	306-3, 306-4, 306-5	Waste and Packaging Performance Data Summary (Environmental)	P.62 P.77	
KPI A1.5	Description of emissions target(s) set, and steps taken to achieve them.	E1, E2	–	3-3, 305-5	Sustainability Governance Environmental Goal Climate Action	P.15-19 P.28 P.55-56	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them.	E7	–	3-3	Waste and Packaging	P.62	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Environment							
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	E7	–	3-3	Sustainability Governance Environmental Policy Climate Action	P.20 P.20 P57	12
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	E3, E4, E5	Energy use	302-1, 302-3	Performance Data Summary (Environmental)	P.75	
KPI A2.2	Water consumption in total and intensity.	E6	–	303-1, 303-3, 303-5	Water Use Performance Data Summary (Environmental)	P.63 P.76	
KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	E6	–	302-4	Sustainability Governance Environmental Goal Climate Action	P.15-19 P.28 P.55, 58-59	7
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	E6	–	–	Water Use	P.63	
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	E7	–	301-1, 301-3, 306-4, 306-5	Performance Data Summary (Environmental)	P.77	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Environment							
A3 The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	E7	–	3-3	Sustainability Governance Environmental Policy Climate Action	P.20 P.20 P.57	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	E7	–	3-3, 305-1, 305-2,	Climate Action	P.57	
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.	E8, E9, E10	–	–	Sustainability Governance Environmental Policy Climate Action	P.16-19 P.20 P.57	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	E8, E9, E10	–	–	Climate Action	P.57-59	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Employment and Labour Practices							
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.	S6, S8, S9, S10, G1, G6	–	3-3	Sustainability Governance Human Rights and Labor Rights Human Capital Management	P.20 P.32 P.64-70	5 GENDER EQUALITY
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	S4, S5	Share of temporary staff	2-7, 2-8, 2-21, 405-1	Performance Data Summary (Social)	P.78-79	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	S3	Staff turnover rates	3-3, 401-1	Performance Data Summary (Social)	P.79-80	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Employment and Labour Practices							
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.	S8	–	3-3	Sustainability Governance Occupational Health and Safety	P.20 P.71	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	S7	–	403-9, 403-10	Occupational Health and Safety Performance Data Summary (Social) Over the past three years, there were no reported work-related fatalities.	P.72 P.81	
KPI B2.2	Lost days due to work injury.	S7	–	403-9, 403-10	Occupational Health and Safety Performance Data Summary (Social)	P.72 P.81	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	S8	–	403-1, 403-2, 403-4, 403-5	Occupational Health and Safety	P.71	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Employment and Labour Practices							
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	–	–	3-3, 205-2, 403-5, 404-2, 404-3	Talent Development and Engagement	P.68	5, 8
KPI B3.1	The percentage of employees trained by gender and employee category.	–	–	–	Talent Development and Engagement Performance Data Summary (Social)	P.69 P.81	
KPI B3.2	The average training hours completed per employee by gender and employee category.	–	Employee training hours	404-1	Talent Development and Engagement Performance Data Summary (Social)	P.69 P.81-82	
B4 Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	S9, S10	–	3-3	Sustainability Governance Human Rights and Labor Rights The Company had no reported cases of non-compliance related to child and forced labor in the reporting year.	P.20 P.32	8, 16
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	S9, S10	–	408-1, 409-1	Human Rights and Labor Rights	P.32	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	S9, S10	–	408-1, 409-1	Human Rights and Labor Rights	P.32	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Operating Practices							
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	S9, S10, G5, G6		3-3	Sustainability Governance	P.20	
					Human Rights and Labor Rights	P.32	
					Responsible Supply Chain Management	P.41-42	
KPI B5.1	Number of suppliers by geographical region.	–	–	204-1	Responsible Supply Chain Management	P.41	
					Number of Suppliers by Geographical Region	P.41	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	G5	–	308-1, 414-1	Responsible Supply Chain Management	P.41-42	
					Number of Suppliers by Geographical Region	P.41	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	G5	–	–	Responsible Supply Chain Management	P.41-42	
					Number of Suppliers by Geographical Region	P.41	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are -implemented and monitored.	–	–	–	Responsible Supply Chain Management	P.41-42	
					Product Sustainability	P.63	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Operating Practices							
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	–	–	3-3, 416-1	Sustainability Governance Data Privacy and Security Intellectual Property Responsible Commercialization Research and Development The Company is not aware of any incident of non-compliance that had a significant impact to the Company in the reporting year.	P.20 P.33 P.33-34 P.35-36 P.43-44	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–	–	–	Anti-Counterfeiting & Product Traceability Adverse Events No recalls in relation to products and services were received in the reporting year.	P.39 P.40	
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	–	–	417-2, 417-3, 418-1	Whistleblowing Adverse Events No significant complaint was received in the reporting year.	P.34 P.40	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	–	–	–	Intellectual Property	P.33-34	
KPI B6.4	Description of quality assurance process and recall procedures.	–	–	–	Sustainability Governance Adverse Events Product Quality and Safety	P.20 P.40 P.50	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	G7	–	3-3	Sustainability Governance Data Privacy and Security	P.20 P.33	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Operating Practices							
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.	G6	–	3-3, 205-3	Sustainability Governance Code of Conduct and Anti-corruption The Company is not aware of any incident of noncompliance that had a significant impact to the Company in the reporting year.	P.20 P.31	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	G6	–	205-1, 205-3	Code of Conduct and Anti-corruption No reported legal cases of corruption brought against the Company or its employees that had a significant impact on the Company in the reporting year.	P.31	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	–	–	–	Code of Conduct and Anti-corruption Employee Awareness Whistleblowing	P.31 P.32 P.34	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	G6	Employee training hours	205-2	Employee awareness Anti-Corruption Training	P.32 P.32	

HKEX ESG Guide Aspect and KPI		Nasdaq	LSE	GRI	Section/Remark	Page	UN SDG
Community							
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.	–	Social and community investment	3-3	Community Investment	P.73	 
KPI B8.1	Focus areas of contribution.	–	Social and community investment	413-1	Community Investment	P.73	
KPI B8.2	Resources contributed to the focus area.	–	Social and community investment	413-1	Community Investment	P.73	

2) SASB CONTENT INDEX

The Report has been prepared in accordance with reference to the SASB Biotechnology & Pharmaceuticals Sustainability Accounting Standard. The table below summarizes where relevant disclosures could be found throughout this report.

Disclosure Topic	SASB Standards	Disclosure Metric	Remark and References	Page
Safety of Clinical Trial Participants	SASB-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials.	N/A	N/A
	SASB-BP-210a.2	Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1)Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI).	Research & Development During the reporting year, there were no FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI).	P.48
	SASB-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries.	Research & Development During the reporting year, there were no monetary losses as a result of legal proceedings associated with clinical trials in developing countries.	P.47
Access to Medicines	SASB-BP-240a.1	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index.	Access to Healthcare	P.53-54
	SASB-BP-240a.2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP).	N/A	N/A

Disclosure Topic	SASB Standards	Disclosure Metric	Remark and References	Page
Affordability & Pricing	SASB-BP-240b.1	Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorised generic product to market for a defined time period.	Access to Healthcare During the reporting year, there were no settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorised generic product to market for a defined time period.	P.53
	SASB-BP-240b.2	Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year.	Access to Healthcare During the reporting year, there was no percentage change in (1) average list price and (2) average net price across U.S. product portfolio compared to previous year as we do not lead any product commercialization in the U.S..	P.53
	SASB-BP-240b.3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year.	Access to Healthcare There was no percentage change in (1) list price and (2) net price of product with largest increase compared to previous year.	P.53
Drug Safety	SASB-BP-250a.1	List of products listed in the FDA MedWatch Safety Alerts for Human Medical Products database.	N/A	N/A
	SASB-BP-250a.2	Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System.	Responsible Commercialization During the reporting year, there were no fatalities associated with products as reported in the FDA Adverse Event Reporting System.	P.40
	SASB-BP-250a.3	Number of recalls issued, total units recalled.	Responsible Commercialization During the reporting year, there were no quality-related adverse events or product recalls occurred.	P.40
	SASB-BP-250a.4	Total amount of product accepted for takeback, reuse, or disposal.	Responsible Commercialization During the reporting year, there were no product accepted for takeback, reuse, or disposal.	P.40
	SASB-BP-250a.5	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type.	Research & Development During the reporting year, there were also no FDA enforcement actions taken in response to violations of current Good Manufacturing Practices.	P.50

Disclosure Topic	SASB Standards	Disclosure Metric	Remark and References	Page
Counterfeit Drugs	SASB-BP-260a.1	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting.	Responsible Commercialization We incorporate serialized barcodes on the product carton boxes. These unique barcodes serve as identifiers that can be scanned and traced throughout the supply chain. By printing serialized barcodes on the carton boxes, it enables efficient tracking and verification of each product unit, allowing for accurate monitoring of the product's journey from production to distribution.	P.39
	SASB-BP-260a.2	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products.	Responsible Commercialization When a potential or confirmed case of counterfeit products is identified, we promptly initiate a comprehensive investigation to gather evidence and assess the scope of the issue. Internal teams collaborate with law enforcement agencies, regulatory bodies, and other relevant stakeholders to address the situation effectively.	P.39
	SASB-BP-260a.3	Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products.	Responsible Commercialization In 2023, no actions have led to raids, seizure, arrests, or filing of criminal charges related to counterfeit products.	P.39
Ethical Marketing	SASB-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims.	Responsible Commercialization We were also not aware of any monetary losses as a result of legal proceedings associated with false marketing claims.	P.39
	SASB-BP-270a.2	Description of code of ethics governing promotion of off-label use of products.	N/A	N/A
Employee Recruitment, Development & Retention	SASB-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel.	Talent Acquisition and Retention	P.66-67
	SASB-BP-330a.2	(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) midlevel managers, (c) professionals, and (d) all others.	Performance Data Summary (Social)	P.79-80

Disclosure Topic	SASB Standards	Disclosure Metric	Remark and References	Page
Supply Chain Management	SASB-BP-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients.	Responsible Commercialization 100% of our Tier I suppliers participated either in the Rx–360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third–party audit programs for integrity of supply chain and ingredients.	P.42
Business Ethics	SASB-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery.	Business Ethics and Anti-Corruption There were also no material monetary losses as a result of legal proceedings associated with corruption or bribery.	P.31
	SASB-BP-510a.2	Description of code of ethics governing interactions with health care professionals.	Business Ethics and Anti-Corruption Through business partnerships, we also follow RDPAC Code of Practice, which is contained in our internal SOPs and policies, such as Interactions with HCP, HCO and Patient Organizations.	P.31

3) TCFD CONTENT INDEX

This Report has been prepared in accordance with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The table below summarizes where relevant disclosures could be found throughout this report.

Disclosure Area	Recommended Disclosure	Remark and References
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Sustainability Governance Climate Action
	Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Governance Climate Action
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Climate Action
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate Action
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	Climate Action
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	Sustainability Governance Climate Action
	Describe the organisation's processes for managing climate-related risks.	Sustainability Governance Climate Action
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Sustainability Governance Climate Action
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate Action
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks.	Climate Action Performance Data Summary (Environmental)
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Sustainability Governance Climate Action

LIST OF ABBREVIATIONS

Abbreviation	Definition
"3R"	Replacement, Reduction, and Refinement
"AAALAC"	The Association for Assessment and Accreditation of Laboratory Animal Care
"ABAC"	Anti-Bribery and Anti-Corruption Policy
"AE"	Adverse Events
"API"	Active Pharmaceutical Ingredient
"ARPs"	Animal Research Protocols
"ASCO"	American Society of Clinical Oncology
"CAPA"	Corrective Action and Preventive Action
"COD"	Chemical Oxygen Demand
"CPHCF"	China Primary Health Care Foundation
"CRC"	Colorectal Cancer
"CSCO"	Chinese Society of Clinical Oncology
"CSR"	Corporate Social Responsibility
"CTMS"	Clinical Trial Management System
"EHS"	Environmental, Health and Safety
"EMA"	European Medicines Agency
"ERM"	Enterprise Risk Management
"ESG"	Environmental, Social and Governance
"ESMO"	European Society for Medical Oncology
"eTMF"	electronic Trial Master File
"FDA"	U.S. Food and Drug Administration
"GCP"	Good Clinical Practices
"GHG"	Greenhouse gas
"GLP"	Good Laboratory Practices
"GMP"	Good Manufacturing Practices
"GRI"	Global Reporting Initiative
"GVP"	Good Pharmacovigilance Practices
"HCO"	Healthcare Organizations
"HCP"	Healthcare Professionals

"HKEX"	The Stock Exchange of Hong Kong Limited
"HKQAA"	Hong Kong Quality Assurance Agency
"HHO"	Hutchison Hain Organic (Hong Kong) Limited
"HHL"	Hutchison Healthcare Limited
"HSI"	Hang Seng Index
"HSN"	HUTCHMED Science Nutrition Limited
"Hutchison Sinopharm"	Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Limited
"ICH"	International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
"IEC"	Independent Ethics Committee
"IFRS"	International Financial Reporting Standards
"INED"	Independent Non-executive Director
"IT"	Information Technology
"IP"	Intellectual Property
"KPI"	Key Performance Indicators
"LSE"	London Stock Exchange
"LTIP"	Long Term Incentive Plan
"MAA"	Marketing Authorization Application
"MDR"	Mandatory Reporting Requirement of HKEX
"MET"	Mesenchymal–Epithelial Transition
"MHRA"	U.K. Medicines and Healthcare Products Regulatory Agency
"NDA"	New Drug Application
"NED"	Non-executive Director
"NETs"	Neuroendocrine tumors
"NHSA"	China National Healthcare Security Administration
"NIST"	U.S. National Institute of Standards and Technology
"NMPA"	China National Medical Products Administration
"NPP"	Named Patient Program
"NRDL"	National Reimbursement Drug List
"NSCLC"	Non-Small Cell Lung Cancer
"OHS"	Occupational Health and Safety
"PAI"	Pre-Approval Inspection
"PCT"	Patent Cooperation Treaty
"PDUFA"	Prescription Drug Users Fee Act
"PMDA"	Japan Pharmaceuticals and Medical Devices Agency
"PMI"	Process Mass Intensity
"R&D"	Research and Development
"RDPAC"	R&D-based Pharmaceutical Association Committee
"SAE"	Serious Adverse Events
"SASB"	Sustainability Accounting Standards Board
"SDGs"	United Nations Sustainable Development Goals
"SHPL"	Shanghai Hutchison Pharmaceuticals Limited

"SOPs"	Standard Operating Procedures
"STCSM"	The Science and Technology Commission of Shanghai Municipality
"SXBX"	She Xiang Bao Xin
"TCFD"	Task Force on Climate Related Financial Disclosures
"TPRM"	Third-Party Risk Management
"VEGFR"	Vascular Endothelial Growth Factor Receptor
"VOC"	Volatile Organic Compounds

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