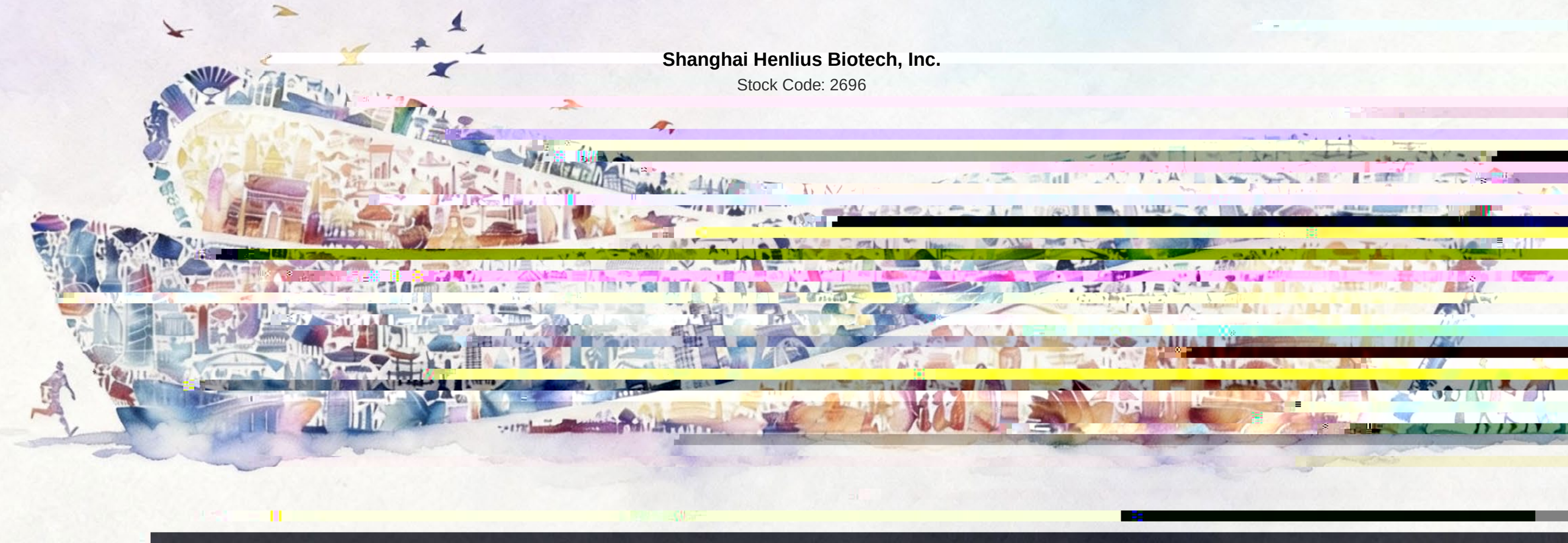
2025 ESG Report

Shanghai Henlius Biotech, Inc.

Stock Code: 2696



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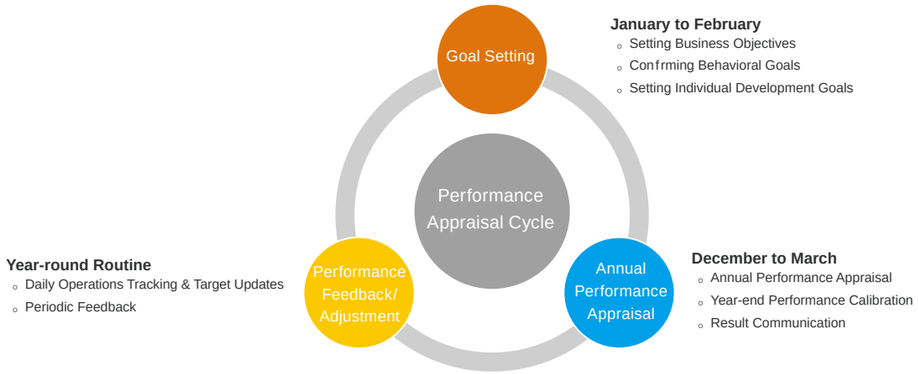
Employee Motivation and Care

Optimizing Incentive Mechanism

Henlius provides competitive compensation aligned with industry and local market practices and operates a full performance management cycle covering goal setting, performance reviews, and annual appraisals. Employees, including non-officer and non-sales staff, are eligible for variable cash compensation such as performance bonuses, linking pay to individual performance and business outcomes.

To enhance the fairness of performance management and employee incentive systems, Henlius leverages performance management tools such as the Performance Measurement Baseline (PMB) and Key Performance Indicators (KPIs) to continuously optimize performance management and incentive mechanisms. The Company dynamically adjusts performance objective components and promptly refines performance management priorities in response to business needs.

Henlius Full-Performance Management Cycle



The Company conducts regular company-wide performance assessments annually and provides regular performance appraisals and feedback to all employees through comprehensively evaluating employees' achievement of work objectives, work attitude, capability improvement, team contribution, and leadership over the past year. The full performance cycle includes, but is not limited to, the following stages:

Goal Setting	Ongoing Feedback and Adjustment	Regular Appraisal and Appeal Mechanism
Set targeted performance goals for all employees to ensure alignment with the Company's strategic direction.	Managers monitor employee performance through regular meetings and formal/ informal discussions, promptly provide feedback and improvement suggestions, and negotiate adjustments to performance goals as needed.	Managers conduct one-on-one communication with employees based on evaluation results, explaining the assessment rationale and providing development suggestions. Employees may file an appeal within 3 working days if they object to the results, with prompt review and response by superior managers or the human resources department.

To further enhance the standardization and effectiveness of performance management, the Company continues to apply the PIP (Performance Improvement Plan) Management Operation Guidelines and Performance Management Practical Guidelines, with focused efforts on advancing the following management initiatives:

Managerial Upskilling	Training for Newly Appointed Managers: Conduct 1–2 specialized training sessions on "Performance Goal Setting and Feedback Interviews" for newly appointed managers each year to rapidly strengthen their performance management capabilities.
	Performance Capability Development: Departments continuously reinforce performance management skills among managers at all levels through performance workshops, thematic tea talks, and communication meetings.
	Low-Performance Employee Management: Develop specific operational guidelines and organize training salons to enhance managers' coaching and improvement capabilities for low-performing employees.
Performance Appraisal Appeal Mechanism	Employees who have objections to their performance appraisal results may submit a written appeal to the HRBP within three working days upon receiving the results.
	The appeal will be promptly reviewed by the next-level supervisor or the Human Resources Department, and the outcome will be communicated back to the employee, ensuring a fair and transparent process.

Henlius has established a company-wide long-term incentive framework that includes Restricted Stock Unit (RSU) schemes, Employee Stock Ownership Plans (ESOP), and other equity-based incentive programs to support the Company's long-term strategic objectives. Under this framework, all regular full-time employees are eligible to participate in the Company's employee equity incentive programs, enabling broad-based employee participation in long-term value creation. Equity incentives are granted based on role, performance, and business needs. During the Reporting Period, 283 employees were granted equity incentives, representing 7.5% of the total workforce.

Furthermore, the Company has instituted several special recognition awards.

Major Contribution Project Incentive Award	In 2025, Henlius continued to roll out the "Major Contribution Project Incentive Award", which is open to all employees of the Company. The award aims to recognize and reward teams and individuals who delivered outstanding performance, remarkable achievements, and significant contributions to the Company during the year. In 2025, the award covered over 60 major projects and was granted to more than 1,000 recipients.
Cheering Award	In 2025, Henlius sustained the "Cheering Award" initiative to encourage all employees to actively practice a "quality culture." The award is presented quarterly with no predetermined cap on the number of recipients, and the bonus amount flexibly ranges from CNY 300 to 2,000.

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Chapter
General Disclosure	Policies on managing environmental and social risks of the supply chain.	
B5: Supply Chain Management		

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Shanghai Henlius Biotech, Inc.

Address: 11/F, B8 Building, No.188 Yizhou Rd, Xuhui District, Shanghai

Postcode: 200233

Tel: +86 21 33395800

www.henlius.com