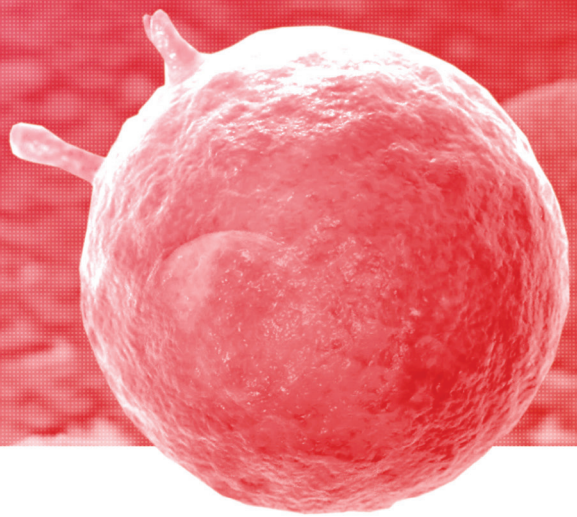
BeiGene

BeiGene, Ltd.
百濟神州有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : NASDAQ : BGNE HKEX : 06160

CANCER HAS NO BORDERS
NEITHER DO WE



2019
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THE REPORT

This Environmental, Social and Governance ("ESG") report provides information on the ESG performance of our Company for the period from January 1, 2019 to December 31, 2019. This ESG report is prepared in accordance with the ESG Reporting Guide, Appendix 27 to the HK Listing Rules. This report is to be read in conjunction with the Company's 2019 Annual Report, in particular the Corporate Governance Report.

Our major operations are in China, and we have offices located in Asia-Pacific, North America and Europe. Unless otherwise specified, the scope of this ESG report covers the operations in China.

II. ESG STRATEGY AND GOVERNANCE

i. ESG Strategy

We are a global, commercial-stage research-based biotechnology company focused on molecularly-targeted and immuno-oncology cancer therapeutics. Our vision, mission, values and behavior guidelines demonstrate our core ESG strategy.

- **Our Vision**

  Transform the biopharmaceutical industry, creating impactful medicines that will be affordable and accessible to far more cancer patients around the world.

- **Our Mission**

  Build the first next-generation biopharmaceutical company – one that expands the highest quality therapies to billions more people – through courage, persistent innovation, and challenging the status quo.

- **Our Values**

  - **All Patients First.** Striving to improve the health and well-being of all patients, regardless of location or income.

  - **Transformational Mindset – Challenging the Status Quo.** Embracing innovative ways of doing things at all levels, and stretching our minds to accomplish things that others thought were impossible.

- **Sense of Urgency, With Commitment to Quality and Compliance.** Maintaining our sense of urgency and agility with a relentless dedication to quality and compliance, with a commitment to continuous improvement.

- **Regional and Functional Teamwork.** Creating superior teamwork through open, authentic communication and respect for individual differences to enable excellence cross-functionally and around the world.

- **Global Capabilities, Local Expertise.** Operating at the highest global standards, while understanding and respecting the value and importance of local expertise.

- **Effective Non-Hierarchical Decision-Making.** Involving inclusively the appropriate people; communicating openly and transparently, listening actively, considering all options; articulating a scientific/logic-based decision, and aligning to support decisions made.

- **Individual Growth.** Creating an environment, built on diversity and inclusion, in which all employees have an opportunity to grow professionally, affect the world meaningfully, and build lifelong friendships with exceptional people.

• **Our Behavior Guidelines**

How we get things done is just as important as what we accomplish – we operate with an unwavering commitment to compliance, ethics, and integrity, and always treat fellow colleagues with respect and dignity.

ii. ESG Governance and Management

We pursue our business objectives with integrity, trust and respect, and in compliance with applicable laws and regulations. We have integrated ESG considerations into our operations. Organizational and management systems for ESG have been established based on the characteristics of our business. Our Board is responsible for reviewing our ESG strategy and performance and the annual ESG report, and the relevant departments are responsible for the implementation of ESG-related work. We continuously optimize these systems in order to improve our ESG performance.

iii. Sustainable Development Goals

The United Nations Sustainable Development Goals ("SDGs") are the blueprint to achieve a better and more sustainable future for all. At BeiGene, we have identified our SDG priorities, and have taken actions to contribute to the advancement of the SDGs.

It is our vision to create impactful medicines that will be affordable and accessible to far more cancer patients around the world. The sections headed "Product Quality Control" and "Community Investment" illustrate our commitment and actions to promote people's health and well-being.

We foster a culture of learning and provide training programs tailored to the needs of all employees. See the section headed "Training and Development" for more information.

One of our values is that we embrace innovative ways of doing things at all levels, and stretch our minds to accomplish things that others thought were impossible. Since the Company was founded, we have made great achievements in medical innovation. See the section headed "Intellectual Property Rights" for more information.

Our employees are from diverse backgrounds, and we place significant emphasis on creating a diverse and inclusive environment. See the section headed "Diversity and Equal Opportunities" for more information.

We have established an environmental management system for energy conservation and emission reduction. The section headed "Environment" describes how we reduce our environmental impact.

We promote a culture of compliance and ethical operations, and set up comprehensive risk-based monitoring programs. In the sections headed "Anti-Corruption" and "Supply Chain Management", you can read about our anti-bribery and anti-corruption efforts.

iv. Stakeholder Engagement

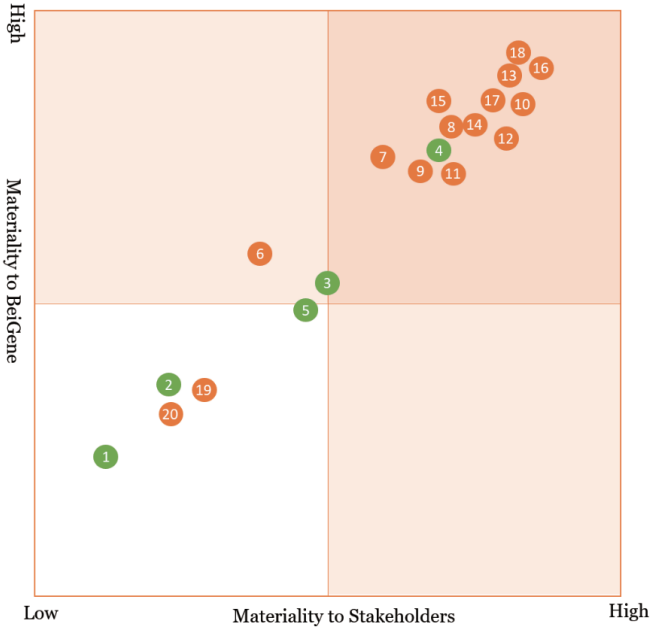
We have maintained close communication with our stakeholders and established channels to understand their opinions on the Company's ESG performance and future development strategy. According to our business characteristics, we identified the main stakeholders and their main ESG concerns as follows:

Main Stakeholders	Main ESG Concerns	Main Communication Channels
Shareholders	• Product Responsibility such as product R&D innovation, client satisfaction, products quality control and patents and intellectual property protection • Supply Chain Management • Anti-corruption	• Shareholder meeting • Annual report • Regular announcement • Official website • Face-to-face communication
Government and regulators	• Product Responsibility such as pharmaceutical advertising compliance, products quality control, and privacy and data protection • Medical waste management • Anti-corruption	• Policy consultation • Incident reporting • Information disclosure
Employees	• Diversity and inclusion • Employee benefits • Talent attraction and retention • Employee training and development • Employee health and safety	• Communication meetings • Employee satisfaction survey • Employee activities • Social media • Face-to-face communication
Customers and patients	• Product Responsibility such as product R&D innovation, client satisfaction, products quality control, and privacy and data protection • Anti-corruption	• Quality management system • Information disclosure
Suppliers	• Supply Chain Management • Anti-Corruption	• Supplier assessment • Conferences • Telephone calls • Emails

Main Stakeholders	Main ESG Concerns	Main Communication Channels
Distributors	• Product Responsibility such as client satisfaction and products quality control • Supply Chain Management • Anti-corruption	• Conferences • Telephone calls • Emails
Media and non-governmental organizations	• Climate change • Energy management • Reduce pollution to water and air • Medical waste management • Water use • Product Responsibility such as product R&D innovation, pharmaceutical advertising compliance, products quality control, and privacy and data protection • Diversity and inclusion	• Social media • Official website
Community	• Climate change • Energy management • Reduce pollution to water and air • Medical waste management • Water use • Charitable donations • Volunteering activities	• Community interaction • Public welfare activities • Social media

v. Materiality Assessment

In 2019, based on the communication with the main stakeholders and the operating characteristics of the Company, we conducted an online survey to understand ESG topics that our stakeholders believe to be material to BeiGene and themselves. The result of the materiality assessment is summarized below. These topics are discussed in detail in this ESG report.



1 Climate change
2 Energy management
3 Reduce pollution to water and air
4 Medical waste management
5 Water use
6 Diversity and inclusion
7 Employee benefits
8 Talent attraction and retention
9 Employee training and development
10 Employee health and safety
11 Supply chain management
12 Anti-corruption
13 Product R&D innovation
14 Client satisfaction
15 Pharmaceutical advertising compliance
16 Products quality control
17 Privacy and data protection
18 Patents and intellectual property protection
19 Charitable donations
20 Volunteering activities

III. ENVIRONMENT

We value the importance of living in harmony with the environment, and are committed to responsible production. Our main impacts on the environment and natural resources are: wastewater discharge, air emissions, solid waste discharge and the use of natural resources in daily operations. We have adopted emission reduction and resource conservation measures to minimize these impacts.

i. Environmental Management

We strictly abide by China's environmental laws and regulations, such as the Environmental Protection Law of the People's Republic of China, the Environmental Noise Pollution Prevention and the Control Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and Regulations on the Administration of Construction Project Environmental Protection.

We stay up to date with the latest changes in environmental laws and regulations through obtaining periodic research reports from third-party experts or professionals and monitoring by our dedicated environment, health and safety ("EHS") team. We take immediate measures to respond to these changes when necessary. In 2019, we acted upon the new requirements such as the Implementation Opinions on Further Strengthening the Prevention and Control of Pollution by Hazardous Wastes issued by the Department of Ecological and Environmental of Jiangsu Province and Pharmaceutical Industry Air Pollutant Emission Standard (GB37823-2019). In 2019, we did not have any material violations of China's environmental laws and regulations.

Our internal environmental management system is set up according to the ISO14001 framework. We have procedures in place for EHS management, including an EHS Management System Manual, EHS Specifications, the Wastewater Management Procedure, and so forth. Our Guangzhou plant went into trial-run operation since October 2019, and a corresponding EHS policy was formulated to enhance our EHS management.

We have a professional EHS management team responsible for the effective implementation of the internal EHS policy. We have established a proper EHS organizational management framework consisting of the EHS Committee, the EHS Department and the EHS coordinators.

ii. Energy Conservation and Emission Reduction

At BeiGene, we are working towards a low-carbon future. Our greenhouse gas ("GHG") emissions mainly come from the use of electricity, natural gas and steam. We reduce our carbon emissions by saving energy and improving energy efficiency.

In 2019, we relocated the mezzanine light switches in our Suzhou plant for easier access and better control, which can save about 2,900 KWh of electricity annually. In addition, we upgraded our air-conditioning system of the office area in the Suzhou plant for more centralized control to achieve an estimated saving of 2,000 KWh per year.

In 2019, we replaced 30 steam valves in the Suzhou plant, which is expected to reduce steam loss by about 1 ton per year. We also added or renewed thermal insulation layers on steam pipelines to reduce heat loss.

Other measures, including encouraging employees to use public transportation, using LED lights and motion sensors in our offices, setting up screen savers on all employees' computers are also adopted to reduce our environmental footprint.

iii. Emissions and Waste Management

Apart from GHG, our major air emissions include SO_2 and NO_x generated from natural gas consumption during production, and a small volume of waste gas generated during laboratory operations. SO_2 and NO_x emissions are discharged after being processed by waste gas treatment facilities to ensure that SO_2 and NO_x concentrations meet the emission standards set by the local authority. Waste gas from the laboratories is discharged through a fume hood, and a treatment device has been installed at the end of the ventilation system in each laboratory to ensure we meet gas emission standards.

Wastewater produced by the Company includes industrial wastewater and sanitary sewage. Our Beijing R&D center, Suzhou plant and Guangzhou plant are all equipped with wastewater treatment facilities, and we conduct monitoring to ensure that the treated water meets national and local standards. We also maintain the wastewater treatment facilities regularly to ensure effectiveness and efficiency. The industrial wastewater from the Suzhou plant is 100% recycled after being treated. The sanitary sewage from our plants is discharged into the municipal pipelines in accordance with the local standards.

We engage qualified testing institutions to conduct regular air emissions and wastewater discharge testing. In 2019, we did not find any cases in which emissions exceeded the local standards.

Our non-hazardous waste includes domestic waste produced in office operations and non-hazardous waste from production. Domestic waste is handled by the property management companies, and we collaborate with them to recycle items such as cardboard boxes, glass, plastic and paper. Non-hazardous waste produced in manufacturing is disposed of by municipal sanitary stations.

Hazardous waste produced in manufacturing and the laboratories is collected and stored in compliance with applicable PRC laws and regulations, and transported to qualified third-party vendors for disposal.

Through strict daily management and optimization of production processes, we are committed to continuously improving the efficiency of material use to minimize the generation of hazardous waste. Compared to 2018, the amount of hazardous waste generated by the Suzhou plant and Beijing R&D center in 2019 decreased by approximately 4.66 tons.

iv. Environmental Key Performance Indicators

Unless otherwise specified, our statistical data below covers the major operations of BeiGene, including our Beijing R&D center, Suzhou and Guangzhou plants, all office buildings located in China and an office in the United States for the period from January 1, 2019 to December 31, 2019. Among them, the Guangzhou plant started trial run since October 2019, so its data only covers the period from October 2019 to December 2019. Other small overseas offices are not included.

1. Emissions

KPIs	2019
Total GHG emissions (Scope 1 and 2) (tonnes)	**9,023.47**
Direct GHG emissions (Scope 1) (tonnes)	**534.87**
Including: Natural gas (tonnes)	**534.87**
Indirect GHG emissions (Scope 2) (tonnes)	**8,488.60**
Including: Electricity (tonnes)	**8,468.52**
Steam (tonnes)	**20.08**
Total GHG emissions per unit of operating income (tonnes/USD 10,000)	**0.21**
Total SO_2 emissions (tonnes)	**0.03**
Total NO_x emissions (tonnes)	**0.32**
Total VOC emission (tonnes)	**0.03**
Total hazardous waste (tonnes)	**145.95**
Hazardous waste per unit of operating income (tonnes/USD 10,000)	**0.003**
Total non-hazardous waste (tonnes)	**307.20**
Non-hazardous waste per unit of operating income (tonnes/USD 10,000)	**0.007**
Wastewater (tonnes)	**51,938.88**
COD (tonnes)	**3.68**
Ammonia nitrogen (tonnes)	**0.55**
Wastewater per unit of operating income (tonnes/USD 10,000)	**1.21**

Note:

- GHG emission inventory includes CO_2, CH_4 and NO_x. GHG emission data is presented in carbon dioxide equivalent and is based on the 2017 Baseline Emission Factors for Regional Power Grids in China for CDM and CCER issued by the Ministry of Ecology and Environment, the Emissions & Generation Resource Integrated Database (eGRID) 2018 provided by the United States Environmental Protection Agency and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories of the Intergovernmental Panel on Climate Change.

- NO_x emissions and SO_2 emissions are generated by natural gas consumption in Beijing R&D center, Suzhou and Guangzhou plants. VOC emissions mainly include non-methane hydrocarbons generated by VOC solvent used in Beijing R&D center, Suzhou and Guangzhou plants.

- Hazardous waste mainly includes pharmaceutical waste, organic solvents, etc.

- Non-hazardous waste and the volume of wastewater from the office buildings located in China are estimated based on the Emission Factors Manual of the First National Pollution Source Survey of Urban Pollution. The data of the U.S. office is not included.

2. Resources Consumption

KPIs	2019
Total energy consumption (MWh)	**16,160.61**
Direct energy consumption (MWh)	**2,645.95**
Including: Natural gas (MWh)	**2,645.95**
Indirect energy consumption (MWh)	**13,514.66**
Including: Electricity (MWh)	**13,452.25**
Steam (MWh)	**62.41**
Total energy consumption per unit of operating income (MWh/USD 10,000)	**0.38**
Total water consumption (tonnes)	**145,495.15**
Production water consumption (tonnes)	**132,074.05**
Office water consumption (tonnes)	**13,421.10**
Water consumption per unit of operating income (tonnes/USD 10,000)	**3.40**
Recycled water (tonnes)	**3,458.00**
Total packaging material used for finished products (tonnes)	**3.67**
Packaging material used per unit of product (tonnes/1,000,000 capsules)	**1.39**

Note:

- Total energy consumption is calculated based on the total power, natural gas and steam consumption and the conversion factors in the PRC National Standards General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008).

- Water resources used by the Company come from municipal water supplies. There is no issue in sourcing water. Water consumption of the offices located in China is estimated base on the Design Standard for Water Supply and Drainage of Buildings (GB 50015-2019). The data of the U.S. office is not included.

- The packaging data solely includes that of Suzhou plant whilst our Guangzhou plant has not commenced commercial production in 2019.

IV. WORKPLACE

Our people are critical to our success. We aim to build an inclusive culture where everyone can contribute their best work. One of our core values is creating an environment, built on diversity and inclusion, in which all employees have an opportunity to grow professionally, affect the world meaningfully, and build lifelong friendships with exceptional people. We are committed to taking care of our employees' wellbeing and creating a safe, healthy, innovative and diverse work environment for our staff. We have adopted policies to protect our employees' health and safety, keep work-life balance, and foster their career development.

From January 1, 2019 to December 31, 2019, we were not aware of any incidents of material non-compliance with applicable PRC laws and regulations relating to employment, occupational health and safety, and labor standards.

i. Employment and Labor Practices

We strictly comply with PRC laws and regulations relating to employment, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Social Insurance Law of the People's Republic of China, and the Provision on Minimum Wage of the People's Republic of China.

We have developed an employee handbook in China, specifying the policies for recruitment, promotion, working hours, leave entitlements, compensation, dismissal, welfare and other benefits, anti-discrimination, diversity and equal opportunity. In 2019, we updated the Employee Handbook to further refine employment management.

Diversity and Equal Opportunity

We have offices located in Asia-Pacific, North America and Europe. Our employees are from diverse backgrounds. We are committed to creating a diverse and inclusive environment. We comply with the relevant PRC national and local employment laws and regulations, and prohibit any discrimination on the grounds of gender, ethnicity, race, disability, age, religious belief, sexual orientation, nationality or family status. We clearly state in our employee handbook that the basic principle of employee management at BeiGene is that we are firmly committed to giving all employees equal treatment and opportunities regardless of their nationality, ethnicity, race, gender, religion, etc.

We do not tolerate discrimination or harassment in the workplace, including any form of abusive conduct or action, such as verbal, non-verbal, written, electronic or physical conduct that creates an intimidating, hostile or offensive work environment; unreasonably interferes with an individual's work performance; or demeans or shows hostility toward an individual. Employees are required to report any discrimination or harassment they may witness or experience in the workplace through our complaint and whistle-blowing mechanism.

Recruitment and Dismissal

We have recruitment guidelines in place. Every job applicant is required to provide information such as ID card, educational background and work experience, which is reviewed by us and verified by a professional background checking agency as needed, to avoid the risk of child labor or forced labor. In 2019, BeiGene did not have any case of child labor or forced labor.

We primarily recruit employees through recruitment agencies, employee referral, on-campus job fairs and online channels including our corporate website, social networking platforms and industry referrals. Recruitment interviews are conducted at three levels in sequence, including the human resources department, line manager and senior manager. These procedures are designed to recruit suitably talented employees who fit the job descriptions under the principle of equal employment opportunity. As of December 31, 2019, BeiGene had a total of 2,591 employees across all our global operations. Dismissal of employees is strictly compliant with applicable PRC laws and regulations, and contractual terms and clauses as stipulated in our labor contracts.

Working Hours and Leave Entitlements

In China, we have adopted two working hour systems, i.e., the standard working hours and the flex-time working hours, which have been approved by the local labor authorities. According to our China leave policy, our employees are entitled to annual leave, fully-paid sick leave, and other statutory leave. Additionally, our female employees are entitled to take fully-paid maternity leave and other associated leave benefits, while male employees are entitled to take fully-paid paternity leave.

Compensation and Promotion

We refer to the salary and welfare standard of the pharmaceutical and other industries to offer competitive salary and benefits to attract talent and retain our employees. The financial benefits we offer to employees include base pay, cash bonuses and equity compensation.

Every employee receives a performance evaluation annually. The results of employee performance evaluations are an important factor affecting employees' annual performance bonuses, promotion or demotion, rewards and disciplinary action. Promotion is reviewed and determined by different internal business units according to preset criteria on candidates' performance, job requirements and business performance.

Welfare and Benefits

We provide benefits related to health, wellness, retirement and leaves of absence to help attract, cultivate and retain the industry's most talented workforce. In China, we provide a range of insurances including medical insurance, pension insurance and unemployment insurance as required by local rules and regulations. To demonstrate our commitment to the health of our employees, we also provide commercial insurances to all employees and premium plan insurance packages to executive-level employees, and organize health lectures periodically to share health knowledge. Transportation and meal subsidies are also available to our employees.

Communication

Employees' suggestions and opinions are important to BeiGene. We have set up multiple communication channels to collect employees' suggestions, opinions and complaints. In 2019, BeiGene conducted an Engagement Survey to understand employees' needs and recommendations for the Company. The employee satisfaction rate reported in the survey was approximately 80%.

Employee activities

We encourage employees to maintain a positive work-life balance. We organize various employee activities, such as family day, team-building activities, quarterly festival-related events, and employee birthday celebrations. We hold a "Healthy Running" event every year to promote the concept of healthy living. In June 2019, we organized a team building activity, in which nearly 450 colleagues from Beijing, Shanghai and Suzhou participated. The activity increased team cohesion through fun team working.

ii. Occupational Health and Safety

Employees' health and safety is our top priority. From the occupational health perspective, we strictly comply with the applicable PRC laws, such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Technical Specification for Occupational Health Surveillance, and the Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases, etc. From the safety perspective, we comply with the applicable PRC laws and regulations, such as the Provisions of the State Council on the Investigation of Administrative Responsibility for Major Safety Accidents, the Notice of the State Administration of Work Safety on the Adjustment of the Statistical Report on the Dispatch of Work Safety Accidents, etc.

Our internal health and safety management system was set up according to the ISO45001 framework. We have formulated policies, such as the EHS Management System Manual, the Basic Standards for EHS Management, the Restricted Space Management Procedures, the Emergency Preparedness and Procedures, the Emergency Rescue Management and the Hazardous Chemicals Management Procedures, to manage and control occupational health and safety risks. Based on these policies, we have established an occupational health and safety management system to prevent occupational injury accidents and diseases, through the following procedures:

- Researching requirements of applicable laws and regulations;
- Identifying significant risk factors related to occupational health and safety;
- Developing a management plan, defining the roles and responsibilities and assigning responsibility to relevant departments;
- Setting up a training course and system;
- Improving the EHS response mechanism and enhancing internal and external communication and coordination; and
- Enhancing employees' awareness of safety and conducting reviews on a regular basis.

As mentioned above, we have a professional EHS management team responsible for the effective implementation of the internal EHS management. Furthermore, we strive to integrate safety awareness into our business processes and our corporate culture. Based on the occupational health and safety management system, we also implement programs and take measures according to the actual situation to minimize health and safety risks. Our measures include occupational health and safety training, physical examination, special equipment management, etc.

We take these measures based on the identification of occupational health risks and the occupational health management plan developed. We conduct physical examinations for employees before employment, during the term of employment, and before departure. Personal protective equipment ("PPE") of the appropriate standard is provided to employees in positions exposed to occupational health risk to prevent occupational diseases. If an employee suffers from occupational health issues, his or her posts and responsibilities will be changed and remedial action will be taken.

We regularly provide safety education and training, including training related to restricted space work, mechanical protection, PPE use, chemical management, first aid, epidemic disease control, for relevant employees. Our employees and workers from contractors who engaged in special work are required to receive relevant training and obtain qualifications in advance for special work. We have established an emergency response system and regularly conduct emergency drills. Every year we organize fire evacuation drills, fire equipment drills, and emergency drills for chemical leaks, limited space rescue, first aid, and special equipment accidents. Each site is equipped with first-aid kits, and automated external defibrillators are set up in the public areas of the Suzhou plant. All first-aid specialists in the plants have received professional training delivered by the local Red Cross.

During the outbreak of COVID-19, we immediately acted upon the government's requirements and implemented our corporate emergency response measures. We set up a dedicated emergency response team comprising key management members from all relevant departments with clearly defined roles and responsibilities, and formulated an emergency response plan. The plan includes various management measures and procedures in respect of monitoring risks and impacts of the epidemic, managing internal and external communication, collecting and tracking personal health information and wellbeing of our employees for necessary care and assistance, and handling and reporting emergency matters as they arise, if any. The safety and health of our employees is our top priority. We requested our employees to work remotely from home during the outbreak to prevent the spread across the community. We maintained continuous communication with our employees on the latest development of the epidemic, and issued specific guidance on epidemic prevention and personal safety and health protection. In addition, we took vigorous disinfection measures in our offices and plants, and provided our employees with adequate protective equipment and necessary facilities to ensure a safe environment for our operations and production.

iii. Training and Development

We foster a culture of continuous learning and provide training tailored to the needs of different positions. Our employees make their own personal development plans annually and propose training needs, based on which we design the annual training program. There are generally three types of training: new employee orientation, annual mandatory training on compliance/intellectual property/quality/EHS, and training on general professional skills, management skills and job-specific technical skills. These training courses are organized by the responsible functions including quality, legal, compliance, EHS and human resources. Additionally, we have a dedicated sales training team to provide tailored training to our sales representatives.

We are committed to continuously optimizing our training system and courses. In 2019, more training courses for general professional skill training and new employee training were provided. Through communicating frequently with the business departments to understand the training needs, we provide customized training courses and workshops to our employees.

Training courses are regularly provided to employees by internal trainers or external consultants. Our employees may also attend external training courses upon their supervisors' approval. Moreover, we have set up an online learning platform – e-Learning Management System ("eLMS") so that employees can learn anytime and anywhere.

V. SUPPLY CHAIN MANAGEMENT

We adhere to the principle of "fair and open" in supply chain management. We have established a sound supplier management system and strive to build a long-term and stable relationship with suppliers to ensure that our products are consistently produced and controlled according to quality standards such as Good Manufacturing Practices ("GMP"). In 2019, we published a new global procurement policy and a new global contract policy to improve the effective controls of the procurement process.

i. Supplier Access Management

Our suppliers mainly include production suppliers and non-production suppliers, including research service organizations, fixed asset suppliers, reagents/consumables suppliers and CROs. All suppliers are required to be pre-assessed before selected or qualified for procurement. We have developed evaluation standards and access criteria that consider factors like business legitimacy and technical professional reputation. For production suppliers, there are additional quality assurance ("QA") standards and other more stringent evaluation criteria such as specific recognized technical qualification requirements.

ii. Supplier Selection and Assessment

We continuously monitor and supervise suppliers before and after we agree to work with them. Supplier assessments and evaluations including supplier selection, routine competitive bidding and annual performance assessment are conducted throughout the process of supplier management.

Our procurement department, assisted by business line managers, is responsible for choosing potential suppliers. Our assessment of suppliers is conducted based on established internal selection criteria and standards, including quotation, quality, deliverables, etc. Relevant line managers may jointly participate in the evaluation and selection of suppliers according to actual specific circumstances and needs. In addition, phased and continuous performance evaluation is undertaken, and such performance evaluation outcome will serve as a key consideration for future collaboration.

iii. Supplier Environmental and Social Requirements

Our supply chain management not only focuses on the quality, cost and reliability of the products and services provided by suppliers, but also includes a wide range of environmental and social responsibility considerations, such as employees' health and safety and environmental impacts.

We focus on business ethics risks in the procurement process. We have incorporated anti-corruption rules and requirements into our legally binding contracts and integrity commitment letters that require our suppliers to operate with honesty and integrity. Due diligence is conducted for important suppliers.

Our Code of Conduct clarifies and regulates the requirements on suppliers' service/material quality management, environmental protection management, health and safety management, etc. Besides, we understand that suppliers from different sectors may have different environmental and social risks. For suppliers with higher environmental and social risks, such as engineering and construction suppliers, there are additional stringent requirements on their management of environmental and social risks.

1. Environmental Risk Management

Our contracts with suppliers in certain circumstances specify that they are obliged to minimize the adverse impacts of their operations on the environment. The requirements among others include:

- Complying with all applicable environmental laws in the country of operation, and obtaining and maintaining necessary registrations, permits and licenses; and

- Establishing systems for ensuring responsible management of raw materials, waste, air emission and wastewater discharge.

2. Health and Safety Risk Management

We generally require our suppliers to provide their employees with a safe, healthy and hygienic workplace and accommodation. The requirements among others include:

- Implementing effective measures to control risks of work-related accidents and illnesses, such as providing sufficient protection against exposure to chemical, biological or physical hazards in the work environment;

- Identifying and assessing emergency situations, implementing emergency plans and response procedures in the workplace, and providing sufficient fire exits, escape routes and firefighting equipment; and

- Providing regular health and safety training for employees.

VI. PRODUCT RESPONSIBILITY

We have grown into a fully-integrated global biotechnology company with a broad portfolio of drugs and drug candidates. In the United States, we market BRUKINSA™ (zanubrutinib), and in China we market anti-PD-1 antibody tislelizumab. Furthermore, we market REVLIMID® (lenalidomide) and VIDAZA® (azacitidine) under a license from Celgene Logistics Sarl, a Bristol Myers Squibb company since 2017, and plan to launch additional in-licensed products in China from our collaborations, including XGEVA® (denosumab), KYPROLIS® (carfilzomib) and BLINCYTO® (blinatumomab) from Amgen Inc., and SYLVANT® (siltuximab) and QARZIBA® ▼ (dinutuximab beta) from EUSA Pharma.

i. Product Quality Control

We maintain a comprehensive quality assurance and control program to generate awareness, foster a culture of quality, and support our compliance with applicable laws and regulations and internationally recognized standards. Our manufacturing sites are in compliance with requirements of the U.S. Food and Drug Administration ("FDA"), China's Drug Administration and European regulations, such as GMP, and ICH Q10 Drug Quality Control System. In 2019, we have assessed our product quality control management, and found that it is in compliance with the revised Drug Administration Law of the People's Republic of China.

We earn and preserve stakeholders' trust by adhering to strict quality control standards in the testing, manufacturing, packaging, storage and distribution of our drugs. We are committed to high standards on safety, standardization, product, research and service quality. We are also committed to continuously serving patients with high quality drugs to meet their needs. We have implemented internal standards that are often stricter than those required by national and industry practice, and these standards are optimized and enhanced on an ongoing basis. Furthermore, we require the same quality control standards from our suppliers and business partners to the extent permitted under these agreements.

BeiGene's mission, to deliver safe, effective, quality drug products that consistently meet or exceed customer needs and regulatory requirements is championed through the application of a Quality Management System ("QMS") that promotes continuous improvement. The system covers drug discovery, research and development, manufacturing facilities, production, inspection; and we have formulated detailed guidelines for our quality control process. All subsidiaries within the BeiGene network operate under this global quality system for the management, monitoring and control of our product quality based on their business characteristics. For example, the manufacturing department in Beijing focuses on research and development, drug discovery and preclinical development; the plant in Suzhou is designed to meet the business needs of clinical manufacturing for early to late development of small molecule drug candidates and commercial manufacturing; and the plant in Guangzhou is established for biologics manufacturing.

We periodically review our quality management system to ensure its robustness and effectiveness and continuously improve our quality management system. In 2019, we implemented the enterprise digital QMS across the BeiGene network, and updated the Quality Manual and relevant standard operating procedures ("SOPs").

Training on GMP regulations and standards is provided on a regular basis to ensure that employees are informed of applicable regulations. We also provide additional training on specific procedures and GMP in connection with different job functions.

In addition, we actively participate in industry events to promote industrial development. Our quality leadership team participates as quality experts in industry-sponsored workshops and conferences and holds training workshops on quality topics jointly with local provincial health authorities. We are also an active member of Parenteral Drug Associate ("PDA"), an international non-profit industry trade group for pharmaceutical and biopharmaceutical manufacturers, and International Society for Pharmaceutical Engineering ("ISPE"), the world's largest not-for-profit association serving its members by leading scientific, technical and regulatory advancement throughout the entire pharmaceutical lifecycle.

ii. Complaints and Recall Procedures

Timely reporting of any potential product complaints or quality concerns is critical to ensure the integrity of our drugs. We have issued global standards relating to complaint handling and product recall.

Our channels for receiving complaints include web portal, hotline and email. All employees and representatives are responsible for reporting product complaints for any products owned or marketed by BeiGene. Our Quality Assurance Department (the "QA Department") monitors the mailbox daily for product complaints. All complaints must be documented, tracked and confirmed. If the complaint is quality related, more rigorous investigation will be conducted. The QA Department will document the testing and analysis results and determine whether other released batches are impacted and more stringent preventive measures are required. The result will be reported to customers in a timely manner.

If the investigation reveals serious product quality issues, a recall should be initiated. If a stock recovery/recall is warranted, our Stock Recovery/Recall Committee will determine the extent of such recovery/recall, and further investigation will be conducted to find the root cause so as to implement corrective actions and propose any preventive actions needed to ensure that the quality issue shall not reoccur. No significant adverse events of complaints or recall due to quality issue were reported in 2019.

iii. Intellectual Property Rights

Our commercial success depends in large part on our ability to protect our proprietary technology and drugs and drug candidates from competition by obtaining, maintaining and enforcing our intellectual property rights. We seek to protect our drugs, drug candidates and proprietary technology globally through patent protection, trade secret protection, trademark protection and regulatory data protection. Employees are required to sign confidentiality agreements when they join the Company to preserve and protect BeiGene's confidential information.

Our commercial success also depends on our avoiding infringement of the valid patents and other intellectual property rights of third parties. For example, we conduct Freedom to Operate ("FTO") analysis to make sure that the development and commercialization of our products does not infringe the valid patent rights of others. We rely not only on our know-how and continuing technological innovation, but also on in-licensing opportunities to develop, strengthen and support our development programs. Intellectual property due diligence is conducted for license-in and license-out projects to minimize intellectual property risks.

To protect our intellectual property rights, including patent, trademark and copyright, we strictly abide by the requirements of relevant laws and regulations in countries and regions in which we operate. We also closely monitor any changes in the laws and regulations in these areas. In 2019, the Law of the People's Republic of China on Unfair Competition expanded the scope of trade secrets, added new types of trade secret infringement, increased levels of punishment, increased the cost of violations, and added provisions regarding burden of proof. Further, the revised provisions of the Trademark Law of the People's Republic of China came into effect on November 1, 2019 and increased the amount of monetary relief for trademark infringement. These revisions will help us in intellectual property rights protection.

The proprietary nature of, and protection for, our drugs and drug candidates and their methods of use are an important part of our strategy to develop and commercialize innovative medicines. We have streamlined our own patent drafting procedures and filed patent applications in the United States, China and other countries and regions, relating to certain of our drugs and drug candidates, and are pursuing additional patent protection for drugs, drug candidates and technologies. We also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection, including our manufacturing processes.

As of December 31, 2019, we owned 24 issued US patents, 11 issued China patents, a number of pending U.S. and China patent applications, and corresponding patents and patent applications internationally. In addition, we owned pending international patent applications under the Patent Cooperation Treaty ("PCT"), which we plan to file nationally in the United States and other jurisdictions, as well as additional priority PCT applications. With respect to any issued patents in the United States and Europe, we may be entitled to obtain a patent term extension to extend the patent term, provided that we meet the applicable requirements for obtaining such patent term extensions. For example, in the United States, we can apply for a patent term extension of up to five years for one of the patents covering a product once the product is approved by the FDA. The exact duration of the extension depends on the time we spend in clinical studies as well as obtaining the New Drug Application ("NDA") approved from the FDA.

In order to encourage the discovery and development of new drugs, we also seek to comply with all applicable laws regarding inventor remuneration and established the employed inventor policy. We provide training for R&D members to raise intellectual property protection awareness.

iv. Privacy and Data Protection

Protecting the privacy and security of personal data is a growing global concern. We value data security to protect the interests of the Company, our employees and patients. We are committed to protecting the privacy and security of all personal information, including sensitive personal information. We strictly protect the privacy of human subjects in clinical trials, which are governed under various laws and regulations, including the Regulation on the Administration of Human Genetic Resources and the Cybersecurity Law of the People's Republic of China, etc. We also require our collaborators to abide by these laws and regulations through agreements so as to reduce the risk of data leakage. We have implemented relevant internal procedures and controls to ensure that sensitive data is protected and that leakage and loss of such data is avoided.

We generally have access to three categories of personal data, including: clinical study subjects' data; patients' data of our commercial products; and our employees' data. All employee data is kept confidential and we take requisite measures to ensure information security when data is collected, stored and transferred. As for the protection of patients' data, we carry out business activities in accordance with the requirements set out in the Law on Protection of the Rights and Interests of Consumers.

In clinical trials, only necessary information of patients is collected. We use information systems from our contract research organizations ("CROs") to enter and transmit human subjects' data and information. We sign information protection agreements with our CROs and implement technical security measures, such as restricting access rights to ensure the protection of sensitive human subject information. In addition, we develop and maintain systems and controls designed to prevent misuse or inappropriate disclosure of data, and any form of export of such information complies with all applicable regulations. Ongoing monitoring and updating are carried out as well.

Protection for the personal data of research subjects participating in the clinical trials include the following:

1. *Contractual protections*

   Our agreements with trial centers, principal investigators and clinical trial vendors require compliance with applicable laws, which include privacy and security laws, and strict confidentiality.

2. *Informed consent*

   We and our clinical trial collaborators are all legally and contractually required, in accordance with the China Good Clinical Trial Practice ("GCP") to obtain clinical trial subjects' permission to collect personal data, share personal data with us, and if applicable, transfer personal data outside of China. This is conducted through the informed consent process, which includes written, documented consent from the parties involved.

   We have policies governing the preparation, review, approval and use of the informed consent form ("ICF"). ICF templates must be approved by the ethics committee of each clinical trial site in every trial. Under these policies, clinical trial subjects, prior to being enrolled in a clinical trial, would be informed in writing of the scope of the information to be collected from them as well as how, and to what extent, such information will be used, processed, transferred and stored, and requested to give their consent in writing. Our use of personal data obtained from clinical trial subjects complies with the terms of such consent.

3. *Regulatory Approvals*

   We obtain approval from the Ministry of Science and Technology of the People's Republic of China before the commencement of clinical trials in which we, and clinical trial centers in China, obtain human genetic resources ("HGR"), and before exporting the HGR samples or associated data outside of China.

4. *Security Measures*

   We employ security measures that protect the confidentiality and security of data that we collect, store and otherwise process. Most clinical trial data maintained by us resides in validated quality systems that include additional security protections such as limited role-based access and firewall protection. Our employees must explicitly agree to comply with applicable security measures as outlined in our Acceptable Use Policy and attend mandatory security training sessions.

5. Others

Our Code of Conduct mandates that all employees comply with applicable laws and protect confidential information. Confidentiality obligations are further detailed in the employment documents with all employees. These compliance and confidentiality obligations extend to the protection of all personal data collected and processed by us, including the personal data of clinical trial subjects.

v. Advertising and Labelling Compliance

As required by the Classification Management Measures of Prescription Drugs and Non-Prescription Drugs and the Provisions for Drug Advertisement Examination relating to drug advertisement in China, prescription drugs are strictly forbidden from being advertised to the general public and are only permitted to be advertised in professional medical journals. Therefore, we manage publicity work strictly according to the regulations and do not advertise our products to the general public in China.

Furthermore, all promotion and advertising-related interactions with healthcare professionals, including physicians, nurses, nurse practitioners, physician assistants, pharmacists, or health plan administrators, must be consistent with the prescribing information approved by the relevant regulatory authorities. Under no circumstances may a product be promoted prior to its approval or for a use that has not been approved by the relevant regulatory authorities.

We carry out product label management strictly in accordance with applicable PRC national laws and regulations, such as the Drug Instructions and Label Management Regulation published by the NMPA. We have established a detailed process for label-related decision making. All changes to product labels must be approved by the relevant authorities.

VII. ANTI-CORRUPTION

BeiGene has a zero-tolerance policy for bribery and corruption. We stress implementation of anti-corruption control measures and strictly follow relevant laws and regulations against corruption, bribery and unfair competition, such as the Law of the People's Republic of China against Unfair Competition, the US federal Anti-Kickback Statute, and the Foreign Corrupt Practices Act ("FCPA"). In 2019, we continue to improve management related to bribery, extortion, fraud and money laundering and meet the requirements of updated laws such as the Anti-Unfair Competition Law of the People's Republic of China.

At BeiGene, a comprehensive and robust compliance management system has been built, consisting of the following key components:

- Designated compliance officer and compliance committee;
- Internal policies and procedures;
- Education and training programs;
- Platform/Lines of communications between employees and leadership;
- Effective monitoring programs;
- Independent investigations conducted by a professional investigations team; and
- Enforcement and disciplinary actions.

The BeiGene Code of Conduct outlines the ethical and compliance principles that guide our daily operations and embody our commitment to ethical business practices in all of our interactions with the healthcare community, patients, suppliers, business partners, government regulators, shareholders, and each other. In addition to the Code of Conduct, we put in place an anti-corruption policy and several relevant SOPs to safeguard against any corruption. In 2019, we updated the Code of Conduct. SOPs such as BeiGene Hosted Meetings and Grants SOP, Gift and Hospitality SOP, and Sponsorships and Donations SOP were updated accordingly. Furthermore, with the implementation of systems for key processes including SAP, reimbursement and conference management systems, we continuously improve our process controls.

i. Compliance Education and Training

At BeiGene, we are committed to promoting a culture of compliance and ethical operations. We develop education and training programs to help our employees fully understand the requirements of our compliance policies and relevant laws and regulations.

We carry out both online and offline training programs. Through our eLMS, we provide tailored training programs for different employees based on roles and responsibilities. Every new employee is trained on company policies related to bribery, extortion, fraud and money laundering included in the Code of Conduct. There is online training, with all staff covered every quarter. In addition, we have quarterly knowledge test for sales personnel. On-site training is also provided, such as at regular business meetings. In March 2019, an anti-corruption training was provided to the BeiGene China Leadership Team including the heads of each business unit. The Board attended an anti-corruption training in September 2019.

ii. Monitoring and Supervision

We have set up comprehensive, risk-based monitoring programs to conduct monitoring activities on high-risk processes and transactions, including forensic data analytics, monthly travel and entertainment ("T&E") transaction testing, quarterly independent monitoring programs by third parties, and annual review of specific high-risk processes. These monitoring programs help us timely identify risks, gaps and potential misconduct, so that we can take prompt remediation actions. We prepare compliance reports based on actual conditions and send to the Audit Committee for review every quarter.

In 2019, we engaged third parties to conduct an internal review and transaction audit. Policies, procedures and key controls related to anti-bribery and anti-corruption were reviewed and improved. We included transactions related to anti-bribery and anti-corruption, including meetings, grants, sponsorships and donations, T&E, distributor management and Patient Assistant Program, in the audit,. We also hired a third party to help us build forensic data analytics capability.

At BeiGene, we promote a culture of open-door communication. We have set up a complaint and whistle-blowing mechanism. People can anonymously report compliance concerns or any misconduct through our compliance hotline or web portal. The report system is available 24 hours a day, 365 days a year. The hotline and web portal access information is clearly listed in the Code of Conduct published on our website. We encourage our employees to ask questions or raise concerns with no hesitation or fear, and provide protection for whistleblowers. All reports will be investigated thoroughly and independently by designated compliance personnel. We take both corrective and preventive actions, such as disciplinary action and enhancement to policies, procedures and controls, in a timely manner in response to any findings identified in monitoring programs and investigations.

To manage the report and investigation systematically, a report and investigation system was launched in March 2019. Through the system we receive all complaints and record all investigations. All investigation procedures, conclusions and remedial actions are also recorded in the system and are automatically notified to BeiGene Chief Compliance Officer, General Counsel and Audit Committee Chair.

VIII. COMMUNITY INVESTMENT

Our community investment focuses on patients. We offer various patient support programs, provide charitable donations to patient advocacy organizations, charitable foundations, industry associations and hospitals, and actively participate in and sponsor academic conferences or seminars to further advances in medicine and healthcare.

i. Patient Support Programs

We provide patient support programs in China and the United States.

In China, we collaborate with charitable foundations to provide patient assistance programs. For example, since October 2018, we have collaborated with the China Primary Health Care Foundation to develop a patient assistance program to provide REVLIMID® (lenalidomide) capsules to patients who meet certain medical criteria and economic criteria. In this program, lenalidomide capsules are provided to be used in conjunction with dexamethasone to treat adult patients with newly diagnosed multiple myeloma ("NDMM") who have not previously been treated and are not eligible for transplantation, or patients with relapsed/refractory multiple myeloma ("RRMM") who have received at least one therapy.

Low-income patients with NDMM or RRMM, and patients living on minimum subsidy allowances with NDMM, are eligible to apply for assistance. After all information is verified by the China Primary Health Care Foundation, patients are provided with medical assistance to obtain standardized treatment. This program aims to provide eligible low-income patients with improved access to medical treatment and reduce family and social burdens.

In the United States, we have established a comprehensive patient support program called myBeiGeneTM. myBeiGeneTM provides reimbursement and coverage support, copay assistance, and free drug for eligible patients to support access to BRUKINSATM (zanubrutinib).

ii. Donations and Sponsorship

In 2019, we provided RMB277,000 in cash donations to support the healthcare community, including:

- RMB50,000 to the Chinese Anti-Cancer Association, to support poor cancer patients and fund cancer prevention research;
- RMB82,000 to Beijing Love Book Cancer Foundation, for follow-up education activities for breast cancer patients, advocating support from doctors and experts, and advocating access to medical insurance policies;
- RMB20,000 to the Cancer Foundation of China to support poor cancer patients; and
- RMB125,000 to Hubei Cancer Hospital for cancer prevention and health education.

We also participate in, and sponsor, many pharmaceutical academic conferences or forums to promote scientific exchanges.

Since the outbreak of the worldwide COVID-19 pandemic, BeiGene has proactively initiated various supporting activities and projects in our community. In January 2020, we donated medical supplies in the amount of approximately RMB1,000,000 to Wuhan City to support front-line medical workers. As of February 3, 2020, we donated more than 73,000 medical masks, more than 16,000 N95 masks, 5,000 sets of protective clothing and approximate 150,000 pairs of medical gloves to support various hospitals in Hubei. We are also working to provide support to the communities where we operate in the United States and Europe.