# Environment, Social Responsibility and Corporate Governance Report

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# Message from the CEO

SAMANTHA DU, PH.D.
Founder, Chairperson and Chief Executive Officer

Zai Lab was founded in 2014 with a mission to bring innovative medicines to people in need around the world. We initially focused on bringing first-in-class and best-in-class therapies to China, which has a large, rapidly aging, and underserved patient population with serious unmet medical needs. We are now building a pipeline of products with global rights to serve patients worldwide.

Zai Lab understands that to achieve our ambitious mission, we must integrate environmental protection, social responsibility, and governance practices, or ESG into our daily business. I am proud that from the day our company was founded, we set out to be a responsible corporate citizen, embracing the highest human values.

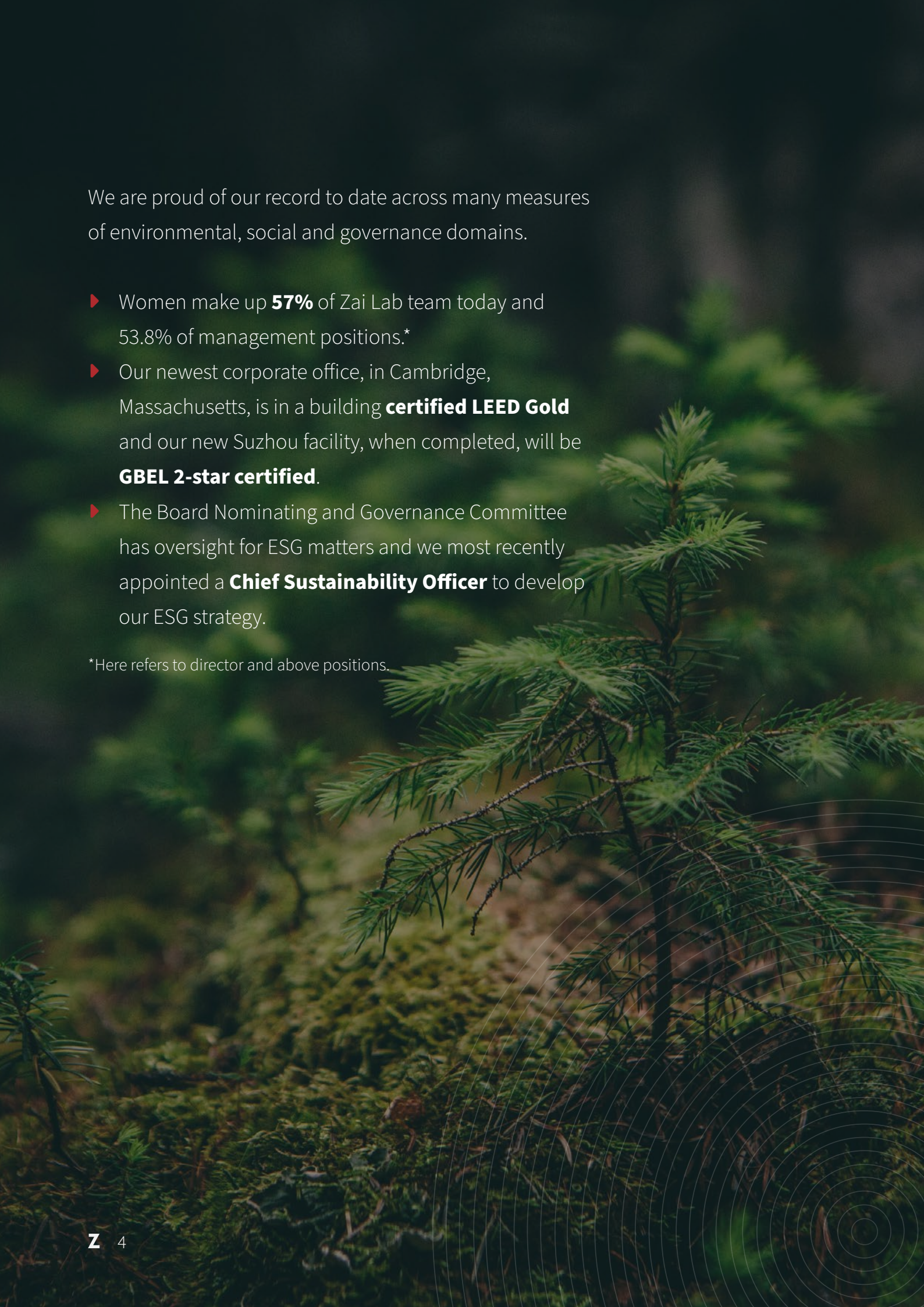
Our six corporate values: Entrepreneurship, Innovation, Collaboration, Patient First, Dedication, and Integrity drive our behavior. We are rigorous, action-oriented, and results-driven in our quest to play a meaningful role in improving human health. We are determined to succeed in our mission, and we bring high levels of energy and ambition to our work. Our rapidly growing team brings together people with a broad range of capabilities from many nations and cultures. Our company transcends national borders, and we respect all cultures and insist on the highest standards of conduct. We are proud of our record to date across many measures of environmental, social and governance domains.

The following report aligns to appropriate standards set by the Sustainable Accountability Standards Board (SASB), with reference points for benchmarking purposes. While we consider SASB to have powerful standards in ESG reporting, we also took guidance from other sources, including the United Nations Sustainable Development Goals (SDG) and guidelines of Institutional Shareholders Services (ISS). As reporting standards evolve and, we hope, converge over time, we will adapt our reporting accordingly.

We believe that embracing the ESG philosophy is not only the right thing to do but also good business practice. Our employees, customers, policymakers, and investors seek partners who share their values and standards of social and business responsibility. ESG has become an essential element of investors' evaluation of companies, and disclosure of ESG information helps stakeholders make sound decisions.

This report is only one step on a long journey. We are committed to making a sustained effort to improve our ESG performance and to have a continuing conversation with you on ESG matters. We anticipate learning from all of our stakeholders and reporting back to you regularly about how we are helping to improve our world. I hope you find our current report useful and informative.

Sincerely,
**Samantha Du**
Founder, Chairperson and Chief Executive Officer

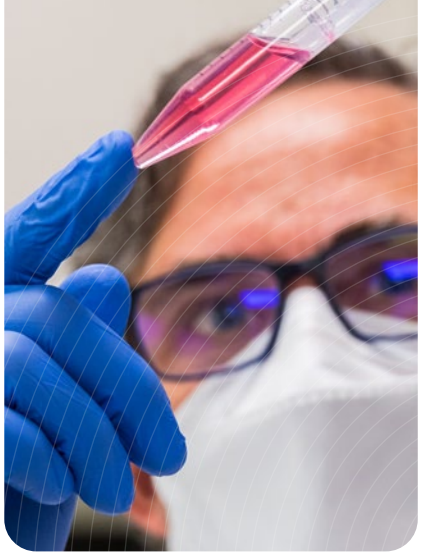


We are proud of our record to date across many measures of environmental, social and governance domains.

- Women make up **57%** of Zai Lab team today and 53.8% of management positions.*
- Our newest corporate office, in Cambridge, Massachusetts, is in a building **certified LEED Gold** and our new Suzhou facility, when completed, will be **GBEL 2-star certified**.
- The Board Nominating and Governance Committee has oversight for ESG matters and we most recently appointed a **Chief Sustainability Officer** to develop our ESG strategy.

*Here refers to director and above positions.

# About ZAI Lab



## Zai Lab at a Glance

Zai Lab is an innovative, research-based, commercial-stage biopharmaceutical company with operations in the Greater China region (Mainland China, Hong Kong, Macau, and Taiwan, referred to as "GCR") and the United States. Our mission is to bring innovative medicines to people in need around the world. That mission is what drives our efforts to help patients, protect the environment, and responsibly enhance human health.

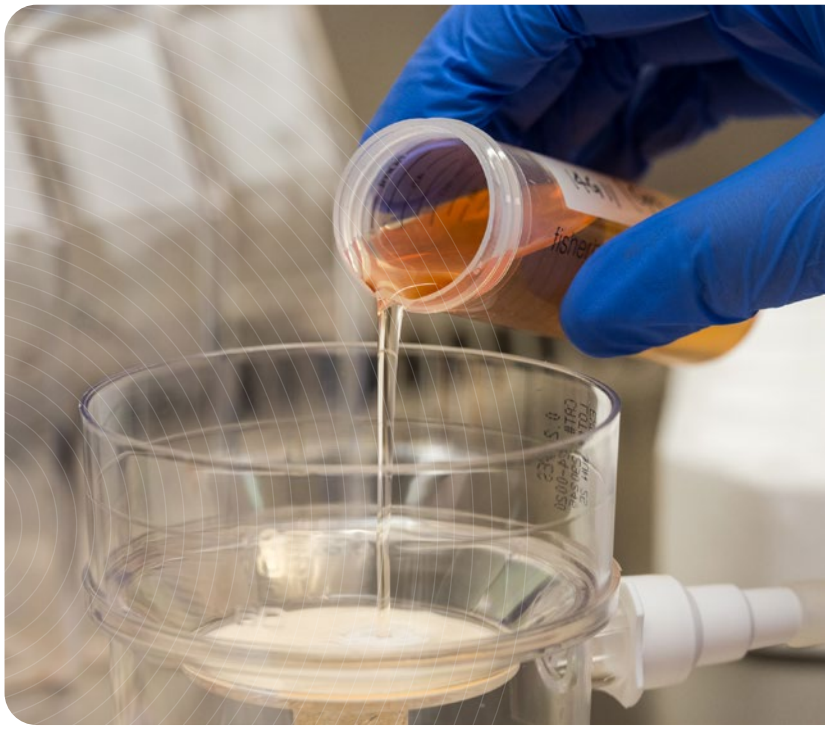
## Zai Lab's Strengths

We are focused on developing and commercializing therapies that address serious medical conditions with unmet needs in oncology, autoimmune disorders and infectious diseases. We have secured partnerships with leading global biopharmaceutical companies and generated a broad pipeline of innovative products with development and commercial rights in GCR. In addition, an in-house team with strong product discovery and translational research capabilities has built a pipeline of early-stage proprietary product candidates with global rights.

We now have a portfolio of four marketed products and a pipeline of more than 25 first-in-class or best-in-class product candidates. Twelve of these product candidates have advanced into late-stage development, and five have been approved in the U.S., achievements that improve their chances of success. Within oncology, we currently focus on five disease areas—gastric cancer, lung cancer, women's cancer, brain cancer, and hematology—which together represent about half of all new cancer cases in China. We have built franchises of product candidates in lung cancer and gastric cancer, which have approximately 800,000 and 500,000 new patients, respectively, in China every year.

We now have a portfolio of four marketed products and a pipeline of more than 25 first-in-class or best-in-class product candidates.

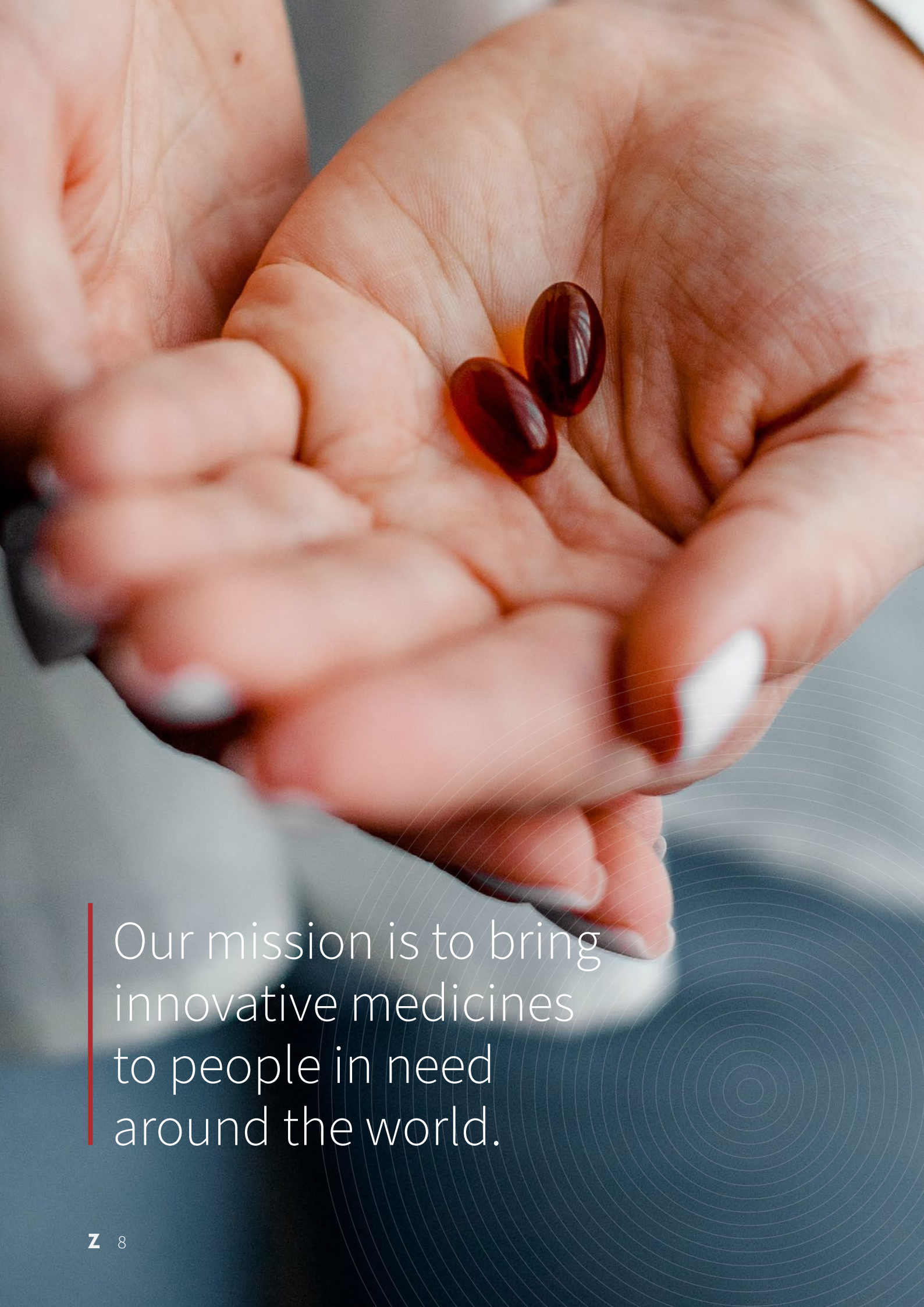
We hope that the commercial success of our broad, innovative, validated product portfolio and pipeline will allow us to reinvest in our business to further expand that pipeline, achieve significant scale, and serve increasing numbers of patients globally.



## About this initial ESG Status Report

We understand the critical role ESG plays in business today. This report provides our baseline assessment for key ESG matters identified by the Sustainable Accountability Standards Board (SASB) for the Healthcare Sector, Biotechnology and Pharmaceuticals. We also took guidance from the United Nations Sustainable Development Goals (SDG) and Institutional Shareholders Services (ISS). As reporting standards and our ESG program evolve, we will adapt our reporting accordingly.

Our business has the greatest ability to prioritize and impact targets in these SDGs:



Our mission is to bring innovative medicines to people in need around the world.

# Social Responsibility

Zai Lab's rapidly growing team brings together capabilities and points of view from many nations and cultures, allowing the company to transcend national borders, to respect all cultures and to embrace the highest standards of conduct.

The company's cultural and geographic diversity both makes this possible, and also makes it more complex. Zai Lab is committed to building a robust ESG program, representative of our mission, to ensure that the company is recognized as an honorable, successful organization.

# Access to Medicine/ Affordability and Pricing

At Zai, our value of dedication fuels our mission to bring innovative medicines to people who need them. A key element of access to medicine is the pricing policy for our innovative medicines. The company aims to achieve near-universal access to its products at affordable prices, with a current focus on GCR.

For marketed therapies, the company seeks to achieve this primarily by gaining inclusion in China's National Reimbursement Drug List (NRDL). Prior to inclusion of its products on the NRDL, Zai Lab commits to increase patient access through Patient Assistance Programs.

Zai Lab also seeks to obtain coverage of its products under commercial insurance plans and supplemental insurance offered by certain provinces and municipalities in the GCR. Commercial insurance plans and provincial/municipal supplemental insurance plans provide affordable access of healthcare products to a small but growing portion of the population.

Recognizing the significant differences in economic strength among countries, Zai Lab offers its products at prices tailored to the standard of living of the country in which they are sold. Zai Lab has approval to market its products only in GCR. The company works to secure timely reimbursement through listing on the NRDL, as well as coverage through commercial insurance plans and provincial/municipal supplemental insurance plans in China. Zai Lab also offers Patient Assistant Programs for ***Zejula, Optune and Qinlock***, its first three marketed therapies in China, according to laws and regulations. In the case of the medical device Optune/Tumor Treating Fields, which is not eligible for the NRDL, the company commits to improve patient access through a Patient Assistance Program and continues to obtain coverage by supplemental insurance plans.

With respect to relevant SASB Standards, Zai Lab has no products on the WHO List of Prequalified Medicinal Products and therefore is not eligible for the WHO Prequalification of Medicines Programme. No country in which Zai Lab markets its products is defined as a priority country by the Access to Medicine Index. Zai Lab has had no litigation relating to Abbreviated New Drug Applications. Regarding SASB Standards relating to the United States, Zai Lab currently does not market any products in the U.S. and has no commercial operations there.

Relevant SASB Standards:

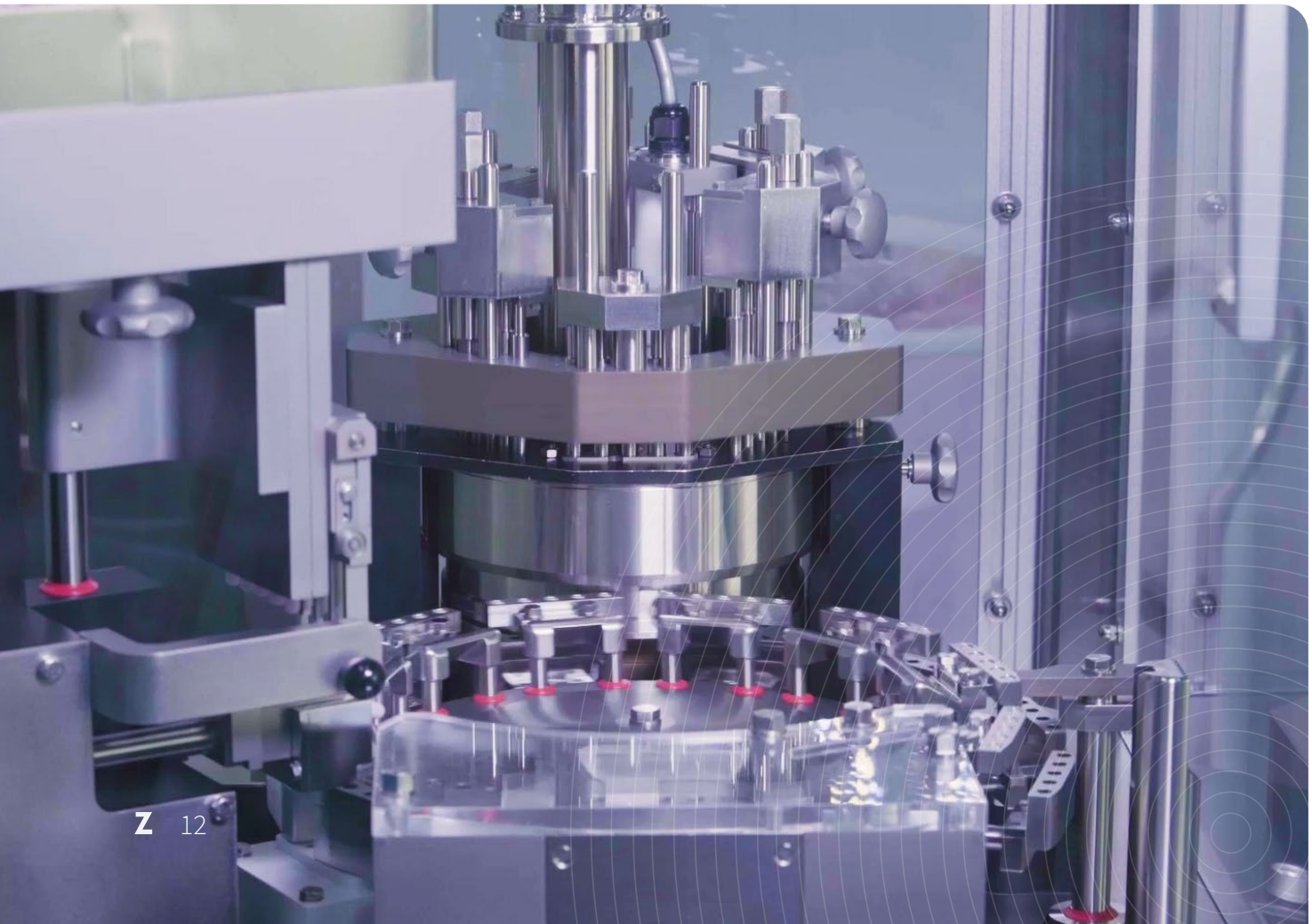
- **HC-BP-240a.2** (List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme [PQP])
- **HC-BP-240a.1** (Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index)
- **HC-BP-240b.1** (Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period)
- **HC-BP-240b.2** (Percentage change in: 1. average list price and 2. average net price across U.S. product portfolio compared to previous year) operations.
- **HC-BP-240b.3** (Percentage change in: 1. list price and 2. net price of product with largest increase compared to previous year)

# Drug Safety

One of our values at Zai Lab is putting the patient first. We monitor drug safety and quality because we care about the lives and the quality of life of our patients.

Zai Lab has established formal standards and protocols to ensure the integrity of all investigational compounds used in clinical studies, as well as commercial therapies provided to patients. Zai Lab has never had a product recall or a warning letter from the National Medical Products Administration (NMPA) relating either to its conduct of clinical trials or its marketing of commercial products.

Zai Lab markets four commercial products in the GCR. A fifth investigational product is under review by regulators in China. The company has formal and rigorous standards and protocols for ensuring the quality and safety of all products throughout the manufacturing and distribution chain.



Zai Lab's first commercial product, **ZEJULA®** (niraparib), came to Zai Lab as a result of our partnership with GlaxoSmithKline (GSK). The product is a highly potent and selective oral, once-daily small molecule poly (ADP-ribose) PARP 1/2 inhibitor indicated as a maintenance treatment of adult patients with advanced epithelial ovarian, fallopian tube, or primary peritoneal cancer who are in a complete or partial response to first-line platinum-based chemotherapy. Zejula is approved for marketing in Mainland China, Hong Kong and Macau and is in clinical-stage research for gastric cancer and other solid tumors. Zai Lab has established a rigorous program to ensure the quality and safety of Zejula, including rigorous procedures for inspecting and testing batches of the active pharmaceutical ingredient (API) from its contract manufacturer before release for encapsulation by Zai Lab. The company completes encapsulation of Zejula in its own small-molecule manufacturing facility in Suzhou under rigorous procedures for inspecting finished product before commercial release.

Zai Lab in-licensed its second commercial product, **OPTUNE®**, from Novocure. Optune is a portable device that delivers Tumor Treating Fields (TTFields). Optune is a novel cancer therapy that uses electric fields tuned to specific frequencies to disrupt cell division, leading to inhibition of tumor growth and death of tumor cells. Optune is intended for the treatment of patients with newly diagnosed glioblastoma (GBM) after surgery and radiotherapy with adjuvant temozolomide, concomitant to maintenance temozolomide, and the treatment of patients with recurrent GBM who have progressed after surgery, radiotherapy and temozolomide treatment for their primary disease. Zai Lab currently markets TTFields in Mainland China and Hong Kong.

Zai Lab obtained rights to market a third commercial product, **QINLOCK®** (ripretinib), in Greater China from Deciphera. Qinlock is a switch-control tyrosine kinase inhibitor engineered to broadly inhibit KIT- and PDGFRα-mutated kinases. It uses a dual mechanism of action that regulates the kinase switch pocket and activation loop. Qinlock is approved in Mainland China for the treatment of adult patients with advanced GIST who have received prior treatment with three or more kinase inhibitors, including imatinib, and in Hong Kong for the treatment of adult patients with advanced GIST who have received prior treatment with imatinib, sunitinib, and regorafenib.

**OPTUNE LUA™** is our fourth commercial product which is also in-licensed from Novocure. Optune Lua is a noninvasive, antimitotic cancer treatment for malignant pleural mesothelioma (MPM). It delivers Tumor Treating Fields to the region of the tumor. Optune Lua is indicated for the treatment of adult patients with unresectable, locally advanced or metastatic MPM to be used concurrently with pemetrexed and platinum-based chemotherapy. Zai Lab currently markets Optune Lua in Hong Kong.

Omadacycline, under review by China's National Medical Products Administration (NMPA), is a once-daily oral and intravenous (IV) broad-spectrum antibiotic in a new class of tetracycline derivatives known as aminomethylcyclines. Omadacycline has been designed to address tetracycline resistance and is being developed for acute bacterial skin/skin structure infections (ABSSSI) and community-acquired bacterial pneumonia (CABP). Zai Lab acquired the full technical transfer of manufacturing omadacycline from Paratek to China and uses a submanufacturer based in China. Zai Lab follows rigorous procedures for inspecting finished product from the submanufacturer before release for potential clinical or commercial use.

Zai Lab is developing more than 25 potential therapies covering three major therapeutic areas - oncology, autoimmune disorders and infectious diseases. The company currently imports from its partners most of the investigational compounds used in clinical trials in China and has formal procedures to ensure that these compounds are received in good order. Zai Lab manufactures the investigational compound ZL-1201 in our own large-molecule manufacturing facility in Suzhou, and we have established and follow rigorous procedures for inspecting finished product before release to potential clinical or commercial use.

Relevant SASB Standards:

- **HC-BP-250a.1** (Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database)
- **HC-BP-250a.2** (Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System)
- **HC-BP-250a.3** (Number of recalls issued, total units recalled)
- **HC-BP-250a.4**, Total amount of product accepted for take-back, reuse, or disposal): Zai Lab has not accepted any product for take-back, reuse, or disposal.
- **HC-BP-250a.5** (Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type)
- **HC-BP-260a.1**, Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting):
- **HC-BP-260a.3**, Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products)

Zai Lab is developing more than 25 potential therapies covering three major therapeutic areas - oncology, autoimmune disorders and infectious diseases.

# Safety of Patients in Clinical Trials

Zai Lab recognizes its obligations to the patients who take on the risks of participation in a clinical study. The company has established rigorous processes and procedures for ensuring the quality of data collection and vigilance regarding patient safety during clinical trials.

In 2017, China joined the International Council for Harmonization (ICH) and became a member of its governing board.  As part of the process of harmonizing China's business practices with international standards established by ICH, China adopted Good Clinical Practice (GCP). Zai Lab complies with Good Clinical Practice in all aspects of its clinical trial management. The President and Head of Global Development, Oncology, and the Chief Medical Officer, Autoimmune and Infectious Diseases, oversee all aspects of Zai Lab's clinical development.

Zai Lab has established Standard Operating Procedures (SOPs) and Working Instructions (WI) to describe the process of clinical study safety data review and identification of safety signals. For Zai-sponsored studies, the company has prepared a risk control plan and a medical monitoring plan for each study to define the process, roles, and responsibilities relating to safety/risk management. This plan includes the following steps:

*Zai Lab has a robust Clinical Quality Management System (Clinical QMS) in place to support and enable the consistent conduct and appropriate oversight of clinical studies to meet the requirements and expectations of regulatory authorities, Zai Lab's partners, health care providers (HCP) and patients. The essential elements of Clinical QMS have been prospectively developed to integrate quality requirements into all clinical development activities, including Process and Procedure, Resources, Roles and Responsibilities, Partnering Management, Risk Management, Issue Management, Knowledge Management, and Documentation Supporting Achievement of Quality.*

*The company has established a Procedure Management System for clinical trials covering the life cycle of clinical development activities worldwide, ensuring the adequate set up, conduct, monitoring and oversight of clinical studies. The procedure management framework ensures that processes are identified, defined, and implemented in a common way to sustain and improve clinical development activities, maintain quality objectives and deliverables, and ensure the well-being and safety of clinical trial subjects. The hierarchy of procedure documents in the scope of clinical development and pharmacovigilance includes Policy (POL), Standard Operating Procedure (SOP), Working Instruction (WI), and Form (FOR).*

*All clinical trials must be conducted and managed in accordance with study protocols, Standard Operating Procedures, and applicable regulatory requirements. The Zai Lab team works together to oversee the quality of clinical trials, the safety of patients and GCP compliance via site monitoring activities by CRAs, study management by study managers, protocol compliance monitoring by study physicians, quality visits by Quality Control personnel, GCP audits by QA personnel, and monitoring of relative benefit and risk of products by pharmacovigilance.*

*Any important clinical results are elevated to the (Research and Development Review Board) RDRB team and to the Senior Leadership Team (SLT) for review and commitment; any critical quality issue will also be escalated to senior leadership for evaluation and decision-making.*

*Zai Lab must get Clinical Trial Application (CTA) approval from the National Medical Products Administration (NMPA) in China before beginning a clinical trial. Any major amendment to protocols in a CTA must be submitted to, and approved by, the NMPA. Other protocol changes are reported in an annual report to the NMPA.*

*Zai Lab must get approval for a clinical trial protocol from the institutional review board (IRB) at each site before beginning the clinical trial at that site. The IRB evaluates the benefit and risk to patients from the protocol.*

*Patients must provide informed consent before participating in a clinical trial.*

*Zai Lab has created a grievance procedure to document any patient concerns about how a clinical trial is conducted.*

*The company provides extensive training for investigators on GCP and other regulations and potential risks specific to a trial.*

*Zai Lab must get approval from Human Genetic Resource Administrative Office before beginning a clinical trial.*

*Any important clinical results are elevated to the company's senior leadership team for review.*

Under these directives, Zai Lab has created SOPs to deal with each aspect of clinical trial implementation, to ensure product safety and to comply with all regulatory reporting obligations, notably:

*Safety Review Plan for Clinical Studies (SOP 011),*

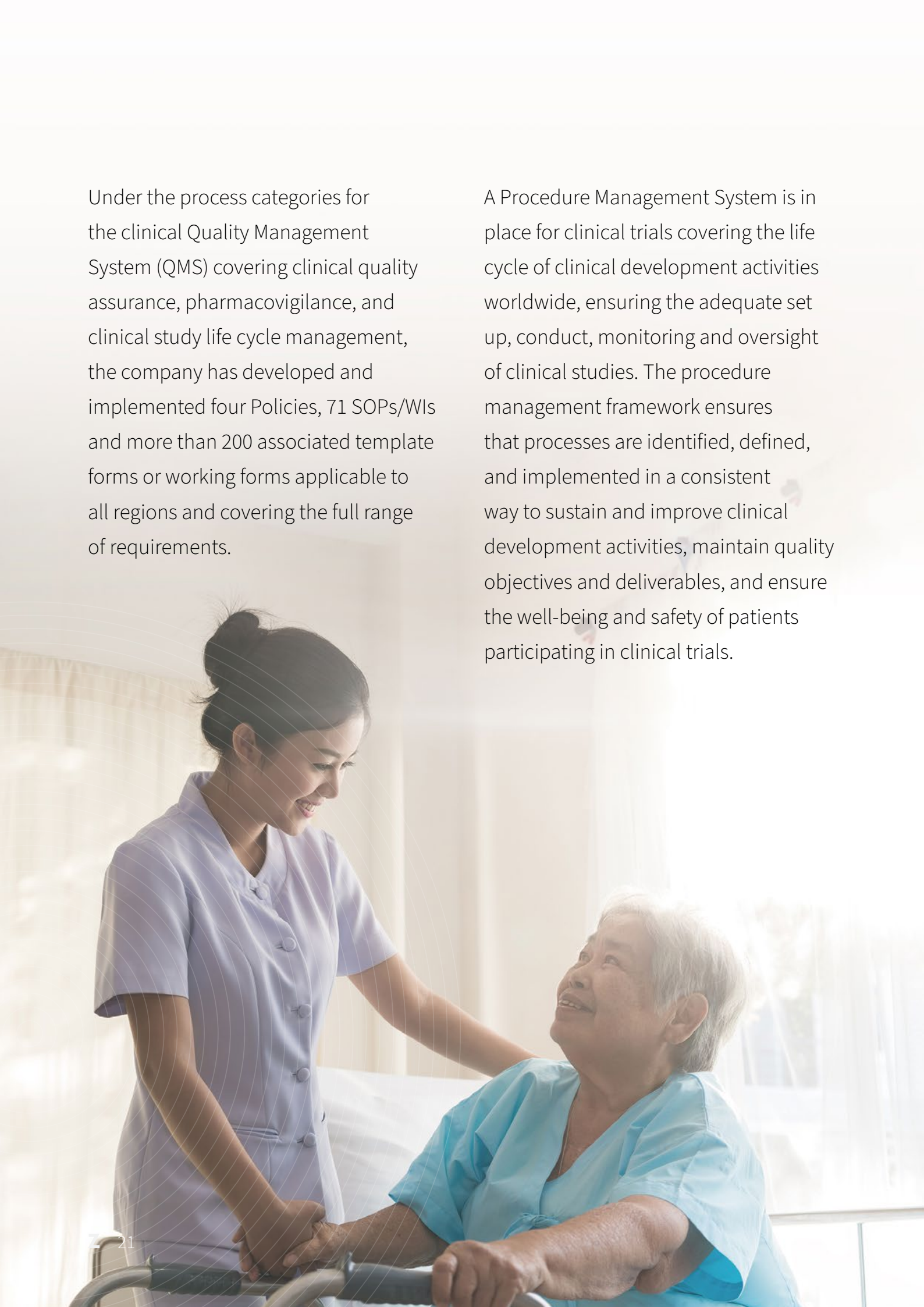
*Signal Management (SOP-012),*

*Preparation and Submission of Development Safety Update Report (SOP 008), and*

*Handling of SUSAR Reports and Special Safety Concerns (SOP 006).*

Under the process categories for the clinical Quality Management System (QMS) covering clinical quality assurance, pharmacovigilance, and clinical study life cycle management, the company has developed and implemented four Policies, 71 SOPs/WIs and more than 200 associated template forms or working forms applicable to all regions and covering the full range of requirements.

A Procedure Management System is in place for clinical trials covering the life cycle of clinical development activities worldwide, ensuring the adequate set up, conduct, monitoring and oversight of clinical studies. The procedure management framework ensures that processes are identified, defined, and implemented in a consistent way to sustain and improve clinical development activities, maintain quality objectives and deliverables, and ensure the well-being and safety of patients participating in clinical trials.



These policies and working instructions are supported by a Hierarchy of Procedure Documents in the scope of clinical development and pharmacovigilance:

- *Pharmacovigilance Agreements with each of our partners before clinical studies began. The head of pharmacovigilance at Zai Lab reports to the President and Head of Drug Development, Oncology.*

- *Safety Data Exchange agreements and signal detection processes with the company's licensing partners.*

- *Informed consent in writing from all patients who participate in company-sponsored clinical trials, including bridging studies and the company's portion of partner-sponsored global clinical trials – a formal, verifiable process to ensure that the patients participating in clinical studies acknowledge receipt of information explaining the risks of participation and the voluntary nature of participation.*

Zai Lab has conducted all of its clinical trials without any termination for failure to follow good clinical practice (GCP) standards. The company has conducted a large majority of the clinical trials for which it was responsible itself rather than using a contract research organization. Throughout all clinical trials, Zai Lab has:

- *Recorded all adverse events (AEs) and serious adverse events (SAEs) according to the requirements of our internal SOPs into an electronic database, which the company reviews on a regular basis.*

- *Reported all SAEs to the NMPA according to their requirements and timeline.*

- *Reported to the NMPA all Suspected Unexpected Serious Adverse Reactions (SUSARs) from overseas clinical trials reported to us by our partners.*

*Sent an annual Development Safety Update Report (DSUR) to the NMPA during the development/clinical trial phase.*

*Reported AEs and SAEs to our partners, who reported them to other regulatory authorities.*

*Created spontaneous reports of AEs for launched products and sent them to the NMPA and to our partners.*

Relevant SASB Standards:

- **HC-BP-210a.1** (Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials)
- **HC-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])
- **HC-BP-210a.3** (Total amount of monetary losses as a result of legal proceedings associated
- **HC-BP-250a.1** (Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database)
- **HC-BP-250a.2** (Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System)
- **HC-BP-250a.3** (Number of recalls issued, total units recalled)
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- **HC-BP-250a.5** (Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type)
- **HC-BP-260a.1**, Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting):
- **HC-BP-260a.3**, Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to coterfeit products)

Relating to the relevant SASB Standards, no clinical trials conducted by Zai Lab resulted in a Voluntary Action Indicated or an Official Action Indicated, and no clinical trials conducted by Zai Lab resulted in losses from legal proceedings.

Zai Lab has conducted all of its clinical trials without any termination for failure to follow good clinical practice (GCP) standards.

# Employee Recruitment, Development & Retention

Zai Lab is committed to bringing our mission and values to life through our culture. This means we recruit, develop and retain employees with different backgrounds and expertise to support the company's growth, while creating a sense of belonging. As a global organization, Zai Lab values and benefits from working with employees from various backgrounds and locations, and the company respects the different perspectives that individuals bring to our company culture. Diversity and inclusion drive innovation and growth within the company. Zai Lab believes that all employees deserve to work in an environment that is free of any discrimination, intimidation, harassment, bullying, or any other non-respectful behavior, and where employees can raise concerns and can feel confident that their safety is a top priority.

The chief strategy officer is responsible for all aspects of Human Capital Management and reports to the CEO. Management reports updates and initiatives in Human Capital Management at meetings of the Board Compensation Committee meeting and the full Board. The Board and its Compensation Committee approve certain major items in this area through meetings in person or via phone, or by written consent.

Zai Lab is an equal opportunity employer, committed to ensuring that all of its employees, along with business partners, third parties, and job applicants, are judged based solely on their qualifications and skill sets. Everyone at Zai Lab is treated equally and respected regardless of their gender, nationality, marital status, disability, religious belief, or any other basis protected by applicable law in the countries where we operate.

Zai Lab aims to attract and retain a high-quality workforce through a competitive package of remuneration and benefits, training, and a satisfying and diversified work experience built on service to patients in need by developing and commercializing innovative medicines.

Relevant SASB Standards:

- **HC-BP-330a.1** (Discussion of talent recruitment and retention efforts for scientists and research and development personnel)

# Gender Diversity, Equity & Inclusion

Zai Lab is a leader within China in the advocacy of female leadership, both through actions within the company and through the personal leadership of the company's Founder, Chairperson and CEO, Dr. Samantha Du. In addition, the company is committed to bringing female leadership to the fore around the world and at all levels of responsibility. The company complies with the laws of all the countries where it does business. Zai Lab provides equal opportunities in recruitment, internal transfer, and promotion to candidates and employees regardless of their gender, nationality, marital status, disability, and religious belief, a policy that is documented in the Employee Handbook. The Board of Directors oversees diversity issues at Zai Lab.

Zai Lab complies with laws on non-discrimination in all countries where the company does business. Specifically, the company has established and maintains female representation in senior management, including the Founder/Chairperson/CEO and two out of seven members of the Board of Directors. Within the company overall, 57% of the workforce are women. There are 53.8% of women in management positions. Below is a breakdown of gender representation by function and level:

**By Function:**

| | Female | Male | Total |
|---|---|---|---|
| **Commercial** | 52.8% | 47.2% | 100% |
| **GA** | 68.6% | 31.4% | 100% |
| **MFG** | 33.8% | 66.2% | 100% |
| **R&D** | 63.7% | 36.3% | 100% |

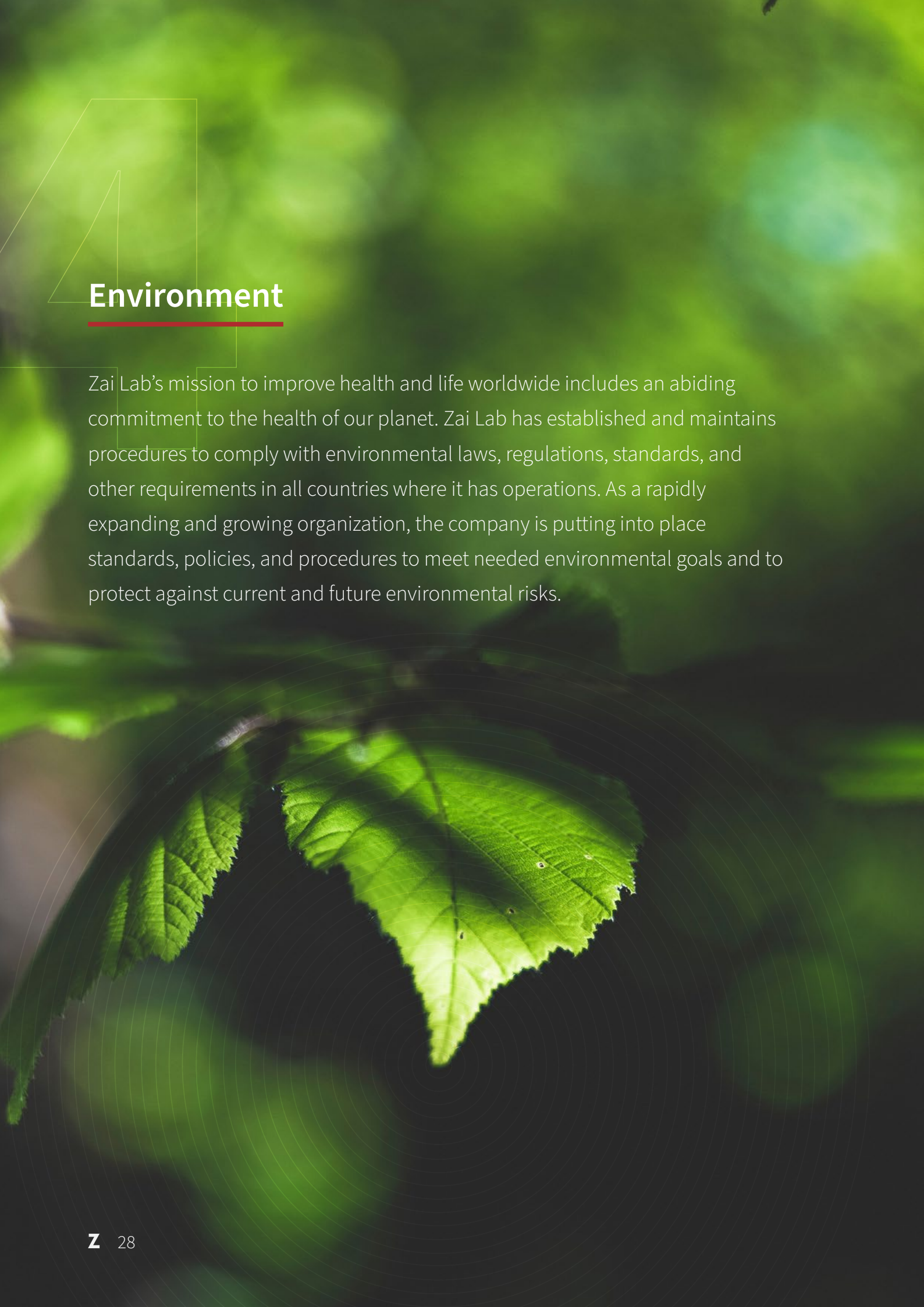
**By Level:**

| | Female | Male |
|---|---|---|
| **Staff** | 29.9% | 24.2% |
| **Manager** | 20.1% | 13.5% |
| **Director** | 5.9% | 4.2% |
| **VP & Above** | 0.9% | 1.3% |
| **Total** | 100% | |

| | Female | Male |
|---|---|---|
| **within level** | 55.3% | 44.7% |
| **within level** | 59.9% | 40.1% |
| **within level** | 58.2% | 41.8% |
| **within level** | 38.9% | 61.1% |

# Environment

Zai Lab's mission to improve health and life worldwide includes an abiding commitment to the health of our planet. Zai Lab has established and maintains procedures to comply with environmental laws, regulations, standards, and other requirements in all countries where it has operations. As a rapidly expanding and growing organization, the company is putting into place standards, policies, and procedures to meet needed environmental goals and to protect against current and future environmental risks.



Zai Lab understands that our daily operations, where and how we work, matter in the fight against climate change. To do our part, we integrate the concepts of environmental improvement and protection into our business practices. Our internal environmental management system is set up according to the ISO14001 framework. We have procedures in place for Environmental Health and Safety (EHS) management, including an EHS Management System Manual, EHS Specifications, and a Wastewater Management Procedure. The Environmental Management System manual contains sections on environmental strategy and emissions and waste reduction.

Zai Lab's value of entrepreneurship means we continuously improve our processes. We know we can and commit to enhance our environmental practices regarding product design, management of our supply chain, manufacturing, after-sale services, product disposal, facilities and operating centers.

As a result of this commitment, Zai Lab's corporate office in Cambridge, Massachusetts, is in a LEED Gold certified building. Our facility in Suzhou, China, when completed, will be a GBEL 2-Star certified facility and we have the following data for our Suzhou plant.

# Energy, Water and Waste Efficiency

## Environmental Key Performance Indicators

### Resource Consumption at Suzhou Plant

| Resources Consumption | 2019 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | OSD | Biologics | Total | OSD | Biologics | Total |
| **Total electrical energy consumption** (MWh) | 1,887,357 | 1,933,226 | 3,820,583 | 1,922,673 | 1,968,702 | 3,891,375 |
| **Total water consumption** (tons) | 7,194 | 12,115 | 19,309 | 8,091 | 7,268 | 15,359 |
| **Production water consumption** (tons) | 5,894 | 11,075 | 16,969 | 6,401 | 5,838 | 12,239 |
| **Office water consumption** (tons) | 1,300 | 1,040 | 2,340 | 1,690 | 1,430 | 3,120 |

### Environment Emissions at Suzhou Plant

| Resources Consumption | 2019 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | OSD | Biologics | Total | OSD | Biologics | Total |
| **Total hazardous waste** (MWh) | 4.82 | 11.4 | 16.22 | 7.3 | 9.6 | 16.9312 |
| **Total non-hazardous waste** (tons) | 5.5 | 3.7 | 9.2 | 4.28 | 4.5 | 8.78 |
| **Total VOC emission** (tons) | 0.0119 | 0.0004 | 0.0123 | 0.0144 | 0.0016 | 0.016 |
| **Wastewater** (tons) | 6,529 | 11,613 | 18,142 | 7,406.5 | 6,746.5 | 14,153 |
| **Ammonia nitrogen** (tons) | 0.0197 | 0.0158 | 0.0355 | 0.0256 | 0.0217 | 0.0473 |
| **COD** (tons) | 0.057 | 0.051 | 1.09 | 0.657 | 0.338 | 0.995 |
| **Scope II GHG emission** (t CO2e) | 1,322.0 | 1,665.9 | 2,987.9 | 1,407.8 | 1,561.9 | 2,969.8 |

OSD=oral solid dosage forms VOD=volatile organic compound
GHG=greenhouse gas COD=chemical oxygen demand

The following practices serve as the foundation of our environmental work and commitments:

## Greenhouse gas emissions

- Adopted a centralized steam supply to improve energy efficiency and reduce greenhouse gas emissions. Scope II GHG emissions per unit of product in 2020 were reduced by 55% compared to 2019
- Recovered and reutilized energy from air conditioning systems
- Encouraged low-carbon travel
- Promoted a paperless office
- Conducted statistical analysis of energy consumption regularly
- Conducted employee training to improve environmental awareness

## Waste management

- Tracked water, electricity, and steam usage, as well as wastewater discharge and hazardous waste collection monthly
- Reduced consumption of toxic chemicals
- Used non-phosphorus detergents
- Implemented waste classification and reduced hazardous waste and landfill waste
- Continuously optimized processes and equipment to reduce the waste of raw materials and scrap and nonconforming products
- Maintained a special storage room for hazardous waste (including electronic waste and chemical hazardous waste) and general industrial waste
- Operated based on established leakage and fire prevention measures
- Publicly disclosed relevant project environmental impacts

## Climate change

As a biopharmaceutical company, Zai Lab's greatest risk from climate change is from disruption to our physical facilities and related activities, such as scientific experiments, clinical trials, and manufacturing and distribution of its medicines. To further reduce the company's contribution to climate change, we took the following actions:

- Advocated for use of clean energy
- Avoided the usage of fossil fuels and other non-renewable sources of energy whenever possible
- Continuously optimized the production process and reduced nonconforming products and wastes
- Devised a company-level emergency response plan and business continuity plans
- Promoted lean manufacturing and environmental improvement measures to reduce energy consumption and carbon emission per unit product

## Environmental health and safety

- Established procedures for a safe, healthy and green plant through full participation of all employees, with the goals of:
  - *Continuously improving the working environment, processes, and workflows to minimize environmental and occupational health and safety risks.*
  - *Setting up sound systems to effectively improve overall environmental and occupational health and safety performance.*
  - *Promoting an EHS culture and a mindset of continuous improvement and innovation.*
- Complied with applicable local laws.
- Carried out safety environment and occupational health risk assessments in the early stage of projects and took corresponding preventive measures and engineering protection measures according to the assessment.
- Monitored emissions and exposure to environmental and occupational hazards and communicated results internally.
- Established a public notification billboard to disclose the types of environmental emission (waste gas, wastewater, noise) and hazardous waste in the factory
- Conducted physical examinations of employees before employment, during the term of employment, and before departure.
- Provided personal protective equipment ("PPE") of the appropriate standard to employees in positions exposed to occupational health risk to prevent occupational diseases.
- Conducted regular environmental and occupational health and safety emergency drills to improve employees' emergency awareness and skills.
- Promoted environmental safety activities to improve employees' environmental safety awareness.

## Packaging

- Worked with local suppliers in compliance with GMP standards to increase the recyclability of purchased material
- Used reusable turnover boxes for intermediate products
- Collected reusable packaging materials for use by a local recycling company
- Reused auxiliary material (packaging bags, plastic barrels, and other packaging materials) for hazardous waste packaging
- Delivered general industrial wastes (non-recyclable packaging materials) to a qualified third party for garbage incineration for power generation

## Water use at two manufacturing facilities—one for encapsulation of Zejula and one for R&D activities in biologics

- Ensured zero discharge of nitrogen and phosphorus from process wastewater for the biological plant
- Recovered heat and utilized steam condensate
- Entrusted qualified testing institutions to conduct air emissions and wastewater discharge testing regularly

# Corporate Governance

The Zai Lab culture inspires all employees to do their best, to have an entrepreneurial spirit and to operate with integrity. This culture requires that the actions and behaviors of everyone in the company be consistent with Zai Lab's values and reflect a robust understanding of varying national laws, regulations and cultural norms. Patients and their families count on the company to always act in their best interests, and the people of Zai Lab take this responsibility seriously.

# Environmental, Social and Governance

In 2021, Zai Labs established the following Governance for ESG Matters.

### Board of Directors

The Nominating and Governance Committee will have oversight for ESG matters.

### Executive Team

Led by CEO and Founder, the Executive Team monitors the delivery of the business strategy, including the development and delivery of the ESG agenda.

### ESG Leadership

The Chief Sustainability Officer is responsible for the development of the ESG strategy and partners with business leaders to deliver ESG goals. Reports to Chief Legal Officer and Corporate Secretary.

# Code of Conduct and Ethics

Zai Lab has established the following governance for the Code of Conduct and Ethics.

### Board of Directors

The Audit Committee has oversight for all Compliance and Ethics matters.

### Executive Team

The Global Compliance Committee (GCC) is composed of the CEO, CFO, Chief Legal Officer with representation from Internal Audit, R&D, Human Resources and Operations.

### Code of Conduct and Ethics

The Chief Compliance Officer chairs the GCC, reports organizationally to the Chief Legal Officer and functionally into the Audit Committee of the Board of Directors.

Zai Lab has established a robust Legal and Compliance function to provide the tools and training to support a global standard of ethical marketing. Zai Lab's Code of Business Conduct and Ethics and the training that supports it are powerful expressions of the company's culture and beliefs: how it conducts business worldwide, how it treats people, and how it protects information and property. Everyone at Zai Lab, including the CEO, completes this training, and all employees are expected to incorporate its lessons into everything they do.

With this foundation, Zai Lab has created and staffed compliance monitoring and investigation-related roles, which serve both to mitigate risks and to report exceptions to management teams at various levels and to the board. The Chief Compliance Officer and staff are responsible for defining the policy road map based upon the company's activities and risk profile and the best practices of other global life sciences companies.

The Global Compliance team focuses on developing company-wide and global policies in recognition of the company's growth and anticipation of continuing growth, as well as the Code of Business Conduct.  Zai Lab's policies and practices adhere to both the letter and spirit of applicable laws and regulations, as well as the company's own high standards of business conduct.

The GCR compliance team is responsible for adapting the global policies to meet local requirements and ways of working, as well as supplementing the policy framework with the local policies that will cover specific local requirements.

Currently the company has commercial operations only in the GCR. At the operational level, the GCR Head of Compliance, who reports to the Chief Compliance Officer, organizes and runs the Corporate Compliance Committee (CCC), which is comprised of senior leaders within the operational GCR organization. These senior leaders include the GCR Chief Commercial Officer, Medical Affairs, Market Access, Marketing and Sales. The GCR compliance team has a person dedicated to management and business partnering, a business partner and operational support person, and a head of monitoring and investigations. In the GCR market, Zai Lab has introduced the following policies and safeguards to ensure ethical marketing practices:

- *Launched a formalized Risk Assessment process, including assessing Enterprise Risk across the organization (ERM) and Healthcare-Compliance-related risk within the business operations.*

- *Held a calibration and prioritization workshop in association with the annual risk assessment to refine the risk ranking and to focus on the company's top risks while defining its mitigation efforts and corrective action strategy. This includes identifying gaps or enhancements in written standards, conducting training, and defining the strategy for monitoring/auditing plans.*

- *Communicated all policies/SOPs to employees in local languages on a regular basis to ensure that ethics and compliance standards are being followed and executed.*

- *Employed an outside consulting firm with deep experience in supporting compliance efforts in life sciences companies to develop and run the ERM and HCC risk assessment process. Ongoing compliance monitoring provides a mechanism to ensure that activities, unusual trends, outliers, and potential crisis are being monitored, evaluated, and managed.*

*Implemented an enterprise-wide and well-recognized training platform that is used in many multinational companies, the Cornerstone® learning management system.*

*Supplemented formal training with face-to-face, online, and Train-The-Trainer formats. Maintained and tracked all training records related to ethical business practices.*

*Instituted special training for sales, marketing, market access, and other commercial functions in GCR, which is the only geographic territory where Zai Lab has commercial operations today.*

*Instituted a whistleblower policy and a helpline that has been communicated to the organization. Employees can report to their line managers and/or the company's Compliance function as well as through a confidential toll-free helpline and a confidential website.*

Relevant SASB Standards:

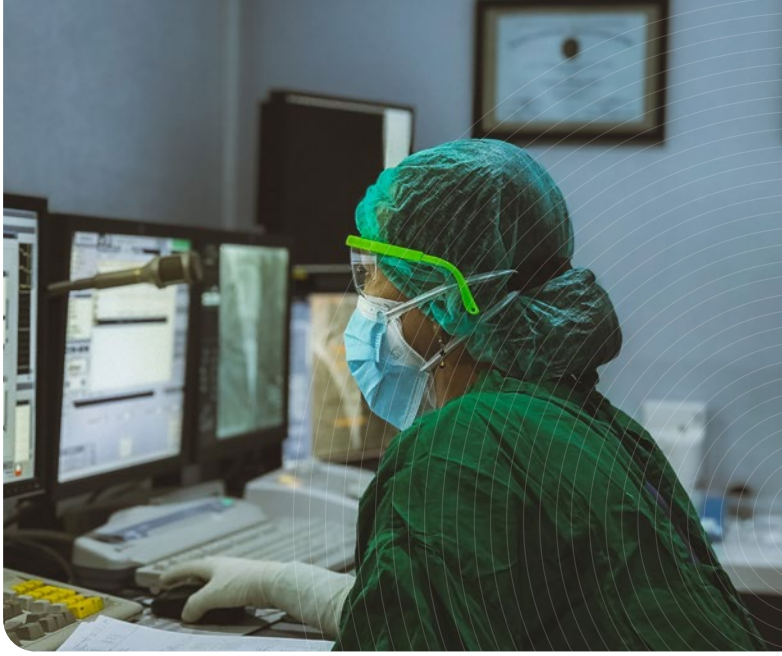
- **HC-BP-270a.2** (Description of code of ethics governing promotion of off-label use of products)
- **HC-BP-270a.1** (Total amount of monetary losses as a result of legal proceedings associated with false marketing claims)
- **HC-BP-510a.1** (Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery)
- **HC-BP-510a.2** (Description of code of ethics governing interactions with health care professionals)

With respect to SASB Standards, Zai Laboratory has had no monetary losses as a result of legal proceedings associated with corruption and bribery or false marketing claims.

## Fair Competition

Zai Lab competes fairly and solely on the basis of true value. Antitrust and fair competition laws help patients and third parties by promoting healthy and fair competition. These laws vary among nations and can be complex but, in general, they try to prevent unfair business practices. Zai Lab ensures that fair competition and trade applies to interactions of Zai Lab as an entity, including interactions with competitors, third parties, and partners.

As Zai Lab promotes open and fair markets along with free competition and trade, the company follows all applicable laws where we work. The company has established channels through which employees with questions or concerns related to trade conditions or unfair business practices can contact the Legal Department. As part of our commitment to fair competition, Zai Lab treats third parties and business partners fairly while holding them to the same high ethical, moral, and legal standards set forth in the organization's Code of Conduct.



## Interactions with Health Care Professionals (HCP)

At Zai Lab, we interact with HCPs and healthcare organizations (HCOs) to fulfill our mission of delivering new treatments and solutions. Our interactions with HCPs and HCOs must always follow our policies and procedures. We never permit business conduct that is intended to or could appear to come across as improperly influencing an HCP's decision. There are various types of interactions, such as interactions during office visits, advisory boards, ad hoc consulting, market research, and clinical trials. We ensure that interactions are appropriate based on a person's individual role within Zai Lab, the setting, and circumstances.

Zai Lab is committed to providing fair, accurate, and balanced product information, scientific and medical information, and safety information. Honest, ethical, and transparent forms of communication help to ensure the safe and proper use of our products and to inform understanding of our therapeutic areas. We promote our products only for the uses and in communication tools and channels that have been approved by the relevant governmental agency.

Any meals provided to HCPs must be modest by local standards and below Zai Lab policy limits. All meals provided to HCPs must be in connection with, and incidental to, a legitimate business or scientific purpose.

Zai-Lab-approved educational items may be provided on an occasional basis to an HCP and are subject to local industry codes and regulatory requirements. These educational items should not have any value to the HCP outside of the HCP's professional responsibilities.

At Zai Lab, we may potentially interact with HCPs who are government officials, and such interaction may require additional review from the Legal Department. In many countries, HCPs may be considered government officials because the country's medical system is operated by the government. When interacting with these individuals, we follow all applicable local and federal laws and direct questions to the Legal Department or Ethics and Compliance Department, as necessary.

When interacting with HCPs, Zai Lab follows these principles:

- *Examine all relationships and agreements with HCPs, business partners, and third parties to ensure the full legal and ethical foundations of all activities intended to support referral of patients or generate prescriptions*
- *Never offer financial incentives for the purpose of writing or influencing the use of our therapies*
- *Never try to influence an HCPs decision about patient care*
- *Document any HCP interactions and transfers of value as required by Zai Lab's policies and procedures*
- *Refer any questions to the Legal Department or Ethics and Compliance Department*

## Interactions with Patients and Patient Organizations

Zai Lab works to meet the most urgent medical needs of patients to improve their health and quality of life. Zai Lab is committed to putting patients first.

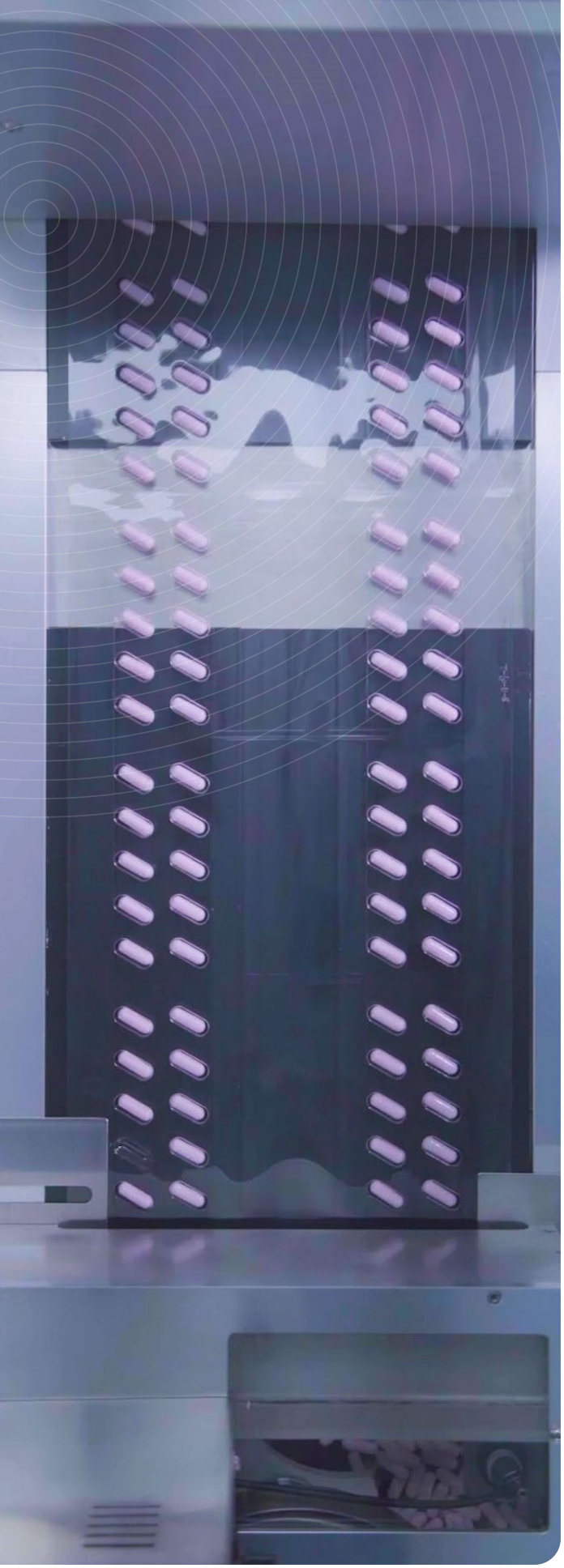
Zai Lab takes the time to understand the patient communities we work with in the countries where we operate. We are advocates of fairly and appropriately supporting patients and patient organizations. We recognize the importance of patient organizations in raising awareness and providing education, which influences our work in creating innovative medicines. We strive to build a culture of trust with patients and patient organizations, which is critical in furthering our knowledge of patient experiences.

When dealing directly with patients and patient organizations, Zai Lab follows the policies and SOPs described in Section III (C), Ethical Marketing, even in circumstances where the company does not have a marketed therapy. Specifically, Zai Lab does:

- *Obtain voluntary and informed consent when warranted or required*
- *Connect with patients to better understand their experiences*
- *Consider patient and caregiver points of view*
- *Respect the right of patients and patient organizations to make independent decisions*
- *Direct requests from patient organizations or patients to the company's ` Medical Affairs office*
- *Track and evaluate contributions, program funding, and other financial support to patient groups for legitimate application and execution.*

When dealing directly with patients and patient organizations, Zai Lab does not:

- *Interfere with patients' relationships with their physicians or caregivers*
- *Violate patient privacy*
- *Inappropriately influence a patient organization to endorse Zai Lab products*
- *Control patient organization materials or other communications*



## Supply Chain Integrity

As a company committed to integrity, Zai Lab's first responsibility is to ensure the utmost quality of its products – from the acquisition of safe and effective active and inactive ingredients; to the importation, manufacture and distribution of our clinical candidates; to the demonstration of their safety and efficacy in clinical testing; to their ethical marketing as our commercial products.

Zai Lab has in place oversight procedures to safeguard drug safety for both clinical and commercial supply. The departments responsible for this are Clinical Supply Chain and Manufacturing, cGMP and Quality Assurance. The company conducts all activities to ensure the safety of clinical and commercial supply on a global basis, with a single, global set of standards for each of these elements. Zai Lab has built a cGMP quality system, including the planning, implementation, monitoring, and continuous improvement of manufacturing processes to ensure that all the cGMP activities comply with regulatory requirements of the markets where the products are sold as well as international standards.

Zai Lab has in place oversight procedures to safeguard drug safety for both clinical and commercial supply.

## Pharmacovigilance

Zai Lab has recruited an experienced pharmacovigilance team to gather information about the safety of its marketed products and investigational product candidates and to report that information to the appropriate authorities. The company has acquired, and equipped the team with, an international standard system (Argus) to process the safety events/complaints received covering both products and product candidates. For its marketed therapies, Zai Lab has created a formal protocol, detailed in QA-SOP-008 Quality Complaints Management, defining the standard processes applying to any potential quality complaints about Zai Lab products received from patients, health care professionals and institutions, government departments and intermediaries, and customers. This SOP provides a guideline for process flow in handling potential product quality complaints, from the receipt of complaint information to investigation and impact assessment, to planning and implementation of a Corrective Action and Preventive Action (CAPA), until the resolution of the complaint.

With respect to relevant SASB Standards, Zai Lab has not issued any product recalls and has not accepted any product for return, reuse, or disposal. In addition, there have been no FDA enforcement actions taken in response to any possible violation of cGMP at Zai Lab. Zai Lab does not market any products in the United States, has no drugs in the FDA's database, and thus has not reported any events in the FDA Adverse Event Reporting System.

## Counterfeiting

To prevent product counterfeiting, Zai lab places anti-counterfeit seal labels on two sides of each product carton. In addition, an anti-counterfeit line on the carton can be found by macrophotograph. Every carton has its own drug traceability code that can be used to trace the complete distribution process from factory to market. No legal actions or arrests related to counterfeit products have occurred. We will alert our customers and business partners immediately when counterfeit product is identified and take necessary action in preventing it from harming patients.

Everyone at Zai Lab plays a key role in our journey to improve human health around the world. We hope this report provides insights for how we integrate environmental, social and governance practices into our corporate journey. We look forward to continuing the dialogue with you and others who share our goal of creating a healthy and sustainable world. We welcome comments, which can be sent to Zai Lab's Chief Sustainability Officer:

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