



基石药业

CSTONE
PHARMACEUTICALS

CStone Pharmaceuticals
基石藥業

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2616



環境、社會及管治報告 2022
Environmental, Social and Governance Report

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1. About the Report

CStone Pharmaceuticals (the “Company”) and its subsidiaries (“CStone”, the “Group” or “We”) are pleased to present our fifth Environmental, Social and Governance Report (the “ESG Report” or “this Report”). The scope of the ESG Report covers the business performance of the Group in policies, initiatives and efforts in ESG aspects, and in fulfilling corporate social responsibility from January 1, 2022 to December 31, 2022 (the “Year” or “Reporting Period”). You may access the ESG Report by clicking “Information Disclosure” under the “INVESTOR RELATIONS” section on the Company’s website or relevant documents by browsing through HKExnews’s website.

BASIS FOR PREPARATION

The ESG Report has been prepared in accordance with the ESG Reporting Guide (the “Guide”) as set out in Appendix 27 from the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The report content complies with the “Comply or Explain” disclosure obligations and the reporting principles of materiality, quantitative, balance, and consistency of the Guide. Readers can review the final chapter of the ESG Report – “Appendix II: The Stock Exchange ESG Reporting Guide Index” for quick reference.

Materiality: This report discloses the process and guidelines for the Group’s communication with stakeholders and identification of materiality issues, as well as the Board’s prioritization of the identified materiality issues.

Quantitative: This report discloses statistical standards, methods, assumptions and/or calculation tools for the quantitative KPIs, as well as the source of the conversion factors.

Consistency: This Report presents the Group’s performance during the reporting period in an impartial manner, avoiding selections, omissions or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Balance: This report adopts consistent statistical methodologies for disclosure, any changes in methodology will be explained in the report.

REPORTING BOUNDARY

This report mainly covers the core business of the Group, and its overall performance regarding sustainability during the Reporting Period, including policies, measures and key performance indicators (“KPIs”). The disclosure scope of social KPIs is consistent with that in the annual report, which covers the entire Group and the scope of environmental KPIs includes CStone Pharmaceuticals (Suzhou) Co., Ltd. (“Suzhou Office”, including Translational Medicine Research Center (“TMRC”)), Tuo Shi Pharmaceutical (Shanghai) Co., Ltd. (“Shanghai Office”) and Chuang Shi (Beijing) Medical Technology Co., Ltd. (“Beijing Office”).

1. About the Report

REPORT APPROVAL

The ESG Report is approved and adopted by the Board on March 15, 2023 after being confirmed by the management executives.

LANGUAGE OF THIS REPORT

This ESG Report is available in two languages, being the Traditional Chinese and English versions. Should there be any inconsistency between them, the Chinese version shall prevail.

REPORT FEEDBACK

Your opinions on this ESG Report are treasured by us. For any enquiries or recommendations, please feel free to contact us via e-mail at ir@cstonepharma.com.



2. Chairman's Message

On behalf of our Board, I am pleased to present the fifth ESG Report of the Group for the year ended December 31, 2022.

As a biopharmaceutical company focused on the research, development and commercialization of innovative oncology immunotherapeutic and precision therapeutics, CStone has always placed sustainability as important as enhancing corporate value, with the primary goal of meeting the urgent medical needs of cancer patients in China and around the world. Our vision of "becoming a world-renowned biopharmaceutical company, leading the way in the fight against cancer" (成為享譽全球的生物製藥公司, 引領攻克癌症之路) and our mission of "bringing breakthrough therapies to cancer patients to extend their lives and improve their quality of life" (為癌症患者帶來突破性療法, 延長患者生命、提升患者生活質量) continue to be the cornerstone of our long-term sustainability strategy.

In 2022, CStone achieved a number of milestones in its maturing product pipeline and business operations. Our commercial achievements in the first half of the Year, including the launch of two first-in-class ("FIC")/best-in-class ("BIC") therapies, have placed us among the top innovative biopharmaceutical companies in China. We remain committed to achieving a safe, sustainable and healthy future for cancer patients in China and around the world, and continue to integrate ESG concepts into all aspects of business development, developing sustainable development strategies that are aligned with our own business operations, in line with our Group's vision and mission.

In terms of corporate green development, we continue to focus on greenhouse gas and wastewater emissions from the Group's offices and trial operations. While saving energy and reducing the amount of waste generated, we are also concerned about the risks posed by climate change and are committed to turning them into opportunities for the Group to achieve sustainable development. We are committed to achieving carbon neutrality by 2060, in line with national strategy.

During the Year, CStone was ranked among the "Top 100 National Pharmaceutical Innovation Companies" (國醫藥創新企業 100 強) and "Top 30 Innovative Small Molecule Drug Companies in China" (中國小分子藥物企業創新力 TOP30 排行榜) once again, and received several awards, including the Galen Award (蓋倫獎), the Biopharmaceutical Industry Value List (生物醫藥產業價值榜), the Drug Innovation Jezebel Award (藥物創新濟世獎), and Most Valuable Pharmaceutical and Medical Companies (最具價值醫藥及醫療公司). We know that these honors belong to every one of our subjects and researchers, patients and doctors, employees and shareholders, and we would like to express our sincere gratitude and heartfelt respect. As we look ahead to 2023, we will continue to be committed to drive our mission of scientific sustainability while improving ESG compliance.

4. ESG Management

CStone has a long history of research, development and commercialization of innovative oncology immunotherapy and precision therapy drugs to meet patient needs, help prolonging lives of cancer patients and enhance their quality of life. Long-term sustainability is crucial to us, we actively communicate with our stakeholders through various channels to focus on their core demands, and the Board makes decisions on all ESG-related issues of the Group, while all departments work together to cooperate them to promote sustainable development for both the company and its stakeholders.

4.1 BOARD STATEMENT

CStone is highly focused on the Group's sustainability performances and we have established an ESG structure to manage ESG issues. The Board of Directors, as the decision-making level of the ESG governance structure, has overall oversight of ESG issues, including reviewing ESG issues and strategies, identifying and overseeing ESG risks that companies face in their daily operations, and approving the disclosure of annual ESG reports. In addition, based on stakeholder engagement during the Reporting Period, we prioritized the important issues identified, which helped us understand and assess the Group's ESG performance and thus develop relevant strategies. For the ESG management approach, strategies and priorities that have been established by the Group, under the supervision of the Board of Directors, each department will also continue to promote the implementation of various ESG policies and measures to ensure that our ESG policies are always in line with the Group's business trends and to continuously improve our ESG efforts.

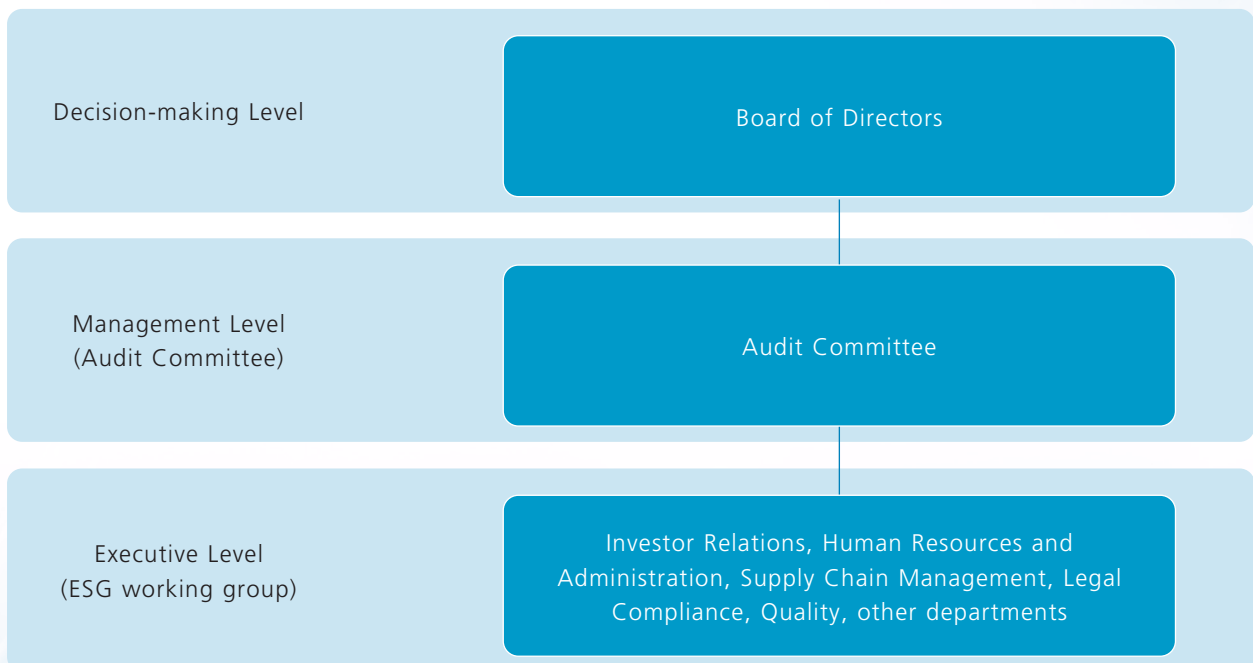
During the Year, the Group reviewed the progress of the targets and the effectiveness of the management of our various ESG policies and systems during the year according to the various environment-related targets that have been established, and made timely adjustments and updates to these policies in the light of our daily operations in order to continuously monitor and improve ESG management.



4. ESG Management

4.2 ESG STRUCTURE

Sustainability is of paramount importance to CStone. To better manage ESG-related issues, we have established an ESG structure, including the Board of Directors, Audit Committee, and ESG working group. The Board of Directors, as the highest responsible body and the decision-making level for ESG matters, is responsible for reviewing and approving ESG matters, including ESG strategy, principles, targets, policies, etc., monitoring and reviewing ESG performance and progress of related targets, reviewing and assessing risks and materiality related to ESG matters, including business ethics management regulation, and approving public disclosures related to ESG matters. The Audit Committee, as the management level of ESG matters, is responsible for assisting the Board of Directors in assessing the Company's ESG risk appetite on an annual basis, reviewing changes in the nature and severity of ESG risks and the Company's ability to respond to such changes and changes in the external environment, evaluating the adequacy of ESG-related resources, staff qualifications, and experience, training programs, and related budgets, and monitoring ESG results and reporting to the Board of Directors on a regular basis. The ESG Working Group, as the executive level for ESG matters, is responsible for the coordination management, communication and ESG disclosure of ESG matters of the Company. The ESG working group covers all core departments such as Investor Relations, Human Resources and Administration, Supply Chain Management, Legal Compliance, Quality, R&D and Commercialization, etc. It communicates with stakeholders through meetings and research interviews, evaluates and responds to ESG-related risks and requirements, and reports regularly to the Audit Committee on the progress and results of ESG work, and continuously promotes ESG management improvement based on feedback.



4. ESG Management

4.3 STAKEHOLDER ENGAGEMENT

We always believe that the long-term development of our company is inseparable from the support and trust of our stakeholders. During the Year, we have also established various regular communication channels to fully listen to the needs of our stakeholders, including customers, shareholders/investors, employees, government regulators and suppliers, and ensure the in-depth participation of our stakeholders.

Table of communication channels with stakeholders

Stakeholders	Communication Channels
Customers	<ul style="list-style-type: none">• Customer satisfaction survey and comment form• Email
Shareholders and investors	<ul style="list-style-type: none">• General meetings• Interim and annual reports• Corporate communications such as letters/circulars to shareholders and notices of meetings• Regular announcement• Company website• Investors' meetings
Employees	<ul style="list-style-type: none">• Employee opinion survey• Performance appraisal and assessments• Seminars/workshops/lectures/intranet• Publications (such as employee newsletters)
Government and regulatory authorities	<ul style="list-style-type: none">• Policy documents, guidelines and compliance reports• Meetings/presentations/seminars/forums and communication activities• Submissions/written responses to public consultations
Suppliers and business partners	<ul style="list-style-type: none">• Suppliers management procedures• Suppliers/contractors evaluation systems• Site visits
Community/Non-governmental organization	<ul style="list-style-type: none">• Community activities
Pharmaceuticals peers	<ul style="list-style-type: none">• Strategic cooperation project• Industry meetings, forums and communication activities
Media	<ul style="list-style-type: none">• Press conference/press releases/results announcement• Interviews with senior management• Media gathering

4. ESG Management

4.4 MATERIAL ISSUES

CStone focuses on the ESG expectations and requirements of different stakeholders, based on our business development targets, actual operations, and with reference to the disclosure responsibilities covered by the ESG Guidelines 《ESG 指引》 and the materiality issues library of Sustainability Accounting Standards Board (“SASB”), analysing various ESG issues. Our group management identifies material issues and prioritizes the identified issues to reflect the needs of our stakeholders for the Year. Disclosures are also made in this report according to the level of importance of the identified issues and are used as a reference in the formulation of ESG policies.

CStone’s Materiality Matrix



Based on the analysis results of the above material issues, CStone’s ESG direction for this Year will be divided into five areas, including “Compliance Corporate Development”, “Adherence to Quality Assurance”, “Focusing on R&D Team”, “Enterprise Green Development”, and “Giving Back to the Community”. This Report will reflect the focus and contribution in ESG of the Group in this Year ESG in these five areas.

5. Compliance Corporate Development

5.1 CORPORATE INTEGRITY GOVERNANCE

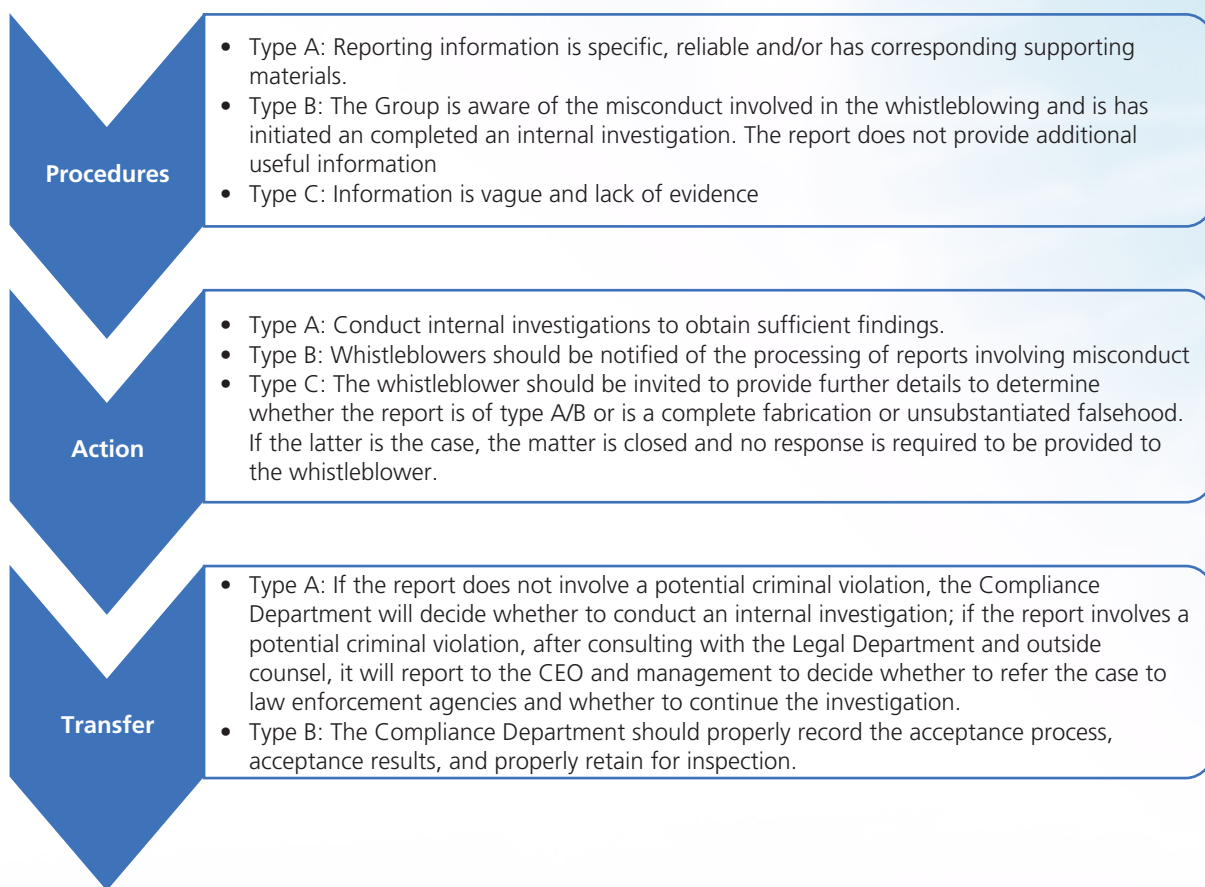
CStone places great emphasis on corporate compliance operations as well as integrity governance, and strictly complies with the Anti-Unfair Competition Law of the People's Republic of China (the "PRC") (《中華人民共和國反不正當競爭法》) and Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other regulations and laws. The Group has formulated a Compliance Management System (《合規管理制度》) to ensure that the Group's and its staff's operation and management comply with laws, regulations, rules and other regulatory documents, industry norms and self-regulatory rules, the Group's internal rules and regulations, as well as professional ethics and codes of conduct recognized and generally observed by the industry. The Group's Board and Legal Compliance Department play an advocacy, designation and monitoring role for the relevant compliance management. In order to strictly comply with the laws and regulations in the places where we operate, we have established a compliance management process including the identification, assessment, monitoring and reporting of compliance risks, as well as compliance assessment and compliance review. Compliance managers of the Legal Compliance Department shall prepare specific rules for a compliance review, inspection, reporting and accountability and organize their implementation. In addition, we have also established an effective internal assessment and evaluation system to assess and evaluate the ability and effectiveness of each department in managing compliance risks regularly. We play the role of compliance management in the evaluation of business operation compliance, and in case of violation, the process of identifying and handling the person responsible for the violation, as well as the corrective measures taken, must also comply with the Company's Articles of Association and relevant regulations. We also establish an effective compliance risk management mechanism and conduct external supervision to realize a comprehensive management system that combines internal compliance management and external supervision.

The Group strictly regulates the conduct of all employees in accordance with the Code of Conduct for Employees (《員工行為準則》), which includes the requirement that employees behave lawfully, respect each other with honesty and integrity, be responsible for the reputation of the business, anti-corruption, and assume management and supervisory responsibilities. All employees are prohibited from offering, giving/demanding and accepting favors when contacting business partners and third parties, are strictly prohibited from corruption when working with governments, suppliers or healthcare professionals, and are required to conduct themselves in accordance with local laws and regulations and international standards. In addition, CStone employees are obligated to act in the best interests of CStone and not based on their personal interests, and employees must inform their supervisors of any personal benefits they may receive in the performance of their duties.



5. Compliance Corporate Development

CStone is always concerned about the core interests of the Group and should be able to obtain any concerns about misconduct as early as possible in a responsible and confidential manner, and to investigate them internally and resolve them in order to mitigate any existing or potential negative impact of such misconduct. Therefore, we have established the Standard Operating Procedures for Whistleblowing and Internal Investigations (《舉報和內部調查的標準操作程序》). All employees are subject to investigations initiated by “whistleblower reports” and investigations initiated by the Company when it becomes aware or suspects misconduct, and employees and all departments of the Company are expected to give their support and cooperation to such investigations. The Compliance Department is responsible for preliminary verification of complaints received, and may decide whether to bring in outside counsel to assist in the verification process as appropriate. The Compliance Department shall handle the corresponding reports under the following procedures:



During the Year, we conducted anti-corruption training for all employees and Board members, requiring our employees to understand and comply with guidelines on anti-corruption compliance requirements in their dealings with government officials, other related parties and third parties, and to ensure the Company complies with all applicable “anti-corruption laws” in the relevant jurisdictions, including: the Criminal Law of the PRC (《中華人民共和國刑法》) and related judicial interpretations, the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and the Foreign Corrupt Practices Act (“FCPA” 《海外反腐敗法》) of the United States, as well as other applicable relevant laws.

5. Compliance Corporate Development

During the Reporting Period, we provided a combination of online and offline compliance training to our directors and all employees, including sending anti-bribery compliance training materials to all directors, providing annual CStone Code of Integrity (CIP) training to all employees, quarterly policy highlights, etc., covering the CStone Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Conflict of Interest Policy, SOP for Interactive Communication Activities (conference and event management, academic sponsorship and funding, consulting and speaker services, etc.), SOP for Third Party Transactions, SOP for Whistleblowing and Internal Investigations, etc.

2022 Annual Compliance Training Content:

Training Topics	Training Content	Frequency	Number of people covered	Duration
CStone Code of Integrity (CIP) training	CStone Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Conflict of Interest Policy, SOP for Interactive Communication Activities (conference and event management, academic sponsorship and funding, consulting and speaker services, etc.), SOP for Third Party Transactions, SOP for Whistleblowing and Internal Investigations	Annual	All Staff	60mins/ session (2 sessions)
Quarterly policy highlights	Explain policies and share relevant cases to employees by topic, such as: speaker application and MSA management, non-CStone employee travel, hospitality, gifts, etc.	Quarterly	All Staff	45mins/ session 3 sessions per quarter
New Employee Training (Sales/non-sales)	Sales staff and non-sales staff conduct CIP policy orientation and targeted content briefing	Quarterly	100+ visits	30mins-45mins/ session
MICE Supplier Training	Presentation of the "Code of Conduct for Business Partners", "Anti-Corruption and Anti-Bribery Policy", "SOPs for Conference and Event Management" and other related policies by conference service providers	Annual	40+ visits	30mins/ session
Sales Management Session-Compliance Session	Interactive sharing of current compliance hot topics/cases in sales management meetings	Annual	40+ visits	20mins/ session
Business Customization Training	Customized training courses for business, such as: analysis of compliance-related policies for daily sales activities and practical interpretation of meeting settlement process, analysis and interpretation of monthly expense audit/Flight inspection report, etc.	According to the actual needs	50+ visits	45mins-60mins/ session
Annual Meeting – Compliance Session	Interactive compliance sessions and keynote sharing at the annual meeting	Annual	All Staff	30mins/ session

During the Reporting Period, there were no incidents of embezzlement, bribery, extortion, fraud or money laundering by CStone, and there were no litigation cases arising from the above matters.

5. Compliance Corporate Development

5.2 PROTECTING INTELLECTUAL PROPERTY

CStone values intellectual property in the drug development process, we strictly abide by laws and regulations including Patent Law of the PRC (《中華人民共和國專利法》), Copyright Law of the PRC (《中華人民共和國著作權法》), Trademark Law of the PRC (《中華人民共和國商標法》) and Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》). We have established company intellectual property protection system to resolutely protect our legal rights and interests, and avoid infringing on the intellectual property rights of others.

We conduct comprehensive infringement search analysis to identify potential intellectual property infringement risks and formulate countermeasures in advance before the launch of our own drugs and the introduction of drugs from outside. We also take into account the intellectual property risks at the project initiation and other key stages, and assess the impact of potential infringement risks on the project. At present, there are no disputes arising from infringement of others' intellectual property rights. For possible intellectual property disputes, we will cooperate with external law firms to analyze the intellectual property rights involved and eliminate the related risks by filing invalidation and reaching licensing.

To maintain the security of our own patents, we sign confidentiality agreements with our employees, meanwhile sign invention transfer agreements with them to agree on job inventions and to clarify the ownership of intellectual property rights.

During the Reporting Period, we maintained a total of 60 registered patents, while the number of new patents granted was 28.

5. Compliance Corporate Development

5.3 SUPPLY CHAIN MANAGEMENT

In order to maintain the stability of the supply chain and to manage suppliers more efficiently, CStone has established sound supplier management mechanism and formulated a series of policies for procurement, supplier access and contract signing, such as the Standard Operating Procedures for Procurement《採購標準操作流程》, Standard Operating Procedures for Supplier Participation 《供應商參與標準操作流程》 and the Procurement Application and Price Comparison Process 《採購申請與比價流程》. We also ensure that our suppliers are operationally compliant, and have obtained the appropriate qualification certificates as well as operational capability and professionalism, meanwhile evaluate multiple suppliers during the procurement process to select the most competitively priced supplier based on the degree of solution satisfaction, delivery lead time, after-sales service and strategic cooperation among suppliers. When making the final selection, we give preference to suppliers who are accepted as the company's approved suppliers of relevant products and services after passing the evaluation of the Purchasing Department and end users. Suppliers with commercial bribery and unethical business practices, e.g. illegal employment such as child labor or improper business practices such as providing false information, will be included in our "supplier blacklist" and all business dealings will be terminated immediately.

Our supplier selection process will take whether they share the same ESG values with us into account, requiring suppliers to comply with all applicable laws, prohibit corruption, respect the fundamental human rights of employees, take responsibility for the health and safety of employees, and comply with statutory as well as international standards related to environmental protection. In addition, suppliers are required to comply with the provisions of the Business Partner Code of Conduct 《商業夥伴行為準則》 and CStone expects suppliers to adhere to high ethical standards and to avoid engaging in any activity that involves even the appearance of impropriety. We place environmental, social and ethical requirements on our suppliers, who are required to respect intellectual property rights and protect commercially confidential information. To ensure product quality, suppliers are required to ensure compliance with safety monitoring, quality regulations and requirements applicable in the markets where the products are registered and distributed, at all stages of material/product supply, production, packaging, testing, storage and distribution. To further build a sustainable supply chain, we also require suppliers to avoid any fraudulent and deceptive practices, such as paying or accepting bribes or kickbacks for improper benefits, when conducting business with them. Meanwhile, we value the environmental and social responsibility of our suppliers, and their environmental and social compliance is a factor in our final decision that whether to cooperate. The Group gives preference to suppliers with sustainability awareness, who purchase green products and does not cooperate with suppliers who do not operate in compliance.



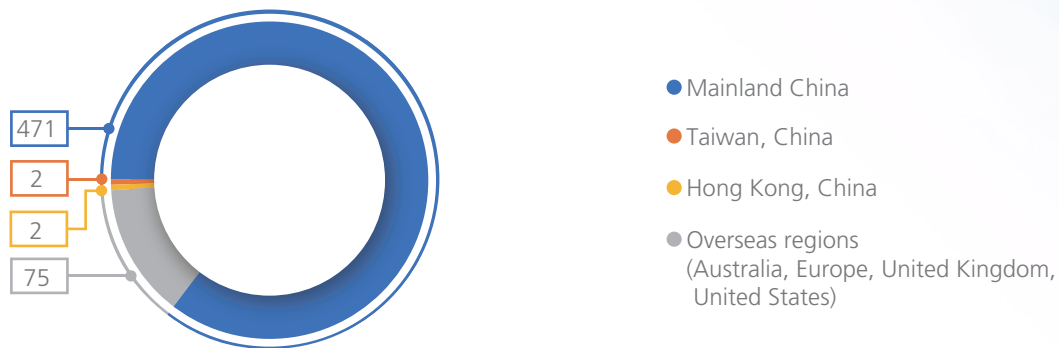
5. Compliance Corporate Development

During the Reporting Period, the number and distribution of the Group's clinically relevant and non-clinically relevant suppliers by country or region are as follows, and all suppliers mentioned below are subject to our supplier engagement practices.

Number of clinical-related suppliers by country/region



Number of non-clinical-related suppliers by country/region



6. Adherence to Quality Assurance

6.1 STRICT QUALITY CONTROL

Qualified drug quality is fundamental to the long-term growth of CStone's business. The Group strictly complies with relevant laws and regulations such as the Drug Administration Law of the PRC 《中華人民共和國藥品管理法》, Product Quality Law of the PRC 《中華人民共和國產品質量法》, Good Manufacturing Practices for Pharmaceutical Products 《藥品生產質量管理規範》, Good Supply Practice for Pharmaceutical Products 《藥品經營質量管理規範》, Administrative Measures of Production Supervision for Pharmaceutical Products 《藥品生產監督管理辦法》 and Administrative Measures for Drug Registration 《藥品註冊管理辦法》. In addition, our clinical research of new drugs strictly complies with Good Clinical Practices for Pharmaceutical Products ("GCP") 《藥物臨床試驗質量管理規範》 and Good Laboratory Practice for Pharmaceutical Products ("GLP") 《藥物非臨床研究質量管理規範》.

In order to ensure that our service providers meet the Good Manufacturing Practice of Medical ("GMP", 《生產質量管理規範標準》) in all aspects such as raw materials, personnel, facilities and equipment, production process, packaging and transportation, and quality control, we have prepared "GMP Service Provider Standard Management Protocol" 《GMP 服務商標準管理規程》 and all suppliers are required to complete "GMP Service Provider Assessment Application and Approval Form" 《GMP 服務商評估申請和批准表》 designed to minimize risks in the drug manufacturing process. We have also established different categories of GMP service providers according to the different production cycles of our products and review them regularly. In addition, we have also established a GMP service provider training component so that GMP service providers can understand our requirements in real-time and meet our standards when working with us.

We have also established a series of production quality control procedures, such as the "Standard Management Procedures for Consigned Production Quality Activities" 《委託生產質量活動標準管理規程》, "Standard Management Procedures for Consigned Production Product Release" 《委託生產的樣品檢驗標準管理規程》, "Standard Management Procedures for Consigned Production Sample Inspection" 《委託生產的樣品檢驗標準管理規程》 and "Standard Management Procedures for Consigned Production Non-Conforming Products and Recalls/Rework/Reprocessing" 《委託生產不合格品和回收／返工／重新加工標準管理規程》, to maintain high standards and strict requirements for our pharmaceutical products, and to strictly control the quality of our pharmaceutical products to maintain the consistently high quality of CStone.

As a pharmaceutical company, we are more concerned about the safety of patients' medication, and always insist on quality control in each process to prevent unqualified products from flowing into the next process, to ensure the final product quality and to resolutely prohibit unqualified products from flowing into the market for patients' use. We manage substandard raw and auxiliary materials, packaging materials, key consumables, cell banks, stock solutions, intermediate products and finished products in the entrusted activities with reference to the 2010 version of China Drug Manufacturing Quality Management Code 《2010 版中國藥品生產質量管理規範》 and 21 CFR parts 210-211 《美國聯邦法規 21 章 210-211 部分》. The quality assurance department supervises the entrusted parties and is responsible for auditing the treatment of substandard products and following up to confirm the results of the treatment.

If any non-conforming product appears on the market, we will immediately conduct a full assessment of the relevant quality risks to decide whether to recycle, rework or reprocess. Recycling is carried out in accordance with the predetermined operating procedures, and there are corresponding records. Recycled and reprocessed products are subject to inspection and stability assessment by the quality control department. Returns may not be repackaged, sold or destroyed until evaluated by the Quality Assurance Department.

During the Year, we did not recall any products for safety and health reasons.

6. Adherence to Quality Assurance

6.2 RESPONSIBLE MARKETING

CStone adheres to the goal of meeting the needs of patients and practices responsible marketing with scientific rigor, taking sustainability factors and business ethics into account in the sales process, and prohibiting any fraud, falsification and concealment of information.

The Group will strictly comply with the laws and regulations on drug descriptions, labels, packaging and drug advertisements, including the Advertising Law of the PRC 《中華人民共和國廣告法》, the Regulations on the Administration of Drug Descriptions 《藥品說明書和標籤管理規定》 and Labels and the Measures for the Administration of Drug Packaging 《藥品包裝管理辦法》, when launching pharmaceutical products. In respect of product labeling and advertising, we strictly comply with the relevant national laws and regulations to ensure that patients, regulatory authorities and other stakeholders are provided with truthful and effective information, and firmly oppose the use of false information as well as misleading descriptions. We have also established a Standard Operating Procedure for the Management of Promotional Materials 《推廣材料管理標準操作流程》, which applies to our promotional materials involving medical and product information, and ensures that the form and content of our promotional materials always comply with the provisions of the Drug Administration Law of the PRC 《中華人民共和國藥品管理法》 and other relevant laws and regulations, and are consistent with the Code of Conduct for the Promotion of Medicines issued by the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) as well as with Cornerstone's internal policies.

6.3 SAFEGUARDING CLINICAL TRIAL SUBJECTS

Clinical trials are an important part of the drug development process. In order to protect the quality of our products and the interests of our subjects, to maintain our good corporate image, CStone has established the "Management Process of Medical Information Consultation" 《醫學信息諮詢的管理流程》, which aims to clarify the management procedures and responsibilities of CStone employees and third-party medical information consultation to ensure that all medical information consultations are handled in accordance with the specifications.

Prior to the execution of the trial, the Group enters into a Clinical Trial Agreement 《臨床試驗協議》 with the clinical trial organization in accordance with relevant laws and regulations to protect the legal rights and interests of the subjects in terms of the execution of the trial, record keeping, auditing and data privacy protection. We also take out drug clinical trial liability insurance for our trials, investigators and research units in accordance with the relevant laws and regulations. Before conducting each trial, the investigator must ensure that each subject is aware of the nature, importance, impact and risks of the trial, and subject signs the Informed Consent Form 《知情同意書》 after fully understanding the background, purpose and process of the trial. CStone and the subjects will also sign the Clinical Trial Agreement on Serious Adverse Events 《臨床試驗關於嚴重不良事件之協議》 and the Settlement Agreement 《和解協議》 to protect the rights of both parties. Subjects may raise concerns at any stage of the trial, which must be addressed immediately by the investigator, and subjects have the right to withdraw at any stage of the study to protect the health and rights of the subjects.

During the Reporting Period, one legal complaint allegedly resulting from an enrolled subject's serious adverse event (SAE) was filed against us. Upon being made aware of such a complaint, we organized relevant internal departments to conduct an assessment to ensure it was properly handled. The case is still under the non-public pre-trial mediation process and we believe that such a case would not cause a material adverse effect on our business, financial condition, or results of operations. Other than the foregoing complaint, we did not involve in any disputes or complaints with respect to clinical trials during the Reporting Period.

6. Adherence to Quality Assurance

6.4 INFORMATION PRIVACY SAFEGUARDS

CStone respects the right to personal data privacy and also complies with the laws and regulations on the protection of personal information, including the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). The Group has established a Personal Privacy Information Protection Policy (《個人隱私信息保護政策》) to explain the data privacy principles relating to the protection of personal information and how they are implemented, and to regulate our employees and service providers, including parties who enter into contracts (such as contract research organizations (CROs), suppliers or consultants), to perform activities that meet the data privacy requirements of business policies, procedures or local regulations for the handling of personal information. We have also established “Corporate Records and Information Management Requirements” (《公司記錄和信息管理要求》) to regulate the four major aspects related to the creation, management, retention and disposal of corporate records and information, which are classified into “high, medium and low” risk levels with access privileges based on the severity of the possible consequences of information leakage. Only members of CStone’ leadership team or authorized individuals have access to information in the high and medium risk categories, and records are permanently maintained.

CStone strives to implement the security and confidentiality of business information in every aspect of serving patients. We have established a Code of Conduct for CStone employees (《基石藥業員工行為準則》) and a Code of Conduct for Business Partners (《商業夥伴行為準則》) that prohibit employees and business partners from copying or distributing relevant information, documents or other materials without written permission.

In order to ensure the privacy of clinical trial subjects, we have stated in the Informed Consent Form (《知情同意書》) that personal information such as name and gender of the subjects will be handled by desensitization methods such as code names or anonymity to ensure that the security of personal information is well protected. We will not disclose any personal information of the subjects for the publication of the research results to ensure the privacy of the subjects.

We also established the GMP Data Storage System Standard Operating Procedures (《GMP 數據存儲系統標準操作規程》) to document the GMP data storage system management, use, and maintenance processes. Data privacy is protected by sub-departments, with the Quality Assurance Department responsible for system use, file uploads, system maintenance and permission policies; and the IT Department managing system configuration, maintenance, backup and account management.



7. Focusing on R&D Team

CStone understands that our employees are important partners and valuable assets. Therefore, we are constantly optimizing our employment system to protect the legal rights and interests of our employees and occupational safety, while continuously recruiting talented people and providing them with appropriate training as well as a diverse, equal and sustainable work atmosphere. The Group strictly abides by the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and other employment-related laws and regulations, resolve to resist employs child labor or forced labor, and adheres to the principle of equal employment, meanwhile does not discriminate at any stage of work for any reason, in order to protect the rights and interests of each employee.

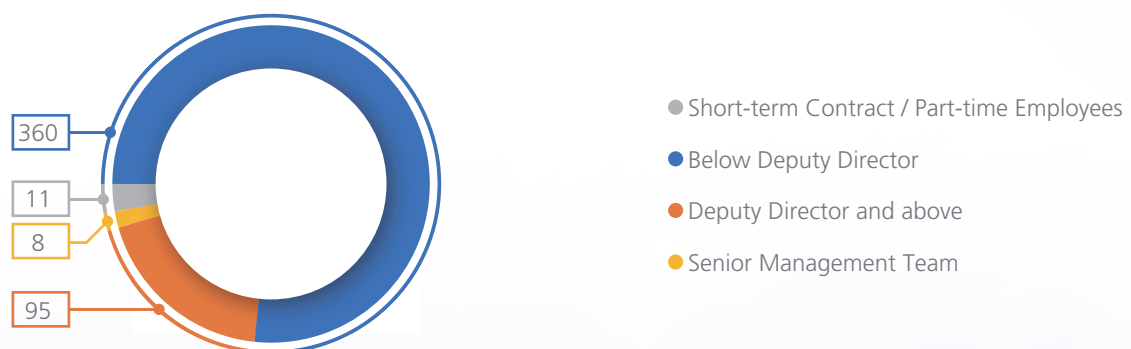
EMPLOYMENT OVERVIEW

As of December 31, 2022, CStone had a total of 474 employees.

Number of Employees by Gender



Number of Employees by Employment Category

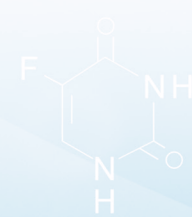
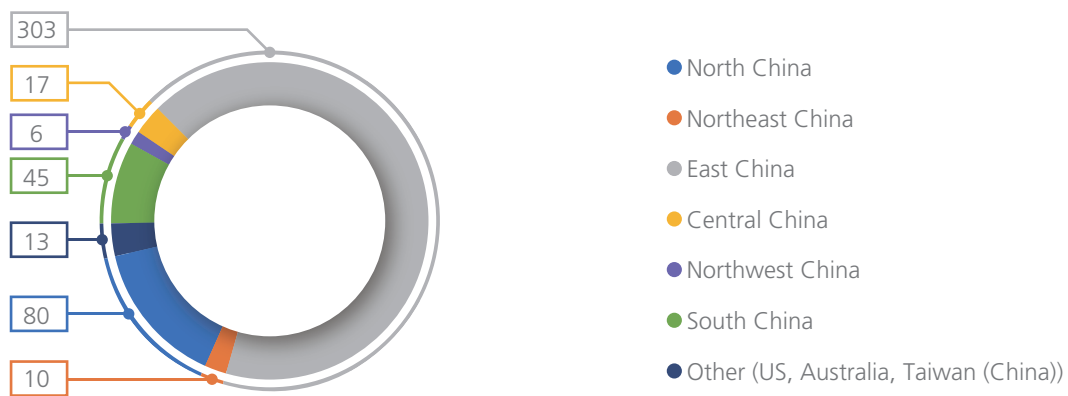


7. Focusing on R&D Team

Number of Employees by Age Group



Number of Employees by Geographical Region



7. Adherence to Quality Assurance

7.1 EMPLOYEE BENEFITS PACKAGE

Improving the Recruitment System

Employees are our most valuable resource and the basis for helping CStone continue to innovate and grow. In order to improve our recruitment management system, the Group has established Recruitment Management System 《招聘管理制度》 and Employee Handbook 《員工手冊》 to recruit employees in accordance with standardized procedures, and select the most suitable candidates on the basis of merit in accordance with business development needs and job functions, without any discrimination based on gender, religion, age, ethnicity or disability in the recruitment process. The equal opportunity policy also extends to other areas such as promotion, transfer, compensation, training, and termination of employment contracts. We also have a reasonable recruitment plan to attract a wide range of talents with relevant expertise through approved open channels, such as internal publishing platforms, online advertisements, campus recruitment and headhunting referrals, to give each employee a stage to develop professional skills. We also maintain equal opportunity and diversity within the company in terms of promotion, transfer, compensation, training and basic employment contracts.

The Group strictly complies with the Law of the PRC on the Protection of Minors 《中華人民共和國未成年人保護法》 and the Regulations on the Prohibition of Child Labor 《禁止使用童工規定》. We ensure that no child labor is employed by strictly verifying the identity of new employees before they join the Group through initiatives such as compliant information collection, checking identification documents and proof of qualifications. In order to ensure that the workload of our employees is appropriate, we have established the “Working Hours and Overtime Management Policy” 《工作時間和加班管理政策》 to control and monitor the situation that employees work longer hours on normal working days or perform business-related work on weekends, rest days and legal holidays. If there is a real need for overtime work, the employees shall apply to and be approved by the supervisor and the manager’s approval before working overtime. The person in charge of each department is responsible for managing the overtime work in this department, and female employees in special periods such as breastfeeding and pregnancy should not work overtime. In the event that the employer forces workers to work, or if the personal safety of the workers is endangered by unauthorized command or forced risky work, the workers may immediately terminate the labor contract without prior notification to the employer. During the Year, the Group did not employ child labor or forced labor.

We have built a stable compensation & benefits system and compensation policy that is consistent with the company’s long-term business objectives, competitive in the market, performance management oriented, fair and equitable, and effective in attracting, retaining and motivating outstanding employees. We have also established a welfare management system 《福利管理制度》 to protect employees’ social welfare in accordance with the law and provide company benefits such as health checkups, new marriage/newborn congratulations, birthday benefits and holiday benefits.

In addition to remuneration and benefits, the Group also focuses on protecting the holiday benefits of its employees. All employees of CStone are entitled to national holidays, annual leave based on length of service and early release from work on major holidays in accordance with the law. We also grant sick leave, unpaid personal leave, injury leave, marriage leave, maternity and lactation leave, parental leave and bereavement leave according to employees’ needs. In addition, eligible employees are entitled to half-day leave on International Women’s Day and Youth Day as required.

7. Focusing on R&D Team

Performance Management System

CStone has established a comprehensive performance management system to improve the effectiveness of talent management, attract, develop and retain talented employees, motivate employees to work with commitment and give full play to their potential, and ensure the long-term development and ultimate success of the company's business. The Group's performance management process includes four major processes: individual job performance goal setting, job performance feedback, job performance evaluation and total compensation management to help coordinate the fit between individual employee performance and organizational strategies as well as goals. For employees whose performance does not meet the company's performance requirements, the person in charge will develop a performance improvement plan.

The year-end performance appraisal is conducted in three steps: performance dialogue, performance scoring and performance calibration. In the performance dialogue stage, we review the performance of the past year, analyze the strengths and weaknesses and set the work goals and plans for the next Year. In the performance scoring stage, line managers and department heads rate employees' performance for the year in a project-oriented manner. Finally, in the performance calibration stage, HR will work with the department head to adjust the normal distribution of the overall departmental scoring.

Employee Exit Management

Employees who resign on their own initiative should submit a written resignation application in accordance with the provisions of the Employee Handbook 《員工手冊》, submit it to their direct line manager and the Human Resources Department, and submit the separate application for approval on the Human Resources Department system online. If the employee's resignation application is approved, the employee should continue to fulfill all responsibilities and obligations as stipulated in the employment contract, do his or her job, and handle the work handover and return the company's assets before the separation date.

7.2 TRAINING CORPORATE TALENTS

CStone places great emphasis on talent development and training. We also provide a wide variety of training opportunities to help each employee maximize their potential. We arrange for each new employee to attend a systematic new employee training within six months as well as diversified internal training and external training opportunities to help employees consolidate their professional knowledge and skills, and continuously improve their business capabilities at work. We also organize team building activities to enhance cohesion and collaboration among employees.

Category	Name of Training
General Training	<ul style="list-style-type: none">• New Employee Training• Annual Pharmacovigilance Update Training• CStone Grand Lectures
Professional Training	<ul style="list-style-type: none">• Sales Professional Skills Intensive Training• Sales Representative Two Star Training (Winning Character & Key Account Management)• Birth of a New Drug – Keystone Clinical Development Journey
Leadership Training	<ul style="list-style-type: none">• New Manager Training• Manager Two Star Training (Belbin Team Management)• Commercialization Management Team Leadership Forum

7. Adherence to Quality Assurance

7.3 OCCUPATIONAL HEALTH AND SAFETY

CStone attaches great importance to the safety of the premises and the health of the employees during the R&D and trial operation work, so we strictly abide by the Production Safety Law of the PRC 《中華人民共和國安全生產法》, the Fire Protection Law of the PRC 《中華人民共和國消防法》, the Regulations on the Supervision and Management of Construction Work Safety 《建築工程安全生產監督管理條例》, the Regulations on Laboratory Safety Production 《實驗室安全生產條例》 and other relevant laws and regulations. Our Group has formulated internal rules and regulations such as “Emergency Rescue Plan for Enterprise Safety Accidents” 《企業安全生產事故應急救援預案》, “Standard Operating Procedures for Safety Hazard Investigation and Management of Translational Medicine Research Center” 《轉化醫學研究中心安全隱患排查與治理標準操作流程》, “Standard Management Procedures for EHS Inspection” 《EHS 檢查標準管理規程》, “Responsibility System for Prevention and Control of Occupational Disease Hazards” 《職業病危害防治責任制度》 and “Emergency Rescue and Management System for Occupational Disease Hazards Accidents” 《職業病危害事故應急救援與管理制度》. The risks we identify as well as their prevention and control measures will be categorized into a series of systems and operational requirements related to chemicals, equipment operation and firefighting, etc., to continuously improve our safety management system.

During the Year, CStone had no lost days due to work injury, and there were no work-related fatalities in the past three years.

The Group has also formulated the “EHS Training and Education Management System” 《EHS 培訓教育管理制度》 in accordance with the “Production Safety Law of the PRC” 《中華人民共和國安全生產法》, “Safety Training Regulations for Production and Operation Units” 《生產經營單位安全培訓規定》 and “Safety Production Training Management Measures” 《安全生產培訓管理辦法》 to implement the safety production policy of “safety first and prevention first”, standardize the training and education of occupational safety and environmental protection work of the company, improve the safety and environmental protection knowledge and operation skills of all employees, and minimize Human-made unsafe factors. The general manager, vice president in charge of safety, safety production management personnel and related personnel are required to conduct EHS education and training. In addition, new employees should pass the three-level safety education as required and be qualified by examination before they are allowed to work. We also integrate safety education into our daily routine, in addition to daily training, we also open fire prevention, explosion prevention, poisoning prevention emergency plan drills and self-protection ability training.

To maintain laboratory safety, we post evacuation plans at prominent locations within the site on each floor, providing detailed evacuation routes as well as the locations of fire hydrants and fire extinguishers. We also equip laboratories with various types of protective and emergency handling equipment, such as vertical eyewash sprinklers, sink-type single-port eyewashes, and laboratory low oxygen alarms, to protect the work safety of laboratory employees. In addition, we also entrust third parties to collect hazardous waste in accordance with the laws, regulations and policies related to environmental protection, such as the Civil Code of the PRC and the Law of the PRC 《中華人民共和國民法典》 on the Prevention and Control of Environmental Pollution by Solid Waste 《中華人民共和國固體廢物污染環境防治法》, and enter into a “Hazardous Waste Commissioning and Collection Agreement” 《危險廢物委託收集協議》, which is handled in strict accordance with the treatment of various chemicals.

8. Enterprise Green Development

CStone is committed to shouldering our own corporate social responsibility and adhering to the balance between corporate development and environmental protection. The Group strictly complies with the Environmental Protection Law of the PRC 《中華人民共和國環境保護法》, the Energy Conservation Law of the PRC 《中華人民共和國節約能源法》 as well as the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》, and other laws and regulations related to environmental protection, to actively reduces the environmental burden brought by corporate operations. During the Reporting Period, the Group did not i) violate any laws and regulations regarding emissions of air and greenhouse gases, water and land discharge, and generation of hazardous and non-hazardous waste; (ii) and there were no major accidents affecting the environment and natural resources; or (iii) receive any environmental fines and notice of the action.

We maintain the directional environmental targets established last year and will maintain or reduce greenhouse gas emissions, waste generation, electricity consumption and water consumption with similar levels of operations. We will set targets and base years that are appropriate for our business in the context of actual conditions. We will actively adopt greener practices and explore new possibilities to achieve sustainable operations, control greenhouse gas and waste emissions from operations, reduce energy and water consumption, and focus on the risks posed by climate change.

8.1 CLIMATE CHANGE MITIGATION

Climate change has a profound impact on the economy and corporate operations, and is a serious challenge that needs to be addressed globally. CStone is committed to reducing carbon emissions, and continues to address the risks that climate change poses to our group. During the Year, we have identified the risks associated with climate change.

In the face of physical risks such as typhoons, floods and extreme heat, office locations may need to be temporarily closed, which may cause damage to assets and interruption of business activities, or even threaten the personal safety of employees, resulting in suspension of the supply chain and transportation difficulties, as well as reduced revenue. In order to prevent these situations in advance, we always pay attention to catastrophic weather, strengthen our contingency plans for extreme weather, and make timely adjustments according to temperature and weather conditions to ensure smooth transportation.

In the Reporting Period, we were not affected by the above risks. We will continue to identify the risks and opportunities arising from climate change, improve our management and resource efficiency, minimize carbon emissions from our corporate operations and actively undertake the mission of addressing climate change. At the same time, we also pay attention to the climate risks that may be caused by our own corporate operations and make it an important issue to minimize the impact of climate change.



8. Enterprise Green Development

8.2 GREENHOUSE GAS EMISSIONS

In response to the Chinese government's commitment to work toward carbon neutrality by 2060 and international policy initiatives such as the Paris Agreement (《巴黎協議》), CStone actively monitors greenhouse gas emissions. We also take into account the recommendations of international organizations to disclose and compare greenhouse gas emissions in our reports.

For the Year under review, we calculated the greenhouse gas ("GHG") emission of the Report scope according to the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 established by the International Organization for Standardization. A summary of GHG emissions for this Year is as follows:

GHG Emissions Performance	Unit	2021	2022
Greenhouse Gas Emission²			
Direct GHG emissions (Scope 1) ³	Tonnes of CO ₂ e	0.00	0.00
Indirect GHG emissions (Scope 2) ⁴	Tonnes of CO ₂ e	452.31	506.30
Total GHG emissions (Scope 1 & 2)	Tonnes of CO ₂ e	452.31	506.30
Greenhouse gas emission intensity			
per square meter(Scope 1 & 2)	Tonnes of CO ₂ e/m ²	0.06	0.07
Per employee(Scope 1 & 2)	Tonnes of CO ₂ e/employee	0.95	1.62

During the Year, the total amount of GHG emissions was 506.30 tonnes of CO₂e and the total emissions only increased by about 11.94%⁵ compared to last year. In the future, we will continue to take additional carbon reduction measures to reduce greenhouse gas emissions.

² We calculate the Group's greenhouse gas emissions with reference to the HKEX's "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs"

³ Scope 1 includes direct GHG emissions from sources owned and controlled by the Group.

⁴ Scope 2 includes GHG emissions indirectly from electricity generation, heating and cooling or steam purchased by the Group from external sources.

⁵ The increase in GHG emissions in 2022 is due to the fact that the Group's Beijing office was used throughout the Year in the current year, compared to only being used in the second half of the year in 2021, as well as the addition of new laboratory projects at the Suzhou headquarters and the Translational Medicine Research Center, resulting in an increase in electricity consumption during the Year and therefore a corresponding increase in GHG emissions.

8. Enterprise Green Development

8.3 BUILDING GREEN GROUP TOGETHER

Waste Management

The solid waste generated during the development of our pharmaceuticals is divided into hazardous waste and non-hazardous waste. Our hazardous waste mainly comes from biochemical waste liquids generated in the course of R&D and operations, as well as waste packaging containers, gun tips, centrifuge tubes, activated carbon filter cotton, etc. In order to reduce the burden of solid waste to the environment, we follow the national storage standards for hazardous waste and store all hazardous waste in proper packaging in designated areas, and sign hazardous waste disposal agreements with qualified hazardous waste disposal companies in accordance with the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes 《中華人民共和國固體廢物污染防治法》, and entrust them to collect hazardous waste. During the Year, the Suzhou laboratory generated a total of 160.00kg of medical hazardous waste. In our office operations, we generated 33 pieces of waste batteries and 73 pieces of waste toner cartridges as hazardous waste.

We classify non-hazardous waste into recyclable and non-recyclable for disposal, and use recycling for recyclable waste paper cartons, metal and plastic products. We try to avoid using disposable products when holding events to avoid unnecessary waste. In addition, we encourage our employees to use electronic systems as a channel for information transfer and to use double-sided printing to reduce paper consumption. During the Year, the Group generated 1,550kg non-hazardous waste, with an emission intensity of 4.97kg per employee, which was a decrease of approximately 26.51% over last year.

Indicators	Unit	2021	2022
Medical hazardous waste ⁶	kg	760.00	160.00
Non-hazardous waste production	kg	3,220.00	1,550.00
Non-hazardous waste production intensity	kg/employee	6.76	4.97

Energy Saving

To continue keeping energy reductions, CStone implemented stronger energy management measures. During the Year, our total electricity consumption was 871,435.00kWh, with a intensity of 117.78kWh per square meter, an increase of approximately 17.54%⁷ compared to last year. The Group's energy use was mainly electricity consumption. During the Year, we were committed to improving the efficiency of energy use and reducing unnecessary energy wastage by implementing measures such as centralization of personnel, powering off systems during non-working hours and dividing areas for independent control. We also regularly maintain the lighting system and air conditioning system, such as cleaning the lighting equipment and air conditioning filters, to improve energy efficiency.

⁶ Experiments produce hazardous solid wastes such as waste packaging containers, pipette tips, PE tubes, PPE and activated carbon filter cotton, or laboratory culture medium waste mother liquors and other hazardous liquid wastes containing serum, fluorescent dyes, ethanol, etc.

⁷ The increase in energy consumption in 2022 was due to the fact that the Group's Beijing office was used throughout the Year in the current year, compared to only being used in the second half of the year in 2021, with a corresponding increase in electricity consumption for daily operations, as well as the addition of new laboratory projects at the Suzhou headquarters and the Translational Medicine Research Center, resulting in an increase in electricity consumption during the Year.

8. Enterprise Green Development

Water consumption control

During the Year, the total water consumption of our offices was 970tonnes with its intensity of 0.13 tonne/m². The water consumption intensity was about 23.02% lower than last year. In addition, we have no problems in obtaining suitable water sources. We also educate our staff on water conservation, such as posting water conservation reminders in the restrooms. Meanwhile, we conducted regular inspections of faucet equipment and will immediately arrange for qualified personnel to repair any leaks or seepage problems.

Reduce paper usage

During the Year, the Group consumed 4,700.00kg of paper with its intensity of 15.06kg per employee, a decrease of approximately 20.59% compared to last year. Our office administration system has realized electronic, and we have implemented online approval functions in the process and system construction of contract applications and approvals, to effectively reduce paper waste. In addition, we use electronic communication technology to transmit information to reduce paper use, default computers and printers to double-sided printing and ink-saving mode, and reuse or double-sided use of paper whenever possible.

Pollutant Discharge Management

The Group has no fuel-consuming fixed equipment and no vehicles under the Group. Therefore, direct air emissions are not involved.

9. Giving Back to the Community

CStone has always been committed to benefiting cancer patients in China and around the world. In addition to our business development, we are also actively involved in social responsibility, utilizing our professional expertise and resources, focusing on the area of patient succour and medical assistance, being active in social welfare and bringing care to the people who need helps around us.

CStone has been working on improving the accessibility and affordability of innovative drugs through methods such as commercial insurance, drug assistance, innovative payment, etc., to alleviate the payment pressure of cancer patients. At present, the three precision medicines approved for marketing, AYVAKIT® (avapritinib tablets), GAVRETO® (pralsetinib capsules), TIBSOVO® (ivosidenib tablets), have been included in more than 90 commercial insurance items. On this basis, CStone expects to help create a precision medical ecology. Through its own actions, it will continue to participate in patient assistance projects and cooperate with non-profit organizations to aid medicines, so as to benefit more patients.

Case: AYVAKIT® (avapritinib tablets) – “Assistance Project for Patients with Gastrointestinal Stromal Tumor”

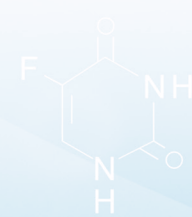
In May 2021, CStone provided targeted fundraising support for the Beijing Health Alliance Charitable Foundation’s “Assistance Project for Patients with Gastrointestinal Stromal Tumor”, in which donated AYVAKIT® (avapritinib tablets) as aiding drug. Shanghai Life Oasis Public Service Center is responsible for the actual operation of this project through the “medicine raise” platform. Through this patient assistance program, the patient’s burden is reduced and the accessibility and affordability of medication is improved.

Case: GAVRETO® (pralsetinib capsules) – “Assistance Project for Patients”

GAVRETO® (pralsetinib capsules) is the first highly selective RET inhibitor approved for marketing in China, breaking the current treatment dilemma in this field, providing clinicians with effective new treatment options, and bringing huge survival benefits to patients. This “Assistance Project for Patients” was launched in July 2021. CStone provided targeted fundraising support for the Beijing Health Alliance Charitable Foundation, in order to reduce the annual treatment cost of patients, help more cancer patients to use innovative anticancer drugs more safely, and reduce the disease burden of cancer patients.

Case: TIBSOVO® (ivosidenib tablets) – “Assistance Project for Patients”

In order to help cancer patients with IDH1 susceptibility mutations receive effective treatment, reduce the burden of patients on their families and society, and improve the quality of life of patients, CStone aided drug TIBSOVO® (ivosidenib tablets) for “Assistance Project for Patients” launched by Shanghai Life Oasis Public Service Center. The project was officially started in November 2022, and in the initial stage, drug distribution locations would be set up in 34 cities. CStone hopes to allow patients to fully benefit from the clinical efficacy of the world’s first IDH1 inhibitor and help reduce the financial burden of patients. The project is applied and approved through the “Life Watch” WeChat mini program.



9. Giving Back to the Community

The above-mentioned patient assistance projects have benefited thousands of patients, and provided cash donations to Beijing Health Alliance Charitable Foundation, totalling more than 3 million RMB. In addition, CStone has also established a green fundraising channel on the “water drop” platform through WeChat, help the poorest patients to speed up the fundraising process.

In November 2022, CStone participated in the “Live to the Sun” Acute Myeloid Leukemia (AML) charity project initiated by the China Social Welfare Foundation, donating RMB500,000, which is dedicated to providing precise and specialized charity aid through medical assistance to help more patients and families who are impoverished due to illness and return to poverty due to illness, and to effectively help patients alleviate their disease burden. The charity project has been launched nationwide to help AML patients who are in the treatment stage and have difficulties, and provide medical assistance to AML patients who meet the conditions for assistance.

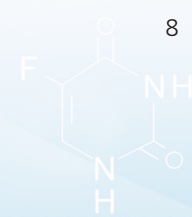
CStone has always been patient-centered and continues to care for patients with targeted welfare assistance. In the future, we will continue to leverage our strengths and actively invest in social resources to repay the public’s support for us. We will continue to work with all walks of life to explore more ways to improve the accessibility and affordability of drugs and help cancer patients achieve high-quality treatment and their hopes for long-term survival.

Appendix I: Sustainability Data Statements

Indicators	Unit	2022
Environmental Subject Area⁸		
Greenhouse Gas Emission²		
Direct GHG emissions (Scope 1) ³	Tonnes of CO ₂ e	0.00
Indirect GHG emissions (Scope 2) ⁴	Tonnes of CO ₂ e	506.30
Total GHG emissions (Scope 1 & 2)	Tonnes of CO ₂ e	506.30
Greenhouse Gas Emission Intensity		
per square meter(Scope 1 & 2)	Tonnes of CO ₂ e/m ²	0.07
Per employee(Scope 1 & 2)	Tonnes of CO ₂ e/ employee	1.62
Energy Consumption⁹		
Total power consumption	kWh	871,435.00
Total power consumption intensity (per square meter)	kWh/m ²	117.78
Water Consumption		
Total water consumption	Tonnes	970.00
Total water consumption intensity (per square meter)	Tonnes/m ²	0.13
Hazardous Waste		
Medical hazardous waste ⁶	kg	160.00
Medical hazardous waste production intensity (per person)	kg/employee	0.51
Waste batteries	Pieces	33
Waste ink cartridges, waste toner cartridges	Pieces	73
Non-hazardous Waste		
Non-hazardous waste production	kg	1,550
Non-hazardous waste production intensity (per person)	kg/employee	4.97
Paper Consumption		
Paper consumption	kg	4,700.00
Paper consumption intensity	kg/employee	15.06
Social Subject Area		
Total employees	No. of people	474
Employees by Gender		
Female employees	No. of people	289
Male employees	No. of people	185
Employees by Employment Category		
Short-term contract/part-time	No. of people	11
Below Deputy Director	No. of people	360
Deputy Director and above	No. of people	95
Senior Management Team	No. of people	8

⁸ The scope of data collection for environmental KPIs includes offices in Suzhou, Beijing, Shanghai and TMRC.

⁹ The Group's energy consumption is derived from power consumption and direct energy consumption is 0.



Appendix I: Sustainability Data Statements

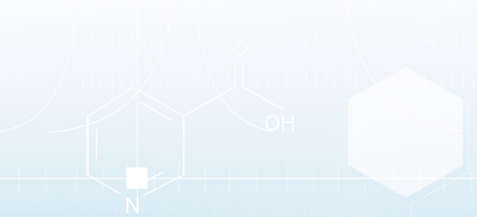
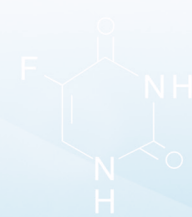
Indicators	Unit	2022
Employees by Age Group		
Below 30	No. of people	85
30-50	No. of people	384
Over 50	No. of people	5
Employees by Geographical Region		
North China	No. of people	303
East China	No. of people	80
Central China	No. of people	17
Northeast China	No. of people	10
Northwest China	No. of people	6
South China	No. of people	45
Others (including USA, Australia, Taiwan, China)	No. of people	13
Employee Turnover Rate by Gender¹⁰		
Female employees	%	27%
Male employees	%	24%
Employee Turnover Rate by Age Group		
Below 30	%	8%
30-50	%	42%
Over 50	%	1%
Employee Turnover Rate by Geographical Region		
North China	%	22%
Northeast China	%	1%
East China	%	18%
Central China	%	2%
Northwest China	%	2%
South China	%	6%
Others (including USA, Australia, Taiwan, China)	%	2%
Employee Training Rate¹¹		
Percentage of Employees Training by Gender		
Female employees	%	60.97%
Male employees	%	39.03%
Average number of training hours for women	Hours	13
Average number of training hours for men	Hours	13

¹⁰ Employee turnover ratio = number of employees lost ÷ number of employees at the end of the year × 100%

¹¹ Employees trained rate by category = Number of lost employees ÷ Year-end number of employees × 100%
T(x) = Number of employees in category x trained; T = Trained employees

Appendix I: Sustainability Data Statements

Indicators	Unit	2022
Percentage of Employees Trained by Employee Category		
Short-term contract/part-time employees	%	2.32%
Below Deputy Director	%	75.95%
Deputy Director and above	%	20.04%
Senior Management Team	%	1.69%
Average training hours for short-term contract/part-time employees	Hours	11.5
Average training hours below Deputy Director level	Hours	13
Average training hours for Deputy Director and above	Hours	13
Average training hours for Senior Management Team	Hours	15
Occupational Health and Safety		
Work-related fatalities in 2022	No. of people	0
Rate of work-related fatalities in 2022	%	0
Number of work-related deaths in 2021	No. of people	0
Rate of work-related fatalities in 2021	%	0
Work-related fatalities in 2020	No. of people	0
Rate of work-related fatalities in 2020	%	0
Number of lost days due to work injury in 2022	Days	0



Appendix II: The Stock Exchange ESG Reporting Guide Index

Description of the Indicators		Relevant Chapter
A. Environment		
A1: Emissions	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
		8. Enterprise Green Development 8.2 Greenhouse Gas Emissions
A1.1	The types of emissions and respective emission data	Appendix I: Sustainability Data Statements
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.2 Greenhouse Gas Emissions Appendix I: Sustainability Data Statements
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.3 Building Green Group Together Appendix I: Sustainability Data Statements
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8.3 Building Green Group Together Appendix I: Sustainability Data Statements
A1.5	Description of emissions target(s) set and steps taken to achieve them.	8. Enterprise Green Development
A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	8. Enterprise Green Development 8.3 Building Green Group Together

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Description of the Indicators			Relevant Chapter
A2: Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	8.3 Building Green Group Together
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	8.3 Building Green Group Together Appendix I: Sustainability Data Statements
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	8.3 Building Green Group Together Appendix I: Sustainability Data Statements
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	8. Enterprise Green Development
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	8. Enterprise Green Development 8.3 Building Green Group Together
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. During the Reporting Period, the Group's manufacturing facility did not start official operation and involve in any packaging material production. The products currently on the market are produced by the partners.
A3: The Environment and Natural Resources	General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	8. Enterprise Green Development
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8. Enterprise Green Development



Appendix II: The Stock Exchange ESG Reporting Guide Index

Description of the Indicators		Relevant Chapter	
A4: Climate Change	General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	8.1 Climate Change Mitigation
	A4.1	Description of the significant climate related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	8.1 Climate Change Mitigation
B. Social Area			
B1: Employment	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	7. Focusing on R&D Team
	B1.1	Total workforce by gender, employment type (for example, full – or part – time), age group and geographical region.	7. Focusing on R&D Team Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Statements
B2: Health and Safety	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	7.3 Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I: Sustainability Data Statements
	B2.2	Lost days due to work injury.	Appendix I: Sustainability Data Statements
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.3 Occupational Health and Safety

Appendix II: The Stock Exchange ESG Reporting Guide Index

Description of the Indicators		Relevant Chapter	
B3: Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.2 Training Corporate Talents
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Statements
B4: Labor Standard	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	7.1 Employee Benefits Package
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	7.1 Employee Benefits Package
	B4.2	Description of steps taken to eliminate such practices when discovered.	7.1 Employee Benefits Package
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain.	5.3 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	5.3 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.3 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.3 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.3 Supply Chain Management



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Description of the Indicators		Relevant Chapter	
B6: Product Responsibility	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	6. Adherence to Quality Assurance
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.1 Strict Quality Control
	B6.2	Number of products and service related complaints received and how they are dealt with.	6.3 Safeguarding Clinical Trial Subjects
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.2 Protecting Intellectual Property
	B6.4	Description of quality assurance process and recall procedures.	6.1 Strict Quality Control
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.4 Information Privacy Safeguards
B7: Anti-corruption	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.1 Corporate Integrity Governance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	5.1 Corporate Integrity Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.1 Corporate Integrity Governance
	B7.3	Description of anti-corruption training provided to directors and staff.	5.1 Corporate Integrity Governance

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Description of the Indicators		Relevant Chapter	
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	9. Giving Back to the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	9. Giving Back to the Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	9. Giving Back to the Community



