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**

2021 環境、社會及管治報告
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 fourth Environmental, Social and Governance Report (the "ESG Report" or "this Report"), which outlines our environmental, social and governance ("ESG") strategy, work and performance. You may access the ESG Report by clicking "Information Disclosure" under "INVESTOR RELATIONS" section on the Company's website or relevant documents by browsing through the 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, the covered scope and content of which are in compliance 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 referencing.

Materiality: The materiality of ESG matters of the Group is determined by the Board (the "Board") of Directors. The process and criteria for stakeholder communication and identification of material issues are disclosed in the ESG Report.

Quantitative: The statistical standards, methods, assumptions and/or calculation tools for the quantitative KPIs in the ESG Report, as well as the source of the conversion factors, are explained in the interpretation of the ESG Report.

Balance: The ESG 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.

Consistency: The statistical methods used in the data disclosed in the ESG Report, unless otherwise specified, are consistent with those of previous years.

REPORTING PERIOD AND REPORTING BOUNDARY

The scope of the ESG Report covers the business performance of the Group in ESG aspects from January 1, 2021 to December 31, 2021 (the "Reporting Period", "Year" or "2021"). The disclosure scope of social KPIs is consistent with that in the annual report and the scope of environmental key performance indicators (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"). The scope of social KPIs covers the entire Group.

REPORT APPROVAL

The ESG Report is approved by the Board on May 30, 2022 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

For more details of the Group's corporate governance, please refer to the section of "Corporate Governance Report" set out in the annual report for the Year and the official website of the Group. 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 fourth ESG Report of the Group for the year ended December 31, 2021.

After nearly two years of COVID-19 pandemic, CStone still maintains all businesses in full operation, continues to promote the business commercialization and sustainable development of enterprises, and advances its vision of providing innovative tumor treatments for cancer patients in China and around the world. Our mission has never changed, and we are striving for the goal of "Providing breakthrough therapies to cancer patients for longer and healthier lives" (「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」), as well as building a biopharmaceutical company which meets international standards.

We have fully integrated ESG considerations into our business operations and management as part of our CStone development strategy, with a particular focus on strengthening our relationships with stakeholders. The Group's business development depends on the trust and support of various stakeholders.

In terms of green operation, we are committed to protecting the environment while developing our business, striving to improve energy efficiency, reduce waste and carbon emissions, and fully comply with national and international environmental protection policies. In the future, the Group will strengthen the management and disclosure of environmental and climate information and promote the realization of carbon neutrality by 2060.

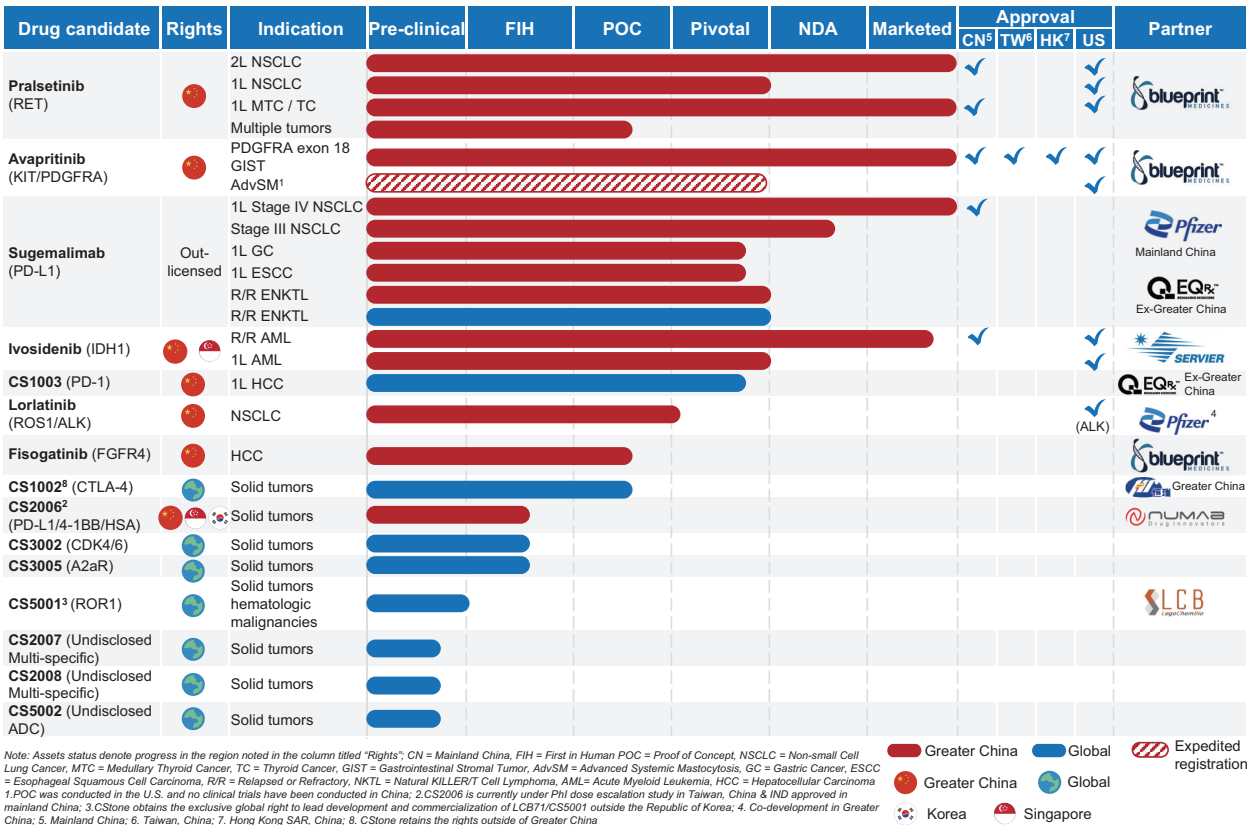
As of today, we have successfully received approvals for four drugs, and several late-stage drug candidates are in the stage of pivotal clinical trials or registration, achieving remarkable results. We would like to extend our heartfelt thanks and infinite respect to our clinical trial participants and investigators, patients and physicians, employees and shareholders. Their trust in CStone is the driving force for our continuous innovation and research and development every day. We must continue to uphold the concept of sustainable development in business development. In addition, we aim to create long-term positive value for the environment and society through continuous communication with various stakeholders.

Dr. Wei Li
Chairman and Non-executive Director
Suzhou, PRC, May 31, 2022

3. About CStone

Established in late 2015, CStone is a biopharmaceutical company focusing on developing and commercializing innovative immuno-oncology and precision medicines to address the urgent medical needs of cancer patients in China and worldwide. CStone has assembled a world-class management team with extensive experience in new drug development, clinical research and commercial operations.

With immuno-oncology therapy as the core, the Group has established a rich product pipeline consisting of 15 tumor candidates. At present, the Group has obtained the approval of 7 new drug applications for 4 innovative drugs. Several late-stage drug candidates are in pivotal clinical trials or registration stages. The following table summarizes the development status of our drug candidates:



Note: Assets status denote progress in the region noted in the column titled "Rights"; CN = Mainland China, FIH = First in Human POC = Proof of Concept, NSCLC = Non-small Cell Lung Cancer, MTC = Medullary Thyroid Cancer, TC = Thyroid Cancer, GIST = Gastrointestinal Stromal Tumor, AdvSM = Advanced Systemic Mastocytosis, GC = Gastric Cancer, ESCC = Esophageal Squamous Cell Carcinoma, R/R = Relapsed or Refractory, NKTL = Natural KILLER/T Cell Lymphoma, AML= Acute Myeloid Leukemia, HCC = Hepatocellular Carcinoma 1.POC was conducted in the U.S. and no clinical trials have been conducted in China; 2.CS2006 is currently under PhI dose escalation study in Taiwan, China & IND approved in mainland China; 3.CStone obtains the exclusive global right to lead development and commercialization of LCB71/CS5001 outside the Republic of Korea; 4. Co-development in Greater China; 5. Mainland China; 6. Taiwan, China; 7. Hong Kong SAR, China; 8. CStone retains the rights outside of Greater China

Source: Company's website

Note: Assets status denote progress in the region noted in the column titled "Rights".

4. Environmental, Social and Governance Management

Taking "Becoming a world-renowned biopharmaceutical company that is leading the way to conquering cancer" ("成為享譽全球的生物製藥公司，引領攻剋癌症之路") as our vision, CStone has become a benchmark company in drug development. We deeply understand that sustainable development is an important cornerstone for the Group to achieve operational excellence and enhance its long-term competitiveness. Through regular review and improvement of the daily management, the Board, senior management and employees of the Company can participate together to contribute to the sustainable development for the corporate, society and environment, as well as create sustainable development value for stakeholders.

4.1 BOARD STATEMENT

CStone has always been committed to integrating the concept of sustainable development with the Group's overall strategies, policies, and business plans to further promote the effective implementation of the Group's ESG issues. The Board takes full responsibility for the Group's ESG strategies, policies, and reporting, and understands the concerns and requirements of various stakeholders through materiality assessments to determine the Group's ESG management policies, strategies, priorities and goals. The Group has established ESG-related targets to demonstrate the effectiveness of CStone's ESG policies and management, and will improve relevant policies in accordance with the progress of the targets. The Board will hold regular meetings with the heads of various departments to discuss and listen to various ESG matters, and to track and review ESG-related performance and target progress. In the future, we will review progress against relevant targets to improve sustainability work.

4.2 STAKEHOLDER ENGAGEMENT

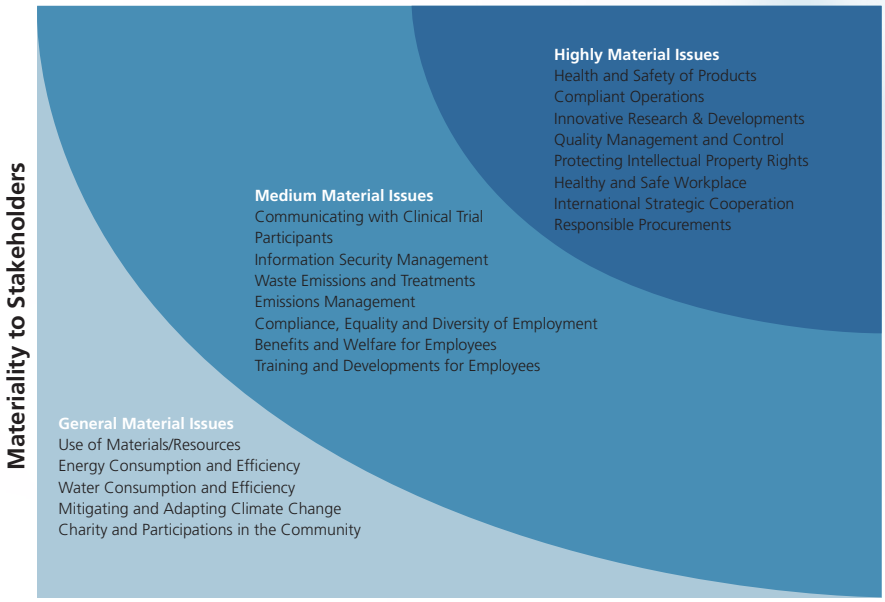
We believe that the long-term interests and sustainable development of the Group are based on the support and trust of our stakeholders. The Group has established diversified communication channels, continuously listens to the expectations and demands of stakeholders, and responds to their opinions in a timely manner. The Group has identified key stakeholders closely related to the Group, which provide a basis for the identification of ESG material issues.

Stakeholders	Communication Channels
Customers	• Customer satisfaction survey and comment form • Email
Shareholders and investors	• 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	• Employee opinion survey • Performance appraisal and assessments • Seminars/workshops/lectures/intranet • Publications (such as employee newsletters)
Government and regulatory authorities	• Policy documents, guidelines and compliance reports • Meetings/presentations/seminars/forums and communication activities • Submissions/written responses to public consultations
Suppliers and business partners	• Suppliers management procedures • Suppliers/contractors evaluation systems • Site visits
Community/Non-governmental organization	• Community activities
Pharmaceuticals peers	• Strategic cooperation project • Industry meetings, forums and communication activities
Media	• Press conference/press releases/results announcement • Interviews with senior management • Media gathering

4.3 MATERIAL ISSUES

CStone has invited internal and external stakeholders to conduct materiality assessment through online questionnaires in 2019. Considering that there was no major change in the business and operating environment during the Year and the results of the materiality assessment in 2019 can still respond to the expectations of stakeholders, the senior management confirmed that the results of the materiality assessment in 2019 are still applicable to this Year. If needed, readers can refer to the 2019 ESG Report for the methodology and process of materiality assessment.

CStone's Materiality Matrix



Based on the analysis results of the above important issues, CStone's ESG direction for this Year will be divided into five areas, including "Compliant Business Environment", "Product Liability", "High Quality Professional R&D Team", "Co-build a Green Environment" and "Fulfil Social Responsibility". This Report will reflect the focus and contribution of the Group in this Year's ESG in these five areas.

5. Compliant Business Environment

5.1 BUILDING AN INCORRUPTIBLE CULTURE

CStone strictly abides by rules and regulations such as 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》). In order to improve the effectiveness of the Group's compliance management, enhance self-discipline, and promote the Company's steady operation and sustainable development, we have established the Compliance Management System (《合規管理制度》) according to the actual situation and in accordance with industry-recognized and obeyed professional ethics and codes of conduct. The Board and our Legal and Compliance Department are the advocates, policy makers and supervisors of compliance management regulations, guiding all employees of the Group with honesty and integrity and law-abiding behavior, and strive to realize the Company's strategic vision, development plan and business plan. The Board is responsible for approving and supervising the implementation of compliance policies. Our Legal and Compliance Department communicates and cooperates with various departments, and provides compliance review, evaluation, inspection and training for business development, product innovation and regulatory management. Each employee must have compliance risk management awareness and skills to accurately identify, assess, control and report compliance risks in their positions, and be responsible for the compliance of their own behavior. The Group has established an effective internal assessment system to regularly assess and evaluate the capabilities and achievements of each department in managing compliance risks, and play the role of compliance management in compliance assessment of business operations. Our compliance appraisal is coordinated with the unified performance appraisal principle, which embodies the principle of prudent operation that encourages compliance and restricts violations. It incorporates the results of compliance operations into the performance evaluation system, and correctly handles the relationship between business development and compliance operations.

The Group has formulated the Code of Conduct for Employees (《員工行為準則》) to regulate the behavior of all employees of CStone. It sets out all anti-corruption practices, including the rule that employees are not permitted to use their work to solicit, request, accept and obtain improper benefits or accept the promise of improper benefits. Any employee is strictly prohibited from offering money or anything else of value, directly or indirectly, by offering, promising, giving or authorizing a government official.

All reasonably suspected reports can be submitted to the department heads, Legal and Compliance Department, existing internal labor group, reporting website or via telephone hotline in real-name or anonymous manner. The report and identity information of the whistleblower will be kept strictly confidential and protected to avoid the fear of retaliation. The Group will investigate each complaint in detail and take corresponding corrective measures. The Legal and Compliance Department will implement following processing procedures after receiving relevant whistleblowing:

Analyze the type of whistleblowing

- Type A: Information is specific with evidence supported
- Type B: The Group is aware of the misconduct involved in the whistleblowing and is has initiated an completed an internal investigation. The report does not provide additional useful information
- Type C: Information is vague and lack of evidence

Investigation

- Type A: Conduct internal investigations to obtain sufficient findings
- Type B: Notify the whistleblower the progress of the misconduct reported
- Type C: Invite whistleblower to provide further information to better understand the situation

Feedback

- Type A & Type B: Provide feedback to whistleblower about the preliminary result of the investigation
- Type C: If it is found to be Type A or Type B whistleblowing, investigation and feedback will be conducted according to the procedures. If it is fabricated, the investigation will be closed

5. Compliant Business Environment

During the Year, CStone conducted company-wide compliance training, including anti-corruption and anti-bribery sections. The training participants included all executive directors and employees of the Group and directors serving in subsidiaries. Non-executive directors and independent non-executive directors will participate relevant trainings from next financial year onwards. Our Legal and Compliance Department organizes training regularly, including but not limited to anti-corruption training. All employees participated in relevant training during the Reporting Period. Every employee of the Group is required to take part in the compliance training for new employee ("新員工合規培訓"), which refers to the Guidelines for Compliance Management System《合規管理體系指南》and takes "Compliance is the cornerstone of sustainable development of the organization" ("合規是組織可持續發展的基石") as its purpose. Under the guidance of the Board, the Group released the CStone Integrity Policy《基石藥業誠信準則》at the end of 2021, which includes new anti-corruption and anti-bribery policies to comprehensively raise the anticorruption awareness of all employees. Honesty and integrity are the fundamental value of CStone. In order to continuously expand our business in the industry and deepen the relationship with our partners, we need to establish a good image of the Company with high ethical standards and high integrity business practices. Every employee in CStone is responsible for maintaining the Company's good reputation. All employees should ensure that they uphold their high ethical standards and meet all legal requirements in their daily work. We respect and abide by laws and regulations related to anti-monopoly. We have developed the Code of Conduct for Business Partners《商業夥伴行為準則》for suppliers, medical and health professionals and other partners, and provided them with targeted compliance training.

During the Year, we did not commit corruption, bribery, extortion, fraud, or money laundering, nor did we have any litigation caused by the above-mentioned matters, this shows the effective implementation of our anti-corruption measures

5.2 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

As a biopharmaceutical company focusing on innovative research and development of therapeutic drugs, CStone Pharmaceuticals regards intellectual property rights, including copyrights, patented technologies, trademarks, domain names, URLs and trade secrets as important assets. 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》. In order to prevent infringement of intellectual property rights of others, a comprehensive infringement search and analysis will be carried out before the launch of the Company's self-developed drugs and before the introduction of drugs from outside, to identify possible risks of intellectual property infringement and formulate countermeasures in advance. We fully consider intellectual property risks during project establishment and other key stages and evaluate the impact of potential infringement risks on the project. For patents that have been applied for, the Group entrusts external law firms to maintain them. For possible intellectual property disputes, we cooperate with external law firms to analyze the intellectual property involved in the case, and eliminate relevant risks by proposing invalidation and obtaining licenses.

In order to maintain the intellectual property rights of the Group and ensure that the core intellectual property rights of the Company will not be leaked, we will sign confidentiality agreements with employees, and sign invention transfer agreements with employees, making an agreement on service inventions and clarifying the ownership of intellectual property.

During the Reporting Period, the Group maintained 30 registered patents and 26 newly authorized patents.

5.3 SUPPLY CHAIN MANAGEMENT

As a responsible biopharmaceutical company, the Group has strict requirements on procurement procedures and supplier selection and management, and has established a sound supplier management system. All suppliers have to follow our requirements. We have formulated a series of relevant institutional documents and standard operating procedures, such as the SOP for Supplier Engagement (《供應商參與標準操作流程》) and the SOP for Procurement (《採購標準操作流程》) to manage supplier quality and risk. The SOP for Supplier Engagement (《供應商參與標準操作流程》) standardizes the selection, contracting, oversight and management process of vendors in clinical development. Supplier's information, such as qualification status, regular performance metrics, capabilities and education information, etc. are recorded in the central repository. In clinical development, the Group will refer to but not limited to the following factors to select suppliers, 1) geographical location and corporate potential evaluation, 2) basic structure of supplier's SOP and relevant required service scope, 3) capability and professionalism, 4) operational compliance, 5) qualification and certification, 6) training records and 7) business strategy development. Our Procurement Department monitors and manages the performance of suppliers, and regularly updates the qualification status of suppliers based on supplier performance evaluation. We will determine the direction of future cooperation based on regular evaluation performance. To fully prepare for production of commercialized product and raw material procurement, we have established the SOP for Supplier of Materials (《物料供應商標準管理規程》).

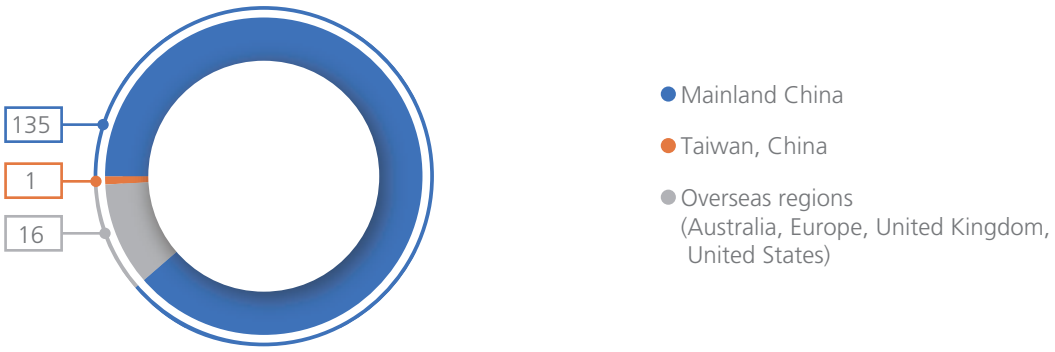
SOP for Supplier of Materials (《物料供應商標準管理規程》)

- Search and identify target suppliers
- Use questionnaires to examine supplier qualifications, and conduct on-site reviews if necessary
- Supplier sample inspection and testing
- Conduct supplier audits in accordance with the Quality Audit Standard Management Regulations (《質量審計標準管理規程》)
- Conduct trial production, verification and stability investigation

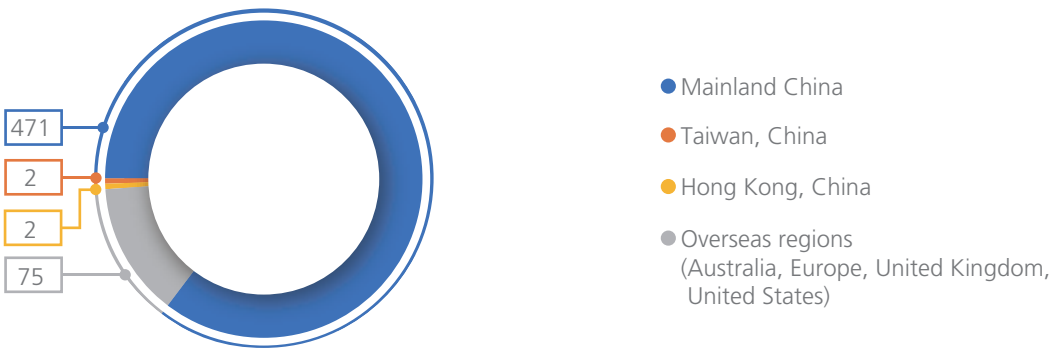
5. Compliant Business Environment

During the Reporting Period, the number and distribution of clinical-related and non-clinical-related suppliers of the Group by country or region are as follows:

Number of clinical-related suppliers by country/region



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



5. Compliant Business Environment

The Group expects that the suppliers we cooperate with can be consistent with our ESG values in terms of abiding by all applicable laws, prohibition of corruption, respect the basic human rights of employees, being responsible for the health and safety of employees, and complying with statutory and international standards related to environmental protection. When we choose to develop or continue business cooperation with suppliers, we must comply with the Code of Conduct for Employees《員工行為準則》and the subdivided rules. We strengthen the risk management along the supply chain to improve the ability of our suppliers to identify, manage and mitigate social and environmental risks. In addition, suppliers' environmental awareness and social compliance are important criteria in our evaluation. In order to emphasize the concept of being responsible for the environment and the society, the Group will give priority to green products procurement and will never choose suppliers that do not comply with regulations. We also conduct appropriate due diligence and provide training pinpointing on compliance for suppliers so as to convey ethical, social and environmental business practices regularly.

6. Product Liability

As an industry-leading biopharmaceutical company, CStone adheres to the goal of "Providing breakthrough therapies to cancer patients for longer and healthier lives". We ensure the quality and control of drug development in clinical research and establish mature inhouse manufacturing capabilities.

6.1 STRICT QUALITY CONTROL

We strictly comply with relevant laws and regulations such as Drug Administration Law of the PRC《中華人民共和國藥品管理法》, Product Quality Law of the People's Republic of China《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》. The above laws and regulations are based on the same standards of international pharmaceutical companies to ensure that our production quality and management system maintain international standards and high-quality management of drugs.

We have formulated Good Manufacturing Practices for Pharmaceutical Products ("GMP") Service Provider Standard Management Procedure《GMP服務商標準管理規程》to ensure that our GMP service providers provide good quality and comply with regulatory requirements in all aspects, such as raw materials, personnel, facilities and equipment, production processes, packaging and transportation, and quality control. All GMP service providers need to complete the supplier evaluation application through the GMP Service Provider Evaluation Application and Approval Form《GMP服務商評估申請和批准表》. We classify GMP service providers into different categories according to the service given and different stages of the product life cycle and perform cause-based inspections. We have a GMP service provider training program. The Quality Assurance Department of the Group supervises the operation of service providers in the GMP area to comply with GMP regulations and our requirements. We will continuously improve product quality and optimize the quality control management system to meet the expectations of various stakeholders.

6. Product Liability

In addition, we have strict regulations for all manufactured drugs. The Group has formulated internal regulations such as Standard Management Procedures for Quality Activities of Contract Manufacture Organization《委託生產質量活動標準管理規程》, Standard Management Procedures for Products Release of Contract Manufacture Organization《委託生產的產品放行標準管理規程》, Standard Management Procedures for Nonconformity and Recycling/Rework/Reprocessing of Contract Manufacture Organization《委託生產不合格品和回收／返工／重新加工標準管理規程》 and other internal regulations to standardize production The high-quality standard of the drug ensures the safety of the patients' medication. We ensure that the materials, intermediate products, and product inspection activities related to the commissioned production of drugs comply with the requirements of national laws and regulations, and that the quality of the commissioned production products meet the drug registration standards and Company's quality standards. All inspection-related activities must be supported by documentation and records to ensure sample accuracy, reliability, and regulatory compliance. We will arrange relevant personnel to conduct on-site supervision of inspection activities. The Group's Quality Assurance Department will supervise the consignee's release of products from the factory and accept and check relevant approvals.

The Group prevents substandard products from flowing into the next process and substandard finished products for sale. For unqualified materials from the consignee, or in the process of sampling, inspection, storage and use, we require the consignee to deal with it according to the determined method and process after the evaluation by the Quality Assurance Department. We will track and confirm the processing process and results of all unqualified products to ensure that no unqualified products enter the market.

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. Quality Management Department will consider additional related item inspections and stability studies for the recovered, reworked and reworked combined finished product. 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. Product Liability

6.2 RESPONSIBLE MARKETING

Integrity is a core value of CStone, therefore, the Group prohibits any fraudulent, false or concealed information. We strictly abide by relevant laws and regulations in the packaging, labelling, and advertising of medicines to ensure the safety of all stakeholders.

The Group ensures that all marketing activities comply with the SOP for Promotional Materials Management (《推廣材料管理標準操作流程》). The content of all promotional materials must be comprehensive, accurate, and solidly supported by product information or scientific literature. Also, a zero-tolerance attitude will be adopted to the use of false and misleading descriptions which leads to the serious consequences towards the public. When launching drugs in the future, the Group will strictly comply with Advertising Law of the PRC (《中華人民共和國廣告法》), Provisions for Drug Insert Sheets and Labels (《藥品説明書和標籤管理規定》) and Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) etc., regarding the advertising laws and regulations of the instructions, labels, packages and advertisements of drugs.

In addition, we will ensure that the Group's publicity presents complete, truthful and accurate information and have zero tolerance for actions that use false and misleading descriptions that lead to negative impacts.

6.3 PROVIDE PROTECTION FOR CLINICAL TRIAL PARTICIPANTS

The process of drug development depends on high-quality clinical trials and clinical trial participants' feedback. CStone built our reputation through responsible management of clinical trials and good communication with subjects.

Before commencement of the clinical trial, the investigators would inform and explain the nature, importance, impacts and risks of the clinical trial to the participants in detail. To safeguard the rights and interests of both parties, subjects would need to understand thoroughly the background, purpose and processes of the clinical trial, treatment schedules, responsibility of the participants, potential risks and discomforts that may be endured by participating in the clinical trial, the handling of samples, the benefits, compensation and remedies of participating in the clinical trial and etc. through the Informed Consent (《知情同意書》) first and then confirm their acceptance by signing the Informed Consent. Patients can raise their concerns at any time, and researchers are required to address or advise immediately. Patients have the right to withdraw at any stage of the study at any time in order to protect the health and rights of patients.

Before conducting a clinical trial, the Group would purchase liability insurance for clinical trials of drugs in accordance with applicable laws and regulations and enter into a Clinical Trial Agreement (《臨床試驗協議》) with the sites to protect rights and interests of the subjects which covers the conduct of the trial, record keeping, auditing, confidentiality, privacy and data protection, term, legal responsibilities of the subjects, etc. During the Year, the Group further improved the Reimbursement Policy and Procedures for Serious Adverse Events for Clinical Trial Subjects in China (《中國臨床試驗受試者嚴重不良事件償付政策和流程》) and made a more complete and detailed clarification of the basic principles and responsibilities of all functions involved in the handling of serious adverse event cases in clinical trial participants. The handling mechanism of various cases has been optimized and at the same time, this policy is also used as a reference for handling serious adverse event cases in clinical trials in ex-China regions. The Group has always followed the Good Clinical Practice for Clinical Trials of Drugs (《藥物臨床試驗質量管理規範》) and used its best efforts to protect the rights and interests of the subjects participating in the clinical trial, especially the human rights and financial interests of the participants in the event of injury associated with the clinical trial.

During the Reporting Period, one legal complaint allegedly resulting from an enrolled subject's serious adverse event (SAE) was filed against us and we were notified of such incident in March 2022. Upon being made aware of such complaint, we organized relevant internal departments to conduct assessment to ensure it to be properly handled. The case is currently under the non-public pre-trial mediation process and we believe such case would not cause 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.

6.4 SAFEGUARD THE PRIVACY OF CLIENT

Based on the research and development nature of CStone, the Group highly values the protection of personal data privacy. We have formulated comprehensive privacy protection policy including Personal Private Information Protection Policy (《個人隱私信息保護政策》) and Company Records and Information Management Requirements (《公司記錄和信息管理要求》) to collect and process personal information in accordance with Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and applicable local laws and regulations. The Personal Private Information Protection Policy (《個人隱私信息保護政策》) requires that our employees and vendors shall only collect and use relevant and reasonably necessary personal data for legitimate business purposes. This policy sets out our measures to maintain the security of personal data, and strictly regulates the collection, access, use, disclosure, retention and destruction of personal data. The Company Records and Information Management Requirements (《公司記錄和信息管理要求》) regulates the creation, management, retention and disposal of company records and information. The Company's records are generally divided into three risk levels of "high, medium, low" according to risk assessment and access rights are set to avoid information leakage. The high-risk and medium-risk records will be kept forever and stored indefinitely as electronic research data. Only the authorized personnel can access this category of records and information.

6. Product Liability

At the same time, we have formulated the Code of Conduct for Staff (《員工行為準則》) and the Code of Conduct for Business Partners (《商業夥伴行為準則》) which require our employees and business partners to keep our confidential information strictly confidential and prevent it from being lost, misused, stolen, improperly accessed or disclosed.

In order to further maintain the information security of the subjects, we stated on the Informed Consent (《知情同意書》) that personal sensitive information such as name, gender, etc. will be replaced by code or numbers during the course of clinical trial, and will be kept strictly confidential, and the right to privacy will be well protected. The results of the study will be published in the journal without disclosure of personal data.

We have established the Standard Operating Procedures for GMP Data Storage System (《GMP數據存儲系統標準操作規程》), which details the management, use and maintenance procedures of the GMP data storage system. The Quality Assurance Department is responsible for the use of the system, file uploading, system maintenance and permission policies; the IT Department is responsible for the configuration, maintenance, backup and account management of the system to ensure maximum privacy protection.

7. High Quality Professional R&D Team

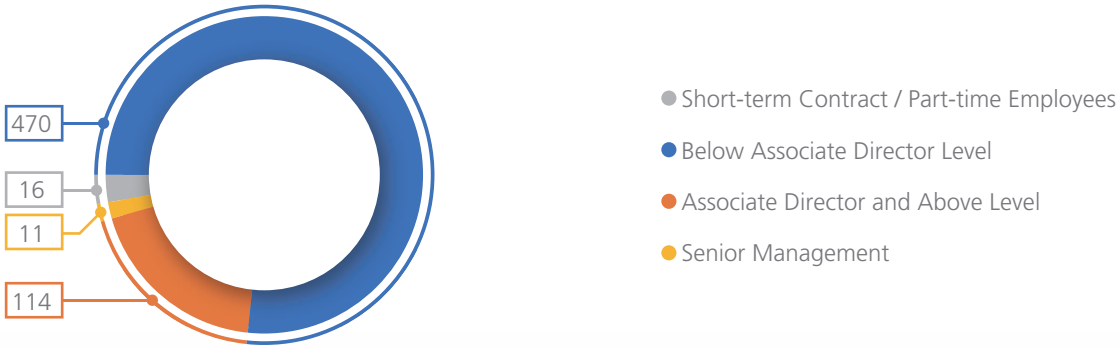
CStone understands that employees are the cornerstones of the company's growth. We recruit and hire the best professional R&D talents and invest in our employees to provide them with career paths that lead to an industry-leading diverse team. We strictly comply with the relevant employment laws and regulations, such as Labor Law of the PRC (《中華人民共和國勞動法》), Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》). We never employ child labor and forced labor and adhere to the principle of equal employment. We do not discriminate against anyone because of race, culture, religion, age, disability, gender identity, worldview, and gender. We are committed to creating a healthy and safe working environment and establishing a talent training system to protect the rights and interests of every employee.

Employment Overview

During the Year, we continuously expand our professional team. As of December 31, 2021, CStone had a total of 611 employees.

Number of Employees by Gender

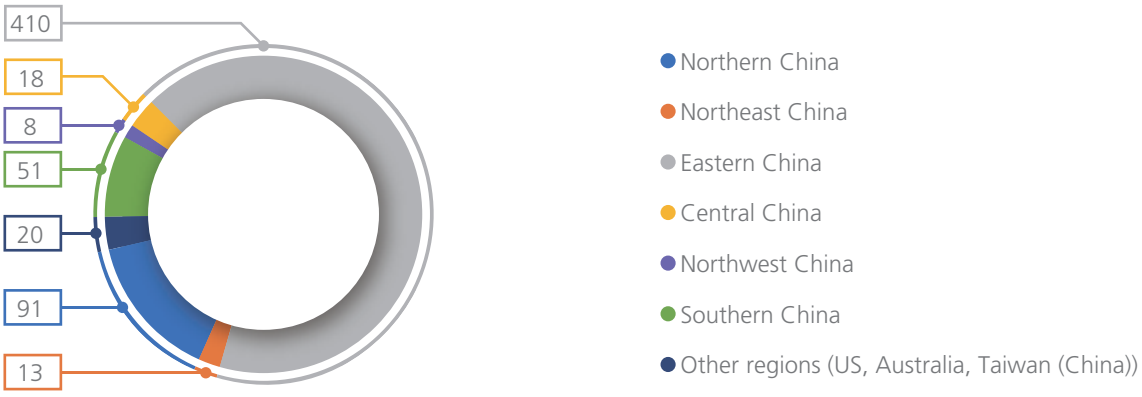
Number of Employees by Employment Type



7. High Quality Professional R&D Team

Number of Employees by Age

Number of Employees by Geographical Region



7. High Quality Professional R&D Team

7.1 EMPLOYEES' RIGHTS AND BENEFITS

Recruitment and Benefits

We have formulated the Recruitment Management System (《招聘管理制度》) and the Employee Handbook (《員工手冊》) to standardize the principles of recruitment management, ensure the standardization of the process, and make the recruitment process in an orderly manner. We assess candidates based on the functional standards required for each position and select those who meet the standards. Equal opportunities will be given to internal and external personnel without any discrimination based on gender, religion, age, ethnicity, or disability. Equal opportunity and diversity policies also extend to other areas, such as promotions, transfers, compensation, training, or termination of employment contracts. After the recruitment information is approved, it will be released through public channels, such as internal publishing platforms, online advertisements, campus recruitment, headhunting recommendations, etc. We will also use suitable recruitment channels for recruitment according to different job requirements.

We strictly abide by Law of the People's Republic of China on the Protection of Minors (《未成年人保護法》) and Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》). We conduct physical examination and background check for each hired candidate, as well as checking their identification documents and qualifications to avoid child labor. We sign labor contracts with the recruits, specifying the salary, benefits and holidays of the recruits to ensure that there is no forced labor. In order to ensure that employees have a reasonable workload and improve the Group's production efficiency, we have formulated the Working Hours and Overtime Management Policy (《工作時間和加班管理政策》) to control and manage employees' overtime. The Overtime Work Application Form (《加班申請表》) in advance according to the policy and obtain written confirmation and approval from the line manager before they work overtime. The person in charge will manage, control and review the overtime status of the department. If relevant violations such as identity, age, or forced labor are found, both parties can immediately terminate their labor contracts to protect their legitimate labor rights and interests. During the Year, the Group did not employ any child labor or forced labor.

The Group provides generous benefits and holidays for our employees and has formulated the Compensation and Benefits System (《薪酬福利體系》) and Leave Management Policy (《假期管理制度》) which sets out the details of benefits and holiday provisions for employees. In accordance with Social Insurance Law of the PRC (《中華人民共和國社會保險法》), Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), we provide employees with timely payment of social basic insurance funds, including endowment insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, and pay housing provident fund. In addition, we also provide employees with additional benefits, such as supplementary provident fund, annual health check, birthday and holiday gifts, wedding and new-born gifts, to motivate and strengthen the employees' sense of belonging to the company.

7. High Quality Professional R&D Team

In addition to the 11 statutory holidays stipulated by the state each year, we also provide arrangements of early release for major holidays, annual leave, sick leave, work injury leave, marriage leave, maternity leave, abortion leave, paternity leave, breastfeeding leave, and bereavement leave to maintain work-life balance. We consider the needs of working mothers and stipulate those pregnant employees can enjoy special work arrangements for pregnancy check-ups, maternity leave and breastfeeding leave. Female employees who are breastfeeding and pregnant are not encouraged to work overtime. In addition, female employees and employees who are aged 28 years or below are entitled to have a half-day holiday on International Women's Day and Youth Day respectively.

Performance Management System

CStone is grateful to all employees for their tireless contributions to the Group. In order to ensure their well-being in the workplace and retain the best talents, the Group has established a complete performance management system to motivate employees to devote themselves to work entirely and stimulate their work commitment to exploit their potential fully according to their positions. Remuneration for each employee is determined by base salary and annual performance bonus. We will review employees' salaries every year based on operational conditions, market salary payment levels and employees' performance. During the Year, we formulated the 2021 Year-end Performance Appraisal (《2021年度年終績效考核》). Line managers should give team members continuous coaching and feedback during the Reporting Period, reviewing their goals and performance through a series of communications and dialogues, and providing advice and assistance for their development and improvement. We evaluate employees' achievement and desired behaviors and values through two metrics: performance goals and behavioral standards.

Goal Setting and Planning

- Goal setting based on the business goals of the Group and subdivide them into team and individual goals

Mid-Year Performance Review

- Identify high performers and low performers in the team and explore possible causes through ongoing performance communication with team members

Year-End Performance Review and Evaluation

- Summarize the year's performance with year-end performance reviews and agree on a learning and development plan with team members
- Evaluate team members and differentiate between different performances based on the principles of fairness and consistency and the mutually agreed data

In addition, if employees have any achievements and inventions, the Group will give appropriate rewards and remunerations to employees as an incentive in accordance with the reward policy related to service inventions and creations to support the work of the R&D team.

Resignation and Appeal

Once the employee's resignation is confirmed, the Human Resources Department will issue the Employee Resignation Procedures (《員工離職手續表》) to resigned employees or arrange a resignation interview to help us better understand the reasons for the employee's resignation. In addition, we encourage two-way communication between employees and management, or submit a written complaint to the line manager through the confidential complaint process. Employees who disagree with the complaint handling of line manager can appeal to the second-level manager and notify the Human Resources Department. After discussion, investigation and verification, the manager can choose to reply verbally or in writing within 15 working days.

7.2 PROFESSIONAL TALENT DEVELOPMENT

CStone needs professional talents, so training and development are very important to the Group's business. During the Year, the Group continued to improve employees' own skills and knowledge and enhance their professional quality through continuous education and provision of training programs and a variety of internal and external training opportunities. We believe that nurturing talents and providing good career development prospects and a stage to display their talents can help the Group maintain competitiveness in the market and promote long-term business growth. In addition, we guide new employees and help them adapt to the new work environment through regular new introduction training. The Group specially organizes team building activities to enhance the cohesion of employees at different levels and departments.

Name of Training	Name of Training
General management	• Non-authority influence • Advanced presentation skills • Project management
Team-building training	• Activities for team communication and collaboration, such as orientation, sports activities, etc. • Lumina Spark • Team Cohesion Workshop
Course development training	• Development of clinical medicine series courses
Short-term course production training	• Pharmacovigilance training

7. High Quality Professional R&D Team

7.3 EMPLOYEES' HEALTH AND SAFETY

As the Group highly values standardizing and strengthening work safety in order to ensure the health and safety of the workforce and the working environment, we strictly complied with applicable laws and regulations related to occupational health and safety, such as Production Safety Law of the PRC (《中華人民共和國安全生產法》), Fire Protection Law of the PRC (《中華人民共和國消防法》), Administrative Provisions on the Work Safety License of Construction Enterprises (《建築工程安全生產監督管理條例》) and Regulations of Shanghai Municipality on Safe Production (《實驗室安全生產條例》) etc. There were no cases of injuries or deaths to employees of the Group due to work relations, and there was no work-related death in the past three years including this Year.

We specially formulated the Standard Operating Procedures for Safety Hazard Investigation and Management of TMRC (《轉化醫學研究中心安全隱患排查與治理標準操作流程》) to standardize the process, content, form and requirements of safety inspections. We arrange professional environment, health and safety (EHS) personnel to be responsible for arranging safety inspections. The types of inspections are divided into comprehensive inspections, holiday inspections, special inspections and seasonal inspections. EHS personnel carry out safety hazards management to eliminate hidden accidents and unsafe factors in the laboratory. If any hidden dangers and unsafe factors are found during the inspection, the EHS personnel will record this in the inspection list and adopt the three-fixed approach (personnel, time, and measures) to solve and deal with them in time to prevent accidents. We review the actual situation indicated on the inspection list, the number of hidden accidents detected, the rectification situation and other information for the annual summary regularly.

In addition, we have formulated the Enterprise Safety Production Accident Emergency Rescue Plan (《企業安全生產事故應急救援預案》) to establish an emergency organization system, which clearly lists the emergency organization form, constitutes the responsibilities of units and personnel for quick and effective controls and handling of accidents as well as the minimization of the lost and damage. To deal with emergency work, we adhere to the principle of "Safety first, prevention first; people-oriented, unified command, coordination, self-rescue; quick response, combination of enterprise self-rescue and professional rescue". We analyze emergency plans and control various hazards and risks, as well as take effective preventive measures, and formulate emergency plans for various accidents, such as fire accidents, electric shock accidents, hazardous chemical accidents, object strikes, etc. We will conduct emergency training for our employees and hold emergency plan drills no less than twice a year. For example, we conducted fire drills in New Bund Times Square in November 2021. When an accident occurs, employees need to report to the relevant emergency organization immediately to ensure that the case is properly handled and recorded.

New employees are required to participate in safety training when they are employed to improve their awareness of laboratory environment safety. We posted the evacuation plan for each floor in a conspicuous location within the site boundaries, providing employees with detailed evacuation routes and the locations of fire hydrants and fire extinguishers. We also provide adequate and qualified protective and emergency equipment in the laboratory, such as shower and eyewash equipment, and also set up hypoxia alarm devices to protect employees during work. Due to the frequent storage of hazardous and non-hazardous chemicals in laboratory areas, employees are required to strictly enforce labelling and proper handling of chemicals.

In addition to formulating relevant standard operating procedures and emergency rescue plans, we also arrange annual physical examinations for employees to detect occupational diseases early and protect their occupational health.

Vertical eye washing equipment

Hypoxic alarm device

8. Co-build a Green Environment

As a socially responsible company, CStone is committed to implementing policies that protect the environment in its business operations. The Group strictly complies with Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), Law of the PRC on the Prevention and Control of Environmental Pollution 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 to co-build a green environment. 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) occurrence of any major accidents affecting the environment and natural resources; or (iii) receipt of any environmental fines and notice of action. We set management goals this Year to improve energy and water efficiency and reduce waste and greenhouse gas emissions in the future with a similar level of operation. As our TMRC has not yet been put into operation and the business is still developing, the current environmental data does not reflect the overall operation of the Group. As our manufacturing facility has not yet been put into official operation, the current environmental data does not reflect the overall operation of the Group. We will set specific targets and a suitable base year in the next three years depending on the business situation. We will continue to pay attention to the impact of our business activities on the environment and natural resources, and control the use of energy and water resources, the emission of pollutants and greenhouse gases, and the generation of waste in the operation process to protect the environment and ecology.

8.1 COMBAT CLIMATE CHANGE

CStone is aware of the potential impact climate change may have on our services and operations. Climate change leads to frequent occurrence of extreme weather, which has a significant impact on business operations. In the face of extreme weather such as flooding, rising coastal water levels, tropical cyclones, abnormal rainfall patterns, and extremely hot weather, it may result in casualties of employees or temporary closure of offices and research centers, hindering the research process. Therefore, we have initially identified risks and opportunities related to climate change, tried our best to improve climate change management, responded to climate change in advance and formulated corresponding countermeasures. In response to disasters and accidents that are easily induced by extreme weather, we must improve the disaster response capabilities and awareness of the Group and employees, such as strictly complying with the relevant extreme weather guidelines issued by the government and formulating measures to ensure employee safety.

During the Year, we are not affected by the above risks. The Group will continue to identify climate risks and opportunities in the future, take climate change as an important topic, and include it in the ESG report to focus on responding to and monitoring risks arising from environmental regulatory developments and assessments that may affect the business. The first step towards a more sustainable future is to reduce energy and resource loss, and increase efficiency. After all, the key to preserving the environment is in the complementarity and moderation of business development and environmental conservation. Our Group promotes such beliefs and culture in protecting the environment and ensuring we are doing our part to curb climate change where possible.

8.2 CARBON EMISSION MANAGEMENT

The issue of climate change has received international and national attention. We manage greenhouse gas emissions in response to the Chinese government's commitment to strive to achieve carbon neutrality by 2060 or before, or international policy initiatives, such as the Paris Agreement (《巴黎協議》), China's Climate Change Policy and Action 2019 Annual Report (《中國應對氣候變化的政策與行動2019年度報告》), etc., to grasp the latest trends and coping strategies of climate change issues. In order to cooperate with the country's strategy to deal with climate change, the Group referred to the recommendations of the Task Force on Climate-related Financial Disclosure ("TCFD") to disclose and compare greenhouse gas emissions and energy consumption in the Report. The Group strives to reduce the carbon footprint generated during operations and plays an active role in fulfilling this commitment.

In order to advocate corporate social responsibility and green competitiveness, 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 the Year is as follows:

GHG Emissions Performance	Unit	2020	2021
GHG Emissions[1]			
Direct GHG emissions (Scope 1)[2]	tonne of carbon dioxide equivalent (CO_2e)	0.00	0.00
Indirect GHG emissions (Scope 2)[3]	tonne of CO_2e	447.82	452.31
Total GHG emissions (Scope 1 & 2)	tonne of CO_2e	447.82	452.31
GHG Emissions Intensity			
Per square meter of floor area (Scope 1 & 2)	tonne of CO_2e/m^2	0.06	0.06
Per employee (Scope 1 & 2)	tonne of CO_2e/employee	1.27	0.95

During the Year, the total amount of GHG emissions was 452.31 tonnes of CO_2e and the total emissions is only increased by about 1.00% compared to last year. Since the Group did possess any fuel in fixed equipment and own vehicles under the Group's named, the total GHG emissions only involved electricity consumption during daily operations at office and TMRC (Scope 2). In the future, we will continue to adopt more measures of saving energy and reducing emissions to lower GHG emissions.

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1 We calculated the Group's air pollutant emissions and greenhouse gas emissions with reference to The Stock Exchange of Hong Kong Limited's "How to Prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs".

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

3 Scope 2 includes the GHG emissions indirectly generated by electricity generation, heating and cooling or steam purchased by the Group.

8.3 GREEN ENVIRONMENT MANAGEMENT

Waste Management

The Group's solid wastes are divided into hazardous waste and non-hazardous waste, namely general household waste. Hazardous wastes mainly come from culture medium waste, waste packaging containers, pipette tips, centrifuge tubes, activated carbon filter cotton, etc. which are produced during the R&D process of Suzhou TMRC. In accordance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染防治法》), we have signed a hazardous waste disposal agreement with a qualified hazardous waste disposal company, entrusting it to collect hazardous waste. We will provide them with accurate and valid Waste Production Unit Survey (《廢物生產單位調查》) and chemical safety data sheet data and need to classify and package the hazardous waste to ensure its safety, completeness, and non-leakage. The hazardous waste disposal company is responsible for transporting and disposing of hazardous waste to reduce negative impact on the environment. During the Year, due to our active promotion of drug R&D and business operations, the Suzhou laboratory generated a total of 760.00 kg of medical hazardous waste. In our office operations, we generated 35 pieces of waste batteries and 137 pieces of waste toner cartridges as hazardous waste.

For the handling of non-hazardous waste, we have taken several measures to reduce waste generation. The office has waste separation bins or other suitable facility to recycle waste paper, metals and plastics. We evaluate the usage of materials before purchasing materials to avoid overstocking. We encourage employees to reuse envelopes, binders, file cards and other stationery. Employees avoid disposable items and minimize product packaging when hosting events. During the Year, the Group generated 3,220.00 kg non-hazardous waste, with an emission intensity of 6.76 kg per employee, which was a decrease of approximately 15.82% over last year.

Indicator	Unit	2020	2021
Medical hazardous waste[4]	kg	580.00	760.00
Non-hazardous waste	kg	2,836.00	3,220.00
Discharge intensity of non-hazardous waste intensity	kg/employee	8.03	6.76

[4] 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.

Saving Energy

During the Year, we consumed 741,377.00 kWh of electricity and the intensity was 100.19 kWh/m^2 which was an increase of approximately 0.55% compared to last year. As electricity consumption accounts for the largest proportion of CStone's daily operations, the Group actively adopts various energy-saving measures to promote employees' awareness of energy conservation. We use daylight lighting to the greatest extent while working and turn off the air-conditioning system and lighting equipment during non-working periods to reduce unnecessary energy consumption. The office has been divided into multiple lighting areas which have independent control. We also have regular maintenance of the lighting system and air-conditioning system, such as cleaning the lighting equipment, air-conditioning filters and fan coils to improve the energy efficiency. Under hot weather, employees are not required to wear ties and full suits; employees are allowed to wear light casual clothes to work every Friday when circumstances permit. The offices adopt building management system (BMS) which enhances our control over building energy consumption and improves energy efficiency.

Saving Water

During the Year, the total water consumption of our offices was 1,260.00 tonnes with its intensity of 0.17 tonne/m^2. The water consumption intensity was about 34.62% lower than last year. In addition, we have no problems in obtaining suitable water sources. We strengthen our employees' water conservation education by posting water saving reminders in the restrooms. We regularly check the faucet equipment and arrange qualified personnel for repairs if there is any leakage.

Saving Paper

During the Year, the Group consumed 9,030.63 kg of paper with its intensity of 18.97 kg per employee. The paper consumption was about 1.91% lower than last year. The Group uses an electronic office system to replace the office administration system based on paper records and implements online approval functions in terms of contract application, approval procedures and system construction, which has been effectively reducing paper waste. We also reuse paper or use double-sided paper as much as 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. Fulfil Social Responsibility

While promoting business development, the Group is also committed to supporting the development of community, fulfilling social responsibility and actively responding to the society's needs. However due to the pandemic, the Group tries its best to avoid the large-scale external community activities, so there is no relevant event arrangement in this Year. Looking into the future, we will continue to strive our best, to allocate resources to the community and public welfare, and contribute to the sustainable development of a harmonious society.

Appendix I: Sustainability Data Statements

Indicator	Unit	2021
Environmental Aspect[5]		
GHG Emission[1]		
Direct GHG emissions (Scope 1)[2]	tonne of CO_2e	0.00
Indirect GHG emissions (Scope 2)[3]	tonne of CO_2e	452.31
Total GHG emissions (Scope 1 & 2)	tonne of CO_2e	452.31
GHG Emissions Intensity		
Per square meter of area (Scope 1 & 2)	tonne of CO_2e/m^2	0.06
Per employee (Scope 1 & 2)	tonne of CO_2e employee	0.95
Energy Consumption		
Total electricity consumption	kWh	741,377.00
Electricity intensity (per square meter)	kWh/m^2	100.20
Water Consumption		
Total water consumption	tonne	1,260.00
Water consumption intensity (per square meter)	$tonne/m^2$	0.17
Hazardous Waste		
Medical hazardous waste[4]	kg	760.00
Waste battery	piece	35
Waste toner cartridge	piece	137
Non-hazardous Waste		
Total production of non-hazardous waste	kg	3,220.00
Non-hazardous waste intensity	kg/employee	6.76
Paper Consumption		
Paper consumption	kg	9,030.63
Paper consumption intensity	kg/employee	18.97
Social Aspect		
Total number of employees	no. of people	611
Total Number of Employees by Gender		
Female	no. of people	368
Male	no. of people	243
Total Number of Employees by Employee Type		
Short-term contracts/part-time employees	no. of people	16
Below associate director level	no. of people	470
Associate director and above level	no. of people	114
Senior management	no. of people	11

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

Appendix I: Sustainability Data Statements

Indicator	Unit	2021
Total Number of Employees by Age Group		
Below 30	no. of people	131
30-50	no. of people	468
Above 50	no. of people	12
Total Number of Employees by Geographical Region		
Northern China	no. of people	91
Northeast China	no. of people	13
Eastern China	no. of people	410
Central China	no. of people	18
Northwest China	no. of people	8
Southern China	no. of people	51
Other regions (including US, Australia, Taiwan (China))	no. of people	20
Employee Turnover Rate by Gender[6]		
Female	percentage	19.00
Male	percentage	14.00
Employee Turnover Rate by Age[6]		
Below 30	percentage	6.00
30-50	percentage	26.00
Above 50	percentage	1.00
Employee Turnover Rate by Geographical Region[6]		
Northern China	percentage	6.00
Northeast China	percentage	0.00
Eastern China	percentage	22.00
Central China	percentage	1.00
Northwest China	percentage	0.00
Southern China	percentage	3.00
Other regions (including US, Australia, Taiwan (China))	percentage	1.00
Employee Training[7]		
Employee Training Statistics by Gender		
Female	percentage	69.23
Male	percentage	39.77
Average training hours of female	hours	11.00
Average training hours of male	hours	11.00

[6] Employee turnover rate = Number of lost employees ÷ Year-end number of employees × 100%

[7] Percentage of trained employees by relevant category = (Number of employees trained in an employment type ÷ Total number of employees trained) × 100%

Indicator	Unit	2021
Employee Training Statistics by Employment Type		
Short-term contract/part-time employee	percentage	2.62
Below associate director level	percentage	76.92
Associate director and above level	percentage	18.66
Senior management	percentage	1.80
Average training hour of short-term contract/part-time employee	hours	10.00
Average training hour of employees below associate director level	hours	10.00
Average training hour of associate director and above level	hours	13.00
Average training hour of senior management	hours	15.00
Health and Safety		
Number of fatalities at work in 2021	no. of people	0
Percentage of fatalities at work in 2021	percentage	0.00
Number of fatalities at work in 2020	no. of people	0
Percentage of fatalities at work in 2020	percentage	0.00
Number of fatalities at work in 2019	no. of people	0
Percentage of fatalities at work in 2019	percentage	0.00
Loss of working days due to work-related injuries in 2021	days	0.00

Appendix II: The Stock Exchange ESG Reporting Guide Index

Index content			Relevant sections
A. Environmental Area			
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 Co-build a Green Environment & 8.2 Carbon Emission Management
	A1.1	The types of emissions and respective emissions data.	8.3 Green Environment Management
	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 Carbon Emission Management & 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 Green Environment Management & 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 Green Environment Management & APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	8 Co-build a Green Environment
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	8 Co-build a Green Environment & 8.3 Green Environment Management

Appendix II: The Stock Exchange ESG Reporting Guide Index

Index content			Relevant sections
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	8 Co-build a Green Environment
	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 Green Environment Management & APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	8.3 Green Environment Management & APPENDIX I: SUSTAINABILITY DATA STATEMENTS
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	8 Co-build a Green Environment
	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 Co-build a Green Environment & 8.3 Green Environment Management
	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 Environmental and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	8 Co-build a Green Environment
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8 Co-build a Green Environment

Appendix II: The Stock Exchange ESG Reporting Guide Index

Index content			Relevant sections
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 Combat Climate Change
	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 Combat Climate Change
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 High Quality Professional R&D Team
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	7 High Quality Professional 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 Employee 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 Employee Health and Safety

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Index content			Relevant sections
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.2 Professional Talent Development
	B3.1	The percentage of employees trained by gender and employee type (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: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	7 High Quality Professional R&D Team & 7.1 Employees' Rights and Benefits
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	7 High Quality Professional R&D Team & 7.1 Employees' Rights and Benefits
	B4.2	Description of steps taken to eliminate such practices when discovered.	7.1 Employees' Rights and Benefits
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, 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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Index content			Relevant sections
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.1 Strict Quality Control & 6.2 Responsible Marketing
	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 Communicate with Clinical Trial Participants
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.2 Protection of Intellectual Property Rights
	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, how they are implemented and monitored.	6.4 Safeguard the Privacy of Client
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 Building an Incorruptible Culture
	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 Building an Incorruptible Culture
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	5.1 Building an Incorruptible Culture
	B7.3	Description of anti-corruption training provided to directors and employees.	5.1 Building an Incorruptible Culture

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Index content			Relevant sections
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	9 Fulfil Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture and sport).	9 Fulfil Social Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	9 Fulfil Social Responsibility


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