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**

2019
Environmental, Social and Governance Report
環境、社會及管治報告

Table of Contents

1. About the Report

CStone Pharmaceuticals (the "Company") and its subsidiaries ("CStone", the "Group" or "We") are pleased to present our second Environmental, Social and Governance Report (the "ESG Report"), with an aim of disclosing the environmental, social and governance performance in relation to corporate social responsibilities and sustainable development.

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 "Stock Exchange"), the covered scope and content of which are in compliance with the "Comply or Explain" disclosure obligations of the Guide. Readers can review the final chapter of the ESG Report – "Appendix 2: Content Index of Stock Exchange ESG Reporting Guide" for quick referencing.

REPORTING PERIOD AND REPORTING BOUNDARY

The scope of the ESG Report covers the core business of the Group from January 1, to December 31, 2019 (the "Reporting Period" or "Year") while CStone Pharmaceuticals (Suzhou) Co., Ltd. ("Suzhou office", including Translational Medicine Research Center ("TMRC")), Tuo Shi Pharmaceuticals (Shanghai) Co., Ltd. ("Shanghai office") and Chuang Shi (Beijing) Medical Technology Co., Ltd. ("Beijing office") are selected as environmental key performance indicators ("KPIs") to present the quantitative performance of the Group.

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.

CONTACT INFORMATION

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 second ESG Report of the Group for the year ended December 31, 2019. For CStone, 2019 was a transformational year towards achieving our vision of becoming a leading Chinese biotech company with global recognition and bringing innovative oncology therapies to cancer patients in China and worldwide. Our unwavering efforts to build a world-class biotech company and unique capabilities in research and development are propelling us to a fully integrated commercial stage company in 2020.

We are committed to integrating sustainable practices into the Group's operations and strategies. The Group has developed Corporate Social Responsibility Policy (《企業社會責任制度》) and fully utilized this ESG Report to make transparent and compliance disclosure on our non-financial performance. We hope that the public will gain a deeper understanding of our business philosophy and social responsibility practices. Furthermore, this ESG Report serves as an important opportunity to review ESG performance and communicate with stakeholders.

Shouldering responsibility for the healthcare industry, we endeavor to advocate a compliance operation, value supply chain management, and maintain a harmonious employment relationship and value the contribution of our employees to the Group. Furthermore, we also realize that climate change is a social issue with global concern and mitigation measures should be adopted to deal with the climate change. We embed environmental protection initiatives in our operation and raise the awareness of environmental protection of our employees.

Looking forward, we hope to deliver innovative anti-cancer medication to patients as soon as possible, bringing a healthy future to the word. Meanwhile, we continue to embrace our sustainable operation and keep improving our ESG performance.

Dr. Frank Ningjun Jiang
Chairman and Chief Executive Officer

3. About CStone

CStone is a biopharmaceutical company focused on developing and commercializing innovative immuno-oncology and precision medicine to address the unmet medical needs of cancer patients in China and worldwide. Established in 2015, CStone has assembled a world-class management team with extensive experience in innovative drug development, clinical research and commercialization. The Company has built an oncology-focused pipeline of 15 drug candidates with a strategic emphasis on combination therapies. Currently, five late-stage candidates are at the stage of pivotal trials.

VISION

With an experienced team, a rich pipeline, a robust clinical development-driven business model and substantial funding, CStone's vision is to become globally recognized as a leading Chinese biopharmaceutical company by bringing innovative oncology therapies to cancer patients worldwide.

MISSION

To focus on patients, to drive innovation and to build a healthy future.

PRODUCT PIPELINE

We have a pipeline of 15 drug candidates that focus on oncology and range from pre-clinical stage to late-stage clinical programs. The below table sets forth our well-balanced oncology portfolio focusing on immuno-oncology and precision medicine:

	Drug Candidate	Lead Indication(s) and Line(s) of Therapies	Rights	Pre-clinical	Dose Escalation	POC	Pivotal	NDA	Partner
Late-stage	CS1001 (PD-L1)	R/R cHL, R/R NKTL, NSCLC, GC, EC							
	CS1003 (PD-1)	HCC							
	ivosidenib (IDH1)	R/R AML, 1L AML, Cholangiocarcinoma					Taiwan NDA submitted		agios
	avapritinib (KIT / PDGFRA)	PDGFRA exon 18 GIST, AdvSM, ISM					Mainland China and Taiwan NDAs submitted		blueprint
	pralsetinib (RET)	1L / 2L NSCLC, 1L MTC							blueprint
Clinical/IND	fisogatinib (FGFR4)	1L / 2L HCC							blueprint
	CS1002 (CTLA-4)	Solid tumors							
	CS3006 (MEK)	Solid tumors							
	CS3003 (HDAC6)	Solid tumors, R/R MM							
	CS3002 (CDK4/6)	Solid tumors							
	CS3005 (A2aR)	Solid tumors							
	NM21-1480 (PD-L1/4-1BB/HSA)	Solid tumors							NUMAB
Pre-clinical	CS1009	Undisclosed							
	CS3004								
	CS2004								

Global China Korea Singapore

Source: CStone

Note: Assets status denote progress in the region noted in the column titled "Rights". AML means Acute Myeloid Leukemia, AdvSM means Advanced Systemic Mastocytosis, cHL means Classical Hodgkin's Lymphoma, GIST means Gastrointestinal Stromal Tumor, HCC means Hepatocellular Carcinoma, ISM means Indolent Systemic Mastocytosis, NKTL means Natural KILLER/T Cell Lymphoma, NSCLC means Non-small Cell Lung Cancer, MTC means Medullary Thyroid Cancer, R/R means Relapsed or Refractory, SM means Systemic Mastocytosis, MM means Multiple Myeloma.

4. Environmental, Social and Governance Management

CStone's vision is to "become recognized globally as a leading Chinese biopharmaceutical company by bringing innovative oncology therapies to cancer patients worldwide". While focusing on innovative development and product commercialization, we are committed to fulfilling our corporate social responsibility. The Group continues to integrate the concept of environment, social and governance into its business operation, and take running business in a responsible and compliance manner, safeguarding the rights and interests of employees, building a green environment and caring for and giving back to the society as its responsibility, so as to make contributions to the sustainable development of the enterprise, environment and society.

4.1 CORPORATE SOCIAL RESPONSIBILITY POLICY

The Group has formulated the "Corporate Social Responsibility Policy"(《企業社會責任制度》) to achieve sustainable operation of CStone. The policy provides direction and guidance to the Group to integrate responsibilities in respect of operation, employment, environment and community into daily operation management. The improvement of this policy and enrichment from the existing daily management through regular evaluation involve the board of directors of the Company (the "Board"), senior management and employees, creating sustainable value for the shareholders, investors, employees, partners and other related stakeholders.

4.2 STAKEHOLDER ENGAGEMENT

The Group attaches great importance to the mutual communication with stakeholders. Both internal and external key stakeholders are identified, including shareholders and investors, employees, business partners, regulatory authorities, media, pharmaceutical peers, suppliers and government. We engage with our key stakeholders through open and proactive approaches via suitable communication channels, and actively respond to their concerns and requirements through various business operations of environmental, social and governance.

Stakeholders	Communication channels	Related aspects
Shareholders and investors	• General meeting • Interim and annual reports • Corporate communications such as letters/ circulars to shareholders and notices of meetings • Results announcement • Shareholders' visits • Investors' meeting	• Product Responsibility • Anti-corruption
Employees	• Employee opinion survey • Channels for employees to express opinions, such as opinions box • Employee communication conferences • Meetings and interviews • Performance reviews and interviews • Introduction of the Group • Seminars/workshops/lectures • Publications, such as employee communication • Employee intranet • WeChat group	• Employment Responsibility • Health and Safety • Development and Training • Labor Standards • Anti-corruption

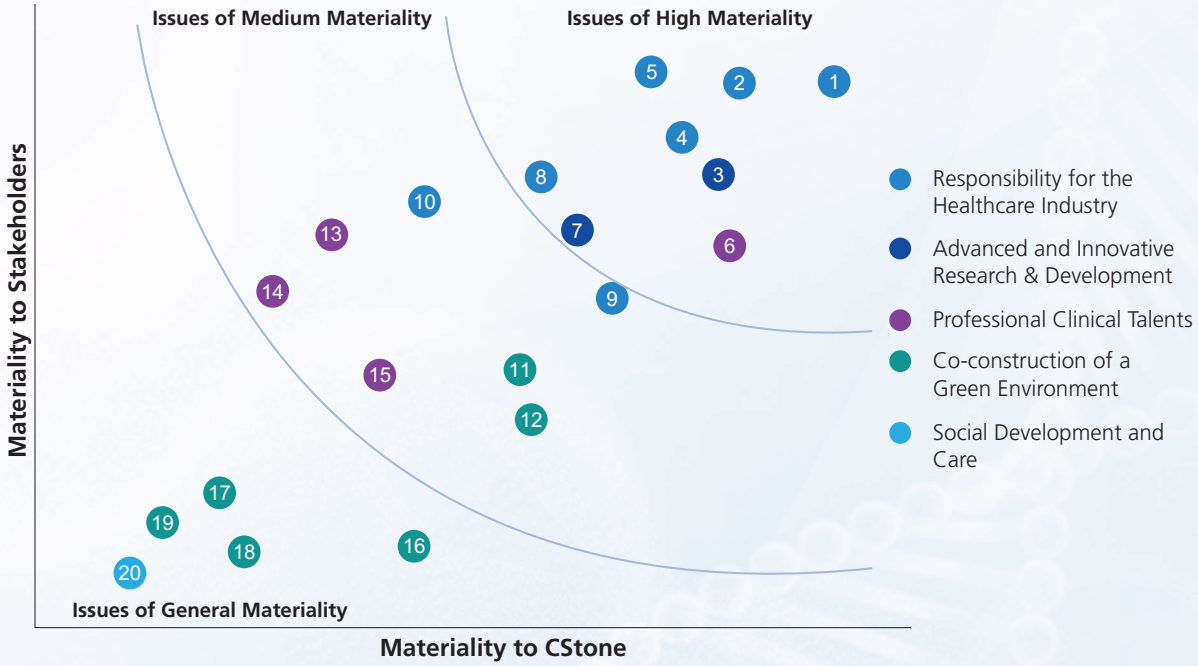
4. Environmental, Social and Governance Management

Stakeholders	Communication channels	Related aspects
Business partners	• Meetings • Visits	• Product Responsibility • Environmental Protection • Use of Resources
Regulatory authorities	• Meetings • Compliance report • Written responses to public consultation	• Product Responsibility • Anti-corruption • Labor Standards
Media	• Press releases • Interviews with senior management • Results announcement	• Product Responsibility • Community Investment
Pharmaceuticals peers	• Strategic cooperation project • Industry forums and communication activities	• Product Responsibility
Suppliers	• Suppliers management procedure • Suppliers/contractors evaluation system • Site visits	• Supply Chain Management
Government	• Forums and communication activities • Consultation on policy for promoting the development of pharmaceutical industry • Communication with medical teams • Site visits	• Environmental Protection • Use of Resources • Employment Responsibility • Healthy and Safety • Labor Standards • Product Responsibility • Anti-corruption • Community Investment

4.3 MATERIALITY ASSESSMENT

In order to further identify the focus areas of practice and disclosure for our environment, social and governance and improve this report's focus and responsiveness for stakeholders, CStone has commissioned an independent consulting firm to conduct materiality assessment of environmental, social and governance issues. It collected views and focus on the Group's environmental, social and governance work from different external and internal stakeholders via questionnaires. Based on the results of communication with stakeholders through different channels, the Group has prepared a materiality matrix of materiality issues for the Reporting Period, divided the key issues of ESG into three levels, which are issues of high importance, medium importance and general importance, and finally identified 20 key issues of environmental, social and governance as follows:

ESG Materiality Matrix



4. Environmental, Social and Governance Management

KEY ISSUES OF ESG IN 2019

Issues of High Materiality:

	Key Issues of ESG	Relevant Chapters
1	Health and Safety of Products	Responsibility for the Healthcare Industry
2	Compliant Operations	Responsibility for the Healthcare Industry
3	Innovative Research & Developments	Advanced and Innovative Research & Development
4	Quality Management and Control	Responsibility for the Healthcare Industry
5	Protecting Intellectual Property Rights	Responsibility for the Healthcare Industry
6	Health and Safety Workplace	Professional Clinical Talents
7	International Strategic Cooperation	Advanced and Innovative Research & Development
8	Responsible Procurements	Responsibility for the Healthcare Industry

Issues of Medium Materiality:

	Key Issues of ESG	Relevant Chapters
9	Communicating with Clinical Trial Participants	Responsibility for the Healthcare Industry
10	Information Security Management	Responsibility for the Healthcare Industry
11	Waste Emissions and Treatments	Co-construction of a Green Environment
12	Emissions Management	Co-construction of a Green Environment
13	Compliance, Equality and Diversity of Employment	Professional Clinical Talents
14	Benefits and Welfare for Employees	Professional Clinical Talents
15	Trainings and Developments for Employees	Professional Clinical Talents

Issues of General Materiality:

	Key Issues of ESG	Relevant Chapters
16	Use of Materials/Resources	Co-construction of a Green Environment
17	Energy Consumption and Efficiency	Co-construction of a Green Environment
18	Water Consumption and Efficiency	Co-construction of a Green Environment
19	Mitigating and Adapting Climate Change	Co-construction of a Green Environment
20	Charity and Participations in the Community	Social Development and Care

4. Environmental, Social and Governance Management

Based on the above analysis on the material issues, CStone divided the direction of its environmental, social and governance for the Year into five areas, including "Responsibility for the Healthcare Industry", "Advanced and Innovative Research & Development ", "Professional Clinical Talents", "Co-construction of a Green Environment" and "Social Development and Care". This report reflects the environmental, social and governance focus and contribution of the Group for the Year in these five areas.

5. Responsibility for the Healthcare Industry

As a biopharmaceutical company insisting on fulfilling its corporate social responsibility, CStone adheres to the mission of "To focus on patients, to drive innovation and to build a healthy tomorrow" in running its business. We adopt responsible business operation, including securing the quality and control of drug development in clinical research, committing compliance of our operations, protecting intellectual property rights, sustainability of supply chain management, valuing the rights and interests of the clinical trial participants and ensuring the security of the information system.

5.1 QUALITY MANAGEMENT AND CONTROL

To secure the quality and safety of clinical trials for biological products, at least 20, 100 and 300 patients enrolments are required for Phase I trial, Phase II trial and Phase III trial respectively. The Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) sets out the requirements for conducting the clinical trial, including preparation of clinical trials, clinical trial protocols, duties of the sponsor and investigators and protection of the trial subjects. We have formulated the Clinical Trial Agreement (《臨床試驗協議》) that is co-agreed with research unit and main investigators, and the "Informed Consent Form" (《知情同意書》) this is available for confirmation and signature by trial subjects in accordance with the regulations therein.

We have no product subject to recalls due to safety and health reasons since the Group has not launched any product in the market. CStone strives to strengthen its quality management and control, and has formulated relevant internal policies to guarantee the delivery of quality and safe products to the public while safeguarding the health and safety of people.

To ensure the quality of our GMP service providers so as to improve and guarantee the quality of our products in the future, we have established the protocols for GMP Service Provider Management (《GMP服務商管理》). We require each GMP service provider to complete a GMP service provider quality questionnaire to determine its competence. Afterwards, we assess the quality risk of the GMP service provider and conduct a quality audit of the GMP service provider. During the audit, if the GMP service provider is found to have product of critical defects or substandard quality, the GMP service provider shall identify the ground reason and make rectification, otherwise the service will be terminated. We conduct regular performance reviews and periodic re-audits for all GMP service providers to ensure their quality consistency. If the quality or results of performance reviews of GMP service providers are proved to be poor, we may disqualify such GMP service providers after discussion with management.

For GMP service providers who need to enter into our GMP area for operation, we will set up a GMP service provider training program for them according to the established GMP Service Provider Training Management (《GMP服務商培訓管理》) regulations. GMP service providers can enter into our GMP area for operation only after they have passed the training. They shall operate in accordance with GMP regulations and our requirements, and are subject to our supervision.

Insert Sheet, Labels and Packaging of Drugs

The insert sheets and labels of drugs should be reviewed and approved by the National Medical Products Administration according to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品説明書和標籤管理規定》). A drug insert sheet should contain the scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear information such as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, etc. The pharmaceutical packaging must comply with the national and professional standards according to the Measures for the Administration of Pharmaceutical Packaging(《藥品包裝管理辦法》). If no national or professional standards are available, the enterprise can formulate its own standards and put into implementation after obtaining the approval of the food and drug administration or bureau of standards at the provincial level. The Group will strictly comply with the relevant laws and regulations regarding insert sheet, labels and packaging of drugs when launching drugs in the future.

Drug Advertisements and Promotion

The Group will strictly comply with the Provisions for Drug Advertisement Examination (《藥品廣告審查辦法》) when we launch drug advertisements in the future. We will apply for a one-year valid advertising approval code for drugs before launching the drug advertisements. The content of an approved drug advertisement cannot be changed without our prior approval. In case of any alteration of the content of the advertisement, a new advertising approval code for drugs shall be obtained by re-submitting an application.

Furthermore, we will ensure that the promotional material and information of the Group are complete, truthful and accurate and there will be no tolerance for the use of false and misleading description that may create a serious consequence to the public.

5.2 ADVOCATING COMPLIANCE OPERATION

In order to promote the stable operation and sustainable development of the Group, maintain and enhance the good reputation of CStone, we regard the strict compliance of the laws and regulations of the locations where we operate as our basic principle. In addition to the basic observance of laws, we have formulated the Code of Conduct for Staff (《員工行為準則》) and Code of Conduct for Business Partners (《商業夥伴行為準則》) respectively to ensure that both our employees and business partners to abide by higher ethical and social standards, and require our employees and business partners to abide by such codes of conduct.

We require our employees to strictly abide by the Anti-Unfair Competition Law of the People's Republic of China (the "PRC") (《中華人民共和國反不當競爭法》), Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other relevant laws and regulations, and work and behave with integrity. CStone relies on innovative products, service quality and prices to win orders in fair competition, rather than by providing improper benefits to others. Therefore, it is strictly forbidden for any employee to provide, promise, give or authorize the provision of money or any other valuable items directly or indirectly to government officials to influence official behavior or obtain improper benefits. Employees are also strictly prohibited from taking the advantage of work to solicit, request, accept, obtain improper benefits or accept promises of improper benefits.

Each employee of the Group must participate in anti-corruption and other compliance training regularly organized by the compliance department to enhance their concepts of anti-bribery, anti-extortion, anti-fraud and anti-money laundering, and further enhance their anti-corruption awareness.

The Group also requires our business partners, including but not limited to distributor, contractors or subcontractors, suppliers, strategic partners, etc. to abide by the Code of Conduct for Business Partner (《商業夥伴行為準則》) with higher ethical standards to avoid participating in any inappropriate activities and establish mutually beneficial relationships. The Code of Conduct stipulates regulations on the prohibition of improper payment, available and acceptable business entertainment, compliance with antitrust and laws on anti-unfair competition, and avoidance of conflicts of interest.

Reporting Channels

If any suspected violations are found, all employees may submit a complaint and report to their supervisor, compliance officer, human resources manager, or the person or unit designated to handle the complaint. Business partners who believe that employees of CStone or anyone acting on behalf of CStone have participated in illegal activities or other improper conduct should report it to us as soon as possible. The Group has telephone and e-mail channels to handle possible violations confidentially and anonymously. We investigate all complaints and take appropriate corrective measures when necessary. All documents will be kept confidential to the extent permitted by laws, and we will adopt a zero-tolerance attitude towards any retaliation against the complainant.

During the Reporting Period, the Group did not involve corruption litigation cases, demonstrating the effective implementation of our anti-corruption measures.

5.3 PROTECTING INTELLECTUAL PROPERTY RIGHTS

As a biopharmaceutical company focused on innovatively developing and commercializing immuno-oncology and precision medicine, CStone places great emphasis on the protection of intellectual property rights. We strictly comply with laws and regulations related to intellectual property rights such as the Copyright Law of the PRC (《中華人民共和國著作權法》), the Intellectual Property Law of the PRC (《中華人民共和國知識產權法》), the Patent Law of the PRC (《中華人民共和國專利法》) and the Trademark Law of the PRC (《中華人民共和國商標法》). In order to prevent infringement of others' intellectual property rights, the Group conducts a comprehensive intellectual property rights search and analysis before launching its self-developed drugs and importing drugs from outside to identify possible intellectual property rights infringement risks and formulate countermeasures in advance. We fully take intellectual property rights risks into account at the inception of a project and at other critical points, and assess the impact of potential infringement risks on the project.

For safeguarding the Group's intellectual property rights and ensuring that our core intellectual property rights are not disclosed, we sign confidentiality agreements with our employees. We also sign invention transfer agreements with our employees for on-duty inventions, which clearly specify the ownership of intellectual property rights. We have appointed an external lawyer to maintain and manage all patents applied and granted. During the Reporting Period, we maintained a total of 19 registered patents.

5.4 SUSTAINABLE SUPPLY CHAIN MANAGEMENT

As a responsible biopharmaceutical company, the Group is strict with its procurement procedures and vendor selection and management. We have established an effective vendor management system and formulated a series of relevant systems and documents, as well as standard operating procedures such as Standard Operating Procedures for Vendor Engagement（《供應商參與標準操作流程》), Standard Operating Procedures for Procurement（《採購標準操作流程》) and GMP Service Provider Management（《GMP服務商管理》), so as to manage vendor quality and risk.

Standard Operating Procedures for Vendor Engagement regulates the selection, contracting, oversight and management of vendors for clinical development. Vendor Selection and Management Team is formed and is responsible for vendor selection, contracting, oversight and management. At least two to three suitable candidates are included in the selection process to maintain the fairness. In selecting suppliers, we refer to the following vendor selection criteria, including but not limited to the vendor's: 1) location and corporate potential evaluation, 2) Standard Operating Procedures infrastructure related to the requested service area, 3) operational capability and professionality, 4) operational compliance, 5) operational qualifications and certifications, 6) training records and 7) business strategy development. Vendor Selection and Management Team will monitor and manage vendor performance, conduct supplier evaluation on a regular basis and record its performance. Further cooperation will depend on regular evaluation of vendor performance.

We have formulated Standard Operating Procedures for Procurement to regulate the whole process of products and service procurement from purchase application to payment after delivery. We will take into consideration the following factors in procurement, but not limited to price, the level of meeting purchase requirement, lead time, after-sales service, value-added service, sustainable development of supplier strategic cooperation and etc. We will manage and evaluate vendors on a going basis, and classify vendors recognized by the Group into two categories: (1) core vendors: those with high annual purchase amount or strategic value to our business and good performance in comprehensive evaluation; (2) approved vendors: those whose company's qualification has been approved. During our evaluation, we will consider vendors' compliance, integrity and social performance. Vendors will be blacklisted and all transactions with them will be terminated at once if they were found involved in the followings.

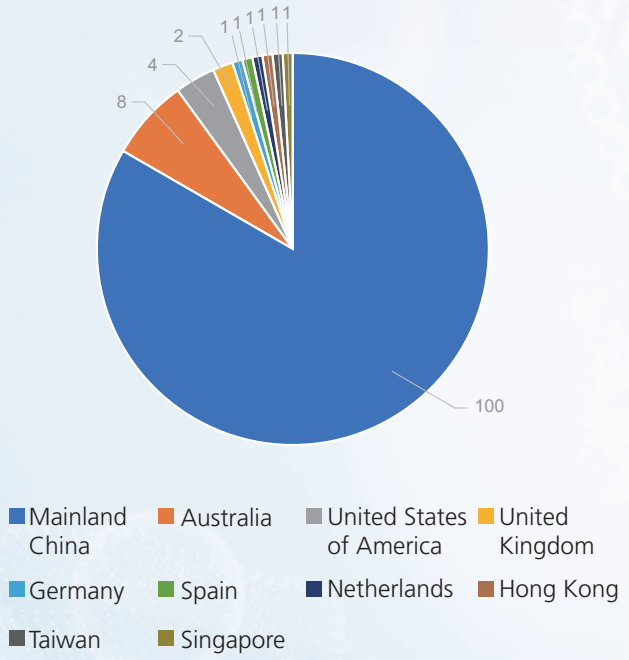
Circumstances under which vendors will be blacklisted:

- Commercial bribery and unethical business behaviour such as hiring minor employee and illegal labor;
- Illicit or unfair competition;
- Dishonesty;
- Provision of false information;
- Violation of company policies.

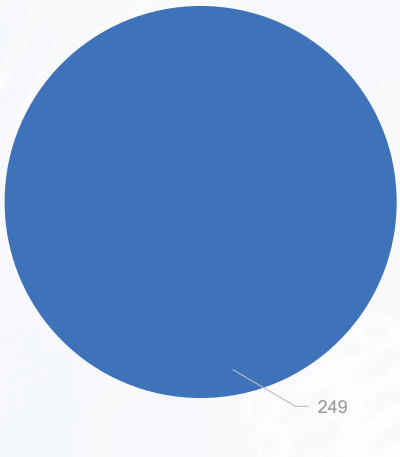
5. Responsibility for the Healthcare Industry

The following two tables set forth our clinical-related and non-clinical-related suppliers during the Reporting Period respectively by category and geographical location:

Number of clinical-related suppliers



Number of non-clinical-related suppliers



5.5 COMMUNICATING WITH CLINICAL TRIAL PARTICIPANTS

Drug development can be improved through effective clinical trials and feedback from participants. Although the Group has not launched any product to the market, the importance of clinical stage cannot be ignored. CStone would sign the Clinical Trial Agreement（《臨床試驗協議》with the study unit and principal investigators for the trial before executing the trials so as to protect the rights and interest of participants. Such agreement covers such terms as trials execution, record keeping, review, confidentiality, privacy and data protection, validity period and legal responsibilities for the participants. Before executing the trials, the "Informed Consent Form"（《知情同意書》）is provided to all the participants, specifying the trials' background, purpose, process, treatment schedule, patient's responsibility, possible risk and discomfort arising from the trials, dealing of samples, and benefits, reimbursement and compensation for participants, to enable the participants to clearly understand the details and possible risks in trial before deciding to receive it. Patients are free to raise their concerns at any time, and researchers must handle or provide suggestions as soon as possible. Patients have their rights to withdraw at any stage of the study at any time in order to safeguard their health, rights and interest.

During the Year, we did not involve in any dispute or complaints related to clinical trials. Through the continuous input in the research and development of pharmaceuticals, the responsible management of clinical trials, and the sound communication with participants, our reputation can be built up and we can achieve the target of launching the innovative drugs with high quality to the market.

5.6 INFORMATION SECURITY MANAGEMENT

The Group attaches great importance to the protection of the privacy of personal data, especially the subjects of clinical trials. We have established comprehensive privacy protection policies, including Protecting the Privacy of Personal Information (《保護個人資料隱私》), Records and Information Management Policy and Procedure (《記錄和信息管理政策和程序》). Protecting the Privacy of Personal Information stipulates that our employees and service providers are limited to the collection and use of relevant and reasonably necessary personal data for legitimate business purposes. This policy sets out various measures taken by our employees and service providers to maintain the security of personal data, and strictly regulates the collection, contact, use, disclosure, retention and destruction of personal data. "Records and Information Management Policy and Procedure" stipulates the creation, management, retention and disposal of company records and information. Information is divided into 3 levels according to risk assessment, and access rights are set to avoid information leakage. High-risk and medium-risk records must be permanently retained and stored indefinitely by electronic research data. All rights are exclusively reserved by authorized personnel; records with general risk levels must be kept for at least 10 years.

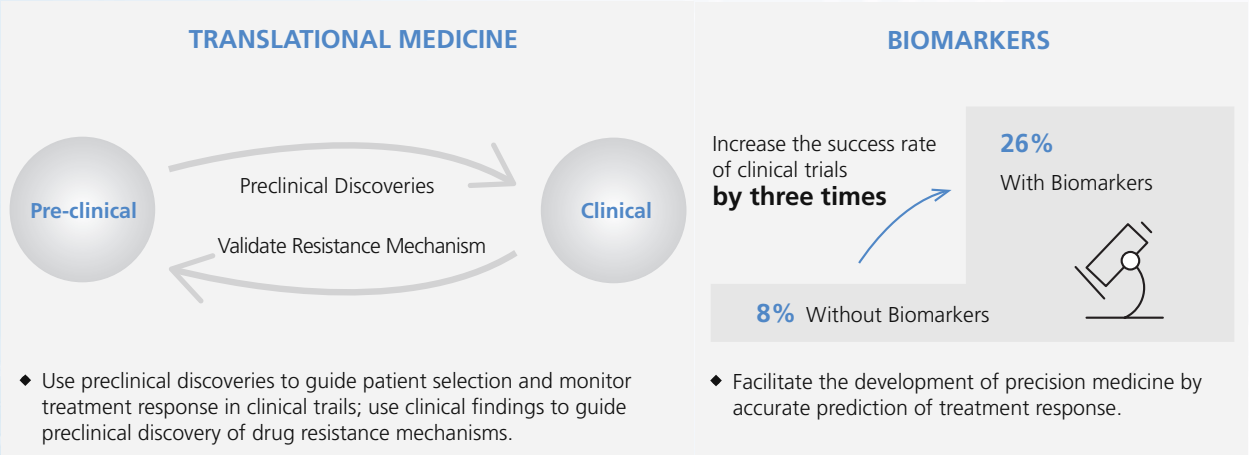
The Group's Code of Conduct for Staff (《員工行為準則》) and Code of Conduct for Business Partners (《商業夥伴行為準則》) require our employees and business partners to keep our confidential information strictly confidential, including personal data collected by or from CStone, and to prevent such information being lost, abused, stolen, improperly accessed or leaked. At the same time, our business partners must sign a confidentiality agreement with us.

To further maintain information security, we have adopted the Employees IT Information Security Policy (《員工資訊科技信息安全政策》). This policy stipulates measures for employee IT security, including information security for the use of computer equipment, data security, account password policy, software policy, virus prevention, e-mail, network use, internet standards, printer policy, and security incident reporting, etc, so as to fully guarantee the information security.

6. Advanced and Innovative Research & Development

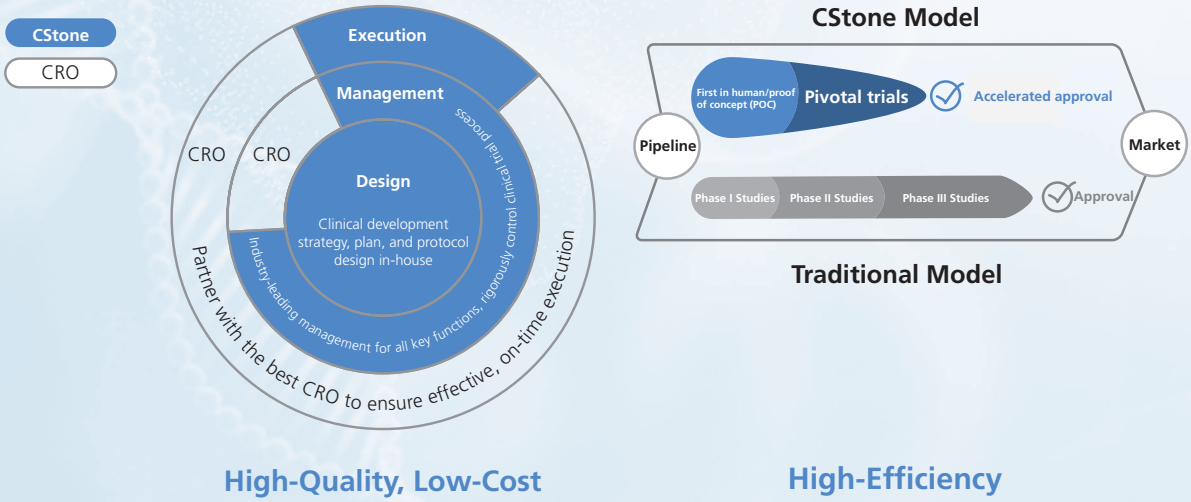
With the mission of "Driven by innovation", CStone strives to develop innovative immuno-oncology and precision healthcare treatments. Suzhou Translational Medicine Research Center was established in 2017 with its primary goal "to accelerate clinical development based on supplementary clinical trials and to drive the discovery and validation of precision medicine and predictive biomarkers for higher success rates of clinical trials, so as to seek for the most suitable therapy for patients in China in the shortest time". With the operation of Suzhou Translational Medicine Research Center, developments of translational medicine has been accelerated to diversify the product pipelines and motivate the clinical researches, building a leading national platform of research and development, cooperation and talents.

World-Class Research, Collaboration, and Development Platform



CStone's innovative invention model, characterized by high quality, high efficiency and low cost, possesses strong capabilities of breaking through the bottleneck of clinical development. We adopted an innovative model for clinical research to shorten the cycle of clinical research. To ensure the quality of clinical development, we control the core session of clinical developments ourselves. Through the cooperation with the best external Contracted Research Organization ("CRO"), we are able to reduce the costs of operations while launching various clinical projects simultaneously.

A High-Quality, High-Efficiency, and Low-Cost Model for Innovative Drug Development



High-Quality, Low-Cost **High-Efficiency**

6. Advanced and Innovative Research & Development

6.1 STRONG CAPABILITIES OF RESEARCH AND DEVELOPMENT

Our pipeline focuses on IO and healthcare treatments and have developed an extensive and balanced immune-oncology product portfolio comprising 15 assets, which included three major immuno-oncology molecular, namely PD-L1, PD-1 and CTLA-4 antibodies, unlocking new combination therapies. An extensive and reasonable portfolio of immune-oncology drug candidates help facilitate the development of combination therapies strategies, which in turn brings cancer patients with better clinical efficacy.

Our research capabilities have driven significant innovation, which enabled our products to continuously enter clinical trial phases in China and in the world. Last year, without any exception, our two pre-clinical drug candidates, CS3002 (CDK4/6 inhibitor) and CS3005 (A2aR antagonist) entered the phase of clinical trial.

For the past few years, the 30 clinical trials activated by us have demonstrated the speed and efficacy of our clinical trial platform, laying a solid foundation for continuous data output and final applications for new medicines. Among the ongoing trials, 15 of them are registrational/registration enabling trials of five late-stage assets, namely CS1001 (PD-L1), CS1003 (PD-1), ivosidenib, avapritinib and pralsetinib. In May 2019, we submitted applications for a new medicine, TIBSOVO®, a medicine targeted relapsed or refractory (R/R) acute myeloid leukemia, in Taiwan and was awarded the priority review status. These significant results of research and development are attributable to our professional and brilliant team of research and development.

In August 2019, an agreement for the project of CStone global R&D headquarter and manufacturing facility was officially entered into and would be established in Suzhou Industrial Park with an aggregate planned area of approximately 100,000 square meters. Once completed, it will be equipped with integrated capabilities for R&D, Pilot Plant and full commercial scale manufacturing of biologics and chemicals, which will have a designed production capacity of 26,000L for large molecule biologics and 1 billion tablets and capsules for small molecule drugs. The R&D and manufacturing headquarter will enhance our own capabilities and efficiency in R&D and potential for future collaborations. At the same time, the vision set out in the national government's Healthy China 2030 Planning Outline could be addressed more properly, which enables us to advance the nation's health by making the globally leading innovative oncology drugs accessible for Chinese patients as early as possible. Looking forward, as a firm based in China, CStone aims at becoming globally recognized and strived to make greater contributions to the biopharmaceutical sector both in China and worldwide.

6. Advanced and Innovative Research & Development

6.2 INTERNATIONAL STRATEGIC COOPERATION

CStone depends on internal development and external cooperation as the dual sources of our innovation. In the current year, we performed external collaborations with global leading biotechs and biopharmaceutical companies, focused on developing relationships of international strategic cooperation which is complementary to our internal research and development, in order to accelerate creation of values for CStone.

In March 2019, we appointed four internationally-renowned oncologists: Paul A. Bunn, Jr., MD, Elizabeth M. Jaffee, MD, Weiping Zou, MD, Ph.D. and Richard S. Finn, MD, as members of our Scientific Advisory Board. The addition of these four experts will considerably augment our public profile in the oncology field and provide valuable insights into our R&D strategies and processes.

In May 2019, we entered into a global clinical collaboration with Bayer HealthCare LLC ("Bayer") to evaluate CS1001 in combination with Bayer's oral multi-kinase inhibitor Stivarga® (regorafenib), as a treatment for multiple types of cancer including gastric cancer. In December 2019, the first patient was dosed in a Phase Ib trial of CS1001 in combination with regorafenib.

In May 2019, it was announced that we entered into an exclusive cooperation and licensing agreement with Numab Therapeutics AG for driving the development and commercialization of NM21-1480 in Mainland China, Hong Kong, Macau and Taiwan, Korea and Singapore.

In October 2019, we entered into an agreement with Jiangsu Industrial Technology Research Institute (江蘇省產業技術研究院) (JITRI) and formed JITRI-CStone Innovation Center to further promote a two-way collaboration with industry partners and innovation centers in China and around the world.

7. Professional Clinical Talents

Our professional clinical talents are the key pillar for the Group's steady operation and sustainable development. We endeavor to protect the rights and interests of each employee to attract and retain excellent talents by creating a healthy and safety workplace, following the fair employment guidelines, providing competitive benefits and welfare, and developing the talent training system.

7.1 STAFF HEALTH AND SAFETY

The Group attaches great importance to the health and safety of the employees, therefore, we are committed to ensuring the health and safety of the working environment and our staff. We strictly abide by relevant laws and regulations such as 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 Supervision and Administration of Production Safety in Construction Projects (《建築工程安全生產監督管理條例》) and the Regulations on Production Safety in Laboratories (《實驗室安全生產條例》).

Safety management and potential risks identification are the keys in preventing accidents. In order to guarantee the health and safety of our working environment, eliminate any potential safety hazard and risk factors in the working environment, and improve the safety risk management, CStone established relevant safety management systems, for example, the TMRC Safety Investigation and Management SOP (《TMRC安全隱患排查與治理SOP》). This standard operating procedure ensures that the environmental health and safety (EHS) personnel arranges regular safety inspections, including general inspections, holiday inspections, special inspections and seasonal inspections, and takes measures to control potential safety hazards to eliminate potential accidents and unsafe factors in laboratories. EHS personnel will use the checklist to check and record the results of the observation accurately. If any hidden danger is founded during the inspection, relevant personnel will promptly make rectification plan under supervision to prevent accidents.

The emergency plan is an effective way to control and deal with accidents occurred quickly and minimize the loss and damage. We have formulated the Emergency and Rescue Plan for Corporate Work Safety Accidents (《企業安全生產事故應急救援預案》), established emergency organization system, and clearly listed the form of emergency organization and the responsibilities of the units and personnel composing the organization. The emergency plan analyzes and controls all kinds of hazard sources and risks, takes effective preventive measures, and formulates emergency plans for various accidents such as fire, electric shock, hazardous chemicals and object strike. We provide emergency training for our employees and conduct emergency plan drills, such as fire drills, no less than twice a year. Colleagues need to report to relevant emergency organization immediately when an accident occurs to ensure that the case is properly handled and documented.

7. Professional Clinical Talents

We pay special attention to the staff working in the laboratories who are required to take safety trainings on entry. We post the evacuation plan of each floor on the prominent positions within the site area, providing detailed evacuation routes and the locations of fire hydrants and fire extinguishers. Adequate and qualified protective and emergency equipment, such as shower and eye washing equipment, are provided in the laboratories and hypoxic alarm devices are also installed to protect employees at work. As hazardous and non-hazardous chemicals are often stored in the laboratory areas, staff are required to strictly implement the labelling and proper handling of chemicals.

During the Reporting Period, the Group had no work-related injuries or fatalities.

Vertical eye washing equipment

Hypoxic alarm device

7.2 EMPLOYMENT GUIDELINES

The Group strictly abides by relevant laws and regulations on recruitment including the Labor Law of the People's Republic of China（《中華人民共和國勞動法》）and the Labor Contract Law of the People's Republic of China（《中華人民共和國勞動合同法》）, and develops Human Resources Policies and Recruitment Management Policy（《招聘管理制度》）and Employee Handbook（《員工手冊》）to regulate recruitment management principles and ensure the recruitment processes are conducted in a standardized, orderly and effective manner.

Strict Policy for Fair Recruitment

We strictly implement the established policy and procedure for fair recruitment. Staff, internal and external, are equal to opportunity and will not be discriminated on the basis of gender, religion, age, nationality or disability. The equal opportunity and diversity policies also extends to other aspects, such as promotion, transfer, salary, training and termination of labor contract.

The recruitment information is published via open channels such as internal publishing platform, online advertising, campus recruitment and headhunting recommendation after obtaining approval. Appropriate recruitment channels will be adopted based on the need of different positions. The human resources department is responsible for arranging the follow-up selection procedures, and inviting the suitable candidates for interviews. The qualified person who meets the requirements for a position will be recruited based on considerations including the interview performance, qualification and work experiences without any discrimination. The human resources department will notify the hired person to sign the Offer Letter so as to comply with the Labor Contract Law.

CStone ensures both internal and external candidates enjoy impartial job application opportunity. The Group also encourages and supports internal employees, who have served for their current positions for at least one year and have good performance, to apply for the vacancies on account of their career development. Furthermore, our former employees can be considered for re-recruiting if they meet the requirements for the position and had good performance with no record of violation of rules and policies of the Group during their employment with us.

The Group strictly abides by the Law on the Protection of Minors（《未成年人保護法》）and the Provisions on the Prohibition of Using Child Labor（《禁止使用童工規定》）. We will conduct background investigation for each hired candidate by checking his/her identity document and qualification certificate to avoid employment of child labor. If the identity and age of an employee are found to be not true, we will terminate his/her labor contract. We will also sign labor contract with hired candidates, specifying their salary, welfare and holidays to make sure not to use forced labor. If any violation is found, an employee can immediately terminate his/her labor contract to protect their legal labor rights. During the year, the Group did not employ any child or forced labor.

Performance Management

In order to attract, develop and retain excellent talents, the Group has formulated a well-established performance management system which stimulates its staff to devote themselves to work and give full play to their potentials. First, each department manager will clarify the Company's and management's expectations of performance during the year when setting individual work performance goals. Second, we have formulated effective review and feedback mechanism that enables staff to get timely feedback for their work so as to improve their performance promptly. Third, line manager will evaluate staff's performance and results according to their individual performance goals through the work performance evaluation arranged twice a year. Bonus and compensation adjustments are in line with staff's work performance results to award outstanding staff.

7.3 COMPENSATION AND WELFARE

In order to effectively attract, retain and motivate excellent staff, the Group has formulated a performance management oriented, fair and impartial compensation and benefits system which is competitive and in line with the Company's long term business objectives.

Competitive Compensation

The Company follows the principles of "Performance-focus", "Position-value" and "Divisional Compensation" to formulate the compensation policies. We conduct yearly salary review and then make adjustment based on the business conditions, average salary level of the market and employees' performance each year. Apart from basic salary, CStone also implements performance bonus plan and distributes annual performance bonus accordingly based on staff's work performance results to reward the employees who make contributions to the business development of CStone.

Favorable Welfares and Holidays

The Group offers employees welfares and holidays which are more favorable than statutory requirements. We have established Welfare Management System (《福利管理制度》) and Holiday Management System (《假期管理制度》) to list out all provisions on the details of the welfare and holidays that all our employees are entitled. The Group provides "Five Social Insurances and One Housing Fund" (五險一金) with endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund to all eligible employees in accordance with the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), Provisional Regulations on 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》). In addition, we provide extra welfare such as additional housing fund, annual health checkup, gifts for newly married/newborn babies, birthday and festival gifts to maintain its competitiveness and to motivate and strengthen our employees' sense of belonging to CStone.

In addition to 11 days of statutory holidays each year, employees of the Group are also provided leave for main holidays, annual leave, sick leave, work-related injury leave, marriage leave, maternity leave, miscarriage leave, paternity leave, breastfeeding leave and funeral leave to maintain the work-life balance. Moreover, we care for the needs of working mothers and provide that female employees who are pregnant can enjoy special arrangement for pregnancy checks, while female employees who are breastfeeding or pregnant for one or more month(s) shall not be requested to work overtime. Furthermore, female employees are entitled to a half-day leave on International Working Women's Day, while employees at the age of or under 28 are entitled to a half-day leave on Youth Day.

7.4 VALUING TALENTS' CULTIVATION

CStone regards the employees who recognize corporate values and have excellent performance as our most valuable assets, and we are willing to provide employees with good career development prospects and a stage to display their talents. Therefore, we have established a career development path for promotion: including promotion at the same level and promotion at different levels.

By providing targeted training courses to employees of different ranks, the Group can improve the professional knowledge, skills and management ability of different employees and management, as well as enhance our competitiveness in the pharmaceuticals industry. New staff training is conducted regularly to guide new employees and help them adapt to the new working environment. The Group develops yearly training plan to equip target trainees with the strategic, leadership, technical and value enhancement skills. During the Reporting Period, we have prepared different types of online and offline training resources and courses for different employees and management. Employees are encouraged to attend external seminars and talks to enrich their technical knowledge.

The followings are the types of training courses during this year:

Types of training	Content of training	Training objects
Leadership	• Leadership courses organized by CEIBS and CEIBS Mobile Business School • Leadership courses suitable for managers of different ranks, such as collective leadership, situational leadership, new leaders • Selection of recruitment targets	• Management team, key talents • Administration/Senior/ Intermediate/Junior managers • Recruitment of managers
Project management	• Theories, tools, management personnel management, business management, etc. related to project management • Mentors' training	• Senior/Intermediate/ Junior project managers, leaders of project teams • Leaders of project teams
General management	• Problem communication and resolution • Non-authority influence/Cross-function communication • Human resource management • Financial management suitable for non-financial managers • Structured thinking	• Depends on personal development plan
Culture	• Orientation and training program	• All new employees
Compliance	• Compliance training	• All employees

8. Co-Construction of a Green Environment

As an enterprise with social responsibility, the Group is committed to implementing environmental protection policies in its business operations and has formulated Corporate Social Responsibility Policy (《企業社會責任制度》), which includes policies on environmental protection and sustainable development. CStone strictly abides by laws and regulations such as the 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》) and the Law on Prevention and Control of Environmental Pollution by Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》), and requires all employees together with us to establish, implement, maintain and improve the environmental protection system, building a green environment together. During the Reporting Period, the Group had no violation of relevant laws and regulations on environmental protection, nor significant accident affecting environment and natural resources.

8.1 PRACTICING GREEN OPERATIONS

In order to practice green operations, the Group is committed to protecting the environment and minimizing its impact on the environment and natural resources through the concerted efforts of its employees in four aspects of energy conservation, water resources management, waste management and paperless office.

Energy Conservation

Lighting	• Fully utilize the natural lighting during daytime and minimize the use of lighting equipment • Conduct frequent cleaning of the lighting equipment to maintain cleanliness and enhance its energy efficiency • Divide into different light zones with separate switches • Build up the good habit to ensure that all apparatuses are switched off before leaving the office
Air conditioning	• Conduct frequent cleaning of air-conditioner filters and fan coils • Turn off the air conditioners when rooms are not in use • Allow not to wear a tie and full formal suit under hot weather • Employees are allowed to wear casual clothing to work on Fridays as permitted

During the Year, the total electricity consumption in the data collection range was 731,200 kWh. Although the total electricity consumption increased by approximately 22.0%[2] when compared with last year due to the enlarged data collection range[1], the total electricity consumption intensity per square meter of floor area was 123.13 kWh, with a decrease of intensity by 13.9%[2] when compared with last year, demonstrating the effective implementation of electricity conservation measures.

Water Resources Management

Cherish water resources	• Close faucets tight after use • Post water-saving reminder stickers in all toilets • Use double flush toilet • Fix the dripping tap immediately

During the Year, despite the fact that total water consumption was 2,041 tonnes, increased by 50.4%[3] when compared with last year due to the increase in number of staff, the water consumption per staff was 7.39 tonnes with a decrease of water consumption density by 20.4%[3]. This shows that our water saving measures were duly enforced and the results of saving water was effective indeed. In addition, we did not experience any problem in obtaining applicable water sources.

[1] In 2018, the total area of data collection boundary was 4,189.96 m^2 and the range was enlarged to 5,938.43 m^2 in 2019.

[2] In 2018, the total electricity consumption of data collection boundary was updated after audit (599,327 kWh).

[3] In 2018, the total water consumption of data collection boundary was updated after audit (1,357.0 tonnes).

8. Co-Construction of a Green Environment

Waste Management

The operation of Suzhou laboratory of the Group produced a significant amount of medical hazardous waste. We have signed Dangerous Waste Treatment Agreement with qualified dangerous waste treatment companies in accordance with Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染防治法》), and entrust the companies to collect hazardous waste. We need to provide accurate and valid information of "Waste Production Unit Investigation" (《廢物產生單位調查表》) and Material Safety Data Sheet as well as to conduct the dangerous waste separation and package to ensure its safety, completeness and non-leakage. The dangerous waste is then transported and handled by waste treatment companies. Their professional technologies enable responsible dangerous waste treatment and minimize the negative impacts towards the environment. During the Year, due to the increasing number of research and development projects, Suzhou laboratory of CStone produced a total of 460.10 kg of medical hazardous waste like waste culture medium, packaging, spearhead, centrifuge tubes, activated carbon filter cotton. Across the offices' operation, we had produced 38 pieces of waste batteries and 82 pieces of wasted ink cartridges of hazardous waste, with its intensity of 0.14 piece and 0.30 piece per staff. Such waste is handled by a professional recycling company for further treatment.

For non-hazardous waste, we have taken a variety of measures to reduce the generation of waste. We will avoid the use of disposable appliances and reduce product packaging. We use waste sorting bins to recycle waste paper, metals, plastics and batteries. During the Reporting Period, the Group produced a total of 2.14 tonnes of non-hazardous waste with its intensity of 0.008 tonnes per staff, representing a decrease by 27.3% when compared with last year. The amount of recycled non-hazardous waste was 0.36 tonnes, which demonstrated the effective implementation of our waste reducing measures. We will strive to gain continuous improvement to reduce waste and cherish the natural resources.

Paperless Office

We launched the Electronic Office System to advocate a paperless office and to reduce the paper consumption. As for the unavoidable paper usage, we encourage to reuse and the use of double-sided printing as much as possible, and put up notices in conspicuous positions to remind employees to use double-sided printing or use recycled paper. We also send out the festival cards to clients electronically so as to reduce the usage of high-quality paper.

During the Year, due to the increasing number of projects, the Group consumed 5.85 tonnes of paper with the intensity of 0.02 tonnes of paper per staff. In the future, we will adopt the paper saving measures more proactively and promote paperless office, in an attempt to reduce the use of paper.

Air Emissions

The Group did not possess fixed equipment which consumes fuels and did not own vehicles under the Group's name, thus, no direct air emission was involved.

8.2 CARBON EMISSIONS MANAGEMENT

In response to climate change, China issued the National Climate Change Plan (2014-2020)(《國家應對氣候變化規劃(2014-2020年)》), the 13th Five-year Plan for National Economic and Social Development of the People's Republic of China (2016-2020)(《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要(2016-2020)》), 2019 Annual Report on China's Policies and Actions to Address Climate Change(《中國應對氣候變化的政策與行動2019年度報告》) and a series of policies and measures to actively control greenhouse gas emissions. In line with China's strategy to address climate change, the Group has referred to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and disclosed greenhouse gas emissions and energy consumption in the report with an aim to reduce carbon footprint during operations, promoting green operations and low-carbon corporate culture.

In order to advocate corporate's social responsibility and green competitiveness, we conducted carbon audits for Suzhou office, Shanghai office and Beijing office. Our audits were calculated based on 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 ISO14064-1 set by the International Standards Organization. The greenhouse gas emissions generated during the Year are summarized as follows:

Summary of GHG Emissions	Unit	2018[4]	2019
Greenhouse Gas Emissions			
Scope 1 Direct GHG emissions	tonnes of CO_2 equivalent (CO_2e)	0	0
Scope 2 Indirect GHG Emissions	tonnes of CO_2e	483.85	591.59
Scope 1 & 2 Total GHG Emissions	tonnes of CO_2e	483.85	591.59
GHG Emissions Intensity			
Scope 1 & 2 per square meter of floor area	tonnes of CO_2e/m^2	0.12	0.10
Scope 1 & 2 per staff	tonnes of CO_2e/staff	3.31	2.14

Scope 1: The direct GHG emissions generated from sources owned and controlled by the Group.

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

Since we did not possess any fuel in fixed equipment and own vehicles under the Group's name, we had no direct GHG emissions (Scope 1). The consumption of electricity in operation (Scope 2) accounted for 591.59 tonnes of CO_2e. During the Year, although the total GHG emissions were 591.59 tonnes CO_2e, representing an increase of 22.3%[4] compared with last year due to the enlarged data collection range[1] and increased number of staff, the emissions intensities were 0.10 tonnes of CO_2e/m^2 and 2.14 tonnes of CO_2e per staff, representing a decrease of 13.7% and 35.3% when compared with last year. Such decrease was due to a reduced consumption of electricity. In the future, we will continue to adopt more measures of saving energy and reducing emissions in order to lower GHG emissions.

[4] Since the total electricity consumption of data collection boundary was adjusted after audit, the total GHG emission was updated (483.85 tonnes of CO_2e).

9. Social Development and Care

As a responsible enterprise that cares about people's well-being and strives to build a healthy tomorrow for people, CStone focuses on the promotion of social development and care, and also vigorously cultivates employees' awareness of caring for the society.

In order to explore the innovative medical field, improve the innovation quality, respond to the clinical needs of Chinese patients, and jointly contribute to the implementation of the "Healthy China 2030" vision, we have gathered the strength of the pharmaceutical industry chain to help China's biotechnology innovation go further. During the Year, we entered into the "Cooperation Agreement for Joint Establishment of JITRI CStone Pharmaceuticals Joint Innovation Center"(共建江蘇省產業技術研究院(JITRI)基石藥業聯合創新中心合作協議) with Jiangsu Industrial Technology Research Institute ("Research Institute") to build a joint innovation center by cooperation. In the future, we will carry out in-depth cooperation with Research Institute in respect of the key technology, generic technology and frontier technology in the field of pharmaceutical innovation industry. We expect to accelerate technology research and development, advance the innovative pharmaceutical industry and bring benefits to people's health with Research Institute's abundant resources such as specialized institutes, universities and scientific research institutions.

As a pharmaceutical research and development company, protecting the health of every life is CStone's unwavering pursuit. At the beginning of 2020, in order to assist in the fight against the novel coronavirus pneumonia ("COVID-19") epidemic, we donated RMB1 million in cash to Suzhou Charity Federation to help the prevention and control of COVID-19. In the future, we will actively participate in more community charitable activities to repay public's support to CStone.

Appendix 1: Sustainability Data Statements

Indicator	Unit	2019
Environmental Subject Area*		
GHG Emissions		
Direct GHG emissions (Scope 1)	tonnes CO_2e	0
Indirect GHG emissions (Scope 2)	tonnes CO_2e	591.59
Total GHG emissions (Scope 1&2)	tonnes CO_2e	591.59
GHG Intensity		
Per square meter of floor area (Scope 1&2)	tonnes CO_2e/m^2	0.10
Per staff (Scope 1&2)	tonnes CO_2e/staff	2.14
Energy Consumption		
Total electricity consumption	kWh	731,200
Total electricity consumption intensity (per square meter)	kWh/m^2	123.13
Water Consumption		
Total water consumption	tonnes	2,041
Total water consumption intensity (per square meter)	$tonnes/m^2$	0.34
Total water consumption intensity (per staff)	tonnes/staff	7.39
Hazardous Waste		
Medical hazardous waste	kg	460.10
Waste battery	pieces	38
Waste battery intensity	pieces/staff	0.14
Waste toner cartridge	pieces	82
Waste toner cartridge intensity	pieces/staff	0.30
Non-hazardous Waste		
Total production of non-hazardous waste	tonnes	2.14
Non-hazardous waste intensity	tonnes/staff	0.008
Total recycling of non-hazardous waste	tonnes	0.36
Paper Consumption		
Paper consumption	tonnes	5.85
Paper consumption intensity	tonnes/staff	0.02

* The data collection boundary of Environmental KPIs includes Suzhou office, Shanghai office and Beijing office.

Appendix 1: Sustainability Data Statements

Indicator	Unit	2019
Social Subject Area		
Total Workforce	no. of people	289
Total Workforce by Gender		
Female	no. of people	188
Male	no. of people	101
Total Workforce by Employment Type		
Junior staff	no. of people	169
Intermediate management	no. of people	110
Senior management	no. of people	10
Total Workforce by Age Group		
Below 30	no. of people	39
30-50	no. of people	239
Above 50	no. of people	11
Total Workforce by Geographical Location		
Employees from East China	no. of people	223
Employees from North China	no. of people	55
Employees from Central China	no. of people	2
Employees from Northwest	no. of people	1
Employees from South China	no. of people	4
Employees from overseas (the USA & Australia)	no. of people	4
Employee Turnover Rate by Gender		
Female staff turnover	percentage	9.7%
Male staff turnover	percentage	3.5%
Employee Turnover Rate by Age Group		
Below 30	percentage	2.1%
30-50	percentage	10.4%
Above 50	percentage	0.7%
Employee Turnover Rate by Geographical Location		
Employees from East China	percentage	10.7%
Employees from North China	percentage	1.4%
Employees from Central China	percentage	0%
Employees from Northwest	percentage	0%
Employees from South China	percentage	0%
Employees from overseas (the USA & Australia)	percentage	0.7%

Appendix 1: Sustainability Data Statements

Indicator	Unit	2019
Health and Safety		
Lost days due to work injury	days	0
Number of work-related fatalities	no. of people	0
Development and Training		
Percentage of Employees Trained by Gender		
Female	percentage	100%
Male	percentage	100%
Percentage of Employees Trained by Employee Category		
Junior staff	percentage	100%
Intermediate management	percentage	100%
Senior management	percentage	100%
Average Training Hours Completed per Employee by Gender		
Female	hours	8
Male	hours	8
Average Training Hours Completed per Employee by Employee Category		
Junior staff	hours	7
Intermediate management	hours	9
Senior management	hours	14

Appendix 2: Content Index of Hong Kong Stock Exchange ESG Reporting Guide

Indicator				Related Chapter
A.	**Environmental**			
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-Construction of a Green Environment
		A1.1	The types of emissions and respective emissions data.	The Group's business does not involve direct air emission
		A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	8.2 Carbon Emissions Management Appendix 1: Sustainability Data Statements
		A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	8.1 Practicing Green Operations Appendix 1: Sustainability Data Statements
		A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	8.1 Practicing Green Operations Appendix 1: Sustainability Data Statements
		A1.5	Description of measures to mitigate emissions and results achieved.	8. Co-Construction of a Green Environment
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	8.1 Practicing Green Operations

Appendix 2: Content Index of Hong Kong Stock Exchange ESG Reporting Guide

Indicator				Related Chapter
A2	**Use of Resources**	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	8.1 Practicing Green Operations
		A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	8.1 Practicing Green Operations Appendix 1: Sustainability Data Statements
		A2.2	Water consumption in total and intensity.	8.1 Practicing Green Operations Appendix 1: Sustainability Data Statements
		A2.3	Description of energy use efficiency initiatives and results achieved.	8.1 Practicing Green Operations
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	8.1 Practicing Green Operations
		A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, since the Group has not yet launched any products on the market, and does not involve packaging materials for finished products
A3	**The Environment and Natural Resources**	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	8. Co-Construction of 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-Construction of a Green Environment

Appendix 2: Content Index of Hong Kong Stock Exchange ESG Reporting Guide

Indicator				Related Chapter
B.	**Social**			
B1	**Employment**	General Disclosure	Information on the policies and 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.	7.2 Employment Guidelines 7.3 Compensation and Welfare
		B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix 1: Sustainability Data Statements
		B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1: Sustainability Data Statements
B2	**Health and Safety**	General Disclosure	Information on the policies and 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.	7.1 Staff Health and Safety
		B2.1	Number and rate of work-related fatalities.	7.1 Staff Health and Safety Appendix 1: Sustainability Data Statements
		B2.2	Lost days due to work injury.	7.1 Staff Health and Safety Appendix 1: Sustainability Data Statements
		B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	7.1 Staff Health and Safety

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Indicator				Related Chapter
B3	**Development and Training**	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.4 Valuing Talents' Cultivation
		B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Appendix 1: Sustainability Data Statements
		B3.2	The average training hours completed per employee by gender and employee category.	Appendix 1: Sustainability Data Statements
B4	**Labor Standards**	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	7.2 Employment Guidelines
		B4.1	Description of measures to review employment practices to avoid child and forced labor.	7.2 Employment Guidelines
		B4.2	Description of steps taken to eliminate such practices when discovered.	7.2 Employment Guidelines
B5	**Supply Chain Management**	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.4 Sustainable Supply Chain Management
		B5.1	Number of suppliers by geographical region.	5.4 Sustainable 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.	5.4 Sustainable Supply Chain Management

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Indicator				Related Chapter
B6	**Product Responsibility**	General Disclosure	Information on the policies and 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.	5. Responsibility for the Healthcare Industry 5.1 Quality Management and Control 5.3 Protecting Intellectual Property Rights 5.5 Communicating with Clinical Trial Participants 5.6 Information Security Management
		B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable, since the Group has not launched any product to the market
		B6.2	Number of products and service related complaints received and how they are dealt with.	5.5 Communicating with Clinical Trial Participants
		B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.3 Protecting Intellectual Property Rights
		B6.4	Description of quality assurance process and recall procedures.	Not applicable, since the Group has not launched any product to the market
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.6 Information Security Management

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Indicator				Related Chapter
B7	**Anti-corruption**	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.2 Advocating Compliance Operation
		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.	5.2 Advocating Compliance Operation
		B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	5.2 Advocating Compliance Operation
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. Social Development and Care
		B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	9. Social Development and Care
		B8.2	Resources contributed (e.g. money or time) to the focus area.	9. Social Development and Care


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