先声药业
Simcere
先聲藥業集團有限公司
Simcere Pharmaceutical Group Limited
(Incorporated in Hong Kong with limited liability)
Stock Code: 2096

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

Providing Today's Patients with
MEDICINES
of the Future

CONTENTS

Chairman's Statement

Over the past few years, the technology iterations in the life science field have been rapidly changing and exciting. The huge market demand and regulatory policy reform have attracted more capital and talent to converge here. As a member of the wave, Simcere has been transforming itself into an innovation-driven company with great determination.

In 2020, we successfully listed in Hong Kong, continued to increase investment in innovation and R&D, actively promoted international cooperation, and enhanced our organizational capacity and talent density. We insist on providing more effective drugs for patients, creating long-term value for our shareholders, and working together with our employees and communities to maximize the benefits of our operating achievements to all stakeholders.

Simcere's original intention is to truly help patients. Our resources are focused on three therapeutic areas: oncology, central nervous system diseases and autoimmune diseases, and we insist on dual-drive mode of independent R&D and collaborative R&D. In 2020, our two major innovative products have been successfully launched, our R&D pipeline has been accelerated, and our commercialization capability has been enhanced, all reflecting our commitment to providing today's patients with medicines of the future.

Simcere cares for and attaches importance to the growth of our employees. We regard our employees as the most precious wealth, create a good working environment, and protect their rights and interests. Through a comprehensive career development channel and training system, we allow our employees to perceive the joy and value of work in a group struggle.

Simcere is committed to fulfilling its low-carbon responsibility. "The Best Products, the Pursuit of Excellence" is our persistent pursuit. We have established a comprehensive quality management system to strictly manage the entire pharmaceutical production process. In addition, we regard green production, energy conservation and emission reduction as important prerequisites for sustainable development.

Simcere adheres to operating with integrity. We actively communicate and cooperate with our stakeholders, implement risk control in strict accordance with national laws and regulations and our internal rules and regulations, strictly abide by business ethics, and emphasize anti-corruption system construction.

Simcere has continued to give back to the society. Over the years, we have continued to undertake social welfare projects and made positive contributions in promoting regional economic development, responding to major natural disasters, and providing emergency stockpiles of pharmaceuticals. We have also established university-enterprise cooperation and scholarship fund programs with a number of well-known universities in China and abroad, and are committed to nurturing future talents for the life science field.

In the future, Simcere will maintain the spirit of creativity and challenge, and join hands with all stakeholders to brave high mountains and long roads. Although the road of innovation is full of thorns, it is worthwhile to devote ourselves to it and enjoy it.

REN Jinsheng
Chairman and Chief Executive Officer

May 20, 2021

About this Report

This Report is the first Environmental, Social and Governance (ESG) report of the Group. It mainly discloses the practice and achievements of the Group in product liability, environmental protection, social welfare and other aspects in 2020, hoping to take this opportunity to show the latest progress of the Group in sustainable development to shareholders, customers and consumers, employees, government, partners and other stakeholders.

- ## TIME RANGE

  This report covers the period from January 1 to December 31, 2020, some of which are beyond the above scope.

- ## REPORTING SCOPE

  The contents in the report cover Simcere Pharmaceutical Group Limited and its subsidiaries.

- ## BASIS OF REPORTING

  The report has been prepared in accordance with the regulations in the ESG Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as issued by the Hong Kong Stock Exchange.

- ## SOURCE OF DATA

  All information and data in this report sourced from official documents, statistical and financial reports of the Group, as well as the environmental, social and governance information collected, summarized and audited by the Group. Unless otherwise stated, the currency used is RMB.

About the Group

Simcere Pharmaceutical Group Limited is now rapidly transitioning to an innovation and R&D-driven pharmaceutical company and has R&D, production and professional marketing capabilities.

The Group focuses on three therapeutic areas, oncology, central nervous system diseases and autoimmune diseases. In these three areas, the Group has four innovative pharmaceuticals approved for sale (including an imported innovative pharmaceutical).

Attaching great importance to innovative pharmaceutical R&D, the Group continues to increase its R&D investment year on year and has three innovative drug R&D centers located in Shanghai, Nanjing in the PRC and Boston in the U.S. and was approved by the Ministry of Science and Technology of the PRC to build the National Key Laboratory of Translational Medicine and Innovative Pharmaceuticals. The Group has a R&D team of over 900 staff and more than 50 innovative product candidates in its R&D pipeline. The Group will continuously promote the research and development of innovative pharmaceuticals and bring more drugs with better efficacy to patients through the dual-drive mode of independent R&D and cooperation R&D.

The Group has continuously improved its manufacturing capabilities of pharmaceuticals. We currently have five PRC GMP certified production facilities for the manufacturing of our pharmaceutical products. These production facilities housed a total of 21 production lines for the production of biologics and small molecule pharmaceuticals in a variety of dosage forms including injectables, oral liquids, oral solid dosage forms (tablets, capsules, granules and powders), implants, gel and dry powder for inhalation, as well as five workshops for the production of APIs. We have received EU GMP certification or passed the U.S. FDA inspection for some of our production workshops.

The Group continuously expands its marketing team and improves the professional marketing level. As at December 31, 2020, it has approximately 4,000 salespersons, which laying a foundation for the marketing of innovative pharmaceuticals.

As a pharmaceutical enterprise, the Group always adheres to the corporate mission of "providing today's patients with medicines of the future". With the dual-drive mode of independent R&D and R&D cooperation, the Group increases investment in independent R&D and on the other hand, continues to cooperate with excellent domestic and foreign pharmaceutical enterprises to make global R&D achievements in the field of life sciences benefit more patients.

CHRONICLE OF EVENTS IN 2020

In January, Orencia (abatacept injection), the imported innovative pharmaceutical under the cooperation of the Group and Bristol Myers Squibb, obtained the Import Drug License issued by the NMPA. According to Frost & Sullivan, it became the first and only soluble CTLA4-Fc fusion protein approved for sale in China and the first and only selective T-cell co-stimulation immunomodulator in rheumatoid arthritis area worldwide.

In July, Sanbexin (edaravone and dexborneol concentrated solution for injection), category I innovative pharmaceutical developed independently by the Group, obtained the drug registration certificate by the NMPA. It is the only innovative pharmaceutical for the treatment of stroke to obtain approval for sale in the past five years worldwide. In December, Sanbexin was admitted into the NRDL(2020) released during the same period.

In August, Aijiewei (tofacitinib citrate tablets), category IV generic pharmaceutical developed independently by the Group, was approved for marketing by the NMPA. The product won the bidding in the third round of centralized procurement of drugs in the same month. Being JAK kinase inhibitor, the product strengthens the Group's autoimmune disease products portfolio.

Launch of New Products

In March, the Group entered into collaboration agreements with 3D Medicines and Alphamab, which have granted the Group an exclusive right to promote Envafolimab (KN035) for all oncology indications in China, potentially the first subcutaneously injectable anti-PD-L1 domain antibody worldwide.

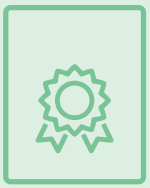
In August, the Group signed the license agreement with U.S.– based G1 Therapeutics, INC. for the innovative pharmaceutical Trilaciclib. The product was designated as a breakthrough therapy by the U.S. FDA. Meanwhile, the U.S. FDA has accepted the NDA for Trilaciclib for small-cell lung cancer patients being treated with chemotherapy in August and granted the approval for the products to be used in lowering the incidence of chemotherapy-induced myelosuppression in the extensive stage of adult SCLC patients on February 12, 2021.

Cooperation Projects

In March, the workshop for solid dosage forms of Simcere Pharmaceutical, a subsidiary of the Group, passed the on-site inspection of the U.S. FDA with zero defect.

In November, Simcere Pharmaceutical Animal Laboratory (先聲藥業動物實驗中心) passed the certification of AAALAC, representing that Group's laboratory animal quality and animal facility management level have met international standards.

In November, Simcere Biological Pharmaceutical (先聲生物製藥), the antibody production arm of the Group, obtained the Pharmaceutical Manufacturing Permit issued by the NMPA.



R&D of Pharmaceuticals

About the Group

HONOR OF 2020

Award	Awarding Body
"Top 100 Commercial Enterprises in China's Pharmaceutical Industry" "Top 100 Enterprises in China's Pharmaceutical Industry"	Medical and Pharmaceutical Chamber of Commerce of China Federation of Industry and Commerce
"The Best Industrial Enterprise of China's Pharmaceutical R&D Product Line in 2020"	China Pharmaceutical Industry Information Center
"2020 Innovative Pharmaceutical Enterprise in the PRC"	China State Institute of Pharmaceutical Industry
"13th Five Year Plan Leading Enterprise of Chinese Pharmaceutical Innovation and Internationalization" Sanbexin was awarded the "Pharmaceutical Science and Technology Landmark Achievements of the 13th Five Year Plan of the PRC"	Pharmaceutical Economic News
"2020 Top 100 Chinese Innovative Pharmaceutical Enterprises"	Healthcare Executive
"2020 Outstanding Enterprise in China's Corporate Social Responsibility"	Economic Observer and other institutes
"2020 Pharmaceutical Corporate Social Responsibility Award"	Health News
"2020 Pharmaceutical Corporate Social Responsibility Award"	China Health Media Group
Sanbexin was included in the list of "Top Ten New Drugs of the 13th Annual Forum of Healthy China (Domestic)"	People's Daily

Responsibility Management

We implement the sustainable development management to daily operation level, improve the ESG management system, we also established an ESG working group and actively communicated with stakeholders to identify the major issues of the Group in terms of environment, society and governance.

ESG management

Adhering to the original intention of being responsible for society and environment, we have established a sound ESG management system within the Group. As the highest authority responsible for ESG matters, the Board of Directors is responsible for reviewing and approving ESG reports and supervising and managing ESG matters. The Strategy Committee is responsible for planning and researching the Company's medium and long-term ESG strategy, making recommendations on the Company's ESG target formulation, and supervising and assessing the progress of the target implementation. At the same time, the Strategy Committee needs to conduct research on the development trend of the ESG in order to assess the Company's major ESG decisions and make recommendations. The Group established an ESG working group, which is composed of staff from the Board of Directors Office, Compliance and Audit Department, Human Resources Department, EHS Office, Finance Department and other ESG-related departments, responsible for the preparation and release of ESG reports, and reports to the Strategy Committee.

Communication with stakeholders

The Group develops together with all stakeholders, and attaches importance to the concerns and appeals of stakeholders at different levels. The Group has established a normalized communication mechanism with stakeholders through various forms to achieve mutual benefit and win-win situation.

Stakeholder	Expectations and appeals	Communication method
Government and regulatory agencies	• Compliance operation • Drug quality and safety • Anti-corruption • Promote local employment • Clean manufacturing	• Government dialogue • Information disclosure • Government research and inspection
Shareholders and investors	• Compliance operation • Operating results • Risk control • Information disclosure • Return on investment	• General meeting • Investor exchange meeting • On-site inspection and online interaction • Regular information disclosure
Customers	• Drug safety and quality • Customer rights and privacy protection • Drug development and innovation • Responsible marketing	• Improve pharmaceutical production management system • Improve quality management system • Customer satisfaction survey • Customer complaints and opinions handling • Regular visit

Responsibility Management

Stakeholder	Expectations and appeals	Communication method
Partners 	• Cooperation and win-win situation • Sustainable development of supply chain • Product and service quality	• Daily communication and dialogue • Audit and assessment
Employees	• Employee rights protection • Occupational health and safety • Employee training and career development	• Employee representative conference and labour union • Occupation, health and safety training • Employee care activities • Internal training and learning
Industry association 	• Fair competition • Promote industry development • Technology and experience sharing	• Industry exchange seminar • Project cooperation • Industry association training
Community representatives	• Drive local economic development • Community services • Public welfare and charity	• Carry out public welfare projects • Regional assistance • Participate in community building • Volunteer service

Table The Group's stakeholder communication mechanism

IDENTIFICATION OF MAJOR ISSUES

In 2020, the Group carried out the identification of major ESG issues and screened out 25 ESG issues based on the development direction of the Group's own business. The Group also collected feedback on the importance of 25 ESG issues from government and regulatory agencies, shareholders and investors, partners, customers, employees, industry associations, community representatives and other stakeholders. Combined with the discussion and analysis of the management of the Group, the matrix of major ESG issues of the Group in 2020 was finally determined.

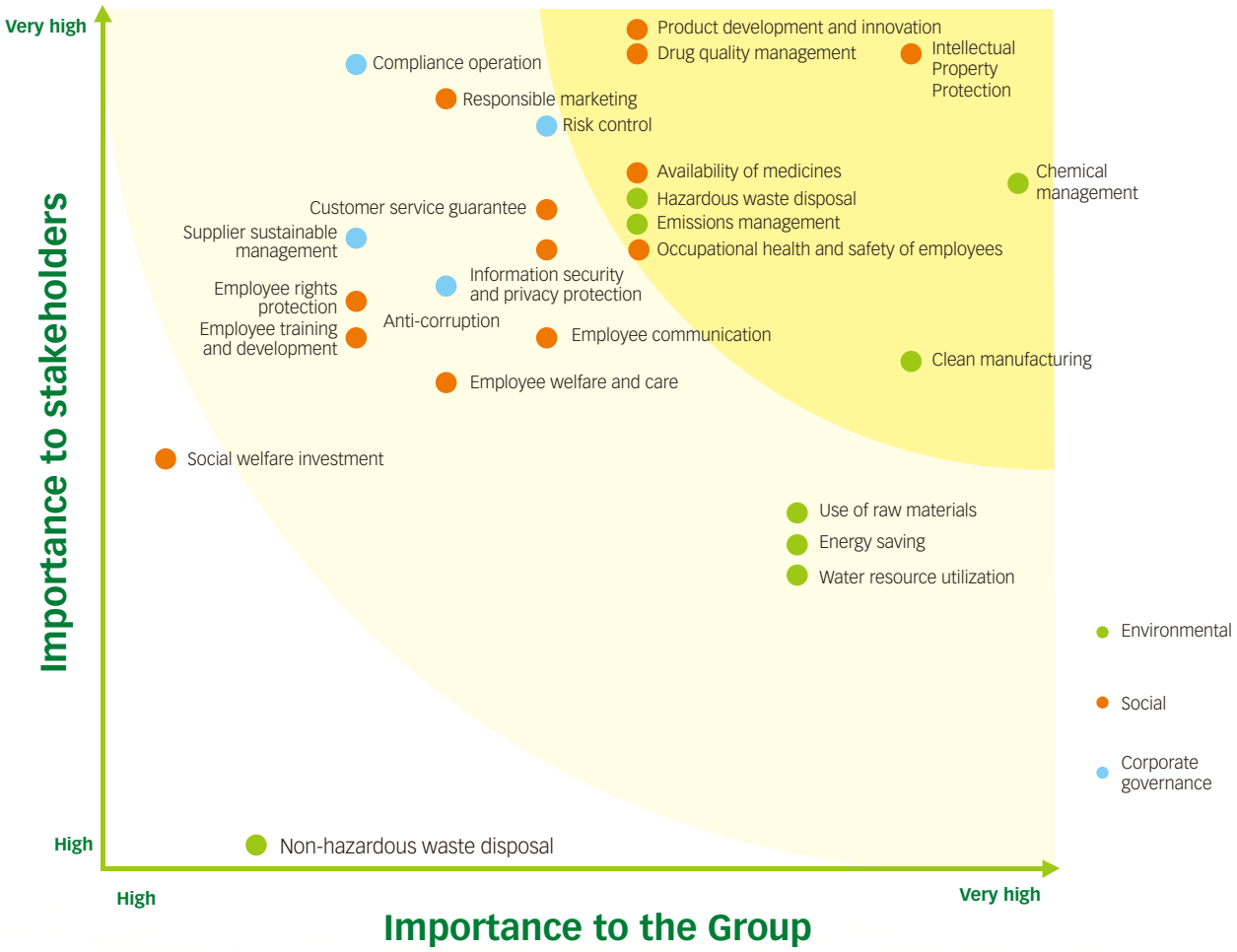


Chart the determined matrix of major issues of the Group in 2020

Patient Foremost, Quality First

The Group regards “providing today’s patients with medicines of the future” as the most essential embodiment of corporate responsibility, and insists on satisfaction of the needs of patients as the orientation to carry out innovative and R&D work. While advancing research and development of pharmaceuticals and establishing a sound quality management system, it further optimizes customer service experience and strictly guarantees user privacy, to comprehensively protect user rights and interests and continuously build our core competitiveness.

Patient Foremost, Quality First

1. R&D AND INNOVATION STRENGTH

1.1 Research and Development Concept of New Pharmaceuticals

The Group employs a market-oriented research and development mode with equal stress on independent research and development and cooperative research and development, to enrich the existing product system and address the current significant unmet medical needs. Focusing on the treatment areas with high clinical demands, we continue to increase research and development investment in relevant varieties with unmet needs of clinical treatments and great market potentials and mainly develop innovative pharmaceuticals in three areas, i.e. oncology, central nervous system diseases and autoimmune diseases, while taking into account the research and development of pharmaceuticals in other disease fields, to continuously carry out strategic layout.

As of December 31, 2020, the Group has successfully developed and brought to the PRC market a number of technologically advanced innovative pharmaceuticals to benefit more patients.

As of December 31, 2020, the Group has the following products

branded product portfolios

Over **40**

innovative pharmaceuticals

4

Note: 4 innovative pharmaceuticals include an imported innovative pharmaceutical

We have over 50 innovative product candidates in different stages of development which the Group is either internally developing or developing in collaboration with R&D partners.

In 2020

Over **20** new projects established

IND approvals

6

IND application accepted for approval

1

projects at clinical development stage

11

Case: edaravone and dexborneol concentrated solution for injection – Sanbexin

Stroke is a group of diseases which occur when the sudden burst of blood vessels or blood circulation disorder caused by vascular obstruction leads to the damage of brain tissues and has high fatality and disability rates. The New England Journal of Medicine reported that the lifetime risk of stroke among population aged 25 or above in China reached 39.3%.

Sanbexin (edaravone and dexborneol concentrated solution for injection) aims to reduce ischemic stroke disability. Based on multi-target protection, after 12 years of research and development, it was approved for marketing on July 30, 2020. It is the only category 1 pharmaceutical for the treatment of stroke to obtain approval for sale in the past five years worldwide. Phase III clinical trial results show that Sanbexin not only has significantly better clinical efficacy than the control group, but also extends the existing treatment time window from 24 hours to 48 hours. At the same time, with good safety, it is applicable to a wide range of populations, provides effective treatment for most patients and has obvious clinical value, thereby reducing the pain and burden of diseases by improving the prognosis of patients and effectively improving the quality of life of patients and their families.

Sanbexin was included in the NRDL (2020) in December 2020, further enhancing the accessibility of high-quality stroke pharmaceutics to stroke patients in our country.

Case: Y-2 sublingual tablets enter the clinical research stage

Y-2 sublingual tablets are the solid dosage forms for sublingual administration, which provides rapid access to the blood circulation system for the effect of scavenging free radicals, inhibiting inflammation and improving the permeability in the blood-brain barrier, minimizing brain injury or impairment caused by acute ischemic stroke. Sequential therapy consisting of Y-2 sublingual tablets and edaravone and dexborneol concentrated solution for injection (Sanbexin) is designed to enable patients to receive a timely and complete treatment. In 2020, the clinical program discussion meeting with CDE has been completed for the project and a consensus has been reached, and phase III clinical trials is expected to be officially launched in the second quarter of 2021.

1.2 Construction of R&D System

As a pharmaceutical innovation company, after years of accumulation and development, the Group has formed a team of experts with rich experience in the fields of drug discovery, preclinical development, pilot production, clinical development, and registration regulations, and its research and development capabilities cover the entire process of drug development. As at December 31, 2020, the Group had over 900 R&D fellows, including over 130 doctors and 460 masters.

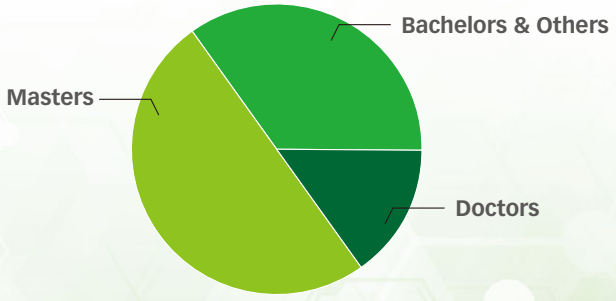


Chart R&D Personnel of the Group in 2020

Through years of deployment, the Group has established three integrated R&D centers to promote new drug R&D activities in Shanghai, Nanjing and Boston. In addition, the Group was approved by the Ministry of Science and Technology of the PRC to establish the only national key laboratory of translational medicine and innovative pharmaceuticals in the PRC pharmaceutical industry.

Case: National key laboratory of translational medicine and innovative pharmaceuticals

Since its construction and operation, the national key laboratory of translational medicine and innovative pharmaceuticals has made rapid progress in terms of key technology breakthroughs, new drug research and development, talent training and team building. This laboratory aims at research and development of translational medicine and innovative pharmaceuticals, focuses on the translational medicine and precision medicine-based research and development of innovative pharmaceuticals for the treatment of oncology, central nervous system diseases and autoimmune diseases, and actively responds to the national strategy to enhance scientific and technological innovation.

While continuously improving its own innovation capabilities, the Group has proactively concluded long-term cooperation agreements with leading domestic and foreign pharmaceutical companies, biotechnology companies, and scientific research institutions. As an important part of the research and development model, foreign cooperation has further broadened our channels for obtaining highly competitive drug candidates, while minimizing the costs and risks of early research and development.

In 2020, the Group invested at a cost of RMB **1.142** billion in R&D

Representing a year-on-year increase of **59.4** % over 2019

R&D cost to income ratio was **25.3** %

1.3 Protection of Intellectual Property Rights

The Group strictly complies with the *Patent Law of the People's Republic of China,* the *Trademark Law of the People's Republic of China* and other laws and regulations, and has internally formulated the *Early Warning Management Regulations for Protection of Intellectual Property Rights*, the *Intellectual Property Rights Management Measures* and other systems and management measures, and revised the *Measures for the Administration of Commercial Secrets* in 2020 to strictly protect intellectual property rights, regulate their use and management, escort the innovation and development of the Group, and ensure that all innovative achievements receive timely, comprehensive and effective patent protection.

In 2020, while completing the construction of the intellectual property protection team, the Group further established and improved the standardized work processes for departments, comprehensively established a communication mechanism between innovative drugs and IP, and established patent application templates, patent application standard terms and definitions, search report template and search process SOP, etc., to achieve a significant increase in the efficiency of communication between R&D personnel and IP, and to ensure the timeliness, comprehensiveness and accuracy of patent search and patent application from the perspective of procedures.

During the year 2020, the Group filed 89 new patent applications (including domestic and overseas unpublished patent applications), including 78 patent applications for inventions, 7 patent applications for utility models and 4 patent applications for designs. As at December 31, 2020, the Group had obtained a total of 168 patents for inventions, 63 patents for utility models and 15 patents for designs.

In 2020, there newly added

patent applications	patent applications for inventions	patent applications for utility models	patent applications for designs
89	78	7	4

As of December 31, 2020

the Group had obtained patents for inventions	patents for utility models	patents for designs
168	63	15

The Group has established a first-class risk monitoring and early warning mechanism for intellectual property system. We conduct timely and comprehensive investigations on patent technology information of relevant countries and regions in all aspects of innovative pharmaceutical projects initiation, BD due diligence, research and development of pharmaceuticals, clinical, and marketing, and perform professional analysis and issue analysis reports to ensure free implementation of products and relevant technologies in relevant countries and regions in the future. During the research and development, we always pay attention to patent information in relevant fields, conduct patent risk warnings, assessments and periodic updates, and provide timely feedback to assist in considering and adjusting project strategy and process planning. In 2020, the Group completed more than 300 reports on IP risk early warning, project initiation, and BD due diligence.

2. DRUG QUALITY MANAGEMENT

The Group always believes that quality management is essential to ensure product quality and maintain corporate reputation and success. Upholding the quality policy of "the Best Products, the Pursuit of Excellence", we have comprehensively established a standardized quality management system, conduct quality control throughout the entire process of drug research and development, production and sales, and actively create a good quality management culture to provide comprehensive protection for the safety of patient medication.

2.1 Whole Process Quality Management

The Group strictly abides by the *Drug Administration Law of the People's Republic of China,* the *Product Quality Law of the People's Republic of China,* the *Chinese Medicine Law of the People's Republic of China,* the *Measures on Adverse Drug Reaction Reporting and Supervision* and other national laws and regulations on drug safety, and is committed to ensuring drug safety.

The Group has comprehensively built a quality management system and monitors the entire quality management process. It has internally established and implemented the quality target management system, quality system internal audit system and other documents, and insists on implementing the "people-oriented" quality management throughout the entire process of drug production with "the participation of all employees". In accordance with relevant laws and regulations and GMP standards, we have established management regulations and procedures for material procurement, production process, product release, self-inspection and other production quality-related activities, and fully established the quality management system covering the entire production cycle from raw material procurement to delivery of finished products to customers. While improving the quality management system, we have set up quality management personnel independent of the production team to supervise the implementation of the overall quality management procedures.

Patient Foremost, Quality First

In order to ensure the suitability, adequacy and effectiveness of the quality management system, each production system of the Group has established a quality system management review system, and regularly holds review meetings to evaluate the opportunities for improvement of the existing quality management system and the need for changes, and implements and maintains the system and takes necessary preventive and corrective measures through monitoring, measurement and analysis to continuously improve the quality management system.

Raw materials quality control

The Group adopts strict supplier screening procedures, evaluates potential suppliers based on a variety of factors, including their product types, quality, corporate management, reputation, business scale and price, and has established a list of qualified suppliers and only purchases raw, auxiliary and package materials from these suppliers. We have established and formulated audit procedures for the qualifications of suppliers and the materials they provide, regularly review and evaluate the performance of suppliers, and check their qualifications to ensure the legality and quality of our production materials and update the list of qualified suppliers in due course. Meanwhile, we have established management procedures for suppliers of factories, facilities, equipment, instruments, computers, and services to conduct audit and evaluation of supplier selection and qualifications and perform on-site inspection and assessment when necessary.

In the daily procurement process, each subsidiary strictly inspects the raw and auxiliary materials and requires the warehousing personnel to conduct acceptance check through check of the packaging information. The received materials will be subject to unified inspection and control. After the quality personnel take samples and conduct inspection and release under the specified conditions, the warehousing personnel can send the materials to the production process, and finally ensure that the materials meet the production quality requirements.

Production Quality Control

The Group carries out the entire production and inspection activities in strict accordance with the management systems such as product process regulations, quality standards, and inspection operating procedures, and requires production operators to abide by the standard operating procedures of processes and equipment. Quality management personnel monitor the whole process of personnel, equipment, materials, solutions, intermediate products, production processes, environment, etc. All production equipment and processes need to be regularly confirmed and verified to meet the requirements. Production water and environment shall be regularly inspected to ensure compliance with production and GMP requirements. After each production process is over, the production team will carry out clearance procedures to prevent contamination and cross-contamination, and after confirming that the production line has been cleared and qualified, the production process can enter the next stage.

We actively introduce advanced automated production equipment, and timely screen and eliminate semi-finished products that cannot meet quality standards during the production process. In addition, we will conduct sampling tests on semi-finished products at specific production stages to confirm that the physical appearance, ingredient composition, and drug content meet various quality standards.

Finished product quality control

The Group has established and strictly implemented finished product release procedures during the finished product release process. After the production is completed, the production and quality related personnel will review the batch production and packaging records and batch inspection records, and store them in the warehouse area under the specified conditions. The quality management personnel will simultaneously sample and inspect the finished products. Subsequently, the QA will review the compliance, production process and records, inspection process and records or abnormal conditions according to the finished product release procedure, and all documents will be finally submitted to the quality authorized person for review and making the final decision on whether the products can be released for sale. Only products with qualified finished product inspection report and finished product release review form in relation to approval for release can be put on the market for sale.

Pharmaceuticals circulation quality control

For drugs purchased directly from upstream suppliers, the Group's quality management department organizes marketing, sales, and material control departments to form a drug procurement quality review team every year to conduct quality reviews on the annual purchase of drugs, and prepares the drugs procurement quality review report based on the review records which contains suggestions for improving the products and services supplied by the suppliers in the next year to ensure the safety of the drugs in the circulation process. We also evaluate, control, communicate, and review the quality risks in the drug circulation process every year through prospective and retrospective methods.

In the process of drugs transportation, in order to ensure the safety of cold chain drug transportation, we conduct on-site audits for cold chain transportation carriers every year, and review the verification reports of transportation vehicles and incubators. The qualifications of all carriers are maintained in the computer system and are automatically locked when they expire. In 2020, we launched a new TMS to realize drug transportation records including information on carriers, vehicles, and commissioned agents. The temperature of in-transit cold chain drugs transportation is additionally recorded to ensure comprehensive guarantee of drug transportation conditions.

2.2 Quality Culture Construction

While carrying out extensive quality training for employees, the Group actively carried out quality month theme activities, to create a good quality management atmosphere, reach the "full participation and people-oriented" quality management goal, and effectively improve the quality risk awareness and quality management ability of all employees.

In order to ensure that relevant personnel in the whole process of drug production quality management of the Group receive adequate GMP training, we have established GMP training management regulations and training file management procedures. The training system is divided into three levels: company-level, department-level, and post-level management; training is carried out according to the annual training plan; production operators and inspection personnel are trained and evaluated before they go to work.

Case: Simcere Pharmaceutical's solid dosage forms workshop passed the U.S. FDA on-site inspection with zero defects

The Group has been committed to the continuous improvement of drug quality management and has always strived to be in line with international standards in terms of production and quality management for "made by Simcere". Simcere Pharmaceutical received the pre-approval inspection by the U.S. FDA during January 13 to 17, 2020 and received the establishment inspection report from U.S. FDA in March 2020, showing that the solid dosage forms workshop passed the U.S. FDA on-site inspection with zero defects. Simcere Pharmaceutical obtained the ANDA approval for Celecoxib capsules as at tested variety in May 2020. In December 2020, the first batch of Celecoxib capsules were sent to the U.S. market.

Case: Hainan Simcere has passed EU GMP certification for several times in succession

In order to improve the quality management level of pharmaceutical production and product quality, Hainan Simcere launched the international GMP certification project in 2004. After 5 years of preparation, continuous hardware transformation, software establishment and personnel training, etc., in 2010, the diosmectite API workshop passed the GMP certification of the French Medicines Agency for the first time. The montmorillonite powder production line passed the GMP certification of the Finnish Medical Administration in 2011 for the first time and continued to pass the EU GMP certification inspection in 2013, 2016, and 2019. The continuous international GMP certification inspections enabled Hainan Simcere to make continuous self-improvements and take international high-level quality standards as the goal of its struggle, resulting in continuous improvement of the quality management level and personnel quality awareness.

3. CUSTOMER SERVICE GUARANTEE

Adhering to the "customer first" philosophy, the Group continuously improves the customer service mechanism and effectively protects customer privacy. It improves the accessibility of pharmaceuticals and provides a better and higher quality service experience while benefiting more patients.

3.1 Service guarantee

The Group strictly abides by the *Drug Administration Law of the PRC*, the *Measures on Adverse Drug Reaction Reporting and Supervision*, the *Measures on Drug Recall* and other laws and regulations, and has established internal systems including the *Quality Complaint Management System* and the *Adverse Drug Reaction Reporting System* and set up standardized procedures including returned drug handling procedures, quality complaint handling procedures, adverse drug reaction/event collection and reporting procedures, drug recall procedures, etc., to comprehensively improve the after-sales management process for drugs and promptly handle and resolve any product problems.

We have a pharmaceutical customer service hotline and a service complaint hotline. Full-time personnel are arranged to answer the complaint call and receive feedback from distributors and end customers in a timely manner. For effective complaints, we implement complaint handling procedures in a timely manner, provide emergency handling assistance for patients who have any adverse reactions, and timely form special complaint analysis reports, arrange marketing teams to continuously follow up with customers to ensure proper handling.

We regard user complaints as a way to obtain product quality information or understand potential product quality problems, and require each production base to file and save complaints feedback, regularly review and summarize relevant complaints, troubleshoot relevant issues, and feed complaints back to the quality manager and other relevant personnel and formulate CAPA to solve them in a timely manner.

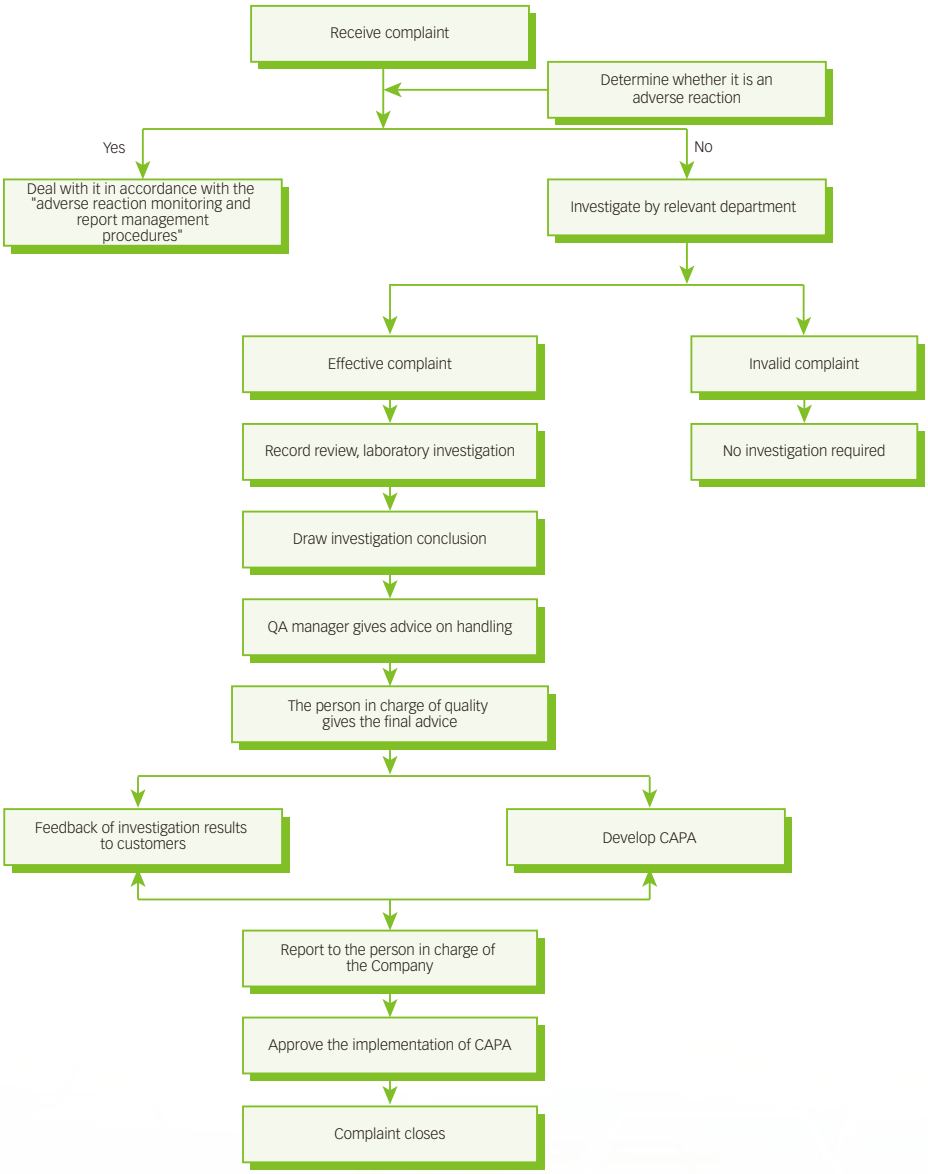


Chart Product Complaint Handling Process of Simcere Pharmaceutical

The Group requires all production bases to establish recall procedures and formulate clear recall guidelines and processes. For products that have potential safety hazards and need to be recalled from the market, we will quickly set up a product recall team to conduct safety hazard investigation, evaluate the investigation results, determine the recall levels based on the evaluation results, which are divided into first-level recall, second-level recall, and third-level recall, and draft a recall plan and report the same to the regulatory authority. The product recall team establishes a detailed list of consignees, draws up a product recall notice, and issues a recall notice within a time limit according to the recall level to implement the recall. For the recalled products, we will store them separately. According to the requirements of the manufacturer, the Quality Management Department cooperates with the manufacturer to conduct simulated recall exercises and save the simulated recall records. If the manufacturer has no drug recalls and simulated recalls in the year, the Group will organize the simulated recall exercises in a unified way and carry out effectiveness evaluation on the product recall procedures.

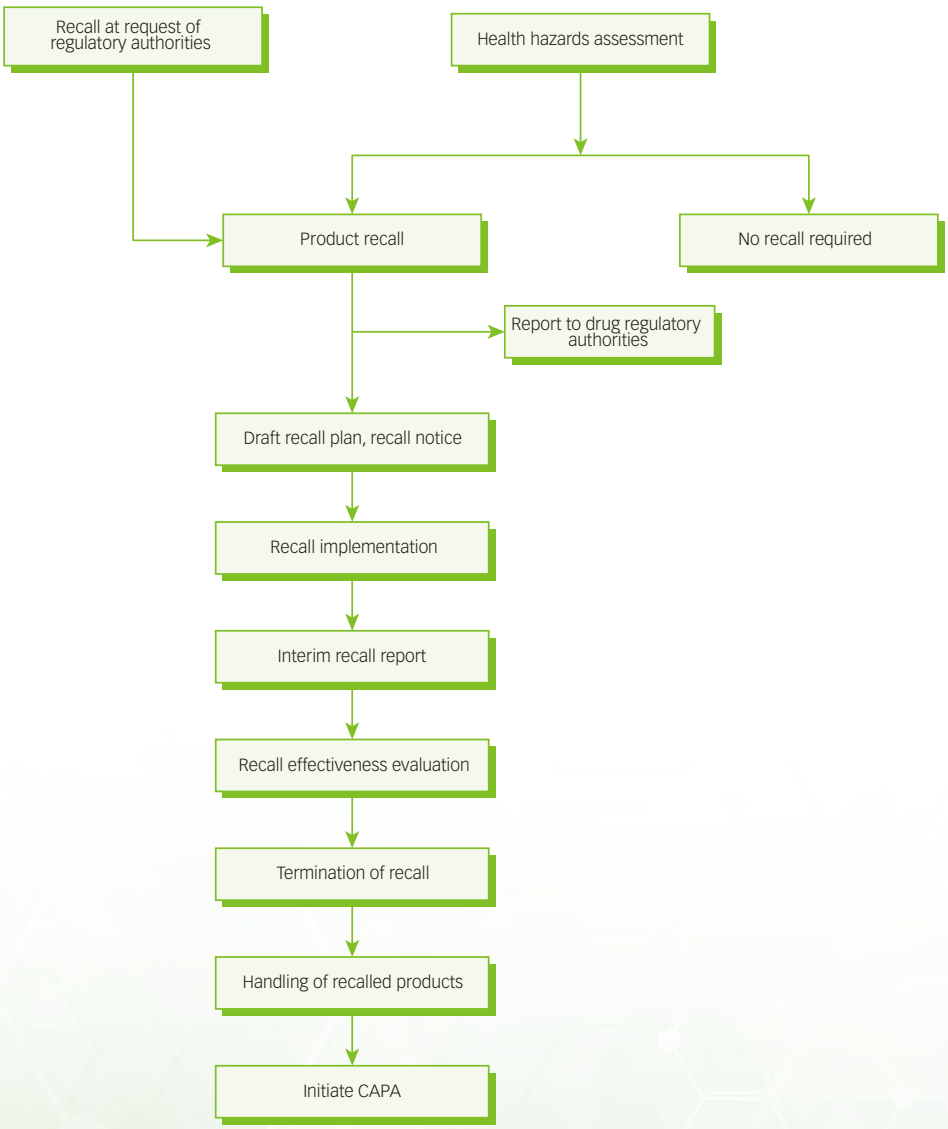


Chart Product Recall Process of Simcere Pharmaceutical

To ensure the standardization of services in the sale of pharmaceutical products and to improve the quality of services, the Group manages the use of drug labels and compliant sales in strict compliance with relevant laws and regulations including the *Provisions on the Administration of Pharmaceutical Directions and Labels* as well as industry standards, and ensures compliance in its marketing activities through internal systems including the *Administration System for Sales Personnel and Their Sales Behaviours* and the *Pharmaceutical Sales Procedures,* distributor qualification review and sales personnel training.

The Group requires all cooperative distributors to comply with the latest GSP standards so that they can deliver our products to covered medical institutions and pharmacies in a safe and timely manner. We regularly carry out distributor satisfaction surveys, and have an in-depth understanding of distributors' feedback on our business and products through visits to customers and executive interviews, to ensure product and service quality. If distributors violate the relevant distribution agreement and commit other violations, we will notify the distributors and request rectification. For distributors who fail to take remedial measures within the prescribed period, we will choose to terminate the relevant distribution agreement. For any unauthorized sales of the distributors, we will punish the relevant distributors in accordance with the terms of the distribution agreement, including fines or termination of the relevant distribution agreement.

3.2 Privacy Protection

The Group attaches great importance to the protection of customer privacy and other information security, strictly abides by the *Network Security Law of the People's Republic of China,* the *Consumer Rights Protection Law of the People's Republic of China* and other laws and regulations, and internally formulates and strictly implements the *Group Information Security Management System* and other policies, to ensure that user data and privacy are systematically protected.

In accordance with GMP requirements, the Group continuously carries out system verification activities on information systems including WMS system verification, TMS system verification and Edoc system verification to avoid leakage of customer information. Meanwhile, we further strengthen the construction of internal control systems to prevent non-business related personnel from contacting users' personal privacy information and the dissemination of users' personal privacy data in any way without the consent of regulatory authorities and users' knowledge. Employees' violation in respect of the leakage of user privacy data, once discovered, will be strictly punished in accordance with the *Accountability Management System for Violations of Disciplines by the Employees of Simcere Pharmaceutical.*

3.3 Improvement of Medical Accessibility

The Group is committed to strengthening the professional marketing network, and has established a comprehensive and efficient marketing support system by continuously expanding and strengthening the construction of our skilled in-house sales force, to further improve the accessibility of existing products and release commercial potentials.

The Group's sales and marketing team participates in the entire R&D process, allowing us to focus on unmet medical needs and effectively advance R&D projects with significant market potential. We actively promote the inclusion of products in a wide range of clinical practice guidelines and pathways, and promote the inclusion of products in the NRDL or other government-sponsored medical insurance programs at the right time. As of December 31, 2020, the Group's existing product portfolio included over 10 products recommended in totally more than 50 guidelines and pathways issued by government authorities or prestigious professional associations and totally over 40 products were included in the NRDL.

As of December 31, 2020

the Group's existing product portfolio included over **10** products recommended in totally more than **50** guidelines and pathways issued by government authorities or prestigious professional associations

totally over **40** products were included in the NRDL

Employee-oriented, Care First

Adhering to the people-oriented principle, the Group effectively protects the legitimate rights and interests of employees and provides a fair working environment. It focuses on talent training, creates career development opportunities for employees, and attaches importance to employee care and occupational health of employees, to stimulate employees' vitality.

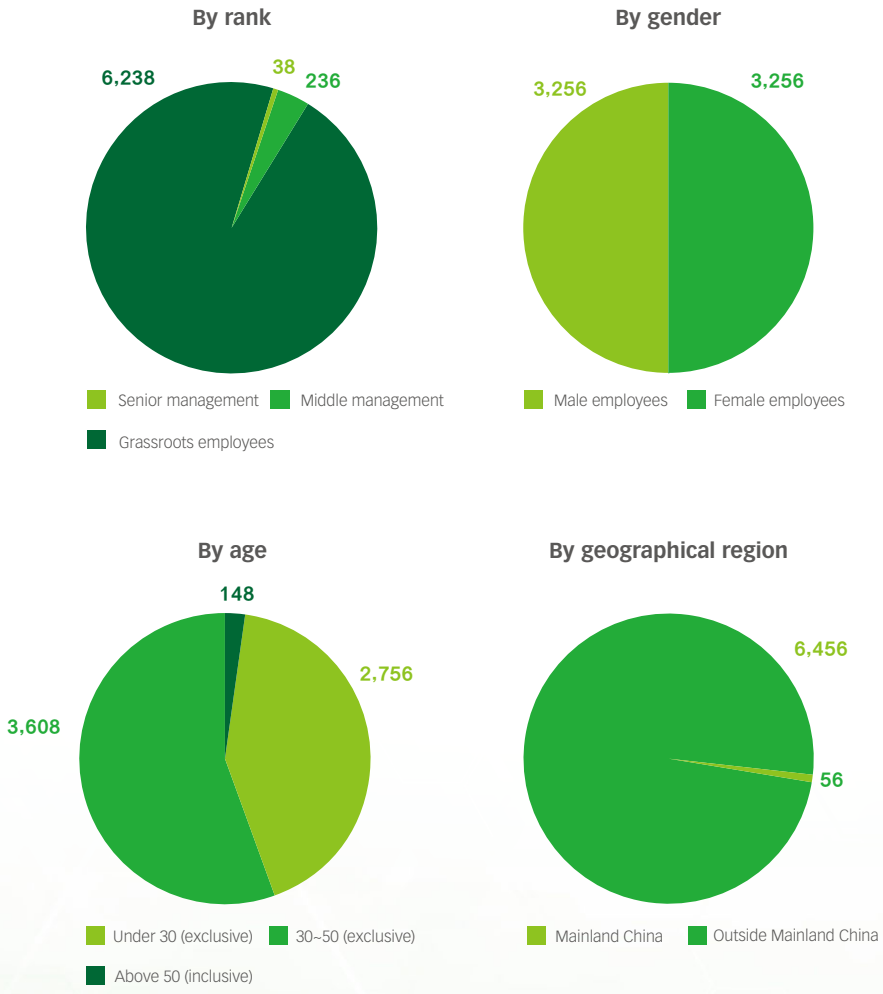
Employee-oriented, Care First

1. PROTECTION OF THE RIGHTS AND INTERESTS OF EMPLOYEES

The Group strictly abides by the *Labor Law of the People's Republic of China* and other relevant domestic and foreign laws and regulations, and industry regulations including GMP and GSP. It has prepared talent management systems, such as the *Recruitment Management System,* the *Technical Post Management System* and etc., to regulate employee management and protect employees' rights and interests. The Group is determined to eliminate forced labor and child labor.

The Group adheres to the recruitment principle of "equal employment opportunity", and satisfies and guarantees the diversity of talents through multi-channel recruitment. No discrimination is caused due to ethnicity, race, nationality, religious belief, gender, age, disability, marital status, etc. The Group insists on equal pay for equal work for male and female employees, promotes gender equality, and has set up specific positions for people with disabilities. As of December 31, 2020, the Group has a total of 6,512 employees.

Employee composition of the Group in 2020



We attached great importance to the recruitment, training and retention of outstanding employees, maintaining a high standard in selecting and recruiting talents worldwide through campus recruitment, social recruitment and internal recommendation, and offers competitive compensation packages.

Case: "running water program"

Picture Poster of the "running water program"

In order to provide more development opportunities and space for excellent internal talents in a more timely manner, and to encourage and support the horizontal movement of excellent employees within the Group, the Group has implemented the "running water program", to recruit talents within the Group, promote the rational allocation of internal human resources, stimulate organizational vitality, and promote managers to improve management effectiveness and unite the team.

2. FOCUS ON TALENT TRAINING

In order to help employees continuously improve their own competitiveness, the Group provides abundant training resources, designs scientific and reasonable training systems, carries out various training programs. We established Simcere Institute, providing employees with training services on a regular basis, including orientation programs and technical training for new employees, professional and management training for middle and senior management, health and safety training, and training on pharmaceutical expertise.

2.1 Talent Training

The Group attaches great importance to the training of employees. It has formulated regulations including the *Internal and External Staff Training Management System* and the *New Employee Training System*, and established refined group training systems, which are divided into four major systems, i.e. marketing, research and development, pharmaceuticals, and headquarters. Each system is subdivided into different training levels and training stages according to the rank and term of service.

	System	Level	Stage
Group training systems	Marketing system	Training of staff	New staff training, growth training, excellence training
		Training of district managers	New manager training, manager transformation training, manager excellence training
		Training of regional managers	New regional manager training, regional manager growth training
		Marketing support training	
	R&D system	New employee training Grassroots management training Middle management training	
	Pharmaceutical system	New employee training First-line manager training Second-line manager training	
	Headquarters system	New employee training Special training	

Table Group Training System

Employee-oriented, Care First

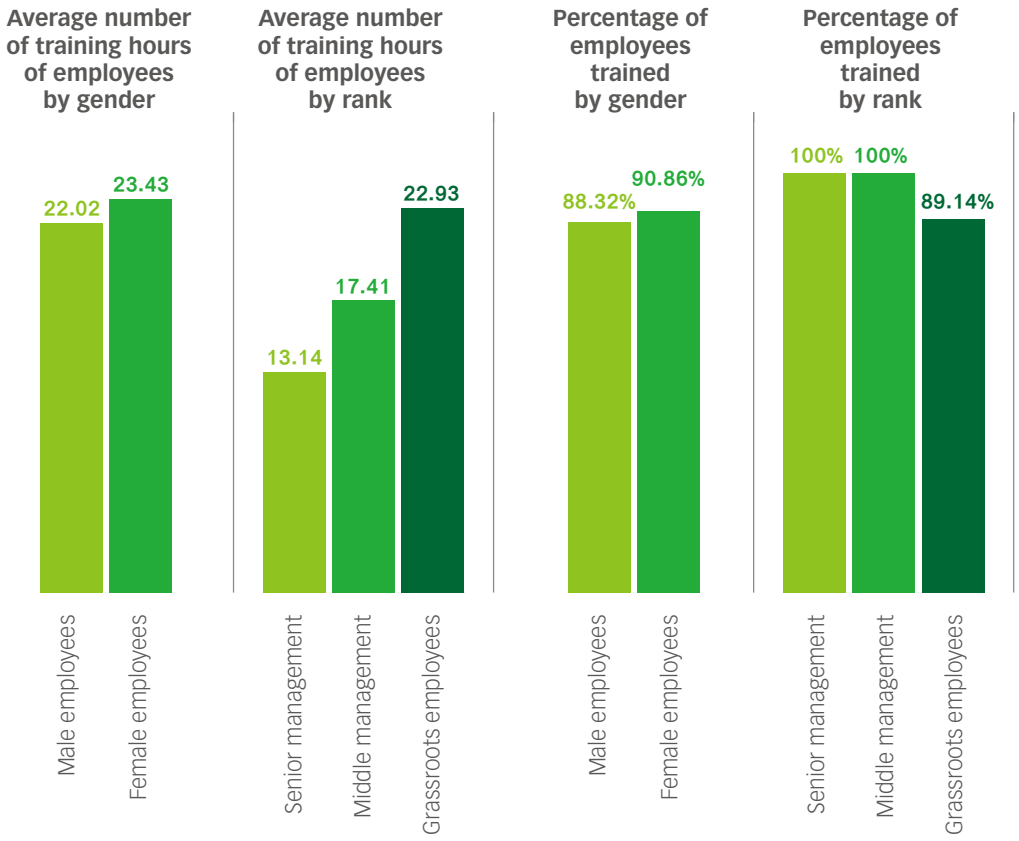


Table Training of the Group in 2020

In line with the principle of "the best people cultivate the more excellent people", Simcere Institute has innovatively launched the internal trainer program. In 2020, the marketing system carried out a total of 7 trainer certification classes, and 137 employees were certified as internal trainers. The certification courses covered professional skills at the marketing level such as *the Regional Customer Management*. Meanwhile, we also worked closely with external resources, and professional teachers were invited to conduct TTT training for internal trainer students to empower their teaching skills. The certified internal trainers would offer lectures and trainings within the Group, to closely integrate theory with practical work, which was highly recognized by the trainees.

Picture Internal Trainer Certification

The Group has designed a series of targeted training programs for different types of talents, to enrich the talent pool for the Group.

Dandelion Program
For newly-recruited fresh graduates
Mobile learning, mentorship, concentrated training camp
Covering general and professional knowledge

Budding Program
Selection and training programs for employees with high potential
To export reserve talents for grassroots management of R&D, marketing and pharmaceutical businesses

Towering Program
For middle and grassroots management
To improve overall management capacity through the combination of training and real practice
Aiming at developing middle and senior management talents for our enterprises

Evergreen Project
For senior management
To broaden horizon and enhance entrepreneurship through case analysis and management rotation
Aiming at cultivating future leaders for our enterprises

Case: "Innovation Forum"

The Group holds the "Innovation Forum" regularly to discuss the latest progress on pharmaceutical research and development and clinic together with peers in the industry. Top professionals and experts both at home and abroad are invited to participate in the activities which are held by ways of offline communication and online live streaming, providing communication platforms for internal and external colleagues and peers. More than 200 guests have been invited to participate in the activities since the first session of forum held on July 2017. In 2020, a total of 19 sessions of the Innovation Forum were held.

Employee-oriented, Care First

2.2 Talent Enhancement

The Group attaches great importance to the realisation of self-worth of its employees within the Group. Management at all levels regularly communicates with their subordinates on performance through the CFR tool, and through continuous feedback and coaching, employees are able to continuously improve their professional levels and capabilities.

The Group has established a clear qualification system and talent promotion channels according to different work sequences, so that all employees can have a clearer ability development path and career goals. The talent promotion assessment process is rigorous and standardized, and is conducted by the Group's Human Resources Committee through collective discussion. The rank is linked to the salary and employees are promptly motivated.

Case: Adopting CFR performance communication tool

In order to strengthen employee performance management, the Group has introduced CFR tool to facilitate efficient performance feedback communication. C represents Conversation; F represents Feedback; R represents Recognition. CFR is a performance communication tool that emphasizes the closed-loop process of communication, feedback and recognition. It can promote performance communication, coaching routinization, and improve the quality of performance feedback. In 2020, 15 CFR training sessions were conducted, involving middle and senior management member attendance of 422 person-time.

3. STIMULATION OF THE VITALITY OF EMPLOYEES

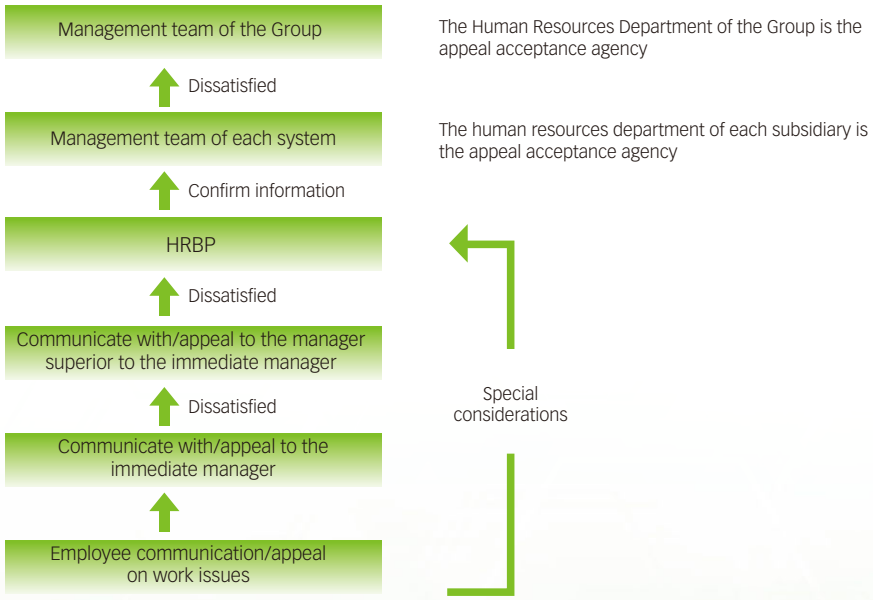
The Group provides employees with competitive remuneration and benefits and attaches importance to democratic management and employee communication. It enriches employees' spare time, cares for employees' body and mind, and upholds the people-oriented concept, to demonstrate humanistic care and stimulate employees' vitality.

3.1 Remuneration and Benefits

The Group provides employees with good welfare benefits, and has formulated the *Welfare Management System,* the *Social Insurance and Provident Fund Management System,* the *Vacation Management System* and other system documents. The overall remuneration of employees consists of four parts: fixed salary, variable bonus, medium and long-term incentives and welfare subsidies. The fixed salary will be adjusted according to factors including market competitiveness research, qualification evaluation, and annual salary adjustment matrix. In addition to fixed salary, employees also enjoy floating bonuses such as basic performance bonuses and project bonuses. In the meantime, the Group is designing medium and long-term incentive plans to attract employees to serve the Group for a long time and grow together with the Group. In addition, we also provide employees with insurances, holidays, appointment commemorations and other humanized cares and welfare benefits and subsidies.

3.2 Democratic Management and Employee Communication

The Group attaches great importance to democratic management and communication with employees, and clearly lists the communication channels in the *Employee Handbook*. Employees can provide feedback through the "Complaints and Reports" column on the homepage of the Group's OA system, departmental work meetings, employee seminars, satisfaction surveys and other channels. The Group will follow up complaints in accordance with the professional complaint handling process, arrange communication and handling within one week from the date of complaint, and promise to strictly keep the complainant's information confidential.



Picture Employee communication/appeal process

The Group listens to the voices of employees and understands their needs through employee satisfaction surveys. For instance, the pharmaceutical system of the Group conducted a survey in 2020. Through questionnaires, we learned about the needs of employees in the four aspects of basic needs, management support, teamwork, and joint development, and formulated the improvement plan for the next step based on analysis of the survey results, to create a better sense of belonging for the team and enhance team cohesion.

Employee-oriented, Care First

3.3 Staff Activities

The Group organizes various activities for employees in various forms and contents, including sports meet, reading and sharing session, "Simcere Vitality Night", and collective movie watching activity. The Group also has a strong community culture, and a community BBS is set up for staff to discuss and express their views freely. The rich and colorful activities stimulate the vitality of employees, and help them realize the combination of work and rest, and work and live in a better state.

Picture "Bookworm Tribe" Reading and Sharing Session

Picture "Simcere Vitality Night"

Picture Simcere Football Team

Picture Simcere Autumn Athletic Meeting

3.4 Epidemic Prevention

Since the outbreak of the epidemic, the Group has attracted great attention to it, and established a prevention and control leading group to make overall arrangements for epidemic prevention and control and resumption of production in strict accordance with national and local requirements. The Group adjusted the attendance and holiday system during the epidemic prevention and control period in a timely manner to provide convenience for employees. For frontline employees who stayed in Hubei during the epidemic, the Group provided them with special allowances to express our support and care.

The Group is committed to ensuring the safety of epidemic prevention in the offline office environment. During the epidemic, no epidemic-related risk events occurred. The Group cared about the health of its employees, conducted daily health check-ins, followed up on the health status of quarantined employees, and collected employees' health data. Personnel entering and exiting the Company were required to register their information, accept temperature measurement, and use access card, to strictly control entry and exit; employees had meals separately for more than one month to reduce the risk of virus transmission during the meal; Each building is equipped with disinfection points, and there were no dead spots of disinfection in the park.

Picture Register and measure temperature for staff

Picture Distribute breakfast to employees

The Group provided efficient remote office support, guaranteed the feasibility and efficiency of online office, and coordinated on-site and remote office. In 2020, it has held nearly 50,000 online meetings covering approximately 400,000 person-time. Online meeting and remote office minimized the impact of the epidemic on daily office work, improved work efficiency to a certain extent, saved working time and travel costs, and also improved the professional image of the Group externally.

Safety and Environmental Protection, Responsibility First

The Group highly recognises the importance of work safety and green operation to the sustainable development. We promote the idea of work safety, eco-friendliness and energy conservation, implement comprehensive safety and environmental management, and fulfill our corporate responsibilities with the operation model of safety, stability and eco-friendliness.

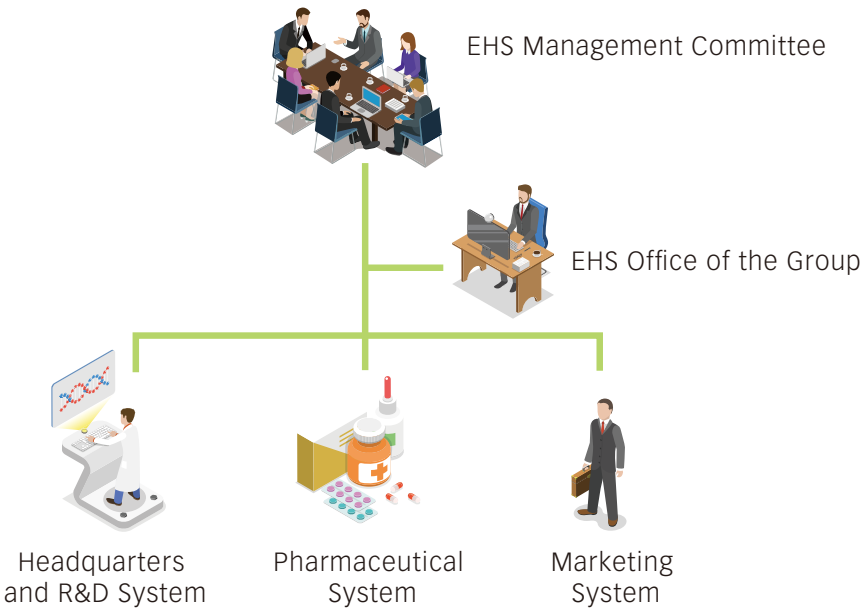
Safety and Environmental Protection, Responsibility First

1. PROMOTION OF WORK SAFETY

The Group strictly follows *Work Safety Law of the People's Republic of China,* the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations, formulates system documents, including the *Rules on the Management of Quality, Environmental, Occupational Safety Accidents*, the *Rules on the Management of Work Safety Targets and Responsibilities* and the *Environmental, Safety and Occupational Health Management Manual*, to advance the safety management in an all-round manner. It actively promotes work safety training and builds a positive safety culture atmosphere, for the purpose of improving the safety awareness of all employees and facilitating all subsidiaries to fully implement the safety works.

1.1 Safety Risk Management

The Group attaches importance to employees' safety guarantee and occupational health. We establish the EHS Management Committee at the group level, which is responsible for building the EHS system for the Group, developing, reviewing and approving the Group's significant EHS principles, policies, systems and management targets, and coordinating matters related to EHS management, supervision and assessment.



Picture EHS Management Committee of the Group

With reference to internal management systems and regulations including the *Rules on the Management of Work Safety Targets and Responsibilities,* the *Rules on the Management of Risk Source Identification and Assessment,* the *Rules on the Management of Hazardous Chemicals,* the *Occupational Health Management System*, the Group sets occupational health and safety management targets, and conducts potential risk identification, hazardous chemical management and occupational health management in accordance with the principle that "whoever is in charge is held accountable", so as to guarantee the work safety. In the meantime, the Group formulates the *Safety Management System for Related Parties*, under which, the safety management department reviews the qualifications of contractors, conducts safety management, offers them safety trainings and ensures that contractors are allowed to enter the sites only when they have been trained and have passed the appraisal.

In 2020, we continued to refine the safety management system construction from the Group to all production units, and procure that all subsidiaries to develop relevant system documents. The EHS Office of the Group set work safety management targets according to the Group's overall plan and requirements, and signed the EHS Management Contract with all subsidiaries, to ensure the execution of work safety targets by relevant personnel, "fulfillment of responsibilities at each level" and "dual responsibilities for one leader". Meanwhile, Simcere Pharmaceutical, Hainan Simcere, Wuhu Simcere and Shandong Simcere, all being subsidiaries of the Group, passed the three-level safety standardisation review of their respective provinces and cities in strict compliance with national and industry safety regulations, conducted internal and third-party safety management works in accordance with requirements of the OHSAS 18001 System and other systems related to pharmaceutical production and transport, and fulfilled the work safety responsibility.

According to the *Rules on the Management of Risk Source Identification and Assessment*, the Group advances the safety risk identification, judgement and supervision. The EHS Office of the Group is responsible for identifying safety risk sources and supervising the rectification from the overall perspective, and the work safety supervision and management department of each subsidiary selects effective and feasible methods to identify risk sources according to business characteristics. Each subsidiary prepares the work safety risk assessment report with reference to the safety checklist, the potential risk analysis and the analysis of failure types and their impact. In the meantime, the Group and all subsidiaries conduct regular supervision to reduce the safety risk. In 2020, we further improved the standards for safety risk identification and judgement, refined the management, organised safety risk surveillance on a regular basis, and ensured that the risk source judgement fully integrated with the production work.

The Group takes safety culture construction as an important tool to improve the safety awareness of all employees and leads employees to build the "I want safety" active safety culture. We establish the EHS management platform, encourage employees to log into the platform via cellphone, report and input potential safety risks. In addition, we share safety news, safety knowledge and videos on OA and WeChat platforms, design the safety promotion columns, put up safety banners and signs in various places, and improve the attractiveness, readability and visuality of the safety culture promotion. We also organise various safety activities, including "Safety Month", "Fire Safety Month" and safety drills on a regular basis, to improve the safety knowledge and practical ability of all employees.

Picture Kick-off Meeting of the Safety Month Campaign of Simcere Pharmaceutical

Picture First Aid Training During the Production Safety Month of Hainan Simcere

Picture Fire Drill of Simcere Pharmaceutical

1.2 Hazardous Chemical Management

The Group develops the *Rules on the Management of Hazardous Chemicals* and other management policies to clarify the whole-process hazardous chemical management. It implements whole-process hazardous waste management to subsidiaries involve the production of hazardous wastes, and makes sure that processes of transport, storage, production and disposal strictly comply with relevant regulations. It also sets up designated hazardous waste storage sites that meet the requirements of seepage and leakage prevention, with warning signs provided for all hazardous waste storage facilities. When hazardous wastes are produced, the Group posts the hazardous waste labels and records such wastes in the book. Hazardous wastes are transferred to qualified hazardous waste disposal entities for centralised disposal, with the hazardous waste transfer evidence being kept. In 2020, the Group has implemented assessment of the potential environmental and safety risk of hazardous chemicals in the production, orderly management of the hazardous chemical management and other work.

1.3 Occupational Health Security

The Group cares about the physical and mental health of employees, and conducts occupational health management in strict compliance with the *Occupational Health Management System* and other policies. With the principle of focusing on prevention, taking treatment from the source and integrating prevention and treatment, the Group detects the occupational hazard factors on a regular basis for production facilities of subsidiaries, and publish the detection results regularly. We control the occupational hazards in the process of operation, manage different occupational hazard factors according to the systematic classification, and provide employees with targeted trainings on proper use of protective equipment, personal protection and safety. In the meantime, the Group maintains employee health accounts with reference to the annual physical examination regulations and ensures "one account for one person".

2. CLEAN PRODUCTION

While strictly following the environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, and *the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, the Group formulates internal policies including the *Rules on the Management of Environmental Pollution Prevention and Control*, improves the environmental management system and strictly controls the discharge of wastes and pollutants.

2.1 Environmental Management System

The EHS Management Committee of the Group is responsible for the environmental protection work, participates in the study and review of construction, expansion and redevelopment project plans, and provide environmental opinions and requirements on such projects. Meanwhile, the EHS department of each subsidiary is responsible for the environmental management in the production, ensures that the production and emission of "Three Wastes" in the process of construction and operation is strictly controlled, and strives to achieve continuous improvement of environmental performance. In 2020, Simcere Pharmaceutical, Hainan Simcere, Wuhu Simcere and Shandong Simcere, being subsidiaries of the Group, all passed the certification of ISO 14001 Environmental Management System.

2.2 "Three Wastes" Management

Starting from the source, the Group identifies pollution sources in the project construction and operation and adopts targeted measures. Waste gas of the Group is mainly from SO_2, NO_x, smoke and dust in production activities; we treat the waste gas by filtration, washing, condensation and adsorption and emit the waste gas after meeting the standards. Wastewater of the Group is from domestic sewage, experiment wastewater and production wastewater; all wastewater is discharged to the downstream wastewater treatment plant after the pre-treatment of wastewater treatment plant and the satisfaction of relevant standards.

General solid wastes of the Group mainly include office wastes, domestic wastes and general industrial solid wastes. Following the prevention and control principles of minimization, recycling and safe disposal, we reuse the recyclable general solid wastes and then engage qualified disposal entities to treat the remaining general solid wastes. Office wastes and domestic wastes are subject to regular centralised treatment of the municipal sanitation department. Hazardous wastes of the Group (such as waste toner cartridges, ink cartridges, solvents and medical wastes) are produced in the process of research and development, production and quality control. The Group strictly follows the National Catalogue of Hazardous Wastes and the relevant requirements in the work of storage, transfer and disposal, and engages third parties with hazardous waste management qualifications to treat different hazardous wastes, so as to ensure the disposal complies with relevant requirements.

Waste Gas Emissions in 2020

Indicator	Unit	2020
Total waste gas emissions	m^3	**418,691,664**
SO_2	Tonnes	**0.09**
NO_x	Tonnes	**0.97**
Total smoke and dust emissions	Tonnes	**0.03**

Wastewater Discharge in 2020

Indicator	Unit	2020
Total wastewater discharge	Tonnes	**376,432**
COD	Tonnes	**10.86**
Ammoniacal nitrogen	Tonnes	**0.86**
Suspended solids	Tonnes	**0.04**

Solid Wastes Disposal in 2020

Indicator	Unit	2020
Total hazardous wastes	Tonnes	**2,074.87**
Intensity of hazardous wastes	kg/RMB10,000 revenue	**4.60**
Total general solid wastes	Tonnes	**1,474.68**
Intensity of general solid wastes	kg/RMB10,000 revenue	**3.27**

Safety and Environmental Protection, Responsibility First

In 2020, the Group achieved pollutant minimization in the course of production while effectively controlling the emission.

Simcere Pharmaceutical	Base on the actual production, promote diversified technological upgrading (such as vacuum pump upgrading, upgrading of the workshop for extraction of traditional Chinese medicines), reduce the water consumption in the course of production, and improve the efficiency of waste gas collection
Hainan Simcere	Promote the project of recycling concentrated water prepared from purified water, reduce the operation load of wastewater treatment plant and municipal wastewater treatment plant in the facility, and reduce the discharge of wastewater
Wuhu Simcere	Conduct external "Three Wastes" inspections on a regular basis, and reduce the emission by working with external experts
Shandong Simcere	Analyse the production of each batch of waste liquid from the source of produce process, develop new technologies and processes to reduce the production of waste liquid, and improve the wastewater treatment efficiency in the wastewater treatment plant

Case: Emission Management Campaign of Simcere Pharmaceutical

Picture Waste Gas Facility Upgrading of the Workshop for Extraction of Traditional Chinese Medicines of Simcere Pharmaceutical

In 2020, Simcere Pharmaceutical promoted multiple emission management improvement projects to further improve the environmental performance. The Group invested more than RMB1 million in the workshop for extraction of traditional Chinese medicines of Simcere Pharmaceutical to complete the waste gas facility upgrading. The original condensation was strengthened to the combination of three-level spraying and activated carbon adsorption, which improved the efficiency of waste gas collection in the workshop. In the meantime, Simcere Pharmaceutical invested over RMB1 million to reduce the water consumption of vacuum pumps in the process of operation, and replaced the 11 vacuum pumps with screw vacuum pumps. After the upgrading, the daily discharge of wastewater reduced by 100 tonnes, indicating that the production of wastewater was effectively controlled.

3. PRACTICE LOW-CARBON OPERATION

The Group rigorously follows the *Energy Conservation Law of the People's Republic of China and other relevant laws and regulations*, and formulates and implements the relevant regulations on internal equipment, vehicle and office management according to the goal of energy conservation and emission reduction. We continuously improve the resource utilisation efficiency, promote green office initiatives, and incorporate the low-carbon operation concept into the daily operation. The Group's operations will not have a significant impact on the environment and natural resources.

3.1 Use of Resources

The Group actively explores management initiatives for energy conservation and emission reduction. We strengthen the equipment management and the energy consumption statistical analysis, check the stability of equipment on a regular basis, conduct fine collection of energy consumption data, and prepare monthly energy consumption report and forecast on a monthly basis, thereby controlling the cost and reducing the energy consumption. For the electricity, natural gas and purchased steam used mostly, each subsidiary sets the energy consumption target according to its actual conditions, tracks the achievement of such target regularly and incorporate it into the performance review. Water supply of the Group is mainly from municipal water supply and rainwater reuse. Therefore, we do not involve water source related issues.

In 2020, the Group diversified the use of different resources according to the actual production and operation and promoted the technological upgrading to reduce the actual energy consumption.

The headquarters	The headquarters adopts wind power as supplement of the surface parking lot to reduce the environmental Impact
Simcere Pharmaceutical	Promote energy conservation and emission reduction works for the clean workshop, achieve the intelligent temperature and humidity management via the HVAC system, thus meeting the GMP production requirements and saving the electricity cost by about RMB600,000 and the steam cost by about RMB160,000
Hainan Simcere	Promote the automatic frequency reduction upgrading for vacuum pumps and the exhaust heat recovery and utilisation project for the spray drying system, thus saving the average annual electricity cost of each vacuum pump by RMB120,000 and reducing the annual gas consumption fee of heat recovery system by RMB150,000
Wuhu Simcere	Promote the workshop air conditioning system upgrading to further reduce the energy consumption in the process of production
Shandong Simcere	Analyse the monthly energy consumption statistics according to the seasonal and actual production capacity, and explore special technological upgrading plans for regions and equipment of high energy consumption

Safety and Environmental Protection, Responsibility First

Picture Wind Power Generation in the Headquarters

Use of Resources in 2020[1]

Indicator	Unit	2020
Gasoline	Tonnes	**89.65**
Diesel	Tonnes	**194.37**
Natural gas	10,000 m^3	**177.59**
Liquefied petroleum gas	Tonnes	**15.45**
Electricity	MWh	**71,370.06**
Purchased steam	Tonnes	**61,836.70**
Wind power consumption	MWh	**1.46**
Total energy consumption	Tonnes of standard coal	**5,661,680.46**
Energy consumption intensity	Tonnes of standard coal/RMB10,000 revenue	**12.56**
Total water consumption	Tonnes	**979,409.00**
Water consumption intensity	Tonnes/RMB10,000 revenue	**2.17**

Greenhouse Gas Emissions in 2020[2]

Indicator	Unit	2020
Scope 1[3]: Direct greenhouse gas emissions	tCO_2e	**4,819.36**
Scope 2[4]: Indirect greenhouse gas emissions	tCO_2e	**62,365.01**
Total greenhouse gas emissions	tCO_2e	**67,184.37**
Intensity of total greenhouse gas emissions	tCO_2e/RMB10,000 revenue	**0.15**

In the development, split charging and sealing of pharmaceutical preparations, the Group uses packaging materials, including aseptic bags, polyethylene bags and polyethylene drums for the sealing and packaging of pharmaceuticals, cardboard drums and cartons for exterior package and transport. In 2020, Hainan Simcere adopted automatic packaging for some of its products, replaced the PVC for medium-sized package with the binding film, and reduced the packaging by about 50%. In 2020, the Group's use of packaging materials totaled approximately 5,319.86 tonnes, and the use of packaging materials per RMB10,000 revenue was 11.8kg.

3.2 Green Office

To advance the green office initiative, we promote the culture and encourage employees to conserve resources in the work and to practice green operation. Meanwhile, we formulated the *Office Area Management Rules* to make clear requirements for daily energy conservation and emission reduction in office, including to equip living and office areas with low-energy office equipment and energy-saving lights to reduce the electricity consumption in lighting, and appoint designated personnel to check the state of power shutdown.

In 2020, the Group adopted the following measures to reduce the resource consumption in the office work: promoting the electronic office mode and paperless office, prioritising and encouraging recycling in the process of printing documents and using office consumables. In addition, we promoted low carbon and emission reduction in workplaces and parks where we were located. Specifically, the headquarters replaced 530 LED lights for the basement parking, which significantly conserved resources by approximately 70% and saved the annual electricity consumption by approximately 119,000 kWh. It upgraded the sprinkling irrigation system of the park to reduce the landscape water consumption, and promoted intelligent air conditioning temperature control in offices to offer employees a comfortable environment and reduce the energy consumption.

1 The data cover all listed entities, including the headquarters and facilities, institutes and marketing companies of all subsidiaries.

2 The calculation of greenhouse gas emissions is based on the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises* and the consumption of gasoline, diesel, liquefied petroleum gas and natural gas. The calculation of electricity consumption is based on the *2012 Average Carbon Dioxide Emission Factors for Regional Power Grids in China*.

3 Direct greenhouse gas emissions (Scope 1): mainly include the emissions from gasoline and diesel consumption of administrative-purpose vehicles and transport vehicles and the emissions from the use of natural gas.

4 Indirect greenhouse gas emissions (Scope 2): mainly include the emissions from purchased electricity and purchased heat.


COMPLIANCE

Compliance Operation and Integrity First

Compliance operation is the cornerstone of the stable development of a corporation. The Group actively promotes the construction of compliance operation system, strengthens internal control management and risk identification standards, adheres to business ethics, strengthens supplier management, in order to create a compliant and honest operating environment, and maintain stable and sustainable corporate development.

Compliance operation and integrity first

1. STRENGTHEN RISK CONTROL

Adhering to the operating principles of continuous, stable and healthy development, the Group strengthened internal control management, improved risk control and response capabilities, and guaranteed the stable operation of the enterprise.

1.1 Internal control management

We attach importance to the construction of the internal control system, and formulated *the Compliance Policies of Simcere Pharmaceutical and the Internal Control Assessment System.* We also regularly carry out compliance training to ensure the effective operation of the Group's internal control system.

The Internal Control Assessment System of the Group stipulates a clear assessment, evaluation, aggregation and reporting process for internal control, establishes a responsibility system for internal control assessment, implements internal control assessment to all levels of the Group, and realizes effective and continuous monitoring. All departments within the Group need to conduct self-assessment on the control activities they are responsible for, and the internal control assessment team conducts independent testing of the Group's internal control. Through the combination of self-assessment and independent testing, the effective internal control self-assessment system and continuous supervision system have been formed to achieve the overall goal of the Group's internal control. The Group incorporates the annual internal control assessment into the annual KPI indicators of each department and subsidiary, and proposes rewards and punishments based on the internal control assessment and assessment results.

1.2 Risk control

We believe that a well-established internal risk management system is conducive to the sustained, stable and healthy development of the Group's operations. The Group has formulated *the Comprehensive Risk Management System* to conduct risk management in all production and operation aspects including organizational structure and strategy, purchase and sale of major assets, external investment and related transactions.

The Group's risk management system is composed of the Board of Directors, Investment Decision-making Committee, Legal Affairs Department, Compliance and Audit Department and various business teams. The Group's Board of Directors is responsible to the Group's shareholders' meeting for the effectiveness of risk management, the Investment Decision-making Committee is responsible to the Board of Directors for the effectiveness of risk management, the Legal Affairs Department is responsible to the CFO, the Compliance and Audit Department is responsible to the Board of Directors, and the business teams are responsible for the control of corresponding market risk, and timely feedback to team leaders, Legal Affairs Department, Compliance and Audit Department of the specific business progress and possible risks.

The Group has established a risk report and early warning system. Business teams, Legal Affairs Department and Compliance and Audit Department regularly or irregularly submit reports related to risk assessment and analysis to the leaders and the Group based on the scope of responsibility and the reporting system, so that the leaders of the Group and the relevant departments can keep abreast of the Group's business and risk status, and adjust risk management policies and management measures accordingly.

Our risk management process includes five steps: risk identification, risk assessment, risk analysis, risk control and risk reporting.

Steps	Measures
Risk identification	Identify the sources of internal and external risks in operation activities.
Risk assessment	Scientifically and reasonably assess the severity and probability of risk on a quantitative basis.
Risk analysis	Carry out attribution analysis on the driving factors of risk, assess its impact, and put forward risk avoidance suggestions and measures.
Risk control	Formulate risk prevention and handling measures for each link of the business process.
Risk reporting	Regular risk reports and irregular special risk reports.

Table The Group's risk management process

2. ADHERE TO BUSINESS ETHICS

We insist on operating with integrity, and severely crack down on fraud, corruption and other behaviors that violate business ethics. The Group strengthens supplier management to jointly maintain a business environment of integrity and compliance.

2.1 Anti-corruption

We strictly abide by *the Supervision Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Overseas Anti-Corruption Law, the Opinions on Several Issues Concerning the Application of Laws in Handling Criminal Cases of Commercial Bribery and other relevant laws and regulations,* and have zero tolerance for corruption or bribery, extortion, fraud and money laundering. We continue to improve the anti-corruption management system, formulate *the Employee Code, the Code of Business Conduct and Ethics and the Pharmaceutical Promotion Manual* applicable to all employees, to regulate the code of conduct in daily operations, and clearly stipulate that various forms of corruption and bribery must be

avoided in business operations. Employees are required to participate in induction training when joining the Group and sign *the Code of Business Conduct and Ethics, the Pharmaceutical Promotion Manual* and other documents to commit to anti-commercial bribery. In addition, the Group has a complete internal control audit system to conduct audits and investigations on various matters of the Group, conduct unannounced inspections on academic conferences, formulate various SOPs for academic activities, etc., provide regular training to employees, and the "Compliance Through Train" column also regularly updates relevant laws and regulations on compliance and carries out publicity and implementation based on case studies.

The Group has formulated *the Policies and Procedures for Handling Whistle-blowing and Complaints*, any employee can report and complain to the Compliance and Audit Department regarding fraud and other violations of the Group's compliance requirements. Whistle-blowing and complaints can be made in open, secret or anonymous manner, employees can make oral or written whistle-blowing via public telephone and email. For employees' whistle-blowing and complaints about suspicious accounting, internal control and auditing matters (including bypassing or attempting to bypass internal accounting control, or violations of the Group's accounting system) and other fraud incidents, the Group's Compliance and Audit Department shall accept and report to the Board of Directors or management immediately. The Board of Directors or the management shall conduct a preliminary review of the reported and complained incident in accordance with national laws, regulations and related policies and systems, and provide preliminary review opinions, which shall be forwarded to the Compliance and Audit Department. For whistle-blowing and complaints that the Board of Directors or management considers necessary to investigate and handle, the Compliance and Audit Department shall promptly conduct investigation, and regularly report to the Board of Directors or management the list of accepted whistle-blowing and complaints and the corresponding investigation results. The Group protects whistleblowers and complainants and strictly prohibits any acts of retaliation. The Compliance and Audit Department shall not expose or probe the identity of the complainant or tolerate other people's investigation of the identity of the complainant.

We regularly carry out anti-corruption compliance training for board members, employees, suppliers and distributors to ensure that employees and partners grasp the latest compliance policies of the Group and regulate daily business activities. As of 31 December 2020, the number of corruption lawsuits that have occurred and concluded within the Group is zero.

2.2 Supplier management

The Group attaches importance to supplier management, abides by *the Tendering and Bidding Law* and other relevant laws and regulations, incorporates suppliers' business ethics and environmental and social performance into the assessment standards, and strictly controls supplier access and assessment mechanisms.

The Group has formulated internal management systems such as *the Supplier Management System, the Procurement, Tendering and Bidding System, and the General Principles for Procurement Management* to conduct unified management and comprehensive assessment of suppliers, specify supplier selection criteria in detail, and strictly inspect suppliers' supply capacity, product quality and service level, and put forward requirements for suppliers' EHS/environmental protection system construction. Depending on the actual needs of the business, the Group conducts written or on-site investigations on new suppliers, and formulates targeted access and management principles for different types of suppliers. For existing suppliers of the Group, we conduct assessment and scoring at least once a year, mainly to examine the five dimensions of on-time delivery rate, product quality qualification rate, delivery quality qualification rate, invoice timeliness rate and after-sales service timeliness rate, and propose rectification suggestions or elimination of suppliers who do not meet the standards. For suppliers who violate national laws and regulations, relevant industry regulations, or have serious defects in product or service quality, causing serious losses, the Group will permanently cease business cooperation with them.

In addition, we put forward clear anti-corruption requirements for suppliers, regularly carry out compliance training for suppliers, and sign *the Integrity Management Agreement* with suppliers. Suppliers are strictly forbidden to provide personal convenience, bribery and other abnormal economic activities to any management personnel of the Group in any way during tendering or project performance. If such behavior occurs, the Group will disqualify the supplier from tendering, confiscate the deposit or impose fines on the suppliers for breach of contract depending on the severity of the circumstances.

As of the end of 2020, the Group had more than 1,000 suppliers in Mainland China and overseas.

Repaying the Society with Warmth

Committed to the corporate development, the Group also actively assumes and fulfills the corporate social responsibility, and makes important contributions to the battle against COVID-19, poverty alleviation through education, response to material natural disasters and crisis events and serious illness relief, repaying the society with warmth and playing a role as a corporate citizen.

Repaying the society with warmth

1. WORK TOGETHER TO FIGHT THE COVID-19

In the period of fighting COVID-19, we actively fulfilled the corporate social responsibility.

The Group had three products available for fighting the virus and relieving symptoms: ZAILIKE-branded arbidol hydrochloride dispersible tablets, Yeqing (zanamivir dry powder for inhalation) and Simcere Kechuanning (Chinese patent medicine of Chinese ephedra-apricot-lime-licorice decoction). During the 2020 Chinese New Year Holiday when COVID-19 occurred in Wuhan, the Group produced these three products relentlessly for 24 hours. The Group delivered such products without any delay to hospitals in Wuhan City, and also sent them to more than 300 designated hospitals of 27 provinces and cities including Beijing, Shanghai, Guangzhou, Zhejiang and Shandong, to provide COVID-19 patients with necessary antiviral drugs. As at 31 December 2020, the Group has donated antiviral drugs and medical supplies with a market value of about RMB4.9 million to designated hospitals and medical institutions of Wuhan City, Jiangsu Province and Nanjing City, and donated RMB1 million to Wuhan without any hesitation.

In this battle of saving people's lives, we also made contributions to the scientific research. In early 2020, responding to clinical practice and patients' urgent demands for efficient antiviral drugs, the Group's Nanjing Institute established the anti-virus R&D group, which is committed to the research and development of antiviral and anti-infective drugs.

Case: 140,000 masks were sourced and donated to the epidemic prevention frontline

Early in 2020, at that critical time of epidemic containment, the shortage of masks and other medical supplies became acute. Therefore, the Group took immediate actions to purchase epidemic prevention materials internationally with the coordination of the overseas R&D center and the international business department. After overcoming numerous difficulties, the Group finally purchased over 130,000 NIOSH-certified N95 masks in Malaysia and delivered these masks to the epidemic prevention frontline through a concerted effort of different parties.

Picture The Group's Drug Donations to Wuhan Epidemic Prevention Frontline

2. STARTING AGAIN WITH ENDLESS LOVE

Since its establishment, the Group takes the public welfare undertaking as its own responsibility, and never stops participating in charity activities.

The Group's Road of Public Welfare Undertaking

Year	Group's Investment in Public Welfare Undertaking
1996-2019	• Donate to Lianshui County, Huaiyin, Jiangsu, to build Simcere Hope Primary School, and donate a fixed amount regularly to the Hope Primary School for purchasing books and rewarding outstanding teachers • Donate to Hainan to build Simcere Hope Primary School, and work with *Yangtse Evening Post* to support people with financial difficulties, and launch "Simcere RMB1 Million Medical Support" program to support people faced with difficulties due to serious illnesses • Donate to "Spring Bud Programme" of Jiangsu Province, to support students to take vocational education, high school education or to enter universities for further education • Donate cashes and necessary drugs the first time after the natural disasters of Wenchuan earthquake, Yushu earthquake and Yancheng Funing hurricane • Donate medical kits to the "Supporting Inner Mongolia and Xinjiang" programme initiated by Han Hong
2020	• Donate antiviral drugs and medical supplies with a market value of about RMB4.9 million to designated hospitals and medical institutions of Wuhan City, Jiangsu Province and Nanjing City, and RMB1 million to Wuhan City in the period of COVID-19 • Donate RMB1 million to Lu'an Youth Development Foundation, Anhui, to support the construction of Hope Primary School in Lu'an City

Repaying the society with warmth

Poverty alleviation through education is the charity focus of the Group. The Group has been supporting Simcere Hope Primary School in Lianshui County, Jiangsu Province and hope primary school in Lu'an City, Anhui Province since its establishment, and Yushu Bayi Orphan school since 2010. We promote charity activities on the continuous and consistent basis. Instead of one-off donations, we track the projects continuously and offer long-term company and support, to enable children to accept better education and grow healthily and happily.

Case: Sponsoring Yushu orphans

The year 2020 marked the tenth year of supporting Yushu Bayi Orphan School. On April 14, 2010, the earthquake struck Yushu and touched the hearts of people all over China. While donating money and drugs to the disaster area, we were also concerned about Yushu Bayi Orphan School which was reduced to rubble because of the earthquake. With the cooperation of the charity federations of Jiangsu Province and Qinghai Province, we officially launched a series of charity activities, in which our staff sponsored the affected students on a one-to-one basis, providing them with financial support for their study and livelihood.

At the early stage, 40 employees sponsored 40 Yushu orphans. Now, over 100 employees sponsored nearly 200 Yushu orphans. Our love has lasted for ten years, with people under our support expanding year by year. The activity continued in 2020 and attracted more participants.

Picture Yushu Children's Expo Trip in 2010

Picture 10th Anniversary Event of "Let the Love Continues" in 2020

Future Expectations

In 2020, we have actively explored for sustainable development practices, actively fulfilled our social responsibility and harmonized the corporate development with contributions to the environment and the society. Looking to 2021, we will work harder to achieve greater progress, pay close attention to the expectations of stakeholders, further improve the ESG management system, and incorporate the sustainable development concept into the corporate development more profoundly and organically.

We will strengthen the management, identify weaknesses and take remedies, establish stricter and standard systems, guarantee completely safe operation while ensuring the compliance, maintain business ethics as the top priority and reinforce the anti-corruption construction.

The principle of customer first is always a core value of us. We will continue to strengthen the innovation and R&D capability and improve the accessibility of medical care and education, to bring our research achievements to more patients in a faster and better way.

Humanistic care will remain the keynote in the upcoming year. Internally, while consolidating the employee development system, we will focus more on details in implementing the care measures to enable employees to realise self-fulfillment in a happy and loving environment. Externally, we will participate in more community charity activities and put love into action.

In the environmental aspect, we realise that we assume great responsibility as a pharmaceutical enterprise. Therefore, we will adopt stricter environmental impact management to the operation, improve the existing environmental management system, adhere to green production and office, root the awareness of environmental protection in every employee, and make our own contributions to the ecological harmony.

There is a long way to go in pursuing ambitious aspirations. In 2021, we will continue to work together with all stakeholders to practice the mission of “providing today’s patients with medicines of the future”!

Appendix

1. HKEX ESG INDEX

Environmental, Social and Governance Reporting KPIs			Section
Environmental	A1 Emissions	General Disclosure:	Create Clean Production
		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.	
		A1.1 The types of emissions and respective emissions data.	"Three Wastes" Management
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Use of Resources
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	"Three Wastes" Management
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	"Three Wastes" Management
		A1.5 Description of measures to mitigate emissions and results achieved.	"Three Wastes" Management Use of Resources
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	"Three Wastes" Management
	A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials	Practice Low-Carbon Operation
		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).	Use of Resources
		A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Use of Resources
		A2.3 Description of energy use efficiency initiatives and results achieved.	Use of Resources Green Office
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources

		Environmental, Social and Governance Reporting KPIs	Section
	A3 Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources	Practice Low-Carbon Operation
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Practice Low-Carbon Operation
Social	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.	Protection of the Rights and Interests of Employees
		B1.1 Total workforce by gender, employment type, age group and geographical region.	Protection of the Rights and Interests of Employees
		B1.2 Employee turnover rate by gender, age group and geographical region.	/
	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.	Promotion of Work Safety
		B2.1 Number and rate of work-related fatalities.	/
		B2.2 Lost days due to work injury.	/
		B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health Security
	B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Focus on Talent Training
		B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Talent Training
		B3.2 The average training hours completed per employee by gender and employee category.	Talent Training

Appendix

Environmental, Social and Governance Reporting KPIs		Section
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.	Protection of the Rights and Interests of Employees
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Protection of the Rights and Interests of Employees
	B4.2 Description of steps taken to eliminate such practices when discovered.	Protection of the Rights and Interests of Employees
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain	Supplier Management
	B5.1 Number of suppliers by geographical region.	Supplier 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.	Supplier Management Whole Process Quality Management
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.	Drug Quality Management Customer Service Guarantee
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	/
	B6.2 Number of products and service related complaints received and how they are dealt with.	Service Guarantee
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
	B6.4 Description of quality assurance process and recall procedures.	Whole Process Quality Management Service Guarantee
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy Protection

Environmental, Social and Governance Reporting KPIs		Section
B7 Anti-corruption	General Disclosure:	Adhere to Business Ethics
	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.	
	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.	Anti-corruption
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
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	Work Together to Fight the COVID-19 Starting Again With Endless Love
	B8.1 Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Work Together to Fight the COVID-19 Starting Again With Endless Love
	B8.2 Resources contributed (e.g., money or time) to the focus area.	Work Together to Fight the COVID-19 Starting Again With Endless Love

2. DEFINITIONS

"3D Medicines"	3D Medicines (Beijing) Co., Ltd. (思路迪（北京）醫藥科技有限公司)
"AAALAC"	Association for Assessment and Accreditation of Laboratory Animal Care International
"Alphamab"	Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司)
"ANDA"	abbreviated new drug application
"API"	active pharmaceutical ingredient, the substance in a pharmaceutical product that is biologically active
"BD"	Business Development
"CAPA"	corrective and preventive action
"CDE"	Center for Drug Evaluation, a division of the NMPA
"Company" or "our Company"	Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司) (formerly known as Simcere Pharmaceutical (Hong Kong) Limited (先聲藥業(香港)有限公司) and Sound & Sincere Investment Limited (興聲投資有限公司)), a private company limited by shares incorporated under the laws of Hong Kong on November 30, 2015
"EHS"	Environment, Health and Safety
"ESG Guides"	the "Environmental, Social and Governance Reporting Guide"
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"G1 Therapeutics"	G1 Therapeutics, INC. (Nasdaq: GTHX)
"GMP"	Good Manufacturing Practice, guidelines and regulations issued from time to time pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) as part of quality assurance which aims to minimize the risks of contamination, cross contamination, confusion and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to the quality and standards appropriate for their intended use
"Group", "our Group", "we" or "us"	Simcere Pharmaceutical Group Limited and its subsidiaries

"GSP"	Good Supply Practice, guidelines and regulations issued from time to time pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) to provide quality assurance and ensure that pharmaceutical distribution enterprises distribute pharmaceutical products in compliance with the guidelines and regulations
"Hainan Simcere"	Hainan Simcere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司) (formerly known as Sanya Haifu Pharmaceutical Co., Ltd. (三亞海富製藥有限公司), Hainan Haifu Pharmaceutical Co., Ltd. (海南海富製藥有限公司) and Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司)), a limited liability company established in the PRC on April 28, 1993 and a subsidiary of our Company
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"IP"	Intellectual Property
"Jiangsu Simcere"	Jiangsu Simcere Pharmaceutical Co., Ltd. (江蘇先聲藥業有限公司), formerly known as Jiangsu Chengong Pharmaceutical Co., Ltd. (江蘇臣功醫藥有限公司), a limited liability company established in the PRC on March 28, 1995 and a subsidiary of our Company
"NDA"	the new drug application
"NIOSH"	the National Institute for Occupational Safety and Health
"NMPA"	National Medical Products Administration (國家藥品監督管理局), formerly known as China Food and Drug Administration ("CFDA") (國家食品藥品監督管理總局) or State Food and Drug Administration ("SFDA") (國家食品藥品監督管理局) or China's Drug Administration("CDA") (國家藥品監督管理局); references to NMPA include CFDA, SFDA and CDA
"NRDL"	China's National Reimbursement Drug List, also known as Drugs Catalogue for the National Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》), which was published by MOHRSS on November 27, 2009 and amended from time to time
"PRC"	the People's Republic of China
"QA"	Quality Assurance

"Shandong Simcere"	Shandong Simcere Biopharmaceutical Co., Ltd. (山東先聲生物製藥有限公司) (formerly known as Yantai Rongchang Bioengineering Limited (煙台榮昌生物工程有限公司), Yantai Rongchang Bioengineering Co., Ltd. (煙台榮昌生物工程股份有限公司), Yantai Maidejin Bioengineering Limited (煙台麥得津生物工程有限公司), Yantai Maidejin Bioengineering Co., Ltd. (煙台麥得津生物工程股份有限公司) and Shandong Simcere Maidejin Biology Pharmaceutical Co., Ltd. (山東先聲麥得津生物製藥有限公司)), a limited liability company established in the PRC on June 30, 1999 and a subsidiary of our Company
"Shanghai Simcere"	Shanghai Simcere Pharmaceutical Co., Ltd. (上海先聲藥業有限公司) (formerly known as Shanghai Haciyi Pharmaceutical Co., Ltd. (上海哈慈一醫藥業有限公司), Shanghai Simcere Haifu Pharmaceutical Co., Ltd. (上海先聲海富醫藥有限公司) and Simcere Merck Sharp & Dohme (Shanghai) Pharmaceutical Co., Ltd. (先聲默沙東(上海)藥業有限公司)), a limited liability company established in the PRC on July 20, 2000 and a subsidiary of our Company
"Simcere Biological Pharmaceutical"	Jiangsu Simcere Biological Pharmaceutical Co., Ltd. (江蘇先聲生物製藥有限公司), formerly known as Nanjing BioSciKin Innovation Biology Technology Co., Ltd. (南京百家匯創新生物科技有限公司), a limited liability company established in the PRC on July 10, 2017 and a subsidiary of our Company
"Simcere Pharmaceutical"	Simcere Pharmaceutical Co., Ltd. (先聲藥業有限公司) (formerly known as Nanjing Simcere Dongyuan Pharmaceutical Co., Ltd. (南京先聲東元製藥有限公司) and Nanjing Dongyuan Pharmaceutical Co., Ltd. (南京東元製藥有限公司)), a limited liability company established in the PRC on September 10, 1998 and a subsidiary of our Company
"SOP"	Standard of Procedure
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"the U.S."	the United States of America
"Three Wastes"	waste water, waste gas and solid wastes
"TMS"	a transportation management system
"TTT"	Training the Trainer to Train
"U.S. FDA"	U.S. Food and Drug Administration
"WMS"	a warehousing management system
"Wuhu Simcere"	Wuhu Simcere Zhongren Pharmaceutical Co., Ltd. (蕪湖先聲中人藥業有限公司), a limited liability company established in the PRC on September 19, 2008 and a subsidiary of our Company

3. FEEDBACK FROM READERS

Dear readers,

Thank you for reading the 2020 ESG Report of Simcere Pharmaceutical Group Limited. We value and expect your feedback on the Group's management, practice and reporting of social responsibilities. Your comments and suggestions are the important basis for us to promote the management and practice of corporate social responsibilities. We look forward to your reply!

1. Which category of stakeholder does your organisation belong to?
   ☐ Shareholders and investors ☐ Employees ☐ Suppliers ☐ Customers
   ☐ Governments and regulatory authorities ☐ Communities
   ☐ Business partners ☐ Industry associations/NGOs ☐ Others (please specify)_____

2. What do you think of the report?
   ☐ Pretty good ☐ Good ☐ Not very good ☐ Poor

3. What do you think of the clarity, accuracy and completeness of the information and data disclosed in the report?
   ☐ Pretty good ☐ Good ☐ Not very good ☐ Poor

4. What do you think of the comprehensiveness of the economic responsibility fulfilled by the Group and reflected in the report?
   ☐ Pretty good ☐ Good ☐ Not very good ☐ Poor

5. What do you think of the comprehensiveness of the environmental responsibility fulfilled by the Group and reflected in the report?
   ☐ Pretty good ☐ Good ☐ Not very good ☐ Poor

6. What do you think of the comprehensiveness of the social responsibility fulfilled by the Group and reflected in the report?
   ☐ Pretty good ☐ Good ☐ Not very good ☐ Poor

7. What do you think of the readability of the report?
   ☐ Pretty good ☐ Good ☐ Not very good ☐ Poor

8. Are there any information you would like to have but the report has not disclosed?

   _____

9. Do you have any comments and suggestions to the Group's ESG work and the preparation of the report? If yes, please provide them here.

   _____