



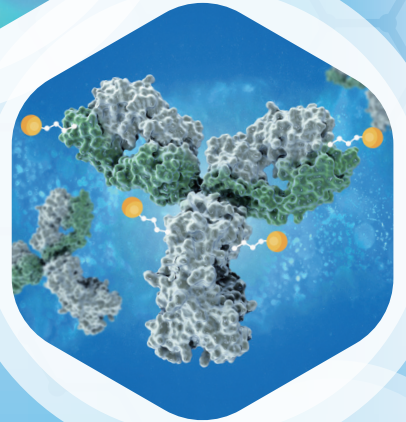
基石药业

CSTONE  
PHARMACEUTICALS

**CStone Pharmaceuticals**  
**基石藥業**

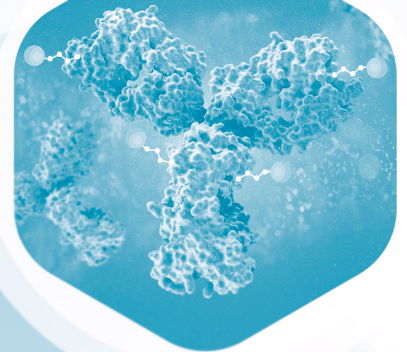
(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2616



**2023**

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



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# 1. About the Report

CStone Pharmaceuticals (the “Company”) and its subsidiaries (“CStone”, the “Group” or “We”) are pleased to present our sixth Environmental, Social and Governance Report (the “ESG Report” or “this Report”). The scope of the ESG Report covers the policies, measures and achievements in sustainable development from January 1, 2023 to December 31, 2023 (the “Year” or “Reporting Period”). You may access the ESG Report by clicking “Information Disclosure” under the “INVESTOR RELATIONS” section on the Company’s website or relevant documents by browsing through HKExnews’s website.

## **BASIS FOR PREPARATION**

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix C2 from the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The report content complies with the mandatory disclosure requirement, “Comply or Explain” disclosure obligations and the reporting principles of materiality, quantitative, balance, and consistency of the Guide. Readers can review the final chapter of the ESG Report – “Appendix II: The Stock Exchange Environmental, Social and Governance Reporting Guide Index” for quick reference.

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

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

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

**Consistency:** This Report adopts the same statistical methodologies as last year for disclosure, any changes in methodology will be explained in this Report.



# 1. About the Report

## REPORTING BOUNDARY

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

## REPORT APPROVAL

The ESG Report is approved and adopted by the Board on March 27, 2024 after being confirmed by the management executives.

## LANGUAGE OF THIS REPORT

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

## REPORT FEEDBACK

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

## 2. Chairman's Message

On behalf of our Board, I am pleased to present the sixth ESG Report of the Group for the year ended December 31, 2023.

CStone focuses on the research, development and commercialization of innovative oncology immunotherapeutic and precision therapeutics to meet the urgent medical needs of cancer patients in China and around the world. We regard sustainability as a core strategy as important as enhancing corporate value. This balanced perspective ensures that while pursuing business success, we also attach equal importance to our long-term contribution to sustainability. In 2023, CStone stayed true to its initial intention and actively “empowered” health. With the mission of “bringing breakthrough therapies to cancer patients to extend their lives and improve their quality of life”, we will be one step closer to the vision of “becoming a world-renowned biopharmaceutical company, leading the way in the fight against cancer”.

In 2023, CStone made outstanding achievements, and announced for the first time the phased results of the CS5001 multi-regional clinical trial and the first human trial. We keep focusing on the research and development and commercialization of innovative drugs, and a number of self-developed early pipeline product layouts will promote future development. CStone launched multiple innovative drugs, and achieved important results in many clinical studies. In terms of communication with international academic circles, CStone is committed to promoting the exchange of research and development results with international academic institutions. CStone has been frequently invited to participate in international academic conferences, and published a number of research data in top medical journals. Meanwhile, exploring overseas markets is also a business strategy that CStone attaches great importance to. At present, CStone has accelerated building its presence for a variety of products in major overseas markets such as the European Union and the United States. We make unremitting efforts to create a safe, sustainable and healthy future for cancer patients in China and around the world. In this process, we deeply integrate the sustainability concept into all aspects of our business development. Based on our vision and mission, we have formulated a sustainable development strategy that matches our business operations, so as to lead and shape the direction of our business development.

In terms of improving product accessibility and affordability, CStone has actively promoted the inclusion of multiple drugs in commercial and government insurance plans, covering more than 100 million people. Meanwhile, CStone has lowered product prices and launched diversified patient assistance projects to reduce the patients' financial burden, to ease the payment pressure on patients and to effectively improve product accessibility and affordability.

## 2. Chairman's Message

In our pursuit of corporate green development, we always closely monitor the greenhouse gas emissions and wastewater problems in our office and operation activities. We are not only committed to energy conservation, emission cut and waste reduction, but also actively assess and respond to the possible risks caused by climate change and try our best to turn these risks into important opportunities to promote our sustainable development. Meanwhile, we actively respond to the national strategy of carbon neutrality and are firmly on track to achieving carbon neutrality by 2060. Through these efforts, we are not only making contributions to environmental protection, but also laying a solid foundation for our long-term sustainable development.

This Year, CStone once again ranked among the Top 30 Innovative Small Molecule Drug Companies in China, and received a number of awards, such as the 2023 Annual Innovation Capability Award by GuruClub, the Excellent Innovative Anticancer Drug Case by Healthy China 21CC, the Most Valuable Pharmaceutical and Medical Company, the cooperative manufacturer in the Suzhou Innovative Pharmaceutical Equipment Catalogue awarded by the Suzhou Customized Inclusive Supplementary Medical Insurance (Su Hui Bao). CStone was also into ranked among the 2023 Outstanding Capital Value Enterprise by Economic Observer, Top 15 Biotechnology Listed Companies by the Top 100 Hong Kong Listed Companies and Leading Power and China Pharmaceutical High-quality Development Achievement Enterprises. We fully recognize that each of these honors is a shared achievement of each of our subjects, researchers, patients, doctors, employees and shareholders, and we would like to express our deepest gratitude and highest respect to them. Looking forward to 2024, we will continue to adhere to the principle of scientific sustainability. While improving ESG compliance, we will unremittingly carry out our mission and strive to achieve more breakthroughs and achievements in the medical and health field.

**Dr. Wei Li**

*Chairman and Non-executive Director*  
Suzhou, PRC





## 4. ESG Governance

CStone has always been committed to meeting patients' needs, especially in cancer treatment. We focus on developing and commercializing innovative oncology immunotherapeutic and precision therapeutics to prolong patients' lives and improve their quality of life.

We are well aware that effective stakeholder communication is essential to achieving sustainable development. Therefore, we actively communicate with our stakeholders through various channels to thoroughly understand and focus on their core demands and expectations. On this basis, the Board of Directors, as the core body in decision-making, guides and promotes our ESG matters. All departments work closely together to translate decisions into actions. Through this concerted effort, we work with stakeholders to promote a healthier and more sustainable future.

### 4.1 BOARD STATEMENT

CStone attaches great importance to sustainable development, and has built an ESG governance structure to manage related affairs. In this framework, the Board of Directors is responsible for ESG governance decision-making and supervision, and pays full attention to our ESG performance. This includes in-depth examination of ESG issues and strategies, identification and management of ESG risks that we may encounter in daily operations, and approval of the release of the annual ESG Report.

Under the Board's guidance and supervision, all departments actively promote the formulated ESG management policies, strategies and priorities. We are committed to ensuring that these ESG policies and measures are in line with the Company's business development trend and promote sustainable development through continuous improvement and innovation. This will strengthen our corporate responsibility, enhance our market competitiveness and create greater value for all stakeholders.

During the Year, the Group actively reviewed the progress of established environmental targets, and made timely adjustments and updates to these policies in the light of our daily operations. These efforts are aimed at ensuring the continuous ESG management supervision and improvement to adapt to the changing business environment and market requirements.

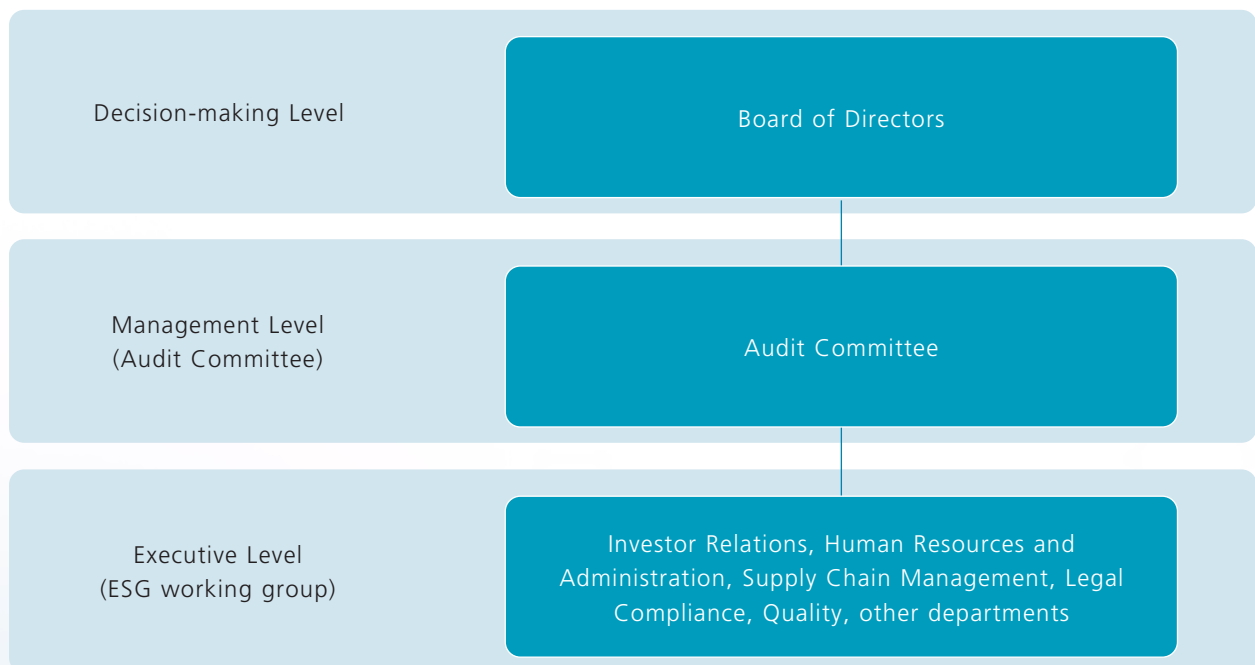


## 4. ESG Governance

### 4.2 ESG GOVERNANCE STRUCTURE

In order to effectively manage ESG-related affairs, CStone has established an ESG management structure. This structure consists of three core parts: the Board of Directors, Audit Committee and ESG working group, which ensures the effective implementation and continuous improvement of the Company's strategic sustainable development objectives.

The Board of Directors serves as the highest decision-making level and responsible body for ESG matters, and its responsibilities include reviewing and approving ESG-related strategies, principles, objectives and policies; monitoring ESG performance and progress; assessing relevant risks and materiality; and reviewing and approving disclosures related to ESG matters. The Audit Committee, as the management level of ESG matters, is mainly responsible for assisting the Board of Directors in assessing the Company's ESG risk appetite on an annual basis, reviewing the changes in the nature and severity of ESG risks and the Company's ability to respond to these changes. It is also responsible for reviewing the adequacy of the Company's ESG resource allocation, employee qualifications and experience, training plan and budget, and reporting to the Board of Directors on the implementation of ESG on a regular basis. The ESG working group, as the executive level, is responsible for daily ESG matter coordination and management, communication and disclosure. This working group spans many core departments, such as Investor Relations, Human Resources and Administration, Supply Chain Management, Legal Compliance, Quality Department, R&D and Commercialization, etc. It communicates with stakeholders in various ways, evaluates and responds to ESG-related risks and requirements, and regularly reports to the Audit Committee on the progress and achievements, and continuously optimizes ESG management based on the feedback.



## 4. ESG Governance

### 4.3 COMMUNICATION WITH STAKEHOLDERS

We firmly believe that the sustainable development of our Company closely depends on the unwavering support and trust of all stakeholders. During the Year, we especially strengthened the interaction with stakeholders. By establishing diversified and normalized communication channels, we ensured the contact with stakeholders such as customers, shareholders/investors, employees, government regulators and suppliers. We are committed to fully listening to and understanding their needs and expectations to ensure their in-depth participation in our business development process. In this way, not only do we enhance stakeholders' trust in us, but also increase the transparency and inclusiveness into our decision-making process.

**Table of communication channels with stakeholders**

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

## 4. ESG Governance

### 4.4 MATERIALITY ASSESSMENT

The management and ESG working group confirm that the analysis of material issues from last year are still applicable for this year, because (i) the Group's business and operating environment have not significantly changed during the Reporting Period; and (ii) the analysis of material issues last year can still respond to the stakeholders' expectations on the Group. Based on the material issue analysis by stakeholders, the management identified 22 material issues, including 9 highly material issues, 8 material issues and 5 general material issues. The following table denotes the material ESG issues we identified during the Year:

**CStone's Materiality Matrix**



Based on the analysis results of the above material issues, CStone's ESG direction for this Year will be divided into five areas, including "Legal and Compliant Operation", "Product Quality and Safety", "Employee Rights Protection", "Green Development", and "Social Responsibility". This Report will reflect the Group's ESG focus and contribution of this Year in these five areas.

## 5. Legal and Compliant Operation

### 5.1 ANTI-CORRUPTION CONSTRUCTION

CStone places great emphasis on compliance operations and integrity governance, and strictly complies with the Anti-Unfair Competition Law of the People's Republic of China ("PRC" 《中華人民共和國反不當競爭法》), Interim Provisions on Banning Commercial Bribery 《關於禁止商業賄賂行為的暫行規定》 and other relevant laws and regulations. To this end, we have formulated the Compliance Management System to ensure that the Company and its employees strictly comply with laws, regulations, rules and other normative documents, industry norms, self-regulatory rules, internal rules and regulations and recognized industry professional ethics and codes of conduct in their business management activities. The Board of Directors and the Legal Compliance Department play a leading, formulating and supervising role in compliance management. In order to ensure strict compliance with the laws and regulations in the places where we operate, we have formulated a compliance management process, including the identification, evaluation, monitoring and reporting of compliance risks, as well as compliance assessment and review. The compliance management personnel of the Legal Compliance Department are responsible for formulating and implementing specific rules for compliance review, inspection, reporting and accountability. We have also established an effective internal assessment and evaluation system to regularly assess the ability and effectiveness of each department in managing compliance risks. We play the role of compliance management in business compliance evaluation. Once a violation occurs, we will deal with the person responsible for the violation in strict accordance with the Company's Articles of Association and relevant regulations and take corresponding corrective measures. In addition, CStone has also established an effective compliance risk management mechanism and implemented external supervision to build a comprehensive management system combining internal compliance management with external supervision.

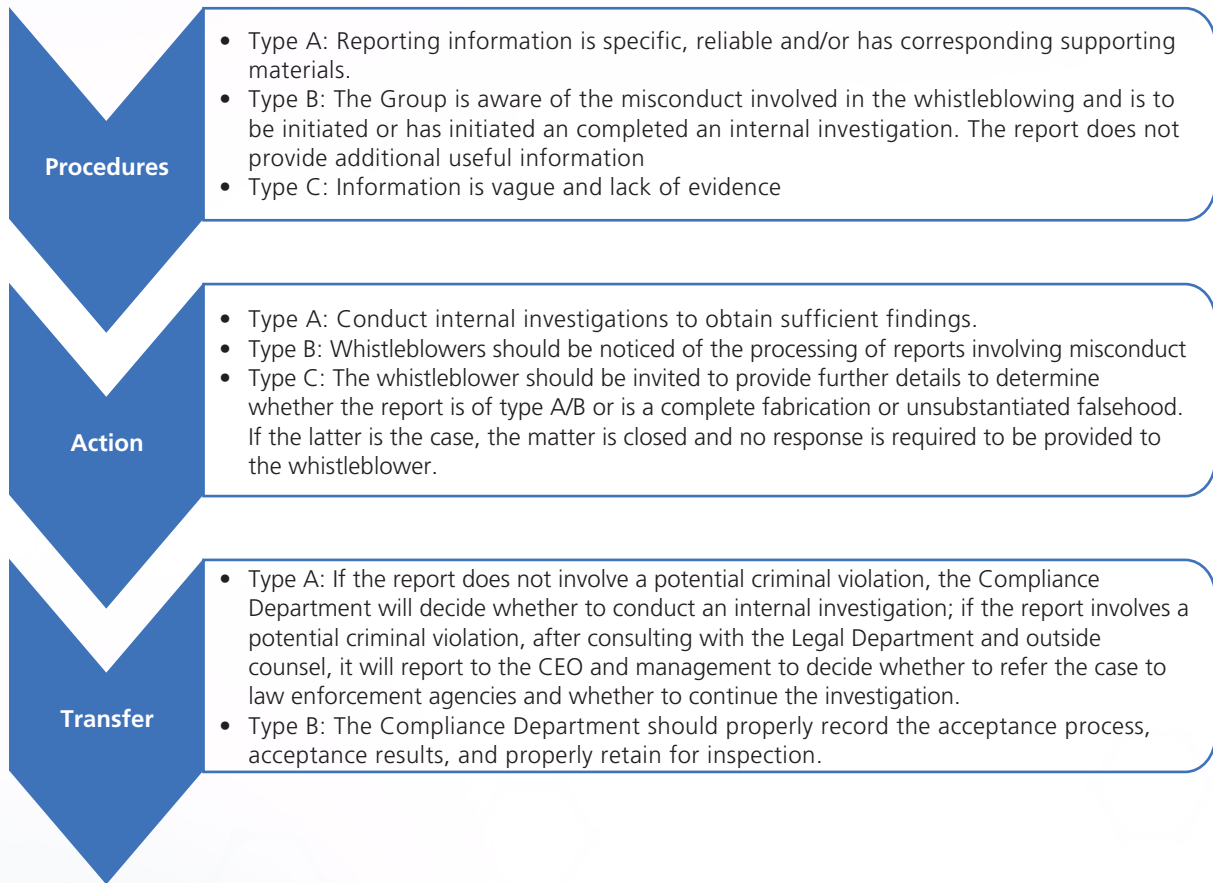
CStone regulates the conduct of all employees in accordance with Code of Conduct for Employees, which includes requiring employees to behave lawfully, respect each other with honesty and integrity, be responsible for the reputation of the business, actively oppose corruption, and assume the management and supervision duties. When contacting business partners and third parties, all our employees are not allowed to provide, give, ask for or accept any form of improper benefits. When working with government agencies, suppliers or healthcare professionals, any form of corruption is strictly prohibited to ensure full compliance with local laws and regulations and international standards. In addition, CStone employees have the responsibility to always act in the best interests of CStone and not based on their personal interests. In the performance of their duties, employees must report to their immediate supervisor in a timely manner if they may receive any form of personal benefits. This transparent and responsible attitude helps maintain the Company's professional ethics standards and integrity, and ensure that all business activities are legal and ethical.




## 5. Legal and Compliant Operation

CStone has always been committed to protecting its core interests, and attaches importance to timely, responsible and confidential handling of any reports of misconduct. We are committed to investigating these behaviors internally and seeking solutions to minimize the existing or potential negative impact of such misconduct. Therefore, we have established the Standard Operating Procedures for Whistleblowing and Internal Investigations, which applies to all employees. The procedures cover investigations initiated based on the "Whistleblower Report" and investigations initiated by the Company for suspected misconduct. In such investigations, employees and all departments of the Company are expected to give their support and cooperation. The Compliance Department is responsible for the preliminary verification of complaints and reports received, and when necessary, may decide whether to introduce external legal experts to assist in the investigation. Through this series of strict procedures, CStone ensures it can effectively deal with misconduct and safeguard the Company's integrity and compliance.

The Compliance Department shall handle the corresponding reports under the following procedures:





## 5. Legal and Compliant Operation

During the Year, we conducted anti-corruption training for all employees and Board members. The training aims to ensure that employees fully understand and abide by the anti-corruption compliance requirements when dealing with government officials, other related parties and third parties. We provide guidance to help employees identify and respond to potential corruption risks. Meanwhile, we emphasize and ensure that the Company strictly abides by the applicable anti-corruption laws in all relevant jurisdictions, including the Criminal Law of the PRC 《中華人民共和國刑法》 and related judicial interpretations, the Anti-Unfair Competition Law of the PRC 《中華人民共和國反不正當競爭法》, the Interim Provisions on Banning Commercial Bribery 《關於禁止商業賄賂行為的暫行規定》, the Foreign Corrupt Practices Act of the United States of America (“FCPA”) and other applicable laws. This kind of training and guidance not only enhances employees’ compliance awareness, but also strengthens the Company’s anti-corruption internal control and policy implementation.

During the Reporting Period, the compliance training CStone provided includes sending training materials specifically aimed at anti-bribery compliance to all directors, and providing training on the annual CStone Code of Integrity (CIP) to all employees. In addition, we regularly hold quarterly policy briefings and other activities to ensure that employees have a full understanding and mastery of the latest compliance policies and guidelines. These trainings cover many key areas, such as CStone Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Conflict of Interest Policy, SOP for Interactive Communication Activities (conference and event management, academic sponsorship and funding, consulting and speaker services, etc.), SOP for Co-operative Vendor Transactions and SOP for Whistleblowing and Internal Investigations. These trainings aim to strengthen employees’ awareness and understanding of compliance requirements, and ensure that they abide by relevant laws, regulations and company regulations in their daily work, so as to safeguard the Company’s integrity and legitimacy. Through these systematic training and education, we are committed to building a responsible, transparent and efficient corporate culture.

## 5. Legal and Compliant Operation

2023 Annual Compliance Training Content:

Training Topics	Training Content	Frequency	Number of people covered	Duration
CStone Code of Integrity (CIP) training	CStone Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Conflict of Interest Policy, SOP for Interactive Communication Activities (conference and event management, academic sponsorship and funding, consulting and speaker services, etc.), SOP for Co-operative Vendor Transactions, SOP for Whistleblowing and Internal Investigations	Annual	All Staff	60mins/ session
Quarterly policy highlights	Explain policies and share relevant cases to employees by topic, such as: academic sponsorship and funding, speaker application and MSA management, Conference and event management, etc.	Quarterly	All Staff	45mins/ session
New Employee Training (Sales/non-sales)	Conduct CIP policy orientation and targeted content briefing for sales staff and non-sales staff	Quarterly	100+ people	30mins-45mins/ session
MICE Supplier Training	Presentation of the CStone Code of Conduct, Anti-Bribery and Anti-Corruption Policy, SOP for Interactive Communication Activities (conference and event management, academic sponsorship and funding, consulting and speaker services, etc.) and other related policies by conference service provider	Annual	40+ people	30mins/ session
Sales Management Session – Compliance Session	Explanation of policies related to the compliance of sales meeting activities in sales management meetings, practical interpretation of the meeting settlement process, and analysis of monthly expense audit data.	According to the actual needs of the sales management	Sales management	30mins/ session
Business Customization Training	Customized training courses for business, such as points of attention for flight inspection, speaker electronic signing process, compliance case analysis and interpretation, travel, entertainment and gifts of non-cornerstone employees	According to actual needs	50+ people	30mins/ session
Annual Meeting – Compliance Session	Interactive compliance sessions and keynote sharing at the annual meeting	Annual	All Staff	30mins/ session

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

## 5. Legal and Compliant Operation

### 5.2 PROTECTING INTELLECTUAL PROPERTY

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

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

In addition, to maintain the security of our patents, we sign confidentiality agreements with our employees, and sign invention transfer agreements with them in relation to job inventions to clarify the ownership of intellectual property rights. These measures ensure our compliance and security in intellectual property rights, and help to maintain the Company's innovation achievements and market competitiveness.

During the Reporting Period, we maintained a total of 79 registered patents, while the number of new patents granted was 14.

### 5.3 SUSTAINABLE SUPPLY CHAIN

In order to maintain the stability of the supply chain and to more efficiently manage suppliers, CStone has established sound supplier management mechanism. This includes formulating a series of policies and standard operating procedures for procurement, supplier access and contract signing, such as the Standard Operating Procedures for Procurement 《採購標準操作流程》, Standard Operating Procedures for Supplier Participation 《供應商參與標準操作流程》 and the Procurement Application and Price Comparison Process 《採購申請與比價流程》. We also strictly ensure that suppliers' operations meet compliance standards, and have obtained the appropriate qualification certificates as well as operational capability and professionalism. During the procurement process, we will conduct a comprehensive evaluation on multiple suppliers to select the most competitively priced supplier based on the degree of solution satisfaction, delivery lead time, after-sales service and strategic cooperation potential among suppliers. The selected suppliers must pass the evaluation of the purchasing department and the end user, and be accepted as the Company's qualified suppliers of relevant products and services. Suppliers with commercial bribery and unethical business practices, e.g. illegal employment such as child labor or improper business practices such as providing false information, will be included in our "supplier blacklist" and all business dealings will be terminated immediately.

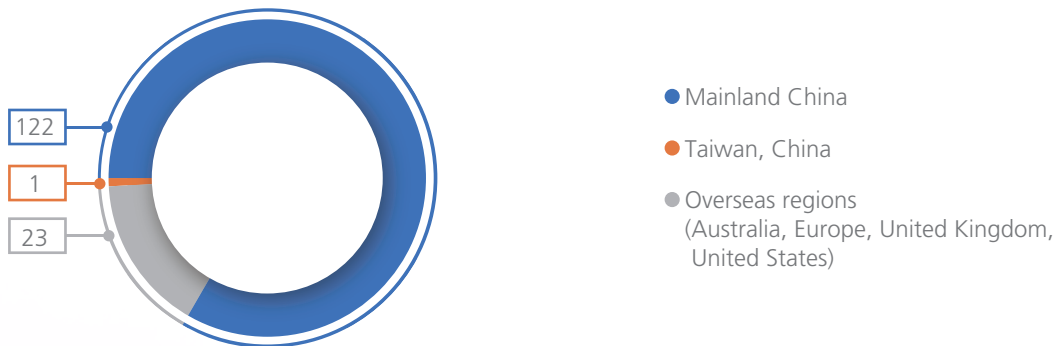


## 5. Legal and Compliant Operation

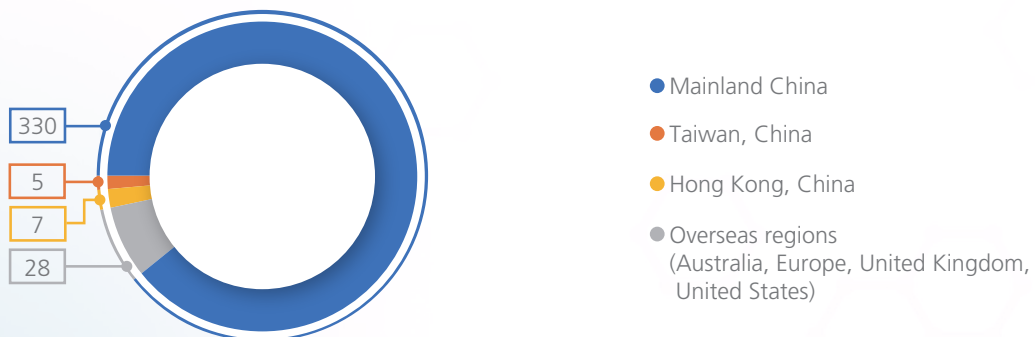
During the supplier selection process, CStone pays special attention to whether they share the same ESG values with us. We require suppliers to comply with all applicable laws, prohibit any forms of corruption, respect the fundamental human rights of employees, and take responsibility for the health and safety of employees. Meanwhile, the suppliers should comply with statutory as well as international standards related to environmental protection. In addition, suppliers are required to comply with the provisions of the Business Partner Code of Conduct 《商業夥伴行為準則》 and its implementation rules, in order to ensure that they can effectively identify, manage and mitigate potential social and environmental risks. We also attach great importance to suppliers' performance in environmental and social responsibility, which will be considered when we consider whether to cooperate with them. CStone gives priority to those suppliers with sustainability awareness, purchase green and environmentally-friendly products, and resolutely refuse to establish cooperative relations with suppliers who do not comply with laws and regulations. Through these standards, we are committed to building a responsible and sustainable supply chain.

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

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



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



## 6. Product Quality and Safety

### 6.1 PROTECT PATIENT SAFETY

Excellent drug quality is the basis for CStone's long-term development. During the Reporting Period, we strictly abided by a series of relevant laws and regulations, such as the Drug Administration Law of the PRC 《中華人民共和國藥品管理法》, Product Quality Law of the PRC 《中華人民共和國產品品質法》, Good Manufacturing Practices for Pharmaceutical Products 《藥品生產品質管制規範》, Good Supply Practice for Pharmaceutical Products 《藥品經營品質管制規範》, Administrative Measures of Production Supervision for Pharmaceutical Products 《藥品生產監督管理辦法》 and Administrative Measures for Drug Registration 《藥品註冊管理辦法》. In addition, our clinical research of new drugs is also carried out in accordance with the Good Clinical Practice for Pharmaceutical Products ("GCP") 《藥物臨床試驗品質管制規範》 and Good Laboratory Practice for Pharmaceutical Products ("GLP") 《藥物非臨床研究品質管制規範》 to ensure that all drugs meet the standards from research and development to production. This continuous pursuit of quality and strict implementation of compliance ensure that we can provide safe and effective drugs and contribute to patients' health.

In order to ensure that our service providers meet the requirements of Good Manufacturing Practice of Medical ("GMP") 《生產品質管制規範標準》 in all aspects such as raw materials, personnel, facilities and equipment, production process, packaging and transportation, quality control and other key aspects, CStone has formulated a GMP Service Provider Standard Management Protocol. According to the Protocol, all suppliers must complete the GMP Service Provider Assessment Application and Approval Form, which is designated to minimize the risk in the drug production process. We also formulated corresponding management strategies for GMP service providers and conducted regular reviews according to different production cycles of our products, to ensure that their services always meet the standards. In addition, we set up a GMP service provider training component to ensure that all partners can understand and meet our requirements in real time and meet our standards when working with us. Through these measures, we are committed to maintaining the quality and safety of the whole supply chain and ensuring the efficiency and standardization of drug production.

In order to ensure high quality standards in drug production, CStone has formulated a series of strict production quality control procedures. This includes Standard Management Procedures for Consigned Production Quality Activities, Standard Management Procedures for Consigned Production Product Release, Standard Management Procedures for Consigned Production Sample Inspection and Standard Management Procedures for Consigned Production Non-Conforming Products and Recalls/Rework/Reprocessing, etc. These procedures are designed to implement strict quality control on the drugs we produce and ensure that each batch of drugs meets CStone's high standards.

As a pharmaceutical company, we attach great importance to the safety of patients' medication, and strictly carry out quality control in every step of production to ensure that unqualified products never flow into the next production stage, thus ensuring the high quality of final products. We are determined not to allow any unqualified products to enter the market to ensure the safety of patients' medication. Our quality management follows the 2010 version of China Drug Manufacturing Quality Management Code 《2010版中國藥品生產品質管制規範》 and 21 CFR parts 210-211. These standards guide us to manage substandard raw and auxiliary materials, packaging materials, key consumables, cell banks, stock solutions, intermediate products and finished products in entrusted production activities. Our quality assurance department is responsible for strictly supervising the entrusted parties, reviewing the treatment of all substandard products, and following up to confirm the results of the treatment to ensure that the quality problems are properly solved. This rigorous management system ensures the quality and safety of our products.

## 6. Product Quality and Safety

If any unqualified products are found in the market, CStone will immediately take action to conduct quality risk assessment to determine whether it is necessary to recall or reprocess the products. When deciding to recall products, we will follow the specified recalling operation procedures and ensure that all activities are recorded in detail. Recalled or reprocessed products must undergo strict inspection and stability assessment by our Quality Management Department before re-entering the market. These products will be repackaged, sold or destroyed only after they have passed the comprehensive evaluation by the Quality Assurance Department. The purpose of these measures is to protect consumers' health and safety. This strict quality control process reflects our commitment to product quality and patient safety.

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

### 6.2 COMPLIANCE MARKETING

CStone adheres to the goal of meeting the needs of patients, and abides by scientific and rigorous responsible marketing principles. In the sales process, we not only consider sustainable development factors, but also integrate business ethics into every decision. We resolutely prohibit any form of fraud, false statements or information concealment, and ensure the transparency and integrity of all business activities. This way, CStone is committed to establishing and maintaining trust and respect with patients, partners and society.

When launching drugs, we strictly abide by the Advertising Law of the PRC 《中華人民共和國廣告法》, the Regulations on the Administration of Drug Descriptions and Labels 《藥品說明書和標籤管理規定》, the Measures for the Administration of Drug Packaging 《藥品包裝管理辦法》 and other laws and regulations to ensure compliance in drug instructions, labels, packaging and advertising. In the production of product labels and advertisements, we strictly follow the relevant national laws and regulations to ensure that the information provided to patients, regulatory authorities and other relevant stakeholders is true and accurate, and firmly oppose the dissemination of any false or misleading information.

In addition, we have established a Standard Operating Procedure for the Management of Promotional Materials, which applies to all of our promotional materials involving medical and product information. We ensure that these promotional materials always meet the requirements of the Drug Administration Law of the PRC 《中華人民共和國藥品管理法》 and other relevant laws and regulations in form and content, and are consistent with the Code of Conduct for the Promotion of Medicines issued by the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) and CStone's internal policies. Through these measures, we are committed to maintaining professional ethics and legal compliance in drug promotion activities.

## 6. Product Quality and Safety

### 6.3 SAFEGUARDING CLINICAL TRIAL SUBJECTS

Clinical trials are very important in the process of drug research and development. In order to ensure the quality of products, protect the interests of subjects and maintain our good corporate reputation, CStone has specially formulated a Management Process of Medical Information Consultation, which aims to clarify the management procedures and responsibilities of CStone employees and third parties in medical information consultation, and ensure that all medical information processing and consultation follow the norms.

Before conducting clinical trials, CStone strictly abided by relevant laws and regulations, and signed a Clinical Trial Agreement with clinical trial institutions. This agreement comprehensively covers many aspects such as trial execution, record keeping, inspection and data privacy protection, aiming at protecting the legitimate rights and interests of the subjects. At the same time, we have taken out drug clinical trial liability insurance for clinical trials, researchers and research institutions in accordance with laws and regulations. Before each experiment, researchers are responsible for ensuring that each subject fully understands the nature, importance, potential impact and risks of the trial. Only after the subjects fully understand the background, purpose and process of the trial can they sign the Informed Consent Form. In addition, we also signed the Clinical Trial Agreement on Serious Adverse Events and the Settlement Agreement on Reconciliation of Clinical Trial Subjects with the subjects to further protect both parties' rights and interests. Subjects can express their concerns at any stage of the trial, and researchers have the obligation to respond and solve these problems immediately. Meanwhile, the subjects have the right to withdraw from at any stage of the study to ensure that their health and rights are protected to the greatest extent. Through these measures, CStone is committed to ensuring the safety and rights of the subjects during the clinical trial.

During the Reporting Period, we did not receive any new clinical trials-related disputes or complaints. The unresolved past complaint is still being properly handled and will not have a material adverse impact on our business, financial condition or results of operations.

### 6.4 INFORMATION SECURITY PROTECTION

CStone attaches great importance to and respects personal information privacy, and strictly abides by the Personal Information Protection Law of the PRC (《中華人民共和國個人資訊保護法》) and other relevant laws and regulations. To this end, we have established a Personal Privacy Information Protection Policy, which clearly expounds the data privacy principles for protecting personal information and its implementation methods. This policy applies not only to our employees, but also to service providers and partners, such as CROs, suppliers or consultants, to ensure that they comply with the requirements of business policies, procedures or local regulations on personal information processing when performing various activities. In addition, we have established the Corporate Records and Information Management Requirements to regulate the creation, management, preservation and disposal of company records and information. According to the severity of the possible consequences of information leakage, we classify the risks into three levels: "high, medium and low", and set corresponding access rights for information at all levels. High-risk and medium-risk information can only be accessed by the CStone leadership team members or authorized individuals, and records are permanently maintained. Through these measures, we are committed to ensuring the security and confidentiality of all personal information and protecting personal privacy from infringement.



## 6. Product Quality and Safety

CStone strives to ensure the security and confidentiality of business information in every aspect serving patients. To this end, we have established the Code of Conduct for CStone employees and the Code of Conduct for Business Partners, which clearly requires the compliance of all employees and business partners. According to these guidelines, any interested party shall not copy, disseminate or share relevant commercial materials including documents, information or other materials in any form without explicit written authorization. This strategy aims to strengthen the protection of important business information and ensure that there is no unauthorized use or leakage, thus safeguarding the interests of the Company and customers.

In order to ensure the protection of privacy rights of clinical trial subjects, CStone has clearly stated in the Informed Consent Form that the personal information, such as name and gender of the subjects, will be handled by desensitization methods such as code names or anonymity. Such measures are aimed at ensuring that the personal information is strictly protected. Meanwhile, for the research results that need to be made public, we will not disclose any personal information that can identify the subjects. This practice is to further protect the privacy of subjects and ensure that their personal information will not be leaked or abused because of their participation in the research. We always regard the privacy of subjects as an important matter and take necessary measures to protect their privacy.

In order to ensure the safety and confidentiality of Good Manufacturing Practice (GMP) data, CStone has established the GMP Data Storage System Standard Operating Procedures (the "Procedures"). The Procedures record the management, use and maintenance process of GMP data storage system in detail. In order to strengthen the protection of data privacy, we have adopted the cross-departmental cooperation, with the Quality Assurance Department managing the daily usage of the system, file uploads, system maintenance and access permission setting, and the IT Department managing system configuration, maintenance, data backup and account management. This mode of division of labor and cooperation ensures the efficient operation of GMP data storage system, while ensuring the security and privacy of key data.

## 7. Protecting Employees' Rights and Interests

CStone fully recognizes that employees are our most important partners and valuable assets. In order to respect and protect employees' rights and interests, we are committed to constantly improving the employment system, not only to protect employees' legitimate rights and interests and occupational safety, but also to continuously introduce and train outstanding talents and create a diversified, equal and sustainable working environment. We strictly abide by Labor Law of the PRC 《中華人民共和國勞動法》, Labor Contract Law of the PRC 《中華人民共和國勞動合同法》 and other relevant employment laws and regulations, and resolutely oppose the employment of child labor and forced labor. At the same time, we adhere to the principle of equal employment and ensure that there will be no discrimination due to gender, age, race, religion or any other reasons in all stages of work, such as recruitment, promotion, training and treatment. This practice aims to safeguard the rights and interests of every employee and ensure a fair and inclusive working environment.

### EMPLOYEE OVERVIEW

As of December 31, 2023, CStone had a total of 230 employees.

Number of Employees by Gender



Number of Employees by Employment Category

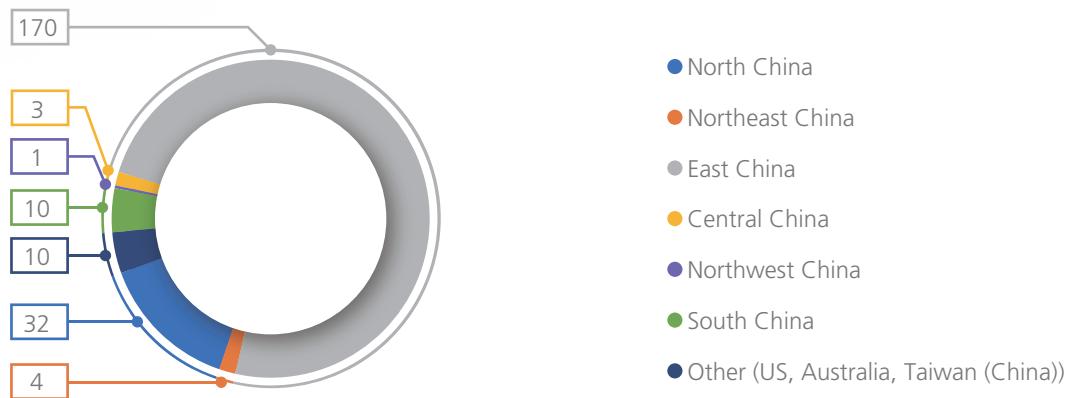


## 7. Protecting Employees' Rights and Interests

### Number of Employees by Age Group



### Number of Employees by Geographical Region



## 7. Protecting Employees' Rights and Interests

### 7.1 EMPLOYEE BENEFIT PACKAGE

#### Recruiting management

Employees are our most valuable resource and the foundation for CStone's sustainable innovation and development. The Group has established Recruitment Management System and Employee Handbook to ensure recruiting employees according to the standardized process. Our hiring decision aims to select the most suitable candidate on the basis of merit from a large number of candidates in accordance with business development needs and job functions. We have also made reasonable recruitment plans and conducted talent recruitment through open channels, aiming at attracting talents with relevant professional knowledge and providing them with opportunities to develop their professional skills. Meanwhile, the Company adheres to equal opportunity and diversity principles in promotion, transfer, compensation, training and basic labor contracts. These measures not only ensure the fairness and transparency during our recruitment process, but also help build a diversified and inclusive working environment, thus promoting innovation and development of the whole team.

The Group strictly abides by the Law of the PRC on the Protection of Minors 《中華人民共和國未成年人保護法》 and the the Regulations on the Prohibition of Child Labor 《禁止使用童工規定》, and ensures its implementation through prudent information collection and review procedures. We strictly verify the identity of new employees before they join us, by checking the identity documents and qualification certificates, to ensure that no child workers are employed. In order to ensure that the workload of our employees is appropriate, we have established the Working Hours and Overtime Management Policy to strictly monitor overtime work on normal working days, and performance of business-related work on weekends and legal holidays. If employees need to work overtime, they must apply to their immediate supervisor in advance and get approval. Employees can only work overtime after obtaining approval. The heads of all departments are responsible for managing overtime of their own departments. For female employees during breastfeeding and pregnancy, we pay special attention not to arrange for overtime work. Meanwhile, we clearly stipulate that if the workers' personal safety is endangered, for example, due to unauthorized command or forced risky work, the workers have the right to terminate the labor contract immediately without notifying us in advance. Through these measures, we aim to create a legal, fair and respectful working environment and ensure proper protection of every employee's work and health.

During the Year, the Group had no case of employing child labor or forced labor.



## 7. Protecting Employees' Rights and Interests

### **Benefit management**

The Group has established a continuous salary and welfare system and policies, aiming at keeping consistent with our long-term business objectives and is competitive at the same time. Our compensation policy is performance-oriented, fair and just, and can effectively attract, retain and motivate outstanding employees. In addition, we have established the Welfare Management System to provide employees with social welfare in accordance with the law, as well as additional benefits, such as health check-ups, marriage/newborn gifts, birthday benefits and holiday benefits.

We attach great importance to employees' holiday benefits. According to national laws and regulations, all employees are entitled to national holidays, annual leave based on length of service and early release from work on major holidays in accordance with the law. We also grant sick leave, unpaid personal leave, injury leave, marriage leave, maternity and breastfeeding leave, parental leave and bereavement leave according to employees' needs. In addition, eligible employees are entitled a half-day holiday on International Women's Day and Youth Day as required.

Through these compensation and benefits, the Group is committed to providing comprehensive welfare protection for employees, so as to enhance their satisfaction and work enthusiasm, thus contributing to CStone's development.

### **Performance Management**

CStone has established a set of comprehensive performance management system, aiming at improving talent management efficiency, attracting, cultivating and retaining outstanding talents, stimulating their enthusiasm and potential, and ensuring the Company's sustainable business development and success. Our performance management process includes four core processes: individual job performance goal setting, job performance feedback, job performance evaluation and total compensation management. This process aims to ensure that employees' performance is highly consistent with our strategies and goals.

For those employees who fail to meet the Company's performance requirements, the person in charge will make performance improvement plans. Our year-end performance appraisal is conducted in three steps: performance dialogue, performance scoring and performance calibration. In the performance dialogue stage, we review the performance in the past year, analyze their strengths and weaknesses and set work goals and plans for the next year. In the performance scoring stage, line managers and department heads rate employees' performance, focusing on evaluating the project-oriented performance for the year. Finally, in the performance calibration stage, the HR Department will work with the department heads to adjust the normal distribution of the overall department scoring. Through this performance management system, we can more effectively motivate and guide employees and ensure that their performance is consistent with the Company's overall goals and strategies.

## 7. Protecting Employees' Rights and Interests

### Exit Management

We have established a set of clear resignation policies and procedures in the Employee Handbook, aiming at standardizing the employee resignation treatment in different situations. According to these policies, we ensure that employees can leave their jobs in accordance with the law and regulations. Our resignation policies and procedures are aimed at safeguarding the common interests of employees and the Company, ensuring that the resignation process is smooth and legally compliant, and also expressing our respect and gratitude to the resigning employees.

Once the employee's resignation is confirmed, we will start the resignation process in the "eHR" system, and if necessary, we will arrange a resignation interview to help the Company better understand the reasons for their resignation. Once all resignation procedures are completed, the HR Department will be responsible for handling the resignation compensation settlement and issuing the resignation certificate. We strive to maintain good employee relations and maintain the positive image when employees leave.

### 7.2 EMPLOYEE DEVELOPMENT TRAINING

CStone attaches great importance to employees' personal development and professional training, and is committed to providing every employee with a variety of training opportunities. Our goal is to support employees to realise their potential and achieve their personal career development goals. Through these training programs, we help employees improve their skills, expand their knowledge and stimulate their innovative thinking to adapt to the ever-changing working environment and business needs.

<b>Name of Training</b>	<b>Introduction</b>	<b>Purpose</b>	<b>Attendees</b>
New Employee Orientation Training	Knowledge and skills training for new employees help them master the necessary work skills, understand the Company culture and quickly adapt to the Company environment through systematic training courses	Understand the Company's related processes and policies; Become proficient in company product knowledge; Master product sales skills and business planning skills	New employees
CStone healthcare lecture series	Knowledge sharing lectures on physical and mental health for the whole company	Understand the precaution and protection methods for cervical and lumbar health in office; Understand the common gynecological problems in life and master the relevant preventive methods	All employees

## 7. Protecting Employees' Rights and Interests

### 7.3 OCCUPATIONAL HEALTH AND SAFETY

The Group attaches great importance to the environment and the health and safety of employees during the R&D and trial operation process, so we strictly abide by relevant laws and regulations, such as the Production Safety Law of the PRC 《中華人民共和國安全生產法》, the Fire Protection Law of the PRC 《中華人民共和國消防法》, the Regulations on the Supervision and Management of Construction Work Safety 《建築工程安全生產監督管理條例》 and the Regulations on Laboratory Safety Production 《實驗室安全生產條例》. The Group has established internal rules and regulations, such as Emergency Rescue Plan for Enterprise Safety Production Accidents, Standard Operating Procedures for Safety Hazard Investigation and Management of Translational Medicine Research Center, Standard Management Procedures for EHS Inspection, Responsibility System for Prevention and Control of Occupational Disease Hazards and Emergency Rescue and Management System for Occupational Disease Hazards Accidents.

We have identified and defined a series of risks and corresponding prevention and management measures, which will be systematically classified and integrated into our safety management system. This involves the systems and operating procedures of chemical management, equipment operation safety, fire safety and other aspects. By constantly improving these safety management measures, we aim to establish a more comprehensive and sound safety management system to ensure safe and efficient operation.

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

#### Safety production

The Group also implemented the EHS Training and Education Management System in accordance with the Production Safety Law of the PRC, Safety Training Regulations for Production and Operation Units and Safety Production Training Management Measures. This system adheres to the principle of "safety first and prevention first" and standardizes the Company's occupational safety and environmental protection management. Our goal is to improve the knowledge and operational skills of all employees in safety and environmental protection, so as to minimize man-made safety hazards. According to this system, the general manager, vice president in charge of safety, safety production management personnel and related employees must receive EHS education and training. In addition, we train new employees according to the established TMRC Training Guide for New Employees before they take up their posts, and require them to pass the examination. We not only incorporate safety education into our daily work, but also regularly carry out drills on emergency plans such as fire, explosion and poisoning prevention, as well as training on self-protection ability, so as to ensure that employees can effectively cope with emergencies and enhance their overall safety awareness.

## 7. Protecting Employees' Rights and Interests

In order to maintain laboratory safety, we provided employees with corresponding equipment in strict accordance with SOP-EHS-1016-01 Standard Management Regulations for Labor Protection Articles, and formulated SOP for Personal Protective Equipment in EHS-001-SOP-02TMRC Laboratory to ensure employees to correctly use protective equipment. Meanwhile, we use the occupational disease protection facility, the "three simultaneities" acceptance plan in construction projects to prevent and control the occurrence of occupational diseases. In laboratory management, we have established TMRC-004-SOP-02 TMRC Cell Room Management SOP and TMRC-005-WI BSL-2 Laboratory Use Work Guide to ensure the safety in laboratories and of employees.

In addition, we posted detailed evacuation plans in prominent positions in the work area of each floor. These plans clearly indicate the evacuation route and the specific locations of fire hydrants and fire extinguishers. In addition, we also equipped a variety of protective and emergency treatment equipment in the laboratory, including vertical eyewash sprinklers, sink-type single-port eyewashes, laboratory low oxygen alarms, etc., to ensure the safety of laboratory staff in scientific experiments and research work. Through these measures, we are committed to providing employees with a safe and reliable working environment.

In addition, we also entrust third parties to collect hazardous wastes according to the Civil Code of the PRC 《中華人民共和國民法典》 and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste 《中華人民共和國固體廢物污染環境防治法》, and enter into a Hazardous Waste Commissioning and Collection Agreement, so as to deal with it in strict accordance with the treatment of various chemicals.

### Health management

We have been paying constant attention to the overall health of employees and are committed to providing better welfare protection to meet everyone's health needs. We arranged for employees to take regular physical examinations, so that they can timely know their physical condition and find out hidden dangers, which is of great significance to health management.



## 8. Insisting on Green Development

CStone is well aware of the importance of corporate social responsibility and has always been committed to seeking a balance between enterprise development and environmental protection. We strictly comply with the Environmental Protection Law of the PRC 《中華人民共和國環境保護法》, the Energy Conservation Law of the PRC 《中華人民共和國節約能源法》, the Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》, and other environmental laws and regulations, to constantly reduce the environmental burden brought by corporate operations. Through these measures, we aim to realize sustainable growth, and also actively fulfill the responsibility of protecting the environment and contribute to creating a greener and sustainable future.

During the Reporting Period, the Group did not (i) violate any laws and regulations regarding emissions of air and greenhouse gases, discharge into water and land, and generation of hazardous and non-hazardous waste; (ii) experience any major accidents affecting the environment and natural resources; or (iii) receive any environmental fines and notice of the action.

We maintain the directional environmental targets established last year and will maintain or reduce greenhouse gas emissions, waste generation, electricity consumption and water consumption with similar levels of operations. This year's environmental targets have been achieved.

We are committed to adopting a greener mode of operation and constantly exploring new possibilities to achieve sustainable operation. This includes effectively controlling greenhouse gas emissions and waste generation from operations, reducing energy and water consumption, and focus on the risks posed by climate change. Through these measures, we aim to reduce the environment impact and ensure the long-term stable development.

### 8.1 CLIMATE CHANGE RESPONSE

Climate change poses a profound challenge to the global economy and corporate operations, which needs to be addressed globally. CStone actively responds to this challenge by being committed to reducing carbon emissions and continuing to identify and manage the risks that climate change brings to our group. During the Year, we have identified potential risks associated with climate change.

In the face of physical risks brought by typhoon, flood, extreme heat and natural disasters, our office may need to be temporarily closed, which may not only lead to damage to assets and interruption of business activities, but also threaten the personal safety of employees, thus affecting the normal operation of the supply chain and leading to transportation difficulties, which may eventually result into reduced revenue. In order to effectively prevent and deal with these risks, we pay close attention to the potentially catastrophic weather and strengthen the contingency plan for extreme weather. We will make timely adjustments according to temperature changes and weather conditions to ensure that transportation and business activities can proceed as smoothly as possible and minimize the impact on corporate operations.

During the Reporting Period, we were not significantly affected by the above climate change-related risks. Looking ahead, we will continue to pay attention to the risks and opportunities arising from climate change, and strive to continuously improve management strategies and improve resource efficiency. Our goal is to reduce carbon emissions during business operations and actively fulfill our responsibility to deal with climate change. In addition, we will also pay close attention to the risks that business operations may cause to the climate, and make it an important issue to minimize the negative impact of our business activities on climate change.

## 8. Insisting on Green Development

### 8.2 GREENHOUSE GAS MANAGEMENT

The Chinese government strives to achieve carbon neutrality by 2060 or earlier. To this end, we strictly monitor greenhouse gas emissions, and take into account the recommendations of international organizations to disclose and compare greenhouse gas emission data in detail in this Report. Through these measures, we are committed to transparently presenting our efforts to reduce the impact of carbon emissions, as well as our role and progress in global environmental protection actions.

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

GHG Emissions Performance <sup>3</sup>	Unit	2022	2023
<b>Greenhouse Gas Emission</b>			
Direct GHG emissions (Scope 1)	Tonnes of CO <sub>2</sub> e	0.00	0.00
Indirect GHG emissions (Scope 2)	Tonnes of CO <sub>2</sub> e	506.30	446.63
Total GHG emissions (Scope 1 & 2)	Tonnes of CO <sub>2</sub> e	506.30	446.63
<b>Greenhouse gas emission intensity</b>			
Per square meter (Scope 1 & 2)	Tonnes of CO <sub>2</sub> e/m <sup>2</sup>	0.07	0.06
Per employee (Scope 1 & 2)	Tonnes of CO <sub>2</sub> e/employee	1.62	1.95

During the Year, the total amount of GHG emissions was 446.63 tonnes of CO<sub>2</sub>e and the total emissions decreased by about 11.78%<sup>4</sup> compared to last year. Since we have neither fixed facilities that consume fuel nor our own fleet, our greenhouse gas emissions mainly come from power consumption in daily office activities and TMRC operations (Scope 2). Looking ahead, we plan to implement more carbon reduction measures to further reduce greenhouse gas emissions and make greater contributions to environmental protection and sustainable development.

<sup>3</sup> We calculate the Group’s greenhouse gas emissions with reference to the HKEX’s “How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs”

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

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

<sup>4</sup> Reasons for the decrease in total greenhouse gas emissions compared with last year: fewer employees within the data collection range and the shutdown of electricity in some areas.

## 8. Insisting on Green Development

### 8.3 PROTECTING THE NATURAL ENVIRONMENT

#### Waste Management

As the operation scope of the Group involves drug research and development, the solid wastes generated in the course of operation are divided into hazardous wastes and non-hazardous wastes. In order to reduce the negative impact of solid wastes on the environment, we strictly follow the national standards on hazardous waste storage. All hazardous wastes are properly packaged and stored in designated areas. In addition, according to the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes 《中華人民共和國固體廢物污染防治法》, we signed disposal agreements with qualified hazardous waste disposal companies, and entrust them to collect and treat these hazardous wastes. Through these measures, we ensured the safe and legally compliant disposal of wastes and reduced its potential harm to the environment.

During the Year, the Suzhou laboratory generated a total of 2,135.10 kg of medical hazardous wastes<sup>5</sup>, with an emission intensity of 9.32 kg per employee. In our office operation, we generated 28 pieces of waste batteries and 55 pieces of waste ink and toner cartridges.

In order to effectively manage wastes and reduce environmental impact, we classify non-hazardous wastes into recyclable and non-recyclable to take corresponding treatment measures. Recyclable items, such as waste paper, cartons, metal and plastic products, will be treated through recycling procedures. When organizing various activities, we try to reduce the use of disposable items to avoid unnecessary waste. Meanwhile, we actively promote and encourage employees to use electronic systems to transmit information and reduce dependence on paper documents. In addition, we also advocate the use of double-sided printing to further reduce paper consumption. Through these practices, we are committed to achieving a greener and more efficient office model.

During the Year, the Group generated 1,120.00 kg non-hazardous waste, with an emission intensity of 4.89 kg per employee, non-hazardous waste production decreased by approximately 27.74%<sup>6</sup> over last year.

Indicators	Unit	2022	2023
Medical hazardous waste <sup>7</sup>	kg	1,316.50 <sup>8</sup>	2,135.10
Medical hazardous waste intensity	kg/employee	2.78 <sup>8</sup>	9.32
Non-hazardous waste	kg	1,550	1,120.00
Non-hazardous waste intensity	kg/employee	4.97	4.89

<sup>5</sup> The reason for the increase in the medical hazardous waste generation compared to last year: the amount of experiments increased compared to last year

<sup>6</sup> The reason for the decrease in non-hazardous waste generation compared to last year: fewer employees within the scope of data collection

<sup>7</sup> Experiments produce hazardous solid wastes such as waste packaging containers, pipette tips, PE tubes, PPE and activated carbon filter cotton, or laboratory culture medium waste mother liquors and other hazardous liquid wastes containing serum, fluorescent dyes, ethanol, etc.

<sup>8</sup> Data update on medical hazardous waste generation: some medical hazardous waste was not included in the calculation in 2022

## 8. Insisting on Green Development

### Energy use management

During the Year, our total electricity consumption was 783,155.00kWh, with an intensity of 105.85kWh per square meter, total electricity consumption showed an increase of approximately 10.13%<sup>9</sup> compared to last year.

CStone is committed to keeping energy reduction and has adopted more effective energy management strategies. Our main energy consumption is concentrated on use of electricity. During the Reporting Period, we focused on improving energy efficiency and reducing unnecessary energy consumption. To this end, we have implemented a series of measures, including centralization of personnel, powering off systems during non-working hours and dividing areas for independent control. Meanwhile, we regularly maintain the lighting and air conditioning system, such as cleaning the lighting equipment and air conditioning filters to ensure the best energy-efficient state. These measures not only improve the energy utilization rate, but also help us to make remarkable progress in sustainable development.

### Water resources management

During the Year, the total water consumption of our offices was 855.00 tonnes with an intensity of 0.12 tonne/m<sup>3</sup>. The water consumption was about 11.86%<sup>10</sup> lower than last year.

We actively implement the regular faucet equipment maintenance plan to ensure that any water leakage or dripping problems are discovered and repaired in time and handled by professional maintenance personnel. Meanwhile, we have not encountered any difficulties in obtaining water resources. In order to further enhance employees' understanding of water resources, we posted water conservation reminders in the restrooms and conducted comprehensive water-saving awareness training to strengthen the water conservation culture.

### Office paper usage management

During the Year, the Group consumed 3,054.38kg of paper with an intensity of 13.34kg per employee, paper consumption showed a decrease of approximately 35.01%<sup>11</sup> compared to last year.

In order to promote environmental protection and efficient operation, our office administrative system has been electronic. In particular, for contract applications, approval process and system construction, we have significantly reduced dependence on paper through online approval function. In addition, we widely use electronic communication technology to transmit information, further reducing the use of paper. Meanwhile, we default computers and printers to double-sided printing and ink-saving mode, and encourage employees to reuse or double-sided use of paper whenever possible to further reduce the waste of resources and implement our commitment to environmental protection.

### Discharge Management

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

<sup>9</sup> Reasons for the decrease in total electricity consumption compared with last year: fewer employees within the data collection range and the shutdown of electricity in some areas

<sup>10</sup> Reasons for the decrease in total water consumption compared with last year: fewer employees within the data collection boundary

<sup>11</sup> Reasons for the decrease in total paper consumption compared with last year: fewer employees within the data collection boundary



## 9. Assuming Social Responsibility

CStone always focuses on improving the quality of life of cancer patients in China and around the world. While continuously developing our business, we are also deeply involved in social responsibility activities, making full use of our professional knowledge and resources, and actively participating in various social welfare projects. Our goal is not only to bring cancer patients with hope and treatment opportunities, but also to convey care and support to all sectors of society.

This year, we mainly carry out the following public welfare projects, and carry out accurate and professional public welfare assistance through patient education and medical assistance to effectively help patients and their families reduce their burdens. Now our online platform has more than 8,000 subscribers, published more than 330 patient stories and consultations, and held about 200 offline patient education activities, covering 2,000 potential patients. As of 31 December 2023, our products have been included in urban insurance of 140 provinces and cities. Through these efforts, we are committed to playing a positive role in the medical care and social welfare field.

This year, we donated to the following three Patient Assistance Program (PAP) through Beijing Health Alliance Charitable Foundation as follows:

Name of project	Actual donation (RMB)	Value of drugs donated (RMB)	Number of drugs donated (boxes)
GAVRETO® (pralsetinib capsules) – “Assistance Project for Patients”	2,290,231.87	207,119,760.00	4,285
AYVAKIT® (avapritinib tablets) – “Assistance Project”	361,695.54	14,153,340.00	810
TIBSOVO® (ivosidenib tablets) – “Assistance Project for Patients”	614,754.00	35,537,360.00	632

During the Year, we continued to carry out the public welfare project of “Caring Action for Strengthened Escort” for cancer patients, cooperated with China Social Welfare Foundation to carry out the “Live to the Sun” Acute Myeloid Leukemia (AML) charity project, and cooperated with South Weekend to carry out “Live to the Sun” lung cancer patient care project. We are committed to expanding the coverage and duration of charitable activities in order to benefit a wider range of people.

Looking forward, we will continue to make full use of our professional advantages and actively invest in social resources to give back to the public for their support and trust. Through these actions, we are committed to continuously strengthening contact and interaction with society and achieving common growth and development.

# Appendix I: Sustainability Data Statements

Indicators	Unit	2023
<b>Environmental Subject Area<sup>12</sup></b>		
<b>Greenhouse Gas Emission</b>		
Direct GHG emissions (Scope 1)	Tonnes of CO <sub>2</sub> e	0.00
Indirect GHG emissions (Scope 2)	Tonnes of CO <sub>2</sub> e	446.63
Total GHG emissions (Scope 1 & 2)	Tonnes of CO <sub>2</sub> e	446.63
<b>Greenhouse Gas Emission Intensity</b>		
Per square meter (Scope 1 & 2)	Tonnes of CO <sub>2</sub> e/m <sup>2</sup>	0.06
Per employee (Scope 1 & 2)	Tonnes of CO <sub>2</sub> e/ employee	1.95
<b>Energy Consumption</b>		
Total power consumption	kWh	783,155.00
Total power consumption intensity (per square meter)	kWh/m <sup>2</sup>	105.85
<b>Water Consumption</b>		
Total water consumption	Tonnes	855.00
Total water consumption intensity (per square meter)	Tonnes/employee	0.12
<b>Hazardous Waste</b>		
Medical hazardous waste	kg	2,135.10
Medical hazardous waste intensity	kg/employee	9.32
Waste batteries	Piece	28
Waste ink cartridges, waste toner cartridges	Piece	55
<b>Non-hazardous Waste</b>		
Non-hazardous waste	kg	1,120.00
Non-hazardous waste intensity	kg/employee	4.89
<b>Paper Consumption</b>		
Paper consumption	kg	3,054.38
Paper consumption intensity	kg/employee	13.34
<b>Social Subject Area</b>		
Total employees	No. of people	230
<b>Employees by Gender</b>		
Female employees	No. of people	155
Male employees	No. of people	75
<b>Employees by Employment Category</b>		
Short-term contract/part-time	No. of people	7
Below Deputy Director	No. of people	159
Deputy Director and above	No. of people	56
Senior Management Team	No. of people	8

<sup>12</sup> The scope of data collection for environmental KPIs includes offices in Suzhou, Beijing, Shanghai and TMRC.

## Appendix I: Sustainability Data Statements

Indicators	Unit	2023
<b>Employees by Age Group</b>		
Below 30	No. of people	20
30-50	No. of people	203
Over 50	No. of people	7
<b>Employees by Geographical Region</b>		
East China	No. of people	170
North China	No. of people	32
Central China	No. of people	3
Northeast China	No. of people	4
Northwest China	No. of people	1
South China	No. of people	10
Others (including USA, Australia, Taiwan, China)	No. of people	10
<b>Employee Turnover Rate by Gender<sup>13</sup></b>		
Female employees	%	63%
Male employees	%	54%
<b>Employee Turnover Rate by Age Group</b>		
Below 30	%	11%
30-50	%	105%
Over 50	%	1%
<b>Employee Turnover Rate by Geographical Region</b>		
North China	%	22%
Northeast China	%	3%
East China	%	65%
Central China	%	7%
Northwest China	%	3%
South China	%	16%
Others (including USA, Australia, Taiwan, China)	%	1%
<b>Employee Training Rate<sup>14</sup></b>		
<b>Percentage of Employees Training by Gender</b>		
Female employees	%	67.39%
Male employees	%	32.61%
Average number of training hours for women	Hours	11
Average number of training hours for men	Hours	11

<sup>13</sup> Employee turnover ratio = number of employees lost ÷ number of employees at the end of the year × 100%

<sup>14</sup> Employees trained rate by category = Number of trained employees ÷ Trained employees × 100%  
T(x) = Number of employees in category x trained; T = Trained employees

## Appendix I: Sustainability Data Statements

Indicators	Unit	2023
<b>Percentage of Employees Trained by Employee Category</b>		
Short-term contract/part-time employees	%	3.04%
Below Deputy Director	%	69.13%
Deputy Director and above	%	24.78%
Senior Management Team	%	3.04%
Average training hours for short-term contract/part-time employees	Hours	9
Average training hours for below Deputy Director level	Hours	11
Average training hours for Deputy Director and above	Hours	11
Average training hours for Senior Management Team	Hours	13
<b>Occupational Health and Safety</b>		
Work-related fatalities in 2023	No. of people	0
Rate of work-related fatalities in 2023	%	0
Work-related fatalities in 2022	No. of people	0
Rate of work-related fatalities in 2022	%	0
Work-related fatalities in 2021	No. of people	0
Rate of work-related fatalities in 2021	%	0
Number of lost days due to work injury in 2023	No. of days	0



## Appendix II: The Stock Exchange ESG Reporting Guide Index

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

## Appendix II: The Stock Exchange ESG Reporting Guide Index

Description of the Indicators			Relevant Chapter
<b>A2: Use of Resources</b>	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	8.3 Protecting the natural environment
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	8.3 Protecting the natural environment Appendix I: Sustainability Data Statements
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	8.3 Protecting the natural environment Appendix I: Sustainability Data Statements
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	8 Insisting on Green Development
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	8.3 Protecting the natural environment
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. The Company has no production activities, and the products are currently outsourced to third parties for production.
<b>A3: Environment and natural resources</b>	General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	8 Insisting on Green Development
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8 Insisting on Green Development

## Appendix II: The Stock Exchange ESG Reporting Guide Index

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

## Appendix II: The Stock Exchange ESG Reporting Guide Index

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

## Appendix II: The Stock Exchange ESG Reporting Guide Index

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



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

