



石藥集團有限公司

CSPC PHARMACEUTICAL GROUP LIMITED

(Stock Code : 1093)

Corporate Social
Responsibility Report
2022

SUSTAINABLE
VALUE



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About this Report

Basis for Preparation

This report is the Corporate Social Responsibility Report prepared by CSPC Pharmaceutical Group Limited (the Company) and its subsidiaries (hereinafter referred to as “CSPC”, or “we” or “the Group”), by referring to the *Environmental, Social and Governance Reporting Guidelines* (effective from January 2022) promulgated by the Stock Exchange of Hong Kong Ltd. (the “SEHK”) and the *Sustainable Development Reporting Guidelines* (2021 Version) issued by the Global Reporting Initiative (GRI). We hope to take this opportunity to report to the shareholders and stakeholders the Group’s efforts made in relation to corporate social responsibility and sustainable development in Fiscal Year 2022. Please refer to the Corporate Governance Report in 2022 Annual Report of CSPC for details of the corporate governance.

Reporting Period and Release Period

This report is the yearly report for the year 2022, covering the period from 1 January 2022 to 31 December 2022.

Scope of this Report

CSPC regularly reviews the scope of its report to ensure that all material issues that have significant impact on the Group’s overall business have been covered in this report. The data of Environmental, Health and Safety (EHS) in this Report has covered all of the Group’s production enterprises and the policies described and reporting scope of other data are consistent with that in the Annual Report. Unless otherwise specified, social data and governance data shall be consistent with the scope of the Company’s consolidated financial statements.

Reporting Principles



Data Source and Reliability

The data and cases in this report are mainly sourced from the internal statistical reports and relevant system documents of CSPC, and we are committed to ensuring the reliability of the data presented in this report and that there are no false records or misleading statements. The amounts mentioned in this report are denominated in RMB unless otherwise specified. This report is published in both Chinese and English versions, and the Chinese Version shall prevail in case of discrepancies between the two versions.

Confirmation and Approval

The Board of Directors and senior management team of CSPC have approved this report, ensuring that it contains no false records, misleading statements, or major omissions therein. During the reporting period, the Board of Directors also regularly supervised the Group's ESG matters and reviewed progress towards relevant targets.

Report Access

This report can be reviewed and downloaded from the website of the Hong Kong Exchanges and Clearing Limited (the "HKEX") (www.hkexnews.hk) and the Company's website (www.cspc.com.hk).

For further enquiries or comments or suggestions on this report, please contact us by email at ir@cspc.hk or via our website.

Chairman's Message

The ongoing COVID-19 pandemic for the past three years not only dealt a heavy blow to the global economy, but also made us keenly aware of the importance of accessible healthcare. In the Report to the 20th CPC National Congress, General Secretary Xi Jinping pointed out that promoting the construction of a healthy China and safeguarding people's health shall be placed in the strategic position for priority development. For CSPC, innovation and sustainable development are the ways to demonstrate corporate value, so as to achieve our original aspiration of "benefiting the people all over the world".

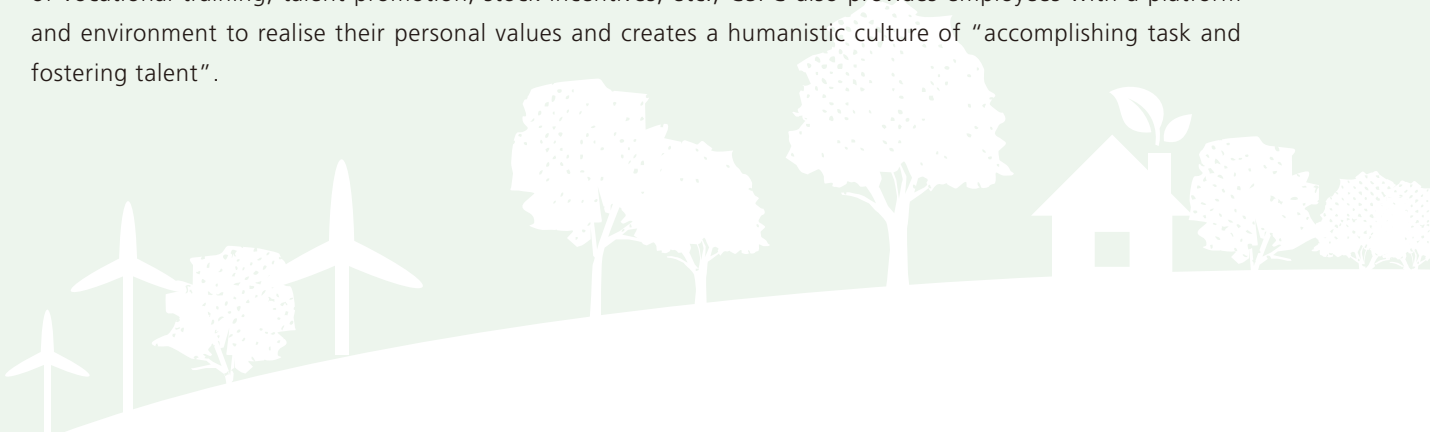
In 2022, the Group continued to follow the policy guideline of "putting people first and valuing life above all else", focusing closely on pharmaceutical innovation to create social value. Last year, the Group invested RMB3.987 billion in research and development, and worked relentlessly in the fields with urgent clinical needs, such as oncology, cardiovascular disease and anti-infectives. We launched the world's first mitoxantrone hydrochloride liposome injection, i.e. Duoenda, and the China's first and the world's only orally available dual PI3K- δ/γ inhibitor to meet the wide range of needs of patients with diseases.

In particular, in the face of the COVID-19 pandemic, the Group rapidly built an mRNA technology platform and obtained emergency clinical trial approval of its COVID-19 mRNA vaccine in 2022 (included for emergency use in China in March 2023). We also developed SYH2055, an oral small-molecule 3CL protease inhibitor against COVID-19 with global independent intellectual property rights and SYHX1901, a JAK/TYK2 inhibitor for the treatment of adult patients with severe COVID-19, which are currently in clinical trials and after being launched on the market, can greatly reduce the economic burden on patients and our country.

CSPC is also committed to solving global health problems. To date, we have a total of 1 NDA and 14 ANDA products approved for listing by the US FDA, 14 innovative drugs in clinical trials worldwide, and 9 products granted orphan drug designation by the US FDA, making our contribution to world health.

In 2022, the Group deeply integrated the new development concept put forward in the Report to the 20th CPC National Congress, continuously strengthened management, and enhanced the content of sustainable development. We established a top-down and long-lasting ESG improvement mechanism, incorporated ESG work into the performance evaluation of senior managers by levels, actively listened to the opinions of stakeholders on major issues, and made reference to the experience of international peers to promote the deep integration of ESG into the Group's various operational management.

CSPC is highly concerned about talent development and employee growth, recruits talents with diverse backgrounds worldwide, and benefits patients with its innovative achievements as soon as possible. In terms of vocational training, talent promotion, stock incentives, etc., CSPC also provides employees with a platform and environment to realise their personal values and creates a humanistic culture of "accomplishing task and fostering talent".



Of course, all developments are based on the harmonious coexistence of human and nature. CSPC actively responds to China's dual-carbon strategic goal of reaching carbon peak by 2030 and achieving carbon neutrality by 2060, adheres to the environmental management policy of "prevention first, emission reduction at source, continuous improvement, compliant operation, and construction of green factories", and closely focuses on the development strategy of "green and sustainable development", leading the corporate green and low-carbon transformation.

In 2022, CSPC continued to focus on the Healthy China strategy to serve for people's health and well-being and fulfill its social responsibilities. Leveraging its rich experience and advantages in the research and development of new drugs, CSPC collaborated with associations, government agencies, local hospitals, and industry authoritative experts in 2022 to carry out a wide range of public welfare projects in areas such as oncology, cardio-cerebrovascular and other fields. Taking "CSPC LEADING Scientific Research Fund Project" as an example, there were 10 scientific research projects funded in 2022, and directed towards clinical and basic research in the treatment of diabetic foot disease and diabetic vascular disease.

During the pandemic, CSPC actively engaged in guaranteeing the supply of medicines, and the relevant workshops carried out full-scale production of ibuprofen and other products urgently needed in the market. Employees lived and ate in the factory, greatly increasing the production capacity of various anti-epidemic products and effectively alleviating the shortage in the domestic market. The Group received recognition and praise from government authorities such as the Ministry of Industry and Information Technology and the Ministry of Foreign Affairs.

Meanwhile, we also launched various projects, such as the "Twilight Action", medical assistance for children in distress, assistance for cancer patients in distress and rural revitalisation, through Hebei CSPC Puen Charity Foundation, actively giving back to the society in areas of education and assistance for people in distress. In 2022, all of the Group's employees actively participated in the "China Charity Day" event with donations reaching over RMB11 million.

Under the new situation, CSPC will continue to be committed to integrating the ESG concept with its own business development and adhering to its mission of "All for good medicine, all for mankind's health" to contribute to the construction of a healthy China and strive for the global human health and well-being!

CAI Dongchen

Chairman

22 March 2023



About CSPC

Company name: CSPC Pharmaceutical Group Limited

Listing Code: 01093.HK (Hang Seng Index Constituent Stock)

CSPC Pharmaceutical Group Limited is a national innovative enterprise integrating R&D, production and sales of innovative drugs. Currently, the Group has total assets of RMB41.8 billion and 24,800 employees and is a Hang Seng Index Constituent Stock. In 2022, CSPC achieved a revenue of RMB30.9 billion, representing a year-on-year growth of 11%.

At present, CSPC has key R&D centers located in Shijiazhuang, Shanghai, Beijing and the U.S., and more than 10 drug production bases in various provinces and cities such as Hebei, Shanxi, Shandong, Jiangsu, Jiangxi and Tianjin, focusing on treatment of diseases in six major therapeutic areas, including oncology, psychiatry and neurology, cardiovascular, immunology and respiratory, digestion and metabolism and anti-infectives. Medicines are sold to more than 100 countries and regions around the world, with 36 types of drugs reaching more than RMB100 million in annual sales.



RMB40 billion+
Total Existing Asset



24,800
Employees



10 +
Drug Production Bases

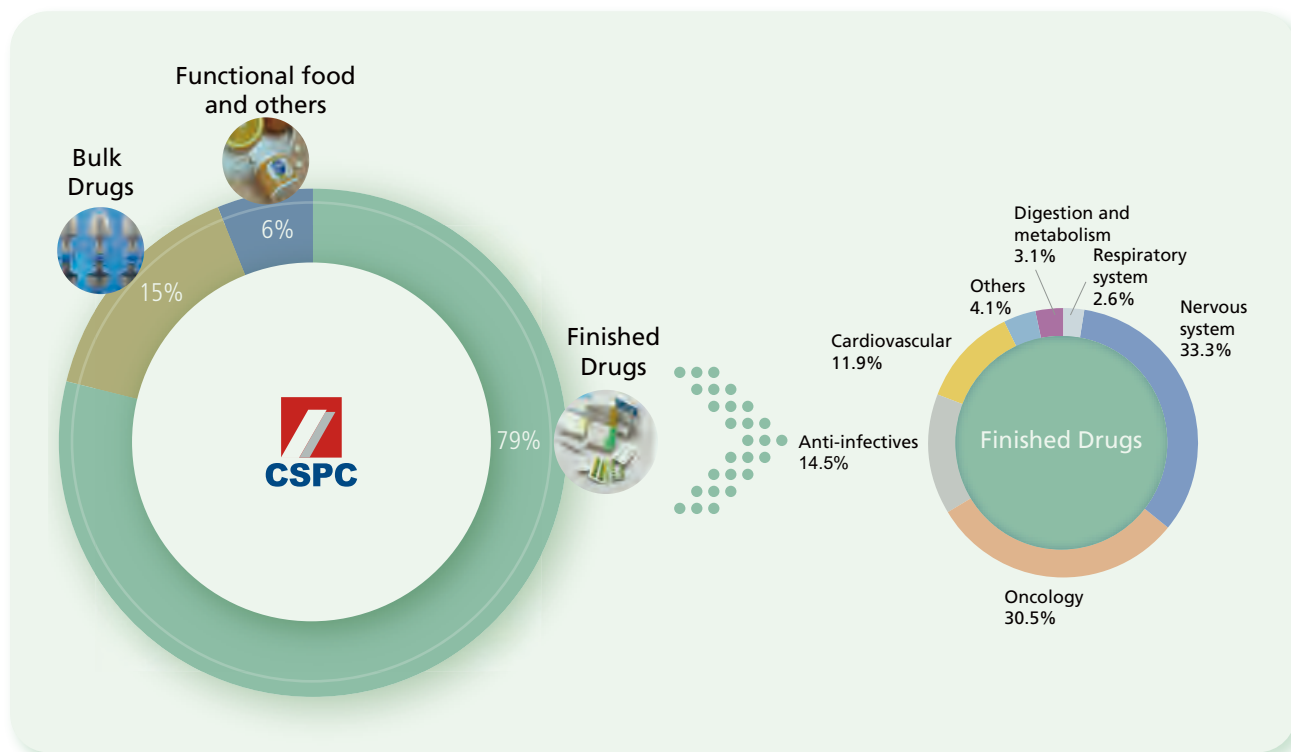


100 +
Countries and Regions
with sales of products



36
Products with sales of more
than RMB100 million

Product Module



The Group's products are mainly divided into three categories: finished drugs, bulk drugs and functional food and others. Finished drugs are the core business of CSPC, accounting for approximately 80% of the total revenue and mainly in six areas, such as oncology and nervous system.

Bulk drugs mainly include vitamin C and antibiotics, etc., among which vitamin C has already accounted for 35% of the global market share. We have been deeply involved in the construction of the global industrial chain. The caffeine additives of functional food have a global market share of more than 50%. The well-known trademark "Guoweikang" which is familiar to Chinese people has also been cultivated.

The rich product structure gives CSPC advantages in the operation of the whole industrial chain.

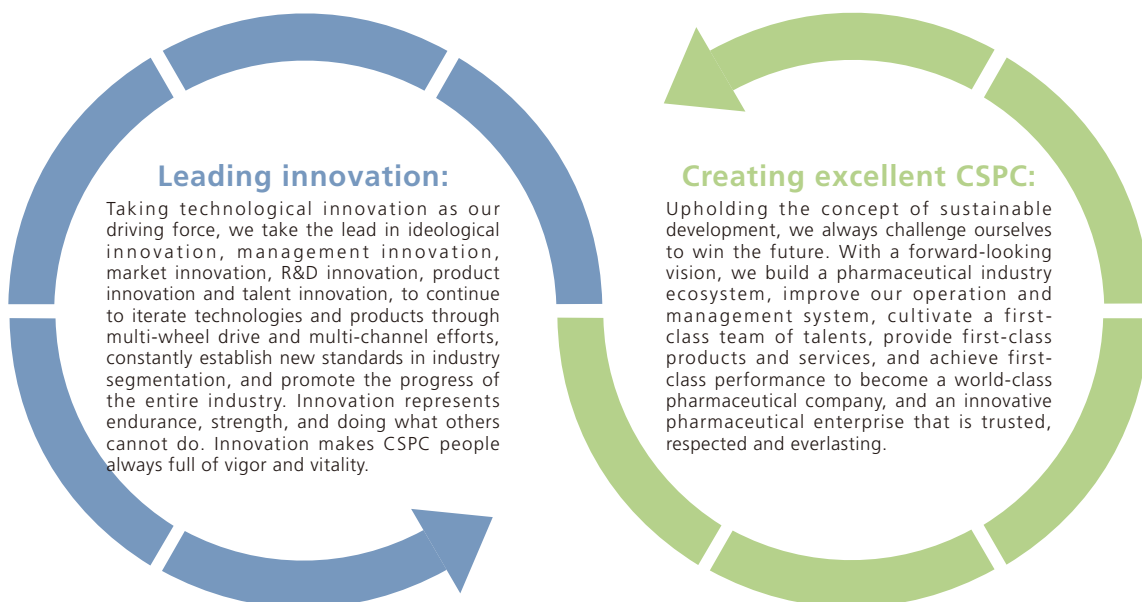
CSPC Culture



Mission: All for Good Medicine, All for Mankind's Health



Vision: Leading Innovation and Creating Excellent CSPC





Core values: Openness and Inclusiveness, Harmony and Friendship, Diligence and Pragmatism, Justice and Integrity, Teamwork and Sharing

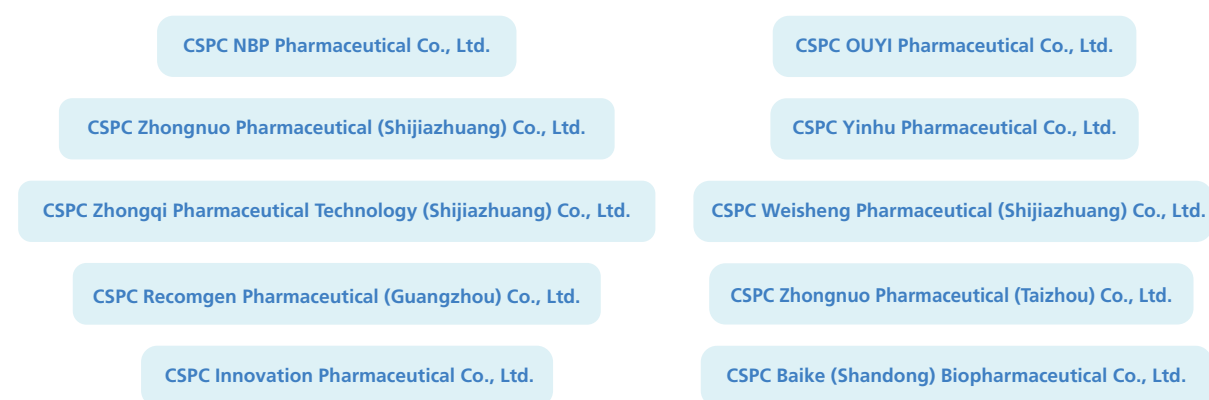
The core values of CSPC are seamlessly integrated and form a complete organisational personality.

New thoughts	Brain	Openness & Inclusiveness	We always keep our curiosity and exploration of new things, maintain global perspective and diverse thinking; embrace changes, keep pace with the times, break all stereotypes, insist on criticism and self-criticism, establish a scientific and inclusive innovation mechanism and cooperate and complement with each other with a broad mind and inclusive attitude to gather wisdom and create a great cause.
Kind heart	Heart	Harmony & Friendship	We make friends, show kindness to others, and pay back to the society with charity and public welfare; we are united and friendly, live in harmony, think of others, and create a harmonious working atmosphere; we respect life, universe and nature, and adhere to the natural concept of "the greatest virtue is like water" and a harmony of heaven, earth and man.
Practical deeds	Hand	Diligence & Pragmatism	Diligence means diligent learning, thinking, exploring and practicing. We continuously improve the details, unwaveringly commit to quality and relentlessly pursue excellence; complete all tasks practically, pursue simplicity and efficiency, and abandon all formalistic and hollow theories. Cadres lead subordinates to work hard and willingly, do right things and get things done.
Excellent character	Body	Justice & Integrity	We insist on treating people justly and dealing with things fairly, create a fair and just environment, build an honest and upright organisation. We keep our promises, take actions and achieve goals while being sincere in our heart and trustworthy to others.
Harmonious business	Foot	Teamwork & Sharing	We insist on solving problems and difficulties with team power to promote continuous growth of the organisation; persist in joint efforts with all partners inside and outside the organisation to seek symbiosis of righteousness and benefit; adhere to putting strivers first and achieve mutual success and benefits with customers, shareholders and society.

Self-portrait of CSPC people



Major Subsidiaries



ESG Annual Honors List

Category	Honor Name	Award-winning Company or Product	Issuer
Innovative development	China Patent Award (Gold Award)	CSPC-NBP Pharmaceutical Co., Ltd.	China National Intellectual Property Administration
	Hebei Province High-tech Enterprise	CSPC Zhongqi Pharmaceutical Technology (Shijiazhuang) Co., Ltd.	Hebei Provincial Department of Science and Technology
	Science and Technology Leading Enterprise of Hebei Province	CSPC OUYI Pharmaceutical Co., Ltd.	Hebei Provincial Department of Science and Technology
Corporate governance	Grade II Safety Standardisation Enterprise	CSPC OUYI Pharmaceutical Co., Ltd., CSPC Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd.	Department of Emergency Management of Hebei Province
	Safety Culture Demonstration Enterprise	CSPC OUYI Pharmaceutical Co., Ltd., CSPC-NBP Pharmaceutical Co., Ltd.	Department of Emergency Management of Hebei Province

Category	Honor Name	Award-winning Company or Product	Issuer
Corporate governance	Safety Culture Demonstration Enterprise	CSPC Innovation Pharmaceutical Co., Ltd.	Bureau of Emergency Management of Shijiazhuang
	Occupational Hygiene Demonstration Enterprise	CSPC OUYI Pharmaceutical Co., Ltd., CSPC Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd.	Health Commission of Hebei Province
	Top 100 Hong Kong Stocks; Top 25 Pharmaceutical Stocks	CSPC	Top 100 Hong Kong Listed Company Research Centre
	Top 50 Global Pharmaceutical Companies	CSPC	Pharmaceutical Executive Magazine
	2022-2023 Mercer China Healthiest Workplace	CSPC	Mercer China
	Fortune China 500	CSPC	Fortune Magazine and CICC Wealth Management
	China's 500 Most Valuable Brands	CSPC	World Brand Lab
Environmental protection and energy saving	"Certified Green Factory"	CSPC OUYI Pharmaceutical Co., Ltd., CSPC-NBP Pharmaceutical Co., Ltd.	Ministry of Industry and Information Technology of the People's Republic of China
	Water-saving Enterprise	CSPC Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd., CSPC OUYI Pharmaceutical Co., Ltd.	Industry and Information Technology Department of Hebei Province, and Hebei Provincial Department of Water Resources

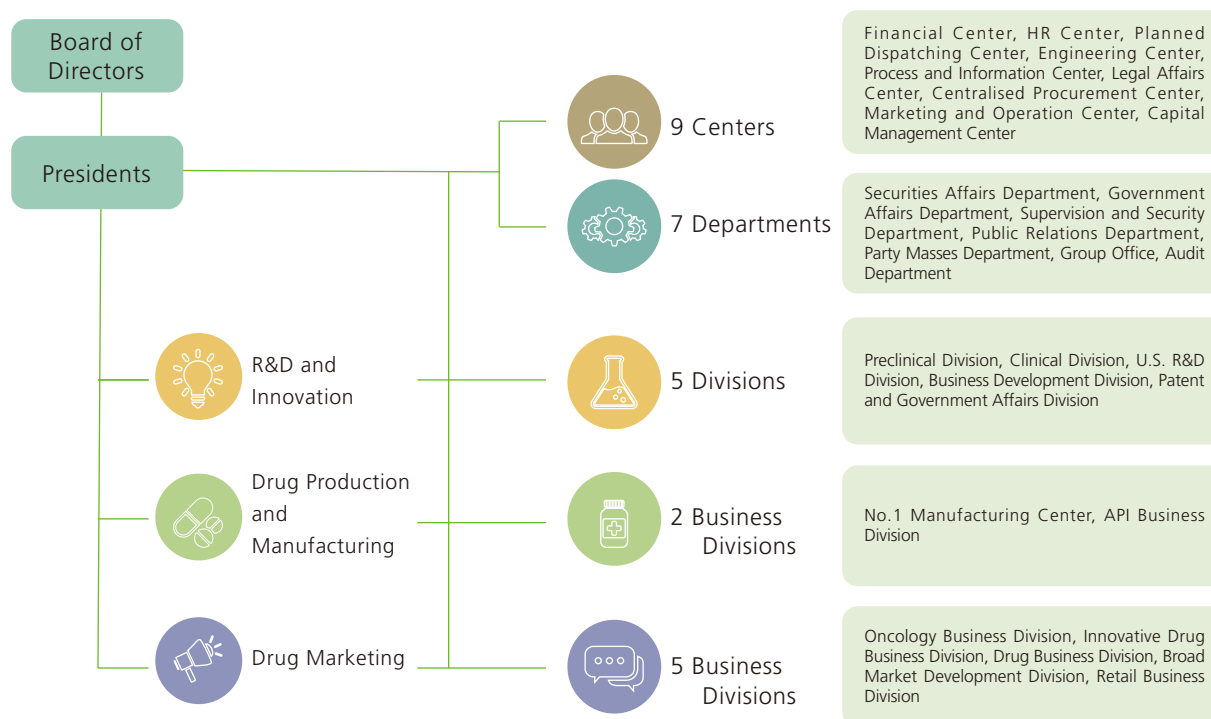
Strong Management, Stable Development

ESG Governance System

Sustainable Development

In 2022, the Board of Directors, as the ESG decision-making body, continuously promoted the institutionalisation, process and standardisation of ESG management through study and deployment for many times. Within the framework of "Scope of Duties of CSPC ESG Team", it is clearly stipulated that the ESG Governance Group is a professional deliberative body under the leadership of Board of Directors, and the composition, responsibilities, authorities and rules of procedure of the ESG Governance Group are further clarified and refined.

ESG Governance Structure



The Group regularly convenes ESG thematic meetings. The Board of Directors supervises ESG matters, reviews the Group's ESG work results before and after the ESG thematic meetings and puts forward requirements for the ESG work objectives of the next stage to promote the improvement of the Group's ESG performance.

In 2022, four ESG thematic meetings were held to determine the Group's annual ESG development goals and improvement measures, track the progress of work, verify the improvement measures, summarise and consolidate the ESG governance results, which effectively promoted the integration and development of ESG work and the Group's main business.

2022 ESG Development Target

Establishing sustainable enterprise



Becoming ESG leader in the pharmaceutical industry

ESG Performance Evaluation

We continue to incorporate ESG work into the performance evaluation of senior management to enrich and optimise the evaluation of senior management in three dimensions, including performance evaluation, capability evaluation and value evaluation. The evaluation results are related to their performance compensation, rank compensation, position change, personnel activation and training and development.

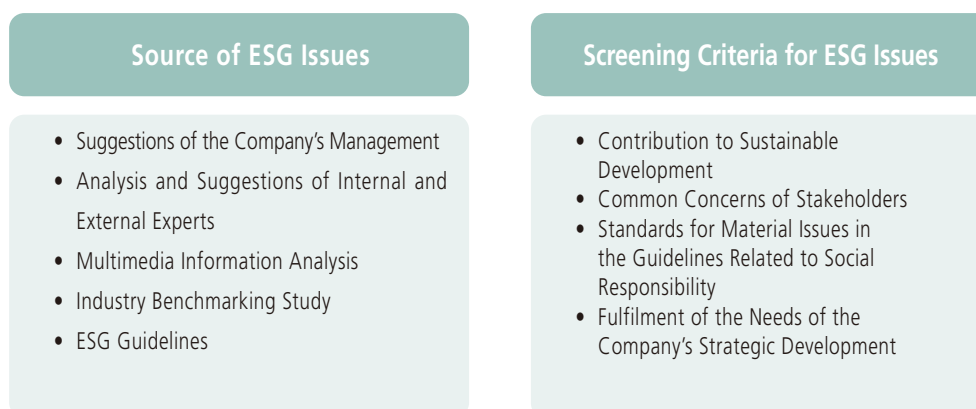
In 2022, as part of the performance evaluation of each subsidiary, the assessment item of "energy use density" was added to the subsidiary's operational indicators of "cost control", which substantively promoted the implementation of ESG key performance indicators in the Group's subsidiaries.

Material ESG Issues

All material aspects that have a significant impact on the overall business of the Group have been covered in this report. The Environmental, Health and Safety (EHS) data in this report has covered all production enterprises of the Group, and the policy description and reporting scope of other data provided are consistent with that in the Annual Report. See Appendix: Glossary for the specific names of major R & D, production and marketing enterprises.



Analysis of Material ESG Issues and Stakeholder Participation



Stakeholder Participation

The Group has always been listening to the opinions of stakeholders in terms of environment, society and governance through various communication channels, and communicating with stakeholders on various ESG issues. We firmly believe that listening to the opinions of stakeholders will help us assess the Group's ESG performance more objectively and comprehensively.

Based on our own business characteristics and drawing on the experience and practice of global peers, we have identified shareholders and investors, employees, customers and consumers, suppliers, communities and the public, government and market regulators, etc. as our key stakeholders.

Issues Concerned by Stakeholders

Category of Stakeholders	Stakeholders	Major Issues Concerned	Channels for Communication
<i>Shareholders and investors</i>	Investors who invest equities in the Company	<ul style="list-style-type: none"> • Compliant operation • Anti-corruption and business morals • Product quality and safety • Product innovation and R & D 	<ul style="list-style-type: none"> • General meetings • Investor information session • On-site survey • Regular information disclosure of the listed company • Visits and meetings with investors • Inquiries via telephone and email
<i>Employees</i>	Company's employees	<ul style="list-style-type: none"> • Employee health and safety • Anti corruption and business ethics • Product quality and safety • Protection of employees' rights and interests 	<ul style="list-style-type: none"> • Daily communication between employees and management • Collection of employees' opinion • Employees' activities • Internal training and learning
<i>Customers and Consumers</i>	Pharmaceutical companies, research institutes, scientists, entrepreneurs, patients, hospitals and doctors, etc.	<ul style="list-style-type: none"> • Risk management • Product and service quality • Product innovation and R & D • Intellectual property protection • Responsible marketing • Customer information and privacy protection • Promotion of industry development 	<ul style="list-style-type: none"> • Regular visits • Forums • Symposium • Monthly sales analysis meeting • Annual marketing seminar • Surveys on customer satisfaction in the form of questionnaires • Product complaint handling process • Information exchange system
<i>Suppliers</i>	Suppliers of raw materials, equipment and engineering, etc.	<ul style="list-style-type: none"> • Product quality and safety • Customer information and privacy protection • Sustainability management of supply chain 	<ul style="list-style-type: none"> • Tender meeting • Standardised supplier management process • Annual supplier review system • On-site audit
<i>Partners</i>	Industry partners	<ul style="list-style-type: none"> • Product innovation and R & D • Subject protection • Responsible marketing • Customer information and privacy protection • Human capital development 	<ul style="list-style-type: none"> • Regular communication • Correspondence by conferences and calls • Company website

Category of Stakeholders	Stakeholders	Major Issues Concerned	Channels for Communication
<i>Community and the Public</i>	Communities, society, the public and media at the place of operation	<ul style="list-style-type: none"> • Product innovation and R & D • Product pricing and availability • Sustainable development of supply chain • Community and public welfare 	<ul style="list-style-type: none"> • Collaboration in organising community activities
<i>Governments and Regulators</i>	Local government, tax bureau, environmental protection bureau, market supervision administration, etc.	<ul style="list-style-type: none"> • Employee health and safety • Emission management • Climate change mitigation and adaptation • Energy utilisation • Water resources utilisation 	<ul style="list-style-type: none"> • On-site inspection and work report • Government visit and guidance • Formulation of government policy and recommendations • Industry collaboration • Consultation and information disclosure

Identification and Evaluation of Material Issues

Based on the principle of “Materiality” in the *Environmental, Social and Governance Reporting Guidelines* issued by the SEHK and the principle of “Substantiality” in the *Sustainable Development Reporting Guidelines* issued by the Global Reporting Initiative (GRI), we conduct targeted communication with shareholders, investors, employees, suppliers, customers and other stakeholders in the form of questionnaires every two years, in order to address the key issues of stakeholders in the Corporate Social Responsibility report. In 2021, CSPC carried out a questionnaire survey; in 2022, CSPC further identified the relevance of the issues to itself by combining the latest policy requirements, and benchmarking the substantive issues in the industry with its work priorities for the current year.

Issue Importance	Contents	
<i>High importance</i>	Product safety and quality Employee health and safety Product innovation and R & D Intellectual property protection Customer information and privacy protection	Sustainable development of supply chain Responsible marketing Risk management Anti-corruption and business ethics Compliant operation
<i>Medium importance</i>	Employee rights and benefits Human capital development Promotion of industry development Community and public welfare	Emission management Energy utilisation Water resources utilisation Climate change mitigation and adaptation Product pricing and availability
<i>Low importance</i>	Nil	

We deeply understand that the stakeholders are highly concerned about the Group's material issues such as compliant operations, employees and product R&D. Performing relevant management work becomes the top priority of the Group.

In 2022, the Group continued to strengthen the management of the issues mentioned on the left-hand side, establish clear management objectives and plans, and promote the implementation of actions related to the material issues within the Group.

Risk Management

The Audit Committee under the Board of Directors is responsible for performing an independent review of the risk management and internal control system of the Group and reviewing the financial reports and the Annual Report on Risk Assessment and Internal Control, while the relevant business management departments are responsible for the implementation of risk management policies and daily risk management.

The Group has established an internal and external audit system and is committed to strengthening internal audit supervision and continuously improving the Internal Audit Management System, so as to realise objectives by reviewing and evaluating the appropriateness, legitimacy and effectiveness of business activities and internal control of the Company and its subsidiaries. In addition, the Company engages an independent auditor to conduct external review and audit on the interim and annual financial statements, respectively.

Meanwhile, the Group's internal Supervision and Security Department is responsible for the supervision of business activities within the Group, including anti-corruption, anti-fraud, etc.

Prevention first

Identify overall risks in advance; rank in order of importance; arrange control in advance and take reasonable early warning and response plans.

Combination of prevention and control

Establish sound internal control system through continuous sorting and optimisation of the system process; set key risk indicators and assessment methods; develop countermeasures and resolution mechanism for risks.

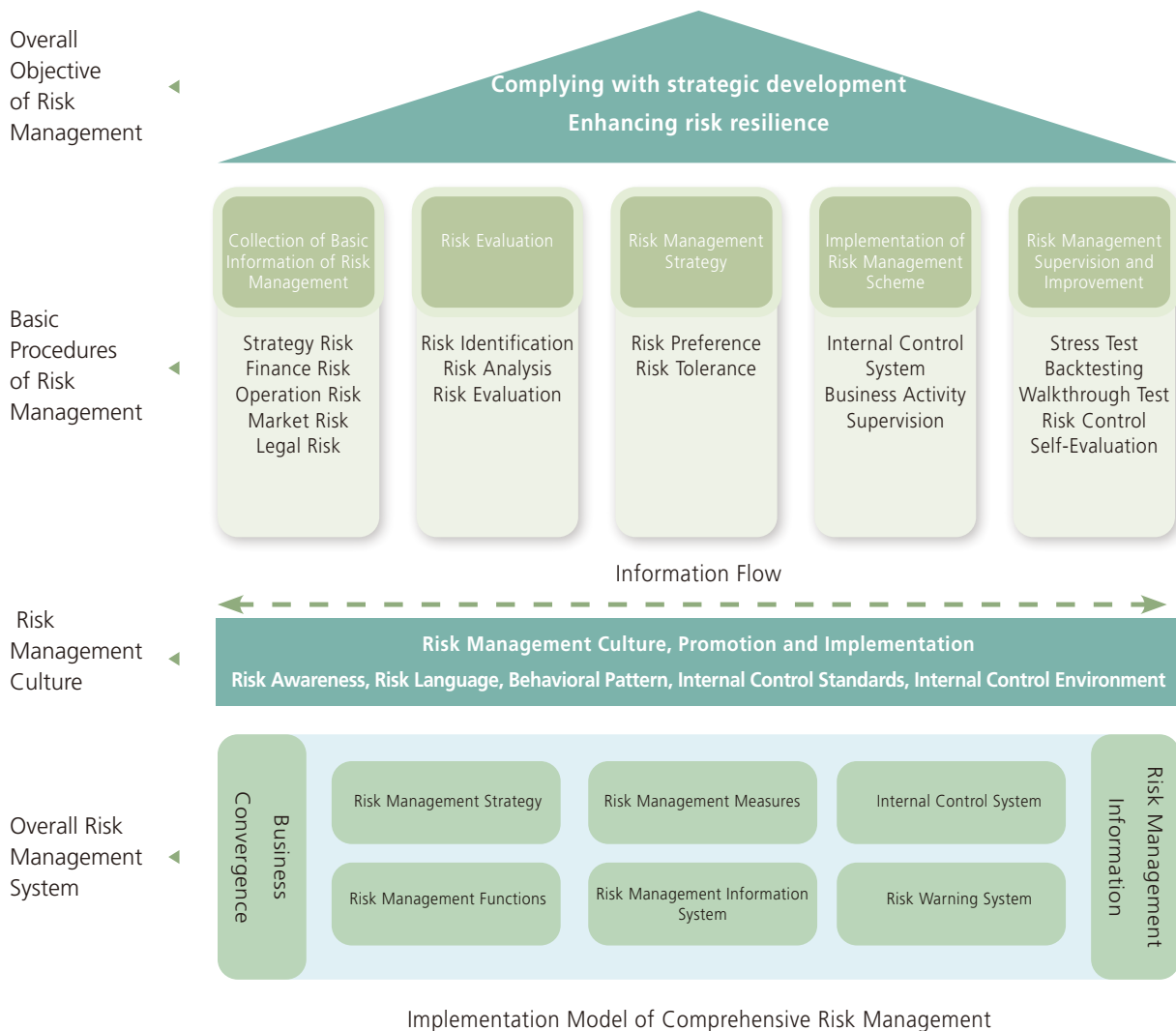
Dynamic management

Assess major changes, check risks and performance, and carry out dynamic tracking and continuous improvement of risk management with the modern information technology.

Full coverage of risk system

Establish a comprehensive risk control system to ensure the legal compliance of operation and management, the security of assets and the authenticity and integrity of financial reports and relevant information.

Risk Management Model



For the achievement of strategic goals, business goals, financial goals, compliance goals, etc., we have designed, distributed and collected risk survey questionnaires with all departments and major subsidiaries included in the scope of survey, in order to conduct comprehensive risk survey and analysis. For major risks, the Group has carried out key and targeted risk management activities and established internal control measures to avoid, reduce or share risks.

Product Quality



Guidelines and Concept of Product Quality

As a pharmaceutical enterprise with pharmaceutical innovation, R & D and manufacturing as the core business, CSPC regards quality as its lifeline and has always taken product quality as the first core competitiveness, adheres to the quality guideline of “ingenuous manufacturing with craftsmanship and high quality to create excellent CSPC”, complies with the quality concept of “manufacturing products with love and transmitting health”, and carries forward the quality culture of “producing high-quality medicines with heart”.

Quality Guideline	Ingenuous manufacturing with craftsmanship and high quality to create excellent CSPC
Quality Concept	Manufacturing products with love and transmitting health
Quality Culture	Producing high-quality medicines with heart

Product Quality Commitment

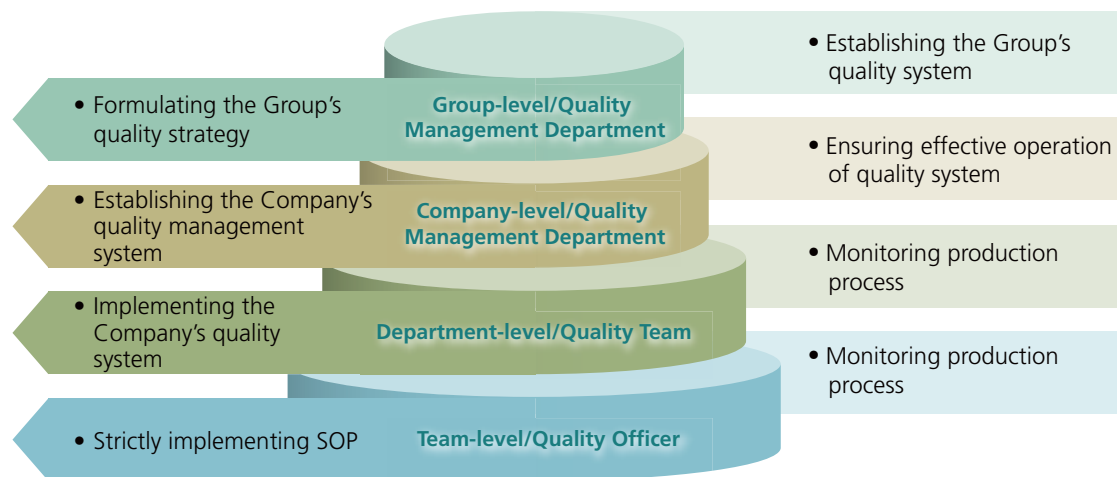
The Group's quality management and inspection team consists of many management personnel with master's degree and bachelor's degrees or above, who can effectively perform various quality management work of the Group. In order to ensure the safety of medication and the interests of patients, we have always adhered to the following quality commitments:

1. Strictly following and implementing the requirements of relevant laws and regulations, and ensuring the integrity in our business operations, abiding by laws with integrity and restraining from deceptive or fraudulent practices during the course of production, processing, sales, brand promotion and after-sales service;
2. Establishing product quality standards according to the national pharmacopoeia of relevant products to ensure that the products comply with the quality requirements and with laws and regulations;
3. Constructing a sound quality management system which covers the whole product life cycle and continuously enhancing quality management standard through internal audit and management review;
4. Ensuring that the measurement tools, instruments and equipment used for product inspection are calibrated by qualified calibration institutions, so that all quality inspection activities are stringent and effective, and relevant quality management records are traceable;
5. Implementing product traceability management with the help of ERP, SAP, MES, WMS, LIMS and other management systems and product traceability system;
6. Focusing on customers' needs, improving after-sales service management system, striving for excellent after-sales service, and taking customers' satisfaction as the code of conduct of the Group.

Product Quality System

The Group has always strictly abided by the national laws and regulations on product quality and safety, such as the Law of the People's Republic of China on the Administration of Drugs, Drug Registration Regulation, the Law of the People's Republic of China on Product Quality, Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers, Good Manufacturing Practice for Drugs, Guideline on Good Pharmacovigilance Practices (GVP) and other requirements, and has established a comprehensive quality management and whole process traceability system with a focus on prevention, which ensures quality management of drugs during the whole life cycle.

The Group implements a four-level (Group-level, Company-level, Department-level and Team-level) quality assurance system and has a professional quality management team responsible for managing the quality control and assurance of each subsidiary.



Four-level Quality Assurance System

All of the Group's subsidiaries have established comprehensive quality management systems, covering six major systems of drug production and operation. Each company has established a collection mechanism for laws, regulations and standards to timely collect the latest domestic and foreign laws, regulations and standards, and compile them into internal documents of the Company. The formulation and implementation of relevant systems can ensure that the quality management system complies with laws and regulations and guides the quality-related activities. At the same time, the Group and each subsidiary have also established quality risk management systems, based on which, the scientific quality risk assessment tools are applied to identify the possible potential risks affecting product safety and quality control from different dimensions, so that we can formulate control plans in advance to provide patients with high-quality, safe and controllable products.

100%

Participation Rate of Quality
Training

12 times

Quality Analysis Meeting

19 times

Quality System Review

The Group has established a sound and complete training system, covering the investigation and analysis of training needs, and the formulation and implementation of training plans. Each subsidiary formulates an annual training plan every year so as to evaluate training outcomes. The training plan for each employee must include the training of quality management knowledge and GMP corresponding to the operation requirements of his/her post to ensure that all employees receive effective induction, on-the-job and transitional trainings for their posts and have the qualifications and skills to engage in corresponding work.

Through regular quality analysis meetings and annual quality review, all subsidiaries summarise the existing problems in production quality, sales, complaints and services, and formulate corresponding improvement measures. In order to promote the continuous improvement of quality management system of all subsidiaries in the Group, the Group has strengthened the supervision and inspection on all subsidiaries in line with the risk principle based on the quality evaluation and business characteristics of respective companies, so as to detect deficiencies and track rectification measures in a timely manner, thus promoting the continuous improvement of quality management system of all enterprises.

Product Quality Certification Management

In recent years, CSPC has focused on improving product quality standards, implemented internationalisation strategy, and carried out quality management in all processes in strict accordance with the provisions of various certifications. During the reporting period, CSPC has undergone 46 times of various inspections from domestic drug regulatory authorities and passed them successfully. The major domestic and international certifications passed in 2022 are shown below:

Certification Type	Certification Agency	Certification Situation
<i>GMP compliance check/ registration check</i>	National and Provincial Drug Supervision Administration Bureaus	Successfully passed 46 times of inspections of domestic regulatory authorities in 2022, including <ul style="list-style-type: none"> • GMP compliance check/unannounced check for 26 times; • Special check/follow-up checks for 18 times; • Registration checks for 2 times
<i>GSP compliance check</i>	Provincial (Municipal) Drug Supervision Administration Bureaus	Successfully passed the on-site inspections for more than 16 times carried out by the drug supervision departments at all levels in the province or city in 2022
<i>ISO9001 Certification</i>	Third-party Certification Agency	10 production enterprises, including Weisheng and XNW, of the Group have obtained the certification
<i>U.S. FDA Certification</i>	U.S. Food and Drug Administration	Acquired FDA certification for a total of 21 times
<i>EU Certification</i>	Quality of Medicines & HealthCare of EU Members	Passed on-spot check of EU and its member states for a total of 8 times
<i>CEP Certification</i>	European Directorate for the Quality of Medicines & HealthCare	Obtained CEP certificates for 8 products

Product Quality Internal Audit



In 2022, inspectors were selected from the Group's internal inspector directory to conduct quality system inspection and mutual inspections of special projects among subsidiaries, and to supervise, inspect and guide subsidiaries. A total of 19 system inspections and 30 unannounced inspections were conducted. Meanwhile, the communication and sharing among subsidiaries of the Group were strengthened in terms of advanced quality management experience and typical problems found in internal and external inspections.

At the beginning of the year, the Group formulated quality system inspection, unannounced inspection and special inspection plans to ensure full coverage of quality system inspections for its subsidiaries every year.



QC Outstanding Enterprises



QC Award-winning Groups

Award Certificates obtained in Quality Activity



1300+
Rational Suggestions



220
QC Teams



18
Provincial Honors

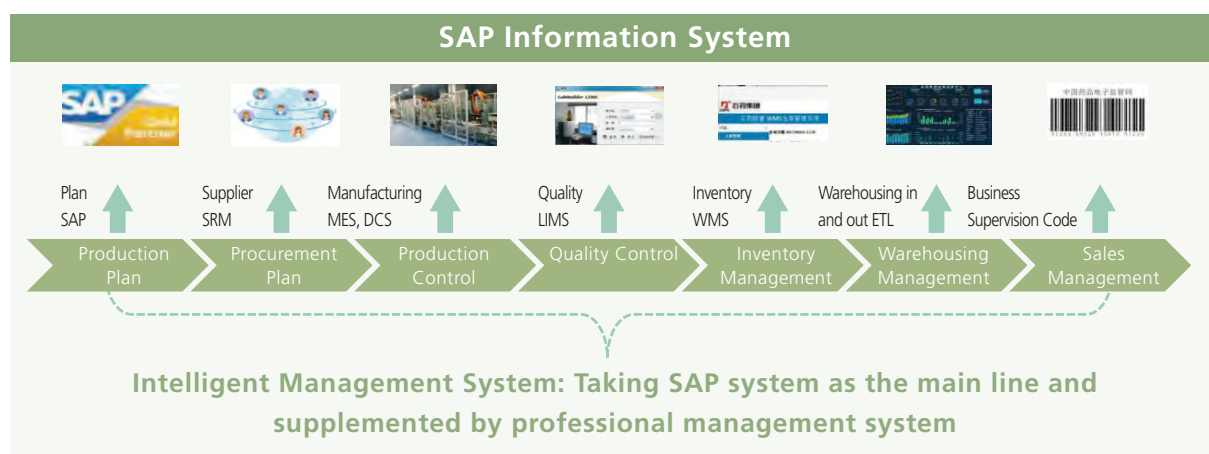
In 2022, the Group improved employees' quality awareness and encouraged employees to make quality improvement and innovation by carrying out Quality Month programme, various quality management team activities and quality breakthrough projects.

In 2023, the Group will continue to carry out various quality inspections for its subsidiaries based on the quality evaluation and grading results in line with the risk management principle, so as to continuously improve its overall quality management level.

Product Production Quality Control

Intelligent information system and advanced manufacturing equipment

With SAP system as the main system supplemented by professional management system, the Group promotes intelligent manufacturing through construction of information system. The Group's companies have established a whole-chain management system from receipt of materials, production control, delivery of finished products to distribution, which can achieve effective management and continuous improvement in the product life cycle by combining with the existing information system. In terms of hardware, the production workshops are designed and built according to the standards of "intelligent manufacturing" and "internationalisation", which are of the internationally leading standards. Through the combination of equipment and information software, the Group has achieved standardisation of production process, integration of workshop management, real-time cost analysis, traceability of manufacturing process and efficiency maximisation.



The application of advanced production equipment and information systems such as MES, WMS, LIMS and traceability system helps the Group achieve intelligent manufacturing. In terms of software, all subsidiaries of the Group have also established a series of management systems and operating procedures for production and process control with an aim to guide employees' operation, avoid confusion and errors, and reduce the risk of pollution and cross pollution. After receiving materials, the workshops shall complete the production according to the process regulations and the standard operating procedures of each post; then, the Quality Management Department completes the sampling of finished products, transfers the qualified products to the warehouse for inspection. Subsequently, QC Lab uses LIMS software to automatically manage data and reduce human errors. The automatic monitoring and alarm system are installed for the pressure, temperature and humidity of key production rooms, warehouse temperature and humidity, lab refrigerator temperature and stability box temperature and humidity, which will give an alarm when the value exceeds the standard thresholds, so as to reduce the delay caused by human judgment. Each batch of products has a unique batch number, effectively tracking the product within life cycle.

“Modern Intelligent Equipment” “Intelligent Manufacturing of Internationally Recognised Products”

The production workshops are designed and built in accordance with the standards of “intelligent manufacturing” and “internationalisation”, which are of the internationally leading standard.



Material Management

Each subsidiary has established the Management System of Material Acceptance, Storage and Distribution, stipulating the process from inspection of incoming materials, warehouse storage management and distribution to production and use. All materials shall be purchased from qualified suppliers, then warehoused after passing acceptance, and stored according to storage requirements. The materials to be inspected and allowed for delivery shall be clearly marked to effectively prevent errors. Unqualified materials shall be clearly marked and subject to safe isolation and storage measures to effectively avoid use in production. Only qualified materials approved by the Quality Management Department can be released to the workshop for production.

Release of Finished Products

The Group’s subsidiaries strictly implement the system that the products can be only released by the drug production license holders. Each company has established the Product Release Management System and equipped with sufficient testing equipment and personnel. All finished products are released after passing the inspection by the Company’s quality department. If the drug is authorised for production, both the contractor and the subcontractor shall sign the subcontractor agreement and quality agreement in accordance with requirements of relevant laws and regulations to specify their quality responsibilities in the management of drug production and release. Each batch of products can only be released after passing inspection according to the existing standards and being reviewed by the quality personnel authorised by the drug production license holder. Every year, each company conducts stability studies on the released products in accordance with the requirements of the Product Stability Evaluation Management System and monitors the quality of products within the validity period to ensure drug safety and efficacy.



Quality Risk Management

The Group attaches great importance to the medication safety of patients and is committed to managing quality and safety risks well. Meanwhile, the Group has constructed a sound pharmacovigilance system and successfully implemented the management system and various processes of the drug safety committee in the preparation companies.

Risk prevention and control system

The Group's quality risk management concept is "prevention first, combination of prevention and control and dynamic management". Based on the relevant requirements of ICH Q9 quality risk management, a risk control system and Quality Risk Management System have been established in the Group to identify the risk points that may affect product quality in the life cycle of medicines. In the process of risk assessment, the Quality Management Department gathers experts to conduct risk assessment on various drugs and processes by means of assessment and analysis tools, such as failure mode, influencing factor analysis and fishbone diagram, and implement hierarchical management to formulate corresponding mitigating measures based on the evaluation results.



Prevention first

Identify quality risks in advance, make evaluations and management update, carry out importance grading, formulate control plans in advance, and take various early warning and response plans.



Combination of prevention and control

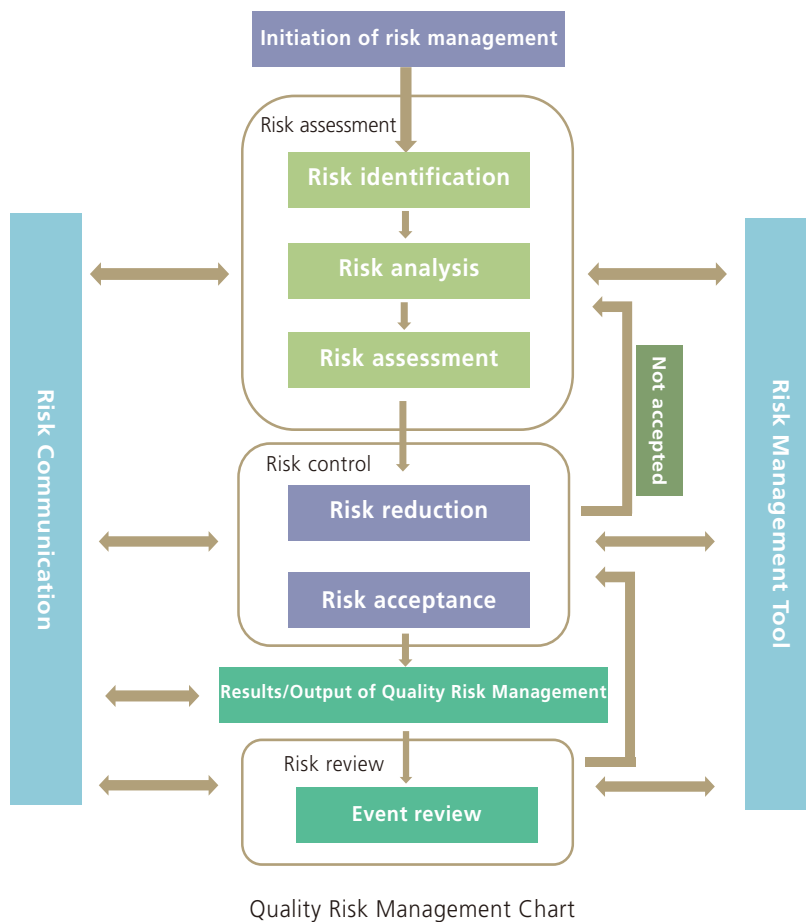
Carry out prevention and management control at the same time, which not only prevent risks in advance, but also actively manage and control the risks.



Dynamic management

Risk prevention and control can quickly adapt to the changing external environment and shall be revised and improved in time with the changes in national laws and regulations, the reform of management system, the improvement of management level and the needs of operation and management.

With the comprehensive quality risk prevention and control system, the Group has clearly established the assessment procedures and prevention measures for quality and safety risks, carried out risk management in the whole process from risk assessment, risk control to risk review, and run risk communication and management tools through the whole process.



Quality Risk Management Chart

Drug Quality and Safety Traceability and Recall System

The Group is committed to providing the society with products of excellent quality, good curative effect, safety and reliability, and attaching great importance to quality and safety of medicines. We adhere to the concept of “quality comes from design” and use risk management tools to carry out life-cycle quality management from product R&D to commercial sales and at the same time, have created a sound market monitoring mechanism. Furthermore, all subsidiaries have established customer complaint management system, product return management system, product recall management system as well as corrective and preventive measure management system so as to collect and analyse market feedback and formulate corrective and preventive measures for continuous improvement. Besides, all preparation production companies have established and improved the pharmacovigilance system and established the adverse drug reaction report and monitoring system to ensure the safety of patients.

The application of information construction also helps the companies within the Group establish a traceability system in the whole life cycle of drugs, which can effectively track the process from receipt of materials, product delivery from factory to commercial distribution.



Pharmacovigilance System

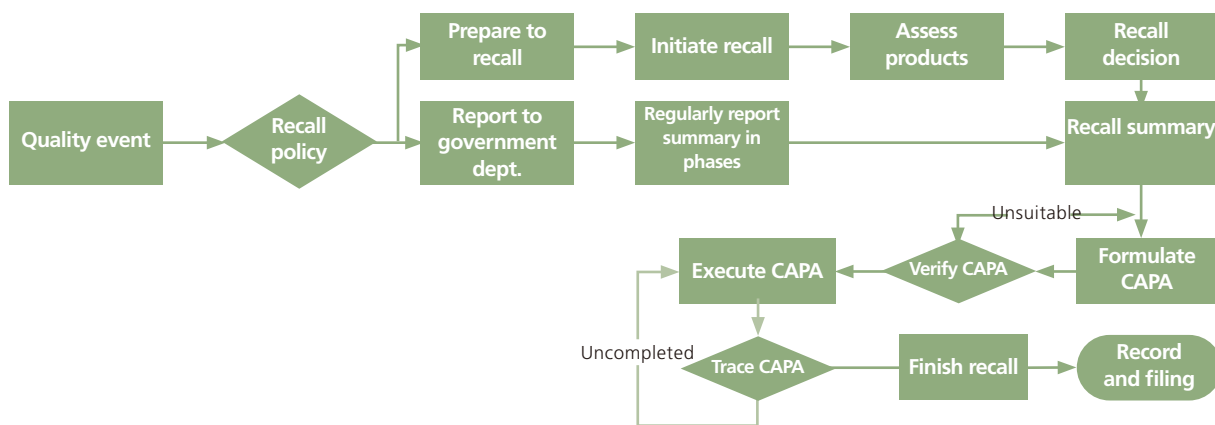
The Group's headquarter guides its member enterprises to establish a sound pharmacovigilance management system in accordance with the Guideline on Good Pharmacovigilance Practices (GVP), and supervises the operation of pharmacovigilance system of each preparation company. The Group has also set up a Drug Safety Committee which is responsible for dealing with major drug safety incidents at group level, while each preparation company maintains and executes the pharmacovigilance system at company level, and clearly establishes and improves the collection, reporting and handling procedures of adverse drug reactions. In addition to appointing the Head of the Adverse Drug Reaction Monitoring Department, each subsidiary will also be assigned with full-time inspectors of adverse drug reactions according to the production scale to effectively implement the pharmacovigilance management system.

The effective execution of the pharmacovigilance management system, management system of Drug Safety Committee and emergency response system for major drug safety events in the Group ensures that emergency measures can be rapidly taken in case of mass and major adverse reaction events, and timely reported to the National Medical Products Administration, local provincial and municipal pharmacovigilance centers and other relevant departments. At the same time, each preparation company of the Group submits the annual pharmacovigilance report every year and updates the regular drug safety report on time.

Products recall



For the recall of defective products, each subsidiary has set up a Product Recall Management System, which clearly determines the responsibilities of quality and sales departments and establishes relevant process of product recall. According to the degree of potential safety hazards, product recall is classified into level-I recall, level-II recall and level-III recall and product recall procedures have been established. The Quality Management Department of each company regularly organises simulated product recall drills to ensure the effectiveness of the product recall system. In 2022, no product sold or shipped by the Group was recalled due to safety or health reasons.



Product Recall Handling Process

Promote Customer's Satisfaction

Customer First

With "customer first" as one of the codes of conduct, we are committed to meeting and even exceeding customers' expectations with high-quality service, creating maximum value for customers, and implementing the concept of "customer first" in the daily work of employees.

A Customer Service Department is set up in the Company's Marketing Operation Center, focusing on sales service and consulting with customers. In order to closely track customers' needs and make timely improvements, we conduct customer satisfaction surveys and use measurable key performance indicators to improve our services. With respect to the feedbacks from customers, we deeply explore and trace the root causes to continuously improve operations and services.

Customer Information and Privacy Protection

We also attach great importance to protection of privacy of our customers and ensure not to lose or leak their information in the process of sales according to the contract terms. In addition, the Group has formulated the comprehensive Information and Network Security Management System, Regulations on Maintenance and Management of Customer Master Data and Confidentiality Management System, and set strict authority control in the information system to ensure the best protection of customer information. During the reporting period, no violation of the customer's privacy or loss of customer data occurred.

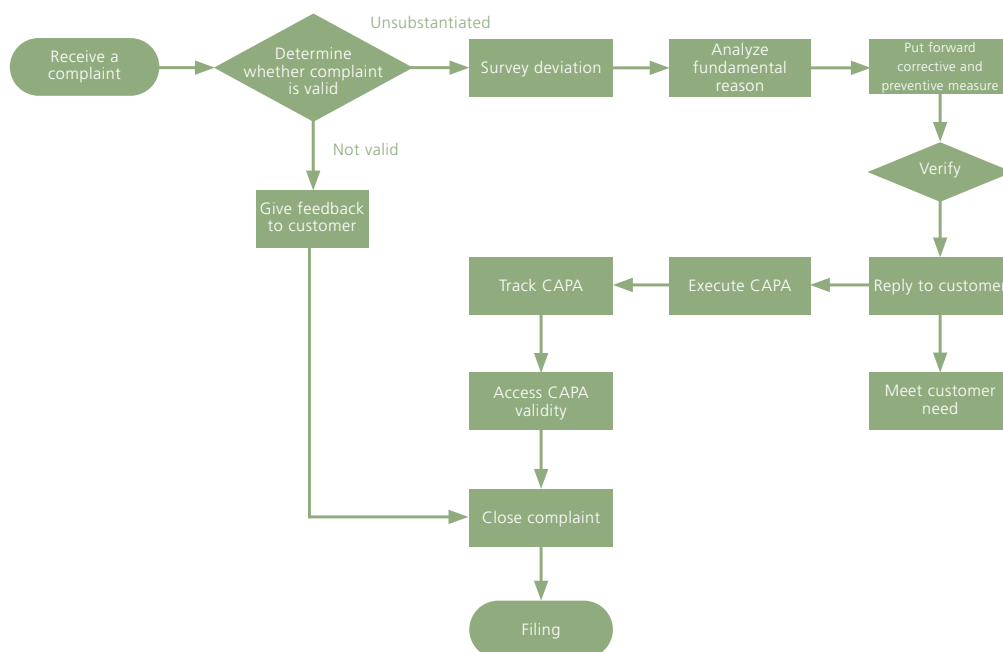
Customer Complaints

Each company under the Group has established a comprehensive customer communication mechanism, which can classify the information received about customers' needs, provide feedback to all relevant stakeholders, and then transform them into R&D direction, key technical requirements and service improvement goals, so as to meet customers' needs in the process of R&D, procurement, production and sales.

With the continuous changes in national policies and external environment, the needs and expectations of customers are also changing. Each company can regularly evaluate whether the scope, frequency, process, project content and other methods of investigation for understanding customers' needs and expectations are scientific, practical and effective through management review, business plan follow-up, rationalised proposal and other methods, and then analyse and improve.

In order to effectively monitor the quality of products on the market, sales personnel shall be arranged to take the initiative to visit customers in the market front line, take samples, observe and monitor the product quality, and ensure the dual quality confirmation on the samples kept by the company and the products put on the market. The Group has also established a Customer Complaint Management System to clarify the types and handling procedures of complaints, and to summarise and evaluate quality complaints every year. In 2022, 10 quality complaints were received, with a quality complaint rate of 0.12%. All complaints have been responded timely and handled effectively.

The feedback process of customer complaints is as follows:



Customer Complaint Handling Flowchart

Honesty and Integrity

Operating with integrity

In 2022, the Marketing Management Center of the Group, together with the Supervision and Security Department and Human Resources Department, formulated the Code of Professional Conducts for Marketing Personnel, continuously strengthening the cultural guidance and institutional construction, reshaping the value of customer concepts, marketing strategies and professional code of conducts, and achieving the business goal of “cultural guidance, integrity management, and stable performance growth”.

Customer-oriented: For external customers, we establish a customer-centered operational mechanism, which constantly improves the service system, the setting of organisational structure and process change. Customers' needs are regarded as the starting point to ensure that external customers are satisfied with products, services and CSPC. For internal customers, we clarify the “internal customer chain” among business divisions, functional departments, job levels, processes and procedures by refining the operation chain and value chain, infusing the concept of “customer first” into the organisation to promote cross-departmental and systematic thinking among all employees.

Sincere interaction: For external customers, we solve problems from the customer's perspective, take their needs as the guide for our work, listen to their voices while being sincere, earnest, considerate, careful and attentive to gain customer satisfaction, trust and loyalty. For internal customers, we constantly optimise the process, improve work quality standards, enhance internal customer satisfaction, and build an organisational “mental model” to promote team cooperation and enhance the collective combat effectiveness by serving and complementing each other.

Value creation: For external customers, we bring value to them with high-quality products and services, constantly meet their unmet clinical needs with innovative products, and improve the quality of life through scientific and technological advances. For internal customers, we incorporate value creation into every process, connect through serving each other to form a community of interests, achieve goals and accomplish missions by creating value for the society and customers.



Reshaping of Customer Concept

To have an insight into market, focus on expertise, continue to make breakthroughs and grow with CSPC

Build the overall thinking of the Marketing Team.

In terms of time span, have the ability to foresee the future market demand and changing policy trend to allocate resources timely and optimise marketing strategy; In terms of observation scope, understand ourselves and others better, comprehensively analyse patients, doctors, commercial terminals and other stakeholders, form in-depth, objective and accurate analysis and judgment of the market, and then constantly adjust the marketing strategy.

Enhance the spirit of reform and innovation awareness of the marketing team, adapt to the changes in the internal and external environment, restrain ourselves from making progress or follow the beaten track to achieve the continuous innovation of sales mode.

Promote the sense of responsibility of the marketing team to exceed targets and achieve continuous breakthroughs in sales performance.



Through scale expansion of the marketing team and continuous optimisation of the organisational structure, each team will focus on different therapeutic areas and market segments for intensive cultivation and collaborate with each other through division of labor.

Carry out continuous empowerment training to optimise the work process, and build a sales iron force with close cooperation and efficient operation of multiple departments, like sales front line, market, medical, operation, policy and regulations, finance, etc. so as to improve the reputation of customers with a professional team image.

Based on the characteristics of the marketing team, such as complex sources, more external temptations, and high mobility, employees should look into the future, integrate personal development with the development of the Company closely to enhance the sense of belonging of the whole team. As a leader in the domestic pharmaceutical industry, CSPC is striving for excellence, and the marketing team should also have high ambitions, share the same fate, build the future and grow together with CSPC.

Reshaping of Marketing Concept

Professional Code of Conducts for Marketing Personnel

Agility: sell products, promote services and create brands



Professional Code of Conducts for Marketing Personnel

Agility: sell products, promote services and create brands

<p>Teamwork Cooperation</p> <ul style="list-style-type: none"> • Always maintain a team-oriented mindset and provide selfless assistance to team members. • Clarify each member's role in the team and take the initiative to undertake responsibilities. • Do not avoid conflicts within the team but actively seek favorable solutions to turn the crisis into opportunity. <p>Interpersonal Understanding</p> <ul style="list-style-type: none"> • Have the ability to be flexible, appropriately express ideas and listen to others, and be pro-active and enthusiastic towards others. • Actively expand business network with existing social resources or interpersonal relationships. • Treat customers sincerely and friendly, maintain existing customers regularly, and actively introduce the company's new technologies and products to them. <p>Market Orientation</p> <ul style="list-style-type: none"> • Fully grasp market information, pay close attention to market policies, economic environment, changes in customer needs, product technology development, etc. • Clearly predict the future development trend of the market through observation and analysis. • Provide feedback on first-hand information quickly according to market changes, so as to seize the competitive advantage for CSPC. <p>Customer Service</p> <ul style="list-style-type: none"> • Proactively understand customers' feelings, predict customer needs, and adjust their work methods or objectives with a customer-oriented approach. • Stimulate the characteristics and needs of different customers to provide differentiated services, and consistently exceed customers' expectations in term of service content and quality. • Focus on establishment and maintenance of customer relations, and properly handle difficult issues that may arise in interaction with customers. <p>Achievement Orientation</p> <ul style="list-style-type: none"> • Not satisfied with the status quo, and strive for improvements in terms of position, salary and career prospects. • Have a clear career plan and pursue excellence in work. • Actively set more challenging work goals and achieve them in a positive and healthy way. 	<p>Co-generation of Righteousness and Benefit</p> <ul style="list-style-type: none"> • Appreciate and encourage the abilities and contributions of other team members. • Be able to bear setbacks, take responsibility, make self-motivation, and integrate personal honor into the honor of CSPC. • Unite and forge ahead with a long-term vision, share honor and grow together with CSPC. <p>Compliance and Self-discipline</p> <ul style="list-style-type: none"> • Do not accept small favors, engage in behaviors involving exchange of benefit or do anything detrimental to the Company's interests and reputation. • Resist unhealthy tendencies, be simple, restrain oneself and supervise others. • Treat customers honestly, provide correct information based on the nature of the event, do not exaggerate or distort fact, and do not transmit unconfirmed information. <p>Insight</p> <ul style="list-style-type: none"> • Anticipate the market and policy changes so as to identify the potential factors that affect the market. • Possess both pharmaceutical expertise and sales skills and have accurate judgment on key issues. • Predict the potential consequences that may arise in the work, so as to take preventive measures in advance, control and reduce the adverse development trend. <p>Learning & Development</p> <ul style="list-style-type: none"> • Take the initiative to think about the aspect to improve, actively participate in relevant training. • Deeply understand the latest product and technology in the market, and be able to interpret their application prospects in the industry and within CSPC. • Timely reflect and summarise, strive to practice, and transform knowledge and skills into achievements. <p>Adaptability</p> <ul style="list-style-type: none"> • Timely study and learn about policy changes. • Timely adjust marketing strategies in response to market changes. • Change sales plan based on evidence, and timely follow up is made on strategies and supporting measures.
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Reshaping of the Professional Code of Conducts of Marketing Personnel

Marketing Compliance

The Group carries out marketing activities in strict compliance with the requirements of national laws and regulations, such as the *Pharmaceutical Industry Standard of the People's Republic of China*, regulatory provisions, industry guidelines, articles of association, rules and bylaws. In 2022, the Group's Supervision and Security Department and the Marketing System jointly revised six institutional documents, including *Management System of Employees' Integrity and Self-discipline*, *Management System of Integrity and Self-discipline of Business Development*, and *Code of Professional Conducts for Marketing Personnel*, and signed the Undertaking of Integrity and Self-discipline with marketing personnel so as to continue to promote the construction of responsible marketing system, and transmit product information during the communication and exchanges with medical and health professionals, assist them in rational use of medicines, and provide cutting-edge scientific and educational information.

The Group strictly complies with the *Advertising Law of the People's Republic of China* and the *Provisions for the Administration of Drug Instructions and Labels* as well as other relevant laws and regulations on advertising and label management in order to ensure the compliance and legality of advertising. During the reporting period, the Group did not have any illegal and non-compliant events related to product labeling or marketing.

The Group regularly conducts compliance marketing trainings for sales personnel to ensure that they fully understand the Group's compliance marketing requirements. In 2022, a total of 175 compliance trainings and assessments were conducted for senior executives and marketing personnel, fully covering all employees. The average duration of compliance marketing training received per employee was 1.2 hours. The training contents include anti-commercial bribery, product compliance promotion, pharmacovigilance, marketing risk avoidance, case study, public release, review process of market communication content, social media operation, etc. Through these training, we ensure that employees are familiar with and abide by the company's system, standardise their marketing behaviors when conducting business activities, and jointly safeguard the Group's brand and reputation.

Practice of Business Ethics

The Group does not tolerant any acts that violate business ethics and strictly abides by national policies and regulations such as the *Interim Provisions on the Prohibition of Commercial Bribery* and the *Notice on the Serious Investigation and Active Prevention of Job-related Crimes in the Field of Food and Drug Supervision*. Also the Group has formulated the *Whistleblowing Policy*, *Management System of Employees' Integrity and Self-discipline*, *Management System for Accountability of Dereliction of Duty*, the *Management System for Supervision, Reporting, Reward and Punishment*, and established and improved the control and supervision mechanism of anti-fraud, so as to effectively prevent and control its fraud risks through internal control, internal audit and anti-corruption system.

Anti-corruption training

The Group actively carries out compliance training and has completed comprehensive business ethics training for all employees during the reporting period. The content includes anti-corruption and anti-fraud, integrity education training, integrity and self-discipline training for senior executives and case studies.

Whistleblowing channels

In order to cooperate with internal and external parties to jointly monitor compliance and supervise the implementation of business ethics and create the atmosphere of operating with integrity, the Group has formulated the Management System for Supervision, Reporting, Reward and Punishment, which clearly stipulates the requirements, reporting scope and investigation process of whistleblowing. All employees can submit complaints in real name or anonymously through the following methods, such as email, telephone, website, wechat etc.

Reporting Hotline: +86-(0)18931872760 (24h)

Reporting Email: cspcjwjb@mail.ecspc.com

Postal Mail: the Supervision and Security Department of CSPC, No. 896 Zhongshan East Road, Hi-tech Zone, Shijiazhuang, Hebei Province

Postal Code: 050035

Protection of Whistleblower

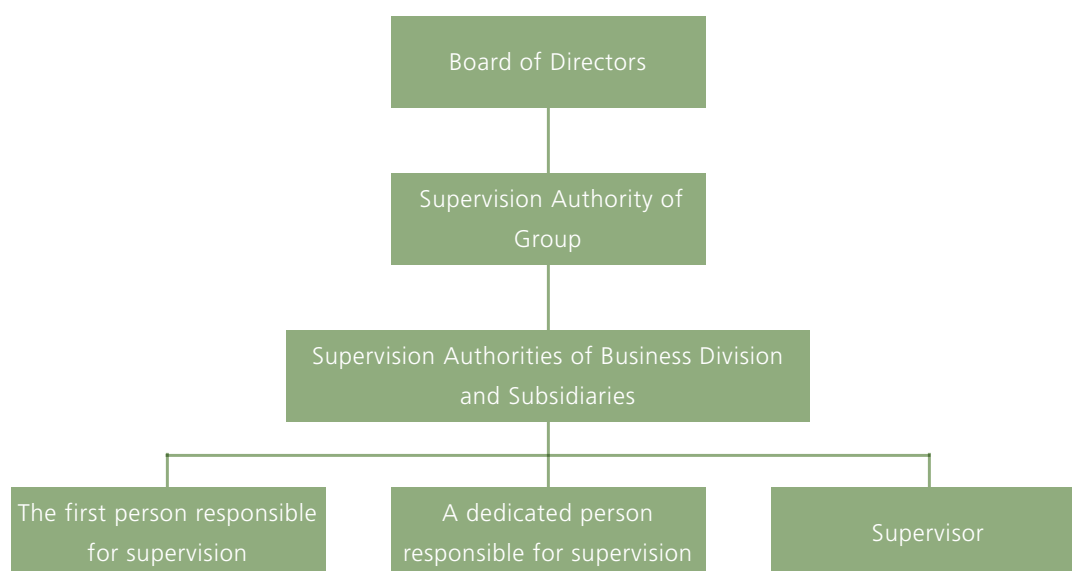
To protect the whistleblowers to the greatest extent and prevent him/her from receiving unfair treatment or retaliation due to complaints, the Group strictly limits the access to view the whistleblower's identity information and contents in complaint, prohibits any person from disclosing the whistleblower's identity information, and forbids any retaliation against the whistleblower. If we find out any leakage of information or retaliation against the whistleblower which violates the law, we will transfer the violator to the judicial authorities for handling according to law.

At the same time, the Group will reward the employees who provide clues about the persons who receive bribes, offer bribes, accept kickbacks, gifts or improper donations that do not meet the compliance requirements, upon verification.

Internal Supervision and Audit

The Group's management is responsible for monitoring the evaluation of risk management and internal control, and has reported the risk management and internal control system of this year, which are confirmed to be effective, to the Audit Committee and the Board of Directors.

The Supervision Department of the Group is a dedicated department authorised by CSPC to investigate corrupt practices, which always implements the risk control concept of "prevention first, combination of prevention and control, dynamic management and full coverage of risk system". The Supervision Department is committed to promoting prevention, supervision, education and punishment with the goal of improving efficiency of the supervision system, enhancing risk control capability, and creating a clean and upright work environment with real deeds. The persons in charge at all levels of the Group are directly responsible for the integrity and self-discipline of their working unit. Each unit is assigned with a first person responsible for supervision, a dedicated person in charge of supervision and a supervisor to ensure that the supervision in each unit is implemented horizontally and vertically in all aspects to ensure comprehensive coverage.



Internal Supervision

The independent Supervision and Security Department established by the Group is committed to urging employees to perform their duties honestly and operate with integrity, and preventing corruption with its binding internal policies, so as to establish a clean corporate culture atmosphere of “being proud of integrity and ashamed of corruption”. In addition, the dedicated Compliance Department pays close attention to the development of the Anti-Unfair Competition Law of the People’s Republic of China and other relevant regulations in China to ensure that the business of member enterprises is carried out in compliance with laws and regulations. A Vice President of the Group serves as the General Manager of the Supervision and Security Department and is directly accountable to the Board of Directors.

Collaboration in Supervision

The Group has joined two anti-fraud organisations, namely Trust and Integrity Enterprise Alliance and Enterprise Anti-Fraud Alliance and participated in training and learning activities carried out by the two alliances for many times in the year. By strengthening the external exchange with supervisors and achieving information sharing, the Group is committed to benchmarking with advanced enterprises and learning advanced external supervision experience in time.

Inspection

The Group has developed a comprehensive monitoring system for the whole process of internal operation, thereby preventing and mitigating various business risks. In 2022, the inspection on work of subsidiaries was carried out with the problems found in the inspection being rectified in time, and the relevant processes were further standardised. In addition, by putting forward more specific requirements for the professional skills of supervisors, the Group improves the ability of supervisors in identifying and dealing with problems in the process of supervision and inspection.

Integrity Education

In order to strengthen the integrity education and create a good atmosphere of lawful operation with integrity, the Supervision and Security Department carried out integrity education activities with participation of all staff within the Group, and also organised 7 times of integrity education and training activities during the reporting period, striving to establish and improve the regulations on integrity and self-discipline for key personnel. At the same time, we require managers at all levels and personnel at key positions to be strongly aware of ideological and moral concept against corruption and degeneration, and arrange for Senior Executives to sign the Undertaking of Integrity and Self-discipline for Senior Executives.

Internal Audit

The Group has established an Internal Audit Department responsible for unified audit management, mainly conducting audits on the major economic activities, financial income and expenses, internal control, risk management of the Group and its affiliated units, as well as the process of fulfilling their economic responsibilities when key management personnel resign from the affiliated units, identifying business risks and management risks, making independent and objective supervision, evaluation and recommendations, reasonably ensuring the authenticity and integrity of business information as well as the efficiency and effectiveness of business activities, improving the quality of implementing internal control, reporting the internal control defects found in the process of supervision to the management according to the existing procedures, timely tracking the rectification, ensuring the effective implementation of the internal control system, and issuing audit reports to facilitate the Group to improve governance and achieve objectives.

During the year, the Internal Audit Department has carried out more than 20 special audits and comprehensive audits, focusing on key areas such as R&D expenditure, procurement bidding, management of construction in progress and sales expense control, and covering important areas such as R&D system, centralised procurement system, engineering projects, sales system, etc. The department conducted special audits on key areas through inquiry, observation, inspection and supervision to strengthen its breadth and depth, timely discovered control defects in the operation process, disclosed business risks points, effectively avoided potential risks, and gradually improved the construction of internal control system. At the same time, the Internal Audit Department has continuously tracked the rectification of the issues identified during the audit to improve the effectiveness of the audit rectification and ensure the performance of the internal audit supervision function.

In 2022, the Audit Department submitted its *Annual Report on Risk Assessment and Internal Control* for discussion and approval by the Board of Directors.

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Corruption Litigation Cases

Strong Innovation, Fruitful Results

R&D Innovation

The predecessor of the CSPC was a sanitary materials factory built in 1938 in Shanxi-Chahaer-Hebei Border Region. After more than 80 years of development, CSPC has been transformed from producing cotton gauze in the past to developing and manufacturing innovative drugs, from a “chemical plant” in the eyes of passers-by to an international R&D system, and from sales of bulk drugs in tons to sales of new drugs in tablets. CSPC has evolved from a pharmaceutical company of Shijiazhuang into a global pharmaceutical company ranked 25th among the world’s top 1,000 pharmaceutical companies. During this process, we have relied on the guidance of national innovation policies as well as continuous innovation and opportunities.

CSPC has always adhered to the original intention of “Reward for good deeds are values” and do good deeds to create value through innovation and achieve fruitful results.



CSPC is a “National Innovative Enterprise” recognised by the Ministry of Science and Technology, the State-owned Assets Supervision and Administration Commission and the All-China Federation of Trade Unions. It has a first-class incubation base for high-tech drugs in China, i.e. CSPC Central Institute of Pharmaceutical Research. In 2022, R&D investment was RMB3.987 billion, with a compound annual growth rate of 25.84% from 2019 to 2022. At present, CSPC has established a R&D team of 2,000 people, including 1,000 highly educated talents such as Masters and PhDs, and set up a complete R&D system for innovative drugs, generic drugs, biologics and antibody drugs, becoming one of the leading R&D pharmaceutical companies in China.



R&D Team

2,000+ people in the team
200+ Ph.D. and overseas
high-end R&D talents



R&D Center

Establishment of R&D
centers in China and US
R&D investment in 2022:
Nearly RMB**4.0** billion



Technology Platform

8 national science and
technology qualifications
2 state key labs
8 R&D technology
platforms



Projects and Patents in Progress

100+ innovative drug
projects
1,500+ patent
applications
800+ patents authorised

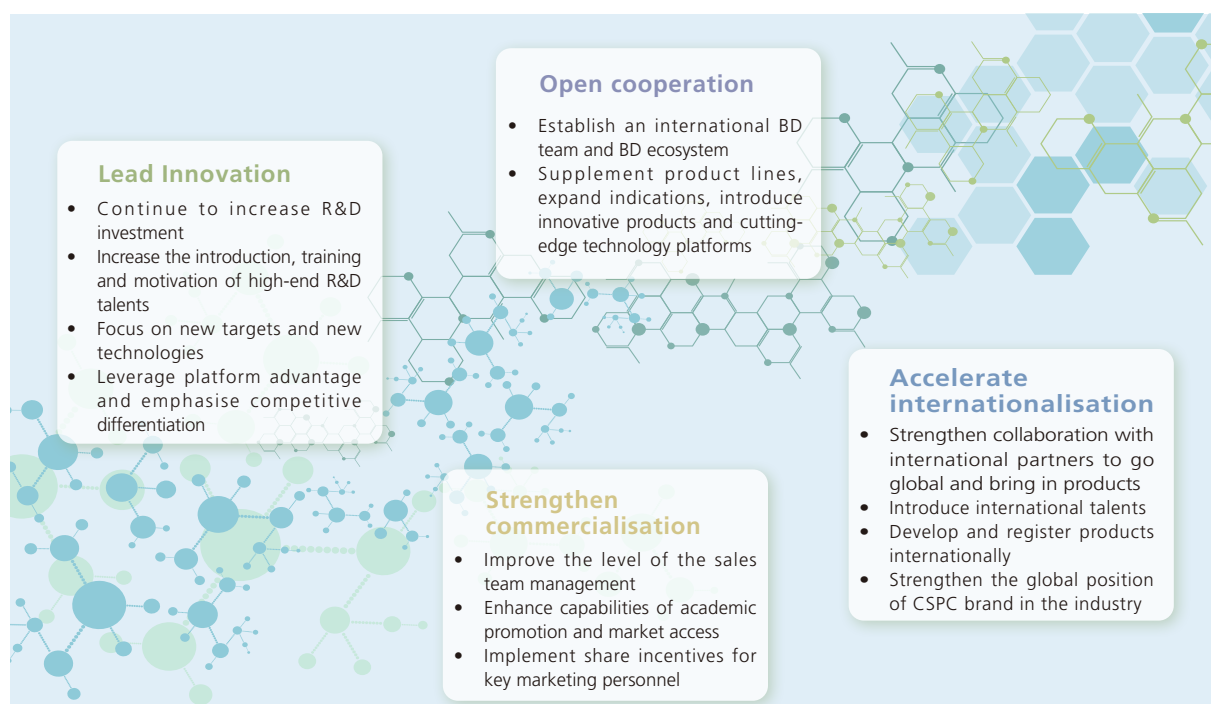


Science and Technology Projects and Awards

86 national science and
technology projects
RMB**810** million of
government financial
subsidies
8 national prizes

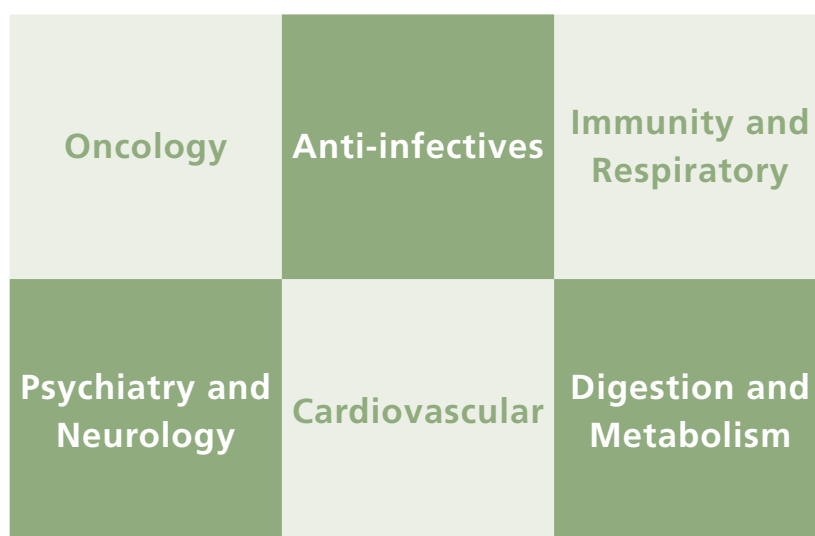
THE WORLD'S CSPC

Guided by its innovation-driven strategy, CSPC is currently at the forefront of the industry in terms of its R&D team, R&D center, technology platforms, research projects and government support. In the future, CSPC will adhere to these “four driving forces” to ensure its stable growth.



R&D Strategy

In 2022, with the mission of “solving universal health problems and improving the access to medicines”, CSPC focused on six major therapeutic areas, including Oncology, Anti-infective, Psychiatry and Neurology, Cardiovascular, Immunity and Respiratory, and Digestion and Metabolism, with clinical value as a guide to find new targets, technologies and treatments.



R&D Achievements

In 2022, a total of 18 products obtained approvals for being listed on the market, among which, 12 have been put into production, representing 67% of the total products approved. Duvelisib Capsule is a Class I new drug; Mitoxantrone hydrochloride liposome injection is a high-end formulation with independent intellectual property rights listed exclusively worldwide; zoledronic acid injection, nifedipine controlled-release tablets and lenvatinib mesylate capsules won the bids of the “7th round of the national volume-based procurement” which have already been implemented.

In 2022, CSPC obtained 14 clinical trial approvals, including 8 clinical trial approvals for first indications and 6 clinical trial approvals for new indications in China.

Clinical Trial Approvals in China for First Indications (8)	
SYHA1908 for Injection (Solid tumors)	SYS6006 (Covid-19 mRNA vaccine)
SYHX2005 (Solid tumors)	Daunorubicin cytarabine liposome for injection (AML)
Ustekinumab injection (Psoriasis)	Cisplatin micelle injection (Solid tumors)
SYHX2009 tablets (Solid tumors)	SYS6002 (Solid tumors)

Clinical Trial Approvals in China for New Indications (6)	
Prostaglandin liposome for injection (Contrast-induced acute kidney injury)	
TG103 injection (Non-alcoholic steatohepatitis)	
TG103 injection (Alzheimer's disease)	
Duoenda (Neuromyelitis optica Spectrum Disorder) (NMOSD)	
Duoenda (Combined therapy for nasopharyngeal cancer)	
SYHX1901 (Severe Covid-19)	

R&D Progress in COVID-19 Vaccine and Drugs

In 2022, CSPC, as a leading national pharmaceutical company, actively assumed greater social responsibility and made rapid progress in the field of prevention and treatment of Covid-19. The mRNA vaccine was in clinical development, and SYH2055, an oral small-molecule 3CL protease inhibitor against Covid-19 with global independent intellectual property rights, and SYHX1901 tablets, a JAK/TYK2 inhibitor for the treatment of adult patients with severe Covid-19, have both been approved for clinical use.

R&D Progress of SYHX1901 Tablets

1. Class I global innovative drug;
2. Molecular compound JAK/TYK2 inhibitor
3. Acquired clinical approval on November 3, 2022

SYHX1901 Tablets

R&D Progress of mRNA (SYS6006) Vaccine:

1. Conducted Six clinical studies;
2. Achieved independent production of key raw and auxiliary materials
3. Built a GMP-compliant production workshop with capability for rapid industrialisation.
4. Included for emergency use in China in March 2023



On 7 December, SYH2055 developed by the Group was approved by the National Medical Products Administration for clinical trials in China. SYH2055 is an oral small-molecule 3CL protease inhibitor against Covid-19 developed by CSPC with global independent intellectual property right and is a global innovative drug classified as Class 1 chemical drug in China.

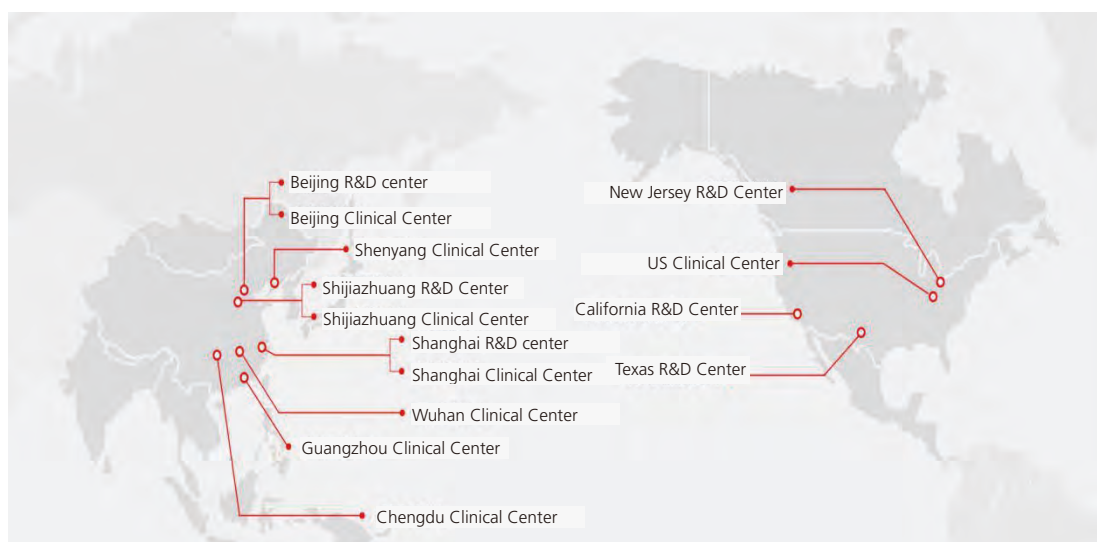
This product inhibits cleaving of the viral precursor proteins by acting on the main Covid-19 protease (Mpro/3CLpro), thereby preventing viral replication and demonstrating antiviral activity against Covid-19. Pre-clinical studies demonstrated that this product has potent and broad-spectrum antiviral activity against the current dominant mutant strains including Omicron BA.4 and BA.5 variants.

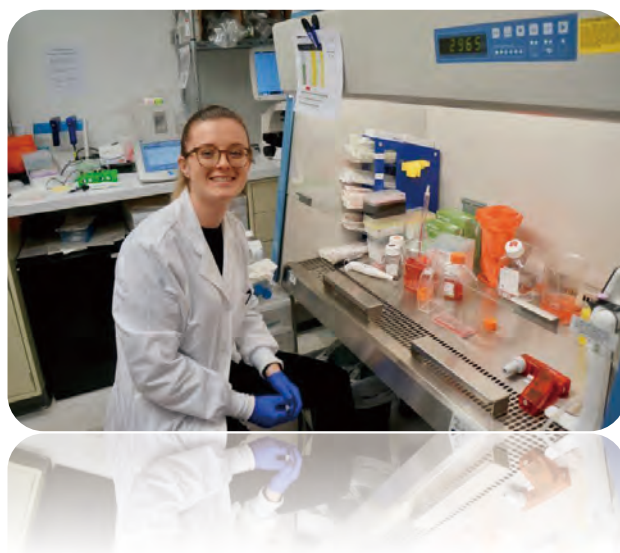
In 2023, Megalith Biopharmaceutical Vaccine Base is fully underway with a standard plant of 50,000 m² and low-temperature cold storage of 8,000 m² already constructed, possessing the capability of rapidly producing biological vaccines in large quantity. At the same time, relying on the cold chain logistics and distribution capacity, the whole industrialisation chain of biological preparations has rapidly formed, injecting new momentum into the sustainable development of CSPC.





Internationalisation

CSPC has established an integrated R&D system at home and abroad, with domestic R&D, focusing on the development of small-molecule innovative drugs, biologics, new formulations and generic drugs. The USA R&D headquarter is located Princeton with three R&D centers in California, Texas and New Jersey, which are mainly engaged in the development of innovative antibody drugs. The Group's innovative products have dual registrations in both USA and China.





After years of investments, CSPC achieved the following results in term of internationalisation in 2021 and 2022:

2	World's first	14	Overseas clinical new varieties	9	Orphan drugs
	<p>Duoenda</p>  <p>Copiktra</p> 		<p>NBL-012, NBL-015, Irinotecan liposomes, SYSA1801, maleate levamlodipine, Mitoxantrone liposome, JMT601, Butylphthalide, NBL-020, CPO-204, bispecific antibody M701, ALMB-0166, SYHA115, ALMB-0168</p>		<p>DP303c Albumin-bound Docetaxel NBL-015 SYSA1801 Mitoxantrone liposomes Butylphthalide JMT601 ALMB-0166 ALMB-0168</p>

Some Advantageous Products under Research

JMT103(RANKL): the first IgG4 subtype fully human monoclonal antibody against RANKL filing BLA in the world.
SYHA1908: A new generation taxane with high efficacy and low toxicity for the treatment of solid tumors, and there is no comparable product available on the market worldwide.
JMT601: the world's first oncology drug for treatment of diffuse large B-cell lymphoma, which has entered clinical stage of development and was granted fast-track designation by the FDA in USA.

Protection of Intellectual Property Right

Intellectual property is not only the core strategic resource of enterprises, but also the core element of comprehensive strength and competitiveness. Taking the opportunity arising from the intensification of national medical and health reform and the State's supports on the development of innovation capability of pharmaceutical enterprises, the Group continuously improves the pharmaceutical R&D system that integrates generics and innovative drugs by capitalising on its own competitive advantage in R&D resources. In the meantime, we also actively promote the establishment of independent innovation system and strive to lead corporate development with intellectual property strategy in order to enhance our R&D capacity and core competitiveness.

The Group has set up a dedicated department for intellectual property management which actively lays out the plans for patents within the legal framework to protect R&D innovations while avoiding infringement against others' intellectual property rights, in accordance with the *Patent Law of the People's Republic of China*, *Rules for the Implementation of the Patent Law of the People's Republic of China*, *the Enterprise Intellectual Property Management Standards*, *the Patent Cooperation Treaty*, *Paris Convention* as well as other laws and regulations of various countries on intellectual property.

CSPC makes a comprehensive diagnosis and analysis of intellectual property work from time to time, formulates and gradually improves the relevant strategies about patent application, production and risk avoidance for its core products. In the development of generic drugs, the Group solves the problem of listing generic drugs through various means such as patent avoidance, patent challenge, listing after the expiration of patents, and seeking patent license.

Patent Protection

Based on the management policy of "encouraging innovation, preventing and controlling risks, effectively using intellectual property, improving core competitiveness and intellectual property strategic advantage", the Group has established a comprehensive intellectual property management system, formed patent protection strategy and system suitable for its own business development and new drug research and development, reasonably planned intellectual property rights, focused on multi-faceted and comprehensive intellectual property protection of core R&D achievements, and conducted regular early warning analysis and risk control of patents during the whole process from approval to product listing, aiming to avoid the risk of infringing others' intellectual property rights, and safeguard the legitimate rights and interests of its own intellectual property rights by rational legal means.

Risk Identification

- Regularly track and analyze the products, technologies and patents of major competitors
- Timely report the infringement of the Group's intellectual property right by others or the Group's possible infringement of others' intellectual property rights

Legal Right Preservation

- Use administrative, judicial and other legal means to protect the intellectual property rights of the Group, and maintain the legitimate rights and interests of the Group on the premise of respecting the intellectual property rights of others.

Risk Mitigation

- Select appropriate dispute resolution methods through evaluation, such as administrative award, litigation, arbitration and settlement, so as to properly solve intellectual property disputes

Patent Achievements

CSPC also attaches great importance to the protection of intellectual property rights and actively applies for various patents for its various R&D projects. In 2022, the Group filed applications for 214 patents, including 148 domestic applications and 66 foreign applications; and acquired 58 patents, including 36 at home and 22 abroad.

Item	Category	2021	2022
Patents Applications	Domestic	140	148
	Overseas	64	66
Total		204	214
Patent Approvals	Domestic	64	36
	Overseas	24	22
Total		88	58

China Patent Gold Award

On 26 July 2022, China National Intellectual Property Administration announced its decision on the 23rd China Patent Award Selection and the patent of "Butylphthalide cyclodextrin or cyclodextrin derivative inclusion compound and its preparation method (Patent No.: ZL02123000.5)", jointly owned by CSPC Zhongqi and NBP, won one of the 30 China Patent Gold Awards. This is also the third time for CSPC to win the China Patent Gold Award.



People-oriented, Winning the Future Together

In line with the talent concept of “valuing talents, being inclusive and achieving success”, the Group respects and cherishes all employees and protects their legitimate rights and interests. A sound and standardised HR management system has been established by the Group, covering personnel recruitment and change, working hours and leave, salary and welfare of employees, etc. The Group also advocates equal and non-discriminatory employment policies to ensure that employees are not discriminated against due to race, religion, gender, age, marital status, disability, nationality and other factors. Moreover, the Group insists on employing workers according to laws without using child labour or forced labour.

Employment

The Group strictly abides by the Labor Law of the People’s Republic of China, the Law of the People’s Republic of China on Employment Contracts, the Special Provisions on Labor Protection for Female Employees and other relevant laws and regulations, so as to safeguard the legitimate rights and interests of employees according to law. Besides, the Group is committed to standardising the internal management system and methods, and revising the Labor Relations Management System, the Attendance and Leave Management System, and the Management System for Employee Resignation on the basis of the above laws and regulations to build a harmonious and stable labor relationship with employees, thereby being awarded “AAA Enterprise with Harmonious Labor Relations in Hebei Province” and “National Advanced Enterprise in Employment”. The Group’s subsidiaries introduce outstanding personnel through multiple channels and have always adhered to the following employment principles to ensure that employees have the most comprehensive legislative protection:

The Group also complies with the regulations on the protection of minors in the United Nations Convention on the Rights of the Child, the Law of the People’s Republic of China on the Protection of Minors, the Provisions on Prohibition of Child Labour, the Children Act 2004 and Safeguarding Vulnerable Groups Act 2006, etc. and prohibits the use of child labor. The Group will vigorously examine the register during the review on the employment of enterprises. For the new recruits under 18 years old, we will contact the governmental women and children’s institutions for proper placement and encourage them to continue to receive education.



01

Employing employees, signing contracts and fairly negotiating salaries with employees according to the law.

02

Hiring employees aged 18 or above and strictly prohibiting child labour.

03

Protecting employees’ right to take leaves and timely receive remuneration and strictly prohibiting forced labour.

04

Setting up Labor Union and Workers’ Congress.

05

Forbidding labor discrimination in any forms.

06

Protecting the legitimate rights and interests of female workers.

At present, CSPC has established industry-university-research cooperation relations with more than 100 universities and scientific research institutes at home and abroad, such as Tsinghua University and Peking University, focusing on the establishment of 6 close industry-university-research cooperation alliances and 12 joint laboratories to continuously deepen the industry-university-research cooperation. The significant improvement in management quality and technical ability of employees effectively enhanced the level of production management of enterprises. After the review on the industry-education integration situation of the recommended enterprises by the relevant departments and experts organised by the National Development and Reform Commission and the Ministry of Education, 63 enterprises were identified as national industry-education integration enterprises, among which, CSPC was the only selected enterprise in Hebei Province. CSPC also cooperates with the National Education Steering Committee to carry out postgraduate training and has possessed the corresponding training qualifications. The high-end cooperative education programs such as postgraduate classes in pharmaceutical engineering were launched to train middle and senior management personnel and greatly improve the quality of our management personnel.

Rights and Interests of Employees

CSPC fully protects the basic rights of employees in terms of job change and resignation, working hours and leave, salary and welfare, and forbids forced labour.

In order to ensure that employees have a smooth way of communication, the Group has created a dual-channel model of online and offline communication:

1. Understanding the feelings of frontline employees regarding their experience of HR services through calls and on-site interviews, so as to seek their opinions and continuously improve the process and business procedures.
2. Starting from the recruitment process, continuously improving the online communication methods and creating projects, such as employee welcome package, HR manual and a column for HR tips, etc. to provide the new employees with HR knowledge. Moreover, a feedback mechanism has been established simultaneously, so that employees can provide feedback on their works online and receive timely responses.

Job Change and Resignation

Job change and resignation of employees are executed in compliance with laws and the company's regulations, through negotiation on an equal and friendly basis

Working Hours and Leave

The working hours of employees are protected by laws and employees are entitled to take leaves in accordance with laws.

Salary and Welfare

Employees have the right to receive remuneration and pay social insurance and other social welfare in accordance with laws.

Employee Diversity

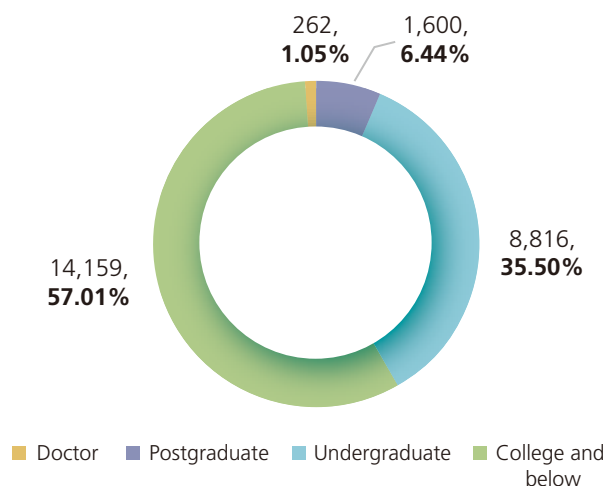
The diversity of talents is the driving force for sustainable development of enterprises. CSPC strengthens the employment and retention of the talents with diversified backgrounds, creates an inclusive and equal corporate culture, insists on selecting and employing talents in a fair and equal way, adheres to the principle of non-discrimination and forbids discrimination against new recruits due to educational background, religion, nationality, working background, marital status, gender, nationality (or race) and other reasons.

As of 31 December 2022, CSPC had 24,837 employees in total, among which, males accounted for 51% and females accounted for 49%. The gender of employees tends to be balanced and the structure is stable. Employees under 30 years old accounted for 41%, showing an overall trend towards younger workforce.

The overall education level of employees within the Group has improved with 42.99% of personnel holding bachelor's degree or above and 1,862 personnel holding a master's degree or above which accounted for 7.49%. The proportions of senior management personnel, middle management personnel, junior management personnel and junior staff were 0.91%, 7.69%, 11.13% and 80.27%, respectively. The management ratio was approximately 1:4, indicating an improvement in management level as compared to the previous year.

Education Level	Year 2022		Year 2021	
	Number of Employees	Ratio	Number of Employees	Ratio
Doctor	262	1.05%	191	0.77%
Postgraduate	1,600	6.44%	1,514	6.12%
Undergraduate	8,816	35.50%	8,871	35.85%
College and below	14,159	57.01%	14,170	57.26%
Total	24,837	100.00%	24,746	100.00%

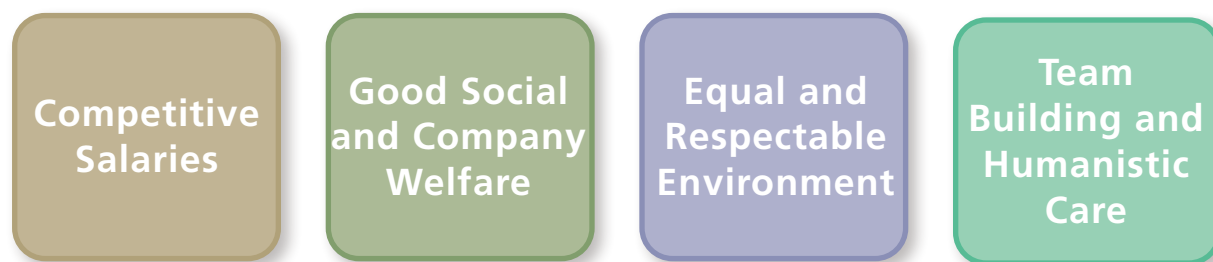
Education Level Distribution of Employees in 2022



Talent Development

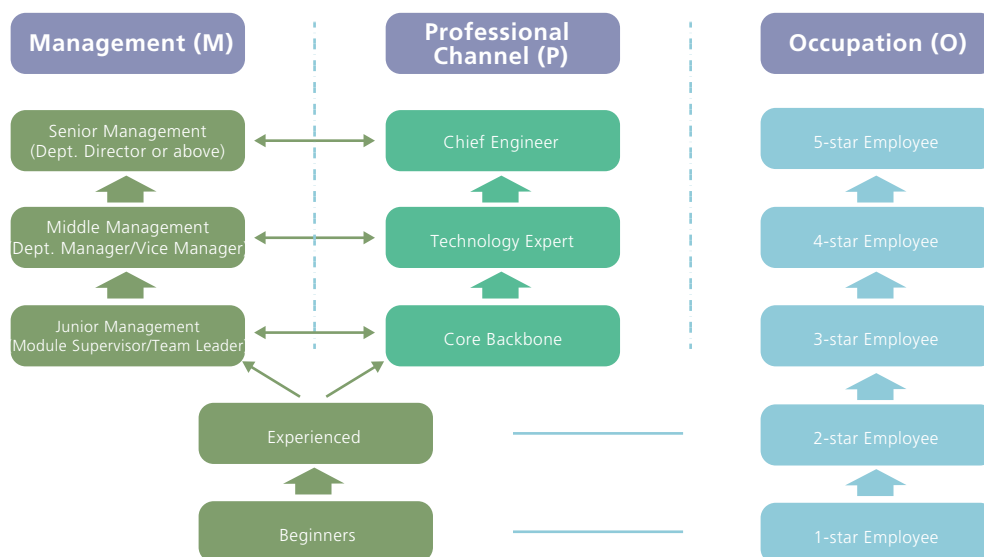
Employee Retention

CSPC attaches great importance to the retention of talents and takes various measures to retain employees. At the same time, we understand, analyse and summarise the specific reasons for resignation of employees, and regularly send feedback about the resignation rate of employees according to the Management Measures on Resignation of Employees, so as to provide suggestions for subsequent employee development and retention.



Promotion

Based on the development needs of business globalisation, CSPC provides a clear and comprehensive capability training system with multiple channels for career development, including Management Channel (M) focusing on the improvement of management ability; Professional Channel (P) focusing on the in- depth development of technical fields, both of which allow development across functions and fields; Occupation Channel (O) for front-line skilled workers, so that every excellent skilled talent who relies on skills, abilities and innovation has the opportunity and channel to realise his/her value of life.



Remuneration Management

The Group promotes the comprehensive and “performance-oriented” remuneration concept with limited resources tilting towards the top performing employees with high potential and in key positions so as to ensure that the bonus paid based on performance matches the comprehensive remuneration of the employee. This remuneration concept is both fair internally and competitive on the market. The unified management and unified performance results at group level provide unified basis and standard for talents’ development across business divisions and regions. With the widening of grading scale to differentiate the employees’ performance, we encourage employees with excellent performance, recognise those who meet performance standards, and help the underperforming staff to make improvement in a timely manner.

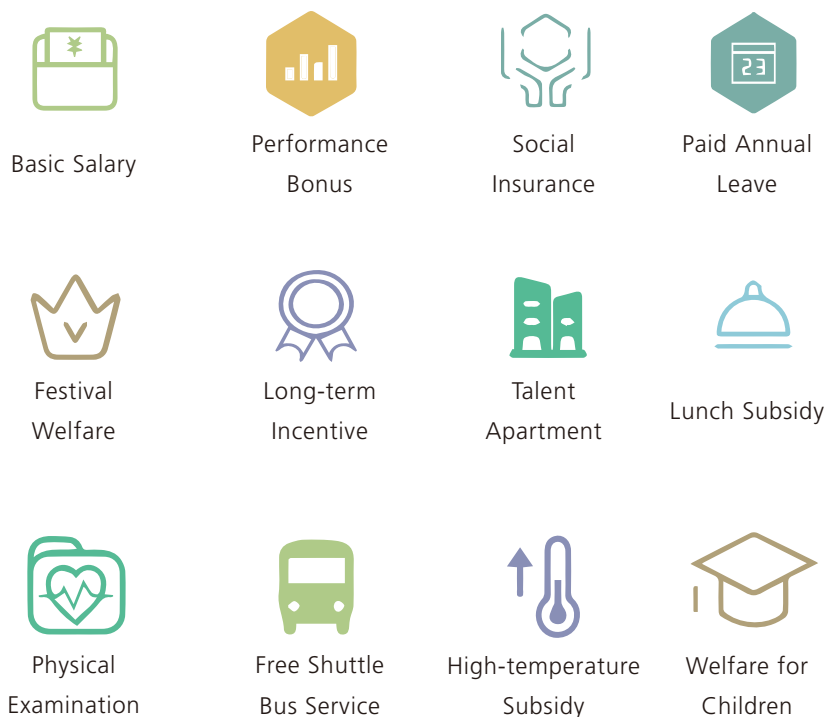
Each year, CSPC appropriately adjusts the salary and welfare level of employees according to the market salary level and performance results. In addition, through performance-related bonus and share incentive schemes, the Group fully mobilises the enthusiasm and initiative of employees and promotes their common development and benefit sharing with the Group.

Share Incentives

The Group has adopted share option and share award schemes to reward and motivate management teams, excellent backbones and key talents at all levels and to share the fruits of their hard work with employees. In addition, Mr. Cai Dongchen, a major shareholder of the Company, has granted approximately 220 million shares of the Company in 2022 to over 300 employees of the Group through a company owned by him. These share incentive schemes will better connect the Company and core employees, and provide solid support for the long-term common development of the Company and employees.

Remunerations and Benefits

In accordance with national and regional laws and regulations, the Group not only provides all employees with basic salary and bonus but also pays social insurance for them, so as to continuously improve various kind of welfare and fully protect the interests of employees. The Group studies and formulates dedicated welfare policies and systems that cover all employees. Through the Internet and various innovative technologies, the Group provides better services for employees and constantly improves the distribution and publicity forms of innovative benefits. Meanwhile, employees can access all kinds of salary, welfare and personnel policies on the mobile application platform at any time so that they can live and work happily.



Training and Development

The Group fully recognises talent as our important strategy and attaches great importance to the training and growth of employees, constantly improving and optimising the training system and development programs to unleash the potential of employees and assist their growth.

Starting from its development strategy, the Group fully considers the synergistic relationship among strategy, business and talents, analyses the direction of talent development, and builds a talent training system of “vertical to the bottom and horizontal to the edge” in all layers and classifications, covering all levels and categories of employees such as new employees, technical talents, skilled talents and management cadres. At the same, we leverage on the online digital learning platform of Cloud College to fully integrate online and offline learning, and provide employees with continuous and comprehensive training resources. A series of system documents such as the Training Management System, Internal Trainer Management System, Course Implementation Management Measures and Syllabus Management Measures were issued by the Group to ensure the smooth progress of training activities and improve employees’ professional ability and comprehensive quality.

Induction/Pre-job Training

- “Future Star”: induction training for new employees recruited from universities
- “New Star Program”: 300-day capacity improvement training for new employees recruited from universities
- “Journey of Corporate Culture”: induction training for new employees recruited from the society (offline+online)
- Professional Skills Training for New Employees of All Systems

Leadership Training

- Study Day for Senior Management
- Leadership Program for Senior Management
- MBA Degree Promotion Program for Senior Management
- Mid-level Leadership Program in Various Systems
- Front-line Leadership Improvement Program
- Training for Workshop Director/Team Leader
- Empowerment Course for Enterprise Management

Post/Professional Ability Training

- R&D System
- Sales System
- Production System
- Functional System
- Combination of Internal Training and External Skill Training and Learning Improvement Program, etc.

Personal Effectiveness/General Competency Training

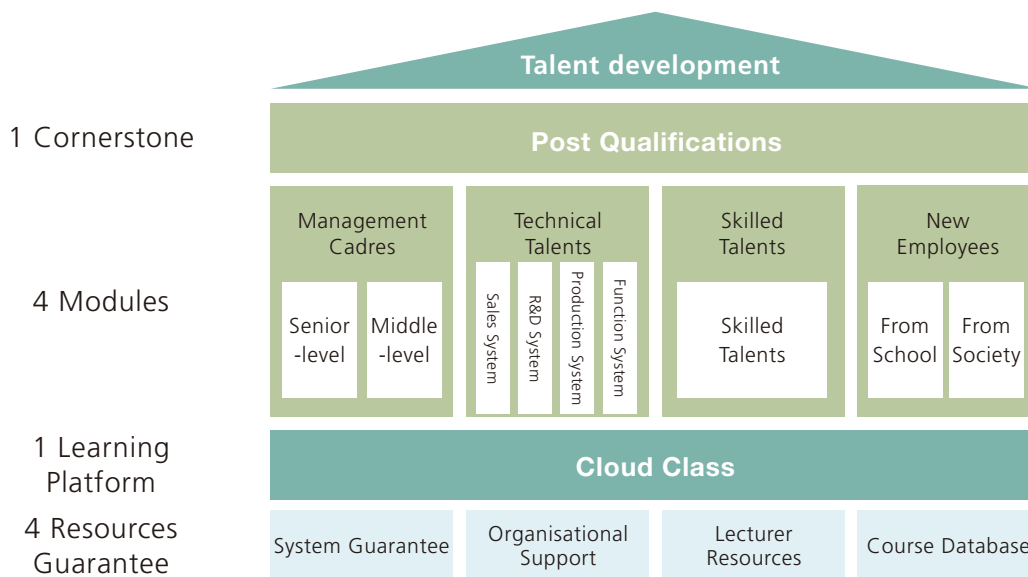
- Time Management
- Efficient Implementation
- Business Etiquette
- Effective Communication
- Stress Management
- 7 Habits of Highly Effective People

Talent Program and System Process Construction

- Training Program for Talent Inventory & High-potential Talents
- Post Competency Model of Each System&Individual Development Plan (IDP)
- Publicity and Implementation of Group System
- Training and Motivation of Internal Trainers
- Management of Training Process and Training System
- Maintenance and Management of Training Management System

Theme Activities for Construction of Learning-based Organisation

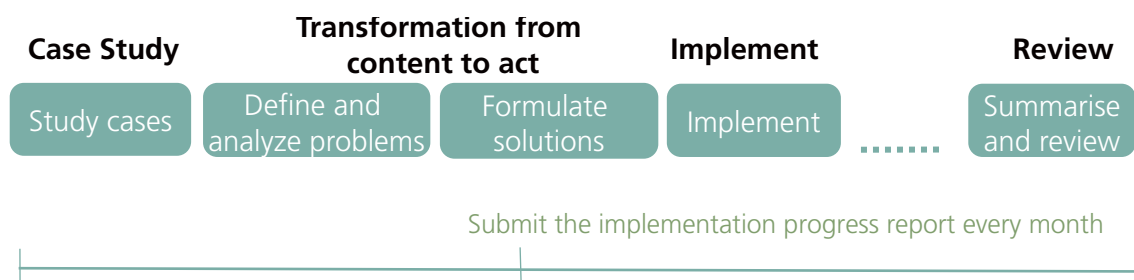
- CSPC Study Day
- Employee Care Program during the Pandemic
- CSPC Auditorium



In 2022, based on sufficient needs analysis of the Group’s strategy and business pain points, the Group formulated a targeted annual training program and organised various training projects to create a favourable ecological environment for talent development.

Study Day for Senior Management

Since June 2022, CSPC has carried out Study Day Program for senior management every month, covering 100% of 212 senior executives. The Study Day for senior management features analysis on the real cases in the Group and action-based learning through case studies, self-reflection, improvement plans and continuous action, which has established a learning atmosphere for seniors executives to learn from models, further improve their management ability, strengthen team cohesion, unify and implement their idea to create a learning organisation.



New Employee Training

Employees are a vital force for the sustainable development of enterprises, and new employees are an important part of the Group's employees. New employee training helps new employees understand the company profile, corporate culture and their own roles, and assists them in establishing good interpersonal relationships, so that they can better integrate into the company, work efficiently, and realise their own value.

In 2022, CSPC organised several new employee trainings, covering 3,974 trainees and 100% of new employees, to support the growth of new employees.

Face-to-face Communication with Senior Management	Policies and Systems	EHS
Corporate Culture	HR/Finance	Improvement of Self-management Ability
Factory Visit	Production, R&D and Sales System	Extension Activity
		
		

Employer's Responsibilities

The employees of CSPC have been through thick and thin together for years and already become a family. When someone is in trouble, others will always send selfless love at the first time as family members. "CSPC Family" assistance program aims to care for the CSPC employees who are in distress and offer selfless assistance for the employees and their immediate family members who are in financial difficulties due to major illnesses, accidents, school attendance and other circumstances, so as to ensure that they can work peacefully and live a healthy life. In 2022, "CSPC Family" program increased its support, adjusted the scope and amount of assistance, and made greater efforts to provide assistance to the employees in distress. During the year, 41 employees were assisted with an amount of RMB1,206,600.



Occupational Health and Safety

CSPC attaches high importance to employees' safety and health, always adheres to the production safety principles of "Safety first, Prevention Foremost and Comprehensive Management", and is committed to providing employees with a healthy and safe working environment. In 2022, CSPC continued to strengthen the construction of occupational health and safety management system and improve work environment while upgrading safety facilities and comprehensively implementing safety inspection to raise awareness of safety among all employees and ensure their occupational health and safety.



EHS Guidelines and Targets

- "Safety first" - ensuring the safety of employees is the premise of all business development.
- "Environment friendly" - striving for the harmonious development of the enterprise and the environment.
- Our EHS goal is to pursue zero harm and low pollution, to build a safe and healthy environment, and to create a better life with green development.



EHS Commitment

- Be people-oriented and ensure no personal injury;
- Firmly believe that any accident can be avoided;
- Protect the environment well;
- Make efficient use of raw materials and energy to provide products and services;
- Regard EHS as an important business activity;
- Encourage all employees to advocate the corporate culture of EHS;
- Create a safe business environment, reduce economic losses, maintain normal operation, and protect the overall interests and reputation of CSPC.



EHS Policy

- Adopt systematic health, safety and environmental protection management methods to ensure corporate activities are in compliance with laws and make improvement at work continuously;
- Set goals and measurement standards for making improvement, evaluate and report the EHS performance;
- Require contractors to be consistent with this policy in managing their health, safety and environmental affairs;
- Include the EHS performance in the assessment indicators of all employees, and give corresponding rewards according to their relevant performance;

CSPC carries out environmental, health and safety (EHS) management under the guidance of its EHS cultural concept in accordance with the ISO14001 *Environmental Management Systems – Requirements with Guideline for Use*, ISO45001 *Occupational Health and Safety Management Systems -Requirements with Guidelines for Use*, GB/T 33000-2016 *Basic Norms for Work Safety Standardisation of Enterprises*, etc. In 2022, the Group conducted the gap analysis based on the requirements of management framework and formulated an action plan for continuous improvement of our EHS management. The Group's subsidiaries have achieved the occupational health and safety management goal of "Five Zeros and One Low" (i.e. zero cases of death, serious injuries, multiple injuries, occupational disease and poisoning accident as well as low incident rate of minor injuries), and has established the annual goal of "economic loss due to incidents and events". There has been no loss of work days due to serious injuries or occupational death for many years.

CSPC has set clear targets related to production safety, including the targets for major injuries and death, fire and explosion accidents, and the incidence rate of occupational diseases. The subsidiaries carry out the construction of the dual prevention mechanism of hierarchical control of safety risks and hidden hazard detection and management, identify the risks of production process, protection safety of main equipment, flammable and explosive, toxic and harmful factors, and formulate control measures one by one from the aspects of organisation, technology, management and emergency response, and implement hierarchical control according to different levels of safety risks. At the same time, all subsidiaries continue to carry out safety inspections at the company level, department level and team level to timely identify and rectify potential safety hazards and improve the overall safety management level of the Group.

OHS Management Target



OHS Management Target

- ◀ Zero incident causing more than minor injury
- ◀ Zero upper-level fire accident
- ◀ Less than 10 incidents with economic loss of more than RMB50,000
- ◀ Zero patient confirmed to have occupational diseases
- ◀ Incident rate per 1 million working hours of less than 0.4

OHS Management Performance

Year	Dead	Severely Injured	Total Working Hours (h)	Minor Injury Rate per Million Working Hours	Lost Work Day per Million Working Hours	Recorded Incident Rate per Million Working Hours	Patients of Occupational Disease
Year 2020	0	0	32.35 million	0.33	183	0.36	0
Year 2021	0	0	34.07 million	0.29	156	0.32	0
Year 2022	0	0	35.79 million	0.22	78	0.22	0

Year	Detection Rate of Occupational Hazard Factors	Average EHS Training Duration per Employee (h)	EHS Investment (RMB)
Year 2020	100%	21.63	3,389.19
Year 2021	100%	23.69	3,696.38
Year 2022	100%	25.18	3,819.63

Note:

1. The incident is classified according to the Classification Standard for the Casualty Incidents of Enterprise Staff and Workers and the definition given in the international OSHA Standard. The data disclosed in this report have included the Lost Work Day Cases according to OSHA standard.
2. Minor injury rate per million working hours = minor injuries/total working hours*1,000,000, and so on.
3. EHS investment shall be counted according to the sum of production safety expenses and the actual environmental protection investment of the Company subject to the Management Measures for the Extraction and Use of Enterprise Production Safety Expenses.

During the reporting period, the Group had no death accidents or serious injuries, but had 11 minor injuries and 11 people injured. The contractor has not suffered any accident above minor injury. Besides, no production safety accidents or secondary derivative disasters caused by natural disasters occurred.

Occupational Health Management

In accordance with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Measures for the Supervision and Administration of Employers' Occupational Health Surveillance*, the *Technical Specifications for Occupational Health Surveillance* (GBZ188-2014), the *Regulations on Surveillance and Administration of Occupational Health at Workplaces* and the *Measures on the Declaration of Occupational Hazards*, the Group's subsidiaries comply with the laws and regulations related to health and safety in their respective operation locations, formulate the *Occupational Health Management System and the Occupational Health Examination and Monitoring Plan*, regularly carry out the detection of occupational hazard factors to ensure that the occupational hazard factors are within the standard, and disclose the results of occupational hazard testing to inform every employee publicly. According to the occupational health surveillance cycle, each employee who is exposed to occupational hazards shall be subject to occupational health surveillance physical examination before, during and after work. The results of physical examination shall be informed to each employee in writing to safeguard the employee's health and the right to know the results of physical examination. Employees' personal files about occupational health monitoring are prepared, and trainings on the knowledge about prevention and control of occupational and personal protective equipment (PPE) are regularly organised.

The Group strictly implements the national requirements on "Three Simultaneous" of occupational health in construction projects, always adheres to the design and argumentation of occupational health protection facilities in workplaces and the new, reconstruction and expansion projects, strictly implements the acceptance of occupational health protection facilities for completed projects and strengthens the daily maintenance and management of occupational health related protection facilities, striving to create a healthy and safe working environment for employees.

Production Safety

The Group strictly complies with the relevant laws and regulations, such as *Law of the People's Republic of China on Work Safety*, the *Fire Protection Law of the People's Republic of China*. Under the framework of *Occupational Health and Safety Management Systems-Requirements with Guidance for Use (ISO45001)*, the Group has established a sound and unified EHS management system, set up a safety management organisation and dedicated safety management personnel, promoted the implementation of effective integration of dual prevention mechanism, standardised safety production and clean production with EHS system, refined the safety production management, standardised management standards for personnel, equipment, processes, etc. and fully implemented the production safety responsibility system to promote the construction of EHS documents with the cultural characteristics of CSPC. By 2022, the Group's subsidiaries have obtained OHSAS18001, ISO45001 and local certification of safety standardisation management system, as well as the title of provincial and municipal safety construction demonstration unit.



Risk Analysis and Control

Under the framework of comprehensive risk management and EHS management system, CSPC has established internal management systems such as Management System for Identification, Evaluation and Control of Hazard Sources and Environmental Factors and CSPC High-risk Management System, which identify and assess the dangerous and harmful factors existing in R & D process, production process, change and other operation activities by way of Job Hazard Analysis (JHA), Hazard and Operability Analysis (HAZOP) and Likelihood Exposure Consequence (LEC), etc., and take risk hierarchical control measures according to the assessment results. Major risks are managed by the senior management of subsidiaries, intermediate risks are managed by the middle management of subsidiaries, and low risks are managed by the workshops/teams. For posts involving major and high risks, risk checklists shall be prepared for on-duty employees, team leaders and technical personnel, i.e. "Three Checklists", to implement daily management of major and high risks.

Safety Inspection

Under the framework of the EHS management system, the Group and its subsidiaries have also formulated the management systems and standards related to EHS inspection and hidden hazard investigation, regularly evaluated and reviewed the risk control measures based on the results of risk assessment, and formulated the Risk Troubleshooting Checklist for on-duty employees, team leaders and technical personnel, i.e. "Three Checklists", to comprehensively test the effectiveness and stability of risk control measures. During the reporting period, the Group's subsidiaries conducted 983 EHS inspections and eliminated 2189 hidden dangers with the rectification rate of 100%, effectively reducing the probability of incidents.



Senior-level
Inspection



Special Inspection



Supervision & Patrol



Daily Inspection

983

EHS Inspection Times

2,189

Eliminated Hidden Hazards

100%

Rectification Rate

Year 2022

Safety Training

The Group's subsidiaries have also established the EHS Education and Training Management System and prepared the annual EHS Training Plan in accordance with the requirements of the national regulation, such as the Law of the People's Republic of China on Work Safety and Management Regulations on Safety Training of Production and Business Units, and regularly organised face-to-face training and knowledge competitions for employees. The Group has also set up "Xuan Xing" information platform for training through which each subsidiary can conduct online class and video trainings for employees. The training mainly includes three-level safety education for new employees, post-transfer training and trainings on safety operation procedures, fire and emergency knowledge, occupational health and other related knowledge training. The subsidiaries persist in conducting pre-job training for employees, and providing training and explanations on the work content, risk analysis and EHS precautions for the day.



Face-to-Face
Teaching



Video Training



Online Teaching



Special Training



Knowledge
Competition

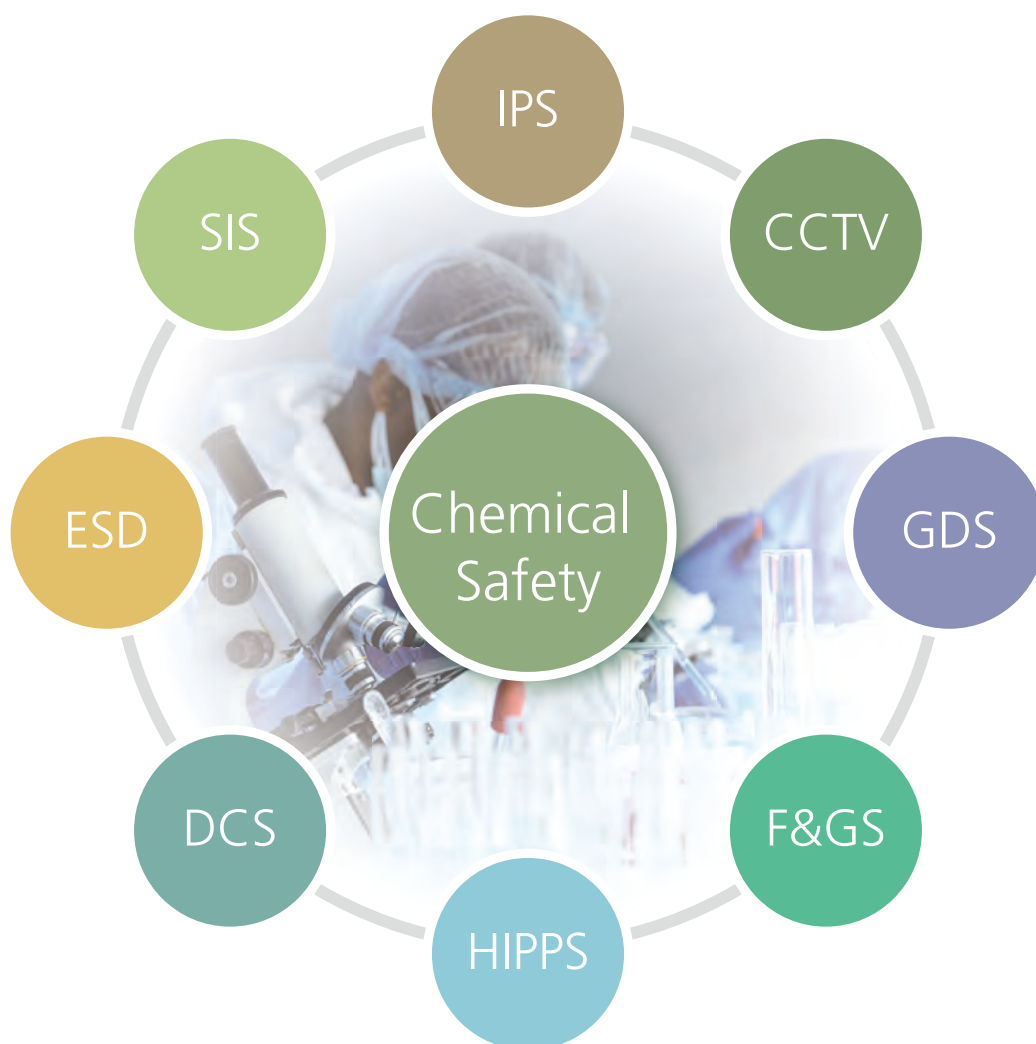


Pre-shift Meeting

Typical EHS Education and Trainings conducted by subsidiaries in 2022

Management of Hazardous Chemicals

Each subsidiary of the Group has established a Hazardous Chemicals Management System in accordance with the requirements of the national regulation, namely the Regulations on Safety Management of Hazardous Chemicals, and established a management process for hazardous chemicals from procurement, storage, use to disposal. During the handling process of hazardous chemicals, automatic control systems such as Instrument Protection System (IPS), Safety Interlock System (SIS), Emergency Shutdown Device (ESD), High-Integrity Pressure Protection System (HIPPS), Fire & Gas Detection & Protection System (F&GS), Safety Monitoring System and Combustible and Toxic Gas Detection and Alarm System (GDS) are adopted to ensure the safety of hazardous chemicals and process.



Safety Emergency Drill

Under the framework of the EHS management system, the Group has developed the CSPC Emergency Management System, established a four-level emergency management system for the Group, subsidiaries, workshops and teams and set up three standardised professional fire emergency teams, with a total of 50 personnel and 6 large fire engines. The subsidiaries have also set up emergency rescue teams, and established a number of miniature fire stations. At the same time, in order to strengthen the safety awareness and emergency rescue skills of all employees, the Group's subsidiaries have carried out various forms of emergency drills for various safety hazards, including comprehensive emergency drills, special emergency drills, fire drills, etc., thus effectively improving the ability of employees to deal with risks, prevent accidents and incidents from occurring, and minimise the impact of incidents.



Professional Emergency Team



Competition



Workshop Emergency Drill



Comprehensive Emergency Drills



Special Emergency Drills

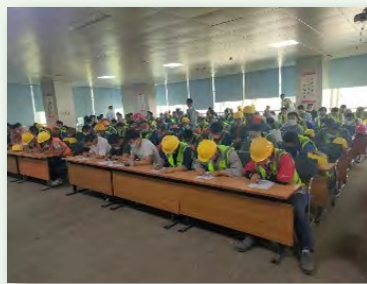
Contractor Safety Management

The Group attaches great importance to contractor safety management and strictly implements review on contractors' qualifications, including safety production license, scope of qualification and other licenses. The contractor is required to sign a safety agreement at the same time when signing contracts and to train the safety management organisation and dedicated safety management personnel. We also insist on providing on-site safety training and safety inspection for contractor personnel in order to urge the contractors to perform safety responsibilities and reduce the impact of safety risks brought about by the contractors.

The Group has developed the *Guidelines for the Standardisation of Safe and Civilised Construction of Engineering Projects* to promote the scientisation, standardisation and normalisation of project construction management, create the standardised, safe and civilised construction site of engineering projects, and guide the subsidiaries in safe and civilised construction management of projects.



Guidelines for the Standardisation of Safe and Civilised Construction of Engineering Projects



Contractor Training and Assessment

Corporate Safety Honors

The Group's subsidiaries, such as Zhongnuo, NBP and XNW, have won the honors of provincial and municipal safety culture demonstration enterprises and provincial occupational health enterprise, respectively.



Zhongnuo



NBP



XNW



Zhongnuo

Co-Creation through Sharing, Moving Forward Hand-in-Hand

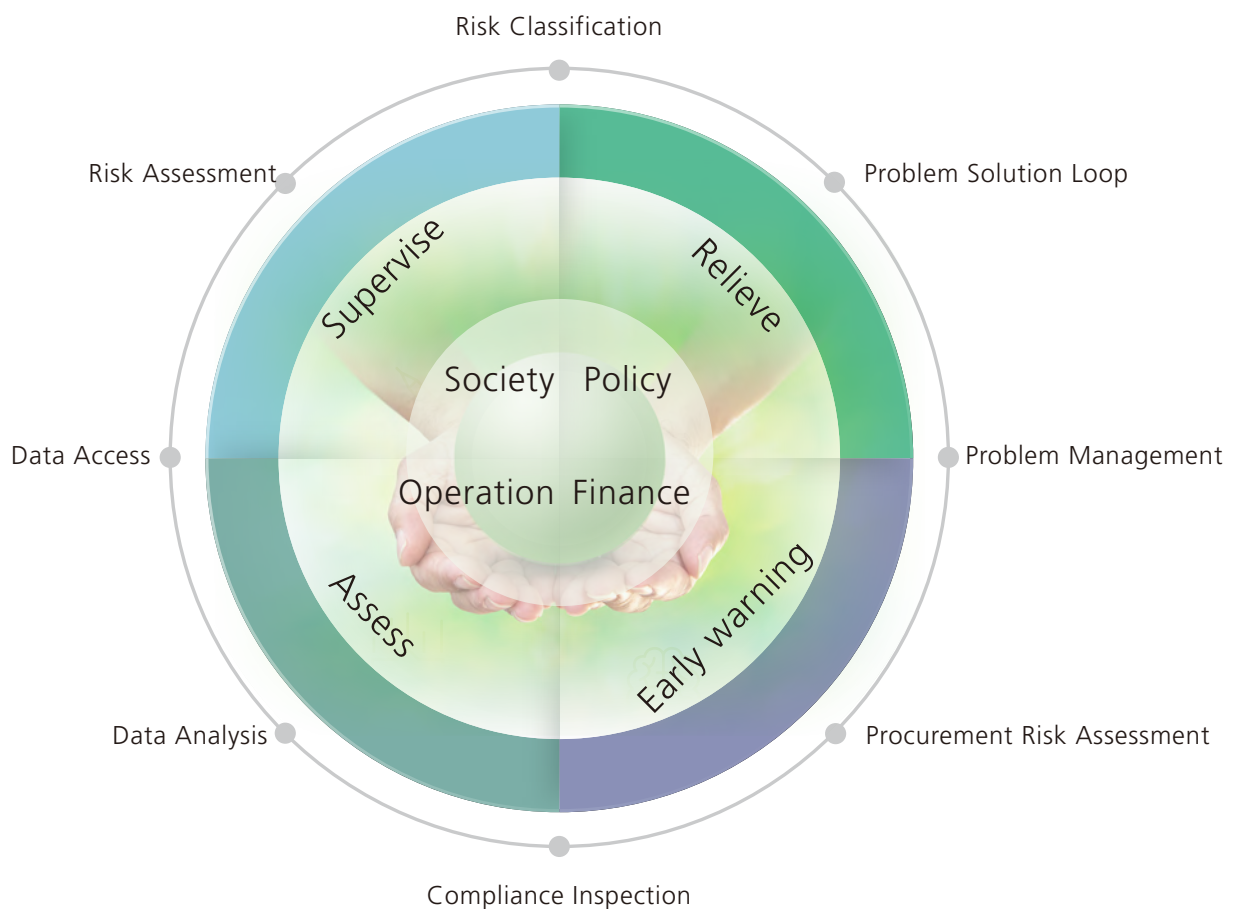
By adhering to the procurement philosophy of “being professional and upholding integrity, achieving win-win in good faith and building a healthy supply chain”, and the procurement principle of “fairness, impartiality, green and transparency”, the Group operates in good faith with an aim of achieving win-win situation and establishes cooperative relationship of mutual trust and benefit with upstream and downstream partners to achieve the sustainable stability, low-cost and low-risk operation of the whole supply chain.

Supply Chain Risk

In supply chain risk management, the Group conducts whole-process supply chain risk management from risk prevention in advance, process control to subsequent improvement, with the participation of all staff.

The Group has established a Business Continuity Planning (BCP) with sustainable development of supply chain as the main content, through multi-level suppliers, mutual trust in supply chain, cooperation contracts, information sharing, etc., with an aim to deal with the impact of climate environment, policies and regulations, quality, EHS, logistics, capital and other factors on the supply chain.

At the same time, the Group’s Centralised Procurement Center has formulated the Procurement Emergency Plan to supervise the implementation of the Procurement Department, and provide special training for the management personnel closely related to the emergency plan. The induction training of new salesmen also includes the content of the emergency plan to ensure the effective execution of the emergency plan.



Supply Chain Management

CSPC adheres to the procurement philosophy of “being professional and upholding integrity, achieving win-win in good faith and building a healthy supply chain” and is committed to creating a fair, just, green, and transparent business environment, continuously enhancing the competitiveness of the supply chain, achieving sustainable, stable, low-cost, and low-risk operation of the entire supply chain, improving its core competitiveness, and safeguarding its sustainable, healthy, and stable development.

The Group’s Centralised Procurement Center classifies suppliers into strategic suppliers, bottleneck suppliers, leverage suppliers, and non-critical suppliers based on the type of procurement materials, procurement amount, and supply risk and manages them accordingly. Through signing long-term or annual cooperation agreements with suppliers, prepaying customisation fees, and conducting annual tendering, etc., the Centralised Procurement Center reduces the risk of supply shortage, enhances capability of supply guarantee, and ensures smooth production, stable quality and controllable cost of the Group’s products.

In the ledger of qualified suppliers, the Centralised Procurement Center manages the materials operated by distributors differently based on whether they are used for production or not. For non- production materials, we require distributors to provide agency agreements and other supporting documents in their qualification documents. For production materials sold by distributors, we synchronously include the material production in the list of qualified suppliers for management (i.e. synchronously reviewing and recording the qualifications of the corresponding manufacturer when adding new distributors), and conduct audits on supplier via document review or on-site quality audit based on the nature of the material. When materials arrive and enter the warehouse, the qualification inspection report issued by the manufacturer should be accompanied to ensure that the channels through which the distributors deliver products are legal and the quality is stable and controllable.

The Centralised Procurement Center, together with the Quality Management Department and the user departments of each subsidiary, conduct annual evaluations on suppliers, which involve dimensions such as quality of materials supplied by the supplier, price, delivery time, and the construction of EHS system. Based on the evaluation results, the Centralised Procurement Center will eliminate underperforming suppliers and use the evaluation results as a weighting factor in the comprehensive evaluation process of bidding and price comparison.

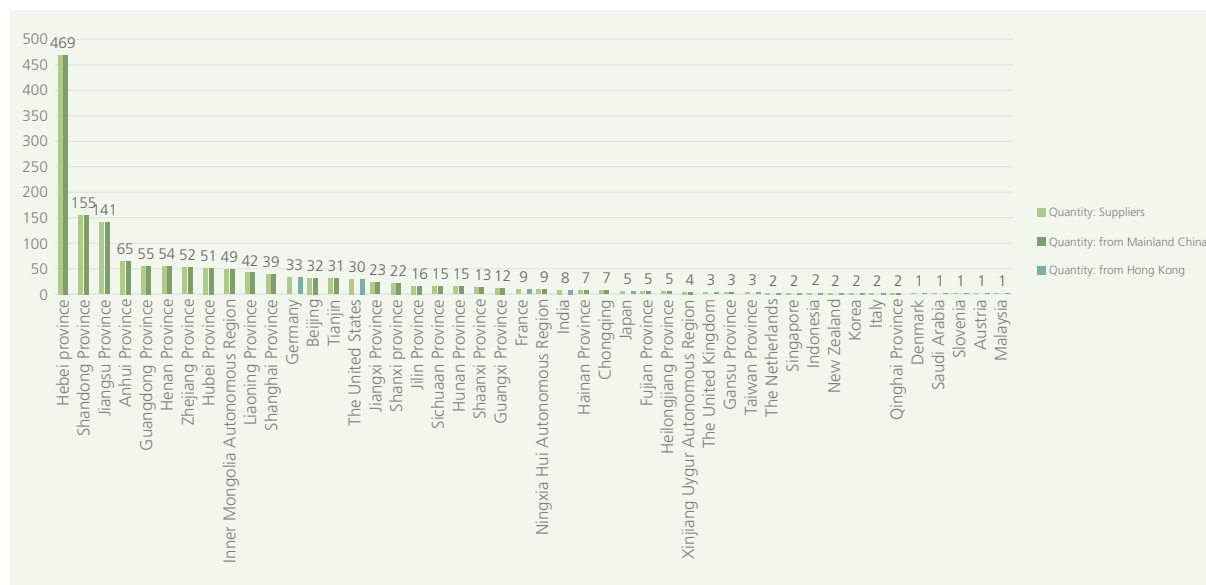
The Group values communication, learning, and mutual growth with suppliers, and trains suppliers to master the use of SRM system through video and online training, so as to execute functions such as automatically maintaining and updating suppliers’ qualification online, receiving bid invitations, submitting online quotations, checking bid results and accepting orders online, issuing invoices and checking payment status online, etc. The Group has formed a supplier audit team composed of cross-disciplinary and high-level personnel to conduct on-site communication with suppliers based on the problems identified in the process of supplier audit, and provide targeted suggestions for improvement. We also invite suppliers for on-site visits and exchanges to share our advanced production and management experience with them, help suppliers in different fields, such as chemical, agricultural, and packaging materials, understand the drug quality management standards and requirements for construction of drug quality system and assist the suppliers, especially small and medium-sized suppliers to improve their comprehensive management level, which provide assurance for the continuous, stable, low-cost, and low-risk operation of the supply chain.

In 2022, through the promotion and application of the electronic procurement platform of CSPC, the Centralised Procurement Center continued to establish and improve system documents such as the Management System of CSPC Centralised Procurement Center for Production/Non Production Suppliers, Procurement Management System for Production/Non Production Materials, and carried out full life cycle management of supplier, including supplier sourcing, account opening, audit, evaluation, quality management, classification, and elimination, etc., promoted the concept of green and low-carbon procurement, gave priority to the suppliers that have obtained certification in environmental management, occupational health management and social responsibility standards, and conducted dynamic management by associating suppliers' ledgers with relevant qualifications, with an aim to continuously adjust and optimise the supplier structure.



Supplier Distribution

In 2022, the total number of suppliers of SPC was 1,501, including 1,393 from Mainland China and 108 from Hong Kong, Macao, Taiwan and overseas. See the chart for the distribution of suppliers.

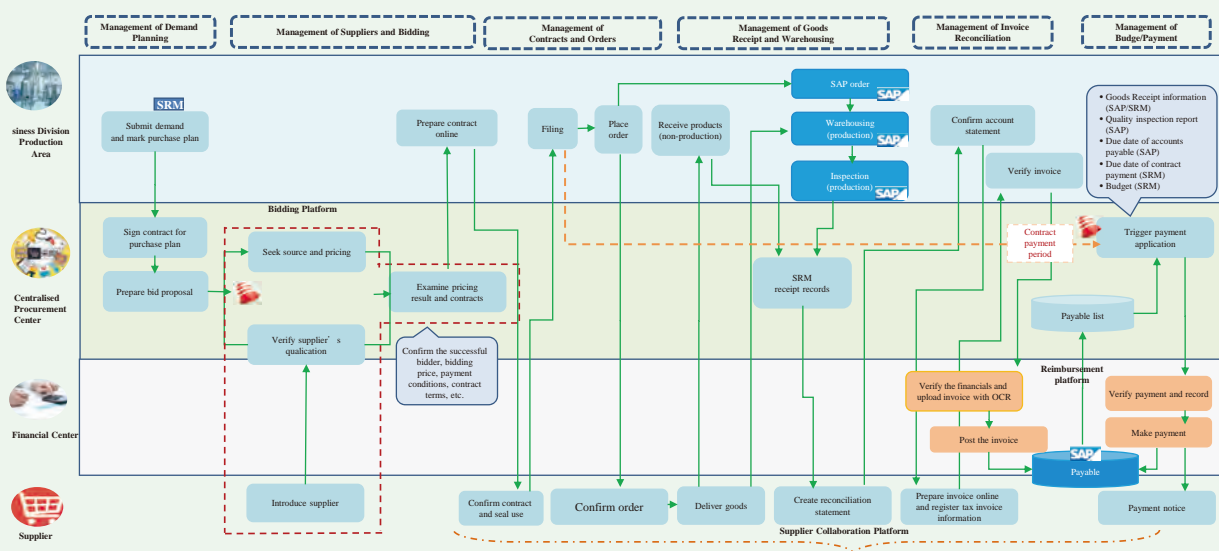


The Group pays attention to the ESG performance of suppliers and takes it into account when developing, evaluating, and eliminating suppliers. We not only analyse the reasonableness and optimisation direction of suppliers' distribution from aspects such as suppliers' EHS system construction, but also pay attention to the safety and environmental attributes of the procured materials, such as (1) stipulating in the contract that the suppliers must use the vehicles which are powered by natural gas or meet the China VI vehicle emission standards, and the vehicles for transportation of hazardous chemicals, highly toxic chemicals, and precursor chemicals for drug production must comply with relevant national laws and regulations; (2) replacing chemical raw materials with raw materials such as amoxicillin and cefadroxil produced by aqueous enzymatic production process to reduce the use and volatilisation of chemical solvents in the production process; (3) replacing the plastic holder and foam holder of single vial injection products with the special-shaped box of vials integrated with paper box and paper holder to reduce the consumption of plastic products that are not easily degradable; (4) reducing the consumption of packaging materials and its adverse impact on the environment by returning some packaging barrels and pallets to suppliers for cleaning and reuse after passing the inspection.

Online Bidding Process

In order to create a fair, just, green and transparent business environment, the Centralised Procurement Center began to use the electronic Supplier Relationship Management platform (SRM) of CSPC to conduct procurement business in 2019 and continued to optimise and upgrade the platform, which enables the automatic maintenance of the online qualified supplier ledgers from the account opening application of supplier to the completion of development. All qualified and potential suppliers are automatically generated during the maintenance and creation of bidding documents. The bid opening, bid evaluation, confirmation of bid results, contract signing, and release of purchase order are all operated in the SRM system.

In 2022, The Group promoted further integration of SRM system with SAP to link the data on material receipt and inspection in SAP, which enabled the creation of applications for issuing invoices in the SRM system to match and post invoices, automatically generate budgets, initiate payment approvals based on invoice, and automatically submit the payment approval to the accounting system for payment. This ensures that payments to suppliers are made in a timely and accurate manner in strict accordance with contractual agreements, and achieves closed-loop management of the bidding and procurement process throughout the SRM platform.



SRM Online Procedures

Supplier Commitment on Integrity

The Centralised Procurement Center regularly publishes the Notice of Clean Transaction for CSPC business customers on the notice bulletin of the home page of SRM platform to ensure that all businesses are conducted through direct and transparent means in an open, fair, and impartial environment. Internally, all relevant staff are required to sign Procurement Personnel Commitment on Integrity and Self-discipline and Declaration of Relevant Interests at the beginning of their employment and the frontline managers are required to strictly abide by professional ethics. They must not accept any form of gifts, banquets, or commercial entertainment activities, nor seek improper benefits in any way. Externally, all suppliers of CSPC are required to sign a Sunshine Cooperation Agreement at the beginning of cooperation in order to establish a clean and honest cooperation relationship. In daily business, the supplier encountering any unfair practices by relevant personnel of our company can report through the only authoritative reporting channel of CSPC. At the same time, CSPC has formulated CSPC Management System for Dishonesty Blacklist. For suppliers who engage in non-compliant practices, in addition to pursuing responsibility for breach of contract according to the standards specified in the Sunshine Cooperation Agreement, the Group has imposed strict restriction on the cooperation with the suppliers and their legal representatives, shareholders, actual controllers or associated companies in new projects, and included them in CSPC "Dishonesty Blacklist" for key supervision.

Audit on Suppliers

The Centralised Procurement Center conducts performance evaluation on qualified suppliers every year from the dimensions of qualification certification, such as the quality, price, service, delivery time, environment and safety, and has set up a supplier audit team led by QA Department for conducting audits on key suppliers. Besides, the Centralised Procurement Center conducts targeted online or on-site audits on the suppliers in terms of their plants, equipment, facilities, personnel training, production processes, packaging and transportation, quality control, system certifications, etc. to check the performance of quality assurance agreement by suppliers and generate an audit report. For the suppliers with serious defects, the supply of good will be suspended and those who fail to meet the rectification requirements will be eliminated. Suppliers with general defects are required to conduct a root cause analysis within a specified period, develop corrective and preventive measures, and submit an audit rectification report. According to the Good Manufacturing Practice (GMP), the Centralised Procurement Center manages the quality of suppliers based on classifications of different materials and promotes continuous improvement of supplier's product quality and supply capabilities to ensure that the continuous and stable supply chain provides high-quality products and assurance of supply for the Group. During the reporting period, a total of 510 suppliers were audited via document review and on-site audit, and all of them passed the audit.

Environmental-friendly, Going Green and Low-Carbon



The Group actively responds to China's dual-carbon strategic goal of "2030 carbon peak" and "2060 carbon neutrality", adheres to the environmental management policy of "prevention first, emission reduction at source, continuous improvement, compliant operation, and construction of green factories", carefully implements the development concept of "innovation, coordination, green, openness and sharing", and closely focuses on the development strategy of "green and sustainable development", thus leading the green and low-carbon transformation of the subsidiaries in the pharmaceutical industry, incorporating environmental protection and sustainable development into our corporate development strategies, actively reducing environmental loads, pursuing green manufacturing, and contributing to the green and sustainable development of the society.

Environmental Management

In accordance with regulations and standards on environmental management issued by governments at various levels, we have established and revised internal management systems and standards for environmental management, such as the Environmental Protection Responsibility System, the Control Procedure for Organisational Environmental Analysis and Impact on Stakeholder, and the Control Procedure for Identification and Evaluation of Environmental Factors. Each subsidiary fully implements the standardised management to reduce resource consumption and waste emissions and improve output efficiency, and strives to create an environmentally friendly, green and low-carbon enterprise.

During the reporting period, there were no significant penalties related to environmental protection and no penalties received due to excessive and illegal emissions of pollutants throughout the year.

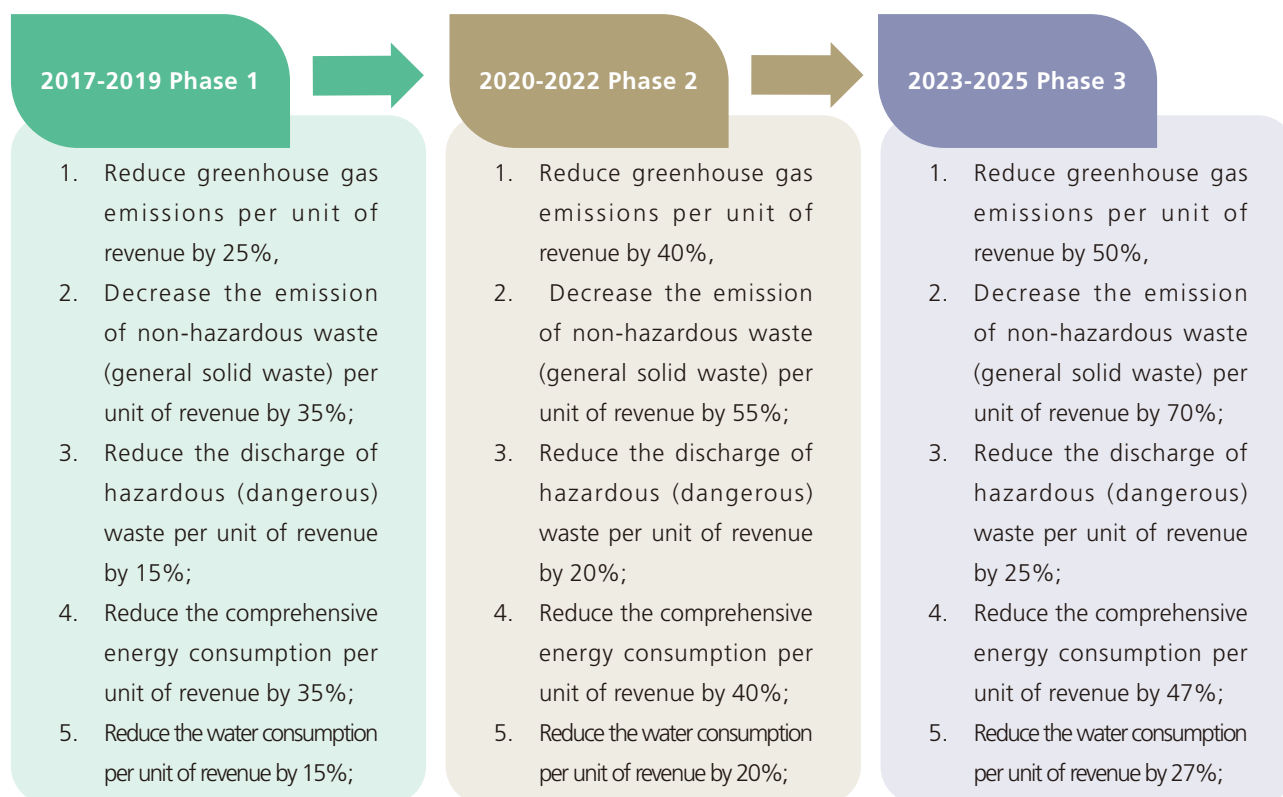
Green Development Target

In 2022, the Group continued to implement the “Environmental Protection Plan 2025” which was adjusted in 2021, strengthened process control, and strived to achieve the overall goal of environmental protection in 2025.

<p>Environmental Protection Plan 2025</p>	<ul style="list-style-type: none"> ✓ Reduce greenhouse gas emissions per unit of revenue by 50%; ✓ Reduce the emission of non-hazardous waste (general solid waste) per unit of revenue by 70%; ✓ Reduce the discharge of hazardous (dangerous) waste per unit of revenue by 25%; ✓ Reduce the comprehensive energy consumption per unit of revenue by 47%; ✓ Reduce the water consumption per unit of revenue by 27%;
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* The emission reduction target is based on the emission in 2017 as below.

Phase target



Construction of Green Factory



The Group continues to increase its investment in environmental protection and benchmark against the advanced enterprises and excellent standards in the industry, focusing on building green factories from aspects of environmental technology improvement, investment in new energy equipment, and iteration of high energy-consuming equipment. In 2022, the Group invested a total of RMB204.55 million in the improvement and transformation of green factories.



CSPC Baike (Shandong) Biopharmaceutical Co., Ltd.

Environment Management System

The Group is committed to environmental management based on the principle of “prioritising in-process control over post control, prior control over in-process control, and whole-process control over prior control”. With the strengthening of environmental impact assessment and management as the core, the Group promotes environmental protection management and focuses on the management of environmental assessment and testing, pollutant emission standard and total amount control, as well as energy conservation and emission reduction. The Group’s major subsidiaries all passed ISO14001 environment management system certification in 2022.

The Group strives to better identify and manage environmental protection risks and improve its performance in environmental protection through continuous assessment and review of various performance indicators. In order to better fulfill the requirements of laws and regulations, the Group has constantly enhanced its awareness of existing laws and regulations, and developed deeper understanding and conducted comprehensive compliance assessment of the new and revised laws and regulations in a timely manner, to ensure that relevant systems and processes can be timely revised.

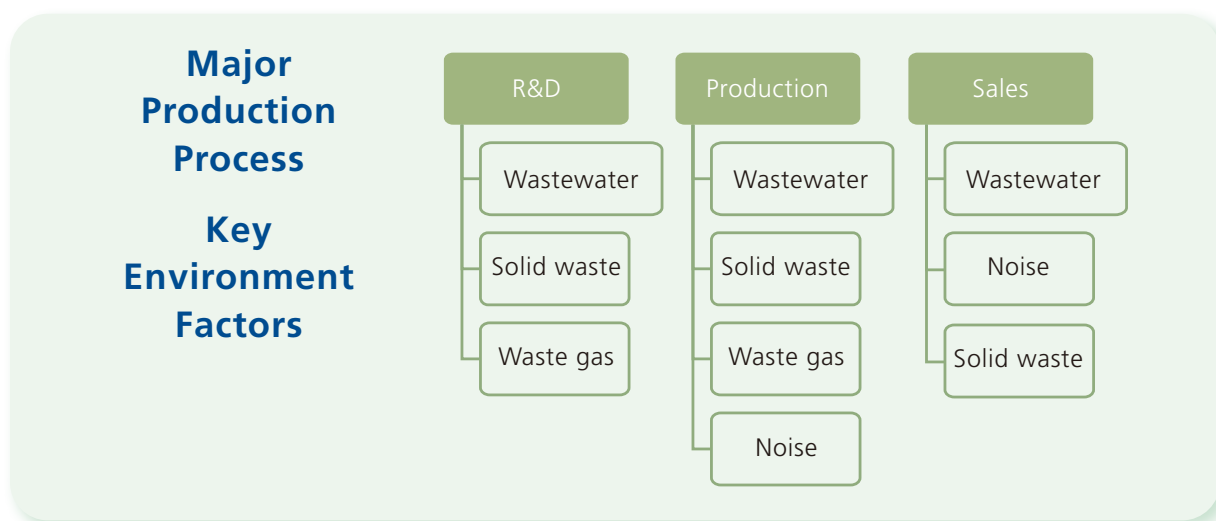
In 2022, the Group formulated the EHS Management Review System and established an expert team of EHS think tank. With its strong internal expert resources, the Group also conducted a special review on the environmental management systems of each subsidiary, covering the consistency between the production site and the documents of environmental assessment and pollution discharge permit, disclosure of environmental information, various emission data, pollution prevention facilities, the entire process of solid waste collection, storage and disposal, as well as basic environmental management.



Environment Management System
Certification of NBP

Identification and Control of Environmental Impact Factors

CSPC and its subsidiary are committed to enhancing the identification and management of environmental risks within the framework of EHS Management System, and have established systems, such as Management System for Identification, Assessment and Control of Hazard Sources and Environmental Factors, Procedures for Management and Control of Wastewater, Exhaust Gas, Noise, and Solid Waste, and Procedures for Environment Monitoring and Measurement Control, so as to improve their contribution to environmental protection through continuous assessment and review of various performance indicators.



The measures taken by the Group for controlling environmental impact factors mainly include emission reduction at source, substitution, process control, detoxification and resource disposal, etc. See the Section “Resource Management and Pollutant Emission” in this Chapter for details.

Training on Environmental Protection

CSPC attaches great importance to environmental education and training for management personnel and employees and regularly organises learning activities of national environmental laws and regulations to strengthen employees’ environmental awareness and enhance their sense of environmental responsibility.

In 2022, we conducted special training on environmental protection laws and regulations during the regular EHS meetings, and organised subsidiaries to interpret and promote the laws and regulations, such as the Law of the People’s Republic of China on the Prevention and Control of Noise Pollution, the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Management Measures for the Transfer of Hazardous Wastes, and List of Outdated Production Processes and Equipment Producing Industrial Solid Wastes for Serious Environmental Pollution that Must Be Phased Out within a Time Limit. By familiarising ourselves with regulatory dynamics and understanding the knowledge of environmental protection, we enhance our sense of responsibility for prevention and control of environmental pollution, and improve the overall environmental management level of the Group and its subsidiaries.



Training on Environmental Protection Laws and Regulations

Emergency Management on Environmental Protection Incident

The Group has established an emergency response mechanism for environmental emergencies. Based on the actual situation of each subsidiary, we have formulated Emergency Response Plans for Environmental Emergencies and established an emergency rescue team and organised emergency response drills, so as to ensure that all emergency response measures can be initiated quickly, efficiently, and orderly in the event of an environmental emergency, and minimise the harm to the environment and the loss of business operations caused by the environmental emergencies.

Responding to Climate Change

Climate change has become a major global issue widely recognised around the world with frequent extreme weather and disaster events always warning us of the severe situation we face. Its far-reaching impact on economic and social development is an environmental challenge facing the whole world at present. Global climate change not only brings extreme weather, but also seriously affects all kinds of economic and social activities. According to the research of the World Health Organization, about 12 million people die due to environmental factors every year.

At the end of 2015, the Paris Agreement was officially adopted, becoming a new legally binding agreement on global greenhouse gas reduction following the Kyoto Protocol. In September 2020, President Xi Jinping delivered an important speech at the General Debate of the 75th Session of the United Nations General Assembly, pointing out that China shall scale up its intended nationally determined contribution, strive to peak carbon dioxide emissions by 2030, and achieve carbon neutrality by 2060.

As a listed company in the field of medicine and health, the Group pays attention to the impact of climate change on human health, actively identifies the risks and opportunities brought by climate change to its operation, and confirms the impact of its operation on climate and environment. In 2021, by reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of Financial Stability Board (FSB), CSPC has constructed a climate change management system in four aspects (i.e. governance structure, strategy formulation, risk management and goal and performance preparation), identified the risks and opportunities related to climate change, continuously improved management and minimised the carbon generated by operation activities.

In 2022, the Group actively identified the possible impact caused by climate change. Concerning the possibility of production suspension, investment losses, and personnel injuries caused by extreme weather in some subsidiaries, the Group has also established an emergency response mechanism for extreme weather, formulated an emergency response plan for extreme weather, purchased emergency supplies, and set up an emergency rescue and response team to ensure the mobilisation of internal and external resources in extreme weather. At the same time, we identified potential safety risks caused by extreme weather, implement hazard control measures to reduce potential safety hazards caused by extreme weather.

Management Measures on Climate Change Issues

The Group's ESG Team is responsible for identifying climate change risks associated with its business each year, assessing the impact of such risks on the Group, and providing suggestions to the Board of Directors regarding those risks.

Governance

- We include the climate change issue into the key ESG issues of the Group, so that the Board of Directors can supervise and manage ESG issues, including climate change issues;
- The relevant functional departments and business department also incorporate the management of climate change into their daily work.

Strategy

- Identify the risks of climate change to the Group's operation and plan to integrate the risks and opportunities brought by climate change into a part of overall operational risk management;
- Actively identify the main sources of greenhouse gas emissions of the Group.

Risk Management

- Carry out management in terms of resource conservation and reduction of greenhouse gas emission.

Target & Performance

- Regularly quantify and disclose the discharge volume and density of the greenhouse gas emissions, and assess the performance of the Company in coping with climate change.

Identification of Risks and Opportunities Brought by Climate Change

The Group has identified climate-related risks and opportunities relevant to its own operations through conducting policy research, benchmarking with peers and listening to experts' opinions, and then evaluated the impact of various risks and opportunities on its finance.

Analysis of Climate-related Risks and Opportunities

Identify

- Prepare the framework according to the unified climate change information formulated by TCFD and identify the 6 climate-related risks and 5 climate-related opportunities.

Assess

- Assess the climate-related risks and opportunities based on the business and strategy of the Group and the experts' opinions.

Analyze

- Construct a matrix of the climate-related risks and opportunities based on assessment results, and identify the substance of risks and opportunities in combination with their occurrence rate and impact.

Analysis of the Impact of Climate-related Risks on Finance

Through an analysis of the financial impact of climate-related risks, the Group has identified six climate-related risks and five climate-related opportunities, analysed the potential financial impact, and developed response measures and plans to guide its subsidiaries in formulating targeted plans and control measures, making relevant investments, and reducing or eliminating the risks arising therefrom.

Identification of the main risks and opportunities brought by climate change				Potential financial impact	Countermeasures
Risks	High	Policy and legal risks	The Group may face the risk of being held legally liable or subject to regulatory measures, disciplinary actions, property damage or loss of business reputation due to non-compliance with climate-related policies or laws.	Reduction in operating income and increase in credit risks	Establishing a more refined emergency management plan to cope with extreme weather Reducing the use of high energy-consuming equipment
	Medium	Technology risk	In the process of low-carbon technology transformation, the development and application of energy-saving and environmental protection technologies such as renewable energy and new energy may have certain impacts on the operation and business of the Group.	Reduction in fixed asset value and increase in R&D investment cost	
		Acute physical risks	Dramatic climate changes such as typhoons and floods will cause extreme weather or natural disasters, which may affect the normal operation of the Group in terms of medicine R&D and production, thus affecting business.	Reduction of operating income, increase in operating cost and reduction in fixed asset value	
		Chronic physical risks	The long-term shift in natural phenomenon such as rising of sea level and continuous high temperature may influence the normal operation of the Group.	Increase in operating cost and reduction in fixed asset value	
	Lower	Reputation risk	The public pays more and more attention to green operation. If the Group fails to meet the expectations of stakeholders, it may face reputation risk in its operation.	Reduction in operating income and increase in operating cost	
		Market risk	Considering the business characteristics of the pharmaceutical industry, the risk of business transformation caused by the increased demand of customers and consumers for green products and services has little impact on the Group.	Reduction in operating income and increase in credit risk	

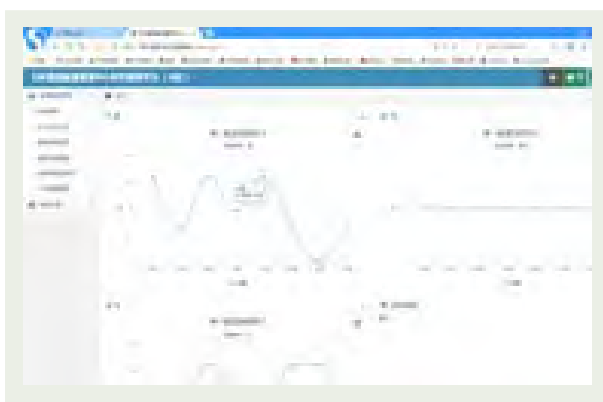
Identification of the main risks and opportunities brought by climate change				Potential financial impact	Countermeasures
Opportunity	High	Resource efficiency	Promote energy conservation and emission reduction by improving the use efficiency of resources and energy, which is conducive to reducing operating costs.	Reduction in operating cost	Using LED energy-saving lamps in operation activities Using new energy vehicles for business and taking other measures to reduce the carbon generation from operation Introducing energy management into suppliers' evaluation
		Energy source	Use clean energy and low-carbon energy to replace traditional high-carbon energy, which is conducive to significantly reducing the Group's energy expenditure in the future	Reduction in operating cost	
	Medium	Market opportunity	Against the backdrop of climate change, there may be more diseases without solutions. The pharmaceutical industry in which the Group is located will attract increased market attention.	Increase in operating income and reduction in credit risk	
		Products and service	In the background of climate change, there may be more diseases without solutions. In the pharmaceutical industry where the Group is located, the R & D capacity may bring room for the growth of operating income.	Increase in operating income and reduction in credit risk	
	Low	Adaptability	The Group can improve its climate change adaptability by taking energy efficiency measures and selecting environment-friendly suppliers and partners.	Increase in operating income and reduction in operating cost	

Resource Management and Pollutant Emission

Use of Resources

Guided by Energy Management Systems – Requirements with guidance for use (ISO50001) and Energy Management Systems – Requirements (GB/T23331-2009), the Group has established a relatively complete and effective energy management system based on the entire process of the energy management system, implemented standardised and systematic supervision and management of energy conservation, and promoted energy conservation and enhanced energy utilisation efficiency in accordance with the relevant provisions of the Law of the People's Republic of China on Energy Conservation.

The Group is committed to continuously improving its energy management methods and approaches, and constantly exploring energy management systems. In 2022, the establishment of “intelligent energy management systems” was completed. Currently, the Group has set up three energy management centers with intelligent data collection, analysis, and decision-making functions. The subsidiaries with large energy consumption have achieved dynamic monitoring of energy data collection, transmission, and analysis, remote adjustment, lean control, and intelligent remote opening and closing of equipment, thereby achieving the goal of reducing energy consumption, improving the operating efficiency of power systems, and reducing operating costs.



Intelligent Energy Management Systems



Energy Management Center

See “ESG Performance” section for details of annual consumption of electricity, natural gas, steam, diesel and gasoline.

Emissions Performance

Prevention and Control of Air Pollution

Air Pollutant Emission

	SO ₂ (Ton)	NO _x (m ³)	VOCs (kg)
Year 2020	15.46	35.88	/
Year 2021	6.73	37.13	/
Year 2022	7.21	34.92	19,740.21

The air pollutants of the Group mainly include various exhaust gases generated in production process, odor from wastewater treatment process and the dust from dust related operations.

The Group actively controls the air pollutants generated in production process. In addition to collecting exhaust gas with enclosed method, the Group also sets up various advanced exhaust gas absorption devices to ensure that all subsidiaries can meet the requirements of exhaust gas emission standards for industrial enterprises. For example, the exhaust gas from boiler, industrial process and sewage treatment is generally treated by absorption method and catalytic combustion method; VOC is collected and treated by active adsorption method, combustion treatment method, absorption degassing method, condensation collection method, biological treatment method, etc. for unified collection and treatment, so as to reduce VOC emission and odor pollution in the factories. Carbon fiber adsorption, alkali spray and activated carbon adsorption as well as UV photocatalytic technology are adopted in the collection system.



Activated Carbon Adsorption



Catalytic Combustion



Spray Adsorption



Dust Collection



Closed Transportation of Materials



Online Monitoring

Solid Wastes and Water Pollution Control

Emissions of hazardous wastes per unit of revenue in 2022 were reduced by 22% and discharge of non-hazardous wastes per unit of revenue was reduced by 59% compared to 2017, both of which met the established target. See Environmental Protection Performance under “ESG Performance” for details.

The Group’s wastewater treatment mainly adopts biodegradation method, supplemented by physical method, chemical method, and combination of a variety of methods so as to select the best treatment method. Each subsidiary has established wastewater treatment centers and treatment stations which monitor the discharge of wastewater in real time to ensure that the sewage discharge meets the standard.



Biochemical Treatment Tank



Chemical Oxidation



UV Oxidation



Online Monitoring



Wastewater Concentration



Water Quality Inspection Lab

Industrial Solid Waste Management

Industrial solid wastes can be broadly categorised as non-hazardous wastes and hazardous wastes. Having always followed the principle of “reduction, recycling and detoxification”, the Group firstly takes various measures to minimise the generation and emission of solid wastes at source and secondly recycles the reusable resources and energy as much as possible. Finally, detoxification treatment is carried out to reduce the hazardous pollution of solid wastes. Domestic and non-hazardous solid wastes are collected by the municipal environmental hygiene department.

Reduction of solid wastes	The general solid wastes generated by the Group are mainly classified into two kinds:	
	✓	Firstly, bottles and cans, waste paper, waste packaging and other wastes generated from daily life and production are transferred to recycling companies for reuse through resource recycling;
	✓	Secondly for fermentation waste and activated sludge generated during production process, the fermentation waste is transformed into the raw material for production of organic fertiliser in collaboration with chemical fertiliser production enterprises and the activated sludge is returned to environmental protection facilities or transferred to professional enterprises for further treatment through dehydration.
	We aim to reduce the final emissions to the environment through resource utilisation, and strictly controls the process to reduce the generation of solid wastes.	

The Group has appointed dedicated personnel to manage hazardous wastes and put forward suggestions for further improvement of hazardous waste management from time to time according to the amendments to the National Catalogue of Hazardous Wastes. Each subsidiary regularly reports to the government authority and establishes hazardous waste warehouses to enhance the management and monitoring process of the storage of hazardous wastes. Hazardous wastes are transferred to qualified companies which will carry out centralised detoxification treatment to ensure the disposal of hazardous wastes is in compliance with local regulations.

Water Resources Management

Water is the source of life, the basic resource of all things, and the foundation of freedom. Water is the material foundation on which the Earth depends for survival, and water resources are a primary condition for maintaining the sustainable development of the earth’s ecological environment. The Group strictly complies with relevant laws and regulations, such as the Water Law of the People’s Republic of China, the Administrative Measures for Industrial Water Conservation issued by the State Economic and Trade Commission, the Opinions on Strengthening Industrial Water Conservation, continuously optimises water resource management, actively practices and promotes water-saving technologies and equipment, improves the reuse rate of water resources, organises employees to carry out water-saving propaganda, education, and training to enhance the water-saving awareness of all employees, and strives to create a water-saving enterprise.

The Group obtained most of its water supply through municipal water supply networks which is measured on a meter basis. It is mainly used for production and daily life. In 2022, the total water intake of the Group's subsidiaries was 11.82 million cubic meters, and the water consumption amounted to 9.56 million cubic meters.

Water-saving Measures

The dedicated energy management team of the Group is responsible for the unified planning and implementation of use and conservation management of water resources, and the formulation of water resource consumption and conservation rates on an annual basis. We incorporate the use of water resources into the energy management information system, track and manage all water consuming units throughout the whole process, and conduct inspections on a quarterly basis.

I. Water Saving in Production

The Group's subsidiaries actively implement projects such as process water conservation, water resource recycling, and reclaimed water reuse to reduce the discharge of water resources, actively implement and upgrade water conservation management, and increase research and investment in water saving devices, in order to reduce the costs of water saving technology and products, improve water saving equipment and product quality, comprehensively improve water resource utilisation efficiency, and gradually form a water saving production mode.

The Group invested RMB21.98 million and in 2022, installed and used a centralised process water system in No. 1 Manufacturing Center, which replaced a total of 31 sets of purified water preparation systems and 15 sets of injection water preparation systems in 26 production workshops to solve the problems of large verification workload, long verification and daily maintenance time, high maintenance and daily consumption, and high water resource caused by the direct flow of decentralised process water. As a result, the consumption of water resources has been greatly reduced.



Central Water Station with Centralised Process Water of No. 1 Manufacturing Center

II. Water-saving in Daily Life

The Group actively carries out promotional and educational activity with the theme of “saving water, treasuring every drop”, popularises and promotes water-saving knowledge and culture, fully mobilises the enthusiasm of all employees to save water, participates in water-saving activities and rewards water-saving projects. A good water-saving atmosphere is created within the enterprise to establish a correct water-saving awareness and encourage all employees to develop good water-saving habits.



The Group also actively carries out activities for collecting rational suggestions on water conservation, and adopts and implements relevant water-saving measures to reduce the daily consumption of water resource. For example, we promoted the replacement of automatic faucets and water-saving showers in office and living areas to prevent waste of water resources caused by the constant opening of valves and the high volume of showerheads.

Mission-led, Shouldering Responsibility

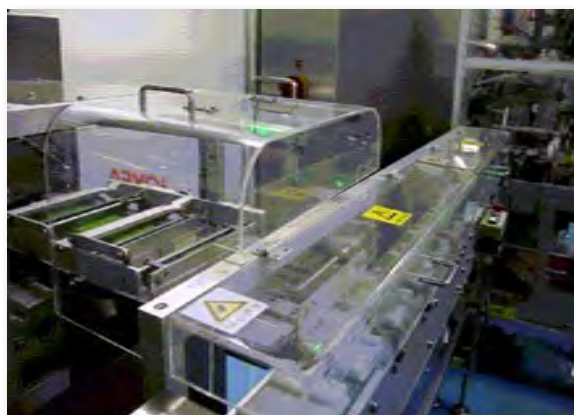
Mission leads the future, and responsibility calls for commitment. CSPC has always been forging ahead with the mission of “all for good medicine, all for mankind’s health”, actively participating in public welfare activities, assuming its social responsibilities, and giving back to the society with a grateful and responsible heart.

With care for human health as the original intention and improving the quality of human life as the responsibility, CSPC is committed to meeting the growing needs of society with high quality, effective, safe and reliable medicines, and continues to take action and invest in areas such as rescuing patients in difficulty, exploring and innovating medical science, supporting education and poverty alleviation, and promoting rural revitalisation, etc. with an aim to protect and preserve lives, explore new heights of medical science and strive for a better life for people.

Guaranteeing Supply during Pandemic

Since December 2022, there has been a shortage of some key medical supplies in China. The Ministry of Industry and Information Technology issued the Dispatch Order for Emergency Task to CSPC. As one of the important manufacturers of anti-epidemic medicines, OUYI felt obliged to help without shirking its responsibilities and faced up to the difficulties, increased the workshop shifts, and operated 24-hour a day to produce products urgently needed by the market at full capacity. During this period, CSPC people lived and ate at the factory without complaint and regret, actively participated in the work of guaranteeing supply, and resolutely assured the supply and allocation of anti-epidemic medicines.

During this special period, CSPC took the guarantee of supply of anti-epidemic medicines as its top priority to carry out top-level coordination, and concentrated all its superior resources to provide full support to OUYI. Through collaboration with various parties, CSPC achieved significant improvement in production capacity of various anti-epidemic products, effectively alleviating the shortage in the domestic market.



CSPC is also accelerating the clinical trials of mRNA vaccine against COVID-19, the oral small-molecule 3CL protease inhibitor against Covid-19 with global independent intellectual property rights (SYH2055), and JAK/TYK2 inhibitor for adults with severe clinical symptom (SYHX1901 tablets), contributing its effort to the ultimate victory of Chinese people over Covid-19 pandemic.

On January 20, 2023, a special letter warmed the hearts of all employees of OUYI. In the letter, the Ministry of Industry and Information Technology expressed heartfelt thanks to OUYI for its contribution to guaranteeing the provision of medical supplies, and extended sincere condolences to the employees of OUYI who were fighting on the front line of producing and providing medical supplies.

At the beginning of 2022, the sudden outbreak of COVID-19 in Shanghai touched the hearts of people all over the country. CSPC immediately contacted Shanghai Charity Foundation (SCF) and donated Guoweikang worth RMB5.02 million to Shanghai, which was delivered to 13 streets, towns and many other Mobile Cabin Hospitals in Shanghai at the first time to help the people of Shanghai successfully fight the epidemic. (Note: At the beginning of 2020, vitamin C was listed as a drug to prevent COVID-19 by the Shanghai Municipal Health Commission.)



“CSPC LEADING” – supporting medical scientific research

“CSPC LEADING Scientific Research Fund Project” is organised by Sichuan Western Psychiatric Association and supported by CSPC. Since its establishment in 2020, the first phase of the project has been successfully held, which has been well received by many experts in the field and widely participated by young and middle-aged doctors. A total of 51 valid mission statements were received for the first phase of the project, and 10 scientific research projects were selected for funding.

On 26 July 2022, the second phase of “CSPC LEADING Scientific Research Fund Project” was announced. Fundings for 10 scientific research projects, including 7 clinical research projects and 3 basic research projects, were provided nationwide with a total of RMB900,000. The second phase of the project focused on supporting clinical and basic research in the treatment of diabetic foot diseases and diabetic vascular diseases.

Medical Assistance for Children in Distress

In March 2022, Hebei CSPC Puen Charity Foundation partnered with Hebei Children's Hospital of Integrated Traditional Chinese and Western Medicine to set up a medical assistance project for children in need, which aims to help children with hematological diseases and solid tumors and their families get through the difficult treatment stage, so as to reduce the incidence of treatment abandonment and give hope to more children patients. In 2022, a total of 63 children in distress were aided, with a total amount of RMB2.25 million.



Assistance for tumor patients in distress

Long cycle and high cost of tumor treatment is a heavy burden especially for disadvantaged families such as families receiving minimum living security and low-income families. In 2022, CSPC Puen Charity Foundation launched the "Assistance Project for Tumor Patients in Distress". This project is aimed at 7 hospitals including The First Hospital of Hebei Medical University, The Second Hospital of Hebei Medical University, The Third Hospital of Hebei Medical University and Shijiazhuang People's Hospital, etc with the directors of joint departments as the love ambassador for the project to help tumor patients from disadvantaged families prolong their life spans, and assist them in getting through the difficult stage of treatment. In 2022, a total of 50 tumor patients in difficulty were aided.



CSPC has maintained good relationship with more than 40 domestic medical foundations, including China Health Promotion Foundation, Wu Jieping Medical Foundation, Beijing Xisike Clinical Oncology Research Foundation, China Zhongguancun Precision Medicine Science and Technology Foundation, Guangzhou University of Chinese Medicine Education Development Foundation, Beijing Li Hengying Medical Foundation, Wenzhou Medical University Education Development Foundation, etc., so as to gather and deliver care for patients with serious tumours. In 2022, the total amount of cash and in-kind donations was RMB34.8269 million.

“Twilight Action” – supporting education and poverty alleviation

The “Twilight Action” program focuses on supporting the growth and education of students from poor families during their compulsory education, education in high school or the freshman stage of university education. The program aims to improve the learning and growth environment of poor students through financial assistance and spiritual care, so that excellent students will not drop from school due to poverty. In 2022, the “Twilight Action – CSPC Student Financial Assistance” program provided tuition assistance to university students with financial difficulties studying at Hebei Medical University, which reduced the pressure of schooling for these students and enabled them to complete their studies successfully. The program provided assistance to a total of 367 college students in distress, with a total amount of RMB2 million.



Mr. Zhang Cuilong, CEO of CSPC, at the Signing Ceremony of “Twilight Action – CSPC Student Financial Assistance ”

“Light Spring Rain” – supporting rural revitalisation

Supporting rural revitalisation is an important embodiment of CSPC’s commitment to serving the country, rejuvenating the society, and serving the masses, and also an important way and a broad stage for social organisations to grow through hard work and achieve high-quality development. In 2022, Hebei CSPC Puen Charity Foundation actively fulfilled its responsibilities as a social organisation, and launched a donation campaign for Gaojiayu Village, Jiukouzi Town, Xingtang County, Shijiazhuang, Hebei Province with a donation of RMB1 million specifically used to support the construction and development of mushroom-stick factory project in this village. The implementation of this donation project has provided more job opportunities for the people in the mountainous area, increased their income, helped the village develop better, and consolidated the achievements of poverty alleviation.



“The benevolent loves others and repays the world with good deeds”

“The benevolent loves others” and “be happy in doing good” are traditional virtues of the Chinese nation, and contain a rich spirit of charity.

In order to fulfill our corporate mission of “all for good medicine, all for mankind’s health”, all of the Group’s employees actively participated in the “China Charity Day” event on 5 September 2022. The charitable donations received by Hebei CSPC Puen Charity Foundation hit a historical high. The good atmosphere of “everyone being kind and doing good” is becoming more and more intense, which is the embodiment of sense of social responsibility of CSPC people, and also CSPC’s mission of benefiting the people all over the world.



The first “Hebei Charity Award” (2022)

“Hebei Charity Award” is the highest award in the field of public welfare and charity in Hebei Province approved by the provincial party committee and the provincial government. It is organised by the Department of Civil Affairs and the Provincial Department of Human Resources and Social Security, and held every five years to select and award the awardees. The selection and commendation of the first “Hebei Charity Award” focuses on the grass roots and the frontline workers, and targets enterprises, groups, individuals and projects with outstanding deeds, good influence and strong inspiration in the public welfare and charity activities in Hebei Province, especially in the aspects of epidemic prevention and control, poverty alleviation, livelihood security, grass-roots social governance, rural revitalisation, countermeasures of major emergencies, etc.

CSPC is also a caring and responsible enterprise while focusing on high quality innovation and development. Since its establishment in 1997, CSPC people have been actively involved in public welfare. Whether in major disasters such as SARS, the Wenchuan earthquake, the Yushu earthquake and the fight against the Covid-19, or in supporting the industry development to improve the medical standard in China, CSPC people have always been active in providing assistance.

In June 2022, CSPC won the honorary title of Donation Enterprise at the first Hebei Charity Award.



ESG Performance

Compliance

CSPC regards compliant operations as the cornerstone of its sustainable development. In 2022, the Group had no violations in terms of product quality, customer service, employee employment, occupational health and safety, anti-corruption and business ethics, intellectual property protection, and honest operation.

Field	Majors Laws and Regulations
Honest Operation	Advertising Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Anti-monopoly Law of the People's Republic of China, Pharmaceutical Advertisement Examination Method, Law of the People's Republic of China on the Administration of Drugs, etc.
Product Quality	Law of the People's Republic of China on the Administration of Drugs, Law of the People's Republic of China on Product Quality, Law of the People's Republic of China on Product Quality Safety, Good Manufacturing Practice, Guideline on Good Pharmacovigilance Practices, etc.
Intellectual Property Protection	Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Rules for the Implementation of the Patent Law of the People's Republic of China
Anti Corruption and Business Ethics	Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on the Prohibition of Commercial Bribery and the Notice on the Serious Investigation, Anti-monopoly Law of the People's Republic of China, Provisions on Establishing Adverse Record of Commercial Bribery in Field of Pharmaceutical Trading, etc.
Employment	Labor Law of the People's Republic of China, the Law of the People's Republic of China on Employment Contracts, The Social Insurance Law of the People's Republic of China, the Special Provisions on Labor Protection for Female Employees, Social Insurance Regulations, etc.
Occupational Health and Safety	Law of the People's Republic of China on Work Safety, Regulations on the Control over Safety of Dangerous Chemicals, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Fire Protection Law of The People's Republic of China, Regulations on Emergency Response to Production Safety Accidents, etc.
Supply Chain Management	Civil Code of the People's Republic of China, the Contract Law of the People's Republic of China, Negotiable Instruments Law of the People's Republic of China, Good Manufacturing Practice, etc.

Environmental Protection	Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Evaluation of Environmental Effects, The Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, The Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and Law of the People's Republic of China on Promoting Clean Production, Regulations on the Administration of Environmental Protection of Construction Projects, Regulations for the Administration of Pollutant Discharge Permits, etc.
Public Welfare Charity	Welfare Donations Law of the People's Republic of China, The Charity Law of the People's Republic of China, Measures for the Administration of Public Fund Raising by Charitable Organisations

Anti-Corruption and Anti-Bribery

Performance Indicator	Unit	Year 2021	Year 2022
Number of corruption and bribery cases proposed or concluded against the Group or employees	case	0	0
Coverage ratio of training on anti-corruption and anti-bribery	%	100	100
Number of hours ^{3,4} of training on anti-corruption and bribery received by each management ¹	Hour	1.2	6.5
Number of hours ^{3,4} of training on anti-corruption and bribery received by each employee in key position ²	Hour	0.8	4.5

Note:

1. The Company's management refer to the personnel at or above the deputy level of middle-level management in subsidiaries and the Group.
2. Employees in key positions include all personnel in the marketing system and functional departments.
3. Number of hours of training on anti-corruption and anti-bribery received by each person=the total number of hours of training on anti-corruption and bribery received by all employees/the number of employees receiving training on anti-corruption and bribery.
4. In 2022, the Group developed and improved system documents related to anti-corruption and bribery, and strengthened the training on anti-corruption and bribery for management and employees in key positions, significantly increasing the training duration.

Products and Customer Service¹

Performance Indicator	Unit	Year 2021	Year 2022
Ratio of sold products which are recovered for safety or health reasons	%	0	0
Number of complaints received about products and services	/	8	10
Handling rate of product and service complaints	%	100	100
The total number of violations of the provided products and service in terms of health and safety, labeling, and customer privacy, etc.	/	0	0

Note:

1. The statistical methods in 2020 was consistent with that in 2021.

Talent Development

Performance Indicator	Unit	Year 2020	Year 2021	Year 2022
Employment¹				
Total number of employees	Person	21,527	24,746	24,837
Number of male employees	Person	11,096	12,744	12,762
Number of female employees	Person	10,431	12,002	12,075
Number of employees under labor contract system ²	Person	—	—	23,206
Number of employees under labor dispatch system ²	Person	—	—	1,455
Number of employees in other forms of employment ^{2, 3}	Person	—	—	176
Number of employees under 30 years old	Person	8,715	9,651	10,242
Number of employees aged 30-50	Person	12,419	14,353	13,834
Number of employees over 50 years old	Person	393	742	761
Number of employees from mainland China ²	Person	—	—	24,756
Number of employees from Hong Kong, Macao, Taiwan and overseas ²	Person	—	—	81
Number of junior staff ²	Person	—	23,492	22,701
Number of middle management ²	Person	—	1,103	1,911
Number of senior management ²	Person	—	151	225

Performance Indicator	Unit	Year 2020	Year 2021	Year 2022
Employment¹				
Turnover rate of employees ⁴	%	23.27	23.81	25.80
Turnover rate of male employees ⁴	%	12.22	12.64	14.29
Turnover rate of female employees ⁴	%	11.05	11.17	11.51
Turnover rate of employees under 30 years old ⁴	%	10.94	11.47	13.77
Turnover rate of employees aged 30-50 ⁴	%	10.95	11.39	11.08
Turnover rate of employees over 50 years old ⁴	%	1.38	0.95	0.95
Turnover rate of employees from mainland China ^{2,4}	%	—	—	25.70
Turnover rate of employees from Hong Kong, Macao, Taiwan and overseas ^{2,4}	%	—	—	0.10
Employee Health and Safety				
Number of recordable events per million working hours ⁵	/	12	11	11
Number of employees died of occupational injury	Person	0	0	0
Number of Lost Work Days due to occupational injury	/	246.67	221.46	116.68
Employee Training⁶				
Training coverage rate of employees	%	—	96.5	91
Training coverage rate of male employees ²	%	—	97	94
Training coverage rate of female employees ²	%	—	96	88
Training coverage rate of grass-roots employees ²	%	—	97	88
Training coverage rate of middle-level management ²	%	—	100	100
Training coverage rate of high-level management ²	%	—	78	100
Training hours received by each male employee ⁷	Hour	95	62.1	31.98
Training hours received by each female employee ⁷	Hour	95	55.1	36.04
Training hours received by each grass-roots employee ⁷	Hour	96	59.4	34.03
Training hours received by each middle-level management ⁷	Hour	76	44.9	32.91
Training hours received by each high-level management ⁷	Hour	64	40.5	35.05

Note:

1. The statistical caliber of employees' employment data is consistent with that in the 2022 consolidated financial statement.
2. "—" indicates that the availability of individual data in 2020 and 2021 is poor due to different statistical methods.
3. Other forms of employment mainly refer to temporary employment.
4. Turnover rate of employees=number of employees of a certain category resigned during the reporting period/total number of employees at the end of reporting period* 100%
5. The work-related injuries happened in 2022 were incidents that occurred during the commute of employees. The Group has assisted the injured employees in identifying injuries or completing compensation to the injured through commercial accident insurance.
6. Training for employees in this section does not include the training on safety and occupational health. For training on safety and occupational health, please see the Chapter "Occupational Health and Safety".
7. Training hours received by a certain type of employee=total training hours received by this type of employees/total number of employees of this type. Due to the reason of statistical caliber, the training on occupational health and safety has not been included in this section, resulting in a decrease in training duration.

Environmental Performance

Performance Indicator	Unit	Year 2020	Year 2021	Year 2022
Use of Resources				
Power consumption ²	10000 kWh	61,112.14	71,360.43	89,333.05
Power consumption density ²	10000 kWh/ RMB 100 million	245.02	256.08	288.76
Consumption of natural gas ³	m ³	61,599,259.6	61,344,704.0	67,824,064.4
Consumption density of natural gas ³	m ³ /RMB 100 million	246,970.01	220,133.86	219,232.84
Total steam consumption ³	m ³	608,789,867	831,294,477	1,072,896,229
Steam consumption density ³	m ³ /RMB 100 million	2,440,822.18	2,983,078.47	3,468,003.46
Gasoline consumption ^{1, 5}	Litre	—	342,149	300,594
Diesel consumption ^{1, 5}	Litre	—	214,738	192,629
Water consumption ²	m ³	8,370,682	7,796,483	9,581,744
Water consumption density ²	m ³ /RMB 100 million	33,560.59	27,977.48	30,971.79
Total recycled water ⁴	m ³	1,555,882	12,283	1,825,322
Proportion of total recycled water in water consumption ⁴	%	18.59	0.15	19.05
Total consumption of packaging materials	Ton	43,039	44,885	46,596
Consumption density of packaging materials	Ton/RMB 100 million	172.56	161.07	150.62

Note:

1. “—” indicates that the availability of individual data in 2020 and 2021 is poor due to different statistical methods.
2. In 2022, new projects such as Megalith Biopharmaceutical and Weisheng Xingshi Park were successively put into production, and the production capacity of No.1 Manufacturing Center increased. Besides, companies such as CSPC Recomgen Pharmaceutical (Guangzhou) Co., Ltd. joined the Group, resulting in increase in power and water consumption.
3. In 2022, internal energy use policies were changed and adjusted due to the domestic power restriction policies. As a result, the increase in use of steam and natural gas brought about an increase in the consumption and consumption density of natural gas and steam.
4. In 2022, the Group promoted the diversion of clean water and wastewater at sources, clean production, and reuse of water resource, resulting in an increase in the amount of recycled water used.
5. In 2022, the Group continued to promote the implementation of replacing oil with electricity for transportation vehicles in factories, resulting in a reduction in gasoline and diesel consumption.

Performance Indicators	Unit	Year 2020	Year 2021	Year 2022
Emissions				
Emission of nitrogen oxide	m ³	35.88	37.13	34.92
Emission of sulfur dioxide	Ton	15.46	6.73	7.21
Emission of volatile organic compounds (VOCs) ¹	Ton	—	—	19.74
Emission of industrial wastewater ²	m ³	6,814,800	6,384,200	7,756,422
Emission of chemical oxygen demand (COD) ²	Ton	925	989	1,214
Emission of ammonia nitrogen ²	Ton	72	74	91
Emission of hazardous wastes ²	Ton	17,446.68	13,453.61	14,198.62
Emission density of hazardous wastes ²	Ton/RMB 100 million	69.95	48.28	45.90
Emission of non-hazardous wastes ²	Ton	30,837.69	28,143.87	33,847.11
Emission density of non-hazardous wastes ²	Ton/RMB 100 million	123.64	100.99	109.41
Emission of greenhouse gas ^{2,3}	CO ₂ e	1,047,584	1,181,000	1,137,042
Emission of greenhouse gas in Scope 1 ^{2,3}	CO ₂ e	348,756	580,318	564,429
Emission of greenhouse gas in Scope 2 ^{2,3}	CO ₂ e	698,828	600,682	572,613
Emission density of greenhouse gas ^{2,3}	CO ₂ e/RMB 100 million	4,200.08	4,237.99	3,675.35

Note:

1. “—” indicates that the availability of individual data in 2020 and 2021 is poor due to different statistical methods.
2. In 2022, new projects such as Megalith Biopharmaceutical and Weisheng Xingshi Park were successively put into production, and the production capacity of No.1 Manufacturing Center increased. Besides, companies such as CSPC Recomgen Pharmaceutical (Guangzhou) Co., Ltd. joined the Group, resulting in an increase in industrial wastewater emissions, COD emissions, ammonia nitrogen emissions, harmless and hazardous waste emissions, and greenhouse gas emissions.
3. The calculation of emissions of greenhouse gas in Scope 1 and Scope 2 is based on the “Greenhouse Gas Protocol” (GHG Protocol) issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC), the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Enterprises in Other Industries (Trial) issued by the National Development and Reform Commission of the People’s Republic of China, and the Calculation Table of Carbon Emissions from Other Industries in Hebei Province.

Supply Chain

Performance Indicators	Unit	Year 2020	Year 2021	Year 2022
Number of suppliers	/	1,362	1,483	1,501
Number of suppliers from Mainland China	/	1,259	1,377	1,393
Number of suppliers from Hong Kong, Macao, Taiwan and Overseas	/	103	106	108
Number of suppliers receiving audit in environment, ethics, etc. ¹	/	—	433	510
Number of suppliers passing the audit in environment, ethics, etc. ¹	/	—	433	510

Note:

1. “—” indicates that the availability of individual data in 2020 and 2021 is poor due to different statistical methods.

Public Welfare Charity

Performance Indicators	Unit	Year 2020	Year 2021	Year 2022
Total amount of charitable donations	RMB10’000	4,76 ¹	4,918	8,499
Number of volunteers	Person	—	—	1,676
Total length of volunteer service	Hour	—	—	2,838

Note:

1. “—” indicates that the availability of individual data in 2020 and 2021 is poor due to different statistical methods.

Appendices

Index of SEHK ESG Reporting Guide

Part C: “Comply or explain” Provisions		
Aspects/General Disclosure/KPIs	Description	Disclosure Paragraphs
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ESG Performance – Compliance
KPI A1.1	The types of emissions and respective emissions data.	ESG Performance – Environmental Performance
KPI 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).	ESG Performance – Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Performance – Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Performance – Environmental Performance
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental-friendly, Going Green and Low-Carbon – Green Development Target
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental-friendly, Going Green and Low-Carbon – Industrial Solid Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental-friendly, Going Green and Low-Carbon – Resource Management and Pollutant Emission
KPI 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).	ESG Performance – Environmental Performance

Part C: “Comply or explain” Provisions		
Aspects/General Disclosure/KPIs	Description	Disclosure Paragraphs
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Performance – Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental-friendly, Going Green and Low-Carbon – Green Development Target
KPI 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.	Environmental-friendly, Going Green and Low-Carbon – Green Development Target
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG Performance – Environmental Performance
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Environmental-friendly, Going Green and Low-Carbon – Resource Management and Pollutant Emission
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental-friendly, Going Green and Low-Carbon – Resource Management and Pollutant Emission
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental-friendly, Going Green and Low-Carbon – Responding to Climate Change
KPI 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.	Environmental-friendly, Going Green and Low-Carbon – Responding to Climate Change

Part C: “Comply or explain” Provisions		
Aspects/General Disclosure/KPIs	Description	Disclosure Paragraphs
B. Social		
Employment and Labour Practices		
Aspect 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.	People-oriented, Winning the Future Together – Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	ESG Performance – Talent Development
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Performance – Talent Development
Aspect 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.	People-oriented, Winning the Future Together – Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Performance – Talent Development
KPI B2.2	Lost days due to work injury.	ESG Performance – Talent Development
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-oriented, Winning the Future Together – Occupational Health and Safety

Part C: “Comply or explain” Provisions		
Aspects/General Disclosure/KPIs	Description	Disclosure Paragraphs
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	People-oriented, Winning the Future Together – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG Performance – Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	ESG Performance – Talent Development
Aspect 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.	People-oriented, Winning the Future Together – Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-oriented, Winning the Future Together – Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-oriented, Winning the Future Together – Employment
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Co-Creation through Sharing, Moving Forward Hand-in-Hand – Supply Chain Risk
KPI B5.1	Number of suppliers by geographical region.	Co-Creation through Sharing, Moving Forward Hand-in-Hand – Supply Chain Management; ESG Performance – Supply Chain
KPI 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.	Co-Creation through Sharing, Moving Forward Hand-in-Hand – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Co-Creation through Sharing, Moving Forward Hand-in-Hand – Supply Chain Management

Part C: “Comply or explain” Provisions		
Aspects/General Disclosure/KPIs	Description	Disclosure Paragraphs
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Co-Creation through Sharing, Moving Forward Hand-in-Hand – Supply Chain Management
Aspect 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.	Strong Management, Stable Development – Product Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Strong Management, Stable Development – Product Quality; ESG Performance – Products and Customer Service
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Strong Management, Stable Development – Product Quality; ESG Performance – Products and Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Strong Management, Stable Development – Protection of Intellectual Property Right
KPI B6.4	Description of quality assurance process and recall procedures.	Strong Management, Stable Development – Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Strong Management, Stable Development – Product Quality

Part C: “Comply or explain” Provisions		
Aspects/General Disclosure/KPIs	Description	Disclosure Paragraphs
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strong Management, Stable Development – Honesty and Integrity
KPI 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.	ESG Performance – Anti-Corruption and Anti-Bribery
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strong Management, Stable Development – Internal Supervision and Audit
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Strong Management, Stable Development – Internal Supervision and Audit
Aspect 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.	Mission-led, Shouldering Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Mission-led, Shouldering Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	ESG Performance – Public Welfare Charity

Glossary

Name	Abbreviation/Explanation	Remarks
CSPC OUYI Pharmaceutical Co., Ltd.	OUYI	
CSPC Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd.	Zhongnuo	
CSPC-NBP Pharmaceutical Co., Ltd.	NBP	
CSPC Baike (Shandong) Biopharmaceutical Co., Ltd.	Baike	
CSPC Weisheng Pharmaceutical (Shijiazhuang) Co., Ltd.	Weisheng	
CSPC Yinhu Pharmaceutical Co., Ltd.	Yinhu	
CSPC Inner Mongolia Zhongnuo Pharmaceutical Co., Ltd.	Inner Mongolia Zhongnuo	
CSPC Zhongnuo Pharmaceutical (Taizhou) Co., Ltd.	Zhongnuo (Taizhou)	
CSPC Shengxue Glucose Co., Ltd.	Shengxue	
CSPC Innovation Pharmaceutical Co., Ltd.	XNW	
Hebei Union Pharmaceutical Co., Ltd.	Union Pharmaceutical	
Hebei Zhongrun Ecological Environmental Protection Co., Ltd.	Ecological Environmental Protection	
CSPC Taizhou Guowei C Health Products Co., Ltd.	Guoweikang Company	
9 Centers	Financial Center, Planned Dispatching Center, HR Center, Engineering Center, Process and Information Center, Legal Affairs Center, Centralised Procurement Center, Marketing and Operation Center, Capital Management Center	
7 Departments	Securities Affairs Department, Government Affairs Department, Supervision and Security Department, Public Relations Department, Party Masses Department, Group Office, Audit Department	

Name	Abbreviation/Explanation	Remarks
R&D Innovation-5 Divisions	Preclinical Division	Beijing Research Institute Shanghai Research Institute Shijiazhuang Research Institute
	Clinical Development Division, U.S. R & D Division, Business Development Division, Patent and Government Affairs Division	
Drug Production and Manufacturing-2 Business Divisions	No.1 Manufacturing Cente	OUYI Zhongnuo NBP Baike Yinhu
	API Business Division	Weisheng Inner Mongolia Zhongnuo XNW Zhongnuo (Taizhou) Shengxue Union Pharmaceutical