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About this Report

Basis of Preparation

This report is the Corporate Social Responsibility Report prepared by CSPC Pharmaceutical Group Limited (the “Company” or “CSPC”) and its subsidiaries (hereinafter referred to as “CSPC”, or “we” or the “Group”) in accordance with the *Environmental, Social and Governance Reporting Guide* (effective from January 2022) promulgated by the Stock Exchange of Hong Kong Limited. (“SEHK”) and the *Sustainability Reporting Guidelines* (2016 Version) issued by the Global Reporting Initiative (GRI). We hope to take this opportunity to report the Group’s efforts made in relation to corporate social responsibility and sustainable development in the financial year 2021 to the shareholders and stakeholders. Please refer to the Corporate Governance Report in 2021 Annual Report of CSPC for details of the corporate governance.

Reporting Period and Release Period

This report is the yearly report for 2021 and the report period is from 1 January 2021 to 31 December 2021.

Scope of 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 Environment, Health and Safety (EHS) in this report has covered all production enterprises of CSPC. In addition, the policy descriptions and the reporting scope of other data are consistent with that in the Annual Report.

Data Source and Reliability

The data and study 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 report data without any false records or misleading statements. The amounts mentioned in this report are denominated in RMB unless otherwise specified. Besides, this report is published in both Chinese and English versions, and the Chinese Version shall prevail if there is any discrepancy between the two.

Confirmation and Approval

This report has been examined and approved by the Board of Directors and Senior Executives of CSPC to ensure there does not exist any false record, misleading statement or major omission therein. The Board of Directors will also regularly supervise the ESG matters of CSPC during the reporting period and review the progress of achieving relevant targets.

Access to Report

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

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

Chairman's Message

Two years ago, CSPC further enhanced its corporate culture and confirmed a new mission of “All for good medicine, all for mankind's health”. As a member of the pharmaceutical industry, we have always been fulfilling our social responsibility so as to better realise our original aspiration of “repaying the society with good deeds”.

After the outbreak of COVID-19, we made immediate response and quickly joined in the rescue activities of anti-epidemic production and material supply under the leadership of the government. Employees stayed in the factory voluntarily and worked overtime to produce the anti-epidemic medicines to meet the urgent needs of medical workers and patients. Besides, we went to the anti-epidemic front line of Shijiazhuang and offered Guoweikang Vitamin C supplemental tablets that could boost immunity to everyone from the medium and high-risk communities, so as to increase their confidence and strength.

During this course, we have felt more deeply about people's desire for health and a better life, which also made us realise that “innovation is the greatest social responsibility of pharmaceutical enterprises when facing diseases”. In 2021, we quickly built the mRNA technology platform, hoping that people can benefit from this international leading technology in the near future. In addition, we insist on the R&D strategy guided by innovation and clinical value with double-digit growth in R&D investment, and devote ourselves to meeting the unmet clinical demands. Furthermore, the Group actively participates in the negotiations of National Reimbursement Drug List (NRDL) and policies such as volume-based procurement so as to make innovative medicines more accessible and affordable.

In terms of national health, we integrate resources and work hand-in-hand with the government and professional institutions to offer free clinical service, screening, drug donation and skill training for grass-roots doctors, in order to support the “Healthy China Strategy” in a comprehensive and multi-level approach. Taking product quality as the lifeline, we constantly strengthen quality management and provide the public with safe and reliable products, thus becoming a trusted partner of customers.

Human capital is the foundation of innovation and the core of the Company's sustainable development. We hope to attract and retain more talents to better benefit patients in China and even around the world. We have established a warm, inspiring and humanistic work environment, provided our talents with enriching and targeted career development as well as training opportunities, and offered everyone broad space to perform their roles with full potential under the condition that they are both physically and mentally happy. As such, we have been rated as “the best employer” for many years.

We deeply understand that any development is based on a balanced and friendly relationship with the environment, which is also beneficial for our innovation. For a long period of time, while paying great attention to product quality, we not only actively respond to the goal of carbon neutrality in China and incorporate carbon emission management into long-term development strategy, but also work hard to achieve harmony between human and nature, explore the green and low-carbon operation, and construct a sustainable ecology of the whole industrial chain, so as to appeal for more people to focus on climate change and realise zero carbon emission with science and technology. We hope to explore the pathway of high-quality development, share social values and enhance social welfare through product innovation, technology upgrade and intelligent manufacturing, etc.

Chairman's Message

Social responsibility shall be undertaken by every enterprise and every individual. In 2021, we established a dedicated Environmental, Social and Governance (ESG) Team to continuously improve our corporate social responsibility governance structure, and also formulated the *Scope of Duties of CSPC ESG Team*, which stipulated the organisational structure and work agenda of ESG Team to standardise, institutionalise and process the ESG management. We will also combine our own advantages in the field of medicine and health and continue to extend our corporate social responsibility, so as to realise the value coexistence and sustainable development of environment, society and enterprises.

Public welfare is an important approach for CSPC to practice its social responsibility and create social value. With Hebei CSPC Pu'en Charity Foundation, a non-public charity, as a public welfare platform, we have carried out charitable and public welfare activities in areas of providing assistance to the sick, helping the poor, relieving the underprivileged and helping the elderly as well as subsidising education. We also launched the project of "medicines and doctors for villages", aiming at the vulnerable groups such as the sick, the poor, the underprivileged and the elderly, and provided the poor students with assistance covering all stages of education. By improving people's health and educational environment, we continue to create value for the society.

CAI Dongchen

About CSPC

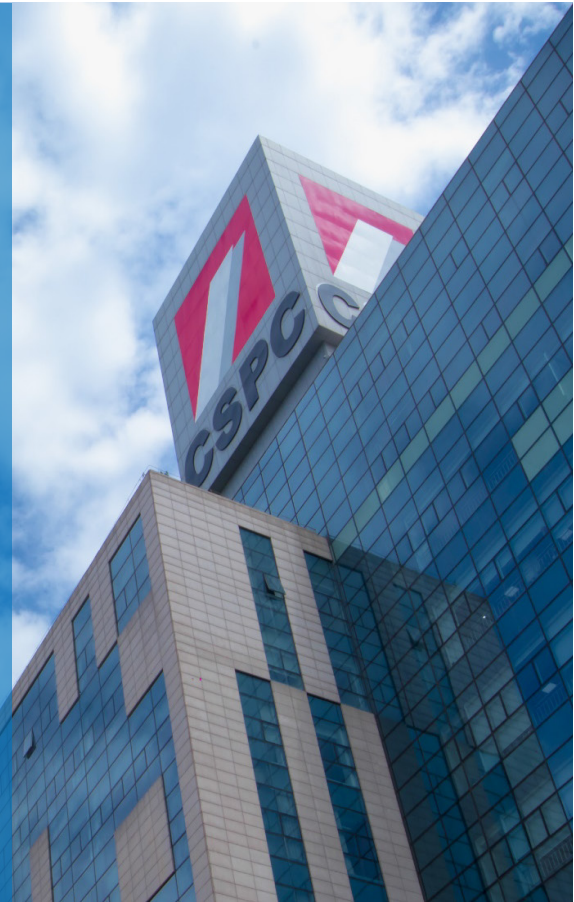
Company Name: CSPC

Stock Code: 01093.HK (HSI Constituent Stock)

CSPC is a national innovative enterprise that integrates R & D, production and sales of innovative drugs. Adhering to the original aspiration of "All for good medicine, all for mankind's health", CSPC has become an important force of innovative drugs in China and even around the world through continuous R&D and innovation. It is now ranked 25th among the top 1000 pharmaceutical enterprises in the world.

CSPC actively focuses on the changes of human disease spectrum and is committed to providing more effective and innovative medicines and better basic drugs, such as chemical drugs, biological products, modern traditional Chinese medicines, and healthcare products. Focusing on six treatment fields, including oncology, cardiovascular, psychiatry and neurology, anti-infection, autoimmunity, digestion and metabolism. CSPC provides first-line high-end drugs for the most grassroots medical units in counties and communities to meet a wider range of medical needs.

In 2021, the Group invested about RMB3.4 billion in R&D with an open and inclusive international vision, the help of internationalised R&D system, eight leading technology platforms and more than 300 innovative drugs, focusing on new targets, new technologies, new discoveries, new fields and new indications, such as gene editing, cell therapy, nucleic acid drugs, etc. In the next five years, CSPC will launch more than 30 new drugs to contribute more to the world through registrations in both China and America.



**RMB30+
billion**

Total existing
asset

24,000+

Total employees

10+

Drug
production
sites

100+

Countries and
regions with sales
of products

36

Products with
more than 100
million of sales



Mission All for good medicine, all for mankind's health



Vision Leading innovations and creating excellent CSPC



Core Values Openness and inclusiveness, harmony and friendliness, diligence and pragmatism, fair and honesty, cooperation and sharing

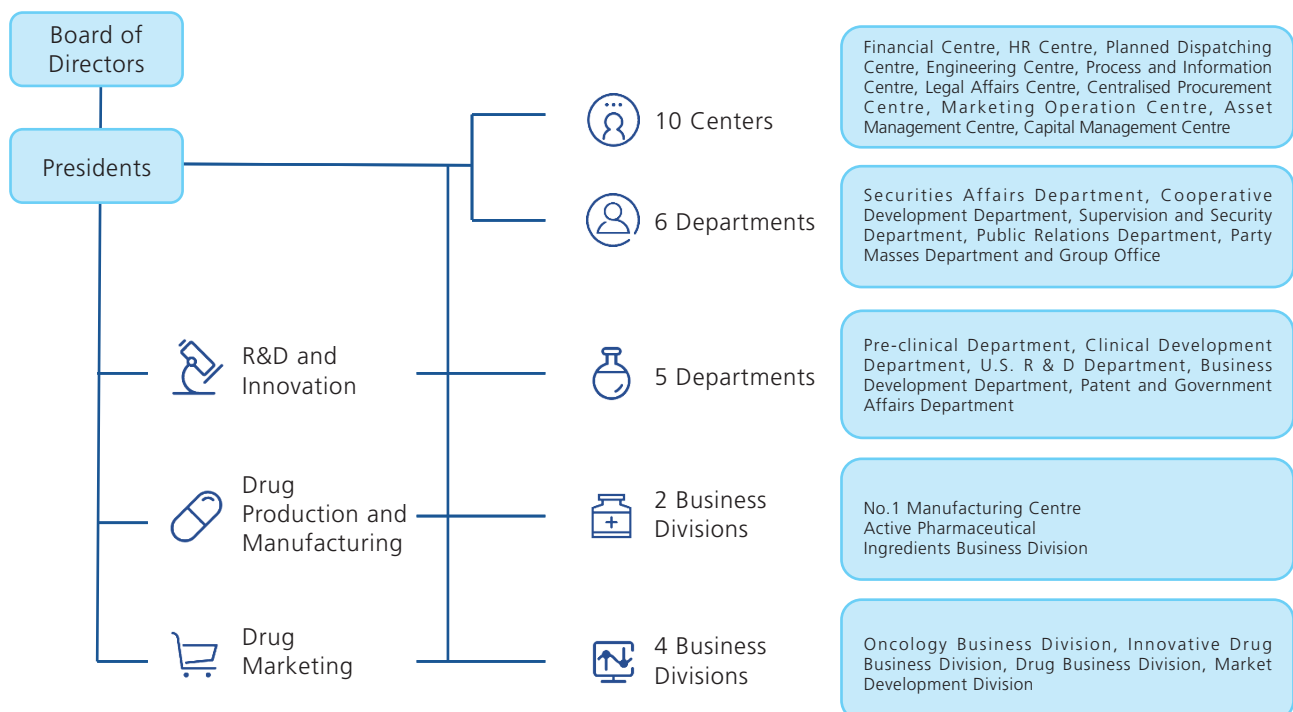
Standardising Governance and Fulfilling Corporate Social Responsibility



Corporate Governance

Corporate Governance Structure

In strict accordance with the requirements of relevant laws and regulations such as the *Hong Kong Companies Ordinance* and the *Rules Governing the Listing of Securities on the SEHK*, the Company has continuously improved its corporate governance structure and is committed to improving its internal control system, so as to enhance its governance standard.



*Please refer to the Glossary in the Appendix for the details of the institutions.

Diversified Organisational Governance System

The Group has constantly supervised its standardised operation. At the same time, the Group established a sound supervision system to protect the legitimate rights and interests of shareholders and other stakeholders.



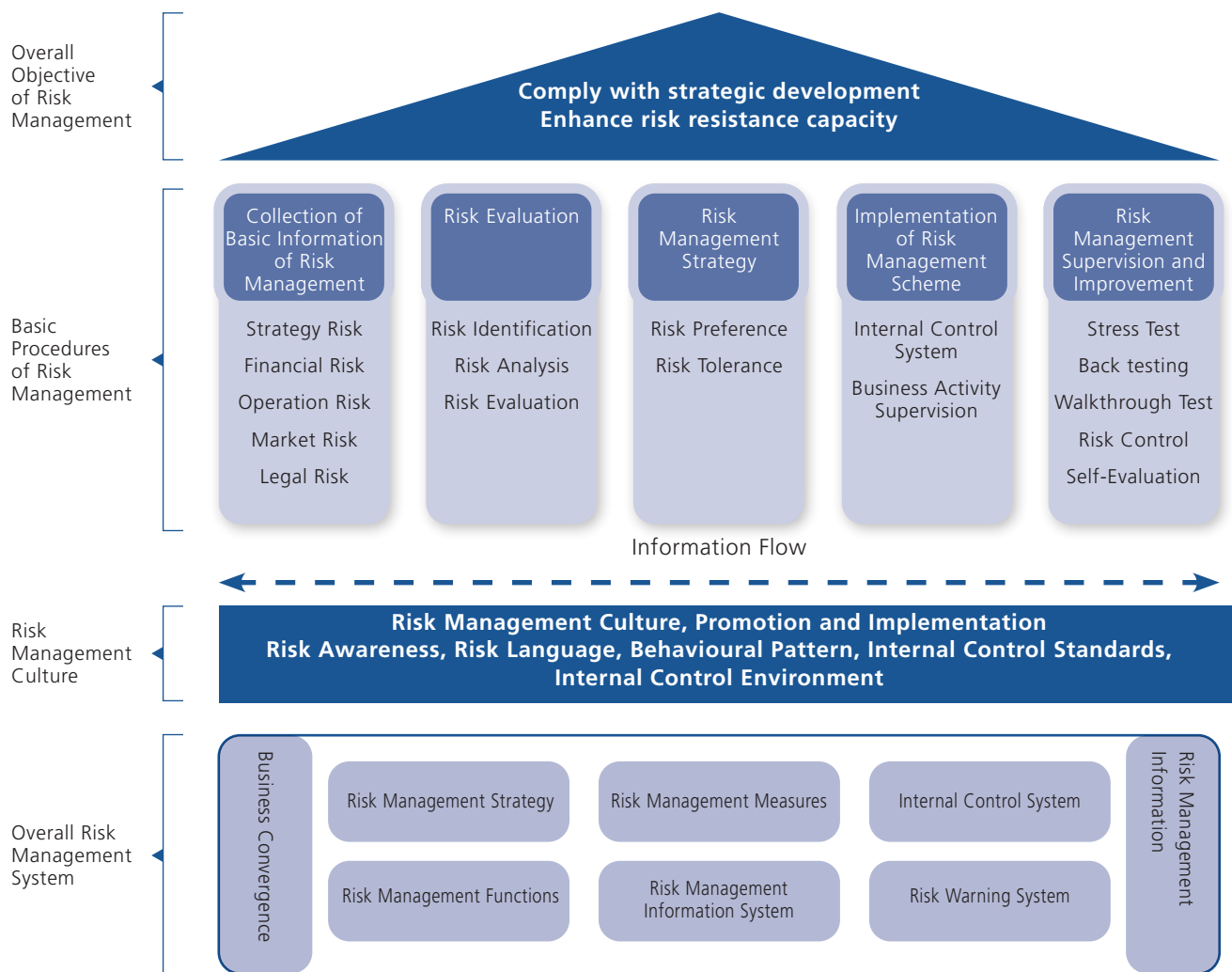
Risk Management

In line with the risk concept of “prevention first, combination of prevention and control, dynamic management and full coverage of risk system”, we comprehensively manage the Company’s risks.

The Audit Committee under the Board of Directors is responsible for providing an independent review of the risk management and internal control system of the Group and reviewing the financial reports and result announcements of the Company, 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 through reviewing and evaluating the appropriateness, legitimacy and effectiveness of business activities and internal control of the Company and its subsidiaries. In addition, the Company employs an independent auditor to conduct external review and audit on the interim and annual financial statements, respectively.

Meanwhile, the internal Supervision and Security Department is responsible for the supervision of business activities, including anti-corruption, anti-fraud, etc. See chapter: Compliant Operation and Ethical Business Practice for details.



Implementation Model of Comprehensive Risk Management

Environmental, Social and Governance

ESG Management Chart



Duties of ESG Team

1. Formulate ESG vision, objectives, strategies and governance structure and supervise the implementation of the measures;
2. Identify and rank the material ESG issues of the Group; make regular statistics and analysis of ESG performance data; regularly retrieve ESG negative information;
3. Prepare ESG yearly report and make suggestions on specific implementation and decision-making for the reference of the Board of Directors;
4. Prepare regular reports and special reports on progress and results of ESG work;
5. Identify ESG risks related to the Group, assess the impact of such risks on the Group, and provide suggestions to the Board of Directors on risk response;

In order to institutionalise, streamline and standardise the ESG management, the Group formulated the *Scope of Duties of CSPC ESG Team* during the reporting period, clearly stipulating that the ESG Team is a professional team under the leadership of the Group's Board of Directors, and formulating the composition, responsibilities, authorities and the rules of procedure of the ESG Team based on which we held a meeting and jointly determined the objectives and improvement measures for ESG development during the reporting period.

ESG Development Target



ESG Performance Evaluation

We incorporate ESG work into the performance evaluation of Senior Executives, so as to evaluate the performance of the Senior Executives in three dimensions, namely performance evaluation, ability evaluation and value evaluation. The evaluation results are related to their performance salary, salary of the rank, change in position, employee activation and training development.

ESG Reporting Principles



In order to clearly identify the key areas of ESG practice and information disclosure and improve the pertinence of this report, the Group identifies ESG issues and conducts materiality assessment in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* issued by the Stock Exchange, so as to ensure the information disclosed in the report fully cover the material issues concerned by the Group and its stakeholders.

We invited various internal and external stakeholders of our Company to participate in identifying ESG issues and conducting the materiality assessment. Besides, we fully understand the issues of sustainable development concerned by internal employees and external stakeholders through interviews with employees, on-site visits, questionnaires, etc.

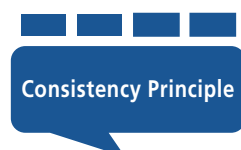


The Group has created a tool for collecting ESG indicators, which covers domestic and foreign companies, to make regular statistics of the quantitative key indicators for disclosure at all “environmental” and some “social” aspects in the ESG Reporting Guide, and summarise them during the year to finalise the external disclosures in this report. See various chapters in this report for details.

Indicator Collection Tool	Main Contents	Collection Cycle
Social Information Data Collection Form	Employee employment, supply chain management, products and services, anti-corruption, community participation, etc.	semi-annually, annually
Carbon Emission Computation Form	Carbon emission statistics (Scope 1 and 2)	quarterly/annually
Safety Data Collection Form	Safety management data, lost workdays, etc.	quarterly/annually
Environmental Protection Data Collection Form	Pollutant emission data, etc.	quarterly/annually
Energy Data Collection Form	Resource use and emission, etc.	quarterly/annually



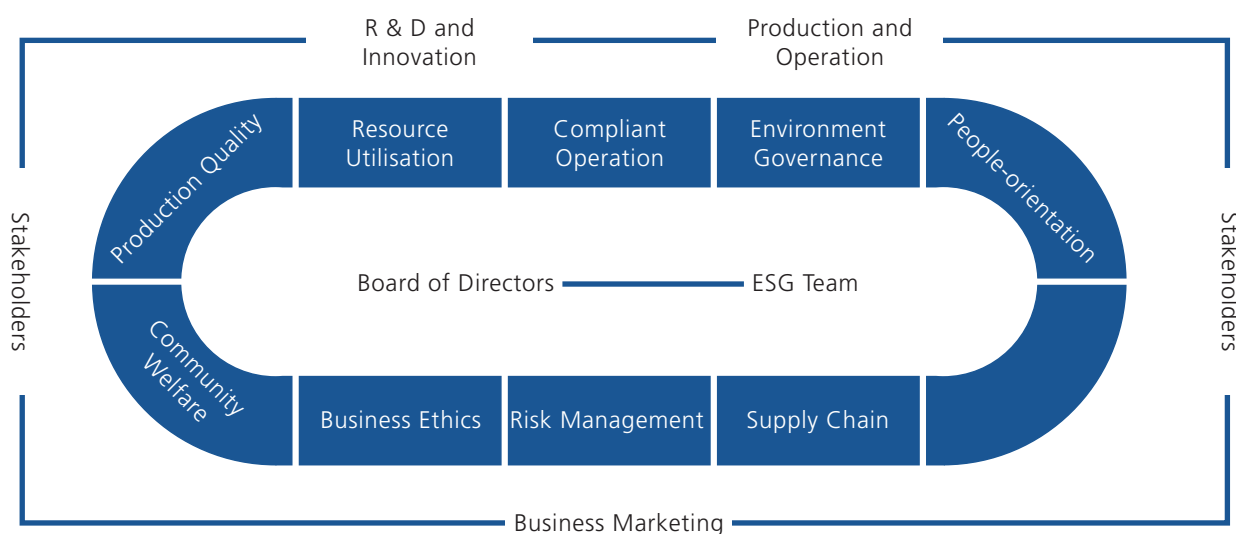
This report has been reviewed and confirmed by the Board of Directors of the Company, and the contents therein are objective and open. The contents disclosed in this report can be consulted through the official information disclosure channels or social public media.



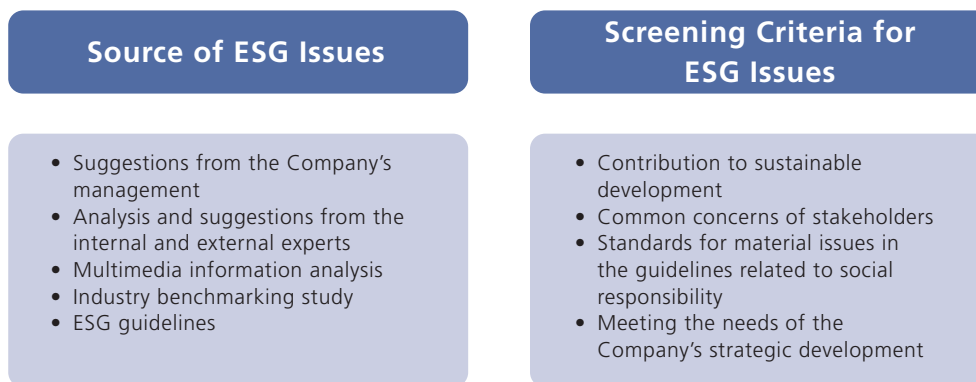
This is the 6th ESG Report issued by the Company. The Company has standardised the scope of disclosure, refined and added some indicators in the ESG Reporting Guide of the SEHK. Also, information collection tools have been standardised to provide the basis for consistency in disclosure, which is conducive to the comparison of multi-year data.

ESG Reporting Scope

All material aspects that have a significant impact on the overall business of the Group have been included in this report. Environment, Health and Safety (EHS) data in this report has covered all manufacturing 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, manufacturing and marketing enterprises.



Analysis of Material ESG Issues and Stakeholder Participation



Participation of Stakeholders

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

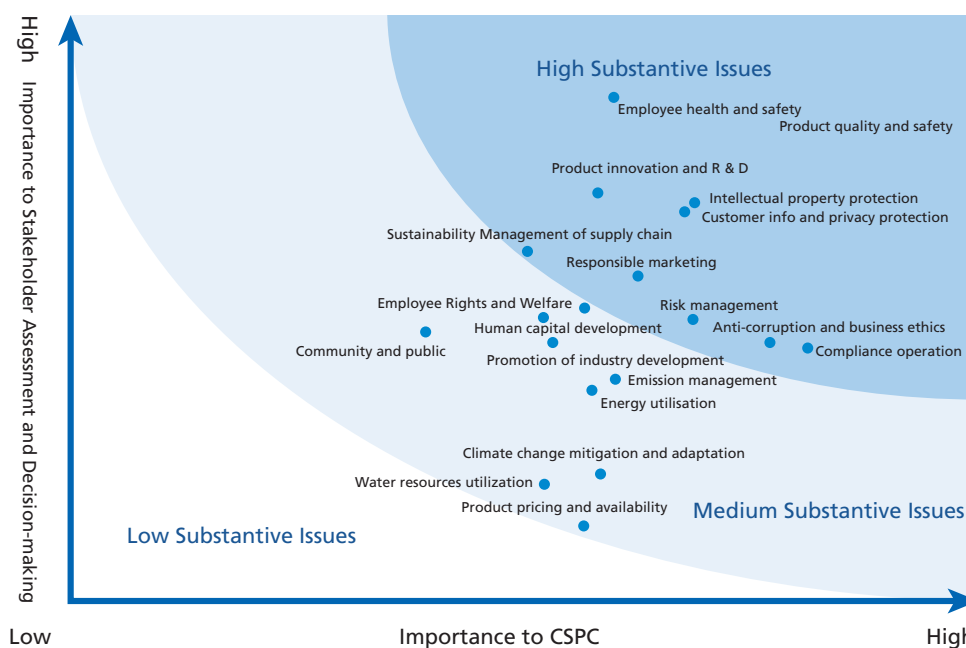
Based on our own business characteristics and drawing on the experience and practice of global peers, we identified shareholders and investors, employees, customers and consumers, suppliers, communities and the public, government and market regulators, etc. as our main stakeholders.

Issues Concerned by Stakeholders

Category of Stakeholders	Related Parties	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 ethics • Product quality and safety • Product innovation and R&D 	<ul style="list-style-type: none"> • General meetings • Investor information sessions • On-site survey • Regular information disclosure of the listed company • Visits and meeting with investors • Telephone and email enquiries
<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, 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 • Seminars • Monthly sales analysis meeting • Annual marketing seminar • Surveys on customer satisfaction in the form of questionnaires • Product complaint handling process • Information exchange mechanism
<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
<i>Community and the Public</i>	Communities, society, the public and media at the locations of our 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 and recommendations of government policies • Industry collaboration • Consultation and information disclosure

Identification and Evaluation of Material Issues

We conducted comprehensive analysis of different environmental, social and governance issues by the way of materiality assessment, which was mainly based on the results of stakeholder surveys, benchmarking analysis with peers and consultation with experts. We benchmarked against excellent enterprises in the industry by referring to the *Environmental, Social and Governance Reporting Guide* (effective from January 2022) issued by the Stock Exchange and the *Sustainability Reporting Guide* (2016 Version) issued by the Global Reporting Initiative (GRI). To understand the focus of various stakeholders and respond to key issues concerned by stakeholders in the Corporate Social Responsibility Report, we conducted targeted communications with shareholders, investors, employees, suppliers, customers and other stakeholders in the form of questionnaire survey in 2021. A total of 431 questionnaires were collected, of which 402 were valid. The quantitative analysis results of the Group's material issues are shown in the matrix below:



According to this analysis of material issues, the importance of issues to stakeholders and the Group is as follows:

Issue Importance	Contents	
High importance	Product safety and quality Employee health and safety Product innovation and R & D Intellectual property protection Customer information and privacy protection	Sustainability Management of supply chain Responsible marketing Risk management Anti-corruption and business ethics Compliance operation
Medium importance	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
Low importance	None	

Apart from the issues of "product safety and quality" and "employee health and safety", which have been highly concerned by the stakeholders, the two issues of "intellectual property management" and "risk management" are identified and upgraded to the Group's material issues. We deeply understand that stakeholders pay high attention to key issues at areas of compliant operation, employees and product R&D, etc. The Group will place high priority on management of those issues. This report responds to and discloses various material issues with a focus on addressing the issues of high importance.

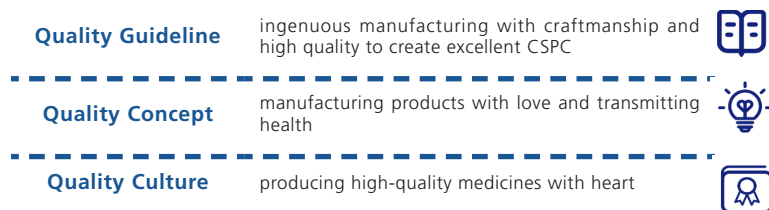
Commitment to Quality and Provision of Safe and Reliable Products



Product Quality

Guidelines and Concept of Product Quality

As a pharmaceutical company with product 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”.



Product Quality Commitments

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 implement 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 all product life cycles and continuously enhancing quality management 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 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 PRC 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.

A four-level (Group-level, Company-level, Department-level and Team-level) quality assurance system is implemented in the Group, and a professional quality management team in the Group is responsible for quality control and quality assurance management of each subsidiary.



The group companies have established comprehensive quality management systems that cover six major drug production and operation systems. 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 company have also established quality risk management systems. The scientific quality risk assessment tools are applied to identify the 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

Quality Analysis Meeting

18

Quality System Review

The Group has established a sound and complete training system, which includes the investigation and analysis of training needs, 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 training of quality management knowledge and GMP according to the operation requirements of his/her post. The companies must ensure all employees receive effective on-the-job or job-transfer training 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 enterprises 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 all companies, so as to detect deficiencies and track rectification measures in a timely manner, and promoting the continuous improvement of quality management system of all enterprises.

Product Quality Certification Management

In recent years, CSPC has been focusing 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 48 times of various inspections from domestic drug regulatory authorities and passed them successfully. The major domestic and international certifications passed up to 2021 are as below:

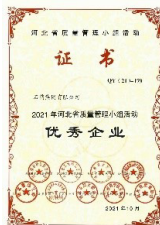
Type of Certification	Certification Authority	Details of Certification
GMP compliance check/registration check	National and Provincial Drug Supervision Administration Bureaus	Successfully passed 48 times of inspections of domestic regulatory authorities up to 2021, including <ul style="list-style-type: none"> GMP compliance check/flight check - 20 times; Special check/follow-up checks - 23 times; Registration checks - 5 times
GSP compliance check	Provincial (Municipal) Drug Supervision Administration Bureaus	Successfully passed the on-site inspections for more than 10 times carried out by the drug supervision departments at all levels in the provinces or cities up to 2021
ISO9001 Certification	Third-party Certification Agency	10 production enterprises, including Weisheng or XNW, of the Group have obtained the certification
FDA Certification	Food and Drug Administration	Passed FDA certification for a total of 21 times.
EU Certification	Quality of Medicines & HealthCare of EU Members	Passed on-spot check of EU and its member states for a total of 6 times
CEP Certification	European Directorate for the Quality of Medicines & HealthCare	8 products obtained CEP certificates.

Product Quality Internal Audit



In 2021, inspectors were selected from the Group's internal inspector directory to conduct quality system inspection and mutual inspection of specific projects among subsidiaries, and to supervise, inspect and guide subsidiaries. A total of 18 system inspections and 27 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.

In 2021, 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.



QC Excellent Enterprise



QC Award-winning Team

Award Certificates obtained in quality activities

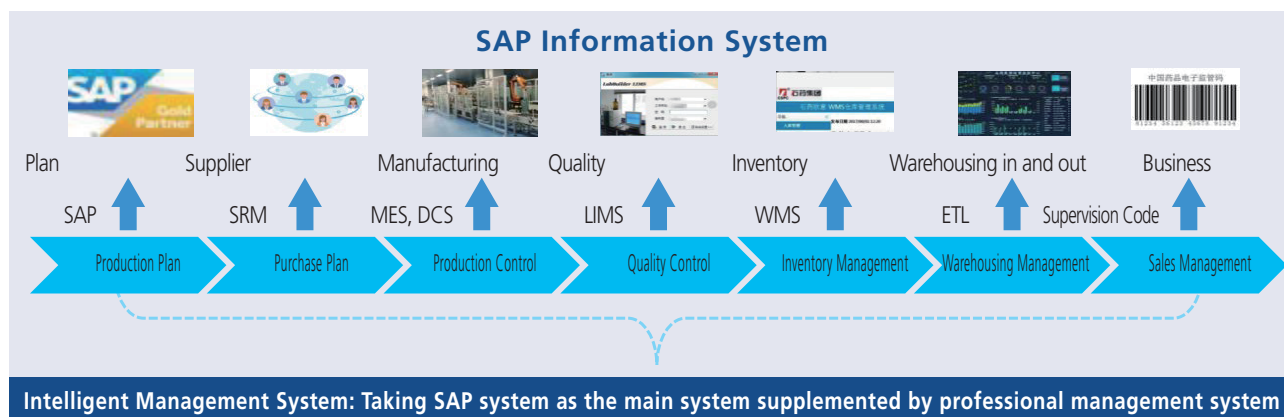
In 2022, the Group will continue to carry out various quality inspections for its subsidiaries based on the quality evaluation and grading results in line with the risk management principle, so as to continuously improve its overall quality management level.

	1400+ Rational Suggestions
	230 QC Teams
	19 Provincial Honors

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 companies have established a whole chain management system from receipt of material, 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 factories 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, the integration of factory management, real-time cost analysis, the 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 the 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 and 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 for Internationally Recognised Products”

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

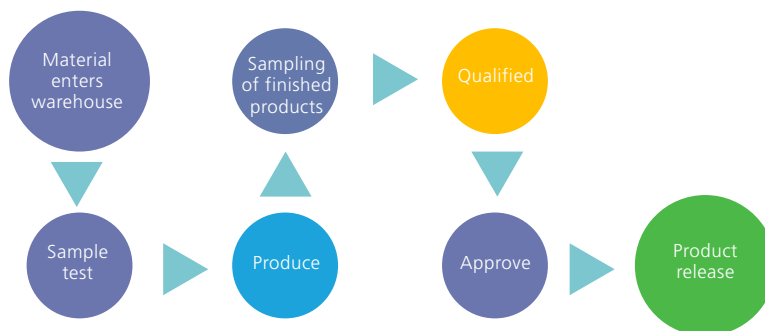


Material Management

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, warehoused after passing acceptance and stored according to storage requirements. The materials that need 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 factory for production.

Release of Finished Products

All companies of the Group strictly implement the system that the products can be only released by the drug production license holders. If the drug is authorised for production, both the contractor and the subcontractor shall sign the Subcontractor Agreement and Quality Agreement in accordance with the 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.



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 the 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

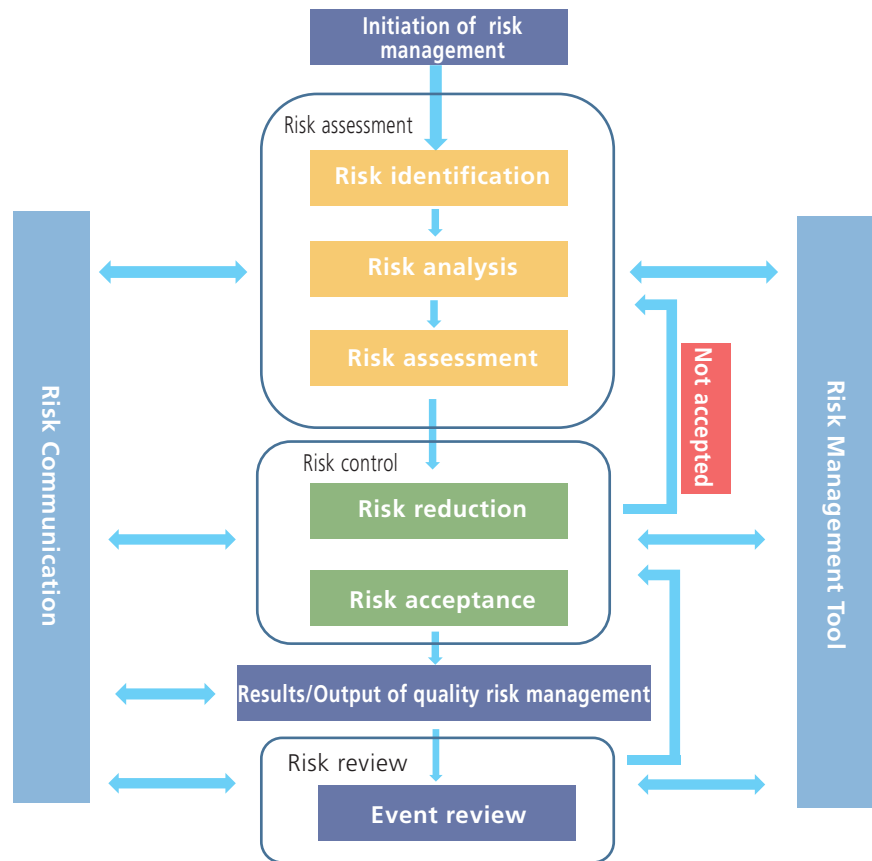
Carry out prevention and management control at the same time, which not only prevents risks in advance, but also actively manage and control the risks.



Dynamic management

Risk prevention and control can quickly adapt to the changing external environment, which 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 expressly 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.

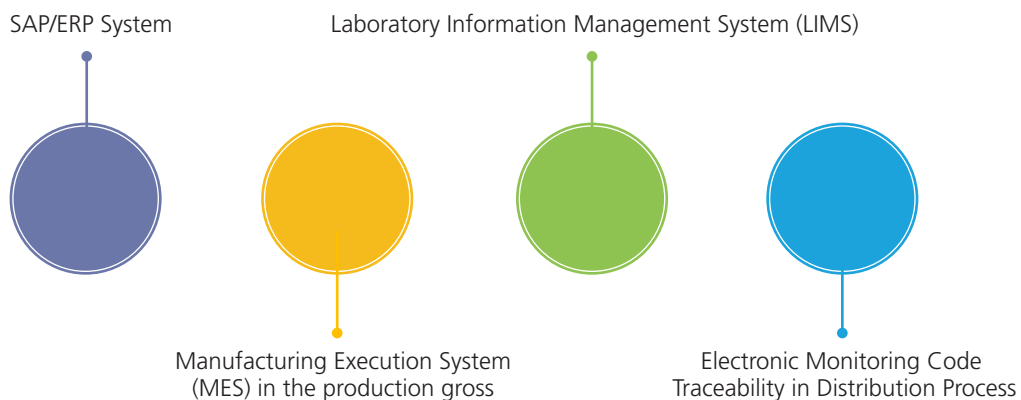


Quality Risk Management Chart

Drug Quality and Safety Tracing 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; at the same time, we have established 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 manufacturing 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 informatisation construction also helps the companies within the Group establish a tracing system in the whole life cycle of drugs, which can effectively track the process from receipt of materials, release of finished goods to commercial distribution.



Pharmacovigilance System

The Group's headquarter guides its subsidiaries 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 responsible for dealing with major drug safety incidents at group level, while each preparation company maintains and executes the company-level pharmacovigilance system and establishes and improves the collection, reporting and handling procedures of adverse drug reactions. In addition to appointing the head of Adverse Drug Reaction Monitoring Department, each subsidiary will also be assigned with full-time personnel according to the production scale to effectively implement the pharmacovigilance management system.

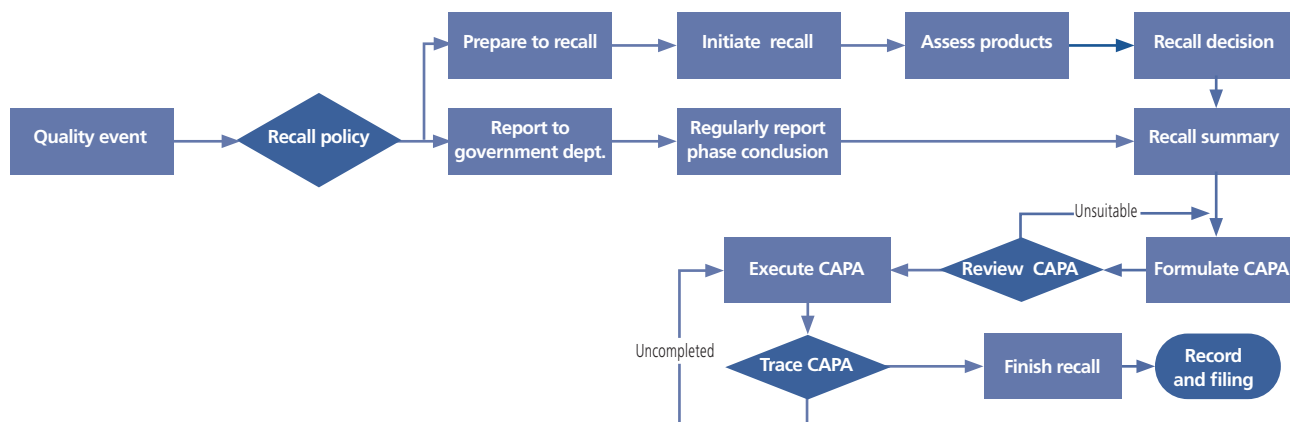
The effective execution of the pharmacovigilance management system, management system of drug safety committee and emergency response system for major drug safety events in the Group ensures that emergency measures can be rapidly taken in case of mass and major adverse reaction events, and timely reported to the National Medical Products Administration, local provincial and municipal pharmacovigilance centres 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.

Product recall

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Product 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 procedures 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 has 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 2021, no product was recalled due to safety or health reasons for any products sold or shipped by the Group.



Product Recall Handling Process

Improving 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 Centre, focusing on sales service and consulting for 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 feedback put forward by the customers, we explore and trace the root causes diligently to continuously improve operations and services.

Customer Information and Privacy Protection

We also attach great importance to 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 Customer Master Data Maintenance and Management System for Confidentiality*, 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 privacy or loss of customer data has occurred.

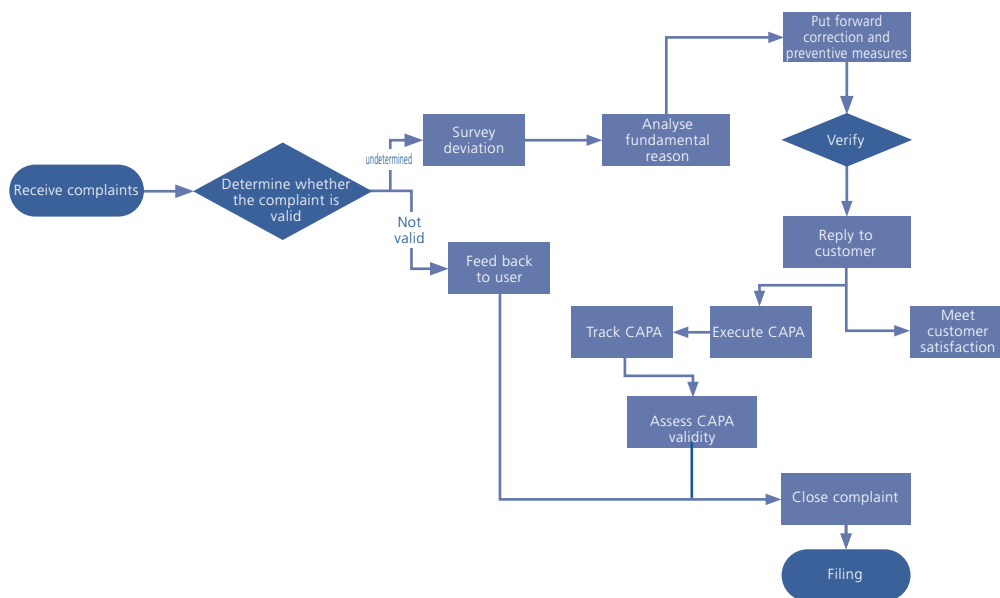
Customer Complaints

Each company under the Group has established a comprehensive customer communication mechanism, which can classify the customers' needs understood in the process, and send the information to all relevant stakeholders, and then transform them into R & D direction, key technical requirements and service improvement objectives, 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 them.

In order to effectively monitor the quality of products on the market, sales personnel were 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 2021, 8 quality complaints were received, with a quality complaint rate of 0.11%.

The feedback process of customers' complaints is as follows:



Customer Complaints Handling Chart

Customer Satisfaction Survey

In terms of ensuring customers' satisfaction, the Group has established *Customer Satisfaction Survey System* and *Information Transmission Management System* to increase customers' satisfaction and ensure good communication with customers.

Besides, the Marketing Department of the Group conducts customer satisfaction survey through questionnaire and online surveys. During the reporting period, the companies issued 500 questionnaires, conducted 4 online surveys, received 432 valid questionnaires, and responded to 132 opinions online, with customer satisfaction of 98%.

R & D and Innovation

Innovative Development Strategy

Along with the continuous growth of economy in China, the constant improvement of the living standards and health awareness, the gradual improvement of medical security system as well as the acceleration of population aging since the 21st Century, the pharmaceutical industry in China has maintained a good development momentum.

In recent years, a series of policies and systems that support innovation have been promulgated in our nation's pharmaceutical industry with the objective to improve the overall R & D capability and quality of the domestic pharmaceutical industry. As a leading pharmaceutical enterprise in China that integrates research, production and marketing, the Group actively responds to and grasps the risks and opportunities brought by the changes in the pharmaceutical industry, so that the business scale continues to grow and the product structure can be optimised constantly.

In the future, the Group will continue to take innovation as its driving force, to deliver excellent technologies and products and to create new standards in industry segments through innovative thinking, R & D innovation, management innovation, market innovation, product innovation and talent innovation in multiple facets and with tremendous efforts, with a purpose of promoting the progress of the whole industry. Adhering to the concept of sustainable development, the Group will constantly optimise product structure and R & D concept with a global vision and forward-looking mapping and strive to become an innovative pharmaceutical enterprise that is highly trusted and respected by the consumers.

R & D Management

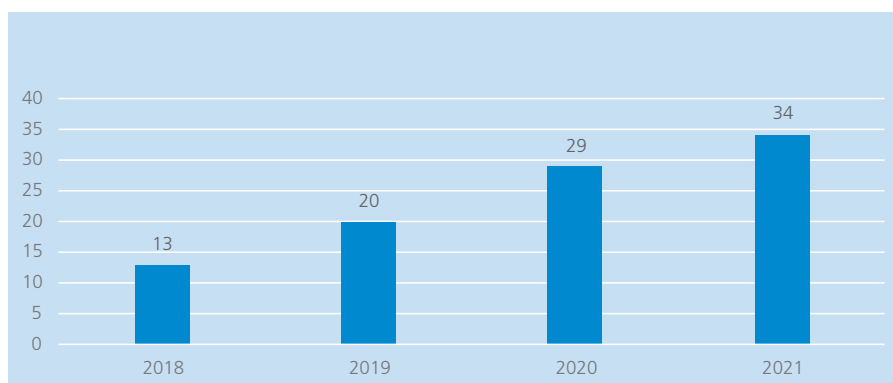
CSPC has been continuously promoting the development of high-quality drugs and providing the people in China with affordable drugs. At present, integrated R & D systems at home and abroad have been established and a top R & D Team has been put together. Besides, the Group has a first-class incubation base for high-tech drugs in China, namely CSPC Central Institute for Biological Studies and also set up R & D centres and clinical centres in California, Princeton, Texas and New Jersey.

The Group has been recognised as the "Industrialisation Base of the National 863 Plan Achievements", "the National Enterprise Technology Centre", "the National Technological Innovation Demonstration Enterprise", "the National Intellectual Property Demonstration Enterprise", the "Innovative Enterprise", the "International Scientific and Technological Cooperation Base of New Preparations and Biomedicine" in the 15th five-year plan and set up the Post-Doctoral Scientific Research Workstation and Academician Workstation. Also, two national laboratories including Chiral Drug Development Laboratory and New Drug Preparations and Excipients Platform and 9 provincial research centres or laboratories such as Soft Capsule Preparation Engineering Laboratory have been established.

R & D Investment

In 2021, the Group's R&D expenditure totalled about RMB3.4 billion (2020: RMB2.9 billion), representing an increase of 19% year-on-year. R & D investment accounted for 12.32% (2020: 11.59%) of the Group's total revenue in the current year.

R&D Investment (Unit: RMB 10 million)



Awards and Achievements of R & D Results

In 2021, the Group achieved fruitful results in R&D, and some of its achievements were recognised by the government agencies.

Project Name	Award	Award Winner	Awarding Authority
Research on Key Technologies of Carbapenem Drug Industrialisation	The Science and Technology Progress First Class Award of Hebei Province	Zhongnuo Ouyi Zhongqi	The People's Government of Hebei Province
Establishment and Industrialisation of Key Technology System of Site-Specific PEGylation of Recombinant Protein Drugs (Jinyouli)	The State Scientific and Technological Progress Second Class Award	Zhongqi	The State Council of the People's Republic of China

Industry Exchange and Cooperation

The Group has always attached importance to cooperation and exchanges with domestic and foreign scientific research institutes and closely followed the development trend of advanced technology at home and abroad. Sound cooperative relations have also been established with many domestic and foreign scientific research institutions. The Group will continue to actively seek various cooperation opportunities in the future to further supplement the pipeline of products under development.

Looking ahead, the Group will constantly look for acquisition targets with strong R & D capabilities in the biopharmaceutical field, and focus on acquiring new small molecules and macromolecules which are about to be approved for listing, so as to increase and supplement new drug reserves to be listed in the next few years as soon as possible, and make full use of its strong marketing and development capabilities for achieving the rapid growth of new products. At the same time, the Group is screening new projects in cooperation with scientific research institutions and technology companies around the world through its dedicated business development staff in the United States.

Strategic Deployment in Vaccine Field

In 2021, the Group focused on the deployment in the vaccine field and the research and development of mRNA vaccine for COVID-19, influenza vaccine and rabies vaccine. At the same time, the construction of a vaccine production base with an investment value of RMB1 billion has been launched.

Welfare of Experimental Animals



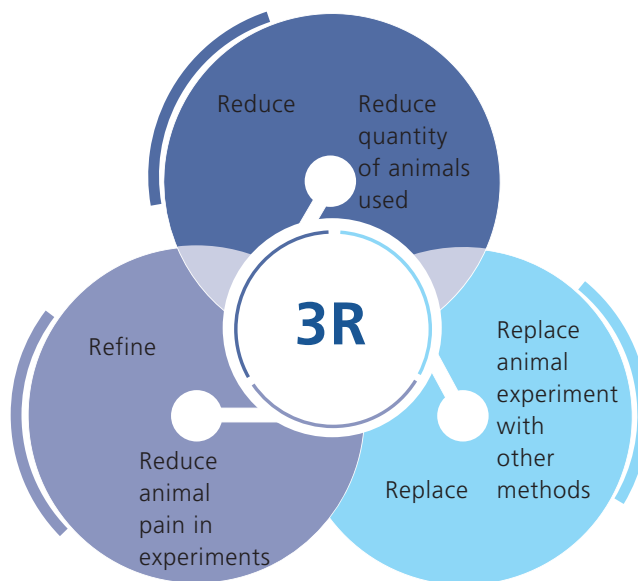
Animal management standards

Animal welfare standards are adopted in animal experiments to promote responsible practice and scientific progress. We strictly abide by all applicable national or regional guidelines for the management and use of experimental animals, including *Regulations for the Administration of Affairs Concerning Experimental Animals*, *Good Laboratory Practice for Non-Clinical Laboratory Studies*, *Requirements of Environment and Housing Facilities of Experimental Animals of the People's Republic of China*, *Measures of Hebei Province on Administration of Affairs Concerning Experimental Animals*, and *Measures of Hebei Province on Administration of Licenses for Users of Experimental Animals of Hebei Province*, etc.

Animal Ethics and Welfare

In order to ensure the ethics of animal experiments, we have set up Animal Management and Use Committee and formulated relevant guidelines. Moreover, we have a comprehensive feeding management system and a professional veterinary healthcare team to prevent animals from going through hunger and thirst and make sure that they live in a comfortable environment and enjoy the freedom to demonstrate natural behaviour. Furthermore, we incorporate the 3R principles of animal experiment into the animal experiment management system to provide good care to the animals and reduce their pain and mortality.

The Group conducts annual animal welfare audit in all its subsidiaries. During the reporting period, the Group did not receive any penalty due to violations of animal experiments.



3R Principles for Animal Testing

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 State's support 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 our corporate development with intellectual property strategies in order to enhance our R & D capacity and core competitiveness.

The Group has set up a dedicated department for intellectual property management, which 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 the core products in accordance with the *Patent Law of the People's Republic of China*, the *Rules for the Implementation of the Patent Law of the People's Republic of China*, *Enterprise Intellectual Property Management*, the *Patent Cooperation Treaty*, *Paris Convention* as well as intellectual property laws and regulations of various countries.

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, to avoid the risk of infringing others' intellectual property rights and safeguard the legitimate rights and interests of its intellectual property rights by rational legal means.

Risk Identification	Legal Right Preservation	Risk Mitigation
<ul style="list-style-type: none"> Regularly track and analyse 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 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Select appropriate methods of resolving dispute through evaluation, such as administrative ruling, litigation, arbitration and settlement, to properly solve intellectual property disputes

Intellectual Property Right Management

Patent Achievements

In 2021, the Group applied for 204 patents for R & D achievements, including 140 domestic applications and 64 foreign applications; and acquired 88 patents, including 64 domestic applications and 24 foreign applications.

Compliant Operation and Ethical Business Practices



Operating in Good Faith and Practicing Business Ethics

Integrity and trustworthiness are the primary requirements for the management team in terms of the Group's corporate culture. The Group has long been operating in good faith with the establishment of an integrity supervision mechanism and abided by market rules and adhered to the concept of operating in good faith. We resolutely opposed and resisted all forms of violations of business ethics by employees or subsidiaries involving corruption and bribery, money laundering, monopoly and unfair competition, insider trading, conflict of interest, etc., while operating with integrity and winning trust from the market and customers by its high-quality products and sincere services.

Marketing Compliance

Compliance marketing activities

The Group carries out marketing activities in strict compliance with 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 as well as other requirements. During the communications with medical and health professionals, we deliver product information, assist medical and health professionals in rational drug use, and provide cutting-edge scientific and educational information.

The Group strictly abides by the *Advertising Law of the People's Republic of China*, 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.



Compliance marketing training

The Group regularly holds compliance marketing training for sales personnel to ensure that they fully understand the Group's compliance marketing requirements. In 2021, 3 compliance training and assessments were conducted for the senior executives and marketing personnel.

The training contents include anti-commercial bribery, product compliance promotion, pharmacovigilance, marketing risk avoidance, case study, public release, review process of market communication contents, social media operation, etc. Through these training activities, we ensure that employees are familiar with and abide by the Company's system, standardise marketing behaviours when conducting business activities, and jointly safeguard the brand and reputation of the Group.

Practice of Business Ethics

The Group does not tolerate 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 *Anti-corruption and Anti-commercial Bribery System, Anti-fraud Management Measures, Management System of Employees' Integrity and Self-discipline, 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, including anti-corruption and anti-fraud, integrity education and typical case study.

Compliance Training Index	Unit	2021 Statistics
Ratio of anti-corruption training	%	100
Training received by Management	Number of times	22 (accumulative)
Average training hours received by Management	hour	1.2
Average training hours received by employees	hour	0.8

Whistleblowing channels

In order to cooperate with internal and external parties to jointly monitor compliance and the implementation of business ethics and create the atmosphere of operating in good faith, 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, etc.

Reporting Hotline: + 86 – (0) 18931872760 (24 hours)

Reporting Email: cspcjwjb@mail.ecspc.com

Postal mail: the Supervision and Security Department of CSPC, No. 226, Huanghe Avenue, Hi-tech Zone, Shijiazhuang City, Hebei Province, Postal Code: 050035.

WeChat:



Whistle-blower Protection

To protect the whistle-blowers to the greatest extent and prevent him/her from receiving unfair treatment or retaliation due to the complaints, the Group strictly limits the access to view the whistle-blower's identity information and contents in complaint, prohibits any person from disclosing the whistle-blower's identity information, and forbids any retaliation against the whistle-blower. If we find out any leakage of information or retaliation against the whistle-blower which violates the law, we will hand over the violator to the judicial body 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 confirmed the effectiveness of the risk management and internal control system of this year and reported that to the Audit Committee and the Board of Directors.

Internal Supervision

The independent Supervision and Security Department established by the Group is committed to urging employees to perform their duties with integrity and operate with integrity, and preventing corruption with its binding internal policies, so as to establish a clean corporate culture atmosphere of "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 subsidiaries is carried out in compliance with laws and regulations.

Supervision Cooperation

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 during the reporting period. 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 2021, 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.

Probity 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 4 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, managers at all levels and personnel at key positions were required to be strongly aware of ideological and moral concept against corruption and degeneration and sign the Undertaking of Integrity and Risk Prevention.

Internal Audit

An Internal Audit Department was set up in the Group to carry out independent and objective supervision, evaluation and suggestions in the aspects of revenue and expenditure, economic activities, internal control, risk management, compliance marketing, business ethics, and anti-corruption of the Group and affiliated units, as well as the performance of economic responsibilities by the main principals of affiliated units, for improving governance and achieving objectives.

During the year, the Internal Audit Department organised 4 internal audits to effectively improve the Group's overall risk response ability and ensure the compliance and legality of various business activities.

With such efforts, no corruption case has occurred to the companies and employees of the Group during the reporting period, and no violation of business ethics was found.

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Corruption Litigation Cases

Win-win Cooperation and Hand-in-hand Development



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 “fair, impartial, green and transparent”, the Group operates in good faith with an objective of win-win situation, establishes upstream and downstream cooperation of mutual trust and benefit, and achieves the sustainable stability and low-cost and low-risk operation of the whole supply chain.

Supplier Management

Supplier Management System

In accordance with the *Company Law of the People's Republic of China*, the *Law of the People's Republic of China on Tenders and Bids* and other relevant regulations, the Group has formulated relevant supplier management systems to carry out compliance management of suppliers, and formed a supplier management system that mainly covers suppliers' archives, qualification management, approval management, performance evaluation and optimisation of control.

In order to standardise and refine the business operation management, the Centralised Purchase Centre implements the Standard Operating Procedures (SOP), involving the Supplier Relationship Management (SRM) system and various key elements (such as pricing, payment approval and supplier account opening process, etc.), thus improving the supplier management efficiency and reducing the use of resources in procurement.



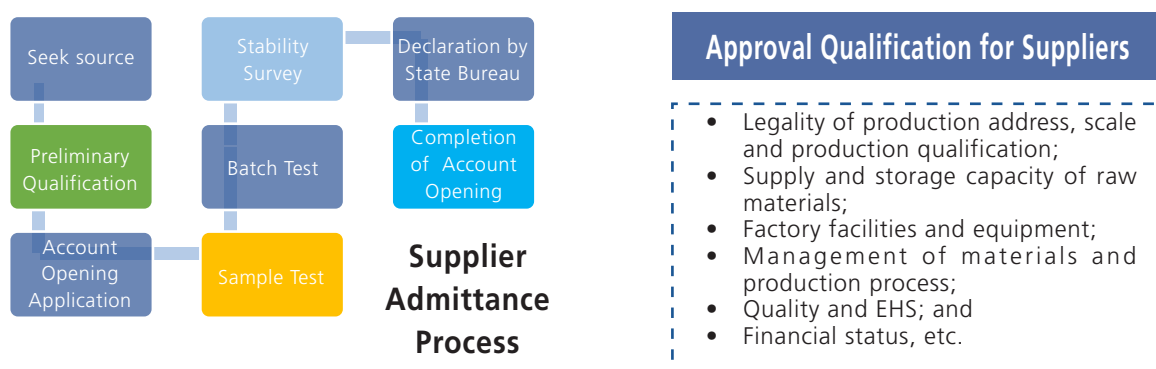
In 2021, the number of qualified suppliers of production materials on e-procurement platform within Supplier Relationship System (SRM) is as follows:

Region	Year 2021	Year 2020	Year 2019
Mainland China	1377	1259	1241
Overseas and Hong Kong, Macao and Taiwan	106	103	102

Supplier Selection

The Group formulated internal documents such as *Supplier Management System* and *Procurement Contract Management System* to standardise the selection, use and contract management of suppliers. Based on the preliminary review of the supplier's qualifications, capabilities and basic information, the Group determines whether to include this supplier into SRM. After having passed the preliminary review, the supplier will enter the review stage and can take part in the bidding procedure after being qualified during the review.

The Centralised Purchase Centre of the Group is responsible for incorporating suppliers into SRM, carrying out assessment of supplier admittance and evaluation of supplier's overall strength, and participating in the audit of suppliers together with the Quality Department, EHS Department, Production Department, Finance Department, Contract Department, Supervision Department, etc. to ensure the legality and compliance of the selected suppliers and avoid compliance risks.



Supplier Assessment and Evaluation

The Group has established a supplier evaluation mechanism so as to conduct annual evaluation on the suppliers of production materials and non-production materials respectively, to issue opinion of evaluations of the quality, price, delivery date and service of suppliers based on the principle of fairness and impartiality, and to take corresponding optimisation and control measures against suppliers based on the evaluation results.

In 2021, our Quality Management Department organised and cooperated with EHS Department, Finance Department, Centralised Purchase Centre and other business departments to assess and evaluate 433 core suppliers of production materials, and the results were all in line with the Group's supplier policy.

Supplier Business Ethics and Anti-corruption Management

The Group has formulated the *Blacklist Management System for Dishonesty*, established the sunshine cooperation mechanism for suppliers and signed the *Sunshine Cooperation Agreement and Integrity and Confidentiality Agreement* with cooperative suppliers to bind them with the business ethics of suppliers and prevent corruption and bribery.

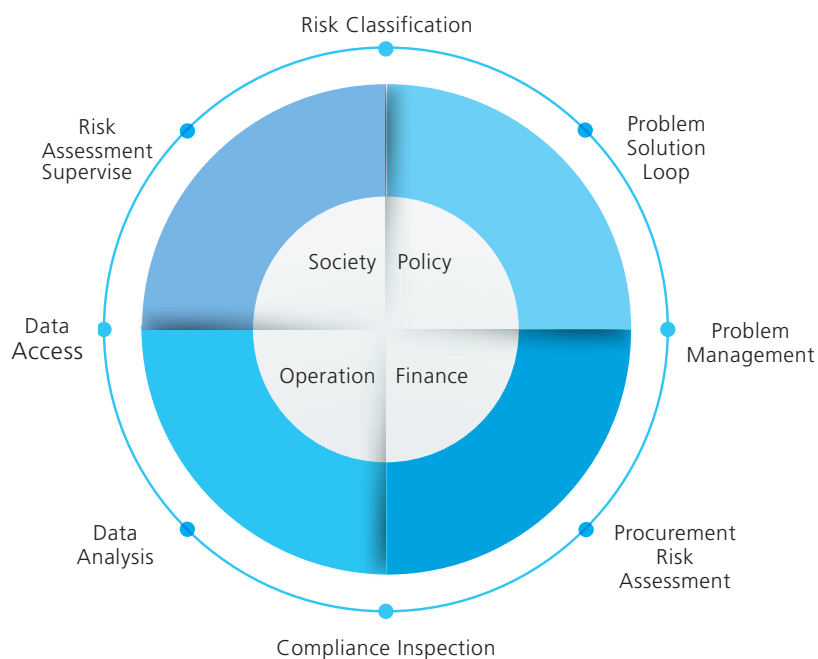
The Supervision and Security Department and the Centralised Purchase Centre supervise the business ethics of suppliers, timely correct their violations and take corresponding intervention and handling measures.

Sustainable Development of Supply Chain

Supply Chain Risk Management

The Group implements a comprehensive risk management strategy to conduct supply chain risk management of the whole process from the risk prevention in advance, process control to subsequent improvement. All staff are involved in the risk management.

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., It aims 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 Centralised Purchase Centre of the Group has formulated the *Procurement Emergency Plan* to supervise the implementation by the Procurement Department, and provide special training for managers closely related thereto. The induction training of new employees also includes emergency plan to ensure the implementation of the emergency plan.



Supply Chain Risk Management Model

Green Supply Chain



On the basis of supply chain management, the Group increases the awareness of environmental protection, pays attention to environmental problems in all aspects of the supply chain, focuses on protecting environment, and promotes the coordinated development of enterprises and the environment.

The Group has developed a green management system for the whole business process from design, manufacturing, supplier selection to logistics and sales so as to guide energy conservation, emission reduction, recyclability and sustainable development in all aspects of production and operation.

In 2021, the Group established the *Green Supply Chain Management Evaluation System* in accordance with the requirements of *Green Manufacturing- Norms for Evaluation of Green Supply Chain Management in Manufacturing Enterprises-Specification for Assessment* (GB/T 39257-2020), and solicited opinions from suppliers and stakeholders. We planned to formally implement green supply chain audit in 2022 so as to jointly promote the concept of green development as high priority in the supply chain system.

Green Supplier

The Group pays attention to the environmental friendliness of suppliers, focuses on environment improvement, and places high importance on green products and services of suppliers, with the purpose of reducing material consumption and wastes. Therefore, we require suppliers to be responsible for solving environmental problems in the production process, eliminating toxic waste pollution, acquiring Pollution Discharge Permit, passing ISO 14000, and managing materials in product packaging, and hazardous gas emission, etc. Meanwhile, we audit the above contents in the evaluation and assessment of suppliers.

Green Design and Manufacturing

The Group takes green product design and green process optimisation as the core to promote and improve the management of product manufacturing process.

According to the Guidelines for the Establishment of Green Manufacturing Standard System, we promote the construction of green factories and comprehensively carry out energy-saving, green and low-carbon projects in combination with the relevant requirements for building green factories. On the basis of energy and emission conservation already in place, the Group has successively carried out projects such as reduction of hazardous waste, raw materials and fuel costs, so as to continuously extend and spread the concept of energy-saving, green and low-carbon development.



Green Logistics and Sales

The Group pays attention to the evaluation of negative impact of raw materials and products on the environment during the process of transportation, storage, moving, packaging, distribution and processing. The evaluation indicators are described below: ① the negative impact of transportation on the environment, which is mainly reflected in the fuel energy consumption, harmful gas emission, noise pollution, etc. ② whether the storage brings pollution and damage to the surrounding environment. ③ noise pollution during moving; waste of resources and environmental pollution due to improper handling that damages the goods. ④ Whether non-degradable, non-renewable and toxic materials are used in packaging, resulting in environment pollution.

The Group carries out ecological management in the aspects of sales, including sales distribution channels, selection of intermediaries, online transactions and evaluation of promotion methods: ① Shortening sales distribution channels as much as possible according to the products and their own characteristics and reducing pollution and loss of social resources in the distribution process. ② Paying attention to their green image when selecting intermediaries. ③ Carrying out online sales and developing e-commerce channels. ④ On one hand, choosing the option with the most economic and environmental benefits; on the other hand, vigorously promoting the green characteristics of enterprises and products to embed the concept of environmental protection in the hearts of customers and enhance customers' awareness of green consumption.

People Orientation and Promotion of Employee Healthy Development



In line with the talent concept of “valuing talents, being inclusive and achieving success”, the Group respects and cherishes every employee and protects their legitimate rights and interests. A sound and standardised Human Resource management system has been established by the Group, covering the personnel recruitment and change, working hours and vacation, salary and welfare of employees, etc. The Group advocates equal and non-discriminatory employment policies to ensure that the employees are not discriminated because of their 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

Legal Employment

The Group strictly abides by the *Labour Law of the People’s Republic of China* (“Labour Law”), the *Law of the People’s Republic of China on Employment Contracts* (“Employment Contract Law”), the *Special Provisions on Labour Protection for Female Employees* and other relevant laws and regulations, and safeguards the legitimate rights and interests of employees according to law in an effort to build a harmonious and stable employment relationship. Therefore, the Group was awarded “AAA Enterprise with Harmonious Labour Relations in Hebei Province” and “National Advanced Enterprise in Employment”. The Group’s subsidiaries have always adhered to the following employment principles so as to ensure that employees have the most comprehensive legislative protection:

- Employing labours, signing contracts and fairly negotiating salaries with employees according to the law;
- Hiring employees aged 18 or above and strictly prohibiting child labour;
- Protecting employees’ right to take leaves and timely receive remuneration and strictly prohibiting forced labour;
- Setting up Labour Union and Workers’ Congress;
- Forbidding labour discrimination in any forms;
- Protecting the legitimate rights and interests of female workers;

The Group 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*, *Provisions on Prohibition of Child Labour*, the *Children Act 2004* and the *Safeguarding Vulnerable Groups Act 2006*, etc. and prohibits the use of child labour. 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.

Rights and Interests of Employees

The Group 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.

Job Change and Resignation

The work change and resignation of employees shall comply with laws and the Company's regulations, and be negotiated 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.

Salary and Welfare

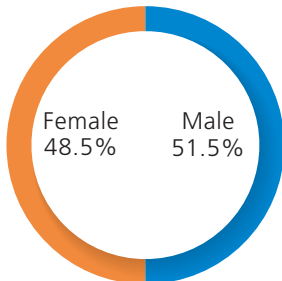
Employees shall receive remuneration and pay social insurance and other social welfare legally.

Employee Diversity

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

As of 31 December 2021, the Group had 24746 employees in total, among which males accounted for 51.50% and females accounted for 48.50%. The vast majority of employees are from the Mainland (more than 99%), and 77 employees are from Hong Kong, Macao, Taiwan or overseas. The gender of employees tends to be balanced and the structure is stable.

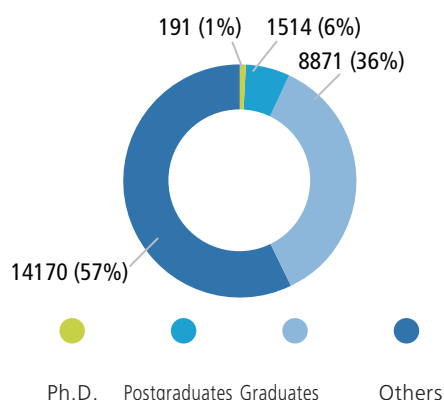
Ratio of Genders of Employees



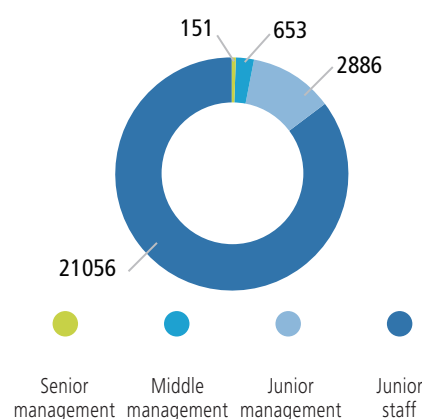
Employee Structure	Year 2021		Year 2020	
	Number	Ratio	Number	Ratio
Lower than 30	9651	39%	8715	40%
30~50	14353	58%	12419	58%
50 above	742	3%	393	2%
Male	12744	51.5%	11096	51.5%
Female	12002	48.5%	10431	48.5%

As of 31 December 2021, the ratio of highly educated talents has increased slightly, and the number of personnel with master's degree or above has increased from 6.3% to 6.9%, which is relatively stable.

Academic Levels of Employees

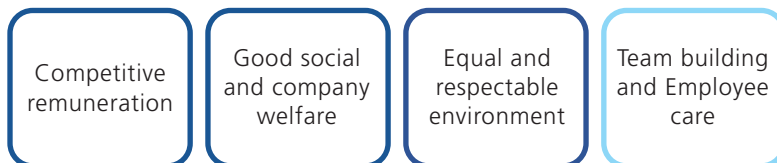


Number of Employees at Different Job Levels

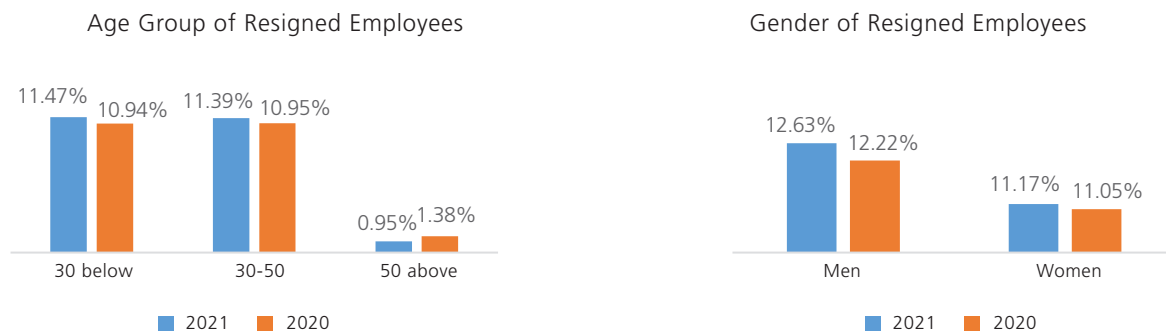


Employee Retention

The Group 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.



The resignation rate of employees in the Group is as follows:



Talent Development

Talent Introduction

External recruitment

Based on global talent mapping, the Group is committed to building an excellent recruitment team and continuously improving its talent introduction capability. Through expanding multiple recruitment channels, we continue to discover talents with great potential and further improve our performance related to talent reserves, including:

- Recruiting international talents and setting up offices in the United States and other countries to expand R & D and Sales teams to support the business planning and development strategy of the Group.
- Organising campus recruitment activities at home and abroad, creating a brand image of an excellent employer, recruiting domestic and foreign elites, providing more excellent talents with large room for development so as to bring in fresh energy into the Group.

Internal referral

The Group enhances the internal referral and reward system to effectively mobilise all employees in the Group for introducing talents.

Cooperation with Schools



CSPC has established cooperation with domestic first-class universities, including Peking University, Fudan University and Shenyang Pharmaceutical University, while strengthening cooperation with Southern Medical University, Sun Yat-sen University and other universities and establishing joint training laboratories and social practice bases to offer internships and training for students from partner universities, which provide strategic guarantee for the future talent demand of the Group.

Campus Recruitment



In terms of campus recruitment, the Group held more than 100 job fairs in 2021, covering more than 100 colleges and universities, with over 10000 participants.

Online Recruitment



Facing the impact of the COVID-19, the Group promptly adjusted talent recruitment strategy, combined online and offline recruitment, such as opening live broadcast with posts to recruit talents. Taking advantage of its brand image as an excellent employer, the Group strengthens recruitment in colleges and universities, on mainstream recruitment websites and other platforms, to reach the target talents in various scenarios as much as possible, and improves the recruitment efficiency.

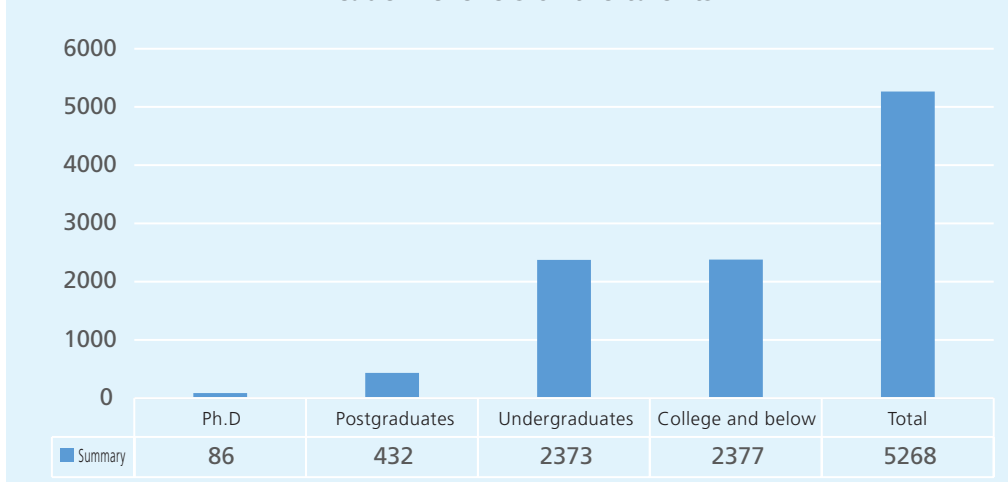
Talent recruitment achievements

During the reporting period, the Group has recruited a total of 5268 professionals from more than 10 areas, including marketing, safety, chemistry, pharmacy and management, increasing the total number of the Group's employees to 24746 and effectively promoting social employment.

In 2021, 19 senior-level managers, 31 middle-level managers and 354 professional managers were successfully recruited, mainly working in Production Department, Sales Department, R & D Clinical System, Business Development Department, Process Information Centre, HR Centre and other functional systems. Among them, 282 key R & D talents and 92 sales management talents have provided the backbone for steady progress of the Group.

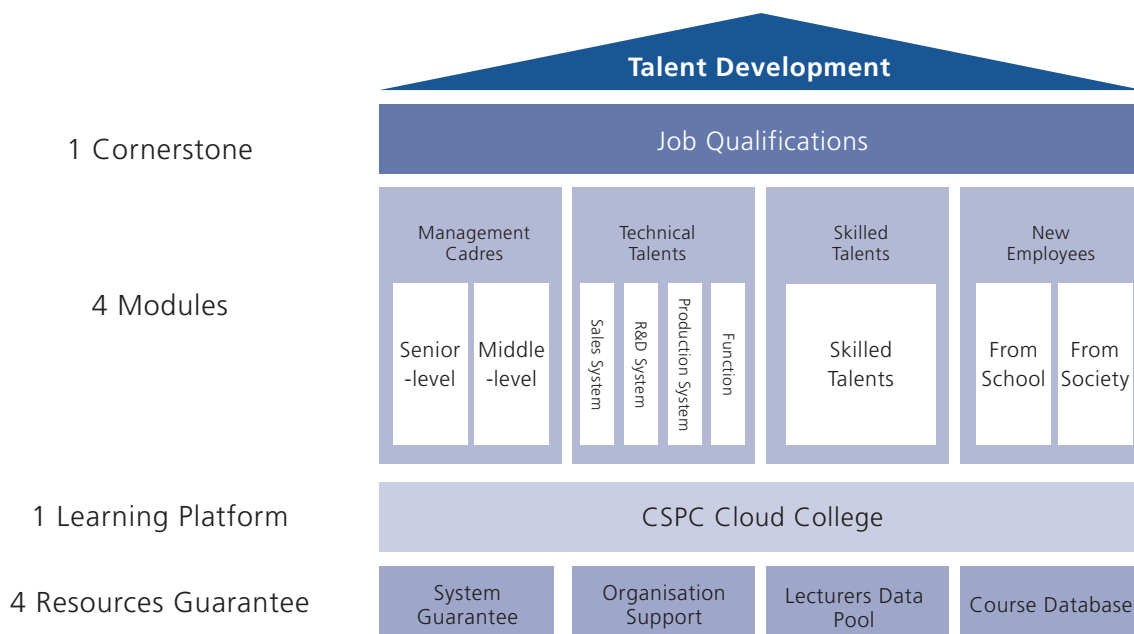
To further improve the R & D strength, clinical development ability and comprehensive management ability of the Group, the 86 PhD holders newly introduced this year are working in R & D Division, Clinical Development Division and Functional System, playing important roles in their professional fields and becoming the mainstay of the Group's future development.

Academic levels of the talents



Training and Development

Starting from the Group's development strategy, the HR Centre analyses the direction of talent development, and builds a talent training system of "vertical and horizontal development" in all layers and classifications, covering employees at all levels and categories such as management cadres, technical talents, skilled talents and new employees. The trainings were conducted on the online learning platform of Cloud College, and a series of documents such as the Training Management System, Internal Trainer Management System, Course Implementation Management Measures and Syllabus Management Measures were issued, which ensured the smooth progress of training activities and improved employees' professional ability and comprehensive quality.



Employee training

With the acceleration of knowledge and technology upgrades, enterprises need to continuously train employees in order to continuously innovate and introduce new ideas. In 2021, on the basis of demand research and in combination with the strategy of the Group, the HR Centre formulated an annual training schedule and organised professional training in the aspects of management skills, abilities and leadership of managers at all levels of production companies. The training programmes cover Corporate Management Empowerment Learning Program, Executive MBA External Training, Workshop Supervisor Training, Team Leader Training and Internal Trainer Training, creating a good ecological environment for the nurturing of talent.

The following are the statistics of average number of training hours of the Group's employees:

	Ratio of Receiving Training	Average Time of Training Received (hour)
By job levels		
Senior-level Managers	78%	40.5
Middle-level Managers	100%	44.9
Junior-level Employees	97%	59.4
By genders		
Male	97%	62.1
Female	96%	55.1
By systems		
Sales System	96%	23.6
R & D System	100%	79.5
Production System	100%	96.3
Function System	73%	3.7

Typical Training Case

In 2021, NBP Sales Company carried out 11 sessions of RM 100 New Manager Training Camps with participation rate of 89% and conducted 28 sessions of ES 400 senior representatives training with 686 training hours in total. 2519 out of the 2846 trainees received the training which achieved 88% coverage.



In cooperation with well-known training service institutions, the Group has designed a “controlling oneself – managing others – handling affairs – expanding business” management transformation training. In 2021, we have conducted four training sessions of “transformation leadership, target management, employee counselling and change management”, and matched different training priorities during each training session to improve the comprehensive ability of middle-level managers, thereby building a high-performance team and fostering business development of the Group.



Controlling oneself



Handling affairs



Managing others



Expanding business

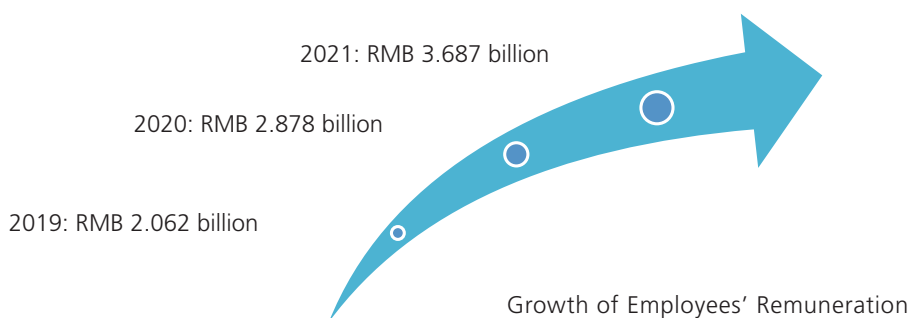
Promotion and Remuneration

Remuneration management

The Group promotes the comprehensive and performance-oriented remuneration concept with the limited resources tilting towards the top performing employees with high potential and at key positions so as to ensure that the bonus paid based on performance corresponds to 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 and recognise the employees who meet performance standards, while help the underperforming employees to make improvement in a timely manner.

Each year, CSPC appropriately adjusts the salary and welfare level of employees according to the level of market salary and performance results. In addition, through establishment of share incentive scheme, the Group fully mobilises the enthusiasm and initiative of employees and promotes the common development and benefit sharing between employees and the Group.

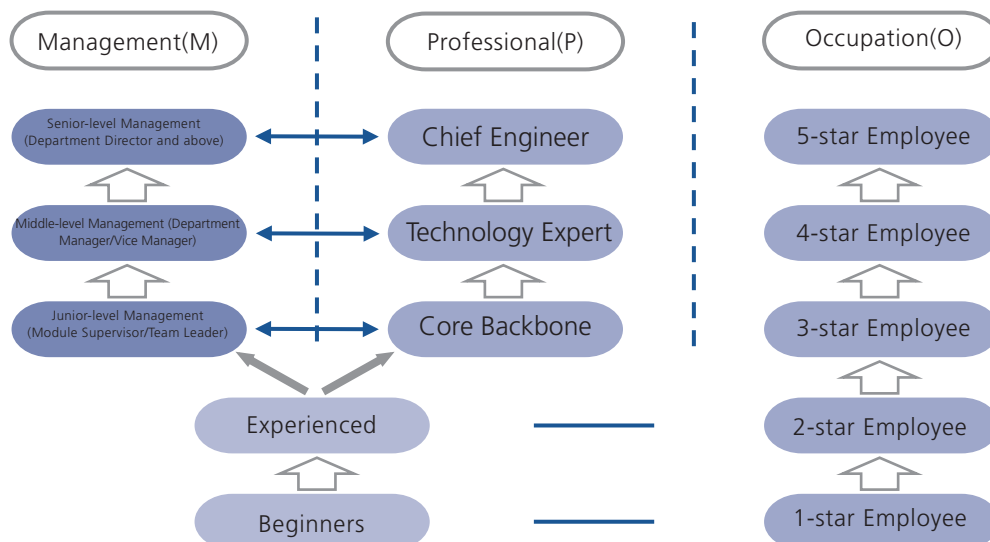
The Group maintains continuous growth in employees' remuneration. The total remuneration has increased by 28.11% from RMB2.878 billion in 2020 to RMB3.687 billion in 2021.



The Group has long been paying attention to employee motivation. At the semi-annual meeting, RMB25.55 million was rewarded to outstanding talents in each system and RMB19.3 million was awarded to outstanding talents in R & D system; besides, in the year-end summary, a total of about RMB122 million was granted as year-end bonus incentive to all employees based on their performance contracts and evaluations. During the year, the remuneration of the Group's employees increased by approximately 23% on average.

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 different functions and fields; Occupation Channel (O) set up for the 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 life value.



In 2021, 1854 staff from various systems of the Group were promoted, including 55 in Management Channel (M), 1391 in Professional Channel (P) and 408 in Occupation Channel (O). At the same time, the Group has organised the review of professional and technical titles in the professional and technological field in accordance with the national title management system. At the end of 2021, the Group has 1975 junior and intermediate engineers and 208 senior engineers. The talent echelon of each professional system is gradually developed to provide talent for the stable governance of the Group.

Talent Share Incentive

The Group continuously launches corresponding share incentive schemes to reward and motivate management teams, excellent backbones and key talents at all levels, and shares hard-earned achievements with employees. In 2021, the Board of Directors resolved that a total of 3,130,000 restricted shares were granted to 411 employees of the Group according to the scheme. The Company will continue to promote the share incentive scheme to better connect the Company and core employees and provide solid support for the long-term common development of the Company and employees. In January 2022, Key Honesty Limited, a shareholder of the Company which is wholly owned by Mr. CAI Dongchen, the Chairman, announced that it will

conditionally grant approximately 220,000,000 shares of the Company to over 300 employees of the Group in recognition of their contributions and to motivate them to strive for sustainable development of the Group.



Health and Safety at Work

CSPC adheres to the production safety approach of “Safety first, Prevention Foremost and Comprehensive Management” and the occupational health and production safety concept of “people orientation and regarding, employees as the most treasured asset of the enterprise and “Believing that all incidents can be avoided”, carries out environmental, health and safety (EHS) management based on risk management, creates a safety standardised enterprise and strives to improve its intrinsic safety level, makes continuous progress and pursues excellence!



EHS Guidelines and Targets

- “Safety first”- ensuring the safety of employees is the premise of all business development.
- “Environmental friendly” – We are 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 incident 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 health, safety and environmental protection;
- 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 seek improvement at work;
- Set goals and measurement standards for making improvement, evaluate and report the performance in health, safety and environmental protection;
- Require contractors to be consistent with this policy in managing their health, safety and environmental affairs;
- Include the employees’ performance in health, safety and environmental protection into their assessment indicators, 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 Guidance for Use*, *ISO 45001 Occupational Health and Safety Management Systems - Requirements with Guidance for Use*, *GB/T 33000-2016 Basic Norms for Work Safety Standardisation of Enterprises*, etc. In 2021, we 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 incident as well as low incident rate of minor injuries) and added “economic loss due to incidents and events” into its annual goal in 2021. There has been no loss of working days due to serious injuries or occupational death for many years.



OHS Management Target

- ◀ Zero incident causing more than minor injury
- ◀ Zero upper-level fire incident
- ◀ 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

	Death	Serious Injuries	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 2019	0	0	37,420,000	0.50	214	0.54	0
Year 2020	0	0	32,350,000	0.33	183	0.36	0
Year 2021	0	0	34,070,000	0.29	156	0.32	0

	Detection Rate of Occupational Hazard Factors	Average EHS Training Duration per employee (h)	EHS Investment (RMB)
Year 2019	99.9%	33.18	5813.8
Year 2020	100%	21.63	3389.19
Year 2021	100%	23.69	3696.38

Note:

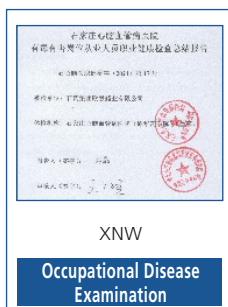
1. The incident is classified according to the Classification Standard for the Casualty Incidents of Enterprise Staff and Workers and the definition given in the international OSHA Standard. The data disclosed in this Report have included the Lost Workday Cases according to OSHA standard.
2. Minor injury 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 Corporate Production Safety Expenses.

During the reporting period, no death or serious injuries due to incidents have occurred in the Group, but there were 6 incidents due to minor injuries and 6 people were injured. No incident causing more than minor injuries has occurred among the contractors. Besides, no production safety incidents or secondary derivative disasters caused by natural disasters occurred.

Occupational Health Management

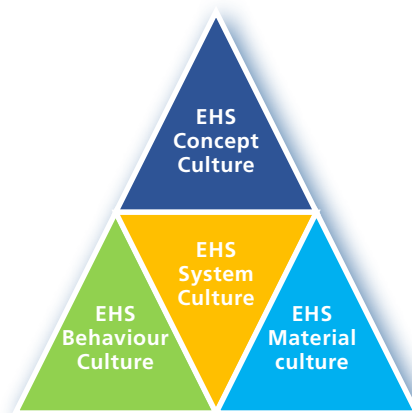
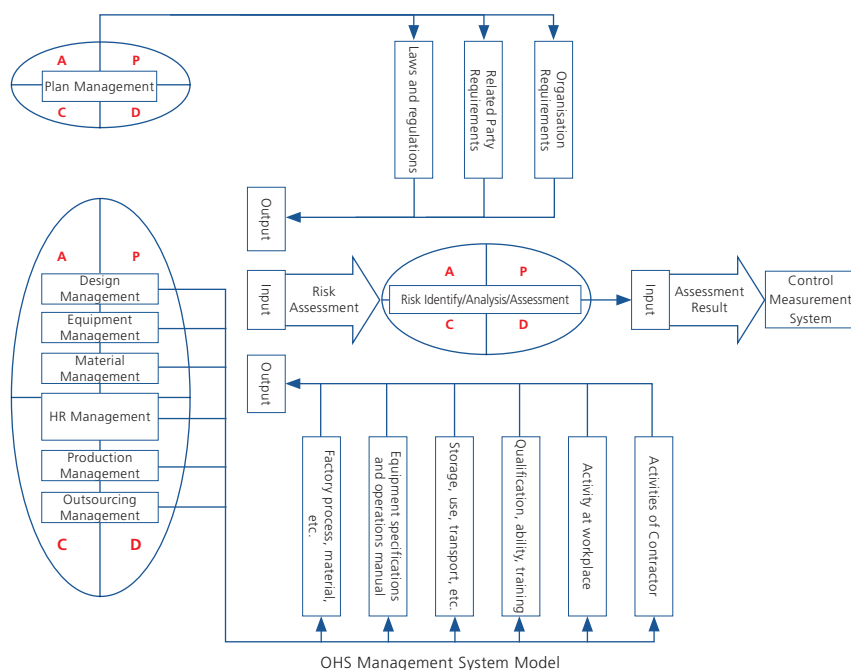
In accordance with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Measures for the Supervision and Administration of Employers' Occupational Health Surveillance*, the *Technical Specifications for Occupational Health Surveillance* (GBZ188-2014), the *Regulations on Surveillance and Administration of Occupational Health at Workplace* and the *Measures on the Declaration of Occupational Hazard*, the Group's subsidiaries complied with the laws and regulations related to health and safety in their respective operation locations, formulated the Occupational Health Management System and the Occupational Health Examination and Monitoring Plan, regularly carried out the detection of occupational hazard factors, which ensured that the occupational hazard factors were within the standard, and the occupational hazards were disclosed in the posts to inform every employee publicly; prepared complete occupational health files for employees at positions with occupational hazards, and regularly carried out occupational disease prevention and control training.

The Group has identified and controlled the occupational hazard factors in existing workplaces and new reconstruction and expansion projects, strengthened the management on occupational health-related protective facilities, provided comprehensive safety and protection measures for employees, and regularly arranged pre job, on-the-job and off-the-job occupational health examinations for employees in daily work and those who are exposed to occupational hazards, so as to create a safe and healthy working environment.



Production Safety

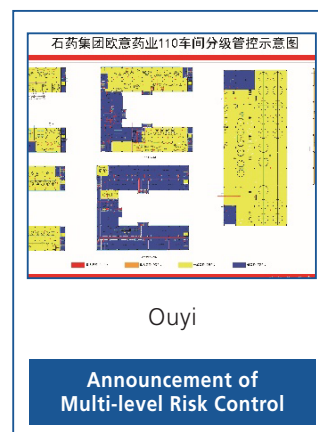
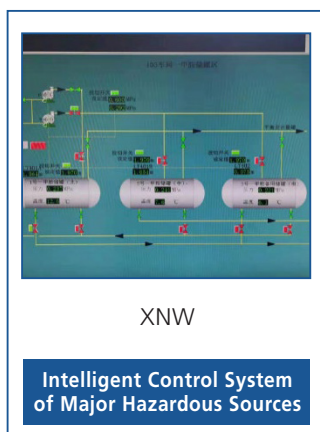
Within the system framework of ISO 45001 *Occupational Health and Safety Management Systems -Requirements with Guidance for Use*, the Group has formulated a unified EHS management system and promotes the effective integration of the dual prevention mechanism and EHS system, of which the dual prevention mechanism involves multi-level risk control and hidden danger measures. The establishment of EHS culture with CSPC characteristics was promoted.



EHS Culture Model

Risk Analysis and Control

Under the framework of comprehensive risk management and EHS management system, the Group 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 with the method 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-level management of subsidiaries, intermediate risks are managed by the middle-level management of subsidiaries, and low risks are managed by the factory/teams.



Typical Risk Management and Control Measures of Some Subsidiaries in 2021

Safety Inspection

Under the framework of the EHS management system, the Group formulated the *EHS Inspection and Management System*, regularly inspected and reviewed the risk control measures according to the risk assessment results and formulated the *Hidden Danger Troubleshooting List* to comprehensively test the effectiveness and stability of risk control measures. During the reporting period, the Group's subsidiaries conducted 867 EHS inspections and eliminated 973 hidden dangers with the rectification rate of 100%, effectively reducing the probability of incidents.



Senior-level
Inspection



Daily Inspection



Special Inspection



Supervision & Patrol

867

EHS Inspection Times

973

Eliminated Hidden Dangers

100%

Rectification Rate

Year 2021

Safety Training

The Group's subsidiaries also established the *EHS Education and Training Management System* in accordance with the requirements of the national regulation, namely *Management Regulations on Safety Training of Production and Business Units*, and carried out training and education for all employees and related parties with face-to-face teaching, online classes, videos, award activities, including EHS education for new employees, training for job-transfer education, safe operation, emergency training, fire training, etc. Before starting the work each day, the team will hold a briefing before shift to train and explain the EHS precautions in the operation.



Face-to-Face Teaching



Online Class



Training Video



Training Activity



Training Test



Briefing before Shift

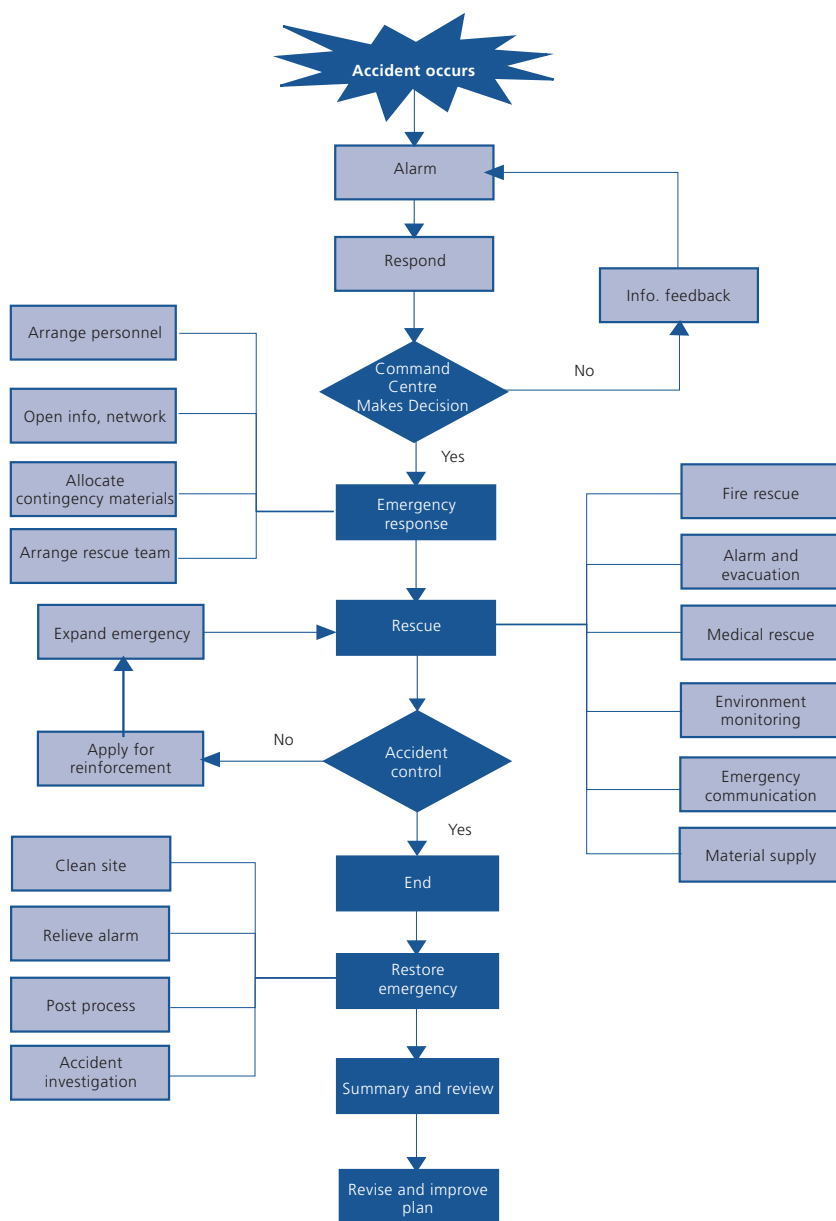
Typical Education and Training of Some Subsidiaries in 2021

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 production process.

Emergency Management

In accordance with the requirements of national regulations, such as *Contingency Regulations for Production Safety Accidents*, and *Measures for the Management of Contingency Plans for Production Safety Accidents*, the Group has formulated the CSPC Emergency Management System under the framework of EHS emergency system, developed a three-level emergency management system at the group-level, subsidiary-level and factory-level, implemented emergency responsibilities, equipped with emergency resources and teams to train frequently, so as to improve the ability in coping with emergencies and minimise the impact of incidents.



CSPC Emergency Handling Process

Emergency Drill

The Group has set up two professional fire emergency teams with a total of 38 personnel. All subsidiaries of the Group have also set up emergency rescue teams and regularly carry out comprehensive and special emergency drills. At the same time, the workshop and other low-level units are equipped with part-time emergency management personnel to be responsible for factory-level emergency management and drills about on-site solutions.



Professional Emergency Team



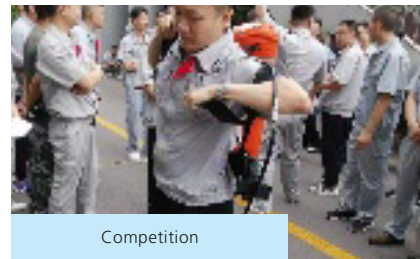
Comprehensive Emergency Drills



Special Emergency Drills



Factory Emergency Drill



Competition

Corporate Safety Awards and Honours

The subsidiaries of the Group, such as NBP and Ouyi, have won the honours of "Provincial Safety Culture Demonstration Enterprises".



Ouyi

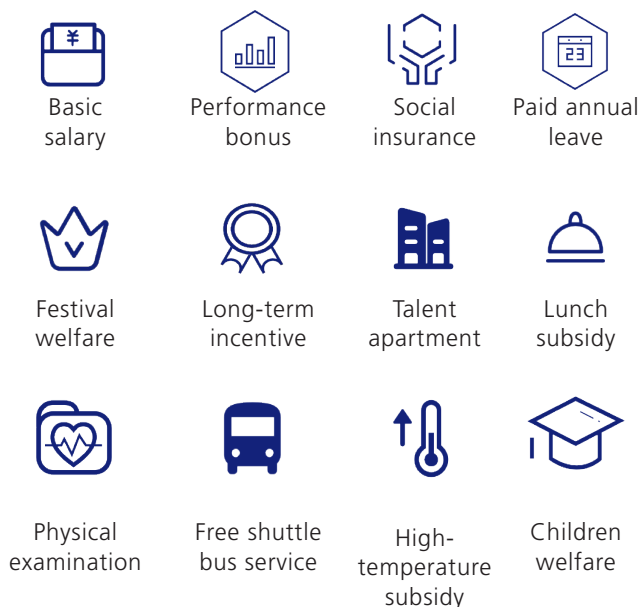


NBP

Welfare and Care

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 for their social insurance, 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 and innovates the distribution and publicity forms of the benefits. Meanwhile, employees can access the salary benefits, welfare and personnel policies at any time on mobile application platform, so that they can live and work happily.



Care to Employees

Help employees who suffer from critical illness

Employees with critical illness: the Group pays the full expenses borne by some individuals during hospitalisation, and the maximum amount of subsidy is RMB100,000 or RMB200,000 subject to the working years of the employee;

Family members (spouses and children) of employee with critical illness: the Group pays 50% of the expense borne by some individuals during hospitalisation, and the maximum amount of subsidy is RMB50,000 or RMB100,000 subject to the working years of the employee.

In 2021, the Group assisted 86 employees, with an amount of RMB1,985,000.

Team-building Activities

During the reporting period, the Group provided employees with activities, such as team building activity and annual meeting, etc., to enhance the synergy between departments.



Team Building Activity

Financial assistance for education of employee's children

Employees whose children achieve excellent result in the college entrance examination and ranked top 10% in the province, the Group will grant a one-time education assistance of RMB3,000 in the year of admission.

Employees with difficulties and whose children take part in college entrance examination: while the children study in colleges or universities, RMB5,000 will be offered each year as education assistance grants; for those studying in ordinary secondary vocational schools, RMB3,000 will be granted each year as education assistance grants.

In 2021, the Group assisted 37 children of employees, with an amount of RMB123,000.

Care for Female Employees

Breastfeeding rooms are provided in the office building, and the "Women's Festival" is held every year. During the reporting period, we carried out activities for female employees, such as art competition, physical examination, etc.



Annual Meeting

Green Development, Sustainable Low-Carbon Journey



Adhering to the core corporate philosophy of “All for good medicine, all for mankind’s health”, CSPC consistently strives to maintain the balance between corporate development and environmental protection, and regards “advocating green development and creating a better life” as its environmental protection concept. The Group has always reduced the burden of the environment actively, pursued green manufacturing and contributed to the sustainable development of the society.

Environmental Management

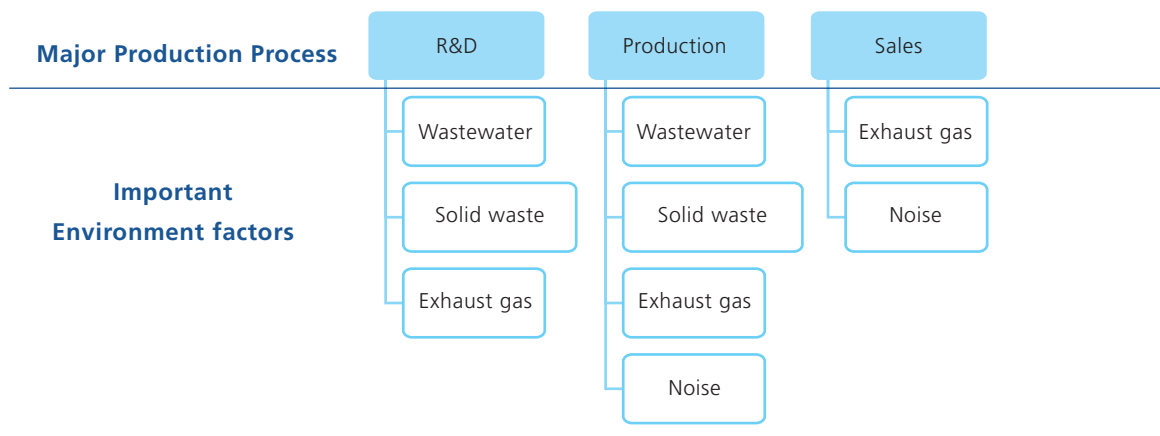
Environmental Management System



The environmental protection management of the Group is in line with the requirements of ISO14001 *Environmental Management Systems – Requirements with Guidance for Use*, ISO 50001 *Energy Management Systems -Requirements with Guidance for Use*, GB/T 23331-2009 *Energy Management System*, and the management principle of “Prioritising in-process control over subsequent control, prior control over in-process control, and whole process control over prior control”. In the whole process of production and operation activities, the Group enhances and promotes environmental protection management work with environment assessment management, environment monitoring management, compliance with standards and total amount control of pollutants, waste gas and noise management, as well as energy conservation and emission reduction.

Identification and Control of Environmental Impact Factors

The Group is committed to identifying and managing environmental protection risks, establishing systems, such as *Management System for Identification, Assessment and Control of Hazard Sources and Environmental Factors*, *Environmental Protection Responsibility System*, *Environmental Protection Management System* and improving its performance in environmental protection through continuous assessment and review of various performance indicators.



The measures taken by the Group for controlling environmental factors mainly include substitution at source, volume reduction, emission reduction, detoxification and resource disposal, etc. See the Section on pollution prevention and clean production in this Chapter for details.

Emergency Management of Environmental Events

The Group has established an emergency mechanism for environmental emergencies and formulated the *Emergency Plan for Environmental Emergencies* according to the actual situation of subsidiaries, so as to ensure that all emergency work can be started quickly, efficiently and orderly in case of environmental emergencies, and minimise the harm to the environment and the loss of business operation caused by environmental emergencies.

Responding to Climate Change

Climate change has a far-reaching impact on economic and social development, which is an environmental challenge facing the world at present. Global climate change not only brings extreme weather, but also seriously affects various kinds of economic and social activities. According to the research of the World Health Organisation, about 12 million people die of environmental factors every year.

At the end of 2015, the *Paris Agreement* was officially adopted and became a new legally binding treaty 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 contributions, 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), the Group 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.

Climate Change Issue Management

The ESG Team of the Group is responsible for identifying climate change risks associated with the business of the Group 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 in the key issues of ESG 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 climate change management 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 actions in terms of resource conservation and reduction of greenhouse gas emission.

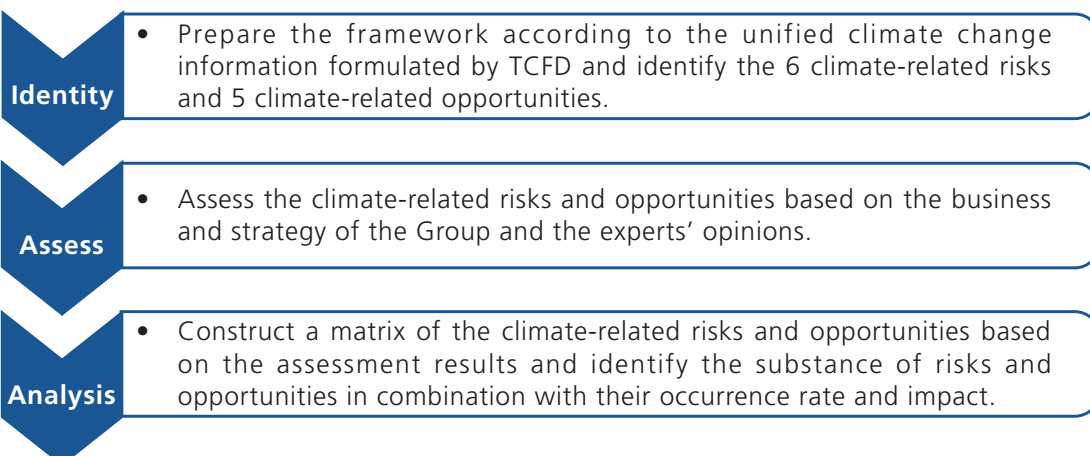
Metrics and Target

- 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.

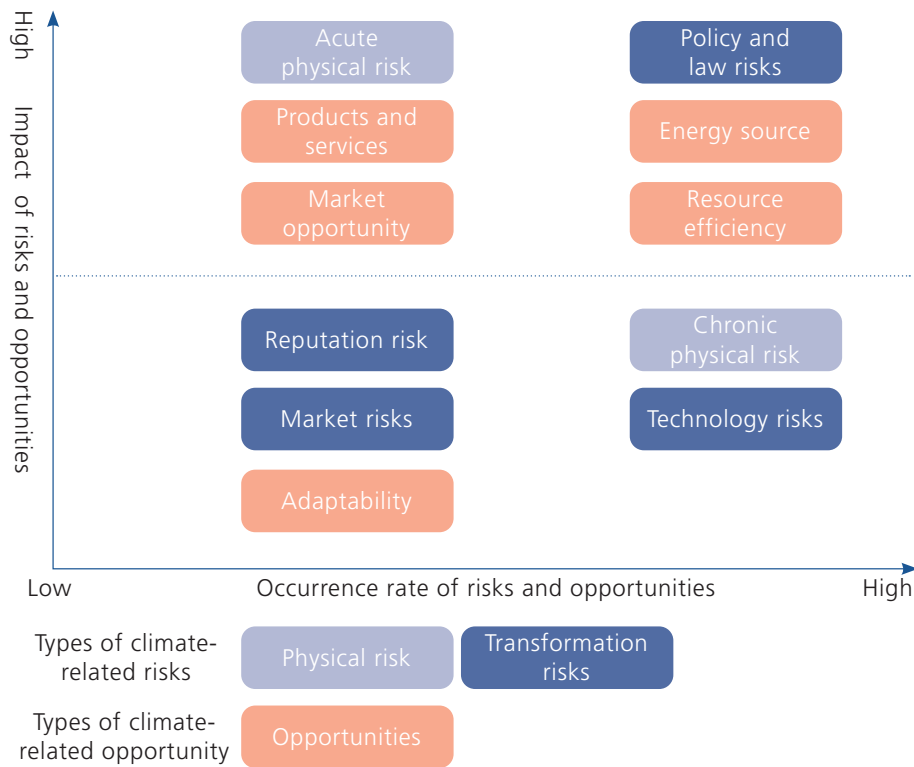
Identification of Risks and Opportunities Brought by Climate Change

In order to better cope with the potential risks and opportunities brought by climate change, the Group firstly identifies them related to its own operations through policy research, benchmarking with peers and listening to experts' opinions, and then evaluates the impact of various risks and opportunities on its finance.

Analysis of Climate-related Risks and Opportunities



Matrix of the Climate-related Risks and Opportunities



Analysis of the Impact of Climate-related Risks on Finance

Identification result of the main risks and opportunities brought by climate change				Potential financial impact	Countermeasure
Risks	High	Policy and legal risks	The Group may face the risks of being held legally liable or subject to regulatory measures, facing disciplinary actions, encountering property damage or loss of business reputation due to its failure to meet climate-related policies or laws.	Reduction of operating income, increase of credit risks	<ul style="list-style-type: none"> Establishing a more refined emergency management plan to cope with extreme weather. Reducing the use of energy-intensive 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 of fixed asset value, increase of R & D investment cost	
		Acute physical risks	Dramatic climate changes such as typhoons and floods will cause extreme weather or severe 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 of operating cost, and reduction of 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 of operating cost, and reduction of 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 the operation.	Reduction of operating income, increase of 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 have little impact on the Group.	Reduction of operating income, increase of credit risk	

During the reporting period, the main types of energies used by the Group in production and experiment are purchased steam, natural gas and electric power. Some of our equipment and construction machineries consume a small amount of diesel, and some of our vehicles consume gasoline. The energy use is described as follows:

Resource Usage

	Purchased Electric Power (KWH)	Purchased Steam (ton)	Natural Gas (m ³)	Gasoline (ton)	Diesel (ton)	Water (m ³)	Packaging Material (ton)
Year 2019	624,731,200	1,058,544	11,695,804.9	/	/	8,627,298	44,750
Year 2020	611,121,400	489,145	61,599,259.6	/	/	8,370,682	43,039
Year 2021	713,604,300	667,921	61,344,704.0	239.6	182.6	7,796,483	44,885

Density of Resource Usage

	Purchased Electric Power (KWH/hundred million RMB)	Purchased steam (ton/hundred million RMB)	Water (m ³ /hundred million RMB)	Packaging Material (ton/hundred million RMB)
Year 2019	2,826,000	4,789	39,032	202
Year 2020	2,450,000	1,961	33,560	173
Year 2021	2,561,000	2,397	27,978	161

Note:

1. The energy data statistics cover all subsidiaries of the Group, excluding the affiliated enterprises of the Group.
2. The statistics data are consistent with that in the Annual Report.
3. The statistics of gasoline and diesel are the newly disclosed data in 2021, which only includes the fuel consumption of vehicles and equipment owned by the Group.

Pollutant emission

Atmospheric Pollutant Emission

	Greenhouse Gas Emission				Sulphur Dioxide (ton)	Nitrogen Oxide (m ³)
	Direct (Scope 1) (tCO ₂ e)	Indirect (Scope 2) (tCO ₂ e)	Total (tCO ₂ e)	Density (tCO ₂ e/hundred million RMB)		
Year 2019	231,562	892,873	1,124,435	5,087	13.41	27.75
Year 2020	348,756	698,828	1,047,584	4,200	15.46	35.88
Year 2021	580,318	600,682	1,181,000	4,238	6.73	37.13

Note:

The calculation of greenhouse gas emissions is based on the *GHG Protocol* issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the *IPCC Guidelines for National Greenhouse Gas Inventories (2006)* 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*.

Solid Waste and Waste Water Emissions

	Hazardous Wastes (ton)	Emission Density of Hazardous Wastes (ton/hundred million RMB)	General Solid Waste (ton)	Emission Density of General Solid Waste (ton/hundred million RMB)	Wastewater		
					Total volume (tons)	COD (ton)	Ammonia Nitrogen (ton)
Year 2019	10,856.41	49.12	39,578.92	179.09	6,139,800	860	68
Year 2020	17,446.68	69.95	30,837.69	123.65	6,814,800	925	72
Year 2021	13,453.61	48.28	28,143.87	100.99	7,784,200	989	74

Note:

1. Wastewater is counted according to the online monitoring system installed by government agencies.
2. Hazardous wastes are counted according to the scope of the National Catalogue of Hazardous Wastes (2021 Edition) issued by the Ministry of Ecology and Environment of the People's Republic of China.

Use of Water Resources

The Group has formulated the Water Conservation Management System in accordance with the *Water Law of the People's Republic of China*, the *Measures for the Administration of Industrial Water Conservation* and the *Opinions on Strengthening Industrial Water Conservation* issued by the State Economic and Trade Commission as well as other relevant laws and regulations, so as to comprehensively guide and manage the water for industrial use within the Group.

Water resources acquisition

All water used by the Group is obtained from the municipal water supply network and measured by water meters.

Water conservation

The dedicated energy management team of the Group is responsible for the unified planning and implementation of water use and conservation and setting water resource consumption and saving rate each year. We incorporate the use of water resources into the energy management information system, track and manage all water use units in the whole process and perform inspection on a quarterly basis.

The Group's subsidiaries actively implement projects such as water conservation, water resource recycling and reclaimed water reuse, so as to reduce the discharge of water resources. In 2021, a total of 80,000 cubic meters of primary water was reduced.

Pollution Prevention and Clean Production

The Group strictly abides by the provisions of various laws and regulations, and has established the *Environmental Protection Management System, Management System on Reporting, Investigation and Handling of EHS Accidents, and EHS Assessment, Reward and Punishment System*, which provide comprehensive guidance on the prevention of environmental pollution during the process of the Group's R&D, manufacturing and sales of products.

The Group's subsidiaries are also required to apply for the pollutant emission permit from the government authorities, to actively accept the supervision from the government and third-party institutions, and to control the major water pollutants and atmospheric pollutants through installation of online monitoring system and network so as to monitor their emissions in real time. In the aspect of management of solid wastes, the hazardous wastes shall be reported, monitored and handled in the whole process. The Group also attaches great importance to the impact of production process on the surrounding environment, and strives to strengthen the surveillance of atmospheric pollutants, sewage and industrial solid wastes generated from various workshops, timely tracks and gives feedback of any excessive pollutant emission and continuously reduces the total volume of pollutant emissions so as to relieve the pressure of control at the output end.

Laws Related to Environment Protection

- *Environmental Protection Law of People's Republic of China*
- *Law of the People's Republic of China on Conserving Energy*
- *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 Atmospheric Pollution*
- *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China on Soil Pollution Prevention and Control*
- *Law of the People's Republic of China on Noise Pollution Prevention and Control*

Atmospheric Pollution Control

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

The Group actively controls the atmospheric pollutants generated in production process. In addition to collecting exhaust gas with enclosed method, the Group has also installed 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 handled 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 odour pollution in the factories. Carbon fibre adsorption, alkali spray and activated carbon adsorption as well as UV photocatalytic technology are adopted in the collection system.



Catalytic Combustion



Spray Adsorption



Carbon Adsorption



Biological Deodorisation



Dust Removal and Reduction



Online Monitoring

Water Pollution Control

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 centres and treatment stations which monitor the discharge of wastewater in real time and ensure that the wastewater 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 from the 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 Group mainly generates two kinds of general solid wastes of which, one kind includes bottles, cans, waste paper, waste packaging materials generated from daily life and production, which are transferred to recycling companies for reuse through resource recycling; while the other kind includes the fermentation waste residue and activated sludge generated during production process and the fermentation waste residue is transformed into the raw materials for production of organic fertilizer in collaboration with chemical fertilizer production enterprises. 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 control the process to reduce the generation of solid wastes.

The Group 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.

Clean Production

The Group strictly abides by relevant provisions of the *Law of the People's Republic of China on Promoting Clean Production*, and has been committed to further reducing pollutant emissions and strengthening its governance on industrial pollution sources. In 2021, the Group continued to actively promote clean production and strengthen industrial pollution prevention and control, and continuously improved production process design, while using clean energy and materials and adopting advanced process technology and equipment. The Group deeply understands that only by reducing pollution at source and improving resource utilisation efficiency can effectively reduce or avoid the generation and emission of pollutants in the production process and mitigate or eliminate the threats to the environment and the residents' health of the surrounding communities.

The subsidiaries of the Group, including Ouyi, NBP and Zhongnuo Taizhou are recognized as “Green Factories” by the Ministry of Industry and Information Technology of the People's Republic of China.

Energy conservation and emission reduction

The Group prioritises capital investment in the projects of environment governance as well as energy conservation and emission reduction, so that the production process can meet the increasing regulatory requirements of environmental protection policies and comply with the relevant national pollutant emission standards. In recent years, the Group's investment in energy conservation and emission reduction has been mainly used to improve power saving and steam saving processes, so as to upgrade infrastructure and improve the environmental protection technology.



Case Study - Power Saving

- The refrigeration unit is modified to replace the old pump with the new pump, which saved 100,000 KWH per year with an average power saving rate of more than 20%.



Case Study - Steam Saving

- Mechanical Vapour Recompression (MVR) replaces steam distillation technology, which can preheat deaerator and mother liquor temperature with utilisation of the boiler waste heat, saving about 160,000 tons of steam each year.



Case Study - Water Saving

- A number of water-saving measures are adopted, such as continuous recycling of concentrated water, continuous replacement of sour water, constant recycling of pressure column water, and recycling of tank washing water, realising the circulation and utilisation of industrial water.

Recycling and Utilisation of resources

The Group adheres to the policy of “attaching equal importance to exploring income sources and reducing expenditure with a focus on frugality”, takes improvement in the utilisation efficiency of resources as the core, and carries out comprehensive management of resource utilisation by enhancing technological transformation and strengthening the overall control and reuse of resources.



Solvent Recycling



Reuse of Heat



Use of Cold Energy



Solar Energy



Recycling and Utilisation of Water Resources



Recycling and Utilisation of Packaging Material

Green Development Target

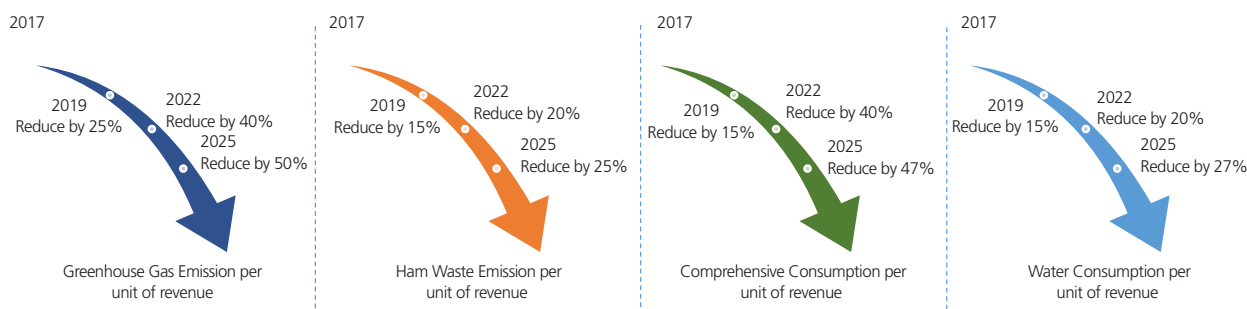
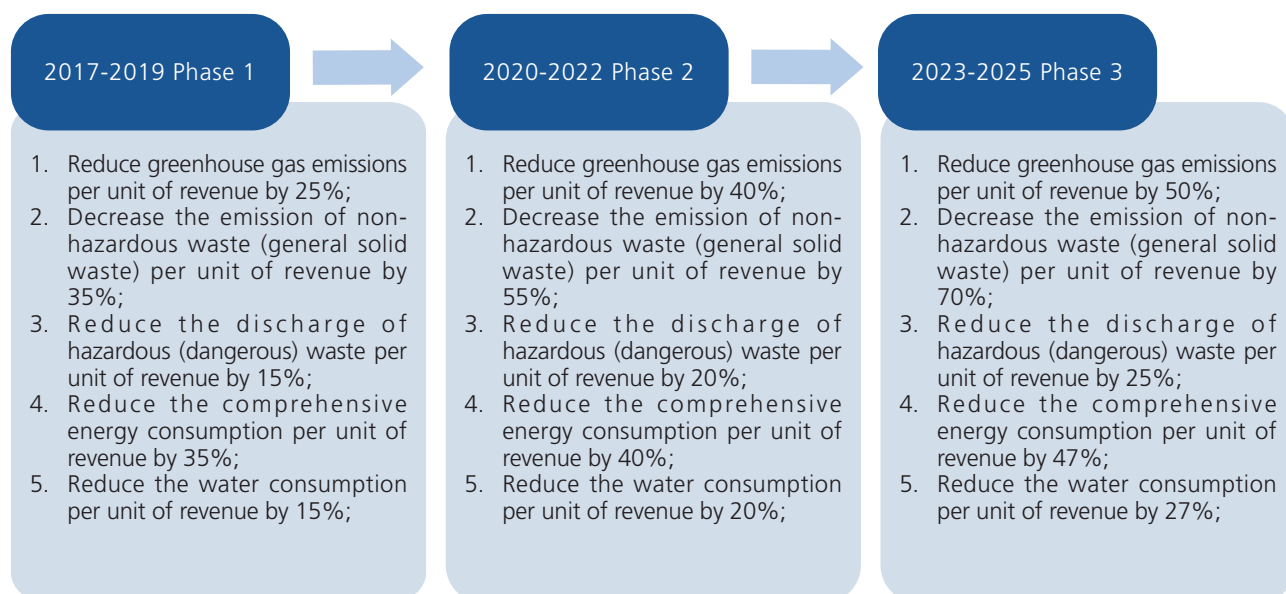
In 2021, the Group re-examined the “Environmental Protection Plan 2025” which was formulated in 2019, put forward higher development goals, and refined the goal every three years to strengthen process control and ensure the achievement of the overall goal in 2025.

Environmental Protection Plan 2025

- 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%;

*The emission reduction target is based on the emission in 2017, as below;

Phase target



Sunshine Public Welfare and Building of Warm Community



We have been always adhering to our corporate mission, committed to providing patients and customers around the world with safe and high-quality products, while actively serving and giving back to the society and making contribution to the health of all mankind.

Fighting the Epidemic Together

Overcoming difficulties together

In 2021, COVID-19 persists with resurgence and outbreak in many places. The Group responded actively to the Government's call to maintain stable business operation under the premise of ensuring the health and safety of employees and gave priority to the supply of medical materials for epidemic prevention and control. Besides, we also actively participated in the regulation of medical materials for the medical and health departments, successively donated Guoweikang, Abidol and other drugs to Hebei Province and Jiangsu Province and also dispatched the anti-epidemic medical team to help Children's Hospital in Shijiazhuang to support their front-line work.



Anti-Epidemic Materials



Care for Front-line Workers



Volunteer Services

Hebei CSPC Pu'en Charity Foundation, in collaboration with CSPC Taizhou Guoweikang Health Products Co., Ltd. of the Group, donated epidemic prevention materials, namely Guoweikang, to 35 medium and high-risk communities in Shijiazhuang, Shijiazhuang People's Hospital, Shijiazhuang No.3 Hospital and Shijiazhuang No.5 Hospital, Shijiazhuang Public Security Bureau, Shijiazhuang Traffic Management Bureau and Shijiazhuang Centre for Disease Control. 2,858 boxes of Guoweikang were donated during this activity which benefited 170,294 residents and front-line epidemic prevention personnel. The amount of donation was RMB6,844,000.

Innovation and Cooperation to accelerate the launch of mRNA vaccine

The Group is actively promoting the mRNA vaccine R & D project and plans to establish an advanced vaccine production base in Shijiazhuang. In 2021, the Group initiated the mRNA vaccine project and completed the installation of major equipment in the vaccine production base. At present, mRNA vaccine project is carried out in an orderly manner under full cooperation of scientists, engineers and technicians.

We believe that in the near future, our vaccine will provide protection for more people and contribute to the fighting against the epidemic.

Community and Public

Taking Hebei CSPC Pu'en Charity Foundation as the main platform for public welfare undertakings, the Group actively carries out charitable and public welfare activities in the fields of providing assistance to the sick, helping the poor, helping the underprivileged and the elderly as well as subsidising education. The main income of the Foundation comes from the donations from the Group's Chairman, middle and senior management and other employees. The scope of its activities carried out during the year are described below:

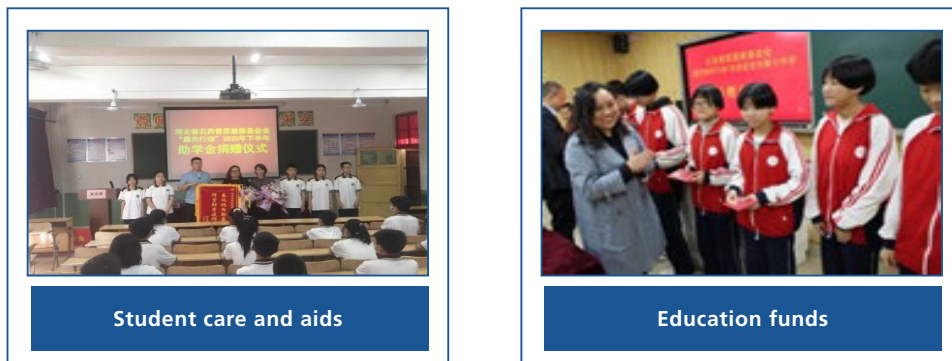
- 1) giving assistance to the sick, the poor, the underprivileged and the elderly the vulnerable groups, including those who suffer from critical illnesses, poor families and the education aid to their children, or severely injured people due to accidentals and the disabled, elderly who lives alone, etc;
- 2) organising public welfare and charity activities such as major natural disaster relief.



The Group donated RMB49.18 million in 2021. The followings are the major public welfare projects:

Twilight Action

The "Twilight Action" programme focuses on the growth and education of students from poor families at the stages of their compulsory education, education in high school or university. The programme is committed to improving the learning and growth environment of poor students through education assistance grants, spiritual care and other helps, so that outstanding students will not fall behind due to poverty.



Sunset Glow Action

During the "Sunset Glow Action", we not only visited and cared for the elderly but also carried out the "Fragrance" welfare activity which provided free clinical service and medicine, delivered medicines and sent doctors to villages so as to pay better attention to the health of the elderly in rural villages.



Appendices

Index to the Environmental, Social and Governance Reporting Guide

Part B: Mandatory Disclosure Requirements		
Items of Mandatory Disclosure	Description	Disclosure Paragraphs
Governance Structure	A statement from the board containing the following: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's business); and (iii) how the board reviews the progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Standardising Governance and Fulfilling Corporate Social Responsibility – Environmental, Social and Governance
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Standardising Governance and Fulfilling Corporate Social Responsibility – Environmental, Social and Governance
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Standardising Governance and Fulfilling Corporate Social Responsibility – Environmental, Social and Governance

Part C: "Comply or explain" Provisions		
Subject Areas/Aspects/ General Disclosure/ KPIs	Description	Disclosure Paragraphs
A. Environment		
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.	Green Development and Sustainable Low-Carbon Journey – Pollution Prevention and Clean Production
KPI A1.1	The types of emissions and respective emissions data.	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
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).	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Development and Sustainable Low-Carbon Journey – 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.	Green Development and Sustainable Low-Carbon Journey – Pollution Prevention and Clean Production, and Green Development Target

Part C: “Comply or explain” Provisions		
Subject Areas/Aspects/ General Disclosure/ KPIs	Description	Disclosure Paragraphs
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
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).	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development and Sustainable Low-Carbon Journey – Resource Use Management, Pollution Discharge and 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.	Green Development and Sustainable Low-Carbon Journey – Resource Use Management, Pollution Discharge and Green Development Target
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Development and Sustainable Low-Carbon Journey – Resource Use Management and Pollution Discharge
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Development and Sustainable Low-Carbon Journey – Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development and Sustainable Low-Carbon Journey – Environmental Management
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.	Green Development and Sustainable Low-Carbon Journey – 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.	Green Development and Sustainable Low-Carbon Journey – Responding to Climate Change

Part C: "Comply or explain" Provisions		
Subject Areas/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 Orientation and Promoting Healthy Development of Employees – Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	People Orientation and Promoting Healthy Development of Employees – Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	People Orientation and Promoting Healthy Development of Employees – Employment
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 Orientation and Promoting Healthy Development of Employees – Health and safety at Work
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	People Orientation and Promoting Healthy Development of Employees – Health and safety at Work
KPI B2.2	Lost days due to work injury.	People Orientation and Promoting Healthy Development of Employees – Health and safety at Work
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People Orientation and Promoting Healthy Development of Employees – Health and safety at Work

Part C: "Comply or explain" Provisions		
Subject Areas/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 Orientation and Promoting Healthy Development of Employees -Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People Orientation and Promoting Healthy Development of Employees -Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	People Orientation and Promoting Healthy Development of Employees -Talent Development
Aspect B4: Labour Standard		
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 Orientation and Promoting Healthy Development of Employees – Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People Orientation and Promoting Healthy Development of Employees – Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People Orientation and Promoting Healthy Development of Employees – Employment
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-win Cooperation and Hand-in-hand Development – Sustainable Development of Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Win-win Cooperation and Hand-in-hand Development – Supplier Management
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.	Win-win Cooperation and Hand-in-hand Development – Supplier 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.	Win-win Cooperation and Hand-in-hand Development – Sustainable Development of Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Win-win Cooperation and Hand-in-hand Development – Supplier Management

Part C: “Comply or explain” Provisions		
Subject Areas/Aspects/ General Disclosure/ KPIs	Description	Disclosure Paragraphs
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.	Commitment to Quality and Provision of Safe and Reliable Products – Product Quality
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Commitment to Quality and Provision of Safe and Reliable Products – Product Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Commitment to Quality and Provision of Safe and Reliable Products– Improving Customers’ Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Commitment to Quality and Provision of Safe and Reliable Products- Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Commitment to Quality and Provision of Safe and Reliable Products – Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Commitment to Quality and Provision of Safe and Reliable Products – Improving Customer Satisfaction

Part C: "Comply or explain" Provisions		
Subject Areas/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.	Compliant Operation and Ethical Business Practices – Operating in Good Faith and Practicing Business Ethics (Marketing Compliance & Practice of Business Ethics)
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.	Compliant Operation and Ethical Business Practices – Operating in Good Faith and Practicing Business Ethics (Practice of Business Ethics)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliant Operation and Ethical Business Practices – Operating in Good Faith and Practicing Business Ethics (Practice of Business Ethics) & Internal Supervision and Audit
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Compliant Operation and Ethical Business Practices – Operating in Good Faith and Practicing Business Ethics (Practice of Business Ethics)
Community		
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.	Sunshine Public Welfare and Building of Warm Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Sunshine Public Welfare and Building of Warm Community – Community and Public Welfare and Fighting Epidemic Together
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Sunshine Public Welfare and Building of Warm Community

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	
Hebei Zhongrun Ecological Environmental Protection Co., Ltd.	Hebei Zhongrun Ecological Environmental	
CSPC Taizhou Guoweikang Health Products Co., Ltd.	Taizhou Guoweikang	
10 Centres	Financial Centre, Planned Dispatching Centre, HR Centre, Engineering Centre, Process Information Centre, Legal Affairs Centre, Centralised Procurement Centre, Marketing Operation Centre, Asset Management Centre, Capital Management	
6 Departments	Securities Affairs Department, Cooperative Development Department, Supervision and Security Department, Public Relations Department, Party Masses Department and Group	
5 Departments of R & D and Innovation	Preclinical Department	Beijing Research Institute Shanghai Research Institute Shijiazhuang Research Institute
	Clinical Development Department, U.S. R & D Department, Business Development Department, Patent and Government Affairs Department	

Name	Abbreviation/Explanation	Remarks
2 Business Divisions of Drug Production and Manufacturing	No. 1 Manufacturing Centre	Ouyi Zhongnuo NBP Baiké Yinhu
	Active Pharmaceutical Ingredients Business Division	Weisheng Inner Mongolia Zhongnuo XNW Zhongnuo Taizhou Shengxue Union Pharmaceutical
4 Business Divisions of Drug Marketing	Oncology Drug Business Division	Jinyouli Sales Company Duomeisu Sales Company Keaili Sales Company Ainuo Sales Company
	Innovative Drug Business Division	Yinhu Sales Company Cardiovascular Drugs Sales Company New Drug Sales Company
	Drug Business Division	Digestion and Metabolism Drugs Sales Company Bone Metabolism Drugs Sales Company Anti-infective Drugs Sales Company Generic Drugs Sales Company
	Business Development Division	OUYI Sales Company Jixian Sales Company