

2024

Environmental, Social and Governance Report



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About This Report

Basis of Preparation

This report is prepared by CSPC Pharmaceutical Group Limited ("the Company") and its subsidiaries (collectively referred to as "CSPC," "we," or "the Group") with reference to *the Environmental, Social and Governance Reporting Code* issued by The Stock Exchange of Hong Kong Limited ("HKEX"), the *Implementation Guidance on Climate Disclosures* under the HKEX ESG Framework, and the *Sustainability Reporting Guidelines* of the Global Reporting Initiative (GRI). This Environmental, Social and Governance (ESG) report aims to communicate the Group's efforts in corporate social responsibility and sustainable development during the 2024 fiscal year to shareholders and stakeholders. For details of corporate governance, please refer to the Corporate Governance Report in the CSPC 2024 Annual Report.

Reporting Period and Frequency

This is an annual report for the year 2024, covering the period from 1 January 2024 to 31 December 2024.

Reporting Scope

CSPC regularly reviews the reporting scope to ensure coverage of all material issues that have significant impact on the Group's overall business. Environmental, Health and Safety (EHS) data presented in this report covers all production enterprises within the Group, while the policy descriptions and the reporting scope of other data are consistent with that of the Annual Report. Unless otherwise stated, social and governance data are consistent with the scope of the Company's consolidated financial statements.

Data Sources and Reliability

The data and case studies presented in this report are primarily derived from the Company's internal statistical reports and related policy documents. We are committed to ensuring the accuracy and reliability of the reported information and to avoiding any false or misleading statements. Unless otherwise stated, all monetary amounts in this report are expressed in Renminbi (RMB). This report is published in both Chinese and English. In the event of discrepancies between the two versions, the Chinese version shall prevail.

About This Report

Reporting Principles

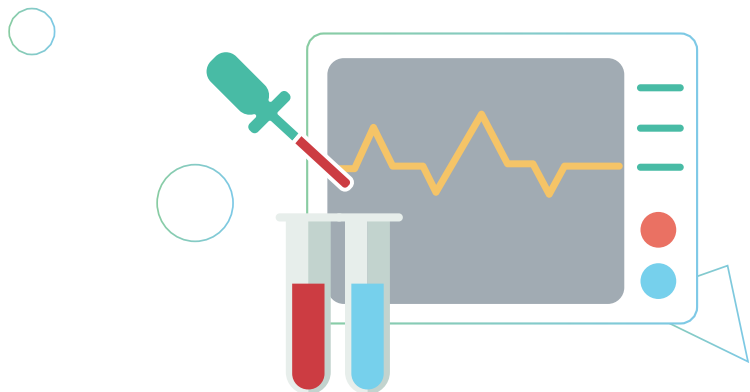
- Materiality:** This report identifies key issues that need to be responded through stakeholder surveys and materiality analysis, and highlights the environmental, social, and governance (ESG) issues that may have a significant impact on investors and other stakeholders.
- Quantitative:** The report discloses key quantitative performance indicators, provides definitions of these indicators, and explains calculation methods and underlying assumptions.
- Balance:** The contents of this report reflect the objective facts and discloses indicators that involve both positive and negative information.
- Consistency:** As the ninth ESG report issued by the Company, it maintains consistent disclosure practices. Reporting scopes and data collection tools have been standardized. Any changes in disclosure metrics are noted to facilitate an objective and accurate understanding of the Company's ESG performance by stakeholders.

Confirmation and Approval

The Board of Directors and the senior management team of the Company have reviewed and approved this report, ensuring that its content contains no false records, misleading statements, or major omissions. The Board also regularly monitored ESG matters and reviewed progress against relevant targets during the reporting period.

Report Access

This report is available for review and download on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.cspc.com.hk). For further inquiries or any feedback regarding this report, please contact us via email at esg@cspc.hk or through the Company's website.





Chairman's Message

At the third session of the 14th National People's Congress concluded in March 2025, "innovative drugs" once again appeared in the *Government Work Report*, which further clarified future directions of support: improving the drug pricing mechanism, formulating an innovative drug catalog, and supporting the development of innovative medicines. Against the backdrop of the nation's comprehensive promotion of the "Healthy China" initiative, the value of innovation and sustainability has become increasingly prominent, and the responsibilities of pharmaceutical enterprises have grown both broader and more grounded in the realities of the era.

CSPC remains steadfast in our mission of "All for Good Medicine, All for Mankind's Health". We firmly believe that innovation can generate greater value for both industrial development and public wellbeing. Guided by technological innovation, driven by green development, and founded on our sense of responsibility, we actively respond to society's expectations for sustainable development.

We deeply recognize the inclusive nature of pharmaceutical innovation and always adhere to the principle of "innovation for good." In 2024, our R&D investment exceeded RMB 5 billion, targeting areas such as chronic diseases, major illnesses, and national health security, while also overcoming several critical technological challenges. Beyond innovation, we remain focused on drug accessibility. This year, five of our new drugs participated in national medical insurance negotiations, and the average price reduction for 15 products included in the 10th round of volume-based procurement exceeded 70%. We also address the health needs of underrepresented groups by developing and marketing nine orphan drugs, including Narlumosbart Injection and Nintedanib Esilate Soft Capsules, both listed in the second catalog of rare diseases. Innovation in medicine has become a bridge connecting us to broader social responsibilities. In the next five years, over 50 new drugs/indications will be launched to meet clinical needs more comprehensively and offer a wider array of treatment options.

The philosophy of "innovation for good" also compels us to pursue a green and sustainable path of industrial development. To this end, we have been accelerating the implementation of our dual-carbon strategy through initiatives such as process optimization, promotion of renewable energy, and construction of green factories to achieve significant reductions in energy consumption per unit of output. In particular, we are advancing the application of artificial intelligence, launching the industry's first smart manufacturing oral formulation workshop, and building world-class digital and intelligent factories. By integrating large-scale photovoltaic green electricity, we have achieved fully green, intelligent, zero-emission, and zero-pollution production, and realized the digital transformation of traditional manufacturing.

While pursuing development, we also deeply feel the gravity of corporate social responsibility. Through the Hebei CSPC Puen Charity Foundation, we implement project-based, service-oriented philanthropic efforts across education, healthcare, and rural revitalization. In 2024, we donated a total of RMB 78.28 million, helping more than 100,000 individuals alleviate difficulties in health and education. After ten years of continuous philanthropic efforts, the spirit of doing good has become embedded in our corporate culture and has begun to inspire broader participation in charitable causes.

Looking ahead, CSPC will align with the United Nations Sustainable Development Goals (SDGs), further integrate into the national "Healthy China" strategy, and continue to strengthen our efforts in areas such as new drug R&D, smart manufacturing, social welfare, and green development. We firmly believe that only by linking corporate development to the shared destiny of humanity can we ensure long-term prosperity; and only by guarding life and health with a sense of responsibility can we earn the respect of our time.

Cai Dongchen
Chairman





01

▲ About CSPC

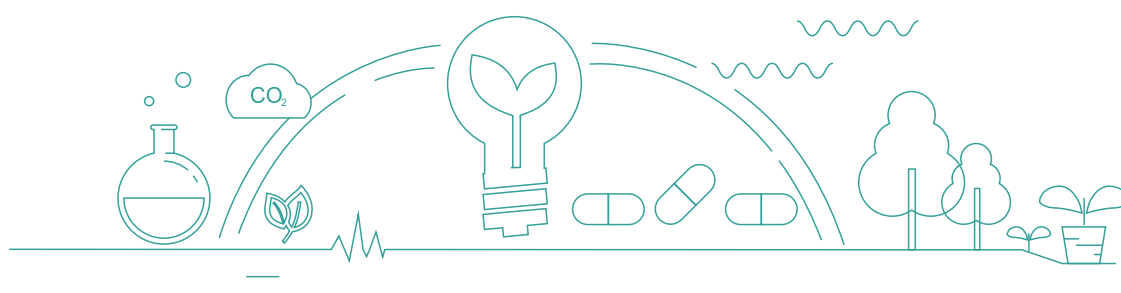
1 About CSPC

1.1 Introduction to CSPC

CSPC Pharmaceutical Group Limited, guided by the philosophy of “All for Good Medicine, All for Mankind’s Health”, has grown into an international and innovative enterprise with over 20,000 employees through continuous innovation and development. The Company was included in the Hang Seng Index Constituents in 2018 and ranked 24th globally among pharmaceutical companies in terms of R&D pipeline size, representing Chinese pharmaceutical enterprises on the world stage and serving patients worldwide.

Through global participation in innovation, CSPC continuously delivers better innovative outcomes for human health. The Group has established an international R&D team of over 2,000 professionals and key R&D centers located in Shijiazhuang, Shanghai, Beijing, and the United States, focusing on key therapeutic areas such as oncology, neurology, cardiovascular, immunology and respiratory, gastrointestinal and metabolic, and anti-infectives. In terms of technology, the Group has developed eight major innovative R&D platforms, including nanomedicine, messenger RNA (mRNA), small interfering RNA (siRNA), antibodies/fusion proteins, cell therapy, and antibody-drug conjugates (ADC), providing strong support for new drug development. At present, the Group has approximately 200 innovative drugs under development, including over 90 macromolecular drugs, around 60 small molecule drugs, and over 50 novel formulations. It is expected that nearly 50 new products/indications will be submitted for marketing approval in the next five years, continuously driving the Group’s growth.

1.2 Corporate Culture



1.3 CSPC ESG Performance Highlights in 2024

Corporate Governance

CSPC continued to improve its internal corporate governance structure and strived to enhance internal control systems to elevate overall governance standards. The Board of Directors comprises 15 members, including 9 executive directors; 10 members hold a master's degree or above, accounting for two-thirds of the board; and 1 female director. All board members possess extensive industry experience and professional backgrounds in various fields such as economics, cell biology and genetics, business administration, pharmacy, and pharmaceuticals.

- In 2024, the Company completed 79 public disclosures, held 4 results briefings, conducted 19 corporate research sessions, participated in 37 domestic and international strategy meetings, and organized 142 investor communication events.
- In 2024, the Group facilitated the signing of 10,188 copies of the "Sunshine Cooperation Agreement" with suppliers. The signing rate with all suppliers involved in business activities with the company reached 100%.
- The ESG working group held 3 meetings in 2024 to jointly determine the Group's ESG development goals and improvement measures.
- The Group promoted compliance culture through online and hybrid (online + offline) compliance training for new hires and active staff, with a total of 11,400 participant engagements during 2024.

Internal Supervision

- In 2024, the Group carried out inspection and supervisory reviews across its member enterprises. Identified issues were promptly addressed through corrective actions, and related processes were further standardized.
- The Group is committed to fostering a professional culture rooted in integrity and adherence to ethical standards. In 2024, 66 onboarding training sessions on integrity were held for new and graduate employees, 11 sessions on integrity systems for all full-time, part-time, and contract employees, and 4 sessions on professional conduct for the same groups. Training coverage reached 100%, with an average of 15.65 training hours per employee.
- Also in 2024, the Department of Supervision and Security conducted a total of 23 audits, including special and targeted audits. These audits identified management gaps and potential risks in subsidiaries, prompted the formulation and implementation of corrective measures, and ensured ongoing supervision to mitigate potential losses, standardize workflows, and enhance the value of auditing activities.

Quality Assurance and Management

In 2024, the Group underwent 81 inspections by domestic and international regulatory authorities, all of which passed smoothly. There were no product recalls due to safety or health reasons among sold or delivered products in 2024.

About CSPC

Protection of Customer Rights and Interests

No incidents of customer privacy infringement or data loss occurred in 2024. The Group product quality complaint rate for the year was 0.14%, with all complaints resolved in accordance with established procedures.

Responsible Supply Chain Management

A total of 567 supplier audits were completed in 2024, including 311 on-site audits and 256 document-based audits, achieving a 100% completion rate.

Inclusive Healthcare

CSPC is committed to providing high-quality and affordable medications to a wide range of patients. By the end of 2024, CSPC had won centralized procurement bids for 48 product types (71 specifications), with an average price reduction of over 50%, and a 74.5% reduction for products in the 10th round of volume-based procurement. Intellectual property is a core strategic asset of an enterprise. The Group has a dedicated IP management department. As of 22 November 2024, CSPC had filed 2,293 patent applications (including PTC international application) and received 978 granted patents.

Talent Development

CSPC consistently regards “respecting women’s rights and promoting gender equality” as a core issue for sustainable development. By the end of 2024, there were 10,721 female employees, representing 48% of the workforce, with women making up 58% of the management team.

The Group respects and embraces cultural diversity, especially the inclusion and development of ethnic minority employees. Staff from ethnic minorities come from 30 different ethnic regions, totaling 712 people or about 3% of the workforce. In 2024, 95 job opportunities were provided to people with disabilities.

Employee satisfaction surveys are conducted monthly, and results are promptly analyzed to develop and implement improvement plans.

In 2024, the Group achieved a 100% training coverage rate for all employees, with an average of 96.2 training hours per person. Training time significantly increased across all employee levels.

Production Safety



In 2024, the Group’s member enterprises conducted a total of 1,259 EHS inspections, identifying 17,104 potential hazards, all of which were rectified, achieving a 100% correction rate.

The Group continued to enhance its EHS management in 2024. All member enterprises successfully achieved the occupational health and safety goal of “Five Zeros and One Low”: “zero fatalities, zero severe injuries, zero multiple injuries, zero occupational diseases, zero poisoning incidents, and a low rate of minor work-related injuries”.

Environmental Responsibility



In 2024, the Group invested about 2 billion yuan in green factory upgrades, energy-saving and emission reduction, environmental treatment, and smart lighting renovation projects.

The Group currently holds certifications for five national-level green factories and two provincial-level green factories, and has been recognized as three provincial-level water-saving enterprises.

In 2024, the Group’s total green electricity usage reached 903.1 million kWh, an increase of 63.62 million kWh from 2023.

In 2024, the Group fully met the 2019–2025 phased emission reduction targets (based on 2017 levels):

- Greenhouse gas emissions per unit of revenue reduced by 53%
- Non-hazardous waste emissions per unit of revenue reduced by 72%
- Comprehensive energy consumption per unit of revenue reduced by 49.74%
- Water consumption per unit of revenue reduced by 32.78%

About CSPC

Social Welfare

In 2024, the Group's total donations amounted to 78.28 million yuan, benefiting 1.3 million people, with total accumulated volunteer time exceeding 1.2 million hours. These charitable actions fully demonstrated the Group's dedication to social welfare.

1.4 Selected CSPC Honors

Table 1-1: A summary of selected honors received by CSPC in 2024

A summary of selected honors received by CSPC in 2024			
Serial No.	Title	Awarded Company	Award Date
1	National Green Factory	CSPC Innovation Pharmaceutical Co., Ltd.	2024.02
2	Hebei Province Harmonious Labor Relations Unit	CSPC Innovation Pharmaceutical Co., Ltd.	2024.02
3	Technology-Based Small and Medium-Sized Enterprise	CSPC Shengxue Glucose Co., Ltd.	2024.04
4	"Specialized and New" SME of Jiangsu Province	CSPC Zhongnuo Pharmaceutical (Taizhou) Co., Ltd.	2024.05
5	Leading Science and Technology Enterprise in Shijiazhuang	CSPC Innovation Pharmaceutical Co., Ltd.	2024.08
6	Green Factory of Hebei Province	CSPC Shengxue Glucose Co., Ltd.	2024.10
7	Second Prize for Quality and Technology Achievements in Hebei Province's Quality Management Circle Activities	CSPC Shengxue Glucose Co., Ltd.	2024.11
8	Second Prize for Quality and Technology Achievements in Hebei Province's Quality Management Circle Activities	CSPC Innovation Pharmaceutical Co., Ltd.	2024.11
9	Top 20 ESG Competitiveness among Chinese Listed Pharmaceutical Companies in 2024	CSPC	2024.11
10	Top 10 Chinese Listed Pharmaceutical Companies Leading in Low-Carbon Transition in Response to Climate Change 2024	CSPC	2024.11
11	2024 ESG Influence Special Award	CSPC	2024.11
12	First Prize for Scientific and Technological Progress in Hebei Province: Industrialization of Soft Capsule Key Technology Using Ethyl Cellulose-Coated Nicardipine Sustained-Release Pellets	CSPC NBP Pharmaceutical Co., Ltd. CSPC Zhongqi Pharmaceutical Technology (Shijiazhuang) Co., Ltd.	2024.12
13	Third Prize for Scientific and Technological Progress in Hebei Province: Industrialization of Key Technologies for Crystalline Raw Materials and Formulation of Indapamide	CSPC Ouyi Pharmaceutical Co., Ltd. CSPC Innovation Pharmaceutical Co., Ltd.	2024.12
14	"Specialized and New" SME of Shanghai	Shanghai JMT Biotechnology Co., Ltd.	2024.12

About CSPC

Figure 1-2: Selected Award Photos of CSPC



In November 2024, CSPC was honored with the 2024 ESG Impact Special Award for the first time at the 14th Public Welfare Festival and 2024 ESG Impact Annual Conference, in recognition of its outstanding performance in the ESG field. The Group once again received accolades in the evaluation of ESG value systems.





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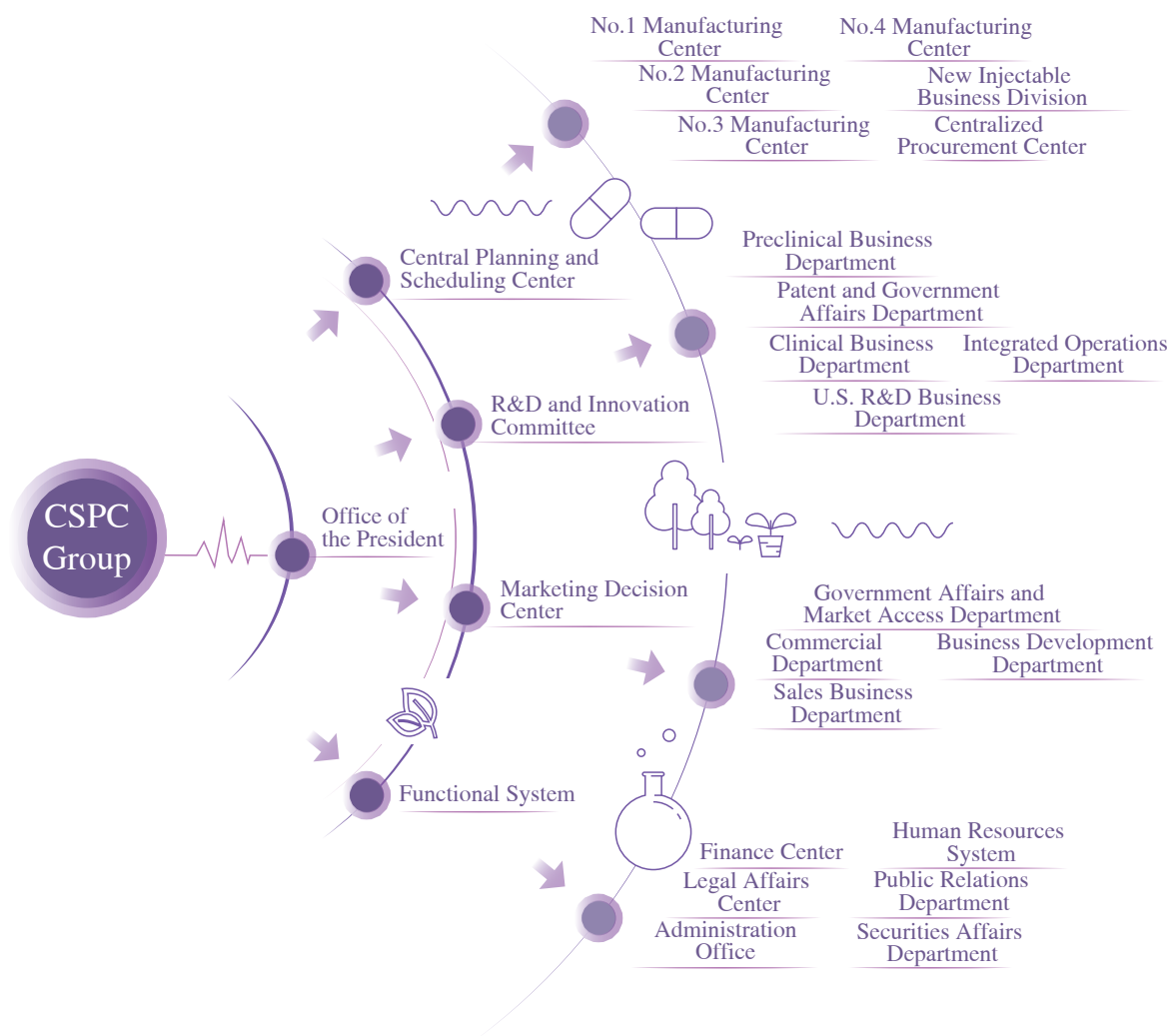
Sound Governance, The Foundation for Sustainable Development

2 Sound Governance, The Foundation for Sustainable Development

2.1 Corporate Governance Structure

CSPC Group strictly adheres to the requirements of relevant laws and regulations, including the Company Law of the People's Republic of China, the *Companies Ordinance* of Hong Kong, and the *Listing Rules* of the HKEX. The Group continuously improves its internal corporate governance structure and is committed to enhancing internal control systems to raise governance standards. At the same time, the Group has established a sound supervisory system to protect the interests and legal rights of shareholders and other stakeholders.

Figure 2-1: CSPC Organizational Management Structure

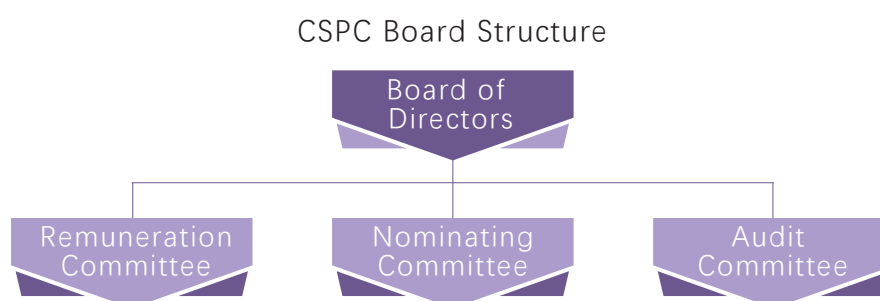


Sound Governance, The Foundation for Sustainable Development

2.2 Diversified Governance System

(1) Board Management Mechanism

The Group strictly complies with the Hong Kong Companies Ordinance and the Listing Rules of HKEX, continuously improving its corporate governance structure and promoting standardized operations. A comprehensive supervisory system has been established to protect the interests and legal rights of shareholders and other stakeholders. To enhance board functions and decision-making efficiency, three specialized committees have been established under the Board: The Audit Committee, the Nomination Committee, and the Remuneration Committee, which oversee the Group's daily affairs. These committees perform their duties and obligations based on the Corporate Governance Code, Listing Rules, Articles of Association, Board Rules of Procedure, and their respective implementation guidelines to ensure the Group's stable daily operations.



(2) Board Independence

CSPC believes that the independent director system is a crucial component of corporate governance for listed companies. It plays an important role in promoting standardized corporate operations and protecting the legitimate rights of minority investors. It is also key to avoiding development risks caused by personal decision-making errors. As of the end of 2024, the Group had six independent non-executive directors, accounting for 40% of the Board. Additionally, all members of the Audit and Remuneration Committees are independent non-executive directors, and independent non-executive directors make up 67% of the Nomination Committee.

Table 2-2: Positions Held by Board Members in Committees

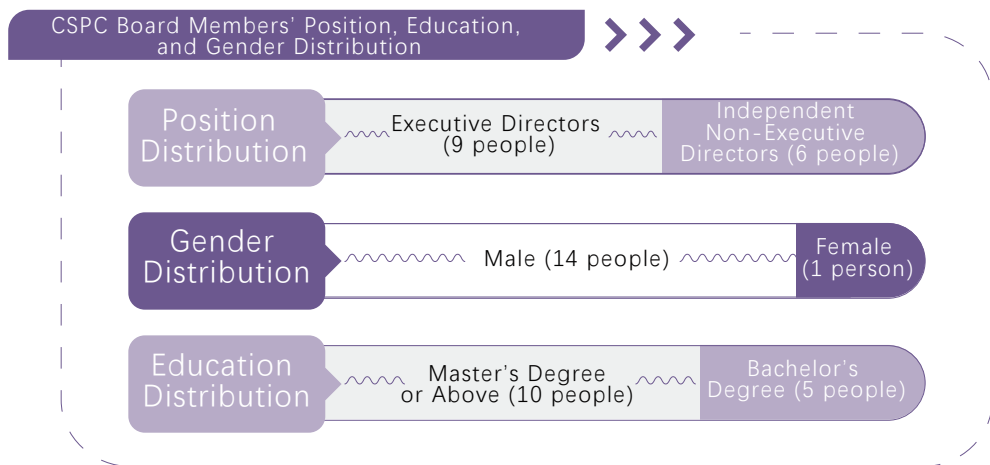
Director	Committee		
	Audit Committee	Nomination Committee	Remuneration Committee
CAI Dongchen		C	
CHEN Chuan	M	M	M
WANG Bo	M	M	M
AU Chun Kwok	C		C

Notes: C = Chairperson M = Member

(3) Board Diversity

In the current economic environment full of uncertainties and sustainability challenges for corporate governance, a diverse board composition serves as the cornerstone of sound governance and is a critical factor for corporate success and survival, ensuring that the board maintains a balanced mix of skills, experience, and perspectives to support the Group's strategic objectives and sustainable development. As of the end of the reporting period, the Company's Board of Directors consisted of 15 members, including 9 executive directors. Two-thirds (10 members) held a master's degree or above, and there was 1 female director. The current composition of the board is well-balanced, with all members possessing extensive industry experience and diverse professional backgrounds in economics, cell biology and genetics, business administration, pharmacy, and pharmaceuticals.

Sound Governance, The Foundation for Sustainable Development



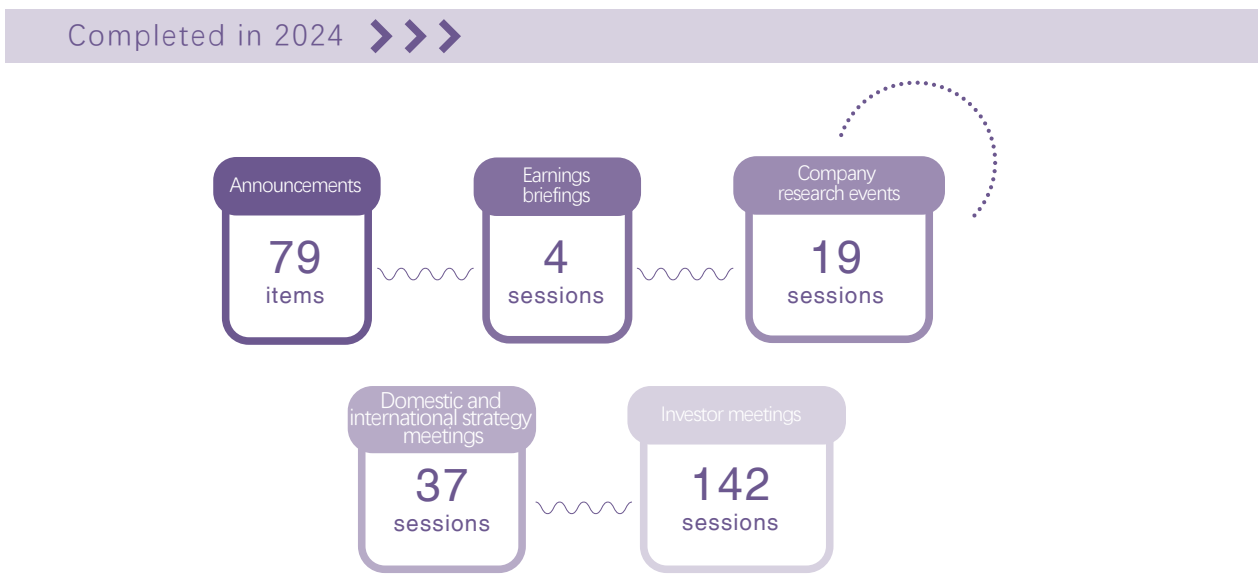
2.3 Actively Responding to Capital Market

2.3.1 Investor Relations Management

One of the key objectives of investor relations for listed companies is to fully disclose business operations, financial performance, and strategic developments to shareholders, enabling them to understand the Company's operations and make informed investment decisions. The Group ensures that its shareholders and investors are well-informed about major business matters through various communication channels, including general meetings, interim and annual reports, announcements, and circulars.

The Group also actively participates in a variety of investor engagement activities, such as meetings with investors, conference calls, events organized by sell-side institutions, and non-deal roadshows. These efforts aim to enhance corporate transparency and help investors better understand CSPC's business model and the latest strategic developments.

In 2024, the Group published 79 announcements, held 4 earnings briefings, participated in 37 domestic and international strategy meetings, organized 19 company research events, and conducted 142 investor meetings.





03

ESG Governance, Driving Enterprise Development

3 ESG Governance, Driving Enterprise Development

3.1 ESG Governance

3.1.1 Board Statement

As the core decision-making body for corporate sustainable development, the Board of CSPC hereby reaffirms that we hold ultimate responsibility for the formulation, implementation, and oversight of our Environmental, Social, and Governance (ESG) strategy. We are committed to driving the deep integration of ESG goals with our business strategy through a systematic governance structure, professional execution mechanisms, and transparent information disclosure, creating long-term value for all stakeholders. The following are the core practices of ESG governance of the Board:

ESG implementation and cross-departmental collaboration

1. Empowered Management

The core management team has established an ESG Steering Committee to coordinate resource allocation and cross-department collaboration, ensuring that ESG initiatives are embedded into key business functions such as R&D, production, and supply chain operations.

2. Professional Functional Implementation

An independent ESG department has been established to develop action plans, coordinate internal and external communications, and collect performance data, with regular progress reporting to the ESG Steering Committee. This department works in conjunction with quality, operations, and compliance teams to standardize processes and ensure ESG requirements are translated into measurable business indicators.

Risk Identification and Systematic Management

1. Full-Cycle Risk Management

ESG risks are integrated into the Enterprise Risk Management (ERM) system. Through annual materiality assessments and stakeholder consultations, priority issues are identified. The Audit Committee continuously monitors emerging risks such as climate change and supply chain ethics, evaluates their potential impact, and formulates contingency plans.

2. Data-Driven Decision-Making

Environmental emissions, labor data, and other key indicators are tracked through digital platforms. These metrics are aligned with industry benchmarks and regulatory requirements to dynamically optimize control thresholds.

Target Management and Transparent Disclosure

1. Setting Quantifiable ESG Goals

Quantifiable ESG goals such as carbon reduction and energy efficiency are defined, assigned to responsible departments, and incorporated into executive performance evaluations. Operational data is collected quarterly to track milestone progress, enabling continuous improvement through the PDCA (Plan-Do-Check-Act) cycle.

2. Stakeholder Engagement

A multi-channel dialogue mechanism has been established (including investor meetings and sustainability reports) to regularly disclose goal achievement status and improvement measures. Stakeholder feedback is solicited prior to major strategic decisions to ensure alignment with material concerns.

ESG Governance, Driving Enterprise Development

3.1.2 ESG Governance Structure

The Group places great importance on sustainable development and integrates ESG management into daily operations by establishing a three-tier governance structure with the Board of Directors as the highest decision-making body.

First Tier: The Board of Directors is responsible for overall ESG decision-making.

Second Tier: The ESG Committee, consisting of 3 to 4 directors of the group and the head of the ESG Working Group, is responsible for assisting in formulating ESG strategic goals and implementation plans, and for reviewing and evaluating the completion of ESG goals by each business division.

Third Tier: The ESG Working Group is responsible for the concrete implementation and execution of ESG initiatives.

ESG Organization Structure	Responsibilities
Board of Directors (Decision-Making Level)	<ol style="list-style-type: none">1. Responsible for establishing the Group's ESG organizational structure.2. Supervises the Group's ESG management and implementation.3. Reviews and approves the Group's ESG strategy, goals, and development plans.
ESG Committee (Management Level)	<ol style="list-style-type: none">1. Formulate the Group's ESG strategy, goals, and development plans.2. Responsible for implementing decisions related to ESG goals.3. Review ESG indicators and goals set by each business division and functional department.4. Evaluate and assess the ESG implementation and promotion performance of each business division and functional department.
ESG Working Group (Execution Level)	<ol style="list-style-type: none">1. Implement the Group's ESG requirements.2. Report on the progress of work to the ESG management level.3. Lead ESG report preparation and management system construction.4. Collect ESG indicator information from all units of the Group.5. Benchmark against industry standards and provides suggestions for ESG rating upgrades.6. Organize ESG-related training and coordinate internal resources.7. Formulate the Group's annual ESG goals and evaluation measures.

3.2 ESG Management Strategy

To institutionalize, streamline and standardize the ESG management, the Group formulated the *Terms of Reference of CSPC's Environmental, Social and Governance (ESG) Team* during the reporting period, clearly defining the ESG Team as a professional team under the leadership of the Group's Board of Directors, and formulating the composition, responsibilities, authorities, and rules of procedure of the ESG Team. According to this document, the Group's ESG working team convened three meetings during the reporting period and jointly determined the Group's ESG development targets and improvement initiatives.

3.2.1 ESG Performance Evaluation

We have incorporated ESG work into the performance evaluation of senior management, thereby evaluating senior management in three dimensions: performance evaluation, competency evaluation, and value assessment. The evaluation results are correlated with performance-based remuneration, rank-based remuneration compensation, position changes, personnel motivation, and training and development.

ESG Governance, Driving Enterprise Development

3.2.2 Material ESG Issues

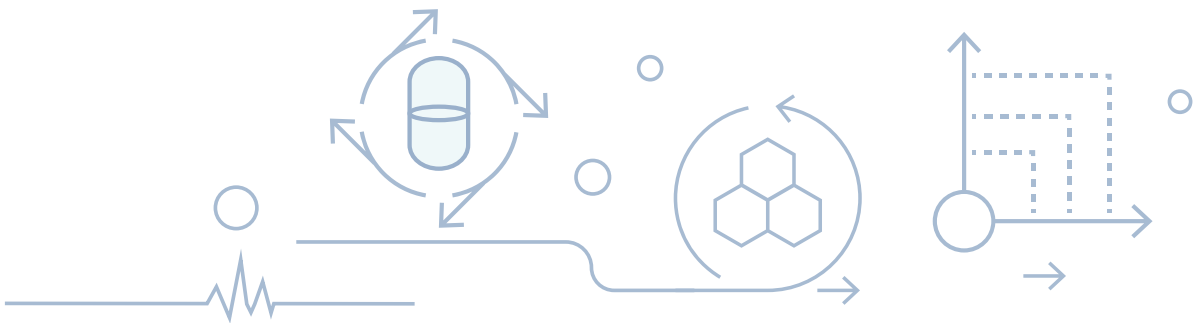
Table 3-2: ESG Topic Identification and Selection Criteria

Sources of ESG Topics	ESG Topic Selection Criteria
Recommendations from company management	Contribution to sustainable development
Recommendations from internal and external experts	Broad concern of stakeholders
Multimedia information analysis	Key topics in CSR-related guidelines
Peer benchmarking studies	Alignment with the Group's strategic development needs
ESG-related guidelines	Compliance with relevant legal requirements

3.3 Determination of Material ESG Issues and Identification of Stakeholders

3.3.1 Stakeholder identification

The Group has always been listening to our stakeholders' views on ESG issues through various communication channels and communicating with stakeholders on various ESG issues. We firmly believe that listening to the views of our stakeholders will enable us to assess the Group's ESG performance more objectively and comprehensively. Based on our own business characteristics and drawing on the experience and practice of global peers, we have identified shareholders and investors, employees, customers and consumers, suppliers, communities and the public, and government and market regulators, etc.as our major stakeholders.



ESG Governance, Driving Enterprise Development

3.3.2 Stakeholder Communication

Table 3-3: Stakeholders' Key Concerns

Stakeholder Category	Stakeholder	Major Issues concerned	Communication Channels
Shareholders & Investors	Equity investor of the Company	<ul style="list-style-type: none"> - Compliance management - Anti-corruption and business ethics - Product safety and quality - Product innovation and R&D 	<ul style="list-style-type: none"> - Shareholders' meetings - Investor conferences - On-site inspection - Company announcements, periodic information disclosure - Investor reception and interviews - Response to ESG questionnaires
Employees	Company employees	<ul style="list-style-type: none"> - Employee health and safety - Anti-corruption and business ethics - Product quality and safety - Protection of employee rights 	<ul style="list-style-type: none"> - Regular employee management meetings - Employee feedback collection - Employee activities - Internal training and workshops - Suggestion box
Customers & Consumers	Pharmaceutical companies, research institutions, academics, innovators, patients, hospitals, and doctors	<ul style="list-style-type: none"> - Risk management - Product safety and quality - Product innovation and R&D - Intellectual property protection - Responsible marketing - Customer data and privacy protection - Technological innovation 	<ul style="list-style-type: none"> - Regular visits - Forums - Symposium - Monthly sales analysis meetings - Annual marketing conferences - Customer satisfaction surveys - Product complaint handling process - Information exchange mechanism
Suppliers	Raw material, equipment, engineering and related service providers	<ul style="list-style-type: none"> - Product safety and quality - Customer data and privacy protection - Supplier response to sustainable development management 	<ul style="list-style-type: none"> - Bidding meetings - Standardized supplier management process - Annual supplier reviews - On-site audits
Partners	Industry partners	<ul style="list-style-type: none"> - Product innovation and R&D - Subject safety and protection - Responsible marketing - Customer data and privacy protection - Human resource development 	<ul style="list-style-type: none"> - Regular communication - Business meetings and correspondence - Corporate website
Community & Public	Local communities, public organizations, media near operating locations	<ul style="list-style-type: none"> - Product innovation and R&D - Product pricing and affordability - Sustainable supply chain - Community engagement and welfare 	<ul style="list-style-type: none"> - Joint community activities
Government & Regulatory Bodies	Local governments, taxation, environmental, and market regulatory authorities	<ul style="list-style-type: none"> - Employee health and safety - Emissions and waste management - Climate change mitigation and adaptation - Energy use - Water resources use 	<ul style="list-style-type: none"> - On-site inspections and work reports - Government supervision and guidance - Participation in policymaking and recommendations - Industry collaboration - Consultations and information disclosure

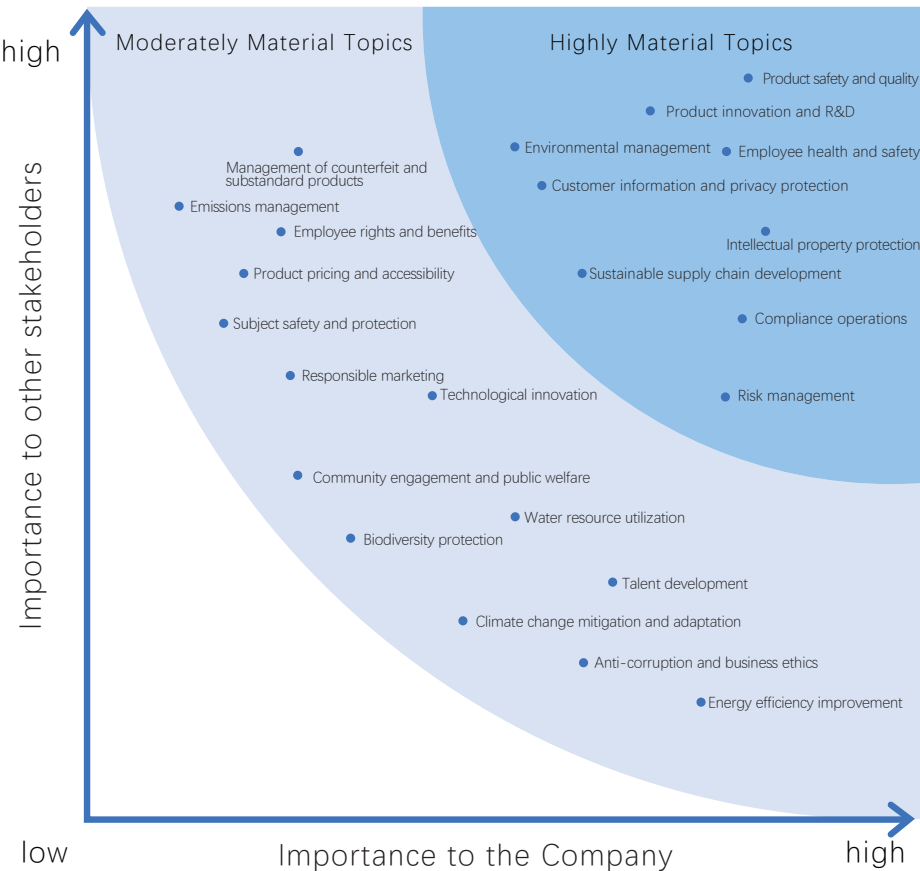
Note: Topic definitions are based on sources such as the HKEX “*Environmental, Social and Governance Reporting Code*” and GRI (Global Reporting Initiative).

3.3.3 Identification and Determination of Material ESG Issues

We conducted a comprehensive analysis of different ESG issues through materiality assessments. The materiality assessment is mainly based on the results of stakeholder surveys, benchmarking with peers and consultation with experts. We refer to the *Environmental, Social and Governance Reporting Code* of the HKEX and the *Sustainability Reporting Guidelines* issued by the Global Reporting Initiative(GRI), and benchmark ourselves against leading players in the industry.

To understand the key concerns of various stakeholders and effectively address them in our Environmental, Social, and Governance (ESG) disclosures, CSPC conducts a comprehensive assessment to identify material issues. This includes analyzing national and industry policy priorities, issues of high concern to rating agencies and industry peers, and topics relevant to CSPC's ESG context. These serve as the basis for our 2024 quantitative survey. Following the principle of materiality, we conducted questionnaires and interviews with stakeholders such as government bodies, regulators, and suppliers to assess and determine the significance of various ESG issues to the Company. The evaluation encompassed 3 governance topics, 14 social topics, and 6 environmental topics as follows.

Chart 3-4: Analysis of Material ESG Issues of CSPC



ESG Governance, Driving Enterprise Development

According to the substantive issue analysis, the importance of issues to stakeholders and the Group is as follows:





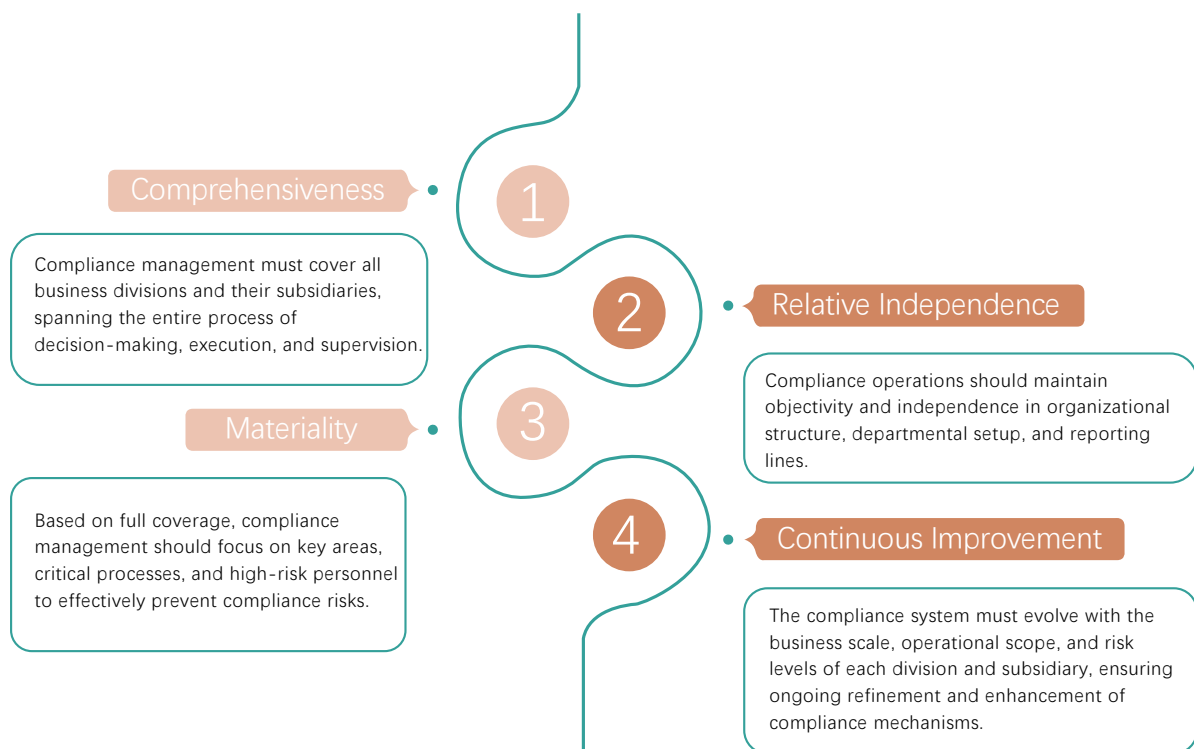
04



Upholding Compliance, Operating with Integrity

4 Upholding Compliance, Operating with Integrity

As a responsible enterprise, CSPC adheres to the principles of honesty and integrity, conducting all business activities in an ethical and professional manner. We are committed to ensuring continuous and standardized operations in response to China's healthcare reform and national health development plans, and have established and continuously improved a comprehensive compliance governance system that aligns business development with the Group's core values, regulatory requirements, and stakeholder expectations. This approach enhances our governance capabilities, protects the long-term interests of all stakeholders, and builds a strong corporate image, laying a solid foundation for the Group's sustainable and healthy development. CSPC promotes compliance management based on four guiding principles: comprehensiveness, relative independence, materiality, and continuous improvement.



In terms of institutional development, CSPC strictly abides by national laws, regulatory requirements, industry standards, the company charter, and internal policies in its marketing activities. To strengthen compliance governance and mitigate related risks, the Compliance Department of the Marketing Decision Center has issued seven institutional documents, including the *CSPC Compliance Management System*, *Antitrust and Fair Competition Compliance Guidelines*, and *Commercial Conduct Management Measures*. These documents support the establishment of a standardized compliance system within the marketing framework. CSPC maintains a zero-tolerance policy toward commercial bribery and is committed to fostering a culture of compliant interactions with healthcare professionals, upholding the highest standards of responsibility and business ethics. Every employee is responsible for adhering to company policies, corporate culture, applicable laws and regulations, and the China Pharmaceutical Industry Code of Promotional Practices.

Upholding Compliance, Operating with Integrity

4.1 Business Ethics

4.1.1 Anti-Corruption System Development

CSPC strictly complies with national laws and regulations, including the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law*, and the *Interim Provisions on Prohibiting Commercial Bribery*. The Group has established internal anti-corruption policies such as the *Employee Code of Integrity and Conduct* to ensure compliance and ethical operations.

We require all business partners, including suppliers, service providers, contractors, and customers, to sign a *Sunshine Cooperation Agreement* before initiating collaboration. In 2024, the Group facilitated the signing of 10,188 such agreements with suppliers.

[Case] Excerpt of the “*Dishonest Blacklist Management System*”:

All acts of commercial bribery will result in being placed on the dishonest blacklist.

Excerpt of the “*Sunshine Cooperation Agreement*”:

Personnel from both Party A and Party B (including dispatched workers and individuals authorized to act on behalf of either company) are strictly prohibited from engaging in the following behaviors:

- Privately giving or indirectly giving gifts, various securities, credit cards, vouchers, online payments, red envelopes, ceremonial gifts, or other payment vouchers or expense reimbursements to the other party or designated individuals.
- Privately providing transportation, banquets, spa treatments, travel, fitness, entertainment, or similar activities for the other party.
- Privately forming personal financial relationships with the other party through transactions, entrusted wealth management, loans, borrowing vehicles, equity participation, etc.
- Privately engaged in rental, purchase, or other business dealings with the other party.

Violations will result in termination of the responsible party's labor contract by Party A, and legal responsibility will be pursued if the law is violated.



To strengthen anti-corruption practices in procurement, CSPC has developed a *Tender Supervision and Management System*, establishing a full-process control framework before, during, and after the tender. Disciplinary protocols and reporting channels are publicly announced before the bidding, the evaluation process is audio- and video-recorded, and records are archived for random audits.

To comprehensively strengthen anti-corruption management among stakeholders involved in the Group's business dealings, we have incorporated integrity clauses into the Group's contract templates that require both parties to commit to ethical business practices. In the event of violations, the Group reserves the right to terminate the contract. These clauses ensure the Group's anti-corruption policies carry legal weight across its supplier network.

The signing of the above undertakings and clean transaction clauses ensures that the Group's anti-corruption policies carry legal binding force on all suppliers. The establishment of a tender management system further guarantees fairness and impartiality in the bidding process, fostering a clean and transparent business cooperative environment.

Additionally, we conduct ongoing assessments of suppliers' ethical conduct during cooperation to verify their compliance with the Group's business ethics policies. Suppliers found to violate CSPC's code of conduct are blacklisted and banned from participating in any future corporation with the Group.

To address commercial bribery, the Group has also implemented the *Gifts and Monetary Gifts Management System*, which outlines principles for handling such misconduct. For confirmed cases of commercial bribery, the Group will impose disciplinary actions based on severity according to the *Employee Code of Integrity and Conduct*.

Focused integrity risk self-assessments are conducted across key personnel, departments, projects, and processes, particularly in bidding, procurement, and sales. These assessments use various means such as field visits and project evaluations to identify risk points, expose loopholes, and develop targeted prevention measures to close institutional gaps and strengthen the compliance framework.

Upholding Compliance, Operating with Integrity

4.1.2 Anti-corruption Management System

The Group's management is responsible for monitoring the assessment of risk management and internal control and has reported to the Audit Committee and the Board on the effectiveness of the risk management and internal control systems for the year.

(1) Organizational Structure

The Group's Supervision Department is a dedicated department authorized by CSPC to conduct investigations into corrupt conduct, which consistently implements the risk control concept of "prevention first, combination of prevention and control, dynamic management, and full coverage of risk systems".

The heads of units at all levels of the Group are the first persons responsible for the Group's integrity and self-discipline work. Each unit has the first person responsible for supervision, a dedicated person in charge of supervision, and a supervisor to ensure that all units are under comprehensive and effective supervision.

The independent Supervision and Security Department established by the Group is committed to urging employees to perform their duties honestly and operate with integrity, and preventing corruption with its binding internal policies, so as to establish a clean corporate culture atmosphere of "being proud of integrity and ashamed of corruption". In addition, the dedicated Compliance Department pays close attention to the development of the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant regulations in China to ensure that the business of various subsidiaries is carried out in compliance with laws and regulations.

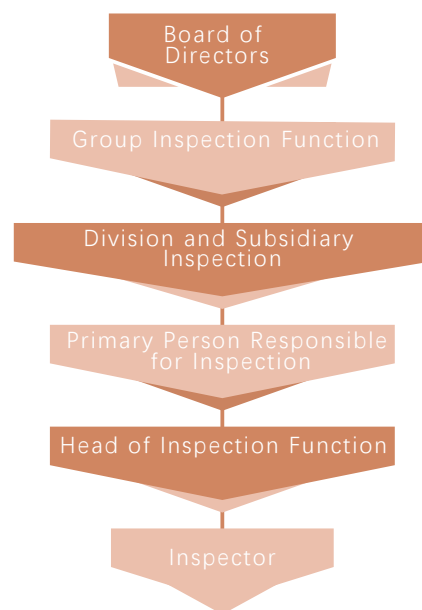
(2) Management Measures

Collaboration in Supervision: The Group joined two anti-fraud organizations: the Trust and Integrity Alliance and the Enterprise Anti-Fraud Alliance and participated in multiple training and learning activities organized by these alliances throughout the year. By strengthening exchanges with external parties of supervisors and achieving information sharing, we are committed to benchmarking against advanced enterprises and timely learning from external advanced supervision experiences.

Conducting Inspection: The Group has established a comprehensive monitoring system for the whole process of internal operation, thereby preventing and mitigating various management risks. In 2024, the Group conducted inspections and tours of member enterprises, promptly urging rectification of problems identified during the inspections, and further standardizing relevant processes. Additionally, more specific requirements were proposed for the business skills of supervisory personnel to enhance their ability to identify and address issues during supervision and inspection processes.

Integrity Education: To strengthen integrity education and foster a culture of lawful operation and integrity, the Supervision and Audit Department conducted integrity education activities involving all employees within the Group and also organized nine integrity education training sessions during the reporting period aiming to establish and improve regulations on integrity and self-discipline for key positions. Furthermore, we required managers at all levels and personnel at key positions to fortify their moral defense against corruption and arranged for senior executives, middle-level managers, and ordinary employees to sign the *Undertaking of Integrity and Self-discipline*.

Figure 4-1: CSPC Group Anti-Corruption Management Organizational Structure

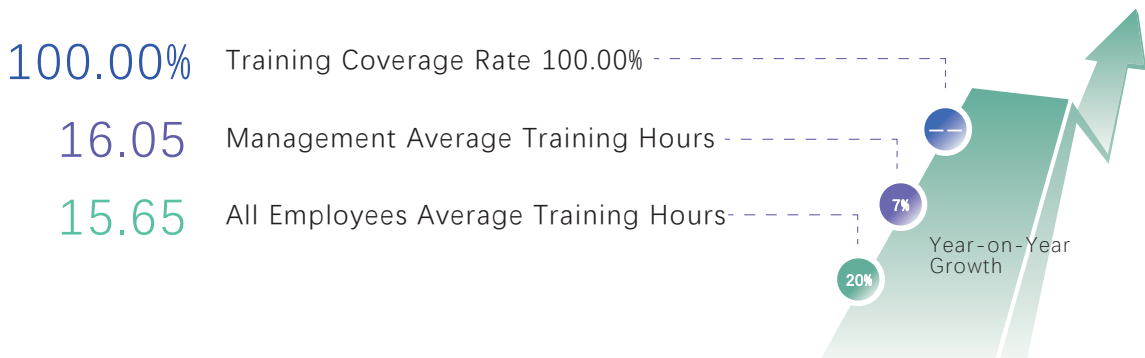


Upholding Compliance, Operating with Integrity

4.1.3 Anti-Corruption Training

CSPC is committed to cultivating a strong culture of integrity and ethical conduct. During the reporting period, we continued to advance our anti-corruption awareness efforts by establishing a comprehensive and targeted integrity promotion system. This system combines both online and offline training methods to normalize integrity education and enhance awareness among employees and business partners. CSPC places high importance on integrity promotion and has developed a multi-touchpoint communication matrix. Using internal communication platforms, corporate email, and official WeChat accounts, we carry out a coordinated communication strategy. The adoption of a hybrid online and offline approach ensures full coverage across the Group. In parallel with universal outreach, we reinforce training for key positions through specialized and targeted sessions. All full-time, part-time, and contract employees are required to participate in annual anti-corruption training, with assessments conducted to evaluate training effectiveness. During the reporting period, the Group conducted 66 integrity induction training sessions for new employees and recent graduates, 11 integrity policy training sessions for all full-time employees (including senior and middle management), part-time staff, and contractors, as well as 4 integrity conduct training sessions for the same audience. The training coverage rate reached 100%, with an average of 15.65 hours of integrity training per employee.

Chart 4-2: 2024 Internal Anti-Corruption Training Statistics of the Group



4.1.4 Whistleblowing channels

In order to cooperate with internal and external parties to jointly monitor compliance and supervise the implementation of business ethics and create an atmosphere of operating with integrity, the Group has formulated the Management System for Supervision of Whistleblowing, Reward and Punishment, which clearly stipulates the requirements reporting scope and investigation process of whistleblowing. All employees can report through any of the following methods, such as email, telephone, website, WeChat etc.

Reporting Hotline: 86-(0)18931872760 (24 hours)
Reporting E-mail: cspcjb@cspc.cn
Postal Mail: The Supervision and Audit Department of the CSPC,
Zhongshan East Road No.896, High-tech Zone, Shijiazhuang, Hebei Province.
Postal Code: 050035
To make an appointment to visit and report:
CSPC Pharmaceutical Integrity Education Platform- "I Want to Report"
CSPC Pharmaceutical Integrity WeChat Platform

4.1.5 Whistleblower Protection

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

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

Upholding Compliance, Operating with Integrity

Case:
Excerpt from the "Whistleblower Protection and Reward Policy"

The Whistleblower Protection and Reward Policy clearly states that any individual or entity, including CSPC suppliers, business partners and their employees, as well as CSPC employees, may act as whistleblowers to report violations of company policies or national laws.

This policy fully safeguards the rights and interests of whistleblowers, emphasizing that all levels of supervisory departments prioritize confidentiality. Strict control procedures are in place for the acceptance and investigation of reports. All personal information and materials provided by whistleblowers are kept strictly confidential. Any individual who breaches confidentiality will face serious disciplinary action, and where a crime is involved, will be held legally accountable.

The Company strictly prohibits any form of threat or retaliation against whistleblowers. Any such act will be severely punished according to national laws and company regulations. In cases of retaliation or threats, whistleblowers are encouraged to immediately report to the Group's Supervisory and Security Department.

For whistleblowers using their real names, the Company has implemented multiple strict protective measures, including:

1. Whistleblowers shall not be forced to disclose their personal information.
2. Whistleblowers shall not be forced to attend face-to-face meetings.
3. Internal anti-fraud investigation reports must conceal the whistleblower's name and other identifying information.

4.2 Compliance Management

CSPC strictly adheres to the principles of honesty and integrity to ensure sustainable and standardized operations, in response to national healthcare reforms and the macro-level development plans for the medical and health sector.

The Group has established a comprehensive corporate compliance management system and governance framework. It integrates business development with the Group's core values and aligns compliance requirements with stakeholders' long-term expectations. Continuous improvement in governance standards is pursued to effectively safeguard the long-term interests of all stakeholders, foster a sound corporate image, and lay a solid foundation for the Group's healthy and sustainable development.

4.2.1 Compliance Management System Development

(1) Responsible Marketing

CSPC strictly adheres to national laws, industry standards, and the Company's charter when conducting marketing activities. To strengthen compliance management and build a sound compliance framework, the Compliance Department under the Marketing Decision Center has developed seven key institutional documents, including *the CSPC Compliance Management System*, *CSPC Antitrust and Unfair Competition Compliance Guidelines*, and *CSPC Commercial Conduct Management Measures*. These form the foundation for the ongoing enhancement of the Group's marketing compliance system.

To ensure orderly sales operations and prevent regulatory violations, the Marketing Supervision Department established and refined policies in 2024, including the *Violation Inspection Management System*, *Tender and Procurement Management System*, and *Market Diversion Investigation Management System*.

(2) Antitrust and Unfair Competition Compliance

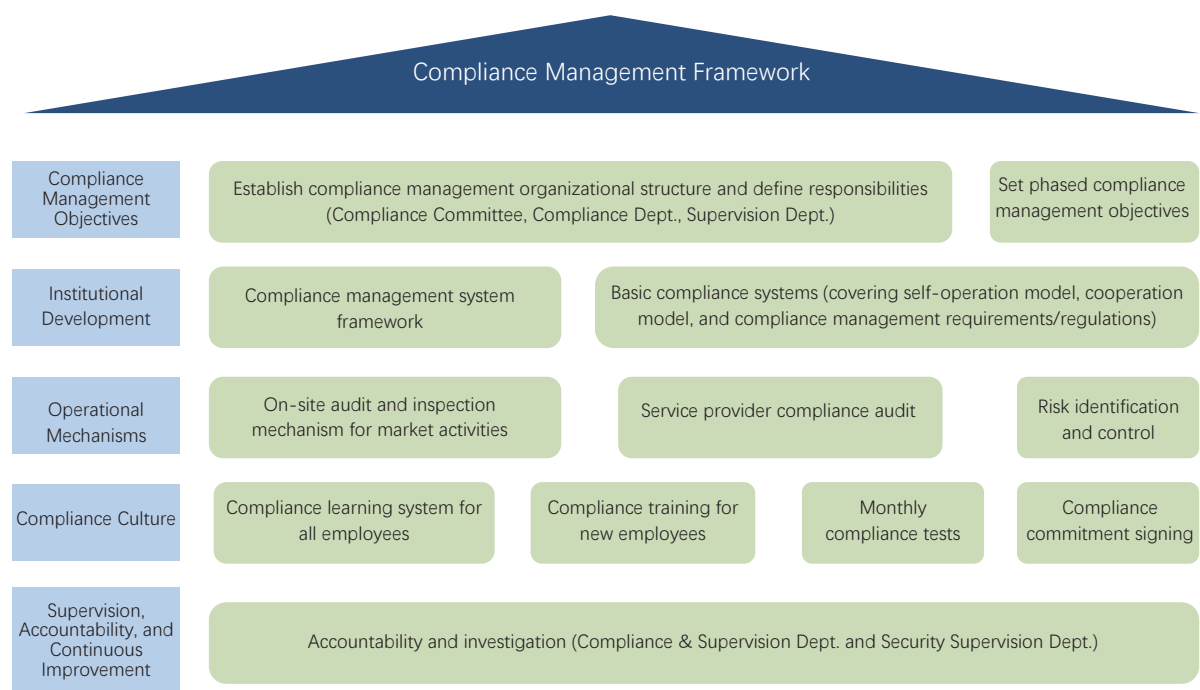
To establish a comprehensive compliance management system and ensure the Company's operations are free from monopolistic and unfair competition practices, CSPC developed *the Antitrust and Unfair Competition Compliance Policy*. This policy provides a framework for identifying, assessing, and mitigating related compliance risks.

(3) Commercial Bribery Prevention

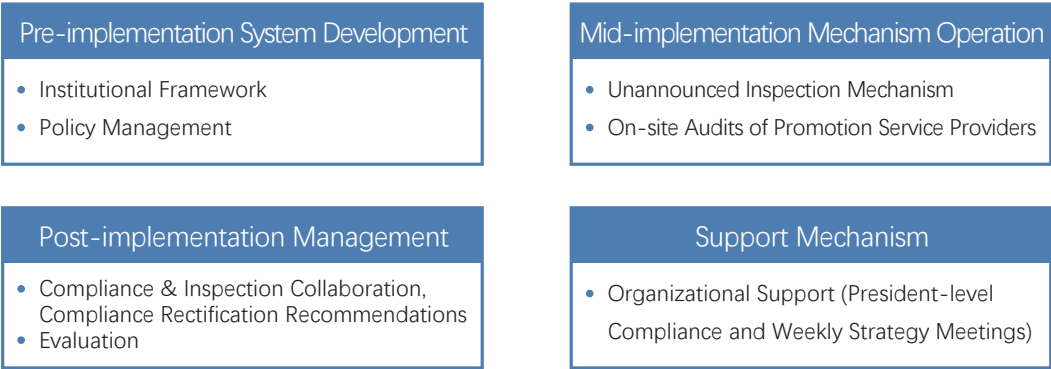
To standardize the management of promotional service providers across business units and subsidiaries, CSPC has formulated specific management regulations and compliance guidelines to govern their conduct and interactions, ensuring alignment with anti-bribery principles.

Upholding Compliance , Operating with Integrity

4.2.2 Compliance management organizational structure



CSPC has established a Compliance Management Committee, composed of the Group CEO and the presidents of each business division. This committee serves as the highest authority for compliance leadership and decision-making within the Group. The Compliance Department under the Marketing Decision Center acts as the lead unit for compliance management responsible for organizing, coordinating, and supervising compliance-related activities, while providing support to all business divisions and departments.



Upholding Compliance, Operating with Integrity

4.2.3 Compliance Management Measures

(1) Risk Management



► **Functional Departments (Business, Operations, Market):** Serve as the first line of defense in compliance management. They hold direct and primary responsibility for compliance within their scope and must strictly follow internal regulations and operational procedures.

► **Compliance Management Department:** As the second line of defense, this department is responsible for identifying, collecting, and assessing compliance risk information in accordance with relevant policies and regulations. It detects and evaluates compliance risks and ensures they are effectively controlled and addressed.

► **Audit and Supervision Department:** Acts as the third line of defense, conducting independent audits on the company's compliance management on a regular basis.

(2) Compliance Review

The Compliance Department of the Marketing Decision Center monitors major decisions, key contract signings, and significant project operations across business units and subsidiaries. It incorporates compliance review checkpoints, offers revision suggestions for non-compliant items, and enforces mandatory compliance reviews for high-risk issues. The department also promotes the integration of compliance requirements into existing business systems and processes, enabling synchronized development of compliance and business management.

(3) Internal Audit

The Supervision and Security Department continuously evaluates internal controls, focusing on high-risk areas such as sales and collections, procurement and payments, and capital project investments. It also monitors performance in areas including environmental management, employee health and safety, supply chain oversight, and business ethics. Using interviews, document reviews, data analysis, and site visits, the department identifies key risk points and prioritizes audits of core business levels and critical regions.

In 2024, the department conducted 23 specialized and targeted audits, promptly identifying management gaps and potential risks. It ensured that subsidiaries implemented corrective measures and followed up to prevent losses, standardize workflows, and enhance audit value.

(4) Violation Handling and Compliance Rectification

The Compliance Department of the Marketing Decision Center regularly conducts compliance inspections, focusing on recurring and potentially high-impact risks and violations, and issues dedicated reports. It urges relevant departments to make timely rectifications and continuously improve the compliance management system. Business units and subsidiaries are required to address problems uncovered during compliance inspections promptly.

The Compliance Department of the Marketing Decision Center independently or in collaboration with qualified external institutions conducts annual evaluations of the compliance management system's effectiveness, specifically assessing areas of potential omission, weakness, or failure and providing a comprehensive and objective assessment of the actual operation of the compliance management system.

When violations are identified during the compliance supervision process or assigned by higher authorities, the Compliance Department of the Marketing Decision Center organizes investigations, produces investigation reports, and submits them to the Compliance Management Committee for approval. Other business and functional units are required to cooperate during investigations.

Violation incidents are categorized and handled based on their nature and severity: general violations are transferred to the relevant business functional departments for handling; violations involving accountability are referred to the appropriate departments; and incidents involving disciplinary breaches, legal violations, or occupational crimes are transferred to the Group's Supervision and Security Department for further action.

Upholding Compliance, Operating with Integrity

4.2.4 Compliance Culture Development

CSPC continues to strengthen its responsible marketing management practices. The Compliance Department of the Marketing Decision Center enhances compliance oversight for key personnel, requiring them to explicitly commit to compliance. This includes adhering to regulatory, ethical, and compliance standards relevant to their positions. Key personnel mainly include management staff from various business units and subsidiaries, as well as individuals in critical risk-related roles.

Each year, the Group organizes compliance culture training sessions for all marketing personnel (including part-time employees), along with targeted training for high-risk areas, ensuring adequate annual training hours. Compliance training is a mandatory prerequisite for assuming or transitioning into key positions. In 2024, the Group conducted online and hybrid (online + offline) compliance training and awareness programs for new hires and all current employees, helping them stay informed, correctly understand, and strictly comply with laws, regulations, and code of conduct. A total of 11,446 participants were covered by these training sessions.

Group	Sessions (Times)	Total Duration (Hours)
Management	6	9.8
Supervision & Security	1	1.0
Administration	7	2.5
New Employees	16	10.1
Total	30	23.4

4.3 Data Security and Privacy Protection

4.3.1 Management Systems

CSPC regards data security and privacy protection as a critical corporate responsibility. At the institutional level, the Company has established a comprehensive set of policies and regulations, including the *Network Information Security Management System*, *Information Security Management Organization and Responsibilities*, *Emergency Response Plan for Network and Information Security Incidents*, *Office Terminal Network Access Security Regulations*, *Data Classification and Hierarchical Security Management Specification (Trial Version)*, *Customer Master Data Maintenance Management Rules*, and *Confidentiality Work Management System*. These policies form a robust data protection and information security management system that covers all business areas. In practice, strict access control is implemented in the information systems to ensure the highest level of protection for customer information.

Upholding Compliance, Operating with Integrity

4.3.2 Management Measures

(1) Strengthening Security Through Professional Audits.

CSPC conducts annual professional audits of its information systems and cybersecurity policies through independent third-party institutions. These audits aim to comprehensively identify and assess potential risks. Based on audit findings, corrective actions and improvements are actively pursued to continually reinforce the Group's information and data security defenses.

(2) Ensuring Computer Security.

The Group has implemented a unified terminal security management system and enterprise-level antivirus software to establish a standardized endpoint protection environment. Regular vulnerability assessments and risk inspections are carried out to enhance the resilience of business systems against external cyber threats.

(3) Promoting Awareness and Security Culture.

CSPC organizes cybersecurity awareness campaigns to improve management practices related to data security and privacy protection. In 2024, several security training sessions and awareness activities were conducted to strengthen employee understanding and responsibility in these areas.

(4) Strengthen Data Security Management.

Based on the core sensitive data of business departments, CSPC improves the enterprise's sensitive data asset inventory through interviews and research. DLP and encryption systems are deployed on data terminals to manage and protect important corporate data assets. Enhanced control and auditing are applied to file transmission behaviors at office terminals. The company also strengthens user security awareness education and data traceability management to ensure that confidential information is not leaked from endpoints.

(5) Enhance Awareness Through Publicity.

CSPC promotes cybersecurity awareness through organized campaigns to improve its data security and privacy protection management. In 2024, the company conducted multiple security awareness activities and training sessions to raise employees' consciousness of data security and privacy protection.

In 2024, no incidents of customer privacy violations or data loss were reported.

4.4 Clinical Ethics

4.4.1 Protection of Clinical Trial Participants

All CSPC clinical studies strictly adhere to both international and domestic ethical guidelines and must be approved by an ethics committee before initiation. During the study, participants are fully informed, and any new information that may affect their decision to continue participation is promptly communicated to both the ethics committee and the participants.

Throughout the clinical research process, CSPC complies with ethical reporting standards and regulatory frameworks. All data are collected and analyzed under strict supervision.

CSPC is committed to protecting the rights and safety of clinical trial subjects, strictly adhering to both domestic and international standards, including but not limited to the *Declaration of Helsinki by the World Medical Association*, the *Civil Code of the People's Republic of China*, the *Drug Administration Law of the People's Republic of China*, the *Vaccine Administration Law of the People's Republic of China*, the *Regulations for Drug Registration*, and the *Good Clinical Practice (GCP) guidelines*. The Group earnestly fulfills its responsibilities by requiring employees to keep confidential any private or sensitive information they may encounter regarding clinical trial subjects during their work.

Furthermore, insurance is purchased for each clinical trial, and the safety and rights of subjects are always prioritized across all phases of clinical research and in the mindset of every clinical staff member.

The Group has also established an independent Quality Assurance Department responsible for maintaining the Clinical Quality Management System (CQMS) and conducting inspections to ensure the quality of clinical trials.

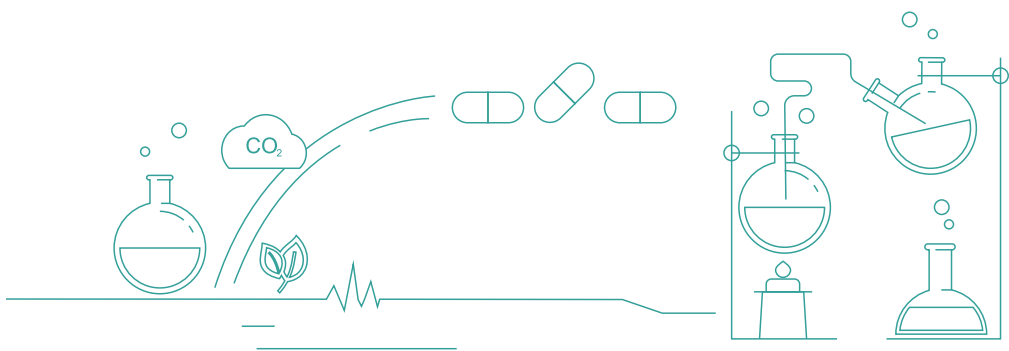
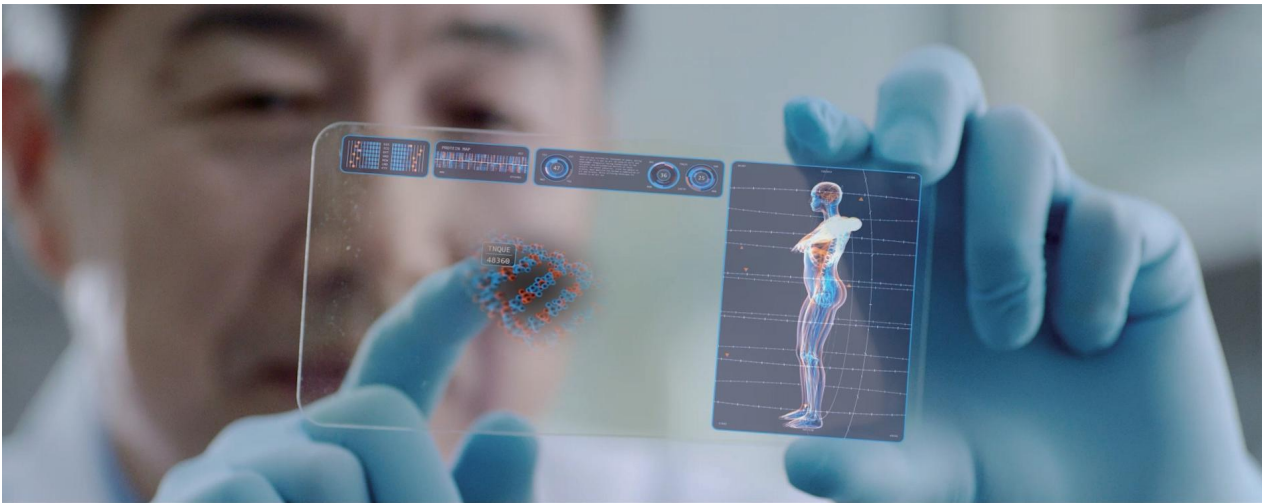
Upholding Compliance, Operating with Integrity

4.4.2 Animal Welfare

CSPC adheres to the scientific principle of harmonious coexistence between humans and nature. The Group strictly follows national and local regulations on laboratory animal care and use. A dedicated Animal Welfare and Ethics Committee has been established and governs operations through documents such as the *Laboratory Animal Ethics Management Regulations and Standard Operating Procedures for Animal Welfare Ethical Review*.

CSPC strictly adheres to the internationally recognized 3R principles (Refinement, Replacement, Reduction) and has established a comprehensive animal care management system and a professional veterinary healthcare team to ensure maximum protection of animal welfare during routine studies. Efforts are made to minimize the number of animals used by optimizing experimental designs and improving hygiene facilities, thereby enhancing the comfort and health standards of laboratory animals.

In supplier collaborations, CSPC explicitly outlines animal protection requirements. To ensure all personnel at the animal research center understand the ethical and legal responsibilities related to animal welfare, the Group conducts regular technical and compliance training for employees. Additionally, external training in laboratory animal skills is provided to all relevant professionals, including part-time staff and contractors. In 2024, no incidents of animal welfare violations or non-compliance were reported.





05

Building on Quality , Making Reliable Medicine

5 Building on Quality, Making Reliable Medicine

5.1 Product Quality Management System and Framework

5.1.1 Product Quality Management Philosophy

As a pharmaceutical enterprise with pharmaceutical innovation, R&D and manufacturing as the core business, CSPC regards quality as its lifeline and has always taken product quality as the first core competitiveness, adheres to the quality guideline of "ingenious 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".



5.1.2 Product Quality Commitment

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

- 01 Strictly abide by and implement relevant laws and regulations; uphold integrity in operations, ensuring honesty and compliance during production, sales, brand promotion, and after-sales services, without falsification.
- 02 Establish product quality standards in accordance with national pharmacopoeia requirements to ensure compliance with quality and legal regulations.
- 03 Establish a quality management system covering the entire product life cycle; promote continuous improvement through internal audits and reviews.
- 04 Ensure the accuracy of product testing equipment and instruments via certified calibration bodies, maintaining traceability in all quality inspection activities and records.
- 05 Utilize ERP, SAP, MES, WMS, LIMS, QMS and other management systems and product traceability systems to implement traceability management.
- 06 Focus on customer needs, improve the after-sales service system, and provide excellent after-sales services, with customer satisfaction as the behavioral benchmark.

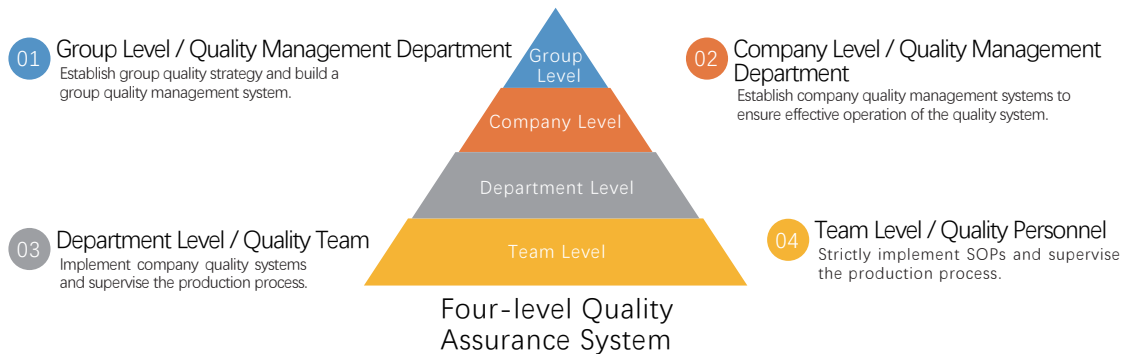
Building on Quality, Making Reliable Medicine

5.1.3 Product Quality Management System and Framework

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, the Vaccine Administration Law of the People’s Republic of China, the Measures for the Administration of Drug Registration Measures for the Supervision and Administration of Drug Production, the Law of the People’s Republic of China on Product Quality, the Law of the People’s Republic of China on the Protection of the Consumer Rights and Interests, Good Manufacturing Practice for Drugs, The Specifications for Pharmacovigilance Quality Management, Good Laboratory Practice for non-clinical laboratory studies, Measures for the Supervision and Administration of Drug Business and Use, Measures for Supervision and Administration of Drug Recall, Regulations on the Supervision and Administration of the Main Responsibility for Drug Quality and Safety by Drug Marketing Authorization Holders*, and other requirements, and has established a comprehensive quality management and whole-process traceability system with a focus on prevention, which ensures quality management of drugs during the whole life cycle.

The Group has established a *Quality Responsibility Management System* that clearly defines the primary responsibility of the drug marketing authorization holder for drug quality and safety, as well as the responsibility of food producers and operators for food safety. All departments cooperate and coordinate to ensure product quality. The quality responsibilities of each link in the Group’s quality management structure are clearly defined to ensure the effective fulfillment of quality management responsibilities throughout the product lifecycle and the entire industry chain.

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



5.2 R&D Quality Management

The Group’s quality management in R&D focuses on two key stages: preclinical research and clinical research.

5.2.1 Preclinical Drug Research Quality Management

System: The Group’s preclinical research is guided by standards and regulations including the *Good Manufacturing Practice (GMP) for pharmaceuticals, GMP for Clinical Trial Drugs, Administrative Measures for Drug Registration, and the Pharmacopoeia of the people’s Republic of China*, while integrating internal practices to build and continuously improve a quality management system for pharmaceutical R&D.

Management Measures: The system combines foundational management and risk control to ensure steady development of pharmaceutical R&D. Foundational structures include quality, materials, equipment, and laboratory management systems. Management also covers pilot production, early-phase clinical manufacturing, analytical method development, reference preparations and standards, quality/process studies, and electronic data management. Risk control measures are incorporated into project workflows to manage deviations and changes, ensuring seamless integration between R&D and production.

Risk Management: The Group applies ICH Q10 principles of quality risk management throughout the drug development process. It assesses and controls risks in the preclinical stage by managing deviations, changes, and quality feedback, identifying and evaluating compliance risks at critical research phases, and ensuring effective risk mitigation prior to regulatory submission.

Building on Quality , Making Reliable Medicine

5.2.2 Clinical Research Quality Management

CSPC's clinical research quality management is based on guidelines from the International Council for Harmonisation (ICH) and the National Medical Products Administration (NMPA), alongside ISO 9000 standards, industry norms, and internal best practices. The Group has established and continues to refine a comprehensive Clinical Quality Management System (cQMS) to ensure that clinical trial quality complies with national laws and aligns with the Company's overall quality objectives.

The Company integrates clinical trial quality management into every stage of the clinical trial process. At the organizational level, it establishes normative documents such as Standard Operating Procedures (SOPs) and Work Instructions (WIs). At the trial level, it formulates project management plans, monitoring plans, data management plans, and statistical analysis plans, ensuring that all operations follow clear guidelines.

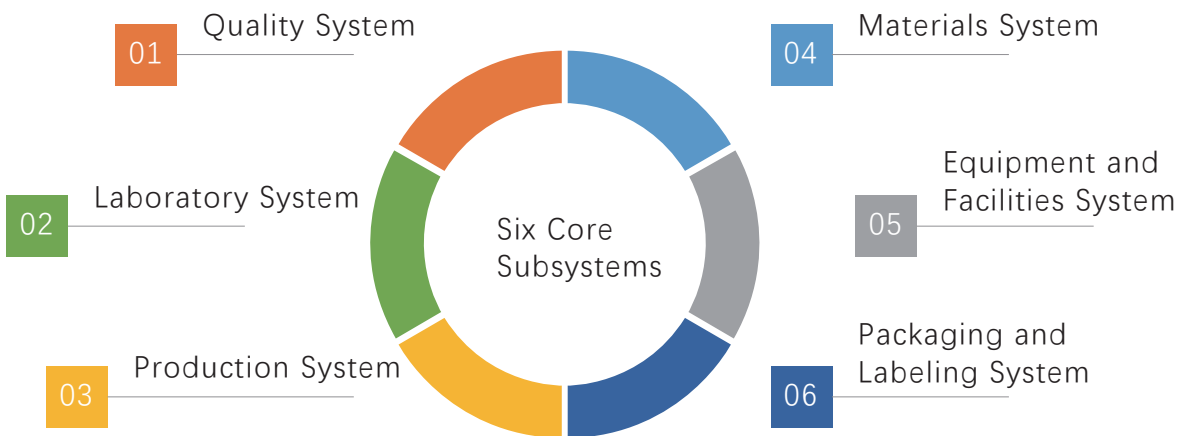
Adhering to the principle of "quality stems from design", the Company implements a risk-based quality management model throughout clinical research, thereby ensuring data reliability and the protection of subjects' rights and interests. A collaborative mechanism among key departments, such as Medical, PM, QC, and QA, has been established to ensure that both the trial process and results are compliant and reliable.

The Company always prioritizes the safety and rights of clinical trial subjects. Employees are required to maintain confidentiality of privacy and sensitive information they may encounter during their work. Insurance is purchased for each clinical trial, and the protection of subjects' safety and rights remains a central focus throughout all stages of clinical research and in the mindset of every clinical staff member. Meanwhile, an independent Quality Assurance (QA) department plays a crucial role in maintaining the clinical Quality Management System (cQMS) and auditing trial quality.

5.3 Production Quality Management

Each subsidiary within CSPC Group has established a comprehensive quality management system that encompasses six core subsystems of pharmaceutical production and operations. All companies maintain mechanisms to collect and update legal, regulatory, and standard requirements from both internal and external sources. These are promptly translated into internal policies to ensure regulatory compliance and provide clear guidance for all quality-related activities.

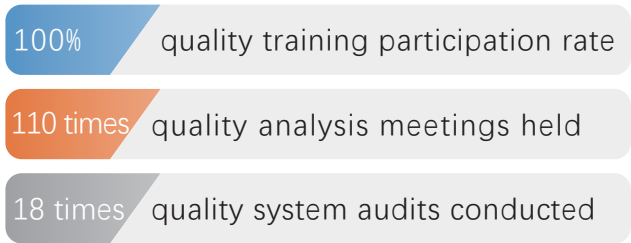
The Group and its subsidiaries have also implemented quality risk management systems, using scientific risk assessment tools to identify potential risks to product safety and quality control from multiple dimensions. Proactive control plans are developed in advance to ensure the delivery of high-quality and reliably safe products to patients.



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CSPC has built a robust quality training system, which includes the investigation and analysis of training needs, as well as the formulation and implementation of training plans. Each subsidiary formulates an annual training plan and evaluates the effectiveness of training each year, and every employee must receive training that aligns with the quality requirements of their specific role. The training ensures all employees are properly qualified and skilled for their respective positions, whether newly on board, currently employed, or transitioning between roles.

Regular quality analysis meetings and annual quality reviews are conducted across all subsidiaries to evaluate issues related to production quality, sales, complaints, and services. Improvement measures are formulated accordingly. To promote continuous improvement of the quality management system across the Group, CSPC intensifies supervision and inspections based on risk assessments and the unique business characteristics of each subsidiary. Identified deficiencies are addressed with corrective actions and follow-up tracking to support ongoing enhancement of the quality management system.



5.3.1 Product Quality Certification Management

Each subsidiary of the Group strictly adheres to China’s GMP (Good Manufacturing Practice) requirements and continuously improves its production quality management level, aiming to meet international standards, with rigorous control over product quality.

In addition, the Group holds 14 CEP (Certificate of Suitability) certificates. For active pharmaceutical ingredients (APIs) and formulation enterprises engaged in international business, quality systems are managed in accordance with ICH Q7 U.S. CGMP, and EU GMP standards. In 2024, the Group underwent 81 inspections by domestic and international drug regulatory authorities, all of which were successfully passed.

Table 5-1: Product Certification and GMP Compliance Status of Formulation Companies

Certification Type	Certification Authority	Certification Status
GMP Compliance Inspection / Registration Audit	National and Provincial Drug Regulatory Authorities	In 2024, a total of 56 inspections by domestic regulatory authorities were conducted, all of which were successfully passed. Among them: • 30 GMP compliance inspections / unannounced inspections• 18 special / supervisory inspections• 1 national vaccine inspection• 7 registration audits
GSP Compliance Inspection	Local (Municipal) Drug Regulatory Authorities	In 2024, a total of 9 on-site inspections by municipal/regional regulatory departments were conducted, all of which were successfully passed.
U.S. FDA Certification	U.S. Food and Drug Administration (FDA)	In 2024, 3 on-site FDA inspections were conducted.

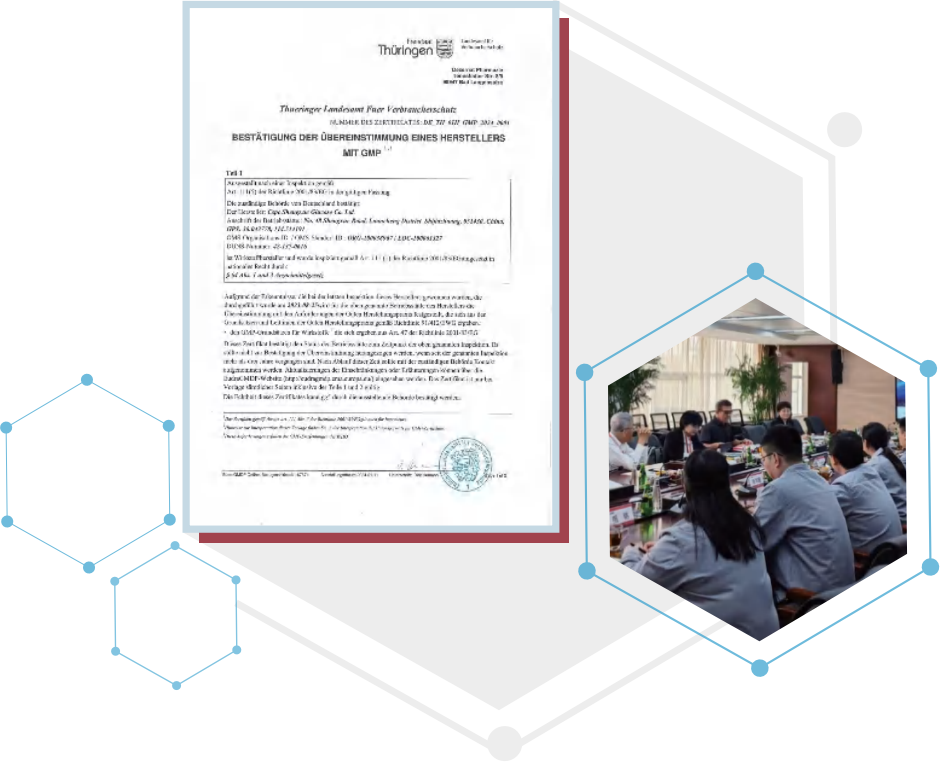
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Table 5-2: Product Certification and GMP Compliance Status of API Companies

Certification Type	Certifying Authority	Certification Details
GMP Compliance Inspection / Registration Audit	National and Provincial Drug Regulatory Authorities	In 2024, a total of 11 inspections by domestic regulatory authorities were conducted, all successfully passed. Among them: • 5 GMP compliance / unannounced inspections• 6 special / supervisory inspections
GMP Compliance Inspection	Overseas Official Inspection Agencies	In 2024, CSPC Shengxue obtained EU GMP certification; Weisheng passed official on-site inspection by South Korea; CSPC Innovation passed official on-site inspection by Japan.
ISO9001 Certification	Third-Party Certification Agencies	Over 10 production subsidiaries of Weisheng and CSPC Innovation passed certifications.
EU Certification	Drug Regulatory Agencies of EU Member States	Accumulated a total of 8 successful EU and member country on-site inspections.
CEP (Certificate of Suitability)	European Directorate for the Quality of Medicines (EDQM)	14 products received CEP certificates.

Case 1: FDA On-site Inspection

In 2024, CSPC NBP successfully passed an on-site inspection by the U.S. FDA, and CSPC Shengxue obtained the EU GMP certification. These achievements have strengthened the Company's foothold in high-end markets and laid a solid foundation for its continued global expansion.



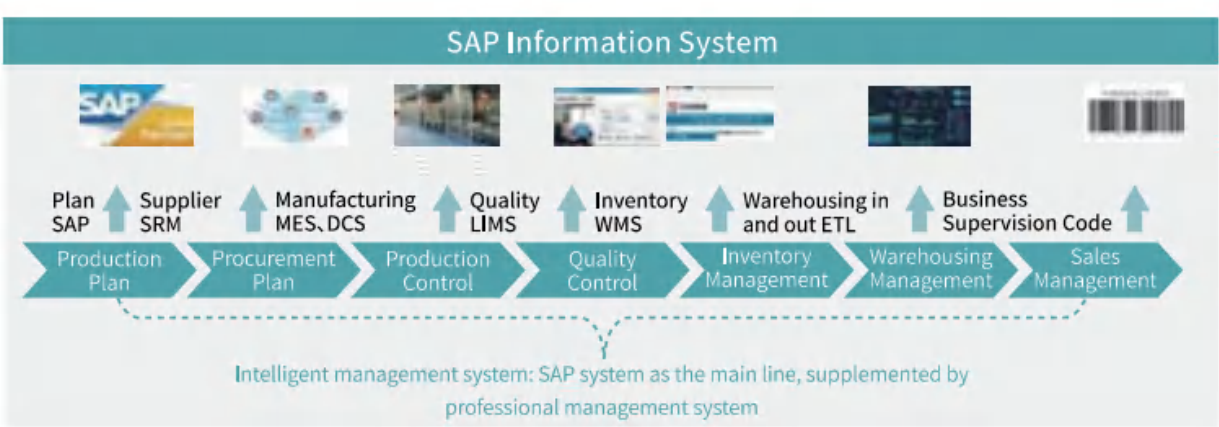
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5.3.2 Internal Product Quality Audits

In 2024, quality inspectors were selected from the Group's internal audit pool to conduct cross subsidiary quality system audits and special inspections among subsidiaries. A total of 18 system audits and 6 unannounced/special inspections were conducted. The Group emphasized experience-sharing across subsidiaries, particularly focusing on the best practices in quality management and common issues found in internal and external inspections. In 2025, CSPC will continue applying risk-based management principles to carry out various quality audits, ensuring continuous improvement in the Group's overall quality management system.

5.3.3 Product Manufacturing Quality Control

CSPC has built a closed-loop quality management system that spans prevention, control, and continuous improvement, driven by digitalized supervision, lean operations and Intelligent upgrades. The Group's SAP system serves as the main line, supplemented by specialized management systems to advance smart manufacturing. Each subsidiary of the Group has established a full-chain management system that covers the entire production cycle from raw material entry and production control to finished product release and distribution. This system ensures effective lifecycle management and continuous improvement. In terms of hardware, production workshops are designed and constructed in accordance with the standards of "smart manufacturing" and "internationalization", which are of internationally leading standard. The SAP upgrade initiative included a full review of business processes from sales and production planning to procurement and task execution. It also involved comprehensive integration and optimization of SAP-related systems such as MES, WMS, LIMS, and APS. The management model has shifted from inventory-driven to order-driven, significantly improving operational efficiency.



The applications of advanced production equipment and information systems such as MES, WMS, LIMS, and traceability systems help the Group achieve intelligent manufacturing. In terms of software, each of the Group's subsidiaries has also established a series of management systems and operating procedures for production and process control to guide employees' operations, with the aim of avoiding confusion and errors and reducing the risk of contamination and cross-contamination. After receiving materials, the workshop completes the production according to the process regulations and the standard operating procedures of each post; after the quality control department completes the sampling of the finished product, the product is transferred to the warehouse for inspection. Quality Control laboratories use LIMS software to automatically manage data and reduce human errors. The automatic monitoring and alarm systems are installed for the pressure difference and temperature and humidity in the key production rooms, the temperature and humidity of the warehouse, the temperature and humidity of the refrigerator in the laboratory, and that of the stability box, which give alarms when the values exceed the standard thresholds, so as to reduce the delay caused by human judgment. Each batch of products has a unique batch number, which enables effective tracking during the product life cycle.

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"Modern Intelligent Equipment"
"Intelligent Manufacturing of Internationally Recognized Products"
The production workshops are designed and built in accordance with the standards of "intelligent manufacturing" and "internationalization", which are of the internationally leading standard.



CSPC Ouyi's 5G workshop was selected for the 2024 5G Factory Directory. The project utilizes a highly efficient, stable, and secure hyper-converged server architecture along with a fully connected network infrastructure featuring 5G + 10G dual-core + full gigabit access + Wi-Fi 6 full coverage network to ensure secure operation and seamless interconnectivity across all systems. This infrastructure integrates previously isolated digital systems into a unified and intelligent network, enabling end-to-end precision control of the pharmaceutical production process. Driven by real-time, accurate, and standardized data, this smart system enhances product quality, efficiency, and cost control. All records are authentic, centrally stored, and fully traceable throughout the product lifecycle.



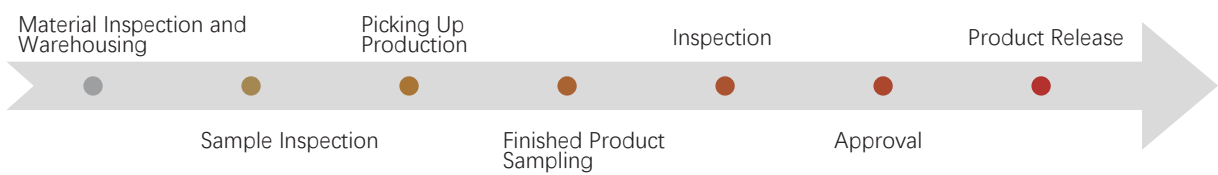
5.3.4 Material Management

The Group has established the *Supplier Management Policy* to define and set the requirements and standards for the supplier's lifecycle and daily management, including supplier onboarding and audit. Each subsidiary has established the *Management System for Material Acceptance, Storage, and Distribution*, which stipulates the process from inspection of incoming materials, warehouse storage management, and distribution to production and use: All materials shall be purchased from qualified suppliers, then warehoused after passing acceptance and stored according to the storage requirements, The materials to be inspected and allowed for delivery shall be clearly marked to effectively prevent errors. Unqualified materials shall be clearly marked and subject to safe isolation and storage measures to effectively avoid use in production, only qualified materials approved by the Quality Management Department can be released to the workshop for production.

5.3.5 Release of Finished Products

Established the "*Product Release Management System*", the Group's subsidiaries strictly implement the system that the products can be only released by the drug production license holders. Where drug production involves entrusted production, the entrusting party and the entrusted party shall sign an entrusted production agreement and a quality agreement in accordance with the requirements of relevant laws and regulations to clarify the quality responsibilities of both parties in the management of drug production and release. Each batch of products shall be inspected in accordance with the established standards and reviewed by the quality authorizer of the drug production license holder before being released.

Release system for finished products

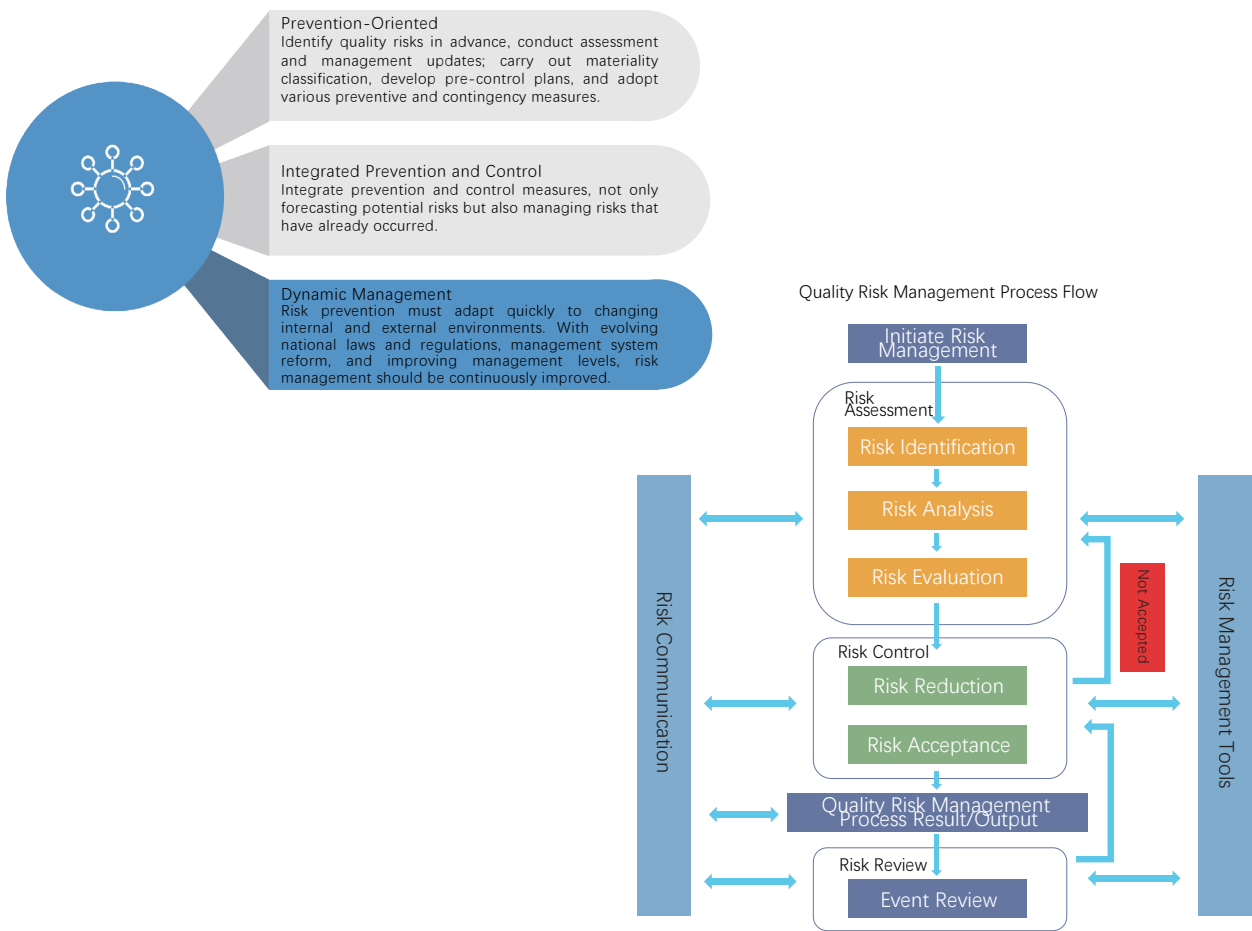


5.4 Quality Risk Management

The Group attaches great importance to patient medication safety and is committed to managing quality and safety risks well. The Group has established a sound pharmacovigilance system, and the drug safety committee management system and various processes are running smoothly in the preparation company.

5.4.1 Quality Management System

The quality risk management philosophy of the Group is "prevention first, combination of prevention and control, dynamic management". Based on the relevant requirements of ICH Q9 on quality risk management, the Group has established a risk control system and a *Quality Risk Management System* to identify risk points that may affect product quality during the life cycle of drugs. in the process of risk assessment, the Quality Management Department organizes a tram of experts to conduct risk assessment on various drugs and processes using assessment and analysis tools such as failure mode, influencing factor analysis and fishbone diagram, and implements hierarchical management to formulate corresponding countermeasures based on the assessment results.

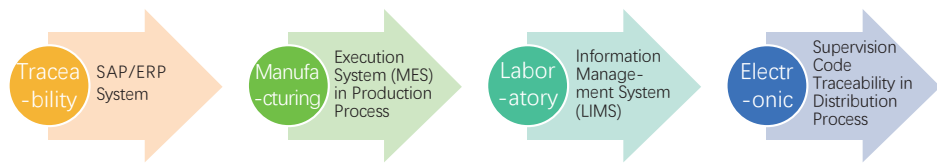


With the comprehensive quality risk prevention and control system, the Group has clearly established the assessment procedures and prevention measures for quality and safety risks, carried out risk management in the whole process from risk assessment, control and review, and consistently implemented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

5.5 Quality Management in Pharmaceutical Operations

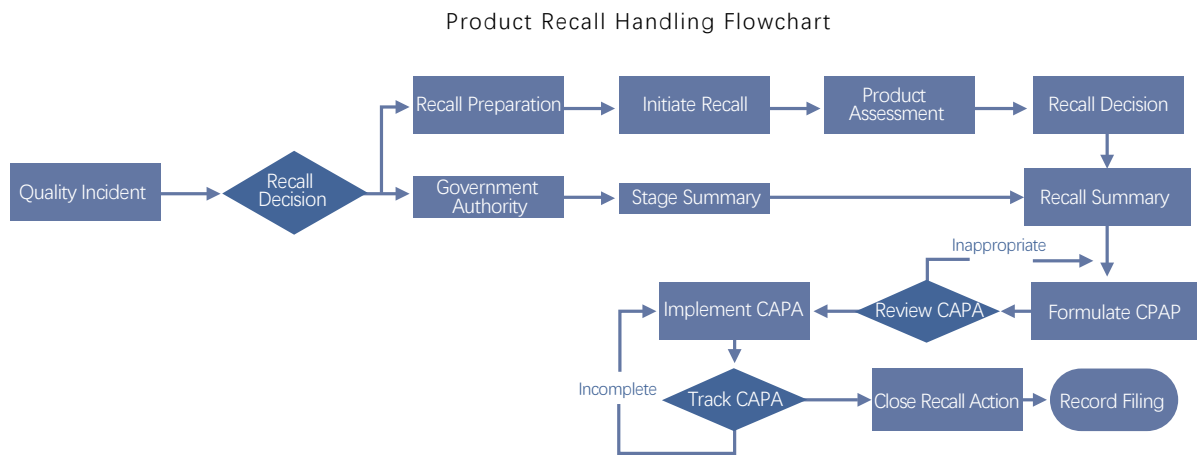
The Group is committed to providing society with products of excellent quality, good curative effects, safety and reliability, and to attaching great importance to quality and safety of medicines. We adhere to the concept of "quality stems from design" and use risk management tools to carry out life 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 to collect and analyze market feedback and formulate corrective and preventive measures for continuous improvement. Besides, all preparation production companies have established and improved the pharmacovigilance system and established the adverse drug reaction report and monitoring system to ensure the safety of patients.

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



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 processes of product recall. According to the degree of potential safety hazards, product recall is classified into level-I recall, level-II recall and level-III recall and product recall procedures have been established. The Quality Management Department of each company regularly organizes simulated product recall drills to ensure the effectiveness of the product recall system.

In 2024, no product recalls occurred due to safety or health concerns among the Group's marketed or distributed products.



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5.6 Pharmacovigilance System

(1) Management Mechanism

CSPC has established dedicated pre- and post-marketing pharmacovigilance teams and built a comprehensive pharmacovigilance system, implementing appropriate group-level pharmacovigilance management for the Company and its subsidiaries holding marketing authorizations. The Company's Pharmacovigilance Department is structured with functional modules such as pharmacovigilance operations (including project management and safety databases), pharmacovigilance medical affairs, and pharmacovigilance compliance, staffed with dedicated personnel. The Pharmacovigilance Department regularly organizes internal training and external professional seminars, academic exchange activities, etc., to ensure team members stay updated on the latest regulatory requirements, technical methodologies, and industry best practices, thereby continuously enhancing overall business capability and competence. CSPC is equipped with facilities and infrastructure necessary for pharmacovigilance operations, including dedicated office areas, network environment, document storage spaces and equipment, as well as tools required for pharmacovigilance activities, such as the MedDRA dictionary, literature databases, and the Taimei safety database system.

In accordance with regulations such as the *Good Pharmacovigilance Practice (GVP)* and the *Measures for the Administration of Reporting and Monitoring of Adverse Drug Reactions*, CSPC has established internal systems and SOPs including *Pharmacovigilance Management System*, *Emergency Response Plan for Major Adverse Drug Reaction Events*, *Drug Safety Committee Management System*, *Pharmacovigilance System Internal Audit Policy*, *Pharmacovigilance Database Management System*, *Standard Operating Procedures for the Collection of Drug Safety Information*, etc. These documents ensure compliance and alignment with operational needs. The pre-marketing pharmacovigilance team has formulated 51 management procedures/guidelines, while the post-marketing pharmacovigilance team has developed 34, totaling 85 documents covering lifecycle pharmacovigilance activities such as collection and processing of individual safety case reports, literature screening, development of DSURs and PBRERs during R&D, signal detection, and risk management.

(2) Pharmacovigilance System Operation

The Group collects suspected adverse drug reaction (ADR) information from multiple sources, including the national ADR reporting system, dedicated email boxes, clinical use, clinical research, marketing programs, academic literature searches, and websites or forums related to marketing authorization holders. Dedicated personnel are responsible for monitoring and collecting this information, ensuring smooth reporting channels. All safety data collected are processed, assessed, and reported via the PV information system in accordance with regulations. This includes the handling of individual case safety reports (ICSRs), safety data analysis, archiving, and other PV-related activities. This ensures a rapid emergency response and timely reporting to the National Medical Products Administration (NMPA) and provincial/municipal PV centers in the event of mass or serious ADRs. Each formulation subsidiary submits an annual PV report and regularly updates periodic safety reports.

In 2024, CSPC successfully passed multiple regulatory inspections. Each subsidiary conducts at least one internal PV audit annually, with no critical findings reported and minor findings/suggestions all rectified within the stipulated timeframe. Based on pharmacovigilance quality objectives, the Company regularly conducts quality checks on PV, reviewing the implementation of systems and SOPs to ensure quality management of PV activities. By continuously improving and optimizing the PV system and its operations, CSPC promotes the sustained enhancement of its lifecycle quality management.

5.7.1 Customer First

We take "Customer First" as one of our codes of conduct. We are committed to exceeding customer expectations and creating maximum value for our customers with quality services. We implement the "Customers First" philosophy into the daily work of our employees.

The Group's Marketing Decision Centre has set up a customer service department to focus on sales services and consultation with customers. To closely track customer needs and make timely improvements, we conduct customer satisfaction surveys and apply measurable key performance indicators to improve our services. In response to the feedback from customers, we will deeply explore and trace the root cause to continuously improve our operations and services. For instance, in response to customers' suggestions for the renovation of logistics services, we have improved the bidding process, raised the entry standards, strengthened process supervision, and made rapid responses to special and urgent situations.

5.7 Protection of Customer Rights and Interests

5.7.2 Customer Information and Privacy Protection

We also take the privacy of our customers very seriously and ensure that their information will not be lost or leaked during the sales process in accordance with the terms of the contract. In addition, the Group has formulated the comprehensive Information and Network Security Management System, Provisions on the Maintenance and Management of Customer Master Data and Confidentiality Management System and has set up strict authority controls in the information system to ensure the best protection of customer information. During the reporting period, there was no violation of customer privacy and loss of customer data.

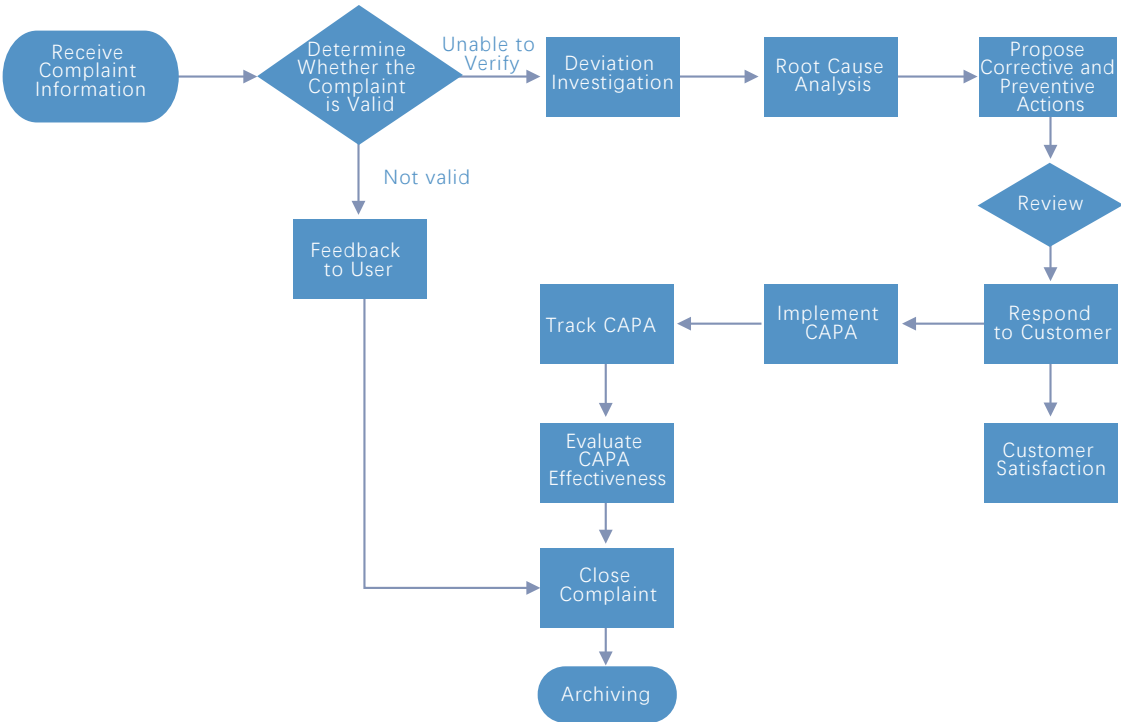
5.7.3 Customer complaint

Each company under the Group has established a sound customer communication mechanism. According to the customer needs, the information is classified and relayed back to various functions of the related companies, and then converted into R&D direction, key technical requirements and service improvement goals to ensure the realization of customer needs in the process of R&D, procurement, production, and sales.

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

To effectively monitor the quality of products on the market, the Company arranges salespersons to visit customers and take samples to observe and monitor product quality and ensure dual quality confirmation on samples kept by the Company and products on the market. The Group has also established a Customer Complaint Management System to clarify the types and handling procedures of complaints. Quality complaints are summarized and evaluated annually. In 2024, the Company's quality complaint rate was 0.14%, all of which have been responded to timely and handled effectively.

Customer Complaint Information Feedback Handling Process:



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5.7.4 Customer Satisfaction Survey

To fully safeguard customer rights and continuously enhance customer satisfaction, CSPC conducts an annual survey assessing the quality of its products and services. Questionnaires are distributed to clients across various regions to gather comprehensive feedback on multiple dimensions. The results are used to optimize service processes and improve service quality and standards in a timely manner. In 2024, survey feedback indicated that customer satisfaction with CSPC's product quality, packaging, and efficacy remained at a high level. Relevant departments promptly addressed any identified issues and suggestions to further enhance products and services for customers.

5.8 Quality Culture Development and Engagement Activities

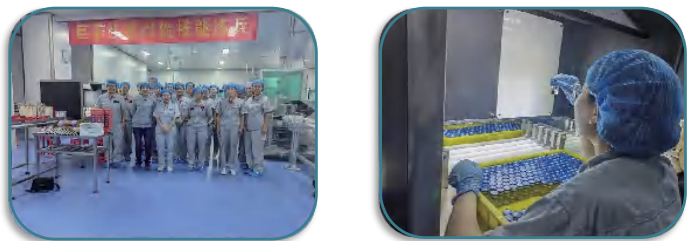
In 2024, CSPC strengthened its quality culture through initiatives such as Quality Month, Quality Control (QC) team projects, and quality improvement programs. These activities aimed to raise employee awareness, foster a spirit of innovation, and encourage continuous quality improvement.



Cases of Quality Month: Companies such as Baike and Zhongnuo held quality knowledge competitions, sparking staff enthusiasm for learning regulations and creating an engaging atmosphere. These activities allowed employees to gain knowledge and joy, broaden their perspectives, and strengthen team cohesion.



Megalith Biopharma organized visual inspection training, while Zhongnuo hosted technical drills for lab inspectors, both improving staff skill levels and ensuring product quality.





06

Responsible Supply Chain , Building a Harmonious Ecosystem

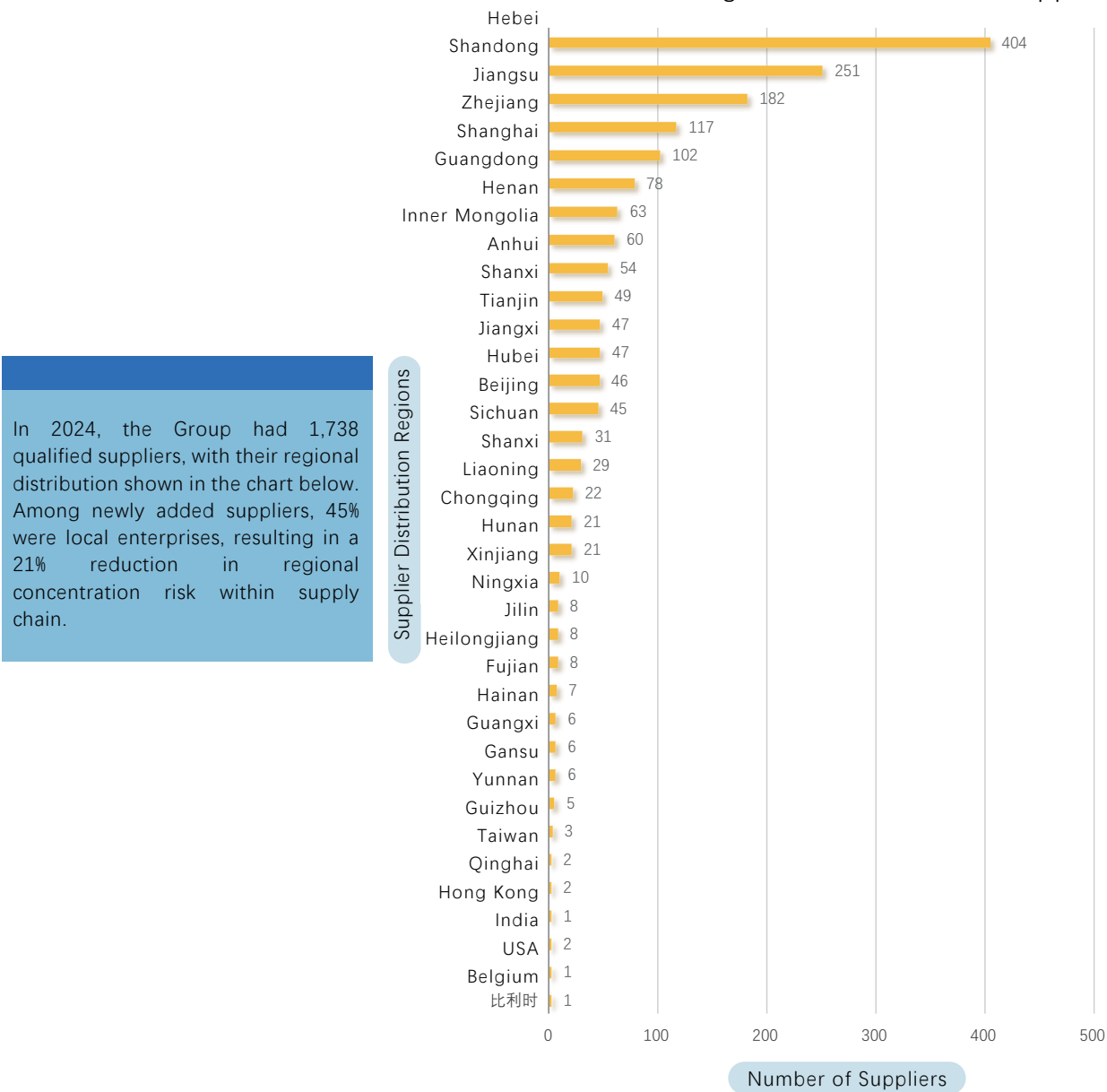
6 Responsible Supply Chain, Building a Harmonious Ecosystem

CSPC Group upholds the procurement philosophy of “being professional and upholding integrity, achieving win-win in good faith and building a healthy supply chain” The Group adheres to the procurement principles of “fairness, impartiality, green and transparency” aiming for mutual benefit through honest operations. It has established trusted and mutually beneficial relationships with upstream and downstream partners. In 2024, through a dual approach of digital upgrading and green transformation, the Group achieved a 10% reduction in overall supply chain cost, with significantly enhanced supply chain resilience.

6.1 Supplier Management

6.1.1 Supplier distribution

Chart 6-1: Regional Distribution of Suppliers



Responsible Supply Chain, Building a Harmonious Ecosystem

6.1.2 Supplier Management System

(1) Establishment of Supplier Management System
In 2024, based on the full implementation of the Group's electronic procurement platform (SRM), the *Centralized Procurement Center established the Supplier Management System and Material Procurement Management System*, among other institutional documents. These policies support full lifecycle management of suppliers in terms of supplier onboarding, classification, auditing, evaluation, and quality management. The Procurement Center upholds and promotes the concept of green and low-carbon procurement, conducting dynamic supplier management and continuously optimizing the supplier structure. The number of key material suppliers increased from 2.3 to 3.5 per material category, resulting in a 34% reduction in out-of-stock risk.

(2) Supplier Management Measures
① Qualified Supplier Classification: The Group's Centralized Procurement Center classifies suppliers based on different criteria. According to procurement volume and supply risk, suppliers are categorized as strategic, bottleneck, leverage, or routine suppliers. All strategic suppliers completed carbon footprint verification in 2024. Based on business type, suppliers are divided into production material suppliers, non-production material suppliers, and R&D service providers. Through long-term or annual cooperation agreements and annual bidding processes with suppliers, we mitigate supply disruption risks, enhance supply assurance capabilities, and ensure stable product manufacturing, consistent quality, and controlled costs.

Table 6-2: Supplier Classification, Characteristics, and Management Focus

Supplier Classification	Characteristics	Management Focus
Strategic Suppliers	1.Typically provide strategic materials 2.Quality, cost, and delivery are critical 3.Contribute the most to company profitability	1.Establish win-win partnerships 2.Focus on long-term close collaboration
Bottleneck Suppliers	1.Non-standard materials 2.Customization required 3.Supply disruption risk	1.Focus on reducing supply risk 2.Ensure supply continuity
Leverage Suppliers	1.Standard materials 2.Homogeneity 3.Competitiveness	1.Maximize leverage effect 2.Focus on lowering purchasing costs
Routine Suppliers	1.Easy to find alternatives 2.Low switching cost 3.Dispersed purchases with small volumes	1.1.Simplify internal procurement processes 2.Reduce management cost

Responsible Supply Chain, Building a Harmonious Ecosystem

② Supplier Admission Management: CSPC Group strictly follows a standardized supplier admission process in accordance with the *Supplier Chain Management System*, conducting comprehensive evaluations and reviews when selecting suppliers. This includes factors such as supplier qualifications, product quality, supply capacity, and social responsibility. In 2024, the Group fully promoted green and low-carbon procurement, with over 50% of newly added suppliers meeting green supply chain standards.

Under the same conditions, preference is given to suppliers that meet the company's environmental protection and safety management requirements. Suppliers are also encouraged to obtain environmental management system certification (ISO14001) and occupational health and safety management system certification (ISO45001). These certifications are also considered priority criteria in the supplier selection process based on social responsibility standards, contributing to a 4% increase in the supplier environmental management system certification rate.

③ Equal Treatment of SMEs: CSPC upholds the principle of equality in supply chain management, actively eliminating scale-based bias and supporting the collaborative, green development of small and medium-sized enterprises (SMEs) alongside larger suppliers. These efforts enhance the overall resilience of the supply chain. During the supplier admission process, the Group explicitly prohibits using criteria such as registered capital or revenue scale as hard entry thresholds. Instead, assessments focus on qualifications, quality control, R&D capabilities, and supply capacity. During tendering, the SRM digital platform hides supplier size information, showing only key qualification details to ensure evaluations are based on performance and cost-effectiveness, rather than company size. This protects SMEs' right to fair participation and equal opportunity in cooperation. For compliance capacity building of SME suppliers, the Group provides guidance and assistance through various approaches. For example, the Company focuses on common issues, such as pollution permits and chemical storage regulations, and conducts regular training sessions using case study methods. For newly engaged SME suppliers, account managers provide one-on-one ESG onboarding support to explain the Company's ESG requirements and monitor the progress of corrective actions, thereby improving the compliance rate among suppliers.

④ Supplier Quality Management: CSPC has a strict supplier quality management system in place. Procurement teams must closely monitor supplier quality performance, with tender documents explicitly stating penalties for quality issues. Suppliers are required to implement corrective actions promptly in response to any deviations. In the meantime, the Group sets and regularly evaluates key quality metrics, such as first-pass inspection rates and procurement deviation factors, both monthly and annually. In 2024, the first-pass rate for production materials reached 99.67%, up 0.02% year-over-year. For key suppliers, CSPC's procurement center organizes ESG-focused training, site visits, and audits to ensure ongoing compliance with CSPC's quality standards.

⑤ Supplier Audit: CSPC has deployed a supplier audit team comprising cross-disciplinary and high-level personnel to conduct on-site communication with suppliers based on the issues identified during the supplier audit process and made targeted improvement suggestions.

In 2024, the Group completed audits of 567 suppliers, including 311 on-site audits and 256 document-based audits, achieving a 100% audit completion rate. Over the year, more than 30 small and medium-sized suppliers were invited to participate in the Company's quality management training. The Group promoted digital quality management tools (such as the MES system and LIMS laboratory information management system) to suppliers, helping them achieve production data transparency, improve quality traceability efficiency, and enhance industry collaboration.



Responsible Supply Chain, Building a Harmonious Ecosystem

⑥ **Supplier Evaluation:** The supplier evaluation team, composed of the Quality, Operations, and Procurement Departments, conducts annual assessments of suppliers, covering dimensions such as supply quality, pricing, service, and delivery timelines. To promote a sustainable supply chain, an ESG evaluation component was newly added.

Supplier evaluations are categorized into four levels: Excellent, Good, Qualified, and Unqualified. Suppliers rated as Excellent and demonstrating outstanding contributions are granted priority procurement rights and increased delivery volume in the following year and are awarded titles such as “Best Partner” or “Excellent Supplier.”

Based on the evaluation results, the Group determines procurement volumes. For unqualified suppliers, corrective deadlines or elimination measures are implemented. As of the end of 2024, 26 suppliers received an “Excellent” rating in the ESG system evaluation. The Group will continue to advance supplier carbon reduction efforts in the coming year.

⑦ **Supplier Risk Management:** During supplier on boarding, the Group’s Centralized Procurement Center evaluates potential risks covering qualifications, finances, production capacity, quality, and reputation, using a standardized questionnaire template for information collection and analysis to construct a risk profile. A diversified supplier strategy is used for risk management. For highly concentrated or single-source suppliers, or capable new market entrants, the Group prioritizes adding new suppliers. Key material suppliers are regularly analyzed to ensure that there are at least three qualified suppliers; if this requirement is not met, the Commercial Department is required to actively expand the supplier pool.

To enhance supply chain stability, the Group implemented the *Procurement Emergency Response Plan Management System*, which outlines departmental responsibilities during risk events, covering the full process from prevention to remediation, and provides contingency measures for various risks to ensure continuous and stable supply.

- Production area emergency surge, transfer, and insufficient biological material inventory.
- Significant impacts on material supply caused by national or local government policy adjustments.
- Significant impacts on material supply caused by supplier accidents or other negative influences leading to production halts.
- Significant impacts on material production or transportation caused by major political events, natural disasters, or epidemics.
- Safety issues during self-operated material transportation.
- Emergency supply chain incidents causing a sharp increase in impact response.
- Quality issues or non-compliance detected during receipt of materials or in the production process, affecting production use.
- Material sampling and inspection by higher-level authorities or drug administration bureaus.
- Severe adverse reactions or mass adverse events reported domestically or internationally that are suspected to be related to material quality.
- Other sudden events that may cause significant impacts on material supply.

In response to the impacts of climate change, policies and regulations, quality, EHS, logistics, and financing on the supply chain, the Group has adopted measures such as multi-tiered suppliers, supply chain trust-building, cooperation agreements, information sharing, and the establishment of Business Continuity Plans (BCP) centered on sustainable supply chain development.

To strengthen the standardization and effectiveness of procurement emergency plans and ensure supply security, the Group supervises the implementation of procurement departments and provides special training for relevant management personnel. Additionally, emergency response training is incorporated into the onboarding process for new employees to ensure effective execution of contingency plans.



Responsible Supply Chain, Building a Harmonious Ecosystem

6.2 Green Supply Chain Management

CSPC actively responds to societal concerns around environmental protection and corporate governance by embracing its social responsibility. The Group promotes green supply chain development, enhances ESG awareness and capabilities, and strengthens downstream supplier ESG evaluation and oversight. These efforts aim to ensure environmental compliance, reduce pollution, and foster collaborative green growth across the entire supply chain, ultimately contributing to improved global environmental performance.

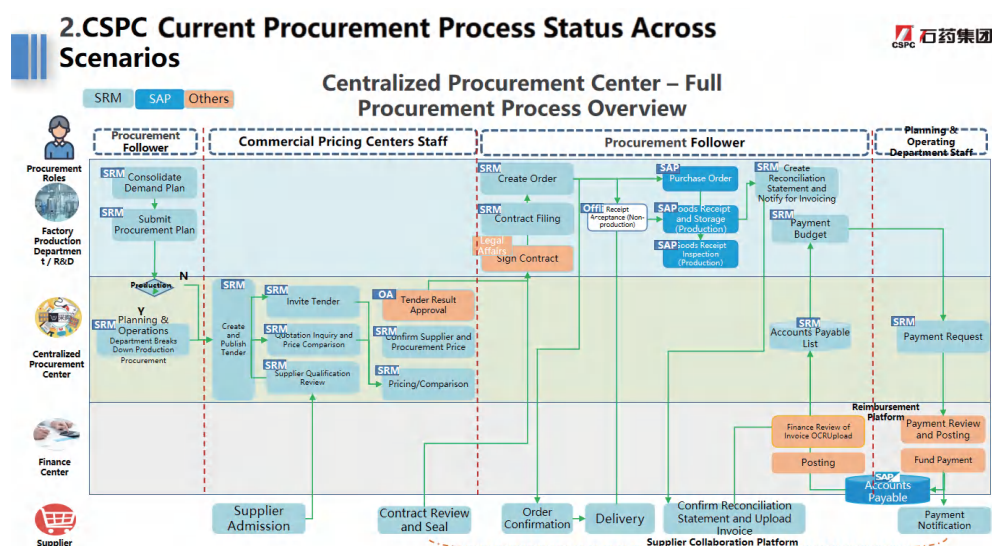
6.2.1 Green Supply Chain System Development

In 2024, the Group established the *Green Supply Chain Management Operating Procedures* based on GB/T 39257-2020 *Evaluation Criteria for Green Supply Chain Management of Green Manufacturing Enterprises*, GB/T 43902-2024 *Implementation Guide for Green Supply Chain Management of Green Manufacturing Enterprises*, and other relevant policies and standards. Grounded in product life cycle and circular economy development concepts, the procedures clearly define full-chain environmental standards, from supplier onboarding to waste recycling, and set quantitative indicators such as carbon emissions and water resource utilization rates. This provides practical guidance for the Group's green supply chain development strategy.

6.2.2 Green Supply Chain System

(1) Green Information Management

Since 2019, CSPC has utilized its Supplier Relationship Management (SRM) system for closed-loop supplier lifecycle management (e.g., registration, bidding, contracting). In 2024, the system was upgraded and integrated with the SAP and e-procurement platforms, enabling seamless coordination of material warehousing, inspection data, and automated invoicing processes. The system now supports centralized management of green supply chain data, including environmental performance metrics, testing reports, and supplier evaluations. Through homepage bulletins and policy disclosures, CSPC ensures full-chain visibility and traceability of green information, promoting transparency and enabling effective environmental governance throughout the supply chain.



(2) Green Supplier Management

The Centralized Procurement Center has developed standardized procedures and supplier guidelines that prioritize the selection of green-certified suppliers. The Group actively monitors supplier emissions, carbon footprint, and energy usage. A dedicated task force, comprising members from Procurement, EHS, and Quality departments, holds regular green supply chain advancement meetings to drive continuous improvement. ESG performance is now embedded in supplier evaluation, with assessment results directly influencing supplier selection decisions.

Responsible Supply Chain, Building a Harmonious Ecosystem

6.2.3 Green Supply Chain Implementation Cases

Below are examples of the Group's sustainable green practices in the procurement of chemical products, packaging materials, and related areas.

For chemical product procurement, we have established a supplier ESG evaluation system, reinforced environmental admission standards, implemented carbon footprint tracking across the supply chain, set emission reduction targets, and regularly assessed and supervised progress.



Responsible Supply Chain, Building a Harmonious Ecosystem

6.3 Building Partnerships with Integrity and Honesty

6.3.1 Clean Supply Chain Management Policies

CSPC has published documents such as the “*CSPC Business Client Integrity Transaction Notice*”, the “*Sunshine Cooperation Agreement*”, and the “*CSPC Integrity Cooperation Commitment Notice*” on its SRM platform. These documents clearly define the codes of conduct and integrity requirements for suppliers and partners, mandating compliant business practices and covering areas such as anti-corruption and business ethics.

6.3.2 Supplier Management System Training

CSPC Group, based on the SRM platform, streamlines the procurement process and promotes supplier proficiency in using the system through online training. This ensures quality maintenance, bidding, quotation, and order tracking are conducted in a transparent and traceable manner.

6.3.3 Signing of Integrity Agreements

The Group mandates that all suppliers must sign the “*Sunshine Cooperation Agreement*” and the “*CSPC Group Supplier Integrity Cooperation Commitment*” before initiating collaboration. Throughout the cooperation, before each quotation, suppliers must reread the “*Integrity Transaction Notification*”, committing to building an honest and transparent partnership. By the end of the reporting period, 100% of suppliers involved in business activities with the company had signed the “*Sunshine Cooperation Agreement*”.

6.3.4 Improving the Supervision System

(1) Establishment of Supervision Mechanism

CSPC has formulated the *CSPC Dishonesty Blacklist Management System*. For suppliers found to have engaged in violations, in addition to holding them accountable according to the standards stipulated in the Sunshine Cooperation Agreement, CSPC also imposes specific restrictions on these suppliers and any related companies of the supplier’s legal representative, shareholders, or actual controllers in terms of new project cooperation across the entire Group. Furthermore, these entities are placed under close supervision and included in the *Dishonesty Blacklist* of the Group.

(2) Anti-corruption Audits and Improvements

CSPC continuously monitors the performance of suppliers to promptly identify and rectify any violations by suppliers. Annual anti-corruption audits are conducted on key material suppliers and key suppliers to evaluate their anti-corruption policies and measures, ensuring that they always meet the requirements and standards of the Group.



07

Innovation-Driven,
Benefiting All People

7 Innovation-Driven, Benefiting All People

7.1 R&D Investment

CSPC Group is an innovative pharmaceutical enterprise that integrates research and development, manufacture, and sales, and is one of the leading companies in the domestic pharmaceutical industry. Adhering to the corporate mission of "All for Good Medicine, All for Mankind's Health" the Group is committed to researching and developing innovative drugs to address unmet clinical needs and provide innovative treatment options for patients worldwide.

7.1.1 R&D Investment

CSPC regards innovation as a driving force for corporate development and a step forward in improving human health and has made continuous efforts in this regard. The Group has established an international R&D team, eight major innovation platforms, and five major innovation research centers located across China and the United States.

In recent years, CSPC has continuously increased its investment in R&D. In 2024, our R&D investment reached RMB 5.191 billion, representing a 7.5% increase compared to RMB 4.83 billion in 2023. With a team of over 2,000 high-level researchers, the Group continues to pursue breakthroughs in emerging technologies, novel targets, and new therapeutic areas.

While maintaining a strong foundation in independent innovation, CSPC actively collaborates with leading universities, research institutes, and innovative enterprises both domestically and internationally. The Group has established industry-academia-research partnerships with over 100 institutions worldwide.

Below is a selection of articles published by CSPC's global R&D teams prior to clinical registration and product launches.

Title: Summary of Publications by Scientific Communication Writing Team in 2024 (Total 9 Articles)				
No.	Product Name	Project Title / Chinese Title	Institution / Researcher	Journal / Conference
1	DBPR108 Tablet	DBPR108 monotherapy - Diabetes - Phase III clinical trial paper	Peking University First Hospital - Guo Xiaohui	Journal: <i>Diabetes, Obesity & Metabolism</i> (IF 6.533), Jan 2024
2	SYS6006	SYS6006 - COVID-19 Phase II Trial: A Randomized, Double-Blind, Placebo-Controlled Study of the Safety and Immunogenicity of SYS6006 mRNA Vaccine in Healthy Chinese Adults	Hebei CDC - Zhao Yuliang, Wu Zhiwei	Journal: <i>Vaccine</i> (IF 5.5), Feb 2024
3	TG103 Injection	TG103 Weight Loss - Phase 1b Trial: A Double-Blind, Dose-Escalation, and Safety Study in Overweight/Obese Patients	Sun Yat-sen Memorial Hospital - Yan Li	Journal: <i>BMC Medicine</i> (IF 9.3), Apr 2024
4	SG001	SG001-1b Endometrial Cancer Trial: A Multicenter Study Evaluating Safety and Efficacy in Advanced/Metastatic Endometrial Cancer Patients	China Medical University Cancer Hospital - Wu Lingying	Journal: <i>Cancer Communications</i> (IF 20.1), May 2024
5	SG001	SG001 - Endometrial Cancer - Phase II Trial: An Anti-PD-1 Drug for Treating PD-1 Positive Advanced/Metastatic Endometrial Cancer Patients	China Medical University Cancer Hospital - Wu Lingying	Journal: <i>Gynecologic Oncology</i> (IF 4.5), Oct 2024
6	DP303c Injection	DP303c - Late-Stage Breast Cancer - Phase 1 Trial: An Anti-Her2 ADC Drug for Treatment of HER2-Positive Advanced Breast Cancer Patients	Fudan University Cancer Hospital - Hu Xichun	Journal: <i>npj Precision Oncology</i> (IF 7.9), Aug2024
7	JMT103 Injection	JMT103 - Giant Cell Tumor - Phase 1b/II Trial: An Open-Label, Single-Arm Multicenter Study in Inoperable/Recurrent GCT Patients	Beijing Jishuitan Hospital - Niu Xiaohui	Journal: <i>Nature Communications</i> (IF 16.6), Aug 2024
8	Mitoxantrone Liposome	Mitoxantrone Liposome - PTCL - Phase II Trial: Open-Label Multicenter Study in Patients with Relapsed/Refractory T-cell Lymphoma	Sun Yat-sen University Cancer Center - HuangHuiqiang	Journal: <i>Cancer</i> (IF 6.1), Oct 2024
9	JMT103 Injection	JMT103 - Bone Metastasis - Phase 1b Trial: NF-κB / RANKL Inhibitor (Monoclonal Antibody) in Bone Metastatic Cancer Patients	Dongfang Hospital / Peking University Cancer Hospital - Li Jin, Li Huiping	Journal: <i>International Journal of Cancer</i> (IF 5.7), Accepted

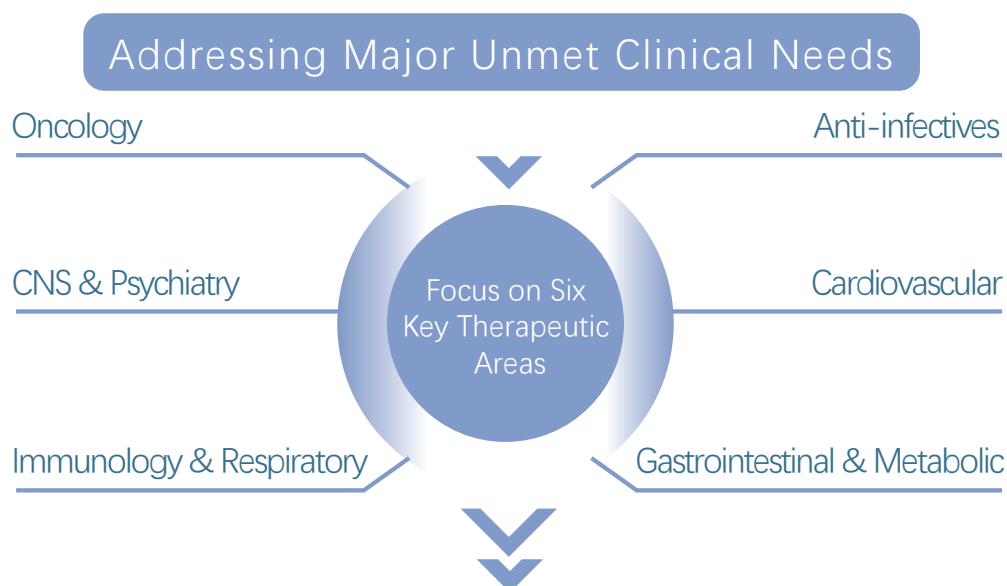
Innovation-Driven, Benefiting All People

7.1.2 Core Technological Advantages

In the field of technology, the Group has cultivated eight major core innovative research and development platforms, including Nano-formulations, Antibody/Fusion protein, ADC, Small Molecule, siRNA, mRNA, Cell therapy, Long-acting injections. These platforms have enabled CSPC to overcome numerous technology barriers previously dominated by foreign companies, establishing a comprehensive R&D industrial chain spanning from laboratory research to commercial-scale production, and providing robust support for the development and commercialization of innovative drugs.

The Group's technical capabilities have been recognized by government authorities. The key Technology research and industrialization of Nintedanib Esilate API and Soft Capsule was awarded the First Prize for Science and Technology Progress of Hebei Province.

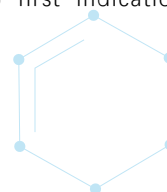
7.1.3 R&D Pipeline



Continuously Increasing Investment in R&D Innovation

Currently, CSPC has over 200 innovative drugs and formulations under development, including more than 90 macro molecules, over 60 small molecules, and over 50 novel formulations. By the end of 2028, it is expected that more than 50 new drugs/indications will be submitted for market approval.

In 2024, CSPC had 13 new products approved for marketing, including 1 innovative drug, 1 biosimilar, and 2 novel formulations; 7 new products were submitted for market approval; and 46 first indications or additional indications received clinical approval, including 3 in the United States.



Innovation-Driven, Benefiting All People

7.1.4 Intellectual Property and Patent Protection

Intellectual Property Protection

Intellectual property (IP) is a core strategic resource of the enterprise and also a key element of comprehensive strength and competitiveness. The Group has established a dedicated IP management department and strictly abides by relevant laws and regulations, including *the Patent Law of the People's Republic of China* and its Implementation Rules, *the Enterprise Intellectual Property Management Standard*, *the Patent Cooperation Treaty*, *the Paris Convention*, and other applicable IP laws and regulations of various countries. Within this legal framework, the Group actively engages in patent planning to protect R&D innovations while avoiding infringement of others' intellectual property. As of 31 December 2024, CSPC had filed a total of 2,293 patent applications (including PCT international applications) and obtained 978 granted patents.

The Group regularly conducts comprehensive diagnostic analysis of its intellectual property and formulates and gradually improves targeted strategies around core products for patent application, protection and risk avoidance. For generic drug development, the Group addresses market entry challenges through various approaches including patent circumvention, patent challenges, launching after patent expiration, and license agreements.

Patent Protection

Based on the management principle of "encouraging innovation, controlling risks, effectively utilizing intellectual property, and enhancing the Group's core competitiveness and strategic advantage in IP," the Group has established a comprehensive intellectual property management system, which is aligned with the Group's business development and new drug R&D, forming a robust patent protection strategy and framework. The Group ensures a strategic layout of intellectual property, focusing on multi-dimensional and comprehensive protection of core R&D achievements. From project initiation to product launch, the Group conducts regular patent risk assessments and early warning analyses to avoid infringing on the intellectual property rights of others, while also leveraging legal measures to safeguard its own legitimate IP rights.



Risk Identification Includes

Regular tracking and analysis of competitors' products, technologies, and patents
Timely reporting of any detected IP infringement or potential risks



Legal Enforcement Includes

Utilizing administrative and judicial tools to protect CSPC's rights
Respecting others' IP while defending the Group's legitimate interests



Dispute Resolution Includes

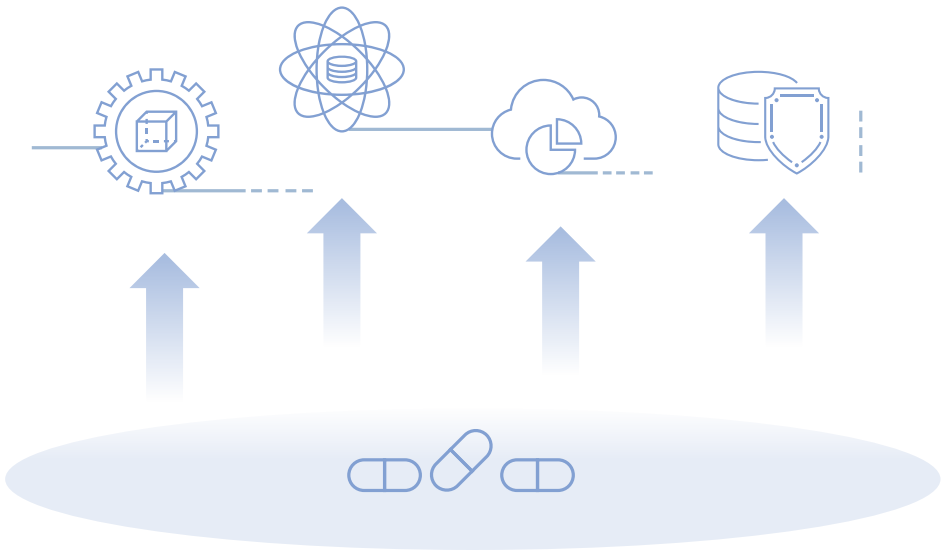
Selecting appropriate solutions, such as administrative rulings, lawsuits, arbitration, or settlements, to resolve IP disputes effectively

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Patent Achievements

The Group also places great importance on the protection of intellectual property and actively files patent applications for its R&D projects. In 2024, the Group filed a total of 291 patent applications, including 171 domestic applications and 120 international applications, all of which were invention patents; the Group was granted 79 patents, including 39 domestic and 40 international authorizations, all of which were invention patents.

Items	Category	2021	2022	2023	2024
Patent Applications	Domestic	140	148	143	171
	Overseas	64	66	95	120
	Total	204	214	238	291
Patent Grants	Domestic	64	36	38	39
	Overseas	24	22	43	40
	Total	88	58	81	79



Innovation-Driven, Benefiting All People

7.2 Inclusive Healthcare

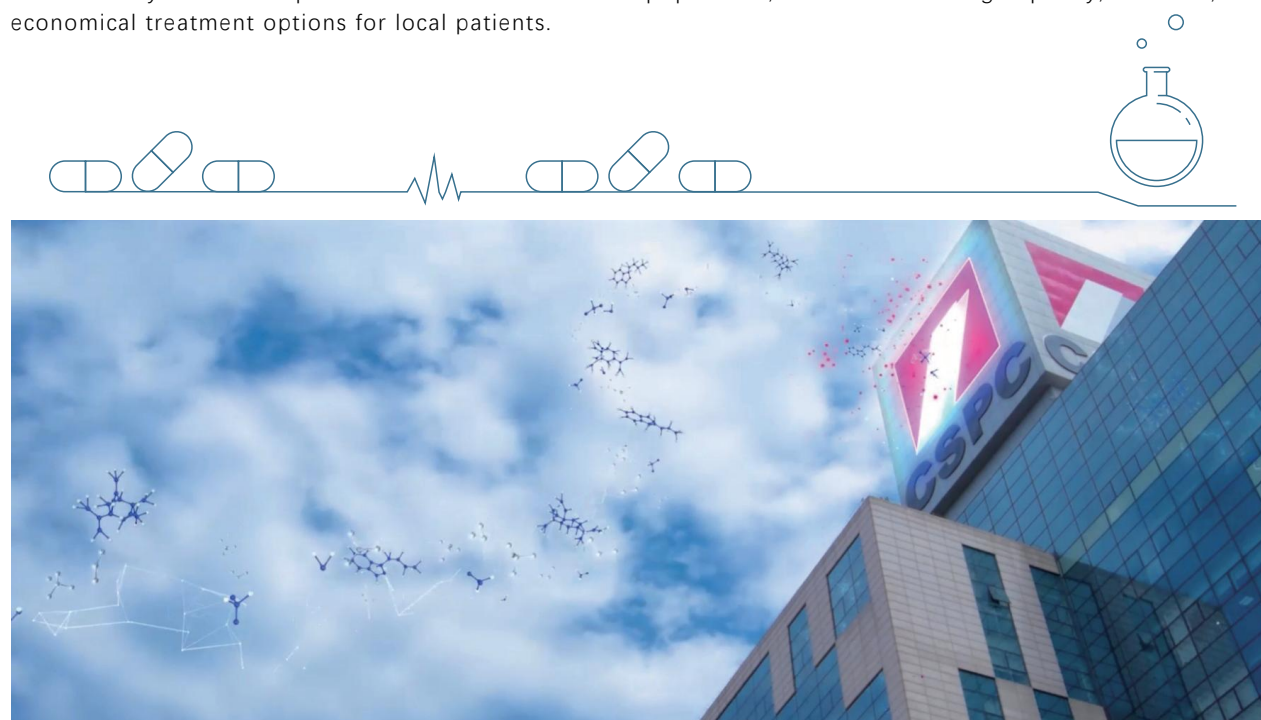
7.2.1 Benefitting People All Over the World with Our Products

CSPC is committed to providing a wide range of high-quality medicines for patients. Upholding the corporate mission of "All for Good Medicine, All for Mankind's Health", the Group actively innovates to address unmet clinical needs, offering innovative treatment solutions to a broad spectrum of patients. Additionally, the Group continuously expands its market reach, increasing the accessibility of medicines both in terms of product variety and sales territory.

In terms of product categories, CSPC boasts a rich product pipeline, focusing on six major therapeutic areas: oncology, anti-infection, neuropsychiatry, cardiovascular, immunology and respiratory, and gastrointestinal and metabolic diseases. By the end of 2024, CSPC had over 330 marketed products covering more than 760 specifications, with listings across 31 provinces and municipalities in China, including the Xinjiang Production and Construction Corps.

CSPC products are supplied to more than 35,000 medical institutions nationwide, with coverage exceeding 90% in tertiary hospitals and over 70% in secondary hospitals. The Group actively promotes market penetration into lower-tier regions, developing the potential of county-level markets to provide high-quality medications for grassroots populations.

We have consistently collaborated with formulation clients worldwide to expand registration markets, particularly in emerging and developing countries, enhancing product accessibility and enabling global patients to benefit from our high-quality and affordable medicines and services. In 2024, leveraging the Group's strong product chain and extensive pipeline, CSPC proactively expanded sales channels in Latin America, Africa, the Middle East, and Southeast Asia. We successfully launched products in previously untapped markets such as South Africa, Jordan, and Ghana, and secured overseas authorizations in Brazil, Saudi Arabia, and South Africa. Overall, our international sales footprint reached 52 countries, adding 7 new markets compared to 2023. In 2024, 35 products were successfully registered across 15 countries. We fully consider the local economic conditions and patients' affordability, setting prices with reference to similar products on the market and targeting the general public. This not only allows our products to benefit a broader population, but also offers high-quality, effective, and economical treatment options for local patients.



Innovation-Driven, Benefiting All People

7.2.2 Investment in Rare Diseases

Drug accessibility is one of the core challenges in the field of rare diseases, requiring joint efforts from all sectors of society. CSPC upholds the core philosophy of "All for Good Medicine, All for Mankind's Health" Leveraging its robust product pipeline and R&D capabilities, the Group continues to increase investment in rare disease drug development. Currently, 9 products have been granted Orphan Drug Designation by the U.S. FDA. Among the approved products, the innovative biologic Narlumosbart monoclonal antibody has been approved for the treatment of giant cell tumor of bone (included in the second batch of Rare Disease Catalog), and Nintedanib Esilate Soft Capsules have been approved for the treatment of progressive fibrosing interstitial lung disease (included in the second batch of Rare Disease Catalog).

Among the pipeline products, long-acting octreotide injection is currently undergoing Phase II clinical trials for acromegaly (included in the second batch of Rare Disease Catalog); the small-molecule innovative drug SYHA1813 is undergoing Phase II trials for high-grade meningioma and glioblastoma (included in the second batch of Rare Disease Catalog); albumin-bound sirolimus is in Phase IB/III clinical trials for evaluating safety and efficacy in patients with advanced malignant perivascular epithelioid cell tumors (PEComa); NBL-028 for melanoma (included in the second batch of Rare Disease Catalog) is in Phase I dose-escalation studies; ALMB-0168 for osteosarcoma (a primary malignant bone tumor included in the rare disease catalog by the National Health Commission and five other departments) has completed Phase IA dose-escalation and is currently in Phase IB dose-expansion; SYS6020 injection for generalized myasthenia gravis (included in the first batch of Rare Disease Catalog) received IND approval on October 25.

Currently, the Group is exploring the development of high-concentration hydroxocobalamin hydrochloride injection for the treatment of methylmalonic acidemia (included in the first batch of Rare Disease Catalog) and a biosimilar of Emicizumab for the treatment of hemophilia (included in the first batch of Rare Disease Catalog). Development plans for both drugs have been finalized and are being actively pursued to address patients' urgent treatment needs as soon as possible.

Case Study: CSPC Rare Disease Drug -SYH2059 Project

Idiopathic Pulmonary Fibrosis (IPF) is a relatively common progressive fibrosing interstitial lung disease (ILD), with symptoms including exertional dyspnea, dry cough and persistent coughing, chest discomfort, fatigue, and weakness. In May 2018, five government departments, including the National Health Commission, jointly issued the First Batch of Rare Disease Catalog, listing 121 rare diseases, including IPF. The increasing rates of hospitalization and mortality associated with IPF indicate a growing disease burden. Due to the rarity of the disease and the complexity of diagnosis, there has been a lack of motivation in new drug development for this condition. Upholding the mission of "making good medicine for China and benefiting people around the world," CSPC developed a highly selective PDE4B inhibitor. SYH2059 tablets, designed to exert anti-inflammatory and anti-fibrotic effects by modulating the release of pro-inflammatory/anti-inflammatory cytokines and inhibiting the proliferation and differentiation of fibroblasts.

SYH2059 Project: The IND application was officially submitted to the CDE on 30 September 2024, and was approved on 6 January 2025. The project was also submitted for IND application in the United States on 10 January 2025, and received approval on 9 February 2025.

Innovation-Driven, Benefiting All People

7.3 Product affordability

CSPC is committed to providing high-quality medicines at reasonable prices to a broad range of patients. In order to make high-quality and affordable innovative drugs accessible, we continuously enhance the market accessibility of our products, aiming to genuinely alleviate patients' suffering. We formulate reasonable pricing strategies by balancing the number of patients with specific diseases and the R&D investment of each product, ensuring that more patients can benefit. In 2024, the prices of several major products were significantly reduced, greatly enhancing drug accessibility and effectively easing the financial burden on patients.

By the end of 2024, the National Healthcare Security Administration and the Ministry of Human Resources and Social Security jointly released the National Reimbursement Drug List (2024) ("NRDL"). A total of 295 products from the Group were included in the NRDL, comprising 123 Category A and 172 Category B medicines.

In terms of participation in national volume-based procurement, as of the end of 2024, CSPC had a total of 48 products (71 specifications) selected through centralized procurement. The average price reduction for selected drugs exceeded 50%, with those selected in the 10th round of volume-based procurement seeing an average price cut of 74.5%.

Case Study: Some Core Products See Price Reductions Over 80%

CSPC's Category I innovative drug Enlonstobart Injection was included in the NRDL in 2024. The reimbursement price was reduced from RMB 2,990 to RMB 570 per vial through negotiation, representing a decrease of 80.94%. As an effective treatment, the price drop and insurance coverage of Enlonstobart Injection significantly improved patients' treatment compliance and enthusiasm, reducing their economic burden, improving quality of life, and extending survival.

Another innovative drug, Narlumosbart Injection, was included in the NRDL in 2024 for the treatment of giant cell tumor of bone, a rare disease. Its reimbursement price dropped from RMB 1,380 to RMB 1,150 per vial, representing a 16.67% decrease. The reduced treatment cost of Narlumosbart Injection made the drug more affordable for patients and sustainable for the medical insurance fund, improving accessibility to treatment and allowing more patients to benefit from this innovative therapy and ultimately enhancing their health outcome.

The original patented drug Butylphthalide Soft Capsules and Butylphthalide Sodium Chloride Injection have undergone multiple rounds of price adjustments, achieving significant reductions. The reimbursement price of soft capsule has gradually decreased from RMB 289 to RMB 77.76 per bottle, representing a total decrease of 73%; the injection's price has dropped from RMB 359 to RMB 102.16 per vial, representing a total decrease of 71.5%. These price reductions fully reflect national medical insurance policy's support for improving the accessibility of innovative drugs while also alleviating the financial burden on patients, allowing more patients to benefit from this original, innovative medication.



7.4 R&D Collaborations

In terms of business expansion, one in-licensing project and three out-licensing projects were completed this year. For in-licensing, the Group was granted the rights to develop and commercialize JSKN003, a HER2-targeting bispecific ADC, in mainland China from Jiangsu Alphamab Biopharmaceuticals.

In terms of out-licensing, we entered into collaboration agreements with internationally renowned pharmaceutical companies to out-license the global rights for a preclinical-stage Lp(a) small molecule inhibitor to AstraZeneca; global rights of a novel methionine adenosyltransferase 2A (MAT2A) inhibitor to BeiGene; and development and commercialization rights of the antibody-drug conjugate SYS6005 in multiple countries, including the United States and the United Kingdom, to Radiance Biopharma Inc.

These collaborations mark significant international recognition of the Group's innovation capabilities, enhance global visibility, and pave the way for expanding international market presence and deepening global partnerships.





08

People–Oriented, Advancing Together

8 People-Oriented, Advancing Together

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

8.1 Lawful Employment

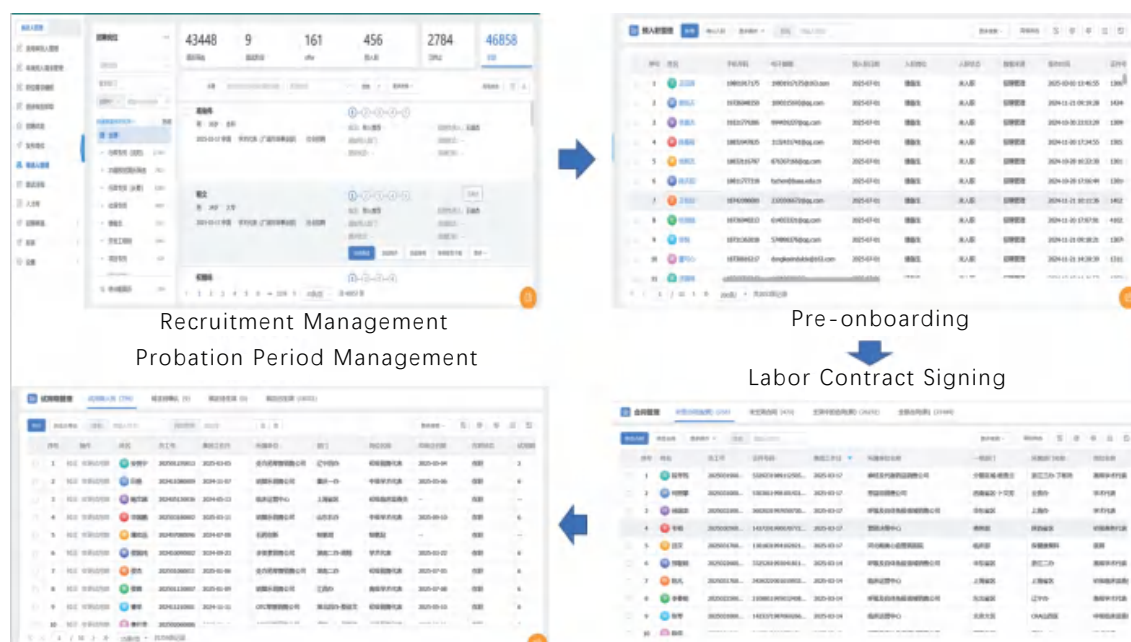
8.1.1 Protection of Employees' Legitimate Rights and Interests

CSPC always regards lawful employment and humane offboarding management as core components of ESG governance. We strictly comply with *the Labor Law of the People's Republic of China*, *the Labor Contract Law of the People's Republic of China*, and *the Special Provisions on Labor Protection for Female Employees* and other relevant national laws and regulations. Based on these laws and regulations, we have revised internal policies such as *the Labor Relations Management System*, *the Attendance and Leave Policy*, and *the Employee Resignment Management System* to build a full-cycle employment management system. This ensures the protection of employees' legitimate rights and interests from onboarding to offboarding while reducing employment risks through transparent and standardized procedures and promoting harmonious labor relations.

1 Lawful Employment: Strict Compliance with Labor Regulations

Contract Standardization: Utilizing a human resources information management system, we have established full lifecycle control from resume submission to onboarding, signing of electronic contract, and offboarding. The system ensures 100% timely signing of labor contract; contract templates are customized for different employment types to ensure compliance with contract terms. Probation periods are also managed via the system to guarantee 100% compliance.

[Case] Employee Full Lifecycle Employment Management Process of CSPC



People-Oriented, Advancing Together

Case Study - Lawful Employment Practices at CSPC

Anti-discrimination Commitment

Anti-discrimination Commitment: The recruitment process strictly adheres to the Labor Law and Employment Promotion Law, prohibiting discrimination based on gender, age, or region, and rejecting child labor. In 2023, we provided employment for 57 individuals with disabilities, which increased to 95 in 2024.

Background Checks

We partner with third-party agencies to conduct legal background checks on candidates to ensure authenticity of employment information.

Information Protection

A personal data encryption system is in place, with access permissions managed to protect employee data.

2 Basic Rights Protection

CSPC regards the respect and protection of fundamental labor rights as the cornerstone of its sustainable development. We strictly follow core conventions of the International Labour Organization (ILO) and Chinese labor laws to ensure employees work in a safe, equal, and dignified environment. We contribute to harmonious labor relations through improved systems, transparent processes, and ongoing enhancements.

In 2024, our labor contract signing rate and social insurance coverage both reached 100%. We also provided 100% coverage for group accident insurance and transportation accident insurance for frequently traveling employees (coverage rate: 60%). In addition, we strictly manage overtime hours. For positions where standard working hours cannot be applied due to the nature of the job, we implement non-fixed working hour systems or comprehensive working hour systems, with proper approval and registration in accordance with national regulations to fully protect employees' rights.

3 Protection of Equality and Freedom of Rights

Discrimination in recruitment, promotion, or compensation based on gender, age, or race is strictly prohibited. In 2024, women made up 65% of our diverse management team. We employ anonymous screening at the resume screening stage, hiding ethnicity and other identifiers to ensure that every candidate has an equal opportunity to showcase their talents in a fair environment. We are firmly committed to eliminating all forms of ethnic discrimination and evaluating candidates based on their ability and potential, and provide robust opportunities for ethnic minority talents. In 2024, we conducted campus recruitment inclusive of all student groups, offering practical experiences and career advancement pathways for ethnic minority students. In the past three years, we hired 62 ethnic minority graduates, accounting for around 5% of the total graduate hires.

Grievance Mechanism: A multi-channel anonymous complaint platform (including hotline, email, and offline drop boxes) ensures 100% response within 48 hours to address employee concerns promptly.

Life Support: We assist employees with household registration and residence permits in cities like Beijing and Shanghai to alleviate their concerns. In 2024, we supported 22 Shanghai-based and 12 Beijing-based employees with household registration procedures, and processed residence permits for 7 Shanghai-based and 1 Beijing-based employees. We also offer transportation and communication subsidies, with a 59% employee coverage rate.

People-Oriented, Advancing Together

8.1.2 Compensation and Benefits

1. Employee Compensation

The Group conducts regular industry compensation research, closely monitoring regional and sector-specific remuneration levels, with a commitment to providing employees with continuously competitive compensation packages.

Employee compensation primarily comprises base salary, performance bonuses, various allowances and subsidies. Base salary is determined by role level and years of service, ensuring reasonable hierarchical differences. Performance bonuses are closely tied to individual results, with assessment criteria varying across departments, such as sales volume and receivable rate for sales roles, and project progress and technological innovation achievements for R&D. Allowances and subsidies like transportation and communication allowances are designed to alleviate employees' daily commuting and communication burdens.

When determining and computing employee compensation and related benefits, we adhere to the principles of compliance, fairness, and incentive. This not only respects and protects employees' fundamental rights and interests, but also reflects our responsibility as a responsible enterprise. We ensure employees receive appropriate financial rewards for their contributions, thereby enhancing their sense of belonging and loyalty. The Group consistently promotes equal pay for equal work, maintains gender pay equity, conducts regular compensation audits, and reports transparently to the board.

1.1 Performance-Oriented

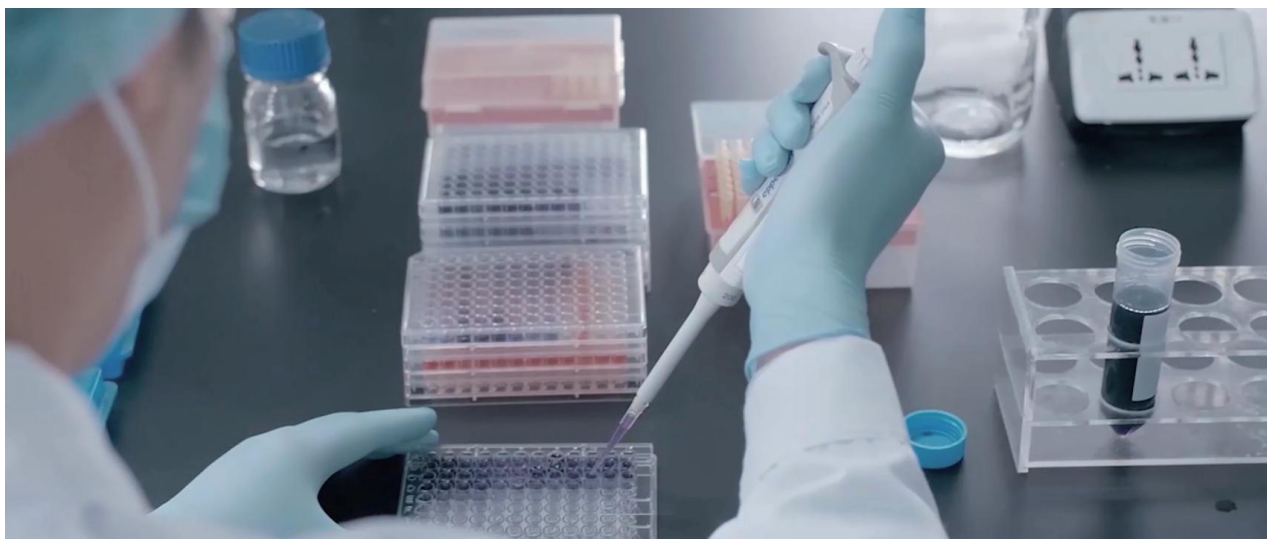
The Group promotes a performance-oriented compensation philosophy, placing high importance on optimizing performance management by refining assessment indicators, evaluation processes, and incentive mechanisms. This ensures continuous improvement and innovation, establishing a scientific, rational, and efficient performance management system.

The Group conducts employee evaluations monthly, quarterly, semi-annually, and annually based on appraisal methods tailored to each subsidiary or business unit. These evaluations are a key component of performance appraisal, providing comprehensive feedback on employee status, enabling timely and appropriate incentives and supervision, and fostering a more scientific approach to performance management.

The Group supports performance differentiation, prioritizing the allocation of limited resources to high-performing employees with high potential and in key positions. Employees who meet performance standards are recognized, while those with lower performance are supported for timely improvement.

1.2 People-Oriented

The Group focuses on employee needs and development, using performance incentives, career advancement, and welfare care to motivate employees. It encourages joint development and shared success between employees and the company, helping employees feel valued and respected, and enhancing their sense of belonging and loyalty.



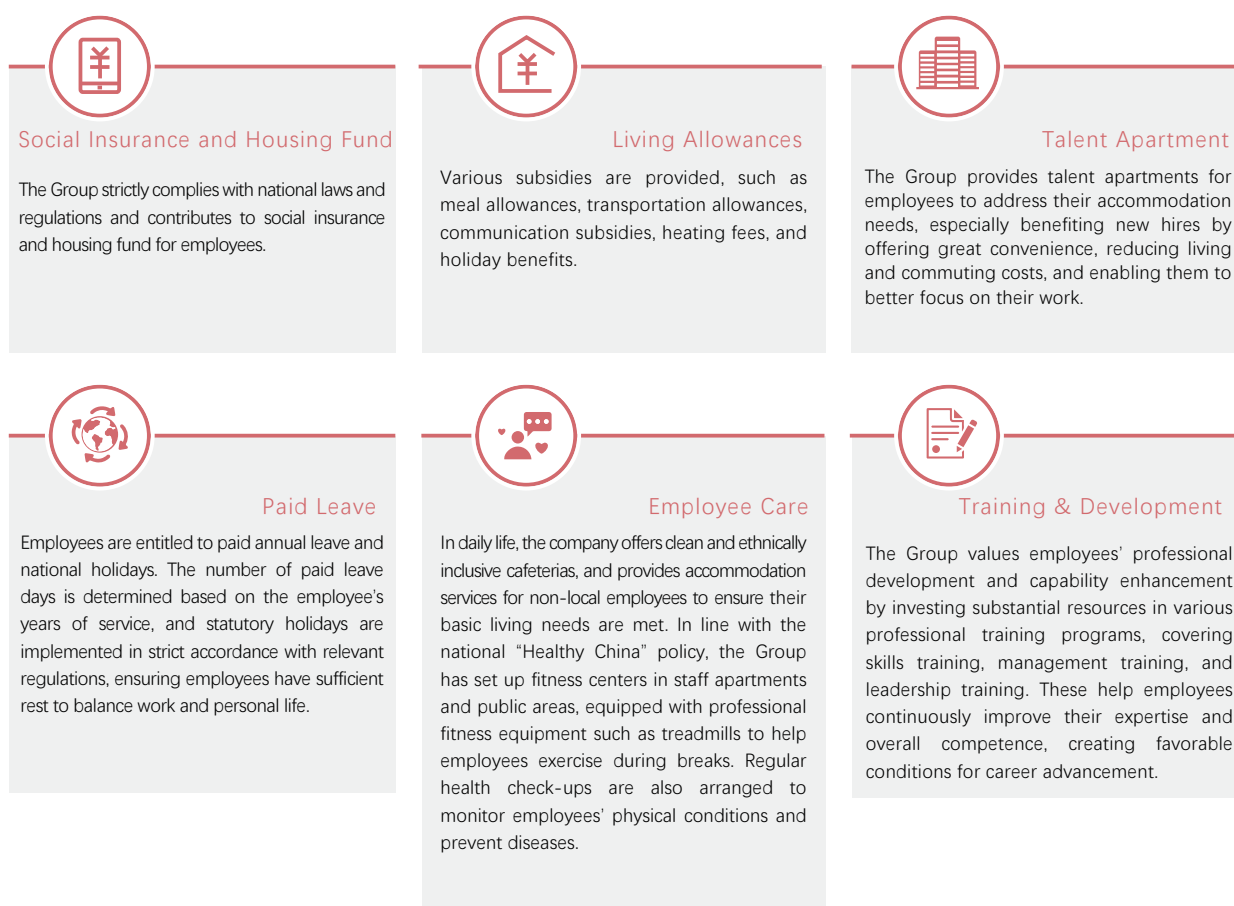
People-Oriented, Advancing Together

2. Employee Welfare and Care

In accordance with national and regional laws and regulations, the Group provides all employees with not only basic salaries and bonuses, but also a range of tailored welfare policies and systems that cover all types of employees within the Group.

The Group ensures employees enjoy statutory leave benefits, including annual leave, marriage leave, bereavement leave, maternity leave, paternity leave, breastfeeding leave, home visit leave, and work injury leave. Using internet technologies and various innovations, the Group is committed to providing better services to employees and continuously optimizing the delivery and promotion of welfare benefits. A mobile application platform has been introduced for disseminating employee welfare information, where employees can check various remuneration, benefits, and HR policies at any time. These include, but are not limited to, medical benefits, housing benefits, daily life support and facilities, holiday perks, union benefits, and assistance programs from the foundation, enabling employees to live mindfully and work joyfully.

A detailed breakdown of the benefits is provided below:



3. Work-Life Balance

The Group always prioritizes the physical and mental well-being of its employees and advocates for an organic balance between work and life. In response to overtime demands arising from the nature of the business, the Group adopts scientific task prioritization, flexible scheduling mechanisms, and dynamic resource allocation to minimize the impact of work on employees' personal lives, helping them achieve both efficient work and a quality life.

People-Oriented, Advancing Together

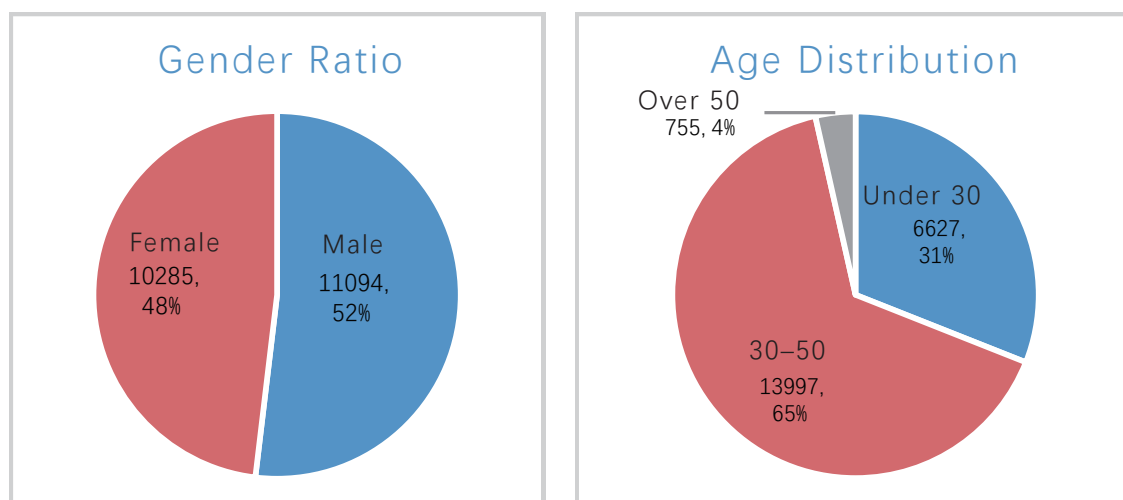
8.1.3 Employee Diversity

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

▶ Talent Diversity

As of 31 December 2024, CSPC Group had a total of 21,379 employees, of whom 52% were male and 48% female, maintaining a gender balance and stable composition. Employees under the age of 30 accounted for 31%, those aged 30–50 accounted for 65%, indicating an overall trend toward younger demographics.

The Company not only focuses on business development but also emphasizes the integration and growth of employees from diverse backgrounds and cultures, especially ethnic minorities. The Company employs 712 minority employees from 30 ethnic regions, accounting for approximately 3% of the total workforce, reflecting our respect for and inclusion of cultural diversity.



People-Oriented, Advancing Together

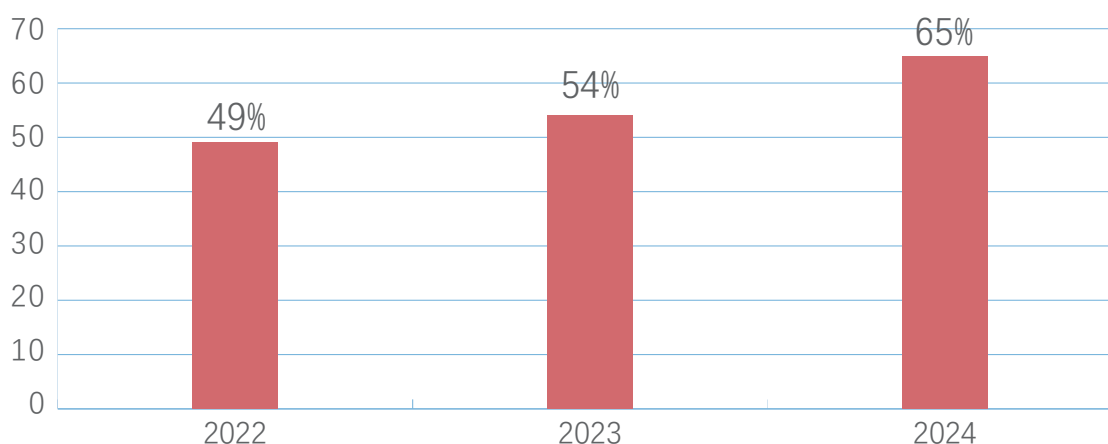
▶ Respecting Women's Rights and Interests

In 2024, the number of female employees totaled 10,285, accounting for 48% of the workforce. Among mid-to-senior level managers, there were 1,132 women, raising the proportion to 65%.

Promotion Channel:

The Company implemented the "Accelerated Female Leadership Development Program", and the proportion of women in mid-to-senior management has increased year by year since 2022:

Proportion of Female Mid-to-Senior Managers:



We are committed to creating a diverse and inclusive workplace environment. Through institutional safeguards, resource alignment, and cultural initiatives, we empower female employees in their career development and continue to promote social gender equality.

In employee health checkups, we enhance gynecological screenings for female staff, helping them better understand their physical condition and raise awareness of self-care. For female employees returning to work after childbirth, we provide well-equipped lactation rooms, and we also offer paternity leave for male employees. Training is provided for female staff to ensure they receive adequate support and maintain their health.

We aim to foster care for female employees and promote workplace diversity. A zero-tolerance sexual harassment prevention mechanism has been established and incorporated into the "Employee Integrity and Professional Conduct Management System", with 100% training coverage and a 24-hour anonymous reporting channel.

▶ Steady Improvement in Overall Employee Quality

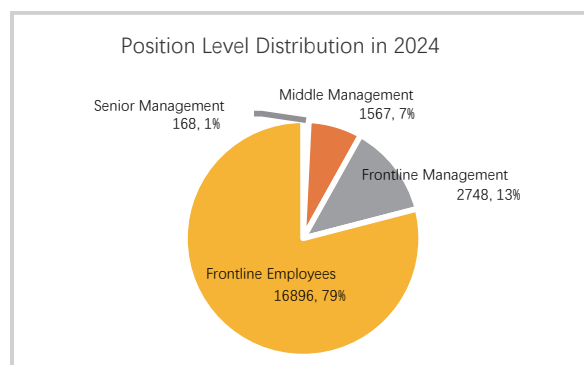
CSPC Group continues to enhance overall talent quality. By the end of 2024, employees with a bachelor's degree or above accounted for 48% of the workforce, representing an increase of 3 percentage points from the previous year. The proportion of employees with a junior college degree or below dropped to 52%.

Senior management made up 1% of the group, middle management 7%, frontline management 13%, and frontline employees 79%. The management span is approximately 1:4, and overall management quality remains steady compared to the previous year.

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Educational Background Distribution	2022		2023		2024	
	Number of Employees	Percentage	Number of Employees	Percentage	Number of Employees	Percentage
Doctorate	233	1%	253	1%	264	1%
Master's	1,575	6%	1,641	7%	1,813	8%
Bachelor's	8,801	36%	8,679	37%	8,249	39%
Associate Degree or Below	14,147	57%	12,907	55%	11,053	52%
Total	24,756	100%	23,480	100%	21,379	100%

Job Level Distribution	2022		2023		2024	
	Number of Employees	Percentage	Number of Employees	Percentage	Number of Employees	Percentage
Senior Management	212	1%	219	1%	168	1%
Middle Management	1,868	8%	1,871	8%	1,567	7%
Frontline Management	2,761	11%	2,816	12%	2,748	13%
Frontline Staff	19,915	80%	18,574	79%	16,896	79%
Total	24,756	100%	23,480	100%	21,379	100%



► Diversified Employment Approach:

Meanwhile, CSPC adopts a diversified employment approach to reduce overall labor costs, adapt to peak labor demand, alleviate management burdens, and mitigate employment risks. By dividing departments according to functions, it helps improve work efficiency, achieve specialized management and provide opportunities for career development.

CSPC focuses on evaluating the actual abilities and potential of applicants rather than just considering their physical condition during the recruitment process. We are committed to finding disabled individuals who can adapt to job requirements and utilize their talents and providing them with necessary support and training to ensure they are capable of performing their duties effectively.

In terms of talent structure and management, the Group attaches great importance to the continuous construction of talent echelons. We are committed to building a stable, sustainable, and dynamic talent structure that supports the rapid development of young talents with business backbones as the cornerstone.

CSPC actively promotes talent mobility through diversified means. Employees can participate in internal job competitions through job postings released within the Company. Through this mechanism, employees can choose positions that better suit their abilities, interests, and career plans, providing them with a platform to showcase themselves and achieve career advancement.

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8.1.4 Employee Retention and Departure

1. Employee Retention Measures

The Group attaches great importance to talent development and retention and is committed to retaining employees through various means such as competitive salaries, good social and company welfare, equal and respectful environment, and team building. We consistently adhere to the talent philosophy of “valuing virtue and ability, embracing compatibility and achieving success together”, building a platform for talented individuals to showcase their abilities, and also striving to create a fair and competitive environment for employees to allow them to realize their self-worth while contributing to the continuous development of the Group.

Employee Retention Measures			
A fair and competitive recruitment system with a positive working atmosphere	Early warning mechanism for employee turnover	Enhanced onboarding training for new employees	Identification and reserve of key talent
Competitive compensation and benefits	Training and development opportunities aligned with employees' career paths	Regular employee satisfaction surveys	Regular employee discussion sessions to understand current work status and future plans

CSPC ensures that outstanding talent can grow together with the Company over the long term through comprehensive care and incentives, aligning personal value with corporate goals. The Company provides equal promotion opportunities for all employees, with the following main measures:

Fair and Transparent Promotion Mechanism

Promotion is not only recognition of an employee's past performance but also affirmation of their future potential. We have established a scientific and transparent promotion standard, emphasizing both integrity and capability, comprehensively evaluating employees' personal qualities, abilities, and work performance. We combine hierarchical promotion with fast-track promotion to reward employees who have made exceptional contributions or possess special talents.

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Fair and Just Evaluation Process

We have developed a rigorous promotion evaluation process to ensure that every employee's promotion opportunity is based on objective and fair assessment. During the evaluation, we consider feedback from supervisors, subordinates, and cross-departmental colleagues, using a multi-dimensional assessment to comprehensively evaluate performance and potential. In addition, we conduct management potential assessments to help employees understand their strengths and areas for improvement from multiple perspectives, providing a fuller basis for promotion.

Regular Promotion Opportunities

The Company attaches great importance to career development and conducts regular promotion reviews. We encourage employees to proactively set career development goals and continually improve themselves through ongoing learning and practice. At the same time, based on business development needs and employee performance, the Company provides timely promotion opportunities to ensure that outstanding talent stands out and receives deserved recognition and rewards.

Comprehensive Cross-Department Rotation

To cultivate high-potential core talent, we offer one-year cross-departmental rotation programs for campus recruits. This helps employees broaden their horizons and enhance comprehensive capabilities. During the rotation, employees gain deep insights into the workflows and responsibilities of different departments, fostering cross-disciplinary thinking and team collaboration. This valuable experience lays a solid foundation for future career advancement by improving problem-solving abilities and strengthening professional development.

2. Employee Separation Management

Based on employees' personal development intentions, the company follows the Employee Resignation Management Procedures to understand the reasons behind resignations through data analysis, aiming to formulate detailed guidance plans for employee development and retention. Specific measures include:



Process Transparency

Establish a standardized resignation process, including resignation application, work handover, and compensation settlement. After the resignation process is completed, the resignation procedures can be processed the day after the resignation date.



Rights Protection

Ensure timely payment of wages, unused annual leave, and other compensations. Fully comply with labor contracts and labor laws to protect employees' legitimate rights. Legal compliance training coverage reaches 100%.



Resignation Support

We offer exit interviews and career counseling. Through the human resources information system, we conduct real-time statistics on the reasons for leaving during the resignation process, regularly analyze the resignation data, and optimize management policies in a targeted manner.

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8.1.4 Employee Retention and Turnover

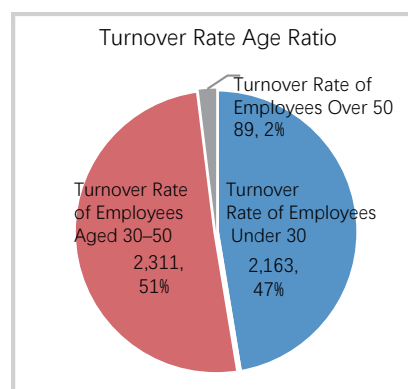
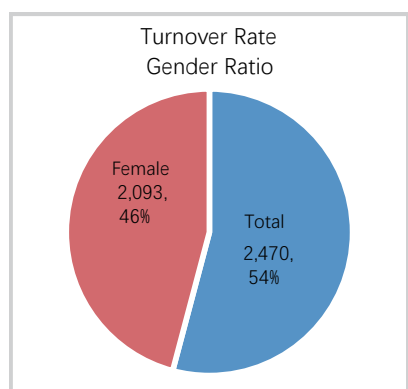
We offer exit interviews and career counseling. Through the human resources information system, we conduct real-time statistics on the reasons for leaving during the resignation process, regularly analyze the resignation data, and optimize management policies in a targeted manner.

Chart: 2024 Employee Turnover Statistics of CSPC

Turnover Rate		Percentage	Turnover Rate	Number of Employees Resigned in 2024
Category	Overall Employee Turnover Rate	%	17.59%	4,563
By Gender	Male Employee Turnover Rate	%	9.52%	2,470
	Female Employee Turnover Rate	%	8.07%	2,093
By Age Group	Turnover Rate of Employees Under 30	%	8.34%	2,163
	Turnover Rate of Employees Aged 30-50	%	8.91%	2,311
	Turnover Rate of Employees Over 50	%	0.34%	89
By Region	Employee Turnover Rate in Mainland China	%	17.46%	4,530
	Employee Turnover Rate in Hong Kong, Macau, Taiwan, and Overseas	%	0.13%	33

Age Distribution of Departed Employees	2022	2023	2024	Growth Rate
Turnover Rate of Employees Under 30	3,415	2,394	2,163	-10%
Turnover Rate of Employees Aged 30-50	2,737	2,381	2,311	-3%
Turnover Rate of Employees Over 50	231	116	89	-23%
Total	6,383	4,891	4,563	-7%

Gender Distribution of Departed Employees	2022	2023	2024	Growth Rate
Male	3,537	2,793	2,470	-12%
Female	2,846	2,098	2,093	0%
Total	6,383	4,891	4,563	-7%



8.2 Occupational Health and Safety

CSPC attaches high importance to employees' safety and health, always adheres to the production safety principles of Safety first, Prevention Foremost and Comprehensive Management, and is committed to providing employees with a healthy and safe working environment. In 2024, CSPC continued to strengthen the construction of occupational health and safety management system and improve work environment while upgrading safety facilities, comprehensively implementing safety inspection and raising awareness of safety among all employees to ensure their occupational health and safety.

EHS Policy and Objectives:

- "Safety First"-Ensuring employee safety is the foundation of all our business activities.
- "Environmentally Friendly"-We strive 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, promote green development, and create a better life!

EHS Commitments:

- People-oriented, aiming for zero personal injuries.
- Firm belief that all accidents are preventable.
- Environmental protection.
- Efficient use of raw materials and energy to deliver products and services.
- Treat EHS as a core business activity.
- Encourage full employee participation in a culture of health, safety, and environmental protection.
- Create a safe operating environment to reduce economic losses, maintain normal operations, and protect the overall interests and reputation of the Group.

EHS Policies:

- Implement a systematic approach to health, safety, and environmental management, ensuring compliance with laws and ongoing improvements in our work.
- Set improvement goals and measurable standards, and evaluate and report performance in health, safety, and environmental areas.
- Require contractors to align their management of health, safety, and environmental matters with this policy.
- Include health, safety, and environmental performance in employee evaluations and provide rewards based on performance.

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8.2.1 System Development

In alignment with ISO 14001 Environmental Management Systems – Requirements with Guidance for Use, ISO 45001 Occupational Health and Safety Management Systems – Requirements with Guidance for Use, and GB/T 33000-2016 Basic Specifications for Enterprise Work Safety Standardization, the Group carries out Environment, Health, and Safety (EHS) management guided by the core values of the CSPC EHS culture.

In terms of health management system development, the Group, based on relevant laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Administrative Measures for Occupational Health Surveillance of Employers, Technical Specifications for Occupational Health Surveillance (GBZ118-2014), Regulations on Occupational Health Management in Workplaces, and Administrative Measures for Occupational Disease Hazard Reporting, ensures that each member enterprise complies with the local occupational health laws and regulations of its operation sites. The Group has formulated the Occupational Health Management System and the Occupational Health Examination and Testing Plan, regularly carries out testing for occupational hazard factors to ensure workplace exposures are within national standard limits and publicly discloses the results to all employees. In accordance with the occupational health surveillance cycle, every employee exposed to occupational hazards undergoes pre-employment, on-the-job, and post-employment health checks, and the results are communicated in writing to everyone to uphold their health and right to know. The Group also maintains individual health surveillance records for all employees and regularly conducts training on occupational disease prevention and the use of personal protective equipment (PPE).

In terms of workplace safety, the Group strictly complies with the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, and other relevant laws and regulations. Under the framework of *ISO 45001 Occupational Health and Safety Management Systems — Requirements with Guidance for Use*, the Group has established a comprehensive and unified EHS management system, set up dedicated safety management organizations and personnel, promoted the implementation of a dual prevention mechanism, safety production standardization, and the effective integration of cleaner production with the EHS system. The Group has refined safety management practices, standardized the management of personnel, equipment, and processes, and fully implemented the safety production responsibility system, thereby advancing the development of EHS documentation that reflects CSPC's unique corporate culture.

As of the end of 2024, member companies of the Group have obtained OHSAS 18001, ISO 45001, and local safety standardization system certifications, and some have been recognized as demonstration units for safety documentation at the provincial and municipal levels.

Appointment of 3M to deliver training on qualitative fit testing for protective equipment, covering inspection methods, usage procedures, and appropriate application scenarios.



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8.2.2 Management Measures

CSPC has clearly defined targets relating to workplace safety.

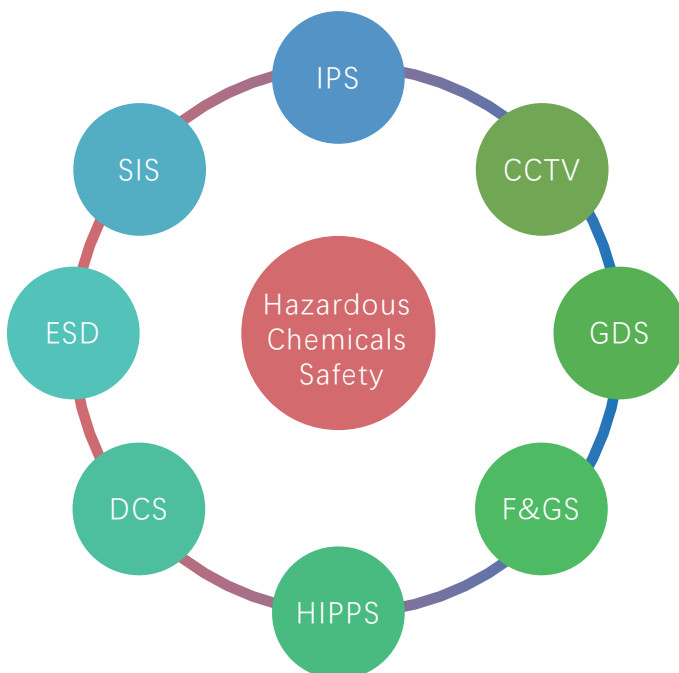
CSPC Safety Management Targets		
Number	Safety Problems	Target
1	Fire and Explosion Incidents	0
2	Major Injuries or Above	0
3	Occupational Diseases	0
4	Administrative Penalties	0
5	Negative Safety News Coverage (Prefecture Level and Above)	0
6	Incident Rate per Million Working Hours	≤0.4

Member enterprises of the Group have implemented a dual prevention mechanism consisting of graded control of safety risks and investigation and management of hidden hazards. They identify risks associated with production processes, key equipment safety protection, flammable and explosive substances, and toxic and hazardous factors. Based on this risk identification, they establish specific control measures across organizational, technical, managerial, and emergency response dimensions, and apply graded safety management according to the level of risk. At the same time, each member enterprise continues to carry out multi-tier safety inspections at the company, department, and team levels to promptly detect and correct potential safety hazards, thereby enhancing the Group's overall safety management standards.



(1) Construction of Safety Production Facilities

The Group strictly complies with the national requirements for the "Three Simultaneities" of occupational health in construction projects: simultaneous design, simultaneous construction, and simultaneous commissioning of occupational health protection facilities along with the main project. It insists on thorough planning and validation of workplace occupational health protection facilities for all new, renovation, and expansion projects. The Group also enforces strict acceptance inspections of completed occupational health facilities and strengthens the routine maintenance and management of occupational health-related protective equipment, striving to create a healthy and safe working environment for employees.



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8.2.3 Occupational Health and Safety Performance

In 2024, the Group focused on standard development, system evaluation, platform communication, and key projects to continuously improve and enhance EHS (Environment, Health, and Safety) management. Member enterprises successfully achieved the occupational health and safety management goal of “Five Zeros and One Low”: zero fatalities, zero severe injuries, zero multiple injuries, zero occupational diseases, zero poisoning incidents, and a low rate of minor work-related injuries. For consecutive years, there have been no workdays lost due to severe injuries or fatalities from work-related accidents.

In 2024, no fatal or severe injury accidents occurred within the Group. There were five minor injury incidents resulting in five individuals being injured. No minor or more serious accidents occurred among contractors, and no safety production incidents or secondary disasters were caused by natural disasters.

CSPC Group Occupational Safety and Health Core Performance Data							
Year	Number of Fatalities	Number of Serious Injuries	Total Working Hours (in millions of hours)	Lost-Time Injury Rate per Million Hours	Workday Loss Rate per Million Hours	Recordable Incident Rate per Million Hours	Number of Confirmed Occupational Diseases
2019	0	0	37,420,000	0.50	214	0.54	0
2020	0	0	32,350,000	0.33	183	0.36	0
2021	0	0	34,070,000	0.29	156	0.32	0
2022	0	0	35,790,000	0.22	78	0.30	0
2023	0	0	34,580,000	0.23	64.8	0.29	0
2024	0	0	30,690,000	0.20	81.3	0.26	0

Note: With increased investment in digitalization and high-end automation equipment by the Group starting from 2022 to 2024, total working hours have shown a downward trend.

Employee Safety and Health Performance			
Year	Occupational Hazard Detection Rate	Average Safety Training Hours per Employee (h)	Investment in Work Safety (10,000 RMB)
2019	99.90%	33.18	5,813.80
2020	100.00%	21.63	3,389.19
2021	100.00%	23.69	3,696.38
2022	100.00%	25.18	3,819.63
2023	100.00%	28.64	6,764.20
2024	100.00%	33.00	6,509.00

Note: 1. Accident classifications are based on the *Enterprise Employee Injury and Fatality Classification Standards* and the international OSHA standards. The data disclosed in this report includes OSHA-defined lost time injuries.

2. Lost Time Injury Rate per Million Work Hours = Number of Minor Injuries / Total Work Hours × 1,000,000; others follow the same formula.

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8.2.4 Safety Training

The Group's subsidiaries have also established the *EHS Education and Training Management System* and prepared the *annual EHS Training Plan* in accordance with the requirements of the national regulation, such as the *Work Safety Law of the People's Republic of China* and the *Regulations on the Administration of Safety Training of Production and Business Units*, and regularly organized activities like offline face-to-face training and knowledge competitions with rewards for employees. In 2024, one round of equipment safety system review and evaluation was conducted, involving 8 key units. A total of 79 major safety improvement and technical renovation projects were implemented.

The Group has also set up "Xuanxing" information platform for training, through which each subsidiary can conduct online class and video trainings for employees. The training mainly includes three-level safety education for new employees, post-transfer training and training on safety operation procedures, fire and emergency knowledge, occupational health, and other related knowledge training. The subsidiaries persist in conducting pre-job training for employees and providing training and explanations on the daily work tasks, risk analysis and EHS precautions.



In 2024, the Group conducted comprehensive safety knowledge training for all employees, covering topics such as Risk Identification and Control, Hidden Hazard Investigation and Rectification, Special Operation Management, EHS Change Management, Equipment Professional Management, and Contractor Management. Additionally, the Group organized two rounds of six safety knowledge assessments to evaluate training effectiveness.

Round	Session	Date	Target
Round 1	Session 1	January 2024	Division-level safety vice presidents, production/safety directors, general managers and assistant general managers of subsidiaries
	Session 2	February 2024	Mid-level personnel at plants (safety managers, workshop heads, storage and transport managers, equipment managers, quality managers, R&D managers, etc.)
	Session 3	March 2024	Workshop teams, team leaders, operators in formulation, raw materials, and R&D
Round 2	Session 1	August 2024	Division-level safety vice presidents, production/safety directors, general managers and assistant general managers of subsidiaries
	Session 2	September 2024	Mid-level personnel at plants (safety managers, workshop heads, storage and transport managers, equipment managers, quality managers, R&D managers, etc.)
	Session 3	October 2024	Workshop teams, team leaders, operators in formulation, raw materials, and R&D

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Case Study: Typical EHS Education and Training of Member Companies in 2024

In June 2024, in alignment with China's 23rd "Workplace Safety Month" themed "Everyone Talks Safety, Everyone Knows Emergency Response, Ensure Life Channels Are Clear," the group organized various activities including: "General Managers Talk Safety", "Experts Talk Safety", "Professionals Talk Safety", "Employees Talk Safety", "Safety Knowledge Q&A for All Employees", "Emergency Response Team Construction". These initiatives aimed to further embed safety management into front-line teams and positions, ensuring its implementation and effectiveness.



Case Study: CSPC Group's Safety Knowledge and Team-Based Safety Development Competition

Workplace safety is a vital line of defense that supports both economic and social development and protects people's lives and property. On 9 November 2024, CSPC Group organized the "Safety Management Skills Competition," aimed at enhancing employees' safety management proficiency, improving overall safety awareness and operational skills, and strengthening emergency preparedness.

The competition was divided into two categories:

- Individual competition: "Safety Management"
- Team competition: "Team-Based Safety Development"

The individual safety management competition drew 289 participants from various subsidiaries of the Group. The team-based safety competition included 83 teams from business departments and subsidiaries, involving a total of 1,851 employees.



On-Site Emergency Response Drill

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Case Study: Frontline Worker Safety Skills Competition at a CSPC Subsidiary

To effectively enhance frontline workers' safety skills and strengthen safety awareness, the Safety Management Department of CSPC, following the 2024 CSPC Skills and Labor Competition Plan, organized a safety skills assessment for frontline personnel.

This competition focused on practical frontline needs and job-related skills, aiming to comprehensively evaluate workers' safety knowledge and operational capabilities. The assessment was conducted in the form of "theoretical written test + practical skills operation", Theoretical Knowledge Assessment:

The theoretical portion includes,

Identification of personal protective equipment (PPE); Identification of fire emergency equipment (e.g., manual fire alarm, fire extinguisher, emergency exit); Evaluation of emergency response procedures. Participants are randomly assigned scenarios such as fire, point of incident, or leakage, and are asked to briefly describe the corresponding emergency response procedures.



Practical Skills Assessment: This section mainly covers the wearing of personal protective equipment and the actual operation of fire extinguishers, aiming to test employees' ability to apply knowledge in practice. The assessment takes place in a fully realistic environment using actual firefighting equipment as competition tools, encouraging participants to immerse themselves in the scenario and perform at their best level.



8.3 Talent Development

The Group places high importance on the significance of talent and has formulated clear talent development strategies with a global perspective. We are committed to building an outstanding recruitment team by continuously expanding recruitment channels and strengthening the depth and breadth of collaborations between educational institutions and enterprises to enhance our capabilities of talent reserve. This, in turn, strengthens the core competitiveness of the Group.

The Group's recruitment and hiring adhere to the principles of fairness, impartiality, openness, and transparency, rejecting all forms of discrimination and bias. We treat all candidates equally, regardless of race, nationality, religion, gender, age, disability, pregnancy, family status, ethnicity, or social background. Candidates are selected and assigned based solely on job qualifications and capabilities. When posting recruitment information on our official website and major job recruitment platforms, we describe job qualifications and requirements without any discriminatory language or descriptions. We have also optimized our external recruitment information to promote the diversity, openness, and inclusiveness of CSPC, showcasing our rich benefits to attract and encourage more talent to apply.

8.3.1 Talent Acquisition Measures

CSPC places great emphasis on talent reserves and has enhanced its efforts by establishing multiple programs and channels for talent acquisition.



(1) Talent Mapping and Industry Intelligence Project

CSPC accumulated talent maps systematically built an industry talent maps in dimensions such as systems and positions, accumulated its own talent pool y adopting a headhunting mode, and continuously inventoried high-level talent resources in the industry to ensure their effective utilization. Through multidimensional research and compilation of industry information, the Group obtained information about competitor companies and competitive products, enabling a thorough understanding of the industry landscape and providing references for business departments.

(2) Campus Recruitment Program

The Group held over hundreds online and offline promotional sessions targeting key universities. Thousands of outstanding students from major institutions actively submitted their resumes. In 2024, approximately 400 outstanding fresh graduates were recruited, effectively alleviating employment pressure among new graduates.



(3) High Potential Talent Pool Construction Project

CSPC established exclusive talent pools both internally and externally through an online system, reserving hundreds of thousands of high-quality talents in the industry.

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8.3.2 Expansion of Talent Acquisition Channels

1 Broadening Talent Acquisition Channels

The Group fully leverages its resource advantages in talent and technology projects, combining practical needs, and utilizes diverse recruitment channels. By seeking wisdom from others, and actively planning to establish strategic partnerships, the Group aims to attract and gather more outstanding talent. Firstly, establishing a platform for school-enterprise cooperation: through joint training, internship programs, joint application for scientific research projects, school-enterprise exchanges, collaborative research, etc., the Group strengthens cooperation between schools and enterprises, and jointly builds a collaborative innovation platform integrating talent development and scientific research; secondly, expanding channels to flexibly attract talent and wisdom: the Group employs multiple channels and levels to tap into the intellectual resources of universities, governments, and other entities, establishing "talent special projects" to attract more high-quality talent and provide a broader development platform.

2 Innovative talent acquisition methods

Firstly, optimizing the recruitment methods: A comprehensive assessment of the existing recruitment work is conducted by taking into account the talent structure of the Group and gathering input from various departments within the Company regarding talent strategy to improve recruitment methods based on their opinions. The autonomy of business departments in employment, when scientifically and reasonably set requirements for specialties, education, degrees, abilities, and past experiences. These requirements should not only meet the demands of business development but also align with the Company's overall development strategy in selecting talents.

Second, improving the mechanism for attracting talents based on actual performance: Innovative talent introduction, assessment, and inspection methods are used to introduce talents through more flexible methods such as performance appraisal.

3 Multi-Channel Reserve of Professional Talent

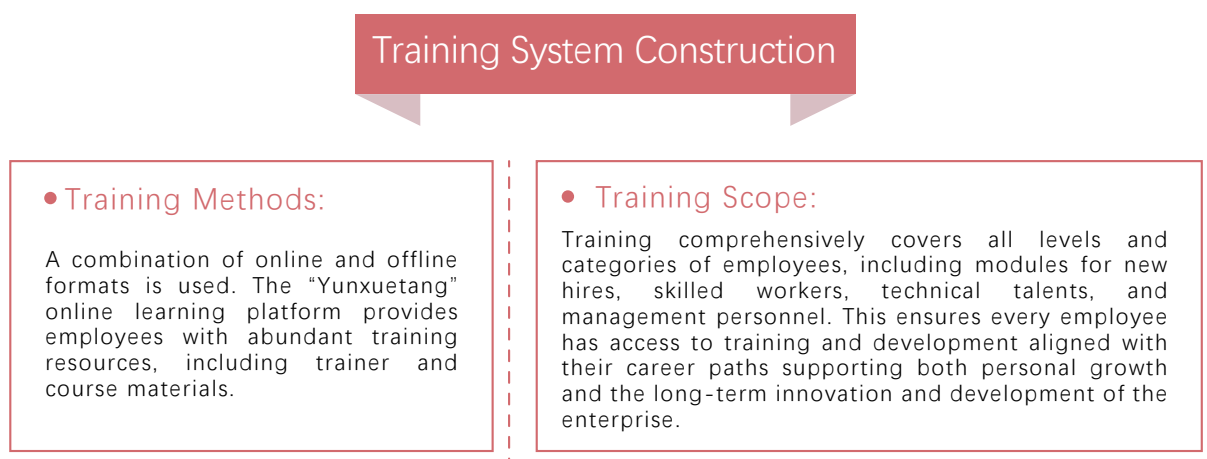
The Group enriches its talent structure and strengthens the reserve of professional technical talents in key areas and urgently needed positions, with reserves of urgently needed talent as a strategic measure. Firstly, increasing efforts in attracting talents in the field of biopharmaceuticals: by expanding campus recruitment based on actual needs and proactively releasing recruit men information to renowned universities in advance, the Group signs agreements in advance with qualified candidates, offering recruitment and talent incentive policies, to gradually address the talent reserve for urgently needed positions. Secondly, flexibly reserving experts in key areas: through methods such as internships and probation, the Group employs, attracts, and retains professional technical talents needed in key areas, forming an "expert team" and establishing an expert reserve pool.

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8.3.3 Talent Training

The Group places great emphasis on the cultivation and development of employees' professional skills. With support from national and Hebei provincial policies on vocational skill enhancement, it established the Education and Training Center. In June 2021, CSPC was approved as the first and only "national-level industry-education integration enterprise" in Hebei province. In December 2021, it was recognized as a Hebei Provincial High-Skilled Talent Training Base, and in 2024, it completed the application for National-Level High-Skilled Talent Training Base, which has passed city and provincial reviews and is currently under national review. In addition, CSPC was approved in 2022 as the Shijiazhuang Biomedical Training Center, and in 2023 as the Shijiazhuang Artisan Academy Training Base, forming a comprehensive training base integrating theoretical and practical education for high-skilled applied talents through industry-education integration and school-enterprise collaboration.

The Group continues to optimize its training and talent development programs and has issued a series of policies including the Training Management System, Internal Trainer Management System, and Curriculum Implementation Guidelines to ensure smooth advancement of training and development. In 2024, employee training coverage reached 100%, with an average training time of 96.2 hours per person, showing significant growth across all levels.



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Training System Planning

CSPC has built a well-rounded training system that covers all business areas including production, R&D, sales, and functional departments. Tailored programs are designed for frontline, mid-level, and senior employees, based on differing responsibilities, competency needs, and career development stages, ensuring that each employee receives appropriate training at critical career milestones.

		Sales System	Production System	R&D System	Corporate Departments	
Senior Management	Senior Executives Class I / Class II	Senior executive seminars (external lecturers)				1 session every 2 months
	Senior Executives Class III / Successor Pool	Leadership training by external lecturers				1 session every 2 months
Middle Management	Senior Management	Leadership program - Directors: Excellence in Management, Regional Collaboration Training (Internal lecturers)	Lean Management & Mid-Level Manager Enhancement (Combined internal & external lecturers)			Step 2-3 Promotion
		Lingxiang Training Camp - Advanced Marketing & Medical Specialization (External lecturers)	Excellence in Production - Production Skill Enhancement (External lecturers)	R&D Professional Skills Enhancement (External lecturers)	Departmental Professional Skills Training (External lecturers)	Special Project
	Newly Promoted Management	New Manager Program - Sales Management (Internal lecturers)	Mid-Level Management Advanced Online Learning - General Management	Mid-Level Management Advanced Online Learning - General Management		Step 1 Promotion
	Frontline Manager Reserve	TAP Training Camp - Frontline Manager Reserve (Internal lecturers)				Step 2 Promotion
Front-line Staff	Senior Employees	Ongoing Online Learning for Junior Employees				Monthly Follow-up
	New Employees	Shiyao Camp - Campus Recruited New Employees (Internal lecturers)				Starts in July
		Onboarding Camp - Socially Recruited New Employees (Internal lecturers)	Socially Recruited New Employees (Internal lecturers)	Socially Recruited New Employees (Online Learning)	Shiyao Camp - Campus Recruited New Employees (Internal lecturers)	Monthly Follow-up
All Employees	Live Stream Study	Excellence Live - Advanced Sales Skills (Internal lecturers) Representative Advanced Live - Management Skill Progression (Internal lecturers) Lingxiang Live - Advanced Marketing & Medical Skills (External courses) Professional Competency Live - General Skills Enhancement (Training instructors)				Monthly Broadcast
	Xuanxing Platform Study	Corporate Culture and Policy Promotion. Knowledge & Skills Enhancement: Product Knowledge, Management Skills, Professionalism.				Monthly Follow-up

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Training Outcomes

Item	Category	Unit	2024	2023
Training Coverage Rate	Overall	Percentage	100	96
	Male Employees	Percentage	100	98
	Female Employees	Percentage	100	96
	Front-line Management	Percentage	100	98
	Middle Management	Percentage	100	100
	Senior Management	Percentage	100	100
Average Learning Hours per Capita	Overall	Hours	97.9	—
	Male Employees	Hours	97.5	78.5
	Female Employees	Hours	98.3	86.4
	Front-line Management	Hours	98.9	82.1
	Middle Management	Hours	89.8	68.2
	Senior Management	Hours	78.5	107.3
Number of Training Sessions	Front-line Management	Sessions	3,704	—
	Middle Management	Sessions	769	—
	Senior Management	Sessions	207	—
Total Trainee Attendance	Front-line Management	Attendances	383,606	—
	Middle Management	Attendances	63,287	—
	Senior Management	Attendances	13,350	—

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Training Programs

To adapt to the rapidly changing market environment and business demands, the Group's training initiatives focus on critical positions at various levels. By thoroughly analyzing the core knowledge, skills, and competency requirements of each role, the training content is closely aligned with practical work to effectively enhance employees' job performance and work outcomes.

Case 1: Senior Executive Training - ShanZe Business Academy

To support the Group's strategy of "high incentives, strict assessments, and strong elimination," this program aims to enhance senior executives' competencies in line with new market expectations. Targeting executives from R&D, production, sales, and corporate functions, the training includes courses such as Leadership and Strategy Decoding, along with team-building activities. These initiatives spark strategic thinking and innovation, enabling executives to stand at the forefront of the global pharmaceutical value chain, formulate forward-looking strategies, swiftly respond to market changes, and lead the Group toward breakthrough achievements in digital transformation, innovative drug R&D, and international expansion.



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Case 2: Excellence Manager Program - Second-Line Sales Management Training

This program precisely targets the key strategic role of provincial sales managers that connect the Group's strategic decision-making at the headquarter with the execution of sales in regional markets. Their management ability and strategic insight directly influence market share expansion and brand impact. Through in-depth needs assessments and competitive analysis in frontline markets, the program identifies major challenges in regional planning, team management, sales innovation, and client relations.

Based on these findings, a scenario-based simulation training system was developed to reflect real-world regional sales dynamics. By integrating market shifts, competitor strategies, customer insights, and team coordination into the simulations, trainees undergo multiple rounds of high-intensity practice and strategic optimization. This sharpens their abilities in market planning, team leadership, situational decision-making, and customer value creation, building a solid foundation to lead regional teams toward breakthroughs in performance, market growth, and brand building. These managers have become the Group's key force in expanding and securing its position in regional markets.



Case 3: "Shiyao Camp" - Training for Newly Recruited Graduates

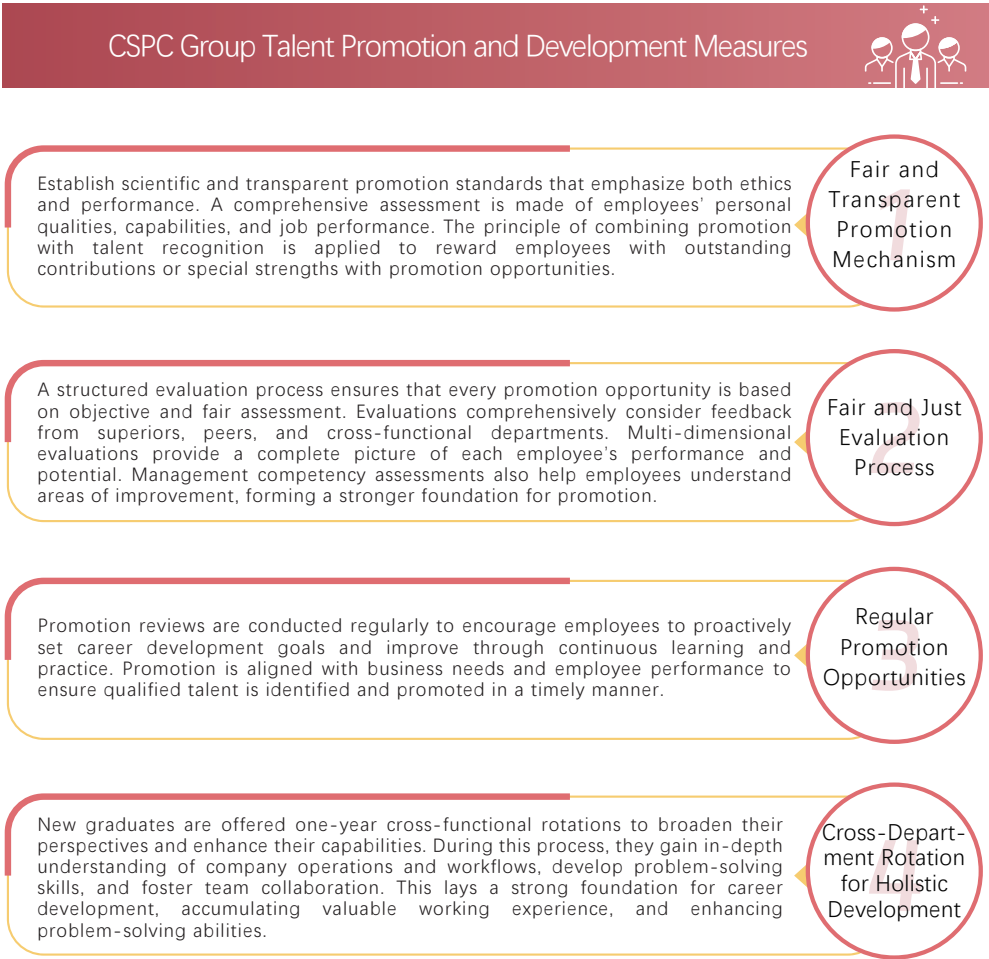
"Shiyao Camp" is a flagship onboarding program for newly recruited graduates across production, R&D, sales, and corporate departments. Like a carefully nurtured seed, it embodies the Group's long-term vision and strategic investment in future talent development. Through a well-designed training system encompassing team building, classroom learning, and interactive sharing, the program kickstarts the new hires' journey at the Group. Participants gain a comprehensive understanding of the pharmaceutical industry and the Group's business, master essential skills and work methods for their roles, and awaken their internal drive for innovation and personal growth.

After completing their initial training, new employees enter a one-year diversified job rotation phase. During this period, they gain an in-depth understanding of the Group's frontline production operations and the full process of operational management, including interdepartmental collaboration mechanisms. Through hands-on practice, they continuously accumulate experience and enhance their overall capabilities. To meet learning needs, an online learning task system and an offline sharing activity mechanism are established. These platforms facilitate knowledge growth while addressing challenges encountered during learning and work, encouraging peer learning and mutual support. Over time, participants have grown into the Group's core driving force and future innovation leaders, continuously injecting fresh momentum into the optimization of the talent pipeline and the long-term realization of strategic goals.



8.3.4 Talent Promotion

We recognize that talent is the core driving force behind enterprise development. As such, we are committed to building a fair, transparent, and inclusive talent management system that provides broad career development opportunities for all employees. Through comprehensive care and incentive mechanisms, we ensure that outstanding talents grow together with the Company, achieving deep alignment between personal value and corporate goals.



8.4 Employee Communication and Feedback

8.4.1 Employee Satisfaction

While pursuing rapid development, CSPC also places great importance on every employee's work and life experience. To foster a positive working and living environment and to enhance employee motivation and efficiency, the Company has established a dedicated employee satisfaction survey system. According to this system, monthly satisfaction surveys are conducted to comprehensively and objectively understand the experiences and perceptions of employees across different levels, departments, and positions.

The Company collects feedback through various channels such as questionnaires and one-on-one interviews, ensuring that every employee has the opportunity to express their opinions and suggestions. Based on the results of these surveys, the Company conducts timely analysis and identifies problems or deficiencies, followed by the development and implementation of corresponding improvement measures and action plans.

Number	Survey Method	Content	Target	Frequency	Result & Action
1	Chairman's Mailbox (Email)	Various operational issues and employee feedback	All employees	Anytime	Initial screening, content investigation, archival process, and feedback
2	Discussion Sessions	Employee opinions and company task implementation	Employee representatives	Monthly	Results sent to relevant departments with rectification measures implemented
3	On-site Face-to-face Communication		All employees		
4	Questionnaire		All employees		
5	Questionnaire	Workplace, cafeteria, landscaping, dormitory services	All employees	Quarterly	Property services adjusted per feedback
6	Employee Representative Congress	Operations, compensation, and major employee welfare issues	All employees	Annually	Action taken based on meeting resolutions
7	Democratic Life Meeting	Self-critique and suggestions, gap identification	Mid- to senior-level management	Annually	Issue list compiled, corrective actions taken; accountability assigned; improvement measures formulated and tracked
8	Management Analysis Meeting	Cross-department collaboration, decisions, and problem-solving	Senior management	Monthly	

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Initiative 1: Collecting opinions at the Workers' Congress

The Group holds an annual workers' congress. Before the workers' congress, the labor union will submit to the worker representatives the matters requiring, deliberation, approval, and election by the congress, including the annual operational report, management systems involving the personal interests of employees, collective contracts, and the list of worker supervisors, and solicit opinions from the worker representatives. During the congress, reports, systems and contracts are deliberated and approved, and relevant personnel are elected. After the congress, the results are publicly announced to all employees. During the recess of the congress, a joint meeting of worker representatives is organized to deliberate and approve related matters, and to propose confirmation at the next congress. Worker proposals are collected prior to the congress, and the labor union organizes relevant departments of the respective companies to respond to the proposals. The labor union establishes a Labor Dispute Mediation Committee. Employees with labor dispute issues can seek mediation through the labor union and the respective companies. The labor union has procedures for unilateral termination of labor contracts by the Company. If the Group intends to terminate an employee's labor contract, it must undergo review by the labor union and receive their approval before proceeding with the termination.

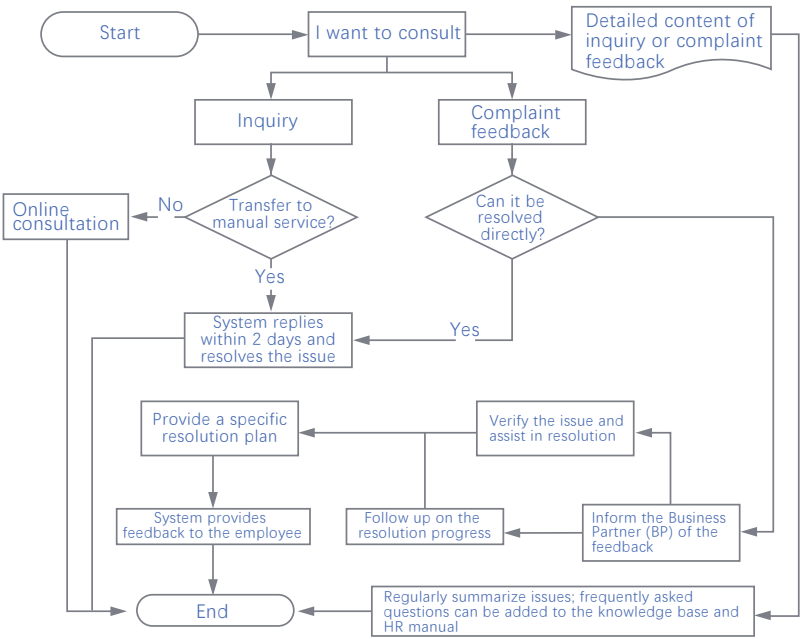
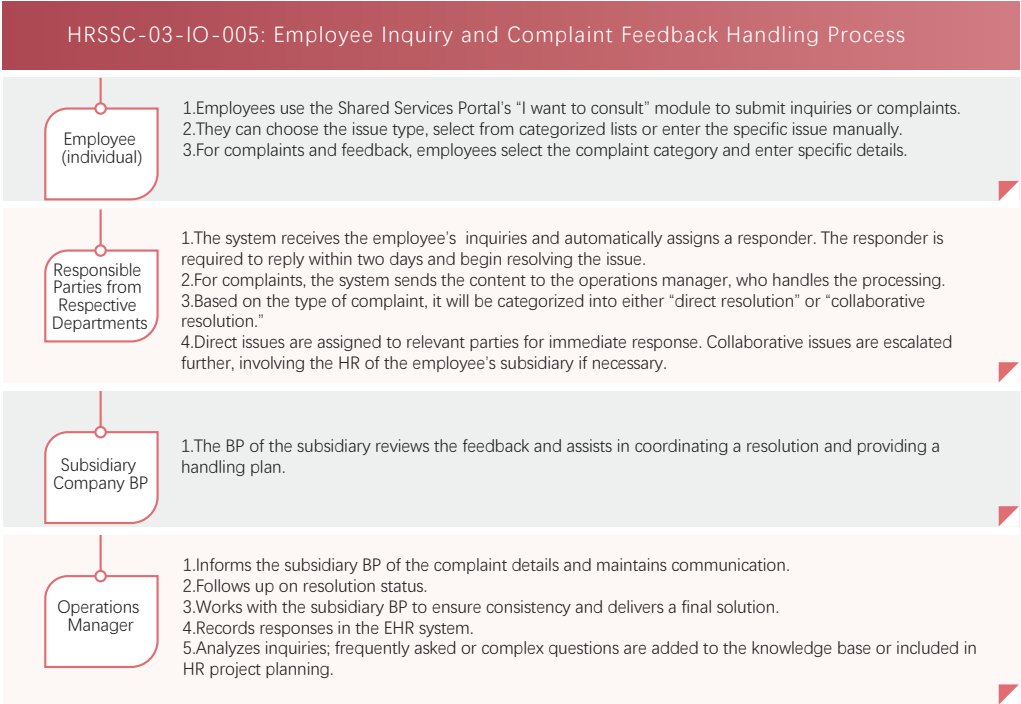


Initiative 2: Launching a Q&A Module to Solve Employee Issues in Real Time

To better assist employees in promptly understanding various procedural flows and newly released policies, we have introduced a Q&A module on the EHR system. This module includes functions such as knowledge base management, inquiry management, and employee feedback handling. By establishing a communication and feedback mechanism for employee concerns, we have achieved a 100% resolution and implementation rate for all submitted issues.

The knowledge base covers six key areas including employee relations, compensation and benefits, attendance, and leave policies, providing convenient access for employees. There are 41 high-frequency search entries that enable faster and more efficient information retrieval. For questions not covered by these entries, human consultation services are available to provide more detailed responses. In 2024, the EHR system received a total of 126 employee inquiries, all of which have been addressed and resolved.

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09

Low-Carbon Development, Drawing a Green Blueprint

9 Low-Carbon Development, Drawing a Green Blueprint

Today, environmental protection and sustainable development have become global focal issues. CSPC actively promotes green engineering, intelligent manufacturing plants, and green transformation projects, implementing a range of measures in emission reduction, smart manufacturing upgrades, and energy conservation. A series of innovative and effective new initiatives have been launched, yielding significant results.

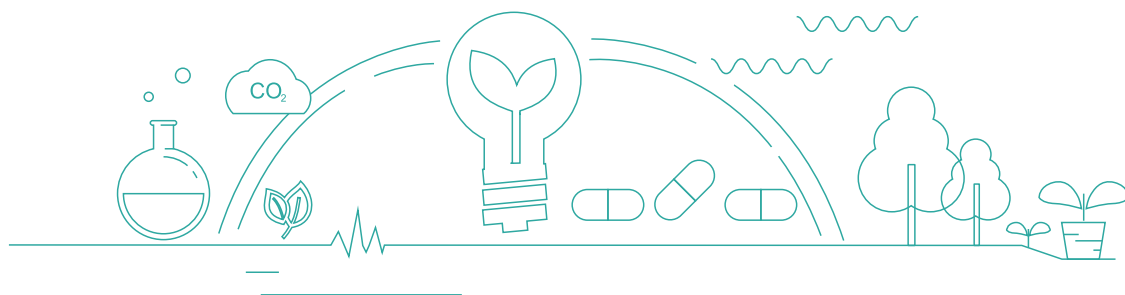
9.1 Environmental Management System



Adhering to our core philosophy of “All for Good Medicine, All for Mankind’s Health”, the Group strives to balance enterprise growth with environmental protection. We embrace the concept of “Green Development for a Better Life,” actively working to reduce environmental impact, pursue green manufacturing, and contribute to sustainable societal development. In 2024, the Group invested approximately RMB 2 billion in projects related to green factory upgrades, energy conservation and emissions reduction, environmental management, and intelligent lighthouse factories.

The Group strictly complies with relevant environmental laws and regulations including the *Environmental Protection Law of the PRC*, *Solid Waste Pollution Prevention Law of the PRC*, *Air Pollution Prevention Law of the PRC*, *Water Pollution Prevention Law of the PRC*, *Pollutant Discharge Permit Regulation*, *Guidelines for Soil Pollution Risk Investigation (Trial)*, and the *Energy Conservation Law of the PRC*. Following ISO14001 Environmental Management System standards, the Group has established and revised internal policies such as the *Environmental Protection Responsibility System*, *Organizational Environmental Analysis and Stakeholder Impact Control Procedures*, and *Environmental Factors Identification, Evaluation and Control Procedures*. All subsidiaries implement standardized management to reduce resource consumption, minimize waste emissions, and improve production efficiency, aiming to build environmentally friendly and low-carbon green enterprises.

As of the reporting period, no major environmental penalties were incurred, and no violations involving pollutant exceedances or illegal emissions were reported.



Low-Carbon Development, Drawing a Green Blueprint

9.2 Environmental Management Framework

9.2.1 Environmental Management Framework and Policies

CSPC is committed to environmental management principle of “prioritizing in-process control over post control, prior control over in-process control, and whole-process control over prior control.” With the strengthening of environmental impact assessment and management as the core, the Group promotes environmental protection management through the entire production process, focusing on the management of environmental assessment and testing, pollutant emission standard and total amount control, as well as energy conservation and emission reduction.

The CSPC Board of Directors is responsible for the Company’s overall environmental management strategy, overseeing the implementation of environmental policies and performance improvement. A specialized ESG guidance team coordinates and supervises departments in carrying out environmental measures and monitors day-to-day environmental performance. Eighteen functional departments and various business units are responsible for specific actions, covering the entire process from factory design and construction to operation, ensuring thorough environmental protection measures are taken.

Furthermore, environmental performance is a key part of the ESG assessment, directly linked to employee performance evaluations. Any non-compliance (such as violation of environmental regulations) will negatively impact assessment results.

The Group regularly enhances its understanding of existing environmental laws and conducts thorough compliance reviews of new or revised regulations to ensure timely updates to internal policies and processes.



Low-Carbon Development, Drawing a Green Blueprint

To better comply with the requirements of laws and regulations, the Group has consistently enhanced its awareness of existing laws and regulations and developed deeper understanding and conducted comprehensive compliance assessment of the new and revised laws and regulations in a timely manner, to ensure that relevant systems and processes can be timely revised.

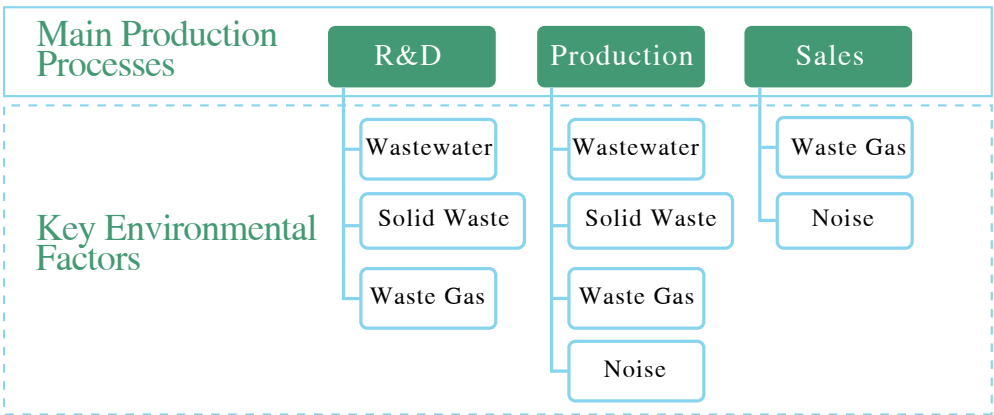
Case: Over 10 Key Member Plants of the Group Certified Under Environmental Management System



Low-Carbon Development, Drawing a Green Blueprint

9.2.2 Environmental Management Risk Control

The Group is committed to effectively identifying and managing environmental risks, and has established systems, such as Management System for Identification, Evaluation and Control of Hazard Sources and Environmental Factors, Environmental Protection Responsibility System, and Environmental Protection Management System, so as to enhance its environmental performance through continuous assessment and review of various performance indicators.



The Group has established an emergency response mechanism for environmental emergencies and formulated *Emergency Response Plans for Environmental Emergencies* based on the specific circumstances of each subsidiary. This ensures that all emergency response measures can be initiated quickly, efficiently, and orderly in the event of an environmental emergency, minimizing the harm to the environment and the loss of business operations caused by environmental emergencies.

9.2.3 Environmental Management Measures

(1) Green Production Initiatives and Achievements

The Group continues to increase investment in environmental protection and benchmark against the advanced enterprises and excellent standards in the industry, focusing on building green factories on areas such as environmental technology improvement, investment in new energy equipment, and iteration of high energy-consuming equipment.

In 2024, the Group invested 9.36 million RMB in environmental initiatives, adopting advanced processes such as activated carbon adsorption-desorption, resin adsorption-desorption, RCO (Regenerative Catalytic Oxidizer), and compression condensation + membrane separation. Three new exhaust gas treatment systems were added, and three existing systems were upgraded. Notably, the application of the compression-condensation + membrane technology allows for the annual recovery of 912,000 cubic meters of nitrogen, generating an annual benefit of 125,000 RMB.



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(2) Green Building Renovation

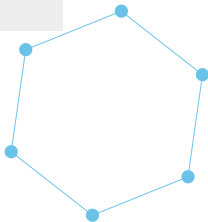
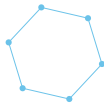
The basic essence of green buildings can be summarized as follows: reducing the environmental burden of buildings by conserving energy and resources; providing safe, healthy, and comfortable living spaces; being in harmony with the natural environment, achieving harmonious coexistence and sustainable development between people and buildings and the environment.

In 2024, CSPC advanced several key projects such as the Antibody and ADC New Product R&D and Industrialization Project of Megalith Biopharma and Phase I Joint Plant of the CSPC Intelligent Manufacturing Lighthouse Factory. These major projects were developed in collaboration with well-known domestic design institutes and fully incorporated green building design concepts. Environmental factors were taken into consideration from the design phase, minimizing environmental impact during construction and production line planning. The projects adopted green energy-saving technologies such as photovoltaic power generation, thermal energy storage for cooling, and high-efficiency central plants, ensuring that the buildings provide healthy, comfortable, low-consumption, and non-toxic environments throughout both construction and operational stages. The total planned construction area reached 130,000 square meters.

(3) Achievements in Green Production Construction

CSPC Pharmaceutical Group now operates five national-level “Green Factories” and two provincial-level “Green Factories”, along with three enterprises recognized at the provincial level for water conservation. These green factories have significantly reduced resource consumption and pollutant emissions through the introduction of advanced environmental protection technologies, production equipment, and green energy-saving upgrades.

Honorary Titles	company
National Green Factory	CSPC NBP Pharmaceutical Co., Ltd. CSPC Ouyi Pharmaceutical Co., Ltd. CSPC Zhongnuo Pharmaceutical (Taizhou) Co., Ltd. CSPC Innovative Pharmaceutical Co., Ltd. CSPC Yinhu Pharmaceutical Co., Ltd.
Provincial Green Factory	CSPC Weisheng Pharmaceutical (Shijiazhuang) Co., Ltd. CSPC Shengxue Glucose Co., Ltd.
Provincial Water-saving Enterprise	CSPC Shengxue Glucose Co., Ltd. CSPC Megalith Biopharmaceutical Co., Ltd. CSPC Ouyi Pharmaceutical Co., Ltd.



Low-Carbon Development, Drawing a Green Blueprint

Case 1: Intelligent Manufacturing Lighthouse Factory

CSPC Pharmaceutical Group actively aligns with the modern pharmaceutical industry's trends of high-end, green, and intelligent development. In 2021, the Group launched the industry's first intelligent manufacturing oral solid dosage plant project (OUYI Plant 100), with an investment of 1 billion RMB. Listed as a key project in Hebei Province, the plant officially began operation in June 2023.

The project incorporates Industry 4.0, unmanned factory, and artificial intelligence concepts, introducing advanced production management systems such as ERP, MES, and WMS, and integrating digital technology with pharmaceutical production. It overcame several technical challenges, including:

- Full-process automatic logistics integration
- Complete coverage by multiple information systems
- In-line PAT continuous production
- Clean environment automated warehouse
- Dark factory (black-light automation)
- VOC tail gas mist emission management
- Condensate water recovery and reuse

This led to the creation of a digitized workshop that combines process innovation, equipment innovation, and workflow innovation, which is highly compatible with the full pharmaceutical process, realizing a digital transformation of traditional manufacturing.

The number of personnel required dropped from over 1,000 to just over 100, and under unmanned operations, the plant achieved continuous and automated production. It has significantly improved production efficiency, product yield, reduced waste emissions, and lowered manufacturing costs.

In November 2024, CSPC's OUYI Plant 100 was listed in the Ministry of Industry and Information Technology's 5G Factory Directory. The successful construction and commissioning of this plant marks a breakthrough in CSPC's intelligent manufacturing, aligning with global leaders in the industry. It also represents a significant step in responding to the *14th Five-Year Plan for Pharmaceutical Industry Development*, which emphasizes advancing intelligent manufacturing, green production, and quality enhancement. Going forward, CSPC will continue to promote the construction of a fully connected 5G factory system, accelerate smart manufacturing and digital transformation, and foster deeper integration of the digital economy with the biopharmaceutical industry.

首页 > 工业和信息化部 > 机关司局 > 信息通信管理局 > 工作动态

关于《2024年5G工厂名录》的公示

发布时间: 2024-11-07 20:30 来源: 信息通信管理局

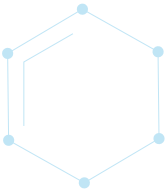
为深入贯彻党的二十大和二十届二中、三中全会精神，认真落实党中央、国务院决策部署，深入推进“5G+工业互联网”创新发展，持续实施5G工厂“百千万”行动，加快高水平5G工厂建设，各地依据《5G全连接工厂建设指南》（工信厅信管〔2022〕23号）推动5G工厂建设，取得积极成效。经省级工业和信息化主管部门、通信管理局推荐及工业互联网战略咨询专家委评审，我部拟核定400个5G工厂项目进入《2024年5G工厂名录》（见附件），现进行公示，欢迎社会各界监督。如有异议，请在公示期内与我们联系。

公示时间: 2024年11月8日至2024年11月12日

联系单位: 工业和信息化部信息通信管理局

Low-Carbon Development, Drawing a Green Blueprint

医药制造业	5G 全连接工厂	沧州四星玻璃股份有限公司	中国联通	河北省沧州市
	沧州四星玻璃 5G 工厂	沧州四星玻璃股份有限公司	中国联通	河北省沧州市
	石药集团欧意药业有限公司 5G 车间	石药集团欧意药业有限公司	中国联通	河北省石家庄市
	湖北共同生物晶体原料药 5G 智慧工厂	湖北共同生物科技有限公司	中国电信	湖北省十堰市
	现代中药 5G 智慧工厂	健民集团叶开泰国药（随州）有限公司	中国联通	湖北省随州市
	马应龙 5G 中医药智慧工厂	马应龙药业集团股份有限公司	中国移动	湖北省武汉市
	虎丘影像医用胶片 5G 全连接工厂	虎丘影像新材料科技（苏州）有限公司	中国联通	江苏省苏州市
	联环药业 5G 工厂	江苏联环药业股份有限公司	中国电信	江苏省扬州市
	科兴生物智慧制药 5G 工厂	山东科兴生物制品有限公司	中国移动	山东省济南市
	基于 5G+工业互联网的天衡制药智能工厂	福安药业集团宁波天衡制药有限公司	中国联通	浙江省宁波市
	绍兴振德医疗智慧医疗服务 5G 全连接工厂	振德医疗用品股份有限公司	中国移动	浙江省绍兴市
	化学纤维	威海宝威新材料 5G 智能工厂	中国移动	山东省威海市



In 2024, to align with the modern pharmaceutical industry's trend toward advanced, green, and intelligent development, CSPC successively launched the Phase II Intelligent Manufacturing Lighthouse Plant Project for New Injectable Products and the Phase III Project for High-end Pharmaceutical Excipients. These initiatives aim to build world-class digital manufacturing projects. The two projects have a planned total investment of 2.7 billion RMB, commenced construction in March 2024 (with 1.6 billion RMB invested in the same year), and are currently at the equipment installation stage after structural completion. The projects are expected to be fully completed in 2025. Upon completion, the CSPC Intelligent Manufacturing Lighthouse Plant will provide strong support for the commercialization of more innovative products.

At the same time, the Group actively introduces advanced manufacturing concepts such as continuous manufacturing and unmanned factories, striving to build digitized and intelligent plants of international standards. It adopts customized world-class digital systems to achieve full-process intelligent production. Cutting-edge Industry 4.0 technologies such as 5G, AI, IoT, and big data are applied. Large-scale photovoltaic green energy facilities are also implemented to ensure the entire production process is green and low carbon, achieving zero emissions and zero pollution throughout the plant.



CSPC Intelligent Manufacturing Lighthouse Factory Project (Phase II & III)

Low-Carbon Development, Drawing a Green Blueprint

9.2.4 Environmental Management Goals (2024-2030)

Through unremitting efforts, CSPC has continuously promoted the optimization of the group's revenue structure, the improvement of energy resources, the progress of product research and development, the leadership of intelligent manufacturing, the application of process technology and equipment, and the development and cultivation of carbon sink resources. By 2025, it aims to achieve its environmental management goals, with multiple emission indicators significantly reduced compared to 2017 (the base year).



Table 9-1: Achievement of Environmental Indicator Targets

Target Indicator		Data (2017)	Data (2022)	Data (2023)	Data (2024)	2024 Target Achievement
Reduction of greenhouse gas emissions per unit revenue by 50% (T/RMB100 million Revenue)		7,171.17	3,675.35	3,438.03	3,337.51	53.00% ↓
Reduction of non-hazardous waste emissions per unit revenue by 70% (T/RMB100 million Revenue)		288.09	109.41	81.86	80.53	72.00% ↓
Reduction of hazardous waste emissions per unit revenue by 25% (T/RMB100 million Revenue)		58.32	45.90	41.41	42.86	26.50% ↓
Reduction of comprehensive energy consumption per unit revenue by 47%	Electricity (10,000 KW.H /RMB 100 million Revenue)	407.52	288.76	261.03	288.80	49.74% ↓
	Steam (T/RMB100 million Revenue)	8,367.35	2,323.56	2,251.89	2,482.35	
Reduction of water consumption per unit revenue by 27% (m³/RMB100 million Revenue)		47,245.22	30,971.79	29,597.34	31,761.35	32.78% ↓

Note: "Revenue" in the above table refers to operating revenue, expressed in RMB.

Low-Carbon Development, Drawing a Green Blueprint

Based on the previous planning and implementation results, the group has formulated medium-term and long-term emission reduction targets for 2024-2030 (with 2017 as the base year).

Table 9-2: Emission Reduction Targets (2024-2030)

Emission Reduction Indicators		Target for 2024-2026	Target for 2027-2028	Target for 2029-2030
Greenhouse gas emissions per unit revenue	Scope 1 and 2	Reduce 53%	Reduce 56%	Reduce 60%
Non-hazardous waste emissions per unit revenue		Decrease 74%	Decrease 76%	Decrease 80%
Hazardous waste emissions per unit revenue		Reduce 28%	Reduce 30%	Reduce 32%
Comprehensive energy consumption per unit revenue		Decline 60%	Decline 62%	Decline 64%
Water consumption per unit revenue		Decline 40%	Decline 44%	Decline 46%

9.3 Energy Management

In accordance with *the Energy Conservation Law of the People's Republic of China* and benchmarking against the ISO 50001 Energy Management System, CSPC has established a comprehensive energy management system to standardize and systematize energy-saving supervision and management. The Group continuously improves its digital energy management capabilities to enhance efficiency. As of now, three intelligent energy management centers with analytical functionalities have been established, enabling real-time transmission of energy usage data. Subsidiaries with higher energy consumption have largely achieved automated data collection and transmission. Based on real-time data, the Group monitors key parameters of various power systems, such as temperature, pressure, and flow, and adjusts them remotely to improve energy efficiency.

Electricity is a crucial energy source in the Group's production process. Improving electricity usage efficiency and reducing energy consumption are vital practices for sustainable development. CSPC attaches great importance to the promotion and use of green electricity and is committed to reducing its carbon footprint and protecting the environment through clean energy transition. In 2024, the Group's total green electricity usage reached 9.031 million kWh, an increase of 6.362 million kWh compared to 2023. The Group has adopted multiple strategies, such as direct green electricity procurement and implementation of photovoltaic power generation projects, to continuously increase the proportion of renewable energy and promote the green energy transition across its supply chain.

Low-Carbon Development, Drawing a Green Blueprint

Looking ahead, the Group will continue to implement the "green development" concept, expand green energy deployment, and explore applications of new energy technologies such as solar and wind power. CSPC aims to collaborate with partners to build a low-carbon industrial chain and contribute to global climate goals and ecological civilization.

Category	Unit	2021	2022	2023	2024
Natural Gas Usage Intensity	m ³ /RMB 100 million revenue	220,133.86	219,232.84	204,536.05	184,603.10
Electricity Consumption Intensity	10,000 kWh/RMB 100 million revenue	256.00	288.76	261.03	288.72
Steam Consumption Intensity	T/RMB 100 million revenue	2,397.00	2,519.00	2,251.89	2,482.93
Fresh Water Usage Intensity	m ³ /RMB 100 million revenue	27,978.00	34,545.00	29,597.34	31,761.35
Proportion of Recycled Water to Total Fresh Water Usage	Percent	0.15	19.05	25.16	28.04
Packaging Material Consumption Intensity	m ³ /RMB 100 million revenue	161.00	183.00	141.17	149.90



Low-Carbon Development, Drawing a Green Blueprint

9.4 Pollution Prevention

9.4.1 Air Pollution Control

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

The Group actively controls air pollutants generated during the production process. In addition to using sealed systems for exhaust collection, various advanced tail gas absorption devices are installed to ensure all subsidiaries meet industrial waste gas emission standards. For emissions such as boiler exhaust, process gases, and wastewater treatment off-gas, methods such as absorption and catalytic combustion are applied. VOCs are collected and treated by active adsorption method, combustion treatment method, absorption degassing, method, condensation collection method, biological treatment method, etc. for unified collection and treatment, so as to reduce VOC emission and odor pollution in the factories. Carbon fiber adsorption, alkali spray and activated carbon adsorption are adopted in the collection system.

The Group's subsidiaries are also required to apply for pollution discharge permits from the competent government departments and actively accept supervision from the government and third-party organizations. They must install online monitoring systems for major water and air pollutants and establish networked controls to monitor emissions in real-time. Solid waste management focuses on the declaration, monitoring, and treatment of hazardous waste throughout the entire process. The Group attaches great importance to the impact of production processes on the surrounding environment, striving to increase monitoring of air pollutants, wastewater, and industrial solid waste generated by each workshop. This allows for timely detection and feedback on any exceedance of emission standards, continuously reducing the total amount of pollutant emissions to alleviate pressure on end-of-pipe treatment.



Case: Air Pollution Control at the No.1 Manufacturing Center

The No.1 Manufacturing Center generates air pollution mainly from production-related exhaust gases, odors produced during wastewater treatment, and dust from powder-handling operations.

To actively manage these pollutants, the center employs sealed systems to collect emissions and has installed advanced tail gas absorption devices to ensure that all affiliated companies meet industrial emission standards. For example, waste gases from production processes and wastewater treatment are treated using absorption and catalytic combustion methods. VOC emissions are managed through a combination of activated carbon adsorption, thermal combustion, absorption, and condensation recovery, all integrated into a unified system to reduce emissions and minimize odor pollution across the site.

The center is also required to apply for pollutant discharge permits from relevant authorities and proactively undergo supervision from both governmental and third-party institutions. It has installed real-time online monitoring systems for key water and air pollutants, which are connected to central control platforms to ensure continuous oversight of emission data. In terms of solid waste, the center focuses on the full-process monitoring, reporting, and disposal of hazardous waste. It places strong emphasis on understanding and minimizing the environmental impact of production on surrounding areas. By strengthening monitoring of air emissions, wastewater discharge, and industrial solid waste, and by promptly identifying and addressing any instances of excessive pollution, the center works to continuously reduce total emissions and ease the burden of end-of-pipe treatment.



Low-Carbon Development, Drawing a Green Blueprint



▲ Activated Carbon Adsorption



▲ Catalytic Combustion



▲ Spray Adsorption



▲ Dust Collection



▲ Enclosed Material Transport



▲ Online Monitoring

9.4.2 Water Pollution Prevention and Control

Water is the source of life, the basic resource of all things and the foundation of freedom. Water is the material foundation on which the Earth depends for survival, and water resources are the primary condition for maintaining the sustainable development of the earth's ecological, environment, The Group strictly complies with relevant laws and regulations, such as *the Water Law of the People's Republic of China*, *the Administrative Measures for Industrial Water Conservation* issued by the State Economic and Trade Commission, and *the Opinions or Strengthening industrial Water Conservation*, The Group continuously optimizes water resource management, actively practices and promotes water-saving technologies and equipment, improves the reuse rate of water resources, organizes employees to carry out water-saving propaganda, education, and training to enhance the water saving awareness of all employees, and strives to create a water-saving enterprise. The Group actively implements water-saving management and upgrades and increases its research and investment in water-saving devices to reduce the costs of water-saving technologies and processes and improve the quality of water-saving equipment and products. This comprehensively enhances water resource utilization efficiency and gradually forms a water-saving production mode.

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

Low-Carbon Development, Drawing a Green Blueprint



Biological Treatment Tank-----



Chemical Oxidation -----



Water Quality Testing Lab-----



Online Monitoring-----

Case: Water-saving Production Mode at the No.1 Manufacturing Center

The No.1 Manufacturing Center actively implements water conservation management and upgrade projects. It increases investment in water-saving technologies to reduce costs, improve equipment and product quality, and enhance water resource efficiency, gradually establishing a water-saving production model.

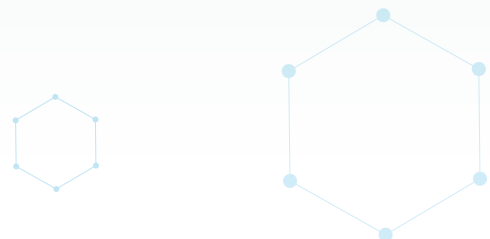
Wastewater treatment at the facility primarily uses biodegradation, supplemented by physical method, chemical method, and combination of a variety of methods to select the best treatment method. Each subsidiary has established wastewater treatment centers and stations, enabling real-time discharge monitoring to ensure compliance with emission standards.

Through raw material substitution, hazardous or high-pollution organics like zinc powder and triethylamine are replaced with safer inorganic substances, reducing wastewater by 1,500 tons/year, COD by 180 tons/year, and hazardous waste by 38 tons/year.

By optimizing production processes and eliminating materials such as toluene and activated carbon, the facility achieves source reduction of 12,500 tons/year in wastewater, 514 tons/year in COD, and 38 tons/year in hazardous waste.

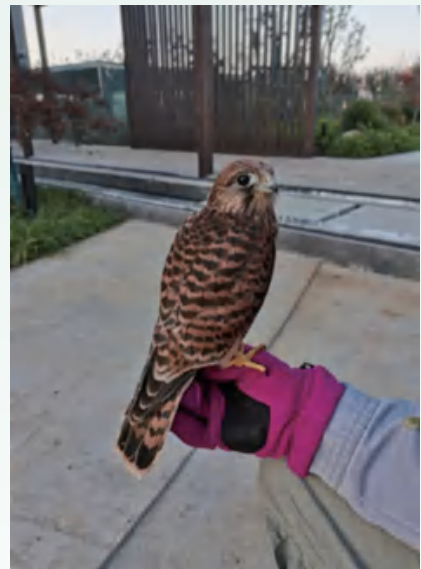
The application of new technologies and new equipment and investing 1 million yuan in “low-temperature crystallization and drying” technology reduces COD by 360 tons/year, decreases the load on wastewater treatment, and saves 290,000 yuan/year in treatment costs.

Reclaimed water reuse reduces freshwater consumption by 18,000 tons/year based on water quality analysis.



9.5 Biodiversity

Biodiversity is one of nature's most valuable gifts and the foundation of Earth's ecosystems, maintaining ecological balance. CSPC adheres to the concept of sustainable development and is committed to being a steward of biodiversity. The Group promotes ecological values across all operations, integrating environmentally friendly practices and biodiversity protection into all production activities. Green campus construction is encouraged by maintaining original ecosystems while expanding green space to provide habitats. Environmentally friendly raw materials that meet ecological standards are selected, with strict process controls and green emission reduction initiatives promoting green and zero-carbon factory development.



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9.6 Climate Risk

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

As a listed company in the field of medicine and health, the Group pays attention to the impact of climate change on human health, actively identifies the risks and opportunities brought by climate change to its operation, and confirms the impact of its operation on climate and environment, in 2021by reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of Financial Stability Board (FSB), CSPC has developed 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 minimized the carbon footprint generated by operation activities.

In 2024, the Group actively identified potential impacts of climate change. In response to extreme weather events that could cause production suspensions, investment losses, and personal injuries, the Group has established an emergency response mechanism and formulated emergency response plans for extra weather. Emergency supplies were purchased, and rescue teams were formed to ensure swift resource mobilization. The Group also assessed safety risks linked to extreme weather, implemented hazard mitigation, and addressed environmental and safety risks.

9.6.1 Climate Change Management Measures

The Group carries out policy research and industry benchmarking and incorporates expert input to identify climate-related risks and opportunities relevant to its operations. Evaluations are conducted to determine the financial impacts of each opportunity and risk scenario.

Table 9-3: Climate Risk and Opportunity Analysis Pathway

Identification	Detailed Description
Identification	Based on RCP 2.6 (a stringent pathway aimed at mitigation or low-emission scenarios) and RCP 8.5 (a high-emission pathway with significant greenhouse gas emissions), 6 potential climate-related risks and 5 potential climate-related opportunities are identified.
Assessment	Based on future climate exposure and sensitivity, climate-related risks and opportunities are assessed in terms of their potential impact on business, considering external requirements.
Analysis	Based on the assessment results, further identification of the impacts of climate risks and opportunities is conducted. The materiality of risks and opportunities is determined by combining their likelihood and impact level.

Low-Carbon Development, Drawing a Green Blueprint

9.6.2 Financial Impact Analysis of Climate Risks

The Group has conducted an analysis of the financial impacts related to climate risks, identifying seven major risks and five opportunities that may arise from climate change. It has also assessed the potential financial impacts and formulated corresponding response measures and plans. These are designed to guide member companies in developing targeted forecasts and control strategies, implementing relevant investments, and reducing or eliminating the risks associated with climate change.

Risk or Opportunity Analysis			Potential Financial Impact	Response Measures	
Risks	High	Policy and Regulatory Risk	<p>Risk: As national dual-carbon strategies advance and global attention to carbon emissions increases, stricter emission reduction policies may continue to be implemented. Regulations on greenhouse gas emission trading for the pharmaceutical industry could be introduced, raising corporate production costs to meet regulatory demands.</p>	<p>Increased costs and reduced profits</p>	<p>Closely monitor relevant policy and regulatory changes and adjust internal regulations in a timely manner according to industry trends to meet policy requirements.</p>
			<p>Opportunities: The Group's current green production initiatives, including green manufacturing, green buildings, and green operations, will help attract new customers, retain existing ones, and gain a competitive edge.</p>	<p>Increased operating revenue</p>	<p>Closely monitor relevant policy and regulatory changes and adjust internal regulations in a timely manner according to industry trends to meet policy requirements.</p>
	Medium	Technological Risk	<p>Risk: During the low-carbon technology transition, the development and application of renewable energy and other green technologies may have certain impacts on the Group's operations and business.</p>	<p>Decrease in fixed asset value and increase in R&D investment cost</p>	<p>Reduce the use of high-energy-consuming equipment, and upgrade outdated facilities.</p>
			<p>Opportunity: By adopting new solutions to meet climate adaptation demands, increase revenue, and improve competitiveness in response to shifting consumer preferences.</p>	<p>Revenue growth</p>	<p>Closely monitor trends in new technologies and models, pursue continuous R&D innovation, and accelerate product launches to meet market demand.</p>

Low-Carbon Development, Drawing a Green Blueprint

Risk or Opportunity Analysis			Potential Financial Impact	Response Measures	
Risks	Medium	Acute Physical Risks	Risks: Severe climate changes such as typhoons and floods may result in extreme weather or natural disasters, potentially affecting the Group's pharmaceutical R&D and production, thus impacting operations.	Reduced revenue, increased operating costs, and decline in fixed asset value	Establish comprehensive emergency response plans for extreme weather.
			Opportunities: Changes in climate and temperature may expand the spread of certain infectious diseases, increasing demand for related drugs and creating new market opportunities.	Increased revenue	Continuously monitor new disease types and explore treatment strategies for tropical infectious diseases (e.g., antiparasitic drugs), and actively prepare for R&D and commercialization for emerging diseases related to climate change.
	Medium	Chronic Physical Risks	Risks: Long-term changes in natural patterns such as sea level rise and sustained high temperatures may affect the Group's normal operations.	Increased operating costs and reduced asset values	Establish robust emergency management plans for extreme weather.
			Opportunities: Improving energy efficiency and partnering with environmentally friendly suppliers can enhance the Group's climate resilience.	Increased revenue and reduced costs	Enhance infrastructure strategically to increase potential market value, strengthen supply chains, establish diversified supply mechanisms to mitigate raw material supply risks, and invest in R&D to improve environmental performance and climate adaptability in production.
	Low	Reputational Risk	Risk: The public's concern for green operations is increasing. If the Group fails to meet stakeholder expectations, it may face reputational risks that affect operations.	Decline in revenue and increase in operational costs	Guide the supply chain toward green transformation, implement differentiated and precise management of suppliers; for key raw material suppliers, promote the establishment of carbon peaking and carbon neutrality targets and strategies.
			Opportunity: Such environmentally friendly innovation helps the Group establish itself as a sustainable and responsible enterprise, attracting more attention from consumers and investors.	Increase in revenue and reduction in operational costs	

Low-Carbon Development, Drawing a Green Blueprint

Risk or Opportunity Analysis			Potential Financial Impact	Response Measures
Opportunities	Resource Efficiency	The Group continues to enhance automation in production, use more energy-efficient buildings, and adopt more efficient transportation methods to improve overall resource utilization efficiency, enabling more and higher-value sustainable products and services with fewer resources.	Reduced Operating Costs	Promote the construction of smart production workshops, green buildings, and green operations.
	Energy Sources	The use of clean and low-carbon energy to replace traditional high-carbon energy is conducive to significantly reducing the Group's future energy expenditures.	Reduced Operating Costs	Promote energy transition and upgrades. By 2030, the proportion of green electricity procurement will reach 20%. By 2027-2028, the proportion of self-produced green steam will reach 20%. Encourage the adoption of green energy technologies and solar power generation.





10

Actively Participating in Social Welfare, Demonstrating the Power of Charity

10 Actively Participating in Social Welfare, Demonstrating the Power of Charity

CSPC Group upholds the development philosophy of “All for Good Medicine, All for Mankind’s Health” The Group actively participates in social welfare and promotes rural revitalization efforts. In 2024, the Group donated a total of 78.28 million yuan to external causes, benefiting 130,000 people, with cumulative volunteer service hours exceeding 120,000. Through tangible acts of kindness, the Group has fully contributed to the charitable power of social organizations.

CSPC’s charitable activities are mainly carried out through the Hebei CSPC Puen Charity Foundation. To give back to society more systematically and professionally, CSPC initiated the establishment of the CSPC Puen Charity Foundation in 2015, with the aim of helping more people in need. Embracing the philanthropic philosophy of “helping others to help oneself with a grateful heart; cultivating talents and nature, and benefiting the world,” CSPC Puen Charity Foundation’s charitable efforts have also received much recognition and praise from society.

Table 10-1: CSPC’s Duration of Public Welfare Activities in 2024

Project Name	Volunteers	Number of Assistance Instances	Volunteer Service Description	Number of Volunteers per Assistance Instance	Duration per Public Welfare Session (Hours)	Total Public Welfare Duration (Hours)
Patient Assistance Project	Public Welfare Specialist	127,445	Help patients understand project information and submit applications	1	0.50	63,722.50
	Project Pharmacist		Review patient information and dispense subsidized medication	1	0.25	31,861.25
CSPC Family Project	Project Volunteers	103	Assistance and Aid Activities	2	3.00	618.00
Aid Program for Tumor and Serious Ill Patients in Difficult Circumstances		235	Patient Assistance and Aid	4	4.00	3,760.00
			Project-based Public Welfare Activities	4	5.00	600.00
“Mayo Emergency Relief for Patients in Difficulty” Project		6	Patient Assistance	2	3.00	36.00
			Project Public Welfare Activities	5	5.00	500.00
“Twilight Action” Education Support Program		1,500	Document Review	2	3.00	9,000.00
			Project-based Public Welfare Activities	20	4.00	8,000.00
“Light Spring Rain” Rural Revitalization Program		100	Project Public Welfare Activities	15	3.00	4,500.00
Total		129,389				122,597.75

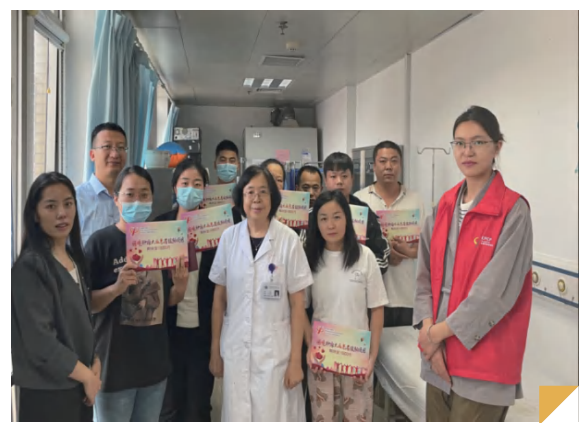
Actively Participating in Social Welfare, Demonstrating the Power of Charity

10.1 Charitable Aid

Health is essential for the comprehensive development of individuals and a foundation for economic and social progress. To better align with China's "Healthy China" strategy, improve public health standards, and promote healthcare development, Hebei CSPC Puen Charity Foundation has launched a series of support initiatives targeting critically ill patients in difficult circumstances. These include assistance for cancer patients, medication donation programs, and other medical relief projects, all aimed at contributing to the realization of the "Healthy China" national goal.

CSPC Puen Charity Foundation has long been involved in charitable medical aid for critical illnesses. It has specifically targeted

low-income, underprivileged, and severely ill patient groups through initiatives such as the "Aid Program for Tumor and Serious Ill Patients in Difficult Circumstances" the "PAP Patient Assistance Program" and the "Emergency Relief for Patients in Difficulties" project. These efforts further advance the "Healthy China" development strategy. In 2024, the foundation invested a total of 4.09 million yuan in medical aid, donated medications valued at 78.28 million yuan and provided assistance to more than 130,000 people.



Actively Participating in Social Welfare, Demonstrating the Power of Charity

10.2 Rural Revitalization

Participation in rural revitalization is a key responsibility of social organizations. It also represents our vital role in serving the nation, society, and the public. Moreover, it is an important pathway and broad platform for organizational growth and high-quality development. CSPC Puen Charity Foundation has launched the “Light Spring Rain” public welfare program, regularly organizing and carrying out various charity activities. Through diverse and everyday-themed events, it has enriched charitable content and expanded the scope of assistance. By maintaining a focus on rural revitalization, the foundation actively mobilizes the strength of social organizations to contribute to national poverty alleviation and revitalization efforts.

In 2024, the “Light Spring Rain” rural revitalization support project donated 72,000 RMB and organized public welfare visits to Yanyoufang Village and Nanqiaojiaying Village in Kangbao County, Zhangjiakou. A total of 1,440 boxes of Guoweikang nutritional bars and 1,440 boxes of Guoweikang Vitamin C and Vitamin E Protein Powder were donated.

Gentle Spring Rain Project Medication Donation Site



Actively Participating in Social Welfare, Demonstrating the Power of Charity

10.3 Educational Support

"A hundred-year plan begins with education." High-quality development requires equally high-quality education. Education is not only the foundation of national development, but also a key force for achieving long-term national goals and social progress.

CSPC Puen Charity Foundation launched the "Twilight Action Education Support Program" in 2016, aiming to improve the learning and growth environment of underprivileged students. From 2016 to 2021, the project focused on primary and secondary students in impoverished areas of Hebei Province, including Shijiazhuang, Handan, Chengde, and Xingtai, by holding educational support activities.

Building on its pharmaceutical industry background, the Foundation established the "Twilight Action – CSPC Scholarship program", targeting university students majoring in medicine and pharmaceuticals. The program supports financially challenged students in pursuing higher education, rewarding outstanding scholars and encouraging them to bravely pursue their dreams and grow into well-rounded individuals.

In 2024, the "Twilight Action" program continued to assist the needy and award excellence. It provided a total of 6 million yuan in donations and supported over 2,000 students. The project covered 11 universities and colleges, offering real assistance to exceptional students from underprivileged backgrounds, contributing to the development of national education.

CSPC Twilight Action Event Site Photo





11

Appendix

11 Appendix

11.1 List of Laws, Regulations and Policies

ESG Scope	National Laws and Regulations	Internal Policies and Rules of CSPC
Corporate Governance	<p>Company Law of the People's Republic of China</p> <p>Securities Law of the People's Republic of China</p> <p>Code of Corporate Governance for Listed Companies</p> <p>Hong Kong Companies Ordinance</p> <p>HKEX Listing Rules</p>	<p>Articles of Association</p> <p>Board Meeting Rules</p> <p>Information Disclosure Management System for Listed Companies</p> <p>Confidentiality Management Measures</p> <p>CSPC ESG Committee Terms of Reference</p>
ESG Management	<p>Hong Kong Stock Exchange Environmental, Social and Governance Reporting Code</p> <p>Sustainable Development Reporting Guidelines (2016 Edition)</p>	<p>CSPC ESG Task Force Management System</p>
Business Ethics, Compliance & Risk Management	<p>Criminal Law</p> <p>Anti-Unfair Competition Law</p> <p>Interim Regulations on Prohibition of Commercial Bribery</p> <p>WMA Declaration of Helsinki</p> <p>Civil Code</p> <p>Drug Registration Measures</p> <p>GCP for Clinical Trials of Drugs</p>	<p>Employee Integrity Management System</p> <p>Sunshine Cooperation Agreement</p> <p>Bidding Supervision Management System</p> <p>Gifts and Hospitality Management Rules</p> <p>Supervision, Reporting, and Reward/Penalty System</p> <p>CSPC Compliance Management System</p> <p>CSPC Business Conduct Policy</p> <p>Violation Inspection Management Rules</p> <p>Bidding and Procurement Management System</p> <p>Public Opinion Verification System</p> <p>Anti-Monopoly & Anti-Unfair Competition Compliance</p> <p>Laboratory Animal Ethics Regulations</p> <p>SOP for Welfare and Ethics Review of Lab Animals</p>
Product Quality	<p>Drug Administration Law of the People's Republic of China</p> <p>Vaccine Administration Law of the People's Republic of China</p> <p>Measures for the Administration of Drug Registration</p> <p>Measures for the Supervision and Administration of Drug Production</p> <p>Drug Quality Law of the People's Republic of China</p> <p>Law on the Protection of Consumer Rights and Interests of the People's Republic of China</p> <p>Good Manufacturing Practice (GMP) for Pharmaceutical Products</p>	<p>Quality Responsibility Management System</p> <p>Material Receipt, Storage and Distribution Management System</p> <p>Quality Risk Management System</p> <p>Pharmacovigilance Quality Management Specification</p> <p>Product Recall Management System</p> <p>Drug Safety Committee Management System</p>

Appendix

ESG Scope	National Laws and Regulations	Internal Policies and Rules of CSPC
Product Quality	<i>Pharmacovigilance Quality Management Specification</i> <i>Good Laboratory Practice for Non-clinical Drug Studies</i> <i>Measures for the Supervision and Administration of Drug Distribution and Use Quality</i> <i>Measures for the Administration of Drug Recalls</i> <i>Provisions on the Supervision and Administration of Marketing Authorization Holders' Responsibilities for Drug Quality and Safety</i> <i>Measures for the Reporting and Monitoring of Adverse Drug Reactions</i>	<i>Standard Operating Procedure for Collection of Drug Safety Information</i> <i>Information and Network Security Management System</i> <i>Customer Master Data Maintenance Regulations</i> <i>Customer Complaint Management System</i>
Supply Chain	<i>Evaluation Standards for Green Supply Chain Management in Green Manufacturing Enterprises</i> <i>Implementation Guidelines for Green Supply Chain Management in Green Manufacturing Enterprises</i> <i>Company Law of the People's Republic of China</i> <i>E-Commerce Law of the People's Republic of China</i> <i>Bidding Law of the People's Republic of China</i> <i>Implementation Guidelines for Traditional Chinese Medicine Traceability System</i> <i>Information Requirements for TCM Traceability – Medicinal Plant Cultivation</i> <i>Information Requirements for TCM Traceability – Production of Processed Herbs</i> <i>Cold Chain Management Guidelines for Medical Devices (Transportation and Storage)</i> <i>Good Agricultural Practice (GAP) for Medicinal Plant Production</i>	<i>Operating Procedures for Green Supply Chain Management</i> <i>Material Procurement Management Policy</i> <i>Supply Chain Management Policy</i> <i>Procurement Emergency Plan Management Policy</i> <i>CSPC Business Partner Integrity Notification</i> <i>Sunshine Cooperation Agreement</i> <i>CSPC Blacklist Management Policy for Dishonest Entities</i> <i>CSPC Integrity Cooperation Commitment Letter</i>
Intellectual Property Protection	<i>Patent Law of the People's Republic of China</i> <i>Detailed Rules for the Implementation of the Patent Law of the People's Republic of China</i> <i>Enterprise Intellectual Property Management Standards</i> <i>Patent Cooperation Agreement</i> <i>Paris Convention</i>	<i>Intellectual Property Management System</i> <i>Generic Drug Patent Challenge Management Procedure</i>
Employees	<i>Labor Law of the People's Republic of China</i> <i>Labor Contract Law of the People's Republic of China</i> <i>Special Provisions on Labor Protection for Female Employees</i> <i>UN Convention on the Rights of the Child</i> <i>Law on the Protection of Minors of the People's Republic of China</i> <i>Provisions on the Prohibition of Child Labor</i>	<i>Labor Relations Management System</i> <i>Attendance and Leave Management System</i> <i>Employee Resignation Management System</i> <i>Training Management System</i> <i>Internal Trainer Management System</i> <i>Training Program Implementation Guidelines</i>

Appendix

ESG Scope	National Laws and Regulations	Internal Policies and Rules of CSPC
Occupational Safety and Health	<i>Environmental Management Systems – Requirements with Guidance for Use</i> <i>Occupational Health and Safety Management Systems – Requirements with Guidance for Use</i> <i>Basic Specification for Enterprise Work Safety Standardization</i> <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> <i>Technical Specifications for Occupational Health Surveillance</i> <i>Occupational Hygiene Management Regulations for Workplaces</i> <i>Measures for Reporting Occupational Hazard Projects</i> <i>Work Safety Law of the People's Republic of China</i> <i>Fire Protection Law of the People's Republic of China</i>	<i>CSPC Safety Risk Identification, Evaluation and Tiered Control System</i> <i>CSPC EHS Change Management System</i> <i>CSPC High-Risk Operation Management System</i> <i>CSPC Incident Review, Assessment and Verification System</i> <i>Hazardous Chemicals Management System</i> <i>CSPC Emergency Management System</i> <i>EHS Education and Training Management System</i>
Environmental Management	<i>Energy Conservation Law of the People's Republic of China</i> <i>Air Pollution Prevention and Control Law of the People's Republic of China</i> <i>Water Pollution Prevention and Control Law of the People's Republic of China</i> <i>Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China</i> <i>Cleaner Production Promotion Law of the People's Republic of China</i> <i>National Catalogue of Hazardous Waste (2021 Edition)</i>	<i>Environmental Protection Responsibility System</i> <i>Procedure for Organizational Environmental Analysis and Stakeholder Impact Control</i> <i>Procedure for Environmental Aspect Identification and Evaluation Control</i> <i>Hazard Source and Environmental Factor Identification, Evaluation and Control Management System</i> <i>Contingency Plan for Environmental Incidents</i> <i>EHS Incident Reporting, Investigation, and Management System</i> <i>EHS Assessment and Reward & Punishment System</i>



Appendix

11.2 Index to the Environmental, Social and Governance Reporting Code of The Stock Exchange of Hong Kong Limited

A: Environmental

			Chapter
Aspect A1:	General Disclosure	Information on: air and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste (a) policies; (b) compliance with relevant laws and regulations that have a significant impact on the issuer	9
Emissions	KPI A1.1	The types of emissions and respective data.	9.1.4
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9.1.4
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9.1.4
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9.1.4
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	9.1.2; 9.1.3; 9.1.5
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	9.4
Aspect A2:	General Disclosure	Policies on the efficient use of resources (including energy, water, and other raw materials). Note: Resources may be used for production, storage, transportation, buildings, electronic devices, etc.	9
Use of Resources	KPI A2.1	Total consumption and intensity (e.g., per unit of production, per facility) of direct and/or indirect energy (e.g., electricity, gas, oil) by type (in kWh).	9.3
	KPI A2.2	Total water consumption and intensity (e.g., per unit of production, per facility).	9.3
	KPI A2.3	Description of energy efficiency initiatives and results achieved.	9.3
	KPI A2.4	Description of any issues in sourcing water that is fit for purpose, and water efficiency initiatives and results achieved.	9.4
	KPI A2.5	Total packaging material used for finished products (in tonnes), and if applicable, per unit of production.	9.3
Aspect A3:	KPI A3.1	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	9
The Environment and Natural Resources		Policies on minimizing the issuer's significant impacts on the environment and natural resources.	9.1; 9.2
Aspect A4:	General Disclosure	Policies on identifying and responding to significant climate-related issues that have impacted or may impact the issuer.	9.5
Climate Change	KPI A4.1	Description of significant climate-related issues that have impacted or may impact the issuer, and the actions taken to manage them.	9.5

Appendix

B: Social

Employment and Labor Practices			
Aspect B1:	General Disclosure	Policies on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) Policies, and (b) Information on compliance with laws and regulations that have a significant impact on the issuer	8.1
Employment	KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	8.1.3
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	8.1.4
Aspect B2:	General Disclosure	Provision of a safe working environment and measures to safeguard employees from occupational hazards: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	8.2
Health and Safety	KPI B2.1	Number and rate of work-related fatalities in the past three years (including the reporting year).	8.2.5
	KPI B2.2	Lost days due to work injuries.	8.2.5
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	8.2.5
Aspect B3:	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training and may include internal and external courses paid by the employer.	8.3.3
Development and Training	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	8.3.3;11
	KPI B3.2	The average training hours completed per employee by gender and employee category.	8.3.3;11
Aspect B4:	General Disclosure	General Disclosure: Measures to prevent child and forced labor: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	8.1.1
Labor Standards	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	8.1.1
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No such situation

Appendix

Operating Practices			
Aspect B5:	General Disclosure	General Disclosure Policies on managing environmental and social risks of the supply chain.	6
Supply Chain Management	KPI B5.1	Number of suppliers by geographical region.	6.1
	KPI B5.2	Description of practices for engaging suppliers, number of suppliers where such practices are being implemented, and how they are implemented and monitored.	6.1.1
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1.2;6.3
Supply Chain Management	KPI B5.4	Description of practices to encourage the use of environmentally friendly products and services when selecting suppliers, and related implementation and monitoring methods.	6.2
Aspect B6:	General Disclosure	Health and safety, advertising, labelling and privacy matters relating to products and services provided and remedial methods: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	5
Product Responsibility	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.7.3
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	7.1.4
	KPI B6.4	Description of quality assurance process and recall procedures.	5.3
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.3
Aspect B7:	General Disclosure	Information on the prevention of bribery, extortion, fraud and money laundering: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	4.1;4.2
Anti-corruption	KPI B7.1	Number and results of corruption-related legal cases brought against the issuer or its employees during the reporting period.	No such situation during the reporting period
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.1
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	4.1.3
	KPI B7.4	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.1; 4.2
Community			
Aspect B8:	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.	10
Community Investment	KPI B8.1	Focus areas of contribution (such as education, environmental affairs, labor needs, health, culture, sports).	10.1; 10.2; 10.3
	KPI B8.2	Resources used in the focus area (e.g. money or time).	10.1

Appendix

11.3 ESG Key Performance Indicator Index

Table 11-1: CSPC Resource Utilization Statistics

Energy Type	Unit	2021	2022	2023	2024
Annual Electricity Consumption	10,000 kWh	71,360.43	89,333.05	82,094.20	83,728.64
Annual Steam Consumption	T	667,921.00	862,041.00	708,220.00	720,051.00
Annual Natural Gas Consumption	m ³	61,344,704.00	67,824,064.40	64,326,587.60	53,534,900.00
Annual Gasoline Consumption	L	342,149.00	300,594.00	216,382.00	/
Annual Diesel Consumption	L	214,738.00	192,629.00	134,581.00	/
Annual Freshwater Consumption	m ³	7,796,483.00	9,581,774.00	9,308,364.00	9,210,791.00
Annual Recycled Water Consumption	m ³	12,283.00	1,825,322.00	2,341,612.00	2,582,393.97
Annual Packaging Material Usage	T	44,885.00	46,596.00	44,398.00	43,471.00

Note: In 2024, all official vehicles of the Group were converted to electric vehicles. In-plant motorized forklifts also shifted from diesel to electric power, resulting in significant fuel savings.

Category	Unit	2021	2022	2023	2024
Natural Gas Consumption Intensity	m ³ / RMB 100 million revenue	220,133.86	219,232.84	204,536.05	184,603.10
Electricity Consumption Intensity	10,000 KW-H / RMB 100 million revenue	256.00	288.76	261.03	288.72
Steam Consumption Intensity	T / RMB 100 million revenue	2,397.00	2,519.00	2,251.89	2,482.93
Freshwater Consumption Intensity	m ³ / RMB 100 million revenue	27,978.00	34,545.00	29,597.34	31,761.35
Recycled Water as Percentage of Freshwater	%	0.15	19.05	25.16	28.04
Packaging Material Consumption Intensity	T / RMB 100 million revenue	161.00	183.00	141.17	149.90

Appendix

Table 11-2: Key Performance Indicators (Environmental Emissions)

Greenhouse Gas Emissions	Scope	2021	2022	2023	2024
Direct Greenhouse Gas Emissions (Scope 1)	TCO2e	580,318.00	564,429.00	663,224.00	474,567.04
Indirect Greenhouse Gas Emissions (Scope 2)	TCO2e	600,682.00	572,613.00	418,037.00	493,310.00
Total	TCO2e	1,181,000.00	1,137,042.00	1,081,261.00	967,877.00
Greenhouse Gas Emission Intensity	TCO2e/RMB 100 million revenue	4,238.00	3,972.00	3,438.00	3,338.00
Sulfur Dioxide	T	6.73	14.21	12.04	10.93
Nitrogen Oxides	m³	37.13	65.92	63.17	56.69
Industrial Wastewater	10,000 m³	778.42	956.83	876.00	853.09
Wastewater Discharge per Unit of Revenue	m³/RMB 100 million revenue	30,971.79	30,462.86	27,853.74	24,931.55
Chemical Oxygen Demand (COD)	T	989.00	1,214.00	918.00	906.23
Ammonia Nitrogen	T	74.00	91.00	82.00	80.81
Hazardous Waste Discharge Volume	T	13,453.61	14,198.62	13,023.10	12,428.72
Hazardous Waste Discharge Intensity	T/per RMB 100 million revenue	0.48	0.45	0.41	0.43
Non-hazardous Waste Discharge Volume	T	28,143.87	33,847.11	25,746	23,352
Non-hazardous Waste Discharge Intensity	T/per RMB 100 million revenue	1.01	1.07	0.82	0.81

Note: Unless otherwise specified, all currency units above are in RMB.



Appendix

Table 11-3: Employment

Topic	Performance Indicators	2022	Proportion	2023	Proportion	2024	Proportion
	Total Number of Employees	24,837	100%	23,480	100%	21,379	100%
Number of Employees by Gender	Male	12,762	51.40%	12,172	51.80%	11,094	52%
	Female	12,075	48.6	11,308	0.482	10,285	48%
Number of Employees by Age Group	Aged18-30	10,242	41.20%	7,613	32.40%	6,627	31%
	Aged30-50	13,834	55.70%	14,910	635.00%	13,997	65%
	Above50	761	3.10%	957	4.10%	755	4%
Number of Employees by Education Level	Doctorate	262	1.00%	253	1.00%	264	1.00%
	Master's Degree	1,600	6.00%	1,641	7.00%	1,813	8.00%
	Bachelor's Degree	8,816	36.00%	8,679	37.00%	8,249	39.00%
	Junior College and Below	14,159	57.00%	12,907	55.00%	11,053	52.00%
Number of Employees by Position Level	Senior Management	225	1.00%	219	1.00%	168	1.00%
	Middle Management	1,911	8.00%	1,871	8.00%	1,567	7.00%
	Basic Management	2,764	11.00%	2,816	12.00%	2,748	13.00%
	General Employees	19,937	80.00%	18,574	79.00%	16,896	79.00%

2024 Data Overview

Total Number of Workplace Harassment or Related Incidents	0	Loss Incurred by the Company Due to Labor Arbitration Decisions	65,700 RMB
Labor Contract Signing Rate	100%	Response Rate to Internal Suggestions and Proposals	100%
Collective Agreement Coverage Rate	100%	Total Number of Employees with Paid Leave	21,379
Number of Labor Dispute Cases Between Company and Employees	54	Total Number of Employees on Maternity or Parental Leave	17,900

Appendix

Table 11-4: Employee Turnover Statistics

Employee Turnover Statistics			
Turnover Rate		Resignation Rate	Number of Resigned Employees in 2024
Category	Employee turnover rate	17.59%	4,563
By Gender	Male Employee Turnover Rate	9.52%	2,470
	Female Employee Turnover Rate	8.07%	2,093
By Age Group	Turnover Rate-Under 30 Years Old	8.34%	2,163
	Turnover Rate-30 to 50 Years Old	8.91%	2,311
	Turnover Rate-Over 50 Years Old	0.34%	89
By Region	Turnover Rate-Mainland China Employees	17.46%	4,530
	Turnover Rate-Hong Kong, Macau, Taiwan, and Overseas Employees	0.13%	33

Table 11-5: Core Performance Data on Occupational Safety and Health of CSPC Group

Year	Number of fatalities	Number of serious injuries	Total working hours (hours)	Minor injury rate per million working hours	Lost-time injury rate per million working hours	Recordable incident rate per million working hours	Number of confirmed occupational disease cases
2019	0	0	37.42 million	0.50	214.00	0.54	0
2020	0	0	32.35 million	0.33	183.00	0.36	0
2021	0	0	34.07 million	0.29	156.00	0.32	0
2022	0	0	35.79 million	0.22	78.00	0.30	0
2023	0	0	34.58 million	0.23	64.80	0.29	0
2024	0	0	30.69 million	0.20	81.30	0.26	0

Note: In 2024, with the Group's increased investment in digitalization and advanced automation equipment, total working hours showed a downward trend.

Note 1: The classification of incidents follows the "Classification Standards for Occupational Injury and Fatality Accidents in Enterprises" and the international OSHA definitions of accidents. The data disclosed in this report includes lost-time accidents defined by OSHA standards.

2. Minor Injury Rate per Million Working Hours = Number of Minor Injuries / Total Working Hours * 1,000,000; other rates follow the same calculation method.

Appendix

Table 11-6: Training Achievements

Training Outcomes

Item	Category	Unit	2024	2023
Training Coverage Rate	Overall	Percentage	100	96
	Male Employees	Percentage	100	98
	Female Employees	Percentage	100	96
	Front-line Management	Percentage	100	98
	Middle Management	Percentage	100	100
	Senior Management	Percentage	100	100
Average Learning Hours per Capita	Overall	Hours	97.9	—
	Male Employees	Hours	97.5	78.5
	Female Employees	Hours	98.3	86.4
	Front-line Management	Hours	98.9	82.1
	Middle Management	Hours	89.8	68.2
	Senior Management	Hours	78.5	107.3
Number of Training Sessions	Front-line Management	Sessions	3,704	—
	Middle Management	Sessions	769	—
	Senior Management	Sessions	207	—
Total Trainee Attendance	Front-line Management	Attendances	383,606	—
	Middle Management	Attendances	63,287	—
	Senior Management	Attendances	13,350	—

11.4 Glossary

Glossary

Full Names	Abbreviations
CSPC Ouyi Pharmaceutical Co., Ltd.	Ouyi
CSPC Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd.	Zhongnuo
CSPC NBP Pharmaceutical Co., Ltd.	CSPC NBP
CSPC Baike (Shandong) Biopharmaceutical Co., Ltd.	Baike
CSPC Weisheng Pharmaceutical (Shijiazhuang) Co., Ltd.	Weisheng
CSPC Yinhu Pharmaceutical Co., Ltd.	Yinhu
CSPC Zhongnuo Pharmaceutical (Inner Mongolia) Co., Ltd.	Zhongnuo Inner Mongolia
CSPC Zhongnuo Pharmaceutical (Taizhou) Co., Ltd.	Zhongnuo Taizhou
CSPC Shengxue Glucose Co., Ltd.	CSPC Shengxue
CSPC Innovative Pharmaceutical Co., Ltd.	CSPC Innovation
Hebei United Pharmaceutical Co., Ltd.	United
Hebei Zhongbo Ecological & Environmental Protection Co., Ltd.	Eco & Environmental
CSPC Taizhou Guoweikang Health Products Co., Ltd.	Guoweikang
Megalith. Biopharmaceutical Co., Ltd.	Megalith Biopharma

**All for Good Medicine,
All for Mankind' s Health**
