



基石药业

CSTONE
PHARMACEUTICALS

CStone Pharmaceuticals

基石藥業

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 2616



2024

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



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1. About the Report

CStone Pharmaceuticals (the “Company”) and its subsidiaries (hereinafter referred to as “CStone”, the “Group” or “we”) are pleased to present the seventh Environmental, Social and Governance Report (the “ESG Report” or “this Report”). The scope of the ESG Report covers the policies, measures and achievements in sustainable development of the Group from January 1, 2024 to December 31, 2024 (the “Year” or “Reporting Period”). You may access the ESG Report by clicking “Information Disclosure” under the “INVESTOR RELATIONS” section on the Company’s website or relevant documents by browsing through HKExnews’s website.

BASIS FOR PREPARATION

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

Materiality	This Report discloses the process and guidelines for the Group’s communication with stakeholders and identification of materiality issues, and the Board of Directors (the “Board”) has prioritized the identified materiality issues.
Quantitative	This Report discloses statistical standards, methods, assumptions and/or calculation tools for the quantitative key performance indicators (“KPIs”), as well as the source of the conversion factors.
Consistency	This Report adopts the same statistical methodologies as last year for disclosure, any changes in methodology will be explained in this Report.
Balance	This Report presents the Group’s performance in ESG aspect during the Reporting Period in an impartial manner, avoiding selections, omissions or presentation formats that may inappropriately influence a decision or judgment by the report readers.

1. About the Report

REPORTING BOUNDARY

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

REPORT APPROVAL

The ESG Report is approved and adopted by the Board on March 27, 2025 after being confirmed by the management executives.

LANGUAGE OF THIS REPORT

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

REPORT FEEDBACK

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



2. Chairman's Message

On behalf of our Board, I am pleased to present the seventh ESG Report of the Group for the year ended December 31, 2024.

As an innovation-driven biopharmaceutical company, CStone upholds its mission of “Through scientific excellence and technological innovation, we develop transformative therapies and make high-quality treatments accessible worldwide to benefit patients and their families”. We focus on researching, developing, and commercializing innovative immuno-oncology and precision medicines to address the unmet medical needs of cancer patients in China and worldwide. This Year, CStone was ranked among the “Top 100 National Pharmaceutical Innovation Companies” for the sixth consecutive year, underscoring its recognized innovative strengths in drug pipelines, licensed patents, and clinical development in the industry.

While boosting our corporate value, we value sustainability and embed ESG philosophy seamlessly into our core development strategies and business operations. This balanced approach ensures our fulfillment of corporate social responsibility while pursuing commercial success. CStone has actively promoted the inclusion of multiple drugs in commercial and government insurance plans, benefiting over 100 million people. Meanwhile, we have lowered product prices and launched diversified patient assistance projects to reduce the patients’ financial burden, to ease the payment pressure on them, and to effectively improve product accessibility and affordability. We are dedicated to fostering a safe, equal, and diverse workplace. Beyond this, we prioritize the well-being and personal development of our employees. Every year, we organize annual health check-ups, fire drills, and safety training, while also actively participating in charitable initiatives that contribute to societal prosperity.

In our efforts to protect the environment and natural resources, we champion green operations and eco-friendly offices. We closely monitor our electricity consumption, water usage, and waste management to conserve energy, cut emissions, and reduce waste, minimizing our environmental impact. In response to climate change, we proactively identify and assess climate risks, try our best to turn them into important opportunities to promote sustainability, and take mitigation measures. Fully aligned with China’s carbon neutrality strategy, we will remain firm on track to achieving carbon neutrality by 2060. This will lay a solid foundation for our sustainable development.

Looking ahead, guided by our sustainability strategy, we will maintain our focus on China’s pharmaceutical innovation sector. As we pursue external collaborations, expand into international markets, and accelerate product development, we will uphold the compliance and transparency of our ESG performance. We will integrate key ESG considerations into our management and development strategies, ensuring we meet our corporate social responsibility. In pursuit of our vision—“To be a pioneer in enhancing global patient health through innovation”—we will collaborate broadly to build a sustainable and sound future.










Dr. Wei Li

Chairman and Non-executive Director
Suzhou, China




3. About CStone

CStone (Stock Code: 2616), established in late 2015, is an innovation-driven biopharmaceutical company focused on the research and development of anti-cancer therapies. Dedicated to addressing patients' unmet medical needs in China and globally, the Company has made significant strides since its inception. To date, the Company has successfully launched 4 innovative drugs and secured approvals for 16 new drug applications (NDAs) covering 9 indications. The Company's pipeline is balanced by 16 promising candidates, featuring potentially first-in-class or best-in-class antibody-drug conjugates (ADCs), multispecific antibodies, immunotherapies and precision medicines. CStone also prides itself on a management team with comprehensive experiences and capabilities that span the entire drug development spectrum, from preclinical and translational research to clinical development, drug manufacturing, business development, and commercialization.

The following table summarizes the development status of our investigational drugs and individual drug candidates as of the last practicable date¹:























Drug candidate	Indication	POC	Pivotal	NDA	Marketed	Approval						Partners	Partnering regions
						CN	TW	HK	US	EU	UK		
Pralsetinib (RET)	2L NSCLC					✓	✓	✓	✓			 	Mainland China
	1L NSCLC					✓	✓	✓	✓				
	1L MTC / TC					✓	(TC)		(TC)				
	Multiple tumors												
Avapritinib (KIT/PDGFR)	PDGFRA exon 18 GIST					✓	✓	✓	✓				Mainland China
	SM ¹								✓				
Sugemalimab (PD-L1)	1L Stage IV NSCLC					✓							Mainland China
	1L Stage IV NSCLC									✓	✓		
	Stage III NSCLC					✓							Switzerland and Central Eastern Europe
	1L GC/GEJ					✓							
	1L ESCC					✓							Middle East and Africa
	R/R ENKTL					✓							
	R/R ENKTL												Latin America
CS1003 (PD-1)	1L HCC												Mainland China
CS1002 (CTLA-4)	Solid tumors												Greater China

Note: Assets status denotes progress in the region(s) noted in the column titled "Rights". CN = Mainland China, TW = Taiwan, China, HK = Hong Kong SAR, China, US = United States, POC = Proof of Concept, NSCLC = Non-small Cell Lung Cancer, MTC = Medullary Thyroid Cancer, TC = Thyroid Cancer, GIST = Gastrointestinal Stromal Tumor, SM = Systemic Mastocytosis, GC/GEJ = gastric adenocarcinoma/gastroesophageal junction adenocarcinoma, ESCC = Esophageal Squamous Cell Carcinoma, R/R = Relapsed or Refractory, NKTL = Natural Killer/T Cell Lymphoma, HCC = Hepatocellular Carcinoma, RoW, Rest of World
¹. POC was conducted in the U.S. and no clinical trials have been conducted in China.

 Greater China
  Global Rights
 Expedited registration

¹ The last practicable date is March 31, 2025.

3. About CStone

Drug candidate	Right	Indication	Discovery	Preclinical Development	IND-Enabling	FIH	POC
CS5001 ¹ (ROR1 ADC)		Solid tumors hematologic malignancies					
CS2009 (PD-1/VEGF/CTLA-4 trispecific antibody)		Solid tumors					
CS2011 (EGFR/HER3 bispecific antibody)		Solid tumors					
CS5007 (EGFR/HER3 bispecific ADC)		Solid tumors					
CS5005 (SSTR2 ADC)		Solid tumors					
CS5008 (SSTR2/DLL3 bispecific ADC)		Solid tumors					
CS5005-R (SSTR2 RDC)		Solid tumors					
CS5006 (ITGB4 ADC)		Solid tumors					
CS5009 (B7H3/PD-L1 bispecific ADC)		Solid tumors					
CS2013 (Bispecific antibody, undisclosed targets)		Autoimmune					
CS2015 (Bispecific antibody, undisclosed targets)		Autoimmune					

Note: Assets status denotes progress in the region(s) noted in the column titled "Rights"; FIH = First in Human, POC = Proof of Concept.
1. CStone obtains the exclusive global right from LigaChem Biosciences, Inc. (LCB) to lead development and commercialization of LCB71/CS5001 outside the Republic of Korea

Antibody ADC RDC Global Rights

4. ESG Development Strategy and Governance

CStone has always been dedicated to the research, development, and commercialization of innovative immuno-oncology and precision treatment drugs. Those efforts are geared towards fulfilling patient needs, helping to extend the lives of cancer patients, and ensuring or enhancing their quality of life.

In ESG governance, maintaining close and effective communication with all stakeholders is crucial for achieving our sustainable development goals. By establishing diverse communication channels, we proactively engage in dialogue with them, deeply addressing and meeting their core demands and expectations of the Group. The Board, as the decision-making core for the Group's ESG management, is primarily responsible for guiding and advancing various ESG development initiatives. Each department is tasked with closely collaborating to implement the Board's ESG development decisions into concrete actions, driving the Group and stakeholders to jointly foster sustainable development in society.

4.1 BOARD STATEMENT

CStone has established and refined an ESG governance framework to manage related affairs, reflecting our high level of commitment to sustainable development. As the decision-making body, the Board assumes the responsibility for ESG governance, including decision-making and oversight. The Board comprehensively supervises the Group's performance in the ESG domain, which includes in-depth examination of ESG issues and strategies, identification and management of ESG risks that we may encounter in daily operations, and approval of the release of the annual ESG Report.

Under the Board's guidance and supervision, all departments actively promote the ESG management policies, strategies and priorities established by the Group to ensure these ESG policies and measures are in line with the Group's business development trend. Through continuous improvement and innovation, this will strengthen our corporate responsibility, enhance our market competitiveness, drive our sustainable development and create greater value for all stakeholders.

During the Year, the Group actively reviewed the progress of established environmental targets. By integrating ESG-related concepts and policies with our strategic development in line with the realities of our daily operations, we ensure that our ESG management efforts remain consistent with our overall strategy. These efforts are aimed at ensuring the continuous ESG management supervision and improvement to adapt to the changing business environment and market requirements.

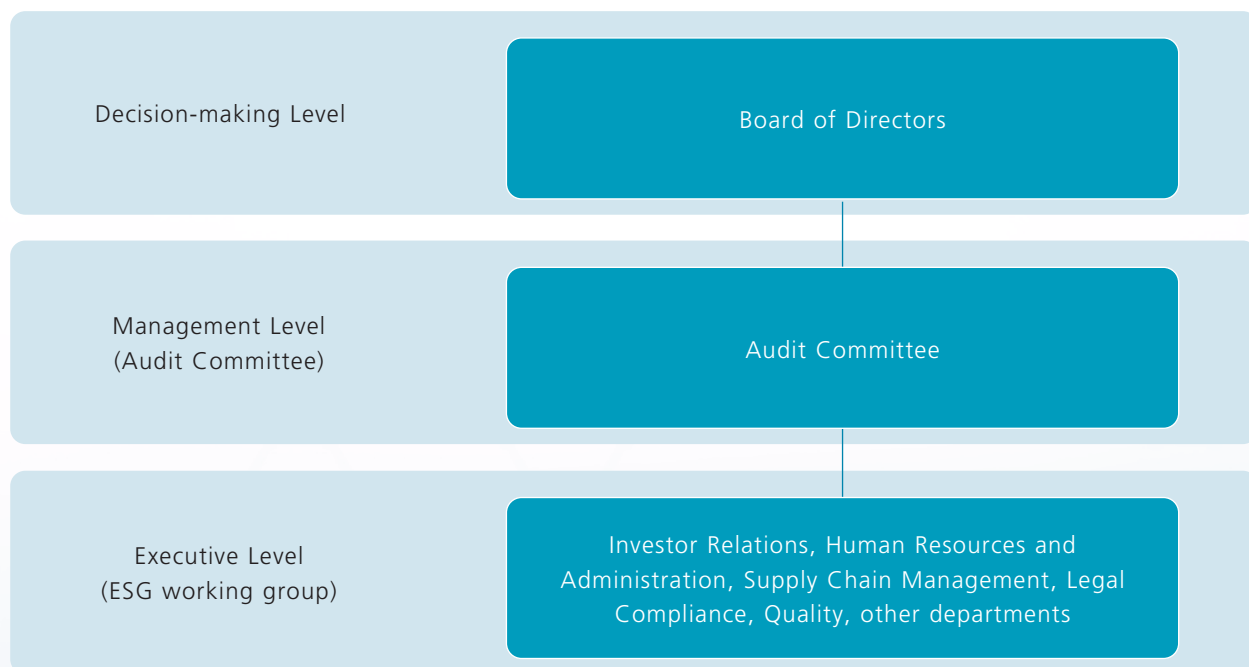
4. ESG Development Strategy and Governance

4.2 ESG GOVERNANCE STRUCTURE

By establishing a comprehensive ESG governance framework, the Group has consistently implemented effective management of ESG-related affairs. This framework consists of three core components: the Board, the Audit Committee, and the ESG working group. Together, these components ensure that our strategic objectives for sustainable development are effectively implemented and continuously improved.

As the highest decision-making level and responsible body in the ESG governance framework, the Board assumes responsibilities, including reviewing and approving ESG-related strategies, principles, objectives and policies; monitoring ESG performance and progress; assessing relevant risks and materiality; and reviewing and approving disclosures related to ESG matters. The Audit Committee, as the management level of ESG matters, is mainly responsible for assisting the Board in assessing the Company's ESG risk appetite on an annual basis, reviewing the changes in the nature and severity of ESG risks and the ability of CStone to respond to climate changes. The Audit Committee is also responsible for reviewing the adequacy of the Group's ESG resource allocation, employee qualifications and experience, training plan and budget, and reporting to the Board on the implementation of ESG on a regular basis.

The ESG working group, as the executive level, is responsible for daily ESG matter coordination and management, communication and disclosure. This working group spans many core departments, such as Investor Relations, Human Resources and Administration, Supply Chain Management, Legal Compliance, Quality Department, R&D and Commercialization, etc. It communicates with stakeholders in various ways, evaluates and responds to ESG-related risks and requirements, and regularly reports to the Audit Committee on the progress and achievements, and continuously optimizes ESG management based on the feedback.



4. ESG Development Strategy and Governance

4.3 COMMUNICATION WITH STAKEHOLDERS

The sustainable prosperity and development of an enterprise cannot be achieved without close communication with and support from all stakeholders. During the Year, we continued to maintain engagement with customers, shareholders/investors, employees, government regulatory agencies, suppliers, and other stakeholders. By establishing diverse and routine communication channels, we are committed to deeply listening to and understanding their needs and expectations of the Group, ensuring that they can actively participate in our business development process. Through this approach, we not only strengthen our relationships with all stakeholders but also enhance the transparency and inclusiveness of our decision-making processes.

Table of communication channels with stakeholders

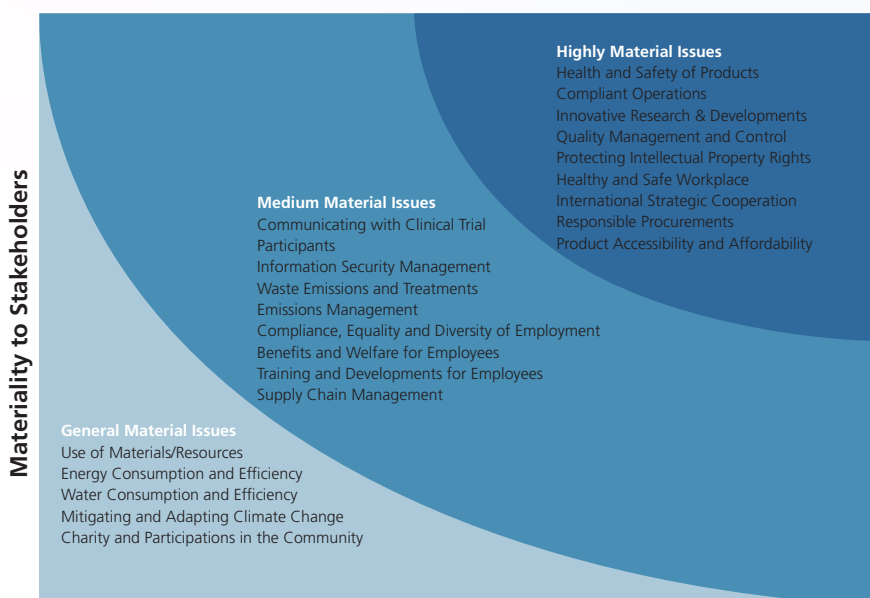
Stakeholders	Communication Channels
Customers	<ul style="list-style-type: none">• Customer satisfaction survey and comment form• Email
Shareholders and investors	<ul style="list-style-type: none">• General meetings• Interim and annual reports• Corporate communications such as letters/circulars to shareholders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

4. ESG Development Strategy and Governance

4.4 MATERIALITY ASSESSMENT

During the Year, given that there have been no significant changes in the Group's business and operating environment, and that the results of last year's materiality assessment still adequately address the expectations of stakeholders regarding the Group, the management and the ESG working group have confirmed that the results of last year's materiality assessment remain applicable for the Year. Based on the material issue analysis by stakeholders, the management identified 22 material issues, including 9 highly material issues, 8 material issues and 5 general material issues. The following table denotes the material ESG issues we identified during the Year:

CStone's Materiality Matrix



Based on the results of the materiality assessment, CStone focuses on five key areas in ESG management during the Year: "Business Ethics and Professional Conduct", "Quality Management and Compliant Operation", "Compliant Employment and Employee Well-being", "Environmental Protection and Green Development", and "Public Welfare and Social Responsibility". This Report will prioritize these five areas as the main themes, sequentially disclosing the Group's relevant policies, practices, and performance for the Year.

5. Business Ethics and Professional Conduct

5.1 ANTI-CORRUPTION

CStone adheres to the principles of compliant operation and integrity governance, maintaining a zero-tolerance stance towards corruption. CStone strictly abides by the Anti-Unfair Competition Law of People's Republic of China (the "PRC") 《中華人民共和國反不當競爭法》, Interim Provisions on Banning Commercial Bribery 《關於禁止商業賄賂行為的暫行規定》 and other relevant laws and regulations. To ensure proper management, we have formulated the Compliance Management System to ensure that all business activities conform to both internal policies of the Company and industry standards.

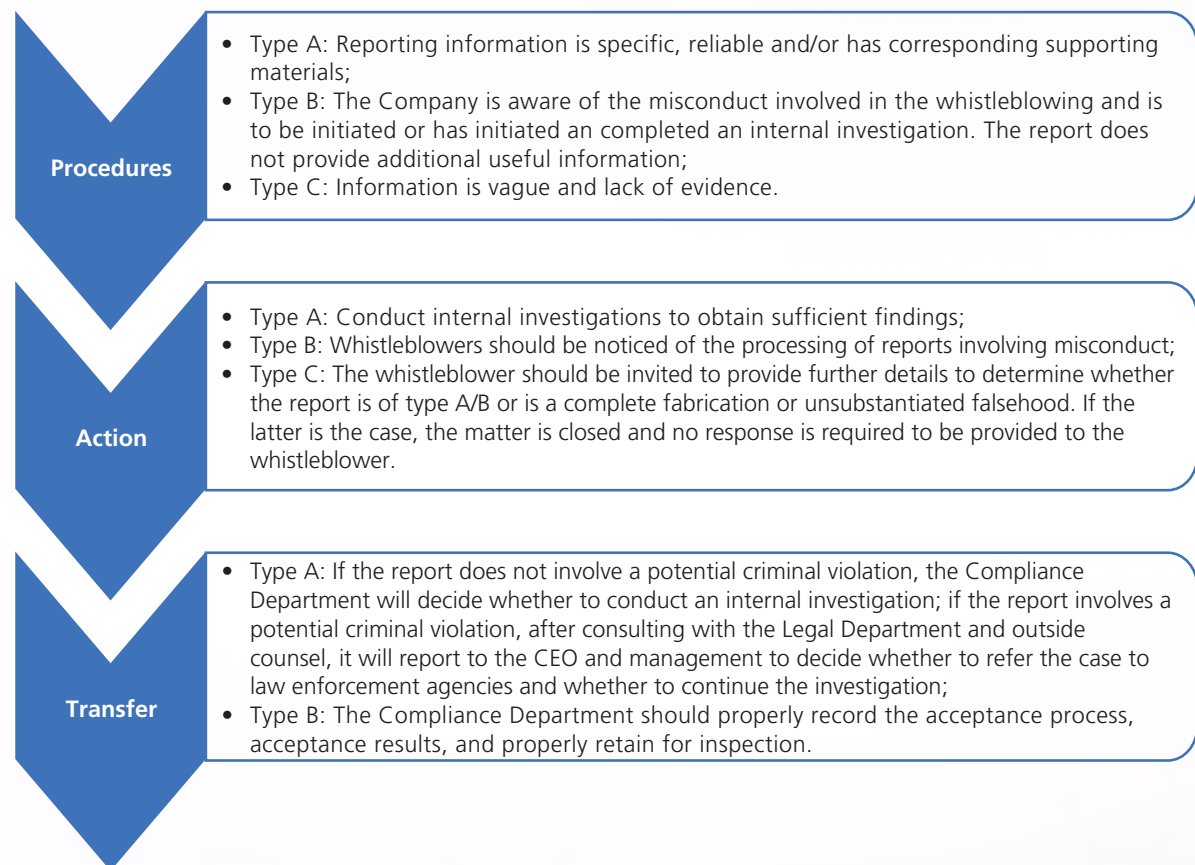
In terms of compliance, the Board and the Legal Compliance Department are responsible for leading, formulating, and overseeing the execution of relevant systems. In order to ensure strict compliance with the laws and regulations of the place of operation, we have formulated the Compliance Management System, which covers the identification, evaluation, monitoring and reporting of compliance risks, as well as compliance assessment and review. The compliance management personnel of the Legal Compliance Department are responsible for formulating and implementing specific rules for compliance review, inspection, reporting and accountability. We have also established an effective internal assessment and evaluation system to regularly assess the ability and effectiveness of each department in managing compliance risks. Once a violation occurs, we will deal with the person responsible for the violation in strict accordance with the Company's Articles of Association and relevant regulations and take corresponding corrective measures. In addition, CStone has also established an effective compliance risk management mechanism, implemented external supervision, and built a comprehensive management system combining internal compliance management with external supervision.

To regulate the conduct of all employees, CStone has formulated the Code of Conduct for Employees, which clarifies that employees are required to behave lawfully, maintain respect, honesty and credibility with each other, be responsible for the reputation of the business, actively oppose corruption, and assume the management and supervision duties. In contact with business partners and third parties, all our employees are required not to provide, give, ask for or accept any form of improper benefits. No matter if it is in cooperation with government agencies, suppliers or healthcare professionals, any form of corruption is strictly prohibited to ensure full compliance with local laws and regulations and international standards. In the duty-performing process, employees must timely report to their immediate supervisor if they may gain any form of personal benefits. This transparent and responsible attitude helps maintain our professional ethics standards and integrity, and ensures that all business activities are carried out within a legal and ethical framework.

5. Business Ethics and Professional Conduct

In terms of whistleblowing, CStone undertakes importance to timely, responsible and confidential handling of any reports of misconduct to protect core interests of the Company. By formulating the Standard Operating Procedures for Whistleblowing and Internal Investigations, which is applicable to all employees, the procedures cover investigations initiated based on the "Whistleblower Report" and suspected misconduct investigations initiated by the Company. In such investigations, employees and all departments of the Company should give necessary support and cooperation. The Compliance Department is responsible for the preliminary verification of the complaints and reports received, and decides whether to introduce external legal experts to assist in the investigation when necessary. Through this series of strict procedures, CStone ensures to effectively deal with misconduct and safeguard the Group's integrity and compliance.

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



5. Business Ethics and Professional Conduct


In the daily operations, the Group regularly provides training to help employees identify and respond to potential corruption risks. During the Year, CStone conducted anti-corruption training for all employees and the Board members. The compliance training included sending specialized anti-bribery compliance materials to all directors and providing annual training on the CStone Integrity Principles (CIP) to all employees. A total of 135 participants attended this one-hour training. During interactions with government officials, other relevant parties, and third parties, we require employees to be mindful of the Company's anti-corruption compliance requirements to safeguard the Company's reputation and interests. Such training and guidance not only enhance employees' awareness and understanding of compliance requirements, enabling them to follow relevant laws, regulations, and company policies in their daily work, but also strengthen our internal controls and policy enforcement related to anti-corruption efforts. By doing so, we foster a responsible, transparent, and efficient corporate culture.

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

5.2 PROTECTING INTELLECTUAL PROPERTY

Intellectual property is our intangible wealth, therefore we highly value intellectual property in the drug development process, we strictly abide by laws and regulations including Patent Law of the PRC (《中華人民共和國專利法》), Copyright Law of the PRC (《中華人民共和國著作權法》), Trademark Law of the PRC (《中華人民共和國商標法》) and Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》). Establishing the comprehensive intellectual property protection system helps to resolutely protect CStone's legal rights and interests, and ensures to avoid infringing on the intellectual property rights of others.

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



5. Business Ethics and Professional Conduct

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

During the Reporting Period, we maintained a total of 13 registered patents, with no new patents granted.

5.3 GREEN SUPPLY CHAIN MANAGEMENT

By establishing a robust and efficient supplier management mechanism, the Group ensures the stability and sustainability of its supply chain, minimizing environmental and social risks. Our supplier management mechanism includes a series of policies and standard operating procedures covering procurement, supplier access and contract signing, such as the Standard Operating Procedures for Procurement, Standard Operating Procedures for Supplier Participation and the Procurement Application and Price Comparison Process. We require suppliers to hold the necessary qualifications and possess the required expertise and operational capabilities to ensure their operations meet compliance standards. During the procurement process, the Group conducts comprehensive evaluations to select the most cost-effective suppliers by assessing suppliers based on factors such as the degree to which their proposals meet our needs, delivery times, after-sales service, and potential for strategic collaboration. Suppliers with commercial bribery, unethical business practices, and illegal employment such as child labor or improper business practices such as providing false information will be included in our "supplier blacklist" and all business dealings will be terminated immediately.

CStone selects suppliers based on whether they share the same ESG values as the Group and their performance in environmental and social responsibility. We require our partner suppliers to comply with all applicable environmental and social laws and regulations and meet the requirements outlined in our Business Partner Code of Conduct. This ensures that they can effectively identify, manage, and mitigate potential social and environmental risks. Regarding the environmental aspect, CStone prohibits any form of environmental degradation and illegal pollution, and prioritizes suppliers who demonstrate a commitment to sustainability. We prefer to purchase green, eco-friendly products from these suppliers. Additionally, the Group strictly forbids any corrupt practices by suppliers and requires them to respect employees' basic human rights and take responsibility for their health and safety. Through these standards, we are committed to building a responsible and sustainable supply chain.

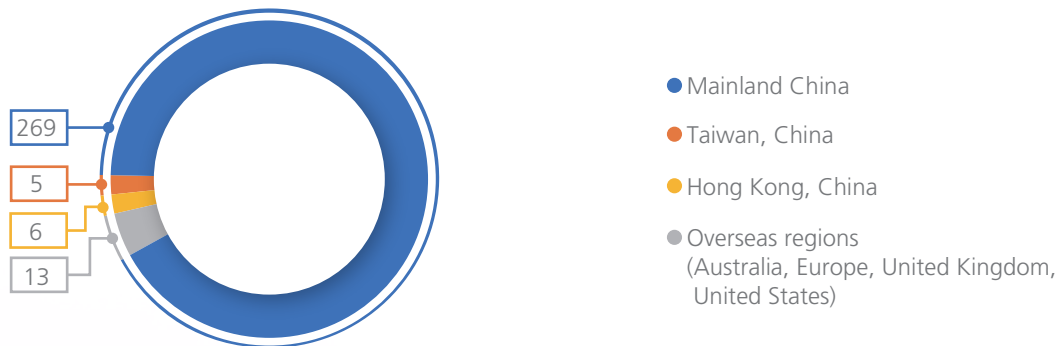
5. Business Ethics and Professional Conduct


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

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



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





6. Quality Management and Compliant Operation

6.1 PRODUCT QUALITY ASSURANCE

CStone recognizes that high-quality medicines are key to its sustainable development. As a pharmaceutical company, we place the utmost importance on patient safety in medication use. Therefore, we consistently enforce stringent quality standards and strictly adhere to a range of product quality-related laws and regulations, including the Drug Administration Law of the PRC 《中華人民共和國藥品管理法》, Product Quality Law of the PRC 《中華人民共和國產品品質法》, Good Manufacturing Practices for Pharmaceutical Products 《藥品生產品質管制規範》, Good Supply Practice for Pharmaceutical Products 《藥品經營品質管制規範》, Administrative Measures of Production Supervision for Pharmaceutical Products 《藥品生產監督管理辦法》 and Administrative Measures for Drug Registration 《藥品註冊管理辦法》. In addition, our clinical research of new drugs is also carried out in accordance with the Good Clinical Practice for Pharmaceutical Products (“GCP”) 《藥物臨床試驗品質管制規範》 and Good Laboratory Practice for Pharmaceutical Products (“GLP”) 《藥物非臨床研究品質管制規範》 to ensure that every stage, from research and development to production, meets the required standards. This ensures that we can provide safe and effective medicines, contributing to the health and well-being of patients.

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

For drug production, CStone has formulated a series of strict production quality control procedures. This includes Standard Management Procedures for Consigned Production Quality Activities, Standard Management Procedures for Consigned Production Product Release, Standard Management Procedures for Consigned Production Sample Inspection and Standard Management Procedures for Consigned Production Non-Conforming Products and Recalls/Rework/Reprocessing, etc. These procedures are designed to implement strict quality control in every step of production to prevent unqualified products from flowing into the next production stage or market. This ensures that the quality of each batch of medicine meets CStone’ high standards, thereby safeguarding patient safety. Our quality management follows the 2010 version of China Drug Manufacturing Quality Management Code 《2010版中國藥品生產品質管制規範》 and Title 21 of the Code of Federal Regulations, Parts 210-211. These standards guide us to manage substandard raw and auxiliary materials, packaging materials, key consumables, cell banks, stock solutions, intermediate products and finished products in entrusted production activities. Our quality assurance department is responsible for strictly supervising the entrusted parties, reviewing the treatment of all substandard products, and following up to confirm the results of the treatment to ensure that the quality problems are properly solved.

6. Quality Management and Compliant Operation


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

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

6.2 RESPONSIBLE MARKETING

As a responsible enterprise, CStone upholds the reasonable, rigorous and responsible marketing principles, with a steadfast commitment to meeting patient needs as our core goal and driving force for progress. When launching drugs, the Group strictly abides by the Advertising Law of the PRC 《中華人民共和國廣告法》, the Regulations on the Administration of Drug Descriptions and Labels 《藥品說明書和標籤管理規定》, the Measures for the Administration of Drug Packaging 《藥品包裝管理辦法》 and other marketing-related laws and regulations.

In the production of product labels and advertisements, we strictly follow the relevant national laws and regulations and carefully review the compliance of drug instructions, labels, packaging, and advertising materials to ensure that the information provided to patients, regulatory authorities and other relevant stakeholders is true and accurate, and firmly oppose the dissemination of any false or misleading information. In addition, we have established the Standard Operating Procedure for the Management of Promotional Materials, which applies to all of our promotional materials involving medical and product information. This procedure helps us ensure that the promotional materials always meet the requirements of the Drug Administration Law of the PRC 《中華人民共和國藥品管理法》 and other relevant laws and regulations in form and content, and are consistent with the Code of Conduct for the Promotion of Medicines issued by the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) and CStone's internal policies. Through these measures, we are committed to maintaining professional ethics and legal compliance in drug promotion activities, thus building and maintaining trust and respect with patients, partners, and society.



6. Quality Management and Compliant Operation

6.3 SAFEGUARDING CLINICAL TRIAL PARTICIPANTS

Clinical trials are a very important part of the drug development process. Through a series of measures, the Group endeavors to fully protect the safety and interests of the participants in all aspects of clinical trials. CStone strictly complies with relevant laws and regulations and has specifically formulated and implemented the Management Process of Medical Information Consultation to ensure product quality, protect the interests of participants and safeguard its good corporate reputation. The procedure specifies the management procedures and responsibilities of CStone's employees and third parties in the consultation of medical information, thus ensuring that all medical information is handled and consulted in accordance with the regulations.

Prior to the commencement of a clinical trial, we will sign a Clinical Trial Agreement with the clinical trial organization, which clearly sets out the requirements in respect of trial execution, record keeping, auditing and data privacy protection, etc., with a view to safeguarding the legitimate rights and interests of trial participants. We will also take out clinical trial liability insurance for clinical trials, researchers and research organizations in accordance with the relevant legal requirements. Researchers have the responsibility to ensure that each participant fully understands the nature, significance, potential impact and risks of the trial before conducting the trial. Only when the participant fully understands and agrees to the background, purpose and procedure of the trial can he/she sign the Informed Consent Form and proceed with the trial. In addition, in order to further protect the interests of both parties, we will sign the Clinical Trial Agreement on Serious Adverse Events and the Settlement Agreement on Reconciliation of Clinical Trial Participants with the participant. Participants can express their concerns at any stage of the trial, and the researchers are obliged to respond to and resolve these issues immediately. Furthermore, participants have the right to opt out at any stage of the study to ensure that their health and rights are fully protected.

During the Reporting Period, we did not receive any new clinical trials-related disputes or complaints.

6.4 INFORMATION AND DATA SECURITY

The security and privacy of personal information is highly emphasized and protected by the Group. We strictly comply with the Personal Information Protection Law of PRC 《中華人民共和國個人信息保護法》 and other data-related laws and regulations, and have formulated the Personal Privacy Information Protection Policy, the Code of Conduct for CStone Employees and the Code of Conduct for Business Partners to ensure that the security and confidentiality of business information is implemented in every aspect of our services to patients. These internal documents clearly articulate the guidelines for the use of personal information and data privacy and how they are enforced and monitored. They apply not only to all of our employees, but also to service providers and business partners, such as contract research organizations ("CROs"), vendors or consultants, to ensure that they are performing their activities in compliance with business policies, procedures or local regulatory requirements for the handling of personal information.

6. Quality Management and Compliant Operation

In order to standardize the creation, management, retention and disposal of our internal information records, we have formulated the Corporate Records and Information Management Requirements. According to the severity of the possible consequences of information leakage, we classify the risks into three levels of “high, medium, and low”, and set corresponding access rights for information at all levels. High-risk and medium-risk information can only be accessed by the CStone leadership team members or authorized individuals, and records are permanently maintained. Through these measures, we are committed to ensuring the security and confidentiality of all personal information and protecting personal privacy from infringement.

We always regard the privacy and security of our participants as an important issue and take necessary measures to ensure that their personal information will not be disclosed or misused. During the research and development phase of drugs that require the involvement of participants in clinical trials, Cornerstone Pharmaceuticals will specify in the Informed Consent Form the desensitization of participants’ personal information. For research results that need to be made public, any personal information that can identify the participants will also not be disclosed. In addition, in terms of GMP, to ensure the security and confidentiality of GMP data, Keystone Pharma has formulated the GMP Data Storage System Standard Operating Procedures, which details the management, use and maintenance processes of the GMP data storage system. By adopting a collaborative approach between the Quality Assurance Department and the IT Department, we have ensured the efficient operation of the GMP data storage system while fully safeguarding the security and privacy of critical data.

7. Compliant Employment and Employee Well-being

The Group adheres to a people-oriented approach and is committed to continuously improving the employment system to create a safe and comfortable working environment for employees. We listen to the voices of employees, safeguard their legitimate rights and interests, create an equal and diversified development platform, and continuously attract and cultivate outstanding talents to jointly contribute to the sustainable development of the Group. We strictly comply with the Labor Law of the PRC 《中華人民共和國勞動法》, Labor Contract Law of the PRC 《中華人民共和國勞動合同法》 and other relevant employment laws and regulations. We adhere to the principle of equal employment to ensure that there is no discrimination on the basis of gender, age, race, religion or any other reason in all stages of work, including recruitment, promotion, training and treatment, in an effort to create a fair and accommodating working environment for our employees.

EMPLOYEE OVERVIEW

As of December 31, 2024, CStone had 135 employees. The breakdown of employees by different types is shown in the following charts.

Total Number of Employees by Gender



Total Number of Employees by Employment Category




7. Compliant Employment and Employee Well-being

**Total Number of Employees
by Age Group**



**Total Number of Employees
by Geographical Region**





7. Compliant Employment and Employee Well-being

7.1 RECRUITMENT AND REMUNERATION MANAGEMENT

Recruitment management

CStone recognizes that the sustainable development of an enterprise depends on the solidarity and mutual assistance among employees. In strict compliance with the Law of the PRC on the Protection of Minors 《中華人民共和國未成年人保護法》 and the Regulations on the Prohibition of Child Labor 《禁止使用童工規定》 and other laws and regulations related to labor standards, we have formulated the Recruitment Management System and updated the Employee Handbook during the Reporting Period as an internal regulation to standardize the recruitment process and to ensure that the quality of the recruitment process and the work is carried out in an orderly and effective manner.

Our recruitment decisions are based on the needs of business development and the functions of the positions, and we select personnel who meet the requirements of the functions, with equal opportunities for both internal and external personnel. We firmly oppose any form of discrimination in employment, and we do not discriminate on the basis of gender, religion, age, ethnicity or disability. In order to attract talents with relevant expertise, we also recruit through open channels in accordance with our recruitment plan. We always adhere to the principles of equal opportunity and diversity in managing promotion, transfer, remuneration, training and other related matters within the Company. Through these measures, the Group aims to ensure the fairness and transparency of its employment and to create a diversified working environment that fosters the innovation and development of the team as a whole.

The Group is strongly opposed to child labor and forced labor. During the recruitment process, we will ensure that there is no illegal employment through a prudent information collection and review process. We will rigorously verify the identity of new employees before they join us, including checking their identity documents and qualifications, etc., in order to avoid inadvertent use of child labor. To protect the reasonable workload of our employees, we have formulated the Working Hours and Overtime Management Policy to strictly monitor employees' extended working hours, and overtime work on weekends and statutory holidays. If an employee needs to work overtime, he/she must apply for and obtain approval from his/her immediate supervisor in advance. Special attention is given to not arranging overtime work for female employees during lactation and pregnancy. If any child labor or forced labor is found, we will handle it in accordance with relevant laws and regulations.

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

7. Compliant Employment and Employee Well-being

Benefit management

CStone is committed to the well-being of its employees, with a comprehensive compensation and benefits system and policies aimed at aligning with its long-term business objectives while maintaining market competitiveness. Our compensation policy is performance management-oriented, respecting employee value, and striving to attract, retain, and motivate outstanding employees in a fair and just manner. In addition, we have established the Welfare Management System, which details the benefits we provide to employees and their management processes, offering guidance for employee welfare. The Group legally provides social welfare such as five insurances and one fund for employees, as well as additional benefits like health check-ups, wedding/newborn gifts, transportation subsidies, training expense reimbursements, long-term service awards, stock reward plans, birthday benefits, and holiday benefits.

In terms of holiday benefits, according to national laws, all of our employees are entitled to statutory public holidays, annual leave calculated based on years of service, and arrangements for early leave on major holidays. We also approve sick leave, unpaid personal leave, work-related injury leave, marriage leave, maternity leave, breastfeeding leave, childcare leave, and bereavement leave based on the personal needs of employees. In addition, are entitled a half-day holiday on International Women's Day and Youth Day as required.

Through the provision of these reasonable remuneration and benefit guarantees, the Group is committed to ensuring that the benefits enjoyed by its employees are well competitive in the market, effectively enhancing the employees' sense of belonging and identification with the Company, and boosting their satisfaction and motivation to work, thereby contributing to the development of CStone.

Performance management

In order to enhance the efficiency of talent management, the Group has a well-established performance management process, which consists of four core components, namely, individual performance target setting, performance feedback, performance appraisal, and comprehensive compensation management. This process aims to ensure that the performance of individual employees is highly aligned with the Group's strategies and objectives, and to attract talent through remuneration incentives that stimulate the enthusiasm and potential of our employees and contribute to the sustainable development and progress of our business.

During the Reporting Period, the Human Resources Management Department led the annual performance evaluation process. Our year-end performance review consists of three steps: performance dialogue, performance scoring, and performance calibration. We review employees' past work performance and set future goals and plans. Line managers and department heads are responsible for conducting performance scoring, while the Human Resources Department collaborates with department heads to adjust scores according to a normal distribution curve. For employees who do not meet the Company's performance requirements, their supervisors will work with them to develop performance improvement plans. Through this performance management process, we aim to more effectively motivate and guide our employees, ensuring that their performance aligns with the Group's overall objectives and strategic direction.

7. Compliant Employment and Employee Well-being

Resignation management

In order to effectively safeguard the common interests of employees and the Company, and to ensure that the departure process is carried out smoothly and in accordance with the law, the Employee Handbook clearly covers the departure policy and the departure process, and regulates the way to handle the separation of employees under different circumstances.

First, we will initiate the relevant procedures for confirmed departing employees in the “eHR” system, and if necessary, we will arrange departure interviews to understand the reasons for their departure. Then, once a departing employee has completed all resignation formalities, the Human Resources Department will conduct the final payroll settlement and issue a resignation certificate to the departing employee. The Group hopes to maintain good relationships with departing employees to uphold its positive image.

7.2 EMPLOYEE TRAINING AND DEVELOPMENT

CStone places a high priority on employees’ professional skill development and personal career growth, and is committed to building a broad development platform for each employee by providing diversified training opportunities, and supporting them to give full play to their potentials, thus achieving their personal career development goals. The Group has formulated annual training programs and plans. During the Year, through the implementation of these training programs as set out in the table below, we have integrated the personal career development of employees with the corporate business planning to help them enhance their overall quality, expand their professional knowledge and skills, and stimulate their innovative thinking in order to adapt to the ever-changing work environment and business needs.

Training title	Content description	Purpose of training	Training objects	Form of training
New employee orientation	Introducing corporate structure and culture, and introducing processes and policies of related functional department: personnel department, finance department, and information system department, etc.	Familiarize new employees with the Company’s processes and policies, and gain understanding of the corporate structure and culture of the Company.	New employees	Online + offline

7. Compliant Employment and Employee Well-being

Training title	Content description	Purpose of training	Training objects	Form of training
Pharmacovigilance Annual Training 2024	Introducing the contents of POL-09-Safety Information Reporting, policies and processes for reporting drug safety information titled	Ensure that all employees are fully aware of and comply with safety information collection and reporting requirements	All employees	Online
CStone Integrity Policy Training 2024	Introducing the Company's compliance policy and related standard operating procedures	Reinforce CStone' culture of compliance and to ensure that all employees are fully aware of and follow the Company's compliance policies	All employees	Online
Safety Education Series Training	Workplace safety training: fire safety knowledge, electrical safety, daily safety-first aid measures, etc.	Ensure that the employees in the relevant workplace are fully aware of the relevant safety protection and first aid measures.	Employees at Suzhou Park	Online + offline
Laboratory Training	Laboratory biosafety awareness and emergency response training	Enhance laboratory personnel's awareness of biosafety and improve laboratory emergency response capabilities	Laboratory staff	Offline
Employee Vocational Certificate Training	Training for necessary position certificates for employees engaged in related positions: special equipment operation license training, GCP certificate training, etc.	Ensure that staff members have the necessary skills for their positions, and improve their working ability	Employees in related positions	Offline

7. Compliant Employment and Employee Well-being

Training title	Content description	Purpose of training	Training objects	Form of training
On-the-job Training for GMP Positions	Annual on-the-job training is initiated by the Quality Department in the first quarter of each year, and the immediate supervisor reviews the employee job training program and develops a training plan for the new year. Contents of the training include but are not limited to documents, operational skills, knowledge of each management system and related regulations and guidelines, etc.	Continuing training for GMP position-related staff to enhance relevant work skills and GMP awareness of employees	GMP-related personnel	Online
Corporate Quality-related Training	The content includes but is not limited to quality document training, GMP guidelines, data reliability, related policies and regulations, and other training	Enhance employees' awareness of GMP and strengthen their understanding of related policies and regulations	GMP related personnel or all employees	Online + offline

7. Compliant Employment and Employee Well-being

7.3 OCCUPATIONAL HEALTH AND SAFETY

A healthy and safe working environment is quite important for the Group's research and development and trial operation work. Therefore, we strictly comply with relevant laws and regulations such as the Production Safety Law of the PRC 《中華人民共和國安全生產法》, the Fire Protection Law of the PRC 《中華人民共和國消防法》, the Regulations on the Supervision and Management of Construction Work Safety 《建築工程安全生產監督管理條例》 and the Regulations on Laboratory Safety Production 《實驗室安全生產條例》. At the same time, the Group has formulated internal rules and regulations such as the Emergency Rescue and Rescue Plan for Enterprise Safety Production Accidents, Standard Operation Procedures for Safety Hazard Investigation and Management in Translational Medicine Research Center, Standard Management Procedures for Environment, Health and Safety ("EHS") Inspection, Responsibility System for Prevention and Control of Occupational Disease Hazards and Emergency Rescue and Management System for Occupational Disease Hazard Accidents, etc., so as to safeguard the health and safety of our employees with the highest standards.


We have implemented appropriate preventive and management measures by identifying and clarifying a series of occupational health and safety risks. Under the Group's safety management system, systems and operating procedures covering a wide range of areas, including chemical management, equipment operation safety, and fire safety, have been systematically categorized and integrated into it. We aim to continuously improve these safety management measures in order to establish a more comprehensive and robust safety management system that ensures safety and stability of operations so that all employees can work efficiently, safely and comfortably.

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

Work safety

In order to protect the health and safety of our employees during the production process, the Group implements the Work Safety Law of the PRC 《中華人民共和國安全生產法》, Provisions on Safety Training for Production and Operation Units 《生產經營單位安全培訓規定》, Measures for the Administration of Work Safety Training 《安全生產培訓管理辦法》 and other laws and regulations related to work safety and has formulated the EHS Training and Education Management System, which adheres to the principle of "safety first and prevention first", and standardizes management of the Group's occupational safety and environmental protection work. Our goal is to improve the knowledge and operation skills of all employees in safety and environmental protection, in order to minimize human safety hazards as much as possible.

According to the EHS Training and Education Management System, all employees of the Group who are responsible for safety and production management related issues are required to receive education and training on the environment, health and safety. In addition, new employees are required to undergo training in accordance with the Training Guidelines for New Employees before starting their jobs and pass the appropriate tests. In addition to promoting safety knowledge in our daily work, we also organized regular drills on emergency plans for fire prevention, explosion prevention and poisoning prevention, as well as training on self-protection to ensure that our employees can calmly respond to emergencies and protect their own safety.



7. Compliant Employment and Employee Well-being

In terms of laboratory safety, we have provided our employees with appropriate equipment in strict accordance with SOP-EHS-1016-01 Standard Management Regulations for Labor Protection Articles and have formulated EHS-001-SOP-02 TMRC Standard Operating Procedures (“SOP”) for Wearing Personal Protective Equipment in Laboratories to ensure that our employees are able to use the protective equipment properly. In order to further manage our laboratories properly, we have implemented TMRC-004-SOP-02 TMRC Cell Room Management SOP and TMRC-005-WI BSL-2 Laboratory Usage Guidelines, and have entered into a Hazardous Waste Commissioning and Collection Agreement in accordance with the Civil Code of the PRC 《中華人民共和國民法典》 and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste 《中華人民共和國固體廢物污染環境防治法》 among other environmental protection related laws and regulations, as well as policies to entrust a third party to collect hazardous waste and strictly comply with the provisions regarding how to dispose of various chemicals.

To prevent fire, we have posted evacuation plans with detailed instructions on evacuation routes and marked the specific locations of fire hydrants and fire extinguishers in the working areas on each floor. In addition, to ensure the safety of our laboratory staff during their research work, we have equipped our laboratories with a variety of protective and emergency response equipment, including vertical eyewash showers, sink-type single-port eyewash, laboratory low oxygen alarms, etc. During the Reporting Period, the Group participated in fire drills planned by the office building’s property management company, which included the sounding of fire announcements, the sounding of audio and visual alarms, the forced descent of elevators, and the evacuation of people from the fire escape staircases to a centralized area on the ground floor outdoor plaza. Regular fire drills help familiarize our staff with evacuation routes and precautionary measures to ensure that they are calm in the event of a fire.

Meanwhile, in order to enable our employees to better understand their health conditions and to satisfy their health management needs, the Group’s Welfare Management System stipulates that employees are entitled to the benefit of annual health check-ups. In particular, we have formulated the CStone Annual Health Check-up Handbook, which sets out specific information on health check-up arrangements, notice, booking procedures, etc. Through the annual health checkup, employees can detect potential health hazards in a timely manner and prevent, control and eliminate occupational risks.

8. Environmental Protection and Green Development

CStone recognizes the value of a green ecological environment and strives to maintain a harmonious coexistence between business development and ecological protection. We strictly comply with the Environmental Protection Law of the PRC 《中華人民共和國環境保護法》, the Energy Conservation Law of the PRC 《中華人民共和國節約能源法》, the Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》, and other environmental laws and regulations, in order to minimize the negative impacts that its business operations may have on the environment. Through the implementation of a series of green measures, we aim to effectively control greenhouse gas ("GHG") emissions and waste generation in our operations, reduce the consumption of energy and water resources, and fulfill our corporate responsibility for environmental protection. At the same time, we pay close attention to the operational risks that may be brought about by climate change and have formulated contingency plans for mitigating climate risks in order to promote green and low-carbon development and a sustainable future.

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

In order to clarify the direction of our environmental management and to improve the efficiency of our environmental management, we have set directional environmental targets. We continue to maintain the established targets and will maintain or reduce GHG emissions, waste generation, electricity consumption and water consumption with similar levels of operations. This Year's environmental targets have been achieved.

8.1 CLIMATE CHANGE

The Group is aware that climate change is a major challenge that cannot be ignored in its operations. In order to proactively address the risks that may be posed to us by climate change, during the Year, we reviewed and determined that the identified climate change related risks are still relevant to the Group. Going forward, we will continue to focus on the risks and opportunities posed by climate change and conduct a systematic climate change risk assessment in order to implement mitigation measures in a more comprehensive manner and continuously improve our environmental management strategies and efficiency.

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

During the Reporting Period, we were not significantly affected by the above climate change-related risks. Looking ahead, the Group will continue to fulfill its corporate responsibility to address climate change, pay close attention to climate risks and opportunities, strive to reduce the carbon footprint of its operations, and continuously improve the efficiency of resource utilization, so as to minimize the possible negative impact of its business activities on the environment.

8. Environmental Protection and Green Development

8.2 GREENHOUSE GAS EMISSIONS

The Chinese government strives to achieve carbon neutrality by 2060 or earlier. To this end, we strictly monitor GHG emissions, and take into account the recommendations of international organizations to disclose and compare GHG emission data in detail in this Report.

During the Year, we calculated GHG emissions of the reporting scope according to the Greenhouse Gas Protocol 《溫室氣體盤查議定書》 developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 established by the International Organization for Standardization. A summary of GHG emissions for the Year is as follows:

GHG Emissions Performance ²	Unit	2023	2024
GHG Emissions			
Direct GHG emissions (Scope 1)	tonnes of CO ₂ e	0.00	0.00
Indirect GHG emissions (Scope 2)	tonnes of CO ₂ e	446.63	379.04
Total GHG emissions (Scope 1 & 2)	tonnes of CO ₂ e	446.63	379.04
GHG Emission Intensity			
Per square meter of area (Scope 1 & 2)	tonnes of CO ₂ e/m ²	0.06	0.08
Per employee (Scope 1 & 2)	tonnes of CO ₂ e/person	1.95	3.01

During the Year, the total amount of GHG emissions was 379.04 tonnes of CO₂e, and the total emissions decreased by approximately 15.13% compared to last year. Since we have neither fixed facilities that consume fuel nor our own fleet, our GHG emissions mainly come from energy consumption in daily office activities and operations (Scope 2). Please refer to the sub-section headed “8.3 Natural Resources” for information on the Group’s approach to energy management. Through these measures, we are committed to presenting a transparent picture of our efforts to reduce our carbon impact. Looking ahead, we plan to implement more carbon reduction measures to further reduce GHG emissions and make greater contributions to environmental protection and sustainable development.

² We calculate the Group’s GHG emissions with reference to the Stock Exchange’s “How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs”.

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

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

8. Environmental Protection and Green Development

8.3 NATURAL RESOURCES

Waste management

As the Group's business scope involves the research and development of pharmaceutical products, solid waste generated in the course of our operations is categorized into hazardous waste and non-hazardous waste. We carefully followed the Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》 and other relevant laws and regulations to ensure the safe and compliant handling of waste and to avoid, as far as possible, any negative impact on the environment due to improper disposal of solid waste. All hazardous waste were properly encapsulated and stored in a specially designated area. Subsequently, we have entered into disposal agreements with qualified hazardous waste disposal companies and entrusted them with the collection and treatment of hazardous waste.


In addition, for non-hazardous waste, we categorized non-hazardous waste into recyclable and non-recyclable types and adopted appropriate treatment measures for proper disposal. For recyclable items, such as discarded paper, cardboard boxes, metal and plastic products, we disposed of them using waste separation recycling canisters or other applicable devices. At the same time, we reused envelopes, binders, file cards and other office supplies, and evaluated material usage to avoid overstocking. Through these practices, we strive to achieve a more environmentally friendly and efficient office model that effectively manages waste and minimizes adverse impacts on the environment.

During the Year, the Group generated a total of 685.00 kg of non-hazardous waste and recycled a total of 112.00 kg of non-hazardous waste, and the amount of non-hazardous waste generated per capita was 5.44 kg per employee, representing a decrease in the amount of non-hazardous waste generated by approximately 38.84% as compared to last year. The Group generated a total of 2,337.00 kg of medical hazardous waste and the amount of medical hazardous waste generated per capita was 18.55 kg per employee, representing an increase of approximately 9.46% in the amount of medical hazardous waste generated as compared to last year³. In addition, we generated 22 pieces of waste batteries and 32 pieces of waste ink cartridges and toner cartridges as hazardous waste in our office operations.

Indicators	Unit	2023	2024
Medical hazardous waste produced ⁴	kg	2,135.10	2,337.00
Medical hazardous waste intensity	kg/person	9.32	18.55
Non-hazardous waste produced	kg	1,120.00	685.00
Non-hazardous waste intensity	kg/person	4.89	5.44

³ During the Year, the increase in the volume of experiments resulted in the increase in the amount of medical hazardous waste generated compared to last year.

⁴ Hazardous solid waste such as waste packaging containers, gun tips, PE tubes, PPE and activated carbon filtering cotton from experiments, or hazardous liquid waste containing serum, fluorescent dyes, ethanol and other hazardous liquids such as waste mother liquor from laboratory media.



8. Environmental Protection and Green Development

Energy use management

CStone continues to implement energy saving and emission reduction initiatives by adopting more efficient energy management strategies. We have implemented a series of specific measures focused on improving energy efficiency and reducing non-essential energy consumption, including centralized staffing, turning off system power during non-working hours, maximizing the use of daylighting, applying UV-protective film on windows, allowing employees to wear casual clothing to work when appropriate, encouraging employees to use public transportation, having individually controlled light switches for different areas, and adopting a centralized control system. At the same time, we regularly maintained our lighting and air-conditioning systems, such as cleaning lighting fixtures and air-conditioning filters, to ensure that they operate at optimum energy efficiency.

The Group's major energy consumption dominantly comprises the use of electricity. During the Year, our total electricity consumption amounted to 706,371.00 kWh at an intensity of 155.45 kWh/m², representing a decrease of approximately 9.80% in total electricity consumption as compared to the previous year.

Water resources management

In order to raise our staff's awareness of valuing water resources, we have actively implemented a regular maintenance program for faucet fixtures to ensure that any leakage or dripping problems are identified and repaired in a timely manner and dealt with by our professional maintenance staff, and carried out comprehensive training on water conservation awareness in order to strengthen the culture of water conservation in the office.

During the Year, our total water consumption was 689.00 tonnes with an intensity of 0.15 tonne/m³, representing a decrease in total water consumption of approximately 19.42% as compared to the previous year. Meanwhile, we have not encountered any difficulties in acquiring water resources.

Office paper usage management

To promote the concept of environmental protection and efficient operations, we have fully digitalized our office administration system, significantly reducing our reliance on paper through online approval functions, particularly in the areas of contract applications, approval processes and system construction. In addition, we made extensive use of electronic communication technology to convey information, further reducing paper use and waste of resources. For example, we have implemented our commitment to environmental protection by adjusting the default settings of computers and printers to double-sided printing and ink-saving modes, using Internet fax to screen out junk faxes, using scrap paper for note-taking, using e-cards during festive seasons and encouraging our staff to reuse or double-side paper wherever possible.

During the Year, we consumed 1,662.50 kg of paper, with an average consumption of 13.19 kg per employee, representing a decrease of about 45.57% in the total amount of paper used compared to last year.

Emissions management

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

9. Charity and Social Responsibility

In addition to the development of our business, CStone has also been actively involved in various social welfare activities, and is committed to fully utilizing its professional knowledge and resources to improve the quality of life of cancer patients in China and around the world. Our goal is not only to bring hope and treatment opportunities to cancer patients, but also to convey care and support to the community. Details of the Group's donations to the three Patient Assistance Program (PAP) of Beijing Health Alliance Charitable Foundation during the Year are set out below:

Name of the project	Actual donation (RMB)	Value of drugs donated (RMB)	Number of drugs donated (boxes)
GAVRETO® (pralsetinib capsules) – "Assistance Project for Patients"	3,770,077.75	348,527,564.00	7,553
AYVAKIT® (avapritinib tablets) – "Assistance Project"	521,490.70	518,277.45	69
TIBSOVO® (ivosidenib tablets) – "Assistance Project for Patients"	293,090.57	8,434,500.00	150

Looking ahead, we will continue to leverage our professional strengths, maintain our connections and interactions with the community, and participate in various charity and volunteer programs in order to repay the public's consistent support and trust, and work together to achieve mutual growth and development.

Appendix I: Sustainability Data Statements

Indicators	Unit	2024
Environmental aspect⁵		
Greenhouse Gas Emission		
Direct GHG emissions (Scope 1)	tonnes of CO ₂ e	0.00
Indirect GHG emissions (Scope 2)	tonnes of CO ₂ e	379.04
Total GHG emissions (Scope 1 & 2)	tonnes of CO ₂ e	379.04
GHG emission intensity (Scope 1 & 2) (per square meter)	tonnes of CO ₂ e/m ²	0.08
GHG emission intensity (Scope 1 & 2) (per employee)	tonnes of CO ₂ e/ person	3.01
Energy Consumption		
Total energy consumption	kWh	706,371.00
Total energy consumption intensity (per square meter)	kWh/m ²	155.45
Total energy consumption intensity (per employee)	kWh/person	5,606.12
Water Consumption		
Total water consumption	tonnes	689.00
Total water consumption intensity (per square meter)	tonnes/m ²	0.15
Total water consumption intensity (per employee)	tonnes/person	5.47
Hazardous Waste		
Medical hazardous waste generation ⁵	kg	2,337.00
Medical hazardous waste intensity (per employee)	kg/person	18.55
Waste batteries	piece	22
Waste ink cartridges, waste toner cartridges	piece	32
Non-hazardous Waste		
Total generation of non-hazardous waste	kg	685.00
Non-hazardous waste intensity (per employee)	kg/person	5.44
Paper Consumption		
Paper consumption	kg	1,662.50
Paper consumption intensity (per employee)	kg/person	13.19
Social aspect		
Number of Employees		
Total number of employees	person	135
Total Number of Employees by Gender		
Female	person	97
Male	person	38
Total Number of Employees by Employment Category		
Short-term contract/part-time employee	person	5
Below deputy director	person	87
Deputy director and above	person	37
Senior management team	person	6

⁵ The scope of data collection for environmental KPIs includes offices in Suzhou (including TMRC), Beijing and Shanghai.

Appendix I: Sustainability Data Statements

Indicators	Unit	2024
Total Number of Employees by Age Group		
Below 30	person	10
30-50	person	118
Above 50	person	7
Total Number of Employees by Geographical Region		
East China	person	115
North China	person	12
Central China	person	0
Northeast China	person	0
Northwest China	person	1
South China	person	1
Others (including USA, Australia, Taiwan, China)	person	6
Employee Turnover Rate⁶		
Total employee turnover rate	%	81.00
Employee turnover rate by gender⁷		
Female	%	31.00
Male	%	50.00
Employee Turnover Rate by Age Group⁷		
Below 30	%	7.00
30-50	%	72.00
Above 50	%	2.00
Employee Turnover Rate by Geographical Region⁷		
North China	%	16.00
Northeast China	%	3.00
East China	%	50.00
Central China	%	2.00
Northwest China	%	0.00
South China	%	7.00
Others (including USA, Australia, Taiwan, China)	%	3.00
Development and Training⁸		
Employee Training Performance by Gender		
Number of female trainees	%	71.85
Number of male trainees	%	28.15
Average training hours of female employees	hour	10
Average training hours of male employees	hour	10

⁶ Employee turnover ratio = number of employees lost ÷ number of employees at the end of the year × 100%

⁷ Employee turnover ratio of this category = number of employees lost of this category ÷ total number of total employees at the end of the year × 100%

⁸ Percentage of trainees by category = Number of trainees in that category / Total trainees × 100%
T(x) = Number of trainees in category x
T = Trainee

Appendix I: Sustainability Data Statements

Indicators	Unit	2024
Employee Training Performance by Employment Category		
Number of short-term contract/part-time trainees	%	3.70
Number of trainees below deputy director level	%	64.44
Number of trainees at deputy director level and above	%	27.41
Number of trainees of senior management team	%	4.44
Average training hours of short-term contract/part-time trainees	hour	8
Average training hours of trainees below deputy director level	hour	10
Average training hours of trainees at deputy director level and above	hour	10
Average training hours of trainees of senior management team	hour	12
Health and Safety		
Number of work-related fatalities in the past three years (including 2024, 2023, 2022)	person	0
Rate of work-related fatalities in the past three years (including 2024, 2023, 2022)	%	0.00
Number of lost days due to work-related injury	day	0

Appendix II: The Stock Exchange ESG Reporting Guide Index

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

Appendix II: The Stock Exchange ESG Reporting Guide Index

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

Appendix II: The Stock Exchange ESG Reporting Guide Index

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

Appendix II: The Stock Exchange ESG Reporting Guide Index

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

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

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



基石药业

CSTONE
PHARMACEUTICALS