



SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1177)



Environmental, Social and
Governance Report **2021**

ABOUT THIS REPORT

This is the environmental, social and governance (“ESG”) report publicly disclosed by Sino Biopharmaceutical Limited. It aims to fully and truly present the management practice and performance of Sino Biopharmaceutical in the ESG aspects in 2021 to its major stakeholders including the shareholders, employees, regulatory bodies, customers, partners and the public.

Basis of preparation

This report has been prepared based on the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 to the Main Board Listing Rules of the Hong Kong Stock Exchange, with extensive reference to the core option of the Global Reporting Initiative Standards (GRI Standards) of the Global Sustainability Standards Board (GSSB), the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) of the United Nations.

Reporting scope

Unless otherwise specified, the scope of disclosure in this report is consistent with the 2021 Annual Report of Sino Biopharmaceutical Limited.

Source of information

The key financial data in this report are extracted from the 2021 Annual Report of Sino Biopharmaceutical Limited which is disclosed by Sino Biopharmaceutical on the websites of the Hong Kong Stock Exchange and the Company, and other information and data are sourced from the internal management documents and relevant records of the Group. Unless otherwise specified, the currency for denomination in this report is Renminbi (“RMB”).

After comprehensive consideration of factors such as the proportion of operating income contributed by and the Group’s shareholdings in the member companies, we selected 7 major member companies, such as CT Tianqing, as the presentation subjects of the relevant policies, working mechanism and specific cases relating to various ESG issues.

Reporting period

From 1 January 2021 to 31 December 2021. Some content can be traced back to historical information.

Abbreviations

For the convenience of presentation and reading, Sino Biopharmaceutical Limited and companies within its scope of consolidation are referred to as the “Sino Biopharmaceutical”, “Group”, “we” or “us” in this report.

In this report, the subsidiaries of Sino Biopharmaceutical are referred to as “member companies”, which mainly include Chia Tai – Tianqing Pharmaceutical Group Co. Ltd. (“CT Tianqing”), Beijing Tide Pharmaceutical Co., Ltd. (“Beijing Tide”), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. (“NJCTT”), CP Pharmaceutical (Qingdao) Co., Ltd. (“CP Pharmaceutical (Qingdao)”), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. (“Jiangsu CT Fenghai”), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. (“Jiangsu CT Qingjiang”) and Shanghai Chia Tai Tongyong Pharmaceutical Co., Ltd. (“Shanghai CT Tongyong”).

Availability of the report

You may visit the websites of the Sino Biopharmaceutical or the Hong Kong Stock Exchange to browse or download the Chinese and English versions of this report. If there is any discrepancy in the interpretations of the versions, the Chinese version shall prevail.

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CHAIRWOMAN'S STATEMENT



2021 was a challenging year. The continuous spreading of the COVID-19 pandemic, deterioration of global climate and changing international landscape brought unprecedented uncertainty for human beings, the environment and society.

2021 was also a year full of hope. It was the first year of China's "14th Five-Year Plan", the first year of implementation of the "carbon peaking and carbon neutrality" development strategy. It was also the great year in which the Chinese government announced that it has historically solved the problem of absolute poverty, built a moderately prosperous society in all respects, and embarked on a new journey toward fully building a modern socialist country. With the rapid growth of China's economy, the continuous improvement of people's living standards and the deepening of the healthcare system reform, the Chinese pharmaceutical industry continued to develop at a rapid pace during the year.

In an environment filled with challenges and opportunities, Sino Biopharmaceutical has always been committed to the value of "For the Country, for the People, for the Company", and has clearly focused on the direction of "Building a 'Responsible Sino Biopharmaceutical'" "to guide the deep integration of ESG philosophy with management and operation from the strategic level. We continuously improved the ESG governance standard to ensure the Group achieves high quality and sustainable development, and contributes to human health and social harmony.

As an innovation-led biopharmaceutical company, Sino Biopharmaceutical adheres to the concept of "Technology Creates Value" and continues to invest in building independent innovation capabilities. In 2021, the Group invested RMB3.82 billion in innovation and R&D, accounting for 14.2% of total revenue with an increase of 34.5% YoY. We regard tumors, cardiovascular and cerebrovascular diseases and liver diseases, which plague most patients, as our key difficult targets to overcome, accounting for 50% of our innovative drugs under development in the year. We are committed to becoming an industry leader in the fields of related drugs. In order to better serve patients, we continued to improve access to healthcare on the basis of focusing on drugs for key diseases by expanding the therapeutic areas, reducing patients burden, expanding channel coverage and developing drugs for rare diseases. It helps more patients receive treatment in the most convenient and affordable way.

Sino Biopharmaceutical has always been committed to a strategy of responsible development. Over the years, we have incorporated "green and low-carbon" operation into our corporate DNA and actively responded to China's independent emission reduction strategy of "2030 Carbon Peak, 2060 Carbon Neutral" by continuously increasing the investment in environmental protection and pushing forward our low-carbon transformation. In 2021, the Group invested a total of over RMB93.5 million in environmental protection, representing an increase of nearly 5% over the previous year. On this basis, we actively carried out responsible procurement and cooperated

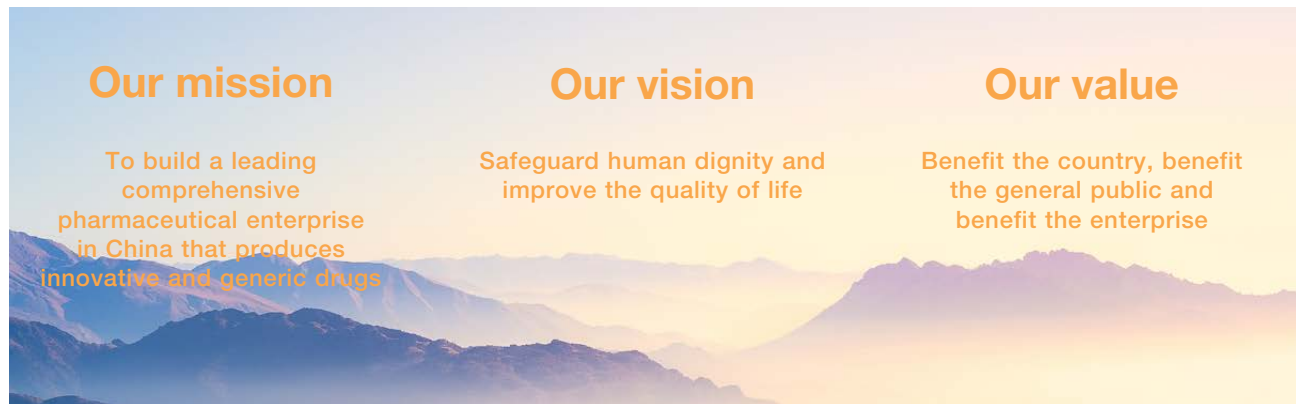


Tse, Theresa Y Y
Chairwoman

with our industry partners to jointly enhance our social responsibility performance. At the same time, we continued to fulfil our corporate citizenship responsibilities by actively engaging in village revitalization, donation for education and charity, as well as providing immediate assistance in the fight against the COVID-19 pandemic, flood prevention and disaster relief, with social donations amounting to over RMB54.9 million for the year, practiced the corporate value of "For the Country, for the People, for the Company" by actions.

Sino Biopharmaceutical has a deep understanding that an enterprise is not only an economic entity, but also a member of society. It has always been Sino Biopharmaceutical's mission to inherit our love for the nation and country, adhere to follow the path of sustainable development, contribute the nation with our business growth and promote the progress and development of society. In the future, we will further accelerate the pace of conforming to China's medical system reform, and seize the opportunities of pharmaceutical consumption upgrade. We strive to achieve harmonious development with the environment and society, and win-win cooperation with our employees, shareholders and business partners by focusing on innovation and R&D, improving product quality, and promoting green development.

ABOUT US

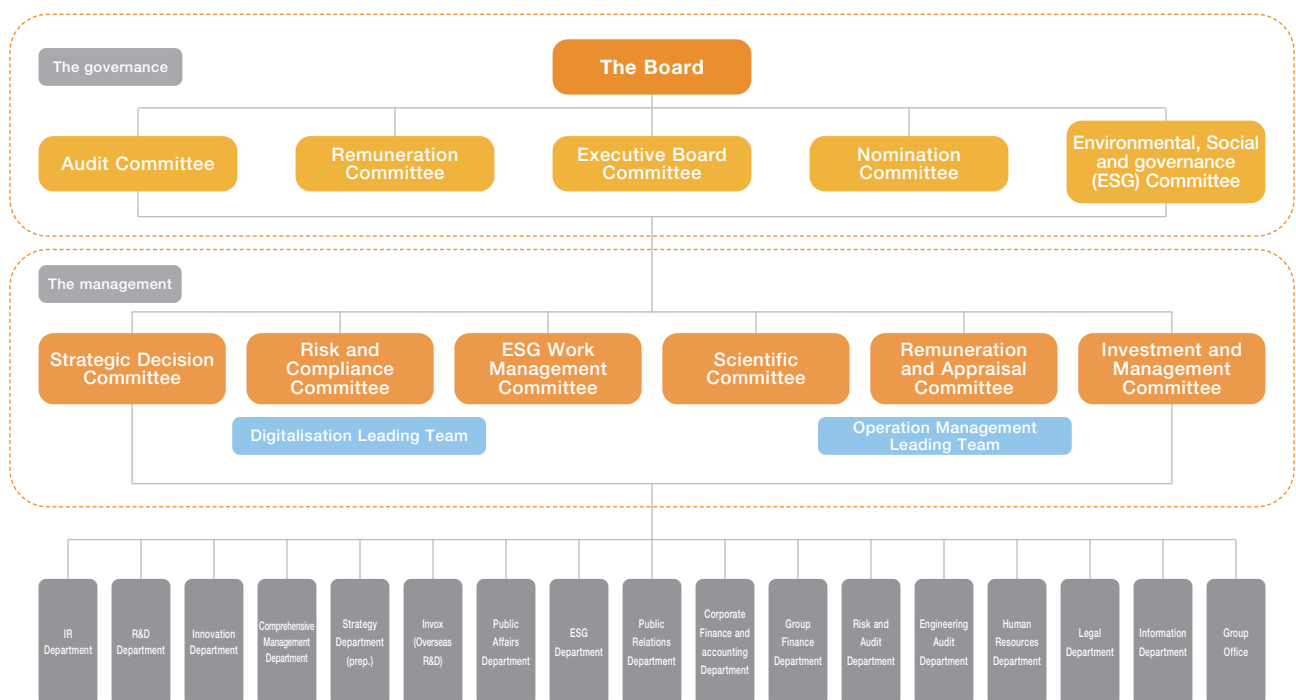


COMPANY PROFILE

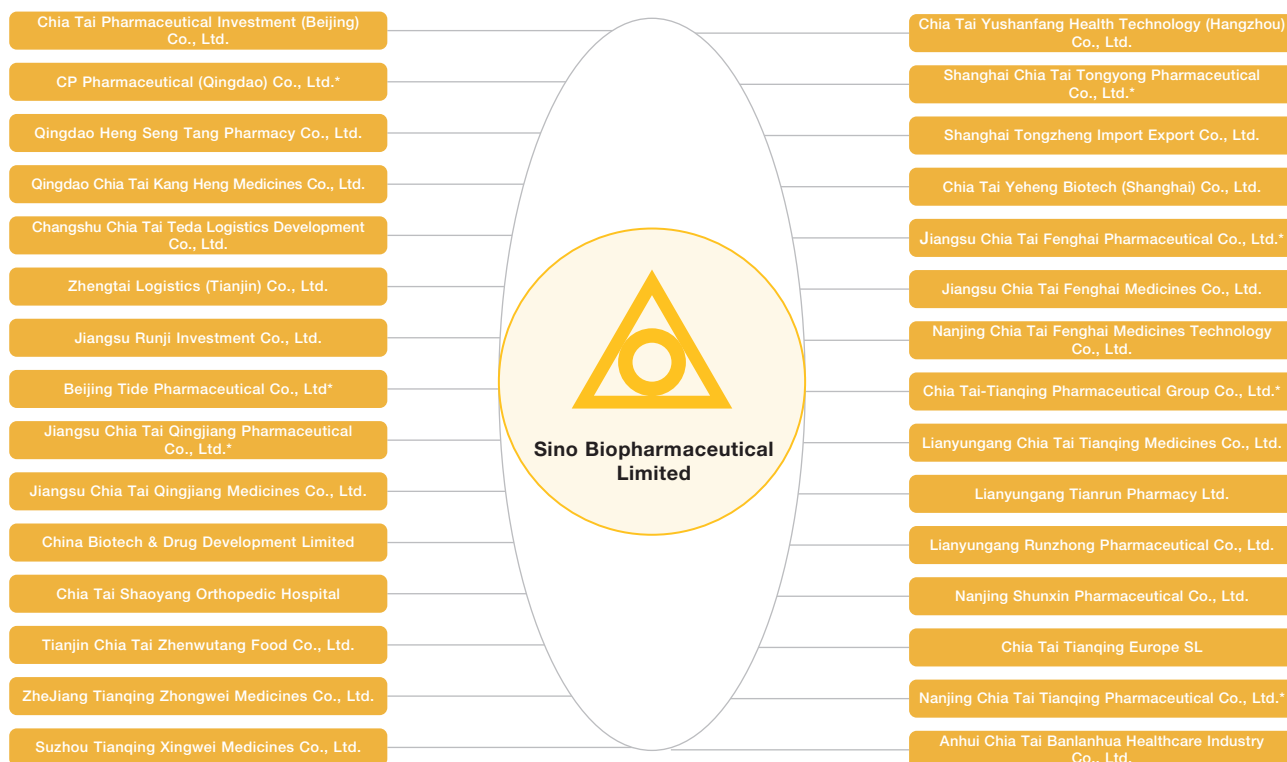
Sino Biopharmaceutical Limited is a leading, innovative and research and development (“R&D”) driven pharmaceutical conglomerate in the People’s Republic of China (“China” or “PRC”). Our business encompasses a fully integrated chain in pharmaceutical products which covers an array of R&D platforms, a line-up of intelligent production and a strong sales system. The Group’s products have gained a competitive foothold in various therapeutic categories with promising potentials, comprising a variety of biopharmaceutical and chemical medicines for treating tumors, liver diseases, orthopedic diseases and respiratory system diseases.

The Group attaches great importance to R&D breakthroughs and is positioned as an industry leader in terms of R&D expenditures and product innovation. The Group also establishes and extends in-depth co-operations with leading domestic and overseas pharmaceutical institutes and enterprises, to bring about the ecological commercialization of world-frontier R&D results to benefit mankind. At the same time, the Group takes advantage of the development in technology and policy changes, capitalizes on opportunities arising from extension of our principal business, adopts a comprehensive strategic layout of development in the greater healthcare field, and actively utilizes new technologies in Big Data, artificial intelligence and financial technology to continuously enhance its R&D standard.

Organisational chart of the Group



Principal member companies of the Group



MAJOR HONOURS OF 2021

ESG category

Sino Biopharmaceutical practices ESG philosophy, proactively fulfills its responsibilities as a corporate citizen. We actively contribute in areas such as fighting the pandemic, flood and disaster relief, rural revitalization, and donation for education, which is recognised by the industry and the society.



At the 2022 Global Investment Trend Forum and the 6th Golden Hong Kong Stocks Awards Ceremony, Sino Biopharmaceutical won the “2021 Most Socially Responsible Listed Company” award.

Market value category

Sino Biopharmaceutical establishes a comprehensive presence in the therapeutic and health fields, continues to consolidate its leading position in the industry and create outstanding market value.

Major honour	Awarding body	Awardee
Ranked 410th in 2021 Fortune China 500 list	Fortune	Sino Biopharmaceutical
Ranked 40th among Top 50 Global Pharmaceutical Enterprises in 2021	Pharm Exec	Sino Biopharmaceutical
Ranked 173rd in the list of China's Top 500 Listed Enterprises by Market Value in 2021	Wind	Sino Biopharmaceutical

Innovation category

Sino Biopharmaceutical has industry-leading innovative R&D capabilities. In 2021, the Group's continuous investment in innovative R&D has won the attention and recognition of the society and the industry.

Major honour	Awarding body	Awardee
2021 Top 10 R&D Innovative Pharmaceutical Listed Companies in China	Chinese Pharmaceutical Enterprises Association	Sino Biopharmaceutical
Ranked 2nd among 2021 Top 100 Innovative Pharmaceutical Enterprises in China	Chinese Pharmaceutical Enterprises Association	Sino Biopharmaceutical
National Center for Enterprise Technology Qualification	NDRC and Ministry of Science and Technology	Beijing Tide
Chinese Pharmaceutical Enterprise with the Best Drug Pipeline	Ministry of Industry and Information Technology China National Pharmaceutical Industry Information Center www.Yaozh.com	CT Tianqing Beijing Tide
Ranked 2nd among 2021 Top 100 Enterprises in China – Comprehensive Strength in Medicine R&D	Organizing Committee of the Summit for China Pharmaceutical R&D Innovation China Pharmaceutical	CT Tianqing
Ranked 9th among 2021 Top 50 Enterprises in China – Biopharmaceutical R&D Strength Ranking	Summit for China Pharmaceutical R&D Innovation	CT Tianqing
Ranked 2nd among China's Top 10 BigPharma Enterprises in Innovation	China BigPharma	CT Tianqing
2021 Outstanding Innovative Corporate Brand of China's Chemical Pharmaceutical Industry	China Pharmaceutical Industry Association, China Association of Pharmaceutical Commerce, China Nonprescription Medicines Association, China Association for Vaccines	Beijing Tide NJCTT
Ranked 3rd among 2021 Top 100 Innovative Enterprises in Jiangsu Province	Jiangsu Science and Technology Development Strategy Research Institute	CT Tianqing
Innovative Pharmaceutical Enterprises in China in 2021	China National Pharmaceutical Industry Information Center	Beijing Tide

RESPONSE TO THE SDGs

Sino Biopharmaceutical is committed to creating long-term value. We have taken the United Nations Sustainable Development Goals (SDGs) as an important direction for our ESG work. We are also actively responding to the goals of poverty eradication, good health and well-being, quality education, gender equality, affordable clean energy and climate action, taking into consideration of our own characteristics. We are committed to promoting a virtuous cycle of corporate development and contributing to the realization of sustainable development goals.

Major goals	Progress in 2021
<p>SDG1 NO POVERTY</p> 	<p>Common prosperity is the essence of socialism, and the common aspiration of the people. For pharmaceutical enterprises, public welfare is not only an economic gift, but also a natural responsibility of pharmaceutical practitioners to the society and the industry. Sino Biopharmaceutical actively carried out public welfare and poverty alleviation projects to help the country to promote the road of rural revitalization and to contribute love and strength to consolidate the achievements of poverty eradication.</p>
<p>SDG3 GOOD HEALTH AND WELL-BEING</p> 	<p>Sino Biopharmaceutical adopted a comprehensive strategic layout of development in the greater healthcare field, and introduced innovative diagnostic technologies and pharmaceuticals from all over the world, so that more innovation achievements can benefit human health and well-being more widely. We actively explored the promotion model of pharmaceutical inclusion, devoted ourselves to the research of rare diseases and providing patients with high-quality and inexpensive drugs for the benefit of people and society.</p>
<p>SDG4 QUALITY EDUCATION</p> 	<p>Donating money for education is a cause that is merit in the present and will create long-term benefit the future. Sino Biopharmaceutical attaches great importance to the cultivation of talents and made every effort to help the development of education, and has launched donation projects for many universities and educational foundations to help poor students obtain quality education.</p>
<p>SDG5 GENDER EQUALITY</p> 	<p>Sino Biopharmaceutical respects women's equal rights and is constantly committed to eliminate gender inequalities. In addition to protecting the basic rights of female employees, we care for the physical and mental health of female employees, empower them, and create an inclusive and warm workplace environment for them.</p>
<p>SDG6 CLEAN WATER AND SANITATION</p> 	<p>The lack of water resources is a major challenge faced by the world. Sino Biopharmaceutical focused on water conservation and recycling. At the same time, we strictly followed the regulations and standards for wastewater discharge to ensure compliance with the regulations.</p>

Major goals	Progress in 2021
<p>SDG7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>The extensive use of clean energy is the only path for energy structure adjustment. Sino Biopharmaceutical actively promoted the adjustment of energy consumption structure. Through the installation of photovoltaic facilities, the introduction of optimized building structure design and other measures to expand the scope of clean energy applications, we created a low-carbon green working environment, and accelerated the energy transformation of the enterprise.</p>
<p>SDG8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Sino Biopharmaceutical is committed to building a long-term and sustainable enterprise, establishing a sound corporate governance structure, and cohesion with talents to drive sustainable economic growth.</p>
<p>SDG9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Technological innovation and progress is an important driving force for economic growth and social development. Sino Biopharmaceutical adhered to the concept of “technology creates value”, gave full play to its international advantages, made good use of its technological R&D achievements, and contributed to the innovative development of China’s pharmaceutical technology and industry.</p>
<p>SDG10 REDUCED INEQUALITIES</p> 	<p>Sino Biopharmaceutical practices a fair, just and non-discriminatory employment policy and insists on legal employment to ensure any discrimination against employees based on gender, age, religion, nationality, etc. We respect and protect the legitimate rights and interests of our employees. At the same time, we have established a fair and reasonable remuneration management mechanism and are committed to providing equal and harmonious labour relations.</p>
<p>SDG13 CLIMATE ACTION</p> 	<p>Based on policy, industry and business factors, Sino Biopharmaceutical is working to identify climate change risks and opportunities and develop strategies to address them in order to improve our ability to adapt to climate change. We are making every effort to reduce the environmental impact of our production and operations by improving energy efficiency, creating green factory, and implementing green office.</p>
<p>SDG17 PARTNERSHIPS FOR THE GOALS</p> 	<p>Stable and healthy partnership is the cornerstone of high quality and sustainable development of the enterprise. Sino Biopharmaceutical introduces global innovative technology and cooperates with global talents and capital to win the future together. At the same time, we take advantage of our own strengths to actively carry out industry exchanges and cooperation projects, and work together with our partners to achieve common progress of the industry.</p>





01

THE STEADY DEVELOPMENT ROAD OF SINO BIOPHARMACEUTICAL

This chapter responds to the following SDG



BOARD'S STATEMENT ON ESG

The Board of Directors (the "Board") of Sino Biopharmaceutical Limited has reviewed and confirmed that this report does not contain any false information, misleading information or material omission. The Board issued the following statement based on the supervisory and management responsibilities of the Board on ESG-related matters during the reporting period:

The Board of the Company, as the highest responsible, decision-making and supervisory body for ESG, has established and authorized the ESG Committee in 2021 to perform supervision and management duties on ESG-related matters on behalf of the Board, including but not limited to ESG material risk assessment, ESG key target setting, ESG work planning and review, etc. Meanwhile, the management of the Group has established the ESG Work Management Committee and the ESG Department. The ESG Work Management Committee is composed of senior management, persons in charge of the Group's ESG-related functions and persons in charge of certain principal member companies, while the ESG Department also serves as the Office for the ESG Work Management Committee and collaborates with the ESG working committees of member companies to ensure the practical management of ESG-related issues. For particulars of the Group's corporate governance, please refer to the Corporate Governance Report section in the 2021 Annual Report of Sino Biopharmaceutical Limited.

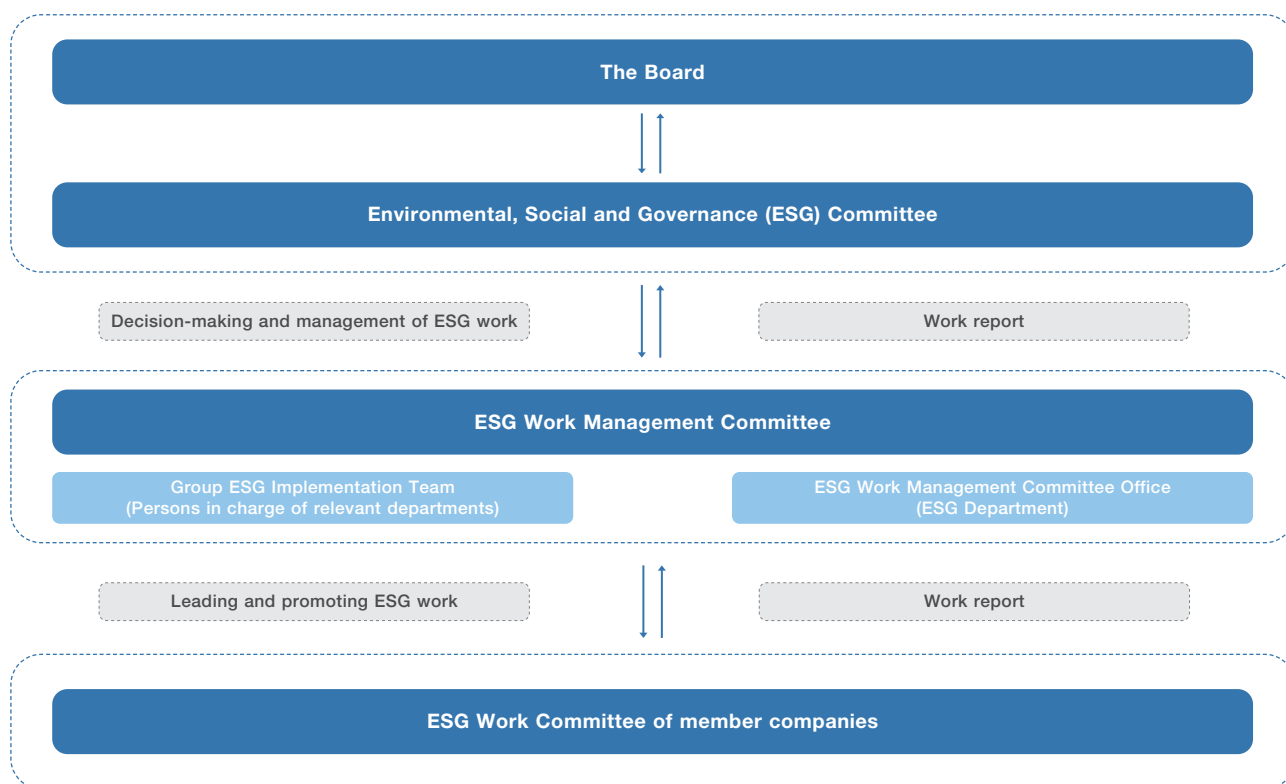
The Group maintains communication with various stakeholders to understand their concerns on ESG material issues and provides positive responses. In 2021, the Group proposed the key work direction of focusing on "ESG, inclusion, benefiting the people and social responsibility" and building a "responsible Sino Biopharmaceutical" business. Under the guidance of this policy and taking into consideration factors such as enterprise's development strategy, stakeholder demands and social and industry concerns, the Group identified 13 material ESG issues, including product innovation and R&D, product quality and safety, pharmaceutical inclusion, business ethics, employee compensation and benefits, addressing climate change, anti-corruption, etc. Based on the identification and evaluation of the material issues, the Group formulated ESG management strategies and targets, which provided direction for the overall ESG work.

In 2021, the Group convened two ESG Committee meetings to review the ESG annual targets and plan and review their progress of achievement. As of the end of the reporting period, the Group's ESG work plan has been effectively implemented, and all ESG annual targets have been achieved.

This report discloses in detail the progress and achievements of Sino Biopharmaceutical's ESG work in 2021, and was reviewed and approved by the Board on 27th May 2022.

ESG GOVERNANCE STRUCTURE CONSTRUCTION

In 2021, in order to further enhance ESG governance and promote the integration of sustainable development philosophy with business and management, Sino Biopharmaceutical continued to improve its ESG governance structure. With the Board as the responsible, decision-making and supervisory body for ESG, we have established the Environmental, Social and Governance (ESG) Committee under the Board with Ms. Zheng Cheung Ling, vice chairwoman of the Board, acting as its chairman, and Ms. Li Mingqin, executive director and senior vice president of the Group, and Mr. Li Kwok Tung, independent non-executive director as its members, to oversee major ESG-related issues of the Group and to advise the Board on ESG risks, opportunities, policies and actions. At the management level, the Group has established an ESG Work Management Committee with the Group's senior management acting as the standing committee members, and the persons in charge of the Group's ESG-related functions and certain major member companies as the committee members. They are responsible for continuously improving the internal supervision of ESG risks, organizing the implementation of the Board's ESG strategies and requirements, reviewing ESG risks and opportunities in a timely manner based on factors such as the macro environment and business changes, and regularly reviewing the annual ESG work report and ESG-related information disclosure. In order to facilitate the implementation of ESG management work, the Group has also established the Office for ESG Department and ESG Work Management Committee, a dedicated ESG management department responsible for the overall planning, coordinating, organising and promoting the execution of ESG tasks. The Group has formulated the "Regulations of the Sino Biopharmaceutical ESG Work Management Committee" and "Sino Biopharmaceutical Sustainable Management System" to regulate the relevant responsibilities and working mechanisms of the above ESG governance structure.



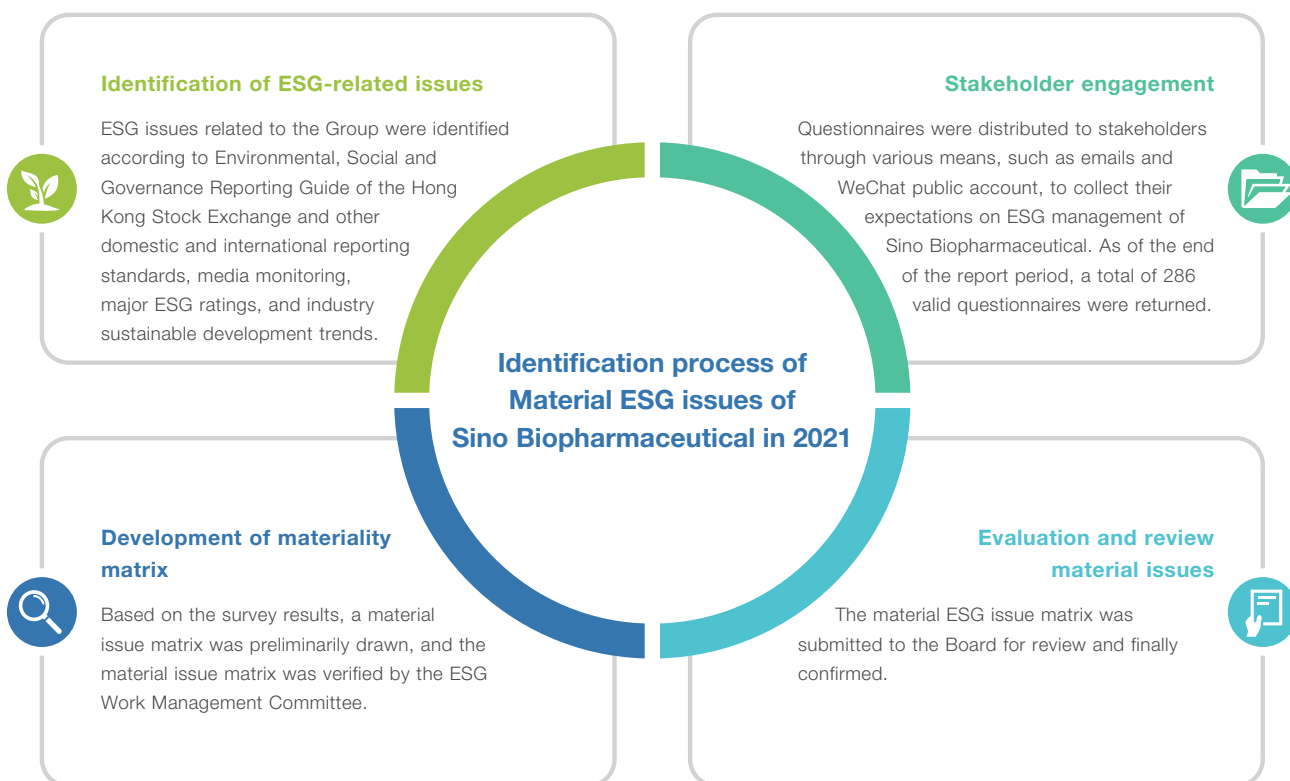
ESG governance structure of Sino Biopharmaceutical

In 2021, the Group focused on "Building 'Responsible Sino Biopharmaceutical'" to guide the deep integration of ESG philosophy with management and operation from the strategic level. In the future, we will continue to improve the ESG management system of the Group and its member companies, further improve the management system and working mechanism, strengthen the ESG risk response capability, enhance the systemic and comprehensive ESG information management, and ensure the quality of ESG information disclosure.

RESPONSE TO THE ESG REPORTING PRINCIPLES OF HONG KONG STOCK EXCHANGE

This report followed the reporting principles of the ESG Reporting Guide of the Hong Kong Stock Exchange:

Materiality principle: The Group regularly evaluates material ESG issues, lists major stakeholders, conducts comprehensive and in-depth stakeholder research, and identifies relevant material issues through the four-step process of “identification of ESG-related issues – stakeholder engagement – development of materiality matrix – evaluation and review material issues”.



Consistency principle: The scope of disclosure of this report covers the scope of disclosure of the ESG report of previous year, and on this basis, has further extended to cover Sino Biopharmaceutical and principal member companies.

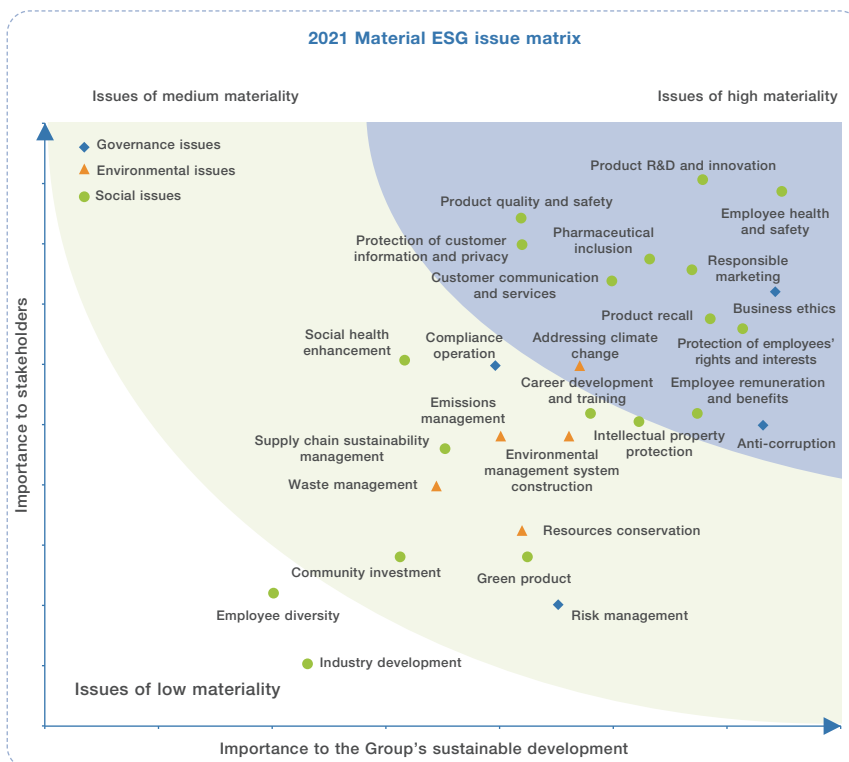
Quantitative principle: Descriptions are given on the referencing standards, calculation methods and parameters for the environmental key performance indicators (KPIs) in this report. For details, please refer to the corresponding chapters of this report. As the scope and parameters for the statistics of KPIs have been further improved during the reporting period, the Group will gradually set the quantitative targets of KPIs and provide consecutive comparative disclosure.

STAKEHOLDER ENGAGEMENT

The Group values the views of its stakeholders and maintained close communication with them through various channels to understand their needs and concerns. During the reporting period, the Group fully considered the views of stakeholders in its daily operational decisions and took actions to address their demands in a timely manner.

Stakeholder engagement of Sino Biopharmaceutical

Stakeholders	Channels of Communication	Top Concerns
Government and industry regulators	Government visits, supporting government projects, participation in policy development, industry collaboration	Compliance operation, product quality and safety, business ethics, anti-corruption, emission management, addressing climate change
Investors	The Board, information disclosure, conferences, ordinary visits, telephone and mail enquiry	Compliance operation, product quality and safety, product R&D and innovation, intellectual property protection
Customers	Academic seminars, new product launch conferences, customer services, telephone and mail enquiry, complaint handling	Product quality and safety, protection of customer information and privacy, customer communication and services, responsible marketing, anti-corruption
Suppliers	Supplier exchanges and training, supplier assessment, procurement and tendering process	Compliance operation, supply chain sustainability management, anti-corruption
Employees	Trade union, employee congress, training, safety management, employee activities	Employee health and safety, career development and training, protection of employees' rights and interests, employee remuneration and benefits, employee diversity
Community	Community activities, charitable organizations, volunteer work	Community investment
Industry peers	Exchanges activities, forums and conferences	Industry development, intellectual property protection
Media and general public	Information disclosure, public opinion monitoring, media communication mechanism, telephone and mail enquiry	Product responsibility, product innovation and R&D, business ethics



In 2021, Sino Biopharmaceutical identified 13 high materiality issues, including product R&D and innovation, product quality and safety, pharmaceutical inclusion, responsible marketing, business ethics, employee health and safety, protection of customer information and privacy, customer communication and services, product recall, protection of employees' rights and interests, addressing climate change, employee remuneration and benefits, and anti-corruption.

RISK CONTROL AND MANAGEMENT

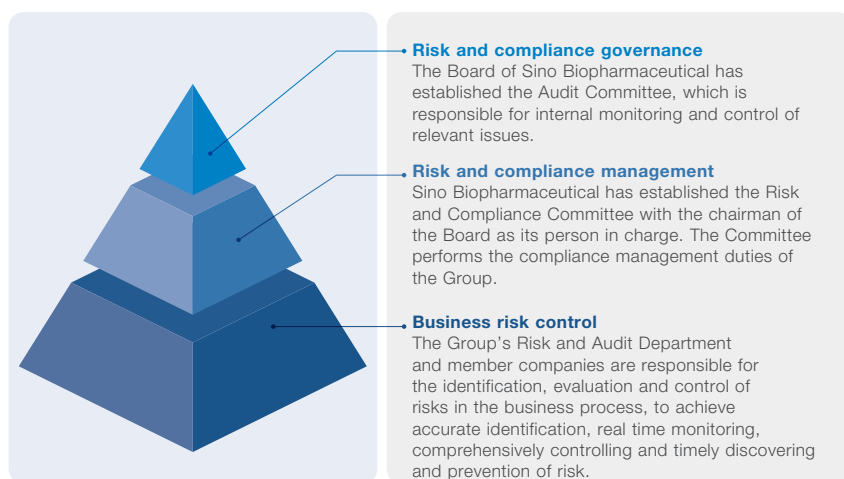
Sino Biopharmaceutical is committed to the highest level of governance to ensure the continuous stable operation of the company. With the philosophy of “creating extraordinary value for the enterprise and contributing rich returns to shareholders”, we continue to improve our corporate governance system and policies. In 2021, the Group strictly abided by relevant laws and regulations, and the Board oversaw the Company’s strategic decision-making and operation management, protected the legitimate rights and interests of shareholders, clarified business strategic plans, and continued to create outstanding value. For details of Sino Biopharmaceutical’s governance, please refer to the Corporate Governance Report in the 2021 Annual Report of Sino Biopharmaceutical Limited.

Sino Biopharmaceutical highly values risk and compliance management, and has comprehensively identified its financial and non-financial risks. The Group and member companies strictly abided by relevant laws and regulations of China. We have established the Risk and Compliance Committee, formulated and strictly implemented a risk and compliance management system to implement a closed-loop management of risk evaluation, control, audit and rectification.

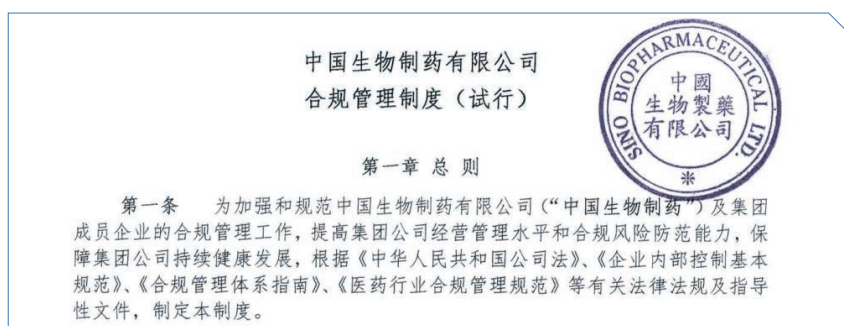
Sino Biopharmaceutical has established a three-level management structure of risk and compliance governance, risk and compliance management, and business risk control. We constantly improve the system construction to ensure effective management of risk and compliance.

Sino Biopharmaceutical strictly complied with the Company Law of the People’s Republic of China, the Basic Standards for Internal Control of Enterprises, the Compliance Management Standards for the Pharmaceutical Industry and other relevant laws and regulations and guiding documents, and has established internal systems such as the Compliance Management System of Sino Biopharmaceutical Limited (Trial) and the Regulations of the Risk and Compliance Committee. The Group and member companies strictly complied with relevant laws and regulations and internal systems to implement risk compliance management, effective control of potential risks and respond to crisis in a timely manner.

In 2021, Sino Biopharmaceutical conducted a comprehensive assessment of risks such as business ethics, safety and environmental protection, product quality and adverse drug reactions, labour, financial taxation, intellectual property rights and network security, and formulated risk compliance management targets and work plans based on the assessment results. In respect of material compliance risks, the Group and member companies formulated emergency handling plan and conducted regular drills. During the reporting period, the Risk and Compliance Committee carried out two audits and risk compliance trainings on the risk compliance management of the Group and member companies, and timely rectifications were made according to the audit results. The Committee also made strict appraisal on the performance of compliance management to continuously strengthen potential risk control and enhance overall risk management standard.



The risk and compliance governance structure of Sino Biopharmaceutical



The General Provisions of the Compliance Management System of Sino Biopharmaceutical Limited (Trial)

Public opinion crisis management

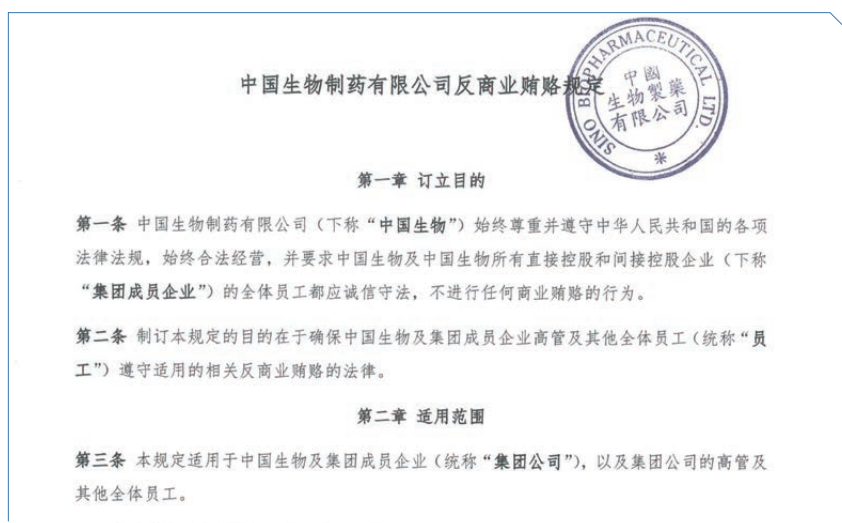
The Group formulated the Management System for Monitoring and Handling Public Opinion of the Group and its Member Companies (Trial) and commenced the drafting of the Group Media Crisis Public Relations Management Manual to refine the risk level of the crisis and clarify the corresponding handling process and methods. For major crises¹, no matter they are discovered through public opinion monitoring or triggered by media enquiry, relevant departments or member companies of the Group will report them promptly, and the Group’s public opinion working group is responsible for the establishment, activation and implementation of the emergency plan to minimize the possible negative impact.

¹ Major crises: means crises that may have overall impact on the Group’s reputation, share price, etc. and may have strong negative attractiveness to media.

INTEGRITY AND TRUSTWORTHINESS

The Group is committed to the highest standards of business ethics, strict compliance with relevant laws and regulations of China. The Group continuously enhanced its compliance performance and business ethics management through the formulation and implementation of strict business ethics regulations and internal monitoring procedures.

Sino Biopharmaceutical strictly abided by relevant laws and regulations such as the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Company Law of the People's Republic of China and the Interim Provisions on Prohibition of Commercial Bribery. The Risk and Compliance Committee of the Group is responsible for daily supervision of anti-commercial bribery, and has formulated the Anti-commercial Bribery Regulations of Sino Biopharmaceutical Limited. All employees of Sino Biopharmaceutical and member companies, as well as business partners who have business dealings with the Group, are required to perform their duties with integrity and honesty, and any acts of commercial bribery are strictly prohibited. The Group clearly defined the prohibited behavior and scope of commercial bribery, and



The Anti-commercial Bribery Regulations of Sino Biopharmaceutical Limited

prohibits employees from using financial or other means to bribe any entities or individuals in order to seek dealing opportunities or competitive advantages. The Group also formulated detailed anti-corruption requirements and controls in areas such as product sales, invoicing, personnel employment, and communication with third parties. For employees who violate the anti-corruption rules and regulations, the Group will make punitive decisions according to the actual situation, including demotion, salary reduction, dismissal, and filing labour arbitration or civil litigation, etc. Those suspected of violating the law will be transferred to the public security authorities.

In 2021, through establishing a scientific and systematic commercial bribery risk assessment procedure, the Group identified, analyzed, evaluated and handled relevant risks, and effectively prevented and controlled bribery and other improper business practices. There was no legal case regarding corruption, and the number of concluded legal cases regarding corrupt practices was 0.

Whistle-blowing and investigation

The Group clearly defined the whistle-blowing process in the relevant anti-bribery system, and if any violation of the regulations is found, it should be reported to the department responsible for compliance in a timely manner and relevant materials should be provided. The Group has established a sound internal investigation mechanism to conduct comprehensive investigations into reported matters or compliance risks discovered in the regular assessments by the Company, and take corresponding punitive and control measures. We will rectify the internal control loopholes found in the investigation in a timely manner to strengthen the Group's anti-corruption management standard. At the same time, we have developed a whistleblower protection system to protect the personal rights, property rights, work rights, reputation rights and other legitimate rights of whistleblowers.



The channels for complaints and feedbacks of CT Tianqing

Anti-corruption training

Sino Biopharmaceutical actively carries out the construction and promotion of an integrity culture, and all employees are required to attend anti-commercial bribery training when they join the Group, and daily anti-corruption education is strengthened to cultivate the awareness of professional integrity and compliance among all employees. In 2021, the Group conducted anti-corruption trainings for the Board and the management members, and special integrity culture and education and integrity and compliance trainings for sales, procurement and other key posts.

Anti-corruption training of Sino Biopharmaceutical in 2021

Anti-corruption training	Unit	2021
Number of employees trained on anti-corruption	persons	13,666
Training hours completed by employees on anti-corruption	hours	29,329

Case: Business ethics and anti-corruption training of Beijing Tide

In 2021, Beijing Tide conducted a total of 12 sessions of special business ethics and anti-corruption training for all senior management, new employees and marketing centers, with participants of 2,466 person-times. In addition, Beijing Tide organised all staff members of its marketing centers to participate in trainings on Marketing Expense Management Regulations for Marketing Centers and operation guidelines, and the trainings covered relevant requirements for marketing expense management and business ethics.



All senior management participated in Code of Conduct training

Case: Anti-corruption training on the Furnace Rules of CT Tianqing



Anti-corruption training on the Furnace Rules of CT Tianqing

In order to establish a long-term ecological governance system, CT Tianqing formulated the Furnace Rules of Chia Tai – Tianqing Pharmaceutical Group to regulate and guide employees to handle conflict of interest that may exist in their work in a proper manner, and enhance the anti-corruption awareness of all employees.

Supplier anti-corruption policy

The Group is committed to creating an open and transparent procurement environment. We have signed the Integrity Agreement and the Business Partner Anti-unfair Competition and Anti-bribery Agreement with our suppliers to maintain a fair and orderly market competition and to ensure a clean and self-disciplined partnership. The Group requires its suppliers to comply with laws and regulations relating to anti-corruption and anti-unfair competition practices, and strictly follow the requirements of the Group's relevant policies and undertake not to offer entertainment, gifts or rebates, commissions, securities, benefits in kind or other forms of benefits to staff of the Group and its member companies. If the supplier is found to be in violation of the relevant agreement, Sino Biopharmaceutical will suspend or terminate relevant cooperation. For procurement projects with substantial amount and longer lead time, the demanding department will join the procurement, quality, R&D and other departments to evaluate and select suppliers so as to prevent and control possible corruption risks in the tender process.



In 2021, a total of **986** suppliers signed the Integrity Agreement, including the Group's major procurement suppliers.

附件 1:《合作伙伴反不正当竞争及反商业贿赂协议书》

甲方:

乙方:

根据国家《刑法》、《民法典》、《反不正当竞争法》等法律、法规、规章的有关规定,为保证正当竞争、公平交易,维护公平有序的市场竞争秩序和甲乙双方权益,经双方协商同意,就双方合作、交易过程中的不正当竞争及商业贿赂事宜,自愿达成以下协议,以资双方共同信守:

Business Partner Anti-unfair Competition and Anti-bribery Agreement

Case: CT Tianqing officially joined the Trust and Integrity Enterprise Alliance and the Enterprise Anti-Fraud Alliance of China

In 2021, CT Tianqing officially joined the Trust and Integrity Enterprise Alliance. The Alliance was jointly launched by numerous renowned enterprises and the Criminal Law Research Center of Renmin University of China, aiming to jointly combat corruption, fraud, counterfeiting and information security crimes, and improve the anti-corruption governance standard of alliance members.

In the same year, CT Tianqing joined the Enterprise Anti-Fraud Alliance of China. The Alliance is committed to promoting resource sharing, information sharing, and building a platform for the exchange of enterprise anti-fraud experience in order to jointly build a clean business environment. During the reporting period, CT Tianqing actively participated in various seminars and training activities organised by the Alliance, which effectively helped enhance the company's anti-fraud system construction and management standard.



CT Tianqing officially joining the Trust and Integrity Enterprise Alliance





02

INNOVATION DRIVEN, BENEFITING LIVELIHOOD

This chapter responds to the following SDGs



Sino Biopharmaceutical takes clinical needs as the guidance, patient needs as the core, and innovative R&D as the driving force, and are dedicated to eliminating disease and pain and creating healthy and better life for the people. In 2021, with the continuous improvement of our innovation system and increasing investment in R&D, the Group achieved a series of innovations in the field of pharmaceutical R&D, which further provide patients with better quality, more economical and more accessible products and services.

In 2021,
the Group
obtained
36
marketing
approvals

made
52
clinical trial
applications

involving
26
innovative
drug
products

received
51
clinical trial
approvals

including
34 Category
I innovative drug
research projects
and involving
25 Category I
innovative products.

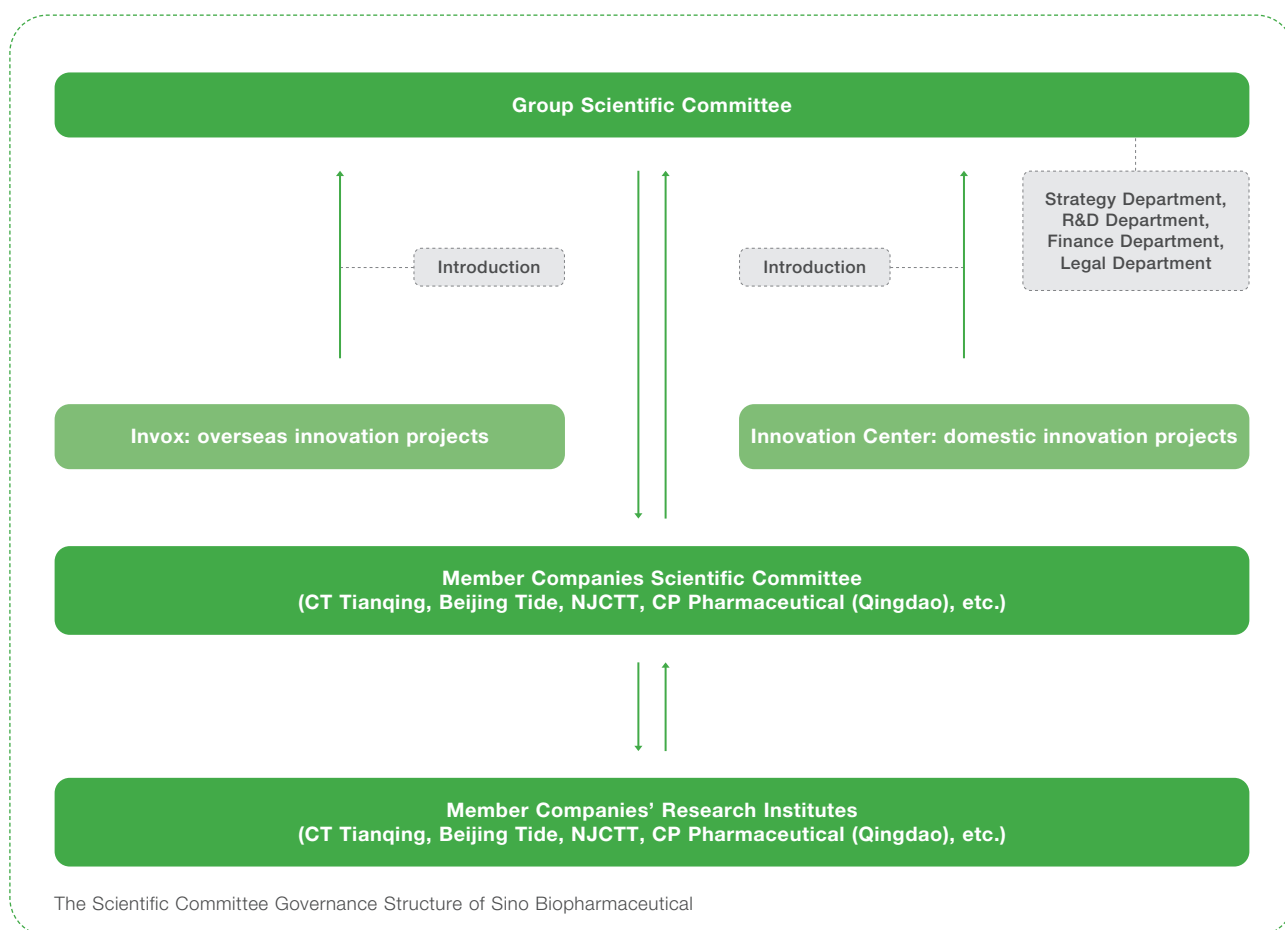
Leading R&D





INNOVATION SYSTEM

In 2021, Sino Biopharmaceutical established a scientific committee control mechanism between the Group and member companies, and at the same time set up Invox and the Innovation Center, which are dedicated departments for innovation and R&D. Through the improvement of the organizational structure and working mechanism, the Group aims to enhance the coordination of innovation work, give full play to its international advantage, strengthen the internal introduction and transformation of external innovation and exploration achievements, empower the innovation of member companies' research institutes, and improve the overall innovation standard of the Group.



The Group's Scientific Committee focuses on the first-in-class drugs with new targets and mechanisms of high clinical value, and best-in-class innovative drugs. Through Invox and the Innovation Center, we conduct comprehensive market research on innovative drugs that have achieved breakthrough clinical data at home and abroad, analyze and evaluate a variety of technology platforms, and collaborate with top domestic and overseas academic institutes on research innovation and transformation. While proactively conducting their exploration, member companies also propose, through the scientific committee mechanism, their optimisation and introduction needs in terms of technology and drugs, taking into account of their own development position and demand, which forms a two-way interactive working mechanism.

RESEARCH AND DEVELOPMENT INVESTMENT

During the reporting period, Sino Biopharmaceutical continuously invested in innovation and R&D, and achieved comprehensive enhancement in innovative technology, R&D capability, talent reserve, equipment iteration, etc. In 2021, the Group's R&D expenditure amounted to RMB3.82 billion, and accounted for 14.2% of total revenue, representing an increase of 34.5% over last year. From 2019 to 2021, the compound growth rate of R&D expenditure is 20.1%.

In the internal new drug R&D project establishment stage, the area distribution of such R&D projects is nicely in line with the Group's advantageous areas and development strategy, focusing on therapeutic areas that the Group focuses on, such as oncology, liver disease and cardiovascular and cerebrovascular diseases. The projects make full use of the internal diversified technology platforms, and substantially all targets of innovative drug projects are in clinical phase 1-2, and the proportion of our independent R&D projects is the highest in recent years.



INNOVATION LAYOUT

2021 is a year of Sino Biopharmaceutical's vigorous expansion in its forward-looking innovation layout. Through the establishment of a global innovation R&D center and the implementation of the X-LAB project, we have launched our innovation strategic layout comprehensively.

In June 2021, Sino Biopharmaceutical signed the strategic cooperation agreement with Huangpu District and Minhang District in Shanghai, and announced that its China headquarters and the global innovation R&D center will be established in Shanghai. Leveraging the advantages of Shanghai's biomedical industry, the Group will give full play to its strengths in the field of innovative biopharmaceuticals and focus on innovative drug R&D to attract a cluster of upstream and downstream enterprises in the global industry chain.



Sino Biopharmaceutical signing the strategic cooperation agreement with Huangpu District and Minhang District in Shanghai

In August 2021, Sino Biopharmaceutical officially launched its innovation and transformation project, X-LAB, to accelerate its global strategic network layout, and empower the business pipelines of its member companies to create original technologies and products. Meanwhile, the Group has strengthened cooperation with industry partners, domestic and foreign universities, research institutes and key laboratories in Shanghai, Washington and Houston, focusing on therapeutic areas such as oncology, cardiovascular and cerebrovascular diseases, to accelerate the speed of R&D to clinical transformation and create conditions for launching more heavyweight drugs. In the future, the Group will establish an international scientific advisory committee and build a world-leading innovative R&D team, focusing on disruptive technologies and products.

Case: Active cooperation with domestic and overseas innovative drugs

The Group made a strategic investment in Treadwell Therapeutics to acquire a partnership interest in its new global oncology drug HPK1 inhibitor. The inhibitor is a next-generation oral immune tumor targeting agent for solid tumors and hematologic tumors and is at the forefront of clinical development among similar products worldwide.

The Group entered into cooperation with Graviton, a US-based company, to authorize to it the market development of self-developed innovative drug for the treatment of pulmonary fibrosis outside of Greater China, which will help drive the drug to overseas markets and benefit patients worldwide.

Case: CT Tianqing entered into an exclusive strategic cooperation relationship with GTH



CT Tianqing signing an exclusive strategic cooperation agreement with GTH

In January 2021, CT Tianqing entered into exclusive strategic cooperation with GTH and signed an agreement for exclusive strategic partnership in China for HCCscreen™, a liver cancer early screening product based on liquid biopsy technology. This cooperation will help apply early screening technology to more hospitals in China, allowing more potential patients to be detected and treated as early as possible.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Sino Biopharmaceutical attaches great importance to the protection of intellectual property rights and respects the intellectual property rights of any third party. During the reporting period, the Group continued to optimize its intellectual property management system and formulated and issued the Intellectual Property Management Manual and the Patent Inventor Attribution Management Regulations to protect the legitimate rights and interests of employee inventors and encourage inventions and creations. At the same time, we formulated regulatory documents for copyright registration, copyright disputes, etc. to provide guidance for the proper resolution of related issues in accordance with the law.

The Group has established an organizational structure for intellectual property management and formulated the duties of corresponding personnel to effectively manage and control the creation, protection and application of intellectual property rights in all aspects of the Group's production and operation activities. The Group regularly conducts inspections, analyses and evaluations related to intellectual property rights, and rectifies and prevents problems that have emerged or potentially do not meet management requirements. At the same time, in the background of the Patent Law of the People's Republic of China (2020 Revision) and the implementation of early resolution mechanism for drug patent disputes, the Group has established a two-way feedback mechanism of intellectual property rights and R&D registration for early intervention and early avoidance of potential patent dispute risks.



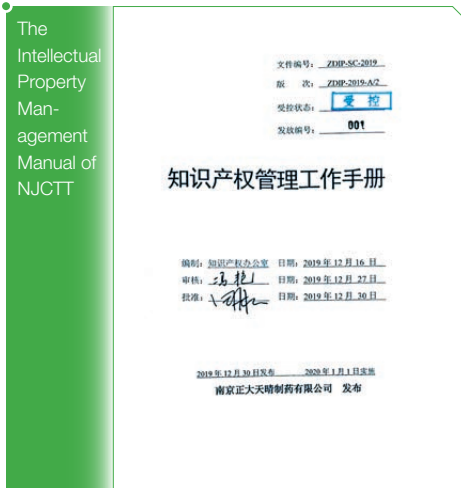
In 2021, the Group filed

939 new patent applications

received **290** authorized patent notices

As of 2021, the number of patents obtained by the

Group exceeded **1,000**, reaching **1,229**.



Case: Many member companies obtained intellectual property management system certification and honours

In 2021, NJCTT obtained the Enterprise Intellectual Property Management Standard certification. Beijing Tide was included in the list of national intellectual property advantage enterprises in 2017, and obtained the Enterprise Intellectual Property Management Standard certification in 2018. In 2019, Jiangsu CT Qingjiang was awarded the title of National Intellectual Property Demonstration Enterprise for two years.



Jiangsu CT Qingjiang was awarded the title of National Intellectual Property Demonstration Enterprise

ACCESS TO HEALTH CARE

Making drugs available to more patients and treating more diseases is the direction Sino Biopharmaceutical has always insisted on. In 2021, we continued our efforts in the four main directions of expanding therapeutic areas, reducing patient burden, expanding channel coverage and developing medicines for rare diseases, and constantly promoting pharmaceutical inclusion.

The Group has established a sound pharmaceutical inclusion governance structure. The Board is responsible for approving the Group's strategy and objectives for pharmaceutical inclusion. The Environmental, Social and Governance (ESG) Committee is responsible for overseeing the implementation of the relevant work, and all member companies fully implement the relevant work to ensure that the R&D and industrialization of pharmaceutical products are always patient-centered and provide patients with more and more accessible pharmaceutical products. We believe that by promoting the inclusion of our products in the centralized procurement and medical insurance lists, we can bring more stable and sustainable value to the Group while helping more patients to obtain quality drugs. In 2021, the Group recorded revenue of RMB26.86 billion, representing an increase of 13.6% over last year.

Expanding therapeutic areas

In order to effectively treat patients' diseases, we set our objective of innovation and R&D as making good drugs available to more patients. With the aim of covering the types of diseases that plague most patients, we target key diseases such as oncology, cardiovascular and cerebrovascular diseases, and continuously increase our investment in R&D to constantly launch new products with proven efficacy. In the last five years, the Group had launched 79 products, among which, 37 products were for the treatment of oncology, cardiovascular and cerebrovascular diseases, representing 46.84%. At the same time, on the basis of key diseases, we also pay attention to other disease areas. In addition to oncology, cardiovascular and cerebrovascular diseases, our products also cover many other areas, such as orthopedic diseases, liver disease, respiratory system, neurology and parenteral nutrition.

Key products of Sino Biopharmaceutical

Product area	Principal key products
Oncology medicines	<ul style="list-style-type: none"> Anlotinib Hydrochloride capsules (Focus V[®]) Penpulimab (anti PD-1 monoclonal antibody) injections (Aniko[®]) Abiraterone Acetate tablets (Qingkeshu[®]) Lenalidomide capsules (Anxian[®]) Dasatinib tablets (Yinishu[®]) Imatinib Mesylate capsules (Genike[®]) Gefitinib tablets (Jizhi[®]) Bendamustine Hydrochloride for injection (Leweixin[®])
Hepatitis medicines	<ul style="list-style-type: none"> Magnesium Isoglycyrrhizinate injections (Tianqingganmei) Diammonium Glycyrrhizinate enteric capsules (Tianqingganping)
Cardio-cerebral medicines	<ul style="list-style-type: none"> Irbesartan Hydrochlorothiazide tablets (Yilunping[®]) Rosuvastatin Calcium tablets (Tuotuo[®]) Beraprost Sodium tablets (Kaina[®])
Orthopedic medicines	<ul style="list-style-type: none"> Calcitriol Soft capsules (Gaisanchun) Zoledronic Acid injections (Yigu[®]) Tofacitinib Citrate tablets (Taiyan[®])
Respiratory system medicines	<ul style="list-style-type: none"> Budesonide Suspension for inhalation (Tianqingsuchang[®])
Parenteral nutritious medicines	<ul style="list-style-type: none"> Carbohydrate and Electrolyte injections (Xinhaineng) Ganirelix Acetate injections (Fenghaina[®])
Others	<ul style="list-style-type: none"> Flurbiprofen cataplasms (Debaian[®]) Iodixanol injections (Qingliming[®])

Reducing patient burden

The Group adheres to the principle of fair pricing to provide patients with quality pharmaceutical products at reasonable prices. On the basis of ensuring the quality of drugs, we strictly control the production cost of drugs and enhance the competitive edge of drugs in centralized procurement. In 2021, 41.49% of the Group's pharmaceutical products included in centralized procurement finally won the bid through negotiation, resulting in a significant decrease in the price of the winning products and alleviating the financial burden for more patients.

At the same time, we actively participate in medical insurance negotiation to increase our drug coverage in medical institutions and benefit people with more reasonable prices. During the reporting period, 6 drugs of the Group were included during the reporting period in medical insurance agreements.



6 Drugs

6 drugs of the Group were included in the period of medical insurance agreements

Case: Anlotinib Hydrochloride capsule of CT Tianqing was included in the National Medical Reimbursement Drug List in 2021

CT Tianqing actively promoted the R&D of Anlotinib Hydrochloride, a new national Category 1 drug. Anlotinib Hydrochloride is the first innovative small molecule drug developed by CT Tianqing in accordance with international R&D process and standards, and the anticancer drug of CT Tianqing with the heaviest R&D investment so far. The successful launch of Anlotinib Hydrochloride signified a solid step for the strategic change of the Group from "combination of generic and innovator" to "combination of innovator and generic", and an important breakthrough of the Group entering the area of oncological treatment on the strategic basis of "focusing on liver diseases".

In January 2021, the new fourth indication of Anlotinib Hydrochloride (i.e. medullary thyroid carcinoma) was approved. It is the first and the only medullary thyroid carcinoma targeted drug in China. In December 2021, Anlotinib Hydrochloride capsules was included in the National Medical Reimbursement Drug List, and it will benefit more patients.

Meanwhile, taking into account of clinical demand, we actively promoted R&D on generic drugs and accelerated their consistency evaluation to develop clinical alternatives for branded drugs and provide patients with more choices. In 2021, the Group had 21 drugs approved in the consistency evaluation, among which, 3 drugs were first generic product of its kind.

Case: Aprepitant capsules, the first generic product of its kind, of CT Tianqing passed consistency evaluation

Aprepitant is a first-line treatment drug for liver cancer applicable for patients with unresectable hepatocellular carcinoma who have not received prior systemic therapy. After the branded Aprepitant capsules was approved to enter the market of China in September 2018, its sales growth reached 48.4% in the following year, indicating a significant clinical demand. In July 2021, CT Tianqing's first generic drug of Aprepitant capsules passed the consistency evaluation, bringing more cost-effective options for patients.



Case: Penpulimab (monoclonal antibody) injections (Aniko®) was approved for launch to market

In August 2021, Penpulimab (monoclonal antibody) injections jointly developed by CT Tianqing and Akeso was approved for launch to market. The drug is used for treatment of patients with relapsed or refractory classic Hodgkin Lymphoma. To address the problem of its high price that deterred some patients, we explored options that can effectively reduce the financial burden of patients from a practical perspective.

In the same month, Beijing Health Alliance Charitable Foundation launched the Anxin Youni Patient Relief Project (安心有尼患者救助项目) to provide targeted donation support. The relief medicine Penpulimab (monoclonal antibody) injections (Aniko®) was provided free by CTTQ-Akeso (Shanghai) Biomed. Tech. Co., Ltd. to Beijing Health Alliance Charitable Foundation. The relief project adopted the relief method of “2+1, 2+pd”, i.e. when the patient purchases 2 cycles (4 doses) of the drug at his own expense, he will receive 1 cycle (2 doses) free of charge, and after that, the patient will purchase 2 cycles (4 doses) at his own expense again, and be entitled to relief until the disease progresses, thus greatly reducing the financial burden of malignant tumor patients.



Aniko® (Penpulimab (monoclonal antibody)) patient relief project

Expanding channel coverage and disseminating medication knowledge

Sino Biopharmaceutical has a nationwide sales network with more than 13,000 professional academic promotion personnel covering 90% hospitals of secondary level or above in China, with a market share of 1/4 in the field of liver diseases and 2/3 in the field of post-operative analgesia. In addition to achieving a high domestic market share, the Company actively explores overseas markets to benefit patients worldwide with inexpensive and high-quality products.

In order to let patients obtain the products in the most convenient way, we focus on covering hospitals of secondary level or above, and adopt a clear “desingularization” sales strategy: vertical expansion, extending the sales channels to primary medical institutions and private hospitals; horizontal expansion, delivering products to retail terminals such as drugstore chains; and innovative models, exploring and strengthening cooperation with internet e-commerce companies such as Ali, JD.com, and Meituan, creating online flagship stores. By building a three-dimensional and diversified sales and service network, it is easier for patients and users to obtain product information, verify the authenticity of products, purchase genuine products and obtain services.

We actively participate in various domestic and foreign professional media, mass media, platforms and portal activities, and invite authoritative experts to speak out in channels such as DXY, Xinhuanet, People’s Daily Online and JD Health, so that the public can understand the products scientifically, use them correctly and enhance their personal health management ability.

In order to help patients obtain safe and scientific knowledge about medication, we provide assistance to patients who have questions about medication information through a 24-hour 400 service hotline and online consultation, on the basis of advising them to use medication in accordance with medical advice.

Case: Jiangsu CT Qingjiang launched the “芽苗健康” App



The launching ceremony of the official public beta version of “芽苗健康” app of Jiangsu CT Qingjiang

In December 2021, Jiangsu CT Qingjiang held the official launch ceremony of the public beta version of its mobile app “芽苗健康”, providing a professional health management solution that combines health management and health data.

Users can learn about the functions of health food, functional food and tonic products through this app, listen to one-on-one health consultation and professional advice, and participate in live and recorded classes conducted by the health management team to improve their knowledge and understanding of personal health, pharmaceutical knowledge and functional food.

R&D of rare disease drugs

Sino Biopharmaceutical follows the guidance of relevant policies such as the Healthy China 2030 Planning Outline and the Guidelines for the Diagnosis and Treatment of Rare Diseases, and makes unremitting effort in rare disease researches and R&D and production of rare disease drugs to provide more options to rare disease patients.

Currently, we have launched Edaravone sodium chloride injection for the treatment of Amyotrophic Lateral Sclerosis (ALS), and are developing recombinant human coagulation factor VIII for injection and recombinant human coagulation factor VIIa for injection for hemophilia, and Nintedanib esilate capsules for idiopathic pulmonary fibrosis.

Drug	Indication	Present stage
Edaravone sodium chloride injection	ALS	In production
Recombinant human coagulation factor VIII for injection	Hemophilia	Filing for production
Recombinant human coagulation factor VIIa for injection	Hemophilia	Phase III clinical
Nintedanib esilate capsules	Idiopathic pulmonary fibrosis	Clinical trial

Idiopathic pulmonary fibrosis is a rare disease that has a poor prognosis, with a median survival of around three years after diagnosis. Up to now, there are only a few types of drugs available in the domestic market for this disease, and the price is relatively high. CT Tianqing is developing Nintedanib esilate capsules for the treatment of idiopathic pulmonary fibrosis. Once the product is launched, it will bring more options to patients and further reduce the cost of medication.

The Edaravone sodium chloride injection developed by Jiangsu CT Fenghai can better delay the disease progression in patients with ALS, and is expected to benefit 200,000 patients with ALS in China. In 2021, Edaravone sodium chloride injection was included in the National Medical Reimbursement Drug List. As compared with 2020, the price of the drug decreased by more than 40%, further reducing the financial burden of patients and benefiting more patients.



Jiangsu CT Fenghai obtained the Excellent Product Brand Award for Rare Disease Drug

Case: Fighting ALS together, Jiangsu CT Fenghai participated in ALS rare disease forum



In June 2021, Jiangsu CT Fenghai participated in the first ALS rare disease forum organised by Beijing Oriental Rain ALS Care Center to share drug-related knowledge with medical experts, social organisations, caring enterprises and individuals, and to roll out the last mile of medication for patients with ALS.



Fighting ALS Together, Jiangsu CT Fenghai participated in the first ALS rare disease forum with the theme of “携手抗‘冻’ 护佑生命” (Fighting the ALS together and protect lives)



RECOGNITIONS

Sino Biopharmaceutical's unceasing investment in innovation and R&D and pharmaceutical inclusion has earned it recognitions from patients, the society and the industry.

In 2021, CT Tianqing was awarded the title of Outstanding Enterprise at The First Jiangsu Science and Technology Innovation and Development Award. Its product Anlotinib was highlighted in the "National '13th Five-Year' Science and Technology Innovation Achievement Exhibition" and received the attention of national leaders. Beijing Tide was awarded the qualification of National Center for Enterprise Technology, which is an authoritative recognition of enterprise's innovation capability.

In December 2021, Sino Biopharmaceutical ranked 2nd in the first-tier category of "2021 Top 100 Innovative Pharmaceutical Enterprises in China" at the "2021 China Healthcare Summit of Entrepreneurs, Scientists and Investors". This honour fully demonstrates the Group's industry-leading comprehensive innovation strength, maintaining its industry-leading position in the three dimensions of innovation foundation, innovation process and innovation achievements, and in the four quantitative indicators of the number of authorized patents, the total number of patent citations, the number of clinical trials and the number of approved and marketed innovative drugs.



The Group ranked 2nd among 2021 Top 100 Innovative Pharmaceutical Enterprises in China



Beijing Tide was awarded as National Center for Enterprise Technology



The Group ranked 2nd among 2021 Top 100 Innovative Pharmaceutical Enterprises in China

Major society and industry recognitions of member companies of Sino Biopharmaceutical in innovation in 2021

Name of member companies	Major recognitions
CT Tianqing	Nanjing R&D Center obtained laboratory accreditation of China National Accreditation Service for Conformity Assessment as complying to ISO/IEC 170025:2017 General Requirements for the Competence of Testing and Calibration Laboratories Awarded as 2021 Chinese Pharmaceutical Enterprise with the Best Drug Pipeline by China National Pharmaceutical Industry Information Center
Beijing Tide	Awarded the qualification of National Center for Enterprise Technology by NDRC Awarded as Innovative Pharmaceutical Enterprises in China by China National Pharmaceutical Industry Information Center Awarded as 2021 Chinese Pharmaceutical Enterprise with the Best Drug Pipeline by China National Pharmaceutical Industry Information Center
NJCTT	Awarded the 2020 Science and Technology Awards of Jiangsu Province by the People's Government of Jiangsu Province
CP Pharmaceutical (Qingdao)	Awarded the qualification of Chemical Innovative Drug Research and Development Scenario Application Laboratory by Qingdao Development and Reform Commission Awarded as "One Enterprise One Technology R&D Center" by Qingdao Civil Economic Development Bureau
Jiangsu CT Qingjiang	Awarded as 2020 Jiangsu Little Giant Enterprise (Manufacturing) by Jiangsu Provincial Department of Industry and Information Technology





03

HEALTHY ECOSYSTEM, SHARED RESPONSIBILITY

This chapter responds to the following SDGs



As an industry leading innovative and R&D driven pharmaceutical conglomerate, Sino Biopharmaceutical adheres to the quality policy of “taking product quality as the basis of life of the enterprise and customer satisfaction as the unremitting pursuit of the enterprise”. We set up a quality management system with the board of directors as the highest responsible body, and integrate quality assurance into the whole life cycle management of our products. Quality improvement is carried out in an organized, planned and continuous manner through the realization of a quality management cycle of planning, execution, inspection and handling.

QUALITY MANAGEMENT

During the reporting period, Sino Biopharmaceutical strictly complied with the Drug Administration Law of the People's Republic of China, Regulations for the Implementation of the Drug Administration Law of the People's Republic of China, Product Quality Law of the People's Republic of China and relevant laws, regulations and standards applicable in each of its operating market, as well as satisfied the requirement of the Good Manufacturing Practice of Medical Products (GMP). During the reporting period, there were no material quality violations by the Group. On this basis, the Group continued to improve its quality management system, deepen full life-cycle quality risk control and strengthen quality culture during the reporting period, so as to enhance the overall capability and level of quality management and build up a solid line of defense for product quality and safety.

Quality system construction

Full life-cycle quality assurance

Sino Biopharmaceutical supplies its products to global markets including China, the United States, EU, etc. In order to fully control quality risks in the global market and ensure quality compliance, the Group has established a quality management system covering the full life-cycle of pharmaceutical R&D, material procurement, production and packaging, storage and transportation, product sales and after-sales service, based on compliance with the laws and regulations of each place where its operation and market is located and the international standards of pharmaceutical production and quality management.



Systematic quality management structure

In order to effectively promote the implementation of the full life-cycle quality assurance system, Sino Biopharmaceutical has built a systematic quality management structure, which is strategically led by the Group governance (the Board), efficiently coordinated by the Group management, directly led by the persons in charge of member companies, and participated by all executives of member companies.



Quality system certification

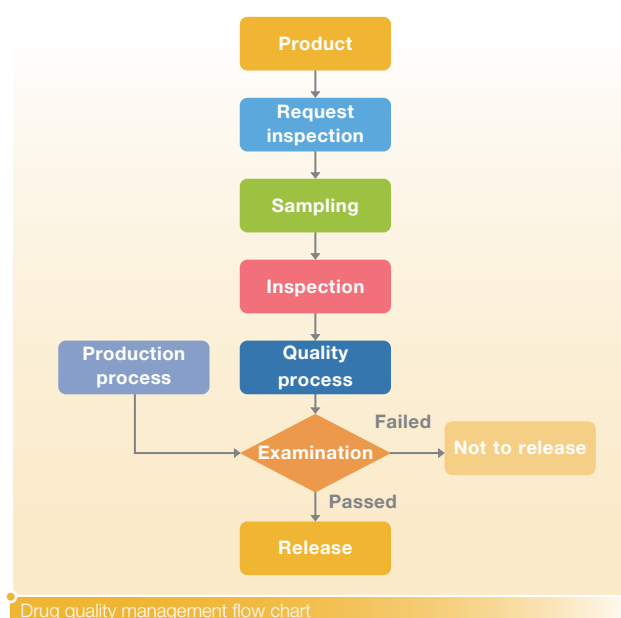
In 2021, Sino Biopharmaceutical continued to carry out quality system certification work, and all member companies and their manufacturing bases met the requirements of GMP in China. On such basis, the Group took international market standards as the benchmark, and actively promoted its member companies to obtain quality management system certifications from the FDA of the United States, EU and places where its overseas sales and operation are located.

Quality management system certifications obtained by the member companies of Sino Biopharmaceutical in 2021

Member companies	GMP certifications obtained in China
CT Tianqing	65 active pharmaceutical ingredients (APIs) 23 production lines
Beijing Tide	7 production lines
NJCTT	3 APIs 2 production lines
CP Pharmaceutical (Qingdao)	4 APIs 6 production lines
Jiangsu CT Fenghai	7 APIs 6 production lines
Jiangsu CT Qingjiang	2 APIs 2 production lines
Shanghai CT Tongyong	6 production lines

Standardised quality system regulations

In light of the operational requirements of the Group's quality system, the Group and its member companies have formulated a series of quality management systems such as Quality Manual, GMP Technical Guide, Quality Management Regulations and Quality Standard Documents for Each Enterprise to provide standardized guidance for the implementation and improvement of quality management at all levels. At the same time, the member companies have formulated the "Department and Position Objective and Responsibility" to clarify the multi-departmental quality coordination mechanism, refine the quality management objectives, responsibilities and performance to individuals, and form a full life-cycle standardized quality management system with the participation of all employees.



In order to strictly control the quality standards, each member company has established a quality inspection laboratory, formulated and implemented the Laboratory Result Investigation Management System and the Inspection Management Procedures and other systems, specifying relevant duties of the inspectors in each position of the laboratory, and setting specific requirements on the inspection methods, inspection standards and procedures for handling inspection results which exceed the standards.

In accordance with domestic and overseas pharmacopoeia such as the Pharmacopoeia of the PRC, the European Pharmacopoeia (EP) and the United States Pharmacopoeia (USP), Sino Biopharmaceutical has formulated a series of inspection methods such as the Operating Standards for Solubility Inspection Method, the Operating Standards for High Performance Liquid Chromatography, the Operating Standards for Heavy Metal Inspection Method and the Operating Standards for Sterility Inspection Method. The inspection items include property, solubility (solid preparations) and clarity (injections), and the types of inspection cover visual inspection, physical and chemical inspection and microbiological inspection, etc. In 2021, Sino Biopharmaceutical carried out inspection on every batch of product in accordance with statutory standards to ensure that the quality of its products meets requirements.

Some of the Group's laboratories are capable of implementing laboratory management system (LIMS) management and precise delineation of inspection work, including modules for sample management, inspection record maintenance and inspection data auditing, covering the entire life cycle of sample registration, sampling, receiving, assigning testing, recording results, result auditing, report and release, etc., achieving labeled management of samples. With paperless inspection, we can check the progress of inspection online in real time, aggregate and analyze inspection data on a regular basis, display and handle any abnormal trends to improve laboratory efficiency.

Quality culture construction

We fully recognise that a full and comprehensive quality management needs the concern and participation of all employees. In 2021, the Group carried out quality culture construction in terms of quality awareness, management concept, operation standards and knowledge dissemination. In order to continuously improve quality management, the Group conducted product quality and safety related trainings for new employees, in-service employees, key employees and the management team. At the same time, we divided quality training into three levels, where the first level training mainly included pharmaceutical regulations and microbiological knowledge, the second level training mainly included production quality management documents and process quality standards, and the third level training mainly included job duties and equipment operation standards. As of the end of the reporting period, the employee training coverage in respect of product quality control personnel was 100% and the average quality training hours per capita was 10.5 hours.

In light of actual needs, member companies carried out diversified online and offline quality culture construction activities. The series of activities represented by the "Quality Month" systematically enhanced the quality awareness and management capability of employees. On this basis, we encouraged our employees to propose quality optimization solutions, and put in place incentive mechanisms. In addition to lifting the motivation of employees in quality management, we obtained a number of constructive proposals and transformed them into concrete quality improvement actions to practically clear the blind spots of quality management and improve the quality management standard.



Case: CT Tianqing launched the 8th “Quality Month” campaign

In October 2020, CT Tianqing launched the 8th “Quality Month” campaign with the theme of “Enterprise with strong quality – be an error-free expert and pursue zero defects”, and organised and held 6 activities under 5 sessions including publicity, training, essay writing, competition, and conclusion. The Quality Month activities greatly improved the level of quality awareness of all employees and realized the improvement of quality and efficiency.



The award presentation ceremony of the 8th Quality Month of Chia Tai – Tianqing Pharmaceutical Group

Pharmacovigilance management

Sino Biopharmaceutical attaches great importance to pharmacovigilance management and strictly complies with laws and regulations such as the Measures for the Administration on Adverse Drug Reaction Reporting and Monitoring and the Pharmacovigilance Quality Management Practice to ensure that the Group’s drug R&D, drug distribution and drug use comply with relevant requirements and ensure the medication safety of the public.

In 2021, the Group continued to improve its full life-cycle pharmacovigilance management model. We formulated the Adverse Drug Reaction Monitoring, Reporting and Management System, the Quality Complaint Handling and Management System and the Pharmacovigilance Management System, regularly compiled reports on the monitoring of adverse drug reactions, evaluated safety data and prepared and submitted regular safety update reports on drugs with reference to the requirements of the National Adverse Drug Reaction Monitoring Center. At the same time, member companies strictly performed their main responsibility. Whenever any potential quality risks are identified, they will firmly refuse to release related products or initiate recall procedures to reduce the impact of the incident, implement deviation investigation procedures, preventive and corrective action plans, and ensure that potential risks are eliminated with reference to the follow-up and handling procedures.

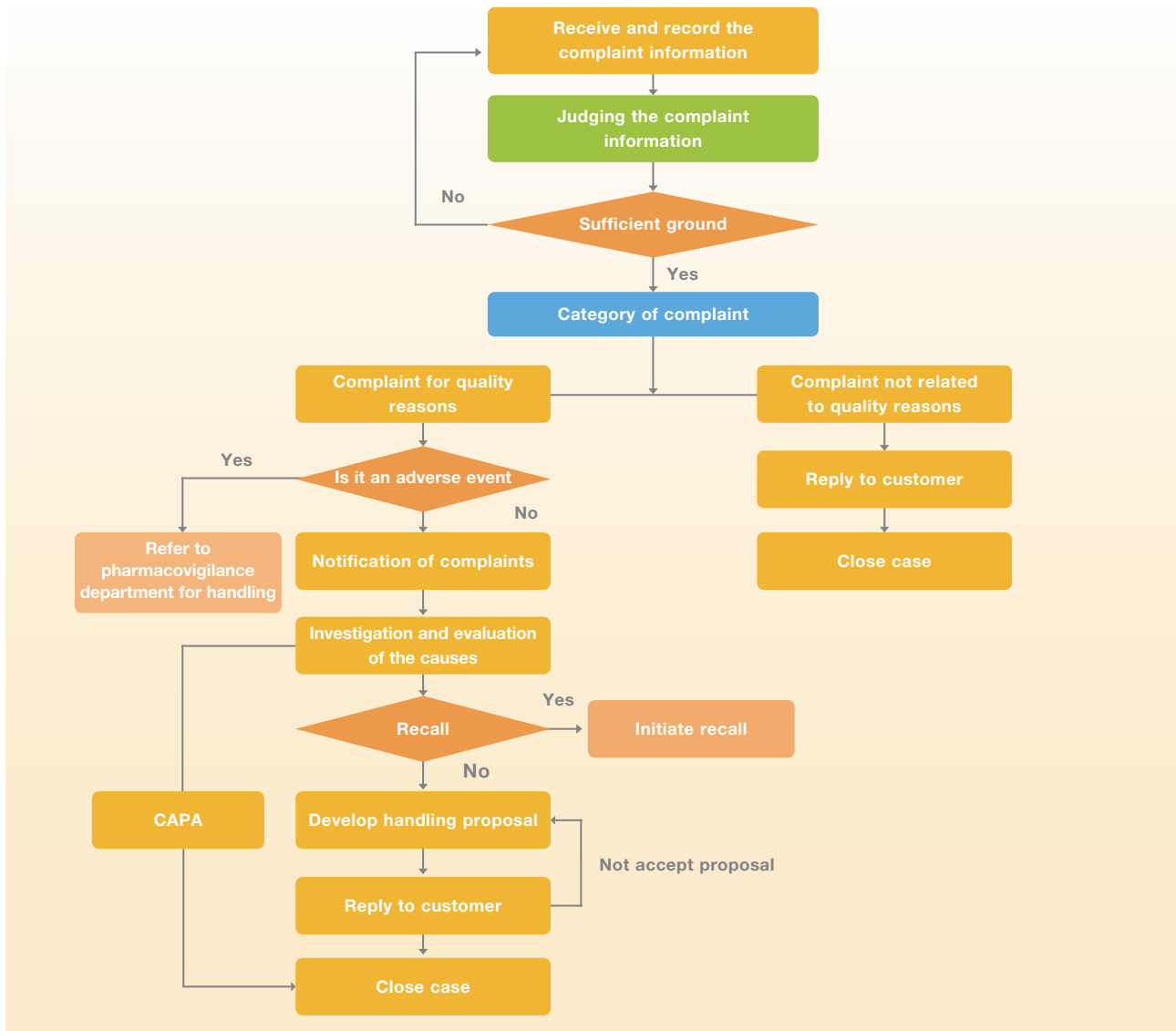


RESPONSIBLE OPERATIONS

Sino Biopharmaceutical attaches great importance to compliance operations, and carries out product promotion and marketing with a responsible attitude. We are committed to creating a transparent and trustworthy business environment to provide customers with reliable products and services, and to achieve continuous and stable growth in sales revenue while continuously improving customer experience.

Customer complaint handling

Sino Biopharmaceutical values customers' demand and constantly improves its work related to customer feedback. The Group and member companies have set up a variety of channels for enquiry and complaints, and customers and patients can make inquiries, submit opinions and report on adverse reaction to us through our service hotline and corporate mailboxes. In accordance with the customer complaint handling process, the Group will start internal communication on the complaint issues promptly and provide the customer with a reply and a proper solution.



Customer complaint handling flow chart

In 2021, the Group's member companies received a total of 51 product complaints, including 34 quality-related complaints, 13 service-related complaints and 4 other complaints, all of which had been handled and customer satisfaction was 94.68%.

Responsible marketing

Sino Biopharmaceutical adheres to the marketing principle of “truth and compliance”. The Group strictly complies with laws, regulations and standards of China and the places where its operations and markets are located, such as the Advertising law of the People’s Republic of China, the Interim Measures for the Administration of the Examination and Administration of Drugs, Medical Devices, Health Foods, and Formula Foods for Special Medical Purposes, and the Code of Practice on the Promotion of Pharmaceutical Products of the R&D-Based Pharmaceutical Association Committee (RDPAC Code). We formulated internal regulations and systems related to marketing, advertising, and sales, and business ethics systems, such as the Anti-Commercial Bribery Management Regulations and the Business Compliance Guidelines to regulate marketing behaviour and provide compliance guidance. In 2021, in the course of marketing and promotion, Sino Biopharmaceutical and member companies have not been reported and investigated by the regulatory authorities for illegal advertising, and there was no violations in product labeling.

Responsible marketing system

Sino Biopharmaceutical continuously strengthens the construction of the marketing system, strictly reviews medical promotion information, and undertakes not to make false or misleading statements about the Company’s products, services, performance or results records. The Group has put in place standardized management processes at the stages of new product launches, preparation of annual product marketing plans and execution of tactical activities, and established a comprehensive professional academic promotion system, sales network and service system. When selecting drug distributors and formulating promotion policies and publicity programs, we will adhere to the above-mentioned laws and regulations, as well as our internal code of conduct and standard operating procedures for drug promotion, and conduct multiple rounds of reviews and examination of various promotional materials to ensure the transmission of regulated and clear product information. In addition, the Group and member companies clearly stipulate the content of communication between academic promotion personnel and business representatives, and strictly prohibit any exaggerated or false content in the implementation of product promotion programs and communication with medical and health professionals and medical groups to ensure that regulatory authorities, medical and health practitioners, and patients are provided with timely, truthful, and rigorous academic and product information to protect the safety of patients’ medication.

Responsible marketing training

In order to enhance the awareness of compliance marketing, the Group provides marketing training to the senior management, marketing and sales personnel in the respective operating places, and regularly provides training to academic promotion personnel and business representatives on the medical content of products, laws and regulations related to advertising and promotion, and industry rules and regulations of the pharmaceutical promotion, so as to help employees understand the relevant national laws and regulations and the internal rules and regulations of the Company and enhance their service capability.

Case: CT Tianqing launched the “Compliance Ambassador” program



Training under the “Compliance Ambassador” program of CT Tianqing

In order to solve the problems of insufficient manpower for compliance training and limited training and communication resources, CT Tianqing launched the “Compliance Ambassador” program in its entire marketing system in 2021. Middle management staff with outstanding compliance awareness were selected to be the pioneers of compliance learning in the region or department, and be responsible for organizing small compliance learning sessions in the business area to cultivate the value of proper behavior among employees.

Case: Jiangsu CT Fenghai conducted various marketing trainings

Jiangsu CT Fenghai conducted comprehensive marketing trainings for new employees, and marketing system and related personnel to promote employee's marketing capability and ensure compliant operation. In 2021, Jiangsu CT Fenghai held basic training and appraisal on academic marketing capability for marketing representatives, with 91% participants passing the appraisal and obtaining job qualification.

91%

Participants passing the appraisal and obtaining job qualification



Qualification Certificate for marketing representative

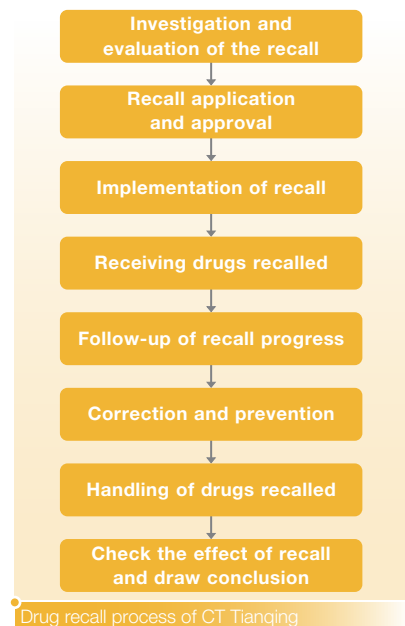
Responsible marketing audit

Sino Biopharmaceutical ensures the compliance performance of marketing activities by adopting a management mechanism integrating "prior prevention, process supervision, and post-audit". We require all promotional tools to be reviewed and verified by medical and marketing departments to avoid the dissemination of imprecise or incorrect academic content. In addition, the Group requires all marketing and packaging information to be reviewed and verified by risk, compliance, legal and other departments to ensure that the information related to pharmaceutical products passed to doctors or patients is legal and compliant.

Product recall

Sino Biopharmaceutical has a complete closed-loop product recall management process, including recall initiation, information for product traceability, transportation arrangement, receipt, isolation, investigation, transfer or destruction, cause analysis and improvement, etc.

In the event of complaints and specific incidents of product quality defects and safety hazards that require recall measures, the Group will promptly recall products that have been marketed and sold but may pose safety and health hazards to users in accordance with the recall system and procedures, including the Product Recall Management Regulations, the Material Recall Management Regulations, the Drug Safety Incident Emergency Response Plan, and the Corrective and Preventive Measures Management Procedures, to ensure identification and traceability of all affected products. In case of a recall, we will investigate the cause of the incident and formulate corrective and preventive measures to prevent the recurrence of such incidents. At the same time, each member company will conduct a recall drill exercise at least once a year to ensure the effectiveness of the recall process.



Sino Biopharmaceutical actively responds to the concerns and supervision of government authorities and the media on the quality of drugs, and takes the protection of drug quality and safety its primary responsibility and constant pursuit. In 2021, the percentage of the Group's pharmaceutical products sold subject to recalls for safety and health reasons was 0.00047956%. In the future, the Group will continue to strengthen drug quality management of the member companies, effectively fulfill corporate social responsibility and build a line of defense for product quality.

Full protection of clinical trial subjects

Safety of clinical trial subjects' medication

Sino Biopharmaceutical strictly complies with laws and regulations and relevant code of ethics, such as the Civil Code of the People's Republic of China, the Regulations on the Management of Human Genetic Resources of the People's Republic of China, the Measures for the Ethical Review of Biomedical Research Involving Humans, the World Medical Association Declaration of Helsinki, and the Good Clinical Practice of Pharmaceutical Products. We have developed a clinical operation quality system management process document based on the organization system, quality system, conflict of interest prevention mechanism and protection mechanism for the rights and interests of research subjects in clinical research, and carry out safety evaluation of clinical drug trials based on the effective management of all operational aspects of clinical trials to firmly protect the safety of drug use by clinical trial subjects.

Protecting the privacy of clinical trial subjects

In terms of privacy protection of clinical trial subjects, the Group adheres to the principle of "no access without compliance and no access without necessity", and implements and completes clinical trials legally and in compliance with the premise of protecting the privacy of clinical trial subjects and relevant information. At the same time, for clinical trials carried out by third parties commissioned by us, we will assign a project specialist to effectively oversee the validity and safety of the clinical trial process and ensure that the researchers, third-party testing organizations, pharmaceutical R&D contract outsourcing service providers, and other handlers of the clinical trial do not have access to the personal data of the clinical trial subjects. In 2021, the Group had no privacy breaches.

Protection of customer information security

Sino Biopharmaceutical attaches great importance to the information security and privacy protection of its customers and partners, and strictly complies with the laws and regulations related to information security in the countries and regions where it operates, such as the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Cyber Security Law of the People's Republic of China, and the Measures for the Administration of Internet Information Services. Our employee labour contract and Employee Code of Conduct clearly stipulate that employees must strictly abide by the principle of information confidentiality regarding the non-public information of third parties such as customers and distributors. The Group has clearly stipulated in the Code of Conduct for Employees that employees shall keep information, data and results relating to the Group in strict confidence and shall not disclose or reveal them to any other companies or unrelated individuals.

At the same time, the Group has set up customer file management and inquiry authority in the system to reduce the risk of information leakage arising from human factors by means of information technology. The drug channel data platform adopts strict authorisation management, setting different data access authorisation for users at different levels, and any information related to customers and distributors is restricted to viewing and use within the system and may not be exported in any form. When the file administrator makes the corresponding customer creation and information change in the system, the information may only be generated after the higher level of leadership has reviewed and confirmed the information. In 2021, the Group had no information security incident.



SUSTAINABLE PROCUREMENT

The number of suppliers of Sino Biopharmaceutical in 2021

Region	Number
Mainland China	2,613
Hong Kong, Macao and Taiwan regions, China	3
Overseas	58

With the global spread of the COVID-19 pandemic, the importance of supply reliability to corporate stability is becoming increasingly evident. As a core enterprise in the industry chain, the Group understands the importance of environmental and social risk management of suppliers to the enhancement of supply stability. In 2021, we actively undertook the leading responsibility in integrating the philosophy of sustainability with our procurement to drive the overall improvement of sustainable management in the industry chain.

Sino Biopharmaceutical complies with relevant national and regional laws and regulations, such as the Government Procurement Law of the People's Republic of China, and the Good Manufacturing Practice of Medical Products, and formulated supplier management rules and regulations such as the Supplier Management Process and the Procurement Management System. We have adopted tiered management of suppliers and established a whole process management mechanism covering supplier admittance, evaluation, assessment and withdrawal. At the same time, we sign the Supplier Quality Assurance Agreement with our suppliers and set specific requirements for material quality standards, quality complaint investigations and supplier audits in the agreement, so as to build a high quality and sustainable supply chain partnership.

Under the premise of ensuring the quality of supply, we give priority to suppliers with better performance in the aspects of environmental protection and social responsibility, such as those who have acquired quality, environmental, health and safety management system certifications. We believe that putting the philosophy of sustainability into practice in the procurement process is of great significance to the improvement of the overall sustainability level of the industry chain.

The number of suppliers of Sino Biopharmaceutical which have passed various system certifications in 2021

	Total number	Additional number in 2021
Number of suppliers which have passed quality management system certification, such as ISO 9001, ISO 13485:2016, GWP, GSP and FDA	744	54
Number of suppliers which have passed environmental management system certification, such as ISO 14001 and ISO 14064	413	32
Number of suppliers which have passed health and safety management system certification, such as ISO 45001 and OHSAS18001	303	60
Number of suppliers which have passed CE product certification	70	20

Supplier risk assessment and management

The Group and member companies comprehensively identify various risk factors involved in suppliers and formulate targeted preventive measures based on the assessment of the potential impact of the risks. Currently, the risks of suppliers identified by the Group are mainly classified into compliance risks, operational risks, supply risks, quality risks and information security risks. The risk prevention measures adopted mainly include risk management agreements, risk audits, improvement supervision and supplier training.

Case: Supplier risk management audit of NJCTT

In 2021, in accordance with the Supplier Management Regulations, NJCTT formulated a detailed and standardised supplier audit plan. An audit team was formed with the participation of various departments, and on-site audits were carried out on 12 suppliers. The audit team comprehensively evaluated the suppliers' quality, environmental, health and safety and labour rights protection system, identified problems and proposed rectification opinions, and followed up and supervised suppliers' rectification.



Supplier quality assurance training

The quality standard of supply is one of the key factors affecting the performance of product quality. Sino Biopharmaceutical is highly concerned about the quality of its supply chain and actively takes various measures to improve the quality standard together with our suppliers. We take the initiative to provide quality assurance training to our suppliers, cooperate with them to solve the problems related to the product quality and safety, and strictly control the quality risks of supply.

Responsible procurement

The Group considers the standard of environmental and social risk management of suppliers as an important consideration in purchasing decisions. In 2021, the Group signed the Supplier Environmental Health and Safety (EHS) Agreement with key production suppliers, which set out specific requirements on environmental protection, health and safety management and labor rights protection in the production and operation of suppliers.

At the same time, we conduct audits on the actual management of environmental and social risks in conjunction with annual audits of key suppliers, and require suppliers to provide specific improvement plans and provide guidance and follow-up. In the future, the Group will gradually expand the signing scope of the Supplier Environmental Health and Safety (EHS) Agreement and implement more comprehensive ESG code of conduct for suppliers to further improve the sustainable management of the industry chain.

Principal content of suppliers' code of conduct

Environmental	Health and safety	Labour rights and interests	Business ethics
Compliance with environmental laws and regulations	Occupational diseases prevention and protection	Anti-discrimination	
Environmental management	Healthy and safe working environment	Protection of human rights	
Resources conservation		No use of child labour	Compliance with anti-corruption laws
Climate Change	Production safety of hazardous chemicals	No forced labour	Anti-competition
Waste management		Working hours	Anti-business bribery
Green packaging		Salary and benefits	
		Working environment	

正大天晴药业集团股份有限公司 供应商 EHS 协议书

甲方（需方）：正大天晴药业集团股份有限公司

乙方（供应商）：_____

一、 目的

通过与供应商达成的协议，确保供应商向需方提供符合需方要求的产品，并遵守供应商操守准则，从而满足需方环境、职业健康、安全（EHS）管理要求，实现合作共赢。

二、 适用范围

本协议适用于为正大天晴药业集团股份有限公司提供产品、服务等所有供应商 EHS 管理。

Supplier EHS Agreement



In 2021, while actively practicing the responsible procurement philosophy, the Group took the initiative to play the role of a core enterprise in the industry chain and collaborated with and encouraged suppliers to develop a green supply chain in the following main directions:



Optimise transportation plan to reduce the consumption of resources during the transportation process;



Use minimization design to reduce the use of packaging materials;



Instruct suppliers to optimize production process to help them reduce the generation of hazardous waste;



Sign material recovery agreement with suppliers to enhance the recycling efficiency of resources, subject to ensuring compliance.

THE INDUSTRY PROGRESSING TOGETHER

Sino Biopharmaceutical takes promoting the development of the industry as its responsibility, and sees experience sharing a non-competitive area of business development. In 2021, the Group gave full play to its globalization advantage and continued to track advanced international research achievements. At the same time, we actively engaged and participated in peer exchanges and shared our advanced knowledge and experience with the industry. We firmly believe that building a good industry ecosystem with an open attitude and repaying the trust of our partners through value sharing is the inevitable way to achieve win-win development for the industry and the enterprise.



Case: CP Pharmaceutical (Qingdao) and the Chinese Society of Osteoporosis and Bone Mineral Research CMA jointly promoting community osteoporosis prevention and control

In 2021, CP Pharmaceutical (Qingdao) collaborated with the Chinese Society of Osteoporosis and Bone Mineral Research of the Chinese Medical Association, and participated the community and grassroots studies group meeting of the Osteoporosis Branch of Chinese Medical Association. The themes of the group meeting covered areas from the strategy of community osteoporosis prevention and control, and experience exchanges, to clinical use of osteoporosis drugs and primary level doctor education. The main line of topics was: falls – sarcopenia – osteoporosis – active Vitamin D, aiming to enhance the diagnosis and treatment awareness of community doctors, advocate the lifestyle for healthy muscles and bones.

Case: Beijing Tide and a number of entities initiated the joint establishment of the Chinese Translational Research Center for Pain Medicine

In September 2021, Beijing Tide established the Chinese Translational Research Center for Pain Medicine jointly with Han Jisheng, academican of the Chinese Academy of Sciences, and the Department of Pain Medicine of China-Japan Friendship Hospital, aiming to promote the translation of scientific research results in the field of pain medicine in China, and the timely translation of clinical findings into innovative drugs and devices to reduce patients' pain. The Center will establish a joint cultivation mechanism to promote research and project application in the field of pain medicine with the advantage of heavyweight experts and professional teams in pain medicine in China.



Official establishment of the Chinese Translational Research Center for Pain Medicine





04

ENVIRONMENTALLY FRIENDLY, GREEN AND LOW CARBON

This chapter responds to the following SDGs

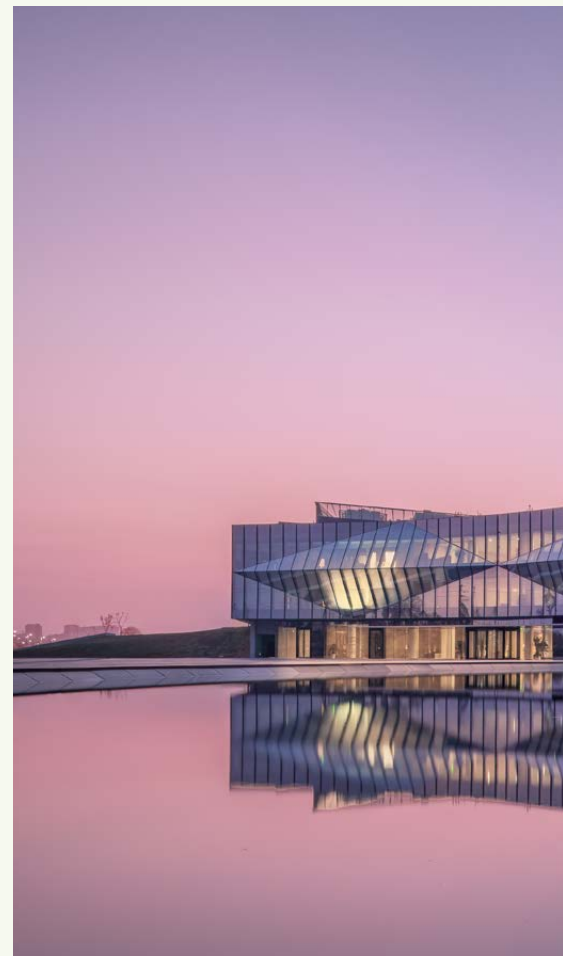


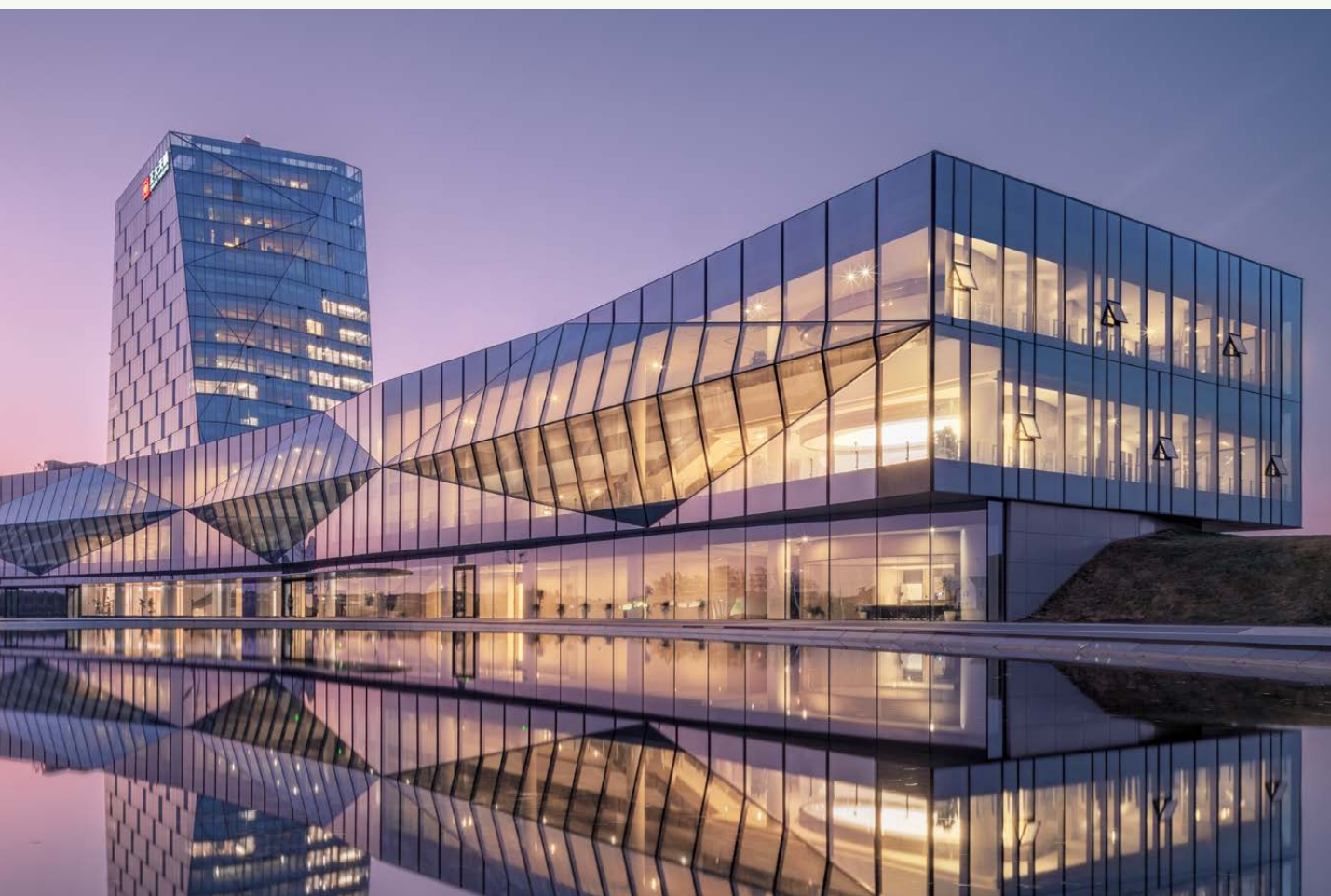
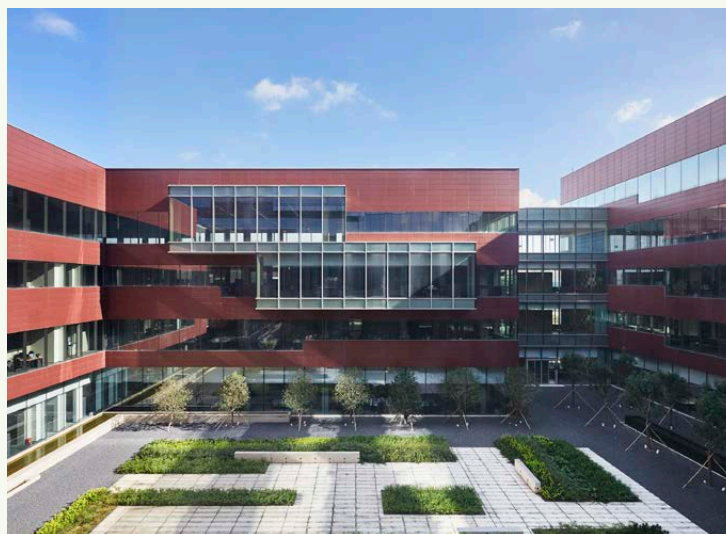
Sino Biopharmaceutical is determined to implement the philosophy of green development, actively participates in China's independent emission reduction strategy of "2030 Carbon Peak, 2060 Carbon Neutral", and is committed to building an environmentally friendly low-carbon enterprise. In 2021, the Group continued to strengthen the construction of environmental management system and policies, thoroughly identified climate change risks and formulated adaptation measures, promoted a number of energy saving and environmental protection enhancement projects, and continued to deepen its development in the green transformation of the pharmaceutical industry.

Our climate ambitions:

“Actively respond to the dual-carbon goals of China, and lead the low-carbon transformation of the industry chain”

Green Production Environment





CLIMATE CHANGE RESPONSE

Climate change is a serious challenge facing humanity in the 21st century. In 2021, in the face of challenges such as global warming, extreme weather, and domestic and international targets for “carbon peaking and carbon neutrality”, Sino Biopharmaceutical has been committed to enhancing the standard of its climate change risk governance and the ability to capture opportunities, with reference to the framework and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Risk governance

Sino Biopharmaceutical considers climate change as an important environmental issue. Based on the Group’s ESG governance structure, we have established a climate change governance system from the Board to the member companies to comprehensively promote the implementation of the Group’s climate strategy and tasks related to climate risk response.

Climate change governance functions



The climate change governance structure of Sino Biopharmaceutical



Risk identification

Based on considerations such as national policies, industry characteristics, business layout and geographical features of the regions where we operate, we identify potential risks brought about by climate change from both physical and transition aspects and formulate targeted strategies to address them.

Physical risks

- Acute risks: extreme weather, such as typhoons, extreme precipitation and high temperature, may lead to property losses, such as damage of production and storage facilities, and disruption of transportation, and threaten the health and safety of employees
- Chronic risks: long-term climate risks, such as rising sea levels, rising mean temperatures and water scarcity may have impact on the Company's production practice, business layout and operating strategy

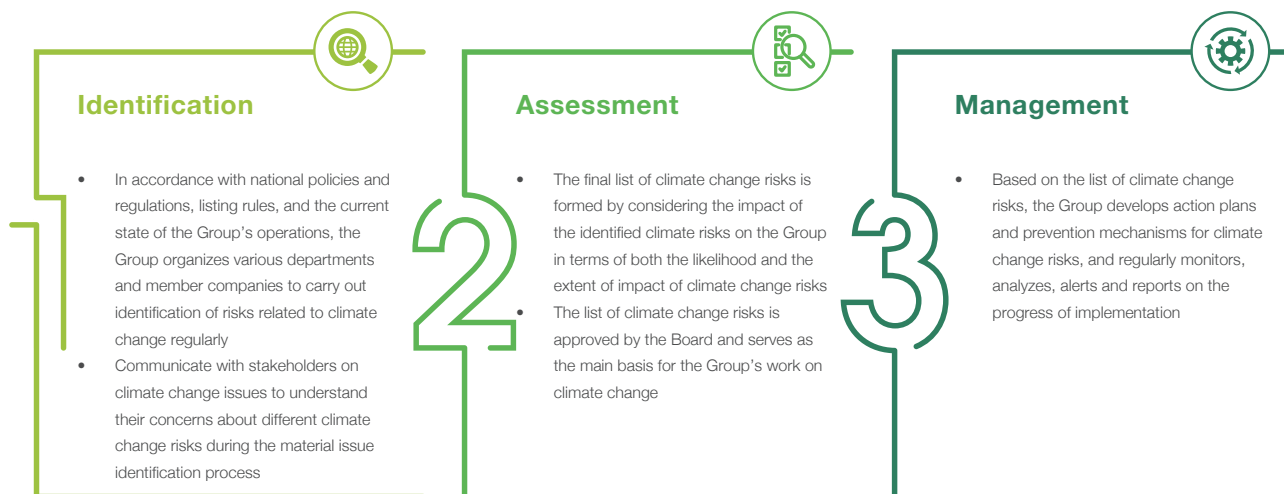
Transition risks

- Policy risks: e.g. the carbon peaking and carbon neutrality goals lead to more stringent greenhouse gas emission management, and increases in the Group's compliance risk in the low-carbon transition process and the costs of energy structure adjustment
- Technological risks: e.g. increase in investment cost for the low-carbon transformation of production process and the introduction of energy saving and consumption reduction facilities
- Reputation risks: e.g. damage of reputation due to the environmental protection and carbon emission reduction efforts of the Group not satisfying stakeholders expectation

Risk responses

Sino Biopharmaceutical incorporates climate change risks into its comprehensive risk management system and carries out whole-process management actions to ensure sustainable and stable operations through the identification and assessment of climate change risks.

Process of risk response



Strategy of risk response



Strategic adjustment

The Group has clearly put forward the key direction of “Building a Responsible Sino Biopharmaceutical” to strategically guide the ESG work including low-carbon transition. In the future, the Group will formulate and implement energy-saving and carbon-reduction targets and strategies in accordance with national emission reduction policies and current operational status, regularly track and review the achievement of the targets and adjust and optimize them in a timely manner; and pay attention to the demands and opinions of stakeholders on climate change issues.



Emergency plan

An emergency work team has been formed to coordinate relevant affairs in the event of extreme climate events; develop emergency plan for extreme weather such as typhoon and lightning; closely monitor news released by weather department and watch out for weather warning information; increase extreme weather protection equipment and facilities; maintain communication with energy regulators to understand in advance regional power restriction plans and adjust production arrangements in a timely manner to ensure production stability.



Technological innovation

Promote the R&D and innovation of energy-saving technologies; pay attention to the latest development and application of energy-saving technologies in the industry, carry out feasibility analysis of technology replacement, and introduce advanced energy-saving equipment.



Energy transition

Reduce the use of fossil energy and increase the use of clean energy by means of photovoltaic power generation projects and the purchase of new energy vehicles to reduce the Group’s carbon emissions.

Indicators and targets

Sino Biopharmaceutical is committed to a continuous reduction of greenhouse gas emissions, such as carbon dioxide and strives to minimise the impact of its operation on climate change. In 2021, the Group’s greenhouse gas emissions per RMB1 million of revenue are 11.52 tons of carbon dioxide equivalent, which is at an outstanding level in the industry. At the same time, we strive to lead the overall low-carbon transition of the industry chain, and actively perform the duties of a core enterprise. In the future, under the guidance of the Group’s development strategy, we will set reasonable medium- and long-term environmental targets, so as to scientifically lead the Group’s low-carbon development path.

Greenhouse gas emissions of Sino Biopharmaceutical in 2021

Indicator	Unit	2021
Greenhouse gas emissions (Scope 1)	tons of carbon dioxide equivalent	21,711.73
Greenhouse gas emissions (Scope 2)	tons of carbon dioxide equivalent	287,842.90
Total greenhouse gas emissions	tons of carbon dioxide equivalent	309,554.63
Greenhouse gas emission intensity (RMB1 million of revenue)	tons of carbon dioxide equivalent/ RMB1 million	11.52

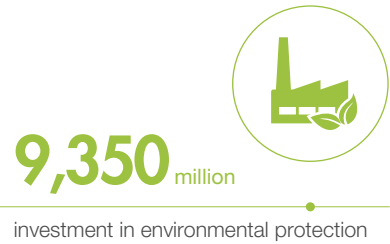
Note: (1) Scope of statistics: the main entities of the Group and member companies involved in substantial production; (2) Calculation basis: Scope 1 greenhouse gas emissions is based on the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises of the Development and Reform Commission of the State Council, and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement), calculating the main types of energy consumption in operation, i.e. the consumption of gasoline, diesel, natural gas and liquefied gas; Scope 2 greenhouse gas emissions is based on the 2012 Baseline Emission Factors for Regional Power Grids in China of the Development and Reform Commission of the State Council, and the “How to prepare an ESG Report” of the Appendix 2 “Reporting Guidance on Environmental KPIs” of the Hong Kong Stock Exchange, calculating the purchased electricity and purchased steam.

ENVIRONMENTAL MANAGEMENT

Sino Biopharmaceutical incorporates “green development” into the Company’s gene and strictly complies with laws and regulations. We have established a sound internal environmental management system and continuously implement the “green factory” concept. We advocate saving resources, reduction in “three wastes”, green office and recycling to minimise the impact on the environment during the production and operation of the Group and member companies, and strive to build an environmentally friendly enterprise. In 2021, the Group and member companies had no material environmental violation.

Green factory construction

The Group continuously increases investment in environmental protection. In line with international excellent standards, we consistently build our “green factory” with iteration of high energy-consuming equipment, introduction of new environmental protection technologies, and installation of new energy equipment. In 2021, the Group’s investment in environmental protection amounted to RMB93.50 million, representing an increase of nearly 5% from 2020.



Production base of CT Tianqing



Production base of NJCTT



Workshop of NJCTT

Case: Green factory of CT Tianqing

CT Tianqing actively responded to the Industrial Green Development Plan of China. After rounds of selection and strict scrutiny by third-party organizations with high standards and in multiple aspects, CT Tianqing was honoured with the title of “Green Factory” at the national level.

Such scrutiny included comprehensive evaluation of the company’s compliance in environmental management, infrastructure, management system, energy and resource input, product and environmental emission, performance and other aspects. CT Tianqing has achieved green development with intensive land use, harmless raw materials, clean production, waste recycling and low-carbon energy.

While increasing investment in environmental facilities, the Group encourages member companies to comply with ISO 14001 environmental management system standards, and actively promotes the construction of environmental management system. In 2021, the production bases of a number of member companies obtained environmental management system certifications, providing systematic assurance for the constant enhancement of environmental management standard.

In addition, for new construction, renovation and expansion projects, Sino Biopharmaceutical strict reviews them in accordance with laws and regulations such as the Environmental Impact Assessment Law of the People’s Republic of China and the Administrative Rules of Environmental Protection for Construction Projects, and ensures implementation of the environmental protection “Three Simultaneous” system (environmental protection facilities shall be designed, constructed and put into operation simultaneously with the main body of the project).

Environmental management audit

Environmental management audit is an important measure of the Group to supervise and ensure environmental compliance and performance. The Group and member companies carry out annual audits and evaluations in accordance with the environmental management system audit plan. On the basis of the annual comprehensive audit, we conduct special audit on environmental characteristic risks such as waste disposal inspection, wastewater discharge inspection and inspection of environmental protection facilities.

Our environmental management audits cover the entire process of production and operation. To address environmental issues in raw material procurement, product processing, technical routes, equipment operation and maintenance, and emissions disposal, each member company proposes corresponding improvement measures, continuously explores blind spots in environmental management, and effectively improves environmental management performance.

Environmental management training

Outstanding environmental management performance cannot be achieved without the active participation of each and every employee. In order to enhance the awareness of environmental protection among employees, the Group and member companies organized a series of training on environmental protection, focusing on the requirements of laws and regulations and environmental responsibility, including the latest environmental protection laws and regulations, outstanding environmental management experience in the industry, internal environmental protection system, etc. The awareness of environmental protection and management ability of employees have been significantly improved.

Case: Special environmental protection training of CT Fenghai

In March 2021, CT Fenghai organised and held special training on the Environmental Protection System of CT Fenghai, the Environmental Emergency Plan of CT Fenghai and the Hazardous Waste Accident Emergency plan, with 300 participants, which significantly strengthened the employees’ environmental protection awareness and emergency handling ability.



The environmental management system certification of CT Tianqing

RESOURCE CONSERVATION

Sino Biopharmaceutical attaches importance to resource utilisation efficiency. In accordance with laws and regulations, such as the Energy Conservation Law of the People’s Republic of China, the Renewable Energy Law of the People’s Republic of China, the Electricity Law of the People’s Republic of China and the Water Law of the People’s Republic of China, we have developed and implemented relevant systems, such as the Regulations on the Management of Renovation, Innovation, Energy Conservation and Consumption Reduction, the Water Consumption Management Regulations, the Gas Consumption Management Regulations and the Electricity Consumption Management Regulations to clarify the management mechanism and process for energy, water resources and packaging materials, and set out the detailed requirements of constant improvement, management review and other related work.

Resource management system

Sino Biopharmaceutical has established a dedicated resources management body, which is overall responsible for resource management and improvement. At the same time, in order to achieve accurate and efficient resource management and data tracking and analysis, the Group has established a resource management information system for real-time monitoring, statistics, analysis and management of the use of purchased electricity and water resources to achieve informatization and refinement of resource management.



Resource conservation practice

Sino Biopharmaceutical consistently promotes energy saving and emission reduction, improvement of energy structure and use of new energy. We give priority to energy-saving equipment, and continue to improve energy efficiency and reduce greenhouse gas emissions by promoting energy-saving technological transformation, eliminating backward energy-intensive equipment, and expanding the use of new energy such as photovoltaics.

In 2021, the comprehensive energy consumption of Sino Biopharmaceutical was 20.59 MWh per RMB1 million of revenue, and the use of renewable energy by member companies reached 2,906.70 MWh, which was at an excellent level in the industry.

Case: Photovoltaic power generation project of CT Tianqing

CT Tianqing actively expands the scope of using green energy. In 2021, the phase 1 photovoltaic power generation project generated power of 1,864 MWh, reducing SO₂ emission by approximately 48.6 tons and NO_x (calculating NO₂) emission by approximately 4.6 tons. The phase 2 photovoltaic power generation project has been connected to the grid since December 2021, and is expected to generate electricity of 914 MWh per year on average.



Photovoltaic power generation project of CT Tianqing

At the same time, we attach great importance to water conservation and recycling, and introduced water recycling system to enhance the efficiency of water recycling.

Case: Water recycling project of CT Tianqing



Water recycling equipment of CT Tianqing

In recent years, CT Tianqing has carried out water recycling projects in several plants, using the reverse osmosis concentrated water from the purification water unit as replenishing water of roof top cooling tower replenishment, cooling water of the vacuum pump of the freeze-dryer, and flushing and cleaning water of the animal houses. The four water purification units recover an average of 189 tons of reverse osmosis concentrated water per day, saving approximately 66,000 tons of tap water per year.

In terms of packaging materials, subject to production safety and using pollution-free packaging materials, we adopt packaging material reduction design and modification, and recycle insulation materials as much as possible to reduce wasting resources.

Case: Packaging material reduction measures of member companies

- Beijing Tide uses recycled thermal insulation boxes to replace one-time thermal insulation packaging, which significantly reduces the number of foam boxes and cartons used.
- CT Tianqing has improved its carton load capacity and achieved a 50% reduction in carton usage per batch of products.

The resources usage data of Sino Biopharmaceutical in 2021

Indicator	Unit	2021
Water consumption	tons	3,132,274.00
Water consumption intensity (RMB1 million of revenue)	tons/RMB1 million	116.61
Total packaging material used	tons	36,186.13
Packaging material consumption intensity (RMB1 million of revenue)	tons/RMB1 million	1.35
Packaging material recycled	tons	119.58

Energy consumption data of Sino Biopharmaceutical in 2021

Indicator	Unit	2021
Purchased electricity	MWh	196,548.08
Natural gas	cubic meters	6,217,427.00
Liquefied petroleum gas	tons	2,057.62
Gasoline	litres	465,586.31
Diesel	litres	155,440.28
Purchased steam	GJ	669,777.20
Comprehensive energy consumption	MWh	553,103.49
Comprehensive energy consumption intensity (RMB1 million of revenue)	MWh/RMB1 million	20.59

Note: Comprehensive energy consumption is calculated according to General Principles for Calculation of the Comprehensive Energy Consumption GB-T2589 2020.

Green office

The Group advocates the concept of green office and follows green building standards in the design, construction and management of office areas. We make full use of natural light to reduce power consumption for daytime lighting and retrofit our own office buildings with renewable energy. We encourage our employees to save water, electricity, office supplies and travel green, while creating convenient working conditions.



Green office premises of CT Tianqing

Case: CT Tianqing promotes energy saving awareness

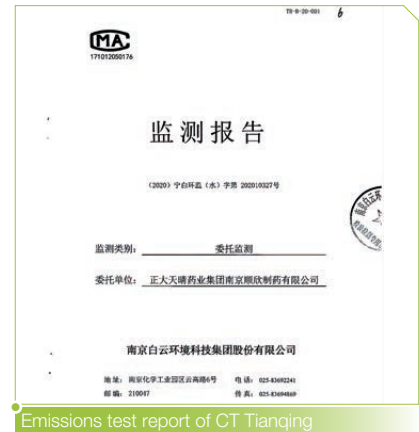


Electricity saving seminar of CT Tianqing

CT Tianqing actively promotes energy saving awareness. It regularly collects and screens employees' energy-saving proposals, recommends outstanding proposals to relevant departments, and provides "Energy-saving Achievement Award" and "Energy-saving Proposal Award" to enhance employees' motivation to save energy.

GREEN PRODUCTION

Sino Biopharmaceutical attaches importance to clean production, sets corporate emission standards that are higher than regulatory requirements, standardizes waste classification, collection and treatment methods, continuously improves its processes and strengthens the control of pollutant emissions during operations. At the same time, we regularly invite third parties to conduct emission control tests on waste water, exhaust gas and noise, and issue test reports to ensure that the “Three Wastes” emissions are legal and compliant.

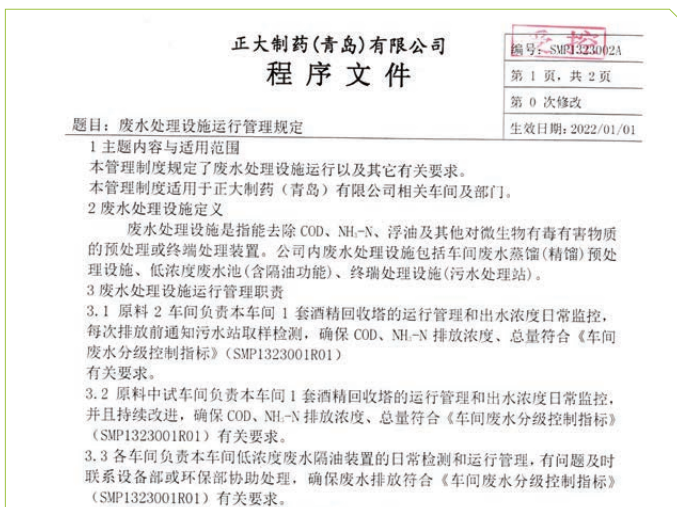


Emissions test report of CT Tianqing

Wastewater management

Sino Biopharmaceutical strictly complies with relevant laws, regulations and standard documents, such as the Water Pollution Prevention and Control Law of the People’s Republic of China and the Discharge Standards for Biopharmaceutical Industrial Wastewater, and formulated and implements wastewater management system, such as the Wastewater Pollutant Emission Standard, the Regulations on the Operation and Management of Wastewater Treatment Facilities and the Water Pollution Prevention and Control Management System, to strengthen sewage discharge control. In 2021, all wastewater generated in the Group’s operation met the discharge standards.

In 2021, Sino Biopharmaceutical strengthened wastewater treatment and discharge in aspects such as introduction of equipment, meeting wastewater discharge standards and third party testing. We increased investment to introduce wastewater treatment equipment and actively promoted equipment iteration. We prepared our own testing program and organized third-party testing in accordance with the issuance specification of the pollutant discharge permits to strengthen our ability to control and treat wastewater.



Regulations on the Operation and Management of Wastewater Treatment Facilities of CP Pharmaceutical (Qingdao)



Wastewater testing report of Shanghai CT Tongyong

Case: CP Pharmaceutical (Qingdao) Co., Ltd. upgraded its wastewater treatment facilities



The wastewater treatment facilities of CP Pharmaceutical (Qingdao)

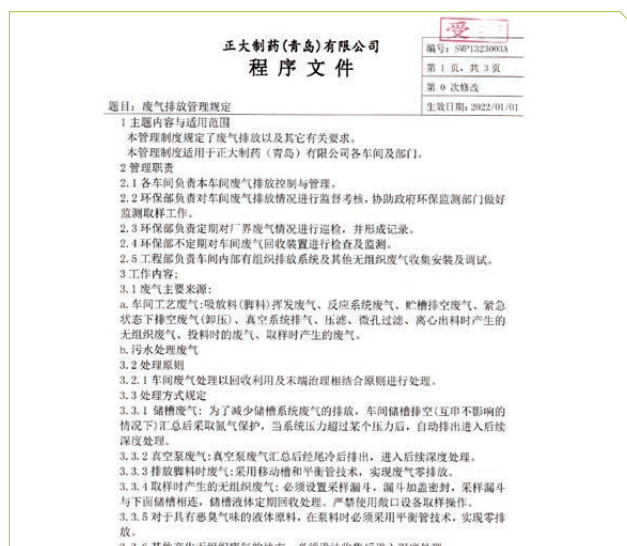
Since the relocation of the new plant in 2018, CP Pharmaceutical (Qingdao) Co., Ltd. has strengthened its investment in environmental protection, built environmental protection facilities to a high standard, and constructed a fully underground wastewater treatment station with a daily treatment capacity of 300 tons using the MBBR process to a high standard, with the discharge of pollutants using the national integrated wastewater discharge standard (GB8978-1996) Grade 1. At the same time, the company has installed online monitoring devices at the main outlet of the wastewater treatment station, and the online monitoring was connected to the Qingdao City Environmental Monitoring and Control System V6.0 platform in November 2021.

Major water pollutant discharge data of Sino Biopharmaceutical in 2021

Indicator	Unit	2021
Total water discharged	tons	1,285,532.79
Wastewater discharge intensity (RMB1 million of revenue)	tons/RMB1 million	47.86
Chemical oxygen demand (COD)	tons	105.10
Suspended solids (SS)	tons	37.65
Ammonia nitrogen (NH3)	tons	8.60

Exhaust gas management

Sino Biopharmaceutical strictly complies with relevant laws, regulations and standards, such as the Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China and the Integrated Emission Standard of Air Pollutants, and formulated and implements the Exhaust Gas Management Regulations, Regulations on the Operation and Management of Exhaust Gas Treatment Facilities and Exhaust Gas Emission Management Regulations. In 2021, member companies of the Group ensured exhaust gas emissions met the standards by improvement in various aspects, such as exhaust gas testing and management, process and technological transformation, and upgrade of exhaust gas treatment equipment.



The Exhaust Gas Emission Management Regulations of CP Pharmaceutical (Qingdao)



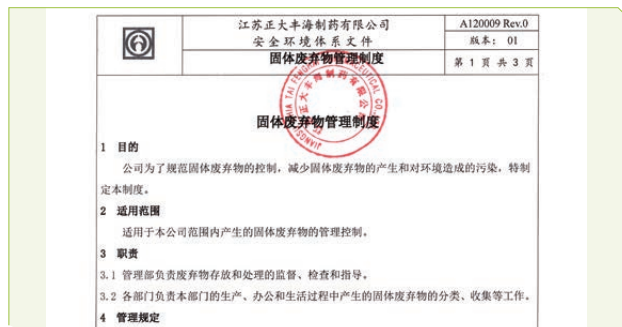
The exhaust gas treatment facilities of NJCTT

Major atmospheric pollutant emission data of Sino Biopharmaceutical in 2021

Indicator	Unit	2021
Total volatile organic compounds (VOCs) emissions	tons	67.55
Intensity of volatile organic compounds (VOCs) emissions (RMB1 million of revenue)	tons/RMB1 million	0.0025
Total nitrogen oxides (NOx) emissions	tons	4.38
Intensity of nitrogen oxides (NOx) emissions (RMB1 million of revenue)	tons/RMB1 million	0.00016

Waste management

Sino Biopharmaceutical strictly complies with relevant laws and regulations, such as the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, and member companies have formulated relevant waste management system, such as the Solid Waste Management System, the Measures for Control and Management of Hazardous Substances, and the Regulations on Safety Management of Hazardous Waste Warehouse to strictly regulate the procedures of waste collection, storage and disposal and minimise the generation of waste.



The Solid Waste Management System of Jiangsu CT Fenghai

The non-hazardous wastes generated by Sino Biopharmaceutical mainly include household garbage, paper, and waste packaging materials. Our non-hazardous wastes are subject to regular centralised treatment of the sanitation department.

The hazardous wastes generated by Sino Biopharmaceutical mainly include medical wastes, waste chemical reagents, waste organic solvents and liquid waste from cleaning. We strictly comply with requirements of relevant laws and regulations, and all hazardous wastes are entrusted to qualified third-party professional organization for disposal. As of the end of the reporting period, the target of compliant disposal of 100% of hazardous wastes as set by the Group was achieved.

Case: CP Pharmaceutical (Qingdao) conducted hazardous waste leakage emergency drill



At the site of hazardous waste leakage emergency drill of CP Pharmaceutical (Qingdao)

On 22 March 2021, CP Pharmaceutical (Qingdao) organised and conducted a hazardous waste leakage emergency drill. Participants included hazardous waste warehouse keeper, all members of hazardous waste emergency rescue team. The drill covered the entire process from waste liquid leakage and information reporting to emergency rescue team handling, which has enhanced the emergency handling ability of various departments and positions against hazardous waste emergency.

Waste disposal data of Sino Biopharmaceutical in 2021

Indicator	Unit	2021	
Total hazardous wastes	tons	7,291.92	
Intensity of hazardous wastes (RMB1 million of revenue)	tons/RMB1 million	0.27	
Type of hazardous waste	Medical waste	tons	104.03
	Waste chemical reagents	tons	104.65
	Liquid waste from cleaning	tons	88.80
	Waste organic solvents	tons	5,618.19
	Solid hazardous waste	tons	1,375.55
	Others	tons	0.70
Total non-hazardous wastes	tons	1,710.19	
Intensity of non-hazardous wastes (RMB1 million of revenue)	tons/RMB1 million	0.064	







05

DEVELOPMENT OF STAFF AND ENTERPRISE TOGETHER, BUILDING OUR FUTURE

This chapter responds to the following SDGs



Sino Biopharmaceutical adheres to the principle of putting people first and regards employees as the cornerstone of the Group's development, and looks forward to growing together with its employees. The Group has established the Remuneration Committee at the Board level to oversee the management of the remuneration system, benefit package and performance appraisals. We protect employees' rights and interests in accordance with the laws and are committed to building a safe, diversified, equal and harmonious working environment. We constantly improve our performance management system to motivate employees' enthusiasm for work. We attach great importance to employee training and development, and continuously improve our talent pipeline through internal cultivation and external recruitment. At the same time, we pay attention to employees' demands, consistently enhance their satisfaction, share the fruits of development with them, and create a better future together.

TALENT RETENTION

Sino Biopharmaceutical adheres to the “fair, open and just” employment principle and continues to improve the employee management system and policies. We attach great importance to the protection of employee rights and interests, enhance the enthusiasm and initiative of employees through performance management, and are committed to providing an equal and inclusive workplace environment for each employee. In addition, we continuously improve our performance appraisal system and compensation incentive mechanism to further recognize and attract outstanding talents and consistently enhance employee satisfaction.

Legal employment

Sino Biopharmaceutical is committed to constant improvement in its human resources management system. We strictly comply with the Labour Law of the People’s Republic of China, the Labour Contract Law of the People’s Republic of China, and the Trade Union Law of the People’s Republic of China and relevant laws and regulations applicable overseas where we operate. We have formulated and implemented system such as the Employment Management System with reference to international labour organization conventions such as the Convention Concerning Forced or Compulsory Labour. The Group clarifies the employment principles and standards in its system, and manages the entire process of hiring, promotion and termination of employees to ensure that employment is managed legally and regularly.

Sino Biopharmaceutical insists on legal and equal employment and not discriminating or treating employees differently because of nationality, ethnicity, origin, gender, age, physical characteristics, hobbies and religious beliefs, and provides equal promotion opportunities for employees so as to select qualified and outstanding talents for the Company. The Group attaches importance to protecting the legitimate rights and interests of its employees, and has clearly stipulated in its system that child labour and forced labour are prohibited, and labour contracts are signed with employees in accordance with the principles of voluntariness and fairness. If any child labour or forced labour is found, we will deal with the situation appropriately and strictly respect and protect the rights of our employees. At the same time, we provide equal employment opportunities for people with disabilities, taking into consideration of the actual needs of the positions, and employed 53 disabled employees in the year.

In 2021, the labour contract signing rate of the Group and member companies was 100%, and there were no illegal employment and no incidents of discrimination or harassment. As of 31 December 2021, Sino Biopharmaceutical had a total of 25,579 employees, of which 22,180 were under labour contracts.

100%

the labour contract signing rate



Case: CT Tianqing cooperated with famous universities to select outstanding talents



CT Tianqing was granted the Good Wood Award (良木奖)

CT Tianqing signed school-enterprise cooperation agreements with more than 10 colleges and universities to conduct core competency training camps and various seminars such as career planning for university students. A management trainee system was established, and more than 500 candidates from Tsinghua University, Peking University, Zhejiang University and other well-known universities responded. Such series of measures have laid a solid foundation for the Group to select young and outstanding talents.

Employee composition of Sino Biopharmaceutical in 2021

Number of employees by category	Management personnel	persons	2,448
	R&D personnel	persons	3,952
	Production personnel	persons	5,238
	Sales personnel	persons	13,941
	Total	persons	25,579

Employee composition and turnover of Sino Biopharmaceutical in 2021

Indicator		Unit	Number/percentage
Employee composition	Number of employees by sex	Male	persons 11,970
		Female	persons 10,210
	Percentage of employees by sex	Male	% 53.97
		Female	% 46.03
	Number of employees by age	Under 30	persons 10,153
		30 (inclusive) – 40 (exclusive)	persons 8,778
		40 (inclusive) – 50 (exclusive)	persons 2,401
		50 and above	persons 848
	Percentage of employees by age	Under 30	% 45.78
		30 (inclusive) – 40 (exclusive)	% 39.58
		40 (inclusive) – 50 (exclusive)	% 10.82
		50 and above	% 3.82
Number of employees by geographical region	Mainland China	persons 22,098	
	Hong Kong, Macao and Taiwan regions, and overseas	persons 82	
Employee turnover rate	Employee turnover rate by sex	Male	% 19.21
		Female	% 17.17
	Employee turnover rate by age	Under 30	% 22.59
		30 (inclusive) – 40 (exclusive)	% 16.31
		40 (inclusive) – 50 (exclusive)	% 8.36
		50 and above	% 7.52
	Employee turnover rate by geographical region	Mainland China	% 18.33
		Hong Kong, Macao and Taiwan regions, and overseas	% 2.38

Note: The scope of statistics of employee composition and turnover rate covered all employees under labour contracts of all consolidated entities of the Group.

Performance appraisal

Sino Biopharmaceutical attaches importance to employee performance management work. We have established the Remuneration and Appraisal Committee at the management level, which is responsible for improving the Group's incentive and restraint mechanism, and improving the performance appraisal system and job promotion system. In order to cooperate with the Committee to continuously improve the management system and policies, the Group's Human Resources Department is responsible for drafting the performance management system and related implementation details, supervising the content of performance appraisals, organizing the implementation of the appraisals, and implementing the results of performance appraisals based on relevant information and data.

Sino Biopharmaceutical attaches importance to the management of employee performance. Based on the principles of goal-oriented, all-employee participation, objectivity and fairness, and adequate communication, we continue to improve our Performance Management System. By formulating and implementing the performance target, performance interview, performance appraisal and performance results and application under the performance management mechanism of our system, the Group and member companies clearly conduct fair, impartial and open employee performance appraisal basing on figures and facts, thus forming an overall performance appraisal system with virtuous cycle of development.



The performance appraisal management system of Sino Biopharmaceutical

Case: Sino Biopharmaceutical organised and conducted 2021 performance interview training

In July 2021, Sino Biopharmaceutical carried out the mid-year performance interview training according to plan, which gave detailed explanations on performance management objectives, performance interview contents and performance interview methods, etc. During the training, we made specific analysis of two cases, summarized eight reasons for the failure of performance interviews, and drew conclusion to form performance interview techniques such as active participation of employees, patient listening by leaders and encouraging employees to give feedback in a timely manner.



The content of employee performance interview training

Remuneration and benefits

Sino Biopharmaceutical continues to establish a sound remuneration and benefits management system, formulate and implement the Remuneration Management System in accordance with the principles of “fairness, competition, incentive and legal compliance”, and continues to improve the Benefit Management System and other systems. The Group has clearly defined the remuneration structure and benefit standards of its employees in the system and plans to promote the development of a long-term share incentive system and the work related to share incentive (please refer to the Company’s announcement for the subsequent progress of the share incentive system) in order to continue to build a scientific and reasonable remuneration and benefits system.

In order to achieve Sino Biopharmaceutical’s strategic human resources objectives, the Group and member companies continue to improve the design of the remuneration system and optimize the remuneration level, composition and structure to achieve legal, effective and fair remuneration management and encourage more outstanding employees. The remuneration of employees of the Group and member companies consists of basic salary, variable bonus, various allowances and subsidies. We encourage employees to have a work-life balance and pay overtime compensation for overtime work.

Case: CT Qingjiang improved its incentive remuneration system

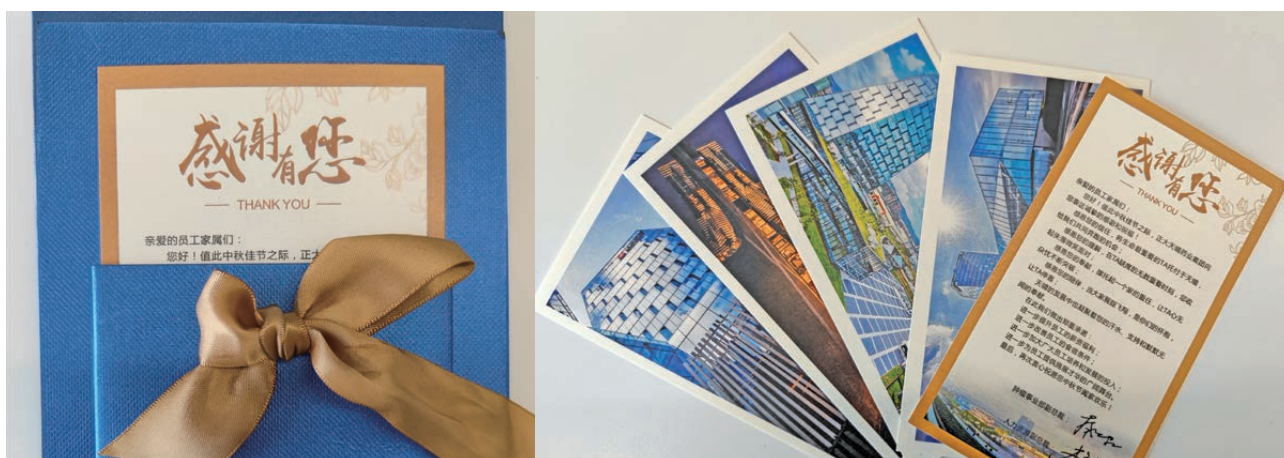
In 2021, CT Qingjiang formulated a medium- and long-term remuneration plan to raise the per capita income and benefit level of employees year by year by improving the competitiveness of its remuneration levels and implementing an incentive remuneration system, and strives to achieve the per capita income of employees at the middle and upper levels of the regional industry by 2025.

The Group and member companies have paid pension insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance and housing provident fund for their employees in accordance with the law, and the coverage rate has reached 100%. On this basis, the Group takes the initiative to provide supplemental medical insurance and personal accident insurance for its employees and bears the full cost of the insurance, so as to achieve comprehensive coverage of various social insurance and multi-level supplemental protection for employees.



Social Insurance and Housing Fund Benefits

The Group provides all female employees during the “three periods” (pregnancy, perinatal and lactation) with leave and benefits in accordance with national and local laws and regulations, and retains their jobs in accordance with the law. Male employees whose spouses have given birth are entitled to paternity leave according to the law. We provide our employees with benefits such as festival greetings, birthday wishes and thank you messages upon extreme weather, gas cards, staff dormitory, shuttle bus, housing subsidies, staff canteen, free medical checkups, childcare fees, technical allowances, winter heating fees, etc. to improve the non-wage benefits of our employees. During the pandemic, we provided special allowances and lunch subsidies to our employees to enhance their sense of well-being at work.



Appreciation letters with festival wishes of CT Tianqing

TRAINING AND DEVELOPMENT

Sino Biopharmaceutical insists on “two-way selection, integrity plus talent, merit-based employment”, formulates scientific and reasonable planning of position establishment, staff replenishment, manpower deployment and recruitment channel expansion in accordance with the Group’s development strategy, development plan and business needs, and establishes talent development planning programs to strengthen the introduction of high-level external talents and establish internal competitive recruitment mechanism to optimize talent allocation.

The Group attaches importance to the development of talents, and takes the identification and cultivation of compound and professional talents as the starting point, and has formulated the Talent Cultivation System and the Training Management System. The Group specifies in the relevant system the training requirements and incentives for different types of training, such as certification by external organizations, apprenticeship programs, industry-university-research cooperation, professional training and leadership, to provide employees with a standardized, professional and systematic training system, clarify the principles of employee promotion, implement the “dual-channel” development mechanism, and solidify the foundation of talent echelon construction.

集团人才培养制度

一、人才培养目的

以发掘和培养复合型、专业型人才为出发点，在坚持内部培养为主，外部选拔为辅的原则下，充分利用集团和企业内部丰富的人才资源和专业优势，盘活人力资源，优化人才结构；同时促进内部有效沟通，提高工作效率和品质；明确个人职业发展通道；丰富集团与企业内部人才储备库。

二、人才培养模式

人才培养包含轮岗、借调、挂职锻炼三种模式。

(一) 轮岗

Talent cultivation system of the Group

Echelon construction

The Group has formulated promotion and advancement management measures for promotion at the same level and cross-level promotion respectively covering a number of ranks including reserve, middle and senior levels, so as to clarify the career development path of individuals. In light of the professional knowledge, business skills and work experience required for different development paths, we conduct comprehensive appraisal and evaluation of cross-level promotion staff, and are committed to selecting compound talents with strategic thinking, market competition awareness and front-line management experience.

Talent structure diversity

We believe that a diverse talent team can create more constructive ideas with interaction between the members. In 2021, the percentage of male and female staff of the Group was 53.99% and 46.01%, and the percentage of female members in the senior management was 30%.

A younger talent reserve

The Group attaches importance to young talents, and more and more young staff members are promoted to management positions under the “combination of old and new” model. In 2021, nearly 70% of the Group’s middle management staff was under the age of 40.

A variety of promotion channels

Sino Biopharmaceutical has established a fair promotion mechanism, and continues to improve the construction of the position system and optimize the organizational talent structure. We make full use of the rich talent resources and professional advantages within the enterprise, select employees with high performance and potential to join the talent cultivation team, continuously improve the competency of our employees through job rotation, secondment and posting, and plan and build career paths with development prospects for our employees.

Talent cultivation

We discuss and formulate personal development plans together with our employees, and help employees to improve their comprehensive ability and achieve their career planning goals through different ways such as special training, performance counseling, job rotation, secondment, and posting, etc., combined with the systematic cultivation provided by the organizational innovation center of member companies. In 2021, the average number of training hours of the Group's employees was 42.54 hours.

We actively carry out staff training activities, including management skills training, corporate culture promotion and work skills training, to help employees in various positions to improve their comprehensive quality and become a compound talent suitable for the Group's development needs. In addition, we develop a variety of systematic training courses according to the needs of different positions, including new employee training courses, finance courses, human resource management courses, pharmaceutical R&D courses, etc.

Employee training of Sino Biopharmaceutical in 2021

Indicator		Unit	Amount
Total number of employees' training hours		hours	943,559.39
Percentage of training hours by gender	Male	%	53.97
	Female	%	46.03
Average number of training hours by gender	Male	hours	37.57
	Female	hours	48.37
Percentage of training hours by rank	Senior management	%	0.38
	Middle management	%	4.61
	Junior staff	%	95.01
Average number of training hours by rank	Senior management	hours	33.6
	Middle management	hours	46.1
	Junior staff	hours	42.4

Note: The scope of statistics of the employee training data covered all employees under labour contracts of all consolidated entities of the Group.

The types of training courses of Sino Biopharmaceutical

Type of training	Applicable participant	Content of training
Leadership training	Senior management	Leadership, international vision, corporate strategy
Professional training	All employees	Core business training, skill trainings on legal, finance, information, sales compliance, etc.
New employee training	All new employees	Corporate culture, business philosophy and strategy, risk compliance, information security, business management, etc.
General training	All employees	Industry training, language training, cultural training, process and policy training, induction training

New employee training

Sino Biopharmaceutical constantly pays attention to the growth of new employees, and each member company actively helps new employees understand the Company's culture more deeply, integrates the resources of each department to customize the induction manual for new employees, develops vocational training skills for new employees, and creates a comprehensive vocational training program for new employees. We attach importance to the cultivation of fresh graduates, establish a cultivation system for management trainees, and carry out various training activities to encourage new employees to give full play to their potential and enrich the talent reserve for the Group.

Case: "To youth, know Tianqing", a training program for new employees of CT Tianqing

CT Tianqing always cares for the growth of new employees. It launched the 180-day training program for new employees, "To youth, know Tianqing", to create professional knowledge and workplace skills with the characteristics of CT Tianqing, and to develop vocational skills courses for new employees so that they can connect more closely with CT Tianqing. In 2021, a total of 3,888 employees participated in new employee training of CT Tianqing.



The chairman of CT Tianqing giving a lecture



Group photo of training for new employees of CT Tianqing

Case: Jiangsu CT Fenghai launched the “Green Seedling Program”, a mentoring program

In order to help new employees understand the company’s culture as soon as possible, Jiangsu CT Fenghai launched the 2021 mentoring program named “Green Seedling Program”. Through the development of mentoring management measures in the marketing system, veteran employees in various areas answer queries of new employees in terms of work skills, experience and cultural knowledge.



Launching ceremony of the “Green Seedling Program” of Jiangsu CT Fenghai

Case: NJCTT conducted the “Ivy” training for new employees



NJCTT’s “Ivy” training site

In 2021, NJCTT conducted the 8-day “Ivy” training, which included corporate culture integration, workplace etiquette, team outdoor development, graduation report party, etc.

Professional training

The Group adopts a combination of online and offline modes to actively carry out professional training for employees, focusing on the differentiated needs of employees in different positions and providing professional training, technical training and job training to help them become talents to meet the development needs of the Company.

Case: CT Tianqing created the organizational innovation center to empower talents

CT Tianqing has established an organizational innovation center, and constantly creates culture projects, brand projects, talent development projects, and performance development projects, and launches comprehensive training programs to continuously support the formulation of the company's strategic goals and sustainable development of business with the cultivation of outstanding talents.

Cultural project	Tianqing Talent Square	Through character interviews, storytelling and other forms, explore the cultural practice performance and excellent post experience of outstanding junior staff of CT Tianqing
	Innovation Week	Through video programs, methodological refinement and other forms to show to all employees the innovation achievements of various systems and departments
Brand project	Brand Exploring Journey	Through brand introduction, academic conferences and other forms, to open up the brand's new way of creating a high-quality life experience for more patients
Talent development project	Star Youth Project	Youth training focusing on "cultivating ability, discovering talent, transmitting culture, and lighting up the organization"
Performance development project	Skylight Project	Through the training of the marketing team to create a new model of professional marketing management with the core of diagnosis and treatment thinking
	Craftsman Project	Training programs designed for the growth of professional staff



QC talent poster of the "Tianqing Talent Square"



Experience sharing of the "Innovation Week"



Brand launching under the "Brand Exploring Journey"

Leadership training

By improving and refining the leadership development system, the Group has been cultivating middle and senior level and reserve management talents comprehensively from different aspects including way, techniques and law, promoting the establishment of a Group think tank and further enhancing the Group's organizational capability.

Case: CT Tianqing launching the "Leadership Star – Star Youth" training



Offline training of "Star Youth"

In 2021, CT Tianqing launched the "Leadership Star – Star Youth" project, which was based on the five core leadership competencies of strategy, culture, innovation, collaboration and coaching, the program defined the competency profile of Star Youth, refined the behavioral standards, and conducted targeted competency enhancement training and learning. Through the three-day online and offline training activities, the Star Youths learned knowledge, built trust and strengthened their sense of identity and pride in the company.

Technical grade certification

In order to further accelerate the cultivation of technical team, we have developed the management measures on technical worker grade certification and allowance to encourage employees to obtain technical title grade certification, so as to better mobilize the technical workers' working conscientiousness and enthusiasm, improve the overall quality of the technical workforce, and enhance the innovative comprehensive strength of the enterprise.

江苏正大清江制药有限公司		文件名称: 7厂
文件名称: 技术工人等级评定与技术津贴管理制度		文件编号: QM0048
起草部门: 人力资源部		文件版本: 00
		生效日期: 2018.03.01

附件 1: 技术工人等级审批表

表单编号: QM0048.01		版本: 00	
姓名	性别	出生年月	
文化程度		参加工作时间	
现从事岗位		现从事岗位年限	
原有技术等级		获得技术等级时间	
推荐的技术等级			

The technical worker grade certification and allowance system of CT Qingjiang

Industry-university-research cooperation

The Group has built a resource-sharing platform for its employees, which provides opportunities for joint training of talents from universities, and develops cooperation of talents from different disciplines and aspects, so as to cultivate high-standard innovation and R&D teams and contribute to the talent reserve of the industry.

Case: CT Tianqing conducts industry-university-research cooperation

CT Tianqing actively attracts first-class R&D talents and actively promotes the construction of post-doctoral research stations in many universities. The company has established joint chemical/biological laboratory with Shanghai Academy of Pharmaceutical Industry and joint laboratories with China Pharmaceutical University, Chengdu University, Zhejiang University and other universities, carried out 102 independent R&D and cooperative development of scientific research projects, and published more than 20 papers in domestic and international journals.

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independent R&D and cooperative development of scientific research projects

Case: Beijing Tide cooperates with universities to carry out postgraduate training

In order to attract and cultivate first-class R&D technicians, Beijing Tide actively cooperates with universities to carry out postgraduate training programs, and carries out master's degree training programs with four universities, including the Medical Department of Peking University, Shenyang Pharmaceutical University, the Institute of Pharmaceutical Research of Peking Union Medical College, and the Chemical Engineering College of Beijing Institute of Petrochemical Technology. Many postgraduates of these cooperation projects have been retained and become key technicians of the company. We have trained 10 post-doctoral fellows (8 have left their workstations) jointly with universities, and they are dedicated to the research and development of new small molecule drugs, neuropathic pain and innovative oncology drugs.

Case: CT Fenghai continues to strengthen the exploration of the school-enterprise cooperation model

In 2021, CT Fenghai and Nanjing University of Chinese Medicine, Huaiyin Institute of Technology, Yancheng Institute of Technology, Jiangsu Vocational College of Medicine and other institutions deepened school-enterprise cooperation in the form of cooperation, university student internship base and industrial-education integration and innovation base, building a precise talent pool with the advantages of the institutions. More than 100 undergraduates and above were introduced throughout the year, of which 26% of the students were from double first-class colleges and universities.

26%



students from double first-class colleges and universities

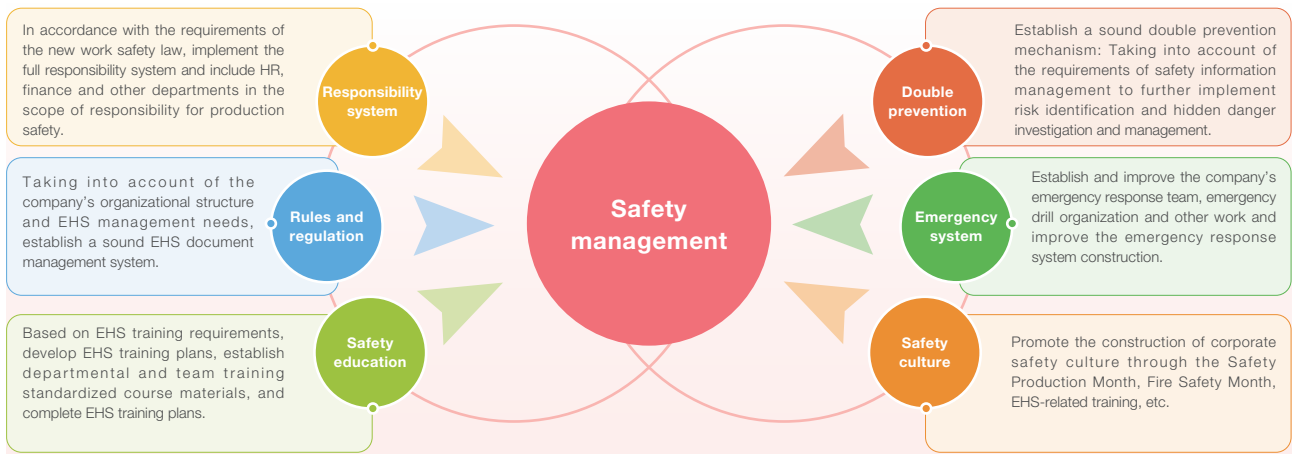


OCCUPATIONAL HEALTH AND SAFETY

Sino Biopharmaceutical attaches great importance to the health and safety of employees and insists on the safe production policy of “safety first, prevention first and comprehensive management”, and is committed to providing a healthy and safe working environment for employees. In 2021, the Group continued to strengthen the construction of occupational health and safety management system, fully implemented safety inspections, enhanced employees’ safety awareness, and effectively protected employees’ occupational health and safety.

Safe production

Sino Biopharmaceutical strictly complies with relevant laws and regulations such as the Work Safety Law of the People’s Republic of China, and the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, and has formulated the Safety Compliance Management System and the Special Equipment Safety Management System. Sino Biopharmaceutical has set up safety management-related departments and dedicated safety management personnel, refined safe production management, standardized equipment, processes, personnel and other management standards, and fully implements the work safety responsibility system. As of 2021, many member companies of the Group have obtained OHSAS18001, ISO45001 and local safety standard management system certifications.



The safety management system of Sino Biopharmaceutical



The occupational health and safety management system certification of CT Tianqing

The Group specifies the targets related to safe production, which include targets for major casualties, fires, explosions, occupational disease incidence, etc. Member companies carry out the construction of the double prevention mechanism of safety risk classification control and hidden hazard inspection and mitigation, identify the risks of production processes, major equipment safety protection, flammable and explosive, toxic and hazardous factors, and develop control measures in terms of organization, technology, management, emergency response, etc., and implement classification and control according to different safety risk levels. At the same time, member companies continue to implement safety inspection at the company level, department level and team level, so as to discover hidden hazards and make rectification and enhance the overall safety management standard of the Group.

In 2021, the Group had 1,349.63 lost days due to work injury and an accident rate of 0.65% per million working hours. As of the end of the reporting period, the Group and member companies has made comprehensive improvement in respect of the safety hazard related to work injury incident and established closed-loop safety management.

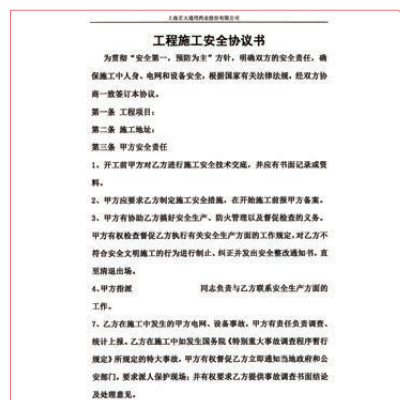
	Unit	2021	2020	2019
Number of work-related fatalities	person	1	1	0

Note: The scope of statistics of lost days due to work injury covered major entities of the Group and member companies involved in substantial production.

Accident rate per million working hours = (number of work injury cases/total working hours of all employees of the Group)*1,000,000, of which, the working hours are calculated on the basis of 50 weeks per year and 40 working hours per week.

Supplier safety management

The Group attaches importance to the safety management of suppliers and regularly reviews the safety qualification level of suppliers, including safe production permits and service type licenses, etc. We also require our suppliers to sign safety agreements, strictly implement autonomous supplier safety management, and ensure safety supervision of supply chain employees.



The cover of the Construction Safety Agreement of Shanghai CT Tongyong

Safety emergency drill

In order to strengthen the safety awareness of all employees, the company and its member enterprises conduct emergency drills for various safety hazards, including comprehensive emergency plan drills, special emergency drills, fire drills, etc., so as to effectively prevent the occurrence of accidents.

Case: Beijing Tide's fire emergency drill



The fire emergency drill of Beijing Tide

Beijing Tide organises and conducts fire emergency evacuation drill every year to cultivate the ability of workshop employees and volunteer fire emergency organizations to respond to fires and enhance employees' awareness of fire safety.

Case: Jiangsu CT Fenghai conducted drill for operation in confined space

In 2021, Jiangsu CT Fenghai organised a number of emergency drills, including hazardous waste plan drill, battery car garage fire, operation in confined space drill, etc. to increase employees' ability in handling accident. Among which, the confined space operation drill was a simulated exercise for the emergency of air supply system being stopped due to sudden power outage during operation of employees in confined spaces. Through the demonstration of the simulation operation, employees were well-equipped to handle the accident in a reasonable and orderly manner in the event of an accident.



Drill for operation in confined spaces of Jiangsu CT Fenghai

Occupational health

The Group attaches importance to the occupational health protection of employees and strictly implements the occupational health "Three Simultaneous" management system. We regularly engage third party institutions to carry out occupational hazard factors detections, and provide corresponding labour protection equipment. At the same time, member companies reduce and control occupational hazards and improve the working conditions of employees through equipment modification and technical improvements.

We regularly carry out pre-service, in-service and departure occupational health checkups, establish occupational health monitoring records, and dynamically observe changes in employees' occupational health. At the same time, we continue to strengthen the prevention and control of epidemic, and strictly enforce the daily report and grid management system to protect the health of our employees.

Awareness training

The Group formulates a health and safety training plan each year and launches a series of training activities represented by the Safe Production Month, including training on safety laws and regulations, online health and safety management courses, and safety knowledge competitions to enhance employees' safety awareness and management capabilities.

Case: Beijing Tide held safety knowledge competition

In order to thoroughly implement the special work of safety production, Beijing Tide launched the safety knowledge competition during the of Safe Production Month, and organized employees to learn relevant laws and regulations, the skills of hidden hazard detection, environmental protection, occupational health and other knowledge through the form of competition, which effectively enhanced the safety awareness of all employees and popularized the basic knowledge of safety.



The safety knowledge competition of Beijing Tide

In addition, in order to clarify the responsibilities and requirements of contractors' safety management and to improve the standard of contractors' safety management, the Group launched safety training for contractors, including the factory entry requirements, contractors' management, construction safety risks, emergency safety knowledge, etc., to enhance the safety awareness of construction personnel.

COMMUNICATION AND EXCHANGES

Sino Biopharmaceutical constantly improves the communication channels for employees and to understand and respond to their demands in a timely manner. We strive to improve the democratic management system with the worker representatives congress as the basic form to provide employees with the protection of collective negotiation rights and enable them to have full right to know, participate in, express their view and supervision. In 2021, the collective negotiation agreement signing rate of the Group's member companies including CT Tianqing, Beijing Tide, Jiangsu CT Fenghai and Shanghai CT Tongyong was 97.19%.

We provide open communication channels for our employees, including a Chairman's mailbox and human resources business partners. We encourage employees to provide feedback on job issues, including remuneration and benefits, performance appraisals, and growth paths, through emails and face-to-face meetings. At the same time, we conduct a variety of interviews covering a wide range of areas, including induction interviews and regularization interviews for new employees, orientation and counseling for newly promoted managers, and exit interviews for departing employees, paying attention to and responding to employees' demands and opinions in a comprehensive manner.



Case: "Go to the employees" series of activities of Jiangsu CT Qingjiang

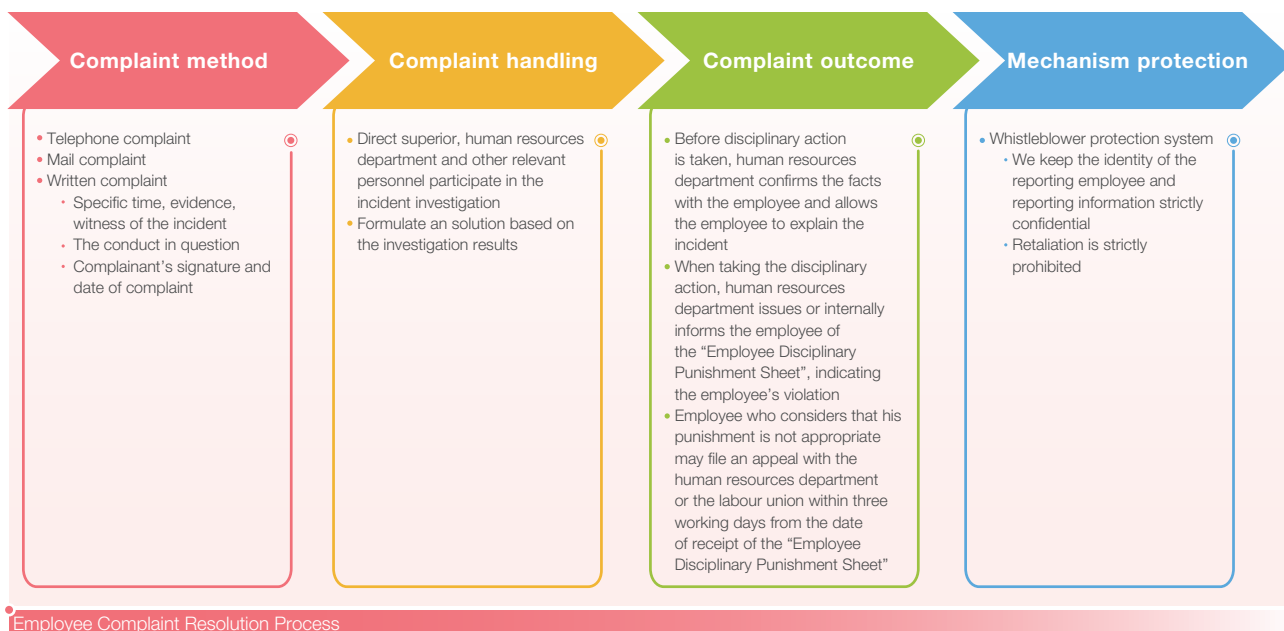
In 2021, Jiangsu CT Qingjiang launched the "Go to the employees" series of activities with the aim of solving the problems of grassroots employees' thoroughly through the democratic life committee and other means. In addition, through small lectures, small interactions, small care, small suggestions and small activities, Jiangsu CT Qingjiang goes into the front-line teams to understand their working environment, work contents and typical practices, collects the opinions and suggestions of the grass-roots staff, making proper records and giving replies.



The "Go to the employees" activities of Jiangsu CT Qingjiang

Employee complaint

The Company provides employees with a smooth channel for complaints, including telephone complaints, mail complaints and written complaints, and standardizes the complaint and report acceptance mechanism, conducts fair and impartial investigation and handling, and provides timely feedback to relevant personnel. At the same time, we have set up a whistleblower protection system to firmly protect the rights of whistleblowers and prohibit any form of threat, intimidation and retaliation.

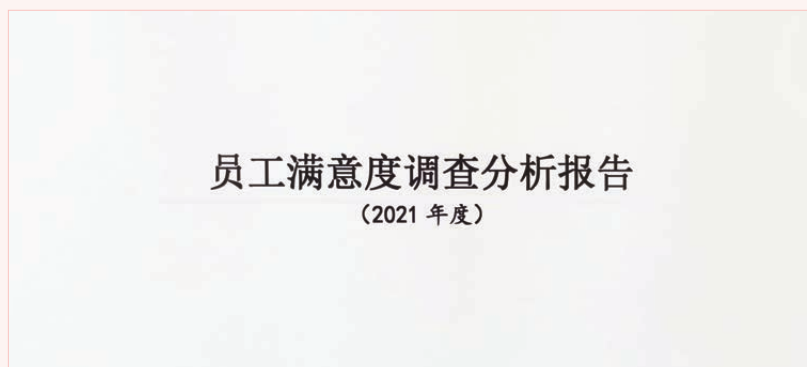


Satisfaction survey

We regularly conduct all employee satisfaction surveys to understand their demands regarding work environment, personal growth, and benefit package. At the same time, we make scientific analysis based on employee feedback and formulate improvement measures and plans, including salary adjustment, system optimization, and optimization of competitive recruitment, in order to further enhance employee satisfaction.

Case: Jiangsu CT Qingjiang conducted employee satisfaction survey

Jiangsu CT Qingjiang distributed "Employee Satisfaction Survey" online to all employees through the wjx.cn platform to conduct an employee satisfaction survey on salary, company system, work content, etc. In the survey, Jiangsu CT Qingjiang developed improvement plan and actively responded to employees' demand based on their opinions concerning remuneration competitiveness and job matching.



The cover of the employee satisfaction survey analysis report of Jiangsu CT Qingjiang

WORK-LIFE BALANCE

We are committed to enhancing the happiness of our employees, providing a variety of spiritual and cultural activities for all employees, caring for the rights of disadvantaged groups and female employees, and promoting a balanced and harmonious work-life relationship.

Case: Group Headquarters Christmas flower arrangement event

On 17 December 2021, the labour union of Group Headquarters invited all employees in Beijing to participate in the Christmas flower arrangement activity to let them feel the charm of floral art besides working hard. Under the guidance of a professional teacher, participating employees used different floral materials and vessels to create personalized and charming floral works, relaxing their minds and bodies while learning to arrange flowers.



The labour union of Group Headquarters organised a Christmas flower arrangement event

Case: NJCTT organises a variety of sports activities



Employee basketball game organised by NJCTT

In order to enrich employees' spare time and secure their physical and mental health, NJCTT provides them with abundant sports facilities. In 2021, NJCTT organized the "Everyday Tianqing Sports" campaign to encourage employees to do intermittent exercises and integrate physical exercise into their regular work life.

Case: CT Tianqing shows care to employees and their families

CT Tianqing values the trust and recognition of employees and their families and appreciates the support and dedication of employees and their families by sending letters to the family members of each new employee so that their families can fully understand the working atmosphere and status of the employees and build a three-way platform for communication between the CT Tianqing, employees and their families. In addition, CT Tianqing sends promotion and congratulation letters and small gifts to the family members of outstanding employees, when an employee has been promoted or awarded company-level honours, such as being an advanced individual.

尊敬的_____家人：

您好！

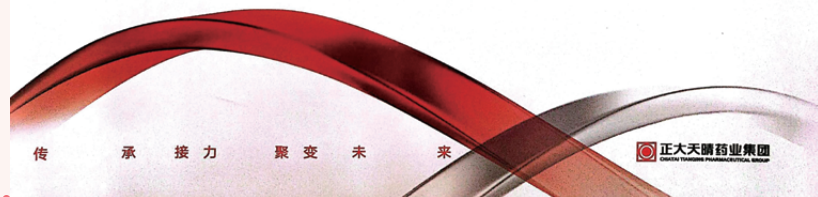
经过培训，xxx 已成为正大天晴团队中正式的一员。就职于_____，工作岗位为：_____。

首先，感谢您支持 ta 来到正大天晴工作和生活，这是对我们最大的认可和支持！医药行业有着巨大的发展潜力和前景，它被称为“永远的朝阳产业”。选择医药行业，也是 TA 为自己选择了一个美好而光明的未来。正大天晴药业作为中国医药行业百强企业前十六强，一直保持着快速而强劲的增长势头。作为行业内优秀的企业之一，我们也将用先进的理念和价值标准提升员工的职业能力和个人素养，增强企业员工的凝聚力、责任心和执行力，塑造一支使命感强、责任心重的卓越团队。

“优秀的企业培养优秀的员工，优秀的员工成就优秀的企业。”我们承诺将为我们的员工提供一个不断向上的事业平台和具有竞争力的薪酬福利，并培养 TA 成为正大天晴优秀团队中的一员，与公司同呼吸，共命运，实现个人与企业的共同愿景，共同书写辉煌而美好的篇章！

每一位优秀的员工都离不开一个温馨的家庭以及亲人的理解和支持。我们感谢您为正大天晴培养了优秀员工，为报答您这份恩情，我们也会更加珍惜每一位员工，为员工营造更好的生活和工作环境，打造一个充满关爱、友情和亲情的员工之家。

“健康人类，共创美好未来”，是正大天晴药业的企业宗旨，这不仅有人类健康的期许，更是对企业健康发展、员工健康成长、员工家人身体健康的期望。衷心祝愿在正大天晴事业有成，祝愿您阖家欢乐、幸福安康！



CT Tianqing sends appreciation letters to employees' families

Case: Beijing Tide regularly organises various cultural activities



Beijing Tide's family day activities

Beijing Tide attaches importance to work-life balance and regularly organizes annual company parties, departmental team-building, fun games and family days. On 26 June 2021, with the theme of “Happy Families, Big and Small”, Beijing Tide organized family day activities to provide a variety of interactive platforms for employees and their families and help them build harmonious family relationships.

Case: The March 8th Women's Day activities of member companies



Jiangsu CT Fenghai presented March 8th gifts to female employees



NJCTT held a lecture on "Aesthetic Management of Female Image"



The "Heart Warming Baking on March 8th" organised by Jiangsu CT Qingjiang

Case: NJCTT cares for the physical health of female employees and organised “two-cancer screening” for them

In 2021, on the basis of organising regular health examination for employees, NJCTT added screening tests for breast cancer and cervical cancer for female employees aged 35 or above to protect their health.

Sino Biopharmaceutical and member companies have established a counterpart assistance system for employees in need to gather efforts to help employees solve their living problems, reflecting the love and warmth of the Group’s big family.

Case: Member companies providing assistance to employees

CT Tianqing regularly visits employees in need and retired senior employees, and established relief policy for current and retired employees suffering from critical illness. Relief has been provided to over one hundred sick employees in the average amount of over RMB500,000 per year.



CT Tianqing visiting a sick employee

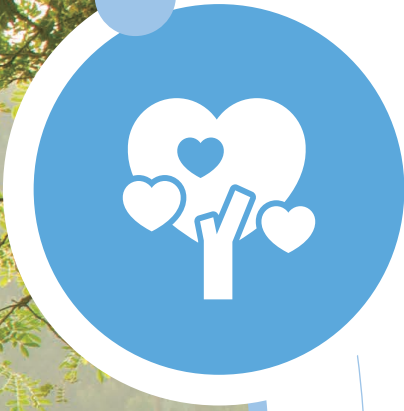
CP Pharmaceutical (Qingdao) launched a donation campaign for a leukemia employee, raising over RMB120,000 to help the employee receive timely relief.



CP Pharmaceutical (Qingdao) launched a donation campaign for a leukemia employee







06

MISSION LED, FULFILLING RESPONSIBILITIES

This chapter responds to the following SDGs



Sino Biopharmaceutical upholds the value of “benefit the country, benefit the general public and benefit the enterprise”, and proactively fulfills its responsibilities as a corporate citizen. We actively engage in social welfare, going through ups and downs and overcoming difficulties together with the country and the people. In 2021, Sino Biopharmaceutical contributed a total amount of RMB54,957,600 and contributed effort of 60,438 hours for public welfare.

Contributions of Sino Biopharmaceutical in 2021 (excluding personal contribution by entrepreneurs) (in RMB10,000)

Disaster relief	Fighting the pandemic	Rural revitalisation	Education donation	Charity
1,570.74	184.44	499.24	420.62	2,820.72

DISASTER RELIEF

In the summer of 2021, many parts of China suffered from continuous heavy rainfall, resulting in severe inundation and flooding. As the disaster tugged at heartstrings, Sino Biopharmaceutical promptly provided support, donating funds and materials valuing more than RMB10 million to help flood relief and rebuild after the disaster.

10 million

donating funds and materials

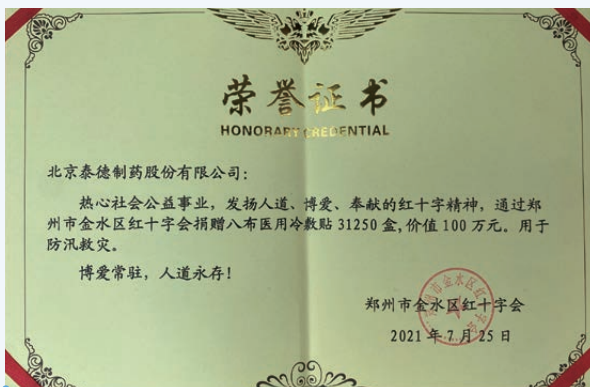


Case: Donating funds and materials to Henan

When trouble occurs at one spot, help comes from all quarters. With a high sense of social responsibility and the mission of medical people, we donated 5million yuan in cash and 5million yuan worth of emergency relief materials through the Hong Kong Liaison Office to support the local emergency medical relief.



CT Tianqing donated materials to Henan



Beijing Tide donated drugs to Zhengzhou



Jiangsu CT Qingjiang donated drugs to Henan

FIGHTING THE PANDEMIC

Sino Biopharmaceutical has strictly implemented various epidemic prevention and control measures with securing the safety of employees' lives as the bottom line, and there were no cases of employee infection during the reporting period. On such basis, the Group deeply participated in the prevention and control of the epidemic in the community and took the initiative to donate materials and supplies to the infected areas, with total donated funds and materials amounting to RMB1.844 million in the year.

1.844 million

total donated funds and materials



Case: NJCTT made all efforts to support epidemic prevention and control

In the face of the sudden outbreak of the pandemic, a group of selfless volunteers emerged from NJCTT and volunteered to go into the community to support the nucleic acid testing and help share the pressure among the community epidemic prevention personnel.



Employees of NJCTT participated in nucleic acid testing work

Case: CP Pharmaceutical (Qingdao) spared no effort to help overseas compatriots

In 2021, during the pandemic outbreak in India and Africa, CP Pharmaceutical (Qingdao) received request for help from partners' factories in the two countries. CP Pharmaceutical (Qingdao) urgently shipped 400 units of oxygen concentrators and 6,000 servings of Chinese herbal medicine Qingfei Paidu Decoction to overseas compatriots in such factories.



CP Pharmaceutical (Qingdao) helped fight the pandemic overseas

RURAL REVITALISATION

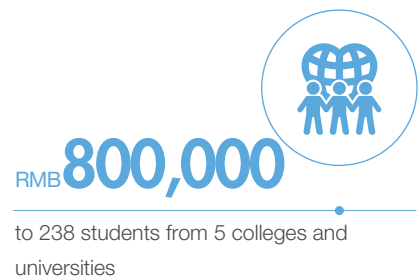
Sino Biopharmaceutical has thoroughly implemented the instructions of the Party Central Committee on building a moderately prosperous society and winning the battle against poverty, and actively supported rural revitalization. In December 2021, the Group and its member companies BeijingTide, CT Tianqing and CP Pharmaceutical (Qingdao) held a poverty alleviation and agricultural support activity in Beijing, "Procuring agricultural products to help revitalize rural areas". A procurement agreement of RMB2.75 million worth was signed with the Mengjiazhuang Village, Liuzhangzi Township, Chengde County, Chengde City, Hebei Province.



The Group's member companies jointly launched a poverty alleviation and agricultural support activity

DONATIONS FOR EDUCATION

In 2021, CT Tianqing provided grants totaling RMB800,000 to 238 students from 5 colleges and universities, namely Lanzhou University, China Pharmaceutical University, Shenyang Pharmaceutical University, Nanjing Medical University and Nanjing Tech University. Jiangsu CT Fenghai donated funds to the education development foundations of Nanjing University of Chinese Medicine and Xuzhou Medical University respectively, and donated RMB200,000 to the Fengzhong Yinfengshan Education Foundation of Dafeng District, Yancheng City in 2021.



CT Tianqing's education charity and public welfare activities

CHARITY

CTTQ Liver Disease Research Fund

In 2011, CT Tianqing, a member company of the Group, donated RMB10 million to the Chinese Foundation for Hepatitis Prevention and Control to establish the “CTTQ Liver Disease Research Fund” for supporting young and middle-aged medical workers in second – and third-tier cities to conduct research on a variety of liver diseases in order to improve the standard of liver disease prevention and treatment in China. CTTQ Liver Disease Research Fund is led by Zhuang Hui, an academician of the Chinese Academy of Engineering, and more than 40 authoritative experts from China are members of the academic committee and management committee.

CTTQ Liver Disease Research Fund has received wide attention and received 1,188 project applications, funded 126 projects and assisted 84 projects in its first five years (2011-2015) since establishment. In August 2016, CT Tianqing made a further donation of RMB12.5 million for the use in the next five years (2016-2020) to subsidize more primary care doctors to expand their clinical diagnosis and treatment thinking and improve their scientific research ability, which will in turn improve the overall level of liver disease prevention and treatment in China. The Fund has also expanded its management and academic committee to 108 committee members, which has greatly increased its influence.

Lianyungang CTTQ Charity Foundation

Lianyungang CTTQ Charity Foundation, a non-public foundation, was established on 18 March 2018 by Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. The Foundation’s initial capital was RMB4 million and its objectives are: care about the people’s livelihood and the vulnerable groups, actively promote love, and build a more extensive platform for fulfillment of social responsibility through carrying out various charity and public welfare projects, such as helping the poor and needy, providing medical assistance, education assistance and other social assistance.

Case: Jiangsu CT Fenghai was named as “the Most Beautiful Caring Enterprise”

Jiangsu CT Fenghai has signed a donation agreement with the Yancheng City Dafeng District Charity Federation in Jiangsu to donate RMB200,000 each year, under which 8 times of targeted donations have been provided to families in difficulty due to serious illness. Also, Jiangsu CT Fenghai joined caring enterprises in Dafeng District to donate wheelchairs to people with disabilities in Yijun County, a matched assistance district, and donated drugs worth RMB350,000 to Dongtai City Disabled Persons’ Federation, and regularly donates funds annually to Dafeng District Cancer Rehabilitation Association, Dafeng District Disabled Persons’ Federation and Dafeng District Caring Vegetarian Restaurant. In 2021, Jiangsu CT Fenghai was named as the Most Beautiful Caring Enterprise by Yancheng City Dafeng District Charity Federation.

Case: Jiangsu CT Fenghai’s community volunteers activities

On 16 July 2021, the volunteer service team of Jiangsu CT Fenghai carried out community environmental protection and water resources and environment monitoring activities.



Volunteers of Jiangsu CT Fenghai conducting water resources monitoring

FUTURE OUTLOOK

Looking back to 2021, Sino Biopharmaceutical actively fulfilled its corporate social responsibility, practiced the sustainable development philosophy, focused on key ESG issues, carried out ESG actions, and achieved remarkable results in anti-corruption, innovation and R&D, quality control, environmental protection, talent development, and health and safety.

2022 is a year full of challenges and opportunities, the COVID-19 pandemic continues to evolve and resurge, the people's multi-level and diversified health needs continue to grow rapidly, and the greater health industry has become an important industry leading global economic development and social progress in the 21st century. Looking ahead,

Sino Biopharmaceutical will consistently uphold the value of "benefitting the country, the people and the enterprise", respond to policy trends, continue to invest, build technological innovation capabilities, promote global exchanges and cooperation, and work together to overcome the public health problems brought about by the pandemic. We are committed to providing the best and latest medical and health services, being a leader in China's pharmaceutical manufacturing industry, an innovator in the specialty medical industry, and a pioneer in the greater health business, and contributing to the pursuit of a better life for mankind.

Content Index of the ESG Reporting Guide of Hong Kong Stock Exchange

Disclosure indicators		Response
Aspect: Environmental		
A1: Emissions		
General Disclosure		P61, P63-P64
A1.1	The types of emissions and respective emissions data.	P54
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P54
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P65
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P65
A1.5	Description of emissions target(s) set and steps taken to achieve them.	P54
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P64
A2: Use of Resources		
General Disclosure		P57
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).	P59
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P59
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P54
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.	P58
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P59
A3: Environment and Natural Resources		
General Disclosure		P55-P56
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P58-59
A4: Climate Change		
General Disclosure		P52-P54
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.	P52-P54
Aspect: Social		
Employment and Labour Standards		

Disclosure indicators		Response
B1: Employment		
General Disclosure		P68,P70-P71
B1.1	Total workforce by gender, employment type, age group and geographical region.	P69
B1.2	Employee turnover rate by gender, age group and geographical region.	P69
B2: Health and Safety		
General Disclosure		P79
B2.1	Number and rate of work-related fatalities occurred in each of the past three years.	P80
B2.2	Lost days due to work injury.	P80
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P70-P81
B3: Development and Training		
General Disclosure		P72-P77
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P73
B3.2	The average training hours completed per employee by gender and employee category.	P73
B4: Labour Standards		
General Disclosure		P68
B4.1	Description of measures to review employment practices to avoid child and forced labour.	P68
B4.2	Description of steps taken to eliminate such practices when discovered.	P68
Operation Practices		
B5: Supply Chain Management		
General Disclosure		P43
B5.1	Number of suppliers by geographical region.	P43
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.	P44-45
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P44
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P44-46

Disclosure indicators		Response
B6: Product Responsibility		
General Disclosure		P34,P36-P38, P40-P42
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P42
B6.2	Number of products and service related complaints received and how they are dealt with.	P39
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P25
B6.4	Description of quality assurance process and recall procedures.	P36,P41
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P42
B7: Anti-corruption		
General Disclosure		P15,P17
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.	P15
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P15,P17
B7.3	Description of anti-corruption training provided to directors and staff.	P16
Community		
B8: Community Investment		
General Disclosure		P89-93
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P89
B8.2	Resources contributed (e.g. money or time) to the focus area.	P89

FEEDBACK

Dear Readers,

Thank you for reading the 2021 Environmental, Social and Governance Report of Sino Biopharmaceutical. We are eager to listen to your comments and suggestions on the report and our ESG work, and look forward to your assistance in completing and sending this questionnaire to us by mail, email or fax. You may also call us to share your valuable feedback. Thank you for your support.

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Fax: (852) 2880 0847

Email address: info@sino-biopharm.com

1. What type of stakeholder does you/your organisation belong to in relation to Sino Biopharmaceutical:

- Shareholder Employee Supplier User Government Community Bank
 Academic institution Others (please specify)

2. Have you read the Environmental, Social and Governance Report of Sino Biopharmaceutical (if your answer is no, please ignore questions 3, 4 and 5):

- Yes No

3. If yes, what is the version you read?

- Paper version Electronic version

4. What version do you prefer?

- Paper version Electronic version

5. Your overall view on the 2021 Environmental, Social and Governance Report is:

- Readability (Easy to understand, beautiful design, attractive and easy to find the required information)

- 3 (Good) 2 (Average) 1 (Low)

- Credibility (report information is true and credible)

- 3 (Good) 2 (Average) 1 (Low)

- Information completeness (providing both positive and negative performance, and meeting your information needs)

- 3 (Good) 2 (Average) 1 (Low)

What information would you like to see more in addition to those disclosed in the report?

Preparation Team of the 2021 Environmental, Social and Governance Report of Sino Biopharmaceutical

May 2022

