









2019 Sustainability Report

China Resources Pharmaceutical Group Limited

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Message from CEO

Protecting Human Health and Improving Quality of Life

Han Yuewei, Executive Director and CEO of CR Pharmaceutical



The year 2019 marked the 70th founding anniversary of the People's Republic of China. It was a critical year for achieving the first centenary goal, and also the first year since the reform of China's pharmaceutical and healthcare system was completed. Thus the pharmaceutical industry was undergoing a profound transformation. Centering on strategic goals, CR Pharmaceutical seized opportunities, rose up to challenges brought by the turbulent market, and optimized the allocation of resources in the past year. The Company has been accelerating innovation-driven transformation, discovering new businesses of potential, improving organization and enhancing operation quality, so as to lay a solid foundation for long-term development.

Universal access to a healthier life. Putting "human health" at the heart of our business, we keep improving operation quality by enhancing lean management, and have perfected the customer service mechanism as well as provided diversified products and services for higher life quality. Capitalizing on scientific and technological advancements, we continue to develop, manufacture and provide high-quality pharmaceuticals, thus enhancing people's ability to fight off diseases. We advocate rational medication and treatment as well as proper healthcare, and meet extensive health needs of individuals and society.

A more powerful pharmaceutical and healthcare industry. We are devoted to becoming a pacesetter of the pharmaceutical and healthcare industry by better integrating resources and leading industrial growth. Exchange and cooperation have been established

between us and the government, scientific research institutes, and companies at home and abroad, so that we can make concerted efforts towards higher health standards. We have also strengthened supply chain management and supported the growth of partners to foster sustainable development across the industry.

Harmony with nature. Lucid waters and lush mountains are invaluable assets. We practice the philosophy of living in harmony with nature, and pursue a green, low-carbon and sustainable development path. We have launched a series of campaigns on energy conservation and consumption reduction to actively cope with climate change, save resources and promote recycling. By incorporating the green and low-carbon philosophy into all links of production and operation, we hope to contribute to building a resource-conserving and environment-friendly society.

More Drives for employee growth. As employees are treasures for sustainable growth, we respect every employee and stay inclusive, protect legitimate rights and interests of employees, and strive to improve their mental and physical health. We motivate and support employees, and have set up a stage for them to pursue career development and discover personal value. We value fraternity and equality, and strive to create a positive and enabling work environment while enriching employees' life after work, so as to increase their sense of belonging, happiness and fulfillment.

Love and warmth for society. While creating value for shareholders, We care for social progress and universal wellbeing. We actively implement Healthy China initiative and the strategy for rural vitalization, organize charity activities, steer quality healthcare resources to grassroots hospitals, and improve the healthcare services in poverty-stricken areas, thus contributing our share to building a harmonious society.

In early 2020, the COVID-19 pandemic spread across the country. We kept our founding mission and original aspiration firmly in mind, and put them into practice in the battle against COVID-19. We took on responsibilities, adopted scientific prevention & control measures, took a holistic approach in making plans and

ensured earnest implementation, thus delivering satisfying results in the battle. We gave full play to the advantage of a complete industrial chain, spared no efforts to ensure supply of pharmaceuticals and medical devices needed in the fight, and adopted multiple measures to ensure orderly resumption of work and production. We feel the way people in affected areas feel, and are engaged in the front line of joint prevention & control to contribute to the battle against the pandemic by mobilizing all resources, and safeguard people's life and safety.

2020 is a critical year for the great revival of the Chinese nation. We will seize opportunities brought by the development and transformation of China's pharmaceutical and healthcare industry, stay true to the lofty mission of "protecting human health and improving quality of life", build responsible competitiveness, and strive to be a leader in China's pharmaceutical and healthcare industry, so as to contribute our strength and wisdom for humankind's well-being and happiness on an ongoing basis.

About Us

Company Profile

China Resources Pharmaceutical Group Limited (CR Pharmaceutical) (Stock Code: 3320.HK) is a leading integrated pharmaceutical company in China specialized in R&D, manufacturing, distribution and retail of medicines and nutraceutical products, ranking top three in the industry. It has four listed subsidiaries, i.e. CR Sanjiu, CR Double-Crane, Dong-E-E-Jiao and CR Jiangzhong.

The Fifth largest pharmaceutical manufacturer

- With a product portfolio covering cardiovascular system, anti-infection, digestion and metabolism, pediatrics, respiratory system and other therapeutic fields.
- Top OTC drug manufacturer

The Third largest pharmaceutical distributor

- With a business layout covering 28 provinces, municipalities and autonomous regions
- Operating a distribution network of 179 logistics centers

The Tenth largest retail pharmacy operator

- 852 retail pharmacies
- 175 DTP (direct-to-patient) pharmacies



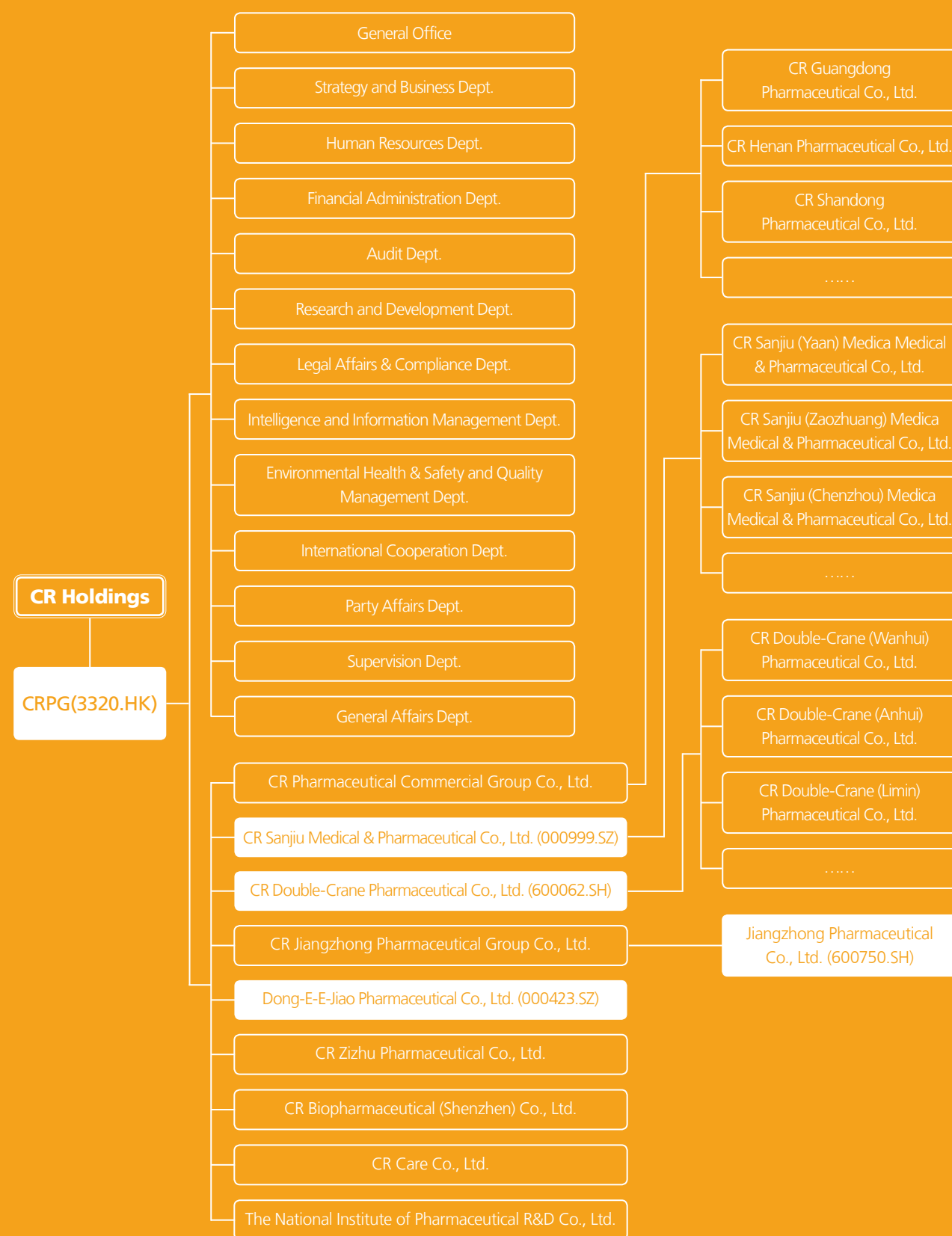
Scan the QR code for latest updates of CR Pharmaceutical



Major Brands



Organizational Structure



Highlights of 2019

- CR Sanjiu, CR Double-Crane and Dong-E-E-Jiao were included in the FTSE Russell Global Index. CR Pharmaceutical again won the award of Listed Enterprise of the Year at the 2019 Listed
- CR Pharmaceutical was awarded Enterprises of the Year by Bloomberg Businessweek (Chinese version), and was the only pharmaceutical enterprise to receive the award.
- CR Sanjiu, CR Double-Crane and Jiangzhong Pharmaceutical (under CR Jiangzhong) won 2018 Golden Bull Best Investment Value Award.

- CR Pharmaceutical won 11 awards on the EHS Conference of CR Group.
- CR Pharmaceutical won BDO "ESG Report of the Year Award (Newly Listed Companies)" and "Best in ESG Award".
- CR Jiangzhong Group was cited as an advanced collective in the Second China Ecological Civilization Awards.
- 26 of CR Pharmaceutical's domestic brands were included on the Healthy China – Brand List.
- CR Pharmaceutical was named as one of the Top 35 Backbone Enterprises of China.

- Signed a cooperation agreement with Japan's Takeda Consumer Healthcare Company Limited on the exclusive distribution rights for Takeda's product Alinamin.
- CR Pharmaceutical Commercial Medical Devices Co., Ltd. ("CR Medical Devices") signed a strategic cooperation agreement with Terumo Medical (Shanghai) Co., Ltd.
- The Group reinforced partnerships with multiple world-renowned pharmaceutical corporations, such as Gilead, and introduced nine imported drugs with exclusive distribution rights.



Spreading Our Love in the Battle against COVID-19

Since early 2020, China has been facing a grim challenge posed by novel coronavirus disease (COVID-19). The battle against it, an invisible enemy, hasn't ended yet.

CR Pharmaceutical has capitalized on its nationwide resources channels and the whole industrial chain to make plans in a holistic manner and put them into implementation with efficiency, in order to ensure sufficient inventory of pharmaceuticals and medical devices and supply at stable prices, meet the country's and people's needs for medicines, and safeguard people's life and health.

As China has completed the first phase of its struggle against the pandemic, CR Pharmaceutical now gives full play to its role as a top company and "stabilizer" of economic and social operations. We put COVID-19 prevention & control and work & production resumption on parallel tracks, and urge the timely restart of production and operation of upstream and downstream companies along the industrial chain, so as to help ensure steady economic growth.



Planning and coordinating as a whole

“In the harsh times as the pandemic is spreading, CR Pharmaceutical should take on responsibilities and coordinate resources in a holistic manner, provide support for the fight against COVID-19 and stand firmly together with the government and society, to brave challenges and win the battle resolutely.”

—Han Yuewei, CEO of CR Pharmaceutical

Go where the pandemic is, and fight it till it perishes. CR Pharmaceutical has made arrangements in advance and unified leadership. It set up a leading group on COVID-19 prevention and control immediately after the outbreak, with Han Yuewei, CEO of CR Pharmaceutical, serving as the group leader, and persons in charge of subsidiaries as group members. The leading group has been acting in full support of local governments and departments of health and epidemic prevention. It unifies management approaches and deployments, and responds to needs in no time, so as to ensure proper organization, ample supply of necessities, effective production scheduling and health and safety of all employees, and to determinedly win the battle against COVID-19.

Going all out to ensure ample supply of medical supplies

CR Pharmaceutical operates at full capacity to tackle difficulties, gives full play to its sound industrial chain, leverages multiple international and domestic channels, and works unitedly to ensure ample supply and stable prices. We provide strong support for front-line warriors, and resolutely safeguard people's health.

From January 1 to April 30, 2020

60

types of core products were manufactured

HK\$ 8.16 billion
With a total worth of

0.36 billion pieces of pharmaceuticals and medical devices were supplied



Racing against the clock to assist Wuhan

“These are the first medical devices inspected and accepted to Huoshenshan Hospital. Thank you.”

—An inspector at the warehouse of Huoshenshan Hospital

We not only provide “bullets” for the fight but also protect front-line heroes. Since the outbreak of COVID-19, we and our subsidiaries have visited front-line healthcare workers several times, bringing them Jinweiduo Vitamin, Vitamin E and C powder, compound E-Jiao syrup, antivirus prescription and other products.

Donated face masks, protective gowns, respirators and other supplies as well as cash, with a total worth of about

HK\$ 10.967 million



Sticking to the front line and stabilizing prices of medical supplies

United as one, we stand together firmly and rise up to challenges. Regardless of risks, we have honored our responsibilities and duties to go in the teeth of danger and devote ourselves to the battle. During the Spring Festival, over 32,000 executives and grassroots employees in more than 300 subsidiaries of CR Pharmaceutical gave up their holidays and remained at their posts. They have built strong defense barriers for the battle against COVID-19 by providing stable and reliable medical supplies.

Sustainable Development

Sustainability Strategies

As a leading integrated pharmaceutical company in China, CR Pharmaceutical always cares about public health and actively fulfills social responsibilities. Upholding the CSR philosophy of “love for health” and putting “human health” at the heart of our business, we regard improving quality of life and living standards as our fundamental goal, and continue to manufacture and develop diversified pharmaceutical products, as well as provide better services. We advocate rational medication and treatment as well as proper healthcare, to enhance people’s ability to fight off diseases and make positive contributions to the development of pharmaceutical and healthcare undertakings in the new era.



Sustainability strategies of CR Pharmaceutical

Sustainability Management

CR Pharmaceutical improves sustainability management on an ongoing basis, and keeps incorporating CSR philosophy into corporate strategies and day-to-day operation and management, so as to effectively manage our impact on stakeholders.

Organization management. We have established the Steering Committee on Corporate Culture and Social Responsibility and formed an organization matrix for social responsibility efforts. The Board of Directors is held fully accountable for the Group’s strategies on Environmental, Social and Governance (ESG). It evaluates and determines ESG risks and opportunities, and ensures a qualified and effective ESG risk management and monitoring system has been set up.

System building. In compliance with Social Responsibility Work Management Measures, we have formulated medium- to long-term plans and objectives on social responsibilities, and report

implementation progress from time to time. We have also established and continuously improved the CSR performance management system. Comprising key performance systems and indicators, the system serves as an important foundation for promoting social responsibility practices, supervising performance, showcasing outcomes, conducting benchmarking analysis and preparing reports.

Capacity enhancement. We support the pharmaceutical industry and companies in conducting CSR studies, attend relevant exchange events at home and abroad, and invite partners and CSR research institutes to give training on social responsibilities.



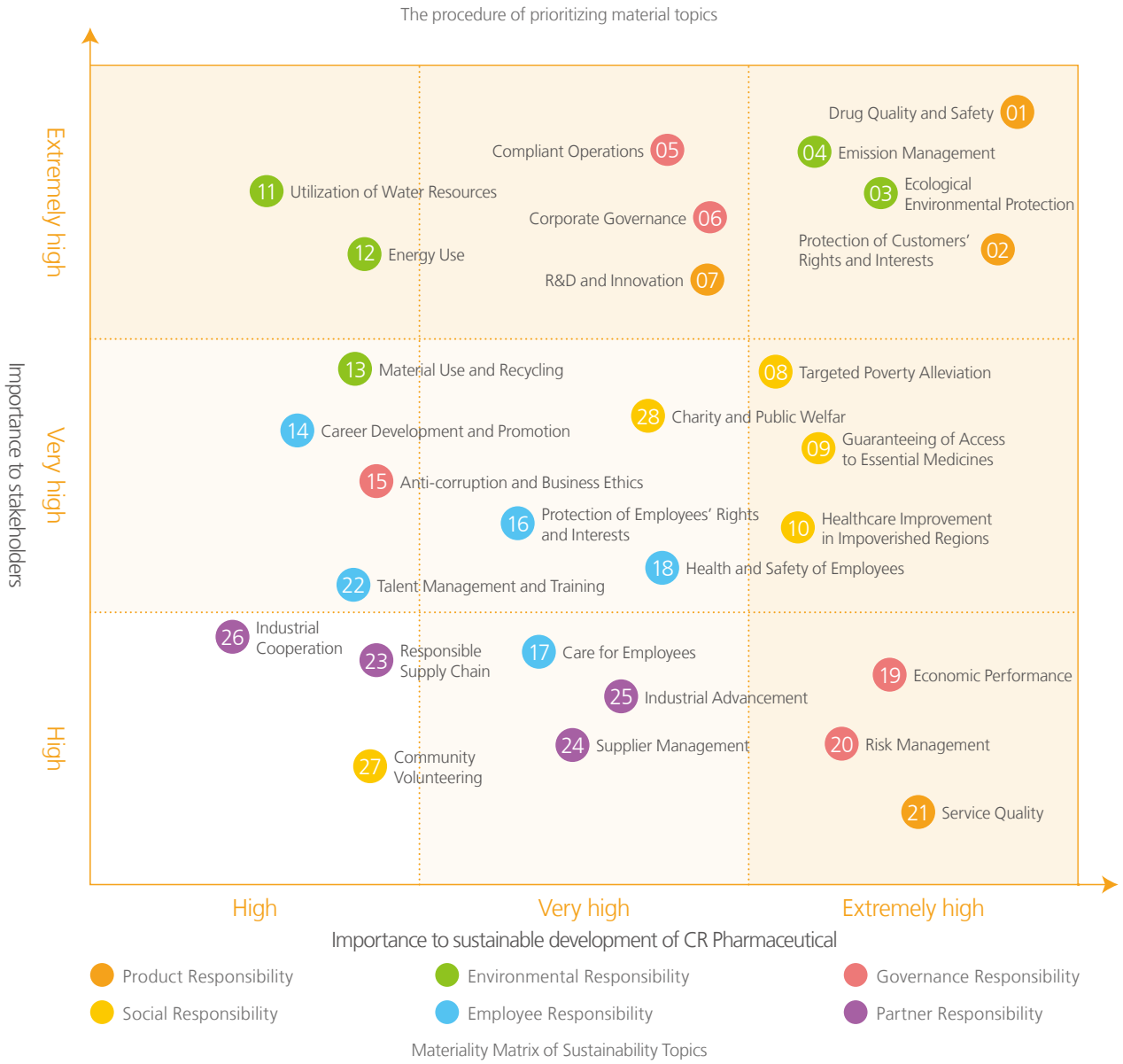
Stakeholder Engagement

CR Pharmaceutical attaches great importance to an effective communication mechanism with shareholders, employees, customers, partners, the government, communities and other important stakeholders. We actively respond to the expectations and demands of stakeholders, enrich the content of information disclosure, and thus lay a solid foundation for us to fulfill our corporate social responsibility.

Stakeholder	Expectations and Demands	Responses
Shareholders and investors	<ul style="list-style-type: none">Strengthening profitabilityImproving corporate governance structureOpen and transparent information	<ul style="list-style-type: none">Convening general meetings of shareholdersEstablishing a good investor communication mechanismReleasing notices and circulars regularly
Employees	<ul style="list-style-type: none">Protecting employee rights and interestsValuing career development and trainingCreating a good working environment	<ul style="list-style-type: none">Holding workers' congressProviding employee trainingOrganizing cultural and sports activities regularly
Customers	<ul style="list-style-type: none">Guaranteeing product qualityProtecting customers' rights and interestsProtecting customers' privacy	<ul style="list-style-type: none">Optimizing the quality management systemImproving the after-sales service networkCarrying out surveys on customer satisfactionGuaranteeing customer information safetyOrganizing training on safe medication
Suppliers/ Industry/ Partners	<ul style="list-style-type: none">Ensuring fair competitionMaintaining integrity and realizing mutual benefitsPromoting management and technological advances	<ul style="list-style-type: none">Observing laws and regulationsAdhering to win-win cooperationStrengthening supply chain managementSafeguarding healthy development of the industry
The government and supervisory bodies	<ul style="list-style-type: none">Adheinge to compliance operationLeading healthy development of the industry	<ul style="list-style-type: none">Operation with integrityPaying taxes according to lawParticipating in government projects and industry collaboration
Communities/ the public	<ul style="list-style-type: none">Serving community developmentDevoted to charitySaving energy and reduce emissionsUsing resources rationallyProtecting the ecological environment	<ul style="list-style-type: none">Strengthening community communicationDriving local employment and economic developmentCarrying out volunteer activitiesActively cooperating with environmental protection authorities in inspectionsImproving production techniques, technologies and equipmentPlanting endangered Chinese medicinal materials
Media	<ul style="list-style-type: none">Disclosing information openly and transparentlyOrganizing special interviews and exchanges	<ul style="list-style-type: none">Disclosing information timely through classified media channels such as official websites and the pressEstablishing a complete media communication mechanism

Materiality management

We have aligned ourselves with domestic and international CSR standards and national and local policies, fully considered features of our industry, and benchmarked ourselves against model companies in CSR performance in the industry, to learn from their practices of disclosing sustainability information. On this basis, we have further incorporated our development strategies and business plans, and conducted questionnaire survey to listen and respond to expectations and needs of stakeholders. Eventually, we identify and screen out 28 sustainability topics for prioritized disclosure.



01

Creating Business Value Together with Shareholders

We have been deepening reform and innovation, promoting business transformation and strengthening risk control to create common value for stakeholders through high-quality growth and legal and compliant governance, and further achieve the organic unity of economic and social values.

> Our focuses

Corporate governance, transparent business and anti-corruption, shareholders' rights and interests and investor communication

> Our actions

- Improving corporate governance
- Operational compliance with laws and regulations
- Creating economic value
- Safeguarding the rights and interests of investors

> Our performance

Revenue	Net profit
HK\$ 204,453.9 million	HK\$ 5,097.8 million

> Contribution to the SDGs



Corporate Governance

CR Pharmaceutical attaches great importance to law-based corporate governance. We continue to improve the governance structure, ensure standardized operations of the Board, strengthen honesty and compliance education, establish and improve the framework for risk management strategies, and advance anti-corruption and integrity building, so as to achieve steady growth.

Governance and decision-making management and control

We act in strict compliance with the Companies Ordinance of Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange(Listing Rules), and other relevant regulations as formulated and promulgated by regulatory authorities, to actively build an effective system for governing listed companies, and ensure compliant and orderly progress concerning corporate governance.

Building a sound management and governance structure. To seek support and advice for decision-making, the Board has established five committees underneath, namely the Remuneration Committee, the Nomination Committee, the Audit Committee, the Corporate Governance Committee and the Executive Committee (together, the “Board Committees”). The Board has set out director nomination and diversity policies, and clearly defined terms of reference of each Board committee. The Board will report, at regular intervals, summary and governance status of the Group’s policies, as well as measurable objectives and progress made accordingly. For more information about the Board’s responsibilities and composition, please refer to the Annual Report of CR Pharmaceutical 2019.

Standardizing the Board’s duty performance in accordance with the law. In 2019, the Board held one general meeting, five Board meetings, three Audit Committee meetings, four Remuneration Committee meetings, three Nomination Committee meetings, one Corporate Governance Committee meeting, and eight Executive Committee meetings, the numbers of which all met or exceeded the required by the Listing Rules or terms of reference.

Improving the decision-making system. We have sorted out terms of reference and decision-making procedures of departments, and compiled and released the Manual on Powers and Responsibilities of CR Pharmaceutical to further clarify the scope and procedures, rules of procedure and accountability for decision making on important matters, appointment and exemption of important executives, important project arrangements, and use of large-sum funds must go through collective discussion (so called “3-important & 1-large”). We have also set up and launched an online supervision system to realize information sharing and enhance decision-making efficiency.

Case An Inspection on Corporate Governance Performance Conducted

In 2019, CR Pharmaceutical conducted inspections on corporate governance performance of four non-wholly owned subsidiaries in accordance with a checklist comprising 14 check points in five aspects, including shareholding structure, institutional setting concerning corporate governance, institutional construction, and the management of proposals, notices and resolutions of meetings, etc. 35 issues were identified in the inspection, and 20 requirements and advice were put forward. Through the inspection, CR Pharmaceutical urged profit centers to consolidate the foundation, make up for shortages and enhance competitiveness, to truly improve corporate governance performance and ensure relevant fundamental work has been solidly implemented.

[Further Reading]

Information on policies, responsibilities and composition of the Board and general meetings, please click the link below:

<https://www.crpharm.com/tzzgx/gsgz/gzjg/>

Moral and honesty education

To foster integrity and honesty and eliminate corruption for the high-quality growth of our Group, we have gone to great lengths to promote integrity education, improve the working mechanism under universal oversight, punish violations severely, and take a zero-tolerance stance against fraud, so as to create a clean workplace. In 2019, there was no significant corruption case in CR Pharmaceutical.

- Formulated and improved Administrative Measures for Discipline Inspection and Supervision, Guidelines for Administration of Letters and Visits and Supervision and Discipline, Implementation Measures for the Accountability System of Party Building and Clean Governance, and other regulations
- Signed Letter of Commitment on Anti-Commercial Bribery with suppliers, and signed Letter of Compliance Liability for Marketing Personnel with pharmaceutical representatives, to eliminate commercial bribery and other forms of unfair competition.
- Carefully protecting whistle-blowers of corruption conducts, strictly implementing the avoidance system in handling cases, and complying with confidentiality discipline.



Compliance and risk management

We abide by the principle of “act lawfully, compliantly and efficiently”, strictly comply with national laws and regulations, and have compiled manuals for managing legal risks, to further consolidate the foundation for lawful and compliant operations. We keep strengthening the construction of the internal control system, set up and improve the risk management strategy framework, and comprehensively enhance the capacity of law-based corporate governance, thus boosting sustainable and healthy growth. In 2019, there was no major legal dispute in CR Pharmaceutical.

Reinforcing the internal control system. We amended CR Pharmaceutical Internal Control Assessment Criteria, added assessment procedures for “3-important & 1-large” and EHSQ, and improved contents about capital management. We conducted independent inspections of 10 subsidiaries on the design and operation status of their internal control systems, and ensured the assessment was standardized and effective.

Carrying out comprehensive risk management. We always stay prudential when it comes to risk management, and keep improving fundamental management practices like internal audit, information security and legal risk prevention & control. By promoting compliance building of the pharmaceutical system and enhancing risk management capacity of both the Group and subsidiaries on an ongoing basis, we strive to foster law-based and compliant operations.

Operation Management

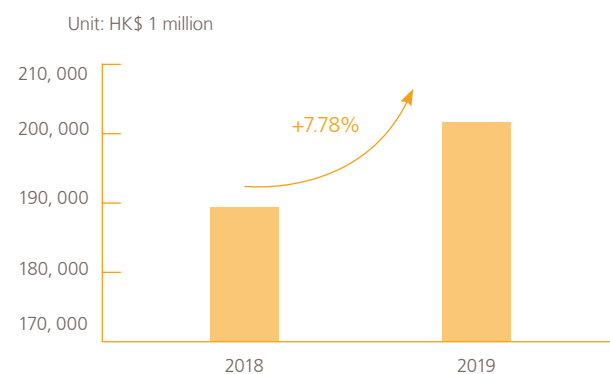
Following the development trend of China's pharmaceutical and healthcare industry and seizing opportunities brought by the reform, CR Pharmaceutical pushes ahead with innovative transformation and resource integration, reinforces its core businesses while promoting rapid development of new businesses, so as to enhance the management and control standards of operations, and maintain its leading position in the industry.



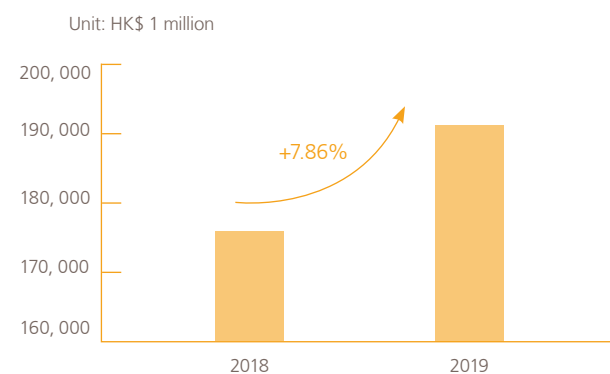
Steady progress in business performance

We have been strengthening fundamental management, fostering innovative growth and improving the industrial layout and business structure. In 2019, our operating income exceeded HK\$ 200 billion, with a growth rate in scale higher than industry average, achieving steady growth in business performance and constant improvement in operating quality.

Revenue



Total Assets



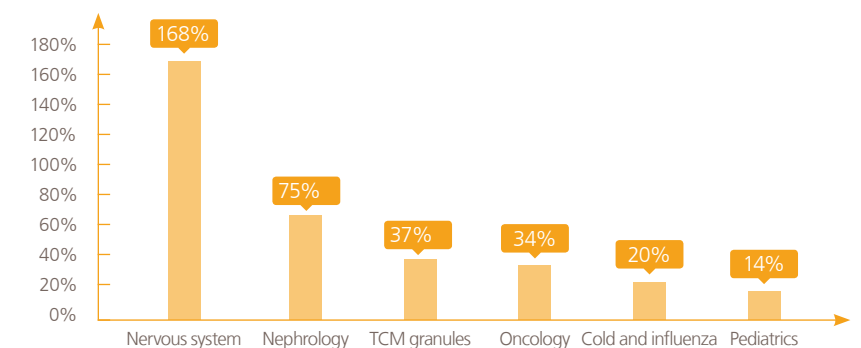
Sustainable growth of businesses

Focusing on "consolidating the foundation, improving quality, seeking innovation and staying united", we proactively adapt to policies and market demands, constantly deepen reform, acquire high-quality resources, and explore endogenous growth potential, so as to achieve sustainable and steady growth.

Pharmaceutical manufacturing

We keep forging three platforms respectively for R&D, manufacturing and marketing of biopharmaceuticals, and building a full-industrial chain operation capacity. Focusing on core business areas, we have developed 56 popular products, each with a revenue of over RMB 100 million, leading the market in multiple business segments. Through creating synergies between superior brands and core businesses, we have further strengthened brand advantages in the CHC ("Consumer Healthcare") sector.

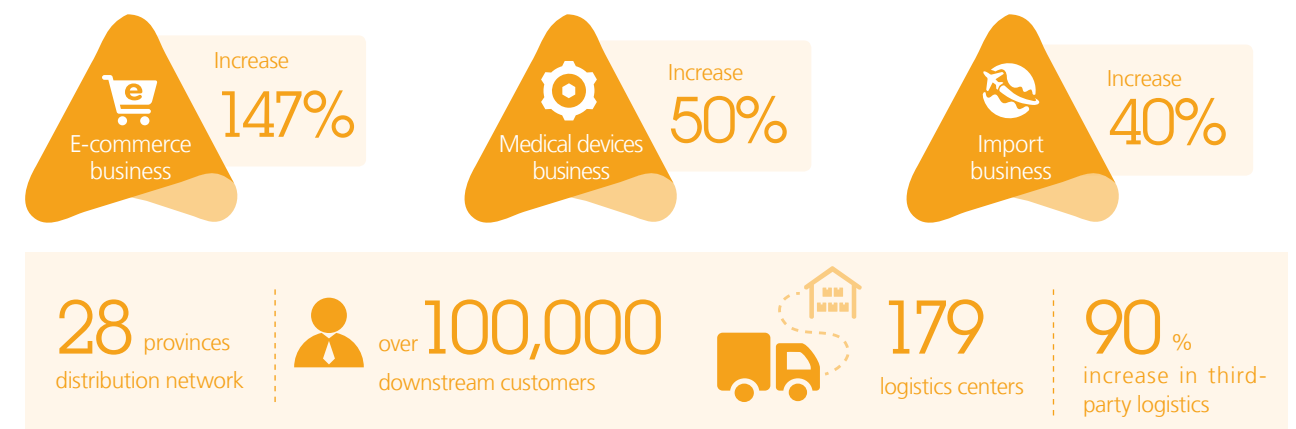
Growth rate in core areas



- CR Sanjiu, Dong-E-E-Jiao and CR Jiangzhong ranked 1st, 4th and 17th among Chinese OTC manufacturers.

Distribution

We keep an eye on new businesses and provide one-stop solutions. By improving the distribution network and product structure, we aim to build an edge in logistics.



Retail

We integrate resources and continue to promote innovative formats such as large health stores, pharmacies + clinics, and "Internet" pharmacies. In 2019, we have 852 retail pharmacies, including 175 DTP pharmacies, covering 89 cities, with revenue growth of more than 45%.

Lean operation and management

We continue to promote lean management and explore endogenous development potential. Through improving and integrating work procedures, reforming techniques and technologies, and upgrading the industry towards a more intelligent level, we have enhanced production efficiency, promoted business collaboration and resource integration, and optimized resource allocation and operating efficiency, to boost steady growth of economic benefits through high-standard operation and management.

- By 2019, the intelligent factory of Dong-E-E-Jiao has reached 95% in terms of the level of automation, and CR Jiangzhong has been equipped with a world-leading fully-automated drug production line.
- Five factories were named six-star model factories of CR Holdings, which respectively belong to Shenzhen Huarun Jiuxin Pharmaceutical Co., Ltd., Dong-E-E-Jiao, Biotech Industrial Park, CR Sanjiu Guanlan Production Base, CR Double-Crane Beijing Industrial Park, and CR Sanjiu (Zaozhuang) Pharmaceutical Co., Ltd.



CR Sanjiu (Zaozhuang) Pharmaceutical Co., Ltd. voted as a six-star model factory of CR Holdings

Investment management

To pursue growth through external expansion and expedite the acquisition of quality resources, we have taken full advantage of opportunities for integration and concentration in Chinese pharmaceutical industry by improving resource allocation, enhancing the capacity of investment management and consolidating our competitiveness, thus boosting healthy and rapid business growth.

Promoting mergers and acquisitions

Acquired shares of Jiangzhong Pharmaceutical, reinforcing our market leader position in the OTC business segment.	CR Sanjiu acquired 100% equity interest of Aonuo (China) Pharmaceutical Co., Ltd., aiming to build a leading children's healthcare brand.	CR Pharmaceutical Commercial acquired and subscribed shares of Zhejiang Int'L Group Co., Ltd., holding 20% of Zhejiang Int'L Group's total share capital, enhancing its competitiveness in eastern China.	Acquired 25% equity interest in Tycoon Group to strengthen the competitive advantage in the Hong Kong market.	China Resources Pharmaceutical Industrial Investment Fund LLP signed 6 projects involving businesses such as POCT, IVD, machine intensive delivery, API and heparin products, to reinforce business collaboration.
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4.96 %

output value has been cut by

7.01 %

while the output value per capita has increased

Investors' Rights and Interests

We actively fulfill the obligations of listed companies, and continue improving the rules of procedure of general meetings, dividend distribution and other policies and regulating shareholders' behaviors in strict compliance with the Listing Rules. In the meantime, we persistently strengthen the management of investor relations, and improve information disclosure and communication with investors, to ensure their rights to know.

Regulating behaviors of major shareholders

We continuously supervise transactions between listed companies and related parties. Controlling shareholders shall exercise their rights through general meetings, and shall not directly or indirectly intervene in the Group's decision-making and other activities. All proposals submitted by shareholders will be put to vote at general meetings, and published timely on the Stock Exchange's and the Company's websites.

Ensuring asset security

In active response to the country's management requirements and policies, we have clearly defined responsibilities relating to assets and equity, strengthened the supervision and inspection of assets, and improved financial flexibility of business units, so as to optimize the capital structure, prevent liquidity risks and improve operating quality. Up to now, all business indicators are at a healthy level.

Investor relations management

We have established a sound communication mechanism with investors and expanded channels for disclosing information, to maintain two-way interactions with investors, disclose corporate strategies, material issues, business operations, financial performance and other important information in a timely and accurate manner. Through holding performance announcements and investor summits and inviting shareholders to pay visits, we actively respond to daily inquiries of investors, continue to be more transparent and enhance our credibility in the capital market.



2019 Interim Results Conference

63

announcements published on the HKEx website in 2019

18

domestic/international investor summits attended

51

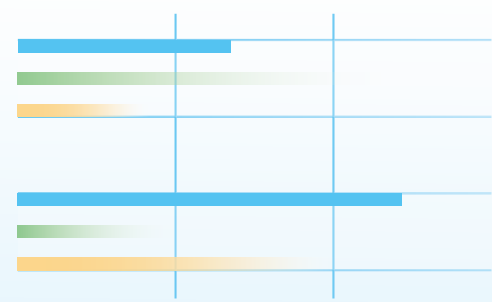
Number of the management attended domestic/international non-deal roadshows



02

Enjoying a Healthy Ecology Together with Customers

We continue to expand the scientific research platform and build capacities, empower research institutes, scientists, hospitals and other customers, and always regard timely providing safe and effective drugs to consumers as an important part of our responsibilities to customers, thus contributing our share to pharmaceutical and healthcare undertakings.



> Our focuses

Innovation and R&D, health accessibility, quality management , service improvement

> Our actions

- Empowering innovation and R&D
- Ensuring drug quality and safety
- Improving health accessibility
- Responsible operational practices

> Our performance

R&D investment	New projects under research
HK\$ 1.436 billion	150

> Contribution to the SDGs





Empowering innovation and R&D

CR Pharmaceutical regards R&D and innovation as important driving forces for its sustainable development. While improving the scientific research and innovation empowerment platform, enhancing R&D efficiency, lowering the threshold for developing new drugs and continuously improving competitiveness, we boost the development of the healthcare industry. Complying with ethical standards and animal ethics policies in R&D, we aim to conduct high-standard ethical practices and scientific behaviors in all experiments, and promote responsible research practices as well as scientific advancement.

Scientific innovation management

We launched CR Pharmaceutical Science Committee in 2019, and introduced a medium to long-term incentive mechanism and fault-tolerant mechanism for innovation and R&D. In line with Drug Administration Law of the People's Republic of China and Provisions for Drug Registration, we have promulgated and implemented CR Pharmaceutical Management Measures for Innovation and R&D to encourage innovation and regulated R&D behaviors.

We attach great importance to intellectual property protection and take a zero-tolerance stance against violations. We have formulated Management Measures for the Intellectual Property and Archive Management of R&D Projects to effectively protect intellectual property rights in the research process and fully mobilize the enthusiasm of scientific and technical personnel to protect intellectual property rights of customers and us from being violated.

R&D capacity building

Guided by clinical needs, we continue to improve innovation and R&D capacity. Through continuously improving platform development and talent cultivation, we engage more innovation and R&D staff in all links of pharmaceutical research and development, so as to benefit more patients.



R&D platform building. We participated in founding China Resources Science and Technology Research Institute, and successfully set up Early R&D Platform for Small Molecule Drugs, Biological Evaluation Platform and Drug Analysis Center, so as to establish a comprehensive and integrated R&D system. The Drug Analysis Center obtained CNAS Certification.

Introducing innovative talents: All R&D institutes under CR Pharmaceutical introduced 295 R&D talents throughout 2019.

Cultivating research capacity: We have established and improved SOPs (standard operating procedures) and templates for normative documents, and strengthened training and exchange to improve professional skills of employees, especially persons in charge of specific majors and leaders of research groups.

Case TCM Granules Testing Center of CR Sanjiu Guoyao Business Department Obtains CNAS Certification

In March 2019, TCM Granules Testing Center of CR Sanjiu Guoyao Business Department passed the on-site assessment and review of CNAS, becoming one of the first laboratories passing CNAS accreditation after the new version of Accreditation Criteria for the Competency of Testing and Calibration Laboratories entered into force. This reflected that the Testing Center has entered a new stage in hardware setting, management system, technological level, professional competence and employees' quality.



CNAS Certification

3 national accredited engineering technology research centers

3 national accredited enterprise technology centers

17 provincial and municipal accredited research centers

150

products in the R&D pipeline

67

R&D stage innovative drugs

91

new patent applications filed

101

new patents obtained

49

approvals for clinical use and manufacturing obtained during the 13th Five-Year Plan period

Commercialization of research outcomes

Commercialization of research outcomes is an important foundation for applications and promotion of new drugs. We actively promote the commercialization of research outcomes, develop both generic and innovative drugs to build our core competitiveness, and strive to provide high-quality products to the general public to enable more people to access healthcare resources. In the meantime, we comply with ethical standards and animal ethics policies, and promote responsible research practices as well as scientific advancement.



Research laboratory of CR Double-Crane Research Institute

The Group assigns a high priority to consistency evaluation on the quality and effectiveness of generic drugs, and has opened up its Biological Equivalence Anticipation Platform to further improve the quality of generic drugs and bring convenience to patients. In 2019, 64 key consistency evaluation projects were commenced; six products passed or were regarded as passing the consistency evaluation; research on 11 products was completed, and applications were filed.

Mifepristone Tablets (10mg and 25mg) passed the consistency evaluation and obtained national reference drug qualification.

Metformin Sustained-Release Tablets passed the consistency evaluation.



Azithromycin Tablets obtained approval of drug supplementary application from the NMPA.

Finasteride Tablets (5mg) were approved by the NMPA as the first product of its kind to pass consistency evaluations on generic quality and effectiveness.

Case

Class I Innovative Drug for Treatment Approved for Clinical Trials by FDA

CR Pharmaceutical owned the proprietary intellectual property right of NIP292. It is the first Class I innovative drug that is owned by CR Pharmaceutical and approved for clinical trials, and the first new drug approved for international clinical trials. It is of great potential of treating autoimmune diseases, fibrosis diseases and malignant tumors, and hopefully will become a safer and more effective drug for IPF (Idiopathic Pulmonary Fibrosis) patients in China and around the world, which will greatly relieve patients' burden and bring high social benefits.

The FDA approval for an Investigational New Drug (IND) was not only an important milestone for the NIP292 project, but also a breakthrough for China Pharmaceutical R&D Center in the development of international new drugs. It also marks the center's breakthrough in the development of innovative drugs to cure orphan diseases and will further enhance CR Pharmaceutical's reputation for innovation.

Ensuring Drug Quality

Through an all-rounded and full-life cycle quality management system, we have achieved constant improvement in quality standards. We listen to customers, live up to and outperform customers' expectations, and cater to the public's health needs through responsible marketing.



A Meeting for Reporting Pharmaceutical Quality Incidents and for Warning Education

Quality management and product safety

We have developed quality management regulations and a quality management system, improved internal supervision mechanism and constantly improved techniques and quality of products that we have put into the market, so as to reduce quality risks. We supervise and manage pharmaceutical manufacturing and operation companies, and have set up a pharmacovigilance platform for effective collection and management of information about adverse effects of medicines in the market.

Facilitating innovations in quality management. We launched a pilot of "keeping one book for each product" to strictly control product quality, and keep improving and promoting the PEPSI system, to improve quality archives and consolidate management foundation.

Implementing lean management. While reinforcing fundamental management, we have been upgrading equipment and adding intelligent features. A part of our workshops have realized full-process product visualization and real-time information collection.

Advancing quality construction through multiple channels. Through taking "blind tests", conducting quality audits and other approaches, we aim to earnestly strengthen all employees' awareness of quality risks, strengthen the monitoring and management of product quality, and deliver products with higher quality. In 2019, our blind tests covered 167 varieties and 485 batches of products, to ensure authentic assessment of product quality in different distribution links, and effectively prevent terminal quality risks.



Case

The Pharmacovigilance System Supports Risk Management of Medication Safety

CR Pharmaceutical combined Guideline on Good Pharmacovigilance Practices (GVP) for the European Union and China's Management Standards for Pharmacovigilance Practices (draft) to set up a pharmacovigilance quality management system, and successfully launched a pharmacovigilance information system, so as to improve its pharmacovigilance management standards step by step, and effectively realize standardized governance of adverse effects of medicines.



Won the quality benchmarking enterprise of the national pharmaceutical industry

Product recall and compliant mechanism

We continuously improve the service system and product recall and compliant mechanism, gain a deep understanding of customers' needs and perfect customer service. By improving informatization construction and protecting information security and customers' privacy, we aim to meet customers' demands with more efficient and superior services.

Emergency pharmaceutical products recall mechanism. We have set up and improved a monitoring network for pharmaceutical quality and safety information, and act in accordance with Management System for the Recall of Pharmaceutical Products, to ensure once severe adverse events or potential severe adverse events occur, the problem products could be recalled immediately. We deal with expired and unqualified medicines in compliance with Management Regulations for Unqualified Pharmaceutical Products, to minimize losses caused to the interests and health claims of end consumers

Customer compliant and feedback handling. We keep improving the after-sales service system by setting up a sound regular satisfaction survey and feedback mechanism. According to regulations like Management Procedures for Complaints, we have regulated the standard procedures for receiving customer complaints, investigating and handling, and making responses, to ensure the complaints are handled timely and effectively. In 2019, 100% of customer complaints were handled, with a satisfaction rate exceeding 95%.



Case CR Pharmaceutical Commercial Makes Active and Patient Communication to Handle Hospital Complaints

In 2019, staff at Shijingshan Medicine Inventory found the Piracetam powder for injection was cakey at the bottom of the ampoule, so they stopped selling the product and made complaints. CR Pharmaceutical Commercial immediately reached out to the manufacturer and asked the supplier to go to the hospital for communication. Learning that the cakey substance existed due to the high viscosity of Piracetam, CR Pharmaceutical Commercial contacted the manufacturer to issue relevant professional documents and evidence, and compared the appearances and forms of the product with other lyophilized powder products and selected samples. Besides making comparison, the company also provided a third-party quality inspection report as required by the new Drug Administration Law. Finally, sales of the product were resumed.



Lean production, serving consumers' health and safety

Rational medication

We strictly comply with and continue to improve our Product Packing Management Procedures and Management Measures for Trademark Licensing, to regulate pharmaceutical information disclosure, and strengthen standardized management of product package design, advertisement releasing procedure, and trademark application and usage. We stick to responsible advertising, advocate rational medication and raise the public's awareness of drug safety, so as to serve our customers in an accurate and responsible way and substantially protect consumers' rights and interests.

Case Standardizing Disclosure of Pharmaceutical and Service Information and Sticking to Responsible Promotion

CR Pharmaceutical conducts pharmacovigilance risk assessment of marketed drugs in line with GVP standards, identifies risks and safety signals, proactively carries out risk mitigation measures, consciously improves descriptions of adverse reactions in instructions and obtains approvals from drug administration departments, thus providing safe and effective medicines and healthcare services to patients. All package labels of drugs are based on the registration data and are subject to strict review for approval to ensure the authenticity and accuracy of relevant information. Adverse reactions that may occur in a small percentage of patients are specified in instructions.

Case CR Sanjiu Opens WeChat Official Account "999 Sunshine Club"

CR Sanjiu opened WeChat official account "999 Sunshine Club". Inheriting the vision of "being a pacesetter of sunshine marketing in the pharmaceutical industry", the company posts industrial trends, tips on disease prevention, basic medical facts and other information to agents and marketing personnel. In 2019, CR Sanjiu posted through the official account characteristics of and tips on choosing antibiotics, misuse of antifungal agents, interpretations of Drug Administration Law, allergic reactions to antibiotics, and other science knowledge and guidelines. Through sharing information close to daily life, the company helps marketing personnel to understand effects and side effects of medicines, knowledge about the use of drugs, and trends in the industry, to equip marketing staff with higher professional skills.



Scan the QR code for more information

Improving Health Accessibility

Through ensuring ample supply of pharmaceuticals and pricing products in a fair and proper way, we promote disease prevention and treatment, foster grassroots healthcare development and enhance the accessibility of healthcare services.

Ample supply

To cater to market demands, we promote the innovative integration of “Internet + pharmaceuticals”, build creative business models and actively transform sales pattern, expand sales channels to ensure regular supply of pharmaceuticals and medical devices, meet healthcare needs of special groups and better serve patients and consumers.

852
retail pharmacies

175
DTP pharmacies

Case CR Pharma E-Store – Accessibility Powered by Internet+

As a large-scale comprehensive pharmaceutical service platform, CR Pharma e-Store explores the integrated development of online and offline businesses facing hospitals and merchants, contributes to the industry ecosystem, and dedicates itself to providing end consumers with online procurement, delivery, online payment and other services, to support the transformation of hospitals and merchants in an innovative way. By the end of 2019, CR Pharma e-Store had gone live in 20 provinces, autonomous regions and municipalities directly under the central government, including Shandong, Guangdong and Hunan, and organized over 70 large-scale promotions both online and offline, reaching an annual transaction value of over RMB 20 billion.

Fair and proper pricing

We strictly comply with Opinions on Pushing Forward the Pharmaceutical Pricing Reform issued by National Development and Reform Commission, and other laws and regulations relating to pharmaceutical pricing management. Based on our production and operation cost and considering the market demands, we timely manage and control the highest retail price, bidding price, deal price and online sales price in accordance with national and CR Pharmaceutical's opinions and advice on pharmaceutical pricing reform. We do not intervene terminal prices of pharmaceuticals to ensure that patients could access medicines at a fair and proper price.

Disease prevention & cure

Promoting disease prevention and treatment is an effective and important means to realize health accessibility. We have forged strategic partnerships with multiple parties to gain innovative insights into disease prevention and treatment, and to provide better diagnosis services to patients.

Case Co-building a Clinic for Orphan Diseases with the First Affiliated Hospital to Sun Yat-sen University

There are approximately 20 million orphan disease patients in China, and the number grows by over 200,000 every year. A total of 50 million people are affected. To resolve problems such as lack of treatment and medicines for orphan diseases, in May 2019, CR Pharmaceutical cooperated with the First Affiliated Hospital to Sun Yat-sen University to co-build a clinic for genetic diseases of the nervous system/orphan diseases. CR Pharmaceutical also hoped to utilize its professional edge to deliver drugs directly to patients with such diseases.

Case CR Sanjiu introduces anti-tumor new drug and gains clinical approval

CR Sanjiu signed a strategic cooperation agreement with Shenyang Pharmaceutical University on the R&D of a new drug, QBH-196. Preclinical studies of QBH-196 showed its relatively high antitumor activity, and indicated that it might be an effective drug for gastric cancer and hopefully other solid tumors. Now, the preclinical studies had been completed, and the drug was approved for clinical trials.

Grassroots healthcare development

Healthcare talents are the key to improving the standards of grassroots healthcare services. To meet the needs of grassroots healthcare workers, we adapt to local characteristics and help grassroots healthcare services to build capacity step by step, so as to provide better services and enhance accessibility.

Case CR Sanjiu Launches the “Gatekeeper of Children’s Health” Program

In October 2019, Haowawa, a CR Sanjiu brand specialized in children’s medicines, launched the “Gatekeeper of Children’s Health” program in Shijiazhuang, Hebei province. Aiming to integrate resources from multiple channels and empower grassroots doctors, the company invited pediatric specialists with rich clinical experience to cater to grassroots doctors’ needs and provide targeted pediatrician training, to meet children’s daily healthcare needs in a more professional and standardized manner, and benefit more pediatric patients. By the end of 2019, over 600 grassroots pediatricians had received training on proper use of medicine and common diseases for children through the program.

“Training courses in the ‘Gatekeeper of Children’s Health’ program are helpful for us to learn professional pediatrician knowledge and ways to solve problems we may face in diagnosis. I hope to seize this opportunity to improve my professional skills and gain more confidence for better protecting children’s health.”

—Miao Zhongwei, a grassroots pediatrician in Bazhou city, Hebei province



Opening Ceremony of the “Gatekeeper of Children’s Health” Program

03

Being a Guardian of Ecology

We actively respond to climate change, fulfill environmental responsibilities, save energy and reduce emissions, and constantly enhance the comprehensive utilization of resources, so as to enable harmonious co-existence of man and nature and build green competitiveness.



> Our focuses

Ecological environmental protection, energy use, water use, material use and recycling, emissions management

> Our actions

Strengthening environmental management
Promoting green production
Actively addressing climate change

> Our performance

Environmental protection investment increased

31.73 %

Overall energy consumption per RMB 10,000 of output value decreased

4.96 %

> Contribution to the SDGs



Environmental Management

While strictly complying with the Environmental Protection Law of the People’s Republic of China and other laws and regulations, we have been building and improving the environmental management system from organizational structure, monitoring and assessment, indices accounting, target management, responsibility fulfillment, education and training, hidden hazard troubleshooting and governance, and accident emergency plans. We continue to scale up efforts in protecting the ecological environment and consolidating such work, to minimize the impact of our operations on the environment.

“

Vision on environmental protection, energy conservation and emission reduction

Promoting Green Production, Becoming Industrial Leader

Strategies on environmental protection, energy conservation and emission reduction

Starting from energy conservation and environmental protection projects as well as applications of new technologies, we have been scaling up efforts in cutting emissions from the root and throughout the operation process, promoting clean production, advancing reduction, recycling and reuse of pollutants, and ensuring compliant operations. We actively practice green responsibilities as a corporate citizen, and align ourselves to high standards, maintain good reputation and enhance endogenous competitiveness, to achieve long-term and sustainable development.

—CR Pharmaceutical’s 13th Five-Year Plan on Environment, Health, Safety

”



CR Jiangzhong bestowed “Green Management Award – Gold”

<p>Identifying Ecological Environmental Risks</p> <p>Conducting environmental impact assessment and obtaining all needed licenses and environment-related approvals for manufacturing facilities, to realize effective monitoring and management of ecological environmental risks.</p>	<p>Reducing Environmental Compliance Risks</p> <p>Compiling Guidelines for Conducting Environmental Protection Acceptance Check upon Completion of Projects, to reduce environmental compliance risks and substantially improve environmental protection level.</p>	<p>Formulating the Three-Year Action Plan</p> <p>Launching the Three-Year Action Plan for Ecological Environmental Protection and Pollution Source Control in 2018, to aim high and control the situation consciously.</p>	<p>Raising the Awareness of Environmental Responsibilities</p> <p>Transitioning from being monitored to make voluntary commitments, and signing Letter of Commitment on EHS and Quality Management, to raise the awareness of environmental responsibilities and strengthen internal management and control.</p>
2018	2019	2020	
Identified key elements of environmental impact and assigned 137 environmental protection and improvement tasks – two went to Dong-E-E-Jiao, 61 to CR Sanjiu, 55 to CR Double-Crane, 14 to CR Zizhu, three to the National Institute of Pharmaceutical R&D, and two to CR Pharmaceutical Commercial.	77 environmental protection and improvement tasks had been completed; 14 were in progress; 10 were amended due to changes in policies or corporate development plans; 27 environmental improvement projects were newly launched; the overall progress was satisfying.	Comprehensively realizing an environmental governance landscape where “pollution must be controlled, control must be effective, and emissions must comply with laws and regulations”.	

Three-Year Action Plan for Ecological Environmental Protection and Pollution Source Control



Creating Business Value Together with Shareholders

Enjoying a Healthy Ecology Together with Customers

Being a Guardian of Ecology

Pursuing Mutual Benefits and Prosperity Together with Partners

Creating a Happy Life Together with Employees

Showing Humanistic Care Together with Communities

Green Operation

We have incorporated green development philosophy into the full lifecycle of products, including sourcing, production, transportation and terminal control, to aim high and strictly abide by the environmental protection red line. We actively promote energy conservation and emissions reduction, strictly manage and control pollutant emissions, practice green operations and minimize our negative impact on the environment.

Energy conservation and emissions reduction

We further enhance energy management, set annual energy conservation assessment indices, standardize the statistics management procedures, and push ahead with research and applications of environmental protection and energy saving technologies, to develop green and circular economy and continuously enhance energy utilization performance while reducing environmental impact.

RMB **41.9894** million
Total investment in energy conservation
and emissions reduction in 2019

Optimizing energy structure

We promote the use of new energy, such as solar power, and have successively completed projects of replacing coal with natural gas as fuels for boilers. By using natural gas, a clean energy, we have reduced emission of air pollutants, such as SO₂ and NO_x, from the source.

Promoting energy conservation and environmental protection technologies

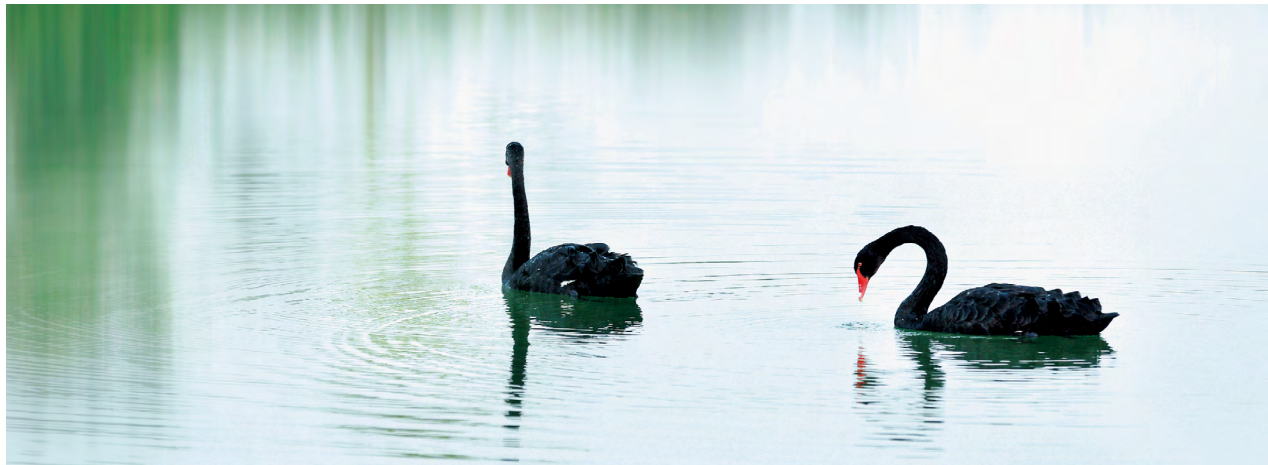
We have carried out research projects on energy saving technologies and developed relevant standards to promote the applications of energy conservation and environmental protection technologies. Through upgrading manufacturing equipment to enhance energy utilization and making breakthroughs in key green manufacturing techniques, we have saved energy, cut emissions, took down costs and boosted benefits.

Improving sustainable use of resources

We recover waste heat, build recycling chains for water and raw materials, and develop green and circular economy, adopt new and green packaging materials and technologies to reuse packaging boxes, and standardize packaging design to enhance its versatility in logistics and transportation.

Optimizing carbon emissions management

We have carried out relevant management studies to quantify carbon emissions in our manufacturing and operation process. CR Jiangzhong studied and developed a carbon accounting module; CR Sanjiu conducts carbon audits of business units underneath to verify and ensure the effectiveness of GHGs control measures.



Harmonious environment in our factories

Case CR Sanjiu Continuously Facilitates Upgrade for Waste Gas Control

CR Sanjiu continuously urges its 19 business units to upgrade waste gas treatment as scheduled. By the end of the reporting period, all manufacturing units had completed VOCs (volatile organic compounds) treatment projects as planned. Beijing China Resources Gaoke Natural Medicine Co., Ltd., a subsidiary of CR Sanjiu, improves waste gas treatment on an ongoing basis, and has completed the Three-Year Action Plan for Ecological Environmental Protection with high standards and quality. According to control requirements in Integrated Emission Standard of Air Pollutants, CR Gaoke collects waste gases generated from the purification process of injection solution workshops, and emits the gases after treating them with activated carbon in line with relevant standards. In 2019, CR Gaoke finished VOCs treatment project of injection solution workshops. After the upgrade, the emission concentration of non-methane hydrocarbon was reduced from 13.20 mg/m³ to 2.79 mg/m³.

Pollution prevention and treatment

We stick to the principle of reducing, recycling and detoxifying pollutants. Based on laws and regulations relating to pollution prevention and treatment, we have formulated systems such as Management Procedures for Solid Waste, and Management Procedures for Water Pollution Prevention and Treatment, and actively carry out pollution prevention and treatment. We have strengthened monitoring and inspection, set up sewage treatment and waste management equipment, and strictly regulate handling procedures for hazardous waste, to ensure all waste materials are discharged after meeting relevant standards and reduce environmental burden.



Creating Business Value
Together with Shareholders

Enjoying a Healthy Ecology
Together with Customers

Being a Guardian of
Ecology

Pursuing Mutual Benefits and
Prosperity Together with Partners

Creating a Happy Life
Together with Employees

Showing Humanistic Care
Together with Communities

Ecological protection

A favorable ecological environment is the foundation for survival and development of mankind. We attach great importance to protecting the ecological environment, and have made great efforts to develop medicinal seeds and seedlings for manufacturing traditional Chinese medicine, standardizing artificial cultivation and breeding, and reducing dependence on wild resources. We will actively investigate and protect the origins of wild species to achieve coordinated and sustainable development between ourselves and nature.

Case CR Jiangzhong Forges a Green Model for Chinese Factories

“Treat nature in a natural way, and be an integral part of nature”. CR Jiangzhong has perfectly combined TCM with modern technologies, and nature with modern industry. It upholds a manufacturing philosophy of “making nature green again and sky clear again through utilizing technologies”, and aims to be a practitioner of ecological civilization, embarking on a new stage of ecological progress for Chinese manufacturing enterprises.

Developing hardcore technologies

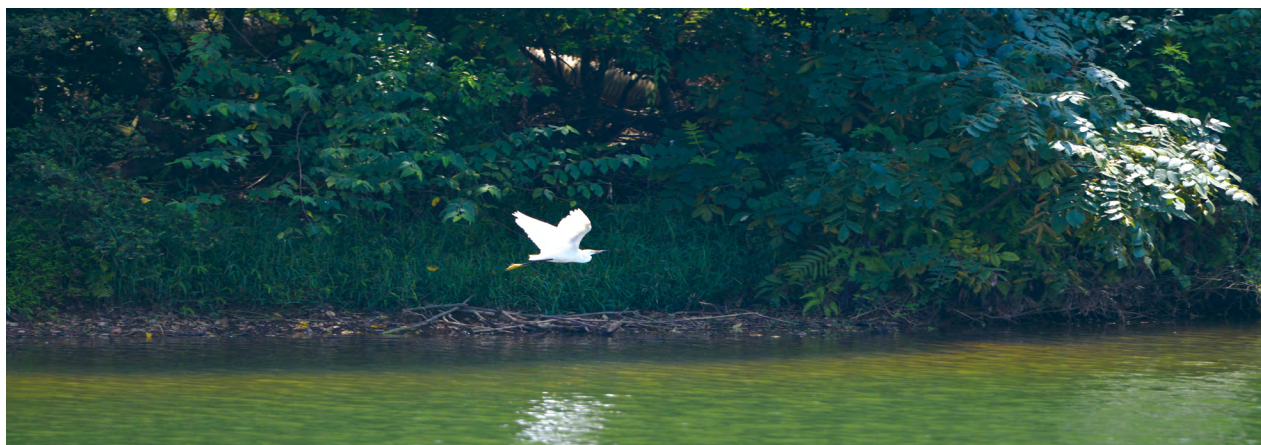
The green CR Jiangzhong Wanli Manufacturing Base (also named Jiangzhong TCM Valley) was built in line with top global standards. While taking energy conservation, environmental protection and greenness into full consideration, it is able to boost high-quality economic growth and protect the ecological environment at the same time. In 2015, the base weeded out coal boilers and turned to use natural gas. Equipped with a daily sewage treatment capacity of 3,000 tons, it outperforms all sewage discharge standards in the industry. The energy saving efficiency of its intelligent TCM production line has reached over 60%. The base truly practices green, circular and low-carbon development, making “sky bluer, water clearer and air fresher”.

Protecting the natural environment

Jiangzhong TCM Valley, known as “China’s most beautiful factory”, is also a 3,000mu home to wildlife. In early summer, the valley is the wonderland of hares, river deer, squirrels and barking deer, and the homeland of rare and valuable tree species, such as nanmu and *Taxus chinensis*. The valley also assigns specific wildlife keepers to safeguard the vivid picture scroll of man living in harmony with nature.

Passing on ecological progress

Putting “civilized manufacturing” at the core of its operations, CR Jiangzhong builds on its superior manufacturing base and philosophy to create an ecology-oriented manufacturing environment. It was bestowed the honorary title “National Green Factory” in 2018, approved to be one of China’s standardized demonstration projects on energy conservation, and obtained ISO 50001 Energy Management Systems certification. CR Jiangzhong has also been cited as provincial- and municipal-level model practitioner of energy conservation and emissions reduction for multiple years in a row.



Jiangzhong TCM Valley is a 3,000mu home to wildlife

Green Life

We actively advocate “saving energy and being thrifty”. We pay attention to the work environment of employees, cultivate employees’ awareness of energy conservation and environmental protection, and promote “green office”. While promoting the publicity and education of energy saving, emissions reduction and environmental protection, we participate in and launch various green campaigns for public welfare, and call upon more people to be engaged in ecological protection.



CR Jiangzhong organized Environmental Protection Public Open Day

Measures for Green Office



Turn off office lighting when it is not in use to save electricity



Set AC temperature at 26 in summer and 20 in winter to reduce power consumption, save energy and reduce emissions



Install insulated door curtains at the entrance of the office building in winter to reduce heat loss



Give reminders on double-sided printing at printers and copiers, set up wastepaper collection shelves in copy rooms for reuse of paper



CR Double-Crane Beijing Industrial Park



04 Pursuing Mutual Benefits and Prosperity Together with Partners

We strive to achieve mutual benefits and win-win outcomes together with partners, and build an efficient and responsible supply chain, so as to pursue common prosperity with partners, and deepen sustainable and win-win cooperation.



> Our focuses

Win-win cooperation, supply chain management

> Our actions

- Accelerating strategic cooperation
- Driving industry progress
- Building a responsible supply chain

> Our performance

Strategic cooperation procurement increased by **27%** Downstream customers over **100,000**

> Contribution to the SDGs

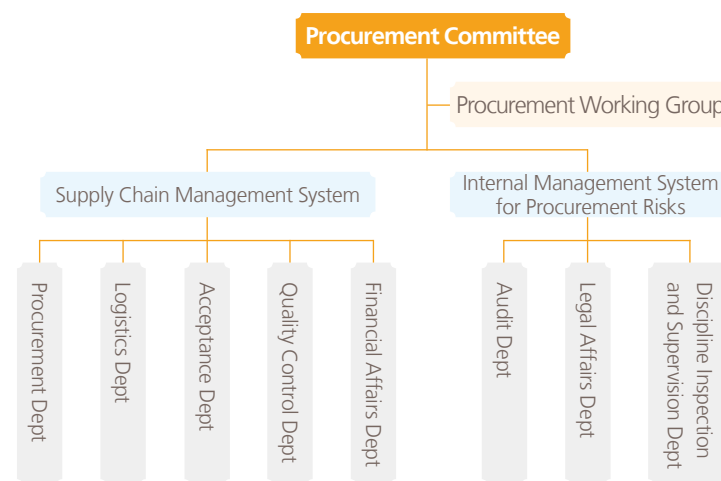


Co-building a Responsible Supply Chain

We stick to responsible procurement and keep strengthening supplier management. We proactively map out businesses in core areas and links of the industrial chain, and forge intelligent and comprehensive pharmaceutical supply chain services, helping suppliers improve awareness and capabilities of sustainable growth, boosting sustainable competitiveness of the supply chain, and joining hands with suppliers for mutual growth and development.

Improving the management platform

We have established and have been improving the management organization and system for suppliers. In line with requirements specified in Management Measures for Suppliers, we formulated an Agreement on Clean Governance and Concerted Efforts to continuously standardize and normalize supply chain management. We have established a sound supply chain information visualization platform, launched an information system for the online bidding platform, and endeavored to realize the complete openness, transparency and digitalization of the procurement and sourcing process, so as to improve the informatization level of procurement management, and build a responsible value chain with concerted efforts.



Organizational Chart of the Supply Chain and Procurement Management System

Case CR Jiangzhong Insists on Sunshine Procurement and Prevents Commercial Bribery

Since September 2019, CR Jiangzhong required suppliers to sign Sunshine Declaration together with the supply contract, to contribute to “Sunshine Procurement” hand in hand. To strengthen oversight of procurement staff and prevent commercial bribery, the company conducted a questionnaire for procurement staff on integrity and self-discipline performance. 56 suppliers with a procurement volume over RMB 500,000 sealed the questionnaires and sent feedback, and no bribery was reported.

Strengthening assessment and review

We will consider performance relating to corporate social responsibilities when making decisions for the access of new suppliers and assessment and review of existing ones. Through formulating and improving supplier management systems such as Management Procedures for Supplier Audit and Management Procedures for Supplier Assessment, we have developed and implemented evaluation and incentive mechanisms featuring “quarterly assessment, annual evaluation and dynamic management” for suppliers, so as to guide them to enhance sustainable management capacity and give full play to our value-adding role in the supply chain.

Case CR Zizhu Gives Special Attention to Suppliers' Environmental Accreditations in Procurement

When selecting new suppliers and inviting bids for bulk materials, CR Zizhu pays attention to the quality, environmental and occupational health accreditations of suppliers, urges suppliers to be responsible for social and environmental impacts of their decisions and operations, and encourages them to apply for quality, environmental and occupational health and safety accreditations, so as to enhance their awareness of sustainable development, mobilize partners to jointly fulfill social responsibilities and foster green procurement.

Valuing communication and exchange

We have been strengthening communication and cooperation with suppliers. By optimizing the structure of qualified suppliers, promoting high-level mutual visits between us and key suppliers, and providing technologies and services, we have formed strategic partnerships with strategic and key suppliers, strengthened the strategic alliance with suppliers providing scarce resources, and developed a unique competitive edge in procurement.

Case CR Double-Crane Joins Hands with Suppliers to Promote Green Packaging¹

CR Double-Crane values collaboration with suppliers of packaging materials, and works together to optimize packaging design and promote the use of green packaging materials and techniques. In terms of logistics, they have further standardized package design to enhance the versatility of packaging and reduce the storage occupation of packaging materials, streamline packaging steps and reduce work hours. The packaging boxes are designed to fit in pallets and cargo spaces, so as to enhance production efficiency while lowering logistics costs.

Promoting capacity building

We provide suppliers with equal chances to compete, help suppliers better fulfill responsibilities, provide targeted technical guidance and strengthen follow-up efforts to continuously enhance the sustainable development capacity of the industrial chain.

Case Dong-E-E-Jiao Supports Medium-Sized and Small Suppliers

Dong-E-E-Jiao actively provides on-site technical instructions to and shares information with suppliers of important TCM ingredients, to help suppliers improve the ability of fulfilling responsibilities and competitiveness in the industry, while securing its own high-quality TCM sourcing channel. The strategic partnership between the company and its suppliers is even closer.

Cooperating for Win-Win Development

We keep improving the cooperation mechanism between us and local governments and industrial associations, and proactively strengthen collaboration with stakeholders, including the government and all kinds of academic institutes, to explore and organize various strategic cooperation projects, and achieve mutual benefits and win-win outcomes.

Leading industrial growth



CR Pharmaceutical awarded "Top 10 China Pharmaceutical Enterprises 2019"

We have unblocked channels between us and international pharmaceutical manufacturing associations, China Pharmaceutical Industry Association, Chinese business associations, and Chinese Hospital Management Association, to actively respond to industrial policies and promote industrial exchange, strengthen the engagement and reputation of CR Pharmaceutical in the market, and actively foster and maintain potential partnerships, creating business opportunities for future collaboration. In 2019, we organized industrial communication and expansion events for over 30 times through multiple channels.

Case CR Double-Crane Actively Leads Academic Development of the Industry

In 2019, CR Double-Crane participated in the compilation and promotion of Guidelines for the Management of Hypertension in the Elderly in China and Consensus of Chinese Experts on Oral Hypoglycemic Medications for CKD (Chronic Kidney Disease) Patients with Type 2 Diabetes. It also cooperated with China National Children's Center to carry out and successfully complete the research project "Infusion Safety for Children and Post-Infusion and Medication Safety Assessment". The company has attended national and provincial academic conferences and seminars, and organized regional academic events, to strengthen communication and cooperation with organizations, hospitals and doctors.

"CR Double-Crane's research project Infusion Safety for Children and Post-Infusion and Medication Safety Assessment was of great clinical value and significance, and was beneficial to promote proper pediatric medication, providing reference for pediatricians to select safe infusion products. The project also played an important role in facilitating advancements in infusion manufacturing technologies, improving infusion quality evaluation standards, and promoting good products in the infusion area."

—A renowned pharmaceutical expert in Peking Union Medical College Hospital



Attending ChemPharm Annual Summit 2019

Expanding diversified cooperation

We value communications with stakeholders such as the government, companies, banks and the media, and keep investing more in industry-academia-research collaboration, continuously expanding fields and channels of cooperation, promoting common growth in sustainable development capacity, and realizing win-win results through cooperation.

- Cooperating with domestic and international R&D institutes through multiple flexible approaches, such as technology licensing, service outsourcing and co-building of joint labs.
- Exploring new ways of innovating the R&D systems and institutions, and discussing project, talent and strategy cooperation.

- Continuously strengthening regular communication and exchange with international and domestic investment banks



- Setting up an exchange platform facing the government to report business needs.
- Promoting cooperation between companies and local governments, and coordinating the signing of strategic cooperation agreements with multiple provincial governments.

- Maintaining positive and candid cooperation with the media
- Effectively carrying out external communication to find weak points in responsibility fulfillment

- Expanding the communication channel between us and major international pharmaceutical companies.
- Establishing business liaisons and exchange relations with globally-renowned companies, such as Pfizer and Novartis.

Case Cooperating with the National Center for Nanoscience and Technology on Developing China's First Nanomedicine

In March 2019, the first variety of nano-micelle irinotecan formulation developed by CR Pharmaceutical and National Center for Nanoscience and Technology was granted approval for clinical trial by National Medical Products Administration (NMPA). It is China's first nanomedicine approved for clinical studies, reflecting milestone progress of CR Pharmaceutical's collaboration with NCNT.

Case Expanding Cooperation with Developing Countries

CR Pharmaceutical attaches great importance to cooperation with developing countries in the pharmaceutical field, and has signed a strategic MOU on product and technology development with Sun Pharmaceuticals, India. Both parties have been gradually scaling up cooperation in generic drugs, new drugs and OTC, etc., by introducing products and carrying out in-depth technological cooperation. Dong-E-E-Jiao has gone to great lengths to expand its export business to countries along the Belt and Road, and has helped developing countries along the route to enhance healthcare accessibility. From January to October 2019, the company's exports to Indonesia amounted to RMB 15.1 million, reaching a significant year-on-year increase of 473%.

Creating a Happy Life Together with Employees

Upholding a talent development philosophy of “respecting value, unleashing potential and boosting happiness”, we safeguard employees’ legitimate rights and interests, improve employee satisfaction and dedicate ourselves to promoting sustainable development of talent resources.



> Our focuses

Employee rights and interests, employee care, occupational health

> Our actions

Protecting the legitimate rights and benefits of employees

Strengthening the work safety of employees

Paying attention to the growth and happiness of employees

> Our performance

Staff training coverage rate in 2019

100 %

Employees' occupational health and safety investment

RMB 73.4657 million

> Contribution to the SDGs

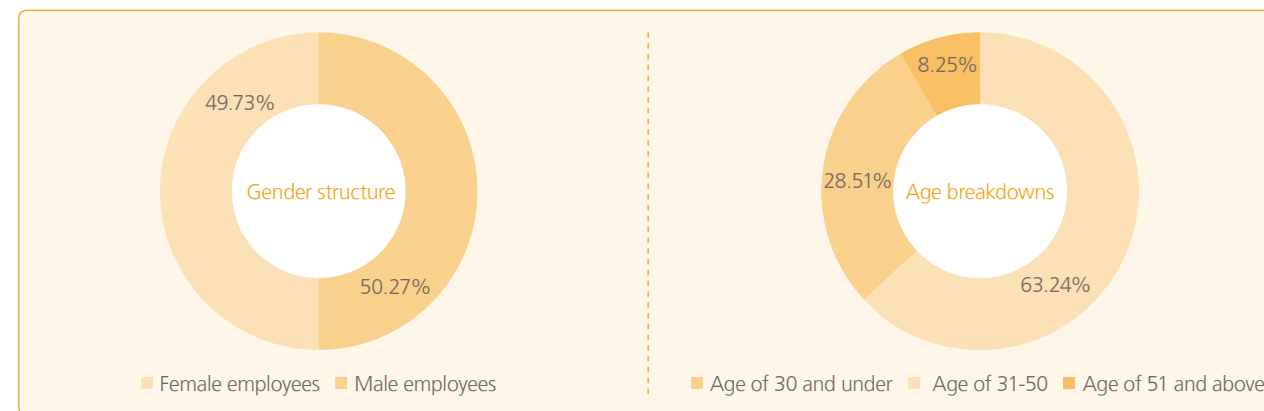


Protecting Employees' Rights and Interests

We value the power of talents, and thus continue to improve employee management institutions and systems to protect every employee's legitimate rights and interests, continuously improve the democratic management mechanism and maintain harmonious and stable labor relations.

Equal employment

While strictly complying with provisions in the Company Law of the People's Republic of China and Labor Law of the People's Republic of China, as well as other laws and regulations, we continuously implement our own regulations including Administrative Measures for Labor Contracts and Administrative Measures for Recruitment and Employment, to eliminate child labor and other forms of forced labor, adhere to equal employment, treat employees from different backgrounds fairly and equally, and strengthen localized talent management in the employment process, so as to create a diverse, inclusive, fair and proper workplace. We respect and protect employees' privacy at work and protect their interests from loss. In 2019, we had 65,687 employees.



Democratic management

We pay high attention to appeals of employees and continuously deepen democratic management. Our subsidiaries are all equipped with employees' congresses for the deliberation of systems closely relating to employees' interests, such as enterprise annuity, attendance and leave, to make factory affairs more open and transparent. We also organize extensive activities for employees to put forward reasonable proposals, listen to voices of representative employees, and ensure employees' rights to participate and to be informed.



Multiple Democratic Management Approaches

20,522
reasonable proposals put forward by employees in 2019

237
employees' congress meetings

Case Dong-E-E-Jiao Holds the First Online Achievement Exhibition of Employees' Reasonable Proposals

To further strengthen the impact of reasonable proposals, Dong-E-E-Jiao screened and selected 20 outstanding reasonable proposals and put them online, attracting 11,958 hits and arousing wide attention of front-line staff, motivating more employees to actively give advice to improving production and operation, reducing consumption and enhancing efficiency. In 2019, Dong-E-E-Jiao coordinated and resolved 100% of disputes relating to employees' rights and interests, and reached 100% of qualification rate in the inspection conducted by superior authority.

Improving Remuneration and Benefits

We are dedicated to building a sound system of remuneration and benefits, strictly implementing CR Pharmaceutical Administrative Measures for Compensation and Benefits, paying social insurance and housing fund in accordance with the law, ensuring equal pay for equal work for all genders, and paying sufficient amount of labor costs. In the meantime, we have optimized the performance assessment model by improving the percentage work performance accounts in remuneration distribution, and have improved performance feedback channels to promote steady development of employees.

100 %

Social insurance coverage

10 days

Average length of annual paid leave



Boosting Career Growth

We attach great importance to the continuous growth of talents, and have developed "TOP", a human resource management model to unblock multiple talent development channels. We have also strengthened the building of a multi-level training system, and created a wide platform for employees to hone core skills and achieve career success in accordance with the career blueprint.

Fostering employee development

We have been restructuring the professional talent team and reducing turnover rate. For example, we have developed a dual career growth ladder for managerial and technical talents, and opened up dual promotion channels for talents in R&D, information management and EHSQ, to create greater career development space for talents with professional backgrounds.

Case Creating a Brand Manager Pipeline

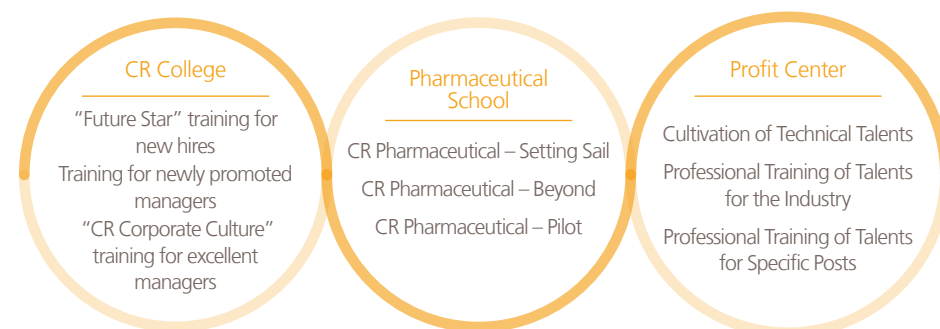
We have been optimizing the CR manager team and strengthening the building of our talent pipeline. Since the "589" talent program was launched in 2019, we have been actively enriching the high-quality talent base through a number of methods such as tracking assessment, secondment and rotation, to create a talent fostering model that boosts gradual and high-quality development of talents at different levels.

100 %

Employee training coverage
in 2019

Optimizing the training system

We have developed a multi-level training system aiming to foster “three systems and three teams”, and adopted Internet-powered new technologies and approaches including online courses and trainings such as Yidian Zhishi (1) and CR College, to design multi-level training for staff at key positions, backbone staff, excellent managers, newly promoted managers and new hires. By integrating internal and external teaching resources, we hope to equip employees with better work skills.



Three Major Talent Cultivation Systems



CR “Future Star” Training 2019 Hosted by CR Pharmaceutical

Understanding Hardships, Learning New Things and Knowing People Better –CR Pharmaceutical Pilot Program for Managers
Themed “Looking Back for Gaining New Insights”

Caring for Employees

CR Pharmaceutical promotes a corporate culture featuring mutual care, cohesion and harmony. We bring warmth to employees in need in a timely manner, adopt multiple approaches to safeguard employees’ psychological and physical health, and pay attention to enhancing employees’ sense of belonging, to create a heart-warming and united working atmosphere.

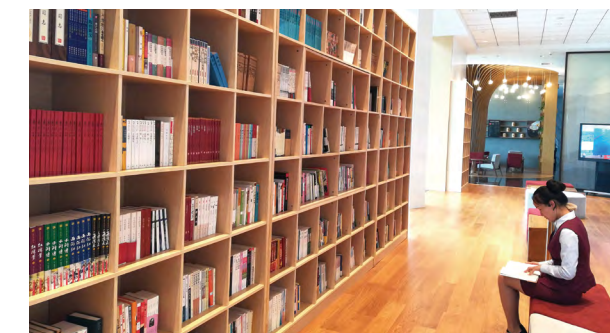
Supporting employees in need. We have invested more to support employees in their difficult times, to meet their basic needs and help them out of trouble. In 2019, we input RMB 1.61 million and supported 1,221 employees in total, successfully helping nine national-level registered poverty-stricken employees and 11 provincial-level ones shake off poverty.

Caring for female employees. We pay attention to the occupational health of female employees, and continue to provide them with mutual insurance on special diseases. We also opened lactation rooms in the workplace to bring warmth to professional women. In 2019, we helped 3,347 female employees get mutual insurance on special diseases.

Advocating work-life balance. We carry out various cultural, sports and entertainment activities regularly to create a corporate culture of “work in a pleasant way and enjoy life”, to boost employees’ happiness and improve their life quality. In 2019, we organized 748 corporate culture themed activities.



CR Jiangzhong “Enjoying Youth, Enjoying Health” Activity



Dong-E-E-Jiao Reading Room awarded “2019 National Demonstration Reading Room for Employees”

Paying special attention to retirees. We established a Retiree Service Center to be exclusively in charge of managing retired employees. We pay regular visits to retirees and accompany them to physical exams to show our care. In 2019, we visited 236 retired officials and model workers.



Paying visits to retirees and bringing them greetings for the New Year and Spring Festival

Creating Business Value
Together with ShareholdersEnjoying a Healthy Ecology
Together with CustomersBeing a Guardian of
EcologyPursuing Mutual Benefits and
Prosperity Together with PartnersCreating a Happy Life
Together with EmployeesShowing Humanistic Care
Together with Communities

Highlighting Occupational Health and Safety

Health and safety are the most fundamental guarantees for employees' happiness. CR Pharmaceutical strictly manages work safety, spares no efforts in preventing safety accidents, and cares for employees' mental and physical health wholeheartedly, to create a safe and reassuring work environment for employees.



Signing Letter of Commitment on EHS and Quality Management

Strengthening EHS management

We aim high in safety management and continue to improve the occupational health and safety management system, and strictly comply with Law of the People's Republic of China on Work Safety and Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and other national laws and regulations. We abide by and improve EHS Objective Management and Accountability System to strengthen monitoring and emergency management ability. By establishing an occupational health archive management system, we have strengthened prevention and control of occupational diseases and installed safety equipment and facilities. In the meantime, we have perfected the online psychological health assessment and management system to pay attention to employees' psychological health, and cooperate with CR Group's heart-warming hotline to provide consulting for psychological issues. We also provide online broadcasting to share tips on fighting against COVID-19 and communicate with employees to concretely ensure mental and physical health of all employees.



Preventing safety accidents

We have carried out in-depth troubleshooting and treatment of safety hazards and improved the emergency management system to do our best in preventing all kinds of production safety accidents. In 2019, there was no relatively serious and serious production safety accident in CR Pharmaceutical.

Safety emergency management. We have been improving the work safety emergency management system and implementing contingency plans to assess and summarize emergency management practices and keep improving contingency plans on an ongoing basis.

875

safety drills in 2019

32,435

participations in safety drills



0

safety accident causing work-related fatalities

Safety monitoring and troubleshooting. To fulfill safety responsibilities and achieve safety goals, we have been actively building an integrated inspector team, carrying out cross-exams engaging the Profit Center, and in-depth screening of hazardous chemicals, to ensure risks of hazardous chemicals are within control.

Case

Organizing External Expert Supervision to Enhance the Overall Professional Capacity of the Team

In 2019, CR Pharmaceutical invited national-level experts in hazardous chemicals, occupational health and fire control to conduct specific inspections on key units, and organized EHS managers to join and learn. On the one hand, our managerial staff could learn how external inspections were conducted. On the other hand, the advice of external experts could help improve the overall professional capabilities of the EHS inspector team.

Fostering safety culture

We give full play to the guiding role of safety culture by handing out EHS Management Manual for CR Group Employees to employees, organizing activities to promote safety culture, and carrying out safety training in various specific fields. Catering to each position's characteristics, we provide targeted support to employees and related parties to help them master safety knowledge and skills, so as to lay a solid foundation for work safety.

100 %

Safety training coverage in 2019

Safety education and training. We have actively carried out safety education campaigns and adopted multiple measures to equip employees with safety protection skills.

Safety culture activities. We actively carry out "Work Safety Month", "Safety in My Heart" Knowledge Contest and other activities to prevent risks, eliminate safety hazards and avoid safety accidents, raise awareness and foster safety culture. While popularizing safety tips, we promote safety culture among employees to raise their awareness of safety prevention and protection.

Case

CR Jiangzhong Provides Specific Training on Chemicals Safety

In December 2019, CR Jiangzhong organized a training program on work safety management for all employees in the Scientific Research Center. Focusing on work safety management and the management of hazardous chemicals in labs, the training program included lectures, Q&As and safety warning videos, and shared recent accidents caused by improper handling of hazardous chemicals, including March 21st Chemical Plant Explosion Accident of Tianjiayi Chemical, Xiangshui, to analyze causes of the accidents and convince trainees of the importance of nipping in the bud, raising awareness and improving capabilities of preventing such accidents, so as to reduce and eliminate safety accidents.



CR Jiangzhong Occupational Health Lecture



Showing Humanistic Care Together with Communities

We practice social responsibility and actively give back to society. We are concerned about the development of poverty-stricken areas and support self-help poverty alleviation to promote social harmony and stability. Based on our own resources, we support the development of medical technology and improvement of basic medical and health service in poor areas, and is committed to promoting Healthy China initiative. In addition, we actively promote healthy lifestyles, create a good community atmosphere, and promote corporate values.

> Our focuses

Social welfare, community volunteer, targeted poverty alleviation

> Our actions

Promoting the systematic development of public welfare management

Supporting targeted poverty alleviation

Carrying out social public welfare activities

> Our performance

Volunteer service duration from business sector

6,388.5 hours

> Contribution to the SDGs



Targeted Poverty Alleviation

We actively respond to the country's call and capitalize on our own resources and advantages to deeply promote poverty alleviation through providing better healthcare, expand industrial models for poverty-stricken areas, practice the spirit of central SOEs and contribute to winning the tough battle against poverty.

Poverty alleviation through better healthcare

We have been implementing Healthy China initiative earnestly, and launched Healthy Village 2030 Program as well as a series of activities, including "RUN Health" non-profit poverty alleviation campaigns, to help improve the healthcare level in impoverished regions and realize the vision of providing basic medical guarantee to poverty-stricken population.

Case "RUN Health" Public Welfare Poverty Alleviation Campaign Improved the Use of Medication in Townships and Villages

2019 "RUN Health" Public Welfare Poverty Alleviation Campaign was officially launched in Jinan, Shandong, mainly carried out in mobile hospitals. The campaign was rolled out in 70 stations, seven provinces. Volunteers went to townships and villages to teach village doctors how to use medication properly, and promoted and carried out a series of public welfare activities, including disease screening, basic physical exams, disease treatment and prevention, and health lectures.



Voluntary Clinic for Villagers



"RUN Health" Public Welfare Mobile Hospital

Poverty alleviation through industrial growth

We innovated in the industrial model of our target poverty relief region. By helping local peasant households increase agricultural yield and gain higher income, we help them learn ways to support themselves instead of merely donating money, so as to contribute to winning the tough battle against poverty.

Case CR Sanjiu Supports Local Industries by Planting Herbal Materials for TCM Manufacturing

CR Sanjiu has been actively pushing ahead with the building of the GAP base and promoting ecological-friendly planting patterns. It established a TCM Material Planting Base in the poverty-stricken village, and cooperated with other organizations supporting the village to expand the planting area of TCM herbal materials. By adopting cooperation models like "commissioning local farmers to plant herbals + making down payments" and "companies + cooperative (co-op) + base + farmer households", CR Sanjiu bought products of planters in the impoverished village in a proper way to ensure interests of the households, so as to vigorously promote poverty alleviation through the planting of herbal materials for TCM. In 2019, it facilitated the expansion of 2,250 mu of planting area for herbal materials.

Case Dong-E-E-Jiao Contributes to Poverty Alleviation by Giving Full Play to Its Traditional Techniques



Dong-E-E-Jiao's Poverty Alleviation Model through Raising Donkeys

Dong-E-E-Jiao Group, known as the "National Demonstration Base for Productivity-Based Protection of Intangible Cultural Heritage", inherits intangible cultural heritage techniques, promotes strategic cooperation with livestock husbandry companies, and vigorously promotes the poverty alleviation model of gaining wealth through raising donkeys. By the end of 2019, Dong-E-E-Jiao had driven more than 21,700 peasant households to start donkey raising, creating 4,876 jobs and raising the farmers' income by more than 20%.



Donkey Raising Industrial Base

Community Co-Building

Leveraging our own resources, we actively inherit and promote the culture of traditional Chinese medicine by organizing a series of public welfare activities, such as community voluntary clinic, healthcare education and other volunteer activities, to show care to communities and help create a healthy and positive atmosphere in communities.

Case Sino-European (Portuguese) TCM Cultural Experience Center Established

In 2019, CR Jiangzhong cooperated with multiple parties to officially launch European (Portuguese) TCM Cultural Experience Center. Through cultural display, education and training, and medical service experience, the center provides one-stop TCM experience and healthcare services to local people.

Case CR Double-Crane Organizes a Volunteer Activity to Help Patients See Doctors

To bring convenience to patients, CR Double-Crane launched a pilot volunteer program at China-Japan Friendship Hospital to provide consulting, guidance and other convenient services to patients in outpatient and emergency clinics. Over 60 volunteers joined the CR Double-Crane Youth Volunteer Team to provide consulting and guidance to patients, teach them how to use self-service machines and direct ways for them, to make patients feel the glamour of CR Double-Crane volunteers.

CR Pharmaceutical Commercial has opened

166

service stations across the country and provided

6,388.5 hours

of volunteer service



Volunteers were teaching patients how to use self-service machines



Volunteers in CR Pharmaceutical Commercial's Run · YAO Action

Charity Undertakings

We have carried out a number of charitable and public welfare activities, and stay at the forefront of charity undertakings. We pay attention to vulnerable groups, popularize health knowledge, transmit positive energy and love to society, and pay back to society with sincerity.

Case CR Sanjiu Launches a Public Welfare Program for Pneumoconiosis Patients

CR Sanjiu shows continuous concern to patients with pneumoconiosis, an occupational disease. It launched a public welfare program themed “Caring for Pneumoconiosis Patients in Mines”, which included a series of activities such as themed education and fundraising, to give concrete support and financial subsidies to pneumoconiosis patients.

Case CR Jiangzhong “Lihuo Gastrointestinal Health Campaign”

CR Jiangzhong joined hands with People.com.cn, a media authority in China, to co-initiate “Lihuo Gastrointestinal Health Campaign”. They invited authoritative experts to give keynote speeches on gastrointestinal health knowledge, and call upon the general public to pay attention to gastrointestinal health.



CR Jiangzhong launched the public welfare event “Lihuo Gastrointestinal Health Campaign”

CR Jiangzhong has organized

7,614

small events

11

large-scale public welfare lectures across the country.



“2019 Zizhu Pharmaceutical Youth and Health Campus Tour” Series Public Welfare Fitness Activities

2020 Outlook

2020 is the final year for realizing the goal of building a moderately prosperous society in all respects and the last year of the 13th Five-Year Plan. CR Pharmaceutical will stay true to its lofty mission of “protecting human health and improving quality of life”, stay united for long-term development, and join hands with stakeholders to make concerted efforts towards improving people’s health standards and implementing Healthy China initiative.

Promoting innovative transformation and achieving quality growth

We will consciously adapt to development trends of our industry, analyze impacts of changes in key internal and external factors, and conduct targeted benchmarking analysis, to clearly define the overall development strategy as well as development strategies of all business segments during the 14th Five-Year Plan period. By reinforcing fundamental management, actively expanding the market, fostering innovations, optimizing the product mix and creating a professional edge, we strive to realize high-standard, high-efficiency and high-quality sustainable growth.

Staying people-oriented and creating a top talent pipeline

Highlighting integrity, innovation and synergy, we will continue to actively explore innovative working mechanisms, enhance organization capacity, improve assessment & incentive mechanisms and innovate in talent cultivation approaches, to create a harmonious, healthy, open and inclusive workplace for employees, and forge a market-leading talent team that has an edge in organizational structure, leads the orientation of value, and owns a group of talents with strong sense of mission and responsibility.

Consolidating EHSQ management and rising up to challenges

We will actively respond to new situations, regulatory standards and challenges, and further consolidate EHSQ management. Moreover, we will strengthen quality management in a comprehensive manner, benchmark ourselves against international standards on product quality, earnestly carry out safety hazards troubleshooting and governance, and strictly implement the accountability system of “assigning double responsibilities to one post, and holding negligent personnel accountable”, so as to pace up and achieve objectives specified in the Three-Year Action for Ecological Environmental Protection and Pollution Source Control as scheduled.

Appendix

Key Performance Indicators

	Index	Unit	2017	2018	2019
Economic	Revenue	HK\$ 1M	172,532.2	189,689.1	204,453.9
	Total assets	HK\$ 1M	160,754.1	176,184.2 ^①	190,025.0
	Net assets	HK\$ 1M	63,137.2	60,468.8 ^①	69,581.8
	Total profit	HK\$ 1M	8,582.3	9,182.5 ^①	6,639.6
	Net profit	HK\$ 1M	6,866.9	7,572.3 ^①	5,097.8
	Net profit attributable to the owners of the parent company	HK\$ 1M	3,483.0	3,977.6 ^①	3,286.4
	R&D investment	HK\$ 1M	1,054.2	1,454.8	1,435.7
	Number of R&D personnel	-	600+	600+	799
	New patent applications	-	-	14	91
	New patent granted	-	20	33	101
Employee	Projects under research	-	223	222	150 ^②
	Total number of employees	-	55,594	59,163	65,687
	Proportion of female employees	%	49.49	51.00	49.73
	Proportion of female management	%	26.70	25.80	25.70
	Annual per capita paid leave days	days	10	10	10
	Labor contract signing rate	%	100	100	100
	Social insurance coverage	%	100	100	100
	Employee training coverage	%	100	100	100
	Average training hours per employee	hours	13.0	47.8	38.8 ^③
	Total number of trainees	-	-	2,463	1,809 ^③
	Training input	RMB 10,000	-	295	362 ^③
	Employee turnover rate	%	16.16	12.30	12.10
	Occupational health examination rate	%	100	100	100
	Occupational diseases occurrence	-	0	0	0
Customer and Partner	Investment in supporting needy employee	RMB 10,000	152.4	193.0	161.0
	The rate of fulfilling economic contracts	%	-	100	100
	Percentage of customer complaint handled	%	100	100	100
Community	Responsible procurement ratio	%	100	100	100
	Total tax payment	HK\$ 1M	6,582.5	7,422.7	8,425.33
	Number of newly-added employees	-	8,956	13,995	13,718

*①Note: The data in 2018 is disclosed after restatement.

*②Note: In 2019, we standardized statistical scope. There were 150 new variety projects under research (excluding consistency evaluation, technical transformation, supplementary application, post market re-evaluation, process improvement, MAH, etc.), which were different from the statistical scope in 2017 and 2018.

*③Note: The statistics scope is the headquarters of CR Pharmaceutical.

	Index	Unit	2017	2018	2019
Environmental	Total environment protection investment	RMB 10,000	5,534.61	7,062.46	9,303.34
	Nitrogen oxide emission ^④	tons	191.31	144.42	143.27
	SO ₂ emission ^④	tons	130.55	94.14	60.40
	Ammonia nitrogen emission ^④	tons	35.76	38.54	27.34
	COD emission ^④	tons	308.72	589.38	255.63
	CO ₂ emission ^④	tons	513,058.29	541,956.86	560,123.09
	Generation of hazardous waste ^④	tons	1,986.30	1,794.60	2,803.73
	Total general solid waste ^④	tons	-	-	104,661.61
	Overall energy consumption per RMB 10,000 of output value ^④	10,000 tons of standard coal	0.0612	0.0585	0.0556
	Overall energy consumption per RMB 10,000 of added value ^④	10,000 tons of standard coal	0.1037	0.1065	0.0997
	Comprehensive energy consumption ^④	10,000 tons of standard coal	13.86	14.97	15.65
	Coal consumption ^④	10,000 tons of standard coal	3.07	1.45	0.69
	Petrol consumption ^④	tons	192.47	139.56	174.88
	Diesel consumption ^④	tons	255.00	178.34	264.15
	Natural gas consumption ^④	10,000 standard m ³	3,781.23	4,756.93	5,493.95
	Power consumption ^④	10 MWh	29,645.60	31,281.30	35,571.86
	Heat consumption ^④	GJ	645,265.56	484,970.06	957,911.85 ^⑤
	Biomass fuel consumption ^④	tons of standard coal	808.63	19,069.92	1,740.46
	Fresh water consumption per RMB 10,000 of output value ^④	Tons/RMB 10,000	3.657	2.513	3.639
	Fresh water consumption ^④	tons	8,510,712.23	6,736,046.00	9,000,864.50 ^⑥
	Reclaimed water consumption ^④	tons	146,045.00	48,352.86	397,036.50 ^⑥
	Recycled water consumption ^④	tons	35,660,566.66	28,983,593.00	36,809,066.67 ^⑥
	Office and domestic wastewater ^③	m ³	8,017	9,494	6,538
	Office power consumption ^③	kWh	1,564,063	1,285,496	1,442,424
	Office water consumption ^③	m ³	8,117	9,594	6,638
	Packing materials by weight ^④	tons	-	-	245,759
Safety	Work safety investment	RMB 10,000	5,677.00	5,762.00	7,346.57
	Number of work-related fatalities	-	1	0	0
	Lost days due to work injury	days	176.25	130.50	210.25
	Total hours of safety training	People-hours	212,356.70	197,778.03	237,013.46
	Safe training coverage	%	100	100	100
	Number of safety emergency drills	-	568	518	875
	Number of participants in safety drill	-	20,268	18,769	32,435

*④Note: The statistics scope is the CR Pharmaceutical Commercial and Pharmaceutical Research Center.

*⑤Note: The statistics scope included CR Sanjiu in 2019, and the data change is mainly due to the fact that in 2019 some units changed coal-fired power to external thermal power supply.

*⑥Note: The data change is mainly due to the further improvement of index statistical methods and tools in 2019.

Content Index

Major category	Content	Page
A Environmental	Aspect A1: Emissions	
	A1.1The types of emissions and respective emissions data	Key Performance Indicators
	A1.2 Total greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Key Performance Indicators
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Key Performance Indicators
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Key Performance Indicators
	A1.5 Description of measures to mitigate emissions and results achieved	Green Operation
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Green Operation
	Aspect A2: Use of Resources	
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility)	Key Performance Indicators
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Key Performance Indicators
	A2.3 Description of energy use efficiency initiatives and results achieved	Green Operation
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green Operation
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Key Performance Indicators
	Aspect A3: The Environment and Natural Resources	
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Management and Green Operation
	Employment and Labour Practices	
	Aspect B1: Employment	
	B1.1 Total workforce by gender, employment type, age group and geographical region	Protecting Employees' Rights and Interests, Key Performance Indicators
	B1.2 Employee turnover rate by gender, age group and geographical region	Key Performance Indicators
	Aspect B2: Health and Safety	
	B2.1 Number and rate of work-related fatalities	Highlighting Occupational Health and Safety, Key Performance Indicators
	B2.2 Lost days due to work injury	Key Performance Indicators
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Highlighting Occupational Health and Safety
B Social		

Major category	Content	Page
B Social	Aspect B3: Development and Training	
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Key Performance Indicators
	B3.2 The average training hours completed per employee by gender and employee category	Key Performance Indicators
	Aspect B4: Labour Standards	
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Protecting Employees' Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.	Protecting Employees' Rights and Interests
	Operating Practices	
	Aspect B5: Supply Chain Management	
	B5.1 Number of suppliers by geographical region	/
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Co-building a Responsible Supply Chain
	Aspect B6: Product Responsibility	
	B6.1 Percentage of total products sold or shipped subject to recall for safety and health reasons.	Ensuring Drug Quality
	B6.2 Number of products and service related complaints received and how they are dealt with	Ensuring Drug Quality, Key Performance Indicators
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Empowering innovation and R&D
	B6.4 Description of quality assurance process and recall procedures.	Ensuring Drug Quality
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Ensuring Drug Quality
	Aspect B7: Anti-corruption	
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Improving Corporate Governance
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Improving Corporate Governance
	Community	
	Aspect B8: Community Investment	
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Charity Undertakings
	B8.2 Resources contributed (e.g. money or time) to the focus area	Community Co-Building, Key Performance Indicators

Report rating



《华润医药集团有限公司 2019 可持续发展报告》评级报告

受华润医药集团有限公司委托,“中国企业社会责任报告评级专家委员会”抽选专家组成评级小组,对《华润医药集团有限公司 2019 可持续发展报告》(以下简称《报告》)进行评级。

一、评级依据

中国社会科学院《中国企业社会责任报告指南(CASS-CSR 4.0)》暨“中国企业社会责任报告评级专家委员会”《中国企业社会责任报告评级标准(2020)》。

二、评级过程

1.评级小组审核确认《报告》编写组提交的《企业社会责任报告过程性资料确认书》及相关证明材料;

2.评级小组对《报告》编写过程及内容进行评价,拟定评级报告;

3.评级专家委员会副主席、评级小组组长、评级小组专家共同签署评级报告。

三、评级结论

过程性(★★★★★)

集团办公室牵头成立报告编写工作组,总经理担任组长,负责把控整体方向及关键节点,董事会负责报告终审;将报告定位为满足信息披露要求、提高社会责任管理水平、塑造负责任品牌形象的重要工具,功能价值定位明确;根据国家宏观政策、国际国内社会责任标准、行业对标分析、专家评审、公司重大事项、利益相关方调查等识别实质性议题;指导下属 5 家公司编制发布社会责任报告,构建了多层次的报告体系,强化社会责任纵向融合力度;计划在公司成立纪念日发布报告,并将以电子版、印刷品、中英文版、长图版等形式呈现报告,具有卓越的过程性表现。

实质性(★★★★★)

《报告》系统披露了药品质量管理、药品研发、药品召回、过期药品回收、安全生产、化学药品管理、产品事故应急、节能减排、关注社区健康等所在行业关键性议题,叙述详细充分,具有卓越的实质性表现。

完整性(★★★★☆)

《报告》主体内容从“携手股东,共创商业价值”“携手客户,共享健康生态”“携手环境,守护绿水青山”“携手伙伴,实现互惠共赢”“携手员工,打造幸福生活”“携手社区,倡导人文关怀”等角度系统披露了所在行业核心指标的 86.32%,具有领先的完整性表现。

平衡性(★★★★★)

《报告》披露了“重大贪腐事件”“员工流失率”“因工死亡人数”“因工伤损失工作日”等负面数据信息,并详细描述“下属企业药品质量投诉事件”的起因、经过及处理结果,平衡性表现卓越。

可比性(★★★★★)

《报告》披露了“净利润”“研发支出”“女性管理者比例”“职业健康体检率”“环保总投入”“COD 排放量”等 63 个关键指标连续 3 年的对比数据;并就“医药行业唯一获得《彭博商业周刊》年度上市企业大奖”等进行横向比较,可比性表现卓越。

可读性(★★★★★)

《报告》以“为美好而来”为主题,以“携手”为主线,贯穿全篇,系统展示了企业对股东、客户、环境、伙伴、员工、社区等利益相关方的履责行动与成效,诠释了企业对履行社会责任的深刻理解;封面以矢量元素勾勒人与自然和谐相处的生动场景,呼应报告主题,增强了报告的辨识度;章节跨页将矢量元素和实景大图相结合,嵌入叙述性引言及关键绩效,提纲挈领,利于读者快速把握重点内容,提升了报告的可读性;嵌入第三方证言佐证履责成效,增强了报告的沟通效果,可读性表现卓越。

创新性(★★★★☆)

《报告》开篇设置“抗疫情专题——润药有情 大爱无疆”,聚焦企业打赢疫情防控狙击战的系统部署与有效行动,彰显了企业的责任担当;设置“润药 2019 高光时刻”,集中呈现年度重点履责事件,凸显了企业的履责意义;多处嵌入二维码延伸阅读报告内容,强化了报告的传播价值,具有领先的创新性表现。

综合评级(★★★★★)

经评级小组评价,《华润医药集团有限公司 2019 可持续发展报告》为五星级,是一份卓越的企业社会责任报告。

四、改进建议

增加对行业核心指标的披露,进一步提高报告的完整性。

评级专家委员会副主席 量冲建

评级小组组长 张喜 魏香丽 评级小组专家

过程性评估员 任姣姣、祖志楠

出具时间:2020 年 5 月 26 日 扫码查看企业评级档案

About This Report

This is the 7th Annual Sustainability Report published by China Resources Pharmaceutical Group Limited. The last report was published in June 2019. The report aims to communicate frankly with the stakeholders on its sustainability philosophy, practice and performance. Its four listed companies also have compiled their separate social responsibility reports.

Reporting Period

This report covers the period from January 1 to December 31, 2019. In order to enhance the comparability and perspectiveness of the report, some contents may extend beyond this duration when necessary.

Reporting Scope

This report includes China Resources Pharmaceutical Group Limited and its subsidiaries.

Reliability Assurance

CR Pharmaceutical promises that the report is free of any fraud, misleading representations or major omissions. And we are responsible for its authenticity, accuracy and completeness.

Reference Standards

China Resources Group Social Responsibility Management Measures, CR Pharmaceutical Social Responsibility Management Measures, GRI Sustainability Reporting Standards (GRI Standards) issued by Global Sustainability Standard Board (GSSB), Environment, Society and Governance Reporting Guide issued by HKEx, Guidelines to the Central

Publication Cycle

This is an annual report.

Abbreviations

For convenience and readability, "China Resources Pharmaceutical Group Limited" in the Report may be referred to as "CR Pharmaceutical" or "We".

Data Sources

All data in this report come from internal documents or the information statistics system.

State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities by State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) by Chinese Academy of Social Sciences.

Compilation Process

The preparation process of this report refers to the requirements of the above standards, and is carried out in accordance with the steps of peer benchmarking, questionnaire survey, stakeholder interview, social responsibility research, information collection, information review, report writing, review by the management, report rating, etc., so as to ensure the completeness, materiality, authenticity and balance of the report content.

Initiate meetings	Investigate and interview	Collect data	Prepare contents	Collect opinions	Report design	Report finalization	Report release
<ul style="list-style-type: none">Convene preparation initiation meeting	<ul style="list-style-type: none">Conduct investigations, interviews, on-site project inspections	<ul style="list-style-type: none">All branch companies provide detailed information and data	<ul style="list-style-type: none">Confirm report outlineAnalyze substantial issues	<ul style="list-style-type: none">Collect opinions from all departmentsCollect opinions from consulting firm	<ul style="list-style-type: none">Confirm overall styleSeparate design by chapter	<ul style="list-style-type: none">Thorough proofreading of the reportReview by the Company's management	<ul style="list-style-type: none">Report finalizationDevelop publicity programReport release

Report Access

This report is available in both paper and electronic versions. To read or download the report, please visit <http://www.crpharm.com/shzr/shzrbg/>.

Feedback

Dear stakeholders:

Thank you very much for reading this report in your busy schedule. In order to better understand your expectation and demand for our sustainable development work and improve our capability, we hereby provide this questionnaire survey. We sincerely invite you to participate in the survey. Your opinions are very important to us. Thank you for your valuable comments and suggestions!

1. What is your identity for CR Pharmaceutical :

☐ Employee ☐ Consumers ☐ Supplier ☐ Regulator ☐ Government department ☐ Media ☐ Others

2. Are you satisfied with this report ?

☐ Yes ☐ No ☐ Fair

3. Is the information you are concerned about reflected in this report?

☐ Yes ☐ No ☐ Fair

4. What are your expectations or suggestions for our next sustainability report?

☐ Innovation of report theme ☐ Innovative structure and ideas ☐ Clear logic ☐ Expanding the application scope of social responsibility standards ☐ More friendly reading interface ☐ More friendly language style
☐ Others (please Specify)

5. Do you have any suggestions or expectations for our sustainable development work?

☐ Formulating long-term social responsibility plan ☐ Strengthening the establishment of social responsibility management organizations ☐ Widely carrying out external communication ☐ Planning new influential public welfare projects
☐ Incorporating social responsibility performance into management assessment
☐ Others (please specify)

You can choose to provide your feedback in the following ways:

China Resources Pharmaceutical Group Limited

Address: Building 7, Courtyard 2, North Third Ring Middle Road, Chaoyang District, Beijing

Post Code: 100120

Fax: 010-57985200

Tel: 010-57985000

E-mail: pub@crpharm.com

Website: <http://www.crpharm.com>



华润医药集团有限公司

China Resources Pharmaceutical Group Limited

Address: Floor 41, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Telephone: 00852-25938991

Fax: 00852-25938992

Address: Building 7, Courtyard 2, North Third Ring Middle Road, Chaoyang District, Beijing

Post Code: 100120

Tel: 010-57985000

Fax: 010-57985200

Website: www.crpharm.com



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