

Hold Hands for Love and Health

2023 Sustainability Report
China Resources Pharmaceutical Group Limited

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Assurance Report

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA 808761

China Resources Pharmaceutical Group Limited

Sustainability Report 2023

The British Standards Institution is independent of China Resources Pharmaceutical Group Limited and its subsidiaries (hereafter referred to as "China Resources Pharmaceutical" collectively in this statement) and has no financial interest in the operation of China Resources Pharmaceutical other than for the assessment and assurance of China Resources Pharmaceutical Sustainability Report 2023 (the "Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of Sustainability Report 2023 presented by China Resources Pharmaceutical. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and adequate.

Scope


The scope of engagement agreed upon with China Resources Pharmaceutical includes the following:

- The assurance scope is consistent with the description of China Resources Pharmaceutical Group Limited Sustainability Report 2023. The Report is prepared in accordance with HKEX, Main Board, Appendix C2: Environmental, Social and Governance Reporting Guide and refers to the GRI standards: 2021.
- In accordance with Type 1 Moderate Level of Assurance as defined in the AA1000 Assurance Standard V3 ("AA1000AS V3"), BSI evaluates the nature and extent of China Resources Pharmaceutical's adherence to four reporting principles of Inclusivity, Materiality, Responsiveness and Impact in preparing the Report. Therefore the reliability of specified sustainability performance information/data disclosed in the Report has not been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of China Resources Pharmaceutical's sustainability plan and performance in the reporting year. We believe that the environmental, social and governance general disclosures and key performance are fairly represented in the Report, in which China Resources Pharmaceutical's efforts to pursue sustainable development are recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS V3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered China Resources Pharmaceutical has provided sufficient evidence that China Resources Pharmaceutical's self-declaration of compliance with HKEX, Main Board, Appendix C2: Environmental, Social and Governance Reporting Guide was fairly stated.



For and behalf of BSI: _____
Michael Lam - Managing Director Assurance, APAC

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Issue Date: 2024-04-22 Effective Date: 2024-04-22

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The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its statement of ESG Assurance. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above name client only.

Statement No: SRA 808761

Methodology

Our work was designed to gather evidence on which to base our conclusion.

We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to China Resources Pharmaceutical's policies to provide a check on the appropriateness of statements made in the Report.
- Discussion with senior executives on China Resources Pharmaceutical's approach to stakeholder engagement. We had no direct contact with external stakeholders.
- Interview with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the Report, and.
- An assessment of the China Resources Pharmaceutical reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles 2018 Standard ("AA1000AP (2018)").

Conclusions

A review against the AA1000AS V3 principles of Inclusivity, Materiality, Responsiveness and Impact and HKEX, Main Board, Appendix C2: Environmental, Social and Governance Reporting Guide is set out below:
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's Sustainability Report is not correctly presented or with omission in any material respects or that Inclusivity, Materiality Responsiveness and Impact based on AA1000 criteria are not correctly addressed.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities

It is the responsibility of China Resources Pharmaceutical's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence

The assurance team was composed of Lead Assurer and Assurer, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Series Standards, AA1000, HKEX ESG Reporting Guide, ISO 14064, ISO 14001, ISO 50001, ISO 45001, ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

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Message from CEO



Persistent effort breeds success; steady progress leads to the desired destination. At CR Pharmaceutical, we are deeply committed to the wellbeing of the general public in China, striving to build strong the pillars of the nation while earnestly implementing the Healthy China initiative. Our focus is on spearheading the Chinese path to modernization across the entire pharmaceutical and healthcare industry chain.

In an era of rapid change, the healthcare sector bears unprecedented responsibilities. CR Pharmaceutical is dedicated to achieving leadership in the biopharmaceutical industry. To achieve this goal, we work persistently and painstakingly to shoulder the noble mission of “protecting human health and improving quality of life”. We invigorate technological innovation, promote the sharing of high-quality medical resources, and steadfastly advance our transformation of ESG principles into concrete actions.

Accelerating our green transition and upgrade, and embracing environmental stewardship to reform the healthcare industry. By embracing a vision for green and low-carbon development and exploring pathways for green manufacturing, while prioritizing climate risk management and response, we have efficiently reduced our environmental impacts as shown by ongoing improvements in our indicators for energy conservation, environmental protection, and carbon reduction. We adhere to environmentally friendly manufacturing and operational practices, taking responsibility for our ecological impact. Concurrently, we are committed to technological innovation and process optimization, which enhances our overall environmental governance capabilities and ensures we meet our safety and environmental protection goals with excellence.

Invigorating technological innovation and providing wider access to high-quality medical and healthcare services. We foster an innovative culture, aiming to elevate the caliber of medical science and technology. By improving the structure and mechanisms of our innovation system, we aim to cultivate a team of exceptional talent. We are expediting the digital transformation and align ourselves to global standards for establishing a first-class system framework. Staying at the forefront of global biomedical advancements and innovative outcomes, we actively establish strategic collaborations with national innovation centers, uniting with partners to forge sustainable value chain solutions.

Fostering a robust and healthy business ecosystem that supports mutual growth in social and commercial values. Integrating sustainability into our business strategies and processes and staying committed to our ESG pledge, we maintain an A-level MSCI-ESG rating and lead in the Hang Seng ESG ratings in the industry, and have been selected into the list of “ESG · Pioneer 100 Index of Central State-owned Enterprises”. Our efforts extend to social welfare, particularly through the ongoing implementation of the Healthy Village Program, to promote fair sharing of health services and build a rural medical system that improves medical guarantee services.

With enough ambition, we can reach any destination, unbounded even by the furthest reaches of mountains and seas. Moving forward, we are committed to strengthening our position in the pharmaceutical and health industry, developing competitive advantages, collaborating with stakeholders, and nurturing a sustainable industry ecosystem. Together, we aim to ensure a healthier and brighter future for everyone!

Executive Director and CEO of CR Pharmaceutical

Chairman of the ESG Committee

Bai Xiaosong

About Us

Company Profile

CR Pharmaceutical Group Limited (Stock Code: 03320.HK) is a leading integrated pharmaceutical company in China, ranking among the top three in the industry. It mainly engages in the full industry chain business of pharmaceutical research and development, manufacturing, distribution, and retail. Since going public in October 2016, we have been included into a number of important capital market indexes, including Hang Seng Composite MidCap Index, Hang Seng Stock Connect Hong Kong Index, and Hang Seng China Central SOEs Index, Hang Seng SCHK China Central SOEs ESG 40 Index, FTSE Global Index, and Morgan Stanley Capital International (MSCI) China Index, etc. In 2023, CR Pharmaceutical ranked 64th in the *Fortune* China 500 list.

Key Facts and Figures about CR Pharmaceutical 2023

E

Total environmental protection investment increased year-on-year
7.0%

Water reuse rate over
90%

Non-hazardous waste density decreased year-on-year
17.1%

ISO 14001 certifications in total
68

S

R&D investment increased year-on-year
12.6%

Product quality standard system certifications in total
132

Supplier review
1,388

New employment
10,380

ISO 45001 certifications in total
65

Employee safety training hours increased year-on-year
86.6%

C

Revenue increased year-on-year
12.2%

MSCI-ESG rating
A

ESG · Pioneer 100 Index of Central Enterprises
The **27**th

Wind-ESG rating
AA

Corporate Governance

We strictly follow the requirements of relevant laws and regulations, such as the *Company Law*, the *Securities Law*, the *Companies Ordinance*, the *Listing Rules of HKEX*, and *Corporate Governance Code*. We also regularly review our compliance with laws and regulations as well as the implementation of corporate governance systems, fully fulfill the information disclosure obligations as a listed company, and ensure that all business indicators are in a healthy state. Our stable improvement of governance serves as a solid foundation for the sustainable corporate development.

Improving the governance structure. The governance structure of the Company consists of the annual General Meeting of Shareholders, the Board of Directors and committees under the Board, which is responsible for formulating and reviewing the director nomination and whistleblowing policies and specifying the sphere of functions and powers. It ensures a clear division of responsibilities, close cooperation and high efficiency of the Board. The five committees, namely the Remuneration Committee, the Nomination Committee, the Audit Committee, the Corporate Governance Committee and the Executive Committee, provide support and suggestions for the Board to achieve efficient, standardized, and sound decision-making. In 2023, we held one annual General Meeting of Shareholders, ten Board meetings (including six on-site Board meetings and four meetings by way of approval of written resolutions), three Audit Committee meetings, five Remuneration and Appraisal Committee meetings, three Nomination Committee meetings, one Corporate Governance Committee meeting, and 4 Executive Committee meetings, which all fulfilled and even exceeded the requirements of the Listing Rules or the procedure of given functions.

Enhancing governance capabilities. The Nomination Committee reviews and evaluates the composition of the Board, and examines annually the effectiveness of the Board Diversity Policy and the achievement of measurable objectives. It also makes recommendations to the Board on appointing new directors, ensuring that the Board members have the competencies, skills and experience. So far, there are 12 directors (among them four are female), including three executive directors, five nonexecutive directors and four independent non-executive directors with rich management experience in accounting, medicine, law and strategy respectively. The Board and senior management have achieved a balance in professional experience, knowledge and skills, educational background, and seniority. Acting on the Board's diversity policy, the committee improves the diversity of board members in terms of gender, age, educational background, and professional experience.

For more information on policies, responsibilities, and composition of the Board and General Meeting of Shareholders, please refer to the

2023 Annual Report of CR Pharmaceutical or visit our official website <https://www.crpharm.com/tzzgx/gsgz/gzjg/>

Protection of the Rights of Investors. We receive investor visits, phone calls and email consultation. Through channels of annual reports, announcements, news releases, general meetings of shareholders, industry summits, reverse roadshows, joint roadshows and other means, we ensure that investors, especially small and medium-sized investors, timely and accurately know the important information of the Company's major events, business operations and financial performance, and strive to maintain a benign interactive relationship between the Company and investors.



2023 Annual General Meeting

Reports, announcements, and notification letters published on the HKEX
90

CR Pharmaceutical and its subsidiaries participate in investor summits
94 times

CR Pharmaceutical and its subsidiaries participated in roadshows and investor communication activities
211 times

Value Creation

Centering around the goal of becoming a leader in the biopharmaceutical industry, we aim to create a cradle of original technology and enhance our core competitiveness through continuous scientific research and innovation, ensuring that our core technology remains proprietary and controllable. We maintain robust business indicators and reward investors with steady business performance growth.



Pharmaceutical manufacturing

We promote business expansion and integrate our resources to invest in the geriatric health sector, such as cardiovascular, cerebrovascular, and metabolic fields. We deepen the development of the whole value chain of traditional Chinese medicine (TCM), consolidate our strength in the Consumer Health Care (CHC) industry, promote the development of biopharmaceuticals and blood products, and foster new quality productive forces, thereby driving the digital and intelligent transformation of the whole value chain to enhance our brand influence and competitiveness. In 2023, our pharmaceutical business revenue grew by 14.3% year-over-year, with 435 products included in the national medical insurance catalog. Revenue from TCM, chemical drugs, supplements, and biological drugs saw general increases.

Pharmaceutical distribution

We leverage digitalization to empower business expansion, service innovation, and management in multiple dimensions. We strengthen the specialized development and comprehensive value chain planning of our equipment distribution business, accelerating the incubation of emerging business lines.



Pharmaceutical retail

We keep promoting the integrated business model of online and offline medical services and developing dedicated pharmacies. Nine Direct-to-Patient (DTP) products have been introduced. We are accelerating the digital transformation of our retail operations, establishing O2O and B2C new retail platforms, and achieving over 30% year-on-year growth in online retail sales. In 2023, our retail revenue increased by 26.2% year-on-year, and the revenue of our 272 DTP pharmacies grew by 16% as compared with last year.

Institutional guarantees

- > We have issued the *Notice on Implementing the Deployment of Integrity Building and Anti-Corruption Work in 2023*, urging discipline inspection agencies at all levels to implement the annual work plan and the list of key tasks. Requirements of conduct improvement and anti-corruption have been included as performance indicators to see that relevant parties fulfil their responsibilities.
- > We have implemented anti-corruption and anti-bribery management systems such as the *Management Measures for the Comprehensive Supervision System*, the *Administrative Measures for Discipline Inspection Agencies in Complaint Response and Oversight over Discipline Compliance*, the *Rules for Unified Management of Complaints and Problems*, and the *Measures for Promotion and Integrity Talks before the Appointment of Leading Officials* to clarify accountable units, processing time limits and requirements for handling problems.
- > We have formulated and issued the *Administrative Measures for Overseas Anti-commercial Bribery Compliance*, clarifying that such activities as overseas investments and mergers, sponsorships and donations should be subject to anti-commercial bribery compliance review in advance, with a focus on the prevention of corruption and bribery risks.
- > We have continuously promoted transparent procurement and e-procurement and formulated the *Rules for Supplier Management*, establishing a "joint disciplinary actions" mechanism for suppliers, requiring all suppliers to sign the Transparency Declarations and personnel in charge of procurement review to sign integrity documents, and including suppliers with misconducts in the supplier blacklist.

Anti-corruption supervision

- > As supervision on the conduct of leading officials is strengthened we have conducted integrity talks and updated the integrity files of 72 leading officials and managers.
- > We conduct integrity risk assessments and regular audits at each place of operation and keep identifying integrity risks, to which we take targeted preventive measures. We organize and carry out special rectification of unethical practices and corruption in the big health industry in the China Resources Group, concentrated rectification of corruption in the field of medicines and special rectification of the problem of "taking advantage of one's position to profit from the enterprise". We conduct special inspection on the procurement supply chain and integrity training, and organize subsidiaries to carry out procurement risk inspections in key areas, so as to prevent corruption risks in the supply chain.
- > We conduct annual supervision and inspection of such key areas as innovation research and development and product marketing, access over 10,000 pieces of information to make compliance reviews on marketing promotion and marketing materials, and strictly control risks of marketing and promotion, tax, and connected transactions.
- > We conduct special anti-monopoly inspections in pharmaceutical marketing, review the compliance boundary list, and carry out trainings on the key points of anti-monopoly risk prevention in the pharmaceutical industry to enhance the anti-monopoly awareness of all employees.

Whistleblower protection

- > With the support for anonymous and real-name reports, a "Reporting Policy" has been issued on the official website to encourage directors, executives, employees, customers, suppliers and contractors to report misconduct to discipline inspection agencies that will report to the Chairman of the Audit Committee for anti-corruption through e-mail, letters or interview.
- > We post the reporting mailbox, the special personnel's mailbox and the reporting hotline, and assign special personnel to handle complaints. To protect whistleblowers, we sign the *Confidentiality Commitment* and the *Commitment for Strict Oversight over Discipline Compliance* with all inspectors and impose serious punishments on those who leak the whistleblowers' personal information, use the reporting materials to seek personal interests, or facilitate retaliation against the whistleblowers.

Culture of integrity

- > To build a new platform for "Clean CR Pharmaceutical", we have compiled *Beyond the Bottom Line: A Warning Book of Typical Disciplinary Cases of CR Pharmaceutical* to inform investigated typical cases and audit warning cases, with the purpose of generating stronger education and deterrent effects of such cases.
- > We carry out employee training on ethical standards regularly and organize anti-corruption policy interpretation and training on medicines in accordance with related anti-corruption laws and regulations, recent policies and typical cases. We use such cases in their compliance and integrity training for new employees, organize disciplinary cadres to visit integrity education bases, and conduct special integrity education on procurement cadres and young cadres.

Warning and education conferences held

61
Participants in warning education
around 47,000

Directors received anti-corruption training

118
Total hours of anti-corruption training for directors
344.5 hours

Employees received anti-corruption training

over 53,000
Total hours of anti-corruption training for employees
over 118,000

Firming Upholding Business Ethics

An honest and fair corporate environment is crucial to safeguarding corporate interests and a culture of integrity. CR Pharmaceutical strictly abides by the *Criminal Law*, the *Drug Administration Law*, the *Anti-Unfair Competition Law*, the *Anti-Monopoly Law* and other Chinese laws and regulations. Our Corporate Governance Committee regularly deliberates and supervises matters related to business ethics and reports to the Board, and we formulate, review and monitor the Code of Conduct and the Corporate Compliance Manual applicable to our employees and directors. We also publish the *Compliance Management Manual* to regulate advocated and prohibited behaviors of all employees in anti-monopoly, anti-commercial bribery and other key management areas, with zero tolerance for any form of violations like corruption, embezzlement, bribery, fraud, money laundering, racketeering or unfair competition. CR Boya Bio-Pharmaceutical organized the signing of the *Integrity Commitment* by its employees, and all employees of CR Double-Crane signed the *Code of Business Conduct* and the *Compliance Commitment*.

Moreover, we have issued the *Whistleblowing Policy*, requiring customers, suppliers and other stakeholders to strictly comply with anti-commercial bribery and anti-corruption rules. We open up channels to receive complaints while protecting the rights of whistleblowers. Corruption, bribery and other violations that are verified to be true by laws and regulations will be punished, and under flagrant circumstances or those causing serious consequences, consideration will be given to transferring relevant parties to judicial authorities. In 2023, the Company and its employees were not involved in any concluded corruption cases.

Compliance Management

The Audit Committee of CR Pharmaceutical is responsible for reviewing and supervising risk management and the operation and effectiveness of the internal control system. The Company implements the *Compliance Management System (Trial)*, the *Guidelines for the Management of Complaints on Compliance*, and other management systems. Through providing compliance training and risk warnings, and promoting risk investigations and problem rectification, we have laid a long-term foundation for the Company to realize effective supervision and compliant operation.



Strengthening the internal control system

We strive to optimize an internal control system covering all business processes. In accordance with the *Company Law*, the *Basic Standard for Internal Control of Enterprises* and other relevant laws and regulations, as well as the requirements of the *Internal Control Management System*, we have independently developed an internal control evaluation system and built an internal control system and an internal audit procedure covering all the business fields. Additionally, we have organized the annual internal control evaluation, and monitored the rectification of internal problems of the Group and its subsidiaries. These prudent and effective controlling measures help ensure sound business operations.



Enhancing risk prevention and control

The Company continues to carry out annual assessments of major risks, compiles quarterly reports to track and monitor major risks, makes countermeasures and sees that they are implemented. We conduct a number of specialized governance programs for risk control and actively identify and prevent risks to consolidate the management for key business areas, with special focuses on areas such as procurement supply chain, pharmaceutical marketing, international business, healthcare retailing and contract management.



Creating a culture of compliance

We have been compiling the *CR Pharmaceutical Law Magazine* for seven consecutive years and carried out targeted trainings on corporate anti-commercial bribery compliance, the Civil Code, procurement, anti-monopoly compliance, compliance management of key personnel, and trade secrets. Paying close attention to regulatory trends and hot issues, we hold the annual work conference on the rule of law and invite professional lawyers to conduct entrusted research and development, FTO due diligence practice and exchanges on anti-monopoly risk prevention, continuously improving the compliance awareness of all employees.

The supervision and management departments of the Company shall conduct an audit of all operating sites at least once every three years, and regularly report the audit results to the Board of Directors by means of inspection, annual audit, special audit, etc., and evaluate the effectiveness of the business ethics code and management measures. To build formal and transparent audit procedures for effective prevention of management risks, we have issued the *Rules for Assessing the Quality of Internal Audit Work*, and revised and improved systems including the *Internal Audit System*, the *Implementation Measures for the Accountability of Irregular Operation and Investment*, and the *Implementation Rules for Auditing Economic Responsibility*. To implement the annual audit plan, we have carried out 11 audit projects including the economic responsibility audit, special audits on research and development, sales and procurement, and audit review at every place of operation. Focusing on key areas such as financial derivative business, engineering special governance, overseas commission business and trade business, we have put forward 73 opinions on audit, with an audit coverage of 100%. We have also undertaken investigations of clues of violations and held those violations accountable in key audit areas such as investment, sales, procurement and finance to improve the independence and effectiveness of audits.



Optimizing the audit system



Guaranteeing information security

We have revised and issued the *Administrative Measures for Network Security*. To build an endogenous network security system and a network security capability system, we complete the business system level protection and pass the equal protection assessment, and we succeed in the 2023 national cybersecurity attack and defense drills without losing any points. We carry out precautionary warnings and security awareness promotion through emails, posters and online learning, and all of our employees sign the *Cybersecurity Responsibility Statement*.

ESG Management

ESG statement of the Board of Directors

At CR Pharmaceutical, the Board of Directors has consistently embraced the sustainability strategy of “Hold Hands for Love and Health,” and attached great importance to the Company’s ESG-related matters. Our Board of Directors follows the latest international ESG development trends, continuously reviews the applicability of our sustainability strategy, and identifies the Company’s ESG risks and opportunities.

ESG management policy and strategy

The Board keeps an eye on the latest ESG development trends and complies with the latest requirements of the HKEx and the Company’s internal governance rules to ensure that our ESG policy and strategy keep pace with the times. The ESG Committee and the specialized group fulfill their duties and continuously improve performance management, practice communication, report preparation and dissemination, as well as assessment of the sustainability management system.

ESG risk management

The Board is accountable for assessing the Company’s ESG-related risks and opportunities, identifying and managing material topics regarding sustainable development such as innovation and R&D, health accessibility, product quality and safety, and climate change response, which ensures that the Company has implemented an adequate and efficient ESG risk management and monitoring system. Additionally, the Board regularly inspects the auditing results of related risks and the implementation of rectification measures to guarantee the effectiveness of the system.

Goal setting and process review

The Board ensures that effective communication with our stakeholders is maintained. It reviews the Company’s significant ESG issues assessment results, as well as sustainability reports annually. Furthermore, the Board authorizes the Corporate Governance Committee to conduct an annual corporate governance review and publish the corporate governance report. Based on the identification and evaluation of material topics, the ESG Committee is authorized to create specific ESG management goals and plans, and the ESG Committee continually monitors the progress and implementation of these plans, providing the results of the continuous and effective governance system to ensure that all measures are effectively implemented.

Moving forward, the Board will continue to follow the latest ESG trends and practices, remain dedicated to optimizing the Company’s ESG governance system and strategy, and be responsive to concerns from the government, shareholders, employees, partners, customers, and other stakeholders, thus contributing due share of CR Pharmaceutical to the achievement of the SDGs.

Strategy for Sustainable Development

At CR Pharmaceutical, we shoulder the lofty mission of “Protecting Human Health and Improving Quality of Life,” while staying true to our CSR concept of “Hold Hands for Love and Health.” In addition, we strive to fulfill our responsibilities towards the environment, the society, and the economy to promote the sustainable development of China's pharmaceutical and healthcare industry through concerted efforts with various stakeholders such as the government, shareholders and employees.

Holding hands

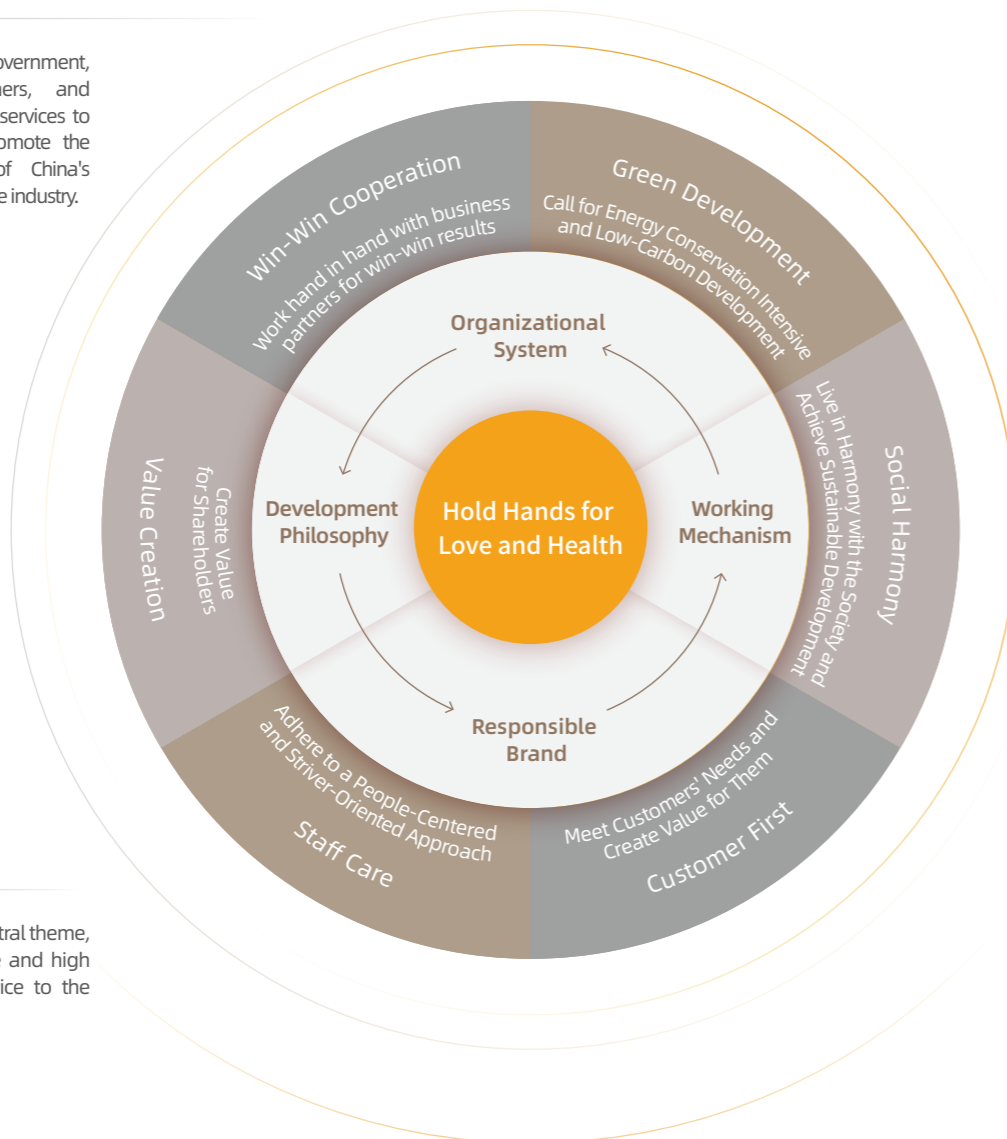
Holding hands with the government, shareholders, staff, partners, and customers to deliver quality services to the general public and promote the sustainable development of China's pharmaceutical and healthcare industry.

Love

With benevolence in mind, CRPG aims to safeguard human health, help people live healthier lives and increase their quality of life.

For health

With human health as its central theme, CRPG strives to provide safe and high quality medicines and service to the public.



Sustainable Development Management

After incorporating the philosophy of sustainable development into its corporate culture and routine operation and management procedures, CRPG has gradually created a model of sustainable development with unique features, established an Environmental, social, and governance (ESG) structure, and enhanced its capabilities for sustainable development. All these measures have helped CRPG stay committed to sustainable development.

ESG Governance Structure

The Board of Directors is the highest decision-making and responsible body. Under the charge of the Board, we have established a governance structure with the Corporate Governance Committee responsible for supervision and the ESG Committee guiding the work of all relevant units, which in turn helps us promote the efficient and orderly implementation of ESG work goals.



ESG Governance Policy

At CR Pharmaceutical, we abide by international standards, including the *International Covenant on Civil and Political Rights*, the *Universal Declaration of Human Rights*, and the *Ten Principles of the UN Global Compact*. We regularly review, optimize, and improve our internal sustainability management system in accordance with our internal and external dynamics, ensuring that it aligns with our sustainability philosophy.

Sustainability Regulations at CR Pharmaceutical

- Regulations of China Resources Pharmaceutical Group Limited on Social Responsibility Work*
- Key Performance Assessment System for Social Responsibility Work Management of China Resources Pharmaceutical Group Limited*
- Key Performance Indicators for Social Responsibility of China Resources Pharmaceutical Group Limited*
- Manual of China Resources Pharmaceutical Group Limited on the Management of ESG Indicators*

ESG Governance Capabilities

As the highest governing body of CR Pharmaceutical, the Board of Directors is responsible for the Company's ESG policies, including formulating ESG management strategies, managing ESG risks, and reviewing ESG goals. The ESG Committee is composed of ESG senior executives. It is mainly responsible for reviewing the Company's ESG-related objectives, formulating ESG development plans, supervising ESG management, and regularly reporting to the Board and the Corporate Governance Committee. The division of its internal responsibilities is defined in line with the *Rules for the ESG Committee of China Resources Pharmaceutical Group Limited*. The Board of Directors, the Corporate Governance Committee and/or the ESG Committee will conduct regular assessment of the results of internal risk audits and the implementation of rectification measures, and consider engaging an independent third party to assess ESG risks if necessary.

- > As for CR Pharmaceutical, its MSCI-ESG rating remained at A level, its Hang Seng Sustainability rating ranked among the top in the industry, and its Wind-ESG rating was upgraded to AA level. All these stand as testament to our strong ESG performance that has been recognized by the capital markets.
- > For eleven consecutive years, CR Pharmaceutical has prepared annual sustainability reports and encouraged its subsidiaries to prepare social responsibility reports as well. The goal is to enhance the quality and transparency of information disclosure through sound ESG management.
- > The Company regularly hires external legal counsel to provide training on the latest ESG requirements from HKEX to the Corporate Governance Committee and the Board of Directors, thus staying current to the latest sustainable development trends. We proactively seek out opportunities to learn and comply with ESG-related laws and regulations by attending industry seminars and forums, participating in special promotion training organized by professional think tanks, and responding to stakeholders' concerns about and consultations on sustainable development policies and achievements, so as to improve our ESG governance capabilities.

Feature 1

Pursuing a Green Path

Mitigating Climate Risks through Low-Carbon Transition

Climate change profoundly impacts various economic and social facets, posing a significant global environmental challenge. CR Pharmaceutical actively addresses the effects of climate change on human health and commits to the global mission of combating climate change. The Company emphasizes the identification of climate risks and opportunities, incorporates green and low-carbon strategies into its 14th Five-Year Plan, and supports national initiatives to achieve carbon peak and neutrality.

Governance



We have established a three-tier governance mechanism consisting of the Board of Directors, ESG Committee, and working groups to address climate risks. The Board of Directors formulates the decarbonization goals and low-carbon transition strategies, and entrusts the Corporate Governance Committee with the supervisory function. The ESG Committee operates under the Corporate Governance Committee and is responsible for setting and regularly reviewing the implementation of climate change-related matters, goals, and risk and opportunity lists identified by ESG working groups. Under the ESG Committee, the Environmental, Safety, and Quality Working Group manages, coordinates, inspects, and supervises environmental responsibilities in ESG management.

Strategy



We engage our subsidiaries to study and plan for carbon peaking and neutrality pathways, developing a dedicated work plan on carbon peaking. Leveraging digital transformation and intelligent manufacturing, make steady efforts to empower green and low-carbon technology innovation and improve the carbon emission management system, enhance pollution control and carbon reduction, and optimize our energy mix. We enforce strict carbon emission controls, develop and implement short-, mid-, and long-term plans for energy conservation, emissions reduction, and carbon reduction. Moreover, we have crafted a green supply chain and improved the carbon disclosure system.

Risk management



We continually assess climate-related risks and opportunities, identifying their impact on our operations, strategies, and financials to better manage climate risks and capitalize on emerging business opportunities.

Business Opportunities Arising from Climate Change

Opportunity type	Impact
Resource utilization	By adopting new technologies, such as intelligent energy management systems, we enhance energy efficiency and decrease costs related to carbon emissions.
Energy sources	We increase the use of clean energy and reduce reliance on fossil fuels by expanding into new energy fields like photovoltaic power generation, which optimizes our energy composition and lowers carbon emissions.
Products and services	We innovate and develop new low-carbon products and services tailored to emerging diseases and consumer preferences, enhancing our competitive edge and profitability.
Markets	Climate change may lead to new diseases, increasing demand for related pharmaceuticals. By seizing market opportunities and adapting to these changes, we can diversify our business portfolio and gain a strategic advantage in the low-carbon economic transition.

Risks caused by climate change

	Risk type	Risk description	Potential financial impact
Transitional risks	Policy and legal risks	The ever strict carbon reduction policies may influence corporate energy consumption and promote the green and low-carbon transformation of the energy mix. In addition, the planting area of medicinal material may not be expanded due to the policy restrictions, thus leading to reduced output and supply of the materials. Therefore, companies may more strict requirements on sustainable procurement. Companies may face litigation filed by investors whose potential interests are damaged, if it's investment decisions overlook climate risks and fail to disclose relevant climate information.	Reduced revenues due to insufficient raw material supplies and reduced production capacity. Heightened capital costs. Rising insurance premiums.
	Technical risks	Companies are required to enhance research into low-carbon technologies to mitigate climate change.	Increased research and development expenditures.
	Market risks	Since customers have changed their consumption concepts, companies should meet the ever-growing need of customers for green products and pay more attention on biodiversity protection.	Reduced demand and revenue due to a shift in customer preference.
	Reputational risks	Amid growing stakeholder awareness of climate issues, inadequate disclosure by companies of their carbon neutrality goals and data, or insufficient carbon management that leads to increased emissions, could adversely affect the company's reputation.	Lower stock price, decreased revenue, increased capital costs.
Physical risks	Acute risks	Climate change may exacerbate extreme weather events, damaging buildings, equipment and facilities, and threatening employee safety. Such conditions might also disrupt the supply chain.	Property damage, increased operating costs and higher insurance premiums.
	Chronic risks	Since the increasing of energy consumption and associated costs, the rising global temperatures make it more expensive to keep cooler conditions for drug production and storage; Intensifying water scarcity may elevate operating costs; Rising sea levels threaten companies' buildings.	Increased production costs due to shifting input costs and output requirements; Property losses

Goal-oriented

To combat climate risks through green and low-carbon transition, we are dedicated to advancing green manufacturing. We have set environmental management goals such as comparable comprehensive energy consumption per RMB 10,000 turnover, comparable comprehensive energy consumption per RMB 10,000 of added value, and comparable comprehensive carbon dioxide emission intensity RMB 10,000 output. The completion status of the three goals set for 2023 are higher than expected.

Goals for CR Pharmaceutical's Energy Management and Greenhouse Gases During the 14th Five-Year Plan Period

By the end of the 14th Five-Year Plan period, the comprehensive energy consumption per RMB 10,000 of turnover will decrease by 10%, as compared with 0.0875 tons of standard coal/RMB 10,000 in 2020.

By the end of the 14th Five-Year Plan period, the comprehensive energy consumption per RMB 10,000 of added value will decrease by 8%, as compared with 0.1326 tons of standard coal/RMB 10,000 in 2020.

By the end of the 14th Five-Year Plan period, we aim to reduce carbon dioxide emission intensity by 10% compared with 0.3184 tons/RMB 10,000 in 2020.

Measures for combating climate change

Low-carbon transition of the industrial structure

We enforce stringent controls on new capacity additions and eliminate existing overcapacities. We emphasize energy considerations in the production and market launch of new products. We innovate in green and environmentally friendly products, focusing on production and launch of products with low energy consumption while phasing out or reducing the production and sales of high-energy consumption products with low added value and low output. We are further optimizing our production lines, rationalizing production capacity at each base, expanding the production capacity strength of core production bases, while shutting down or divesting from certain bases.

Enhancing carbon emission management capacity

We are bolstering the leadership and organizational roles in managing carbon emissions, enhancing the training of our carbon management teams, addressing carbon constraints proactively, engaging in carbon asset management, and refining our statistical accounting of carbon assets and greenhouse gases such as carbon dioxide, and improve the efficiency of carbon asset management.

Strengthening independent technological innovation

Guided by the principles of "improving quality, increasing efficiency, promoting greenness, and facilitating upgrades," we remain committed to scientific innovation, uphold product quality, and embrace the philosophy of "perfecting product creation." We continuously innovate and achieve breakthroughs in the pharmaceutical field, enhancing the overall technological level of production.

Green transition of energy supply and consumption

We are transitioning from traditional fossil fuels to non-fossil energy sources, enhancing the efficient use of new and clean energy. We continuously roll out industrial energy-saving projects. Through employing lean and multi-level energy monitoring techniques, we precisely identify key energy consumption links and implement effective energy-saving and consumption reduction strategies.

Contributing to green and low-carbon social governance

We support carbon neutrality initiatives and increase the absorption of greenhouse gases like carbon dioxide through the cultivation of traditional Chinese medicine herbs. We intensify our focus on staff energy conservation and emission reduction management, promote and guide energy-efficient and low-carbon practices, and advocate for simple, moderate, green, and low-carbon work methodologies.

Renewable energy development and utilization of CR Pharmaceutical

CR Pharm Comm has established the *Guidelines for the Construction of Low-Carbon Logistics Parks*, exploiting the rooftops of warehouses, office buildings, and open storage areas for distributed photovoltaic power generation projects. In 2023, the distributed PV power generation projects at China Resources Henan Pharmaceutical, China Resources Shandong Pharmaceutical, and Jinrun (Tianjin) Pharmaceutical Co., Ltd. were completed, introducing a total installed capacity of 2.84 MWp and generating 3.8247 million kWh of power throughout the year.

CR Sanjiu has implemented initiatives including the construction of distributed photovoltaic power generation projects, utilization of biomass energy, participation in small hydropower system procurement, and use of solar or wind power street lighting. These measures have significantly enhanced the proportion of green electricity used and the overall utilization of renewable energy. In 2023, the PV power generation projects at Guanlan Base, Run Furong Pharmaceutical, and CR Sanjiu (Nanchang) were completed, collectively reaching an installed capacity of 10.16 MWp and generating 9.4841 million kWh.

CR Double-Crane has upgraded its steam heat exchanger heating to solar heating, installed solar street lamps, and initiated five distributed photovoltaic power generation projects at Hainan Double Crane, Binhu Double Crane, and Shanghai Changzheng Fumin Pharmaceutical. Annually, these projects contribute 6.1532 million kWh of clean electricity, reduce emissions of carbon dioxide approximately 3,041.59 tons, and reduce emissions of nitrogen oxides, sulfur dioxide, and particulate matter by 967.04 tons.

Xinbai Pharmaceutical, a subsidiary of CR Boya Bio-pharmaceutical initiated a 0.649 MW distributed photovoltaic power generation project. Upon completion, this project is expected to save 402.41 tons of standard coal annually, reduce emissions of carbon dioxide approximately 649.44 tons, and reduce emissions of nitrogen oxides, sulfur dioxide, and particulate matter by 354.3 tons.

In 2023, Dong-E-E-jiao utilized 3,878,300 kWh generated from distributed photovoltaic sources, marking a 3.95% increase from 2022.



No	Green Factory/Green Enterprises	Level
1	Dong-E-E-Jiao	National
2	CR Jiangzhong Wanli Manufacturing Base	National
3	CR Zizhu Beijing Preparation Factory	National
4	CR Sanjiu Guanlan Production Base	National
5	CR Jinchan	National
6	Beijing CR High-Tech	National
7	CR Sanjiu (Ya'an)	National
8	CR Double-Crane (Beijing) Industrial Park	National
9	Shanghai Changzheng Fumin Pharmaceutical	National
10	CR Boya Bio-pharmaceutical	National
11	China Resources Benxi Sanyao	Provincial (Liaoning)
12	Shenyang Sanjiu	Provincial (Liaoning)
13	Tian'an Pharmaceutical	Provincial (Guizhou)
14	Shuanghe Huali Pharmaceutical	Provincial (Henan)
15	Shuanghe Limin Pharmaceutical	Provincial (Shandong)
16	Hunan Xiangzhou Pharmaceutical	Provincial (Hunan)
17	CR Sanjiu	Municipal
18	Huai'an Shuanghe Pharmaceutical	Municipal
19	Sanjiu (Zaozhuang) Pharmaceutical	Municipal

Feature 2

Strategic Guidance

Contributing to the Chinese Path to Modernization through Strategic Guidance



On the new journey in this new era, CR Pharmaceutical deeply understands the connotations and requirements of China's path to modernization, resolutely implementing various national strategic decisions and directives. We consistently enrich our practices in environmental, social, and governance (ESG) aspects, fostering high-quality development through sustainable practices, and contributing to the creation of a new development landscape in China.

Domestic Industry Collaboration Empowers High-Quality Development

High-quality development is the top priority for building China into a modern socialist country in all respects and is fundamental to Chinese path to modernization. This development strategy emphasizes regional coordinated progress. CR Pharmaceutical diligently adheres to national strategies for high-quality development, advancing regional project collaboration, supporting local business growth, and enhancing development through strategic regional partnerships.



Beijing-Tianjin-Hebei Region

CR Pharmaceutical collaborates with the Changping District Government in Beijing to deepen cooperation in multiple fields stimulating momentum and vitality for high-quality development.

Dong-E-E-Jiao entered into a strategic agreement with Haihe Laboratory of Modern Chinese Medicine, Tianjin to develop a tripartite model of "brand + academia + dynamic marketing," aiming for exponential business growth.

CR Zizhu signed an agreement with Hebei Jinnuokang Pharmaceutical Co., Ltd. to promote the resumption of production and marketing of propranolol hydrochloride injection by leveraging mutual resources.



Yangtze River Delta

Dong-E-E-Jiao has signed a strategic partnership agreement with Nanjing Tech University to pilot "modernization of traditional Chinese medicine" and "medicine-tech integration," serving the pharmaceutical sector's development.

We cooperated with Shanghai Institute of Materia Medica in innovation and R&D of pharmaceuticals and emerging technologies.



Greater Bay Area

We engaged in visits and exchanges with the ZhongShan Institute for Drug Discovery to foster the commercialization and landing of high-quality projects and explore new developmental avenues.

We coordinated engagements with the Management Committee of Guangdong-Macao In-Depth Cooperation Zone in Hengqin for discussions in industrial policies. We coordinated with the One Country Two Systems Research Institute of Hong Kong to participate in the field survey to Hengqin, Zhuhai on the TCM + technology industry.



Northeast China

Dong-E-E-Jiao worked with the Xifeng County Government of Liaoning Province, and joined a series of brand promotion activities for deer products, aiming to foster the comprehensive revitalization of Northeast China.

Seizing the opportunities presented in its annual working meeting, Dong-E-E-Jiao worked with the Government of Tonghua City to explore new cooperation opportunities around industrial policies.

Building a Community with a Shared Future for Mankind through International Product Cooperation

Building a community with a shared future for mankind has become an international consensus and an intrinsic requirement of the Chinese path to modernization. While driving high-quality domestic development, CR Pharmaceutical constantly promotes international cooperation to enhance the ecosystem of the global big health industry and contribute to the sustainable development of the global pharmaceutical sector.



Dong-E-E-Jiao at the Fifth Belt and Road Women's Forum: Advocating for attention to women's health

In December 2023, the Fifth Belt and Road Women's Forum was successfully held in Sanya, Hainan. The forum, themed "She Power: Jointly Building and Sharing a Beautiful Life," invited CR Pharmaceutical and its subsidiary, Dong-E-E-Jiao, to attend. Nine Dynasties' Tribute, a flagship product of Dong-E-E-Jiao, was presented during the forum as a gesture of respect from China to the health and wellbeing of women from around the world. Embodying the Silk Road spirit of Dong-E-E-Jiao, this product not only raises awareness of the importance of women's health globally but also showcases China's dedication to integrating the essence of traditional Chinese medicine with various cultures around the world.



CR Sanjiu reaches an agreement with STADA, jointly tapping into the cold and cough medicine market

In November 2023, CR Sanjiu signed an agreement with the German pharmaceutical company STADA in Shenzhen to jointly expand the cold and cough medicine market. CR Sanjiu manages the distribution and promotion of STADA's cough and cold portfolio in China, including well-regarded brands like Shidagong, Ruike, Xikening, and Gelite. This synergistic partnership capitalizes on STADA's long-established products and CR Sanjiu's robust marketing and distribution networks to tap into the cold and cough medication market. Building on this collaboration, the companies plan to develop a multi-category platform, introducing more high-quality products to the Chinese market and continually enriching the value offered to consumers and patients.



- Dong-E-E-Jiao** > Once again secured the top spot on the Health Industry Brand Value List, as determined by the 2023 China Health Ecology Organization.
- CR Jiangzhong** > Eight European science and technology diplomats stationed in China traveled on the "China-Europe Research Express" to CR Jiangzhong for an in-depth study of the company's international cooperation achievements in traditional Chinese medicine and health food sectors.
- CR Sanjiu** > Shenzhen China Resources Gosun Pharmaceuticals Co., Ltd., a subsidiary of CR Sanjiu, won the bidding for a drug supply project from the United Nations Children's Fund (UNICEF), becoming an official long-term supplier. The company will continue to provide β-lactam antibiotics needed for treating pediatric diseases.
- CR Zizhu Pharmaceutical** > At the 20th World Brand Conference organized by the World Brand Laboratory, the Yuting brand was listed in the "China's 500 Most Valuable Brands".

Delivering Medical Assurance with High-Quality Products

Committed to enhancing the quality of medical science and technology innovation, CR Pharmaceutical fosters an innovative culture and accelerates digital transformation. Collaborating broadly, we prioritize and ensure drug quality throughout their lifecycle. We follow with the *Drug Administration Law of the People's Republic of China*, providing consumers with superior, high-quality, and accessible medical products and services.



Contribution to the SDGs



Our Concerns

- > Innovative development
- Quality management
- Customer rights and interests
- Accessible healthcare

Our Actions

- > Strengthening drug quality management
- Boosting R&D and innovation capacity
- Upgrading consumer experience
- Meeting customers' healthcare demand

Benchmark Indexes

- > GRI Standards: 2-28 416 417
- ESG Reporting Guide of HKEX: B6

Our Achievements

Hours of quality training over

1.31 million hours

Participants in supplier quality training

1,617

Participants in quality training

497,000

Coverage of employee quality training

100%

Quality training for suppliers

5,720 hours

Embracing New Development Opportunities Based on Cooperation

Providing Better Employee Care with Vitality

Delivering More Social Warmth with Love

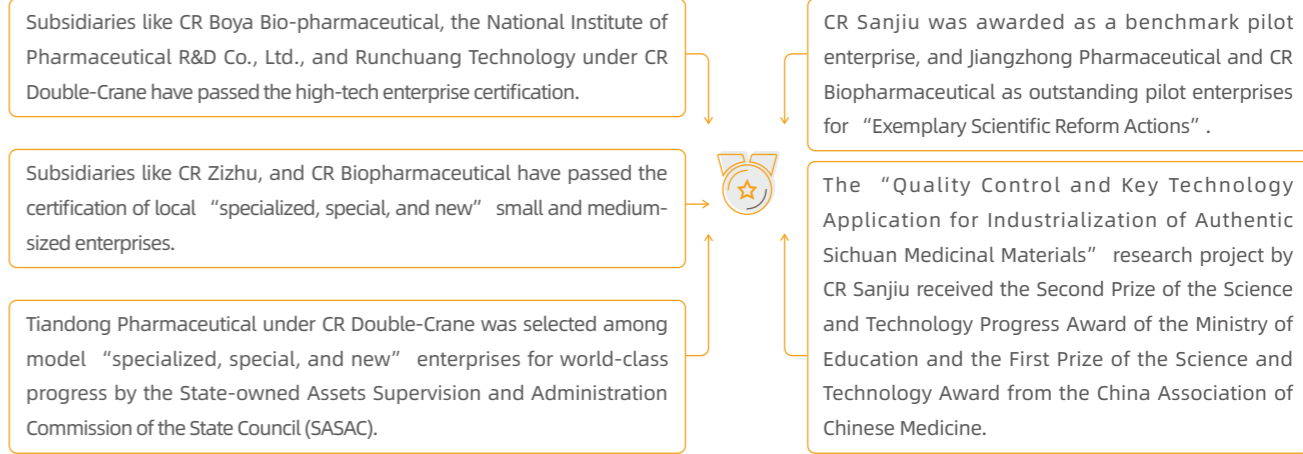
Topic Management and CSR Communication

Outlook

Appendix

Creating an Innovation Ecosystem

Innovation is an important means and fundamental guarantee for achieving sustainable development. CR Pharmaceutical has articulated a vision to establish a world-class R&D innovation system. We are developing new initiatives in oncology and autoimmune diseases, enhancing our established lines in blood products and nourishing traditional Chinese medicine, and expanding international cooperation in scientific and technological innovation on an ongoing basis to address increasingly diverse and multi-level healthcare needs.



Improving innovation systems

We constantly enhance our innovation mechanisms and methods by developing and implementing regulations such as the *Management Measures for External Innovation and Cooperation*, *Management Measures for the Science and Technology Commission*, and *Management Measures for Chief Scientists at CR Pharmaceutical (Trial)*. We also actively recruit leading industry experts to reduce risks in decision-making and new drug R&D.

◆ We have refined work processes and enhanced R&D management efficiency; We have revised the *Management Measures for R&D Projects* and *Management Measures for External Innovation and Cooperation Projects* to improve the rigor and scientific basis of R&D project approvals.

◆ We have bolstered the decision-making capability of the Science and Technology Commission by appointing a Chief Scientist and adding **19** new members, including **three** nationally recognized high-level talents and **one** National Outstanding Young Scholar. Additionally, we have engaged **16** specialized experts in areas such as antibodies, medical devices, and clinical research to further our targeted efforts.

◆ We are directing R&D resources towards oncology and autoimmunity to develop a strategically tiered product pipeline with a certain focus.

◆ To drive digital transformation, we have launched a digital management platform for R&D projects to enable visual management across their entire lifecycle. CR Biopharmaceutical is spearheading the adoption of innovative digital technologies, including AI-driven modeling for antibody/antigen complexes and development of long-acting regenerative antibodies.

Expediting the application of R&D results

Our focus extends to addressing rare diseases with the highest ethical standards and scientific integrity. We rigorously adhere to animal ethics and protection standards. By conducting generic drug quality consistency evaluation and fostering a respectful environment for intellectual property, we aim to accelerate the industrialization of research findings and share the benefits of our innovative development with the wider community.

Expediting Innovation Transfer. We comply with ethical standards for the licensed use and production of experimental animals, leverage our research platforms to expand our R&D pipeline, and aim to serve a broader consumer base with our portfolio of high-quality innovative and generic drugs.

CR Sanjiu

- > The first license-in project, ONC201 for the H3K27M-mutant glioma, has received the *Notice of Approval for Clinical Trial from the National Medical Products Administration (NMPA)*.
- > Phase I clinical research on the Class 1 *small molecule targeted anti-tumor drug QBH-196* has been conducted.
- > CR Sanjiu has continued to expand new indications for the *Mitoxantrone Hydrochloride Injection for Tracer Use (Futasu®)*, a Class 2 new drug, while also advancing clinical research on lymphatic tracing in patients undergoing radical gastrectomy for gastric cancer.

CR Double-Crane

The company is vigorously advancing the application and clinical research of small molecule innovative drugs for new therapeutic targets and accelerating the establishment of leading technology platforms: The Fascin protein inhibitor project from the Fascin target platform has successfully completed Phase I clinical trials and has progressed to Phase II. The CX2101 project from the prodrug technology platform has also completed Phase I clinical trials. The Class 2.2 innovative drug mercaptopurine micro tablets has entered the national priority review and approval channel.

CR Biopharmaceutical


- > The Vaccine R&D Center of CR Biopharmaceutical Research Institute, in collaboration with the National Research Center's R&D team at Shenzhen Third People's Hospital, launched the CRB3102 vaccine project.
- > Phase II clinical data for the CRB1301 project was presented at the World Stroke Congress (WSC), and pre-NDA materials were submitted
- > The Ruitongli project for the treatment of acute ischemic stroke has completed Phase III clinical research and the New Drug Application (NDA) has been submitted to the Center for Drug Evaluation (CDE).

NIP Pharm

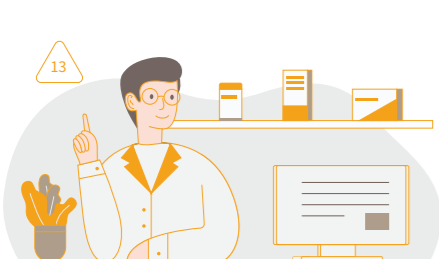
NIP046 and NIP292 have completed Phase I clinical trials, providing initial human safety and tolerability data, which supports further clinical development.

Dong-E-E-Jiao

The improved new drug project, Dong-E donkey hide gelatin compound slurry, has successfully filed an Investigational New Drug (IND) application and received the clinical trial application acceptance notice.

 State-certified engineering technology research centers 5	1 State-certified industrial innovation center	3 State-certified enterprise technology centers	70+ Research centers certified by provincial and municipal authorities
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In 2023, 13 of our products passed the generic drug quality consistency evaluation




- > Piracetam tablets
- > Epalrestat tablets
- > Rabeprazole sodium enteric-coated tablets
- > Lidocaine hydrochloride injection 5ml
- > Lidocaine hydrochloride injection 20ml
- > Cytidine sodium injection
- > Pediatric compounding formula for amino acid injection (19AA-I)
- > Amikacin sulfate injection
- > Calcium gluconate injection
- > Cefuroxime injection
- > Oxytocin injection
- > Lactated Ringer's injection
- > Lansoprazole for injection

IPR protection. We adhere to laws and regulations, including the *Civil Code*, *Trademark Law*, and *Patent Law*, as well as our own internal regulations such as the *China Resources Pharmaceutical Group Limited Measures for the Management of Intellectual Property Rights and Files of R&D Projects*, to promote patent application and protection, and prevent infringement risks. We continuously strengthen our review processes for sources, defects, infringement prevention, and data compliance of IPR, and carry out IP training and exchange sessions regularly. Throughout the reporting period, we have not been involved in any major infringement or intellectual property disputes. In 2023, Hunan Xiangzhou Pharmaceutical, a subsidiary of CR Double-Crane, was named awarded as National Model Enterprise for Intellectual Property.

Injecting vitality through digital transformation

As part of our digitalization strategy, we are committed to "expanding and deepening digital scenarios, continuously strengthening digital capabilities, gradually building a new ecosystem for digital cooperation, and exploring the digital economy". Centering around the competitive "business system x digitization" model, we further digitalize our core value chain and empower high-quality development through digital transformation.

 2023 National Model Factory for Intelligent Manufacturing 2	Selected among "Outstanding Intelligent Manufacturing Scenarios of 2023" 5	CR Sanjiu and Jiangzhong Pharmaceutical are currently the only two enterprises in the pharmaceutical industry to have passed the "Level 4 Assessment of Matured Intelligent Manufacturing Capability" by the MIIT.
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Enhancing supply efficiency
CR Pharm Comm has enhanced the integration of regional logistics operations by including 119 product owners, 22 operation and logistics centers, and 39 warehouses in the Runyao IoT platform. The order center has processed over 6.14 million orderlines, achieving an automation rate of 76%. We've developed a unified credit management platform and an integrated device operation platform to promote the development of the entire business chain.

Optimizing Service System
CR Pharm Comm equips medical institutions with intelligent medical and supply chain services, creating a "medical + Internet" service ecosystem. This is achieved through the "Run Xiaoyi Medical Care Platform" and the development of a Center of Excellence (COE). Our new online pharmacy now spans 16 provinces and municipalities directly under the central government. Runyao Mall has registered 637 merchants. Furthermore, we've developed a patient-centered Direct to Patient (DTP) pharmaceutical service platform, extending to 92 stores across eight regions nationwide.

Smart manufacturing upgrade
CR Boya Bio-pharmaceutical has established the industry's first standardized, intelligent, and group-based business management cloud platform system for plasmapheresis stations. Additionally, five manufacturing scenarios of CR Pharmaceutical were recognized on the Excellent Scenario List of the 2023 Smart Manufacturing Pilot Demonstration Action by the Ministry of Industry and Information Technology.

Digital marketing
CR Sanjiu focuses on its data precipitation and application by completing the construction of a consumer-end data platform. Dong-E-E-Jiao is reshaping the digital marketing transition strategy with consumer operations at its core, establishing a consumer database close to tens of millions of entries.

Fueling innovation collaboration

Based on our scientific research strengths, we actively pursue collaborations with government agencies, higher education institutions, research institutes, investment institutions, medical institutions, and other entities to foster new industry-research partnerships and enhance our capacity for original innovation and the transformation of achievements.

In collaboration with Wenzhou Medical University, we have successfully established the Beijing Branch of the National Key Laboratory for Macromolecule Drugs and Large-scale Preparation.	CR Biopharmaceutical has signed a collaborative agreement for developing novel inhaled formulations of antibody drugs aimed at treating respiratory diseases.
We have actively implemented the key technologies of "Innovative In Vitro Pharmacokinetics and Immunogenicity High-Throughput Cell Screening Technology for Antibody New Drugs Simulating the Human Body" and participated in major projects under the "Development and Manufacturing of Next-Generation Long-Acting, Highly Effective Antibody New Drugs", as part of the future industry initiative launched by the SASAC.	CR Sanjiu hosted a summit forum on the high-quality development of the TCM industry chain and signed strategic cooperation and project agreements with multiple universities and professional institutions.

Focusing on Quality Upgrading

Product quality is the foundation for sustainable development of pharmaceutical companies. CR Pharmaceutical prioritizes medication safety, establishing a quality management system that spans the entire lifecycle of drugs. We set annual quality management goals and detailed work plans, Sign quality commitment letters layer by layer and incorporate them into performance evaluations to ensure the implementation of every goals. Through these efforts, we consistently deliver reliable and affordable high-quality medical products and services.

Enhancing quality management

Abiding by the *Drug Administration Law of the People's Republic of China*, the *Good Manufacturing Practice for Drugs (2010 Revision)*, the *Good Supply Practice of Pharmaceutical Products*, and other laws and regulations, we have established a quality management system covering the entire lifecycle of drugs by benchmarking international standards such as PIC/S, FDA, WHO, etc. Focusing on the field of new quality productive forces, we have formulated manuals including the *Work Manual for Quality Due Diligence Standards of Biological Products Enterprises (Trial)*, *Work Manual for Quality Audit Standards of Blood Product Manufacturers*, and *Work Manual for Quality Management Standards of Drug Research and Development*. To strengthen our product quality control, we provide guidance and annual training to all our suppliers and incorporate quality management throughout the entire product lifecycle, including raw material sourcing, R&D, registration, testing, and manufacturing.



Quality system certification

All manufacturers of CR Pharmaceutical have passed the Good Manufacturing Practice (GMP) compliance inspections. All companies involved in drug marketing have passed the Good Supply Practice (GSP) compliance inspections. CR Sanjiu, CR Jiangzhong, Dong-E-E-Jiao, among other subsidiaries, have been ISO 9001 certified. Seven subsidiaries including CR Jiuxin Pharmaceutical have passed international certifications such as FDA and WHO. Twenty-one subsidiaries including CR Double-Crane and CR Zizhu have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS).

Quality system auditing

We organize regular and special quality audits, to evaluate and promote smooth operation of the quality system through carrying out internal unannounced inspections, internal and external spot checks, and conducting in-house audits. All manufacturers of CR Pharmaceutical accept official inspections, with a passing rate of 100%.

Quality risk management

Our subsidiaries have formulated *Quality Risk Management Standards*, *EHSQ Legal Regulations Identification and Evaluation Management Measures*, and *Management Regulations for Change Control*, etc. to carry out the identification and interpretation of legal regulations for medicines, conduct risk recognition and plan relative measures, and perform in-house spot checks and evaluations, so as to effectively control quality risks and control changes in production sites and processes.

Quality emergency management

We place a high priority on responding to quality emergencies, the subsidiaries developing *Quality Emergency Response Plans* and *Quality Incident Management Measures* that outline principles and mechanisms for emergency response. We take preventive actions by securely storing essential products and associated raw and auxiliary materials and establishing mechanism of alternative suppliers for certain materials.

Fostering a quality-oriented culture

To meet the requirements of quality risk control in production and operation, as well as policy interpretation for pharmaceuticals and medical devices, the construction of R&D quality management system, quality risk control in key links, production quality technology research and development, cold chain verification technology, and store quality management, we organize and carry out a range of activities aimed at fostering a strong quality culture, including National Quality Month, knowledge contests, and essay competitions.



Hosting quality management seminars to discuss system improvements and have in-depth exchanges with industry experts



Skills and competencies of our quality personnel evaluated through the Quality Skills Competition of Employees

Securing drug safety

We rigorously ensure the quality of our products and services, closely monitor drug safety data in clinical applications, and enhance emergency responses, drills, and recall management systems to strengthen the pharmacovigilance system. Our subsidiaries carry out pharmacovigilance audits, ensuring that consumers have access to safe medicines and also confidence in our medicines.

Pharmacovigilance management

We strictly adhere to the *Good Pharmacovigilance Practice* and other relevant regulations, and urge our subsidiaries to fulfill their responsibilities as permit holders for the sale of pharmaceuticals by implementing pharmacovigilance measures. We have reconstructed our pharmacovigilance system and established a dedicated department for pharmacovigilance. We continue to strengthen pharmacovigilance monitoring and enhance the collection of adverse reactions. We have established a comprehensive lifecycle traceability system for product flow to assist in combating counterfeit medications and ensure that consumers purchase and use only certified drugs.

Enhanced emergency response

We develop the *Comprehensive Emergency Plan for Food-and Drug-Related Emergencies*, build robust organizational structures for efficient emergency management, and enhance our readiness for any product safety incidents. We actively implement the *Management System for Drug Recalls* and ensure that drugs produced and marketed with quality issues or other safety hazards can be recalled in accordance with prescribed procedures. If an actual recall occurs, we entrust professional third parties to destroy or dispose of unqualified drugs. If there is no actual recall, we organize product recall drills in accordance with the *Simulated Recall System*. In 2023, there were no major negative events affecting the health and safety of our customers. 0 products were recalled due to safety and health reasons.

Boosting Service Quality and Efficiency

CR Pharmaceutical is committed to enhancing health service capabilities, guaranteeing the legitimate rights and interests of consumers, vigorously promoting responsible marketing and publicity, and delivering a superior and reliable health service experience to consumers.

Safeguarding consumer rights and interests

We continuously enhance customers' consumption experience by leveraging digital technologies, striving to relieve patients' burdens. To achieve this, we strictly implement consumer privacy protection systems to establish a "firewall" that safeguards consumer rights and interests.



Optimizing customer service

We are proactively expanding our omni-channel digital presence to enhance user experience and service through precision marketing and digital services. Through distributing questionnaires and entrusting third-party organizations to conduct satisfaction surveys, we listen to customer feedback and make timely improvements to continuously enhance customer service experience. Our customer satisfaction rate in 2023 exceeded 90%.



Information security protection

We adhere to the *Law on Protection of Consumer Rights and Interests* and prioritize customer privacy by implementing a confidentiality system. We ensure that sensitive information, including customer files, complaints, and data, remains confidential. We constantly enhance our information security system to prevent data leakage. For example, Dong-E-E-Jiao has been certified to ISO 27001 and the Integration of Informatization and Industrialization Management Systems. Our efforts aim to comprehensively ensure the security and stability of both corporate and customer information.



After-sales service management

We have enhanced our after-sales service system by increasing our efforts in handling and resolving consumer complaints. This includes providing after-sales services such as consultation, remote instructions and on-site support for distributors, terminal pharmacies, and consumers. In line with the *Customer Communication and Complaint Management System*, we record feedback and complaints in a timely manner, ensuring standardized, timely, and effective complaint resolution.



Complaint resolution rate

100%

Complaints timely and properly handled

428

Advocating responsible marketing

In accordance with the *Advertising Law, Drug Administration Law, Provisions for Drug Insert Sheets and Labels, and other relevant laws* and regulations, our compliance department undertakes annual anti-monopoly compliance reviews specifically for marketing, interprets anti-corruption policies within pharmaceutical marketing, and conducts regular institutional reviews. All advertising and promotional materials undergo a rigorous pre-approval process to comply with regulatory standards. We strengthen compliance management of advertisement, slogans, and marketing content. Also, we strengthen the management of all advertising channels and tools, such as store posters, POP displays, LED screens, and WeChat official accounts. Latest requirements for providing accurate, objective, non-misleading and authentic information in advertisement are strictly implemented. Regular training on responsible advertising is conducted throughout the organization.

All subsidiaries are urged to formulate their own *Provisions for Drug Insert Sheets and Labels* to strengthen drug packaging and label review. We review drug labels meticulously, and clarify possible adverse reactions that may happen to a minority of patients. We have strengthened the regulation of product packaging design, advertising release procedures, and trademark applications and use.

- > CR Boya Bio-pharmaceutical has established a *Code of Conduct for Promotion Service Providers*, requiring all promotional staff to sign a *Compliance Commitment Letter*.
- > The advertising of Dong-E-E-Jiao's drugs undergoes strict approval and registration by the National Medical Products Administration. Additionally, we conduct quarterly advertising law training for marketing and branding personnel and monthly distributions of typical advertising law violation cases.
- > CR Zizhu has formulated a *Management System for Brand Promotion*, requiring marketing, sales, and legal approvals for all promotional plans and marketing activities. Regular training on advertising regulations is also conducted annually.
- > CR Sanjiu routinely performs internal and third-party audits on the marketing, advertising, and sales processes of its e-commerce platforms.

Improving health accessibility

Leveraging our expertise and resources, we align with national strategies like the Belt and Road initiative, focusing on rare disease research and reducing healthcare costs to develop a modern medicine supply system. We strive to extend more high-quality health products and services to less developed regions and countries.



Guaranteeing drug supplies

In response to national centralized drug procurement policies aimed at reducing the financial burden on patients, CR Sanjiu and CR Double-Crane have successfully included key products such as "cefotaxime sodium for injection (CR Sanjiu)," "amlodipine atorvastatin calcium tablets," "metronidazole sodium chloride injection," and "enoxaparin sodium injection" in the eighth national centralized drug procurement. To ensure stable drug supplies in the market, we are committed to improving the quality of our comprehensive logistics services, with a focus on enhancing our transportation management system, and only purchase transportation vehicles that meet the GSP requirements.



Equitable and reasonable pricing for products and services

We strictly abide by the *Opinions on Promoting the Drug Pricing Reform, the Opinions on Supervising the Drug Price*, among other relevant laws and regulations. Through equitable pricing, we aim to lower the medical expenses of consumers. Also, digital and smart technologies are leveraged to monitor price fluctuations. We exert every effort to ensure stable drug prices and supplies in various settings, including medical institutions, retail pharmacies, and online platforms. We take into account the economic and healthcare conditions of foreign markets and flexibly adjust prices to improve the accessibility of our medicines.



Making a global presence

In line with national development strategies such as "going global" and the Belt and Road initiative, we seek opportunities to expand into emerging markets/developing countries. With our expertise in producing high-quality products, we have been able to serve customers and patients in over 30 countries and regions, striving to make affordable health products accessible to people in developing countries.

- > Shenzhen China Resources Gosun Pharmaceuticals Co., Ltd., a subsidiary of CR Sanjiu, won the bidding for a drug supply project from the United Nations Children's Fund (UNICEF), becoming an official long-term supplier. The company will continue to provide β-lactam antibiotics needed for treating pediatric diseases.
- > Holley Cotec, a wholly-owned subsidiary of KPC Pharmaceuticals under CR Sanjiu, has received pre-qualification (PQ) from the World Health Organization (WHO) for its antimalarial drug, dihydroartemisinin phosphate piperazine tablets (40mg/320mg). This qualification includes the drug in the procurement lists of international organizations and public institutions for antimalarial drugs.



Expanding treatment fields

Since 2019, CR Pharmaceutical has been invited to join the China Alliance for Rare Disease as a founding corporate member, to advance collaborative innovation in rare disease clinical research and orphan drug development. We are committed to increasing our support for research in emerging fields and the development of prevention and treatment methods. By adopting new methods and models, we are able to carry out exploratory research, expand our product research and development, close the healthcare gap, and provide more equitable and accessible products and services to patients around the globe.

- > CR Boya Bio-pharmaceutical C1 Esterase Inhibitor has received the first *Notice of Approval for Clinical Trial* in China for conducting clinical trials in treating acute abdominal and/or facial hereditary angioedema in adults and adolescents, with Phase I trials already initiated.
- > The CR Boya Bio-pharmaceutical 10% Intravenous Immunoglobulin project has successfully completed Phase III clinical trials, poised to extend its benefits to more patients in the near future.

Creating a Better Ecological Environment by Green Development

Committed to the vision of green development, we actively fulfill our ecological and environmental protection responsibilities, and enhance our abilities in environmental management and green operations to build a beautiful China where humans and nature coexist harmoniously.



Contribution to the SDGs



Our Concerns

- > Development of green products
- Efficient use of resources and energy
- Management of emissions and waste
- Promotion of the green development vision

Our Actions

- > Improving environmental management
- Implementing green operations
- Strengthening pollution prevention and control
- Leading green development

Benchmark Indexes

- > GRI Standards: 301 302 303 304 305 306
- ESG Reporting Guide of HKEX: A1 A2 A3 A4

Our Achievements

Total investment in environmental protection RMB

99.6124 million

Total investment in energyconservation and emission reduction RMB

20.3359 million

Improving Environmental Management

CR Pharmaceutical strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Environmental Impact Assessment* and other relevant laws. The Company urges all subsidiaries to formulate and carry out pollution prevention and control, environmental monitoring, EHS (Environment, Health, and Safety) performance evaluation and environmental emergency plans according to the pharmaceutical industry's operations. Regular revision and enhancements to these measures are required. We also set up annual EHS objectives and include them in executive performance evaluations to continuously improve our environmental management level.

Environmental management system

We have established an environmental management system following the "PDCA" cycle and encourage subsidiaries to obtain certifications in environmental and energy management systems. We systematically promote the unified regulation and management by the EHS management department over wastewater, emissions, waste, and noise. To strengthen emergency management of environmental risks, production units have developed environmental emergency plans and registered them with environmental regulatory authorities, including the *Dong-E-E-Jiao's Contingency Plan for Environmental Emergencies*, *CR Boya's Emergency Contingency Plan for Biohazardous Waste*, and *CR Zizhu's Emergency Response Plan for Hazardous Waste Storage Facilities*. We regularly conduct environmental emergency drills and intensify our efforts in ecological protection to minimize environmental damage and pollution impacts, and strengthen our capabilities in preventing and responding to environmental pollution incidents.



ISO 14001-certified subsidiaries
68

ISO 50001-certified subsidiaries
9

Certified clean production bases
29

Green factories/ Green enterprises
19

Environmental governance goals

We incorporate environmental management indicators into our performance assessments and have developed *Goals for CR Pharmaceutical's Energy Use During the 14th Five-Year Plan Period*, and *Annual Performance Assessment Indicators For Energy Conservation and Emission Reduction During the 14th Five-Year Plan Period* in accordance with the Group's requirements. We reduce water and electricity consumption, increase the use of green electricity, and minimize wastewater, emissions and waste generation, ensuring compliance with relevant emission and disposal regulations. The subsidiaries have signed a commitment letter setting achievable and effective environmental objectives in emission and waste reduction and water conservation. They follow the annual work plan to advance environmental protection practices, and conduct regular environmental impact audits & annual compliance audits to review the effectiveness of environmental management.



Internal audits

The Company evaluates compliance with regulatory guidelines related to pollutant and wastewater discharge, self-monitoring procedures, operation of pollution control facilities, transfer and disposal of solid waste, and adherence to the "Three Simultaneities" system.



External audits

In line with our self-monitoring program for pollutant emissions, we entrust qualified third-party testing agencies to monitor emissions regularly. During the reporting period, emissions of waste gases, wastewater, solid waste, and noise from all our subsidiaries have met the control standards, and never exceeded regulatory limits. Moreover, there were no environmental pollution incidents or administrative penalties imposed during this period.

**CR Double-Crane conducts internal audits on environmental management**

In 2023, CR Double-Crane achieved good results in the implementation of five inspections, which focusing on pollutant and wastewater discharge permit management, self-monitoring of pollutant emissions, ecological protection in the Yangtze River and Yellow River basins, preparation for the third round of central environmental inspections, and environmental impact assessments.

Realizing Efficient Use of Resources

Enterprises heavily rely on energy resources for production. The Company strictly adheres to laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and the *Circular Economy Promotion Law of the People's Republic of China*. By adopting advanced technologies and equipment, promoting recycling, implementing energy-efficient renovations, and conducting clean production audits, we improve resource and energy efficiency, and mitigate the environmental impact at its source.



CR Henan Pharmaceutical has obtained the certificate of "Level 1 Green Warehouse".

Advancing energy-efficient renovations

We actively respond to energy conservation and emission reduction initiatives, advance energy management and improve energy efficiency. Through technological and equipment enhancements, optimization of product specifications, and upgrades to intelligent manufacturing, we have reduced material consumption per unit, identified and eliminated resource waste, and achieved green and intelligent production.

**CR Jiangzhong Luoting Extraction Base carries out the energy matching project based on big data analysis**

By installing steam accumulators, CR Jiangzhong Luoting Extraction Base stabilizes the load fluctuations of gas equipment and reduces ignition frequency by 85.6%, significantly cutting natural gas consumption. Preventive maintenance and improvements have been conducted on equipment such as boilers, spray towers, and air conditioning systems to lower failure rates and enhance overall efficiency. Through these optimizations, the comprehensive energy consumption of the base has decreased by over 6%, saving more than RMB 1.3 million and reducing carbon emissions by over 200 tons.

Utilization of water resources

To implement the water-saving initiative, we have established strict management systems, adopted advanced water treatment technologies, and taken various measures to reduce water consumption. We enhance the maintenance of all water-consuming equipment, continuously invest in water recycling projects, and use reject water for gardening, thereby increasing the reuse rate of water resources. During this reporting period, we encountered no difficulties in accessing appropriate water sources.

**Jiangzhong Pharmaceutical (Wanli Manufacturing Base) builds a water-saving enterprise**

Jiangzhong Pharmaceutical has set up a water-saving project team to formulate work plans, sign responsibility letters for water use and systematically execute water conservation measures. The company drafted and issued "one system and three regulations" based on its condition, and manages the water usage efficiently in the Medicine Valley, including raw water, treated water, and effluent. Furthermore, it has implemented a series of water-saving renovations for industrial and domestic water use, achieving notable water conservation results. The company has been recognized as a water efficiency leader in Nanchang and a water-saving benchmark enterprise in Jiangxi province.

Strengthening Pollution Prevention and Control

The compliant disposal of industrial wastewater, waste gases and residues is of great significance for ecological environment protection. CR Pharmaceutical continuously improves its waste gas, wastewater, solid waste and noise treatment processes and facilities to enhance pollution control effectiveness. During the reporting period, no violations of environmental laws and regulations occurred.

**Hazardous waste**

The Company has formulated and issued the *Hazardous Waste Management System* to regulate the generation, collection, storage and disposal of hazardous waste. Special storage areas have been designated for unqualified drugs, laboratory liquid waste and containers, and we entrust third-party agencies with disposal qualifications and technical expertise to dispose of the waste in compliance with relevant laws and regulations.

**Industrial solid waste**

We carry out internal recycling, and for waste that cannot be recycled internally, we have launched a demonstration project of comprehensive utilization of Chinese medicine residues in pharmaceutical factories, converting them into biomass fuel or organic fertilizer. Wastes packaging materials, paper, and wood that cannot be internally recycled are entrusted to qualified third-party organizations with technical capabilities for recycling.

**Domestic waste**

The Company encourages waste classification to facilitate recycling either internally or through third-party services. Non-recyclable domestic waste is transported by sanitation departments to nearby waste incineration plants for power or heat generation wherever possible, or sent to nearby landfill sites for disposal, depending on local conditions.

**CR Jiangzhong organizes collection and treatment of exhaust gases from the Medicine Valley wastewater treatment station**

CR Jiangzhong has invested over RMB 1.1 million to transform wastewater treatment facilities such as collection wells, sludge tanks, and equalization tanks of Medicine Valley wastewater treatment station to stop uncontrolled malodorous emissions and ensure compliance with the *Emission Standard of Air Pollutants for Pharmaceutical Industry(GB37823-2019)*, thereby minimizing pollution to the atmosphere.

**CR Sanjiu launches a demonstration project for comprehensive utilization of Chinese medicine residues in pharmaceutical factories**

CR Sanjiu (Zaozhuang) has jointly developed a microbial fermentation device to produce liquid fertilizer with herbal residues. Using microbial fermentation technology, it converts the alcohol-extracted herbal residues into liquid organic fertilizer. The thorough fermentation process is efficient, saving time, labor and costs. The liquid organic fertilizer is soluble and can enhance soil permeability and reduce soil compaction. It is estimated that this project can annually recycle 9,000 tons of alcohol-extracted herbal residues, effectively turning waste into a valuable resource.

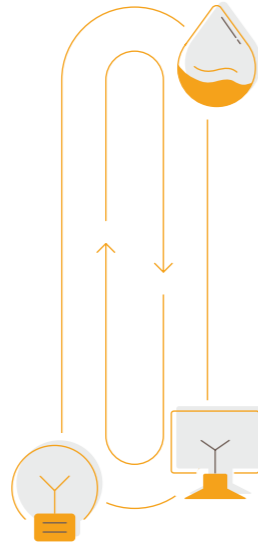
Reducing packaging waste

We purchase new equipment with high quality finished products to minimize pollution at the source. As for packaging design, we highlight simplicity, functionality and recyclability, using eco-friendly paper for cardboard and adopting simple box designs to reduce surface area and total weight.

Through our careful selection of packaging sizes and materials, less packaging waste is produced. We categorize and store the waste appropriately, recycling non-hazardous packaging while ensuring safe disposal of hazardous materials.

Leading Green Development

The Company firmly believes that “lucid waters and lush mountains are invaluable assets”. Environmental training sessions are conducted for employees, focusing on hazardous waste management, pollution prevention, and maintenance of pollution control facilities. For the general public, we organize a series of environmental publicity campaigns during World Environment Day, Energy Conservation Week, and National Low Carbon Day. The idea of green, low-carbon, and sustainable development is gradually integrated across the entire lifecycle of our products through these training and publicity efforts.



Water conservation

We adopt energy-saving technologies to manage water consumption in the park, and use water-saving and energy-saving appliances in office areas. The equipment at the water treatment station is well-maintained, and reclaimed water is reused efficiently with careful planning of irrigation schedules and frequencies.

Green office

Procurement and distribution of office supplies are regulated to make sure they are used efficiently. Recycling bins for single-sided waste paper are placed near photocopiers to encourage reuse and minimize paper waste. We also promote paperless office initiatives and encourage video conferencing to reduce unnecessary business travel.

Energy conservation

Employees are instructed to turn off computers and other electrical devices when not in use, and energy-efficient lighting fixtures have been installed in office areas. During statutory holidays and after working hours, lights and water heaters in the building are switched off, with regular inspections carried out by dedicated personnel.

CR Jiangzhong fosters a harmonious coexistence between humans and nature

CR Jiangzhong Medicine Valley continuously improves its greening project. In 2023, it planted over 4,500 trees, reused medicinal residues for land fertilization and took pest control measures targeting pests like termites, pine wood nematodes, and longhorn beetles. It has also set up feeding stations for wild animals and assigned wildlife feeders to distribute food in the forest. Furthermore, it organizes employees to install bird nests in the forest to provide habitats for birds. During winter, when food is scarce, we increase patrols in the forest to help animals survive the cold.



CR Jiangzhong Environmental Open Day



CR Pharma Comm announced the initiative of international trade decarbonization at the 6th China International Import Expo.

CR Sanjiu conducts environmental protection training

To enhance the professional skills of environmental management personnel, CR Sanjiu organized various training sessions on standardized environmental management throughout the pharmaceutical manufacturing process, standardized management of industrial solid waste, configuration and safe operation of online monitoring equipment, and refined management of wastewater and emissions. These training sessions were attended by 8,567 employees with a total of 14,006 participants.

At the same time, we adhere to relevant laws and regulations such as the *Regulations of the People's Republic of China on Wild Plants Protection*, the *Regulations on the Protection and Management of Wild Medicinal Plants*, and the *UN Convention on Biological Diversity*. Following the requirements of biodiversity conservation, we ensure the effective protection of medicinal plants and animals while engaging in the scientific and prudent development of these resources. We resolutely prevent biodiversity losses caused by the overharvesting of wild medicinal herbs and promote the benign and orderly development of the traditional Chinese medicine industry by building medicinal material bases by ourselves and with other partners. Meanwhile, we give great attention to the management of sustainability risks in our commercial partnerships and supply chains. We carry out dynamic monitoring and make adjustments to preserve the diversity of biological systems.

CR Double-Crane organizes environmental publicity campaigns

CR Double-Crane makes full use of the power of media to create a strong atmosphere for energy conservation and carbon reduction and promote knowledge on climate change, with banners placed in various areas, and promotional videos continuously playing on workshop and lobby TV screens. It also organizes employees to study the *Code of Conduct for Environmental Protection* and encourages them to fulfill their obligations and responsibilities for ecological protection and enhance their awareness of green and low-carbon development.

CR Sanjiu takes multiple measures to ensure the healthy development of the traditional Chinese medicine industry

Considering the suitable environment for medicinal plants and drawing from its cultivation expertise, CR Sanjiu carefully selects base locations to avoid protected biological areas. The company collaborates with research institutions and sets up its own seedling research zones to ensure the seed quality of medicinal plants and prevent species degradation and the invasion of foreign species. Moreover, it integrates medicinal planting and photovoltaic power generation. By leveraging the distinct light wave requirements of medicinal plant photosynthesis and photovoltaic power generation, we can simultaneously generate electricity and cultivate plants.

Embracing New Development Opportunities Based on Cooperation

Faced with constant changes in global supply chains, we positively adapt to them and adhere to building a sustainable supply chain that is responsible, efficient and green. We also work with partners to create diverse values, moving towards a promising future for the pharmaceutical industry.



Contribution to the SDGs



Our Concerns

- > Supply chain management
- > Partner cooperation

Our Actions

- > Improving the supply chain management system
- Building a sustainable supply chain
- Building an industrial platform
- Expanding diverse cooperation

Benchmark Indexes

- > GRI Standards: 308 414
- ESG Reporting Guide of HKEX: B5

Our Achievements

Suppliers in total
32,657

Supplier audits during the reporting period
1,388

Optimizing Supply Chain Management

Regarding its partners as the core members of the industrial ecosystem, CR Pharmaceutical exchanges development information with each other through continual and effective communication to achieve common growth, cooperation, and win-win results.



Dong-E-E-jiao was selected among the 2023 "Green Supply Chain Management Enterprise" in the Ministry of Industry and Information Technology.

Improving supply chain management

We strictly abide by requirements such as *the Administrative Measures for Suppliers and the Integrity Agreement*, and our subsidiaries work to formulate the management documents such as the *Administrative Procedures for Suppliers* and the *Procedures of Auditing and Assessment for Suppliers*, optimize the whole-process management mechanisms for supplier access evaluation, classification and alternation, regular inspection and evaluation, dynamic management, comprehensive appraisals, and supervision and improvement. They also continue to build the supply chain platform, promote smart manufacturing, and conduct training on suppliers to improve supply chain management.

Comprehensively appraising suppliers



We formulate the *Detailed Rules on Supplier Management* to conduct on-site audits of suppliers for earthworms, Chinese yams, PVC, aluminum foils, etc., and comprehensively appraise important supplier partners. We implement the reward, punishment and phase-out mechanism for suppliers to effectively improve material quality from sources, ensuring supplies for production. We proactively share the experiences with suppliers during daily communication and scheduled meeting, questionnaire assessment, on-site audits and organize relevant training, striving to raise suppliers' awareness of quality and safety, business ethics, environmental protection, and to enhance their capabilities in this regard.

Promoting smart procurement



We encourage subsidiaries to promote smart procurement. First, procurement ways should be optimized. By centralized purchases and unit price records, we can reduce the times of purchasing. Second, procurement can be completed online. Procedures such as price inquiries, negotiations, and assessments can be done online to reduce personal intervention, reducing communication costs and improving efficiency.

Building a sustainable supply chain

We continuously pay attention to the suppliers' performance in the environment, society and governance by random supplier assessments. Efforts are made to promote green and transparent procurement, full use of eco-friendly materials, and ensure a cleaner supply chain at the same time, building a sustainable supply chain together with suppliers.

Risk identification



We build up an information-sharing mechanism. By on-site audits, we identify and analyze social and environmental risks in supply chains and conduct risk assessments on the labor rights and interests of suppliers, environmental protection and community relations. Among those audited suppliers this year, none of them exerted a great negative impact on the environment or society.

Transparent procurement



We promote open and digital procurement and require all suppliers to sign the *Transparent Declarations* and the personnel in charge of procurement review to sign integrity documents.

Green procurement



We encourage suppliers to obtain certifications on quality, environment and occupational health and safety. In 2023, there were a total of 26,984 suppliers that certified quality management. ESG scoring items were added in the comprehensive review and bid evaluation mode of procurement and bidding. We give priority to qualified suppliers and products that meet the requirements of environmental protection.



CR Jiangzhong promoting the suppliers of inner packaging materials to increase the standards of pollution prevention and control, energy conservation and carbon dioxide reduction

Zibo HuaRui Aluminum Plastic Pack Material Co., Ltd. is a qualified inner packaging material supplier for CR Jiangzhong. With better environmental protection devices and higher emission requirements, and under the support of CR Jiangzhong, the investment of the company has exceeded RMB 10 million in optimizing the newly-introduced ROT environmental-friendly device for waste gas treatment. Waste gas generated by production devices in workshops is concentrated at the entrance of the RTO device through closed pipelines. After multiple processes including filtration, separation and high-temperature combustion, the waste gas can be purified and emitted. This is the most advanced waste gas treatment device in China. In 2023, the residual heat from high-temperature combustion of the RTO device was first utilized in heating offices, dormitories, and production solidification chambers, so as to achieve energy conservation and emission reduction.

Creating Cooperation Values

In strict accordance with the development philosophy of openness, cooperation, sharing, jointly building and win-win results, CR Pharmaceutical promotes close communication with its partners and improves cooperative mechanisms with commercial partners to achieve coordinated development of the entire industrial chains, striving to leverage complementary strengths and achieve win-win outcomes through cooperation.

Building a industry-university-research platform

Encouraging the pharmaceutical industry and all related industries to develop in concert, we maintain close cooperation with government bodies, research institutes, universities, peer companies and suppliers to build an industrial platform and yield more outcomes, steadfastly promoting the sound development of the pharmaceutical industry.

- 1 We established 5 joint innovation centers with national innovation platforms, and jointly established 2 National Key Laboratory.
- 2 Three research projects, in collaboration with institutions such as the China Academy of Chinese Medical Sciences Institute of Traditional Chinese Medicine, have been approved for the 14th Five-Year Plan National Key Research and Development Program for “Modernization of Traditional Chinese Medicine” in 2023.
- 3 Relying on Shenzhen Institute of Drug Inspection and Research, CR Sanjiu collaborated with Shenyang Pharmaceutical University, and obtained approval from the NMPA to establish the “Key Laboratory for Research and Evaluation of Traditional Chinese Medicine Quality”.
- 4 CR Double-Crane is actively expanding into the field of synthetic biology, establishing a Synthetic Biology Research Institute.

CR Pharmaceutical and Dong-E-E-Jiao signing a strategic cooperation agreement with the National Engineering Research Center for Biotechnology of Nanjing Tech University

In October 2023, CR Pharmaceutical and Dong-E-E-Jiao signed a strategic cooperation agreement with the National Engineering Research Center for Biotechnology of Nanjing Tech University, and carried out a series inspections of the innovation union in Yangtze River Delta region in collaboration with the team led by Mr. Ying Hanjie, Academician of the Chinese Academy of Engineering, Professor of the College of Biotechnology and Pharmaceutical Engineering of Nanjing Tech University, and Director of the National Engineering Research Center for Biotechnology. To build an innovation union that integrates enterprises, universities, research institutes and the government under new circumstances, they jointly created the union in the new era and set an example for the application of synthetic biotechnology in the pharmaceutical and health industries.



Expanding diverse cooperation

At CR Pharmaceutical, we positively expand cooperation in other sectors, fully use our research results and attend industry forums to promote strategic cooperation between partners, gaining win-win outcomes through cooperation.

CR Pharmaceutical attending the first China International Supply Chain Expo (CISCE)

The first CISCE was held from November 28 to December 2, 2023, with the theme of “Connecting the world for a shared future”. CR Pharmaceutical attended this expo and was an exhibitor of the “Healthy Life” booth under the theme of “Guiding the ecosystem of enterprises by health life”, showing its commitment to advocating for the “people’s livelihood” and striving to be “the pillar of a great power”. Guided by clinical needs, we took an initiative to address the demands of national strategy and people’s livelihood, building an ecosystem covering all industries and a supply chain development pattern that covers “production, supply, marketing, delivery, treatment and care” in the healthcare industry.



CR Jiangzhong signing a strategic cooperation agreement with Scitop Bio-tech, aiming to produce probiotics suitable for the Chinese

In April 2023, the seminars on the domestic and international development of Probiotics and on the Company’s latest achievements of self-developed Probiotic Lactobacillus Plantarum P9 were held in the Medicine Valley of Jiangzhong Pharmaceutical. CR Jiangzhong and Scitop Bio-tech reached a new round of strategic cooperation after signing the strategic cooperation agreement in the seminar. Both parties seized the industrial development opportunity and jointly fostered progress in the gut health industry, producing affordable probiotics with high quality for the Chinese to satisfy their new demands for healthy intestines, guarding their gut health.



Providing Better Employee Care with Vitality

Employees are the cornerstone of the Company's development. We dedicate ourselves to safeguard the basic rights and interests of employees and secure occupational health and safety for a diverse, equal and inclusive workplace environment. To create a favorable and safe workplace, we also provide employees with broad career development space and resources, respect their needs and continue to improve employee welfare.

Contribution to the SDGs



Our Concerns

- > Legitimate rights
- Occupational health
- Career development
- Employee care

Our Actions

- > Safeguarding basic rights of employees
- Ensuring employees' health and safety
- Paving the way for smooth career development
- Paying attention to the happiness of employees

Benchmark Indexes

- > GRI Standards: 2-7 2-30 401 403 404
- ESG Reporting Guide of HKEX: B1 B2 B3 B4

Our Achievements

Investment in employee career development training RMB

38.199 million

participation rate of staff training

100%

Investment in work safety RMB

101.3688 million

Protecting the Rights and Interests of Employees

CR Pharmaceutical has always regarded talents as the first productive force. We abide by laws and regulations and continue to improve the employee management system. In doing so, we ensure that there are equal promotion opportunities for our employees and effectively safeguard their legitimate rights and interests.

Equal and standardized employment

We strictly abide by the Chinese laws such as the *Labor Law* and the *Labor Contract Law* and relevant policies, laws and regulations of countries and regions where our overseas businesses operate, as well as relevant international conventions ratified by the Chinese government. We adhere to equal treatment, fight against any form of discrimination and treat our employees fairly and equally regardless of race, skin color, nationality, gender, age, religious belief and cultural background.

Recruitment compliance



We adhere to the principles of "fairness, openness, and impartiality" in our recruitment policy. We continuously standardize procedures of recruitment, promotion and employment contract termination and improve employment order and labor management regulations. We properly keep employees' files and personnel information and implement strict confidentiality measures to ensure their information safety and consciously protect their privacy. Besides, we strictly implement requirements of national social insurance and regulations of our company benefits, including paying social insurance and housing provident fund in full on a monthly basis and providing parental leave, one-child leave, extended maternity leave, etc. In 2023, we achieved a 100% labor contract signing rate.

Respect for human rights



Following international norms such as the *International Covenant on Human Rights* and the *Universal Declaration of Human Rights*, we formulate and implement human right protection goals and plans, and improve employment standards and violation treatment mechanism. We also establish a mechanism to deal with employment irregularities and verify the personal information of employees according to law. Self-inspection of employment is organized regularly to avoid child labor, forced labor, and harassment and abuse. Prompt rectification, accountability, and compensation will be applied in accordance with the above situation. In 2023, neither child labor, forced labor, harassment and abuse nor employment disputes occurred at CR Pharmaceutical.

Remuneration and benefits



In line with the *CR Pharmaceutical Administrative Measures for Remuneration and Benefits*, the *CR Pharmaceutical Administrative Measures for Vacation and Attendance* and other systems, we optimize the remuneration management mechanism, and develop flexible performance appraisal measures for different types of positions including increasing the proportion of variable pay. We have also formulated a system linking daily performance appraisal to the annual bonus. We adhere to the dual-track drive of honorary incentive and salary incentive to stimulate the vitality of talents and ensure that core positions have competitive and attractive salaries. Through our concerted efforts, we attained the 100% social insurance coverage and 100% company welfare coverage.

Inclusion and diversity



Talents will be warmly welcomed into our family regardless of their race, skin color, nationality, gender, age, religious belief and cultural background. We work hard to eliminate gender bias, encourage female employees to gain promotion, and strive for equal pay for equal work for male and female employees. We also strive to match employees with disabilities or in need with suitable job vacancies and provide more choices and autonomy for all employees so as to create a more inclusive and diverse workplace. Neither forced labor nor restriction of employees' freedom by means of violence, threat or illegal restriction of personal freedom are allowed, and any form of corporal punishment, intimidation, harassment, abuse and any discrimination against employees is prohibited.

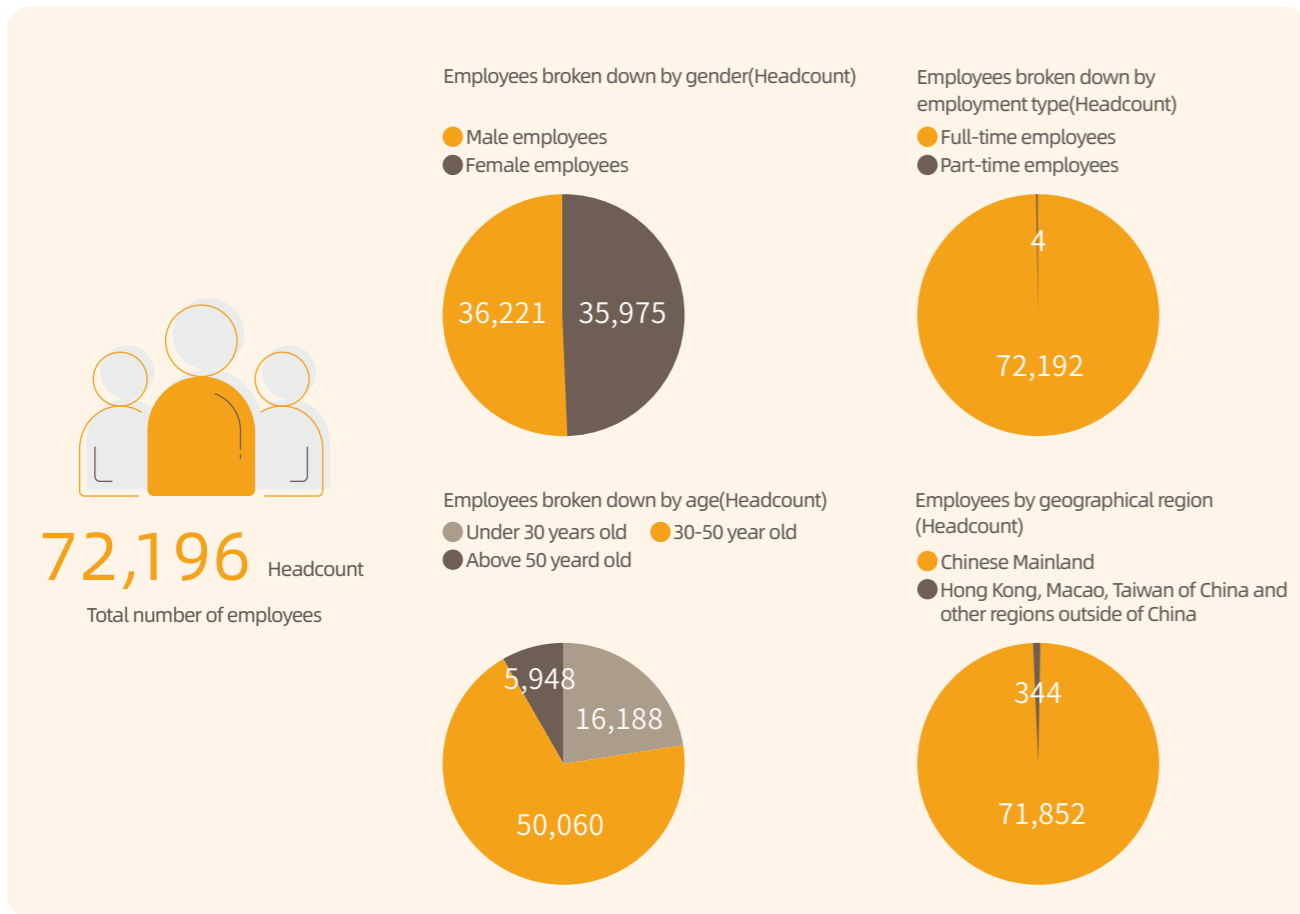


New jobs created

10,380

Employees with disabilities hired

249



14.2%
Employee turnover rate

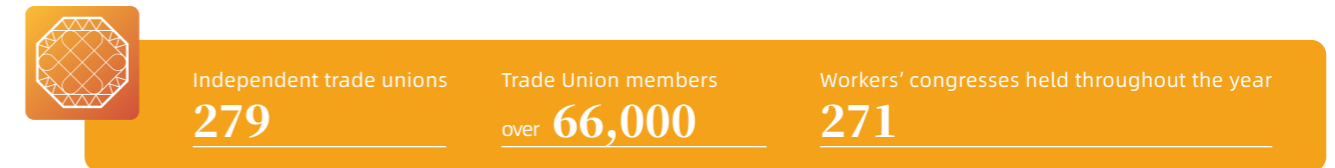
Employee turnover rate broken down by gender	%	
Male employees	%	12.74
Female employees	%	13.08

Employee turnover rate broken down by age	%	
Under 30 years old	%	21.06
30-50 year old	%	9.45
Above 50 years old	%	9.04

Employee turnover rate broken down by region	%	
Chinese Mainland	%	14.15
Hong Kong, Macao, Taiwan of China and other regions outside of China	%	20.23

Democratic management

We actively establish an open, transparent and democratic communication mechanism. Grievance reporting or escalation procedures is accessible to all employees, and formal, private and barrier-free access to complaints is also set up and released to the public. We respect employees' freedom of speech, listen to employees' opinions and suggestions through various means such as labor unions, workers' congresses, employee interviews, and mailboxes, and actively respond to employees' needs. We continue to improve democratic management construction and strive to solve employees' concerns to enhance their sense of satisfaction and dedication. In 2023, we promptly dealt with 57 employee complaints, collected 2,650 reasonable suggestions and brought them into action, and organized over 190,000 people to participate in staff cultural activities.



Enabling Career Development

CR Pharmaceutical develops a comprehensive and multi-level talent fostering system to meet the learning needs of employees to improve their expertise and basic professional qualities. We also encourage employees to develop suitable development paths based on their own situations and contribute to the development of the Company while realizing their self-worth.

Talent cultivation

In line with the spirit of important national instructions on talent work, we bring the requirements of the "1246 model" and the "four reshapes" outlined by the CRH into action and continue to promote the development strategy of "strengthening the enterprise with talents". We also accelerate the construction of an adequate, high-quality, well-structured and dynamic talent team through the implementation of the "3+1" approach, improve mechanisms of talent education and training, selection and appointment, assessment and evaluation, positive incentive, as well as service and supervision, and stimulate the vitality of talents in the Company. By doing so, we aim to minimize the risks caused by staff turnover, declining talent attraction, and rising employment costs while providing solid organizational and talent supports for the promotion of high-quality healthcare development.

Training system

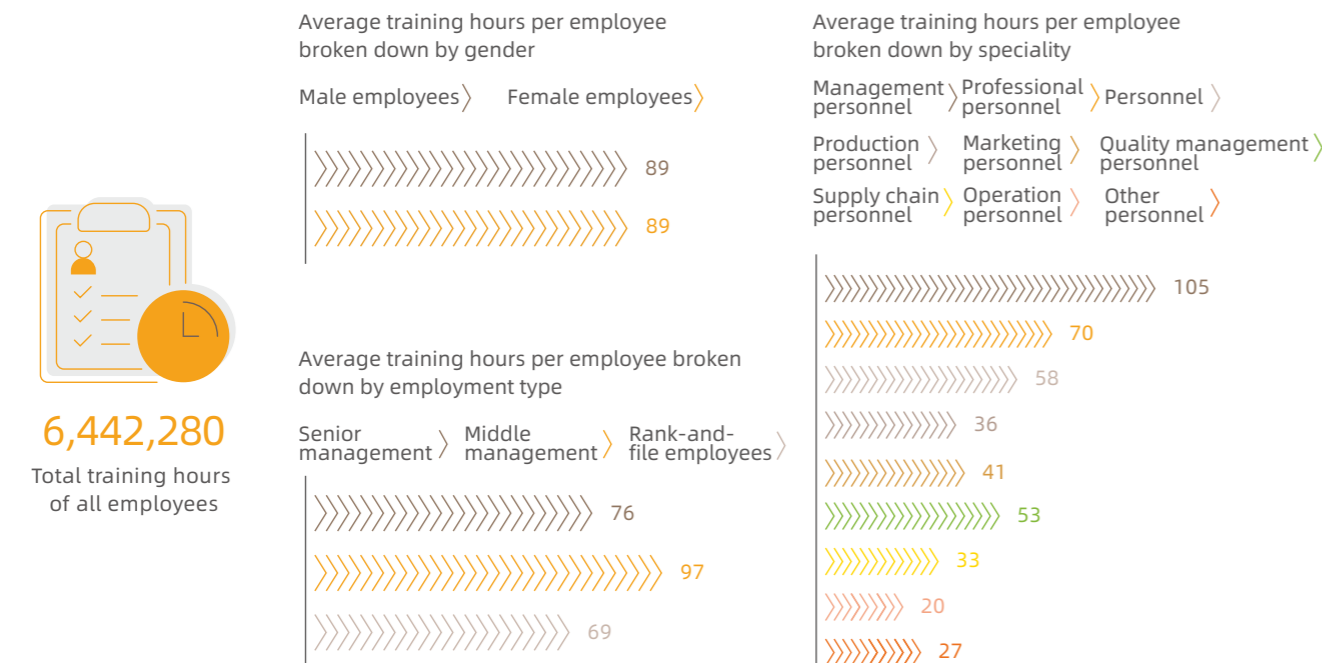
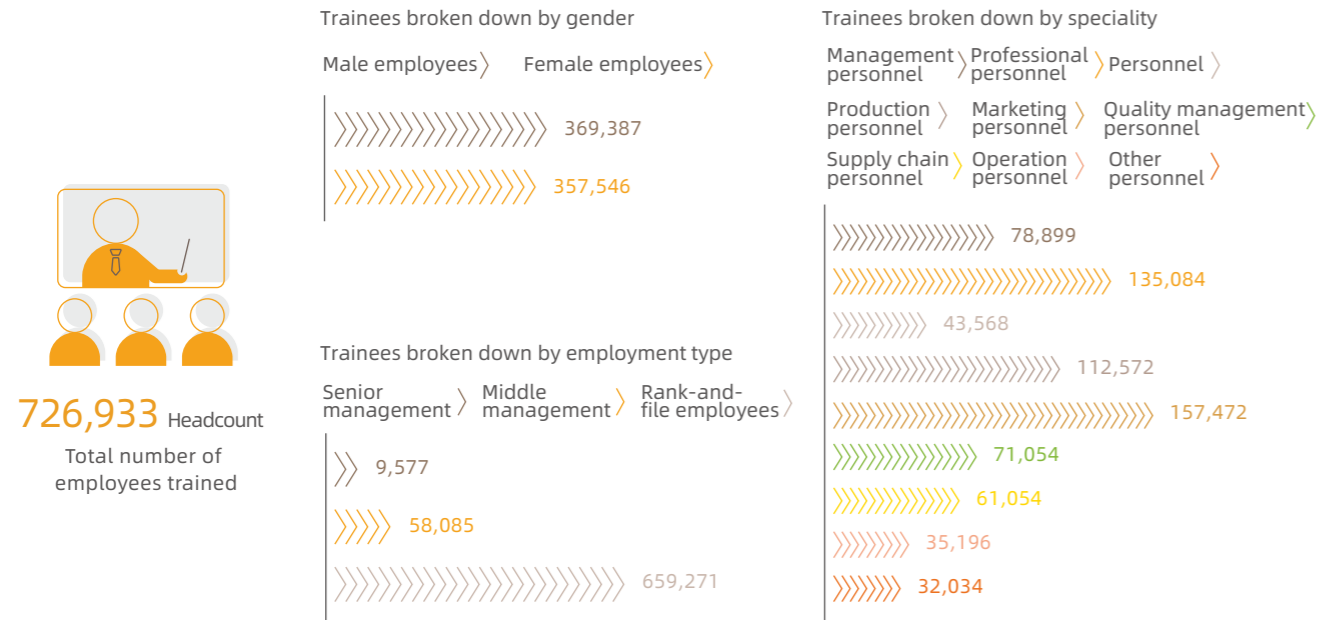
Upholding the strategic position of talent-led development, we are dedicated to transforming talent advantages into advantages in innovation, competition and development. To build a high-quality echelon with industry-knowledgeable and professional talents through mechanism improvement, talent development and structural optimization, we improve the multi-level and all-round employee training system, conduct competence enhancement training, and provide a sound seminar platform for our managers and outstanding young cadres. We also cultivate outstanding young cadres, orientate and empower technology talent training, and revalue the development of new employees, in order to offer solid organizational and talent supports for the Company's business success. In 2023, our employee training ratio was 100%.



Six session of transfer of the CRH's senior training

Smooth development path

We continue to develop the paths of development for our employees and encourage them to make personal development plans, and enhance their capabilities through various methods, including the enterprise's innovative apprenticeship program, expert instruction, collaboration with professional education institutions, and university partnerships. We have formulated the *CR Pharmaceutical Administrative Measures for Professional Qualifications and Professional Level Certification*, the *CR Pharmaceutical Handbook of Qualification Standards for Professional Sequence*, and the *CR Pharmaceutical Administrative Measures for Chief Scientists (Trial)*, and set up the dual path of development in management and profession and the multi-path development in management, profession, R&D, and marketing. We also work to explore the introduction mechanism for high-level talents and broaden the development path of professionals, making our contributions to cross-industry and cross-major composite talent cultivation.



Highlighting Employee Care

CR Pharmaceutical strives to create harmonious and healthy employee communication and workplace environment. We focus on employees' needs, and continue to improve employees' working conditions. This will help enhance their sense of unity and belonging.

Care for employees' life

At CR Pharmaceutical, we always put the happiness of our employees at the first place. We organize a variety of activities, value employees' mental health, actively support needy employees, and care for female employees. We also attach great importance to creating lively working and living conditions for our employees to enhance their sense of belonging.

- Physiological counselling**
 We provide staff care services and staff home through various programs such as "Runxin Fang" and "Runyue Zhixin". Besides, we continue to improve mental health evaluation mechanism and hold psychological counseling regularly in pursuit of a welcoming workplace where our employees feel at home.
- Assistance for employees in difficulty**
 To know more of the family and personal conditions of employees in difficulty, we regularly organize key visits and extend our regards to those employees to convey the Company's support and enhance employee care. In 2023, we offered financial aid totaling RMB 1 million to needy employees.
- Care for female employees**
 We set up a nursing room for breast-feeding female employees to ensure a safe and private breast-feeding environment. CR Pharma Comm carries out women-centered activities with the themes of "Women's Talent", "Women's Rights", "Women's Achievement" and "Women's Care".

Work-life balance

We organize all kinds of activities such as badminton, yoga, football, fun games and walking events to enhance a sense of unity among employees and carry forward CRH's corporate culture.



Staff birthday party



CR Pharma Comm's walking event

Consolidating the Defense Line for Occupational Health and Safety

Focusing on occupational health and safety of employees, CR Pharmaceutical continues to improve the occupational health and safety management system, organize various EHS trainings, and carry out several safety drills. This will help enhance the safety awareness of our employees and build an intrinsically safe enterprise.

EHS management

We strictly abide by the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Fire Control Law of the People's Republic of China*, and implement the requirements of the *EHS Annual Assessment and Evaluation Measures of China Resources Group* and the *EHS Incident and Accident Management Measures*. Base on specific business operations, subsidiaries have also formulated the *EHS Supervision Management Measures*, the *Administrative Measures for EHS Sources of Danger*, the *Safe Behavior Observation System* and the *Equipment Intrinsic Safety System*. This will help improve the Company's safety system and optimize the safety management mechanism. To maximize the protection of employees' occupational health and safety, we constantly improve our EHS risk management and control capacity and emergency management capacity, consolidate the prevention of occupational diseases, highlight the construction of employees' mental health, and inspect the production safety environment regularly. In 2023, our work safety inspection coverage rate reached 100%, and no occupational disease incidence and General or higher-level workplace accidents occurred.

Safety education

Valuing the construction of our corporate safety culture system, we enhance our management of safety production responsibilities, fulfill the main responsibilities for safety regulation, improve the safety awareness and capabilities of employees, and provide targeted courses with the job characteristics of employees. In 2023, our safety training covers 100% of employees.



Safety culture promotion

We launch a series of thematic promotion activities such as the Law on the Prevention and Treatment of Occupational Diseases Promotion Week, the World Environment Day, the National Energy Efficiency Promotion Week and National Low-Carbon Day, the National Safety Production Month, the National Fire Prevention Month, and the Traffic Safety Promotion Week. Through safety speeches, essay writing, safety knowledge contests, emergency skills competition, safety short video production and other employee preferences, we advance promotion activities, summarize experiences and practices, and promote EHS management continuously.



Work safety training

We organize regular safety training and emergency drills, conduct a general knowledge questionnaire survey. We also disseminate information about occupational hazard prevention measures and increase employee safety-training hours to make sure that occupational safety education is fully implemented.



Safety hazard checks

We actively conduct safety hazard checks. Adhering to the safety management policy of "safety first, prevention at the core and comprehensive management", we identify more sources of danger and major safety production hazards and improve risk identification and response capabilities, so as to minimize and control various safety risks and prevent major safety accidents.



Safety training for employees

946,220.59 person-hours

Emergency drills

1,377

Participants in emergency drills

50,918



CR Jiangzhong's firefighting skill contest



CR Boya Bio-pharmaceutical's emergency drill

Safety and health guarantee

We care the health of every employee. To implement the Measures for Supervision and Management of Occupational Health of CRH, we have formulated the *Occupational Health Management Measures* and the *Risk Classification and Management Catalog of Occupational Disease Hazards in Construction Projects*. We provide employees with safety protection equipment and special protection measures, establish detailed occupational hygiene files and occupational health guardianship files for employees, and regularly entrust third-party organizations to test and evaluate occupational disease hazards. We inform employees of the hazards of their positions when signing employee contracts with employees in positions that may involve potential occupational hazards and strengthen occupational health and safety education and training in the induction training of our new employees. Additionally, we pay attention to employees' mental health and organize online and offline psychological counseling, physical and mental health lectures and psychological assessment based on "Runxin Fang" to alleviate the work pressure of employees with warm care.



CR Double-Crane organizes the *Law on the Prevention and Treatment of Occupational Diseases Promotion Week* and promotes the prevention and treatment of occupational diseases such as office occupational diseases such as frozen shoulder, cervical spondylosis and lumbar muscle strain and knowledge of traditional Chinese medicine and health care for employees.



CR Jiangzhong has formulated the *Quantitative Assessment Form for Occupational Health Management Level*. We make comprehensive self-assessment of the Company's occupational health management status against inspection standards and take targeted preventive measures to effectively prevent occupational diseases in the enterprise.

CR Jiangzhong has organized nearly 3,000 EHS inspections and checked over 4,000 hidden hazards, with rectification of hidden hazards and follow-ups conducted as required.



CR Boya Bio-pharmaceutical has organized 9 special safety rectification works concerning major accidents and hidden dangers, engineering safety, gas safety, real estate leasing safety, fire safety and traffic safety.



Rate of occupational physical examination

100%

Coverage of occupational health profiles

100%

Enterprises awarded the honorary title of "Healthy Enterprise" at provincial and municipal levels

9

Delivering More Social Warmth with Love

We are deeply concerned about people's health and livelihood. We strive to fulfill our social responsibilities as a central state-owned enterprise and respond to the Healthy China Initiative and the Rural Vitalization Strategy by giving full play to our own resource advantages. We continue to devote ourselves to community volunteerism and participate in social welfare, delivering more warmth to the society with our sincere commitment.

Contribution to the SDGs



Our Concerns

- > Rural vitalization
- > Social welfare
- > Community volunteering

Our Actions

- > Promoting public health in communities
- > Safeguarding against health threats and diseases
- > Organizing public welfare activities

Benchmark Indexes

- > GRI Standards: 203 413
- > ESG Reporting Guide of HKEX: B8



Our Achievements

Won the title in the 8th China Annual Conference on Philanthropy organized by China Philanthropy Times

Donated to public charity RMB **62.8385** million

2023 China Philanthropy Enterprise

Boosting Rural Vitalization

In our response to the Rural Vitalization Strategy, CR Pharmaceutical continuously enhances achievements in poverty alleviation in assisted areas and carries out industrial investment assistance projects by taking advantage of the resource platform to promote traditional Chinese medicine base construction and increase the employment and income of local people. Up to now, we have carried out the Healthy Village Program for 3 consecutive years. We donate funds to enhance the hardware foundation of rural medical treatment and improve the medical level of rural doctors. Moreover, we widen the distribution channels of agricultural products and take multiple measures to provide our support for income increase of local people.

As of the end of 2023, the Healthy Village Program



Built rural medical and health clinics

43

Families benefiting from donated medicines

46,000

Participants of trained grassroots doctors with more than

4.3 million

Developed course systems on specialized fields including gynecology and traditional Chinese medicine

8

Donated funds and material worth RMB

48.15 million

Rural doctors were trained more than

700

Conducted sessions of advanced empowerment training for village doctors and free medical consultation and education events

16

Set up the public welfare cooperation platform and worked with the Jiangxi University of Chinese Medicine to organize training courses on appropriate TCM technologies in the city of Yudu and Guangchang.



Residents from the CR Hope Town in Nanjiang and Haiyuan participated in promotion activities of the CR Healthy Village Public Welfare Project



CR Pharma Comm builds traditional Chinese medicine bases to promote rural industrial revitalization

Subsidiaries under CR Pharma Comm have established several traditional Chinese medicine bases to develop rural special industries. Tech Soon Hong has worked with the Jiuchang Chinese Herbal Medicine Purchasing and Sales Co. in Linfen, Shanxi Province to build a Radix Bupleuri (Chaihu) planting base and instruct local people to adopt GAP to plant the herb throughout the whole process. CR Hubei Pharmaceutical joins hands with Hubei Jusi Agricultural Technology Co. in Changyang Tujia Autonomous County, Yichang for the construction of a standardized leech farming raw material base. CR Chongqing Pharmaceutical builds a pollution-free Sichuan Ophiopogon planting base for traceability in Santai County, Mianyang. CR Pharmaceutical utilizes its wholesale-retail integration system to broaden the sales channels of medicinal herb farmers and hereby increase their production and income.



Tech Soon Hong and Jiuchang Chinese Herbal Medicine Purchasing and Sales Co. participated in the inauguration ceremony for the Radix Bupleuri planting base

CR Jiangzhong helped Baidu Village advance rural vitalization

CR Jiangzhong entered Baidu Village to advance its “One Village, One Township” rural vitalization by enhancing vocational skills training for local people and establishing a rural talent pool. To efficiently utilize farmland and forest land resources, we determine the industrial development paradigm of “one leading industrial driving two auxiliary industries” and develop the planting of thunder bamboo and Ganoderma lucidum (Lingzhi), with a total of 1,500 jobs offered. We also provide college students and postgraduate students in the village with academic and employment guidance to assist their career development. In 2023, we won the “Best Practice Case” award at the “2023 Campaign for Best Rural Vitalization Practices of Public Companies” organized by the China Association for Public Companies, and Baidu Village won the “2023 Jiangxi Rural Vitalization Demonstration Village” award.

Supporting Community Development

CR Pharmaceutical encourages all business units to fully utilize their distinctive resources, promote the traditional virtues of helping the needy and respecting the elderly and the young, and work with the partners to carry out community volunteering activities such as medication safety and health knowledge popularization, recycling of expired drugs and free community medical services. Through our concerted efforts, we aim to establish long-term, mutually beneficial and rewarding partnership with the communities.

CR Pharma Comm launched the first “Social Responsibility Week”, and continued to roll out the “RUN YAO Action” by various means for 6 consecutive years at 65 sites in 17 regions across the country, with the participation of 933 volunteers. A total of 6,394 people benefited from activities such as recycling of expired drugs, patient education, and attentive free medical services. We also carried out “Healthy Together” brand activities in Sichuan, Hubei, Shanxi, Shandong, Hunan and Jilin and opened up the “last kilometer” of convenient medical services.

CR Double-Crane has implemented the “Rainbow Project” for 5 consecutive years, and held 188 academic support sessions with the participation of over 90,000 primary-level doctors in 30 provincial areas, so as to improve the diagnosis and treatment levels of neonatologists at the grass roots or in remote and underdeveloped areas. We have carried out the “Crane Bone Action” since 2021 and organized medical experts and volunteers to provide counselling, professional guidance, and free medicine distribution for local patients with Kashin-Beck disease in Sichuan and Xizang. We also work with the Beijing Community Health Service Association to implement primary-level doctor capability enhancement programs and help them become more proficient in standardized diagnostic and treatment skills for common chronic diseases such as hypertension, diabetes, stroke, and osteoarthritis or osteoarticular pain.

CR Care has donated a total of 1,500 family medicines worth about HK\$ 500,000 to small businesses, grassroots and vulnerable groups with the implementation of the “Free Medical Kit Action”. To care for the young, we set up the volunteer team and serve as a mentor to support the Strive and Rise Programme in Hong Kong. In 2023, a total of 15 volunteers from the Company were rewarded by the Hong Kong Chinese Enterprises Association.

CR Boya Bio-pharmaceutical organizes volunteers to visit the Nancheng Primary Elderly Care Home to care for the elderly and convey our condolence on the Dragon Boat Festival. We express our warmest festive greetings to the elderly through companionship, health check-ups, distribution of condolence gifts and other activities.



CR Pharma Comm participated in the “Children’s Safe Medication Tour in China” in Bazhong



CR Pharmaceutical organized community volunteering activities in Hong Kong

Pooling Strengths for Public Welfare

Staying true to its aspiration, CR Pharmaceutical actively participates in community volunteering, organizes donation activities with a long-term focus on vulnerable groups, provides volunteering medical consultation to satisfy the medical and health needs of special groups like the elderly and children, and extends timely assistance in response to earthquakes, floods and other disasters.

Disaster Relief



CR Sanjiu promptly donated medical supplies to earthquake-hit Jishishan County in Linxia Hui Autonomous Prefecture, Gansu Province, and its subsidiary KPC Pharmaceuticals donated RMB 1 million of medical supplies to the earthquake-stricken areas, together with the Red Cross Society of China Yunnan Branch.

Patient Care



CR Double-Crane has organized 4 free county educational events during its launch of free educational programs on medical knowledge in thousand counties and invited medical experts to participate in related activities at grass-root county hospitals. We have had 5,360 doctor training sessions with 128,000 participants and 893 patient training sessions with 13,000 participants.

CR Pharma Comm organizes youth spinal deformity prevention and treatment programs in places like Beijing, Sanya and Kashgar Prefecture, and helps local public hospitals set up a comprehensive diagnostic and treatment system covering rehabilitation training, orthopedic braces and surgical treatment.

Education Assistance



CR Sanjiu’s 999 Love Angel Care Platform has donated funds for the setup of the “999 Aonuo Pharmaceuticals, Growing Up with Love Art Space” classroom and organized employees to donate more than 3,000 books for promoting rural education with care.

CR Boya Bio-pharmaceutical carries out free a series of education assistance activities themed “Care for Plasma Donors, Care for Education Assistance”, with a total of RMB 754,400 of scholarships given to 491 children of plasma donors who were admitted to universities. Additionally, a total of 3,399 students have been provided with social practice positions to enrich their social experience.

Dong-E-E-jiao launches social practice tours to Dong-E-E-jiao for university students in Shandong Province and activities inviting 100 young professors to the grass-roots to enrich students’ social practice experience and inherit traditional Chinese medicine culture.



CR Sanjiu donates to build the “999 Aonuo Pharmaceuticals, Growing Up with Love Art Space”

Topic Management and CSR Communication

Materiality management

We continuously optimize the procedures of analyzing material sustainability topics, and select the most relevant topics from two dimensions, i.e. "importance to sustainable development of CR Pharmaceutical" and "importance to stakeholders". Compared to the previous reporting period, we have added topics such as "information security and privacy protection" and "diversity and equal opportunities" based on industry development trends and corporate development strategies. Based on the questionnaire survey results in 2023, we have identified and screened out 26 sustainability topics and present them in the materiality matrix.

1. Forming a Bank of Material Topics

Identifying internal and external material topics by benchmarking against policies, industrial standards and corporate development strategies, collecting and evaluating the potential and actual impact of each issue's performance on the economy, environment and society through multiple channels, and forming a bank of topics.

2. Prioritizing Topics

Collecting and sorting opinions and advice for sustainable development through surveying and interviewing the management team and stakeholders and prioritizing material topics.

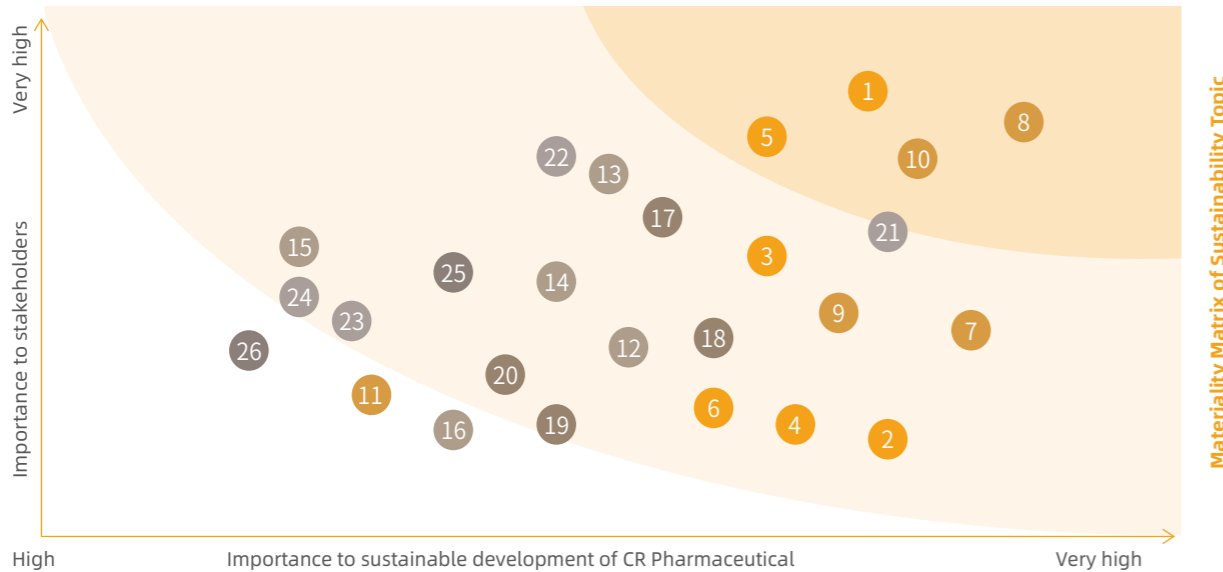
3. Validating Topics

Deliberating on material topics and prioritizing results by the management of the Company and external experts.

4. Reporting

Giving special attention to prioritized material topics in the report.

Procedures on Identifying Topics of Importance



Materiality Matrix of Sustainability Topic

- | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|----------------------------|-------------------------------|--|---|--|------------------------------------|------------------------------------|-------------------------------|---|--|-------------------------------------|---------------------------------|--|-----------------------------------|-----------------------------|---|---|--------------------------------|------------------------------------|--|----------------------------------|----------------------------------|---------------------------------------|--|-----------------------|
| 1. Honest and Compliant Operations | 2. Creating Economic Value | 3. Strengthening Risk Control | 4. Protecting Intellectual Property/rights | 5. Anti corruption and integrity construction Property/rights | 6. Information Security and Privacy Protection | 7. Product /Services Accessibility | 8. Product Quality Management | 9. Providing Quality Services | 10. Product research and technological innovation | 11. Advocating Responsible Consumption | 12. Environmental Management System | 13. Dealing with Climate Change | 14. Waste Reduction and Green Management | 15. Improving Resource Efficiency | 16. Biodiversity Protection | 17. Promoting Responsible Supply Chains | 18. Strengthening Strategic Cooperation | 19. Promoting Fair Competition | 20. Promoting Industry Development | 21. Protecting the Rights and Interests of Employees | 22. Occupation Health and Safety | 23. Promoting Career Development | 24. Diversity and Equal Opportunities | 25. Contributing to Rural Vitalization | 26. Promoting Charity |
| Governance Responsibility 1-6 | | | | Customer Responsibility 7-11 | | | Environmental Responsibility 12-16 | | | Partner Responsibility 17-20 | | | Employee Responsibility 21-24 | | | Social Responsibility 25-26 | | | | | | | | | |

Stakeholder engagement

At CR Pharmaceutical, the stakeholder engagement is regarded as a key factor in promoting the sustainable corporate development. We determine the categories of our stakeholders based on the main groups involved in our business activities, including shareholders and investors, employees, consumers, partners, government and regulatory agencies, communities and the environment, and media. We have established diverse communication channels for each stakeholder. We look forward to receiving feedback and working together with stakeholders to build a sustainable and competitive CR Pharmaceutical.

Stakeholders	Expectations and Demands	Responses
Shareholders	Performance and profit growth Compliance management Strengthening risk management Transparent and open information disclosure Corporate governance	Smoothing communication channels for investors Optimizing governance framework Fulfilling information disclosure obligations Holding regular shareholders' meetings
Employees	Protecting employee rights and interests Occupational health and safety Valuing career development and training Work-life balance	Holding workers' congress Ensuring work safety Improving promotion and training mechanisms Organizing trade union activities
Customers	Ensuring product quality and safety Protecting the rights and privacy of customers R&D and Innovation	Strict quality control Consumer information protection Developing differentiated drugs for different groups of people
Partners	Ensuring fair competition Strengthening supply chain management Promoting management and technological advances	Observing laws and regulations Improving the supply chain management system Safeguarding healthy development of the industry and promoting exchanges
Government and regulatory bodies	Compliant operation Paying taxes in accordance with the law Promoting economic development Leading industry development	Improving the management system Proactively paying taxes in accordance with the law Participating in government projects and industry collaboration
Communities and environment	Supporting community development Devoted to charity Addressing climate change Protecting the ecological environment Protecting the biodiversity	Strengthening community communication and carrying out volunteer activities Driving local employment and economic development Risk identification and management Improving energy-saving and emission reduction processes
Media	Disclosing information openly and transparently Organizing exclusive interviews and exchanges	Disclosing information timely through classified media channels such as official websites and the newspaper

Outlook

As seasons shift, we embrace beginnings. CR Pharmaceutical's ESG practices have received recognition from all sectors of society. Remaining firmly grounded while setting our sights on the future, we will stay committed to our corporate mission of "Protecting Human Health and Improving Quality of Life", and continue to enhance the overall ESG performance.



Promoting management enhancement to achieve sustainable development



We will continue to implement the ESG management enhancement plan, integrating ESG into our operations at a strategic level. We will adjust our business management approaches, improve the internal ESG management framework, and establish ESG performance evaluation indicators, thereby better adapting to the various requirements when practicing ESG, seizing opportunities and addressing risks and challenges.

Intensifying efforts in technological innovation to drive high-quality development



We will actively respond to the national strategy of innovation-driven development. Through fostering an innovative atmosphere and culture, focusing on improving the quality of medical innovation, accelerating digital transformation and upgrading, and collaborating with partners, we will deliver more outstanding and accessible pharmaceutical products and services to consumers, and contribute more to achieving greater self-reliance and strength in advanced science and technology.

Strengthening cooperation and exchanges to promote international development



We will continue to promote international cooperation, flexibly adapt to changes in the global supply chain and strengthen mutually beneficial relationships with suppliers and partners. Through interactions and exchanges, we aim to enhance global resource allocation capabilities and the efficiency of our supplier management mechanisms, build a sound international ecosystem for the comprehensive health care industry and steadily advance our global business.

Continuing public welfare actions to foster shared development



We will shoulder our responsibilities as a central SOE and leverage our advantages in medical and health services to support rural revitalization, provide assistance for communities, and promote public welfare. By working together with social stakeholders, we aim to achieve joint management and governance, contribute to social welfare on all fronts, and share our achievements with society for a better future.

Facing changes unseen in a century and the tide of technological revolution, CR Pharmaceutical will embrace the mission of "serving people's well-being and building a great strength", firmly implement the "Healthy China" strategy, meet the needs of the people, and promote Chinese modernization through developing the pharmaceutical and health industry chain.



Appendix

List of laws, regulations, and policies

ESG Index	Relevant laws and regulations	Regulations and rules of CR Pharmaceutical
A1 Emissions	Environmental Protection Law of the People's Republic of China	
	Law of the People's Republic of China on Environmental Impact Assessment	
	Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes	
	Water Pollution Prevention and Control Law of the People's Republic of China	
	Atmospheric Pollution Prevention and Control Law of the People's Republic of China	
A2 Use of Resources	Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise	
	Energy Conservation Law of the People's Republic of China	CRH Guidelines on Low-Carbon and Zero-Carbon Project Construction Approaches
	Cleaner Production Promotion Law of the People's Republic of China	CRH's Management Measures for Carbon Emissions
	Circular Economy Promotion Law of the People's Republic of China	
A3 The Environment and Natural Resources	Wild Animal Conservation Law of the People's Republic of China	Standards and Guidelines for Environmental Protection Inspections
	Regulations of the People's Republic of China on Wild Plants Protection	
	Regulation on Protection of Wild Medicinal Resources	Supervision Measures for Energy Conservation and Environmental Protection
	The United Nations Convention on Biological Diversity	
	Measures for the Transfer of Hazardous Wastes	Management Measures for Energy and Resource Conservation
A4 Climate Change	Regulation on the Administration of Permitting of Pollutant Discharges	
	Directory of National Hazardous Wastes (Version 2021)	
	Standard for pollution control on hazardous waste storage (GB 18597-2023)	
	Interim Regulation on the Administration of Carbon Emission Trading	
	Self-monitoring technology guidelines for pollution sources—General rule	
	Self-monitoring technology guidelines for pollution sources-Pharmaceutical industry chemical synthesis products category	
	Standard for pollution control on the non-hazardous industrial solid waste storage and landfill (GB 18599-2020)	

ESG Index	Relevant laws and regulations	Regulations and rules of CR Pharmaceutical
B1 Employment	Labor Law of the People's Republic of China	Administrative Measures for Remuneration and Benefits
	Labor Contract Law of the People's Republic of China	
	Social Insurance Law of the People's Republic of China	Administrative Measures for Vacation and Attendance
	Provisions on the Prohibition of Using Child Labor	
	The International Covenants and on Human Rights	
	Universal Declaration of Human Rights	
B2 Health and Safety	Labor Law of the People's Republic of China	Measures for Supervision and Management of Occupational Health of CRH
	Labor Contract Law of the People's Republic of China	EHS Supervision and Management Measures
	Social Insurance Law of the People's Republic of China	EHS Hazard Source Management Measures
	Work Safety Law of the People's Republic of China	Behavior-Based Safety Observation System
	Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	Inherently Safe Equipment System
	Fire Protection Law of the People's Republic of China	Occupational Health Management Measures
	Regulation on Work-Related Injury Insurances	Classified Management Catalog for Occupational Disease Hazards in Construction Projects
B3 Development and Training	Labor Law of the People's Republic of China	Management Measures for Professional Qualifications and Certification Levels
	Labor Contract Law of the People's Republic of China	Qualification Criteria for Professional Personnel of Headquarters
	Social Insurance Law of the People's Republic of China	Measures for Chief Scientist Management (Trial)
B4 Labor Standards	Labor Law of the People's Republic of China	Administrative Measures for Remuneration and Benefits
	Labor Contract Law of the People's Republic of China	
	Social Insurance Law of the People's Republic of China	Administrative Measures for Vacation and Attendance
	Provisions on Minimum Wages	
	Special Rules on the Labor Protection of Female Employees	
	The International Covenants and on Human Rights	
	Universal Declaration of Human Rights	
	The United Nations Global Compact	

ESG Index	Relevant laws and regulations	Regulations and rules of CR Pharmaceutical
B5 Supply Chain Management	Company Law of the People's Republic of China	Administrative Measures for Suppliers
	E-Commerce Law of the People's Republic of China	
	The Bidding Law of the People's Republic of China	Integrity Agreement
	Guidelines for implementation of traditional Chinese medicine traceability system	
	Requirements for traditional Chinese medicine traceability information - Chinese medicinal materials cultivation	
	Requirements for traditional Chinese medicine traceability information - Decoction pieces production of traditional Chinese medicine	
B6 Product Responsibility	Patent Law of the People's Republic of China	Measures for Research and Development Project Management
	Trademark Law of the People's Republic of China	
	Medicinal Product Administration Law of the People's Republic of China	Management Measures for External Innovation and Cooperation
	Law of the People's Republic of China on the Protection of Consumer Rights and Interests	
	Biosecurity Law of the People's Republic of China	
	Civil Code of the People's Republic of China	Management Measures for the Science and Technology Commission
	Advertising Law of the People's Republic of China	
	Measures for the Quality Supervision and Administration of the Distribution and Use of Medicinal Products	Measures for the Management of Intellectual Property Rights and Files of R&D Projects
	Good Manufacturing Practices for Pharmaceutical Products	
	Good Laboratory Practice for Non-Clinical Laboratory Studies	Handbook of Quality Due Diligence Standards for Biopharmaceutical Companies (Trial)
	Good Clinical Practice (GCP)	
	Good Supply Practice for Pharmaceutical Products	Handbook of Quality Audit Standards for Blood Products Manufacturing Companies
	Pharmacopoeia of the People's Republic of China	
	Measures for the Administration of Drug Registration	Handbook of Quality Management Standards for Drug Research and Development
	Measures for the Supervision and Administration of Drug Production	
Administrative Measures for Drug Recalls	Management System for Drug Recalls	
Regulations for the Implementation of the Drug Administration Law of the People's Republic of China		
Provisions on the Administration of Pharmaceutical Directions and Labels	Simulated Recall System	
Specifications for Pharmacovigilance Quality Management		
Measures for the Administration of Drug Inspection (for Trial Implementation)		
	Network Security Management Measures	

ESG Index	Relevant laws and regulations	Regulations and rules of CR Pharmaceutical
B6 Product Responsibility	Measures for the Reporting and Monitoring of Adverse Drug Reactions	
	Vaccine Administration Law of the People's Republic of China	
	Personal Information Protection Law of the People's Republic of China	
	Regulation on the Supervision and Administration of Medical Devices	
	Quality management system - Requirements (GB/T 19001-2016)	
	Regulation on the Administration of Laboratory Animals	
	Guidelines on the Humane Care of Laboratory Animals	
B7 Anti-corruption	Criminal Law of the People's Republic of China	Compliance Management Manual Compliance Management System (Trial)
	Anti-Money Laundering Law of the People's Republic of China	Guidelines for the Management of Complaints on Compliance Internal Control Management System
	Anti-Unfair Competition Law of the People's Republic of China	Management Measures for the Comprehensive Supervision System
	Interim Provisions on Banning Commercial Bribery	Administrative Measures for Discipline Inspection Agencies in Complaint Response and Oversight over Discipline Compliance Rules for Unified Management of Complaints and Problems
	Notice on the Serious Investigation and Proactive Prevention of Duty-related Crimes in the Food and Drug Regulatory departments	Measures for Promotion and Integrity Talks Before the Appointment of Leading Officials
	Audit Law of the People's Republic of China	Measures for overseas anti-commercial bribery compliance management Internal audit system
	Regulations on Internal Audits by the Audit Office	Implementation Rules for Economic Responsibility Audits Internal Audit Quality Assessment Rules
	B8 Community Investment	Charity Law of the People's Republic of China
Law of the People's Republic of China on Donations for Public Welfare		

Key Performance Indicators

Note 1: R&D staff refers to those engaged in research and experimental development (R&D) and in the application of R&D results (R&D application).

Note 2: Projects under development refer to those studying new products/species, not including those undergoing consistency evaluation, technical transformation, supplementary application, re-evaluation after market launch, process improvement, and MAH projects.

Note 3: The main reason for the change in 2021 was the higher proportion of online training due to COVID-19. Thus, the total investments in training declined, yet the training hours and trainees were increased.

Note 4: Employee turnover rate = Employees who left the company/average number of employees in the reporting period

Note 5: The statistics in 2021 covers the headquarters of CR Pharmaceutical, and the statistics since 2022 covers all subsidiaries, so the data concerning green office has a larger year-on-year growth.

Note 6: The statistics since 2022 covers all subsidiaries. As a result, there are great fluctuations compared to previous years.

Note 7: In 2023, our financial data is presented in RMB, and all financial data in the past two years is updated, measured in RMB as well.

	Index	Unit	2021	2022 ⁶	2023
Economic ⁷	Revenue	RMB 1M	196,367.98	218,182.99	244,703.88
	Total assets	RMB 1M	203,224.88	215,534.37	246,770.30
	Net assets	RMB 1M	77,659.26	80,557.34	92,974.81
	Total profit	RMB 1M	6,988.80	8,361.08	9,880.23
	Net profit	RMB 1M	5,527.78	6,657.93	7,775.00
	Net profit attributable to the owners of the parent company	RMB 1M	3,135.33	3,500.27	3,854.25
	Net debt ratio	%	51.5	49.6	42.2
	Anti-corruption training coverage	%	100	100	100
	R&D investment	RMB 1M	1,711.0	2,224.3	2,504.0
	Number of R&D staff ¹	-	1,280	2,331	2,710
	New patent applications	-	210	300	437
	New patent granted	-	179	239	366
	Projects under development ²	-	262	303	371
Customer	Percentage of customer complaint handled	%	100	100	100
	Customer complaint satisfaction	%	100	100	100
	Number of products recalled due to health and safety issues	-	540	605	0

	Index	Unit	2021	2022 ⁶	2023	
Customer	Percentage of products recalled due to health and safety issues	%	0.02	0.003025	0	
Employee	Total number of employees	-	64,950	65,019	72,196	
	Total staff turnover	-	7,838	8,162	10,312	
	Proportion of female employees	%	50.10	49.85	49.83	
	Proportion of female management	%	24.6	24.8	30.6	
	Days of paid annual leave per employee	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 ³	hours	125.0	105.9	89.0	
	Total number of trainees ³	-	1,627,845	944,216	726,933	
	Training input ³	RMB 10,000	1,548.5	3,065.1	3,819.9	
	Employee turnover rate ⁴	%	12.6	12.5	14.2	
	Occupational health examination rate	%	100	100	100	
	Occupational diseases occurrence	-	0	0	0	
	Investment in supporting needy employee	RMB 10,000	260.00	218.61	108.37	
	Partner	Suppliers in the Chinese mainland	-	95,436	28,716	32,070
		Suppliers in Hong Kong, Macao, and Taiwan	-	40	368	301
Overseas suppliers		-	238	283	286	
Number of potential suppliers rejected due to social responsibility non-compliance		-	208	4	4	
Number of suppliers knocked out due to social responsibility non-compliance		-	888	6	58	
Safety	Investment in work safety	RMB 10,000	14,964.74	9,523.93	10,136.88	
	Number of work-related fatalities	-	0	0	0	
	Ratio of work-related fatalities	%	0	0	0	
	Lost days due to work injury	days	120	379	643	
	Total hours of safety training	-	409,401.98	507,143.38	946,220.59	
	Safety training coverage	%	100	100	100	

	Index	Unit	2021	2022 ⁶	2023
	Number of safety emergency drills	-	979	1,227	1,377
	Number of participants in safety drill	-	37,461	39,134	50,918
	Total investments in environmental protection	RMB 10,000	7,443.99	9,312.37	9,961.24
	Total investments in energy conservation and emission reduction	RMB 10,000	2,285.82	1,198.23	2,033.59
Emissions and wastes					
Environmental	Industrial waste water generated	10,000 tons	548.85	559.43	623.72
	Nitrogen oxide emission	ton	68.18	79.68	115.20
	SO ₂ emission	ton	4.86	4.05	8.14
	COD emission	ton	195.16	174.75	179.83
	Ammonia nitrogen emission	ton	16.30	6.95	6.92
	Particulate matter	ton	23.72	20.59	32.35
	Volatile organic compounds	ton	21.41	29.48	19.19
	CO ₂ emission	ton	648,394.79	774,980.60	725,648.62
	Direct (Scope 1) carbon dioxide	ton	121,763.87	160,986.95	170,536.14
	Indirect (Scope 2) carbon dioxide	ton	526,630.92	613,993.65	555,112.18
	Carbon dioxide emission per 10 thousand RMB of output value	tons/RMB 10,000	0.0330	0.0355	0.0297
	Hazardous waste	ton	2,704.41	6,163.24	5,107.62
	Pharmaceutical waste (HW02)	ton	1,003.73	3,142.72	727.21
	Waste drug (HW03)	ton	546.85	763.31	770.69
	Other hazardous wastes	ton	1,153.84	2,257.21	1,103.90
	Density of hazardous waste	ton/RMB 10,000	0.0001	0.0003	0.0002
	Harmless waste generated	ton	82,048.40	43,241.53	154,952.40
	General solid waste	ton	51,330.05	38,817.68	144,735.63
	Office, domestic and other harmless wastes	ton	30,718.35	4,423.85	8,194.36
Waste recycling	ton	-	-	143,636.21	
Harmless waste density	tons/RMB 10,000	0.0042	0.0020	0.0063	

	Index	Unit	2021	2022 ⁶	2023
	Resource use				
	Total direct energy (comprehensive energy) consumption	TCE	168,127	103,652.91	138,526.50
	Petrol consumption	ton	122.99	1,925.49	1,677.54
	Diesel consumption	ton	210.28	3,611.93	3,764.88
	Natural gas consumption	10,000 standard m ³	5,342.55	6,090.01	7,158.85
	Biomass fuel consumption	TCE	0	1,173.95	3,522.82
	Other	TCE	1,496.08	157.40	0.06
	Direct energy consumption density	TCE/RMB 10,000	0.0086	0.0048	0.0057
	Total indirect energy consumption	10,000 Kwh	52,821.55	87,260.44	85,397.80
	Power consumption	10,000 Kwh	41,334.31	59,342.80	64,523.62
	Heat consumption	GJ	1,347,386.24	970,615.91	1,018,395.23
Environmental	Indirect energy consumption density	10,000 Kwh /RMB 10,000	0.0027	0.0040	0.0035
	Total water consumption	10,000 tons	3,623.68	7,904.76	11,074.80
	Fresh water consumption	10,000 tons	575.31	1,026.07	1,257.13
	Reclaimed water consumption	10,000 tons	16.23	42.91	30.21
	Recycled water consumption	10,000 tons	3,032.14	6,835.79	10,008.10
	Total water consumption density	10,000 tons / RMB 10,000	0.0018	0.0004	0.0005
	Packing materials by weight	ton	115,571.95	27,185.44	119,294.51
	Density of packaging materials	ton/RMB 10,000	0.0059	0.0012	0.0049
	Density of Office and domestic wastewater ⁵	ton/RMB 10,000	0.0001	0.0157	0.1364
	Density of Office power consumption ⁵	kWh/RMB 10,000	0.0369	0.6756	1.6745
	Density of Office water consumption ⁵	ton/RMB 10,000	0.0001	0.0168	0.1507
Community	Total tax payment	RMB 1M	7,682.00	8,225.05	9,527.23
	New employment	-	10,761	10,538	10,380
	Number of employees with disabilities	-	205	271	249
	Total investment in charity	RMB 10,000	2,035.00	3,062.95	6,283.85

GRI Content Index

Statement of use	CR Pharmaceutical has reported the information cited in this GRI content index with reference to the GRI Standards for the period from January 1 to December 31, 2023	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standard	Disclosures	Location
GRI 2: General Disclosures 2021		
2-1	Organizational details	6
2-2	Entities included in the organization's sustainability reporting	70
2-3	Reporting period, frequency and contact point	70-71
2-4	Restatements of information	57, 70-71
2-5	External assurance	2-3
2-6	Activities, value chain and other business relationships	8, 20-27
2-7	Employees	38-45
2-8	Workers who are not employees	40
2-9	Governance structure and composition	7
2-10	Nomination and selection of the highest governance body	7
2-11	Chair of the highest governance body	7
2-12	Role of the highest governance body in overseeing the management of impacts	11-13
2-13	Delegation of responsibility for managing impacts	11, 13
2-14	Role of the highest governance body in sustainability reporting	11, 13
2-15	Conflicts of interest	9-10
2-16	Communication of critical concerns	11
2-17	Collective knowledge of the highest governance body	11
2-18	Evaluation of the performance of the highest governance body	13
2-19	Remuneration policies	13
2-20	Process to determine remuneration	13
2-21	Annual total compensation ratio	13
2-22	Statement on sustainable development strategy	12
2-23	Policy commitments	7, 11, 13
2-24	Embedding policy commitments	7, 11, 13

GRI Standard	Disclosures	Location
2-25	Processes to remediate negative impacts	9
2-26	Mechanisms for seeking advice and raising concerns	9-10
2-27	Compliance with laws and regulations	7, 53-56
2-28	Membership associations	27
2-29	Approach to stakeholder engagement	51
2-30	Collective bargaining agreements	41
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	50
3-2	List of material topics	50
Economic		
GRI201: Economic Performance 2016		
3-3	Management of material topics	8, 15, 39
201-1	Direct economic value generated and distributed	8, 57
201-2	Financial implications and other risks and opportunities due to climate change	15
201-3	Defined benefit plan obligations and other retirement plans	Pay retirement-related welfare plans such as statutory benefits and endowment insurance for all employees in accordance with the law
GRI203: Indirect Economic Impacts 2016		
3-3	Management of material topics	47-49
203-1	Infrastructure investments and services supported	47-49
203-2	Significant indirect economic impacts	47-49
GRI205: Anti-corruption 2016		
3-3	Management of material topics	9-10
205-1	Operations assessed for risks related to corruption	9
205-2	Communication and training about anti-corruption policies and procedures	8-9
205-3	Confirmed incidents of corruption and actions taken	8-9
Environment		
GRI301: Materials 2016		
3-3	Management of material topics	30-32
301-1	Materials used by weight or volume	60
301-2	Recycled input materials used	31-32
301-3	Reclaimed products and their packaging materials	31-32

GRI Standard	Disclosures	Location
GRI302: Energy 2016		
3-3	Management of material topics	14, 16-17, 30
302-1	Energy consumption within the organization	60
302-3	Energy intensity	60
302-4	Reduction of energy consumption	16-17, 30, 32
302-5	Reductions in energy requirements of products and services	60
GRI303: Water and Effluents 2018		
3-3	Management of material topics	30, 32
303-1	Interactions with water as a shared resource	15, 30
303-2	Management of water discharge-related impacts	29-30
303-3	Water withdrawal	60
303-4	Water discharge	59
303-5	Water consumption	60
GRI304: Biodiversity 2016		
3-3	Management of material topics	33
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	33
304-2	Significant impacts of activities, products and services on biodiversity	33
304-3	Habitats protected or restored	There were no such conditions or affected habitats during the reporting period
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	There were no such conditions or affected habitats during the reporting period
GRI305: Emissions 2016		
3-3	Management of material topics	29, 31
305-1	Direct (Scope 1) GHG emissions	59
305-2	Energy indirect (Scope 2) GHG emissions	59
305-4	GHG emissions intensity	59
305-5	Reduction of GHG emissions	16
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	59
GRI306: 2020 Waste 2020		
3-3	Management of material topics	29, 31

GRI Standard	Disclosures	Location
306-1	Waste generation and significant waste-related impacts	6, 31
306-2	Management of significant waste-related impacts	31
306-3	Waste generated	59
306-4	Waste diverted from disposal	59
306-5	Waste directed to disposal	59
GRI308: Supplier Environmental Assessment 2016		
3-3	Management of material topics	35
308-1	New suppliers that were screened using environmental criteria	35, 58
308-2	Negative environmental impacts in the supply chain and actions taken	35, 58
Society		
GRI401: Employment 2016		
3-3	Management of material topics	39-43
401-1	New employee hires and employee turnover	6, 39-40, 58
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39, 58
401-3	Parental leave	39
GRI403: Occupational Health and Safety 2018		
3-3	Management of material topics	44-45
403-1	Occupational health and safety management system	6, 44
403-2	Hazard identification, risk assessment, and incident investigation	44
403-3	Occupational health services	44-45
403-4	Worker participation, consultation, and communication on occupational health and safety	44-45, 59
403-5	Worker training on occupational health and safety	44-45
403-6	Promotion of worker health	45
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44-45
403-8	Workers covered by an occupational health and safety management system	44-45
403-9	Work-related injuries	58
403-10	Work-related ill health	45
GRI404: Training and Education 2016		
3-3	Management of material topics	41-42
404-1	Average hours of training per year per employee	42

GRI Standard	Disclosures	Location
Society		
404-2	Programs for upgrading employee skills and transition assistance programs	42-43
404-3	Percentage of employees receiving regular performance and career development reviews	39
GRI408: Child Labor 2016		
3-3	Management of material topics	39
408-1	Operations and suppliers at significant risk for incidents of child labor	There were no relevant events or circumstances during the reporting period
GRI413: Local Communities 2016		
3-3	Management of material topics	46-49
413-1	Operations with local community engagement, impact assessments, and development programs	47-48
413-2	Operations with significant actual and potential negative impacts on local communities	There were no relevant events or circumstances during the reporting period
GRI414: Supplier Social Assessment 2016		
3-3	Management of material topics	34-35
414-1	New suppliers that were screened using social criteria	35, 58
414-2	Negative social impacts in the supply chain and actions taken	35, 58
GRI416: Customer Health and Safety 2016		
3-3	Management of material topics	25-27
416-1	Assessment of the health and safety impacts of product and service categories	25
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no relevant events or circumstances during the reporting period
GRI417: Marketing and Labeling 2016		
3-3	Management of material topics	26-27
417-1	Requirements for product and service information and labeling	26
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no relevant events or circumstances during the reporting period
417-3	Incidents of non-compliance concerning marketing communications	There were no relevant events or circumstances during the reporting period
GRI418: Customer Privacy 2016		
3-3	Management of material topics	26
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no relevant events or circumstances during the reporting period

HKEX ESG Reporting Guide Content Index

Major category	Content	Location	
A Environmental	Aspect A1: Emissions	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pursuing a Green Path and Mitigating Climate Risks through Low-Carbon Transition and Improving Environmental Management, Strengthening Pollution Prevention and Control
	A1.1	The types of emissions and respective emissions data.	Key Performance Indicators
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	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 emission target(s) set and steps taken to achieve them.	Pursuing a Green Path and Mitigating Climate Risks through Low-Carbon Transition
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Improving Environmental Management, Strengthening Pollution Prevention and Control
	Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Pursuing a Green Path and Mitigating Climate Risks through Low-Carbon Transition and Improving Environmental Management, Optimizing Efficient Resource Utilization
	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 target(s) set and steps taken to achieve them.	Pursuing a Green Path and Mitigating Climate Risks through Low-Carbon Transition and Improving Environmental Management, Optimizing Efficient Resource Utilization
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Improving Environmental Management, Optimizing Efficient Resource Utilization
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key Performance Indicators

Major category	Content	Location	
A Environmental	Aspect A3: The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	Resources and Leading Green Development
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Efficient Use of Resources, Leading Green Development
	Aspect A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Pursuing a Green Path and Mitigating Climate Risks through Low-Carbon Transition
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	Pursuing a Green Path and Mitigating Climate Risks through Low-Carbon Transition
Employment and Labor Practices			
B Social	Aspect B1: Employment	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protecting the Rights and Interests of Employees
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Protecting the Rights and Interests of Employees, Key Performance Indicators
	B1.2	Employee turnover rate by gender, age group and geographical region.	Protecting the Rights and Interests of Employees
	Aspect B2: Health and Safety	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Consolidating the Defense Line for Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	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.	Consolidating the Defense Line for Occupational Health and Safety
	Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Enabling Career Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Enabling Career Development, Key Performance Indicators
	B3.2	The average training hours completed per employee by gender and employee category.	Enabling Career Development, Key Performance Indicators

Major category	Content	Location
Aspect B4: Labor Standards	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Protecting the Rights and Interests of Employees
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Protecting the Rights and Interests of Employees
B4.2	Description of steps taken to eliminate such practices when discovered.	Protecting the Rights and Interests of Employees
Product Practices		
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Optimizing Supply Chain Management
B5.1	KPI B5.1: Number of suppliers by geographical region.	Optimizing Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Optimizing Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Optimizing Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Optimizing Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Focusing on Quality Upgrading, Boosting Service Quality and Efficiency
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key Performance Indicators
B6.2	Number of products and service related complaints received and how they are dealt with.	Boosting Service Quality and Efficiency
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Creating an Innovation Ecosystem
B6.4	Description of quality assurance process and recall procedures.	Focusing on Quality Upgrading
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Boosting Service Quality and Efficiency
Aspect B7: Anti-corruption	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance
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.	Corporate Governance

B Social

Major category	Content	Location
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance
B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance
Community		
Aspect B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Boosting Rural Vitalization, Supporting Community Development, Pooling Strengths for Public Welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport.)	Boosting Rural Vitalization, Supporting Community
B8.2	Resources contributed (e.g. money or time) to the focus area.	Supporting Community Development, Key Performance Indicators

B Social

About This Report

This is the 11th Annual Sustainability Report published by China Resources Pharmaceutical Group Limited. The last report was published in April 2023. The report aims to communicate frankly with the stakeholders on its sustainability philosophy, practice and performance. Its five listed companies also have compiled their separate social responsibility reports.

Reporting Scope and Abbreviations

This is an annual report. This report covers the period from January 1 to December 31, 2023. In order to enhance the comparability and perspectiveness of the report, some contents may extend beyond this duration when necessary. This report includes China Resources Pharmaceutical Group Limited and its subsidiaries. For convenience and readability, in the Report may be referred to as:

Terms	Definitions
"CR Pharmaceutical" , "the Company" or "We"	CR Pharmaceutical Group Limited
CR Holding	China Resources (Holding) Co., Ltd.
Dong-E-E-Jiao	Dong-E-E-Jiao Pharmaceutical Co., Ltd..
CR Boya Bio-pharmaceutical	China Resources Boya Bio-pharmaceutical Group Co., Ltd.
CR Zizhu	China Resources Zizhu Pharmaceutical Co., Ltd.
CR Biopharmaceutical	China Resources Biopharmaceutical Co., Ltd.
NIPR&D	National Institute of Pharmaceutical R&D Co., Ltd.
CR Care	CR Care Company Limited
CR Pharma Comm	CR Pharmaceutical Commercial Group Co., Ltd.
CR Double-Crane	CR Double-Crane Pharmaceutical Co., Ltd.
CR Sanjiu	CR Sanjiu Medical & Pharmaceutical Co., Ltd.
CR Jiangzhong	CR Jiangzhong Pharmaceutical Group Co., Ltd.

Data Sources

All data in this report come from internal documents or the information statistics system. All monetary amounts quoted in this report are shown in RMB (yuan) unless otherwise stated (e.g. Hong Kong dollars). In order to improve the accuracy of data and information communication, possible indicators and information will be revised and the reasons and impacts explained.

Reference Standards

The Report is prepared in accordance with the *Guidelines to the Central 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), *Environment, Society and Governance Reporting Guide* issued by HKEX, *China Resources Group Social Responsibility Management Measures*, *CR Pharmaceutical Social Responsibility Management Measures*, and with reference to the *GRI Sustainability Reporting Standards (GRI Standards)* issued by Global Sustainability Standard Board (GSSB), and *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG5.0)* by Chinese Academy of Social Sciences.

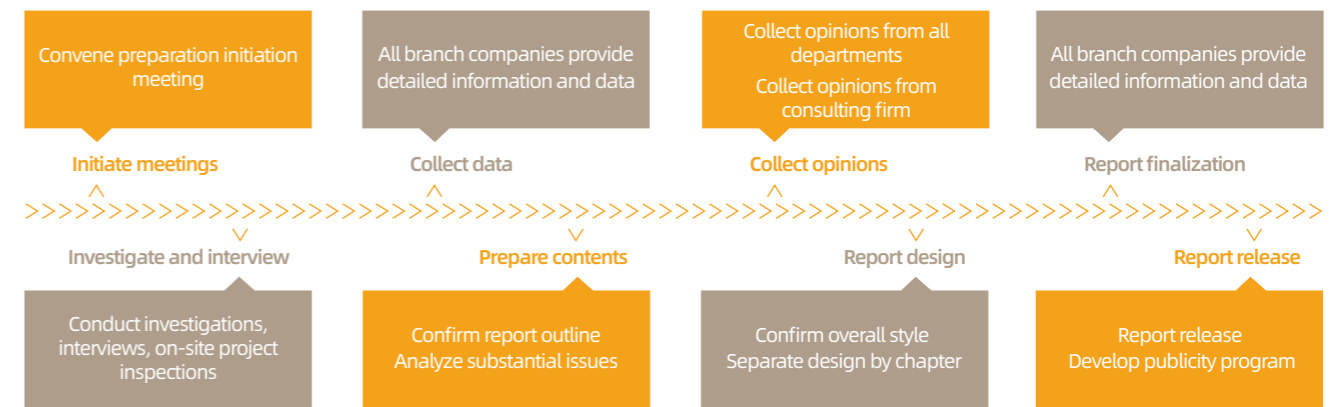
Reporting principle

Determine material topics through stakeholder research and materiality analysis, and focus on the material topics. **Materiality** **Quantitative** Explain the meaning and fluctuation of some key performance indicators.

The reporting standards and criteria, indicator statistics and calculation methods are consistent for a long time. If there is any change, it shall be explained in the form of notes. **Consistency** **Balance** Report positive and negative performance openly and transparently. We promise that there are no false records, misleading statements, or major omissions in this report, and we are responsible for the authenticity, accuracy, and completeness of the content.

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.



Feedback

If you have any comments or suggestions on the report, you can give feedback in the following ways. We will fully consider your comments and suggestions, and promise to properly protect your above information from being obtained by third parties.

E-mail: pub@crpharm.com
Fax: 010-57985200



Scan the QR code and fill in the reader feedback

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/>.



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