華潤医药
CR PHARMA

China Resources Pharmaceutical Group Limited

Environmental, Social and Governance Report 2024

Hold Hands
for Love and Health

CONTENTS

Assurance Report

TÜVNORD

Assurance statement No.CN-202504-CSR-04

Assurance Statement of ESG Report

TÜV NORD(Hangzhou)Co.,Ltd. (abbreviated as "TNHZ") was entrusted by China Resources Pharmaceutical Group Limited (abbreviated as"China Resources Pharmaceutical" or "the Company") to conduct an independent third-party assurance of China Resources Pharmaceutical's2024 Environment, Social, and Governance Report (abbreviated as "ESG Report").
China Resources Pharmaceutical is responsible for collecting, analyzing, summarizing, and disclosing the information mentioned in the Report. TNHZ carried out this work (Report Assurance) within the scope of authority recognized in the agreement with China Resources Pharmaceutical. China Resources Pharmaceutical is the designated user of this statement. This statement is based on China Resources Pharmaceutical's 2024 ESG Report, and China Resources Pharmaceutical is responsible for the integrity and authenticity of the information and data in the ESG Report.

User of the Assurance Statement

This Assurance Statement is provided to all stakeholders of China Resources Pharmaceutical

Assurance Scope

- The key sustainable performance and related information in 2024;
- Evaluate the management processes such as collection, analysis, and assurance of the data and information involved in the report;
- Due to the economic data has been verified by another third party, no repeated verification will be conducted.

The assurance conducted from April 7th to April 8th,2025.

Assurance Method

- Evaluate the documentary information provided by China Resources Pharmaceutical;
- Interview the information collectors of China Resources Pharmaceutical for the report;
- Check the public information released on relevant websites and media, and verify the relevant data and information in the report through sampling;
- Evaluate the sustainability report in line with the requirements of the "GRI Sustainability Reporting Standards"(GRI Standards2021)on Balance, Comparability, Accuracy, Timeliness,Clarity,and Reliability;
- The Report was evaluated in reference to the requirements for sustainable development reports in the "the Environmental, Social and Governance Reporting Code" issued by the Stock Exchange of Hong Kong (the "ESG Reporting Code').

Assurance Standard and Level

"TNHZ Report Assurance Implementation Rules" SC -P- A015Rev.00(Based on the "AA1000 Assurance Standard" (V3) Type 2 / ISSA 5000 "General Requirements for Sustainability Assurance'), Assurance Level: Moderate Assurance/ Limited Assurance.

Assurance Conclusion

The 2024 ESG Report prepared by China Resources Pharmaceutical objectively reflects the company's progress and achievements in the field of sustainable development in 2024. The data in the Report is reliable and objective. TNHZ has not found any systematic or substantive errors.

- Materiality:China Resources Pharmaceutical identified 26 topics such as "Honest and Compliant Operations", "Improving Resource Efficiency", "Product Quality Management", "Protecting Intellectual Property rights" through questionnaire survey, and disclosed the company's significant objective performance in the environmental, social, and governance fields in 2024 from three chapters "Social Harmony: Ushering in a Healthy Future Through Innovation", "Sound Governance: Upholding Integrity for a Better Future" and "Environmental Stewardship: Forging a Clean Future with Low-Carbon Initiatives", promptly responding to the expectations of investors and other stakeholders.
- **Quantitative:** The Report specially sets up a "Key Performance Indicators", disclosing the performance of social, environmental and governance indicators such as revenue, total number of employees, the number of safety emergency drills, CO2emission, etc. from 2022 to 2024, which has certain quantification and comparability.
- **Balance:** The Report objectively disclosed negative performance data such as the number of work-related fatalities and the number of products recalled with a certain degree of balance.
- **Consistency:** China Resources Pharmaceutical office is responsible for collecting, recording, arranging and analyzing the information and process used in the preparation of the Report. The relevant departments of the sampled data in the assurance process can provide traceability, which ensures the quality and substance of the information to a certain extent.

TÜVNORD

Assurance statement No.CN-202504-CSR-04

Suggestions for Improvement

Through the assurance and evaluation activities, we propose the following improvements to China Resources Pharmaceutical's sustainable practices and management

- The company has some listed companies among the company's subsidiaries, it is suggested to clarify and unify the requirements such as the statistical methods and scopes of relevant indicators to enhance the effectiveness and reliability of data collection;
- The company has set the goals and indicators for material topics. It is suggested that when setting the goals, they should be quantified as much as possible to facilitate better assessment in the future.

Special statement

Excluded in this assurance statement:

- Activities other than information disclosure;
- Statements regarding the standpoint, viewpoints, beliefs, goals, future development directions, and commitments of China Resources Pharmaceutical.

Statement of independence and competence

TÜV NORD is a world-leading certification body with branches in more than100 countries around the world. It provides inspection, testing and verification services, including management system and product certification; audits and training in the aspects of quality, environment, society and compliance; assurance of environmental, social responsibility and sustainability reports.
As one of the global branches of TÜV NORD, TÜV NORD(Hangzhou)Co.,Ltd. is independent, ensuring that there is no conflict of interest withChina Resources Pharmaceutical 's branches or stakeholders during the report assurance process. All the information in this report is provided by China Resources Pharmaceutical Co.,Ltd., and TNHZ has not been involved in the report preparation process.

TÜV NORD (Hangzhou) Co., Ltd.

The authorized person: Mr. Wang Peng Date: April 18th, 2025
Note: In case of conflict between the Chinese and English versions of this statement, please refer to the Chinese version.

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Message from the Chairman

China Resources
Pharmaceutical Group Limited
Chairman of the Board

Bai Xiaosong

> Though dreams may seem distant, with pursuit they can be reached. Though aspirations may be challenging, with perseverance they can be fulfilled. CR Pharmaceutical is committed to safeguarding public health. Along the path of Chinese modernization, the Company continues to implement the "Healthy China" strategy, driving the in-depth integration of technological and industrial innovation. By fostering new quality productive forces, we empower high-quality development and contribute to national development and public health.

In 2024, with the progress in the "Healthy China" initiative and healthcare system reform, the medical and health industry was standing at a crossroad in history, bearing the expectations of the society for improved health and well-being. Taking on the mission of "protecting human health and improving quality of life", CR Pharmaceutical is consistently integrating ESG principles into its development strategy. By bringing together top scientific talents and exploring cutting-edge medical technologies, we strive to drive innovation and deliver more effective pharmaceutical products and services to the society.

Accelerating the reform of green operations and promoting harmony between nature and pharmaceutical industry. We prioritize environmental friendliness across all aspects of our operations, fully translating the idea of "lucid waters and lush mountains are invaluable assets" into concrete green practices. By comprehensively adopting clean energy, eco-friendly building materials and high-efficiency equipment, we have advanced green transition and enhanced climate resilience. We continue to increase investment in environmental protection, and have implemented a series of targeted environmental inspection and rectification initiatives. We are establishing national-level green factories for the sake of efficient resource utilization and steady improvement in key environmental indicators, thereby offering effective solutions of green and innovation-driven development within the industry.

Unlocking the value of innovation and driving the Healthy China initiative. We continue to advance our integrated business layout, strengthen our full-industrial-chain capabilities in traditional Chinese medicine, and enhance the overall competitiveness of our chemical pharmaceutical business. Meanwhile, we are expanding our blood product business and making strategic breakthroughs in emerging sectors. We are also introducing cutting-edge technologies and high-performing talents to empower the application of scientific and technological achievements from multiple dimensions. We always put the interests of the people and public health before everything else. Focusing on consumer needs, we have created new collaborative scenarios between industry and innovation. In addition, we are advancing digital and intelligent transformation. With outstanding products and services, we are continuously meeting the growing needs of the public for better health.

Upholding the philosophy of fine governance and delivering both social and business values. We are advancing SOE reform, and significantly enhancing modern corporate governance. We work to strengthen our market-oriented operation capability and build an ESG governance system, forming a comprehensive and multi-layered matrix for stable development. We maintain an A in MSCI-ESG rating and a leading position in Hang Seng ESG ratings within the industry. We are deeply involved in the national rural vitalization strategy and the Healthy China initiative, driving the expansion and coordinated distribution of premium medical resource accessibility, contributing to Chinese modernization.

Where the heart is set, the steps will follow. Moving Forward with Determination, Growing Together. In the future, we will uphold the values and sense of responsibility of CR Pharmaceutical to practice the ESG principles with sincerity and drive progress with determination. Together with our pharmaceutical peers, we will jointly blaze a new path for sustainable development.

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 covers industrial production and commercial distribution of pharmaceuticals, healthcare products and medical devices. 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, Hang Seng Climate Change 1.5° C Target Index, FTSE Global Equity Index Series, and Morgan Stanley Capital International (MSCI) China Index, etc.

Highlights

Environmental

- Factories rated as green factories of various levels **23**
- ISO 14001 certifications in total **81**
- ISO 50001 certifications in total **18**
- Water recycling rate **Over 80%**
- CR Pharma Comm won China Association of Pharmaceutical Commerce's **ESG Low-Carbon and Energy-Saving Award**
- CR Jiangzhong won the Investment Association of China's first **Three-Star Zero-Carbon Factory**
- CR Jiangzhong and Dong-E-E-Jiao were pioneers in the industry that passed **Product Carbon Footprint Certification**

Social

- Quality standard system certifications in total **150**
- ISO 45001 certifications in total **82**
- CR Pharmaceutical won Zhaopin.com's **2024 Best Employer Campus Recruitment Award**
- CR Sanjiu, CR Jiangzhong and Dong-E-E-Jiao was rated as **Top 100 Traditional Chinese Medicine Enterprises in China**
- At the 2024 ASCO Annual Meeting, Dong-E-E-Jiao's "Compound Donkey-hide Gelatin Syrup" for the treatment of cancer-related fatigue won **Special Excellence Award**
- CR Boya-Bio was rated by the Department of Industry and Information of Jiangxi Province as **2024 Jiangxi Province Intelligent Manufacturing Benchmark Enterprise**

Governance

- A year-on-year increase in revenue **5.3%**
- MSCI-ESG rating **A**
- Hang Seng ESG Rating **A-**
- CR Boya-Bio was rated by Securities Times as **China's Top 100 ESG Listed Companies**
- CR Sanjiu and CR Double-Crane was rated by the China Association for Public Companies as **2024 Best Practice Case of Sustainable Development for Listed Companies**
- CR Pharmaceutical was honored by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University with **Award of Excellence in Corporate Governance and Award of Excellence in ESG**

ESG Management

Board ESG Statement

The Board of Directors of CR Pharmaceutical adheres to our sustainability strategy of "Holding Hands for Love and Health," and highly values the Company's ESG matters. By integrating national strategic planning, stakeholder expectations, and the Company's development strategy, we align with the latest international ESG trends and continuously review the effectiveness and suitability of our sustainability strategy and key management issues. We also discuss and determine the related impacts, risks, opportunities and responses facing the Company in environmental, social, and governance metrics.

ESG strategy and review. The Board continuously strengthens the corporate governance mechanism in accordance with the latest requirements of the Stock Exchange of Hong Kong Limited, and reviews the applicability of corporate governance policies and systems, ensuring that the Company's ESG policies and strategies closely keep pace with the times. The ESG Committee and task forces fulfill their responsibilities to constantly improve the sustainability management system in areas such as performance management, practice and communication management, report compilation and dissemination, assessment and evaluation. The Remuneration and Assessment Committee continuously reviews the remuneration structure and policies of directors and senior management, and incorporates sustainability performance indicators such as R&D innovation, environmental performance, quality and safety, risk management, and social responsibility management into relevant remuneration policies, aiming to motivate and ensure the high-quality achievement of ESG targets.

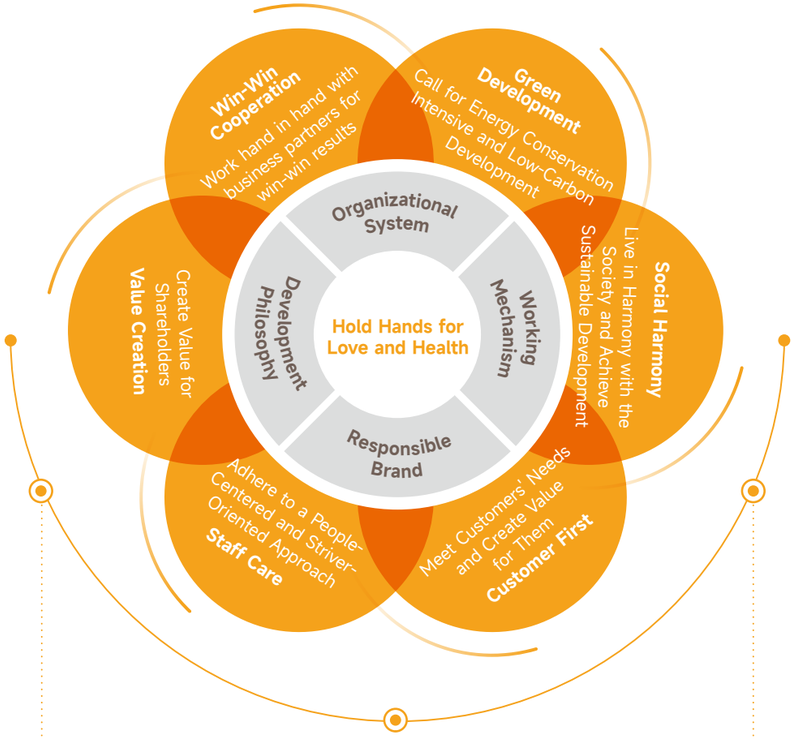
ESG risk management. The Board is responsible for assessing and defining the Company's ESG-related impacts, risks and opportunities, and reviewing the rationality and feasibility of targeted countermeasures. It identifies and monitors key issues highly relevant to the Company's business development, such as business ethics, R&D innovation, health accessibility, product quality and safety, and climate change response, ensuring a qualified and effective ESG risk management and monitoring system within the Company. The Board also regularly reviews the results of relevant risk audits and the implementation of corrective actions, guaranteeing the effectiveness of the ESG risk management system.

Target setting and progress review. To maintain active and sound communication with stakeholders, the Board annually reviews the Company's ESG library, materiality prioritization and assessment results, and the Sustainability/ESG Report, and authorizes the Corporate Governance Committee to review and disclose the Annual Corporate Governance Report. Based on the Company's major business directions and materiality identification and assessment, it authorizes the ESG Committee to formulate specialized ESG management improvement plans and targets, regularly convene the ESG Management Committee meeting to review the progress and performance of ESG targets, and supervise and provide continuous and effective review results for corporate governance systems and ESG management plans. In 2024, the Company systematically advanced various improvement plans in key areas such as business compliance, environmental management, product quality, and climate change response, ensuring the effective implementation of these initiatives.

In the future, the Board will continue to closely monitor the latest ESG development and its best practices, improve the Company's ESG management system and strategies, and actively respond to the concerns of stakeholders including the government, shareholders, employees, partners, and customers, so as to advance the achievement of sustainable development goals.

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.



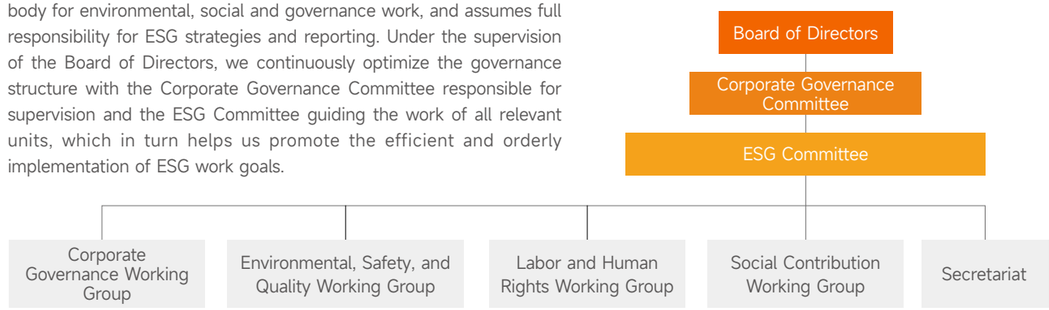
Holding hands with the government, shareholders, staff, partners, and customers to deliver quality services to the general public and promote the sustainable development of China's pharmaceutical and healthcare industry.

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

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

ESG Governance Structure

The board of directors is the highest decision-making and responsible body for environmental, social and governance work, and assumes full responsibility for ESG strategies and reporting. Under the supervision of the Board of Directors, we continuously optimize the 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 Covenants on Human Rights*, the *Universal Declaration of Human Rights*, and the *Ten Principles of the UN Global Compact*. In accordance with the requirements of the *China Resources Group Social Responsibility Management Measures*, combined with the latest ESG laws, regulations and development trends, we regularly review and dynamically update various ESG management systems to better identify and respond to opportunities and challenges in the ESG field.

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

The Board of Directors is responsible for CR Pharmaceutical's ESG policies, including formulating ESG management strategies, managing ESG risks, and reviewing ESG goals. The ESG Committee under the Board is composed of ESG senior executives. It is mainly responsible for formulating ESG development plans and goals, supervising ESG management, and regularly reporting to the Board and the Corporate Governance Committee. The division of its internal responsibilities are defined in line with our *Rules for the ESG Committee*. The Board of Directors, the Corporate Governance Committee and/or the ESG Committee will conduct regular assessments 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.

- Staying informed of and following ESG-related laws and regulations, we regularly hire external legal counsel to provide training on the latest ESG requirements from SEHK to the Corporate Governance Committee and the Board of Directors to stay current with the latest sustainable development trends. We also actively engage in external ESG ratings and selection of corporate responsibility awards, and attend industry seminars and forums for ESG management sharing, as well as special enhancement training organized by professional think tanks. These efforts enable us to better respond to stakeholders' concerns about and consultations on sustainability policies and updates. As a result, our MSCI-ESG rating remained at A level, and our Hang Seng ESG rating ranked among the top in the industry. In 2024, the Company received the 2024 Hong Kong Corporate Governance and ESG Excellence Awards.
- We encourage our subsidiaries to publish sustainability reports and engage in ESG practices to enhance the quality and transparency of ESG disclosures through sound ESG management systems. CR Sanjiu and CR Double-Crane were included in the collection of 2024 Best Practice Cases of Sustainable Development for Listed Companies, while CR Jiangzhong was recognized as the 2024 Model Case for Rural Vitalization Among Listed Companies. Serving as the first chairing unit of the ESG Committee under the China Association of Pharmaceutical Commerce, CR Pharma Comm has participated in multiple research projects, organized ESG events, and has received awards including the ESG Pioneer Leadership Award and the ESG Low-Carbon and Energy Efficiency Award.

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”, and comprehensively identify material topics in terms of impact materiality and financial materiality. In 2024, more than 500 questionnaires were returned and 26 sustainability topics (including 10 topics of double importance) were identified and presented in a matrix format.

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.

Prioritizing Topics

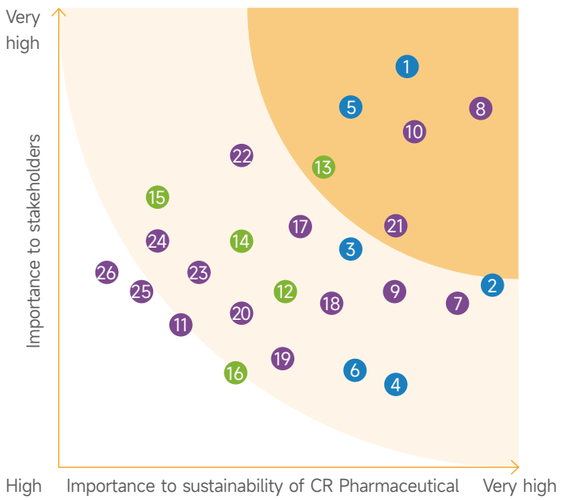
Collecting and sorting opinions and advice for sustainable development through surveying and interviewing the management team and stakeholders and prioritizing material topics both from impact materiality and financial materiality.

Validating Topics

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

Reporting

Giving special attention to prioritized material topics in the report.



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
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

Stakeholder engagement

Continuously responding to stakeholder concerns and expectations is essential for CR Pharmaceutical to earn their trust and support and to drive high-quality development. Based on our business activities, we have identified our key stakeholders as shareholders and investors, employees, consumers, partners, government and regulatory authorities, communities, the environment, and the media. Through open and diverse communication channels, we work together to build a modern enterprise that combines sustainable competitiveness with a strong sense of social responsibility.

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

Environmental Stewardship

Forging a Clean Future with Low-Carbon Initiatives

Impacts and challenges

Regulatory compliance and strong environmental performance are integral to the healthy operation of a business. As climate change and extreme weather events become more frequent, China's requirements for ecological conservation grow stricter, and demand for low-carbon and eco-friendly products surges, whether an enterprise can seize the opportunities of green transition, effectively promote energy conversion, digital and intelligent technology, and green processes and make them new impetus for its own development, is playing a more and more important role in competitive advantage.

Principles and goals

A healthy ecosystem forms the foundation of human health. As a pharmaceutical company, we shoulder a dual responsibility: to deliver safe and effective medicines to patients, and to create green and sustainable environmental value for society. Guided by this principle, we have set clear environmental objectives: to significantly reduce carbon and pollutant emissions throughout our production processes, enhance resource efficiency, minimize waste generation, accelerate the development and adoption of green pharmaceutical technologies and optimize product lifecycle management. We strive to foster the harmonious coexistence between corporate development and ecological environment.

Opportunities and outlook

Green transition is not only a challenge, but also a significant opportunity. The application of new energy, new materials, and emerging technologies in the pharmaceutical sector can help enterprises gain market share, enhance brand loyalty, and meet society's growing expectations for pharmaceutical companies, helping shape a good corporate image. Looking ahead, we will actively embrace green development, increase investment in environmental technology R&D, green infrastructure, and talent development, and lead the pharmaceutical industry toward a greener future. We are committed to contributing to the vision of a Beautiful China and Healthy China, creating greater value for human health and planetary sustainability and making green the defining color of CR Pharmaceutical's future development.

GRI Standards: 201 301 302 303 304 305 306

ESG Reporting Guide of HKEX: A1、A2、A3、A4

Climate Action

In recent years, the increase of climate extremes in different parts of the world, such as severe heatwaves, prolonged droughts, and catastrophic floods, has underscored the growing severity of climate change challenges. CR Pharmaceutical recognizes the importance of contributing to global climate governance and is committed to strengthening our climate management systems. By accurately identifying climate-related risks, and actively exploring green development opportunities, we work to accelerate the transition of our operations toward green and low-carbon development and demonstrate our corporate responsibility in addressing global climate challenges.

Governance

We have established a three-tier climate governance structure comprising the Board of Directors, the ESG Committee, and task forces, and continue to refine our related management mechanisms. In line with the *EHSQ Target Management and Responsibility Measures,* we have integrated energy conservation and emission reduction performance into management-level performance appraisals. The Board of Directors is responsible for setting carbon reduction targets and formulating the Company's low-carbon transition strategy, and delegates oversight responsibilities to the Corporate Governance Committee. Under the Corporate Governance Committee, the ESG Committee is tasked with formulating and periodically reviewing the implementation of climate-related strategies and objectives, and assessing the risk and opportunity list compiled by the ESG Task Force. Within the ESG Committee, an Environment, Safety, and Quality (ESQ) Task Force has been established to oversee the integrated management, coordination, inspection, and supervision of climate-related and other environmental topics across the Company's ESG initiatives.

Strategy

We earnestly implement China Resources Group's energy conservation and carbon reduction tasks by organizing our subsidiaries to carry out carbon peaking and carbon neutrality pathway studies and work plans, and by formulating carbon peaking action plans. In accordance with our short-, medium-, and long-term plans for energy saving, emissions reduction, and decarbonization, we have established a carbon emissions management system. We continue to advance digital, intelligent, and green upgrades for energy conservation and carbon reduction, enhance management efficiency, optimize our energy structure, and build a green supply system, reducing energy consumption and carbon emissions.

We also conduct comprehensive assessments of climate-related risks and potential opportunities on an ongoing basis. Through in-depth and detailed analysis, we have identified the far-reaching impacts of climate change on our business operations, strategic presence, and financial performance from multiple dimensions. These insights have provided critical support for developing risk response strategies and enhancing our climate resilience.

Transitional risks and physical 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 insuffcient 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, companyies should meet the ever-growing need of customers for green products and pay more attention on biodivesity protection.	• Reduced demand and revenue due to a shift in customer preference
	Reputational risks	Amid growing stakeholder awareness of climate issues, inadequate disclo-sure 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, and increased capital costs • Decreased revenue
Physical risks	Acute risks	Climate change may exacerbate extreme weather events, damaging medicinal plants, buildings, equipment and facilities, and threatening employee safety. Such conditions might also disrupt the or supply chain or reduction in medicinal materials production.	• Property damage, increased operating costs • 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

Climate-related transformation opportunities

Opportunity categories	Opportunity impact
Resource utilization efficiency	By optimizing resource utilization, reducing waste, and adopting circular economy practices, we aim to lower raw material costs while enhancing sustainability.
Energy sources	By implementing energy-saving technologies and increasing the use of renewable energy, we strive to reduce energy expenditures and future carbon emissions costs, thereby improving operational efficiency.
Products and services	Through the R&D, production, and sales of products targeting emerging diseases and aligned with evolving consumer preferences, we continue to innovate in and develop new low-carbon products and services. These efforts support the building of competitive advantages and help improve profitability.
Market	Climate change may lead to the emergence of new diseases, driving increased demand for relevant pharmaceuticals. Enterprises that can seize this opportunity and actively respond to market shifts will achieve business diversification and secure a favorable position in the transition to a low-carbon economy.

Risk management

We have established a climate risk management framework encompassing risk identification, analysis, assessment, and response, and continue to integrate it into our company-wide risk management system. A comprehensive reassessment of climate-related risks and opportunities is conducted every three to five years to ensure the continued effectiveness of our risk management practices.

We encourage our subsidiaries to continuously improve their carbon emissions management systems, regulate carbon emissions management, and obtain energy management system certifications. We organize factories designated as key emission units to carry out greenhouse gas (GHG) emissions verification and reporting, and make full use of carbon verification reports to accurately quantify carbon emissions and help enterprises reduce costs and increase efficiency.

Measures to address climate change

Measures	Specific content
Advancing low-carbon adjustment of industrial structure	We are committed to restricting new capacity additions and phasing out existing excess capacity. We have incorporated energy consumption factors into the production planning of new products, promoting the development of green innovations. Priority is given to the production and market launch of low-energy-consumption products, while the production and sales of products characterized by high energy consumption, low added value, and low output are being gradually phased out or reduced. In addition, we continue to optimize production line layouts, rationally allocate capacity across our manufacturing bases, expand capacity at core production sites, and close or divest certain facilities as appropriate.
Promoting the green transition of energy supply and consumption patterns	We are advancing the transition from traditional fossil fuels to non-fossil energy sources, promoting the efficient use of renewable and clean energy, and enhancing energy conservation. We continue to implement energy-saving technology retrofitting projects in industrial operations, leveraging lean management practices and multi-level energy monitoring systems to identify key sources of energy consumption and effectively execute targeted energy-saving and consumption-reduction measures.
Improving corporate carbon emissions management capabilities	We continue to strengthen organizational leadership for carbon emissions management and reinforce the development of dedicated carbon management personnel. In response to carbon constraints, we actively implement carbon asset management, improve our capability of GHG accounting, particularly for carbon dioxide, and enhance the overall efficiency of carbon asset management.
Strengthening the capability of independent technological innovation	With a focus on “quality improvement, efficiency enhancement, green transition, and industrial upgrading”, we remain committed to technological innovation, upholding our dedication to product quality and the philosophy of crafting best-in-class products. In the pharmaceutical sector, we continuously pursue technological breakthroughs and drive advancements in manufacturing capabilities.
Participating in green and low-carbon social governance	In support of carbon neutrality, we promote the cultivation of traditional Chinese medicinal materials to increase the carbon dioxide and other GHG absorption. Internally, we strengthen employee engagement in energy conservation and emissions reduction, enhance awareness through low-carbon campaigns, and advocate for a minimalist, eco-friendly, and low-carbon approach to daily operations.
Realizing digital and intelligent improvement	We promote the coordinated development of digitalization and intelligent development, accelerate the R&D and application of integrated technological innovation in digitalization and intelligent development, and promote the green and low-carbon transition of the manufacturing industry.
Innovating green finance solutions	We conduct in-depth research on national carbon finance policies and explore carbon market financing instruments. By aligning with industry- and region-specific policies, we participate in carbon trading markets where appropriate, with the dual aim of achieving emissions reduction targets and generating carbon asset value.

CR Pharmaceutical regards photovoltaic (PV) power generation as a key lever in its energy structure transition. By making full use of idle rooftops at grassroots facilities, the Company actively deploys decentralized photovoltaic projects with notable energy-saving and environmental benefits, thereby increasing the share of green and low-carbon energy.

Case

Vigorously developing clean energy

CR Pharma Comm has installed rooftop distributed PV power stations at six subsidiaries, including CR Shandong Pharmaceutical and Jinrun Pharmaceutical. These projects have a combined installed capacity of 4.97 MW, delivering approximately 5 GWh of clean electricity annually and reducing carbon dioxide emissions by around 2,784 tons.

CR Sanjiu has optimized land use efficiency by integrating PV power generation with the cultivation of medicinal plants, leveraging the fact that photosynthesis and PV systems require different light wavelengths. Business units with suitable conditions have been encouraged to construct PV projects at traditional Chinese medicine (TCM) cultivation bases, advancing dual-use of land for both energy generation and agriculture. This "PV–TCM integration" model is being developed as a zero-carbon demonstration initiative. By the end of 2024, six such projects had been completed, including sites in Luotaijiu Village and Xiaoyushisha Village, Yimen County (Yunnan); the Jiamusi Pharmaceutical Industrial Park (Heilongjiang); the Liangshan Prefecture Pharmaceutical Industrial Park (Sichuan); and Daxing Village of Xishan District and Dadiliangzi Village of Shilin County (Yunnan). These projects have a total installed capacity of 610 MW and are expected to generate approximately 2,226.5 GWh of clean electricity annually, helping to reduce carbon dioxide emissions by around 1,239,715 tons.

CR Double-Crane has developed six distributed PV projects, including those at Double-Crane Hainan and Shanghai Changzheng Fumin Jinshan Pharmaceutical, which collectively generate approximately 9.7339 GWh of clean electricity annually and reduce carbon dioxide emissions by around 5,420 tons.

CR Jiangzhong has added 1.6 MW of PV capacity at its Wanli and Luoting bases. As of the end of 2024, a total of five factory-based distributed PV power projects have been completed, with a cumulative installed capacity of 6 MW, supplying approximately 6.5 GWh of clean electricity annually, reduce carbon dioxide emissions by approximately 3,619 tons.

Dong-E-E-Jiao has completed rooftop photovoltaic (PV) power stations across its industrial park facilities, including PV installations on factory rooftops, donkey barn rooftops at its black donkey breeding base, and rooftops of its prepared food processing plant. The total installed capacity has reached 9.24 MW, delivering approximately 9.95 GWh of clean electricity annually and reducing carbon dioxide emissions by around 5,540 tons.

Nanjing Xinbai Pharmaceutical, a subsidiary of CR Boya-Bio, has completed a distributed PV project with an additional installed capacity of 0.65 MW, providing more than 0.7 GWh of clean electricity annually and reducing carbon dioxide emissions by roughly 389.76 tons.

Luoting rooftop distributed PV system

PV system of the pharmaceutical valley sewage station

Case

Promoting green and low-carbon transportation

CR Double-Crane has collaborated with logistics partners to explore scientifically optimized dispatching strategies, improve transportation structures, and reduce intermediate links and inefficient transportation. The company actively promotes the use of alternative clean energy by replacing fuel-powered vehicles with NEVs wherever possible, aiming to reduce fuel consumption, enhance logistics efficiency, and support carbon reduction objectives.

Case

Piloting construction of zero-carbon parks

CR Pharma Comm developed the *Low-Carbon Logistics Park Construction Guidelines* to support the development of low-carbon logistics parks by subsidiaries including CR Shandong Pharmaceutical, CR Henan Pharmaceutical, and CR (Dalian) Pharmaceutical. CR Shandong Pharmaceutical, through multiple energy-saving and carbon-reduction initiatives, established the first intelligent low-carbon logistics park in the pharmaceutical distribution industry.

CR Sanjiu formulated a near-zero carbon park pilot implementation plan, conducted gap analyses and construction plans for near-zero carbon parks/factories, and launched pilot projects based on technology assessments at business units such as Chenzhou Sanjiu and CR Jiuxin. Notably, CR Jiuxin was included in Shenzhen's fourth batch of near-zero carbon emission zone pilot programs.

CR Jiangzhong advanced the development of low- and zero-carbon demonstration parks/factories across its production bases. The Wanli Manufacturing Base completed its 2023 carbon verification and report preparation. Additionally, the Jiangzhong Pharmaceutical Valley and Jisheng Sci-tech Innovation Town projects were selected among Jiangxi Province's first batch of zero-/low-/negative-carbon demonstration initiatives, and the Jiangzhong Pharmaceutical Valley won the Investment Association of China's first Three-Star Zero-Carbon Factory.

Case

Advancing product carbon footprint certification

CR Jiangzhong, in alignment with the EU's *Sustainable Products Ecodesign Regulation*, proactively advanced the management of product life cycle carbon footprint assessments. The company completed carbon footprint accounting and evaluations for two products, Jianweixiaoshi tablets and Compound Caoshanhu tablets, and obtained *Carbon Footprint Certification*, becoming the first enterprise in Jiangxi Province's TCM sector to achieve such certification.

Dong-E-E-Jiao commissioned a third-party professional agency to conduct a comprehensive carbon footprint assessment for its key product, 250g iron-box packaged Ejiao. The evaluation accurately quantified GHG emissions, including CO_2, throughout the product's full life cycle-from raw material sourcing and manufacturing to transportation, distribution, use, and final disposal or recycling. Based on the findings, the company identified and implemented targeted GHG strategies to reduce the product's carbon emission.

Metrics and targets

We are committed to the green and low-carbon transition. In accordance with CR's requirements, we have formulated the *Energy Utilization Goals During the 14th Five-Year Plan Period* and the *Annual Energy Conservation and Emission Reduction Targets During the 14th Five-Year Plan Period*. We have set multiple total and intensity targets in the fields of energy use and carbon emissions, and implemented a target responsibility management system. Carbon management goals are incorporated into the *EHSQ Target Responsibility Document*, which are signed at each level of management.

Targets	Progress
Greenhouse gas emissions strive for reduction while ensuring stability	Total GHG emissions amounted to 722,459.80 tons, year-on-year reduction of more than 3,000 tons.
	Direct (Scope 1) emissions were 175,023.13 tons.
	Indirect (Scope 2) emissions were 547,436.67 tons.
By the end of the 14th Five-Year Plan period, CO_2 emission intensity is targeted to decrease by 10% compared to a 2020 baseline of 0.3184 tons per RMB 10,000 of output value.	Carbon dioxide emission intensity was 0.0295 tons per RMB 10,000, down over 10% from 2020.
By the end of the 14th Five-Year Plan period, comprehensive energy consumption per RMB 10,000 of output value is targeted to decrease by 10% from a 2020 baseline of 0.0875 tons of standard coal equivalent.	Comprehensive energy consumption per RMB 10,000 of output value (at comparable prices) was 0.0533 tons of standard coal equivalent, down over 10% from 2020.
By the end of the 14th Five-Year Plan period, comprehensive energy consumption per RMB 10,000 of added value is targeted to decrease by 8% from a 2020 baseline of 0.1362 tons of standard coal equivalent.	Comprehensive energy consumption per RMB 10,000 of added value (at comparable prices) was 0.1084 tons of standard coal equivalent, down over 8% from 2020.

Resource Utilization

CR Pharmaceutical attaches great importance to the efficient use of resources, and continuously promotes the application of new technologies, new processes, new equipment, and new materials for energy conservation and emission reduction. We also continuously advance the of energy-saving and emission-reduction transformation projects to improve the efficiency of energy and resource utilization, practicing green and low-carbon development.

Governance

CR Pharmaceutical strictly complies with relevant Chinese laws and regulations such as the *Energy Conservation Law* and the *Circular Economy Promotion Law*. We have established internal policies including the *Energy Conservation and Ecological Environmental Protection Supervision and Management Measures,* and require our subsidiaries to improve their energy and resource conservation management mechanism. Resource utilization is required to fully integrate into the EHSQ management system.

Strategy

CR Pharmaceutical adheres to a full life cycle approach to product manufacturing, enhancing resource and energy efficiency at every stage, from source reduction and process optimization to recycling and reuse. This is achieved through green product design, the introduction of green technologies, process and equipment upgrades, and the advancement of a circular economy. At the same time, we actively promote the green office operations by fully advancing digital workflows, encouraging paperless practices, expanding the use of video conferencing systems, and implementing waste sorting initiatives, all as part of our commitment to sustainable development.

Risks, opportunities, and potential impacts associated with resource utilization

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Market risk A lack of effective resource management may lead to energy waste and increase exposure to rising energy prices, thereby compressing profit margins.	• Increase in cost and decline in profit	Technological opportunity By adopting energy-efficient equipment and technologies and innovating in green production processes, the Company can reduce the consumption of electricity, water, and other key resources.	• Reduction in operational costs
		Market opportunity Environmentally friendly and green enterprises are more likely to gain the recognition of partners and customers, thereby expanding their market share.	• Green products and cooperation drive revenue growth

Risk management

CR Pharmaceutical's manufacturing subsidiaries conduct risk analysis and evaluation on resource utilization such as water resource demonstration and energy efficiency evaluation-during the early stages of project planning, including site selection and feasibility studies. These efforts aim to ensure the smooth construction, commissioning, and operation of new projects. In ongoing operations, water conservation, energy efficiency, and material savings are incorporated into the Company's annual EHSQ management targets and performance evaluations. We actively promote the recycling and reuse of raw materials, auxiliary materials, and packaging materials to effectively enhance resource utilization efficiency.

Case

CR Sanjiu improves resource management regulations

Subsidiaries of CR Sanjiu have developed the *CR Sanjiu Management Measures for Energy and Resource Conservation* based on their specific operational contexts, which are used to guide the management of energy, water, and other resources, helping employees develop good habits in conserving energy resources and assisting them in forming a positive corporate culture of resource conservation.

Water resource management

We have established clear water management policies and annual targets within our EHSQ management system. Through continuous improvement measures, we are enhancing water resource protection efforts and promoting water-saving upgrades across production and office facilities. All of our manufacturing subsidiaries are located in regions identified as having low water risk levels.

Case

Implementing water conservation management

CR Double-Crane actively adopts water-saving technologies to manage water usage within the park. The company utilizes water- and energy-efficient fixtures, increases the reuse rate of reclaimed water, and reasonably plans irrigation schedules and frequency for green areas to ensure efficient water use.

Dong-E-E-Jiao maximizes the resource-efficient use of residual heat and wastewater. The company has implemented a reclaimed water recycling project at its industrial park's sewage treatment facility, enabling the reuse of over 1,000 tons of reclaimed water each month. At the Linqing site, a project integrating the reuse of reclaimed water and residual steam has been launched, enabling the reuse of approximately 900 tons of reclaimed water each month.

Energy management

We oversee and guide all business units in establishing a sound energy management system, clearly defining energy management responsibilities and developing management requirements or standards that cover the entire energy use process. They also should implement mechanisms to phase out outdated equipment and practices, promote energy-saving technological upgrades, and enhance the digital and intelligent energy management. These efforts aim to strengthen energy conservation, minimize energy loss, and improve overall energy efficiency.

Case

Enhancement of digital and intelligent energy management at CR Pharma Comm

In April 2024, CR Shandong Pharmaceutical, a subsidiary of CR Pharma Comm, launched a carbon emission smart energy management system. The system provides comprehensive monitoring, diagnostics, and analysis of major energy-consuming units and equipment within the park. It enables systematic energy and carbon management, energy-saving oversight, and optimization of energy efficiency strategies, effectively reducing carbon emissions and improving energy utilization efficiency.

Case

Energy-efficient equipment upgrades at Dong-E-E-Jiao

Dong-E-E-Jiao has implemented over 30 green and energy-saving technologies, including high-voltage transformers, permanent magnet synchronous motors, high-voltage variable-frequency air compressors, and variable-frequency magnetic levitation fans and chillers. The workshops at the Ejiao Industrial Park are fully equipped with LED lighting and new LOW-E glass, achieving energy savings of 30%. Additionally, it was the first in the Ejiao industry to introduce MVR liquid evaporation technology, resulting in an 81% energy reduction.

Case

Strengthening office energy consumption management at CR Jiangzhong

CR Jiangzhong enforces strict air conditioning temperature standards and utilizes energy-efficient lighting. Employees are encouraged to turn off lights when leaving their offices or at the end of the workday to prevent unnecessary daytime lighting and long periods of idle consumption. Office equipment, such as computers, printers, and copiers, is used efficiently and powered off during non-use to reduce standby energy consumption.

Materials management

We actively promote green design, the substitution of environmentally friendly materials, and the recycling of packaging materials to reduce the consumption of raw and auxiliary materials. At the same time, we actively explore new approaches to solid waste minimization, resource recovery, and environmentally sound disposal, aiming to build a closed-loop system for the recycling and reuse of renewable resources.

Case

Promoting green packaging design

CR Jiangzhong optimized the packaging of its Jianweixiaoshi tablets through in-depth design refinement and repeated simulation and testing. Without compromising product protection or display, the company precisely reduced material use by eliminating unnecessary packaging layers and decreasing PVC thickness from 0.35mm to 0.25mm, achieving lightweight and environmentally friendly packaging. Clear recycling labels and instructions are printed on the packaging to guide consumers in the proper disposal of used materials and improve the recycling rate.

CR Double-Crane reduced packaging layers and the use of foam plastics, cushioning paper, and packaging film in both raw and auxiliary materials and product packaging. Plastic products were eliminated from outer packaging, replaced with cartons, and packaging sizes and weight were optimized to make it lighter and smaller for greater transport efficiency. All packaging materials are centrally collected and processed for recycling.

Case

Advancing a circular economy

Dong-E-E-Jiao promotes circular economy practices across its industrial chain. Corn stalks are used as feedstock, donkey manure is repurposed as organic fertilizer for crop cultivation, and residue from traditional Chinese medicine is used as feed for black donkeys at the company's breeding base. This ecological recycling model reduces solid waste by over 17,000 tons annually, and lowers donkey breeding costs by over RMB 1.5 million per year.

The new plant of CR Sanjiu in Chenzhou utilizes herbal residues as fuel, adopting advanced residue incineration technology to generate steam for internal use. The system produces approximately 50,000 tons of steam annually, enabling the energy recovery and reuse of herbal waste. Additionally, Zaozhuang Sanjiu, a subsidiary of CR Sanjiu, signed a *Recycling and Reuse Agreement for Carton Turnover Boxes* with Benxi Jiuxing Printing & Packaging. Under this agreement, used medicine carton turnover boxes are collected, sorted, and returned to Benxi Jiuxing for reuse, saving over 70,000 boxes to date.

Case

CR Pharma Comm vigorously promotes paperless office and video conferencing

CR Pharma Comm actively promotes paperless office and video conferencing across all aspects of its business. Except for critical documents, routine document transfers and approvals are handled through electronic systems. Video conferencing tools such as RMEET Meeting are widely used, enabling efficient and convenient communication between business units and with external partners.

Metrics and targets

Targets	Progress
Improve the construction of energy management systems	In 2024, 9 additional subsidiaries were certified by ISO 50001 energy management systems, bringing the total to 18 certified sites.
Apply for green warehouse certification	In 2024, five subsidiaries of CR Pharma Comm, CR Shandong Pharmaceutical, CR Kelun Pharmaceutical (Sichuan), CR Jiangsu Pharmaceutical, CR Tianjin Pharmaceutical, and CR (Dalian) Pharmaceutical, achieved Tier-1 Green Warehouse (Three-Star) Certification, increasing the total to six certified warehouses.
Conduct clean production audits	In 2024, eight subsidiaries passed clean production audits, raising the total number of certified entities to 37.

Pollution Prevention

CR Pharmaceutical upholds the concept that "lucid waters and lush mountains are invaluable assets", dedicating efforts to reducing the discharge of pollutants such as wastewater, waste gases, and solid waste. The Company strives to minimize the negative environmental impact of its production and operations.

Governance

We strictly comply with relevant Chinese laws, regulations, standards, and norms such as the *Environmental Protection Law, Solid Waste Pollution Prevention and Control Law*, and the *Environmental Impact Assessment Law*. We have developed internal management systems including the *EHSQ Management System Guidelines, Comprehensive Emergency Response Plan for Environmental Incidents, EHSQ Target Management and Responsibility Measures*, and *EHSQ Annual Evaluation and Assessment Measures*. Besides, we have established an environmental management system in accordance with ISO 14001 standards and continuously improve pollution prevention and control measures for wastewater, waste gases, and solid waste by following the Plan-Do-Check-Act (PDCA) management cycle.

Strategy

In accordance with the *China Resources Group Work Plan for Accelerating Green Development and Advancing the Beautiful China Initiative of China Resources Group*, and based on the specific context of the pharmaceutical industry, CR Pharmaceutical has developed the *Measures for Accelerating Green Development and Advancing the Beautiful China Initiative*, contributing to the modernization of harmony between humanity and nature.

Risks, opportunities, and potential impacts associated with pollution prevention and control

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Compliance risk The Company may face penalties for exceeding emission limits due to stricter environmental policies.	• Brand value and market confidence damage • Decline in revenue and profit	**Reputation opportunity** Green production and pollution control can enhance the Company's brand image.	• Stronger market competitiveness
		Market opportunity Eco-friendly companies are more likely to gain recognition from partners and customers, thereby expanding market share.	• Green products and partnerships drive increased revenue.

Risk management

CR Pharmaceutical regularly conducts self-inspection and rectification in accordance with the *General Inspection Points for Ecological and Environmental Protection of China Resources Group* and the *Ecological and Environmental Protection Inspection Points for CR Pharmaceutical Manufacturing Plants*, ensuring the effective implementation of various ecological and environmental protection measures, and strictly preventing and controlling various ecological and environmental risks.

Internal audits

CR Pharmaceutical conducts annual internal environmental audits, focusing on the safe operation management of environmental protection equipment and facilities, emergency management of environmental incidents, solid waste management, energy-saving and environmental protection qualifications, compliance management of pollution source automatic monitoring, and ecological inspections and remediation in the Yangtze and Yellow River basins. Compliance management issues are systematically identified and addressed, and environmental risk classification and control measures are further enhanced.

External environmental audits

Each subsidiary at the primary level conducts external environmental audits, which include commissioning third-party companies for environmental hazard identification, compliance evaluations, assistance in monitoring equipment and environmental facility management checks, government-led clean production audits, verification of GHG emission reports by ecology and environment authorities, and environmental inspections conducted both online and offline by ecology and environment authorities at various levels.

Wastewater management

CR Pharmaceutical organizes in-depth and comprehensive management of discharge and wastewater permits across its subsidiaries at the primary level, and the specialized investigation and rectification of pollution source online monitoring systems. By combining self-inspection and supervision, the Company ensures compliance with wastewater discharge regulations. We conduct comprehensive and systematic risk assessments across all levels, all domains, and all dimensions to identify and mitigate environmental risks with precision.

Waste gas management

CR Pharmaceutical strictly complies with the relevant standards for both organized and unorganized waste gas emissions, strengthens the supervision of pollutant discharge limits, and ensures the proper operation of waste gas pollution control equipment and facilities. The Company actively cooperates with local ecology and environment departments to respond to and implement emergency response plans for heavy pollution weather in a timely manner.

Solid waste management

Hazardous waste is managed in designated areas with labeling and QR codes. In accordance with the new requirement of the *Hazardous Waste Storage Pollution Prevention and Control Standards*, CR Pharmaceutical equips hazardous waste storage facilities with exhaust treatment systems. Hazardous waste disposal contracts are signed with qualified units for legal disposal, and management records are maintained with real-time uploads to the hazardous waste supervision and management platform. For general industrial solid waste, internal recycling is actively pursued. Non-recyclable materials, such as TCM residues, are comprehensively utilized for resource recovery or energy generation. Household waste is entrusted to local sanitation units for proper disposal.

Case

CR Pharma Comm strengthens solid waste management

CR Pharma Comm has developed the *Solid Waste Disposal Management Guidelines*, which clearly requires that unqualified drugs be stored in separate areas with hazardous waste identification labels. Unqualified drugs are regularly destroyed by a qualified disposal organization to ensure compliance with both quality management and environmental protection requirements. CR Pharma Comm encourages the implementation of local waste sorting regulations, collecting non-hazardous waste generated in offices, living areas, and cafeterias separately, and entrusting a qualified company to handle waste collection and disposal.

Metrics and targets

Targets	Progress
Improve environmental management system	In 2024, 13 subsidiaries were newly certified by the ISO 14001 environmental management systems, bringing the total to 81.
	A total of 4 additional green factories were certified, raising the cumulative total to 23.
The emission rate of major pollutants reaches 100% under normal operating conditions.	The emission rate of major pollutants in compliance with standards reached 100%.

Ecological Protection

CR Pharmaceutical places great emphasis on environmental protection and has increased efforts in promoting environmental awareness. Through various methods such as specialized training sessions for all employees, professional course deliveries, and skill development workshops, we continually enhance environmental consciousness across the Company. In 2024, the Company organized events such as National Energy Conservation Publicity Week, National Low-Carbon Day, and June 5th Environment Day, creating a strong atmosphere for energy conservation and environmental protection. The Company also conducted specialized training and certification programs for key management personnel, environmental staff, and production personnel to develop their environmental capabilities.

Case

CR Pharmaceutical issues environmental protection initiative and "Nine Environmental Prohibitions"

Chairman of CR Pharmaceutical issued the "June 5th Environment Day Initiative" to all employees. The initiative encouraged everyone to actively "focus on ecological protection, conserve energy and resources, practice green consumption, opt for low-carbon transportation, sort waste to reduce pollution, save water and electricity, reuse paper, protect natural ecosystems, participate in environmental practices, engage in supervision and reporting, and contribute to building a Beautiful China". This initiative aimed to put green development concepts into practice through concrete actions. In line with the specific nature of the pharmaceutical industry, CR Pharmaceutical developed a "Nine Environmental Prohibitions" related to energy conservation and ecological protection. These prohibitions were widely promoted to subordinate units through creative posters, enhancing the Company's awareness of environmental protection and law compliance.

"Green Transition for a Beautiful China" Promotional Poster and June 5th Environment Day Initiative

CR Pharmaceutical strictly complies with China's *Wild Animal Conservation Law, Regulations of on Wild Plants Protection, Regulation on Protection of Wild Medicinal Resources, and the United Nations Convention on Biological Diversity*, among other relevant laws, regulations, and international conventions. In line with biodiversity conservation requirements, we promote the responsible development of medicinal plants based on sustainable resource utilization. We place a strong emphasis on evaluating the sustainability of resource use to actively safeguard the healthy and orderly development of the traditional Chinese medicine (TCM) industry. In addition, we adhere to the *Forest Law, Forest Implementation Regulations, Regulations on Restoring Farmland to Forest*, and the *Management Measures for Forest Harvesting and Regeneration*. We are committed to the sustainable management of natural resources and raw materials within our supply chain, with the goal of better protecting natural resources and preserving the diversity of ecosystems.

Case

CR Sanjiu's commitment to the conservation of medicinal biodiversity and the cultivation of authentic germplasm sources

CR Sanjiu has adopted a comprehensive approach to sourcing medicinal biological resources by implementing contract-based procurement from authentic medicinal material production areas, conducting rigorous audits of raw material quality, and establishing both wholly owned and joint medicinal herb cultivation bases. These measures ensure that all Chinese medicinal materials are sourced from traceable, legal, and compliant origins. Suppliers are required to develop resources responsibly, prioritizing the conservation of medicinal biodiversity and avoiding the overharvesting of wild herbs that could lead to biodiversity loss. In regions such as Guangdong, Jiangxi, and Yunnan, CR Sanjiu actively promotes the development of demonstration bases for Chinese medicinal herb cultivation. Site selection strictly follows criteria related to suitable growing environments, historical cultivation practices, and the avoidance of protected areas. Through collaborations among industry, academia, and research institutes, CR Sanjiu has established seedling research zones to control the quality of germplasm and planting stock at the source. These efforts help prevent the degradation of medicinal plant varieties and mitigate the risks associated with invasive species.

Social Harmony

Ushering in a Healthy Future Through Innovation

Impacts and challenges

With the increasing social awareness of health and the continuous advancement of medical technology, the pharmaceutical industry, a crucial sector safeguarding our health, is undergoing unprecedented changes and development. Consumers' expectations on effective, safe and customized pharmaceutical products are also constantly rising. This trend drives pharmaceutical companies to explore their potentials and digital transformation, promote collaboration along the industrial chain, and internally motivate talent development, forging new paths for vigorous growth despite challenges.

Principles and goals

Integrity is one of our core values. CR Pharmaceutical prioritizes the quality and safety of pharmaceutical products, and strives to foster new quality productive forces and accelerate digital transformation, and deepen collaboration along the industrial chain. By building a quality assurance system covering the full life-cycle quality of pharmaceutical products, we comprehensively improve the quality of medical innovation and scientific research. In line with the requirements of the "four reshapes", we also aim to create a talent growth ecosystem, and empower the primary-level medical and health ecosystems. Through concerted efforts, we provide pharmaceutical solutions that combine technology with humanistic care, building a great strength and protecting people's health.

Opportunities and outlook

We will accelerate digital transformation, invigorate the organization with innovation and talent development, and advance the layout of the entire industrial chain to achieve precise collaboration with our partners and bring our consumers more outstanding and accessible pharmaceutical products and services of higher quality. Furthermore, we will promote inclusive services in primary-level healthcare and continuously expand the accessibility of health services. We aim to explore a model that balances commercial benefits and social values on a path to our social responsibility fulfillment.

GRI Standards: 2-6 2-7 2-8 2-28 2-30 201 203 401 403 404 408 413 416 417 418

ESG Reporting Guide of HKEX: B1、B2、B3、B4、B6、B8

Quality Products

To secure the cornerstone of sustainable development for pharmaceutical companies, CR Pharmaceutical always prioritizes consumer medication safety. By building a quality management system that covers full life-cycle pharmaceutical research and development, production, and distribution, we work to ensure the safety and effectiveness of our products and continuously improve customer service quality, laying a solid foundation for the Company's lasting stable development.

Governance

We strictly abide by the requirements of relevant Chinese laws and regulations, including the *Drug Administration Law* and the *Regulations for the Implementation of the Drug Administration Law*. We have formulated systems such as the *Quality Management Measures*, the *EHSQ Target Management and Accountability Measures and the Annual EHSQ Assessment and Evaluation Measures*. Through these efforts, we conduct unified management for the quality management responsibilities and operation of quality management systems of directly managed subsidiaries and institutions, as well as the operation of quality management systems, forming a comprehensive full life-cycle product quality management mechanism.

Optimizing management system

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. Nine subsidiaries including CR Jiuxin Pharmaceutical have passed international certifications such as FDA and WHO. Twenty-one corporate laboratories including Shuanghe Limin Pharmaceutical and Dong-E-E-Jiao have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS).

Enhancing a sense of responsibility and commitment

Every year, in accordance with our annual targets and relevant legal requirements, the Company's management signs quality target commitments with senior leaders at all levels and quality-managing departments. Indicators such as the occurrence of incidents resulting in penalties from regulatory authorities, the success rate of on-site inspections by these authorities, the remediation rate of quality non-conformities, and the pass rate for market sampling of products are included in the commitment, depending on the actual situation of the enterprise.

Linking responsibility to performance

Subsidiaries such as CR Sanjiu, CR Double-Crane, CR Boya-Bio, and CR Biopharm have incorporated quality management assessment indicators into the annual performance evaluation of the Company's executives. This reinforces the responsibility for quality compliance, promotes the penetration of a quality-focused culture, and ensures stable and safe quality of products.

Strategy

"Protecting Human Health and Improving Quality of Life" is our lofty mission. CR Pharmaceutical seizes the opportunities of development and transformation in China's pharmaceutical and health industry. We optimize resource allocation to reinforce weak links in the industrial chain and upgrade them, promoting business growth and industrial upgrading, and continuously enhancing our core competitiveness for high-quality development. We aim to be a trusted and innovation-driven leader in the pharmaceutical and health industry.

Risks, Opportunities and potential impacts associated with product quality

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Compliance risk • Thanks to the intensive formulation of pharmaceutical regulations and policies, a comprehensive, full-process and full-lifecycle regulatory model for pharmaceutical products has been formed, bringing standards and requirements for product safety, quality control, and compliant production to new heights and increasing the compliance risks for the Company. • The implementation of centralized procurement policies has caused a decline in drug prices but rising costs of raw materials, which greatly challenges the cost management capabilities of the Company.	• Increased compliance costs • Revenue decline	**Policy opportunity** • Deepening healthcare reform in China has provided pharmaceutical companies with a clearer development path and policy support. • Encouraging innovation in the pharmaceutical industry motivates technological upgrading in the modernized and standardized production of TCM and other areas.	• Increase in long-term profit margins
Market risk Shifts in disease patterns such as rising incidence rates of chronic diseases and tumors requires the Company to quickly adjust its product lines. Failure to respond in a timely manner may lead to product overstocking.	• Influence corporate strategic layout and planning • Limit the market expansion ability of enterprises	**Market opportunity** With the increasing public health awareness in the country, the trust and demand for pharmaceuticals and healthcare are rising steadily, providing the company with a huge market demand space.	• Increase in product sales, and bring higher revenue
Reputation risk In the information age, product quality issues can easily escalate into a crisis of trust in a short period of time.	• Damage to brand value and market confidence • Decrease in revenue and profits	**Technology opportunity** The application of technologies such as AI, blockchain and the Internet of Things in supply chain management enhances the capability for quality risk early warning.	• Reduction of product recall and return losses • Lower legal and compliance costs

Risk management

Facing comprehensively deepening reform and accelerated technological iteration in the pharmaceutical industry, we uphold the core concept of "discerning risks and seizing opportunities" and establish a full-chain quality risk management system to ensure safe, effective and traceable pharmaceutical products.

We advanced the development of a big data system and expanded AI application scenarios in the healthcare sector. Efforts were made to integrate AI into business operations, with a focus on exploring its use in quality inspection support. In collaboration with internal and external experts, we organized the "Data-Driven · AI Innovation" training sessions, and actively engaged in external exchanges to explore data application scenarios in the pharmaceutical industry. Through initiatives such as AI+Data training sessions, digital economy forums, and the implementation of China Resources Group's new industrialization initiatives, we accelerated the practical adoption of artificial intelligence in enterprise production.

Quality risk management

Hierarchical management and control

We have established a hierarchal management and control mechanism for quality and safety risks. We set grading criteria from two dimensions, namely the risk level of quality management and the level of quality management capability, and create a comprehensive quality management risk matrix to clarify the control levels for our subsidiaries by integrating the assessment results from both dimensions. We also organize our subsidiaries to conduct self-assessment of their comprehensive quality management risk levels in accordance with hierarchal standards, and conduct precautionary testing for emerging quality/safety concerns to further reduce quality risks.

Quality audits

We have formulated the *Quality Audit Management Rules*, standardizing the quality audit workflow of the Company. In line with national regulatory direction and priorities, unit risks, quality audit cycles, and unit requirements, our subsidiaries develop their annual quality audit plans to clarify the key areas for annual quality audits. We perform comprehensive quality checks on all internal manufacturing subsidiaries through internal unannounced inspections, and in-house audits. In 2024, the Company accepted all internal audits or external inspections, with a passing rate of 100%.

Emergency management

We have established *Comprehensive Emergency Response Plan for Sudden Food and Drug Events and the EHSQ Accident and Incident Management Measures*. Accordingly, we can carry out emergency response and disposal according to different levels of incidents, and conduct post-incident accident investigations, handling and relevant warning education to minimize personal injuries, property losses, and social impacts caused by the events. We take preventive actions by securely storing essential products and associated raw and auxiliary materials and establishing mechanism of alternative suppliers for certain materials.

Quality culture

We actively organize various units to conduct quality improvement activities such as "3·15" and "Quality Month" campaign, encouraging each unit to carry out a series of promotional and educational activities, quality competitions, and other special events based on their own characteristics. We also implement quality breakthrough projects and participate in the comprehensive quality management knowledge competition for central state-owned enterprises, fostering a sound quality culture. In 2024, the participation rate of subsidiaries in the knowledge competition reached 100%.

Safeguarding medication safety

Pharmacovigilance

Our subsidiaries at all levels have established the pharmacovigilance system with the formulation of pharmacovigilance management and adverse drug reaction reporting regulations. A comprehensive risk management throughout the entire process of monitoring, identification, assessment, and control is conducted for the sake of patient safety to prevent medication risks in a timely manner. Additionally, a full life-cycle traceability system for product distribution is established in collaboration with the handling of counterfeit drug cases, helping consumers purchase and use qualified medicines.

Strengthening monitoring of adverse reactions. We work to establish diversified channels for collecting adverse reaction information, and promptly and accurately record and analyze each suspected adverse reaction to medicines. Through the pharmacovigilance information system, we capture signals of drug risks in a quick manner, laying a solid scientific basis for product optimization and upgrading as well as the precise formulation of risk management strategies.

Dynamically managing drug risks. We implement a dynamic risk assessment mechanism for a comprehensive investigation and continuous monitoring of potential safety hazards throughout the entire life cycle of drugs. For identified risks, we take effective risk control measures such as proactively revising drug instructions and conducting risk communication, to minimize risks. We also strengthen communication and collaboration with regulatory authorities, jointly building a strong barrier for public medication safety.

Product recall

We strictly comply with the requirements of the *Regulations on the Management of Drug Recalls*. Our subsidiaries have formulated relevant product recall management systems, specifying standard operating procedures and responsibilities for drug recalls to make sure that drugs can be recalled quickly and accurately if necessary. To ensure the effectiveness of the recall system, we regularly organize recall drills when there are no actual product recall incidents. In 2024, at CR Pharmaceutical, there were no major negative incidents affecting customer health and safety, with no products recalled for safety and health reasons.

Advocating responsible marketing

The Company strictly abides by laws and regulations such as the *Advertising Law*, the *Drug Administration Law*, and the *Provisions for Drug Insert Sheets and Labels*, and conducts marketing activities in accordance with the *Compliance Management Handbook*, maintaining a lawful and compliant market environment. The compliance department carries out annual marketing compliance special projects, pharmaceutical marketing anti-corruption policy interpretation and research, and system inspections in the marketing field, preventing operational risks and continuously improving relevant practices. Advertising and promotional materials are all subject to a pre-approval system, and compliance management of advertising, promotional slogans, marketing documents and other content is in place, and the management of various forms and tools of publicity such as store posters, POP posters, LED screens, and WeChat official accounts are strengthened. We implement the latest, accurate, and objective promotional requirements, ensuring the promotion is not misleading or false, and regularly conduct responsible promotion training for all employees.

The Company also encourages its subsidiaries to innovate in digital marketing and enhance brand awareness and influence. We have formulated relevant systems such as the *Provisions for Drug Insert Sheets and Labels*, strengthened the review of drug packaging labels, and clearly identified possible adverse reactions that may occur when a small number of patients use drugs. Meanwhile, we standardize product packaging design, advertising procedures, trademark application and use.

- CR Sanjiu regularly conducts internal audits and third-party audits on the marketing, advertising, and sales aspects of the e-commerce platform, and explicitly prohibits the release of any unapproved advertisements. Extensive interpretations of newly issued marketing compliance regulatory policies, laws, and case studies are conducted and promoted among employees on a monthly basis.
- Dong-E-E-Jiao has formulated and strictly enforced the Advertising Management Measures. An internal compliance review is required before the release of all promotional materials, ensuring that the content is true, accurate, and in line with relevant laws and regulations.
- In accordance with the *Code of Business Conduct*, CR Double-Crane implements compliant marketing by upgrading the marketing business compliance management system, standardizing the scope of marketing activities, expense standards, and supporting materials, and cultivating the awareness of compliant marketing among employees through diverse compliance trainings.

Protecting consumer rights and interests

Customer service optimization

To enhance our customer service system, we have established an AI-powered intelligent customer service platform and optimized precise product marketing and digital services for better user experience and service quality. We distribute customer satisfaction survey forms and commission external agencies for customer satisfaction surveys. We also organize regular training sessions for the customer service team to continuously improve our service quality.

Information security protection

The Company strictly abides by the *Consumer Rights Protection Law* and *Personal Information Protection Law*, respects customers' privacy rights, implements a confidentiality system, and ensures that customer files, complaints, information and other sensitive information are kept strictly confidential. We continue to improve the information security system to prevent data leakage and have realized classified protection of business systems with classified protection evaluation passed, safeguarding information security and stability of both the Company and customers.

After-sales service management

To improve the after-sales service system, the Company establishes a rapid response mechanism for after-sales issues, and facilitates communication channels such as service hotlines, emails, text messages, and social media platforms. We actively provide consultation and remote guidance to channel partners, retail pharmacies and consumers, properly address every customer request, and handle customer issues in a timely and effective manner.

Promoting health accessibility

Fair and reasonable pricing

Ensuring stable drug supply and stable pricing is always our core task. CR Pharmaceutical strictly complies with the *Opinions on Promoting Drug Price Reform*, the *Opinions on Improving the Current Management of Drug Prices* and other regulatory requirements. The Company utilizes digital technology to monitor price fluctuations to precisely regulate prices. We also conduct in-depth research on the economy and healthcare level of overseas markets to set prices flexibility, ensure fair and reasonable drug pricing, and effectively reduce consumers' medical burden.

Promoting drug accessibility

The Company aims to meet patients' clinical medication needs and ensure that drugs are safe, effective, and of controllable quality. We support the research and development of generic drugs and actively promote their inclusion in centralized procurement. By the end of the reporting period, CR Sanjiu's drugs such as "Sodium Hyaluronate Eye Drops," "Chondroitin Sulfate Capsules," and "Oseltamivir Phosphate for Oral Suspension" have passed the quality and efficacy consistency evaluation of generic drugs, offering patients with more reliable treatment options. Meanwhile, through the official website, we provide consumers with key product introductions and key points that need to be paid attention to in clinical use, and provides special education and training for the use of some products. We also carry out extensive patient education activities to popularize drug knowledge and medical knowledge.

Exploring intelligent health services

To actively answer the national call for building a Healthy China, we apply new-generation information technologies such as artificial intelligence, cloud computing and big data to empower new models of health services, bringing smarter, more professional, and more convenient health service experiences to hundreds of millions of families.

华润三九 CR SANJIU

In collaboration with Tencent Healthcare, the company has developed "Sanjiu Health Butler" and launched the intelligent agent on Tencent Yuanbao and the mini program 999 Membership Center, aiming to provide users with warm, caring, convenient, and efficient health consultation services.

华润江中 CR JIANGZHONG

The company integrates TCM preparation techniques with intelligent manufacturing. A customized "one person, one prescription" Chinese medicine decoction service has been fulfilled based on a unique QR code for each prescription to trace the entire decoction process, with the automation level up to 85% and a reduction of 60% in labor costs.

华润双鹤 CR DOUBLE-CRANE

The company has established a digital patient service platform for kidney disease patients, aiming to provide better services for nephrology departments and peritoneal dialysis patients in hospitals across China.

东阿阿胶

The company has introduced an AI-based TCM diagnosis model that integrates the four diagnostic methods of "inspection, listening & smelling, inquiry and palpation," enabling us to quickly and accurately determine one's body constitution through face and tongue diagnosis and inquiry and provide targeted suggestions from the perspective of TCM healthcare and wellness.

Helping patients around the world

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 actively focus on expansion opportunities in emerging markets/developing countries, leveraging our product strengths to serve customers and patients in more than 30 countries or regions. We endeavor to make affordable health products available to consumers in developing countries. In 2024, CR Sanjiu participated in the artemisinin antimalarial drug assistance project in countries such as Uganda. As of the end of the reporting period, CR Sanjiu's antimalarial medicines have covered more than 20 countries in Africa, benefiting millions of patients.

Injecting digital vitality

With digitalization and intelligence as the new engine for innovative transformation and development, we fully embrace digital transformation. In the manufacturing process, we actively strengthen intelligent manufacturing with a focus on intelligent, low-carbon and green development and leverage digital technologies to continuously enhance production efficiency and product quality, advancing the Company's high-quality and sustainable development.

华润三九 CR SANJIU

The company has established a unified digital manufacturing platform based on the "cloud platform + big data + AI" model, strengthening the building of a quality management system that covers the whole-process life cycle of products. In 2024, CR Sanjiu (Chenzhou) was awarded the title of "Benchmark Intelligent Manufacturing Enterprise and Benchmark Workshop" in Hunan Province.

华润江中 CR JIANGZHONG

The company promotes the intelligent upgrading of production lines to empower production execution and operational management and enhance the operational efficiency of warehousing, logistics, and production links, making it the first pharmaceutical company with a 3-star rating for digital transformation maturity.

华润双鹤 CR DOUBLE-CRANE

The company promotes an excellent operational system through digital transformation methods and establishes a reliable online digital operation platform with visualized operational data, ensuring timely, efficient, accurate, and complete delivery of information to users at all levels.

东阿阿胶

The company has established an integrated intelligent manufacturing platform for production management that covers supply, production, quality, equipment, and product life cycle management. For quality control and process control, the company achieves online monitoring of key processes including TCM extraction, gelatin boiling, and drying through technologies such as artificial intelligence and near-infrared spectroscopy. To safeguard production, the company has also developed equipment intelligent predictive models and energy consumption warning models, realizing comprehensive digital and visual management of the production process.

Metrics and targets

To effectively implement the Company's product strategies, we have established indicators and targets related to aspects such as quality management and customer services, followed by regular tracking and assessment of the target progress.

Targets	Progress	
Improve quality system	Obtained quality system certifications (such as HACCP, ISO 9001, and ISO 10002) in total: 150	
Strictly manage quality safety risks	Conducted 278 Internal audits, with a passing rate of 100%	Received 1,125 external inspection, with a passing rate of 100%
	Conducted 984 internal sampling, with a passing rate of 100%	Received 4,369 external sampling tests, with a passing rate of 99.93%
Empower quality management upgrading	Carried out 5,919,349 hours quality training/competition for all staff	586,340 participants joined in quality training/competition, with a quality training rate of 100%
	Carried out 26,491 hours supplier training on quality assurance	3,505 participants joined in supplier training on quality assurance
Promote health service experience	Number of products recalled due to health and safety issues: 0	Complaints timely and properly handled: 278
	Percentage of products recalled due to health and safety issues: 0%	Percentage of customer complaint handled: 100%
	Customer complaint satisfaction: 100%	

Innovation-driven Development

Research and development (R&D) innovation is a vital driving force for our long-term corporate development. We aim to "build a world-class R&D innovation system." Guided by industry development and market demand, we optimize the allocation of innovation resources, strengthen the development of strategic emerging industries, enhance our independent R&D capabilities, and actively meet diversified and multi-level health needs of the people.

Governance

We continue to improve the full life cycle management system for R&D projects. We have established and refined management systems such as the *R&D Project Management Measures*, the *Guidelines for the Implementation of R&D Project Management Measures (Trial)*, the *External Innovation and Cooperation Management Measures* and the *Guidelines on Innovation Joint Organization Management Work*, standardizing the approval process for R&D projects, as well as management and decision-making procedures for external cooperation.

Strategy

We have formulated a comprehensive scientific research plan based on our vision, focusing on two major R&D areas, and upgrading two mature businesses. We continuously enhance our technological innovation capabilities through four measures and for five guarantees, accelerate the development of innovative drugs and provide transformative treatment solutions to safeguard the health of the people.

Risks, Opportunities and potential impacts associated with R&D innovation

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Technology risk • There are difficulties in achieving core technology breakthroughs and challenges in interdisciplinary integration. • Interdisciplinary R&D in AI and biotechnology challenges to organizational capabilities.	• R&D investment losses	**Technology opportunity** • Innovation in AI-driven drug design, gene editing, and mRNA technology are opening up new pathways for drug research and development. • The deep integration of industry, academia, and research institutes (such as the translation of research results from university laboratories) brings companies with the possibility to break through geographical limitations and integrate resources.	• Reduction of the failure rate of R&D, shorter drug approval cycle, cost savings, and increase in revenue
Ethical risk The use of animal-derived ingredients (such as donkey-hide gelatin and deer antler) or the conduct of animal experiments may trigger ethical disputes.	• Additional expenditures from legal disputes or public sentiment issues	**Market opportunity** The intensification of aging and the rising incidence of chronic diseases are driving up demands for oncology, metabolic disease, and TCM products.	• Increase in product demand leads to higher revenue
Policy risk With increasingly mature procurement rules and reward and punishment measures, the usage demand for products that fail to win bids will be compressed when there are no significant changes in medicine demand. It is more necessary to focus on the cost control of process technology during product development.	• Increase in costs or decrease in revenue	**Policy opportunity** Thanks to the Notice on *Providing Early Acceptance Services for Innovative Drugs and Varieties Confirmed to be Included in the Priority Review and Approval Procedures and Conditional Approval Procedures through Communication and Exchange* issued by the National Medical Products Administration, innovative drugs usher in a period of development opportunities.	• Shorter cycle to market for innovative drugs allows eligible drugs to enter the market more quickly, and increase revenue

Risk management

We have established a R&D risk management system, forming a comprehensive risk management strategy throughout the entire R&D process, which drives technological breakthroughs starting from solving patient needs and creates sustainable value for people's well-beings.

Enhancing R&D capabilities

Risk control: The full life cycle and visible management of R&D projects is achieved through information technology empowerment, better controlling R&D risks and enabling timely warnings and handling.
Research incentives: In line with the requirements of the *Management Measures for R&D Project Performance and Technological Rewards* and other systems, the reward mechanism for innovative achievements has been strengthened to stimulate researchers' innovative vitality, accelerating the transformation of cutting-edge technologies.
Platform construction: In collaboration with renewed universities and research institutions, we leverage high-quality research resources to create a number of R&D innovation platforms, promoting collaborative research on scientific projects and accelerating innovative outputs.

Guarding the bottom line of life

In R&D experiments, we always follow high standards of ethical conduct and scientific behavior with a reverence for life and in pursuit of truth. We strictly adhere to laws and regulations, as well as international codes of conduct, including the *Declaration of Helsinki*, the *Good Clinical Practice (GCP)*, the *International Council on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use-Good Clinical Practice (ICH-GCP)* and the *Guide for the Care and Use of Laboratory Animals*, the *AWAs*, the PHS Policy, and the *Animal Experiment Management and Technical Specification*. Animal experiments are all conducted by qualified suppliers with necessary permits for animal experimentation, ensuring scientific, legal and standardized research, and exploring a more caring development path for medical progress.

Comprehensive review

An independent ethics committee conducts a comprehensive review of the trial protocol from scientific and ethical perspectives before the trial. Projects can only be initiated after approval.

Notice

Researchers must provide patients with detailed information about the research project before the trial, including the basic information of the researcher and the qualifications of the research institution, potential benefits and risks associated with the research results, protective measures for participants, confidentiality measures for research data and personal information of participants, and the rights of participants.

Voluntary choice

Based on a full understanding and recognition of their condition, treatment plan and potential risks, the patient can make an independent decision on whether to accept the treatment or research. The patient's consent is voluntary, without any external pressure or inducement.

Emergency response

In case of an emergency safety event during the trial, researchers will take therapeutic measures immediately to ensure the safety of participants.

Empowering disease prevention and control

We actively expand drug pipeline development, strengthen disease prevention and treatment, and develop orphan drugs to benefit various patients, providing more treatment options for the population.

CR Sanjiu

Phase I clinical study has been launched on the new drug ONC201 for H3K27M-mutant diffuse midline glioma (DMG).

Dong-E-E-Jiao

The improved version of "Compound Donkey-hide Gelatin Syrup" for the treatment of cancer-related fatigue has been approved for Phase II clinical trials. In 2024, its relevant research achievements won the "Outstanding Award" at the American Society of Clinical Oncology and the "Best Research Award" at the Annual Meeting of Society for Integrative Oncology.

NIP Pharm

NIP046 for the treatment of chronic spontaneous urticaria has been approved for Phase II clinical trials.

CR Double-Crane

Xianglei Tangzu Gao (Subi One), the world's first 1.1-class natural drug for the treatment of diabetic foot ulcers, has been introduced.

CR BioPharma

Reteplase for the treatment of the indication of acute ischemic stroke has been approved for marketing. The results of the Phase III clinical trial were published in the international core journal *The New England Journal of Medicine* (IF: 158.5).

CR Boya-Bio

- The marketing applications for Intravenous Human Immunoglobulin (10%) and Tetanus Human Immunoglobulin have been accepted.
- The registration materials for a clinical trial of 20% Subcutaneous Human Immunoglobulin have been submitted.

Case

The research results of Reteplase in the RAISE Trial published in a global authoritative medical journal

In June 2024, the research results of the Phase III clinical study (RAISE) of Reteplase (recombinant human tissue plasminogen activator) were published in the world's top authoritative medical journal *The New England Journal of Medicine*. The study was led by Professor Wang Yongjun from the Beijing Tiantan Hospital affiliated to the Capital Medical University, and was primarily conducted by CR BioPharma, a subsidiary of CR Pharmaceutical. The RAISE study compared the efficacy and safety of Reteplase and Alteplase, a commonly used clinical thrombolytic drug in the treatment of acute ischemic stroke (AIS). The results showed that Reteplase was more effective than Alteplase in AIS treatment, with controllable safety risks. This marks another major breakthrough for Reteplase in AIS treatment following the treatment of the indication of acute myocardial infarction.

Case

The research results of "Compound Donkey-hide Gelatin Syrup" for the treatment of cancer-related fatigue wins the "Outstanding Award" at the 2024 Annual Meeting of American Society of Clinical Oncology

In May 2024, the "Clinical Value Assessment Study of Compound Donkey-hide Gelatin Syrup for the Treatment of Cancer-Related Fatigue" hosted by Professor Xu Yun from Xiyuan Hospital of China Academy of Chinese Medical Sciences in collaboration with Dong-E-E-Jiao, stood out for its high-level evidence-based design, rigorous quality control system, and high-quality research results, winning the "Outstanding Award" in pain and symptom management. This study has filled the gap of previous domestic TCM research on cancer-related fatigue (CRF), which was mainly single-centered and small-sampled with low research quality. It also provides a basis for the clinical application of Compound Donkey-hide Gelatin Syrup in CRF treatment, further promotes the update of relevant guidelines, and offers new ideas for oncology experts worldwide.

Protecting intellectual property

CR Pharmaceutical continuously adheres to laws and regulations such as *the Civil Code, the Trademark Law and the Patent Law*, and institutional requirements including the *Intellectual Property Management System and the Management Measures for Intellectual Property and Archives of R&D Projects*. Accordingly, we actively engage in patent applications and maintenance, and conduct patent infringement (FTO) analyses at key stages, identifying and preventing intellectual property infringement risks. We also strengthen the review of intellectual property sources, defects, source infringement prevention and data compliance, take proactive actions to protect our rights, and regularly organize intellectual property training and exchange activities. During the reporting period, the Company had no significant infringement or intellectual property disputes.

Metrics and targets

R&D innovation is always our core strategy for corporate development. By 2025, we strive to make R&D innovation an engine for our high-quality development; by 2030, we work to make R&D innovation the driving force for our corporate development; and by 2035, we will boast globally competitive R&D innovation capabilities.

Target	Progress	
Build a high-level innovation team	Number of R&D staff: 3,420	
Enhance independent R&D capabilities	New patent applications: 447	New patent granted: 356
	Projects under development: 592	

Win-Win Partnership

Based on our pharmaceutical scientific research strengths, extensive market coverage and robust distribution network, we actively collaborate with government agencies, similar companies, universities, and research institutes to accelerate in R&D innovation, provide transformative solutions, and create innovation hubs, promoting the steady progress of the pharmaceutical industry towards a more vibrant and innovative direction.

Building an industry-university-research platform

- CR Pharmaceutical and Jiangnan University established a Joint Innovation Center. Both parties fully leverage their respective strengths to deepen pragmatic cooperation, setting a typical example of industry-academia-research collaboration.
- Dong-E-E-Jiao and the Marine Biomedical Research Institute of Ocean University of China jointly established a Land and Marine Collagen Industry Innovation Consortium, comprehensively collaborating to integrate the innovation chain of "basic innovation - technological integration - product development" around marine drugs and collagen-based drugs.
- Dong-E-E-Jiao signed a strategic cooperation agreement with Dalian Institute of Chemical Physics, Chinese Academy of Sciences to jointly establish the Deer Industry Innovation Research Institute, enhancing the technological level of the mule deer industry.

Case

CR Pharmaceutical and the Institute of Advanced Studies of the University of Macau (Hengqin campus) holds a signing ceremony

In October 2024, CR Pharmaceutical, CR Sanjiu, CR Jiangzhong, and Dong-E-E-Jiao signed their respective cooperation agreements with the Institute of Advanced Studies of the University of Macau (Hengqin campus). These agreements cover projects such as the cooperative development of bispecific antibodies, research on the mechanisms and international expansion of classic prescriptions and high-quality TCM products, international quality standard research of the herbal material Pseudostellaria root, and the improvement of quality standards and production processes of the oral liquid for nourishing the heart and calming palpitations. In the future, with the joint laboratory as a carrier, both parties will continue to focus on cutting-edge fields of biomedicine and health, strengthen cooperation in the deep integration of industry, academia, and research institutes, as well as talent cultivation, and accelerate the transformation and application of scientific research results, better serving the Healthy China strategy.

Accelerating drug R&D

A strategic agreement was signed with the Partner State Key Laboratory of Pharmaceutical Biotechnology at the University of Hong Kong. A cooperation framework agreement for the treatment of cervical cancer and precancerous lesions was also signed with Professor Leung Chun from the Hong Kong University of Science and Technology, achieving project breakthroughs through Joint efforts.

A strategic cooperation agreement for the vitamin D drop (capsule type) product was signed between CR Sanjiu and Shandong Dayin Oceanic Biochemicals Co., Ltd. Both parties are committed to promoting the application of vitamin D supplementation among a wider population.

A strategic cooperation agreement was signed between CR Pharm-Comm and Pfizer Investment Co., Ltd. to jointly promote the commercial operation of four types of high-quality mature drugs for the treatment of lung cancer and breast cancer, expanding patient accessibility.

A strategic cooperation agreement was signed between CR Jiangzhong and the Centre for Chinese Herbal Medicine Drug Development (CDD) of Hong Kong Baptist University. The jointly applied program was selected as one of the first batch of funded projects under the "1+ industry-academia-research" program of the Hong Kong Innovation and Technology Commission.

Promote the development of the industry

Dong-E-E-Jiao has been engaged in the successive revisions of the gelatin-based TCM standards in the *Pharmacopoeia of the People's Republic of China* and the enhancement of the standards in the 2025 edition.

CR Pharmaceutical's chief scientist Chen Bo and others were invited to attend the 2024 European Congress of Rheumatology (EULAR 2024) in Austria.

CR Sanjiu was designated as the chairman unit of the Second Session of the Committee on Intelligent TCM Manufacturing of the China Association of Traditional Chinese Medicine.

Case

CR Sanjiu releases one ISO international TCM standard

The ISO international technical specification for TCM, *ISO/TS 13126: 2023 Traditional Chinese medicine—Determination of ochratoxin A* in natural products by liquid chromatography coupled with fluorescence detector, jointly developed by CR Sanjiu, Shenzhen TCM Manufacturing Innovation Center Co., Ltd., Shenzhen Traditional Chinese Medicine Manufacturing Innovation Center Co., Ltd., and the Institute of Medicinal Plant Development, Chinese Academy of Medical Sciences, has been officially released by the National Standardization Administration. As the Company's first ISO international standard for TCM testing, it focuses on the safety control of exogenous mycotoxins in TCM by using liquid chromatography-fluorescence detection technology to test for ochratoxin A in TCM, marking a new achievement for the Company's quality control throughout the TCM industry chain.

Case

CR Boya-Bio acquires 100% stake of Green Cross Hong Kong

In July 2024, CR Pharmaceutical and CR Boya-Bio signed a strategic cooperation and equity transfer agreement with GC Corp. in Shanghai, resulting in the indirect acquisition of Green Cross HK (China) Biological Products Co., Ltd. Green Cross (China) operates four plasma collection stations and offers six types of plasma-derived products within China. It is one of the few domestic blood products companies authorized to market both plasma-derived Factor VIII and recombinant Factor VIII products. Moving forward, the company will deepen the complementary strengths and collaborate on cutting-edge technology research related to blood products, striving to enhance China's national blood safety and contribute to the realization of universal health coverage.

Talent Development

To pursue talent-led development, CR Pharmaceutical safeguards employees' basic rights and interests, improves talent recruitment and training systems, and reforms remuneration and incentive assessment mechanisms. The Company enhances employee communication and care, creating a diverse, inclusive and safe working environment that embraces talents from all over the world.

Governance

CR Pharmaceutical strictly abides by laws and regulations such as the *Company Law*, the *Labor Law, the Labor Contract Law, the Law on the Protection of Rights and Interests of Women, the Law on Protection of Minors*, the *Regulations on Paid Annual Leave of Staff and Workers,* the *Regulations on Work-related Injury Insurance, and the Provisions on the Prohibition of Child Labor*. We have established comprehensive internal management systems, including the Measures for *Recruitment and Employment Management*, the *Measures for Labor Contract Management, the Measures for Professional Sequence Appointment Management*, the *Measures for Leave and Attendance Management*, the *Measures for Performance Management, the Measures for Occupational Health Management*, with regularly revision, updates, and improvement.

We have established and improved the EHS management system based on the risk characteristics of the pharmaceutical industry and our management practices, creating a comprehensive occupational health and safety organizational structure and responsibility system that covers the EHS Committee, the EHS Management Office, the EHS Department, and safety officers. All these have clarified occupational health and safety objectives and policies, and detailed management plans, policies, and occupational disease hazard prevention plans have been formulated to fully cover the needs of production, research and development, and business management.

Strategy

We implement the "1246" model and the "four reshapes" requirements of the China Resources Group and advance the talent strategy. Through the human resources strategy planning set for the "14th Five-Year Plan" period, we aim for "strengthening management and operation talent teams, building a technology talent team, and expanding the skilled talent team." continuing to deepen and follow market-oriented mechanisms. To build the "3+1" talent team with sufficient number, high quality, reasonable structure, and vitality at a faster pace, we also optimize mechanisms for talent education and training, selection and appointment, assessment and evaluation, positive incentives, and services and supervision, providing a solid organizational guarantee and talent support for the Company's high-quality development.

In terms of occupational health and safety, we have formulated the *Work Safety Root Cause Tackling Three-Year Action Plan (2024-2026)*. In this plan, we put forward the work objectives for the Year of Hidden Link" in 2024, focusing on eliminating existing hidden dangers, rectifying major accident hidden dangers, and controlling major safety risks. We have identified key tasks and strengthened the foundation of safety management.

Human resources-related risks, opportunities, and potential impacts

Risk type and description	Potential financial impact	Risk type and description	Potential financial impact
Operational risk The lack of protection on labor rights and interests, talent loss and insufficient development may reduce the Company's productivity.	• Increase in operational costs	Reputational opportunity A positive corporate culture attracts more outstanding talents, providing strong personnel support for the Company's innovation and development, and further enhancing the Company's productivity and brand image.	• Improvement of corporate operation efficiency and long-term profit margins
Safety risk The lack of effective occupational health and safety management threatens employees' lives, health, and safety, and may be subject to legal penalties for violations.	• Increase in compliance cost		

Risk management

CR Pharmaceutical increases investment in talents and deepens the reform of market-oriented mechanisms. We have improved the selection, appointment, and dismissal mechanisms for management personnel in accordance with the principles of "market-oriented recruitment, contract-based management, differentiated remuneration, and market-oriented dismissal." Our market-oriented employment management systems help establish a mechanism for selecting and employing personnel based on the ideas of "promoting the capable, rewarding the excellent, demoting the ordinary, and eliminating the incompetent." We also promote talent recruitment and training systems by building a human resources team with a rational structure, optimized hierarchy, and strong capabilities in innovation and execution, ensuring an innovative, efficient and stable team. This reinforces human resource support and enhances the effectiveness of human resource management.

Equal employment

We abide by international norms such as the *International Covenant on Human Rights and the Universal Declaration of Human Rights*, consistently adhere to the principles of openness, fairness, and impartiality, treating every employee equally. Any form of discrimination, whether based on gender, age, educational background, ethnicity, religion, cultural background, or other differences, is strictly prohibited in hiring, training, remuneration, promotion, termination, or retirement. We properly keep employees' files and personnel information and implement strict confidentiality measures to ensure their information safety and consciously protect their privacy. By improving 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, or harassment and abuse. Prompt rectification, accountability, and compensation will be applied in accordance with the above situation.

Employee compensation and benefits

The Company improves the incentive model linked to business performance and individual contributions, increases support for R&D and innovation talents, and adopts flexible performance assessment methods for different types of talents. We have gradually increased the proportion of variable pay for a compensation distribution system where "responsibility, capability and performance are respectively aligned with benefits, value and rewards." We also improve the employee benefits system, ensuring full and legal pay of social insurance and housing provident fund for our employees and offering a variety of additional benefits, including supplementary pension plans. We guarantee employees' right to take leave, with an average of 8.58 days of paid leave per employee in 2024.

CR Sanjiu

Establishes short-term, medium-term, and long-term incentive mechanisms, continuously enhancing employees' sense of gain through differentiated and phased incentive designs.

CR Double-Crane

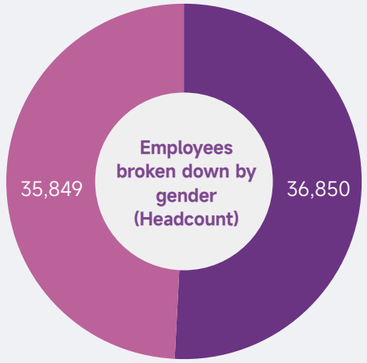
Cares for its retired employees and, on a voluntary basis, pays corporate annuities for them to ensure that employees with disabilities receive equal treatment in career development and remuneration.

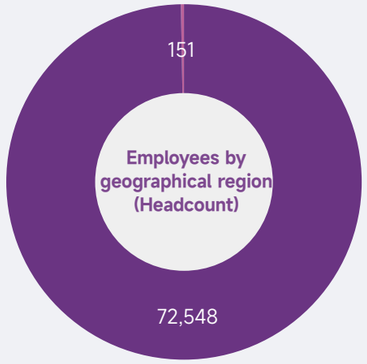
CR Boya-Bio

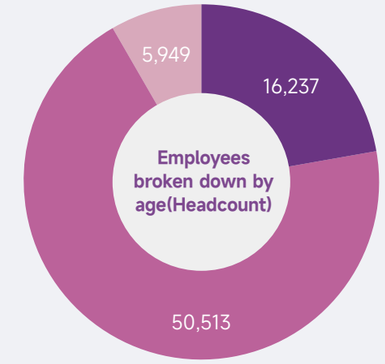
Revised the *Management Measures for Employee Children's Education Assistance* and the *Management Measures for Employee Children's Scholarship Awards*, expanding the distribution of employee children's education assistance benefits.

2024

Total number of employees **72,699**	New employment **10,557**	Number of employees with disabilities **330**	Number of people from ethnic minorities employed **733**
Labor contract signing rate **100%**	Social insurance coverage **100%**	Employee welfare coverage **100%**	Employee turnover rate **12.4%**







Employee turnover rate broken down by gender	
Male employees	8.63%
Female employees	8.48%
Employee turnover rate broken down by age	
Under 30 years old	8.65%
30-50 year old	7.81%
Above 50 years old	1.74%
Employee turnover rate broken down by region	
Chinese Mainland	12.53%
Hong Kong, Macao, Taiwan of China and other regions outside of China	26.14%

Enhancing employee communication

We have set up labor unions at all levels in accordance with *China's Labor Union Law*. We regularly convene Workers' Congresses to review various systems and regulations that concern employees' vital interests and ensure effective democratic communication. Employees can also engage in internal communication, exchange ideas, and file complaints on the employee voice platform "Warm Care." Furthermore, we listen to employees' opinions and suggestions through various means, such as regular interviews and questionnaire surveys, and actively respond to their demands, enhancing their sense of belonging and gain. In 2024, we promptly dealt with over 100 employee complaints, collected nearly 5,000 reasonable suggestions and brought them into action, and organized over 190,000 people to participate in staff cultural activities.

Employee training and development

We have established a multi-channel promotion system covering management, profession R&D, marketing and other dimensions. We are fully engaged in the development of talent teams in terms of business management, technology and professional skills. Through categorized training, we ensure a sufficient quantity and quality of talents in each dimension, adjust the talent pool, and enhance talent competitiveness. A comprehensive training course system that covers all levels, aspects, and dimensions has been established, along with a strong team of internal and external trainers. Based on the "New Apprenticeship Corporate System" program, the Company expands the joint training mechanism between universities and enterprises, encourages personnel exchanges across units, emphasizes the cultivation of innovative and excellent engineers, and arranges for young talents to engage in scientific research and public relations, comprehensively enhancing the quality and level of the talent pool.

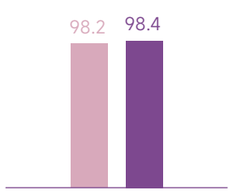
Total training proportion
98.3%

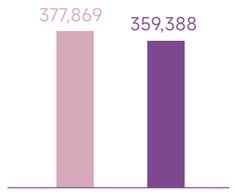
Total number of trainees
737,257person-times

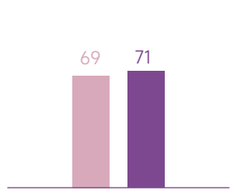
Total average training duration
69.8hours

Trained employees classified by gender

Male employees
Female employees

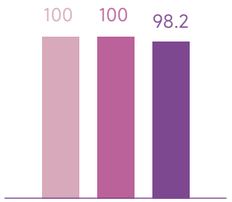


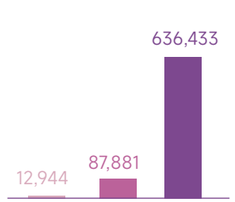


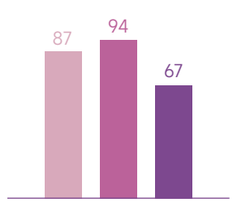


Trained employees classified by employee category

Senior management personnel
Middle-level managers
Ordinary staff







Case

New Apprenticeship Corporate System/Graduate Student Training Program

In collaboration with universities, including Fudan University, Chongqing University and Northwest A&F University, CR Pharmaceutical and its subsidiaries have launched joint engineering master's and doctoral programs for working professionals to deepen collaborative talent cultivation between universities and the Company, aiming to nurture high-quality talents with both a solid theoretical foundation and rich practical experience.

Case

Third-party joint training program

In partnership with third-party training institutions (such as AACTP and Times Bright CreSuccess), CR Boya-Bio has jointly developed a series of customized training courses which are closely aligned with the Company's business needs and cover biotechnology, internal trainer development, quality management, and management capability enhancement.

"Internal Trainer Development Program" titled "Broadening the Horizon and Inheriting Craftsmanship"

Employee health and safety

We highly value the health and safety of our employees. To protect employees' physical and mental well-beings, we have strengthened the occupational health and safety management systems, and launched occupational health and safety training, firmly promoting employees' awareness of safety red lines and the bottom-line thinking. We carry out special rectifications on work safety and implement measures for the control of safety risks, providing employees with a comfortable and safe working environment.

We integrate the ISO requirements for standardized safety management into the Company's daily operations, forming a systematic management framework. We have established systems for work safety accountability, risk classification and control management, hidden danger investigation and rectification, management of hazardous chemicals, management of special equipment, management of hazardous sources, education and training, management of labor protection supplies, management of special operations, emergency management, and job operation procedures. Through these efforts, we work to manage the Company's operations and continuously improve the management system.

Case

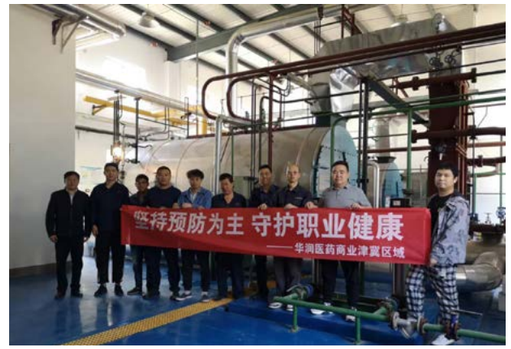
CR Pharma Comm formulates the safety risk management mechanism

CR Pharma Comm has established a dual prevention mechanism for the classified management of safety risks and the investigation and rectification of hidden dangers. The company has organized the formulation of management methods for the classification and control of safety risks, management methods for the investigation and rectification of hidden dangers, and guidelines for the operation and assessment of the dual prevention mechanism. Through these efforts, CR Pharma Comm continues to promote the shift of work safety from mainly addressing symptoms to a comprehensive approach that addresses both symptoms and root causes, with an emphasis on addressing the root causes. The company also works to control risks before risks turn into hidden dangers and eliminate hidden dangers before accidents occur to prevent the occurrence of work safety accidents. In 2024, the company organized concentrated rectification actions for fire safety and special rectification actions for the safety of electric bicycles. Large-scale safety inspections and special safety inspections were carried out at the end of the year and the beginning of the year to identify and rectify hidden dangers, and to prevent and resolve major risks.

Case

NIP Pharm improves its emergency management capabilities

On emergency management, NIP Pharm has formulated emergency response plans for sudden safety accidents and sudden public health events based on risk assessment and investigation of emergency resources. The company has established emergency organizational structures and been equipped with corresponding emergency devices and materials, including fire escape equipment, respirators, chemical protective suits, protective gloves and protective boots. NIP Pharm has also organized emergency drills such as on-site treatment of electric shock accidents, chemical spill accidents, and fire drills to enhance its emergency response capabilities and standards.



Occupational disease prevention campaign at CR Pharma Comm

Case

CR Jiangzhong organizes work safety training

To better implement work safety requirements, CR Jiangzhong actively promotes the EHS smart and digital training modules, integrating online and offline training, training execution and effectiveness assessment. CR Jiangzhong also organizes "Safety Publicity and Consultation Day" events, featuring exhibitions of safety and firefighting equipment, distribution of safety education materials, screening of safety awareness videos, and live streaming of the national "Safety Publicity and Consultation Day" organized by the State Administration of Work Safety and the Ministry of Emergency Management. These efforts aim to educate employees on work safety knowledge and eliminate potential safety hazards and incidents.

Employee care

The Company continuously carries out activities to visit and offer greetings to employees during holidays and to assist employees in difficulty. We organize a wide variety of team-building activities, including sports and cultural events, and regularly arrange mental health consultations. Through these efforts, we aim to safeguard the work-life balance of employees and comprehensively enhance their sense of gain, satisfaction, and belonging.

CR Pharma Comm regularly carried out the "Do Good for the Masses" program. Key projects were resolved by labor unions at all levels throughout the year, covering multiple fields including assistance for employees in difficulty, employee benefits, and occupational health.

CR Sanjiu paid attention to the physical and mental health of employees. Five "Runxinfang" one-on-one on-site consultation activities and three psychological lectures were held to help employees eliminate negative emotions and relieve life pressure.

CR Double-Crane cared about the career development of female employees, with customizing special disease insurance for female employees and organizing care activities on International Women's Day to fully protect the legitimate rights and interests of female employees.

Dragon Boat Festival activities at CR Pharma Comm

"May 20" activities at CR Pharma Comm

International Women's Day activities at CR Sanjiu

Ttable tennis competitions at CR Sanjiu

Metrics and targets

Target	Progress
Equal employment	No child labor, forced labor, harassment and abuse or employment disputes occurred.
	Continuously carry out diversified employee training to promote career development. The total investment in training is RMB 44.3348 million.
Democratic management	More than 300 independent trade unions, nearly 70,000 trade union members, and 423 workers' congresses were held throughout the year.
Health and safety	The number of occupational health and safety management system certifications (ISO 45001) obtained: 82
	The cumulative number of health enterprises evaluated: 19
	The cumulative number of safety standardizations passed: 70
	No accidents causing serious injury or death occurred
	The training rate of EHSQ for all employees:100%
	The rectification rate of EHS hidden hazards: 100%

Charity

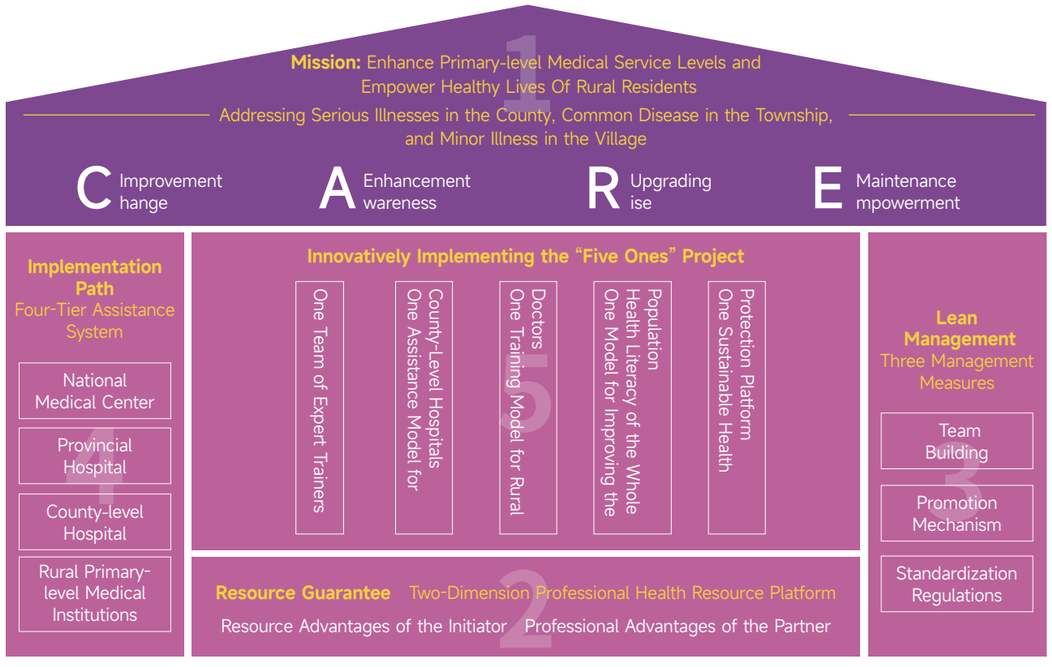
CR Pharmaceutical actively engages in charity cause and promotes high-quality medical resources to reach the primary level through medicine donation and free clinics, giving back to the public through concrete actions.

Supporting rural vitalization

In response to the strategies of Healthy China and rural vitalization, we advance the implementation according to the "five ones" target, focus on medical assistance in counties, and promote high-quality medical resources to the primary level, creating and accelerating the promotion of a characteristic assistance model for the TCM industry.

As of the end of 2024, the CR Healthy Village Public Welfare Project

County hospitals benefited by remote case guidance **100+**	Training courses for primary-level doctors launched **450+**	Sets of training-specific textbooks compiled **5**	Hospital director trained on site **2,400+**
Rural doctors participant in extensive training **970**	Village clinics built **60**	Families distributed with essential medicines **60,000+**	Charitable funds and materials in total RMB **64.14** million
People benefited **4.7** million			



Case

The first "Xiaoping Science and Technology Innovation Laboratory" in Hubei province launched

On October 24, 2024, the "Xiaoping Science and Technology Innovation Laboratory," jointly built by the China Youth Development Foundation and the 999 Aonuo under CR Pharm, was officially launched at Lenin Primary School in Hong'an County, an old revolutionary area in Hubei Province. The laboratory aims to cultivate scientific literacy among young people and build an intelligent educational space that integrates popular science teaching and interdisciplinary practices. Equipped with low-risk experimental devices and a digital curriculum system, an immersive scientific exploration environment is created for local rural students.

Event of the Auno Hope Project at Xiaoping Science and Technology Innovation Laboratory

Case

Industrial assistance empowers the hometown of medicinal herbs

CR Pharmaceutical focuses on rural vitalization and promotes regional development through industrial chain layout. In December 2024, CR Sanjiu invested in and built a 63,000-square-meter intelligent medicinal material base in Jinzhai County, Anhui Province, driving the standardized planting of authentic medicinal materials in the Dabie Mountains. Dong-E-E-Jiao provided "self-sufficient" assistance for the traditional Chinese and Tibetan medicine industry in Zhouqu, bringing a leap in the revenue of traditional Chinese and Tibetan medicine industry in the Gannan region from RMB 5 million to RMB 110 million within two years. Thanks to the project, more than 2,300 planting households were linked together, creating 3,140 employment opportunities, which was selected as a typical case of empowering rural economic vitalization through industrial upgrading by national ministries and commissions.

Supporting community health

We vigorously guide our subsidiaries to leverage their unique strengths and answer the call of "promoting people's health and building a Healthy China."Focusing on the primary level, we widely carry out activities such as the popularization of safe medication use and health knowledge, as well as community free clinics, in our areas of operation, helping form healthy communities and enhancing people's health and well-beings.

Charity clinics

- CR Pharma Comm organized free clinics in Bailang Town, Alshan City. The company provided personalized health guidance and medication education by utilizing unique diagnostic and therapeutic methods of traditional Chinese and Mongolian medicines, and donated essential medicines worth over RMB 60,000, effectively satisfying the primary-level medication needs.
- CR Sanjiu organized free clinics with traditional Chinese medicine experts. The company donated 600 "999 first aid kits" to 12 hope towns, and donated RMB 30,000 and RMB 50,000 worth of health products to Nanjiang and Baise respectively, fulfilling its responsibilities as a leader in the traditional Chinese medicine industry chain.

CR Pharma Comm organized free clinics in Bailang Town

Health knowledge

- CR Jiangzhong initiated the "Save IBS Public Welfare Project" to focus on gastrointestinal health.
- CR Zizhu Pharmaceutical launched the "Youth Health Campus Tour" that benefited over a million students. Its brand Yuting innovated with situational drama dialogues to address women's health.
- CR Pharma Comm continuously carried out "RUN-YAO Action" activities, including medication consultation, patient education, health lectures, community free clinics, and medicine delivery to rural areas, which covered 17 regions, 258 sites and 1,974 employees, contributing 1,930 hours of service, and directly benefiting 13,367 people.

2024 Modern hospital management capabilities training program

Emphasizing public welfare

We continue to focus on the health needs of vulnerable groups, and innovate in public welfare models to build a life protection network. We also work to improve the emergency response system and consolidate the disaster relief defense line. Through such concrete actions, we show the responsibility fulfillment of a central state-owned pharmaceutical enterprise, contributing wisdom and strength to promote social equity and enhance people's well-beings.

Charity donations	Charity projects	Participants in voluntary services	Volunteer service hours
RMB**32.7147** million	**71**	**3,158**	**5,843**

Emergency rescue and disaster relief

CR Pharma Comm quickly responded to the tornado disaster in Shandong and the flood disaster in Guilin. The company urgently delivered medical supplies and equipment worth RMB 960,000 to medical institutions in Dongming County and assisted Guilin hospitals in transferring materials and keeping all-night vigilance, supporting medical treatment in the disaster areas and normal operation of local hospitals.

CR Pharmaceutical Health Packages donation

Blood donation promotion

CR Boya-Bio innovatively designated the "Corporate Blood Donation Month," building a life-saving defense line through institutionalized and regular public welfare actions.

Blood donation promotion

Sound Governance

Upholding Integrity for a Better Future

Impacts and challenges

An environment of integrity and fairness is essential for protecting business interests and upholding a culture of clean governance. Rising external compliance standards, together with an evolving business environment and more diverse stakeholder expectations require a company to establish a transparent, responsible and effective governance mechanism, which will be a crucial approach to enhancing corporate value and strengthening the trust of investors and stakeholders.

Principles and goals

We comply with business ethics and relevant regulations. While strengthening supervision, transparency and management effectiveness, we are subject to supervision under an effective, transparent and diversified corporate governance framework. In line with the requirements of the "four reshapes", we work to establish a sound governance mechanism, and are consistently upholding business ethics in our operation with high standards and extending these practices throughout the value chain.

Opportunities and outlook

With a broader vision and stronger determination, we are committed to leveraging robust corporate governance capability to identify and address risks in a timely manner. By adopting advanced technologies such as artificial intelligence and big data, we aim to enhance the efficiency and effectiveness of corporate governance, ensure science-based and efficient decision-making, and create long-term value for all stakeholders, thus contributing to Chinese modernization.

GRI Standards: 2-9 2-10 2-11 2-12 2-13 2-15 2-27 205 308 414

ESG Reporting Guide of HKEX: B5、B7

Corporate Governance

We strictly follow the requirements of relevant laws and regulations, such as the *Company Law*, the *Securities Law, the Hong Kong 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 and Appraisal 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 2024, we held 2 annual General Meeting of Shareholders, 12 Board meetings, 3 Audit Committee meetings, 4 Remuneration and Appraisal Committee meetings, 3 Nomination Committee meetings, 1 Corporate Governance Committee meeting, and 10 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 11 directors (among them four are female), including three executive directors, four 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.

Protection of the Rights of Investors. We issued the *Management Guidelines for Collaborative Work on Board Affairs and Investor Relations*, revised the *Detailed Rules for Investor Relations Management, Management Measures for Connected Transactions, Information Disclosure Management System*, etc., and institutionalize and standardize the operation of the board of directors and information disclosure. 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.

For more information on policies, responsibilities, and composition of the Board and General Meeting of Shareholders, please refer to the 2024 Annual Report of CR Pharmaceutical or visit our official website https://www.crpharm.com/gzjg/index.html

Compliance and Internal Control

CR Pharmaceutical continuously optimizes its compliance management and internal control. While enhancing risk warning and management capabilities, we are also reinforcing our compliance awareness across the board.

Governance

CR Pharmaceutical strictly abides by such Chinese laws as the *Company Law* and the *Basic Norms for Enterprise Internal Control*. In line with internal policies including the *Compliance Management System, Guidelines for Compliance Complaints and Reporting Management, Conflict of Interest Prevention Measures, Anti-Monopoly Management Measures*, and *Data Compliance Management Rules*, compliance officials are appointed across all headquarters departments to underpin an effective internal control and compliance mechanism. The Audit Committee is responsible for reviewing and overseeing the operation and effectiveness of the risk management and internal control systems. We have independently developed an internal control evaluation system and established an internal control framework and audit procedures covering all business areas. Annual internal control evaluations are conducted, with quarterly follow-ups on the rectification of identified deficiencies. Regular supervision and inspections of internal risks are also organized to ensure that all business activities are carried out effectively with prudent and effective control measures.

Strategy

CR Pharmaceutical upholds the principle of "guidance through the rule of law and empowerment through professional expertise." With a focus on providing legal support for key projects, we are strengthening legal research and compliance management in critical areas, and vigorously handling disputes and litigation. Our efforts have effectively mitigated operational risks and significantly enhanced the overall level of our legal governance.

Risks, opportunities and potential impacts associated with internal control

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Operational risk Lack of prudent and effective internal control may result in low operational efficiency, idle resources and violation of the latest compliance laws, etc.	• Higher compliance costs	**Reputation opportunity** Maintaining high level of internal control and compliance can help improve the allocation of company resources, enhance client and investor trust and improve reputation.	• Increase in brand value and market competitiveness

Risk management

Enhancing risk prevention and control. We continuously carry out annual major risk assessments and form a major risk quarterly tracking list. We bring updates to the list based on the Company's realities including health, safety and environmental risk, social responsibility risk and organizational control risk. Relevant measures are formulated to address such risks under monitoring. In addition, we have tightened compliance control over supply chain procurement, pharmaceutical marketing, international business, anti-monopoly and other key areas. By identifying and controlling relevant risks, we endeavor to consolidate management of our main business areas.

Optimizing audit system. The Company's supervisory department conducts an audit for every operational site at least every three years. By means of regular inspection, annual audit and special audit, the department reports the audit results to the Board of Directors on a regular basis, which serve as the foundation for assessing business ethics standards and the effectiveness of management measures. Meanwhile, we have established a transparent audit procedure to effectively prevent management risks. We have optimized four regulations including the *Audit Result Management Measures and Audit Rectification Measures*. In our annual audit plan in 2024, we carried out 23 audit projects for all operational sites, such as the economic responsibility audit, research and development audit, procurement audit and audit review, with a 100% audit coverage rate. We also advance the "technology-enabled audit" initiative, launching the online audit system and audit management system. We also have strengthened our audit system and team building effort, formulated an audit performance list to improve efficiency and efficacy. In terms of areas of high audit priority, such as investment, sales, procurement and finance, we carry out investigations of violations and the accountability mechanism to improve the independence and effectiveness of audit.

Fostering a compliance culture. We have compiled our own journals such as the *CR Pharmaceutical Law Time*, and developed legal knowledge checklists and compliance training plans for all employees. According to the plan, we roll out a wide range of training programs covering anti-commercial bribery, tendering and procurement, anti-monopoly, key personnel compliance management and trade secret protection. We also analyze and interpret major and high-profile penalty cases while launching themed legal awareness activities, such as those related to the Civil Code and National Security Day. Through these activities, we strive to enhance compliance awareness across the board.

Improving information security. We have updated the cybersecurity architecture and issued the *Data Security Management Measures (Trial)*. A regular cybersecurity operation system and an internal network security assurance framework are established. Meanwhile, we implement a confidentiality responsibility system, improve the Company's confidentiality processes, and organize relevant training for all employees. Additionally, we have participated in the 2024 National Cybersecurity Attack-Defense Drill, and required employees to sign the *Cybersecurity Responsibility Agreement*. By means of conducting security training, distributing manuals and rolling out scam email test, we work to enhance the security awareness among all employees.

Metrics and targets

Targets	Progress
Legal risk control	Completed annual major risk assessment, with zero major risk accident in 2024
Zero information security accident	"Zero Defect"in the 2024 National Cybersecurity Attack-Defense Drill
	100% signing rate of *Cybersecurity Responsibility Agreement*

Business Ethics

A reputation for integrity and ethical conduct plays a decisive role in business operations. CR Pharmaceutical upholds its ethical bottom line, reinforces governance accountability, and strengthens integrity risk control in key areas, fostering a clean and upright working environment.

Governance

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. It also formulates, reviews and monitors the *Code of Conduct and the Corporate Compliance Manual* applicable to our employees and directors. We also implement the *China Resources Group Code of Business Conduct* and publish the *Compliance Management Manual* to regulate "dos and don'ts" of all employees in anti-monopoly, anti-commercial bribery, overseas compliance, business partners and other key management areas, with zero tolerance for any form of violations like corruption, embezzlement, bribery, fraud, money laundering, racketeering or unfair competition. Employees are required to sign the *Integrity Commitment*. 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 verified acts will be punished, and under flagrant circumstances or those causing serious consequences will be considered to transfer to judicial authorities. In 2024, CR Sanjiu has concluded one corruption case and the relevant personnel have been handled.

Strategy

Focusing on key areas, tasks, and groups, we optimize our comprehensive supervision system and foster a clean and ethical corporate culture constantly.

Risks, opportunities, and potential impacts accociated with business ethics

Risk type and description	Potential financial impact	Opportunity type and description	Potential financial impact
Reputation risk Serious violations of business ethics may lead to legal issues, reputational damage, and the loss of customers and investors.	• Decline in brand value and market • Decrease in revenue and profit	Reputation opportunity Upholding high standards of business ethics helps attract potential investors, gain customer trust, and enhance corporate reputation.	• Growth in brand value and market confidence

Risk management

Institutional guarantees

- 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.
- Based on the *Administrative Measures for Overseas Anti-commercial Bribery Compliance*, we have issued the *Administrative Measures for Anti-Monopoly Management* to strengthen anti-monopoly compliance, especially in areas involving pricing policies and marketing strategies. A quarterly follow-up on compliance risks in pharmaceutical marketing and anti-monopoly practices is conducted to safeguard fair market competition.
- We have continuously promoted transparent procurement and e-procurement and formulated the *Rules for Supplier Management*. Besides a "joint disciplinary action" mechanism for suppliers, the policy requires all suppliers to sign the *Transparency Declarations* and personnel in charge of procurement review to sign integrity documents. Suppliers with misconducts shall be included in the supplier blacklist. In 2024, a special rectification initiative targeting corruption in the bidding area was carried out, with over 400 major procurement projects randomly inspected since 2021 and all identified issues rectified.

Anti-corruption supervision

- We have strengthened supervision on the conduct of leading officials and conducted integrity talks. Furthermore, we conduct integrity risk assessments and regular audits at each place of operation to identify integrity risks and take targeted preventive measures. We carry out special rectification of unethical practices and corruption in the healthcare industry in China Resources Group, concentrated rectification of corruption in the field of medicines, and special rectification of the problem in tendering and bidding. We also conduct special inspections 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 have carried out supervisory inspections in key areas such as compliant marketing, including the review of market promotion, marketing materials, and expenses. As a result, we have improved 20 relevant policies and processes, proposed risk management recommendations, and implemented corresponding corrective measures.

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 Disciple 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 platform of "Clean CR Pharmaceutical", we have promoted over 100 rounds of visual and written content. We also conduct targeted warning education through warning education conference, typical case collections, and special integrity reminders and spot checks during major holidays.
- We offer the training programs 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 our 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.

Metrics and targets

Targets	Progress
Compliance information disclosure	Reports, announcements, and notification letters published on the HKEX: 116
	CR Pharmaceutical and its subsidiaries participate in investor summits: 104 times
	CR Pharmaceutical and its subsidiaries participated in roadshows and investor communication activities: 657 times
Strengthen integrity consciousness	Warning and education conferences held: 24
	Participants in warning education: Over 70,000
	Directors received anti-corruption training: 109
	Total hours of anti-corruption training for directors: 189
	Employees received anti-corruption training: Over 67,000
	Total hours of anti-corruption training for employees: Over 210,000

Supplier Management

CR Pharmaceutical emphasizes the promotion of responsible business practices across the value chain and views partners as a core part of the industrial ecosystem. Through robust management mechanisms and diverse capacity-building activities, we are committed to embedding CSR principles into all aspects of our operations.

Improving supply chain management

Abiding by the relevant Chinese laws and regulations, such as the *Bidding Law and the Civil Code*, and internal policies such as the *Administrative Rules of Procurement Management Audit*, the *Procurement Management Measures*, the *Administrative Measures for Suppliers*, and the *Integrity Agreement*, 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, supervision and improvement. We also continue to build the supply chain platform, promote smart procurement, and conduct training on suppliers to improve our supply chain management.

Comprehensively appraising suppliers

We have formulated the *Detailed Rules on Supplier Management* to conduct annual appraisals and on-site audits of suppliers for 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 experience with suppliers during daily communication, evaluations and audits, striving to raise their awareness and capability of quality and safety, business ethics, environmental protection.

Promoting smart procurement

We encourage our subsidiaries to promote smart procurement. First, procurement methods should be optimized. By centralized purchases and unit price records, we can reduce the purchasing frequency. Second, procurement can be completed online. Procedures such as price inquiries, negotiations, and assessments can be done online to reduce personal intervention and communication costs while improving efficiency. CR Double-Crane has initiated the development of a supply chain procurement system and leveraged informatization to enhance compliance and process efficiency.

Building a sustainable supply chain

Focusing on promoting responsible practices throughout the value chain, we conduct supplier evaluations and audits at irregular intervals to strengthen risk identification and control, striving to improve their environmental, social, and governance (ESG) performance.

Risk identification

We have built 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, environmental protection and community relations for suppliers. In 2024, we conducted 1,677 supplier audits and none of them exerted a great negative impact on the environment or society. CR Jiangzhong conducted 21 on-site audits in 2024 and found no zero-tolerance issues such as child labor or forced labor.

Transparent procurement

We continue to promote open and electronic procurement to increase the digital procurement rate on China Resources Group's Shoucheng Procurement Trading Platform. The use of electronic platforms and technology-based prevention and control measures help mitigate integrity risks in the supply chain. To establish mutual obligations and prevent commercial bribery during the cooperation, all suppliers are required to sign the integrity and compliance commitment letter, while evaluation personnel should sign the integrity documents.

Green procurement

We sign EHS (Environment, Health, and Safety) management agreements with suppliers and encourage them to obtain certifications on quality, environment and occupational health and safety. As of the end of 2024, a total of 30,533 suppliers have obtained quality management system certifications. ESG scoring criteria have been incorporated into the comprehensive evaluation method for procurement bidding, giving preference to suppliers with green certifications, environmentally friendly products and services, and energy-efficient equipment and products.

Enhancing supply chain resilience

We have identified core materials, critical equipment, and key production supplies, and formulated targeted contingency measures. Strategic suppliers have been designated for major categories, and efforts have been made to expand the supplier base to mitigate the risk of supply disruption. CR Sanjiu has introduced an indicator to monitor the risk level of core material supply and developed short-, medium-, and long-term response plans based on different risk levels to ensure stable and secure supply. Dong-E-E-Jiao has implemented procurement strategies tailored to various categories, such as critical, strategic, bottleneck, and leverage items, and adopted measures including file preparation, strategic cooperation, and the expansion of supplier sourcing and screening, in a bid to build a secure and self-reliant supply chain for traditional Chinese medicine (TCM).

Case

CR Sanjiu (Chenzhou) strengthens supplier management to safeguard operational safety

CR Sanjiu (Chenzhou) evaluates suppliers on key dimensions such as identifying potential operational safety risks and assessing environmental impact, and implements a scientific approach to supplier classification. Based on the results, it adopts differentiated risk control measures. In 2024, the company organized safety education and training sessions for 23 partner organizations. All participants successfully passed training exams, significantly improving their safety awareness, operational competence, and awareness of safety responsibilities.

Case

Dong-E-E-Jiao's aims to build long-term and mutually beneficial supplier relationships

Dong-E-E-Jiao continues to strengthen its supply chain development and has introduced the *Dong-E-E-Jiao Consensus on the Development of the International Donkey Industry*. It reaches a voluntary agreement on the healthy development of donkey-hide gelatin raw materials with suppliers to ensure the compliance of raw materials, product quality and safety, resource sustainability, and the fulfillment of social responsibilities. At the 7th China International Import Expo, Dong-E-E-Jiao hosted the Traceability of Genuine Medicinal Materials of Fufang E'Jiao Jiang Materials and Signing Ceremony of Strategic Suppliers of Chinese Medicinal Materials. During the event, the company signed agreements with multiple partners to establish a strategic supply system for authentic TCM materials. Working hand in hand with suppliers to promote mutual growth, Dong-E-E-Jiao provided timely guidance and shared best practices in response to issues identified during on-site audits. In 2024, the company organized 32 supplier training and exchange sessions, totaling 104 hours. Its supply chain management enhancement project, *Benchmarking Against Industry Leaders to Build a Secure and Resilient Supply Chain*, was recognized as an outstanding national public procurement case in 2024 by the China Federation of Logistics & Purchasing.

Appendix

List of Laws, Regulations, and Policies

ESG Index	Relevant laws and regulations	Regulations and rules of CR Pharmaceutical
A1. Emissions A2. Use of Resources A3. Environment and Natural Resources A4. Climate Change	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 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 Cleaner Production Promotion Law of the People's Republic of China Circular Economy Promotion Law of the People's Republic of China Wild Animal Conservation Law of the People's Republic of China Regulations of the People's Republic of China on Wild Plants Protection Regulation on Protection of Wild Medicinal Resources The United Nations Convention on Biological Diversity Measures for the Transfer of Hazardous Wastes 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) 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) Work Plan for Accelerating the Establishment of a Dual Control System for Carbon Emission	China Resources Group Guidelines on Low-Carbon and Zero-Carbon Project Construction Approaches China Resources Group's Management Measures for Carbon Emissions Standards and Guidelines for Environmental Protection Inspections Supervision Measures for Energy Conservation and Environmental Protection Management Measures for Energy and Resource Conservation
B1. Employment	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China Provisions on the Prohibition of Using Child Labor The International Covenants and on Human Rights Universal Declaration of Human Rights	Administrative Measures for Remuneration and Benefits Administrative Measures for Vacation and Attendance Measures for Recruitment and Employment Management Measures for Labor Contract Management, Measures for Performance Management Measures for Occupational Health Management
B2. Health and Safety	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China Work Safety Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Occupational Diseases Fire Protection Law of the People's Republic of China Regulation on Work-Related Injury Insurances Safety Management System Requirements	Measures for Supervision and Management of Occupational Health of China Resources Group EHS Supervision and Management Measures EHS Hazard Source Management Measures Behavior-Based Safety Observation System Inherently Safe Equipment System Occupational Health Management Measures Classified Management Catalog for Occupational Disease Hazards in Construction Projects
B3. Development and Training	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China	Management Measures for Professional Qualifications and Certification Levels Qualification Criteria for Professional Personnel of Headquarters Measures for Chief Scientist Management (Trial)
B4. Labor Standards	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China 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	Administrative Measures for Remuneration and Benefits Administrative Measures for Vacation and Attendance
B5. Supply Chain Management	*Company Law* of the People's Republic of China E-Commerce Law of the People's Republic of China The Bidding Law of the People's Republic of China 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	Administrative Measures for Suppliers Integrity Agreement Supplier Management Rules Procurement Management Measures Administrative Rules of Procurement Management Audit
B6. Product Responsibility	Patent Law of the People's Republic of China Trademark Law of the People's Republic of China Medicinal Product Administration Law of the People's Republic of China 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 Advertising Law of the People's Republic of China Measures for the Quality Supervision and Administration of the Distribution and Use of Medicinal Products Good Manufacturing Practices for Pharmaceutical Products Good Laboratory Practice for Non-Clinical Laboratory Studies Good Clinical Practice (GCP) Good Supply Practice for Pharmaceutical Products Pharmacopoeia of the People's Republic of China Measures for the Supervision and Administration of Drug Production Administrative Measures 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 Specifications for Pharmacovigilance Quality Management Measures for the Administration of Drug Inspection (for Trial Implementation) Measures for the Reporting and Monitoring of Adverse Drug Reactions Personal Information Protection Law of the People's Republic of China Regulation on the Administration of Laboratory Animals Regulations on Labeling of Chinese Medicinal Tablets	Measures for Research and Development Project Management Management Measures for External Innovation and Cooperation Management Measures for the Science and Technology Commission Measures for the Management of Intellectual Property Rights and Files of R&D Projects Handbook of Quality Due Diligence Standards for Biopharmaceutical Companies (Trial) Handbook of Quality Audit Standards for Blood Products Manufacturing Companies Handbook of Quality Management Standards for Drug Research and Development Management System for Drug Recalls Simulated Recall System Network Security Management Measures
B7. Anti-corruption	Criminal Law of the People's Republic of China Anti-Money Laundering Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China Interim Provisions on Banning Commercial Bribery Notice on the Serious Investigation and Proactive Prevention of Duty-related Crimes in the Food and Drug Regulatory departments Audit Law of the People's Republic of China Regulations on Internal Audits by the Audit Office	Compliance Management Manual Compliance Management System (Trial) Guidelines for the Management of Complaints on Compliance Internal Control Management System Management Measures for the Comprehensive Supervision System Administrative Measures for Discipline Inspection Agencies in Complaint Response and Oversight over Discipline Compliance Rules for Unified Management of Complaints and Problems Measures for Promotion and Integrity Talks Before the Appointment of Leading Officials Measures for overseas anti-commercial bribery compliance management Internal audit system Implementation Rules for Economic Responsibility Audits Internal Audit Quality Assessment Rules
B8. Community	Charity Law of the People's Republic of China Law of the People's Republic of China on Donations for Public Welfare	Social Responsibility Management Measures

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

	Index	Unit	2022	2023	2024
Economic	Revenue	RMB 1M	218,182.99	244,703.88	257,673.26
	Total assets	RMB 1M	215,534.37	246,770.30	257,760.32
	Net assets	RMB 1M	80,557.34	92,974.81	98,087.28
	Total profit	RMB 1M	8,361.08	9,880.23	10,929.92
	Net profit	RMB 1M	6,657.93	7,775.00	8,403.24
	Net profit attributable to the owners of the parent company	RMB 1M	3,500.27	3,854.25	3,350.86
	Net debt ratio	%	49.6	42.2	52.3
	Anti-corruption training coverage	%	100	100	100
	R&D investment	RMB 1M	2,224.3	2,504.0	2,437.0
	Number of R&D staff[1]	-	2,331	2,710	3,420
	New patent applications	-	300	437	447
	New patent granted	-	239	366	356
	Projects under development[2]	-	303	371	592
Employee	Total number of employees	-	65,019	72,196	72,699
	Total staff turnover	-	8,162	10,312	8,956
	Proportion of female employees	%	49.85	49.83	49.31
	Proportion of female management	%	24.8	30.6	15.5
	Days of paid annual leave per employee	days	10	10	8.58
	Labor contract signing rate	%	100	100	100
	Social insurance coverage	%	100	100	100
	Employee training coverage	%	100	100	98.3
	Average training hours per employee	hours	105.9	89.0	69.8
	Total number of trainees	-	944,216	726,933	737,257
	Training input	RMB 10,000	3,065.1	3,819.9	4,433.48
	Employee turnover rate[3]	%	12.5	14.2	12.4
	Occupational health examination rate	%	100	100	100
	Occupational diseases occurrence	-	0	0	0
	Investment in supporting needy employee	RMB 10,000	218.61	108.37	241.09
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	-	605	0	0
	Percentage of products recalled due to health and safety issues	%	0.003025	0	0
Partner	Suppliers in total	-	29,367	32,657	38,798
	Suppliers in the Chinese mainland	-	28,716	32,070	38,536
	Suppliers in Hong Kong, Macao, and Taiwan	-	368	301	34
	Overseas suppliers	-	283	286	228
	Number of potential suppliers rejected due to social responsibility non-compliance	-	4	4	15
	Number of suppliers knocked out due to social responsibility non-compliance	-	6	58	7
Safety	Investment in work safety	RMB 10,000	9,523.93	10,136.88	10,273.83
	Number of work-related fatalities	-	0	0	0
	Ratio of work-related fatalities	%	0	0	0
	Lost days due to work injury	days	379	643	633
	Total hours of safety training	-	507,143.38	946,220.59	1,336,386.13
	Safety training coverage	%	100	100	100
	Number of safety emergency drills	-	1,227	1,377	1,869
	Number of participants in safety drill	-	39,134	50,918	63,072
Environmental	Total investments in environmental protection	RMB 10,000	9,312.37	9,961.24	8,569.09
	Total investments in energy conservation and emission reduction	RMB 10,000	1,198.23	2,033.59	1,272.30
	Emissions and wastes				
	Industrial waste water generated	10,000 tons	559.43	623.72	619.51
	Nitrogen oxide emission	ton	79.68	115.20	92.32
	SO_2 emission	ton	4.05	8.14	5.06
	COD emission	ton	174.75	179.83	178.14
	Ammonia nitrogen emission	ton	6.95	6.92	5.79
	Particulate matter	ton	20.59	32.35	30.09
	Volatile organic compounds	ton	29.48	19.19	15.55
	CO_2 emission	ton	774,980.60	725,648.62	722,459.80
	Direct (Scope 1) carbon dioxide	ton	160,986.95	170,536.14	175,023.13
	Indirect (Scope 2) carbon dioxide	ton	613,993.65	555,112.18	547,436.67
	Carbon dioxide emission per RMB 10,000 of output value	ton/RMB 10,000	0.0355	0.0297	0.0295
	Hazardous waste	ton	6,163.24	5,107.62	4,947.00
	Pharmaceutical waste (HW02)	ton	3,142.72	727.21	505.08
	Waste drug (HW03)	ton	763.31	770.69	440.17
	Other hazardous wastes	ton	2,257.21	1,103.90	4,001.75
	Density of hazardous waste	ton/RMB 10,000	0.0003	0.0002	0.0002
	Harmless waste generated	ton	43,241.53	154,952.40	178,620.87
	General solid waste	ton	38,817.68	144,735.63	170,975.96
	Office, domestic and other harmless wastes	ton	4,423.85	8,194.36	7,644.91
	Waste recycling	ton	-	143,636.21	150,663.09
	Harmless waste density	ton/RMB 10,000	0.0020	0.0063	0.0069

	Index	Unit	2022	2023	2024
Environmental	Resource use				
	Total direct energy consumption	TCE	103,652.91	138,526.50	88,290.76
	Petrol consumption	ton	1,925.49	1,677.54	1,482.29
	Diesel consumption	ton	3,611.93	3,764.88	4,156.31
	Natural gas consumption	10,000 standard m^3	6,090.01	7,158.85	7,065.55
	Biomass fuel consumption	TCE	1,173.95	3,522.82	2,316.57
	Other	TCE	157.40	0.06	15.94
	Direct energy consumption density	TCE/RMB 10,000	0.0048	0.0057	0.0034
	Total indirect energy consumption	10,000 kWh	87,260.44	85,397.80	117,441.36
	Power consumption	10,000 kWh	59,342.80	64,523.62	76,317.74
	Heat consumption	GJ	970,615.91	1,018,395.23	1,481,682.23
	Indirect energy consumption density	10,000 kWh /RMB 10,000	0.0040	0.0035	0.0046
	Total water consumption	10,000 tons	7,861.86	11,265.23	14,186.12
	Fresh water consumption	10,000 tons	1,026.07	1,257.13	2,287.93
	Recycled water consumption	10,000 tons	6,835.79	10,008.10	11,898.19
	Total water consumption density	10,000 tons / RMB 10,000	0.0004	0.0005	0.0006
	Packing materials by weight	ton	27,185.44	119,294.51	217,321.59
	Density of packaging materials	ton/RMB 10,000	0.0012	0.0049	0.0084
	Density of office and domestic wastewater	ton/RMB 10,000	0.0157	0.1364	0.0255
	Density of office power consumption	kWh/RMB 10,000	0.6756	1.6745	2.5930
	Density of office water consumption	ton/RMB 10,000	0.0168	0.1507	0.0411
Community	Total tax payment	RMB 1M	8,225.05	9,527.23	9,506.00
	New employment	-	10,538	10,380	10,557
	Number of employees with disabilities	-	271	249	330
	Total investment in charity	RMB 10,000	3,062.95	6,283.85	3,271.47

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.	Climate Action Resource Utilization Pollution Prevention
	A1.1	The types of emissions and respective emissions data.	Performance Indicators
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Performance Indicators
	A1.3	Total hazardous waste produced and intensity.	Performance Indicators
	A1.4	Total non-hazardous waste produced and intensity.	Performance Indicators
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Climate Action Resource Utilization Pollution Prevention
	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.	Climate Action Resource Utilization Pollution Prevention
	Aspect A2: Use of Resources General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Climate Action Resource Utilization
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Performance Indicators
	A2.2	Water consumption in total and intensity.	Performance Indicators
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Action 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.	Resource Utilization Pollution Prevention
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Performance Indicators
	Aspect A3: The Environment and Natural Resources General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Climate Action Resource Utilization
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Climate Action Resource Utilization
	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.	Climate Action
	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.	Climate Action
B.Social	Employment and Labor Practices		
	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.	Talent Development
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Talent Development Key Performance Indicators
	B1.2	Employee turnover rate by gender, age group and geographical region.	Talent Development
	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.	Talent Development
	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.	Talent Development

	Major category	Content	Location
B.Social	Aspect B3: Development and Training General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development Key Performance Indicators
	B3.2	The average training hours completed per employee by gender and employee category.	Talent Development Key Performance Indicators
	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.	Talent Development
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Talent Development
	B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Development
	Product Practices		
	Aspect B5: Supply Chain Management General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Management
	B5.1	Number of suppliers by geographical region.	Supplier 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.	Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier 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.	Quality Products
	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.	Quality Products
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation-driven Development
	B6.4	Description of quality assurance process and recall procedures.	Quality Products
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality Products
	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.	Business Ethics
	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.	Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
	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.	Charity
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Charity
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Charity

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, 2024

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	71
2-3	Reporting period, frequency and contact point	71
2-4	Restatements of information	71
2-5	External assurance	2-3
2-6	Activities, value chain and other business relationships	30-41
2-7	Employees	42-48
2-8	Workers who are not employees	44
2-9	Governance structure and composition	54
2-10	Nomination and selection of the highest governance body	54
2-11	Chair of the highest governance body	54
2-12	Role of the highest governance body in overseeing the management of impacts	7-9
2-13	Delegation of responsibility for managing impacts	7, 9
2-14	Role of the highest governance body in sustainability reporting	7, 9
2-15	Conflicts of interest	55-57
2-16	Communication of critical concerns	7, 11
2-17	Collective knowledge of the highest governance body	7
2-18	Evaluation of the performance of the highest governance body	7, 9
2-19	Remuneration policies	7
2-20	Process to determine remuneration	7
2-21	Annual total compensation ratio	9
2-22	Statement on sustainable development strategy	8
2-23	Policy commitments	7, 9, 54
2-24	Embedding policy commitments	7, 9, 54
2-25	Processes to remediate negative impacts	56-57
2-26	Mechanisms for seeking advice and raising concerns	55-57
2-27	Compliance with laws and regulations	54-55，60-61
2-28	Membership associations	40-41

GRI Standard	Disclosures	Location
2-29	Approach to stakeholder engagement	11
2-30	Collective bargaining agreements	45
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	10
3-2	List of material topics	10
Economic		
GRI201: Economic Performance 2016		
3-3	Management of material topics	15, 43
201-1	Direct economic value generated and distributed	62
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	49-51
203-1	Infrastructure investments and services supported	49-51
203-2	Significant indirect economic impacts	49-51
GRI205: Anti-corruption 2016		
3-3	Management of material topics	56-58
205-1	Operations assessed for risks related to corruption	56-58
205-2	Communication and training about anti-corruption policies and procedures	56-58
205-3	Confirmed incidents of corruption and actions taken	56-58
Environment		
GRI301: Materials 2016		
3-3	Management of material topics	12-27
301-1	Materials used by weight or volume	64
301-2	Recycled input materials used	22-26
301-3	Reclaimed products and their packaging materials	22-26

GRI Standard	Disclosures	Location
GRI302: Energy 2016		
3-3	Management of material topics	12-23
302-1	Energy consumption within the organization	64
302-3	Energy intensity	64
302-4	Reduction of energy consumption	12-23
302-5	Reductions in energy requirements of products and services	64
GRI303: Water and Effluents 2018		
3-3	Management of material topics	19-21
303-1	Interactions with water as a shared resource	15, 19-21
303-2	Management of water discharge-related impacts	19-21
303-3	Water withdrawal	64
303-4	Water discharge	63
303-5	Water consumption	64
GRI304: Biodiversity 2016		
3-3	Management of material topics	27
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	27
304-2	Significant impacts of activities, products and services on biodiversity	27
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	12-26
305-1	Direct (Scope 1) GHG emissions	63
305-2	Energy indirect (Scope 2) GHG emissions	63
305-4	GHG emissions intensity	63
305-5	Reduction of GHG emissions	19
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	63

GRI Standard	Disclosures	Location
GRI306: Waste 2020		
3-3	Management of material topics	24-26
306-1	Waste generation and significant waste-related impacts	6, 24-26
306-2	Management of significant waste-related impacts	24-26
306-3	Waste generated	63
306-4	Waste diverted from disposal	63
306-5	Waste directed to disposal	63
GRI308: Supplier Environmental Assessment 2016		
3-3	Management of material topics	58-59
308-1	New suppliers that were screened using environmental criteria	58-59, 63
308-2	Negative environmental impacts in the supply chain and actions taken	58-59, 63
Society		
GRI401: Employment 2016		
3-3	Management of material topics	42-48
401-1	New employee hires and employee turnover	43-44, 62
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	43, 62
401-3	Parental leave	43
GRI403: Occupational Health and Safety 2018		
3-3	Management of material topics	46-47
403-1	Occupational health and safety management system	6, 46
403-2	Hazard identification, risk assessment, and incident investigation	46-47
403-3	Occupational health services	46-47
403-4	Worker participation, consultation, and communication on occupational health and safety	46-47, 63
403-5	Worker training on occupational health and safety	46-47
403-6	Promotion of worker health	46
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46-47
403-8	Workers covered by an occupational health and safety management system	46-47

GRI Standard	Disclosures	Location
403-9	Work-related injuries	63
403-10	Work-related ill health	46
GRI404: Training and Education 2016		
3-3	Management of material topics	45-46
404-1	Average hours of training per year per employee	45
404-2	Programs for upgrading employee skills and transition assistance programs	45, 47-48
404-3	Percentage of employees receiving regular performance and career development reviews	42-43
GRI408: Child Labor 2016		
3-3	Management of material topics	42-43
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	49-51
413-1	Operations with local community engagement, impact assessments, and development programs	49-51
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	58-59
414-1	New suppliers that were screened using social criteria	58-59, 63
414-2	Negative social impacts in the supply chain and actions taken	58-59, 63
GRI416: Customer Health and Safety 2016		
3-3	Management of material topics	30-35
416-1	Assessment of the health and safety impacts of product and service categories	30-33
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

GRI Standard	Disclosures	Location
GRI417: Marketing and Labeling 2016		
3-3	Management of material topics	33-34
417-1	Requirements for product and service information and labeling	33
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	33
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

Report Rating

About This Report

This is the 12th Annual Sustainability/ESG Report published by China Resources Pharmaceutical Group Limited. The last report was published in April 2024. 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, 2024. 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
China Resources Group	China Resources (Holding) Co., Ltd.
"CR Pharmaceutical", "the Company" or "We"	CR Pharmaceutical Group Limited
CR Pharma Comm	CR Pharmaceutical Commercial Group Co., Ltd.
CR Sanjiu	CR Sanjiu Medical & Pharmaceutical Co., Ltd.
CR Double-Crane	CR Double-Crane Pharmaceutical Co., Ltd.
CR Jiangzhong	CR Jiangzhong Pharmaceutical Group 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 Biopharmaceutical	China Resources Biopharmaceutical Co., Ltd.
NIP Pharm	China Pharmaceutical Research and Development Center 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 dollar, US dollar). 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 Measure, 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-ESG6.0)* by Chinese Academy of Social Sciences.

Reporting principle

Materiality: determine material topics through stakeholder research and materiality analysis, and focus on the material topics
Quantitative: explain the meaning and fluctuation of some key performance indicators.
Consistency: 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.
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.

Initiate meetings
- Convene preparation initiation meeting

Investigate and interview
- Conduct investigations, interviews, on-site project inspections

Collect data
- All branch companies provide detailed information and data

Prepare contents
- Confirm report outline
- Analyze substantial issues
- Compile the report content

Report release
- Report finalization
- Report release
- Develop publicity program

Report finalization
- Report assruance
- Thorough proofreading of the report
- Review by the Company's management

Report design
- Confirm overall style
- Separate design by chapter

Collect opinions
- Collect opinions from all departments
- Collect opinions from consulting firm

Report Access

This report is available in both paper and electronic versions. To read or download the report, please visit https://www.crpharm.com/EN/SustainabilityReport/index.html

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

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