



2025

Environmental, Social and Governance Report

China Resources Pharmaceutical
Group Limited

Hold Hands
for Love and Health

About This Report

This is the 13th Annual Sustainability/ESG Report published by China Resources Pharmaceutical Group Limited. The last report was published in April 2025. The report aims to communicate frankly with the stakeholders on its sustainability philosophy, practice and performance. Its listed subsidiaries also have published their separate sustainability/ESG reports.

Reporting Scope and Abbreviations

This is an annual report. This report covers the period from January 1 to December 31, 2025. In order to enhance the comparability and forward-looking nature of the report, some contents may extend beyond this duration when necessary. This report includes China Resources Pharmaceutical Group Limited and its subsidiaries. The reporting boundary is consistent with the list of entities included in the Annual Report. Compared with the fiscal year ended December 31, 2024, the report has been expanded to include newly consolidated subsidiaries, such as Nigale Biotechnology. For convenience and readability, the following terms are used in the Report :

Terms	Definitions
China Resources Group	China Resources (Holding) Co., Ltd.
"CR Pharmaceutical", "the Company" or "We"	China Resources Pharmaceutical Group Limited
CR Pharma Commercial	China Resources Pharmaceutical Commercial Group Co., Ltd.
CR Sanjiu	China Resources Sanjiu Medical & Pharmaceutical Co., Ltd.
CR Double-Crane	China Resources Double-Crane Pharmaceutical Co., Ltd.
CR Jiangzhong	China Resources Jiangzhong Pharmaceutical 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.
Nigale Biotechnology	Sichuan Nigale Biotechnology Co., Ltd.
NIP Pharm	China Pharmaceutical Research and Development Center Co., Ltd.
Green Cross	Green Cross HK (China) Biological Products Co., Ltd.
KPC	KPC Pharmaceuticals, Inc.
Tasly Pharmaceuticals	Tasly Pharmaceuticals Group Co., Ltd.

Data Sources

All data in this report come from internal documents or the information statistics system. All monetary amounts quoted in this report are shown in Chinese Renminbi (RMB) 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.

Preparation Basis

The Report is prepared in accordance with the *Guidelines to the State-owned Enterprises Directly under the Central Government on High-Standard Fulfillment of Social Responsibility in the New Era* by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), *Environmental, Social and Governance Reporting Code* issued by the Stock Exchange of Hong Kong Limited (SEHK), *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 Standards Board (GSSB), *IFRS Sustainability Disclosure Standard S1 and S2* issued by the International Sustainability Standards Board (ISSB), *HKFRS S1 and S2* issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), and the *General Framework for the Guidelines on Sustainability Reporting for Chinese Enterprises (CASS-ESG 6.0)* by the Chinese Academy of Social Sciences.

Reporting Principle

Materiality: determine material topics through stakeholder research and materiality assessment, focus on the disclosure of material topics that have significant impact, and disclose potential financial impacts of climate-related risks and opportunities.

Quantitative: set and disclose relevant targets, and explain the meaning and fluctuation of some key performance indicators.

Balance: report positive and negative performance openly and transparently, and promise that the report is free of false records, misleading statements, or major omissions, and are responsible for the authenticity, accuracy, and completeness of the content.

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.

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.

Report Access

This report is available in both paper and electronic versions. To read or download the report, please visit www.hkexnews.hk.

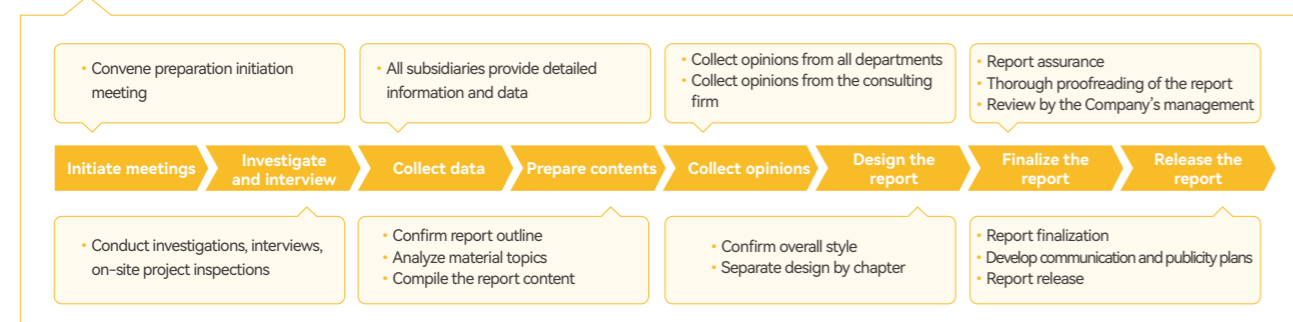
Feedback

If you have any comments or suggestions on this report, you may provide feedback through the following channels. We will give full consideration to your input and assure you that your information will be properly protected and not disclosed to any third parties.

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



Scan to fill in the reader feedback



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Assurance Report

TÜVNORD

Assurance statement No.CN-202604-CSR-07

Assurance Statement

TÜV NORD (Hangzhou) Co., Ltd. (hereinafter referred to as "TNHZ") was entrusted by China Resources Pharmaceutical Group Limited to conduct an independent third-party assurance of China Resources Pharmaceutical Group Limited's 2025 Environmental, Social and Governance Report (abbreviated as the "ESG Report").

China Resources Pharmaceutical Group Limited is responsible for collecting, analyzing, summarizing and disclosing the information mentioned in the ESG Report. TNHZ carried out this work (Report Assurance) within the scope of authority recognized in the agreement with China Resources Pharmaceutical Group Limited. China Resources Pharmaceutical Group Limited is the designated user of this statement.

This statement is based on China Resources Pharmaceutical Group Limited's 2025 ESG Report, and China Resources Pharmaceutical Group Limited 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 Group Limited.

Assurance Scope

- The key environmental, social and governance performance and related information for 2025;
- Evaluation of the management processes such as collection, analysis, and assurance of the data and information involved in the report.

The assurance was conducted from April 9th to 10th, 2026.

Assurance Limitations

- The financial data in this report is derived from the company's Annual Financial Report, which have been independently audited by another third party. This assurance does not include reverifying this data.
- The specific greenhouse gas emission data are based on third-party verification reports. This assurance only conducts sample verification of the data sources.
- This assurance only sampled part of the original data sources for performance data and did not conduct a comprehensive verification of all data sources.

Assurance Method

The assurance process includes the following activities:

- Evaluate the documentary information provided by China Resources Pharmaceutical Group Limited.
- Interview the staff responsible for report data collection of China Resources Pharmaceutical Group Limited.
- Check the public information released on relevant websites and by the media, and verify the relevant data and information in the report through sampling.

Assurance Guidelines

- The GRI Sustainability Reporting Standards (GRI Standards 2021)
- Environmental, Social and Governance Reporting Code issued by HKEX
- TNHZ Report Assurance Implementation Rules (SC-P- A015 Rev.00)

Assurance Standard and Level

Accountability AA1000 Assurance Standard (V3): Type 2, Moderate Assurance.

Assurance Conclusion

The 2025 Environmental, Social and Governance Report prepared by China Resources Pharmaceutical Group Limited objectively reflects the company's progress and performance in environmental, social, and governance aspects during the 2025 fiscal year. The data presented in the report is reliable and objective, and TNHZ found no systematic or material errors.

- Inclusivity: The company has identified stakeholders, including shareholders and investors, employees, consumers, partners and other business partners. In chapters such as "Stakeholder Engagement", a regular communication and participation mechanism has been established to ensure the effective transmission and absorption of demands from all parties, thereby achieving diversified and coordinated development.

TÜVNORD

Assurance statement No.CN-202604-CSR-07

- **Materiality:** Based on the results of the 2025 double materiality assessment, the Company conducted its 2025 double materiality assessment by taking into account its business operations, upstream and downstream value chain relationships and the external environment. The company confirmed 11 double materiality topics (including "Occupation Health and Safety" "Product Research and Technological Innovation" "Dealing with Climate Change") were confirmed, together with financially material topics and impact materiality topics such as "Creating Economic Value" "Strengthening Strategic Cooperation", forming a closed-loop process of "identification – analysis – confirmation – reporting".
- **Responsiveness:** A transparent response mechanism has been established for core topics. Relying on the chapters covering "Honoring Dual Carbon Commitments for a Greener Future" "Advancing the Mission of Health for All to Safeguard Public Health" "Upholding Sound Governance to Fortify the Foundation of Trust", the report comprehensively reflects the Company's efforts in environmental, social and governance aspects during the reporting period.
- **Impact:** The Company comprehensively monitors the environmental, social and governance impacts of its ESG practices. A dynamic performance monitoring and evaluation system has been established in conjunction with the "Key Performance Indicators" to demonstrate positive impacts, manage potential risks, and ensure that impacts are traceable and measurable.

Suggestions for Improvement

Through the assurance and evaluation activities, we have put forward relevant suggestions for improvement regarding China Resources Pharmaceutical Group Limited's practices and management in sustainable development, all of which have been stated in the "Assurance Report" and submitted to China Resources Pharmaceutical Group Limited's management for their reference in continuous improvement.

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 Group Limited.

Statement of Independence and Competence

TÜV NORD is a world-leading certification body with branches in more than 100 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 TÜV NORD's independent member organization in China, TNHZ ensures that there is no conflict of interest with China Resources Pharmaceutical Group Limited, its branches, or its stakeholders in carrying out this assurance process for the sustainability report. The assurance team is composed of experts with extensive experience and professional technical competence, conducting the assurance activities in accordance with TNHZ's internal procedure documents and global compliance policy requirements. All information in this report was provided by China Resources Pharmaceutical Group Limited and TNHZ did not participate in the report preparation process.

Signature

On Behalf of TÜV NORD(Hangzhou)Co.,Ltd



Jack Yeh:

Sustainable Development Authorized Signatory/Executive Director and

CEO of TÜV NORD Greater China

Date: April 21st, 2026 Shanghai



Note: In case of conflict between the Chinese and English versions of this statement, please refer to the Chinese version.

Message from the Chairman

Entrusted with the health of the public, we shoulder a responsibility as weighty as a mountain. The healthcare industry is undergoing a profound transformation from scale expansion to innovation-driven, value-oriented development. Committed to the mission of “protecting human health and improving quality of life”, CR Pharmaceutical has firmly upheld its role as a “national team” in healthcare, integrated sustainability into its strategic planning, industrial operations, and social responsibility chains, and is forging ahead with dedication to serving the Healthy China Initiative and promoting high-quality development of the industry.

Over the past year, we have pursued green development and strengthened our ecological foundation through low-carbon operations.

We advanced the construction of smart, low-carbon industrial parks, and deepened lean management to drive the green transformation of the entire industry chain. We also promoted the industry ecology, enhanced the quality and efficiency of our environmental governance, and thus achieved coordinated progress in economic and ecological benefits through resource conservation and environmental protection.

Over the past year, we have aligned with national strategies and led industrial upgrading through innovation-driven development.

Focusing on major diseases, we strengthened coordination among R&D, production, and sales, empowered operations with AI and digital intelligence, and accelerated the innovative development of traditional Chinese medicine. In parallel, we improved the layout of strategic emerging industries such as biomedicines and blood products, consolidated the sustainability foundation with breakthroughs in core technologies, and supported the innovation-driven and value-oriented development of the pharmaceutical industry.

Over the past year, we have responded to the concerns of all stakeholders and fulfilled our responsibility with a people-centered approach.

We continuously improved our governance capacity and management efficiency, and actively participated in emergency supply guarantees, rural vitalization, and medical services at the primary level. Our inclusive and accessible health services meet the earnest expectations of the society and the concerns of all parties. We served people’s health needs with professional values, protecting the lives and health of all people.

At the start of China’s Five-Year Plan period, CR Pharmaceutical will always keep in mind the country’s most fundamental interests, forge ahead with its responsibility for healthcare, and integrate its development into the grand blueprint of national rejuvenation and the Healthy China initiative. With firmer pursuit of innovation, stronger ecological responsibility, and deeper care for people’s well-being, we will strive for a new era of integrated, high-quality, and sustainable development for pharmaceutical enterprises.

Chairman of the Board, China Resources Pharmaceutical Group Limited



Board ESG Statement

The Board of Directors of CR Pharmaceutical adheres to our sustainability concept 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, the Board aligns with the latest international ESG trends and continuously reviews the effectiveness and suitability of our sustainability strategy and key management matters. It also discusses and determines the related impacts, risks, opportunities and responses facing the Company in environmental, social, and governance fields.

ESG strategy and review. The Board has continuously improved the governance mechanism, adopted the *Corporate Governance Code* as the Company’s corporate governance guidelines in line with the latest requirements of the SEHK, and reviewed the applicability of the Company’s corporate governance policies and systems to ensure that the ESG policies and strategies keep pace with the times. The ESG Committee and working groups 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. The Board has authorized the Corporate Governance Committee to conduct an annual review of the Company’s compliance with the *Corporate Governance Code* and of its disclosures in the corporate governance report, identifying and monitoring key topics 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 2025, the Company systematically advanced various improvement plans in key areas such as business compliance, environmental management, product quality, climate change response and social contribution, 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.

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 & SmallCap Index, Hang Seng China Central SOEs Index, Hang Seng SCHK China Central SOEs ESG 40 Index, Hang Seng SCHK China Central SOEs ESG Leaders Index, FTSE Global Equity Index Series, and Morgan Stanley Capital International (MSCI) China SMID Cap Index, etc.

Highlights

E Environmental

- ◆ 37 factories rated as green factories of various levels
- ◆ A total of 93 subsidiaries obtained ISO 14001:2015 Environmental Management Systems certification.
- ◆ A total of 79 subsidiaries obtained ISO 50001:2018 Energy Management Systems certification.
- ◆ 15 key products obtained carbon footprint certifications.
- ◆ The distributed photovoltaic projects supply more than 19 GWh of clean electricity annually.
- ◆ CR Guangdong Pharmaceutical became one of the first enterprise in China's pharmaceutical circulation industry to be certified by the Science Based Targets initiative (SBTi).

S Social

- ◆ 281 quality-related standard system certifications in total
- ◆ A total of 92 subsidiaries obtained ISO 45001:2018 Occupational Health and Safety Management Systems certification.
- ◆ CR Sanjiu won the First Prize of the Excellent Achievement Award in Scientific Research of the Ministry of Education of the People's Republic of China.
- ◆ CR Double-Crane's subsidiary was honored as an "Excellent Case of National Healthy Enterprise".
- ◆ CR Sanjiu, CR Double-Crane, CR Jiangzhong, and Dong-E-E-Jiao were jointly selected as "Excellent Smart Factories" by the Ministry of Industry and Information Technology of the People's Republic of China.
- ◆ CR Boya Bio was awarded the "Excellent Enterprise of 2024" by Jiangxi Enterprise Confederation.

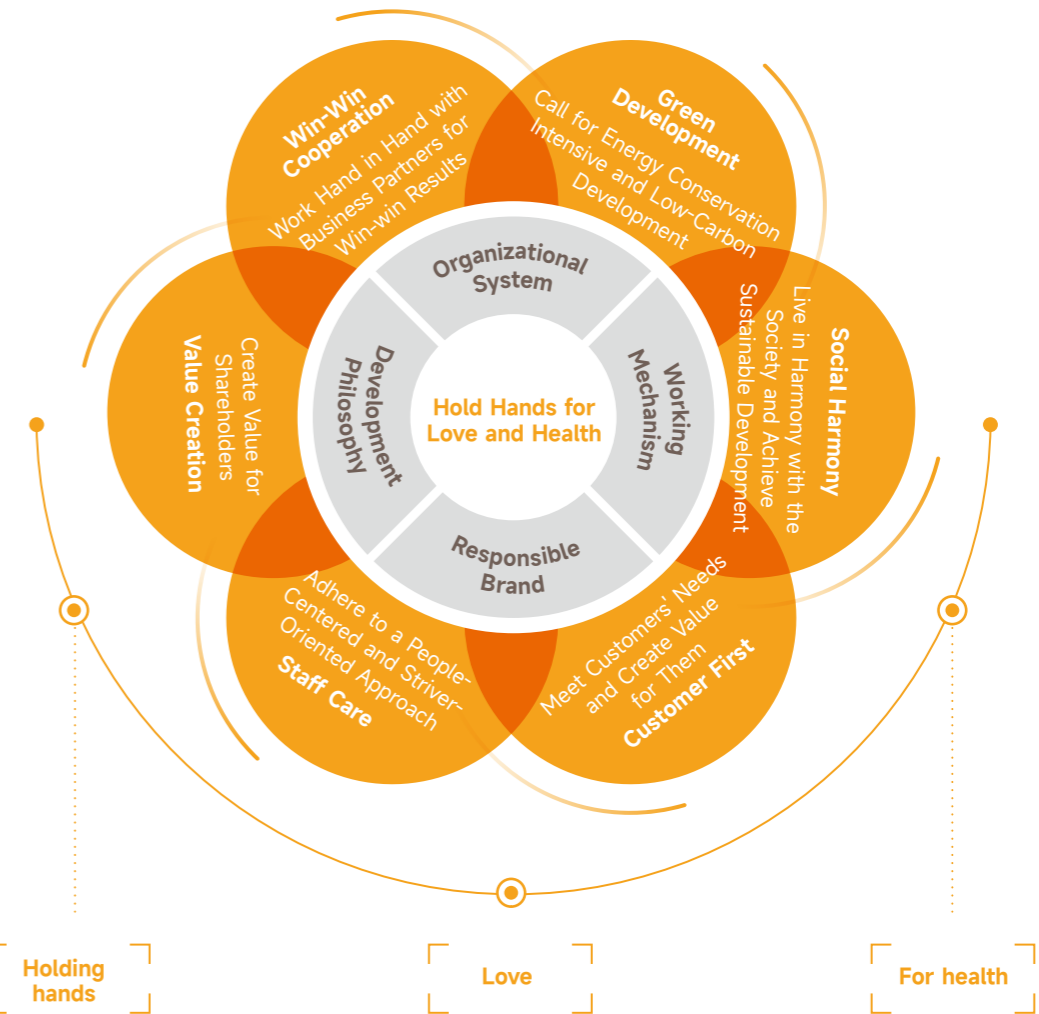
G Governance

- ◆ A year-on-year increase of 4.6% in revenue
- ◆ AA MSCI-ESG rating
- ◆ A- Hang Seng ESG Rating
- ◆ CR Sanjiu and Dong-E-E-Jiao received the highest A rating in information disclosure assessment by Shenzhen Stock Exchange.
- ◆ CR Double-Crane and CR Jiangzhong received the highest A rating in information disclosure assessment by Shanghai Stock Exchange.

ESG Management

Sustainability Strategy

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



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

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

For health
With human health as its central theme, 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 working groups, 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.

We encourage subsidiaries to formulate their own ESG management policies, strategic plans, and institutional procedures. During the reporting period, CR Sanjiu revised and officially implemented the *Administrative Measures for Social Responsibility*. CR Double-Crane formulated the *Sustainability Management Measures* and developed the *Sustainability Metrics System*. CR Jiangzhong formulated the *Environmental, Social, and Governance (ESG) Action Plan (2025-2027)*. Dong-E-E-Jiao issued the “HEALTH” ESG strategy, continuously promoting the systematic and standard development of its ESG management system.

Sustainability Regulations

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 the achievement of 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.

We have launched an ESG digital management platform, built an ESG metrics library with the characteristics of the pharmaceutical industry and our own features, and fully standardized the processes of ESG metrics collection, reporting, and review, continuously improving disclosure transparency with a solid information foundation. Relying on performance analysis, data dashboards, and other functions, we have realized real-time dynamic data analysis, supporting ESG strategy implementation, planning execution and supervision, and precise control of operation risks.

We take the initiative to understand and comply with ESG-related laws and regulations, engage legal advisors to regularly publicize and train the Corporate Governance Committee and the Board on the latest ESG regulations of the SEHK, and regularly invite industry experts to deliver special training for the Corporate Governance Committee, the ESG Committee, and various working groups to keep abreast of the latest sustainability trends. In 2025, CR Sanjiu organized 65 special sustainability training sessions, totaling 3,915.23 hours.

We actively participate in external rating and responsibility awarding events, attend industry seminars and forums to exchange ESG management experience, and respond to stakeholders concerns and inquiries on sustainability policies and trends. In 2025, in terms of MSCI-ESG ratings, CR Pharmaceutical was rated with “AA”, and CR Sanjiu with “A”. In terms of Hang Seng ESG ratings, CR Pharmaceutical, CR Sanjiu, and CR Double-Crane achieved “A-”, while CR Jiangzhong and CR Boya Bio achieved “BBB-”.

We encourage subsidiaries to issue sustainability reports and actively carry out ESG practices, continuously improving the quality and transparency of information disclosure through sound ESG management. CR Sanjiu and Dong-E-E-Jiao received the highest A rating in information disclosure assessment by Shenzhen Stock Exchange. CR Double-Crane and CR Jiangzhong received the highest A rating in information disclosure assessment by Shanghai Stock Exchange. A number of subsidiaries were awarded several honors by China Association for Public Companies.



The ESG Management Quality Improvement Meeting of Dong-E-E-Jiao

Topic Management and CSR Communication

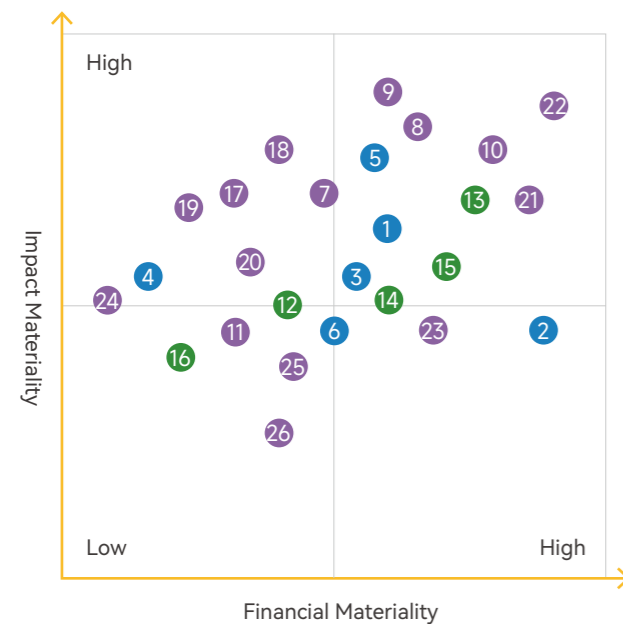
Materiality Management

We continuously optimize the procedures of analyzing material sustainability topics, and comprehensively identify material topics in terms of impact materiality and financial materiality. In 2025, 26 sustainability topics (including 11 topics of double materiality) were identified and presented in a matrix format.

Procedure for Determining Materiality Topic



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
- 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 Addressing 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 Conducting Philanthropic Activities

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	<ul style="list-style-type: none"> Performance and profit growth Compliance management Strengthening risk management Transparent and open information disclosure Corporate governance 	<ul style="list-style-type: none"> Smoothing communication channels for investors Optimizing governance framework Fulfilling information disclosure obligations Holding regular shareholders' meetings
Employees	<ul style="list-style-type: none"> Protecting employee rights and interests Occupational health and safety Valuing career development and training Work-life balance 	<ul style="list-style-type: none"> Holding workers' congress Ensuring work safety Improving promotion and training mechanisms Organizing trade union activities
Customers	<ul style="list-style-type: none"> Ensuring product quality and safety Protecting the rights and privacy of customers R&D and Innovation 	<ul style="list-style-type: none"> Strict quality control Consumer information protection Developing differentiated drugs for different groups of people
Partners	<ul style="list-style-type: none"> Ensuring fair competition Strengthening supply chain management Promoting management and technological advances 	<ul style="list-style-type: none"> Observing laws and regulations Improving the supply chain management system Safeguarding healthy development of the industry and promoting exchanges
Government and regulatory bodies	<ul style="list-style-type: none"> Compliant operation Paying taxes in accordance with the law Promoting economic development Leading industry development 	<ul style="list-style-type: none"> Improving the management system Proactively paying taxes in accordance with the law Participating in government projects and industry collaboration
Communities and environment	<ul style="list-style-type: none"> Supporting community development Philanthropic efforts Addressing climate change Protecting the ecological environment Protecting the biodiversity 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Disclosing information openly and transparently Organizing exclusive interviews and exchanges 	<ul style="list-style-type: none"> Disclosing information timely through classified media channels such as official websites and the newspaper

01

Honoring Dual Carbon Commitments for a Greener Future

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Impacts and challenges

Compliant and sound environmental performance is the cornerstone of high-quality corporate development. Guided by the national strategy of comprehensive green transition and the Healthy China Initiative, we are encountering more stringent regulations over climate change and ecological conservation. As the green development becomes the solid foundation for new industrialization, higher requirements have emerged for corporate environmental governance. The opportunities brought about by green transition, green technology, data-driven and intelligent technology, and low-carbon manufacturing, have become the key to building core competitiveness.

Principles and goals

A good environment is the foundation of human health, survival, and development. Pharmaceutical companies shoulder the responsibilities of both protecting life and health and protecting the ecology. To “accelerate the comprehensive green transition of economic and social development” during China’s 15th Five-Year Plan period, we follow the guidance of China’s “Dual Carbon” goals (to peak carbon emissions by 2030 and achieve carbon neutrality by 2060) to advance green manufacturing, clean production, and recycling, and continue to strengthen pollution prevention and ecological conservation, contributing to a healthy China where man and nature coexist harmoniously amid high-quality green development.

Opportunities and outlook

Green transition and bio-manufacturing innovation bring new development opportunities to the pharmaceutical industry. The application of innovative technologies such as green technology, clean energy, circular economy, and smart environmental protection, can help enterprises transform environmental advantages into development edges and meet societal expectations and concerns for pharmaceutical enterprises. We will prioritize ecology while seeking development, continue to deepen life-cycle environmental management, promote higher-standard energy conservation and carbon reduction, clean production, resource recycling, and pollution system governance, cultivate core competitiveness in green transition, and eventually build a high-quality and sustainable future for the pharmaceutical industry while protecting people’s lives and health.

Contribution to the UN Sustainable Development Goals



Benchmark Indexes

GRI Standards: 201 301 302 303 304 305 306
ESG Reporting Code of SEHK: A1、A2、A3、Part D

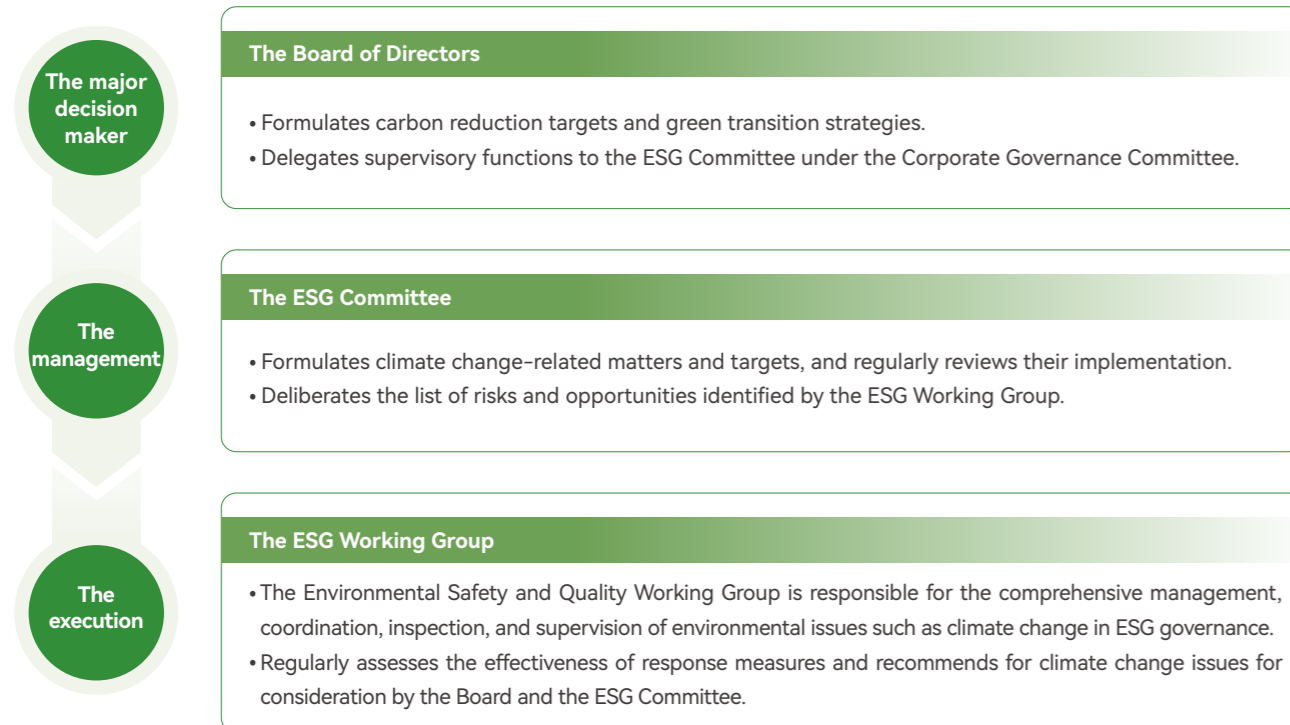
Climate Action

Climate change not only has a profound impact on human survival environment and the development of global economy and society, but also reshapes the business environment and business model of enterprises. In line with the national requirements for nationally determined contributions (NDCs) and green transition, CR Pharmaceutical continuously improves its climate governance and carbon management systems, identifies climate-related risks and transformation opportunities on a science-based manner, promotes green, high-quality transition of the whole business chain, and continuously improves the climate resilience among its own operations and value chain.

Governance

We have recognized the significant impact of climate change on the Company's strategic planning and business operations, thereby we have integrated climate change governance functions into our ESG governance structure, and have formulated the *EHSQ Target Management and Responsibility Measures* to clarify the responsibilities of the Board and the management. In addition, we have established a carbon emissions reduction incentive mechanism, and have incorporated the energy conservation and emissions reduction targets into the management's performance appraisal to enable climate change mitigation and emissions reduction practices.

The Company carries out climate-related trainings to enhance the management's climate knowledge and skills, and invites professional institutions in climate-related seminars to support the Company's decision-making on climate issues. The members of the ESG Committee and the ESG Working Group are blessed with extensive expertise and practical experience, and are familiar with national and local environmental protection regulations and policies, and understand the Company's products, energy-saving technologies and requirements, production processes, and the operation of environmental protection facilities, and are able to comprehensively and timely identify climate change risks and opportunities, thereby formulating effective policies, plans, and targets, and ensuring their implementation.



Strategy

In line with the energy conservation and carbon reduction targets of CR Group, we promote all subsidiaries to formulate low-carbon transition strategies that match the CR Group goals, clarify the paths of energy conservation, and emissions and carbon reduction, continuously improve the carbon emissions data monitoring system, optimize the energy structure, develop renewable energy projects, deepen the circular economy, promote process optimization and equipment upgrading, and realize top-down, refined management.

We continue with our comprehensive assessment of climate-related risks and potential opportunities with reference to such disclosure frameworks as TCFD and IFRS S2. We adopt the IPCC SSP1-2.6 and SSP5-8.5 scenarios to assess potential physical risks, and uses the IEA Net Zero Emissions by 2050 (NZE) scenario and the Stated Policies Scenario (STEPS) to evaluate potential transition risks. We fully consider short-, medium-, and long-term periods during systematic identification, materiality analysis, and financial impact assessment to clarify the impact of climate change on business operations, strategic layout, and financial conditions, so as to support the formulation of risk response strategies and enhance climate resilience.

Risks, opportunities, and potential impacts related to climate

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Acute risk	Extreme weather	Low	Short-term Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Increased operating costs Increased capital expenditure	Build energy management system, systematically plan and replace energy-saving equipment, and expand the proportion of renewable energy.
	Tropical cyclone	Low	Short-term Medium-term Long-term	Own operations Downstream of value chain	Increased operating costs Increased capital expenditure	Strengthen early warning measures, reserve emergency supplies, organize emergency drills, strengthen and upgrade buildings and equipment, and invest in climate-related property insurance.
Chronic risk	Sea level rise	Low	Long-term	Own operations	Increased operating costs	Regularly trace climate change risks at operation sites, optimize the layout of manufacturing bases and warehouses, and strengthen the flood control capacity of infrastructure.
	Water shortage	Low	Long-term	Own operations	Increased operating costs	Strengthen water management and water risk analysis at operation sites, strengthen water resource management, and promote sustainable water use.

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Transition risk	Policy and legal risk Carbon pricing policies and environmental protection regulations have been tightened, requiring the Company for green transition. Regulations and requirements for the Company's climate transition targets and policies by key markets represented by the EU, and by global brand customers have improved.	High	Medium-term	Own operations	Increased operating costs Increased compliance costs	Improve carbon emissions data management and information disclosure mechanisms, formulate climate transition plans, and implement energy conservation and emissions reduction measures.
	Technology risk To achieve the technological upgrades or innovations required for green transition, continuous investment in R&D and innovation of low-carbon products and materials are required to maintain competitive advantages.	Moderate	Medium-term Long-term	Own operations	Increased spending on R&D	Increase spending on research, raise innovation incentives, and strengthen the introduction and cultivation of innovative talents.
	Market risk With the change of consumption idea, the Company faces higher customer demand for green products, and has to invest in product R&D, operation management, brand strategy, and marketing.	Moderate	Medium-term Long-term	Own operations Downstream of value chain	Decreased operating income Increased operating costs	Develop green products, implement product carbon reduction, and advocate sustainable consumption.
	Reputation risk Insufficient disclosure or inadequate management of carbon data triggers a public opinion crisis and negatively affects the Company's reputation.	Low	Medium-term Long-term	Own operations Downstream of value chain	Decreased operating income Increased financing costs	Strengthening information disclosure and ESG ratings, and smoothen communication channels with stakeholders.

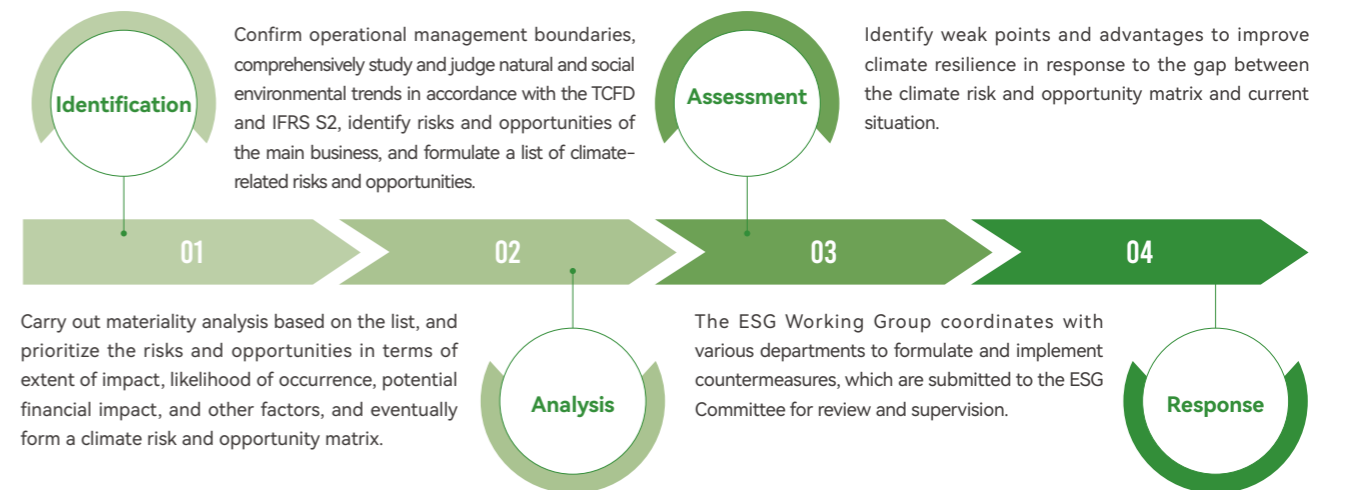
Opportunity category	Opportunity description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Energy sources	With greater proportion of renewable energy, the dependence on fossil fuels will reduce, and long-term stable electricity supply will materialize.	Moderate	Medium-term Long-term	Own operations	Decreased operating costs	Develop renewable energy projects such as centralized and distributed photovoltaic, and offshore and land wind power, and monitor green power policies and renewable power certificate prices.
Resource efficiency	Improve operational sustainability by optimizing the use of resources, reducing waste, and adopting circular economic models.	Moderate	Medium-term Long-term	Own operations	Decreased operating costs	Develop energy-saving projects and technologies, reduce the use of non-renewable resources and energy in design and manufacturing processes, and implement recycling projects.
Products and services	R&D, manufacturing, and the sales of low-carbon products and services for new diseases and in line with consumer preferences will be favored.	High	Medium-term Long-term	Downstream of value chain	Increased operating income	Carry out targeted product research, strengthen technology reserve and achievement application, and improve intellectual property rights and patent management.
Market	Climate change is reshaping the global disease spectrum, leading to increasing prevalence of infectious, respiratory, and chronic diseases, and increasing demand for related drugs.	High	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Increased operating income	Seize the opportunities presented by the expanding market for climate-related diseases, refine our portfolio of medicines in relevant therapeutic areas, and optimise the supply of related products.

Note: Due to the limited data and assessment methods currently available, quantitative assessments are subject to a high degree of uncertainty; therefore, the results of the quantitative analysis will not be disclosed at this stage.

Risk management

We have developed processes for the identification, analysis, assessment, and response to climate-related risks and opportunities, and comprehensively re-evaluate such risks and opportunities every three to five years given internal and external environmental changes and our own business plans to ensure the effectiveness of our risk management. We continue to improve management of climate-related risks and opportunities, and gradually integrate such management into the overall risk management system of the Company.

We encourage subsidiaries to continuously improve their carbon emissions management system, and standardize carbon emissions management, and we carry out GHG emissions verification and prepare reports for factories included in key emission units. A total of 15 key products have obtained carbon footprint certifications. Zaozhuang Sanjiu verified the carbon footprints of four products, namely the Cold Remedy Granules, the Isatis Root Granules, the Xiao Er Gan Mao Ke Li, and the Herbal Cold Tea Granules, in accordance with ISO 14067: 2018. CR Double-Crane verified the carbon footprints of five products. CR Jiangzhong verified the carbon footprints of Digestion Aid Tablets and Compound Caoshanhu Guccal Tablets. Dong-E-E-Jiao verified the carbon footprints throughout the life-cycle of Ejiao products.



Measures to address climate change

Optimizing industrial structure and layout	Upholding the strategy of "gathering strengths for key breakthroughs", we expanded the medical device sector, strengthened the blood products business, and expanded and strengthened the biomedical field through the acquisition of Nigale and Green Cross.
Developing and applying renewable energy	We utilized photovoltaic power generation as the key to energy structure transformation, fully utilized the rooftops of idle factories at grass-roots units for power generation, promoted energy-saving and environmentally friendly distributed photovoltaic power generation projects in an orderly manner, and increased the proportion of green energy in the overall energy structure.
Building green capacities	We carried out special research on carbon management, comprehensively sorted out the current situation and actual needs of energy management at grass-roots units, and formulated equipment renewal and energy efficiency improvement plans. We systematically carried out internal and external exchanges and benchmarking learning on "Dual Carbon" goals, investigated the construction practices of near-zero carbon parks, and improved the literacy of managers and the Company's carbon management capabilities. In 2025, a total of 130 employees obtained the internal environmental protection training certification.
Improving digital and intelligent level	We integrated digital and intelligent applications with green technologies, enhanced the application of AI, big data, cloud computing, Industrial Internet, etc. in the field of pharmaceutical manufacturing, and realized the green transition empowered by digital technologies.
Innovating green finance business	We conducted in-depth research on national carbon finance policies, unearthed carbon market financing tools, participated in carbon market transactions in a timely manner in compliance with industry and regional policies, and fulfilled carbon reduction targets and revenue generation from carbon assets.

CR Sanjiu

CR Sanjiu attaches great importance to climate risk assessment and management. It adopts the IPCC SSP1-2.6 and SSP5-8.5 scenarios to assess potential physical risks, and uses the IEA Net Zero Emissions by 2050 (NZE) scenario and the Stated Policies Scenario (STEPS) to evaluate potential transition risks, and then formulates targeted response strategies. The company focuses on implementing the "Six Actions for Carbon Peaking", and vigorously promotes progress in areas including the development and replacement of green energy, the promotion of low-carbon, zero-carbon, and negative-carbon technologies, and the improvement of the carbon asset management system. During the reporting period, the annual usage of renewable energy reached 83.6827 million kWh, among which the self-generated and self-consumed renewable electricity amounted to 12.5813 million kWh.

CR Double-Crane

CR Double-Crane has strengthened R&D in biosynthetic technology, striving to reduce CO₂ emissions by replacing traditional materials with bio-based materials, and improving the conversion rate of synthetic biological products by optimizing microbial metabolic pathways. The company has actively developed and built renewable energy projects such as distributed photovoltaic and energy storage using factory rooftops and idle open spaces, while procuring and consuming green electricity. During the reporting period, externally, the company jointly formulated the group standard *Evaluation Specification of Zero-Carbon Factory - Pharmaceutical Industry Enterprises*, and revised the *Evaluation Specification of Zero-Carbon Factory*. Internally, the company promoted the implementation of 33 energy-saving renovation and new photovoltaic power generation projects. Three subsidiaries were included in local carbon emission trading systems and fulfilled their compliance obligations, and four enterprises obtained zero-carbon factory certifications.

CR Jiangzhong

CR Jiangzhong promotes low-carbon energy use, efficient resource utilization, clean production, green product development, and intensive land use in its green factories. By adopting lightweight packaging design and renovating pipeline systems, the company has reduced the consumption of raw and auxiliary materials. It has established exclusive planting bases for Chinese medicinal herbs such as Longtube Ground Ivy Herb, Wild Chrysanthemum Flower, and Plantain Seed, achieving 100% green certification rate for its traditional Chinese medicine products. During the reporting period, the company was selected as a "Zero-Carbon Demonstration Factory" by the Carbon Neutrality Committee of China Energy Conservation Association, and was recognized as one of the first batch of "Beautiful China Construction Practice Cases" by the All-China Environment Federation.

Dong-E-E-Jiao

Dong-E-E-Jiao has carried out energy-saving renovation of its equipment, achieving a cumulative annual reduction of more than 300 tons of CO₂ equivalent. High-efficiency heat pump units have been introduced into the air-conditioning system of the office building. After the renovation, annual steam savings are expected to reach approximately 2,000 tons, with power-saving efficiency improved by over 10%. The Comprehensive No. 2 Refrigeration Unit has been upgraded, resulting in a 10% increase in system energy efficiency and an expected annual power saving of 100,000 kWh. A total of 25 sets of high-efficiency electromechanical equipment have been replaced, with an expected annual power saving of 250,000 kWh. The company's Ejiao production lines adopt the MVR technology and skimming machines, while the Compound Ejiao Jiang production lines apply the integrated washing, blowing, and filling technology, saving about 400,000 kWh of electricity per year. At Linqing Base, solar street lamps have been installed, Class 1 energy-efficiency motors have been replaced, and peak-shaving power consumption has been implemented.

CR Boya Bio-Pharmaceutical

CR Boya Bio-Pharmaceutical has built a carbon and energy management platform for its smart factory project, which is deeply integrated with the MES and on-site production systems to realize statistical analysis of energy consumption and carbon emissions from the source. By integrating green technologies such as energy storage systems and photovoltaic power generation, the company fully optimizes and utilizes existing energy and electromechanical systems. At present, equipment installation has been completed and the project has officially entered the commissioning stage. The company is comprehensively driving the coordinated development of energy conservation, emission reduction, and intelligent manufacturing.

Metrics and targets

Upholding green transition, we implement target accountability system, strictly implement 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*, set a number of total volume and intensity targets, added carbon management targets in the EHSQ target responsibility letter, and signed them step by step to ensure the smooth achievement of the total volume and intensity targets of GHG emissions.

Targets	Progress
Greenhouse gas emissions strive for reduction while ensuring stability	Annual greenhouse gas emissions reduced by more than 70,000 tons of carbon dioxide equivalent
	Purchased over 100 GWh of green electricity
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.	Use of renewable energy exceeding 50,000 tons of standard coal
	Carbon dioxide emission intensity was 0.0275 tons per RMB 10,000, down over 20% from 2020.

Resource Utilization

CR Pharmaceutical attaches great importance to the efficient utilization of resources. To this end, the Company continuously promotes the conservation, intensive and efficient utilization of various resources, vigorously develops circular economy, reduces energy and water utilization intensity with refined resource management, and reduces the impact of its own operations on the environment in the maximum extent, so as to achieve sustainability.

Governance

We strictly abide by such laws as the *Energy Conservation Law of the People's Republic of China*, and have formulated internal systems including the *Measures for the Supervision and Administration of Energy Conservation and Environmental Protection*. The Environmental Health and Safety and Quality Management Department is responsible for resource management, internal audit, energy-saving renovation, target setting, personnel training, performance appraisal, etc., and urges all subsidiaries to improve their energy and resource conservation management mechanisms and incorporate resource utilization into the EHSQ management system.

Strategy

We uphold the idea of green business, and have integrated the sustainability philosophy into every aspect of our operations. We have built an intelligent energy management platform, and are promoting the achievements of various projects such as green technology R&D, process equipment renovation and circular economic construction. While advocating green offices, we aim to create long-term values for the economy and society.

Risks, opportunities, and potential impacts related to resource utilization

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Compliance risk	The increasingly stringent environmental protection policies on the resource utilization of pharmaceutical enterprises require more efforts in energy conservation and hazardous waste recycling.	High	Long-term	Upstream of value chain Own operations Downstream of value chain	Increased compliance costs	Continuously track policy changes, carry out compliance self-examination, strengthen resource utilization efficiency, and improve relevant information disclosure.
Market risk	The pharmaceutical enterprises see increasingly higher requirements for green development, and green products become a must during procurement qualification.	Moderate	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Increased financing costs Increased operating costs Decreased operating income	Accelerate green transition, advance R&D of low-carbon products, and build a green brand image.

Opportunity category	Opportunity description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Policy opportunity	Policies facilitate green transition of traditional industries and the upgrading of green production technologies.	High	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Decreased financing costs	Optimize industrial layout and upgrade green production technologies.
Technology opportunity	Biomedicine, new chemical materials, digitalization, new energy, and other technologies are developing rapidly, laying a technological foundation for the green transition.	High	Medium-term Long-term	Own operations	Decreased R&D costs Decreased operating costs	Accelerate the introduction and integration of cross-domain technologies, promote digital management, and strengthen resource utilization monitoring and management capabilities.
Market opportunity	The market demand for green pharmaceutical products continues to grow, and investors pay more attention to green pharmaceutical companies.	Moderate	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Decreased financing costs Increased profits	Create a circular economic model, promote energy conservation and carbon-reduction renovation, and build green factories.

Risk management

In production and operation, we have incorporated management targets such as water conservation, energy conservation, and material conservation into the annual EHSQ objectives and performance appraisal. We have enhanced the efficiency of energy and resource recycling, advanced the circular production model in an all-round way, and vigorously promoted the comprehensive utilization of industrial resources including residual pressure, waste heat, residual cooling, wastewater, waste gas and waste residue. We required and supervised all subsidiaries to improve their energy management systems, clarify energy management responsibilities, and formulate management systems and norms covering the entire energy use chain. We have established long-term mechanisms including phasing out outdated production capacity and implementing energy-saving technological upgrading, and have strengthened energy-saving management, reduced energy consumption, and comprehensively improved energy efficiency.

Water resource management

Through source control, equipment renovation, digital upgrading, etc., we continue to optimize our water resource management measures to maximize the efficiency of comprehensive utilization of water resources. We tighten the management of water resource risks, identify and assess the risk levels of our operation sites, and our production and operational activities have not had an adverse impact on water resource use.



Implementing water-saving management

At its production bases, CR Jiangzhong has implemented rain-sewage separation and built a sewage treatment station with a daily capacity of 3,000 tons and a reclaimed water reuse system with a daily capacity of 1,000 tons. The company adopted the "AO + biofilter" process to reuse reclaimed water by replenishing landscape water and watering green plants, saving approximately 140,000 tons of fresh water annually.

Dong-E-E-Jiao has implemented a project to renovate its boiler room water treatment equipment. By replacing new equipment, the water treatment capacity and operation efficiency in the boiler room have been significantly improved, as well as the water resource utilization rate. It is estimated that 20,000 tons of water will be saved each year.

Energy management

We continue to refine and digitalize our energy management system, assess the energy efficiency in key areas at grass-roots units, upgrade high-energy consumption equipment, organize regular inspections, optimize the operation mode of equipment, and improve energy utilization efficiency.



Digital and intelligent technologies to conserve energy and reduce consumption

CR Boya Bio-Pharmaceutical has constructed an IoT-based EFOS intelligent operation and maintenance system for central air conditioning at its smart factory. Driven by data models, the system achieves precise matching and intelligent regulation between the air conditioning host load and end-use cooling demand. On the premise of ensuring comfort, it has significantly improved the comprehensive energy efficiency ratio, achieving an annual power saving of about 1.5 million kWh and a CO₂e emission reduction of nearly 800 tons. This application is a paradigm for the green and intelligent upgrading through smart operation and maintenance.

Material management

We have adopted such measures as introducing eco-friendly materials and recycling packaging materials. While exploring new approaches to the reduction, recycling, and safe treatment of solid waste, we aim to establish a full-chain recycling system for renewable resources.

Promoting material reduction and recycling

CR Jiangzhong has replaced the packaging materials of its core products, reduced the weight of packaging materials, and cut down on aluminum usage. The company has optimized the packaging production process as well as material use, increased packaging capacity, and reduced the use of strapping bands. Plastic turnover boxes have been widely adopted in transit to replace disposable cartons, and recyclable paper is used for corrugated cartons. The company has also promoted the recycling of waste PVC and waste cartons, reusing approximately 307.4 tons of waste PVC and 163.2 tons of waste cartons.

Metrics and targets

Targets	Progress
Improve the construction of energy management systems	By 2025, a total of 79 companies had obtained ISO 50001:2018 Energy Management System certification
Apply for green warehouse certification	In 2025, a total of 9 certified warehouses of CR Pharma Commercial achieved Tier-1 Green Warehouse Certification.
Conduct clean production audits	In 2025, three subsidiaries passed clean production audits, raising the total number of certified entities to 40.



Pollution Prevention and Control

Upholding the idea of “lucid waters and lush mountains are invaluable assets”, CR Pharmaceutical takes environmental protection as the cornerstone of its sustainability, and has established a life-cycle management system covering waste gas, wastewater, and solid waste to protect the ecosystems in and around its operation sites.

Governance

We strictly comply with the *Environmental Protection Law*, the *Water Pollution Prevention and Control Law*, the *Air Pollution Prevention and Control Law*, the *Law on the Prevention and Control of Environmental Pollution by Solid Waste*, and other relevant laws and regulations. We have formulated such internal systems as the *EHSQ Management System Guidelines*, and the *Comprehensive Emergency Response Plan for Environmental Incidents*. The Environment Health and Safety and Quality Department takes overall responsibility for establishing the environmental management system in accordance with the requirements of the ISO 14001 and the PDCA closed-loop management process. We strictly control the discharge of waste gas, wastewater, solid waste, and other pollutants, and conduct environmental risk monitoring and hidden danger investigation to prevent any major environmental pollution incidents from occurring.

Strategy

We fully identify the risks and opportunities in pollution prevention and control. In accordance with the *China Resources Group Work Plan for Accelerating Green Development and Advancing the Beautiful China Initiative of China Resources Group*, and the *Measures for Accelerating Green Development and Advancing the Beautiful China Initiative*, we constantly promote ecological civilization construction.

Risks, opportunities, and potential impacts related to pollution prevention and control

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Compliance risk	Environmental protection policies continue to tighten on emission limits, instead raising requirements for hazardous waste classification and treatment.	High	Short-term Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Increased compliance costs	Continuously track policy changes, optimize the treatment methods of key pollutants such as wastewater, waste gas, and hazardous waste, and strengthen emission monitoring and management.
Operation risk	Failure to classify and treat hazardous waste in a timely manner may lead to local pollution, and irregular management may lead to environmental accidents.	Moderate	Short-term Medium-term	Own operations	Increased operating costs Decreased operating income	Strengthen the management and maintenance of waste discharge facilities, establish and improve the ledger, and formulate plans for environmental emergencies.
Reputation risk	Problems such as excessive pollution and improper treatment of hazardous waste will seriously damage the Company's reputation.	Moderate	Short-term Medium-term	Upstream of value chain Own operations Downstream of value chain	Increased financing costs Decreased operating income	Establish public opinion monitoring and emergency response mechanisms, and enhance the disclosure of the information on pollution prevention and control.

Opportunity category	Opportunity description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Technology opportunity	The developing environmental protection technologies provide innovative solutions, and the digital technologies reduce the monitoring and management costs.	High	Medium-term Long-term	Upstream of value chain Own operations	Decreased compliance costs Decreased operating costs	Introduce advanced pollution control technologies, and promote the collaborative innovation in production processes and pollution control technologies.
Market opportunity	The market demand for green pharmaceutical products continues to grow, and investors pay more attention to green pharmaceutical companies.	Moderate	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Decreased financing costs Increased profits	Create a circular economic model, advocate refined management, and prepare for environmental protection credit rating and emission trading.

Risk management

We continuously tighten the control of environmental protection risks and environmental emergency management, and have formulated such internal systems as the *General Inspection Metrics for Environmental Protection*, and the *Inspection Metrics for Environmental Protection in Pharmaceutical Factories*. We have organized self-examinations and self-corrections to investigate and rectify non-compliant actions regarding solid waste and potential environmental problems, and have introduced hidden risk ledgers for closed-loop management. We have also prioritized source reduction, resource utilization, and harmless treatment to further reduced the impact of pollutants on the environment, dedicating to higher level of environmental compliance.



Wastewater management

We strictly implement the national pollutant discharge permit system, improve the operation and maintenance of wastewater treatment facilities and online monitoring, and ensure that all wastewater discharge actions comply with the permitted concentration and total volume requirements. We actively promote the recycling and reuse of water resources, and optimize production processes and water usage procedures to reduce freshwater consumption and wastewater generation, achieving efficient wastewater control and continuous emission reduction.



Waste gas management

We promote the standard and orderly waste gas treatment, regularly monitor emissions and implement a range of measures to continuously reduce the discharge of air pollutants. We also optimize the daily operation and maintenance of waste gas emission and treatment facilities to tap emission reduction potential, and cooperate with local ecological and environmental authorities to respond to and implement the emergency plans for heavy pollution weather in a timely manner.



Solid waste management

We strictly implement the *Hazardous Waste Storage Pollution Prevention and Control Standards* to standardize the treatment procedures, and store hazardous waste in designated areas labeled with info and QR codes. Mixed storage and random stacking are strictly prohibited, and a full-process management ledger has been established. We also entrust qualified treatment agencies with legitimate transfer and innocuous treatment. For general industrial solid waste, we comprehensively recycle and utilize resources and energy, and entrust local sanitation authorities to treat domestic waste.

Metrics and targets

Targets	Progress
Improve environmental management system	In 2025, 12 subsidiaries were newly certified by the ISO 14001:2015 Environmental Management Systems, bringing the total to 93. A total of 14 additional green factories were certified, raising the cumulative total to 37.

Ecological Protection

CR Pharmaceutical strictly abides by the special regulations on ecologically sensitive areas issued by the national and local governments, and implements various ecological conservation measures. We have normalized the efforts of “investigating and rectifying environmental problem”, and carried out special actions to rule out such problems. We are adopting an active attitude to environmental governance, and are making every effort to minimize the disturbance of our operations on the environment. We commit that new projects must avoid ecologically sensitive areas. For those that cannot be avoided, we shall conduct special demonstrations in accordance with the requirements of the authorities in the ecologically sensitive areas, and continue with the construction only after obtaining the crossing or penetration permit from the authorities.

CR Pharmaceutical strictly abides by the *Wildlife Conservation Law of the People’s Republic of China*, the *Regulations of the People’s Republic of China on Wild Plants Protection*, the *Regulations on the Protection of Wild Medicinal Resources*, the *UN Convention on Biological Diversity*, and other relevant laws. We fully integrate biodiversity conservation requirements into project construction, production and operation, and take the initiative to avoid protection zones such as nature reserves and biodiversity-sensitive areas. We prioritize the use of sustainable medicinal raw materials, promote the R&D of substitutes for rare and endangered medicinal species and their artificial breeding, so as to reduce dependence on wild biological resources. Meanwhile, we comply with the *Forest Law of the People’s Republic of China*, the *Regulations on the Implementation of the People’s Republic of China Forestry Law*, the *Regulations on Conversion of Farmland to Forests*, the *Measures for the Administration of Forest Cutting and Regeneration*, etc. We carry out ecological restoration and afforestation in and around our production facilities, protect native species and their habitats, and support ecological balance and the sustainable conservation of biodiversity through the green development of the pharmaceutical industry.



Contributing to ecological restoration

CR Jiangzhong engaged in ecological restoration along the Yangtze River shoreline. At the Business Center Dam, the company planted 600 camellia sasanqua, 9,700 ligustrum seedlings, 2,000 photinia fraseri seedlings, and over 150 shrubs and trees including loropetalum balls, ligustrum balls, ilex cornuta balls, potted jasmine, European roses, osmanthus trees, cotton rose trees and schima superba, with more than 780 square meters of turf laid. At the staff dormitory, over 30 camellia sasanqua were planted. Around the overflow dam, more than 1,000 schima superba and koelreuteria paniculata were planted. To the northeast of the National Key Laboratory, over 200 trees were transplanted, together with more than 700 nerium indicum and schima superba, and over 700 square meters of lawn established. The campaign increased the green coverage rate of the Jiangzhong Pharmaceutical Valley and improved its ecological environment. In addition, CR Jiangzhong purchased 10,000 bottles of pine trunk injection agent and completed the trunk injection operation, effectively enhancing the ability to prevent and control forest pests.

02

Advancing the Mission of "Health for All" to Safeguard Public Health

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Impacts and challenges

As the Healthy China Initiative steadily advances and the population ages rapidly, public demand for quality healthcare services and safe, reliable medicines continues to rise. The pharmaceutical and healthcare industry plays an increasingly prominent role in safeguarding people's well-being and driving social development. Meanwhile, the pharmaceutical industry is at a critical stage of innovation-driven development and structural upgrade. Topics such as sci-tech innovation, digital transformation, quality oversight, and equitable healthcare access remain in the spotlight. Pharmaceutical companies are expected not only to drive industrial progress but also to improve healthcare accessibility and advance health equity.

Principles and goals

Driven by its mission to safeguard people's health and rooted in the core value of integrity, CR Pharmaceutical regards the quality and safety of pharmaceutical products as the cornerstone for its development. The Company consistently delivers quality products and services to meet social health needs, and promotes pharmaceutical innovation and industry synergy, providing safe, effective, and accessible medical products and health solutions to patients. We also attach great importance to employee development, regard them as a vital foundation for our sustainable development, and help employees build skills and reach their full potential. We stay responsive to social health needs, and create long-term health value by sharing healthcare charity and medical resources.

Opportunities and outlook

CR Pharmaceutical will capitalize on the key opportunities arising from innovation-driven growth in the pharmaceutical industry. Powered by technological innovation and digital transformation, we will steadily raise product quality, strengthen R&D capabilities, and enhance industrial synergy. At the same time, we will further enhance our talent development system, advance healthcare charity and accessible medical services, and work with industry partners and all sectors of society to build a more efficient, inclusive, and sustainable pharmaceutical and health ecosystem. All these efforts aim to contribute greater strength to protect people's health and promote sustainable social development.

Contribution to the UN Sustainable Development Goals



Benchmark Indexes

GRI Standards: 2-6 2-7 2-8 2-28 2-30 201 203 401 403 404 408 413 416 417 418
 ESG Reporting Code of SEHK: B1、B2、B3、B4、B6、B8

Quality Products

Quality, safe, and reliable pharmaceutical products are fundamental to people's health. CR Pharmaceutical has integrated product responsibility across operations. We continue to improve product quality management and medical products safety guarantee mechanisms, regulate pharmaceutical promotion and responsible marketing, and improve access to quality medical resources, striving to provide safe, reliable pharmaceutical products and health services that better protect the health of the people.

Governance

We integrate product responsibility management into our overall governance system. In strict accordance with the requirements of laws and regulations such as China's *Drug Administration Law and Regulations for the Implementation of the Drug Administration Law*, we continue to improve the product quality and safety management systems, and promote subsidiaries to standardize drug R&D, production, operation and service activities, ensuring that pharmaceutical products serve the society safely, effectively and accessibly.

Governance structure



The Company has established a product quality and safety governance structure with the EHSQ management system as the core. EHSQ Department at the headquarters coordinates and oversees key quality management issues. All subsidiaries have established the independent quality and safety management department, being responsible for the quality and safety of the drugs they hold.

Management system



The Company has established a multi-level quality management and certification system, ensuring that full life-cycle business activities, including drug R&D, production, circulation and sales services comply with relevant laws, regulations and quality management standards.

- Compulsory certification and compliance inspection: 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 Pharma Commercial, Dong-E-E-Jiao, 4 subsidiaries of CR Jiangzhong, and 5 subsidiaries of CR Sanjiu, have been ISO 9001. Laboratories including CR Jiangzhong, Dong-E-E-Jiao, CR Boya Bio have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS).



System building

The Company has formulated systems such as the *Quality Management Measures, the Quality Audit Management Rules, the EHSQ Target Management and Accountability Measures, the Annual EHSQ Assessment and Evaluation Measures, and the EHSQ Accident and Incident Management Measures*. Through these efforts, we conduct unified management for the quality management responsibilities, operation of quality management systems, quality risks, quality audits, and quality accidents and incidents of our subsidiaries.



Supervision and evaluation

All subsidiaries including CR Pharma Commercial, CR Sanjiu, CR Jiangzhong, Dong-E-E-Jiao, CR Boya-Bio, CR BioPharm, have established the product safety and quality supervision and assessment mechanism. *EHSQ Target Responsibility Document* is signed at each level of management. Through these efforts, we break down product quality and safety targets, and set clear quality requirements and performance indicators, ensuring effective implementation of quality management requirements in our operations.

Strategy

"Protecting Human Health and Improving Quality of Life" is our mission, as well as our core value. With the ultimate goal of delivering better healthcare services to the public, we continue to optimize the industrial layout and resource allocation to promote the coordinated development of the healthcare industry chain. Upholding the quality-first philosophy, we continue to improve the quality management system covering the full life-cycle quality of pharmaceutical products, all in an effort to strengthen industrial coordination and resource integration capabilities, improve the quality of pharmaceutical products and healthcare services, thus providing safe, effective, and accessible pharmaceutical products and solutions to the society.

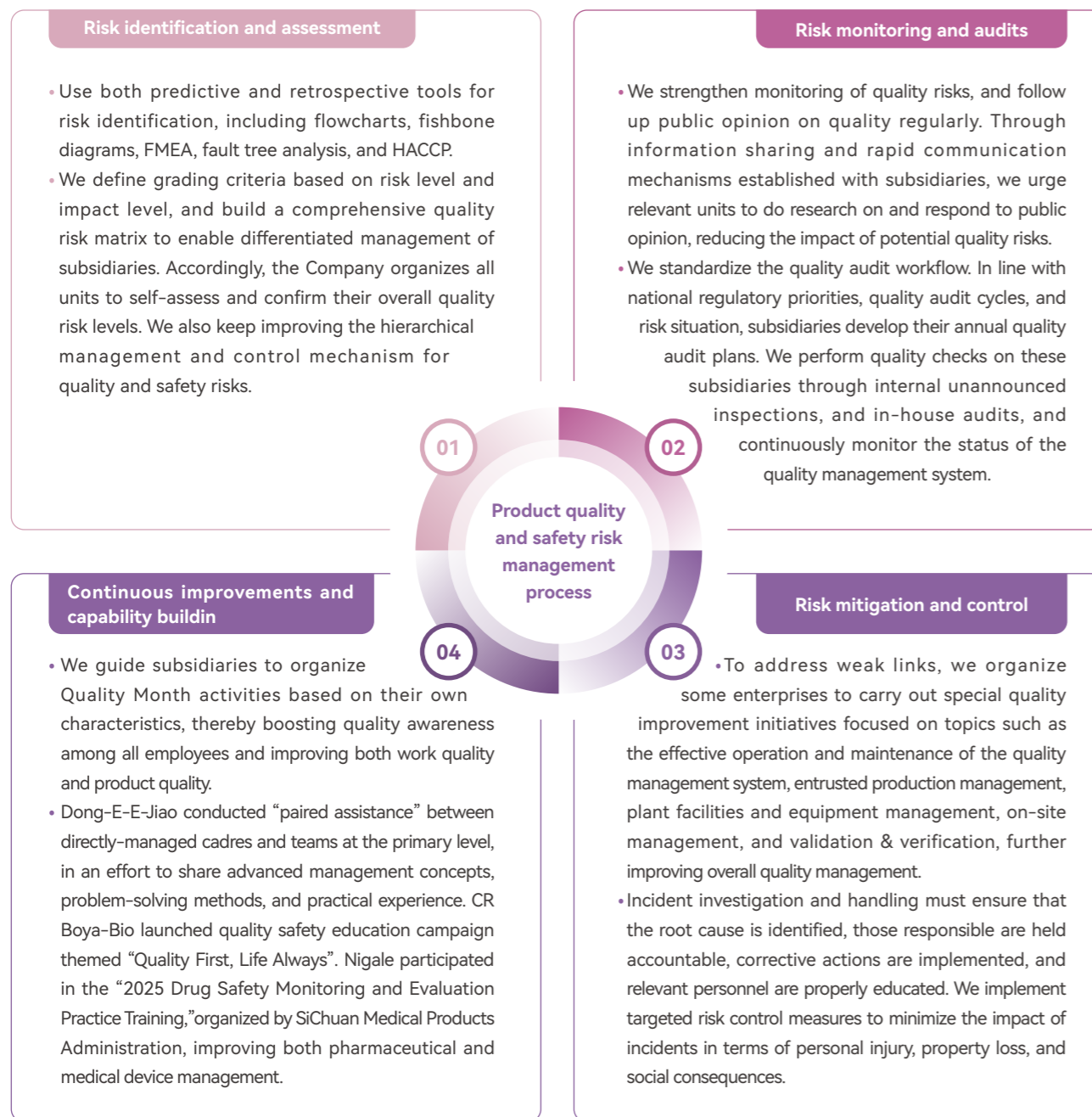
Risks, opportunities, and potential impacts related to product quality

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Product quality risk	During drug R&D, manufacturing, and quality control, failure to properly implement the QMS or deviations from process control may compromise product quality or stability, which may lead to product recalls or regulatory scrutiny.	Low	Short-term Medium-term	Own operations Downstream of value chain	Decreased operating income Increased operating costs	Improve the quality management system, fully comply with regulatory requirements including GMP and GSP, and strengthen process control, quality audits, and deviation management.
Compliance and regulation risk	The pharmaceutical industry faces strict regulatory requirements. Failure to meet regulatory policies or compliance standards in R&D, production, distribution, or marketing in time may face regulatory scrutiny or mandatory corrective actions.	Low	Short-term Medium-term	Upstream of value chain Own operations Downstream of value chain	Increased operating costs	Strengthen regulatory monitoring and compliance management, and refine internal systems and training mechanisms to enhance compliance management.
Safety and pharmacovigilance risks	New adverse reactions or safety signals may be recognized after a drug has been approved for market. Delays in detecting and addressing these problems may affect product safety management and erode public trust.	Low	Medium-term	Downstream of value chain	Decreased operating income Increased operating costs	Improve the pharmacovigilance system and step up adverse reaction monitoring, risk assessment, and feedback mechanisms.

Opportunity category	Opportunity description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Mitigation measures
Management opportunities	With higher regulatory standards and increasing social awareness of drug safety, the Company continuously improves its quality management system and capabilities, contributing to brand trust and product competitiveness.	High	Medium-term Long-term	Own operations Downstream of value chain	Increased operating income	Enhance the quality management system, and strengthen quality risk management and quality culture development.
Technological and digital opportunities	As digital technologies are more widely applied in pharmaceutical production and quality management, we use digital and intelligent tools to optimize quality management processes. This contributes to production stability and operational efficiency.	High	Medium-term long-term	Own operations	Decreased operating costs	Advance the digitalization of quality management and the intelligent upgrade of production.
Industrial synergy opportunities	strengthening supply chain quality management and industry chain synergy, we enhance supply chain stability and improve the overall quality of the pharmaceutical industry chain.	High	Medium-term	Upstream of value chain Own operations	Decreased operating costs	Strengthen supplier quality management and industry chain synergy mechanisms

Risk management

CR Pharmaceutical integrates risks and opportunities related to product quality and medication safety into its overall risk management system for coordinated management. The Company identifies and assesses risks across the full life-cycle links, from pharmaceutical R&D, production, and distribution to use. Internal audits, compliance inspections, and management reviews ensure continuous monitoring and management of these risks. We continue to improve the quality management system and risk management system to ensure product quality and medication safety, thus delivering safe and effective pharmaceutical products to the public.



Safeguarding medication safety

CR Pharmaceutical attaches great importance to postmarket drug safety and continuously improves the pharmacovigilance system. We strengthen the monitoring of adverse reactions, risk assessment, and product recall management to ensure safe use of drugs.

Pharmacovigilance and monitoring of adverse reactions

Our subsidiaries at all levels have established the pharmacovigilance system covering the entire process of premarket research and postmarket use, and formulated pharmacovigilance documents and operating procedures to clarify responsibilities for drug safety management. By establishing dedicated pharmacovigilance departments or positions, we ensure standardized pharmacovigilance operations. In terms of information collection, we collect suspected adverse drug reaction reports through channels such as feedback from medical institutions, information sharing of pharmaceutical distributors, and the national adverse drug reaction monitoring system. These reports are then recorded, analyzed, and evaluated. In terms of risk management, we continuously monitor product safety through adverse reaction case analysis, signal detection, risk assessment, and follow-up investigations. We take corresponding risk control measures according to the assessment results. At the same time, we launch pharmacovigilance training and refine related systems and documents to raise employee awareness and professional skills in pharmacovigilance, thereby further strengthening pharmacovigilance management. 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.

Preventive risk management

For matters that may affect drug quality and safety, the Company conducts risk assessments in accordance with change management systems and develops risk prevention and control measures accordingly. Subsidiaries validate product safety and stability through preventive testing such as stability testing, comparative testing, and extreme environment simulations.

Product recall

Subsidiaries have formulated product recall management systems, specifying decision, operating and reporting procedures for drug recalls. Upon discovering quality issues or potential safety risk, we will promptly assess the risk, decide on the recall classification and scope, launch the recall, and report the recall status to regulators. Products recalled are subject to centralized management. We will conduct an investigation into the cause of product recall incidents and develop corrective and preventive measures. In addition, we regularly organize recall drills and emergency drills to test the effectiveness and responsiveness of the recall system. During the reporting period, there were no product recalls due to quality or safety issues occurred at CR Sanjiu, Dong-E-E-Jiao, CR Boya-Bio, and CR BioPharma.

Drug Safety Communication

We strengthen communication with medical institutions, patients, and relevant parties through medical information services, safe medication counseling, and public education. We share drug safety information timely to promote appropriate medication use.

Advocating responsible marketing

The Company has established and implemented requirements for responsible marketing and sales management. We conduct marketing activities in strict accordance with laws and regulations such as the *Advertising Law*, *the Drug Administration Law*, and *the Provisions for Drug Insert Sheets and Labels*, as well as the *Compliance Management Handbook*. Through these efforts, we ensure truthful, accurate and prudent product promotion, and maintain a fair and orderly market environment.

In terms of systems and oversight, the Company's compliance department carries out annual marketing compliance special projects, pharmaceutical marketing anti-corruption policy research, and review marketing system implementation to oversee and review marketing activities, preventing operational risks and continuously improving the marketing management system.

In terms of promotion management, advertising and promotional activities are all subject to a preapproval system, and standardized management of advertising, promotional slogans, marketing documents and other content is in place. The management of various forms and tools of publicity such as store posters, POP posters, LED screens, and WeChat official accounts are strengthened. These efforts aim to ensure that promotional content is truthful, accurate, and objective, free from misleading or false information.

In terms of management and capability building, the Company standardizes product packaging design, advertising procedures, trademark application and use by optimizing the drug packaging and labeling review mechanism. Responsible promotion training is launched regularly to continuously strengthen employees' awareness of compliant marketing. In addition, the Company also encourages its subsidiaries to innovate in digital marketing and enhance brand awareness and influence without violating compliance rules.

- CR Sanjiu published the *Responsible Marketing Policies* during the reporting period, specifying responsible marketing requirements for both internal and external personnel, thereby achieving standardized responsible marketing management. A review and oversight mechanism for responsible marketing has been established, under which advertising and promotional materials must be approved. Third-party audits are regularly conducted on marketing, advertising, and sales aspects of the e-commerce platform to avoid misleading and withholding information.
- Huarun Jiangzhong has implemented the preapproval system to ensure compliance of advertising, promotional slogans, public relations documents, and other content, and strengthened compliance awareness in drug packaging and labeling design. The company implemented the latest, accurate, and objective promotional requirements, ensuring the promotion is not misleading or false.
- CR BioPharma has formulated the distributor market service agreement, under which promotional activities are subject to the preapproval system and full-process compliance management, ensuring that the content is true, legal, and does not promote off-label uses.

Safeguarding customer services and interests

Customer service management



The Company has established dedicated customer service positions or units, responsible for handling customer inquiries, explaining product information, and dealing with complaints. These staff work in coordination with quality management, sales, and other relevant departments to ensure timely and professional responses to customer inquiries. At the same time, the Company continuously improves the professional competence and service level of its customer service staff by improving the customer service system and conducting training sessions.

Complaint handling process



A standardized complaint management system has been established, specifying processes for complaint acceptance, investigation, handling, and result feedback. When receiving a customer complaint, customer service staff will record it and promptly forward it to the relevant business departments for investigation and handling. Complaints are categorized based on their type, and relevant units are coordinated to follow up and resolve them, ensuring timely response, proper handling, and closed-loop management.

Improving the mechanism



Customer complaints and inquiries serve as a valuable input for improving our products and services. By analyzing customer feedback and complaint data, we suggest improvements to relevant departments timely, facilitating continuous progress in product quality and service standards. In addition, we gather customer satisfaction insights, conduct service performance reviews, and follow up with customers to refine our service management and deliver a better customer experience.

Promoting health accessibility

Promoting drug accessibility

We make coordinated efforts to advance innovative drug R&D and highquality generic drug development, continuously improving drug accessibility and providing more therapeutic options for patients. 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. KPC Pharmaceuticals Inc. focuses on the treatment of familial Mediterranean fever. Its marketed product, colchicine tablets, was approved in 2024 for a new pediatric indication, making it the first approved product for this indication in China. CR Double-Crane focuses on independent and innovative R&D for rare diseases such as juvenile macular degeneration. Its drug product, DC6001 is approved by both Chinese and U.S. regulators, bringing new hope to patients. At the same time, the Company continues to advance generic drug development and regulatory filings. Products such as minoxidil topical solution, selenium sulfide lotion, and crisaborole ointment have been approved for marketing. Several other products, including luliconazole cream and upadacitinib extended-release tablets, have been submitted for registration.

Promoting drug affordability

In strict accordance with the *Anti-Monopoly Law*, the *Opinions on Improving Current Drug Price Management* and other Chinese laws and regulations, we have established a standardized drug price management mechanism to maintain a fair and orderly market environment. The Company keeps improving production and distribution efficiency by refining manufacturing processes, strengthening supply chain coordination, and tightening cost control. The Company actively responds to national pharmaceutical policies, and works to have its products listed in the National Reimbursement Drug List and centralized procurement programs. This move eases patients' financial burden and improves drug affordability through medical insurance reimbursement and bulk drug procurement.

Improving patient services

We remain focused on patients' diversified healthy needs and improve their medication experience and health management capability with sound medication guidance and health services. In line with medication needs of people at the grassroots level, particularly the elderly and those with chronic diseases, CR Jiangzhong works to expand its product portfolio in areas such as chronic respiratory diseases and gastrointestinal disorders, providing safer and more effective treatment options for primary healthcare institutions and patients. Dong-E-E-Jiao actively explores the clinical value of traditional Chinese medicine products. Fufang E'jiao Jiang has played a positive role in improving platelet levels in patients with dengue hemorrhagic fever, supporting the treatment of related diseases and further strengthening healthcare services.

Helping global patients

We actively engage in global public health cooperation and continuously improve access to high-quality medicines worldwide. KPC Pharmaceuticals, Inc. provides training on various areas, including infectious disease prevention and treatment and traditional medicine to 226 participants from 26 countries through foreign aid training programs. By building a diversified sales network and participating in antimalarial medicine procurement projects of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), we provide high-quality artemisinin-based antimalarial medicines to malaria-endemic regions, and support local public health systems. In 2025, we secured a procurement order from the Global Fund for nearly 1.23 million people. Products of CR Double-Crane have been exported to more than 50 countries and regions. Its active pharmaceutical ingredients, including heparin sodium and enoxaparin sodium, have earned broad recognition from overseas customers for their consistent quality.

Launching public welfare initiatives

We actively carry out health education and public education activities. Together with medical institutions, universities, and social organizations, we promote health knowledge and scientific wellness concepts to the public, as a means to enhance their health literacy and disease prevention awareness. Dong-E-E-Jiao actively carries out activities to promote traditional Chinese medicine culture, sharing traditional Chinese medicine wellness concepts and product knowledge with the public. CR Jiangzhong launched the "China Gut Health Tour" campaign, leveraging both online and offline channels to educate the public on gut health management and integrate health concepts into people's daily lives.

Supplying drugs

We continue to improve our drug supply and service network to enhance drug accessibility across different regions and healthcare facilities. Leveraging its nationwide distribution network, the Company strengthens resource support for primary-level and remote healthcare institutions. Additionally, the Company continuously strengthens drug supply security management by integrating production planning with supply resources. These efforts ensure stable supply of drugs. KPC Pharmaceuticals Inc. has published a protocol titled *Drug Shortages*, and timely updates the drug shortage list. For products on the list, the Company tracks production, supply, and discontinuation information quarterly, providing solid support from the supply side for drug safety, stability, and accessibility.

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: 281
Strictly manage quality safety risks	Conducted 935 Internal audits, with a passing rate of 100%
	Conducted 850 internal sampling, with a passing rate of 100%
	Received 817 external inspections, with a passing rate of 100%
	Received 3,568 external sampling tests, with a passing rate of 99.92%
Empower quality	Carried out more than 1.3 million hours quality training/competition for all staff
	More than 620 thousand participants joined in quality training/competition, with 100% training coverage
	Carried out nearly 45 thousand hours supplier training on quality assurance for all employees
	More than 7,000 participants joined in supplier training on quality assurance
Promote health service experience	Number of products recalled due to health and safety issues: 0
	Percentage of products recalled due to health and safety issues: 0%
	Complaints timely and properly handled: 2,004
	Customer complaint handling: 100%

Innovation-driven Development

CR Pharmaceutical drives development through innovation, with the aim of building a world-class R&D innovation system. Guided by clinical needs and patient health demands, we advance innovative pharmaceutical development and breakthroughs of key technologies. We have integrated internal and external resources and strengthened industry-university-research collaboration and R&D platforms to accelerate commercialization and improve scale-up capabilities.

Governance

We continue to improve our technology innovation governance system by strengthening the integrated coordination across research management, R&D support, and the innovation ecosystem. As a result, we progressively build a science and technology innovation governance framework with distinctive characteristics of the pharmaceutical industry.

Governance structure

We have established a multi-level R&D and innovation governance structure to drive innovation through aligned decision-making, coordination, and execution.

Talent cultivation

We continue to strengthen our R&D talent development system through training programs and academic meetings, keeping pace with emerging technologies and trends while improving the technical and management capabilities of R&D teams. CR Jiangzhong promotes the joint cultivation of high-level R&D talent through its "Jingyan Program" for scientific talent development and collaborative master's and doctoral engineering programs with universities, advancing industry-university-research collaboration. CR Double-Crane supports young talent development through training initiatives and knowledge competitions, encouraging learning and communication in areas such as quality research, AI applications, clinical insights and new technologies.

Management system

We have developed a set of management policies, including the *Guidelines for R&D Project Management (Trial)*, the *Measures for Management of Error Tolerance and Correction in Technological Innovation (Trial)*, the *Measures for Management of External Innovation and Cooperation*, the *Guidelines on Innovation Joint Organization Management Work (Trial)*, and the *Guidelines for the Transformation of Scientific and Technological Achievements (Trial)*.

Incentive mechanism

We have formulated the *Management Measures for R&D Project Performance and Technological Rewards*. Focusing on key tasks such as major technological breakthroughs, target setting, and project management, we implement a "One Enterprise, One Policy" R&D performance management model to continuously stimulate the innovative vitality and passion of scientific researchers. CR Double-Crane aligns with core R&D talent through medium- and long-term incentive mechanisms, including equity incentives, profit sharing, employee stock ownership, and co-investment. Dong-E-E-Jiao has established a tiered incentive system combining short-, medium-, and long-term incentives and implemented restricted share plans to further motivate innovation and improve commercialization.

Strategy

We have established a structured R&D plan aimed at building a world-class innovation system. Guided by clinical needs, we continue to strengthen our core strengths in Traditional Chinese Medicine and chemical drugs, expand our presence in blood products, medical devices, and consumer health, and selectively invest in high-potential areas such as vaccines and cell and gene therapies. We continue to enhance innovation capabilities and accelerate new drug development, providing advanced treatment options and strong technological support for public health.

Risks, opportunities, and potential impacts related to research and innovation

Opportunity category	Opportunity description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Innovative drug R&D and technological breakthroughs	China continues to support the innovative development of biomedicine, providing development opportunities for the Company to accelerate the R&D of innovative drugs and to optimize the product structure.	High	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Increased operating income Improved profitability	Increase spending on R&D, optimize R&D pipeline, strengthen industry-university-research collaboration, boost application of R&D achievements and product launch, and drive growth in revenue and profitability.
Digitally empowered R&D	With growing applications of digital technologies such as AI, the Company is provided with new momentum to improve R&D efficiency and innovate R&D model.	High	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Decreased R&D costs Cost structure optimisation	Implement such application scenarios as AI-assisted drug design, optimize R&D processes, and improve R&D efficiency and resource allocation.
Health demand upgrade	Aging population and prevalent chronic diseases leave much room for the Company to transform innovative achievements and expand the health service market.	High	Medium-term Long-term	Own operations Downstream of value chain	Expansion of business operations Increased operating income	Transform innovative achievements, promote products, improve the patient service and health management system, enhance product and service supply capacity.

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Technology R&D	Pharmaceutical R&D is characterized by long cycles, high investment, and inherent uncertainty in success rates. The modernization of classic famous prescriptions involves complex analysis of the material basis of efficacy. Furthermore, cutting-edge fields such as synthetic biology and anti-tumor technologies present high R&D difficulty, which may lead to delays in progress or outcomes that fall short of expectations.	Medium	Medium-term Long-term	Own operations	Increase in R&D investment	Focus on clinical needs to drive R&D planning, leverage State Key Laboratories and academic institutions for joint research breakthroughs, while strengthening technology platforms and full-process project management to boost R&D efficiency and success rates
Policy and regulation	Regulatory oversight in the pharmaceutical industry continues to intensify. Potential adjustments in TCM quality standards, drug review and approval processes, medical insurance reimbursement, and volume-based procurement (VBP) policies may impact R&D directions, product launch schedules, and market demand.	Medium	Medium-term	Own operations Downstream of value chain	Operating income fluctuation	Continuously track changes in national pharmaceutical regulations and industry standards, strengthen policy research and compliance management to proactively evaluate R&D directions and registration strategies, ensuring high alignment with the evolving regulatory environment
Market competition	Competition in the pharmaceutical and healthcare product markets is becoming increasingly fierce. Certain consumer health and wellness products face risks of homogenized competition. The progress of new product R&D and the effectiveness of market promotion may affect product competitiveness and overall market performance.	Medium	Medium-term	Own operations Downstream of value chain	Operating income and market share fluctuations	Focus on niche health needs to develop differentiated products, optimize product portfolios and technical routes to consistently enhance innovation capabilities and market competitiveness
Technology ethics and compliance	Pharmaceutical R&D involves stages such as clinical trials, animal testing, and supply chain management. It requires strict adherence to protection of subjects' rights, animal welfare, and bioethics norms. Improper management in these areas could lead to compliance and reputational risks.	Low	Short-term Medium-term	Own operations	Increased operating costs Declined reputation	Strictly comply with bioethics and relevant laws and regulations, refine ethical review mechanisms and supplier management systems to strengthen compliance oversight throughout the R&D lifecycle

Risk management

We remain attentive to the uncertainties in technology, policy, market, and talent related to R&D activities. By strengthening R&D risk management through scientific research planning, project management, and technology platforms, we continue to enhance our innovation capabilities.

Industry-university-research collaborative innovation

The Company continues to strengthen industry-university-research collaboration through multi-level partnerships with universities, research institutions, and industry partners, building an open and collaborative innovation ecosystem by integrating R&D resources. Focusing on major disease treatment, innovative drug development, and TCM modernization, CR Pharmaceutical promotes the translation of research outcomes into industrial applications.

CR Pharmaceutica

- Collaborated with Nano and Advanced Materials Institute (NAMI) to conduct the optimization and evaluation of Palbocidib nano-formulations for the treatment of Alzheimer's disease
- Partnered with Fudan University to advance the development of new indications based on Palbocidib micelles
- Assisted the Hong Kong University of Science and Technology (HKUST) in securing funding from the "RAISE+ Scheme" (Research, Academic and Industry Sectors One-plus Scheme) of the HKSAR Government for its cervical cancer small-molecule innovative drug project, promoting collaborative innovation and technology transfer

CR Sanjiu

- Co-established the "Zhengzhou University-CR Sanjiu Innovative Drug Research Institute" with Zhengzhou University, partnered with multiple industry institutions to initiate the "Beijing Future Pharmaceutical Industry Chain Research Institute", promoting synergetic innovation across the entire industry chain

CR Double-Crane

- Collaborated with Rigema Therapeutics to develop innovative siRNA drugs targeting chronic metabolic diseases
- Co-established a Graduate Practice Base with the Institute of Microbiology of the Chinese Academy of Sciences (IMCAS)

Dong-E-E-Jiao

- Established the "Dong-E-E-Jiao Qi and Blood Theory Research Innovation Alliance" in collaboration with institutions such as the China Academy of Chinese Medical Sciences (CACMS)
- Partnered with Tianjin University of Traditional Chinese Medicine, Beijing University of Chinese Medicine, and Shanghai University of Traditional Chinese Medicine to promote the coordinated development of TCM theory research and industrial applications

CR Biopharmaceutical

- Co-established a cerebrovascular disease pharmaceutical and medical device R&D platform with Beijing Tiantan Hospital, Capital Medical University, to promote collaborative innovation across basic research, technology development, and industrial application

National and provincial scientific and technological qualifications

National qualifications

- CR Sanjiu, CR Jiangzhong:** State Key Laboratory for the Innovation and Development of Classical Formulae and Modern Traditional Chinese Medicine
- NIP Pharm, Nigale Biotechnology:** National SRDI "Little Giant" Enterprise
- KPC Pharmaceuticals, Inc.:** Key research laboratory for sustainable utilization of Panax Notoginseng resources
- Tasly Pharma:** International science and technology cooperation base for innovative traditional Chinese medicine

Provincial and ministerial qualifications

- CR Sanjiu:** Jointly initiated the "Beijing Future Pharmaceutical Industry Chain Research Institute" with over 20 organizations, including the China Pharmaceutical Enterprises Association
- KPC Pharmaceuticals, Inc.:** Yunnan Provincial Manufacturing Innovation Center for Small Molecule Drugs in Cerebrovascular Fields, Yunnan Provincial R&D and innovation team for Artemether series products
- Dong-E-E-Jiao:** China Light Industry Key Laboratory of Collagen

Co-established joint innovation centers / joint laboratories

- CR Double-Crane:** Approved as the Beijing Key Laboratory of Recombinant Protein Synthetic Biomanufacturing in collaboration with Tsinghua University
- CR Jiangzhong:** Established a classic famous prescription innovation consortium with Shanghai University of TCM
- Dong-E-E-Jiao:** Founded the "Dong-E-E-Jiao Qi and Blood Theory Research Innovation Alliance" in collaboration with 8 institutions, including the China Academy of Chinese Medical Sciences



CR Pharmaceutical signed cooperation agreement with Nano and Advanced Materials Institute (NAMI)

In August 2025, CR Pharmaceutical and Nano and Advanced Materials Institute (NAMI) signed a cooperation agreement in Hong Kong for the "Nanodelivery Optimization Project of Palbociclib for the Treatment of Alzheimer's Disease". Driven by the clinical needs of Alzheimer's disease and leveraging their respective strengths in biopharmaceuticals and advanced materials, the two parties collaborate on nano-drug delivery technology to promote the translation of research into clinical applications. The collaboration integrates industrial and research resources to explore innovative therapeutic approaches, support research in neurodegenerative diseases, and contribute to Hong Kong's biomedical innovation ecosystem and the commercialization of research outcomes.

Scientific research ethics and clinical research management

CR Pharmaceutical consistently prioritizes human dignity and research responsibility, integrating ethical requirements throughout the entire innovation and R&D process. The Company strictly adheres 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*, ensuring the compliance, regulation, and scientific integrity of our research activities. In R&D management, the Company focuses on research involving human subjects, laboratory animals, and sensitive data. By establishing ethical review mechanisms, refining institutional norms, and strengthening process supervision, the Company promotes the coordinated development of technological innovation and ethical responsibility.

In terms of laboratory animal ethical management, we implement the principles of the 3Rs (Replacement, Reduction, and Refinement). By establishing Institutional Animal Care and Use Committees (IACUC) or relevant regulatory mechanisms, we exercise full-process ethical management over protocol approval prior to experiments, supervision during the process,

and evaluation of results to ensure that experimental activities meet the requirements of scientific research and animal welfare. Experimental work is typically conducted with or entrusted to qualified institutions. Partners are required to comply with Good Laboratory Practice (GLP) and other relevant norms, as well as the technical guidelines issued by the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), to ensure the quality and reliability of the experimental process.

In terms of clinical research ethics, the Company has established subject protection and informed consent management procedures in accordance with GCP requirements, conducting ethical reviews and compliance management for projects involving human research. In the event of serious adverse reactions or non-compliance incidents, the Company will promptly report and activate emergency response mechanisms to fully safeguard the safety and legal rights of subjects.

Additionally, we continue to strengthen ethical awareness and compliance capabilities among R&D personnel through ongoing ethics training and capability building. We have also established governance frameworks for AI and digital R&D to align technological applications with ethical standards and support responsible innovation, providing a robust ethical foundation for scientific innovation.

Safeguarding health through innovation

CR Pharmaceutical continues to advance innovation and the commercialization of research outcomes. Focusing on biopharmaceuticals, TCM innovation, and high-end formulations, the Company develops more effective pharmaceutical products and treatment solutions for disease prevention and control, consistently safeguarding patient health.



Biopharmaceutical innovation

- CR Biopharmaceutical actively explores the application of artificial intelligence in drug R&D. Its AI-enabled scenario of "Innovative Antibody Drug R&D in Biopharmaceuticals" was selected as one of the first batches of strategic high-value AI scenarios for central enterprises by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).
- CR Boya-Bio obtained marketing authorization (production registration approval) for its 10% Intravenous Immunoglobulin (IVIG) and Human Tetanus Immunoglobulin projects. Additionally, its Subcutaneous Immunoglobulin (SCIG) project received Clinical Trial Authorization (CTA) and has entered the clinical trial phase.



TCM innovation

- Dong-E-E-Jiao conducted systematic research on the pharmacological basis of E-Jiao and identified, for the first time, bioactive peptides with hematopoietic activity in authentic E-Jiao. The results were published in *Collagen and Leather* and supported the inclusion of relevant standards in the *2025 Edition of the Pharmacopoeia*.
- CR Jiangzhong participated in the project "Construction and Application of the Key Technological System for the Industrialization of Volatile Oils from Aromatic Traditional Chinese Medicine", which was awarded the First Prize of the Jiangxi Provincial Science and Technology Progress Award.



R&D of innovative drugs and high-end formulation

- CR Double-Crane expanded into the treatment field of Pediatric Attention Deficit Hyperactivity Disorder (ADHD) and obtained a license for Class 1 psychotropic substances, and secured the exclusive nationwide agency rights for HICARA®, a CAR-T cell therapy product.
- CR Sanjiu, in collaboration with the team led by Academician Zhang Boli of the Chinese Academy of Engineering, developed the Yiqi Qingfei Granules. It has become the first innovative TCM drug officially approved by the National Medical Products Administration (NMPA) specifically for the treatment of convalescent symptoms of respiratory infections.



Dong-E-E-Jiao's latest R&D achievement featured on the back cover of *Collagen and Leather*

In May 2025, the E-Jiao Pharmaceutical Research Institute of Dong-E-E-Jiao, in collaboration with Professor Huang Yaqin's team from Beijing University of Chemical Technology, made a breakthrough in the research of the material basis and analytical methods for the hematopoietic (blood-supplementing) efficacy of Ejiao. The research identified a new hematopoietic bioactive peptide-E-Jiao Hematopoietic Peptide I-1—from the primary components of Ejiao for the first time, and established a specific analytical method for quantifying Type I collagen in Ejiao. These advances elucidate the mechanism underlying Ejiao's blood-nourishing effects and address key challenges, including the previously undefined material basis of Ejiao's core efficacy and the limitations of existing analytical methods in precisely measuring major collagen types and active ingredient levels. These research findings provide a new approach to identifying the bioactive components underlying Ejiao's hematopoietic effects and enhancing its quality control and evaluations. The results were published on the back cover of the *Collagen and Leather*.



Launch of Yiqi Qingfei granules drives the modernization of classic famous prescriptions

In January 2025, the National Medical Products Administration approved the marketing of Yiqi Qingfei Granules, jointly developed by CR Sanjiu and the team led by Academician Zhang Boli of the Chinese Academy of Engineering. Derived from the "Qingjin Yiqi Formula" proposed by Academician Zhang Boli in 2020, the product was developed based on extensive clinical use as a hospital preparation. CR Sanjiu, in collaboration with multiple medical institutions, conducted a multicenter, randomized, double-blind, parallel-controlled clinical study to systematically verify its safety and efficacy. The research results demonstrated that Yiqi Qingfei Granules effectively alleviate symptoms such as fatigue, shortness of breath, and dry cough with minimal sputum in patients during the convalescence phase of respiratory infections, providing a new therapeutic option. This achievement exemplifies the translational application value of TCM classic famous prescriptions within the modern medical system. Leveraging its technology platforms, CR Sanjiu continues to advance the R&D of classic famous prescriptions, with over 30 classical formulae under development. Several products have already been submitted for registration or launched on the market, driving the inheritance, innovation, and modernization of Traditional Chinese Medicine.

Intellectual property protection

CR Pharmaceutical continue to strengthen intellectual property (IP) protection and compliance management. In accordance with institutional requirements including the *Management Measures for the Management of Intellectual Property Rights*, and the *Implementation Rules for Intellectual Property of R&D Projects*, the Company further improves its IP management system, respecting and protecting third-party rights while safeguarding its own innovations and trade secrets, thereby providing a robust institutional foundation for R&D and business development. At the project initiation stage, freedom-to-operate (FTO) analyses are conducted to identify potential infringement risks and develop appropriate IP protection strategies. During the R&D process, standardized experimental documentation and enhanced records management ensure full traceability, while eligible interim results are promptly secured through patent filings and protection measures. At the commercialization stage, the Company adopts a comprehensive protection approach—combining patent filings, trade secret protection, and regulatory data protection—based on the specific characteristics of the technology, to strengthen the ownership and safeguarding of its innovations. In addition, the Company regularly conducts IP training and knowledge-sharing activities. During the reporting period, no material infringement cases or IP disputes were reported, and the Company has been granted a total of over 5,000 patents.

Empowering innovation through digital intelligence

We actively implement the national "AI+" initiative by deeply integrating AI technologies into key areas such as R&D, manufacturing, quality management, and operations, continuously enhancing the full lifecycle health management experience for patients.

R&D: CR Biopharmaceutical utilizes AI technology to increase antibody-antigen complex modeling accuracy by over 30%, boost antibody drug information search efficiency by over 90%, and reduce the cost of single-step antibody optimization by over 60%. Its "Innovative Antibody Drug R&D Scenario in Biopharmaceuticals" was selected as one of the first batches of strategic high-value AI application scenarios for central enterprises by SASAC.

Manufacturing: The Huali Factory under CR Double-Crane introduced an AI visual inspection system. Combined with deep learning models, the factory achieves millisecond-level identification of defects such as foreign objects, bottle deformation, and filling deviations, with inspection speeds leaping from 20 to 500 bottles per minute.

Quality control: CR Sanjiu has independently developed AI-based machine vision equipment for packaging material dimension inspection, achieving a precision of ±0.01mm and a 9-fold increase in efficiency, while securing both software copyrights and patents. Dong-E-E-Jiao has established a full-chain traceability system based on "one product, one code", supported by real-time analytics and early warning mechanisms, reducing customer complaints by 16%.

User: CR Double-Crane launched the Crane-Care chronic disease management platform, providing personalized support across medication guidance, health management, and follow-up services to enhance the patient experience. From March until the end of the reporting period, the platform has been promoted across nearly 100 hospitals in 10 provinces, reaching 1,912 registered patients and over 200 medical professionals across 43 hospitals.

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: nearly 4,000
Enhance independent R&D capabilities	New patent applications: 268
	New patent granted: 345
	Cumulative patent grants exceeded 5,000.
	Projects under development: 400

Industry Collaboration

We actively engage in industry governance and standard formulation, and continue to promote the standardization and high-quality development of the pharmaceutical industry by participating in the formulation of national and industry standards, industry association activities, and the construction of industry exchange platforms.

Standard formulation

CR Pharmaceutical vigorously participates in the formulation of national and industry standards, in which the Company transforms its practices and technological innovation achievements into industry rules that can be replicated and popularized, contributing to the standard and high-quality development of the industry.

- As one of the two invited representatives of pharmaceutical companies, CR Double-Crane participated in the closed meeting on the formulation of the *Intelligent Manufacturing - Implementation Guideline for Digital Lean Management*, and led the formulation of relevant management standards in the field of process manufacturing, contributing its wisdom to the digital lean management of the industry.
- CR Jiangzhong participated in the formulation of three national standards, the *Determination of Thiamine, Riboflavin, Pyridoxine, Niacin, Niacinamide and Caffeine in Health Foods*, the *Determination of Pantothenic Acid in Health Foods*, and the *Management-Control Integration Reference Model of Discrete Intelligent Factories and Control*, which all have been released to the public.
- Dong-E-E-Jiao promoted the standardization of traditional Chinese medicine by improving the quality standard of donkey-hide glue, and by revising the origin of the pipe fish medicinal materials, which were included in the *Chinese Pharmacopoeia 2025 Edition*.

Industry exchange

The Company continued to strengthen communication with industry associations, research institutes, and industry partners. We actively participate in industry conferences, seminars, and technical exchanges, and work to foster an open, collaborative, and mutually beneficial industry ecosystem.



Dong-E-E-Jiao holds its first technological innovation conference

The first Dong-E-E-Jiao Technological Innovation Conference was held in December 2025. With the theme of "Gathering Wisdom for Breakthroughs, Leading Innovation for Future", the conference highlighted the dual drivers of drugs and health consumables in business layout, and the top-level design of research and development, and clarified the direction and path toward technological innovation. Top scholars and experts from 23 universities and research institutes gathered with Dong-E-E-Jiao to exchange in-depth technologies in cutting-edge fields. Dong-E-E-Jiao will keep inheriting the essence of traditional Chinese medicine, and seeking innovation while maintaining integrity. It will further leverage the industry-university-research collaboration and application, integrate into the global innovation network, address key bottlenecks in key and core technologies, and contribute to industry progress, national strategies, and common well-being with innovation-driven development.



CR Sanjiu's subsidiary KPC Pharmaceuticals Inc. initiates and joins the Yunnan Medicine Technology Alliance

As the sponsoring unit and vice chairman unit, KPC Pharmaceuticals Inc. established and operates the Yunnan Medicine Technology Alliance in August 2025. The alliance brings together 24 universities, research institutes and leading enterprises in Yunnan Province, including Yunnan Provincial Academy of Science and Technology, Yunnan University of Chinese Medicine, Kunming Institute of Botany of Chinese Academy of Sciences, KPC Pharmaceuticals Inc., and Yunnan Baiyao. Under the mechanism of industry-university-research collaboration and application, it brings together the whole industry chain of Chinese herbal medicines to drive technological breakthroughs to empower the standardization and high-quality development of the Yunnan medicine industry. At the same time, by establishing a four-level collaborative innovation system, the group will integrate talent, technology, project and capital resources to break through the bottlenecks restricting industrial development.

Talent Development

To fulfill the long-term talent development targets, CR Pharmaceutical strictly such laws as the *Company Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, and the *Provisions on Prohibiting the Use of Child Labor*, and has formulated such internal regulations as the *Measures for Recruitment and Employment Management*, the *Measures for Occupational Health Management*, and the *Measures for Training Management*. We continuously protect employee rights and benefits, and improve the talent introduction and independent training system, and have built a diverse, inclusive, and safe ecology and a value-oriented salary and reward mechanism. We endeavor to integrate the talent chain, the industry chain, and the innovation chain to provide solid talent support for high-quality development.

Governance

CR Pharmaceutical's Human Resources Department undertakes organizational construction, official management, talent development, empowerment training, compensation and benefits, performance management, and other related work. Corresponding management systems and mechanisms have been established in each subsidiary. Employee health and safety is undertaken by the Environmental Health and Safety and Quality Management Department.

The Human Resources Department continues to improve employee functions, and regularly establishes, revises and abandons internal management systems, and continuously supervises and implements the talent strategy of the 14th Five-Year Plan. It strengthens organizational construction and work teams through special training and visits and studies by external enterprises, consolidates basic services, and ensures the reasonable allocation of the Company's talent resources.

The Environmental Health and Safety and Quality Management Department has established a sound occupational health and safety management system and an organizational system composed of EHS Committee, EHS Management Office, EHS Department, and safety officers, which together promote the implementation of systems, implement annual key tasks and occupational health and safety targets, carry out risk investigation and control, organize safety cultural building activities and capacity improvement training, promote the efficient integration of safety management systems of newly acquired enterprises, and ensure the safety of major events and the occupational health of employees.



Human Resources Work Conference and Professional Empowerment Training Program

In July 2025, CR Pharmaceutical held the Human Resources Work Conference, and launched the Professional Empowerment Training Program. The program lasted for three days, covering more than 100 people online and offline. The professionals of the headquarters interpreted the human resources systems and policies, the benchmarking units shared their experience in organizational remodeling and talent team building, industry experts taught work skills and structured thinking methodology, and the trainees discussed practical problems in groups. The professional quality and performance of the organization officials have significantly improved.



Strategy

CR Pharmaceutical has formulated corresponding talent development strategies, which focus on organizational remodeling, talent introduction and cultivation, incentive mechanism improvement, etc. The Company strives to improve the hierarchical structure of its talent teams, improve the overall mechanism for talent management incorporating talent selection, education, employment, retention, and retirement, promote the mutual growth between the Company and employees, and gather talent strength for its long-term development.

The Company implements full-coverage, penetrating oversight, investigation, and rectification of potential risks, protects the physical and mental health of employees, and fosters distinctive safety culture, etc. We aim to empower our operation and management, and comprehensively manage and control various occupational health and workplace safety risks.

Risks, opportunities, and potential impacts related to human resources

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Operation risk	The imbalance between employee skill structure and ability level and the development needs of the Company, and the lack of talents in core and key positions, may affect the operational efficiency and cause the loss of market resources.	Low	Medium-term Long-term	Own operations Downstream of value chain	Increased operating costs	Build stronger key talent teams, cultivate high-performing talents, and ensure the market competitiveness of the Company.
Safety risk	The lack of effective management systems and measures, and potential safety accidents threatening the life, health, and safety of employees, may bring legal penalties.	Low	Short-term Medium-term	Own operations	Increased compliance costs	Enhance the occupational health awareness of employees, encourage them to report hidden dangers, conduct regular safety training and hidden danger investigation, improve emergency plans, and organize emergency drills.
Compliance risk	The insufficient protection of employee rights, and non-transparent talent selection, education, employment, and retention, may lead to employee complaints, regulatory penalties, labor disputes, and higher brain drain rate.	Low	Short-term Medium-term Long-term	Own operations Downstream of value chain	Increased compliance costs	Constantly improve the human resources management system, standardize the employee management mechanism, and strengthen the early warning and communication mechanism.

Opportunity category	Opportunity description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Reputation opportunity	Good reputation enhances attraction of talents, provides a solid talent base for the innovation and development of the Company, and further enhances its productivity and brand image.	Medium	Medium-term Long-term	Upstream of value chain Own operations Downstream of value chain	Decreased recruitment costs Increased long-term profits	Leverage CR Group's resources, create an equal, inclusive, diverse, healthy, and safe working environment, provide employees with comprehensive learning and growth opportunities, and enhance the brand image.

Risk management

CR Pharmaceutical continues to reform its organization by gathering forces, overcoming challenges, and seeking breakthroughs. We also constantly improve our official and talent teams, reform the compensation and incentive system, optimize high-level talent training mechanism, and build an inclusive and resilient talent ecology, serving a paradigm for high-quality development of the industry.

By the end of 2025

Total number of employees **84,111**

New employment **8,835**

Number of employees with disabilities
482

Number of people from ethnic minorities employed **4,724**

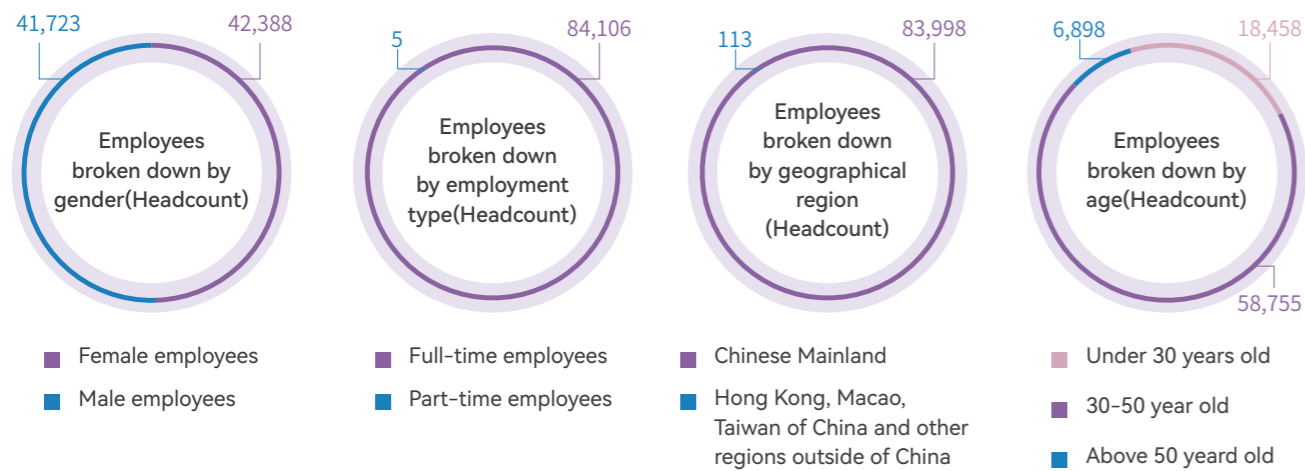
Labor contract signing rate **100%**

Social insurance coverage **100%**

Employee welfare coverage **100%**

Employee turnover rate **10.87%**

Rate of new employee hires **10.50%**



Rate of new employee hires broken down by gender (Unit: %)

Male employees	5.23
Female employees	5.27

Rate of new employee hires broken down by age (Unit: %)

Under 30 years old	5.95
30-50 year old	4.43
Above 50 year old	0.12

Rate of new employee hires broken down by geographical region (Unit: %)

Chinese Mainland	10.42
Hong Kong, Macao, Taiwan of China and other regions outside of China	0.08

Employee turnover rate broken down by gender (Unit: %)

Male employees	11.03
Female employees	10.71

Employee turnover rate broken down by age (Unit: %)

Under 30 years old	18.40
30-50 year old	8.55
Above 50 year old	10.34

Employee turnover rate broken down by geographical region (Unit: %)

Chinese Mainland	10.78
Hong Kong, Macao, Taiwan of China and other regions outside of China	64.23

Equal employment

We strictly abide by the *International Covenants on Human Rights*, the *Universal Declaration of Human Rights*, and other international labor standards. Following the principles of social publicity, open recruitment, fair competition, and merit-based employment, we promise to strictly prohibit any discrimination or standard differences caused by age, education, race, ethnicity, religion, cultural background or other differences in employment, training, promotion or retirement. It is strictly prohibited to deny equal employment opportunities on the grounds of gender, except for positions where the policy clearly stipulates that they are not suitable for women. It is clearly stipulated that the recruitment information is true and valid, the employment conditions such as job responsibilities and qualifications are accurate and specific, and the employee files and personnel information are strictly confidential. Any forms of child labor, forced labor, harassment, or abuse are prohibited. Pre-employment background investigation is organized, a mechanism for handling employment violations is established, employee information is verified in accordance with law, employment self-inspection is regularly organized, and once any violations are discovered, timely rectification, accountability, and compensation are made in accordance with law. We have built a unified recruitment platform to share talent resources. Combining traditional and digital publicity channels, we prioritize cooperation with double first-class universities and key pharmaceutical colleges and universities, and carry out campus job fairs and online and offline social recruitment activities to consolidate our brand image.

Compensation and benefits

We have improved our remuneration and incentive mechanism, implemented the wage determination mechanism featuring "one adaptation and two linkages", and we uphold the guidance of "standardization, incentive, and inclination" and the principle of "strategic matching, value orientation, internal fairness, stability and order". On this ground, we have set up a leading group for remuneration management to promote the remuneration optimization project, and build a reasonably distributed remuneration system. We continue to promote refined management, strengthen dynamic monitoring of labor costs, and increase the total remuneration to skilled talents, industry workers, employees at production lines, and research talents, to ensure that the remuneration to core positions are competitive and attractive in the market. We constantly strengthen information management, and have built an all-inclusive remuneration management information system with the features of data accuracy, real-time operation, top-down connection, and integrated empowerment, contributing to the standard collection of remuneration information.

We continue to improve the employee welfare system, provide all employees with regular non-salary benefits such as social insurance and housing provident fund, and with additional welfares such as child insurance, self-selected commercial insurance, enterprise annuity, settlement support for fresh graduates, work and residence permit processing, tax planning, etc. Furthermore, we also ensure

employees' legal vacation rights and provide paid annual leave, parental leave, maternity leave, and multiple festival benefits.

We strictly implement the *Measures for Performance Management*, which apply to employees of the Hong Kong Division and fund personnel. We have strengthened the comprehensive evaluation of management officials, covering the management teams of the headquarters and subsidiaries. Through online evaluation and on-site interviews, we aim to motivate them through rewarding performance appraisal. We have strengthened performance appraisals for all staff, adopted variable performance-based appraisal methods for different categories of talents, and we linked annual bonuses to employee performance appraisal results, and gradually increased the proportion of variable salaries. We have established a strategic and performance-oriented medium- and long-term incentive restraint mechanism, improved 18 types of medium- and long-term incentive policy tools covering three categories, including cash, equity, and sale of equity, and have adopted the "one enterprise, one policy" approach to carry out the subsidiary equity incentive plan. In 2025, Dong-E-E-Jiao Phase I Restricted Stock Incentive Plan was approved by the State-owned Asset Supervision and Administration Commission of the State Council, and was implemented since then. Specifically, our backbone researchers and skilled talents account for over 50%.

Employee communication and democratic management

In accordance with the *Trade Union Law of the People's Republic of China*, we have established trade unions at all levels, and we support grass-roots trade unions to build their own regulations, and carry out democratic elections and fund audits. We hold regular Workers' Congresses to review various regulations concerning the vital interests of employees and signed collective labor contracts and special agreements for the protection of special interests of female employees, effectively safeguarding employees' lawful rights and interests. To deepen democratic communication, we have launched the employee voice platform "Warm Care", where employees can engage in internal communication, exchange ideas, and file complaints. We also regularly organize interviews, questionnaires, and other activities to listen to employees opinions and accurately respond to their expectations and demands, satisfying their sense of belonging. In 2025, we promptly dealt with over 50 employee complaints, collected nearly 5,000 reasonable suggestions and brought them into action, and organized over 160,000 people to participate in staff cultural activities.

Employee training and development

We always uphold the development philosophy that "talent is the primary resource". We have systematically established a dual-channel position system featuring both management and professional tracks, and we strive to build a talent development ecosystem that allows horizontal mobility and vertical promotion. We have deepened the selection, assessment, and oversight of officials, achieved breakthroughs in the current talent development model, and effectively broadened the career development space for employees.

Scientific and technical personnel team

We intensified applications for talent titles and awards, and actively participated in national, provincial, and municipal talent programs and initiatives. We explored new models for the introduction of scientific and technical personnel, driven by the dual wheels of "targeted classification" and "channel innovation", and strengthened cooperation with industry associations, research institutes and other organizations both overseas and in mainland China. We fully implemented the national pilot program for the reform of master's and doctoral education in engineering, and further deepened industry-university-research collaborative innovation by focusing on three key areas: improving training quality, increasing enrollment efficiency, and standardizing processes.

Hong Kong talent team

Consistent with the strategic requirements for Hong Kong's development, we advanced the recruitment of Hong Kong talents. We held the 2026 CR Group Hong Kong Campus Job Fair. On behalf of CR Group, we attended the Tsinghua University session of the 2026 "Youth Wings" Campus Job Fair organized by the Hong Kong Chinese Enterprises Association.

Skilled talent team

The headquarters focuses on policy management and institutional support, while subsidiaries undertake frontline operations. We established diversified development channels, launched training and empowerment programs, and organized the inaugural "CR Pharmaceutical Excellent Craftsman" selection to vigorously promote the spirit of model workers and craftsmanship. In accordance with the "new eight-grade worker" system, we classified vocational skill levels, and launched the skilled talent pool and data governance.

Talent development channel

We improved the position management system, formulated the *Qualification Standards for Professions*, standardized the competency requirements for positions, and ensured objectivity and fairness in career promotion. We completed the annual profession certification, effectively filled talent gaps in key positions, and formed a reasonably structured and dynamically adjusted talent team layout.

We have been practicing the learning philosophy of "Inspiring Pharmaceutical Science through Wisdom, Empowering Futures of Industries". We formulated the *Training Management Measures*, and clarified responsibilities, planning management, organization management, cost and budget management, resource management, file management, etc. We strive for systematic, orderly, and efficient training work, promoting the development of management talents, scientific and technological talents, and reserve talents. Focusing on various talent teams, we strive to build a learning organization and establish a hierarchical and categorized training system. We have launched a themed training series for outstanding young officials, implemented a special development initiative for fresh graduate management trainees, and carried out a series of general training programs for all employees. We provide special training for all employees, including cybersecurity education, AI application capability, etc., to promote their personal growth and performance improvement.



Total training proportion (%)

98.7



Total number of trainees (person-times)

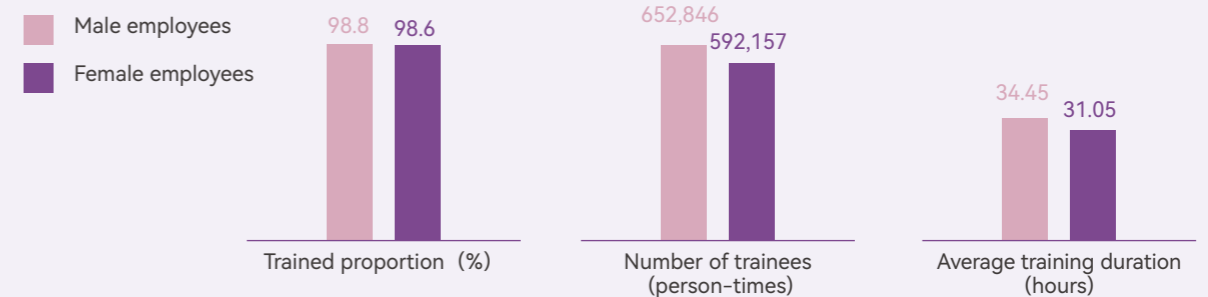
1,245,003



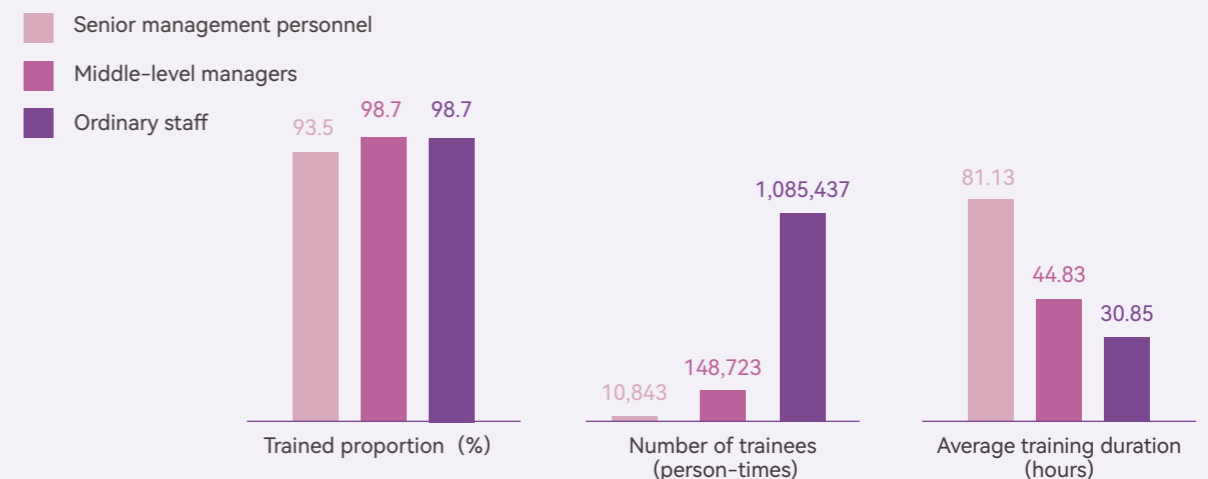
Total average training duration (hours)

33.02 hours /people

Trained employees broken down by gender



Trained employees broken down by employee category



Graduate/Apprenticeship Program

In response to CR Group's Apprenticeship Program, CR Pharmaceutical launched the Graduate Program for headquarters management trainees. To enhance their professional and business literacy, we assigned business and human resources tutors to carry out one-year rotation training and professional practices in stages. Through centralized empowerment, online learning, rotation experience, tutor teaching, action topics, and other items, we helped management trainees quickly grow from students to professionals.

Joint training programs for masters and doctors in engineering

CR Pharmaceutical invited Tsinghua University, Fudan University, Chongqing University, Sichuan University, and other universities to carry out joint training programs for masters and doctors in engineering. We applied actual research and development projects to students practical assignments, achieved accurate linkage between talent training and enterprise needs, and injected sustainability into research and development innovation.

Hong Kong-Mainland exchange

CR Pharmaceutical organized the "Hong Kong Youth in Dong-E-E-Jiao" exchange. The exchange showcased the enterprise spirit, product introduction and overseas business of Dong-E-E-Jiao, adopted the store workshop experience mode, and set up online courses with immersive learning experience to deepen Hong Kong youths understanding of Ejiao culture, achieving mutual support, empowerment, and multi-party benefits.

Education support

To satisfy the needs of employees for higher education, Dong-E-E-Jiao jointly carried out training programs for master's and doctoral degrees in engineering with Northwest A&F University, China Agricultural University, Jiangnan University, and other universities. One on-the-job key employee was enrolled to study for a doctoral degree. Meanwhile, the company provides financial support for those with such opportunities, and reimburses the joint training tuition fees for employees who have obtained doctoral degrees and have signed service agreements with their units.

Occupational health and safety

To consolidate the main responsibility of safety, we have established a working mechanism of "dedicated personnel, line coordination, and appointed guidance", built a seven-dimensional top-down occupational health and safety management system, including organization, system, target responsibility, risk, supervision and culture, and we promoted the management team to lead hidden danger investigation in the front line. We empowered safe risk management tools with digital technologies, optimized the PEPSI system, and improved such functions as inspection activity management, dual prevention mechanism, relevant party management, and hazardous operation permit. We fostered various safety cultures, enhanced emergency response capacities, and carried out occupational health protection activities to provide employees with a comfortable and safe working environment.

Workplace safety management

We promoted four special safety investigation and rectification actions, including the three-year campaign for workplace safe, the "Thunder Action", the special campaign against workplace safety violations, and the relevant party management campaign. We investigated a total of 530 hidden dangers, and controlled all kinds of safety risks by rectifying typical problems and hidden dangers. We guaranteed the safety of the comprehensive renovation and construction projects at NIP Pharmin and in the old residential areas of retired official service centers, and investigated and rectified major fire risks in high-rise buildings. In addition, we carried out Workplace Safety Month during which we organized special operation safety technology competition, safety knowledge quiz, emergency drills, and other activities.

Occupational health management

We launched the Occupational Disease Prevention and Control Law Week and held special training on this topic for newly merged and acquired enterprises. We carried out monitoring and intervention of occupational health literacy, and completed sampling and information collection of key employee groups exposed to occupational disease hazards such as noise, dust, and chemical hazardous factors. We implemented hierarchical and classified management of occupational health risks, and conducted self-inspection and rectification in accordance with the *2025 National Random Supervision and Inspection Guidelines for Occupational Health and Radiological Health*. We optimized employee physical examination services by introducing a dual-choice model of "hospital + package". We organized first-aid skill training and a themed employee care emergency rescue training program. We monitored the prevalence and prevention of epidemics such as chikungunya fever and influenza, and issued special health publications. A series of activities were held, including mental health assessments, mental health lectures, health knowledge quizzes, and BMI compliance selection.



Team emergency skills competition



Emergency response training at CR Jiangzhong



Mental health support at CR Double-Crane



Work safety training at CR Sanjiu

Employee care

We upgraded and renovated the staff activity room, building a modern "Staff Home" that integrates fitness and stress relief, learning and communication, and warm rest. We continuously carry out such activities as "ending warmth", assistance and consolation, and visit to retired officials, and we regularly conduct regular employee satisfaction surveys and organize a variety of cultural and sports activities to balance employees work and life and enhance their senses of satisfaction and belonging. During the reporting period, employee satisfaction at CR Sanjiu, CR Jiangzhong, Dong-E-E-Jiao, CR Boya Bio-pharmaceutical, CR Biopharmaceutical all exceeded 80%.

- CR Pharma Commercial has established a number of staff service brands to cultivate a harmonious atmosphere.
- CR Sanjiu organized a variety of cultural and sports activities, including the Spring Festival series events, Dragon Boat Festival and Mid-Autumn Festival garden parties, family open days, and youth social events. It also carried out sports activities such as basketball, football, badminton, volleyball, hiking, fitness, yoga, dance, etc.
- CR Jiangzhong organized various consolation activities. It regularly provides festival care during the Mid-Autumn Festival, Spring Festival, Dragon Boat Festival, and other holidays, and pays regular visits to frontline staff, retired employees, employees with serious illnesses, and registered needy employees.



CR Pharmaceutical celebrates the International Women's Day

CR Pharmaceutical held a series of themed events to celebrate the 2025 International Women's Day. We organized an expert lecture to interpret important theories and share exemplary deeds of outstanding women in the history. We also launched a Hanfu experience activity, which included Chinese-style tea tasting, learning about traditional Chinese medicine and Hanfu cultures, as well as sachet making and Hanfu dress-up experiences. These activities provided gentle comfort to female employees amid their busy work.

Metrics and targets

Target	Progress
Equal employment	No child labor, forced labor, harassment and abuse occurred.
	Continuously carry out diversified employee training to promote career development. The total investment in training is RMB 50.602 million.
Democratic management	More than 300 independent trade unions. The employee union membership rate reached 93.4%, and more than 500 employees' representative meetings were held throughout the year.
Health and safety	In 2025, 10 subsidiaries were newly certified by the ISO 45001:2018 Occupational Health and Safety Management System, bringing the total to 92.
	The cumulative number of health enterprises evaluated: 25 The cumulative number of safety standardizations passed: 90
	Employee health examination coverage and safety training coverage both reached 100%.
	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%.

Corporate Philanthropy

CR Pharmaceutical actively responds to the national rural vitalization strategy and the Healthy China initiative. Leveraging its strengths in the pharmaceutical and healthcare industry, the Company continues to advance the CR Healthy Rural Public Welfare Project. Through multiple measures such as medical assistance, health services, health education and industrial collaboration, we have been extending high-quality medical resources to the grassroots level, improving rural medical and health conditions and service capacity, and helping to build a sustainability model for healthy countrysides. By the end of 2025, we had assisted the construction of 75 village clinics, trained over 3,800 managers of primary-level hospitals, and carried out more than 1,000 health mutual assistance activities.

Supporting rural vitalization

Relying on the advantages of the pharmaceutical and health industry and CR Group's overall effort in targeted assistance, we have established a rural vitalization model featuring "industry + health + public welfare" to improve the level of medical services and industrial development capabilities in rural areas, contributing to rural sustainability and common prosperity.



Medical assistance

To improve healthcare at primary level capability, we continue with the projects to assist county medical institutions and to train grass-roots doctors. The Company has worked with a number of medical institutions and industry organizations to carry out training courses for primary-level doctors and to improve hospital management capabilities, helping primary medical institutions improve their diagnosis and treatment services. Meanwhile, the Company assisted in the construction of village clinics in various regions, improved the healthcare services at primary level, and provided more convenient basic medical and health services for rural residents.



Health services

We continuously carry out public welfare actions such as free health clinics, drug donation, and medical consultation, delivering high-quality medical services to rural areas. During the reporting period, the Company distributed commonly used medicines to rural families, and organized health consultations and free clinic activities to provide convenient medical and health services to people in need, improving the accessibility of medical services in rural areas.



Health education

We innovatively developed a health governance model for the primary level. Through health literacy improvement activities and the practice of "village health mutual assistance group", we encouraged villagers to participate in health management. Through health knowledge training, chronic disease management, and health mutual assistance activities, we enhanced the health awareness and self-health management ability of grass-roots people, and formed a new model of grass-roots health co-governance and sharing.



Industrial vitalization

By supporting the cultivation of Chinese herbal medicines and the development of distinctive industries, we promoted the industrial development and increased farmers income.

Industrial assistance empowers rural vitalization

Relying on CR Hope Town and the advantages of traditional China medicine industry, CR Sanjiu actively explored the coordinated development path between industrial assistance and rural vitalization. In the CR Hope Town in Jinzhai, Anhui, the Company has supported the development of a 226-mu wild chrysanthemum demonstration base and a 170-mu kiwifruit demonstration orchard. Through a collective contracting model, local farmers are engaged in cultivation and maintenance. Meanwhile, a traditional Chinese medicine processing facility has been put into operation and leased by CR Sanjiu, with annual rental income going to the village collective. Through activities such as poria processing, the project also drives local employment and increases farmers' income. In the CR Hope Town in Tonghua, Jilin, the Company has conducted industry research focused on traditional Chinese medicine and specialty cultivation, working with local governments and cooperatives to map out development pathways. By integrating cooperatives into CR Sanjiu's supply chain and providing purchase order support, the Company helps drive the development of the traditional Chinese medicine sector, strengthen collective village economies, and promote sustainable income growth for local farmers.

Supporting healthy communities

We actively fulfill our corporate social responsibilities by delivering professional medical resources and health knowledge to communities and the public through a range of initiatives, including healthcare services, patient education, public health outreach, and social care, promoting health awareness and the rational use of medicines. At the same time, we guide our subsidiaries to develop distinctive public welfare programs aligned with their business strengths, continuously expanding the reach and impact of health-related initiatives, and helping to enhance public health literacy and health management capabilities.

The "CR Medicine" Action

CR Pharma Commercial continues to advance its corporate social responsibility brand initiative, "CR Medicine" Action. Leveraging its nationwide network of subsidiaries, community pharmacies, and DTP pharmacies, the company carries out public welfare activities centered on three key themes: health services, patient education, and social care. Through initiatives such as health lectures, free medical consultations, expired medicine recycling, disease awareness campaigns, and guidance on rational drug use, the company provides accessible health services to community residents and patient groups. At the same time, it extends care to sanitation workers, elderly individuals living alone, and war veterans through outreach visits, volunteer services, and charitable donations, continuously delivering care and compassion.

Carrying forward traditional Chinese medicine culture and protecting public health

In 2025, CR Jiangzhong hosted the Traditional Chinese Medicine Culture Open Day, inviting 26 young participants from 16 universities across the country to explore TCM culture. Through activities such as tours of production and R&D facilities, exchange sessions, and hands-on TCM consultation experiences, the program showcased to young participants how traditional Chinese medicine culture integrates with modern industries, helping them gain deeper insight into its heritage and innovative applications.

Chronic disease prevention and regular health science popularization

CR Double-Crane, through a number of public welfare initiative, continues to advance standard diagnosis and treatment of chronic diseases such as hypertension. Aligned with primary-level healthcare needs, it provides online academic exchanges and clinical guidance to help primary-level doctors enhance their chronic disease management capabilities and reduce patients' medication burden.

Prosperity with Hong Kong communities through medical care and livelihood assistance

CR Pharmaceutical responds to the Government of the Hong Kong Special Administrative Region's call for "Care and Inclusion" by integrating diverse public welfare efforts into community governance in Hong Kong, and demonstrating its ESG commitment to local engagement and grassroots well-being. In youth empowerment, the Company donated HKD 50,000 to support the Renyi Medical Education Program to help medical students in Hong Kong undertake exchange visits to Mainland China and encourage young people there to engage in the country's broader development. The Company also partnered with the Chinese University of Hong Kong to launch the 2nd "Hong Kong Youth Study Tour to Dong-E-E-Jiao", and organized pharmacy workshop experiences based on its new pharmaceutical retail operations in Hong Kong to strengthen cultural identity among young participants. In advancing public health and community benefit, the Company, together with "Run Ai Tong Xing" Charity Foundation, distributed 200 sets of health care supplies to meet grassroots needs with targeted support. We also organized employees to participate in the Hong Kong Kowloon Walk for Millions - Hong Kong Community Chest campaign to demonstrate tangible support for family and child welfare services in Hong Kong.



Dong-E-E-jiao sponsors a support event for cancer patients organised by the Indonesian CISC Cancer Community



KPC Pharmaceuticals Inc. establishes Youyang artemisia industry consortium to support farmers, boost prosperity and promote revitalisation



Total philanthropic contributions
RMB **37.0898** million



Philanthropic programs
54



Participants in voluntary services
5,037



Volunteer service hours
6,017

03

Upholding Sound Governance to Fortify the Foundation of Trust

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Impacts and challenges

The pharmaceutical industry is crucial to public health and life safety. For pharmaceutical enterprises, a strong commitment to integrity, compliance, and business ethics serves as the cornerstone for sound operations, integrity risk prevention, and industry credibility. Faced with challenges such as increasingly stringent regulatory policies, a complex and volatile market environment, and gaps in internal control execution and supervision, enterprises must continuously consolidate the foundation of long-term trust through a comprehensive internal control system and governance mechanisms.

Principles and goals

We uphold the bottom line of compliant operations and high standards of business ethics. By strictly following laws, regulations, and industry norms, we continuously refine our internal control and supervision system, enhance governance transparency and management efficiency, and ensure sound operations within a regulated and effective governance framework. Furthermore, we extend compliance requirements and business ethics across the entire value chain.

Opportunities and outlook

Looking ahead, we will build on higher standards of internal control, compliance, and business ethics, seizing development opportunities brought about by the upgrading of industry governance to strengthen our risk identification and prevention capabilities. We will harness digital and intelligent technologies to strengthen compliance management, boost governance effectiveness and decision-making, and build a more robust and efficient governance system. This strong governance foundation will support the high-quality industrial growth and reflect our commitment to the Healthy China strategy and role in advancing Chinese modernization.

Contribution to the UN Sustainable Development Goals



Benchmark Indexes

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

ESG Reporting Code of SEHK: B5、B7

Corporate Governance

CR Pharmaceutical operates in compliance with 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*, as well as the Company's *Articles of Association*. The Company also regularly reviews the implementation of policies and fully fulfills the information disclosure obligations as a listed company. We continuously enhance our governance capabilities, maintaining steady and positive growth across all operational indicators.

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 2025, we held 1 annual General Meeting of Shareholders, 12 Board meetings, 5 Audit Committee meetings, 5 Remuneration and Appraisal Committee meetings, 5 Nomination Committee meetings, 1 Corporate Governance Committee meeting, and 4 Executive Committee meetings, which all fulfilled and even exceeded the requirements of the Listing Rules or the procedure of given functions.

Enhancing governance capabilities

The Nomination Committee reviews and evaluates the composition of the Board, and examines annually the effectiveness of the Board Diversity Policy and the achievement of measurable objectives. It also makes recommendations to the Board on appointing new directors, ensuring that the Board members have the competencies, skills and experience. So far, there are 12 directors (among them three are female), including three executive directors, five nonexecutive directors and four independent non-executive directors with rich management experience in accounting, medicine, law, strategy, audit and HSE 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.



Further Reading

For more information on policies, responsibilities, and composition of the Board and General Meeting of Shareholders, please refer to the 2025 Annual Report of CR Pharmaceutical or visit our official website <https://www.crpharm.com/gzjg/index.html>

Standardizing governance mechanisms

During the reporting period, the Company completed and released the *Scheme of Decision-making Authorization by the Board of Directors and the Terms of Reference for the Chairman of the Board and the President (CEO)* and the *Terms of Reference for the Executive Committee*, both approved by the Board. We newly formulated the *Detailed Rules for the Secretary of the Board of Directors*, and revised the *Terms of Reference for the Nomination Committee*, the *Terms of Reference for the Audit Committee*, the *Management System for Board Authorization*, and the *Rules of Procedure for the Board of Directors*. These efforts further clarify the roles and responsibilities among governance bodies.

Protecting Investors' rights and interests

The Company attaches great importance to the fair treatment of all shareholders and the protection of their rights and interests. We develop an annual work plan for investor relations (IR) and implement the *Management Measures for Market Value*, the *Detailed Rules for Investor Relations Management*, *Management Measures for Connected Transactions*, and *Measures for Information Disclosure Management* to advance IR management and information disclosure in a systematic and standardized manner. We spearheaded the establishment of an IR synergy mechanism for the pharmaceutical segment of China Resources Group, implementing the *Management Guidelines for Collaborative Work on Board Affairs and Investor Relations*. This has created a combined force in capital market communication regarding joint results releases, joint roadshows, and the sharing of investor and analyst resources. We receive investor visits, phone calls and email consultation. Through channels of annual reports, announcements, news releases, general meetings of shareholders, corporate communications, industry summits, reverse roadshows, joint roadshows and other means, we have built a two-way and efficient investor communication platform. This ensures that investors, especially small and medium-sized investors, timely and accurately know the important information of the Company's strategy, major events, business operations and financial performance. In 2025, we engaged in communications with investors nearly 700 person-times.

Compliance and Internal Control

As a pharmaceutical company committed to safeguarding life and health, legal compliance forms the foundation of sustainable development. CR Pharmaceutical integrates compliance across its operations by strengthening governance, improving processes, enhancing supervision, and fostering a culture of integrity.

Governance

CR Pharmaceutical complies with applicable laws and regulations, including the *Company Law* and the *Basic Norms for Enterprise Internal Control*. In accordance with internal policies including the *Management Measures for Law-based Governance*, *Compliance Management System*, *Guidelines for Compliance Complaints and Reporting Management*, *Conflict of Interest Prevention Measures*, *Anti-Monopoly Management Measures*, *Data Compliance Management Rules*, *Management Measures for Internal Control*, and *Administrative Rules for Overseas Anti-commercial Bribery Compliance*, we standardize legal compliance and risk prevention. In terms of legal compliance and risk management, the Company has established the Law-based Governance, Risk Control, and Compliance Management Committee to oversee system development and implementation. The Legal and Compliance Department is responsible for compliance management, risk and internal control, as well as legal support. The Company conducts an annual assessment of the primary persons responsible for law-based governance, including key executives such as the Chairman and General Manager. Major compliance and risk incidents are incorporated into executive remuneration to strengthen accountability.

In terms of audit supervision, the Audit Committee is responsible for reviewing and overseeing the operation and effectiveness of the risk management and internal control systems, while the Audit Department undertakes audit supervision and accountability for non-compliance. The Company has established a multi-level audit system and implemented policies including the *Internal Audit System*, *Audit Rectification Measures*, *Quality Audit Management Rules*, and *Implementation Measures for Accountability for Non-compliant Operations and Investment*, further strengthening audit supervision and accountability requirements.

Strategy

CR Pharmaceutical advances the implementation of the Three-year Action Plan for Deepening Reform, while maintaining strict compliance with applicable laws and regulations. The Company conducts major risk assessments aligned with its strategy, accelerates the digitalization of audit processes, and improves the application of audit information systems. At the same time, we refine long-term mechanisms for audit rectification and continue to improve accountability systems, operating methods, and approval procedures, thereby enhancing the effectiveness of supervision.

Risks, opportunities, and potential impacts related to compliance and internal control

Risk category	Risk description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Operational risk	A lack of prudent and effective internal control management may lead to low operational efficiency, underutilization of resources, and non-compliance with the latest legal and regulatory requirements.	Low	Short-term Medium-term	Own operations	Increase in compliance costs	Appoint compliance officials to reinforce primary responsibilities and continuously refine the regulatory system, utilize diverse methods, including legal research, risk identification, risk early-warning, and internal control evaluation, to enhance overall risk prevention and control capabilities

Opportunity category	Opportunity description	Likelihood of occurrence	Impact period	Impacted section of value chain	Financial impact	Measures
Reputation opportunity	Maintaining a high level of internal control and compliance helps the Company allocate resources rationally, enhance the trust of customers and investors, and ultimately elevate its corporate reputation.	Medium	Short-term Medium-term	Own operations Downstream of value chain	Growth in brand value and market confidence	Track and inspect the rectification of internal control deficiencies on a quarterly basis, continuously refine the internal control system and internal audit procedures covering all business areas, promote the digitalization of supervision to transform compliance into a "tangible advantage"

Risk management

Enhancing risk prevention and control

We continuously carry out annual major risk assessments, optimize business processes in key risk areas, and reinforce risk control throughout the entire process. In alignment with business needs, the risk inventory is updated and refined to the third-level categories, covering areas such as work safety, product quality and safety, R&D planning, and talent management. The Company performs quarterly tracking and impact analysis of the top ten annual risks, and follows up on the implementation of mitigation measures. 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.

Fostering a compliance culture

Guided by requirements of laws and regulations such as the new *Company Law*, the *Civil Code*, and corporate governance-related provisions, we organized a range of legal awareness and training activities, including *Civil Code* training, National Security Day on April 15, confidentiality law publicity, and Constitution Day campaigns. For nine consecutive years, the Company has published compliance education materials, including 4 issues of *CR Pharmaceutical Law Time* and 12 issues of *Pharmaceutical Legal News*. Five legal and compliance training sessions were conducted, reaching over 200 person-times, covering areas such as compliance system promotion, anti-commercial bribery, anti-monopoly, bidding and procurement, and compliance management for key personnel. Additionally, we issued 5 legal compliance research reports and risk alerts, released the *Key Points of Data Compliance Obligations for Pharmaceutical Enterprises*, and conducted special inspections on the data compliance, further strengthening data compliance management.

Optimizing audit system

The Company's supervisory department conducts a supervision audit for every operational site at least every three years, by means of regular inspection, annual audit and special audit. The audit department reports the audit results to the Board of Directors on a regular basis. We implemented the annual audit plan, focusing on key risk areas and continuing to strengthen internal control system. We have conducted 19 audit engagements, including economic responsibility, marketing, engineering project tracking, and follow-up review of rectification actions in 2025. We have conducted a systematic review of our operations, including tendering and procurement as well as marketing management, to identify key issues and risks and promote compliance within the organisation. We are continuing to drive the digital transformation of our audit processes, having identified and implemented four audit intelligence systems to enhance efficiency through the use of AI technology. In 2025, the audit rectification completion rate reached 100%.

Reinforcing internal control

We revised the *Management Measures for Internal Control of CR Pharmaceutical* to further define organizational responsibilities, introduce requirements for internal control system development and digitalization, as well as refine internal control supervision and evaluation. Supervision and inspection activities were carried out across key areas, including internal control, compliance, finance, sales, operations, engineering construction, R&D, procurement and supply chain, and EHSQ (Environment, Health, Safety, and Quality) management, achieving full coverage of internal control supervision and evaluation over a three-year cycle. In 2025, no material or significant internal control deficiencies were identified, and all general deficiencies have been rectified.

Improving information security

The Company continuously enhances the cybersecurity architecture and implements five key policies, including the *Network Security Management Measures* and the *Data Security Management Standards*. A multi-layered protection system has been established, covering physical, network, application, data, and management layers to safeguard data of suppliers, customers, employees, and other stakeholders from leakage, tampering, damage, or unauthorized access. The Company has developed the *Safety Emergency Response Plan* and the *Cybersecurity Emergency Response Plan*. We regularly inspect the operation of cybersecurity management, technical, and operational systems. Risk assessments, penetration testing, and security audits are conducted, with follow-up on remediation actions. By means of conducting security training, distributing manuals, rolling out scam email test and online examinations, we work to strengthen information security training, enhancing safety awareness and professional skills.

Metrics and targets

Targets	Progress
Legal risk control	Completed annual major risk assessment, with zero major risk accident in 2025
Zero information security accident	No information security incidents occurred during the critical cybersecurity protection period
	100% signing rate of <i>Cybersecurity Responsibility Agreement</i>

Business Ethics

Integrity and ethical conduct are fundamental to brand reputation and market access for pharmaceutical companies. CR Pharmaceutical strengthens integrity awareness among all employees, prevents risks of commercial bribery and non-compliance at source, and leverages the comprehensive supervision system to foster a clean and compliant corporate 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. The Legal and Compliance Department is responsible for identifying and managing risks such as anti-monopoly and anti-unfair competition, while the Discipline Inspection Department carries out inspections and oversight of business ethics, including anti-corruption and anti-commercial bribery, and incorporates integrity performance into the responsibility assessment framework.

The Company implements the *China Resources Group Code of Business Conduct*, with 100% coverage of employees and third-party partners. We have released the *Corporate Compliance Manual* to regulate "dos and don'ts" 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*. We have issued the *Administrative Measures for Anti-Monopoly Management* to strengthen anti-monopoly compliance, especially in areas involving pricing policies and marketing strategies to promote the establishment of effective anti-monopoly management measures.

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 2025, CR Sanjiu has concluded 2 corruption case and the relevant personnel have been handled.

Strategy

CR Pharmaceutical focuses on identifying and effectively managing integrity risks in key areas, critical processes, and key positions. With clear role delineation and robust governance mechanisms, the Company strengthens a comprehensive approach combining strict enforcement, targeted remediation, and effective prevention to advance business ethics.

Risks, opportunities, and potential impacts related to business ethics

Risk type	Risk description	Likelihood of occurrence	Impact cycle	Impacted stages	Financial impact	Mitigation measures
Supervision risk	New and covert forms of corruption are becoming more prevalent and sophisticated, making detection and investigation increasingly difficult. Failure to identify these risks in a timely manner could lead to legal issues, as well as the loss of customers and investors.	Medium	Short-term Medium-term	Upstream of value chain Own operations Downstream of value chain	Damage to brand value and market confidence Decline in revenue and profit	Reinforce primary responsibilities, strengthen precise supervision and collaborative linkage, focus on high-risk areas to conduct look-through and full-process supervision, enhance the integrity awareness of all employees by conducting regular warning education

Opportunity type	Opportunity description	Likelihood of occurrence	Impact cycle	Impacted stages	Financial impact	Mitigation measures
Reputation opportunity	As one of the six future industries with forward-looking strategic layouts, biomanufacturing relies on high-level business ethics standards to attract the trust of potential investors. By maintaining standardized and transparent commercial performance, the Company can shape a solid brand reputation.	Medium	Short-term Medium-term	Own operations Downstream of value chain	Growth in brand value and market confidence	Seize policy opportunities and align closely with strategic deployments, and refine the long-term mechanisms of the comprehensive supervision system to safeguard high-quality compliant development.

Risk management

Strengthening institutional safeguards

- We have further standardized our integrity-based decision-making mechanisms and implemented eight anti-corruption management policies, including 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*.
- We revised the *Administrative Rules for Overseas Anti-commercial Bribery Compliance*, clarifying the compliance requirements for overseas anti-commercial bribery involving third parties. Furthermore, Dong-E-E-Jiao developed the *Integrity Risk Prevention and Control Manual*, and CR Biopharmaceutical conducted full-process risk mapping across innovative drug R&D, comprehensively strengthening the anti-corruption mechanism.
- We have continuously promoted transparent procurement and e-procurement and formulated the *Rules for Supplier Management*. We strengthened blacklist management of suppliers and advanced the development and application of a strategic supplier evaluation system, while improving data connectivity for performance information. To help mitigate corruption risks in the supply chain, all suppliers have signed the integrity and compliance commitment letter, and evaluation personnel are required to sign the integrity documents. We also conducted ongoing procurement supervision and inspections. In 2025, 29 rectification actions were completed, focusing on 5 prominent issues such as raw material bidding and procurement.

Reinforcing risk management

- We integrate integrity risk prevention into the Company's overall risk management system through mechanisms such as hierarchical control, closed-loop rectification, case-by-case governance, and company-wide risk prevention mechanisms. A three-pronged approach—domain-based review, problem-oriented analysis, and case studies—is applied to systematically identify risks. With a focus on high-priority and key risk categories, the Company strengthens continuous monitoring through cross-functional information sharing, targeted rectification initiatives, and follow-up reviews.
- We closely monitor regulatory developments related to anti-commercial bribery, anti-monopoly, and conflicts of interest, with a focus on anti-monopoly and anti-unfair competition risks in newly acquired entities. In collaboration with operations, sales, and other relevant functions, we develop targeted mitigation measures to effectively address these risks.

Strengthening ethical supervision

- We assign compliance officials across key business functions to strengthen oversight of personnel in critical roles, covering areas such as R&D, marketing, procurement, and engineering. Integrity risk assessments are conducted across all operating sites, with ongoing identification of risk points and implementation of targeted prevention measures. We also carried out special reviews on non-compliant investments, shareholdings, and related-party transactions involving key personnel, and ensured timely rectification of identified issues.
- We have developed guidance manuals and process-level policies for key areas of marketing compliance, establishing an overarching framework for marketing compliance management. Targeted supervision initiatives were carried out, with four audit projects focusing on responsible marketing. These audits covered compliance of emerging online marketing models, promotional activities and materials, as well as the design and implementation of internal controls. All due marketing compliance rectification actions were completed, achieving a 100% completion rate.

Standardising 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 and the reporting hotline, and assign special personnel to handle complaints. To protect whistleblowers, we sign the *Confidentiality Commitment* and the *Commitment for Strict Oversight over Discipline Compliance* with all inspectors and impose serious punishments on those who leak the whistleblowers' personal information, use the reporting materials to seek personal interests, or facilitate retaliation against the whistleblowers.

Building a culture of integrity

- We leverage the "Clean CR Pharmaceutical" platform, in coordination with subsidiary integrity initiatives, to promote anti-corruption awareness, publishing 81 articles with over 14,000 views. A range of communication formats, including warning education conference, typical case collections, and educational videos, were used to strengthen integrity awareness, alongside enhanced reminders and spot checks during major holidays.
- We conduct regular ethics training and leverage "Integrity Culture Month" to deliver targeted integrity programs in key areas such as finance and human resources, strengthening accountability for integrity communication at the grassroots level. A total of 13 outreach training sessions were delivered to frontline teams, reaching 1,722 employees.

Metrics and targets

Targets	Progress
Compliance information disclosure	Reports, announcements, and notification letters published on the HKEX: 97
	CR Pharmaceutical and its subsidiaries participate in investor summits: 88 times
	CR Pharmaceutical and its subsidiaries participated in roadshows and investor communication activities: 592 times
Strengthen integrity consciousness	Warning and education conferences held: 28
	Participants in warning education: Over 60,000
	Directors received anti-corruption training: 81
	Total hours of anti-corruption training for directors: 175.5
	Employees received anti-corruption training: Over 140,000
	Total hours of anti-corruption training for employees: Over 170,000

Supplier Management

CR Pharmaceutical upholds the principles of fairness, impartiality, and openness in its partnerships, continuously optimizing the supplier management system to enhance the quality and efficiency of collaboration. By working closely with its partners, the Company is committed to building a stable, efficient, and responsible industry ecosystem.

Enhancing supply chain management

We standardize the full-lifecycle management of suppliers, including access, classification, comprehensive evaluation, supervision and improvement, in accordance with 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 Rules for Supplier Management, and the Integrity Agreement.

Improving management mechanisms

The headquarters formulates development plans for procurement and supply chain, defining key priorities and control areas, while subsidiaries operate under a structure led by Procurement or Supply Chain Management Committees and executed by supply chain functions. Standardized management systems were further enhanced, with subsidiaries implementing requirements such as the *Administrative Rules of Supplier Management*, *Supplier Quality Management Procedures*, *Standard Operating Procedures (SOP) for Supplier Audit*, and *SOP for Supplier Performance Evaluation* to ensure unified and standardized management. Furthermore, subsidiaries including CR Double-Crane, CR Jiangzhong, Dong-E-E-Jiao have launched supplier management systems covering the entire procurement process, utilizing digital technologies to build a supply chain compliance and traceability framework. These efforts effectively promote the standardized supplier management.

Developing organizational capabilities

Internally, we launched the first "One Enterprise, One Policy" specialized action to enhance procurement management, and established the CR Pharma E-Mall (CRPEM) to improve procurement efficiency for R&D-related low-value items. We encouraged procurement personnel to participate in China Resources Group's Supply Chain Management Professional (SCMP) training program. Externally, we strengthened supply chain capability building through supplier on-site audits, engagement and training programs, and the co-construction of demonstration planting bases of raw materials. In 2025, CR Sanjiu provided training to over 6,700 supplier participants, totaling more than 42,000 person-hours of training.

Enhancing supply chain resilience

Subsidiaries have established *Emergency Response Plan for Supplier Management Incidents* to identify potential risks and define response measures. We have identified core materials, critical equipment, and key production supplies, and formulated targeted contingency measures. Strategic suppliers have been designated for major categories. We have intensified sourcing efforts through structured management of strategic supplier evaluation, approval, and application for critical materials. Multiple measures have been implemented, including multi-supplier sourcing, backup supplier pools, regular assessment of alternative suppliers, and differentiated safety stock strategies, to enhance early warning and risk response capabilities across the supply chain. 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).

Building a sustainable supply chain

We integrate supplier access evaluations with on-site audits to reinforce risk identification and control. We encourage suppliers to shift from passive compliance to proactive value creation, fostering closer collaboration across the value chain and supporting sustainable development.

Impact assessment

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 2025, we conducted 2,048 supplier audits and none of them exerted a great negative impact on the environment or society. No zero-tolerance issues such as child labor or forced labor were found.

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 2025, a total of 34,940 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. As a member unit, CR Pharma Commercial and CR Double-Crane participated in the release of the *Initiative for Green Energy Transition in the Pharmaceutical and Healthcare Supply Chain*, working with industry partners to promote energy structure optimization and low-carbon transition across the value chain.

Stable supply

Subsidiaries optimise their warehouse network layout, advance lean logistics operations, establish smart logistics systems, integrate multiple systems to enable end-to-end traceability, and upgrade the level of automation in warehouse operations. They implement integrated transport management, standardise processes and diversify delivery models to ensure the safe and controlled transport of products.

Capability building

Supplier training and regular exchange meetings cover ESG topics such as environmental protection, social responsibility, and human rights, continuously enhancing ESG awareness and capabilities across the supply chain. We also strengthen supplier engagement and extended management, with some raw material suppliers focusing on the oversight of Tier 2 suppliers to further reinforce accountability at the source of responsible supply. In 2025, Dong-E-E-Jiao organized 56 ESG training sessions for suppliers, totaling 164 hours and covering 356 person-times.

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. We treat small and medium-sized enterprises (SMEs) with equality and integrity, applying unified selection criteria based on qualifications, quality, and environmental protection without discrimination by size. Through stable cooperation and timely payments, we maintain strong relationships with local and SME suppliers.

Stable supply



China Resources Group "Big Health" segment debuted at the 3rd China International Supply Chain Expo (CISCE)

In July 2025, CR Sanjiu, Dong-E-E-Jiao, CR Jiangzhong, CR Double-Crane, and CR Pharma Commercial participated in the 3rd CISCE. Centered on the theme "Safeguarding Health Across the Entire Chain, Innovating for a Better Life", the Company showcased its integrated health industry ecosystem through multimedia interactions and core product displays, highlighting the coordinated development across the Traditional Chinese Medicine (TCM), chemical pharmaceuticals, logistics and distribution, and healthcare services.

Appendixes

List of laws, Regulations, and Policies

ESG Index	Relevant laws and regulations	Regulations and rules of CR Pharmaceutical
A1. Emissions	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on Environmental Impact Assessment Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes Water Pollution Prevention and Control Law of the People's Republic of China Atmospheric Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise	Standards and Guidelines for Environmental Protection Inspections Supervision Measures for Energy Conservation and Environmental Protection Management Measures for Energy and Resource Conservation
A2. Use of Resources	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	
A3. Environment and Natural Resources	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)	
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

ESG Index	Relevant laws and regulations	Regulations and rules of CR Pharmaceutical
B5. Supply Chain Management	Company Law of the People's Republic of China 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	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	Management Measures for Research and Development Project Management Guidelines for the Implementation of R&D Project Management Measures (Trial) Management Measures for External Innovation and Cooperation Management Measures for the Science and Technology Commission Management Measures for the Management of Intellectual Property Rights 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 Key Tasks Listed for Deepening Medical System Reform in 2024	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 Rules for overseas anti-commercial bribery compliance management Internal audit system Implementation Rules for Economic Responsibility Audits Internal Audit Quality Assessment Rules
B8. Community Investment	Charity Law of the People's Republic of China Law of the People's Republic of China on Donations for Public Welfare	Social Responsibility Management Measures
Part D: Climate-related Disclosures	Energy Conservation Law of the People's Republic of China 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 Supervision Measures for Energy Conservation and Environmental Protection Management Measures for Energy and Resource Conservation

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 during the reporting period

Note 4: GHG emissions are calculated in accordance with the *General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (GB/T 32151-2025)* and the *Guidelines of the Greenhouse Gas Emissions Accounting and Reporting for Enterprises in Other Industrial Sectors (for Trial Implementation)*. Reference is also made to internationally accepted standards including the *GHG Protocol Corporate Accounting and Reporting Standard and ISO 14064-1:2018*. The scope of accounting includes Scope 1 emissions (fossil fuel combustion, production processes, etc.) and Scope 2 emissions (indirect emissions from purchased electricity and heat), with clear boundaries, processes and methodologies defined.

Note 5: This year's statistics include newly merged subsidiaries and thus differ significantly from those of previous years.

	Indicator	Unit	2023	2024	2025 ⁵	
Economic	Revenue	RMB 1M	244,703.88	257,673.26	269,574.33	
	Total assets	RMB 1M	246,770.30	257,760.32	285,811.17	
	Net assets	RMB 1M	92,974.81	98,087.28	117,455.93	
	Total profit	RMB 1M	9,880.23	10,929.92	11,795.81	
	Net profit	RMB 1M	7,775.00	8,403.24	9,653.01	
	Net profit attributable to the owners of the parent company	RMB 1M	3,854.25	3,350.86	4,045.47	
	Net debt ratio	%	42.2	52.3	47.4	
	Anti-corruption training coverage	%	100	100	100	
	R&D investment	RMB 1M	2,504.0	2,437.0	3,199.5	
	Number of R&D staff ¹	-	2,710	3,420	3,836	
	New patent applications	-	437	447	268	
	New patent granted	-	366	356	345	
	Projects under development ²	-	371	592	442	
	Employee	Total number of employees	-	72,196	72,699	84,111
Total staff turnover		-	10,312	8,956	9,172	
Proportion of female employees		%	49.83	49.31	50.40	
Proportion of female management		%	30.6	15.5	40.9	
Days of paid annual leave per employee		day	10	8.58	8.85	
Labor contract signing rate		%	100	100	100	
Social insurance coverage		%	100	100	100	
Employee training coverage		%	100	98.3	98.7	
Average training hours per employee		hour	89.0	69.8	33.0	
Total number of trainees		-	726,933	737,257	1,245,003	
Training input		RMB 10,000	3,819.9	4,433.48	5,060.2	
Employee turnover rate ³		%	14.2	12.4	10.9	
Occupational health check-up rate		%	100	100	100	
Occupational diseases occurrence		-	0	0	0	
Investment in supporting needy employees		RMB 10,000	108.37	241.09	405.66	
Customer		Customer complaint resolution rate	%	100	100	100
		Number of products recalled due to health and safety issues	-	0	0	0
	Percentage of products recalled due to health and safety issues	%	0	0	0	

	Indicator	Unit	2023	2024	2025 ⁵	
Partner	Suppliers in total	-	32,657	38,798	44,924	
	Suppliers in the Chinese mainland	-	32,070	38,536	44,735	
	Suppliers in Hong Kong, Macao, and Taiwan	-	301	34	43	
	Overseas suppliers	-	286	228	146	
	Number of potential suppliers rejected due to social responsibility non-compliance	-	4	15	4	
	Number of suppliers knocked out due to social responsibility non-compliance	-	58	7	14	
Safety	Investment in work safety	RMB 10,000	10,136.88	10,273.83	13,930.60	
	Number of work-related fatalities	-	0	0	0	
	Ratio of work-related fatalities	%	0	0	0	
	Lost days due to work injury	days	643	633	1,087	
	Total hours of safety training	-	946,220.59	1,336,386.13	883,969.69	
	Safety training coverage	%	100	100	100	
	Number of safety emergency drills	-	1,377	1,869	2,001	
	Number of participants in safety drills	-	50,918	63,072	64,049	
Environmental	Total investments in environmental protection	RMB 10,000	9,961.24	8,569.09	12,800.36	
	Total investments in energy conservation and emission reduction	RMB 10,000	2,033.59	1,272.30	2,692.55	
	Emissions and wastes					
	Industrial waste water generated	10,000 tons	623.72	619.51	867.75	
	Nitrogen oxide emission	ton	115.20	92.32	96.63	
	SO ₂ emission	ton	8.14	5.06	5.45	
	COD emission	ton	179.83	178.14	273.51	
	Ammonia nitrogen emission	ton	6.92	5.79	11.17	
	Particulate matter	ton	32.35	30.09	42.37	
	Volatile organic compounds	ton	19.19	15.55	42.03	
	CO ₂ emission ⁴	tCO ₂ e	725,648.62	722,459.80	740,871.55	
	Direct (Scope 1) carbon dioxide ⁴	tCO ₂ e	170,536.14	175,023.13	172,130.25	
	Indirect (Scope 2) carbon dioxide ⁴	tCO ₂ e	555,112.18	547,436.67	568,741.30	
	Carbon dioxide emission per RMB 10,000 of revenue	ton/RMB 10,000	0.0297	0.0295	0.0275	
	Total hazardous waste generated	ton	5,107.62	4,947.00	8,217.00	
	Pharmaceutical waste (HW02)	ton	727.21	505.08	763.09	
	Waste drug (HW03)	ton	770.69	440.17	632.07	
Other hazardous wastes	ton	1,103.90	4,001.75	6,821.84		
Intensity of hazardous waste	ton/RMB 10,000	0.0002	0.0002	0.0003		
Non-hazardous waste generated	ton	154,952.40	178,620.87	240,252.35		
General solid waste	ton	144,735.63	170,975.96	235,659.13		
Office, domestic and other non-hazardous wastes	ton	8,194.36	7,644.91	4,398.52		
Waste recycling	ton	143,636.21	150,663.09	231,628.21		
Non-hazardous waste intensity	ton/RMB 10,000	0.0063	0.0069	0.0089		

	Indicator	Unit	2023	2024	2025 ⁵
Environmental	Resource use				
	Total direct energy consumption	TCE	138,526.50	88,290.76	105,119.52
	Petrol consumption	ton	1,677.54	1,482.29	1,220.31
	Diesel consumption	ton	3,764.88	4,156.31	4,023.66
	Natural gas consumption	10,000 standard m ³	7,158.85	7,065.55	8,079.46
	Biomass fuel consumption	TCE	3,522.82	2,316.57	6,746.94
	Other	TCE	0.06	15.94	29.62
	Direct energy consumption intensity	TCE/RMB 10,000	0.0057	0.0034	0.0039
	Total indirect energy consumption	10,000 kWh	85,397.80	117,441.36	137,949.38
	Power consumption	10,000 kWh	64,523.62	76,317.74	90,694.64
	Heat consumption	GJ	1,018,395.23	1,481,682.23	1,777,262.40
	Indirect energy consumption intensity	10,000 kWh / RMB 10,000	0.0035	0.0046	0.0051
	Total water consumption	10,000 tons	11,265.23	14,186.12	11,764.96
	Fresh water consumption	10,000 tons	1,257.13	2,287.93	1,310.33
	Water recycled	10,000 tons	10,008.10	11,898.19	10,454.63
	Total water intensity	10,000 tons / RMB 10,000	0.0005	0.0006	0.0004
	Packing materials by weight	ton	119,294.51	217,321.59	371,168.34
	Packaging material intensity	ton/RMB 10,000	0.0049	0.0084	0.0138
	Office and domestic wastewater intensity	ton/RMB 10,000	0.1364	0.0255	0.0266
	Office electricity intensity	kWh/RMB 10,000	1.6745	2.5930	2.7420
Office water intensity	ton/RMB 10,000	0.1507	0.0411	0.0290	
Community	Total tax payment	RMB 1M	9,527.23	9,506.00	10,252.98
	New hires	headcount	10,380	10,557	8,835
	Number of employees with disabilities	headcount	249	330	482
	Total philanthropic contributions	RMB 10,000	6,283.85	3,271.47	3,708.98

SEHK ESG Reporting Code 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 and Control
	A1.1	The types of emissions and respective emissions data.	Key Performance Indicators
	A1.3	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Key Performance Indicators
	A1.4	Total hazardous waste produced and intensity.	Key Performance Indicators
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Climate Action, Resource Utilization, Pollution Prevention and Control
	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 and Control
	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.	Key Performance Indicators
	A2.2	Water consumption in total and intensity.	Key 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 and Control
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Key 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 Pollution Prevention Ecological Protection
	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 Pollution Prevention Ecological Protection and Control
	Employment and labor Practices		
B. Social	Aspect B1: Employment General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	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
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.	Corporate Philanthropy
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Corporate Philanthropy
B8.2	Resources contributed (e.g. money or time) to the focus area.	Corporate Philanthropy

Major category	Content	Location
Governance	Information about governance bodies (including responsible boards, committees or other equivalent governance bodies) or individuals responsible for overseeing climate risks and opportunities	Climate Action
	Management's role in the governance processes, controls and procedures used to monitor, manage and monitor climate-related risks and opportunities	Climate Action
Strategy	Climate-related risks and opportunities	Climate Action
	Business model and value chain	Climate Action
	Strategies and decisions	Climate Action
	Financial position, financial results and cash flows	Climate Action
Risk Management	Climate resilience	Climate Action
	Processes and related policies for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities	Climate Action
	The processes that uses to identify, assess, prioritise and monitor climate-related opportunities	Climate Action
Metrics and Targets	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process	Climate Action
	Total absolute GHG emissions	Climate Action Key Performance Indicators
	Climate-related transition risks	Climate Action
	Climate-related physical risks	Climate Action
	Climate-related opportunities	Climate Action
	Capital use	Climate Action
	Internal carbon pricing	The company has not yet implemented carbon pricing
	Compensation	Climate Action
	Industry-based metrics	Climate Action
	Climate-related targets	Climate Action
Applicability of cross-industry metrics and industry-based metrics	Climate Action	

Climate-related Disclosures

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, 2025

GRI 1 GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosures	Page/Note
GRI 2: General Disclosures 2021		
2-1	Organizational details	7
2-2	Entities included in the organization's sustainability reporting	1
2-3	Reporting period, frequency and contact point	1
2-4	Restatements of information	1
2-5	External assurance	3-4
2-6	Activities, value chain and other business relationships	29-42
2-7	Employees	43-51
2-8	Workers who are not employees	45
2-9	Governance structure and composition	57
2-10	Nomination and selection of the highest governance body	57
2-11	Chair of the highest governance body	47
2-12	Role of the highest governance body in overseeing the management of impacts	6,9-10
2-13	Delegation of responsibility for managing impacts	6,9-10
2-14	Role of the highest governance body in sustainability reporting	6,9-10
2-15	Conflicts of interest	58-62
2-16	Communication of critical concerns	6,12
2-17	Collective knowledge of the highest governance body	6,10
2-18	Evaluation of the performance of the highest governance body	6,9
2-19	Remuneration policies	6
2-20	Process to determine remuneration	6
2-21	Annual total compensation ratio	Withheld due to commercial confidentiality restrictions
2-22	Statement on sustainable development strategy	8
2-23	Policy commitments	6,9-10,57
2-24	Embedding policy commitments	6,9-10,57

GRI Standard	Disclosures	Page/Note
2-25	Processes to remediate negative impacts	60-62
2-26	Mechanisms for seeking advice and raising concerns	58-62
2-27	Compliance with laws and regulations	58-59,65-66
2-28	Membership associations	34,42
2-29	Approach to stakeholder engagement	12
2-30	Collective bargaining agreements	46
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	11
3-2	List of material topics	11
Economic		
GRI201: Economic Performance 2016		
3-3	Management of material topics	15-19,46
201-1	Direct economic value generated and distributed	67
201-2	Financial implications and other risks and opportunities due to climate change	16-17
201-3	Defined benefit plan obligations and other retirement plans	Provide legally mandated benefits and retirement-related plans such as pension insurance for all employees
GRI203: Indirect Economic Impacts 2016		
3-3	Management of material topics	52-54
203-1	Infrastructure investments and services supported	52-54
203-2	Significant indirect economic impacts	52-54
GRI205: Anti-corruption 2016		
3-3	Management of material topics	60-62
205-1	Operations assessed for risks related to corruption	60-62
205-2	Communication and training about anti-corruption policies and procedures	60-62
205-3	Confirmed incidents of corruption and actions taken	60-62

GRI Standard	Disclosures	Page/Note
Environment		
GRI301: Materials 2016		
3-3	Management of material topics	20-26
301-1	Materials used by weight or volume	69
301-2	Recycled input materials used	20-25
301-3	Reclaimed products and their packaging materials	23
GRI302: Energy 2016		
3-3	Management of material topics	15-22
302-1	Energy consumption within the organization	69
302-3	Energy intensity	69
302-4	Reduction of energy consumption	15-22
302-5	Reductions in energy requirements of products and services	15-22,69
GRI303: Water and Effluents 2018		
3-3	Management of material topics	20-25
303-1	Interactions with water as a shared resource	20-22
303-2	Management of water discharge-related impacts	24-25
303-3	Water withdrawal	68-69
303-4	Water discharge	68-69
303-5	Water consumption	68-69
GRI304: Biodiversity 2016		
3-3	Management of material topics	26
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	26
304-2	Significant impacts of activities, products and services on biodiversity	26
304-3	Habitats protected or restored	No such cases or affected habitats recorded during the reporting period
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No such cases or affected habitats recorded during the reporting period

GRI Standard	Disclosures	Page/Note
GRI305: Emissions 2016		
3-3	Management of material topics	13-25
305-1	Direct (Scope 1) GHG emissions	68
305-2	Energy indirect (Scope 2) GHG emissions	68
305-4	GHG emissions intensity	68
305-5	Reduction of GHG emissions	19
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	68
GRI306: Waste 2020		
3-3	Management of material topics	24-25
306-1	Waste generation and significant waste-related impacts	24-25
306-2	Management of significant waste-related impacts	24-25
306-3	Waste generated	68-69
306-4	Waste diverted from disposal	68-69
306-5	Waste directed to disposal	68-69
GRI308: Supplier Environmental Assessment 2016		
3-3	Management of material topics	63-64
308-1	New suppliers that were screened using environmental criteria	63-64,68
308-2	Negative environmental impacts in the supply chain and actions taken	63-64,68
Society		
GRI401: Employment 2016		
3-3	Management of material topics	43-51
401-1	New employee hires and employee turnover	45,67
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	46,67
401-3	Parental leave	46
GRI403: Occupational Health and Safety 2018		
3-3	Management of material topics	43-44,49-50
403-1	Occupational health and safety management system	43-44,49-51
403-2	Hazard identification, risk assessment, and incident investigation	43-44,49-50
403-3	Occupational health services	43-44,49-50
403-4	Worker participation, consultation, and communication on occupational health and safety	43-44,49-50,68

GRI Standard	Disclosures	Page/Note
403-5	Worker training on occupational health and safety	43-44,49-50,68
403-6	Promotion of worker health	43-44,49-50
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	43-44,49-50
403-8	Workers covered by an occupational health and safety management system	43-44,49-50
403-9	Work-related injuries	68
403-10	Work-related ill health	43-44,49-50
GRI404: Training and Education 2016		
3-3	Management of material topics	47-49
404-1	Average hours of training per year per employee	48,67
404-2	Programs for upgrading employee skills and transition assistance programs	47-49
404-3	Percentage of employees receiving regular performance and career development reviews	46
GRI408: Child Labor 2016		
3-3	Management of material topics	43,46
408-1	Operations and suppliers at significant risk for incidents of child labor	No relevant incidents or circumstances occurred during the reporting period
GRI413: Local Communities 2016		
3-3	Management of material topics	52-54
413-1	Operations with local community engagement, impact assessments, and development programs	52-54
413-2	Operations with significant actual and potential negative impacts on local communities	No relevant incidents or circumstances occurred during the reporting period
GRI414: Supplier Social Assessment 2016		
3-3	Management of material topics	63-64
414-1	New suppliers that were screened using social criteria	63-64,68
414-2	Negative social impacts in the supply chain and actions taken	63-64,68

GRI Standard	Disclosures	Page/Note
GRI416: Customer Health and Safety 2016		
3-3	Management of material topics	29-35
416-1	Assessment of the health and safety impacts of product and service categories	29-35
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant incidents or circumstances occurred during the reporting period
GRI417: Marketing and Labeling 2016		
3-3	Management of material topics	33-34
417-1	Requirements for product and service information and labeling	33-34
417-2	Incidents of non-compliance concerning product and service information and labeling	No relevant incidents or circumstances occurred during the reporting period
417-3	Incidents of non-compliance concerning marketing communications	No relevant incidents or circumstances occurred 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	No relevant incidents or circumstances occurred during the reporting period

Report Rating



GoldenBee Evaluation Certificate on Sustainability/ESG Report

On behalf of China Resources Pharmaceutical Group Limited, and in accordance with the requirements of the "GoldenBee China Corporate Sustainability (ESG) Report Evaluation System 2026", the China Resources Pharmaceutical Group Limited 2025 Environmental, Social and Governance Report is rated as "Excellence (A+)" upon evaluation. It is a sustainability (ESG) report that systematically addresses the requirements and expectations of all stakeholders and demonstrates industry-leading standards. This certificate is hereby awarded.

Date of Evaluation: April 2026

Evaluation institution: 

A+

Excellence

Report No.:2026C121012



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