



# *Hold Hands for Love and Health*

**2022**

**Sustainability Report**

China Resources Pharmaceutical  
Group Limited



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## Message from CEO

2022 was a year for CR Pharmaceutical to forge ahead on a new journey. Despite the challenging and uncertain external environment, we took a proactive approach by embracing Environmental, Social, and Governance (ESG) principles to respond to the economic recession, extreme weather and climate change. As a result, our operating performance exceeded expectations, and our three primary businesses achieved robust growth. We remained steadfast in our commitment to the Healthy China strategy, and mission to "protect human health and improve quality of life" by providing high-quality and responsible health products and services.

By tackling the toughest challenges, we pursue the most ambitious goals.

Today, we continue to make steady progress and forge ahead with determination. Focusing on the national strategies, we promote the tasks of state-owned enterprise reform and work to develop the Company as the source of original technologies. While consolidating and replenishing supply chains, we identify potential growth areas to further improve our strategic layout and thus lay a solid foundation for achieving the goals set for the 14th Five-Year Plan period. We optimize our innovation systems and mechanisms, strengthen our scientific research capabilities, and actively promote strategic cooperation with national innovation hubs. Our investments and mergers in new business areas, including blood products, vaccines, and innovative drugs, will help us explore new opportunities in the medical device sector. Under our Healthy Village Program, we are committed to offering high-quality medical resources to rural areas and serving the public, with the goal of promoting fair sharing of health services and building a rural medical system that improves medical guarantee services.

Today, we are the ones who take the initiative to navigate the waters in the middle of the stream, at the right time. We strive for high-quality development by benchmarking against world-class enterprises. Our efforts and remarkable achievements in innovation, environmental protection, compliance governance, talent development, and public welfare have been properly disclosed. Thanks to our good performance in sustainable development, our ESG management capability and long-term investment value have been recognized by the global capital market, with an upgraded MSCI-ESG rating from "BBB" to "A". We were also selected among the 2022 "ESG · Pioneer 50 Index of Central State-owned Enterprises" and "ESG · Governance Pioneer 50 Index of Central State-owned Enterprises". Our Healthy Village Program was recognized as an outstanding case in the *ESG Blue Book of Listed Companies of Central State-owned Enterprises in China (2022)*. Our practices have garnered continuous praise from external stakeholders, including the State-owned Assets Supervision and Administration Commission of the State Council, and various professional rating agencies.

As we reflect on our journey, we are reminded of the countless obstacles we have overcome, and as we gaze towards the horizon, our hearts are filled with hope for a brighter future. We will remain dedicated to our CSR commitment to "Hold Hands for Love and Health" and strive to offer even more sustainable solutions to promote a healthy China and rural vitalization in 2023. Our ultimate goal is to create a better future where everyone can enjoy equitable access to high-quality medical and health services.

CEO of CR Pharmaceutical  
**Bai Xiaosong**



# About Us

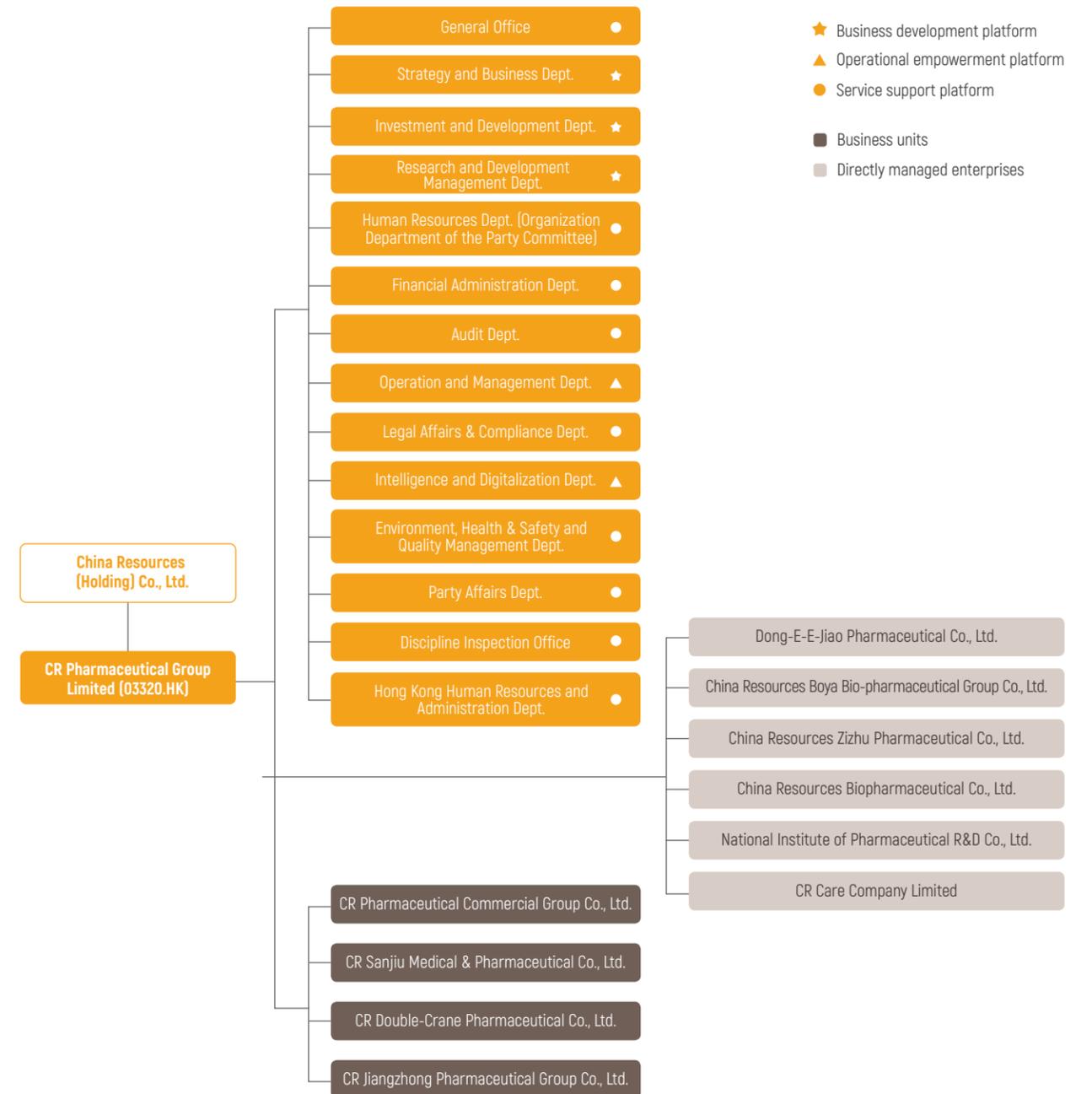
## Company Profile

CR Pharmaceutical Group Limited (CR Pharmaceutical) (Stock Code: 03320.HK) is a leading integrated pharmaceutical company in China that specializes in the manufacturing, distribution, and retail of medicines and nutraceutical products. In October 2016, we successfully completed its global offering in Hong Kong. With a business layout covering 28 provinces, autonomous regions, our business landscape covers the entire industry chain, providing

a comprehensive solution to our customers. Since we went public, we have introduced a number of important capital market indexes, including Morgan Stanley Capital International (MSCI) China Index, Hang Seng Composite MidCap Index, FTSE Global Index Series, Hang Seng Stock Connect Hong Kong Index, and Hang Seng China Central SOEs Index, etc. In 2022, CR Pharmaceutical ranked 65th in the Fortune China 500 list.



## Organizational Structure



## Key Figures about CR Pharmaceutical

### E Environmental protection

25.1%

Total environmental protection investment increased year-on-year

43.8%

Direct energy (comprehensive energy) consumption density decreased year-on-year

52.0%

Non-hazardous waste density decreased year-on-year

33

ISO 14001 certifications

### S Social contributions

23.0%

R&D investment increased year-on-year

80

Product quality standard system certifications

1,066 times

Supplier review

65,019

Total workforce

32.2%

New recruits with disabilities increased year-on-year

26

ISO 45001 certifications

23.9%

Employee safety training hours increased year-on-year

### G Responsible corporate citizen

7.3%

Operating income increased year-on-year

A

MSCI-ESG rating

The 15<sup>th</sup>

ESG - Pioneer 50 Index of Central Enterprises

The 8<sup>th</sup>

ESG - Governance Pioneer 50 Index of Central Enterprises

## Highlights of 2022

- CR Pharmaceutical's MSCI-ESG Rating was upgraded to A.
- CR Pharmaceutical won the "2022 Top 100 Chinese Enterprises Award" and "China Ethical Enterprise Award", as well as the "Best Capital Market Communications Award" in China IR Annual Awards.
- CR Sanjiu has been rated A, the highest rating, in Information Disclosure Evaluation for Listed Companies on the Shenzhen Stock Exchange for 8 consecutive years.
- Jiangzhong Pharmaceutical won the "Small and Medium-sized Investor Relations Interaction Award" in 2021 Panorama Investor Relations Gold Awards.

02

- CR Pharmaceutical, together with CR Pharm Comm and CR Sanjiu, made a strategic move to purchase shares of Yibao Technology and jointly build an urban health safeguarding platform.
- CR Double-Crane acquired the equity of Tiandong Pharmaceutical again to establish a technology platform focused on anticoagulation.
- CR Double-Crane acquired the equity of SinoCellTech to quickly enter the field of biological fermentation.

- In 2022, two of CR Double-Crane's manufacturing scenarios were selected by the Ministry of Industry and Information Technology as outstanding examples of intelligent manufacturing.
- China Resources Jiangzhong was recognized as a "Science and Technology Reform Demonstration Enterprise".
- Dong-E-E-Jiao has once again secured the top spot on the Health Industry Brand Value List, as determined by the China Health Ecology Organization.
- CR Boya Biopharmaceutical's human fibrinogen, intravenous human immunoglobulin (pH4), and human albumin were selected as Jiangxi's Famous Brand Products in 2022.
- The National Institute of Pharmaceutical R&D Co., Ltd. was named as a "little giant" company in specialized, special, and emerging industries in Beijing, and successfully passed the national high-tech enterprise certification.

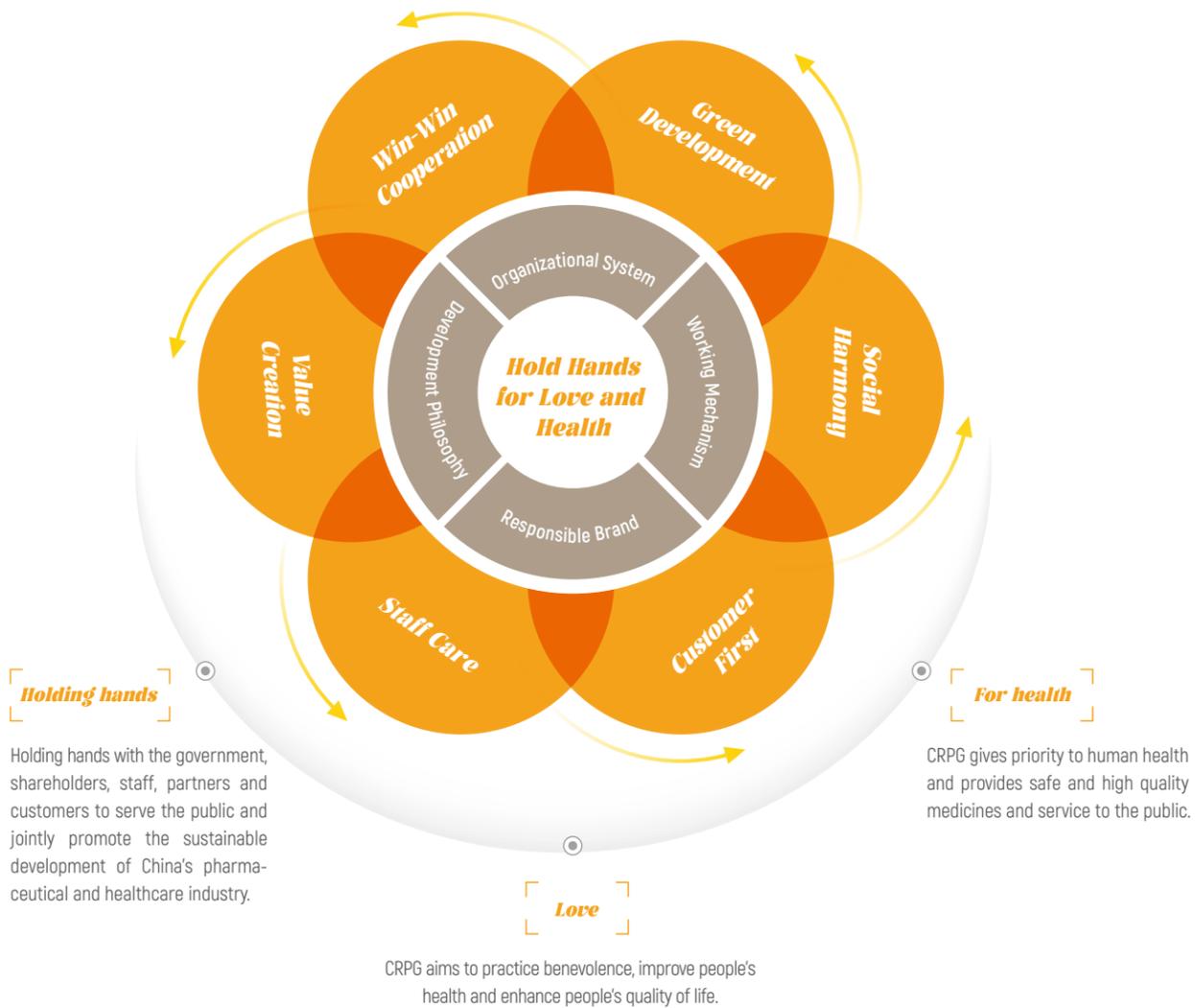
04

- CR Sanjiu Ibuprofen Suspension was approved to enter the market by the National Medical Products Administration.
- CR Double-Crane's antitumor drug DC05F01 administered its first patient in a Phase I clinical study.
- CR Boya Biopharmaceutical's smart factory project for biomedical blood products was landed in Fuzhou High-tech Zone.
- CR Biopharmaceutical's venous thrombotic disease prevention drug, i.e., Project CRB4101, was approved by the US FDA for clinical trials, while its MVR-C5252 developed jointly with another company was recognized by the FDA as an orphan drug.
- The new-generation anticoagulant NIP003 tablets and Jiangshi granules developed by National Institute of Pharmaceutical R&D have received the Notice of Approval for Clinical Trials from the National Medical Products Administration.

- CR Pharmaceutical and Wenzhou City established a joint innovation center for the life and health industry, with the aim of creating a model for innovation that spans the entire chain from fundamental research to application.
- CR Pharmaceutical signed a strategic cooperation agreement with the National Clinical Research Center for Infectious Diseases (Shenzhen) and the Shenzhen Third People's Hospital to collaborate on new drug development, diagnostic products, and vaccines in the field of infectious diseases.
- CR Sanjiu collaborated with the Talent Exchange Center of the National Administration of Traditional Chinese Medicine in launching the TCM High-quality Development Promotion Project. Additionally, the company signed a strategic cooperation agreement with Tianjin University of Traditional Chinese Medicine and its First Affiliated Hospital. Moreover, CR Sanjiu worked with Ping An Health to establish a disease prevention center.
- CR Double-Crane signed a strategic cooperation framework agreement with China Academy of Space Technology, China Aerospace Science and Technology Corporation to establish key laboratories for the development of medicine for space missions.
- CR Biopharmaceutical has entered into an exclusive partnership with ABS Company based in the United States.

## Sustainability Strategy

At CR Pharmaceutical, we shoulder the lofty mission of "Protecting Human Health and Improving Quality of Life," while continuously strengthening our sustainability culture with the theme of "Hold Hands for Love and Health." We have formulated the *CR Pharmaceutical Social Responsibility Management Key Performance System* in accordance with the *Regulations of China Resources Pharmaceutical Group Limited on Social Responsibility Work*. Our commitment to contributing to the United Nations Sustainable Development Goals (UNSDGs) is evident in our efforts to promote the sustainable development of the pharmaceutical and health industry, while fulfilling our responsibilities towards the economy, employees, customers, partners, environment, and the public. We strive to collaborate with various stakeholders towards a common goal of creating a sustainable future.



## Sustainability Management

We are committed to implementing our sustainability philosophy through the formulation of ESG related systems as well as an ESG governance structure, with the Board of Directors as the highest decision-making body. Our sustainability management is supported by a governance process that holds our relevant personnel accountable.



## ESG Statement of the Board of Directors

At CR Pharmaceutical, the Board of Directors has consistently embraced the sustainability strategy of "Hold Hands for Love and Health," laying a strong foundation for our operations through sustainable practices. Our Board of Directors upholds the principle of being accountable to all stakeholders by combining national plans, stakeholder expectations, and our company's development strategy. We continuously review the applicability of our sustainability strategy, keep a keen eye on domestic and foreign ESG development trends, and identify the Company's ESG risks and opportunities. By considering our annual sustainable development report, the Board can fully assess the effectiveness of our ESG efforts and steer our ESG development in the right direction.

### ESG management policy and strategy

The Board is responsible for formulating the Company's ESG strategy and carrying out governance in accordance with the latest version of the *Corporate Governance Code* of HKEx in 2022. It strictly implements the *Regulations of China Resources Pharmaceutical Group Limited on Social Responsibility Work*, and has prepared and revised the *Manual of China Resources Pharmaceutical Group Limited on the Management of ESG Indicators* to clarify responsibilities within the ESG Committee, improve performance management, practice communication, report preparation and dissemination, as well as assessment of the sustainability management system.

### ESG risk management

The Board is accountable for assessing the Company's ESG-related risks and opportunities, identifying and managing material topics regarding sustainable development such as innovation and R&D, health accessibility, product quality and safety, and climate change response. Additionally, it ensures that the Company has implemented an adequate and efficient ESG risk management and monitoring system while regularly revising its effectiveness.

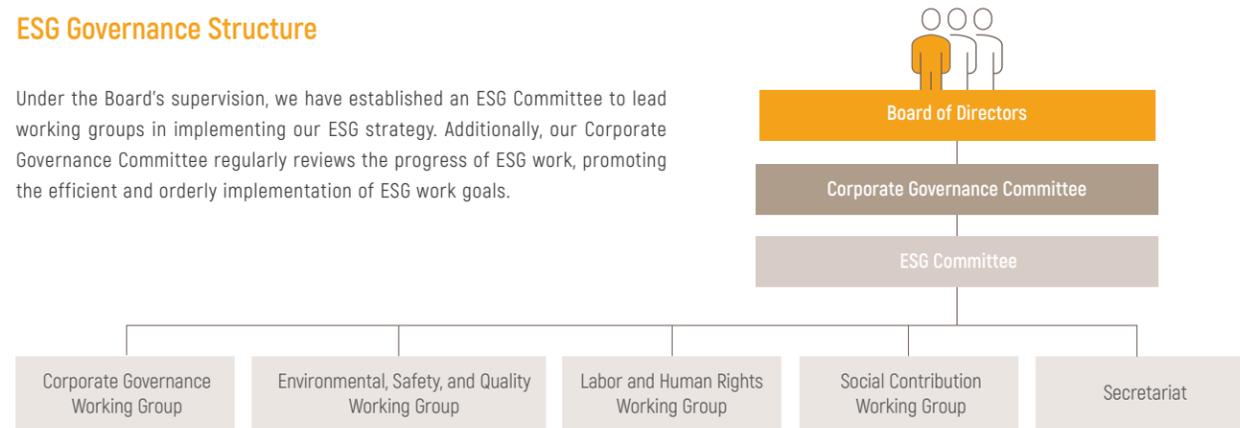
### Goal setting and progress review

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

Moving forward, the Board will remain dedicated to optimizing the Company's ESG governance and be responsive to concerns from the government, shareholders, employees, partners, customers, and other stakeholders, thus enhancing ESG management and building a strong ESG foundation for CR Pharmaceutical.

## ESG Governance Structure

Under the Board's supervision, we have established an ESG Committee to lead working groups in implementing our ESG strategy. Additionally, our Corporate Governance Committee regularly reviews the progress of ESG work, promoting the efficient and orderly implementation of ESG work goals.



## ESG Governance Policy

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

### Sustainability Regulations at CR Pharmaceutical

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

## ESG Governance Capabilities

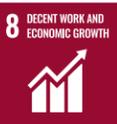
As the highest governing body of CR Pharmaceutical, the Board of Directors is responsible for the Company's ESG policies, including formulating ESG management strategies, managing ESG risks, and reviewing ESG goals. The ESG Committee is composed of ESG senior executives. It is mainly responsible for reviewing the Company's ESG-related objectives, formulating ESG development plans, supervising ESG management, and regularly reporting to the Board and the Corporate Governance Committee. The division of responsibilities within the committee is defined in accordance with the *Responsibilities of the ESG Committee of China Resources Pharmaceutical Group Limited*. The Board of Directors, the Corporate Governance Committee and/or the ESG Committee will periodically assess and, as needed, consider engaging an independent third party to assess ESG risks.



## Response to UNSDGs

In 2015, the United Nations officially adopted the 17 Sustainable Development Goals (SDGs) at the UN Sustainable Development Summit, with the aim of addressing social, economic, and environmental development issues in an integrated manner from 2015 to 2030, and promoting sustainable development. CR Pharmaceutical has long embraced the idea of sustainable development and has made significant contributions to sustainability in various fields. We have taken practical actions to support the SDGs and have played a role in advancing the global cause of sustainable development.

| SDGs                                | Our actions   | Performance in 2022  |
|-------------------------------------|---|--|
| <p>1 NO POVERTY</p>                 | <ul style="list-style-type: none"> <li>● We are committed to expanding the effective connection between poverty alleviation and rural vitalization. We are increasing our support and management efforts in investing in the professional growth of promising employees, promoting product innovation, and integrating and developing multiple industries to help eliminate all forms of poverty.</li> </ul>  | <ul style="list-style-type: none"> <li>● Jiangzhong Pharmaceutical helped 861 people in Baidu Village, Liangfang Town, Lianhua County, and increased their per capita income by 14% year-on-year.</li> <li>● The CR Sanjiu Traditional Chinese Medicine Inheritance and Innovation Center has had a positive impact on over 50,000 medicinal farmers by supporting the construction of traditional Chinese medicinal material bases and production area processing projects, having boosted farmers' income by more than RMB 100 million.</li> </ul> |
| <p>3 GOOD HEALTH AND WELL-BEING</p> | <ul style="list-style-type: none"> <li>● Since 2020, we have collaborated with the China Women's Development Foundation to launch the "Healthy Village Program" public welfare project, aimed at improving primary medical care and enhancing medical conditions and environment in rural communities, to safeguard the safety and health of rural residents.</li> <li>● We are dedicated to enhancing the quality of medical science and innovation by conducting ongoing scientific research on rare diseases, accelerating the application of innovative achievements, and sharing the value of innovation and development with society.</li> <li>● We have enhanced our occupational health and safety management system, implemented a responsibility system for work safety, strengthened work safety in various conditions, prioritized the prevention and treatment of occupational diseases, and safeguarded the bottom line of employee health and safety.</li> </ul> | <ul style="list-style-type: none"> <li>● A total of RMB 31.65 million has been invested in the Healthy Village Program.</li> <li>● More than 25,000 families from 17 counties and cities have benefited from our assistance and drug donation initiatives.</li> </ul>  |
| <p>4 QUALITY EDUCATION</p>          | <ul style="list-style-type: none"> <li>● We are dedicated to supporting the cause of education and view the provision of high-quality education as a crucial element of sustainable development. We strive to create a comfortable learning environment for underage students and are committed to ensuring equal and improved educational opportunities for all.</li> <li>● We conduct medical and health education programs, organize activities to promote awareness and understanding of medical and health-related topics, and leverage our influence to provide characteristic educational resources to local communities.</li> </ul>   | <ul style="list-style-type: none"> <li>● Anhui Double-Crane Pharmaceutical organized the "Shining a Light on Wishes" Brand Volunteer Initiative.</li> <li>● China Resources Henan Pharmaceutical hosted the "Building Dreams and Setting Sail" activity.</li> <li>● China Resources Zizhu Pharmaceutical supported government's educational efforts to provide free contraceptives in universities.</li> </ul>   |
| <p>5 GENDER EQUALITY</p>            | <ul style="list-style-type: none"> <li>● We strive to promote gender equality in the workplace by supporting the career development of all our employees, particularly female. We strictly adhere to regulations on maternity and lactation leave for female employees, and are committed to protecting their legitimate rights and interests. Our goal is to create a diverse, fair, and just working environment for all.</li> </ul>  | <ul style="list-style-type: none"> <li>● Female employees: 49.9%</li> <li>● Female managers: 24.8%</li> <li>● Female directors: 33.3%</li> </ul>   |
| <p>6 CLEAN WATER AND SANITATION</p> | <ul style="list-style-type: none"> <li>● We strengthen rural health system construction, continuously channel high-quality resources to rural areas, ensure basic medical and health care for farmers, and support the development of rural health undertakings.</li> </ul>   | <ul style="list-style-type: none"> <li>● Dong-E-E-Jiao hosted a training session focused on developing modern hospital management capabilities to support rural healthcare initiatives.</li> <li>● We provided basic health resources for residents in remote areas.</li> </ul>  |

| SDGs  | Our actions  | Performance in 2022   |
|---|--|---|
|    | <ul style="list-style-type: none"> <li>We prioritize energy-saving technological transformations, increase the use of clean energy sources such as solar energy, and reduce the use of non-renewable energy sources to decrease overall energy consumption.</li> </ul>   | <ul style="list-style-type: none"> <li>Total direct energy consumption decreased 38.4% year-on-year.</li> <li>Direct energy consumption density decreased 43.8% year-on-year.</li> </ul>  |
|    | <ul style="list-style-type: none"> <li>We provide stable and competitive employment opportunities, compensation and benefits, as well as a positive working environment that fosters growth and development.</li> <li>We protect employee rights and interests by adhering to national social insurance and company welfare regulations, providing full payment of social insurance and housing provident fund on a monthly basis, continuously enhancing employment management regulations, and promoting standardized employment practices.</li> <li>We have established a key talent fostering system that caters to employees of different levels and career paths, offering opportunities for growth and career advancement. We encourage employees to create personalized development plans and provide a supportive environment for their career progression.</li> </ul>  | <ul style="list-style-type: none"> <li>We invested RMB 95.24 million in work safety throughout the year.</li> <li>10,538 new jobs were created.</li> <li>Labor contract signing rate: 100%</li> <li>Trained employees: 100%</li> <li>1,215 employees hold national vocational qualification certificates.</li> </ul>  |
|    | <ul style="list-style-type: none"> <li>We support the national innovation-driven development strategy by fostering an innovation-friendly atmosphere and culture. We are rapidly advancing our digital and smart service capabilities while expanding international scientific and technological innovation cooperation.</li> </ul>  | <ul style="list-style-type: none"> <li>R&amp;D investment increased by 23.0% year-on-year</li> <li>R&amp;D personnel increased by 82.1% year-on-year</li> <li>New patent applications increased by 42.9% year-on-year</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>We prohibit the use of child labor, forced labor, and any form of harassment or abuse, and ensure fair and impartial treatment of employees regardless of race, ethnicity, gender, age, religion, or cultural background, providing equal opportunities for all.</li> </ul>   | <ul style="list-style-type: none"> <li>No cases of child labor, forced labor, or discrimination occurred.</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>We actively engage our employees in volunteer work for urban development. Our staff volunteers participate in a range of initiatives such as reducing medication pressure on patients, caring for teenagers, promoting environmental protection, and spreading health knowledge. By doing so, we help to create a positive community environment and promote the building of sustainable cities and communities.</li> </ul>   | <ul style="list-style-type: none"> <li>We have allocated RMB 30.63 million towards charitable causes.</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>We promote sustainable consumption and production by advocating the use of environmentally friendly materials and establishing a green supply chain that aligns with the principles of green manufacturing.</li> <li>We comply with all applicable laws and regulations and promote sustainable marketing practices. We strictly prohibit false or misleading advertising and provide regular responsible marketing training to all employees.</li> </ul>   | <ul style="list-style-type: none"> <li>100% of complaints were resolved.</li> <li>No major negative events affecting the health and safety of customers have occurred.</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>We align our efforts with the national decarbonization goals and follow the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) to guide our energy conservation, environmental protection, and carbon reduction initiatives. Our deployment of practices and disclosure of information about carbon peaking and neutrality are done in a systematic and organized manner.</li> <li>We have established green factories and digital, intelligent, and ecological workshops to promote green and smart manufacturing, actively integrating it into traditional manufacturing and processing.</li> <li>We prioritize the development of a green supply chain by making beneficial attempts across various areas, including green supplier management, social responsibility, and environmental information disclosure. Our aim is to build a green supply chain management system that aligns with the unique characteristics of CR Group.</li> </ul> | <ul style="list-style-type: none"> <li>CR Pharmaceutical's decarbonization targets during the 14th Five-Year Plan Period were set.</li> <li>The Action Plan of CR Pharmaceutical on Carbon Peaking was formulated and promulgated.</li> <li>A leading group for carbon emission management and organization was established.</li> <li>Dong-E-E-Jiao, CR Zizhu, and CR Jinchan were awarded the prestigious title of "National-level Green Factory."</li> <li>RMB 93.1237 million was invested in environmental protection throughout the year.</li> </ul> |

## Corporate Governance

Firmly upholding business ethics, CR Pharmaceutical improves the long-term operation mechanism according to laws and regulations, strengthens internal control and risk management, and prohibits commercial bribery and corruption in any form to continuously enhance its corporate governance.

### Strengthening the Governance System

We highlight law-based decision-making and strictly follow the Chinese laws and regulations, such as the *Company Law*, the *Securities Law*, the *Companies Ordinance*, the *Listing Rules* of HKEx, and the *Articles of Association*. We also regularly review our compliance with laws and regulations as well as the implementation of corporate governance systems and policies to improve our governance in light of the realities of the Company.

**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 director nomination and whistleblowing policies and specifying the sphere of functions and powers with a clear division of responsibilities, close cooperation and high efficiency. The five committees, namely the Remuneration Committee, the Nomination Committee, the Audit Committee, the Corporate Governance Committee and the Executive Committee, provide support and suggestions for the Board to achieve efficient, standardized, and sound decision-making. In 2022, we held one general meeting of shareholders, eleven Board meetings (including five on-site Board meetings and six meetings by way of approval of written resolutions), three Audit Committee meetings, three Remuneration and Appraisal Committee meetings, two Nomination Committee meetings, one Corporate Governance Committee meeting, and 16 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, making sure that the board members have the competencies, skills and experience to guarantee effective Board governance. So far, there are 12 directors (among them four are female), including three executive directors, five non-executive directors and four independent non-executive directors with rich management experience in accounting, medicine, law and strategy respectively. The Board and senior management have achieved a balance in professional experience, knowledge and skills, educational background, and seniority. Acting on the Board's policy, the committee improves the diversity of board members in terms of gender, age, educational background, and professional experience.

### Guarding against Corruption Risks

Firmly adhering to lawful operation with integrity, the Corporate Governance Committee takes on the role of an ethical supervisor with primary responsibility for supervising the conduct of leading officials, or the "key few", aiming to prohibit corruption, embezzlement, bribery, fraud, money laundering or racketeering. In strict accordance with anti-commercial bribery and anti-corruption rules for employees, customers, suppliers and other stakeholders, we open up channels to receive complaints while protecting the rights of whistleblowers. Corruption, bribery and other violations that are verified to be true by laws and regulations will be punished, and under flagrant circumstances or those causing serious consequences, consideration will be given to transferring relevant parties to judicial authorities. In 2022, the Company and its employees were not involved in any concluded corruption cases, and 28 people were punished for violations of regulations and disciplines.

#### Further reading

For more information on policies, responsibilities, and composition of the Board and General Meeting of Shareholders, please refer to the *2022 Annual Report of CR Pharmaceutical* or visit our official website <https://www.crpharm.com/tzqx/gsgz/gzjg/>

14

Warning and education conferences held

1,498

Participants in total

41

Directors received anti-corruption training

137

Total hours of anti-corruption training for directors

5,467

Employees received anti-corruption training

16,156

Total hours of anti-corruption training for employees



#### Institutional guarantees

- We conduct regular audits and revision of ethical standards and regulations. Five regulations, including the *Measures for Promotion and Integrity Talks Before the Appointment of Leading Officials*, and *Implementation Rules for Responding to Honest Opinions on the Selection and Appointment of Leading Officials*, are revised to ensure their applicability and effectiveness.
- We have compiled the *Templates for Common Documents in Discipline Inspection*, covering 56 commonly used documents for the response to complaints and problems, oral or written inquiries as well as penalties, which helps standardize the discipline inspection procedure.
- We have issued the *Notice on Strengthening the Safety Line for Discipline Enforcement Oversight* which specifies requirements for strict compliance with the systems, standard oversight over discipline enforcement, resolute risk prevention and discipline inspection improvement to effectively prevent safety risks and accidents in this regard.



#### Whistleblower protection

- A "Reporting Policy" has been issued on the official website to encourage customers, employees and suppliers to report misconduct to special personnel for anti-corruption through e-mail, letters or interview. In 2022, we received a total of 53 complaints and rectified 65 problems.
- We have implemented the *Administrative Measures for Discipline Inspection Agencies in Complaint Response and Oversight over Discipline Compliance* and assigned special personnel to handle complaints. To protect whistleblowers, we sign the *Confidentiality Commitment and 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.
- The *Rules for Unified Management of Complaints and Problems* has been revised to clarify the principles, responsibilities, basic procedures, as well as requirements for handling problems and confidentiality, which helps achieve unified management of complaints and problems.



#### Anti-corruption supervision

- As the *Management Measures for the Comprehensive Supervision System* is revised, we also accelerate the comprehensive supervision system development by holding comprehensive supervision meetings, discussing integrity risks and controlling measures and compiling the annual work plan and the list of key tasks. In this way we make sure that responsibilities for exercising supervision are properly fulfilled.
- We conduct integrity risk assessments and regular audits at each place of operation and keep identifying integrity risks, to which we take targeted preventive measures, carry out self-examination and self-correction as well as random inspections, issue integrity publicity materials and post the reporting hotline and email address before significant occasions such as holidays.
- As whole-process supervision is strengthened, we have published 297 integrity letters, had 61 integrity talks, and dynamically updated the integrity files of 79 officials.

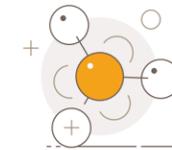
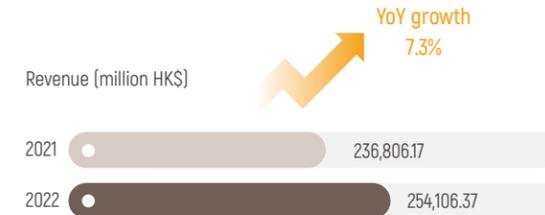


#### Culture of integrity

- We have released anti-corruption publicity documents through internal emails and our official WeChat account, compiled 5 issues of the *Bulletin on Conduct Improvement and Anti-corruption*, and published 60 articles in the column of "Clean CR Pharmaceutical".
- We have promoted the study of policies and systems with 938 participants in the activity of online integrity publicity and discipline inspection knowledge quiz.
- Requirements of conduct improvement and anti-corruption have been included as performance indicators to see that relevant parties fulfil their responsibilities. We have discussed 94 decisions about major issues, official appointment, major investments and use of large-value funds, and studied 30 topics related to conduct improvement and anti-corruption.
- We carry out training on ethical standards for all employees regularly. Dong-E-E-Jiao uses typical cases in their compliance and integrity training for new employees. CR Boya Bio-Pharmaceutical launched the first "Clean and Honest Culture Week". And CR Zizhu organized the integrity culture month campaign themed "You and Me for a Clean Zizhu".

## Value Creation

Aiming to build up the source of original technology, reinforce weak links in the industrial chain and upgrade them, CR Pharmaceutical follows strategic guidance, increases its R&D investment, continues to expand the business scope and optimizes the business structure. With steady growth in overall operational indicators, we have secured a good return for our investors.



#### Pharmaceutical manufacturing

We promote business expansion and integrate our resources to invest in emerging arenas with high potential and strengthen the whole value chain of traditional Chinese medicine. With higher investment in R&D, we consolidate our competitive advantages in the CHC industry, speed up the launch of new products of chemical and biological medicines, and promote the digital and intelligent transformation of the whole value chain to enhance our brand influence and competitiveness. In 2022, the Company had a total of 56 production bases. The revenue from pharmaceutical manufacturing increased by 14.7% year-on-year, and growth was achieved in biological medicines, traditional Chinese medicines as well as chemical medicines.



#### Pharmaceutical retail

The Company keeps promoting the integrated business model of online and offline medical services and developing high-quality pharmacies. The number of designated pharmaceutical stores has reached 138. To provide more innovative and value-added services, we provide Comm pharmacist training for all our pharmacies, and have established 9 stores integrating the functions of pharmacy, diagnosis and rehabilitation. In 2022, the retail revenue increased by 16.2% year-on-year, and the revenue of our 228 DTP pharmacies grew by 14% as compared with last year.



#### Pharmaceutical distribution

We have innovated in our business model, accelerated the development of medical devices, strengthened integrated supply chain management, and expanded global business. In 2022, the revenue of our distribution business showed a year-on-year increase of 6.1%.

28

Provinces covered by our business network

over 200

Logistics centers

around 150,000

Customers

over 35%

Revenue growth in the medical device distribution business

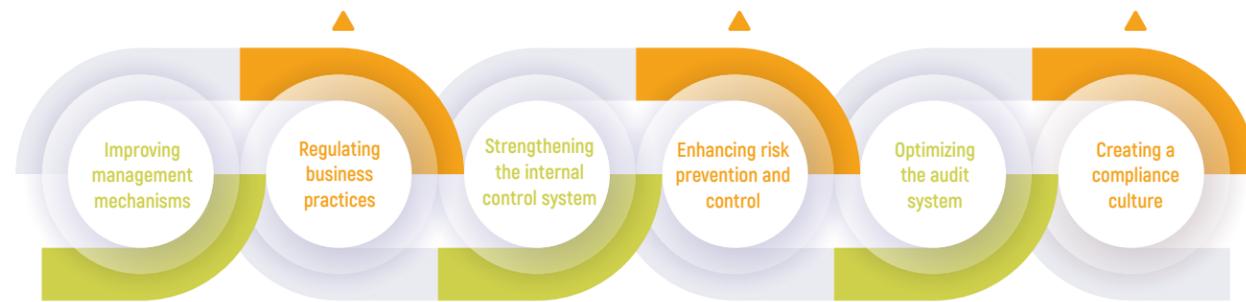
## Compliance Management

The construction of integrity and compliance is crucial to business operations. We pay attention to our impact on stakeholders such as ourselves, shareholders, customers, employees, partners, communities and the environment. Attaching great importance to the internal control system and compliance risk management, we have built an internal control system covering all the business processes, and officially established a transparent audit procedure to ensure effective risk prevention and management. By improving our management systems, carrying out pilot compliance management projects, and promoting a law-based governance culture, we have laid a solid foundation for achieving effective supervision and compliance operations in the long run.

Strictly abiding by the *Criminal Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, the Company opposes any form of unfair competition, money laundering or monopoly. By carrying out training on the *Anti-Monopoly Law*, giving early warnings of risks in anti-unfair competition, promoting anti-monopoly management in pharmaceutical marketing, and issuing the *Anti-monopoly Notice for Pharmaceutical Enterprises*, the Company keeps enhancing employees' awareness to fight against monopoly and unfair competition.

The Company continues to carry out annual assessments of major risks, compiles quarterly reports to track and monitor major risks, makes countermeasures and sees that they are implemented. To prevent corruption risks in the supply chain, we have revised the *Procurement Management System*, requiring all suppliers to sign the *Transparency Declarations* and personnel in charge of procurement review to sign integrity documents. Meanwhile, we have regular risk inspections on procurement bidding. Our subsidiaries also promote anti-corruption campaigns in the supply chain. Dong-E-E-Jiao has held quarterly anti-corruption publicity conferences, and CR Boya Bio-Pharmaceutical has organized a learning activity that warns employees against supply chain corruption, which improves the anti-corruption management level of the supply chain.

We have been compiling the *CR Pharmaceutical Law Magazine* for six consecutive years, and carried out targeted training on legal risks and publicity activities about the Constitution and the *Regulations for Implementation of the Drug Administration Law of the People's Republic of China*. Paying close attention to hot issues in the regulation of the pharmaceutical industry, we have also provided many training courses for more than 150 participants about legal protection of business secrets, supervision and administration of the state-owned assets of central SOEs, anti-monopoly, etc.



The Company regularly convenes conferences of the Law-based Governance, Risk Control and Compliance Management Committee and other office meetings, and formulates the *Compliance Management System (Trial)*, *Guidelines for the Management of Complaints on Compliance*, and the *Compliance Management Manual*. Through providing compliance training and risk warnings, and promoting risk investigations and problem rectification, our compliance management level has been improved continuously.

The internal control system and its role in supervision are highly valued. In accordance with the Company Law, the *Basic Standards for Enterprise Internal Control* and other relevant laws and regulations, we improve the corporate governance structure, and revise and release the *Internal Control Management System* and assessment standards for internal control defects. To optimize our internal control, we have built an internal control system and an internal audit procedure covering all the business processes, organized the annual internal control evaluation, and monitored the rectification of internal problems of the Group and its subsidiaries. These prudent and effective controlling measures help ensure sound business operations.

Three new systems, namely the *Administrative Measures for Overseas Audits*, the *Audit and Rectification System* and the *Detailed Rules for Quality Control of Audit Projects*, have been issued. We have also revised 11 systems including the *Implementation Rules for Procurement Audits* and the *Implementation Rules for Sales Audits* to better regulate audits. Focusing on the main businesses, key management links and management demands, we have carried out 13 audit projects covering all aspects, such as the economic responsibility audit and special audits on investment, engineering projects, and accounting information quality. We have established a leading group to investigate and hold those violators accountable in key audit areas such as investment, sales, procurement, and accounting so as to improve the independence and effectiveness of audits.

## Protection of the Rights of Investors

CR Pharmaceutical ensures that related transactions are fair and reasonable, follows the *Listing Rules* of HKEx and other applicable regulations, and fulfills its obligation of information disclosure as a listed company. While keeping abreast of policies and market trends in the pharmaceutical industry, we enhanced our asset management, guarded against operational risks and improving operation quality, ensuring the healthy state of all operating indicators in 2022.



### Opening up more communication channels

Through online and offline channels of annual reports, announcements, news releases, general meetings of shareholders, corporate messages, industry forums, reverse roadshows and joint roadshows, we have built an efficient two-way investor communication platform disclosing important corporate information such as corporate strategy, major events, as well as operational and financial performance in a timely and accurate manner.



### Improving communication efficiency

We have established a pharmaceutical IR collaborative working group to form a synergy of communication with the capital market, and analyzed the changes in shareholder structure to formulate targeted communication plans to promote more active and forward-looking market value management and communication in all respects, and effectively improve stock prices and liquidity.



### Protecting the rights and interests of small and medium-sized investors

We reply to inquiries from small and medium-sized shareholders by e-mail, and receive visits and calls from investors. Based on the changing industry policies as well as the business dynamics and performance of the Company, we continuously improve the information transparency and our credibility in the capital market through news releases and in-depth business news reports to enhance the confidence of investors.



2022 Performance Conference

over **400**  
In-depth talks with investors

**69**  
Reports, announcements, and notification letters published on the stock exchanges

## Feature 1



# Building an Ecological Defense Line for Human Health through Low-Carbon Development



*"A sound ecosystem is essential for the prosperity of civilization. We must work together to promote harmonious co-existence between man and Nature, build a community of all life on the Earth, and create a clean and beautiful world for us all."*

—Address by H.E. Xi Jinping, President of the People's Republic of China at the Opening of the High-Level Segment of Part II of the 15th Meeting of the Conference of the Parties to *The Convention on Biological Diversity*

Resource and environmental challenges are currently faced by mankind, and the need for green and low-carbon sustainable development has become a global consensus. CR Pharmaceutical aligns its efforts with the national decarbonization goals and follows the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), deploying relevant practices and disclosing information about carbon peaking and neutrality in an orderly and comprehensive manner.

## Governance

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

## Strategy

In addressing carbon-related climate risks, we prioritize both mitigation and adaptation. We aim to enhance our ability to respond to short-, medium-, and long-term climate change impacts. We also encourage our subsidiaries to develop strategies for carbon peaking and neutrality.



We optimize our energy management by exploring effective measures to reduce energy consumption and greenhouse gas emissions.



We strengthen our monitoring of extreme weather, establish emergency response teams, and enhance our adaptability and resilience to climate change.

## Risk management

We have enhanced the formulation of our climate risk list by taking into consideration the business features of our subsidiaries, building upon the risks identified in previous years. We face both physical and transitional risks related to climate change. Physical risks are those that can affect our physical assets, such as damage caused by extreme weather events. Transitional risks are associated with the transition to a low-carbon company that may impact our business operations.

| Risk type          |                    | Risk description   | Response strategy  |
|--------------------|--------------------|--|--|
| Physical risks     | Acute risks        | Casualties, production and transportation disruptions caused by extreme weather events can have a serious impact on the Company's operations, leading to changes in the value chain such as supply chain disruptions and fluctuations in market demand, ultimately resulting in financial losses directly or indirectly. | <ul style="list-style-type: none"> <li>We issue timely warnings of natural disasters, strengthen our disaster prevention and response measures, and have established emergency response plans for different levels of polluted weather.</li> <li>We prioritize the prevention and response to natural disasters by emphasizing the management of key areas and links such as construction, road traffic, and renovation and expansion projects. Relevant units are required to take actions to strengthen these areas and avoid potential disasters.</li> </ul>  |
|                    | Chronic risks      | Continuous high temperature weather can cause reduced production and make it challenging to preserve herbs used in traditional Chinese medicine manufacturing, leading to increased procurement and labor costs.   |  |
| Transitional risks | Legal risks        | As emission reduction regulations continue to be introduced and updated, companies that fail to meet compliance requirements may face significant fines or legal action.   | <ul style="list-style-type: none"> <li>We conduct extensive research and analysis of policies and regulations, proactively communicate with relevant government departments, and remain up-to-date on the latest policy requirements for corporate carbon emission management and reduction targets.</li> <li>We prioritize carbon emission management by appointing dedicated personnel to formulate and execute carbon emission control plans. This includes the process of communication and coordination, publicity and training, as well as carbon asset management and carbon trading.</li> <li>We embrace the principles of green design and clean production to enhance the efficiency of our raw materials and reduce energy consumption. For instance, we are exploring the use of low-carbon raw materials to reduce our carbon footprint.</li> <li>We actively contribute to the development of green manufacturing by participating in the creation of relevant standards, filing patents related to green manufacturing, participating in the evaluation of green products, developing energy-saving and emission-reducing equipment, and promoting technological upgrades for a sustainable and green future.</li> <li>We optimize our production processes to achieve efficient and continuous production in multiple batches, which helps reduce the operating time and power consumption of the air-conditioning system in our purification workshop.</li> </ul> |
|                    | Policy risks       | The national policy of carbon peaking and neutrality has a direct impact on our investment in environmental protection and an indirect impact on our product portfolios, production capacity, and production scale.  |  |
|                    | Technical risks    | Such as increasing operating costs due to the replacement of technologies with high environmental impact with those with low impact.   |  |
|                    | Market risks       | Risks caused by customers' preference for eco-friendly products.   |  |
|                    | Reputational risks | Stakeholders expect the company to take active actions on climate change. The company's reputation might be affected if the company fails to live up to the expectations.  |  |

## Goal-oriented

With the vision of achieving carbon peaking and neutrality, CR Pharmaceutical and its subsidiaries have embraced green and low-carbon development. We are continuously exploring the path of green manufacturing, integrating decarbonization goals into our environmental management objectives, and striving for a complete transition towards a green and low-carbon company. Through these efforts, we aim to improve both our economic and social performance.

### CR Pharmaceutical's decarbonization targets for the 14th Five-Year Plan Period

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

- To align with the *Action Plan of CR Pharmaceutical on Carbon Peaking*, each subsidiary developed and released their own *Carbon Peak Action Plan* based on their unique operational situation and business lines. Additionally, a leading group for carbon emission management was established to oversee and promote the implementation of carbon emission control practices and to refine the implementation of carbon emission management plans.

- We benchmark our efforts against the national green supply chain management system evaluation standards. Our focus on green supplier management, green production, social responsibility, and environmental performance disclosure leads us to establish a green supply chain management system with CR characteristics.



- We build distributed photovoltaic power generation projects and connect surplus power to the grid to increase the proportion of green and low-carbon energy and create environmental benefits.

- By increasing our focus on energy-saving and environmental protection projects and the application of new technologies, we are implementing source emission reduction and process control measures, including the introduction of MVR evaporation and concentration systems and the comprehensive utilization of traditional Chinese medicine residue in our pharmaceutical factories, to quantify, recycle, and reuse pollutants.

- We carry out energy-saving technological transformation plans and monitor our water, electricity, and gas consumption through meter measurement. We assign specific personnel to read and monitor the meters, report and address any abnormalities promptly, and incorporate the results of their work into performance appraisal.

### Case CR Sanjiu pioneers near-zero carbon park and ecological green factory

In 2022, Guanlan Production Base of CR Sanjiu Headquarters started constructing a near-zero carbon park. CR Sanjiu is building a near-zero carbon demonstration park that showcases the pharmaceutical industry's characteristics. To achieve this, it has constructed distributed photovoltaic power generation and energy storage stations, transformed air-conditioning and air compressor systems, replaced traditional street lights with solar-powered ones, introduced new energy vehicles, and developed a carbon asset management information platform. These efforts aim to explore and promote effective models and experiences of green factories. In late 2022, the park project was selected as one of the second batch of pilot projects in Shenzhen's Near-zero Carbon Emission Zone.



Aerial view of CR Sanjiu Headquarters

### National-level Green Factories





### Feature 2



## CR Pharmaceutical's Mission to Improve Primary-level Healthcare Services

Rural medical and healthcare practices are critical in rural vitalization. Since September 2020, CR Pharmaceutical and the China Women's Development Foundation have initiated the "Healthy Village Program" to enhance medical conditions and the environment for the public, with a focus on primary-level medical care needs. With a cumulative investment of RMB 23.6 million and RMB 8.05 million worth of supplies, the program has covered 17 provinces and cities including Hubei, Guizhou, Ningxia, Jiangxi, and Gansu, bringing health and safety to tens of thousands of villagers, and basically achieving the Company's strategic goal.

### Staying True to Original Aspirations and Serving the Greater Good

#### Supporting county-level hospitals

- Leveraging the talent resources of Grade III Level A hospitals in Beijing, we have assisted the key departments of six county-level hospitals in Haiyuan and Huaguan, and have provided 26 training vacancies for doctors.
- The online learning platform of the program has offered more than 20 times of remote guidance and 229 online courses, with more than 4.3 million online participations.

#### Supporting rural doctors

- In cooperation with the National Health Commission, we provide training on rural assistant general examination and a training program on appropriate techniques of traditional Chinese medicine.
- Conducted six free consultation and education events in various locations including Jianhe, Guangchang, and Sanming, trained more than 400 rural doctors in more than 20 appropriate techniques and skills of traditional Chinese medicine.

#### Supporting primary-level doctors

- Eight specialist expert committees have been established to enhance the capabilities of primary-level doctors, and three national medical masters/Qihuang scholars appointed.
- Three sets of tailored textbooks have been developed on nine specialized fields for primary-level doctors, and 291 online training sessions conducted.

#### Enhancing health literacy

- Enhancing the health literacy of the general public by conducting village-level health knowledge mutual aid training and health lectures; guiding villagers towards developing an independent and self-disciplined healthy lifestyle.
- Conducted research on health management of villagers in Qingliu, Haiyuan, and Zhouqu, and launched a pilot project in Guanqiao Village, Haiyuan, while included selecting 1,000 local villagers to improve their health literacy.

#### Construction assistance and donation

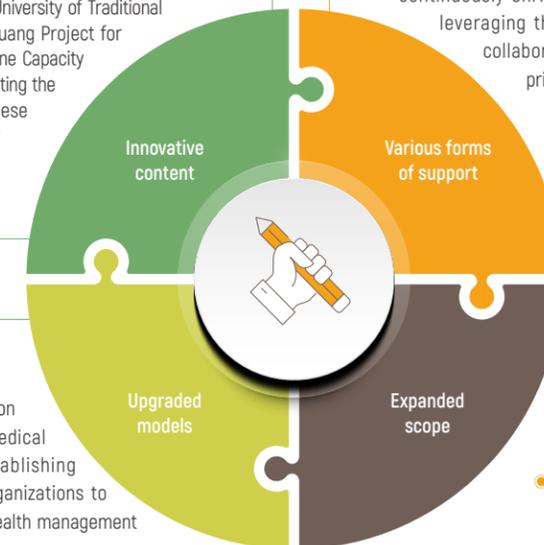
- Conducted over 3,200 free consultations with villagers, addressing urgent and challenging issues such as medical care and medication shortages.
- Supported the construction of 21 village medical and health clinics in Jiangxi, Gansu, Fujian, Shanxi, and other locations, and promoted the development of seven more.
- The donation of the CR Pharmaceutical Health Packages has benefited more than 25,000 families in 13 provinces.

### Persevering for Better Results

The program is steadfastly uniting public welfare forces in service of the Healthy China strategy, and has received widespread coverage from mainstream media, resulting in a significant social impact. Looking ahead, the program aims to establish a new collaborative model for public welfare activities and take multiple measures to continuously upgrade and innovate its practices.

- The program collaborates with the Capacity Building and Continuing Education Center of the National Health Commission to develop a systematic support and training system, focusing on modern hospital management capacity-building, rural general practitioner assistant qualification, and appropriate techniques of traditional Chinese medicine.
- The program partnered with Jiangxi University of Traditional Chinese Medicine to launch the "Qihuang Project for Enhancing Traditional Chinese Medicine Capacity at the Primary Level," aimed at promoting the use of appropriate traditional Chinese medicine techniques in primary healthcare and establishing a unique support model.

- Strengthening the construction of medical care by donating equipment, conducting regular expert visits, and leveraging telemedicine to help improve the health of the public and enhance their satisfaction with medical treatment.
- Enhancing the level of education and medical care, and continuously enriching multi-faceted curriculum learning; leveraging the expertise of our team of experts and collaborating with strategic partners to cultivate primary-level professionals.



- Popularizing healthy lifestyles and strengthening public health education to ensure access to essential medical care for vulnerable groups; establishing village-level health mutual aid organizations to empower the public as their own health management experts.
- Improving the rationalized layout of public welfare services, enhancing the supply of and logistics support and incentives for talent resources, mobilizing various parties and maximizing the impact of the program.

- Expanding our efforts in supporting pilot projects in Northwest China, building upon our existing achievements.

We will persist with diligence and forge ahead fearlessly. Looking ahead, the Healthy Village Program of CR Pharmaceutical will continue to channel high-quality medical resources to rural areas, addressing the deficiencies in primary-level healthcare. We aim to summarize sustainable and transferable practices for primary-level healthcare assistance through the program, empower primary-level units and enable better health outcomes in rural areas, contributing to a healthy China.

# Upholding Integrity and Innovation to Safeguard Human Health

We actively respond to the national strategy of driving development through innovation, foster the development of an innovative atmosphere and culture, focus on improving the quality of medical technology innovation, accelerate our digital transformation and upgrading, and collaborate with our partners to synergize and provide consumers with better, more accessible pharmaceutical products and services.



## Our Concerns

Innovative development  
Quality management  
Customer service  
Accessible healthcare

## Our Actions

Boosting R&D and innovation capacity  
Strengthening drug quality management  
Upgrading consumer experience

## Benchmark Indexes

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

## Our Achievements

**694,445.6**  
Hours of quality training

**247,862**  
Participants in quality training

**100%**  
Staff coverage for quality training

**5,253.2**  
Hours of quality training for suppliers

**894**  
Participants in supplier training

## Creating an Innovation Ecosystem

Innovation is an important means and fundamental guarantee for achieving sustainable development. CR Pharmaceutical is deeply committed to implementing the national innovation-driven development strategy, building an innovative R&D system with unique characteristics. We accelerate the transformation and application of innovative achievements, promote digital operations and intelligent services, and expand international scientific and technological innovation cooperation to meet the diverse and multi-level health needs of the public.



1

Subsidiaries including CR Boya Bio-pharmaceutical and National Institute of Pharmaceutical R&D Co., Ltd. (NIP) were certified as high-tech enterprises.

2

CR Zizhu and CR Double-Crane, among other subsidiaries, were recognized as local "specialized, special, and new" small and medium-sized enterprises.

## Improving Innovation Systems

We constantly enhance our innovation mechanisms and methods by developing and implementing regulations such as the *Management Measures for External Innovation and Cooperation* and the *Management Measures for the Science and Technology Commission*. We also thoughtfully plan the composition and distribution of internal and external expert committees and recruit leading industry experts to promote innovation and development in the pharmaceutical industry.

### Putting in place an innovation management system

- NIP has optimized work processes and templates for scientific and technological innovation project management, and formulated over ten management regulations and measures such as the *Implementation Measures for R&D Projects* and the *Review Measures for R&D Projects*.
- Dong-E-E-Jiao has optimized its R&D project management by standardizing the entire process, including project establishment, process review, change management, and protection of R&D results.

### Cultivating a team of innovative talents

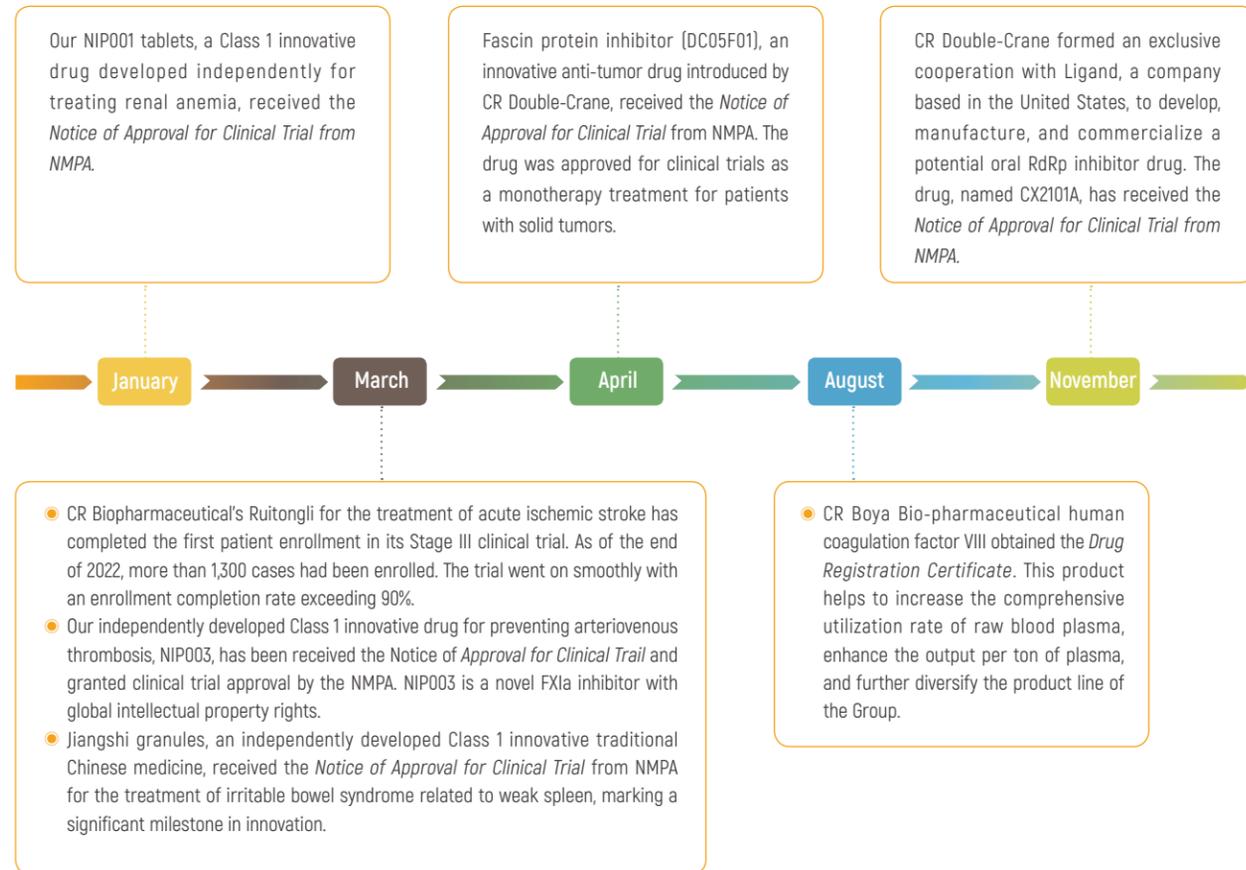
- CR Zizhu has reformed its R&D organization by establishing a new R&D and Innovation Management Committee, revising the *Management Measures for External Experts*, *Management Measures for the R&D and Innovation Management Committee*, and *R&D Project Achievement Award Measures*.
- CR Double-Crane is establishing a Science and Technology Innovation Committee to comply with state and CR Group policy requirements on science and technology innovation. The committee will focus on studying major scientific and technological innovation directions, key areas, and important topics.

## Expediting the Application of R&D Results

We strive to enhance the quality of medical science and innovation, with a focus on research of rare diseases and conducting generic drug quality consistency evaluation. We also accelerate the transformation of innovative achievements and protect our intellectual property through a well-established management system. In doing so, we aim to share the value of innovation and development with the society.

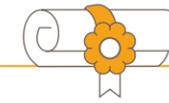


**Accelerating the landing of innovative achievements.** We prioritize the value of life and uphold ethical standards by obtaining legal licenses for the use and production of experimental animals. We provide consumers with high-quality generic drugs and strive to bring scientific research achievements out of the lab and into practical applications.

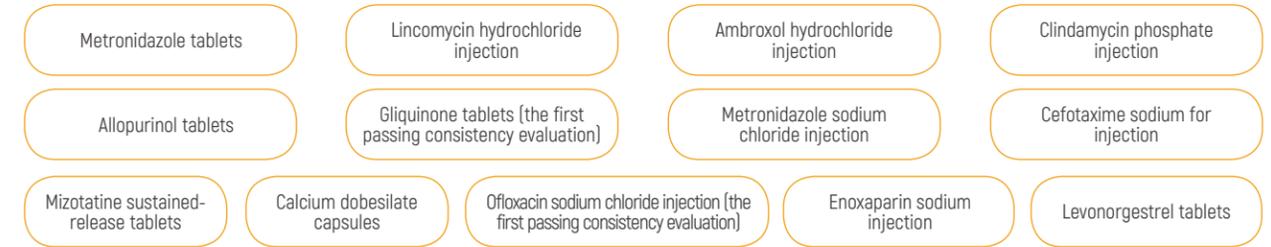


**Case Breakthrough in research on Dong-E Donkey Hide Gelatin Compound Slurry for cancer-related fatigue**

Dong-E-E-Jiao has made significant progress in the field of cancer research by participating in a special national key R&D project titled "Research on the Clinical Value of Dong-E Donkey Hide Gelatin Compound Slurry for the Treatment of Cancer-Related Fatigue". This project was led by Xiyuan Hospital of the China Academy of Chinese Medical Sciences, and involved 31 GCP centers across the nation. A total of 611 cancer patients were enrolled, and the study found that the Dong-E donkey hide gelatin compound slurry was effective in alleviating fatigue in patients with lung, stomach, and colorectal cancers. The compound slurry led to significant improvements in behavioral, emotional, sensory, and cognitive dimensions, as well as relieved symptoms of pain, tiredness, depression, and drowsiness. These findings provide compelling evidence for the efficacy of the compound slurry in treating cancer-related fatigue and offer academic backing for targeted clinical use and expanded utilization for other patient groups.



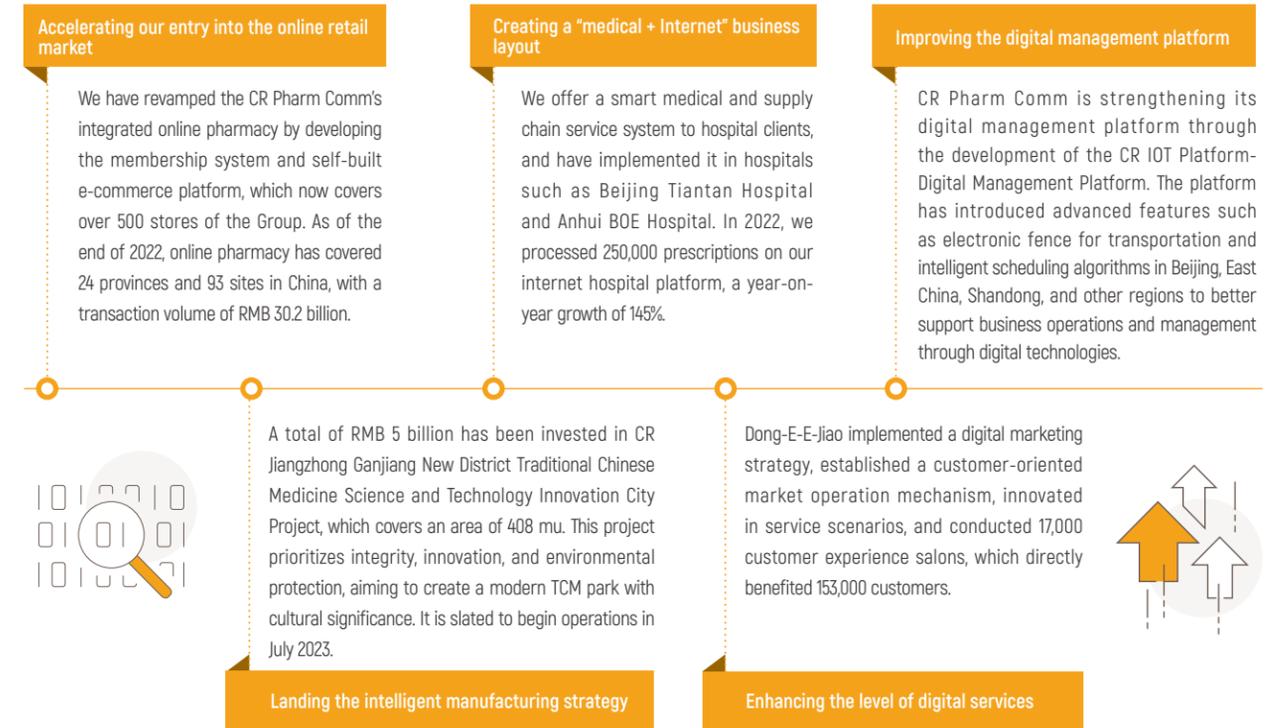
In 2022, 13 of our products passed the generic drug quality consistency evaluation.



**IPR protection.** We adhere to laws and regulations, including the *Trademark Law* and the *Patent Law*, as well as our own internal regulations such as the *China Resources Pharmaceutical Group Limited Measures for the Management of Intellectual Property Rights and Files of R&D Projects*, to enhance the protection of IPR. We continuously improve our management system for IPR and strengthen our review processes for sources, defects, infringement prevention, and data compliance of IPR. Throughout the reporting period, we have not been involved in any major infringement or intellectual property disputes. In 2022, CR Boya Bio-pharmaceutical obtained certification for the GB/T 29490-2013 intellectual property management system.

## Injecting Vitality through Digital Transformation

We are committed to embracing the opportunities of intelligent development, and we have adopted a competitive "business system x digitization" model for our four business systems: the collectivized supply chain system, in-hospital service system, out-of-hospital new retail system, and collectivized logistics system. Through this, we aim to digitalize our core value chain, improve operational efficiency, innovate in our business models, and achieve high-quality development through digital transformation.





CR Sanjiu Intelligent Manufacturing Workshop

## Fueling Innovation Collaboration

We recognize that collaborative, cooperative, and open innovation are unstoppable new trends. As such, we prioritize expanding international scientific and technological exchanges and cooperation. We actively seek opportunities to collaborate with government agencies, scientific research institutes, peer companies, and other institutions, and strive to integrate into the industrial innovation network.

In collaboration with the team led by Academician Zhang Boli of Tianjin University of Traditional Chinese Medicine, we conducted research on the potential of donkey hide gelatin compound slurry in improving sleep. The findings revealed that the slurry has a positive impact on insomnia, as it is capable of negatively regulating the expression mechanism of clock genes Bmal1 and PER2, which are linked to the mitochondrial calcium mechanism.

In collaboration with the First Affiliated Hospital of Nanchang University, LinkDoc Technology (Beijing) Co., Ltd., Beijing Scitop Biotech Co., Ltd., and other institutions, we conducted clinical studies on the effects of probiotics on the intestinal flora of patients with gastroesophageal reflux treated with rabeprazole. Additionally, we conducted randomized, double-blind, placebo-controlled studies on KEIB047 probiotics to improve diarrhea-type irritable bowel syndrome.

We signed a cooperation agreement with the National Clinical Research Center for Infectious Diseases (Shenzhen) and the Shenzhen Third People's Hospital to collaborate on new drug development, diagnostic products, and vaccines in the field of infectious diseases.

NIP and Chongqing University have established a strategic partnership based on the principle of mutual benefit and common development. Together, they aim to promote the growth of pharmaceutical research and development as well as industrialization of research outcomes.

## Focusing on Quality Upgrading

Product quality is crucial for pharmaceutical companies. CR Pharmaceutical prioritizes quality and is dedicated to constructing a comprehensive quality management system that covers the entire life cycle of medicines. We accelerate system certification and conduct regular audits of our subsidiaries, instilling a culture of quality across our entire organization. Our focus on safety guarantees the quality of medicines for consumers, and we strive to offer high-quality pharmaceutical products to meet their needs.

### Enhancing Quality Management

Abiding by the *Drug Administration Law of the People's Republic of China*, the *Good Manufacturing Practice for Drugs (2010 Revision)*, the *Good Supply Practice of Pharmaceutical Products*, and other laws and regulations, we have established a quality management system up to related standards. We have conducted management system certifications, audits, and internal and external spot checks to ensure compliance with regulations. To strengthen our product quality control, we provide guidance and annual training to all our suppliers and incorporate quality management throughout the entire product lifecycle, including raw material sourcing, R&D, registration, testing, and manufacturing.



#### Quality system certification

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

#### Quality system auditing

Our subsidiaries organize regular and special quality audits, and evaluate and promote smooth operation of the quality system through carrying out internal unannounced inspections, internal and external spot checks, and conducting in-house audits. All manufacturers of CR Pharmaceutical conduct quality auditing and receive official inspections, and have all passed GMP compliance inspections.

#### Quality risk management

We carry out self-inspections of GMP risks, and carry out precautionary testing for emerging quality concerns. In addition, we perform in-house spot checks and evaluations to ensure that all products marketed by us are safe, effective, and have controlled quality. As an example, Dong-E-E-Jiao developed a *Post-Marketing Risk Management Plan for Drugs* and conducted risk assessments on 43 products, identifying the risk ratings. It also formulated a risk management plan for 2022.

## Fostering a Quality-Oriented Culture

To meet the requirements of quality risk control in production and operation, as well as policy interpretation for pharmaceuticals and medical devices, cold chain verification technology, and store quality management, we organize and carry out a range of activities aimed at fostering a strong quality culture.

### Case Enhancing quality culture through Quality Month theme activities

Dong-E-E-Jiao is dedicated to enhancing employees' quality consciousness and has launched a Quality Month activity under the theme "Concentrating on Quality and Promoting Improvement". The company has organized various activities, including the creation of a quality-focused atmosphere in the production workshop and factory area, the development of quality comics, recognition of the most dedicated quality personnel, and the selection of essays on quality, all of which aim to strengthen employees' understanding of the significance of quality.



## Securing Drug Safety

We prioritize safe medication to prevent medication errors and reduce harm to patients. To achieve this, we uphold strict standards for product quality and regularly enhance our pharmacovigilance system. We have also improved our recall management procedures and conduct regular emergency drills to ensure the safety of our drugs in the field.

### Pharmacovigilance management

We strictly adhere to the *Good Pharmacovigilance Practice* and other relevant regulations, and urge our subsidiaries to fulfill their responsibilities as permit-holders for the sale of pharmaceuticals by implementing pharmacovigilance measures. We have reconstructed our pharmacovigilance system and established a dedicated department for pharmacovigilance, while also fostering professionals in the field.



### Emergency drug recall system

We actively implement the *Management System for Drug Recalls* and ensure that drugs produced and marketed with quality issues or other safety hazards can be recalled in accordance with prescribed procedures. If an actual recall occurs, we entrust professional third parties to destroy or dispose of unqualified drugs. If there is no actual recall, we organize product recall drills in accordance with the *Simulated Recall System*. In 2022, there were no major negative events affecting the health and safety of customers.

## Boosting Service Quality and Efficiency

CR Pharmaceutical places consumers at the forefront of its operations, continuously enhancing its health service capabilities, safeguarding consumers' rights, advocating for responsible marketing and publicity, and relentlessly working to improve consumers' sense of acquisition, well-being, and security.

### Optimizing Customer Service

To enhance our online services, we leverage digital tools, implement consumer satisfaction management, improve service levels, and prioritize consumer service experience.

**Innovating in service models.** Putting consumers at the heart, we are proactively expanding our omni-channel digital presence to enhance user experience and service through precision marketing and digital services. CR Sanjiu has established a full-time professional new media team that concentrates on new media platforms such as Tencent and Douyin to improve the quality and efficiency of online services.

**Conducting satisfaction surveys.** We have adopted various approaches to conduct satisfaction surveys, actively listened to customer feedback, and promptly addressed their concerns to enhance their overall service experience. Our customer satisfaction rate in 2022 exceeded 90%.

CR Zizhu entrusted a third-party organization to conduct user satisfaction surveys, carefully reviewed the survey results and customer feedback, and made accurate adjustments to enhance service quality.

CR Boya Bio-pharmaceutical distributed a *satisfaction questionnaire* to its customers, with all survey results indicating high levels of satisfaction.

### Advocating Responsible Marketing

In accordance with the *Advertising Law*, *Drug Administration Law*, the *Provisions for Drug Insert Sheets and Labels*, and other relevant laws and regulations, we strengthen compliance management of advertisement, slogans, and marketing content. False or misleading advertisement is strictly prohibited, and we conduct regular audits and strengthen the management of all advertising channels and tools, such as store posters, POP displays, LED screens, and WeChat official accounts. Latest requirements for providing accurate, objective, non-misleading and authentic information in advertisement are strictly implemented. Regular training on responsible advertising is conducted throughout the organization.

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

### Case Revising safety information in drug insert sheets to ensure safe medication

CR Sanjiu has revised the safety information on its drug insert sheets for 34 different drug varieties. As part of this effort, the company has added information on adverse reactions for Wei Tai 999 granules, Wei Tai 999 capsules, and Bupi Yichang pills, etc., in order to promote safe medication.

## Safeguarding Consumer Rights and Interests

We prioritize the reasonable needs of our customers and strive to relieve patients' burdens. To achieve this, we strictly implement consumer privacy protection systems to establish a "firewall" that safeguards consumer rights and interests.

  
**100%**  
Complaint resolution rate



We strictly abide by the *Opinions on Promoting the Drug Pricing Reform*, the *Opinions on Supervising the Drug Price*, among other relevant laws and regulations. Our customer-centric approach is reflected in our commitment to offering high-quality drugs at equitable prices, and we exert every effort to ensure stable drug prices and supplies in various settings, including medical institutions, retail pharmacies, and online platforms. We take into account the economic and healthcare conditions of foreign markets and flexibly adjust prices to improve the accessibility of our medicines.

  
**351**  
Complaints timely and properly handled



We adhere to the *Law on Protection of Consumer Rights and Interests* and prioritize customer privacy by implementing a confidentiality system. We ensure that sensitive information, including customer files, complaints, and data, remains confidential. We constantly enhance our information security system to prevent data leakage, and comprehensively ensure the security and stability of both corporate and customer information. For example, Dong-E-E-jiao sets clear guidelines for protecting customer privacy by strictly prohibiting the disclosure of buyer information and restricting the sharing of consumer online communication to personal social media accounts.



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

**Case** Establishing a cross-departmental quality complaint management team to safeguard consumer rights and interests

CR Sanjiu has established a quality complaint management team that involves multiple departments, including the Production and Operation Center, Strategic Operation Department, Customer Service Hotline, Marketing Department, production units, R&D Center, and other relevant responsible units. This team is responsible for receiving, responding, investigating, and addressing complaints in a timely and effective manner, with the ultimate goal of providing consumers with safe, effective, and accessible products.

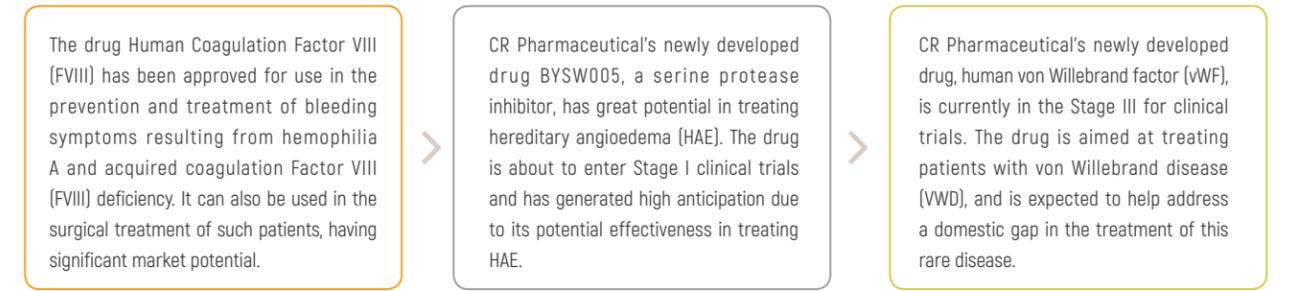
## Improving Health Accessibility

CR Pharmaceutical is building a modern pharmaceutical supply system aligned with national initiatives like the Belt and Road, while also engaging in health public welfare activities to make high-quality and affordable health products accessible to consumers worldwide.

**Guaranteeing drug supplies.** To ensure stable drug supplies in the market, we are committed to improving the quality of our comprehensive logistics services, with a focus on enhancing our transportation management system, and only purchase transportation vehicles that meet the GSP requirements.

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

**Expanding treatment fields.** We are committed to increasing our support for research in emerging fields and the development of prevention and treatment methods. By adopting new methods and models, we are able to carry out exploratory research, expand our product research and development, and contribute to the benefit of more patients.



**Case** Debut at the 5th China International Import Expo

As a leading exhibitor, CR Pharm Comm participated in the 5th China International Import Expo in 2022. During the co-signing ceremony led by the Central SOE Trading Delegate, CR Pharm Comm signed procurement agreements with prominent overseas manufacturers such as Hong Kong Winhealth Pharma Group, J&J McConnell, iX Biopharma Ltd., Daiichi Sankyo, Kyowa Kirin, Elekta, Integra LifeSciences, and more. This marks a significant milestone in CR Pharm Comm's international market expansion efforts.

**Case** Joining China Alliance for Rare Disease to advance collaborative innovation in rare disease clinical research and orphan drug development

Since 2019, CR Pharmaceutical has been invited to join the China Alliance for Rare Disease as a founding corporate member. The China Alliance for Rare Disease is approved by the Medical Administration of the National Health Commission and is jointly initiated by Peking Union Medical College Hospital, China Pharmaceutical Innovation and Research Development Association, Chinese Hospital Association, and Chinese Research Hospital Association. The Alliance comprises over 50 medical institutions, research institutes, universities, and enterprises with rare disease-related specialties. Its objective is to foster significant advancements in rare disease research and enhance the level of prevention and protection of rare diseases.



# Pursuing Low-carbon Development to Protect the Green Planet

Environmental management is an important part of sustainable development. In active response to the country's call of creating harmony between man and nature, we prioritize ecological protection and pursue green development to help achieve the carbon peaking and carbon neutrality goals.



## Our Concerns

Environmental friendly products  
Higher resource and energy efficiency  
Emission and waste management

## Our Actions

Strengthening environmental governance  
Promoting energy conservation and emission reduction  
Using clean energy

## Benchmark Indexes

GRI Standards:  
301 302 303 304 305 306  
ESG Reporting Guide of HKEx:  
A1 A2 A3 A3

## Our Achievements

RMB **93.12** million

Total investments in environmental protection

RMB **11.98** million

Total investments in energy conservation and emission reduction

## Carrying out Environmental Management

CR Pharmaceutical adheres to the new vision of green development, and strictly abides by the *Environmental Protection Law of the People's Republic of China* and other relevant laws. We have formulated supervision measures for energy conservation and environmental protection as well as carbon emission management measures to keep facilitating ecological progress.

### Environmental governance strategies

Following the requirements of ecological environment authorities and industry standards, we have established management systems for environmental protection, set up the EHS department for environmental management, encouraged subsidiaries and their subordinate companies to obtain the ISO 14001 certification, and continuously improved the effectiveness of our facilities for waste water, waste gas and solid waste monitoring and treatment. The effectiveness of our environmental management is confirmed through environmental impact assessments as well as internal and external environmental audits.

#### Case CR Double-Crane carries out special inspections on ecological protection

In 2022, CR Double-Crane has carried out three special inspections on ecological protection, covering pollutant discharge permits, pollutant monitoring, as well as prevention and treatment of wastewater pollutants, air pollutants, soil and groundwater pollution, solid waste and noise pollution. The inspections have achieved 100% coverage of our production enterprises, making sure headquarters' inspections cover all its business departments and business departments' inspections cover all their subordinate units.

### Environmental governance goals

We set feasible and effective environmental targets in emission reduction, waste reduction, water conservation and other aspects to promote the effective implementation of relevant practices, and encourage each subsidiary to set environmental protection goals based on its own business and development stage to promote progress in energy conservation and emission reduction. As for resource utilization, we have formulated the *Goals for CR Pharmaceutical's Energy Use During the 14th Five-Year Plan Period*, and reduced water consumption by installing water-saving facilities and improving employees' awareness. In terms of pollutant discharge, we strictly classify hazardous waste and non-hazardous waste, striving to achieve 100% compliance with pollution management requirements.

#### Goals for CR Pharmaceutical's Energy Use During the 14th Five-Year Plan Period

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

By the end of the 14th Five-Year Plan period, the comprehensive energy consumption per RMB 10,000 of added value will be reduced by **8%**, as compared with **0.1362** tons of standard coal/RMB 10,000 in 2020.

**73**

Environmental certifications

**33**

ISO 14001-certified subsidiaries

**14**

Certified clean production bases

# Promoting Efficient Energy Conservation and Emission Reduction

CR Pharmaceutical continues to promote green operations and advocates environmental friendliness in the use of production resources and emission management. By improving energy efficiency, reducing pollutant emissions, applying more green energy and saving resources through recycling, we have made continuous efforts to build a resource-saving society.

## Optimizing the Use of Resources

The pace of green transformation has been quickened. We have strengthened energy and water management with strict management systems, vigorously carried out energy-saving technological transformation, and increased the supply and use of clean energy such as solar energy to achieve cleaner production. We pay attention to the coexistence and dependence between operation and production and the ecological environment, and no problem occurred in terms of finding applicable water sources. We also pay attention to the rational development of natural resources such as medicinal materials and soil.

### Case CR Henan Pharmaceutical launches a rooftop distributed photovoltaic power generation project to develop green energy

In June 2022, the warehouse rooftop photovoltaic project of CR Henan Pharmaceutical started construction. The project adopts a mode of "power generation for self-sufficiency with surplus electricity for sale", and the generated electricity can be used by CR Henan Pharmaceutical's office buildings and storage centers. Once the project is successfully connected to the grid, the average annual power generation capacity is about 890 MWh, equivalent to saving 363 tons of standard coal, 1,196 tons of carbon dioxide emissions and 36 tons of sulfur dioxide emissions each year. The use of clean energy will help achieve the carbon peaking and carbon neutrality goals.

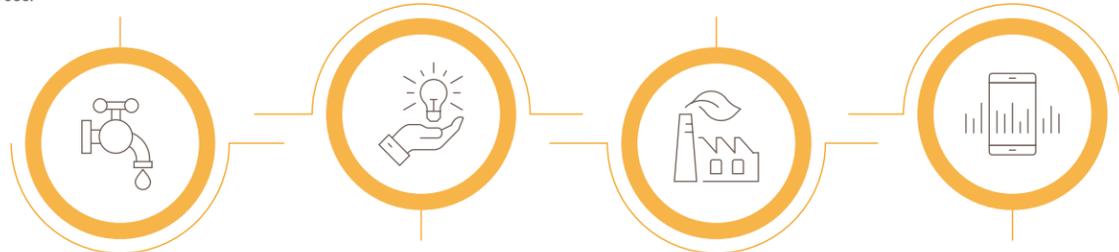


The warehouse rooftop photovoltaic project of CR Henan Pharmaceutical

### Energy-saving measures

We have strengthened the maintenance of all kinds of water-consuming equipment and facilities, and invested in water recycling projects to enhance the reuse of water resources.

We use gas inspection reports to monitor the gas quality, and improve the boiler shift system to maintain its good operation while advocating gas conservation.



We take natural advantages to reduce resource consumption. For example, in winter the outdoor water tanks of the factory can be used for natural cooling, and reduce electricity consumption caused by using process cooling water.

Departments are required to consider replacing high-energy-consuming mechanical and electrical equipment with energy-saving products when updating equipment.

## Reducing Waste Pollution

The Company strictly abides by the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution and other relevant laws*. We have formulated waste discharge systems for the classification and treatment of the wastes of each subsidiary. Hazardous waste is disposed of by professional and qualified companies, and harmless waste is transported by local sanitation workers.

Our emissions to the environment include wastewater, waste gases, solid waste, hazardous waste and noise. Among them, waste gases include greenhouse gases, nitrogen oxides and sulfur oxides generated by purchased heat, steam and electricity, as well as logistics vehicles. Hazardous wastes include substandard drugs, waste culture media, waste liquids of labs, waste packaging containers, etc. We promote waste reduction by improving our processes and reducing waste at source.

### Waste gas treatment

We entrust a qualified third party to test waste gas emissions to ensure our compliance with relevant air pollutant emission standards. Following the government's plan of phasing out Euro IV diesel commercial vehicles, we gradually replace them with Euro V diesel vehicles to reduce respirable suspended particulates and nitrogen dioxide emissions.

### Industrial wastewater treatment

To strengthen wastewater discharge management, each subsidiary builds a wastewater treatment station that is tailored to their specific needs, and submits wastewater samples to a third party for testing every month. Moreover, each has established a warning value that is lower than the discharge standard. An emergency plan will be activated as soon as the water quality is abnormal to ensure that the effluents discharged comply with relevant standards.

### Industrial dust treatment

Dust emissions are reduced by providing dust filter bags and high-efficiency dust filter units.

### Biowaste disposal

After experiments, the animal carcasses and biological samples are sorted and frozen as medical waste by the laboratory animal center, and handed over to qualified companies for harmless treatment.

### Hazardous waste treatment

The *Hazardous Waste Management System* has been improved to standardize the management process of hazardous waste generation, collection, storage and disposal. For unqualified drugs, we set up special storage sites, post hazardous waste labels, and entrust qualified organizations to destroy them regularly.

### Noise control

We entrust qualified third-party testing organizations to conduct regular noise monitoring and ensure the effectiveness of noise management.

## Green Packaging

Major product packaging materials of the Company include glass bottles, plastic bottles, packaging bags, and cartons (paper boxes). In our medicine packaging and transportation, we believe that "recycling makes limited resources limitless". With this idea in mind, we optimize the packaging design, provide degradable and environmentally friendly shopping bags in retail pharmacies, and organize reuse activities of used cartons. According to the standards of GB23350-2021: *Requirements of restricting excessive package-Foods and cosmetics*, we check the excessive packaging of goods and promote reduction, recycling and harmless disposal of packaging waste.

### Case Making waste useful, China Resources Angde Biotech Pharma Co., Ltd. reuses idle packaging materials

Once the inner packaging materials of China Resources Angde Biotech Pharma Co., Ltd. are sterilized, they cannot be used in other product production. To avoid waste, China Resources Angde Biotech Pharma Co., Ltd. temporarily stores the remaining inner packaging materials after their sterilization and uses them for verifying the aseptic dispensing process, which reduces the use of new packaging materials for verification, saves material costs and also improves the utilization of waste materials.

# Protecting Ecological Environment

The ecological environment provides the basic conditions for human survival and development. Believing that ecological progress plays a crucial role in sustainable development, CR Pharmaceutical pays attention to natural environment protection while carrying out business activities, continuously improves employees' awareness of energy conservation and environmental protection, and integrates "green genes" into the development of the Company.

## Biodiversity Conservation

In accordance with the *Regulations of the People's Republic of China on Wild Plants Protection*, the *Regulations on the Protection and Management of Wild Medicinal Plants*, and the UN Convention on Biological Diversity, we follow the requirements of biodiversity conservation and develop prudently while protecting medicinal plant resources, to avoid biodiversity loss caused by over-picking of Chinese medicinal herbs. The benign and orderly development of the traditional Chinese medicine industry has been achieved by building medicinal material bases by ourselves and with others. At the same time, we focus on dynamically managing sustainability risks in business partners and supply chains to help conserve natural resources and maintain the diversity of biological systems.

CR Sanjiu promotes an ecological planting model of Chinese medicinal plants

In response to the national policy of "stopping any attempts to use cropland for any purpose", we explore the ecological mode of planting *ilex asprella* and wild chrysanthemum in barren mountains and forests, and reclaim wasteland to improve the comprehensive land use efficiency as well as the ecology of barren mountains.

We carry out ecological environmental protection continually, ensuring the compliant disposal of pollutants discharged to nature. We pay more attention to evaluating the sustainability of resource use, and conduct sustainable management of natural resources and raw materials in the supply chain.

CR Double-Crane maintains ecosystem diversity

CR Jiangzhong implements the concept of green and ecological development

We have built a factory without changing the original terrain and landform, and perfectly integrate the ecological environment and industrial production. We have provided treatment facilities to reuse the recycled water in the wetlands of the factory. We have also formulate animal and plant protection systems, and set up full-time conservators to plant trees every year.

Giving special attention to natural landscapes in the factory, its ecological park has a green area of 200,000 m<sup>2</sup> and water landscapes of 120,000 m<sup>2</sup>, which can absorb more than 3,280 tons of carbon dioxide.

Dong-E-E-Jiao has built a factory garden

CR Zizhu strengthens control of risks in soil pollution

Acting on the *Soil Pollution Prevention and Control Law*, we investigate potential risks of soil pollution at key spots in the factory area and monitor the groundwater indicator changes through the new monitoring wells.

## Green Office

To promote energy conservation and environmental protection in our office, we have formulated the *Management Measures for Energy and Resource Conservation* as guidelines for saving energy, water and other resources. We also put up posters to help employees develop good habits and form a good corporate culture of energy conservation.

We have fostered the development of IT systems and realized a paperless office with the OA system, which covers most of the processes, allows office documents to be modified and transmitted by e-mail, and thus reduces the use of paper and the generation of waste paper.

We have strengthened the management of office supplies by registering the procurement and application of supplies and standardizing the use standards to extend the life span of office supplies.

Video conferencing is more encouraged than on-site meetings to save resources used in the meeting room arrangement.



We advocate turning off the faucet after using water to avoid waste of water resources.

Employees are required to turn off electrical equipment before they leave the office, such as computers, printers, fax machines, to avoid electricity waste.

We use energy-saving lamps in corridors, passages and other places of the office area with lower lighting demand, and turn them off after work to save electricity.

## Green Awareness

On special days such as the World Environment Day, National Energy Efficiency Promotion Week and National Low-Carbon Day, we organize employees to study environmental protection policies and carry out wide publicity activities and training on energy conservation and carbon reduction to spread a low-carbon lifestyle. Responding to the call of the Group, subsidiaries also hold environmental activities and guide employees to save energy.

### Case Jiangzhong Pharmaceutical wins the 11th China Environmental Excellence Award

In June 2022, Jiangzhong Pharmaceutical, a subsidiary of CR Pharmaceutical, was honored with the 11th China Environmental Excellence Award under the Corporate Environmental Protection Category, which is the highest social recognition in China's environmental protection field. It is also the second highest honor in the field of national ecological environmental protection that Jiangzhong Pharmaceutical has received. In response to this award, Jiangzhong Pharmaceutical has pledged to intensify its investment in environmental protection and to advance intelligent and green manufacturing, contributing more to the protection of the ecological environment and green and sustainable development.

# Creating Shared Value and Forming Good Partnerships

Faced with fierce competition and challenges in the world, we adapt to the changes in the global supply chain flexibly and strengthen the mutually beneficial relationship with our suppliers and partners to become a company with higher added value.



## Our Concerns

Supply chain management  
Industrial cooperation

## Our Actions

Optimizing the supply chain management system  
Building a sustainable supply chain  
Achieving win-win cooperation with our partners  
Creating an industrial ecosystem together

## Benchmark Indexes

GRI Standards:  
308 414  
ESG Reporting Guide of HKEx:  
B5

## Our Achievements

29,367

Suppliers in total

1,066

Suppliers audited during the reporting period

## Improving Supply Chain Management

CR Pharmaceutical respects every business partner, and by continuously interacting and communicating with its suppliers, it improves the efficiency of the supplier management mechanism, and jointly explores sustainable supply chain solutions.

### Improving the Supply Chain Management System

We strictly abide by national and local laws and regulations, establish and improve the supply chain management system through the *Administrative Measures for Suppliers* and the *Integrity Agreement*, and carry out access audits, regular audits and dynamic management of suppliers. By carrying out supplier training and building a digital supply chain, we help the supply chain achieve compliant, healthy and efficient development.

**Examining the qualifications of suppliers.** The Company strictly verify the qualification, scale and credit of suppliers, pays closer attention to the management of key suppliers, and conducts safety inspections on special suppliers involving animal experiments and hazardous chemicals to ensure that suppliers stably provide ingredients and materials in compliance with the requirements of quality standards in the long run.

**Building a smart supply chain.** Considering our high-quality medical customer resources and the upgrading demands for "hospital + internet", we provides smart medical and supply chain services for hospital customers, and create an "medical + internet" ecosystem to promote the transformation and upgrading of supply chain services.

### Building a Responsible Supply Chain

Paying close attention to improving the cooperation level of the supply chain, we consider the ESG performance of suppliers when examining their qualifications and encourage more suppliers to meet the standards for a high-quality enterprise in environmental protection, social responsibility and compliance. We also give attention to public opinions on the social and environmental performance of suppliers, promote the use of environmentally friendly materials, and foster steady development of the supply chain in the long term. In 2022, we identified 4 suppliers who failed the social responsibility assessment in internal audits and terminated the partnership with them.

#### Risk identification

We take a zero-tolerance stance against human rights infringement and child labor, and prevent any infringement of workers' human rights in the supply chain. Risk screening in procurement bidding and comprehensive assessments of key suppliers have been carried out regularly. No significant negative environmental or social impacts were identified among the suppliers reviewed during the year.

#### Transparent procurement

We improve the *Procurement Management System* to promote open procurement, and require all our suppliers to sign the *Transparency Declarations* and the personnel in charge of procurement review to sign integrity documents.

#### Green procurement

We encourage suppliers to obtain certifications on quality, environmental and occupational health and safety to jointly establish a green supply chain that meets the requirements of green manufacturing.



Vigorously promoting the model of circular economy, CR Jinchan, together with raw material suppliers, have established a green industrial chain integrating "production-recycling-reproduction" for production waste and worn-out products, and realized closed-loop recycling of materials. By strictly controlling the generation of waste, and collecting and sorting the waste, the company achieves comprehensive recycling of all the materials. In 2022, the recycling rate of packaging materials reached 100%.

## Sharing Cooperative Achievements

While carrying out compliant operations, CR Pharmaceutical also values communication with partners and fosters strategic cooperation. Through visiting peer enterprises and participating in industry seminars, we accelerate the collaboration among enterprises, universities and research institutes and jointly guard people's life and health.

### Leading Industry Development

We maintain close communication with the government, institutions, universities and peer companies, participate in the formulation of industry standards and major industry forums, and hold academic seminars, setting a model for the development of pharmaceutical enterprises and stimulating the endogenous power of the industry while staying forward-looking about the industry trend.

#### Studying advanced theories

We have strengthened exchanges with research centers and universities and set up cross-department project teams to make breakthroughs in original drugs and technologies.



#### Empowering the health industry

We carry out strategic cooperation with national innovation hubs, and have set up 5 joint innovation centers and signed 17 projects to foster progress in the fields of innovative drugs and devices, infectious diseases, vaccines, ophthalmology, brain health, etc.

#### Case

##### Visiting science and technology innovation institutions in Hong Kong

In December 2022, we visited several universities and emerging biotechnology companies in Hong Kong, exchanged information on corporate development and industrial strengths, and discussed the feasibility of future cooperation, promoting innovative cooperation with Hong Kong science and technology institutions and enterprises. This visit provides a valuable opportunity for us to learn from the cutting-edge technologies in biomedicine, and also lays a solid foundation for deepening our scientific and technological cooperation in Hong Kong.



CR Pharmaceutical visits Hong Kong Science Park in Shatin, New Territories.

#### Case

##### Establishing a joint healthcare innovation center with Wenzhou city

In September 2022, CR Pharmaceutical signed a cooperation project focusing on clinical demands and frontier fields with Wenzhou city to promote original project incubation and commercial application. In this cooperation, CR Pharmaceutical, and universities and research institutions in Wenzhou have established 3 joint healthcare innovation centers and signed 8 cooperation projects. Combining its strengths with local realities in high-quality projects, the Company strives to create a full-chain innovation model from basic research to application.



The signing ceremony of the joint innovation center project

## Promoting Diverse Cooperation

We actively extend the cooperation scope and accelerate the implementation of strategic collaborations. With solid operating achievements, we also learn from the diverse experience of our partners to jointly build a new platform of cooperation and mutual benefit.

#### Case

##### Signing the strategic cooperation agreement with Fosun Pharma

In October 2022, the signing ceremony of strategic cooperation between CR Pharmaceutical and Fosun Pharma was held in Shanghai. The two companies will conduct all-round cooperation in the big health industry, focus on clinical needs and cutting-edge biotechnology and accelerate the R&D and industrialization of innovative drugs and high-end medical devices in China. At the same time, relying on the rich industrial experience and resources of CR Pharmaceutical and the strong capabilities of Fosun Pharma in new drug R&D and globalization, the two sides will further international cooperation and expand overseas markets together.



CR Pharmaceutical and Fosun Pharma sign the strategic cooperation agreement.



CR Double-Crane acquires equity stake in Shenzhen Biology & Technology Co., Ltd.



Scan the code to learn more

# Uniting for a Shared Future of Our Employees

Committed to a people-centered approach, CR Pharmaceutical regards every employee as a source of development. While guaranteeing the legitimate rights and interests of employees, we are also developing a talent pool with a strong sense of mission and responsibility so as to ensure a leading role in market, create organizational strengths and lead value orientation. In this process, we redouble efforts to enrich our employees' life and prioritize their physical and mental health to work together for sustainable development.



## Our Concerns

Legitimate rights  
Occupational health  
Career development  
Employee care

## Our Actions

Safeguarding legitimate rights of employees  
Strengthening work safety  
Paving the way for smooth career development  
Paying attention to the happiness of employees

## Benchmark Indexes

GRI Standards:  
2-7 2-30 401 402 403 404 405  
ESG Reporting Guide of HKEx:  
B1 B2 B3 B4

## Our Achievements

RMB **30.65** million  
Invested in staff training

**100%**  
Coverage of employee training

RMB **95.24** million  
Invested in work safety

# Safeguarding the Rights of Employees

Regarding its employees as a key source of sustainable development, CR Pharmaceutical respects human values, abides by laws and regulations, works hard to build harmonious labor relations. Our goal is to effectively protect the legitimate rights of employees and to create an equal, diverse and transparent workplace environment with a sense of belonging.

## Equal and Standardized Employment

Strictly abiding by the Chinese laws, such as the *Labor Law*, the *Labor Contract Law* and relevant policies, regulations and customs of the operating place, we adhere to equal treatment, fight against any form of discrimination and treat our employees fairly and equally regardless of race, skin color, nationality, gender, age, religious belief and cultural background.

**10,538**

New jobs created

**271**

Employees with disabilities hired

### Rights protection



To safeguard the legitimate rights of employees and our own company, we standardize procedures of recruitment, promotion and employment contract termination, improve labor management regulations, and establish standardized employment order, resulting in a 100% labor contract signing rate. Besides, we strictly implement requirements of national social insurance and regulations of our company benefits, including paying social insurance and housing provident fund in full on a monthly basis and providing parental leave, one-child leave, extended maternity leave, etc.

### Respect for human rights



Following international norms such as the *International Covenant on Human Rights* and the *Universal Declaration of Human Rights*, we formulate and implement human right protection goals and plans, and improve employment standards and violation treatment mechanism. We also establish a mechanism to deal with employment irregularities and verify the personal information of employees according to law. Self-inspection of employment is organized regularly to avoid child labor, forced labor, and harassment and abuse. Prompt rectification, accountability, and compensation will be applied in accordance with the above situation. In 2022, no child labor, forced labor, harassment and abuse, or employment disputes occurred at CR Pharmaceutical.

### Remuneration and benefits



In line with the *CR Pharmaceutical Administrative Measures for Remuneration and Benefits*, the *CR Pharmaceutical Administrative Measures for Vacation and Attendance* and the *CR Pharmaceutical Administrative Measures for Performance Management*, we improve the remuneration management mechanism, and have formulated and revised 5 regulations on remuneration management. Meanwhile, flexible performance appraisal measures have been developed for different types of positions and remuneration and benefits have been adjusted regularly based on market regulations and employee performance. A diversified incentive mechanism covering cash, equity, and placement for employees have been adopted to ensure that core positions have competitive and attractive salaries. Through our concerted efforts, we attained the 100% social insurance coverage and 100% company welfare coverage.

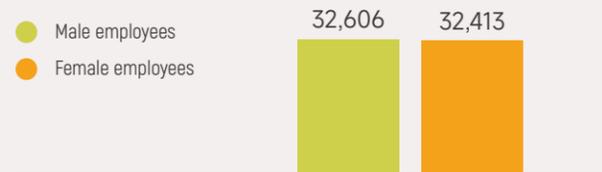
### Inclusion and diversity



Talents with different backgrounds, expertise, and work experience will be warmly welcomed. We work hard to eliminate gender bias, encourage female employees to gain promotion, and strive for equal pay for equal work for male and female employees. We work to match employees with disabilities or in need with suitable job vacancies and provide more choices and autonomy for all employees so as to create a more inclusive and diverse workplace.



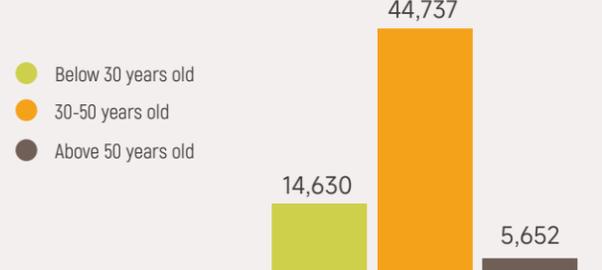
Employees by gender structure(Headcount)



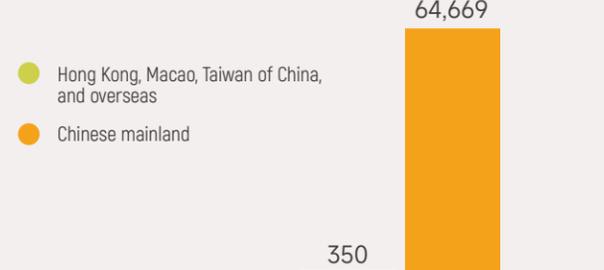
Employees by employment type(Headcount)



Employee age breakdown(Headcount)



Employees by geographical region(Headcount)



| Employee turnover rate by gender | Unit |       |
|----------------------------------|------|-------|
| Male employees                   | %    | 12.13 |
| Female employees                 | %    | 12.87 |

| Employee turnover rate by geographical region   | Unit |       |
|---|------|-------|
| Chinese mainland                                | %    | 12.36 |
| Hong Kong, Macao, Taiwan of China, and overseas | %    | 38.81 |

| Employee turnover rate by age group | Unit |       |
|-------------------------------------|------|-------|
| Below 30 years old                  | %    | 21.16 |
| 30-50 years old                     | %    | 10.09 |
| Above 50 years old                  | %    | 8.62  |

## Democratic Management

We continuously improve the democratic management mechanism and promote the building of trade unions and workers' congresses at all levels. Grievance reporting or escalation procedures is accessible to all employees, and formal, private and barrier-free access to complaints is also set up and released to the public. Employees are allowed to report issues on human right infringement, performance assessment, and promotion via mail, in-person visit, or phone, etc. For example, employee appeal cases were promptly resolved in 2022. We respect employees' freedom of speech and continuously encourage employees to put forward reasonable suggestions and participate in enterprise management through various means such as workers' congresses, enterprise affairs disclosure, and collective contracts. We strive to establish and improve employee rights protection organizations and safeguard employees' rights to information, suggestions and supervision, thus developing harmonious and democratic labor relations. In 2022, directly managed enterprises collected 1,524 reasonable suggestions and brought 1,165 suggestions into action, and organized 23,480 people to participate in staff cultural activities.



Workers' Congress of CR Boya Bio-pharmaceutical passes the collective contract



CR Pharma Comm listens to employees' opinions on its workers' congress.

## Enabling Career Development

CR Pharmaceutical continuously develops sound career ladders for employees and places a premium on unleashing employees' full potential. We will do our utmost to meet the learning needs of employees to improve their expertise and basic professional qualities. We also encourage them to develop suitable development paths and facilitate their career struggle, contributing to the cultivation of more outstanding talents for the pharmaceutical industry in China.

### Large Talent Pool

In line with the strategic direction of the country, the group, and the enterprise, we formulate the *Talent Pipeline Development Strategy of CR Pharmaceutical during the 14th Five-Year Plan Period*. By forecasting hiring needs based on business development trends, we carry out top-level design for technology and business talents. Through a variety of measures such as expanding recruitment channels, optimizing the incentive system, holding regular talent conferences, launching special incentives and tenure incentives, and improving mid- and long-term incentive mechanisms, we aim to enhance our team construction through the implementation of the "3+1" approach to continuously stimulate the vitality of the enterprise and maximize our efforts in preventing risks caused by staff turnover and rising employment costs.



The first talent conference at CR Pharmaceutical

## Sound Training System

Starting by considering three aspects of organization, talent and mechanism, we are consistent in developing talents and designing multi-dimensional, full-coverage talent development programs for training personnel at different levels. Additionally, we optimize the structure of talent training and improve the multi-level and all-round employee training system and conduct dedicated seminars on high-level training around the "three focuses". By doing so, we can cultivate managers, select and promote outstanding young cadres. Sustained efforts have also been taken to orientate and empower technology talent training in order to build a talent pool and advance talent development. Positions and key responsibilities have been adjusted in a timely way and special courses have been carried out. In 2022, employee training ratio is 100%.



The fifth session training for senior executives at CR Pharmaceutical

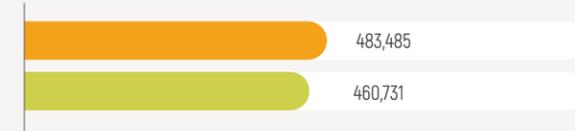
## Smooth Career Path

We respect and encourage employees to develop multiple career paths, select and retain internal instructors, and assist employees in career planning and improving their skills and professionalism. With these efforts, we also improve and enrich talent exchange methods and broaden the path of talent development by strengthening joint training and collaboration between enterprises, universities and research institutes through hiring experts to teach and signing strategic cooperation agreements with universities. In 2022, 1,215 people obtained national vocational qualification certificates.



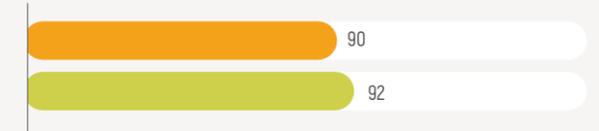
### Category of employees trained by gender(Headcount)

Male employees trained Female employees trained



### Average training hours per employee by gender(hour)

Male employees Female employees



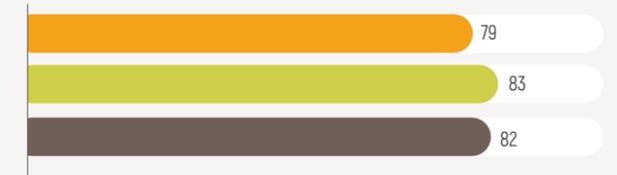
### Category of employees trained by employment type(Headcount)

Senior management trained Middle management trained General staff trained



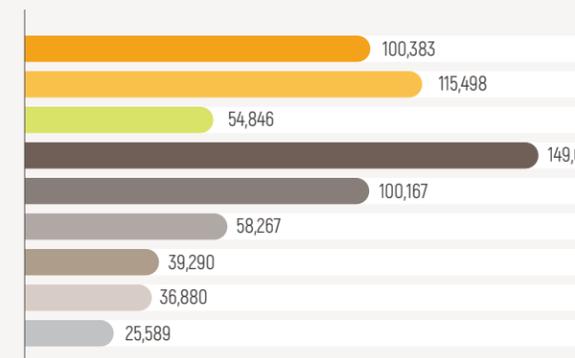
### Average training hours per employee by employment type(hour)

Senior management Middle management Ordinary staff



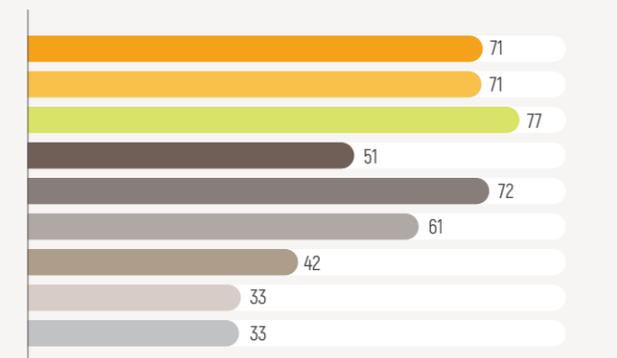
### Category of employees trained by specialty(Headcount)

Management personnel Professional personnel R&D personnel  
Production personnel Marketing personnel Quality management personnel  
Supply chain personnel General operation personnel Other employees



### Average training hours per employee by specialty(hour)

Management personnel Professional personnel R&D personnel  
Production personnel Marketing personnel Quality management personnel  
Supply chain personnel General operation personnel Other employees



## Highlighting Employee Care

With our focus on employees' needs and their physical and mental health, CR Pharmaceutical continues to improve employee welfare and their working and living conditions, actively carries out various themed activities to enrich their spiritual world. This will help enhance their sense of gain, satisfaction, and their sense of belonging.

### Work-life Balance

In order to create a conducive humanistic environment, we organize all kinds of activities such as comprehensive knowledge contest, calligraphy, painting, and photography exhibitions and fun games.

### Caring for Employees

At CR Pharmaceutical, we prioritize employees' well-being, take their opinions seriously and provide staff care services and staff home through various programs such as "Runxin Fang" and "Runyue Zhixin". Besides, we continue to improve mental health evaluation mechanism and hold psychological counseling regularly in pursuit of a welcoming workplace where our employees feel at home.



Workers' Fun games of CR Pharmaceutical

#### Assistance for employees in difficulty

In 2022, we provided our assistance and extended our regards to over 100 employees in difficulty and offered financial aid totaling RMB 186,000 before Chinese New Year and National Day in the headquarters. CR Boya Bio-pharmaceutical and CR Zizhu also provided care and support for employees who cannot work due to illness or injury.

#### Care for female employees

In 2022, we offered insurance and renewal for a total of 3,530 female employees and helped claim for compensation for two female employees in the headquarters. CR Zizhu and Biopharm arranged suitable positions and shifts for special populations or female employees during menstruation, pregnancy, and maternity leave. On the month of caring female employees, we organized distinctive activities such as commending outstanding employees, discussing and exchanging ideas, caring for single mothers, and running handicraft competitions.

## Consolidating the Foundation for Work Safety

Focusing on occupational health and safety of employees, CR Pharmaceutical refines emergency management and takes risk-based control measures so as to establish a more solid foundation for safety production in all situations. Additionally, we prioritize the prevention and control of occupational diseases to ensure the health and wellbeing of our employees.

### EHS Management

Strictly abiding by the *Law of the People's Republic of China on Work Safety*, *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and *Fire Control Law of the People's Republic of China*, etc., we take solid steps in carrying out a three-year campaign to improve production safety based on EHS elemental management and dual prevention mechanism so as to eliminate potential safety hazards. These efforts ensure the gradual improvement of EHS off-line management. In 2022, work safety inspection coverage rate reached 100% and no major or higher-level workplace accidents occurred.

### Occupational Health Management

We organize employees to participate in health examinations on a regular basis, establish occupational health records and strengthen prevention awareness in aspects like work resumption, fire safety, and occupational disease prevention and control. Meanwhile, we increase investment in safety protection equipment and entrust third-party organizations to inspect the production site to continuously reduce workplace risks and create a favorable, healthy, and safe workplace.

### Safety Culture

We enhance our management of safety production responsibilities, reinforce our commitment to occupational safety principles and provide targeted courses with the job characteristics of employees. Up to now, our safety training covers 100% of employees.

01

Safety culture promotion

We launch safety culture promotion activities such as the Law on the Prevention and Treatment of Occupational Diseases Promotion Week, Safety Production Month, Traffic Safety Promotion Week, and Knowledge Contest in order to enhance the safety awareness and advance the construction of safety culture.

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

02

Work safety training

42

Safety certifications obtained

26

ISO 45001 certifications obtained

1,227

Emergency drills

39,134

Participants in emergency drills

507,143.38

person-hours  
Safety training for employees

100%

Occupational health examination coverage

100%

Occupational health archive coverage

# Safeguarding Community Harmony for a Promising Tomorrow

We actively organize public welfare activities and continuously contribute our efforts to boosting rural vitalization, supporting community development and pooling strengths for public welfare. By working together with social stakeholders, we are willing to achieve joint management and governance and contribute to social welfare on all fronts.



## Our Concerns

Rural vitalization  
Social welfare  
Community volunteering

## Our Actions

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

## Benchmark Indexes

GRI Standards:  
203 413  
ESG Reporting Guide of HKEx:  
B8

## Our Achievements

RMB **30.63** million  
Invested in public welfare and donations

# Boosting Rural Vitalization

In our response to the Healthy China Initiative and Rural Vitalization Strategy, CR Pharmaceutical redoubles efforts to cultivate reserve talents, promote innovative products, and enhance industrial integration and development, as well as establishing a specific team. Besides, we consolidate the foundation of traditional Chinese medicine base construction, widen the distribution channels of agricultural products, and take multiple measures to provide our support for local people.

### Case CR Sanjiu vigorously promotes the cultivation of traditional medicine to create a thriving industry that improves people's lives

With emphasis on the protection of development of traditional Chinese medicine, CR Sanjiu pursues standardized cultivation through the approach of "demonstration base + base with radiating effect" to improve the agricultural industrial structure, which drives common development of more than 100 new agricultural business entities and increases people's income by over RMB 100 million.

### Case CR Pharma Comm continues consumption-driven support to expand sales channels of local apples

CR Pharma Comm appoints village-stationed officials, to assess the unique agricultural industry in rural regions and promotes the development of distinct product branding. The company also gives support to the program of buying sweet and succulent apples instead of direct endowment in Danba County, Ganzi Prefecture by purchasing and selling over 400 kilograms of apples along with the pairing assistance department, greatly increasing income of local people.

### Case Dong-E-E-Jiao holds a training session on modern hospital management capacity building to promote a balanced layout of pharmaceutical resources

CR Pharmaceutical explores new ways for the high-quality development of primary medical institutions, and carries out the 2022 training session on modern hospital management capacity building in Dong-E-E-Jiao World Experience Platform. In the first phase, more than 90 directors of county hospitals in Fujian and Shandong were invited to discuss how to improve primary medical services. Measures have been taken to promote the distribution of high-quality medical resources to local areas so as to advance rural health development.



Dong-E-E-Jiao conducts 2022 training session on modern hospital management capacity building.



Students from the middle school sponsored by CR Care enjoys a viewing experience at the Chinese herbal garden.

## Supporting Community Development

CR Pharmaceutical pays extensive attention to social needs and each operating site actively organizes and participates in various community activities, focuses on community health concerns such as recycling of expired drugs and health knowledge popularization and channels special resources and services to community organizations with its own influence. Relying on the community coordination, we bring much attention to special groups and accelerate the integration of joint governance paradigm.

**Case** CR Pharma Comm provides services of recycling expired drugs ensure public medication safety at the enterprise level

CR Pharma Comm strengthens the management of expired domestic medicines to reduce the environmental pollution and social harm they cause. In 2022, by rolling out "RUN YAO Action", we collected 4,164 boxes, nearly 689 kg, of expired medicines from 71 sites in Beijing, Tianjin, Zhengzhou, Qingdao, Suzhou and Foshan, effectively reducing the risk of recirculation of expired medicines in the market.

**Case** CR Zizhu provides free contraceptives to colleges and universities to assist government in caring about and protecting students

CR Zizhu works together with Lhasa Municipal Government in promoting reproductive health care on campus. Scientific reproductive health care methods have been popularized by organizing the "Free Contraceptive to Colleges and Universities" activity. The physiological and psychological counseling room is open to everyone on campus for free throughout the day to help college students grasp knowledge related to adolescent health and enhance their awareness of self-protection.

**Case** CR Double-Crane popularizes knowledge of hypertension to help target populations prevent and solve chronic diseases

By launching the free educational programs on medical knowledge in thousand counties and strengthening collaboration between hospitals and drugstores, we organize lectures on hypertension prevention and control for community residents and county community patients and assist community stores in establishing a chronic disease management system. Over 1,300 sessions conducted throughout the year benefits over 80,000 people, effectively enhancing their health awareness.



CR Pharma Comm recycles expired drugs by rolling out the "RUN YAO Action" program.

## Pooling Strengths for Public Welfare

CR Pharmaceutical actively promotes the distribution of high-quality medical resources to local areas, guarantees the efficient and timely distribution of drugs. We endeavor to deliver benefits to people through public welfare activities such as organizing staff volunteers to boost urban development, reducing the pressure of drug use by patients and caring for the growth of youth.

### Disaster Relief

Leveraging the strength of stable supply as a pharmaceutical enterprise, donating and distributing millions worth of medical supplies in response to the earthquake

- CR Sanjiu donated RMB 1 million of medical supplies to the earthquake-stricken areas in the Sichuan province, ensured that various drugs arrived as quickly as possible, and rushed to distribute urgently needed drugs to the people.

### Patient Care

Providing multi-level care and support for valulnerable groups such as rare disease patients, mentally disabled partners, and discriminated elderly people through medical supply donations, free distribution, company and care.

- carrying out the "Yellow Handkerchief" care program consistently, increasing clinical research on von Willebrand Factor (vWF). More than 30 donations were held for hemophilia patients and over 200,000 packs of hemophilia care kits were donated.
- CR Taian Pharmaceutical has established direct delivery channel-the "Love Makes You Beautiful" to deliver peritoneal dialysis fluid to patients' homes as soon as possible, meeting urgent needs of peritoneal dialysis fluid for patients with renal failure and necrosis.

### Education Assistance

Creating a comfortable and favorable learning environment for underage students and continuing to promote education and health together by donating materials and improving the teaching environment.

- CR Double-Crane has long insisted on the volunteer service program of "Dreams come true". In 2022, we donated nearly RMB 3,000 of school bags and books to 50 children, including children left behind in rural areas, children in difficulty and children of prison inmates, to care for the growth of young people.
- CR Henan Pharmaceutical jointly carried out the activity of "See the Future and Build Dreams in Henan" to improve students' safety awareness and self-protection ability through lessons on "Medical Safety and Health" to explain to junior high school students from poor families about emergency treatment in case of accidents such as fracture and first aid dressing.



"See the Future and Build Dreams in Henan" by CR Henan Pharmaceutical

# Topic Management and CSR Communication

## Materiality Management

We continuously optimize the procedures of analyzing material sustainability topics, and select the most relevant topics from two dimensions, i.e. "importance to sustainable development of CR Pharmaceutical" and "importance to stakeholders". Compared to the previous reporting period, we have added topics such as "biodiversity conservation" and "public health security" based on industry development trends and corporate development strategies. Based on the questionnaire survey results in 2022, we have identified and screened out 25 sustainability topics and present them in the materiality matrix.

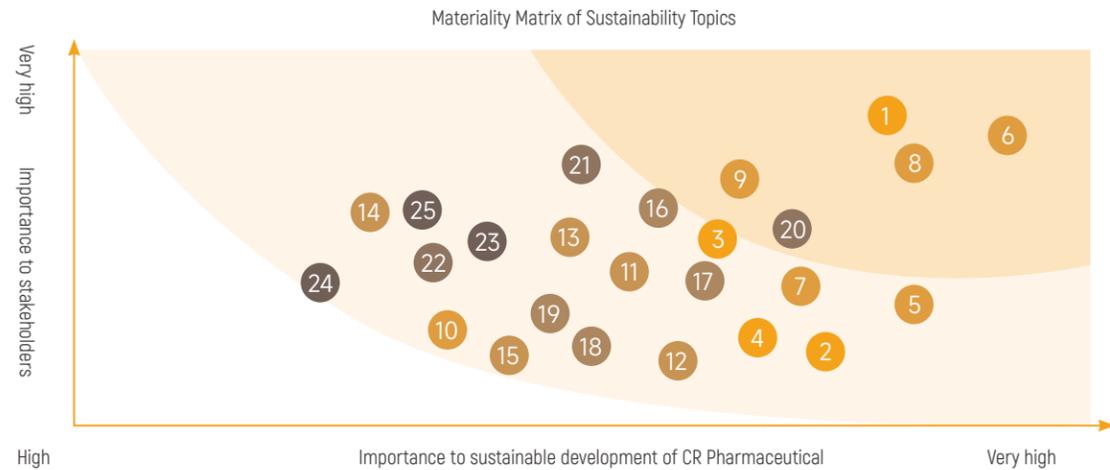


Identifying internal and external material topics by benchmarking against policies, industrial standards and corporate development strategies, collecting and evaluating the potential and actual impact of each issue's performance on the economy, environment and society through multiple channels, and forming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

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

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

Giving special attention to prioritized material topics in the report



|   |   |   |   |  |
|---|---|---|---|--|
| 1.Honest and Compliant Operations         | 6.Product Quality Management                        | 11.Environmental Management System      | 16.Promoting Responsible Supply Chains              | 21.Occupation Health and Safety        |
| 2.Creating Economic Value                 | 7.Providing Quality Services                        | 12.Dealing with Climate Change          | 17.Strengthening Strategic Cooperation              | 22.Promoting Career Development        |
| 3.Strengthening Risk Control              | 8.Promoting Scientific and Technological Innovation | 13.Waste Reduction and Green Management | 18.Promoting Fair Competition                       | 23. Contributing to Rural Vitalization |
| 4.Protecting Intellectual Property rights | 9.Protecting Customers' Rights                      | 14.Improving Resource Efficiency        | 19.Promoting Industry Development                   | 24.Promoting Charity                   |
| 5.Product /Services Accessibility         | 10.Advocating Responsible Consumption               | 15.Biodiversity Protection              | 20.Protecting the Rights and Interests of Employees | 25.Public Health Security              |

|                           |                         |                              |
|---------------------------|-------------------------|------------------------------|
| Governance Responsibility | Customer Responsibility | Environmental Responsibility |
| Partner Responsibility    | Employee Responsibility | Social Responsibility        |

## Stakeholder Engagement

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

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

# Outlook

Changing times have brought a great number of unknowns and challenges. In the face of changes, CR Pharmaceutical has always placed corporate development and sustainable development as the center, continuously promoted the integration of ESG philosophy into our development. While contributing our efforts to the sustainable development of a global community of health for all, we will also embrace opportunities and challenges in the global wave of sustainable development.

## Practicing lean management and enhancing international influence

We will exercise law-based governance and operate in compliance with regulations while continuously improving our management system. To achieve this, close attention must be paid to international market dynamics so as to seize opportunities and give rapid response and achieve low-cost optimization of benefits. We will increase the coverage of our services, allowing high-quality medical services to enter international markets.

## Empowering technology innovation and Giving full play to core competitiveness

CR Pharmaceutical aims to become a benchmark enterprise in the pharmaceutical and health industry. To this end, we will attach great importance to improving modern healthcare services, vigorously carry out innovative technology research and development, promote internal and external information sharing by means of modern information technology. More attention will be paid to technology and quality.

## Pooling strengths for carbon peaking and carbon neutrality goals

We will put green development and ecological protection in a more prominent and important position. To fulfill our commitment, we will promote the comprehensive conservation and recycling of resources, develop a pattern of green production and promote the green and low-carbon transformation and development of industries, thus contributing to the global carbon reduction.

## Giving back to public and stimulating the vitality of society

Being a good corporate social citizen, we will strengthen communication with the public, continue to carry out Healthy Village Program. We will also provide basic resources for residents in remote areas with the advantage of medical and health services to improve the health literacy of citizens, giving a strong boost to a more positive and upwardly mobile society.

Going forward, CR Pharmaceutical will stay committed to the corporate mission of "Protecting Human Health and Improving Quality of Life". By taking responsibility not only in our thoughts and intentions but also in our actions and behaviors, we will promote the sustainable development of the company and society, turn the vision of a healthy society into reality, and provide strong support for the overall development of society. Let's work together for a better future!

# Appendix

## Key Performance Indicators

|   | Index   | Unit       | 2020       | 2021       | 2022 <sup>6</sup> |
|---|---|------------|------------|------------|-------------------|
| Economic                                | Revenue   | HK\$ 1M    | 200,423.02 | 236,806.17 | 254,106.37        |
|   | Total assets  | HK\$ 1M    | 209,371.76 | 248,562.31 | 241,286.42        |
|   | Net assets  | HK\$ 1M    | 80,029.44  | 94,984.27  | 90,182.33         |
|   | Total profit  | HK\$ 1M    | 7,075.51   | 8,408.43   | 9,855.71          |
|   | Net profit  | HK\$ 1M    | 5,323.64   | 6,647.41   | 7,843.31          |
|   | Net profit attributable to the owners of the parent company | HK\$ 1M    | 3,297.13   | 3,768.89   | 4,147.41          |
|   | Net debt ratio  | %          | 52.6       | 51.5       | 49.6              |
|   | Anti-corruption training coverage                           | %          | 100        | 100        | 100               |
|   | R&D investment  | HK\$ 1M    | 1,497.85   | 2,070.55   | 2,545.80          |
|   | Number of R&D staff <sup>1</sup>                            | -          | 1,211      | 1,280      | 2,331             |
|   | New patent applications                                     | -          | 99         | 210        | 300               |
|   | New patent granted  | -          | 86         | 179        | 239               |
|   | Projects under development <sup>2</sup>                     | -          | 199        | 262        | 303               |
| Employee                                | Total number of employees                                   | -          | 63,281     | 64,950     | 65,019            |
|   | Total staff turnover  | -          | 7,996      | 7,838      | 8,162             |
|   | Proportion of female employees                              | %          | 50.17      | 50.10      | 49.85             |
|   | Proportion of female management                             | %          | 25.8       | 24.6       | 24.8              |
|   | Days of paid annual leave per employee                      | days       | 10         | 10         | 10                |
|   | Labor contract signing rate                                 | %          | 100        | 100        | 100               |
|   | Social insurance coverage                                   | %          | 100        | 100        | 100               |
|   | Employee training coverage                                  | %          | 100        | 100        | 100               |
|   | Average training hours per employee <sup>3</sup>            | hours      | 99.0       | 125.0      | 105.9             |
|   | Total number of trainees <sup>3</sup>                       | -          | 643,267    | 1,627,845  | 944,216           |
|   | Training input <sup>3</sup>                                 | RMB 10,000 | 2,974.4    | 1,548.5    | 3,065.1           |
|   | Employee turnover rate <sup>4</sup>                         | %          | 12.4       | 12.6       | 12.5              |
|   | Occupational health examination rate                        | %          | 100        | 100        | 100               |
|   | Occupational diseases occurrence                            | -          | 0          | 0          | 0                 |
|   | Percentage of employees joining trade union                 | %          | 92.0       | 94.3       | 92.5              |
| Investment in supporting needy employee | RMB 10,000  | 190        | 260        | 218.61     |                   |

|  | Index   | Unit            | 2020       | 2021       | 2022 <sup>5</sup> |
|--|---|-----------------|------------|------------|-------------------|
| Customer                                   | Percentage of customer complaint handled                        | %               | 100        | 100        | 100               |
|  | Customer complaint satisfaction                                 | %               | 100        | 100        | 100               |
|  | Number of products recalled due to health and safety issues     | -               | 964        | 540        | 605               |
|  | Percentage of products recalled due to health and safety issues | %               | 0.0005     | 0.02       | 0.003025          |
| Partner                                    | Suppliers in the Chinese mainland                               | -               | -          | 95,436     | 28,716            |
|  | Suppliers in Hong Kong, Macao, and Taiwan                       | -               | -          | 40         | 368               |
|  | Overseas suppliers  | -               | -          | 238        | 283               |
| Safety                                     | Investment in work safety                                       | RMB 10,000      | 7,324.10   | 14,964.74  | 9,523.93          |
|  | Number of work-related fatalities                               | -               | 0          | 0          | 0                 |
|  | Lost days due to work injury                                    | days            | 219        | 120        | 379               |
|  | Total hours of safety training                                  | -               | 308,856.00 | 409,401.98 | 507,143.38        |
|  | Safety training coverage  | %               | 100        | 100        | 100               |
|  | Number of safety emergency drills                               | -               | 743        | 979        | 1,227             |
|  | Number of participants in safety drill                          | -               | 33,690     | 37,461     | 39,134            |
| Environmental                              | Total investments in environmental protection                   | RMB 10,000      | 8,731.00   | 7,443.99   | 9,312.37          |
|  | Total investments in energy conservation and emission reduction | RMB 10,000      | 3,242.00   | 2,285.82   | 1,198.23          |
|  | <b>Emissions and wastes</b>                                     |                 |            |            |                   |
|  | Industrial waste water generated                                | 10,000 tons     | 506.25     | 548.85     | 559.43            |
|  | Nitrogen oxide emission   | ton             | 72.37      | 68.18      | 79.68             |
|  | SO <sub>2</sub> emission  | ton             | 13.82      | 4.86       | 4.05              |
|  | COD emission  | ton             | 198.73     | 195.16     | 174.75            |
|  | Ammonia nitrogen emission                                       | ton             | 15.48      | 16.30      | 6.95              |
|  | Particulate matter  | ton             | 34.33      | 23.72      | 20.59             |
|  | Volatile organic compounds                                      | ton             | 387.72     | 21.41      | 29.48             |
|  | CO <sub>2</sub> emission  | ton             | 540,802.56 | 648,394.79 | 774,980.60        |
|  | Direct (Scope 1) carbon dioxide                                 | ton             | -          | 121,763.87 | 160,986.95        |
|  | Indirect (Scope 2) carbon dioxide                               | ton             | -          | 526,630.92 | 613,993.65        |
|  | Carbon dioxide emission per RMB 10,000 of output value          | tons/RMB 10,000 | 0.2140     | 0.2009     | 0.2192            |
|  | Hazardous waste   | ton             | 3,318.00   | 2,704.41   | 6,163.24          |
|  | Pharmaceutical waste [HW02]                                     | ton             | 935.97     | 1,003.73   | 3,142.72          |
|  | Waste drug [HW02]   | ton             | 253.72     | 546.85     | 763.31            |
|  | Other hazardous wastes  | ton             | 2,128.43   | 1,153.84   | 2,257.21          |
|  | Density of hazardous waste                                      | ton/RMB 10,000  | -          | 0.0008     | 0.0017            |
|  | Harmless waste generated  | ton             | 58,594.35  | 82,048.40  | 43,241.53         |
| General solid waste                        | ton   | 45,595.02       | 51,330.05  | 38,817.68  |                   |
| Office, domestic and other harmless wastes | ton   | -               | 30,718.35  | 4,423.85   |                   |
| Harmless waste density                     | tons/RMB 10,000   | -               | 0.0254     | 0.0122     |                   |

|   | Index  | Unit                           | 2020         | 2021          | 2022 <sup>6</sup> |
|---|--|--------------------------------|--------------|---------------|-------------------|
| Environmental                               | <b>Resource use</b>                                    |                                |              |               |                   |
|   | Total direct energy (comprehensive energy) consumption | TCE                            | 144,045      | 168,127       | 103,652.91        |
|   | Petrol consumption                                     | ton                            | 127.27       | 122.99        | 1,925.49          |
|   | Diesel consumption                                     | ton                            | 202.69       | 210.28        | 3,611.93          |
|   | Coal consumption                                       | 10,000 TCE                     | 0            | 0             | 0                 |
|   | Natural gas consumption                                | 10,000 standard m <sup>3</sup> | 4,670.01     | 5,342.55      | 6,090.01          |
|   | Biomass fuel consumption                               | TCE                            | 0            | 0             | 1,173.95          |
|   | Other  | TCE                            | 1,673.20     | 1,496.08      | 157.40            |
|   | Direct energy consumption density                      | TCE/RMB 10,000                 | 0.0570       | 0.0521        | 0.0293            |
|   | Total indirect energy consumption                      | 10,000 Kwh                     | 45,020.68    | 52,821.55     | 87,260.44         |
|   | Power consumption                                      | 10,000 Kwh                     | 35,616.33    | 41,334.31     | 59,342.80         |
|   | Heat consumption                                       | GJ                             | 1,103,074.48 | 1,347,386.24  | 970,615.91        |
|   | Indirect energy consumption density                    | 10,000 Kwh /RMB 10,000         | -            | 0.0164        | 0.0247            |
|   | Total water consumption                                | Megaliters                     | 60,893.7     | 36,236.8      | 79,047.6          |
|   | Fresh water consumption                                | Megaliters                     | 8,469.4      | 5,753.1       | 10,260.7          |
|   | Reclaimed water consumption                            | Megaliters                     | 285.7        | 162.3         | 429.1             |
|   | Recycled water consumption                             | Megaliters                     | 52,138.6     | 30,321.4      | 68,357.9          |
|   | Total water consumption density                        | 10,000 tons /RMB 10,000        | -            | 0.0011        | 0.0022            |
|   | Packing materials by weight                            | ton                            | 35,560.08    | 115,571.95    | 27,185.44         |
|   | Density of packaging materials                         | ton/RMB 10,000                 | -            | 0.0358        | 0.0077            |
| Office and domestic wastewater <sup>5</sup> | ton  | 1,203                          | 1,200        | 342,220.71    |                   |
| Office power consumption <sup>5</sup>       | kWh  | 637,000                        | 724,667      | 14,739,987.84 |                   |
| Office water consumption <sup>5</sup>       | ton  | 2,196                          | 2,601        | 367,401.14    |                   |
| Community                                   | Total tax payment                                      | HKS 1M                         | 8,155.53     | 9,985.08      | 9,626.57          |
|   | New employment   | -                              | 8,764        | 10,761        | 10,538            |
|   | Number of employees with disabilities                  | -                              | -            | 205           | 271               |
|   | Total investment in charity                            | RMB 10,000                     | 3,055.00     | 2,035.00      | 3,062.95          |

- Note 1:** R&D staff refers to those engaged in research and experimental development (R&D) and in the application of R&D results (R&D application).
- Note 2:** Projects under development refer to those studying new products/species, not including those undergoing consistency evaluation, technical transformation, supplementary application, re-evaluation after market launch, process improvement, and MAH projects.
- Note 3:** The main reason for the change in 2021 was the higher proportion of online training due to COVID-19. Thus, the total investments in training declined, yet the training hours and trainees were increased.
- Note 4:** Employee turnover rate = Employees who left the company/average number of employees in the reporting period
- Note 5:** The statistics in 2020 and 2021 covers the headquarters of CR Pharmaceutical, and the statistics in 2022 covers all business units, so the data concerning green office has a larger year-on-year growth.
- Note 6:** The statistics in 2022 covers all business units. As a result, there are great fluctuations compared to previous years.



## 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, 2022. |   |            |
| <b>GRI 1 used</b>  | <b>GRI 1: Foundation 2021</b>   |            |
| GRI Standard   | Disclosures   | Location   |
| <b>GRI 2: General Disclosures 2021</b>   |   |            |
| 2-1  | Organizational details  | 4          |
| 2-2  | Entities included in the organization's sustainability reporting            | 5          |
| 2-3  | Reporting period, frequency and contact point                               | 70         |
| 2-4  | Restatements of information   | 70         |
| 2-5  | External assurance  | 62-63      |
| 2-6  | Activities, value chain and other business relationships                    | 4,15,24-33 |
| 2-7  | Employees   | 44-51      |
| 2-8  | Workers who are not employees   | 46         |
| 2-9  | Governance structure and composition  | 13         |
| 2-10   | Nomination and selection of the highest governance body                     | 13         |
| 2-11   | Chair of the highest governance body  | 13         |
| 2-12   | Role of the highest governance body in overseeing the management of impacts | 8-10       |
| 2-13   | Delegation of responsibility for managing impacts                           | 9-10       |
| 2-14   | Role of the highest governance body in sustainability reporting             | 9-10       |
| 2-15   | Conflicts of interest   | 14,16      |
| 2-16   | Communication of critical concerns  | 9          |
| 2-17   | Collective knowledge of the highest governance body                         | 9          |
| 2-18   | Evaluation of the performance of the highest governance body                | 13         |
| 2-19   | Remuneration policies   | 13         |
| 2-20   | Process to determine remuneration   | 13         |
| 2-21   | Annual total compensation ratio   | 13         |
| 2-22   | Statement on sustainable development strategy                               | 8          |
| 2-23   | Policy commitments  | 9-10,13    |
| 2-24   | Embedding policy commitments  | 9-10,13    |
| 2-25   | Processes to remediate negative impacts                                     | 14         |
| 2-26   | Mechanisms for seeking advice and raising concerns                          | 14,16      |
| 2-27   | Compliance with laws and regulations  | 13         |
| 2-28   | Membership associations   | 33         |
| 2-29   | Approach to stakeholder engagement  | 57         |
| 2-30   | Collective bargaining agreements  | 47         |

| GRI 3: 2021 Material Topics 2021                   |  |  |
|--|--|--|
| 3-1  | Process to determine material topics   | 56   |
| 3-2  | List of material topics  | 56   |
| 3-3  | Management of material topics  | 56   |
| <b>Economic</b>                                    |  |  |
| <b>GRI201: 2016 Economic Performance 2016</b>      |  |  |
| 201-1  | Direct economic value generated and distributed                                | 15,59  |
| 201-2  | Financial implications and other risks and opportunities due to climate change | 19   |
| 201-3  | Defined benefit plan obligations and other retirement plans                    | Pay retirement-related welfare plans such as statutory benefits and endowment insurance for all employees in accordance with the law |
| 201-4  | Financial assistance received from government                                  | No such case   |
| <b>GRI203: 2016 Indirect Economic Impacts 2016</b> |  |  |
| 203-1  | Infrastructure investments and services supported                              | 22-23,53-55  |
| 203-2  | Significant indirect economic impacts  | 22-23,53-55  |
| <b>GRI205: Anti-corruption 2016</b>                |  |  |
| 205-1  | Operations assessed for risks related to corruption                            | 14   |
| 205-2  | Communication and training about anti-corruption policies and procedures       | 13-14  |
| 205-3  | Confirmed incidents of corruption and actions taken                            | 13-14  |
| <b>Environment</b>                                 |  |  |
| <b>GRI301: Materials 2016</b>                      |  |  |
| 301-1  | Materials used by weight or volume   | 61   |
| 301-2  | Recycled input materials used  | 37   |
| 301-3  | Reclaimed products and their packaging materials                               | 37   |
| <b>GRI302: Energy 2016</b>                         |  |  |
| 302-1  | Energy consumption within the organization                                     | 61   |
| 302-2  | Energy consumption outside of the organization                                 | 61   |
| 302-3  | Energy intensity   | 61   |
| 302-4  | Reduction of energy consumption  | 20,36  |
| 302-5  | Reductions in energy requirements of products and services                     | 20,36  |
| <b>GRI303: Water and Effluents 2018</b>            |  |  |
| 303-1  | Interactions with water as a shared resource                                   | 36   |
| 303-2  | Management of water discharge-related impacts                                  | 37   |
| 303-3  | Water withdrawal   | 61   |
| 303-4  | Water discharge  | 60   |
| 303-5  | Water consumption  | 61   |

| GRI304: Biodiversity 2016                      |   |  |
|--|---|--|
| 304-1  | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 38   |
| 304-2  | Significant impacts of activities, products and services on biodiversity  | 38   |
| 304-3  | Habitats protected or restored  | There were no such conditions or affected habitats during the reporting period |
| 304-4  | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | There were no such conditions or affected habitats during the reporting period |
| GRI305: Emissions 2016                         |   |  |
| 305-1  | Direct (Scope 1) GHG emissions  | 60   |
| 305-2  | Energy indirect (Scope 2) GHG emissions   | 60   |
| 305-3  | Other indirect (Scope 3) GHG emissions  | No data yet  |
| 305-4  | GHG emissions intensity   | 60   |
| 305-5  | Reduction of GHG emissions  | 36,60  |
| 305-7  | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions   | 60   |
| GRI306: Waste 2020                             |   |  |
| 306-1  | Waste generation and significant waste-related impacts  | 37   |
| 306-2  | Management of significant waste-related impacts   | 37   |
| 306-3  | Waste generated   | 60   |
| 306-4  | Waste diverted from disposal  | 37   |
| 306-5  | Waste directed to disposal  | 37   |
| GRI308: Supplier Environmental Assessment 2016 |   |  |
| 308-1  | New suppliers that were screened using environmental criteria   | 41   |
| 308-2  | Negative environmental impacts in the supply chain and actions taken  | 41   |
| Society  |   |  |
| Employment 2016                                |   |  |
| 401-1  | New employee hires and employee turnover  | 45-46  |
| 401-2  | Benefits provided to full-time employees that are not provided to temporary or part-time employees  | 45,50  |
| 401-3  | Parental leave  | 45   |
| GRI403: Occupational Health and Safety 2018    |   |  |
| 403-1  | Occupational health and safety management system  | 51   |
| 403-2  | Hazard identification, risk assessment, and incident investigation  | 51   |
| 403-3  | Occupational health services  | 51   |
| 403-4  | Worker participation, consultation, and communication on occupational health and safety   | 47,51  |
| 403-5  | Worker training on occupational health and safety   | 51,60  |
| 403-6  | Promotion of worker health  | 51   |
| 403-7  | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships                             | 51   |

| 403-8  | Workers covered by an occupational health and safety management system                        | 51   |
|--|---|--|
| 403-9  | Work-related injuries   | 60   |
| 403-10                                       | Work-related ill health   | 50   |
| GRI404: Training and Educations 2016         |   |  |
| 404-1  | Average hours of training per year per employee   | 49   |
| 404-2  | Programs for upgrading employee skills and transition assistance programs                     | 47-48  |
| 404-3  | Percentage of employees receiving regular performance and career development reviews          | 45   |
| GRI405: Diversity and Equal Opportunity 2016 |   |  |
| 405-1  | Diversity of governance bodies and employees  | 13,45  |
| 405-2  | Ratio of basic salary and remuneration of women to men  | 45   |
| GRI406: Non-discrimination 2016              |   |  |
| 406-1  | Incidents of discrimination and corrective actions taken                                      | There were no relevant events or circumstances during the reporting period |
| GRI408: Child Labor 2016                     |   |  |
| 408-1  | Operations and suppliers at significant risk for incidents of child labor                     | There were no relevant events or circumstances during the reporting period |
| GRI409: Forced or Compulsory Labor 2016      |   |  |
| 409-1  | Operations and suppliers at significant risk for incidents of forced or compulsory labor      | There were no relevant events or circumstances during the reporting period |
| GRI413: Local Communities 2016               |   |  |
| 413-1  | Operations with local community engagement, impact assessments, and development programs      | 11,22-23,53-55   |
| 413-2  | Operations with significant actual and potential negative impacts on local communities        | There were no relevant events or circumstances during the reporting period |
| GRI414: Supplier Social Assessment 2016      |   |  |
| 414-1  | New suppliers that were screened using social criteria  | 41   |
| 414-2  | Negative social impacts in the supply chain and actions taken                                 | 41   |
| GRI416: Customer Health and Safety 2016      |   |  |
| 416-1  | Assessment of the health and safety impacts of product and service categories                 | 29-33  |
| 416-2  | Incidents of non-compliance concerning the health and safety impacts of products and services | There were no relevant events or circumstances during the reporting period |
| GRI417: Marketing and Labeling 2016          |   |  |
| 417-1  | Requirements for product and service information and labeling                                 | 31   |
| 417-2  | Incidents of non-compliance concerning product and service information and labeling           | There were no relevant events or circumstances during the reporting period |
| 417-3  | Incidents of non-compliance concerning marketing communications                               | There were no relevant events or circumstances during the reporting period |
| GRI418: Customer Privacy 2016                |   |  |
| 418-1  | Substantiated complaints concerning breaches of customer privacy and losses of customer data  | There were no relevant events or circumstances during the reporting period |

## HKEx ESG Reporting Guide Content Index

| Major category                        | Content   | Location   |  |
|---------------------------------------|---|--|--|
| A. Environmental                      | <b>Aspect A1: Emissions</b><br>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.  | Building an Ecological Defense Line for Human Health through Low-Carbon Development, Carrying out Environmental Management, Promoting Efficient Energy Conservation and Emission Reduction |  |
|                                       | A1.1  | The types of emissions and respective emissions data.  | Key Performance Indicators   |
|                                       | A1.2  | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                  | Key Performance Indicators   |
|                                       | A1.3  | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Key Performance Indicators   |
|                                       | A1.4  | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Key Performance Indicators   |
|                                       | A1.5  | Description of emission target(s) set and steps taken to achieve them.   | Building an Ecological Defense Line for Human Health through Low-Carbon Development, Carrying out Environmental Management |
|                                       | 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.   | Carrying out Environmental Management, Promoting Efficient Energy Conservation and Emission Reduction                      |
|                                       | <b>Aspect A2: Use of Resources</b><br>General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.  | Building an Ecological Defense Line for Human Health through Low-Carbon Development, Carrying out Environmental Management   |  |
|                                       | A2.1  | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).                 | Key Performance Indicators   |
|                                       | A2.2  | Water consumption in total and intensity (e.g. per unit of production volume, per facility).   | Key Performance Indicators   |
|                                       | A2.3  | Description of energy use efficiency target(s) set and steps taken to achieve them.  | Building an Ecological Defense Line for Human Health through Low-Carbon Development, Carrying out Environmental Management |
|                                       | 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.                                       | Carrying out Environmental Management, Promoting Efficient Energy Conservation and Emission Reduction                      |
|                                       | A2.5  | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.   | Key Performance Indicators   |
|                                       | <b>Aspect A3: The Environment and Natural Resources</b><br>General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.  | Promoting Efficient Energy Conservation and Emission Reduction, Protecting Ecological Environment  |  |
|                                       | A3.1  | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.  | Promoting Efficient Energy Conservation and Emission Reduction, Protecting Ecological Environment                          |
|                                       | <b>Aspect A4: Climate Change</b><br>General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.  | Building an Ecological Defense Line for Human Health through Low-Carbon Development  |  |
| A4.1                                  | Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.   | Building an Ecological Defense Line for Human Health through Low-Carbon Development  |  |
| <b>Employment and Labor Practices</b> |   |  |  |
| B. Social                             | <b>Aspect B1: Employment</b><br>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. | Safeguarding the Rights of Employees   |  |
|                                       | B1.1  | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.   | Safeguarding the Rights of Employees, Key Performance Indicators   |
|                                       | B1.2  | Employee turnover rate by gender, age group and geographical region.   | Safeguarding the Rights of Employees   |
|                                       | <b>Aspect B2: Health and Safety</b><br>General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.  | Consolidating the Foundation for Work Safety   |  |

| Major category   | Content   | Location  |   |
|--|---|---|---|
| <b>Employment and Labor Practices</b>  |   |   |   |
| B2.1   | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.   | Key Performance Indicators  |   |
| B2.2   | Lost days due to work injury.   | Key Performance Indicators  |   |
| B2.3   | Description of occupational health and safety measures adopted, how they are implemented and monitored.   | Consolidating the Foundation for Work Safety  |   |
| <b>Aspect B3: Development and Training</b><br>General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  | Enabling Career Development   |   |   |
| B3.1   | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).  | Enabling Career Development, Key Performance Indicators   |   |
| B3.2   | The average training hours completed per employee by gender and employee category.  | Enabling Career Development, Key Performance Indicators   |   |
| <b>Aspect B4: Labor Standards</b><br>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. | Safeguarding the Rights of Employees  |   |   |
| B4.1   | Description of measures to review employment practices to avoid child and forced labor.   | Safeguarding the Rights of Employees  |   |
| B4.2   | Description of steps taken to eliminate such practices when discovered.   | Safeguarding the Rights of Employees  |   |
| <b>Product Practices</b>   |   |   |   |
| B. Social  | <b>Aspect B5: Supply Chain Management</b><br>General Disclosure: Policies on managing environmental and social risks of the supply chain.   | Improving Supply Chain Management   |   |
|  | B5.1  | KPI B5.1: Number of suppliers by geographical region.   | Key Performance Indicators              |
|  | B5.2  | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Improving Supply Chain Management       |
|  | B5.3  | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.                    | Improving Supply Chain Management       |
|  | B5.4  | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Improving Supply Chain Management       |
|  | <b>Aspect B6: Product Responsibility</b><br>General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Focusing on Quality Upgrading, Boosting Service Quality and Efficiency  |   |
|  | B6.1  | Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | Key Performance Indicators              |
|  | B6.2  | Number of products and service related complaints received and how they are dealt with.   | Boosting Service Quality and Efficiency |
|  | B6.3  | Description of practices relating to observing and protecting intellectual property rights.   | Creating an Innovation Ecosystem        |
|  | B6.4  | Description of quality assurance process and recall procedures.   | Focusing on Quality Upgrading           |
| B6.5   | Description of consumer data protection and privacy policies, and how they are implemented and monitored.   | Boosting Service Quality and Efficiency   |   |

| Major category | Content   | Location   |   |
|----------------|---|--|---|
| B Social       | Aspect B7: Anti-corruption                                    | General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Corporate Governance, Compliance Management   |
|                | B7.1  | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.   | Corporate Governance  |
|                | B7.2  | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.   | Corporate Governance  |
|                | B7.3  | Description of anti-corruption training provided to directors and staff.   | Corporate Governance  |
|                | <b>Community</b>  |  |   |
|                | 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. | CR Pharmaceutical's Mission to Improve Primary-level Healthcare Services, Safeguarding Community Harmony for a Promising Tomorrow |
|                | B8.1  | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).   | CR Pharmaceutical's Mission to Improve Primary-level Healthcare Services, Safeguarding Community Harmony for a Promising Tomorrow |
| B8.2           | Resources contributed (e.g. money or time) to the focus area. | Safeguarding Community Harmony for a Promising Tomorrow. Key Performance Indicators  |   |

## About This Report

This is the 10th Annual Sustainability Report published by China Resources Pharmaceutical Group Limited. The last report was published in April 2022. The report aims to communicate frankly with the stakeholders on its sustainability philosophy, practice and performance. Its five listed companies also have compiled their separate social responsibility reports.

### Reporting Scope and Abbreviations

This is an annual report. This report covers the period from January 1 to December 31, 2022. In order to enhance the comparability and perceptiveness of the report, some contents may extend beyond this duration when necessary. This report includes China Resources Pharmaceutical Group Limited and its subsidiaries. For convenience and readability, "China Resources Pharmaceutical Group Limited" in the Report may be referred to as "CR Pharmaceutical", "the Company" or "We".

### Data Sources

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

### Reference Standards

China Resources Group Social Responsibility Management Measures, CR Pharmaceutical Social Responsibility Management Measures, GRI Sustainability Reporting Standards (GRI Standards) issued by Global Sustainability Standard Board (GSSB), Environment, Society and Governance Reporting Guide issued by HKEx, Guidelines to the Central State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities by State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG5.0) by Chinese Academy of Social Sciences.

### Reporting principle

**Materiality:** determine material topics through stakeholder research and materiality analysis, and focus on the material topics

**Quantitative:** explain the meaning and fluctuation of some key performance indicators.

**Consistency:** the reporting standards and criteria, indicator statistics and calculation methods are consistent for a long time. If there is any change, it shall be explained in the form of notes.

**Balance:** report positive and negative performance openly and transparently.

### 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 <http://www.crpharm.com/shzr/shzrbg/>.

### Feedback

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



E-mail: [pub@crpharm.com](mailto:pub@crpharm.com)  
Fax: 010-57985200

Scan the QR code and fill in the reader feedback





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