

HOLD HANDS FOR LOVE AND HEALTH



China Resources Pharmaceutical
Group Limited
Sustainability Report
2021

Contents

02 Message from CEO

04 About Us

18 Feature

18 Industry Development, Fostering New Drivers of High-Quality Development

20 Safeguarding Health, Enabling Everyone to Enjoy High-Quality Health Care

36 Promoting Low-carbon Development to Contribute to a Healthy Ecosystem

38 Responding to Climate Change

39 Reinforcing Environmental Governance

40 Promoting Green Operation

43 Passing on Green Visions

44 Promoting Win-Win Cooperation for Shared Value

46 Supply Chain Management

48 Win-win Partnerships

60 Creating a Better Future in Concerted Efforts

62 Reinforcing Achievements of Poverty Alleviation

63 Contributing to Community Development

64 Pooling Strengths for Public Welfare

26 Nurturing Innovation Culture

30 Providing High-quality Products

32 Optimizing Customer Service

34 Improving Health Accessibility

24 Promoting Innovation-Driven Development to Improve Health and Well-being

52 Safeguarding the Rights and Interests of Employees

54 Enabling Employee Career Advancement

58 Highlighting Employee Care

59 Valuing Occupational Health and Safety

50 Creating an Enabling Workplace to Light up Dreams

66 Topic Management and CSR Communication

68 Outlook

69 Appendix



Message from CEO

2021 marked CR Pharmaceutical's endeavor to rise to challenges and strive for our dream. Against multi-faceted impacts of the pandemic, great changes unseen in a century and the industry reform, we braved all difficulties and delivered on the Healthy China Action Plan and the concept of sustainability. The overall business performance exceeded our expectations and three main businesses have achieved good development. CR Pharmaceutical always takes social responsibility as a key part of business development. Upholding the lofty mission of "Protecting Human Health and Improving Quality of Life," we constantly contribute to the development of different fields.

Our hard-earned achievements witness the Company's unrelenting efforts.

In 2021, we made ceaseless efforts and forged ahead in the right direction under the guidance of the times. Firmly grasping the great opportunities brought by the 14th Five-Year Plan, we formulated a strategic plan to clarify our development goals and directions, and strove to observe, follow and maneuver the trends. Drawing on the opportunities brought by the development and reform of China's healthcare industry, we fueled our development with innovation, explored the core areas and key processes of the industrial chains, wrote cellular immunotherapy into our strategic development plan, and made great breakthrough around the gaps in the blood products. We rigorously conducted routine pandemic prevention and control. Through the Healthy Village Program, our quality medical resources could trickle down to less-developed areas, thereby facilitating poverty alleviation, rural vitalization and equal access to health services.

In 2021, we made concerted efforts for a more sustainable future. As we entered a new development stage with new opportunities and challenges, we tried to make beneficial innovations in terms of improving sustainability management, tackling difficulties in R&D, introducing green production solutions, cultivating professionals, deepening our engagement in community development, etc., and made some significant achievements. Our efforts were recognized widely by external stakeholders, including the capital market, regulatory agencies and think tanks. In 2021, CR Pharmaceutical got listed in the Central State-Owned Enterprise ESG Pioneer 50 Index and was rated "Excellent", got upgraded in MSCI-ESG Rating (leading in domestic pharmaceutical enterprises), and reached No.1 in the 2021 China Corporate Social Responsibility Development Index for the pharmaceutical and biological manufacturing industry, continuing to play our role as a responsible leader in China's pharmaceutical and healthcare industry.

Boundless is the ocean where we sail with favorable wind. In 2022, we will continue to brave the wind and waves against all difficulties and obstacles, and embark on our new journey in the new era. Adhering to our social responsibility concept of "Hold Hands for Love and Health", we will devote ourselves to providing better healthcare resources and services, and come up with heart-warming and sustainable solutions.

Bai Xiaosong

CEO of CR Pharmaceutical

About Us

Company Profile

China Resources Pharmaceutical Group Limited (CR Pharmaceutical) (Stock Code: 03320.HK) is a leading integrated pharmaceutical company in China specializing in manufacturing, distribution, and retail of medicines and nutraceutical products. Since the Company went public, it has introduced a number of important capital market indexes, including Hang Seng Composite MidCap Index, FTSE Global Large Cap Index, Morgan Stanley Capital International (MSCI) China Index, Hang Seng Stock Connect Hong Kong Index, etc. In 2021, CR Pharmaceutical ranked 63rd in the Fortune China 500 list.

The Fifth largest pharmaceutical manufacturer

Its business covers a wide range of treatment fields such as chemical drugs, traditional Chinese medicine, biological drugs and supplements.

Top OTC drug manufacturer

62
manufacturing bases

The Third largest pharmaceutical distributor

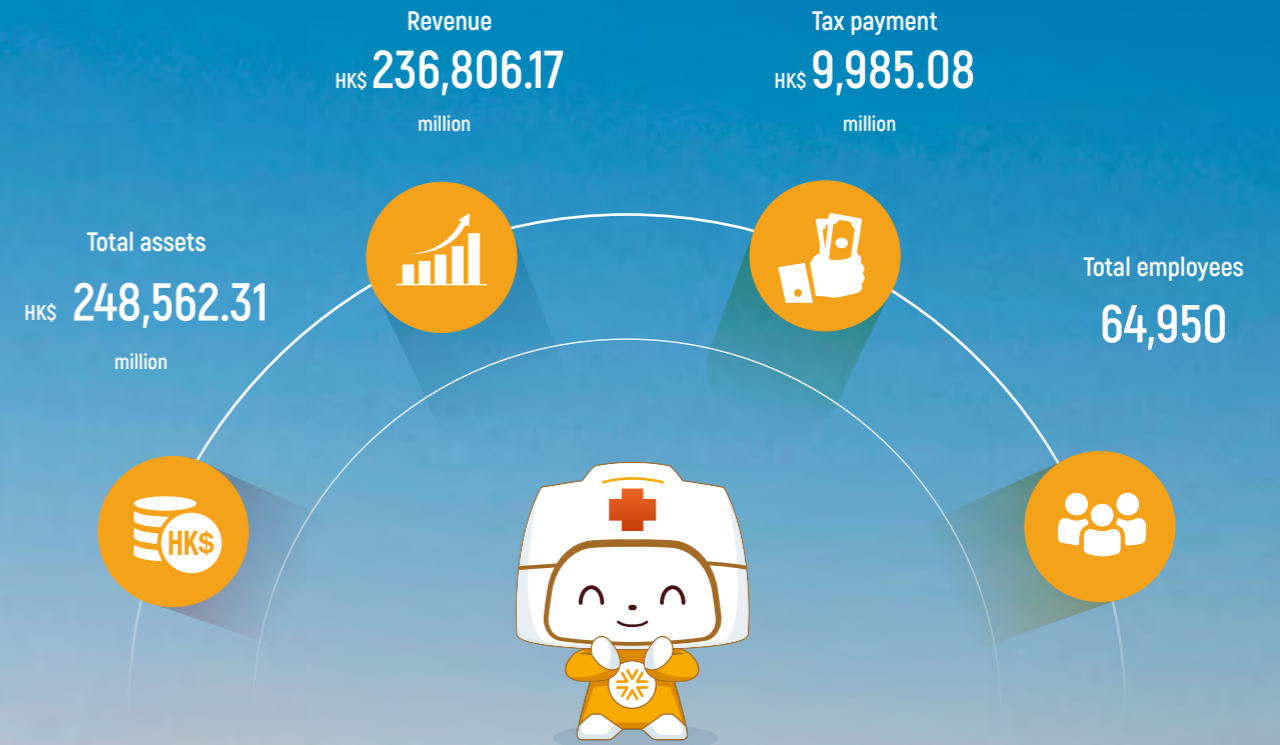
With a business layout covering **28** provinces, municipalities and autonomous regions

Operating a distribution network of **208** logistics centers

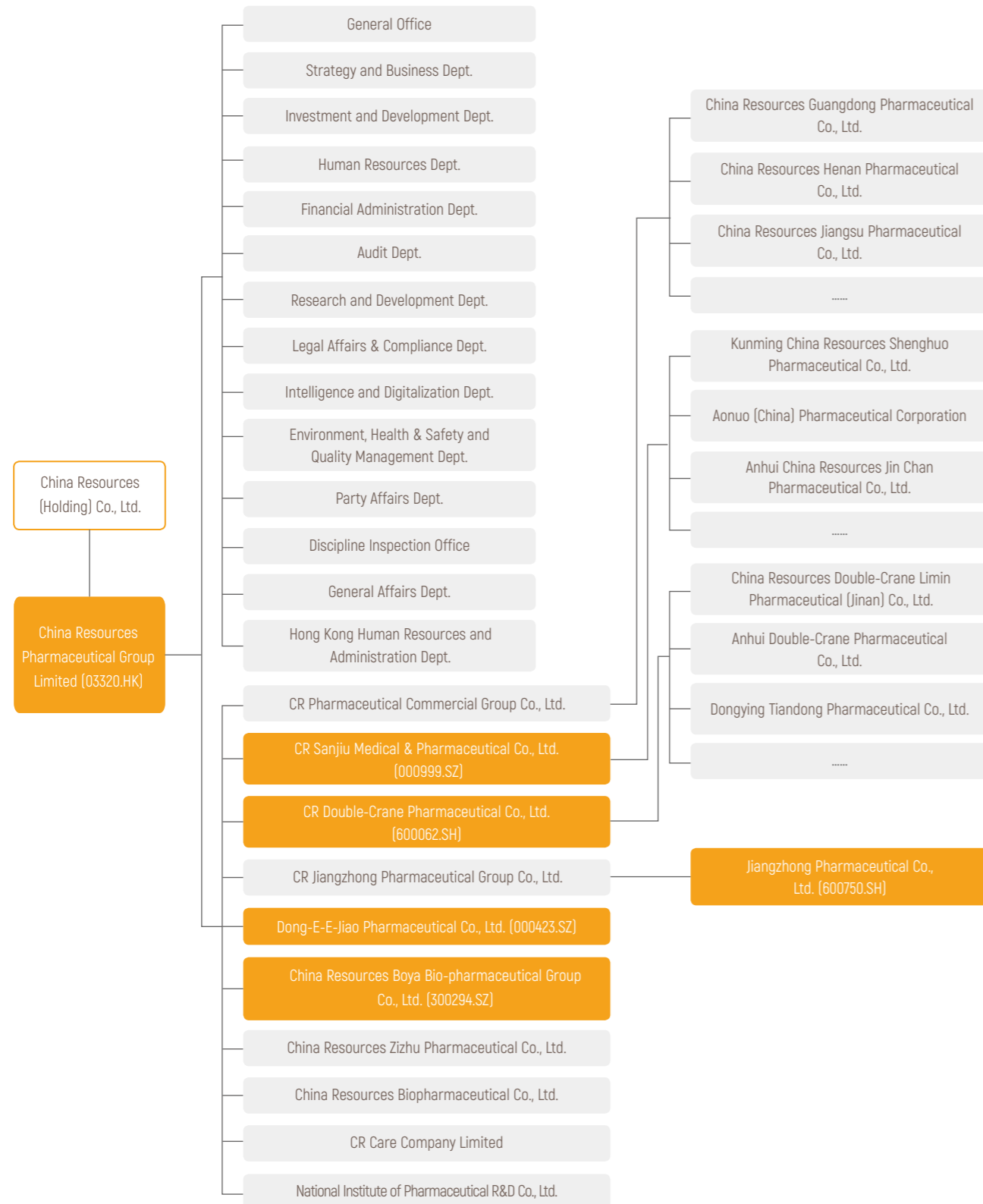
Top Ten largest retail pharmacy operator

DTP (direct-to-patient) pharmacies

211

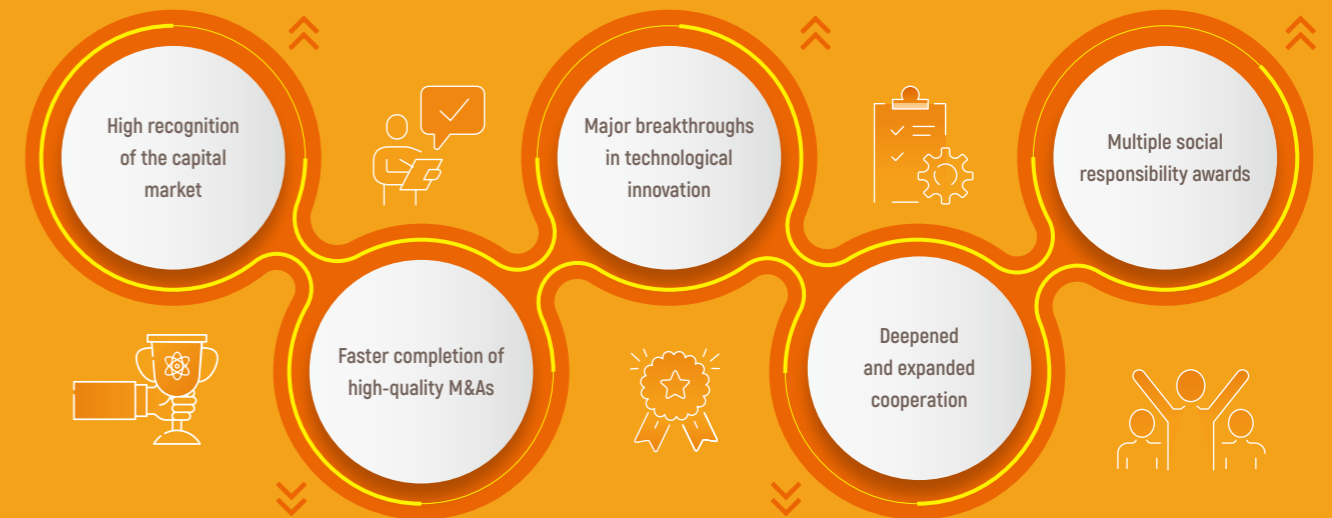


Organizational Structure



Highlights of 2021

- CR Pharmaceutical once again entered the Top 100 Brand Value List of Chinese Listed Companies.
- CR Pharmaceutical's MSCI-ESG Rating was upgraded to BBB.
- CR Pharmaceutical won the "2021 Top 100 Chinese Enterprises Award" at The 21st China Business Top 100 Forum.
- CR Pharmaceutical ranked 5th in the Top 100 Enterprises and ranked 2nd in the Top 50 Companies in Chinese Patent Medicine of 2020-2021 Comprehensive Competitiveness Index of Pharmaceutical Industry.
- The project jointly applied by CR Sanjiu won the first prize of Science and Technology Progress Award of the Ministry of Education.
- Three projects including the TCM Injection End-to-End Industry Chain Digital Manufacturing Technology Development Project of CR Sanjiu passed the acceptance inspection of the Ministry of Industry and Information Technology.
- NIP142, an innovative drug for non-small cell lung cancer treatment independently developed by and with independent intellectual property rights fully held by National Institute of Pharmaceutical R&D Co., Ltd. ("NIP") passed the approval for clinical trials.
- A joint laboratory on drugs with innovative polymorphic forms co-established by CR Double-Crane and the Institute of Materia Medica, Chinese Academy of Medical Sciences was unveiled.
- CR Pharmaceutical won the first place in the Pharmaceutical and Bio-Manufacturing Industry Social Responsibility Development Index (2021).
- CR Double-Crane was named a Green Supply Chain Management Demonstration Enterprise by the Ministry of Industry and Information Technology.
- CR Double-Crane won the honorary title of Top 10 Employers with the Most Development Potential in Beijing in 2020 China Employer of the Year.
- CR Zizhu won the honorary title of National-level Green Factories.
- CR Sanjiu once again entered the list of Top 100 China Best Employer 2021.



- CR Pharmaceutical completed the acquisition and reorganization of CR Boya Bio-Pharmaceutical, further improving its strength in blood products.
- CR Pharmaceutical took a stake in Immunotech Biopharm Ltd. ("Immunotech") for strategic development in the field of cellular immunotherapy.
- Jiangzhong Pharmaceutical bought shares of Hays Pharma Limited ("Hays Pharma"), adding high-quality varieties to its original gastroenterology products.
- CR Double-Crane took a stake in Zhejiang Peptides Biotech Co., Ltd. ("Peptides"), establishing its presence in the peptide field.
- CR Pharmaceutical signed a strategic cooperation agreement with MingMed Biotechnology Co., Ltd. (MingMed Biotech) and held a ceremony for appointment of external scientific innovation experts.
- Dong-E-E-Jiao signed a strategic cooperation agreement with Marine Biomedical Research Institute of Qingdao ("MBRI").
- CR Sanjiu entered into a strategic cooperation agreement with Ryukakusan, a renowned Japanese pharmaceutical company that develops throat and swallowing products.
- CR Double-Crane obtained exclusive authorization for the development, production and commercialization of NP-G2-044 fasci inhibitor, a new target medicine, in Greater China.
- A novel cancer drug was released by CR Double-Crane, and the Cooperation Agreement between Haikou National High-tech Zone Administration and CR Double-Crane was signed.

Major Brands



Corporate Governance

CR Pharmaceutical has improved the long-term compliance management mechanism according to law. We adopt more scientific and efficient corporate governance, and strengthen the supervision of internal control and risk management. Firmly upholding business ethics, we prohibit commercial bribery and corruption in any form and make continuous efforts to improve corporate governance.

Improving the governance system

A better governance system is key to driving sustainable development and enhancing the core competitiveness of a company. Attaching great significance to making decisions according to laws and regulations, we build a governance structure in strict compliance with relevant provisions in the Company Ordinance and the *Listing Rules* of HKEx, and continuously improve it in light of the actual development 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. These committees support the Board in formulating policies on director nomination, whistleblowing and remit, and clarifying the division of responsibilities. They cooperate closely with each other while ensuring efficient operation of the Board. The five committees, namely the Remuneration Committee, the Nomination Committee, the Audit Committee, the Corporate Governance Committee and the Executive Committee, provide support and suggestions for the Board in implementing efficient, standardized, and science-based decision-making. In 2021, we held one general meeting of shareholders, five Board meetings, four Audit Committee meetings, three Remuneration Committee meetings, three

Nomination Committee meetings, one Corporate Governance Committee meeting, and thirteen Executive Committee meetings, the numbers of which all met or exceeded the numbers required by the *Listing Rules* or terms of reference.

Strengthening governance capabilities. The Nomination Committee reviews and evaluates the composition of the Board, and review annually the effectiveness of the Board Diversity Policy and the achievement of measurable objectives, to make sure that the board members have the competencies, skills and experience to guarantee the overall operation of the Board and effective Board governance. Acting on the Board's policy on the diversity of board members, the committee enriches the diversity of board members in terms of gender, age, cultural and educational background, and professional experience, continuously strengthening the Company's decision-making ability. There are currently three female directors and two additional female senior management members on the board. The board and senior management have achieved a balance of professional experience, knowledge and skills, cultural and educational background, and years of service.



Further reading

For more information on policies, responsibilities, and composition of the Board and general meeting of shareholders, please refer to the *2021 Annual Report of CR Pharmaceutical* or visit our official website <https://www.crpharm.com/tzgx/gsgz/gzjg/>

Practicing business ethics

Firmly upholding business ethics and relevant market rules, the Corporate Governance Committee takes on the role of an ethical supervisor that works to prohibit corruption, embezzlement, bribery, fraud, money laundering and other illegal and immoral incidents. In 2021, the Company and employees registered zero major corruption incidents and concluded corruption cases, and punished 12 persons for violations against regulations and disciplines*.

Regulating business activities. Strictly abiding by the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, CR Pharmaceutical opposes any form of unfair competition, money laundering and monopoly. We strengthen the protection of business secrets, release the *Reminder Letter on Anti-Monopoly Compliance of Pharmaceutical Enterprises*, and organize exchange meetings on the prevention of anti-monopoly risks to enhance compliance awareness. CR Pharmaceutical also discloses whistleblowing policies on the Company's official website, and encourages customers, employees, suppliers, and other stakeholders to report misconduct of the Company to the Commissioner of Integrity by email, letter or interview.

Building a strong defense line for integrity. We build a comprehensive anti-corruption mechanism and firmly enforce anti-commercial bribery and anti-corruption rules on employees, customers, suppliers and other stakeholders.



Institutional guarantees

- CR Pharmaceutical has formulated the *Administrative Measures for Discipline Inspection Agencies to Clarify False Reports and Accusations and Investigate Falsely Accused and Framed Behaviors (Trial)* to specify the principles, methods, punishments and accountability for clarifying false accusations, and standardize the procedure of accusations.
- We have formulated the *Administrative Measures for Discipline Inspection Agencies to Respond to Petition Letters and Visits and Supervise Discipline Enforcement* to specify the principles, scopes, content and disposal methods of discipline inspection and enforcement.
- We have revised the *Management Measures for the Comprehensive Supervision Work System* and the *Measures for Inspection Work* to continuously improve our supervision and inspection systems.



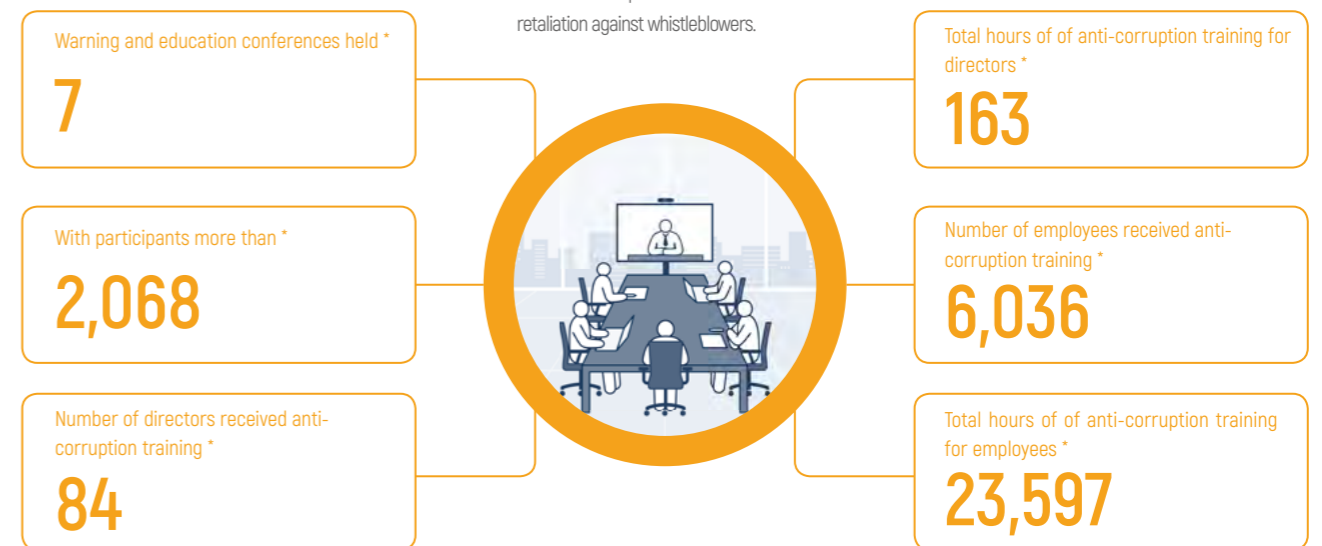
Strict compliance supervision

- We have made advances in our comprehensive supervision work, and all departments developed the comprehensive supervision implementation plans and created responsibility lists. We held three meetings on comprehensive supervision and accepted seven leads to problems found in everyday supervision work.
- We have spotted 23 points prone to integrity risks, to which we apply preventive measures and self-examinations plus random inspections to realize inspection. We issue notices, disclose reporting hotlines and email addresses before significant occasions.
- We have implemented the *Administrative Measures for Discipline Inspection Agencies to Respond to Petition Letters and Visits and Supervise Discipline Enforcement* and assigned personnel to handle these. For the protection of whistleblowers, we sign the *Confidentiality Commitment* with all inspectors and impose serious punishments on those that disclose whistleblowers' personal information or facilitate retaliation against whistleblowers.



Integrity culture training

- We have organized the compilation of the *Collection of Warning and Educational Cases* and disseminated materials on integrity topics through the internal mail and official WeChat account to enhance employees' awareness of integrity and self-discipline.
- We enhanced the learning of policies and regulations on integrity. In 2021, 938 employees participated in quizzes on integrity and ethical standards and 958 received online real-scene integrity training*.
- In 2021, we had 113 talks with employees and organized quarterly seminars on integrity topics. We provided 510 hours of integrity training in total, which was participated by 170 employees*.



*Note: The data came from the headquarters of CR Pharmaceutical and its directly managed enterprises other than CR Pharma Comm, CR Sanjiu, CR Double-Crane, and CR Jiangzhong.

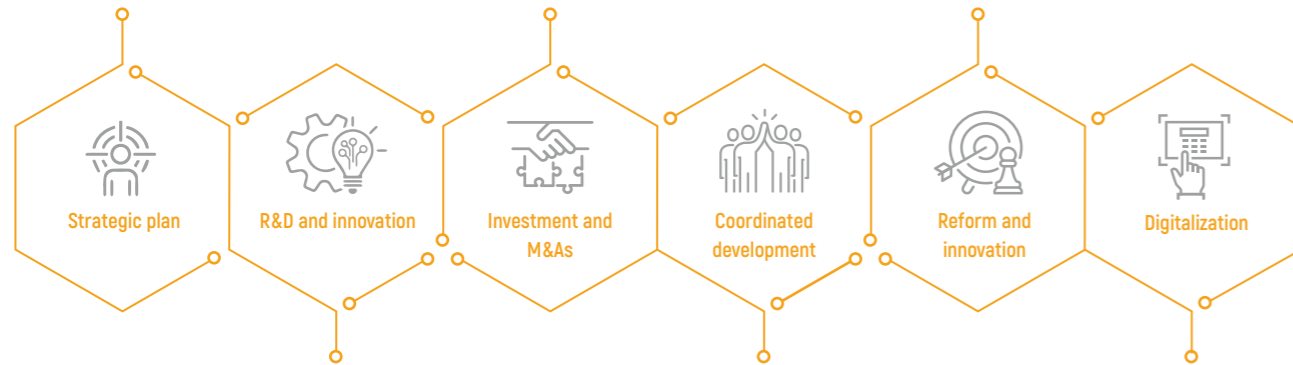
Adhering to Strategic Leadership

The 14th Five-Year Plan creates a strategic period of opportunity for a new stage of development. CR Pharmaceutical has faced up to negative impacts of the pandemic and changes in the market and environment and kept strengthening innovation and transformation. By strengthening the market position of core businesses and facilitating the rapid growth of new businesses, we continue to enhance our competitiveness in the market.

Guided by a clear strategic plan for the 14th Five-Year Plan period, we optimize resource allocation and integration based on the management platform provided by the headquarters to enhance enterprise empowerment and services.

We make plans for development in innovative sectors to fill our gaps in areas with high potential for growth, tighten operational supervision while strengthening collaboration, and promote industrial integration.

Benchmarking against world-class enterprises, we improve our management and institutional innovation to strengthen our competitiveness comprehensively.



By stepping up efforts in the progress management and introduction of R&D projects, driving the construction of R&D platforms in key regions, and improving the models and mechanisms for R&D and innovation activities, we aim to create a favorable innovation culture.

We carry out cross-regional collaboration in multiple forms and through various modes to strengthen our resource allocation across the entire industrial chain.

We serve business needs, accelerate intelligent and digital transformation, and promote collaborated development of intelligent manufacturing, digital marketing and intelligent supply chains.

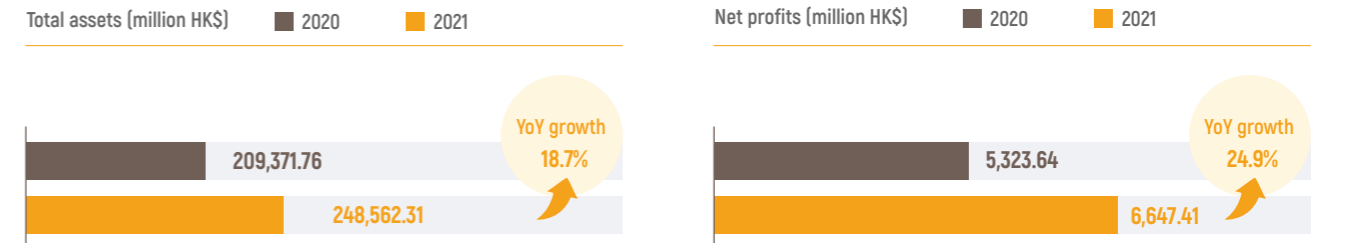
Planning for development in emerging sectors

Actively planning for development in emerging sectors, we have strengthened our efforts in investment in and M&As of manufacturers of blood products, vaccines, medical devices and so on, and strived to seize development opportunities in areas with high potential for growth.



Rapid Growth in Operating Performance

We improve our management and the industrial layout continuously and optimize the business structure, striving to return investors with steady business growth.



Three main businesses coordinated development

We adapt to changes in the external environment actively. Insisting on innovation-driven development, we increase R&D investment, accelerate the growth of new businesses, and pursue sustained and steady business growth.

Pharmacy

By strengthening our capabilities in R&D, production, sales, and industrial chain operation, we seek to expand our businesses in biopharmaceutical manufacturing, consolidate our leading positions in core market areas, and accelerate the release of new products. At present, we have 62 products with sales revenues exceeding RMB 100 million and seven products exceeding RMB 1 billion. In 2021, the number of our manufacturing bases reached 62, and we achieved a 19.9% YoY increase in the revenue of the pharmaceutical manufacturing business and realized significant increases in the revenues of the consumer healthcare (CHC) business (mainly comprising OTC medicines and healthcare products), prescription drug business, and biopharmaceuticals.

Distribution

We strive to expand new businesses, provide one-stop solutions, and improve the distribution network and our product mix. In 2021, we realized a 17.9% YoY increase in the revenue of our distribution business.



Retail

We quicken the integration of retail resources to build an integrated operation system, and speed up the construction of professional pharmacies and community-based pharmacies, creating strong competitive advantages with standardized, differentiated, and specialized services. In 2021, our revenue from retail business increased by 17.6%, with online sales contributing to 10.96% of the total. We also realized quick growth in Direct-To-Patient (DTP) business, which registered a 12.7% increase year on year. Currently, we have 211 DTP retail pharmacies in total.

Resource coordination

We have made continuous efforts to strengthen the construction of excellence operation management system. While promoting the coordination and integration of internal resources and deepening operation and management digitalization, we promote the construction and application of R&D platforms and strive to build cooperation platforms with concerted efforts.

Building a world-class enterprise

Benchmarking against excellent practices of the world's top enterprises, we have been dedicated to enhancing our competitiveness, creativity, power, influence, and resilience, optimized the business management system, and developed a comprehensive plan for management improvement.

Deepening collaboration among industries

We vigorously explore ways to deepen collaboration among industries through resource allocation optimization. In 2021, we promoted the cooperation between CR Sanjiu Chenzhou and CR Double-Crane in gas, photovoltaics, and other fields. Relying on the Collaboration Committee of CR Pharmaceutical, we have promoted collaboration among terminal pharmacies and made advances in the construction of the online pharmacy and other projects. The industrial and commercial synergy is expected to achieve RMB 3.01 billion, a year-on-year increase of 17%.

Exploring digital transformation

With intelligent manufacturing as the basis, we empower management improvement and business development, and accelerate the development of new business modes, including B2B, B2C, and O2O. In 2021, Dong-E-E-Jiao built a marketing cloud platform that promotes omni-channel digital marketing, O2O business of "Levonorgestrel Tablets (Yu Ting)" and "Jin Yuting" from CR Zizhu realized significant growth, and the sales of core products of the Company topped the corresponding market segments.

Strengthening Risk Management

Attaching great importance to the construction of an internal control system and risk management, we have built a comprehensive system that guarantees law-based corporate governance, and officially established a transparent audit procedure to ensure effective risk prevention and management, thus laying a solid foundation for compliance management in the long run.

Improving compliance management

We have set up the Committee of Law-Based Corporate Governance, Risk Control and Compliance Management, and formulated the *Compliance Management System (Trial)* and the *Guidelines for the Management of Complaints on Compliance Work* to realize company-wide internal control. Through the annual assessment of internal control work, we track and examine the Company and our subsidiaries' efforts in rectifying internal control defects.

Strengthening risk prevention and control

We have carried out annual assessments of major risks and compiled quarterly major risk tracking and monitoring reports consecutively in our risk profile, which helps us come up with countermeasures while monitoring their implementation. We have also developed an information system for risk management and internal control evaluation to achieve online risk reporting. By issuing reminders of compliance risks, offering suggestions for the prevention of compliance risks, and compiling the legal risk prevention manual, we strive to enhance our ability to prevent and resolve legal risks.

Improving the audit system

We have released the *Scheme for Implementing New Regulations on Internal Audits* to regulate the audit procedure from six dimensions, including audit authority and audit supervision. The scheme covers key audit programs of all subsidiaries with special focus on key business sectors as well as core management links and demands, promoting full coverage of internal control supervision.

Protection of the Rights and Interests of Investors

As a listed company, CR Pharmaceutical ensures that related transactions are fair and reasonable and comply with the *Listing Rules* of HKEx and other applicable regulations. Besides, we strengthen asset management, guard against capital risks, and improve our operation quality, keeping all operating indicators in a healthy state in 2021.

In-depth talks with investors

Over **200**

Investment summits in the pharmaceutical industry

4

Roadshows

48

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

72



Unlocking communication channels

We build a sound investor communication mechanism. Through annual reports, performance announcements, news releases, general meetings of shareholders, corporate messages, etc., we inform investors of important corporate information, including the corporate company strategy, major events, business operations and financial performance. We build an efficient two-way investor communication platform to maintain harmonious and stable investor relations.



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

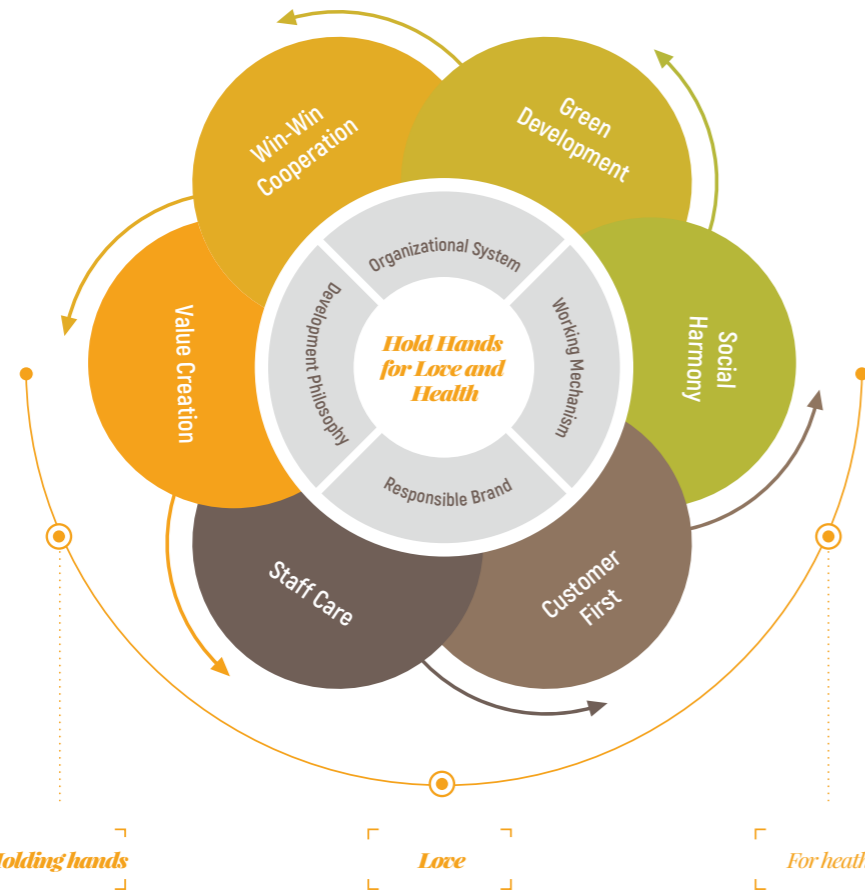
We reply to inquiries from small and medium-sized shareholders by e-mail, and receive visits and inquiries from investors on a regular basis. According to changes in industry policies and business dynamics and the performance of the Company, we have written and released a total of 40 press releases and in-depth business news reports, continuously improving information transparency and the Company's credibility in the capital market and enhancing investor confidence.



2021 Performance Conference

Sustainability Strategy

Shouldering the lofty mission of "Protecting Human Health and Improving Quality of Life," we care about public health and actively assume social responsibility. Over the years, we have been committed to "Holding Hands for Love and Health," striving to fulfill our strategic goal of improving the quality of life. Through continuous efforts in building a responsible brand and improving our development concept, organizational system, working mechanisms, etc., we are committed to holding hands with the government, shareholders, staff, and other stakeholders to promote the sustainable development of China's pharmaceutical and healthcare industry.



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

Love
CRPG aims to practice benevolence, improve people's health and enhance people's quality of life.

For health
CRPG gives priority to human health and provides safe and high quality medicines and service to the public.

Sustainability Management

CR Pharmaceutical keeps strengthening sustainability management by giving better play to the important role of the Board of Directors. We have been promoting the integration of sustainability into the corporate development strategy, production and operations, and corporate management, and putting the SDGs into practice while striving to realize Company's ESG goals and carrying out business management.

ESG supervision and management by the Board

The Board of Directors shoulders full responsibility for the Company's environment, social responsibility, and corporate governance (ESG) strategy. It assesses and determines ESG-related risks and opportunities of the Company, and identifies and manages material topics on sustainability, such as R&D and innovation, access to healthcare issues, quality safety, etc., thereby ensuring that the Company has a qualified and effective ESG risk management and monitoring system and periodically review the effectiveness of the system. The Board of Directors reviews the Company's sustainable development report annually, authorizes the Corporate Governance Committee to review the Company's compliance with the corporate governance code and disclose the corporate governance report on an annual basis, convenes regular meetings of the ESG Committee to review the progress towards ESG goals, and supervise the effective implementation of ESG management plans.

Organizational management. 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.



ESG organizational structure

System development. In strict compliance with the *Regulations of China Resources Pharmaceutical Group Limited on Social Responsibility Work*, we have compiled the *Manual of China Resources Pharmaceutical Group Limited on the Management of ESG Indicators* to further clarify the division of responsibilities within the ESG committee, and improve performance management, practice communication management, report preparation and compilation, as well as evaluation and assessment of the sustainability management system.

Capability building. CR Pharmaceutical has attended multiple seminars held by professional think tanks of the industry and participated in special training programs organized by credit rating agencies, where we consulted with industry experts on the training content. Besides, we have a clear understanding of and comply with ESG-related laws and regulations, and keep ourselves updated of the latest sustainable development trends.

CR Pharmaceutical's MSCI-ESG Rating was upgraded to BBB and Hang Seng Sustainability Rating was higher than half of the rated companies. It shows the capital market's recognition of and confidence in the Company's ESG performance.

For nine consecutive years, CR Pharmaceutical has prepared sustainability reports and encouraged our subsidiaries to prepare social responsibility reports, and improved social responsibility management and practices to enhance the social responsibility information disclosure.

The Company always hires external legal counsels to introduce and carry out training on the latest ESG requirements of HKEx for the Corporate Governance Committee and Board of Directors. For example, in accordance with the *April 2021 - Consultation Paper on Review of Corporate Governance Code and Related Listing Rules* of HKEx, we organized training on the directors' roles and responsibilities in corporate governance and the latest versions in August 2021.

Feature

Industry Development, Fostering New Drivers of High-Quality Development

The 14th Five-Year Plan creates a strategic period of opportunity for a new stage of development. We have expanded our innovative business fields such as biological drugs and innovative drugs, established a biological drug platform, and conducted research into recombinant proteins and monoclonal antibodies. In recent years, CR Pharmaceutical has been stepping up with its investment and extensive deployment in original biologics, improved innovative drug and biosimilars, and optimized resource allocation to achieve synergistic benefits.


Making a breakthrough and filling up the void in the blood product sector by investing in CR Boya Bio-pharmaceutical

Blood products are a strategic reserve resource of a country, while raw materials for making blood products are scarce and difficult to replace. Blood products are related to the safety of the national bio-industry and form a segment of the pharmaceutical industry with high growth potential. In November 2021, CR Pharmaceutical seized the opportunity of changes in the external market in completing the acquisition of CR Boya Bio-Pharmaceutical, which marks a major breakthrough of the Company in the blood products sector.

CR Boya Bio-Pharmaceutical is mainly engaged in the manufacture of blood products, and has integrated biochemical drugs, chemical drugs, and APIs. Having built a "full-cycle" supply chain ecosystem from plasma collection to


clinical use, CR Boya Bio-Pharmaceutical is one of the few pharmaceutical companies in China that boasts three major categories of products: human albumin, human immunoglobulin, and blood coagulation factors. The acquisition will fully deepen the complementary advantages of both parties, and realize the integration of resources in research and development, production, sales and other aspects. CR Pharmaceutical will make progress towards its goal of "integrating resources in the field of blood products across the country and becoming a world-class blood product producer" based on the high-quality blood product development platform.






Human albumin

Highly extensive clinical application in traumatic hemorrhage, surgical blood loss, hypovolemia, extensive burns, edema, acute liver failure, nutritional hypoproteinemia and hemophilia



Human immunoglobulin

Used in the treatment of primary immunodeficiency, secondary immunodeficiency, autoimmune disease, and autism, as well as in anti-infective therapy, multiple trauma and postoperative infection, etc.



Blood coagulation factors

Used in the treatment of fibrin insufficiency and various types of hemophilia

Seeking strategic expansion in the field of cellular immunotherapy and deepening the development of the industrial chain

Cellular immunotherapy is an important development direction of tumor treatment and has broad market prospects. July 2021, CR Pharmaceutical took a stake in Immunotech Biopharm Ltd. ["Immunotech"] for strategic development in the field of cellular immunotherapy.

Immunotech specializes in cellular immunotherapy and has ten products under development, including EAL® cells, and CAR-T and TCR-T cell products. EAL®, Immunotech's core product, is undergoing the Phase II clinical trial with the post-surgical recurrence of liver cancer selected as the clinical

indication. It is the first and only cellular immunotherapy product in China that has entered Phase II clinical trial for the treatment of solid tumors. CR Pharmaceutical has deepened strategic cooperation with Immunotech on the marketing, market penetration, financing planning, clinical medication management and patient management for EAL®, and continued to focus on investing in the upstream and downstream of the cell therapy industry.

Safeguarding Health, Enabling Everyone to Enjoy High-Quality Health Care

Scan the QR code to learn more about the Healthy Village Program



We will focus on rural areas and the grassroots while equalizing access to basic medical services, and ensure that basic medical and healthcare services can serve the public good, thereby gradually narrowing the gap in basic health services and health levels between urban and rural areas, and among different regions and populations, achieving universal health coverage, and promoting social equity.

—“Healthy China 2030” Planning Outline

Health services are an important driver of rural vitalization, as they are pivotal to people's livelihood. CR Pharmaceutical actively responds to the strategic plans for the “Healthy China” initiative and rural vitalization, and has cooperated with the China Women's Development Foundation in carrying out the Healthy Village Program. Remaining committed to “improving primary-level medical services to help rural residents live a healthy life,” we support the county-level medical community through online and offline education and software and hardware construction. We focus on the project objective in consolidating the achievements of the efforts to improve healthcare service to the poor, and strive to make significant contributions to the synergy between the “Healthy China” initiative and the rural vitalization strategy.

An expert team composed of well-known experts and academic leaders, including 15 directors/deputy directors of state-level societies, and over 70 members of state-level societies.

Developing suitable training courses for grassroots doctors. The program has offered a total of 197 online training sessions, benefiting more than 2.3 million trainees.

Promoting the growth of “Internet Plus Healthcare initiatives” by building the Healthy Village learning platform.

To establish a team of professional trainers to train grassroots practitioners

To develop a training curriculum suitable for grassroots practitioners

To build an interconnected and sustainable learning platform



To create a series of practical skill training models for village-based practitioners

To explore a “one-to-one” assistance model targeting county-level hospitals

The program has offered medical training for more than 200 rural doctors and free clinical diagnoses for more than 2,500 villagers in Haiyuan (Ningxia), Wenshan (Yunnan), Yan'an (Shaanxi), and Sanming (Fujian).

The program has built 13 village clinics in Hong'an (Hubei), Jianhe (Guizhou), Haiyuan (Ningxia), Yan'an (Shaanxi), Sanming and Ninghua (Fujian) and Huining (Gansu).

The program has launched assistance activities in 17 counties and cities, such as Hong'an (Hubei), Zunyi (Guizhou), Qingliu, Mingxi and Taining (Fujian), and Zhengzhou (Henan), and donated medicines and medical equipment worth more than RMB 4.55 million.

The program has built ties with medical centers such as Fuwai Hospital, Chinese Academy of Medical Sciences, Beijing Chao-Yang Hospital, Capital Medical University, Beijing Obstetrics and Gynecology Hospital, Capital Medical University, and with provincial-level hospitals such as CR & WISCO General Hospital, People's Hospital of Ningxia Hui Autonomous Region, Guangdong 999 Brain Hospital; it has offered assistance to county-level hospitals such as the Hong'an Country Suqu Hospital, People's Hospital of Haiyuan Country, People's Hospital of Qingliu Country, etc.

Increasing assistance for creating a primary health capacity building and service demonstration system

The program exploits the strengths of national and provincial medical centers in talents, medical care, scientific research, teaching, etc., and explores the building of a primary health capacity building and service demonstration system that coordinates medical institutions in counties, towns and villages, and offers assistance to state-, province-, county-, and village-level hospitals and clinics. Through intensive training, bedside teaching, Short-term learning, remote guidance, and assistance in the construction of clinics, the program strives to ensure that people have access to proper health services.



Providing medical assistance in old revolutionary bases such as Yudu in Jiangxi, Zunyi in Guizhou, Luding in Sichuan, Yan'an in Shaanxi, and Sanming in Fujian

Focusing on the grassroots and assisting rural doctors with their development

Focusing on the overall picture of rural vitalization, the program grasps the needs of primary medical institutions, provides a curriculum system in eight specialized fields designed by experts, and creates an online learning platform for grassroots doctors. The program has also established a sound practical training model for rural doctors to provide them with continuous support. In addition, it has compiled and released the *Compilation of Practical Materials for Training of Grassroots Doctors*, and launched general practitioner training projects, cultivating a group of good village doctors for the countryside that cannot be taken away.

We will carry forward past achievements while forging ahead into the future. By pressing forward with the CR Healthy Village Program, we will continue to enhance public knowledge of how to maintain good health in rural areas, and enable local people to enjoy better and fairer health care services, thereby contributing to rural vitalization.



"I will apply the most advanced professional knowledge and surgical procedures in China to the treatment of my own patients. I hope that I will save more patients with critical cardiovascular diseases and help more people."

— Ma Chong (assumed name), a cardiologist from the People's Hospital of Haiyuan County, Ningxia

"The CR Healthy Village Program meets the needs of medical institutions at all levels under the current medical system in China. The program helps county-level medical institutions to improve their capabilities of conducting specialized diagnosis and treatment, which is an effective means for local people to receive proper treatment for serious illnesses without leaving the county. The program also helps rural medical institutions improve their ability to treat common diseases, chronic diseases and provide TCM physiotherapy services. This will allow more and more rural doctors to master more medical technologies, so that they can benefit more local people."

— Prof. Wei Lihui, deputy chairperson of the Chinese Obstetricians and Gynecologists Association (COGA)



Doctors of Beijing Obstetrics and Gynecology Hospital explain cases to rural doctors



Awarding honorary titles to outstanding rural doctors at the summary and promotion meeting of the Healthy Village Program



Aiding the construction of the clinic in Yan'an CR Hope Township



Offering free medical services to villagers



Providing medical assistance in old revolutionary bases



Promoting Innovation-Driven Development to Improve Health and Well-being

We implement the Healthy China initiative and drive development based on innovation and quality. We secure drug safety and equitable pricing, and constantly promote the application of innovation achievements. By providing high-quality healthcare solutions, we are dedicated to bringing affordable and accessible healthcare products and services to more people.

> **Our Concerns**

Innovative development
Quality management
Rights and interests of customers
Accessible health

> **Our Actions**

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

> **Our Achievements**

278,600

Participants in quality training

18,881

Organized quality training sessions

100%

Staff coverage for quality training

> **Contribution to the SDGs**



Nurturing Innovation Culture

Innovation is the primary driving force behind high-quality development of enterprises. CR Pharmaceutical has formulated a plan for scientific development strategies and scientific innovation during the 14th Five-Year Plan period. Setting out clear R&D targets and direction, we continuously enhance innovation capacity and provide everlasting momentum for transformation through innovation.

Improving innovation mechanisms

CR Pharmaceutical Innovation and Knowledge Development Committee and the CR Pharmaceutical Science and Technology Committee were established in 2020, which manages the approval, change, and evaluation of innovation R&D projects according to the *Administrative Measures for CR Pharmaceutical Innovation and R&D*. We continue to improve the innovation management systems of the headquarters and subsidiaries, promote full-lifecycle management of R&D projects, and shorten R&D period. Incentives such as stock incentive plans and follow-up investment opportunities for R&D staff are explored. And we establish a fault-tolerant mechanism for innovations and control R&D risks to create a sound R&D management system.



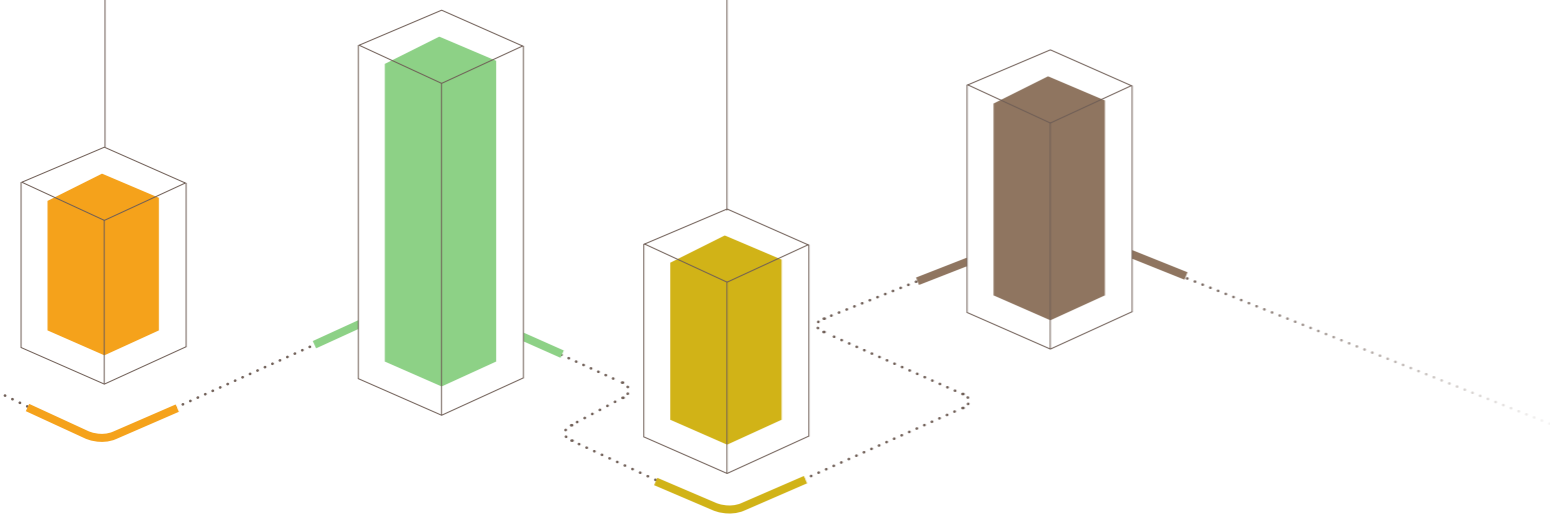
Measures to deepen innovation management

- **CR Sanjiu:** Established a project review and competition mechanism; strengthening project auditing; established a closed-loop management system integrating project approval, implementation, assessment, incentives, review, competition, and auditing.
- **Dong-E-E-Jiao:** Implemented 18 R&D quality management standards; developed a preliminary pharmaceutical R&D quality management system; established a fault-tolerant mechanism for innovations and created an enabling environment for research progress.
- **CR Zizhu:** Deepened the reform of R&D organizations; formulated *R&D Compliance and Accountability List (Trial)*; compiled the Scientific Innovation Plan for the 14th Five-Year Plan period.



Actions to unleash vitality through innovation

- **CR Jiangzhong:** Drafted six incentive mechanisms including *Incentive Measures for Research and Development Projects*, and *Incentive Measures for Managers in the Research and Development Department* to specify measures to accredit and motivate technical personnel.
- **CR Double-Crane:** Revised *Administration Rules for R&D Project Awards* that specify the levels of projects and reward and punishment mechanisms to motivate R&D staff.
- **The National Institute of Pharmaceutical R&D Co., Ltd.:** Conducted a survey of remuneration and incentives for R&D personnel; optimized the career ladders for managers and general staff.



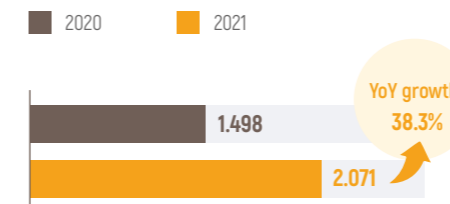
Boosting innovation capacity

We continue to increase our investments in research and development, and have set up multiple technology R&D centers and research platforms. Through promoting research and development of innovative drugs, respecting and protecting intellectual property, and pooling the strengths of multiple parties for collaborative innovation, we continuously improve innovative outcomes in number and quality.

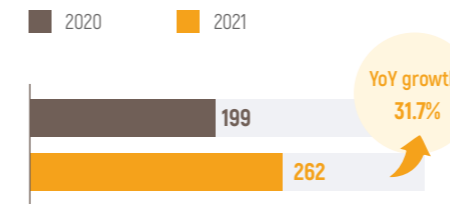


CR Pharmaceutical Shenzhen R&D Center put into operation

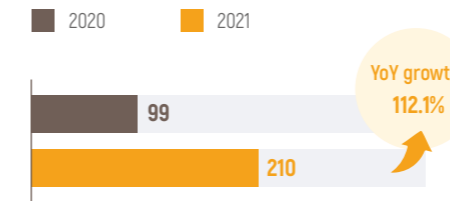
R&D investment (one billion HK\$)



Projects under research



Newly applied patents



CR Double-Crane and NOVITA Novel Cancer Drug Signing Ceremony and Haikou National High-tech Zone and CR Double-Crane Signing Ceremony

Addressing rare diseases. With a focus on the study, prevention and addressing of rare diseases, we continue to scale up efforts in developing orphan drugs and expand the spectrum of products under development and being manufactured, to contribute to health for all.

"The Effect and Mechanism of E-Jiao in Treating Thalassemia" conducted by Dong-E-E-Jiao supports the clinic treatment of Thalassemia and laid a foundation for the use of E-Jiao in treating Thalassemia.

CR Boya Bio-pharmaceutical has made breakthroughs in the treatment of hemophilia. The Prothrombin Concentration Complex (PCC) developed by the company was officially launched. The company applied for the launch of human coagulation factor VIII (F VIII) and conducted on-site verification of drug clinical trial data for registration.

The von Willebrand factor (vWF) developed by CR Boya Bio-pharmaceutical was approved for clinical trial, filling the gap in domestic von Willebrand disease (VWD) treatment.

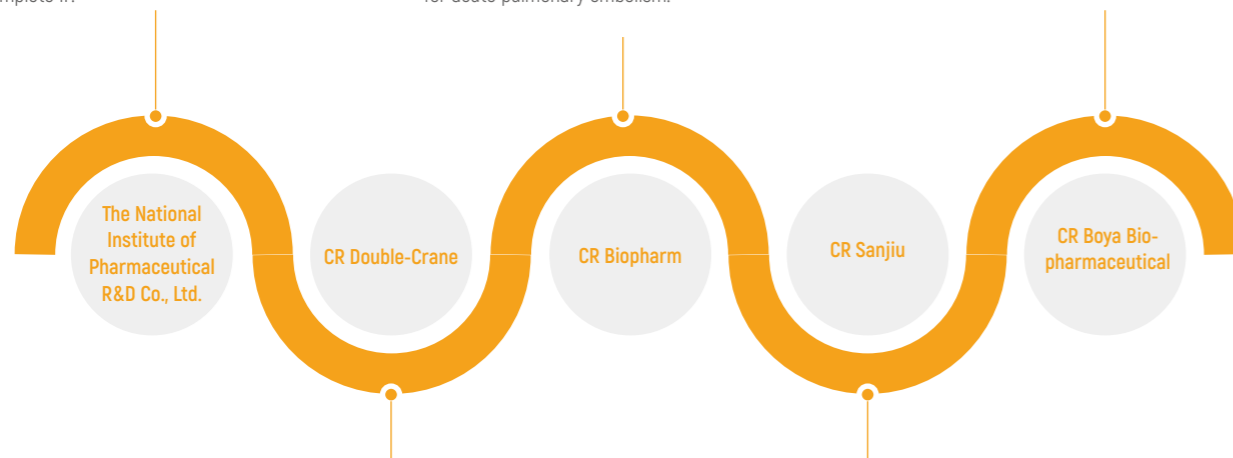
CR Boya Bio-pharmaceutical launched research of innovative drugs for hereditary angioedema (HAE). Project BYSW005 has entered the stage of pilot-scale manufacturing.

Promoting the application of research outcomes. We continue to promote the industrialization of research achievements. Giving equal importance to generic drugs and innovative drugs, we are dedicated to providing patients with new therapeutic schemes. In strict compliance with research ethics, we obtain animal experiment licenses according to law, and create an honest and responsible research environment.

NIP142, an innovative drug for treating non-small cell lung cancer, was approved for clinical trial. It is the first innovative anti-tumor drug independently developed by the company with complete IP.

Concrete progress has been witnessed in the development of Ruitongli therapy for acute ischemic stroke, PEG-EPO for anemia symptoms caused by chronic kidney disease, and Ruitongli for acute pulmonary embolism.

Human immunoglobulin 10% solution for infusion was approved for clinical trial, filling the gap in domestic products for treating primary immunoglobulin G deficiency.



Obtained exclusive authorization for the development, production and commercialization of NP-G2-044 fascin inhibitor, a new target medicine, in Greater China.

An oral, small-molecule RNA polymerase inhibitor for the treatment of COVID-19 was developed in cooperation with Ligand (US), which is now in the preclinical stage.

"Mitoxantrone hydrochloride injection for lymph tracing" (trade name: Futashu®), a Class II innovative drug, received the Drug Registration Certificate.

Two Class I innovative traditional Chinese medicines for treating female climacteric symptoms and Tourette syndrome were introduced.

Abbreviated New Drug Application (ANDA) for the generic Advair®Diskus® developed by Runsheng Pharmaceutical Co., Ltd. (with capital from both CR Sanjiu and CR Pharmaceutical Industrial Investment Fund) was granted a priority review voucher by FDA.



In 2021, eight of our products passed the quality and efficacy consistency evaluation for generic drugs:

Irbesartan generic tablet (irbesartan), the first of its kind in China	Nifedipine extended-release tablets (II)	Pantoprazole sodium for injection
Sodium valproate tablets	Fluconazole in sodium chloride injection	Enalapril maleate tablets
Ceftazidime injection	Zopiclone tablets	

Promoting industry-university-research collaboration. We pool advantageous resources to introduce products and facilitate cooperation. After signing strategic cooperation agreements with government agencies, scientific research institutes, and peer companies, we join hands with partners in research and innovation.

The project "Medicinal Substances of Llex and Llex Tea and Their Application in *Ganmaoling 999*" jointly applied by CR Sanjiu, Peking University, Shenzhen University, and Beijing University of Chinese Medicine, etc. won the first prize of Science and Technology Progress Award of the Ministry of Education.

A joint lab was established by CR Pharmaceutical and Tsinghua Shenzhen International Graduate School, under which the R&D project entitled "Development of Class 1 Innovative Drug – Macrocyclic Kinase Inhibitors" was launched.



IPR protection. In compliance with the *Trademark Law*, the *Patent Law*, and other laws and regulations, we promulgated the *China Resources Pharmaceutical Group Limited Measures for the Management of Intellectual Property Rights and Files of R&D Projects*, to establish an IPR management system and protection mechanism to strengthen review of the sources, defects, infringement prevention and data compliance of IPR, prevent and control IPR-related legal risks and disputes, and protect the IPR of all relevant parties from being infringed. During the reporting period, the company was not involved in any major infringement or intellectual property disputes. In 2021, CR Zizhu won the "Innovation Award of IPR Transaction" for the industrialization and IPR transaction of its Dinuoyunsu Tablet.

Facilitating digital transformation

CR Pharmaceutical strives to live up to the country's requirements for digital and intelligent transformation and development. Through exploring innovative drug R&D, digital clinical management, and automated and digital production processes that enhance manufacturing efficiency, we fuel innovative development with science and technology.

The National Institute of Pharmaceutical R&D Co., Ltd. has established a laboratory material management platform and realized whole-process traceability of materials for research and development.	CR Jiangzhong has developed a novel traditional Chinese medicine (TCM) extraction method. Several TCM intelligent manufacturing projects of the company passed the acceptance inspections of Ministry of Industry and Information Technology and Ministry of Science and Technology.	CR Pharma Comm and CR Double-Crane have put in place intelligent supply chains and promoted Orders Center and operation and control platforms.
---	--	--

Providing High-quality Products

CR Pharmaceutical earnestly secures the safety of patients and consumers and constantly improves the quality management system. We have integrated quality management into the full-lifecycle of products, so as to comprehensively safeguard customers' health by providing high-quality and safe products.

Consolidating 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 WHO, USP, and EU standards, conducted precautionary testing for emerging quality/safety concerns, and taken corrective and preventive actions (CAPA) for deviation or adjustment in manufacturing. We have incorporated quality management into links throughout the lifecycle, including raw material sourcing, product R&D, registration, testing, and manufacturing.

Obtained
169 quality certificates



Quality system certification. All manufacturers of CR Pharmaceutical have obtained the Good Manufacturing Practice (GMP) certification and passed GMP compliance inspections in 2021. All companies involved in drug marketing have obtained the Good Supply Practice (GSP) certification. Dong-E-E-Jiao, CR Jiangzhong, CR Sanjiu and multiple other companies have been ISO 9001 certified. A number of corporate laboratories have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS).

Quality risk management. We improve quality risk assessment and carry out self-inspections of GMP risks. Lists of risks identified within the year are compiled, and targeted precautions are developed. We continue to track and monitor major risks and conduct regular quality assurance training and audits for suppliers, thus strengthening quality risk management across the supply chain.

Quality system auditing. Different business units organize regular and special quality audits, and evaluate and promote smooth operation of the quality system through hiring experts, carrying out internal unannounced inspections, 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 culture development. We pay great attention to quality management training and conduct training programs on quality control/legal knowledge/drugs and medical devices for all employees. Through organizing activities and campaigns like "Consumers' Day", "Quality Month", "100-day Challenge", quality culture bulletin, writing competition on quality management, key quality management projects, and quality management competitions, we are able to raise quality awareness across the Company.

Conducting supplier training on quality assurance

We organize supplier training and provide technical instructions on a regular basis to enhance quality assurance capacity of the supply chain. Dong-E-E-Jiao provides 10 targeted training sessions on quality management to its suppliers and distributors. CR Pharm Comm takes the initiative to provide training to suppliers on integrity, business ethics, quality and safety. CR Biopharm conducts training for cold chain logistics suppliers on drug quality and safety during time-controlled transportation to reduce relevant quality risks.

Securing drug safety

We strictly tighten product quality management and raise pharmacovigilance awareness of all staff. By strengthening management and control of safety risks and conducting drills on handling drug safety emergencies, we ensure the safety of patients and consumers.

Pharmacovigilance management

In line with new requirements put forward by the *Good Pharmacovigilance Practice (GVP)*, we improve the pharmacovigilance platform and monthly reporting mechanism, and organize compliance audits and inspections to effectively collect and manage information about adverse reactions to products, and monitor and handle adverse drug reactions on a regular basis.

Product quality control

We conduct in-house testing, including unannounced inspections, special inspections, and autonomous spot checks, to our major products, newly launched products, TCM products, and high-risk products on a regular basis. Strict quality control is performed for all products to make ensure all launched products meet relevant quality standards and requirements. Our products are open to regular and special inspections by national, provincial, and municipal drug authorities. In 2021, we organized 1,331 in-house audits, received 5,224 external inspections and spot checks, and conducted 410 internal spot checks. CR Double-Crane, CR Zizhu, and Dong-E-E-Jiao reached 100% pass rate in the spot checks.

Emergency drug recall and destruction

We implement the *Management System for Drug Recalls* and the *Simulated Recall System*, and assist distributors and upstream suppliers in recalling products in the market. We organize product recall drills regularly and improve the emergency handling and response procedure. Expired materials and samples are destroyed compliantly with samples reserved. Unqualified drugs are destroyed and disposed by entrusted third-party agencies. In 2021, no severe quality incident or product recall occurred in CR Pharmaceutical.

Strengthening quality management and control of subsidiaries and safeguarding health and safety of consumers

From 2017 to 2020, subsidiaries of CR Pharmaceutical received three rectification notices on quality incidents from provincial food and drug administrations and the FDA. All have been rectified promptly. No noncompliance issue happens again for the related products.

In 2017, upon receiving FDA Warning Letter on Data Integrity Issues, one subsidiary of CR Pharmaceutical dispatched core management and technical staff to roll out comprehensive rectification. A data auditing plan was compiled and third-party agencies were hired to review the effectiveness and validity of the data auditing. The auditing did not end until all data issues were rectified. The company also received and passed

the GMP compliance inspections by the Food and Drug Administration of Hebei Province.

In 2017 and 2018, before one subsidiary was acquired by CR Pharmaceutical, the subsidiary was involved in two product quality incidents for failing spot checks. The company immediately recalled and lawfully destroyed unqualified products. No adverse reaction was reported. Ever since then, the company has further improved its quality management system and continuously strengthened rectifications to comply with relevant quality standards. It has also reinforced staff training to constantly improve product quality. No quality incident happens again and the company has passed all product quality inspections since then.

In 2020, a quality incident was reported in another subsidiary. The management personnel at all levels of the company attached great importance, immediately initiated emergency response measures, and established an incident investigation team to conduct a comprehensive investigation of the cause of the incident. Formulating detailed measures for unqualified reasons, revising operation procedures, carrying out quality risk training for employees, and strengthen production process control; issuing event warnings at the company level to avoid similar incidents from happening again.

Optimizing Customer Service

Tracking customer needs, CR Pharmaceutical wins higher customer satisfaction, secures drug supply and equitable pricing, and ensures compliance and information authenticity in drug advertising, thus providing high-quality, responsible, and accessible healthcare services to customers.

Conducting customer satisfaction surveys

After conducting customer satisfaction surveys in various forms, we analyze customers' feedback and take actions to improve customer experience timely and continuously. Our customer satisfaction rate exceeded 90% in 2021.

Innovating in marketing approaches

Riding the trend of "Internet plus", we launch channel analysis and distribution platforms and explore digital marketing approaches that highlight content. Dong-E-E-Jiao won "Outstanding Company in Smart and Digital Development in CR Group" in 2021.

Improving service quality

We have built a sound customer service system and capable customer service team with professional staff. And we provide services to the satisfaction of consumers through innovating in methods of promoting products and services.

Cloud medical kit of CR Sanjiu helps improve healthcare service level

CR Sanjiu and Ping An Health Insurance Company co-developed a customized cloud medical kit that supports users to purchase drugs or check detailed prescriptions on one click. Consumers have access to information about the indications, contraindications, usage and dosage instructions of each medicine via the online medical kit. Without leaving home, consumers can enjoy high-quality medicines provided by CR Sanjiu at discounted prices, as well as remote diagnosis, family medication, follow-up prescriptions, and drug delivery to home, etc. CR Sanjiu is dedicated to providing more heart-warming healthcare services with the support of digital technology.



Equitable and reasonable pricing for products and services

We strictly abide by the *Opinions on Promoting the Drug Pricing Reform*, the *Opinions on Supervising the Drug Price*, and other laws and regulations. In a bid to relieve patients' burdens and provide high-quality medicines at equitable prices, we make every effort to ensure drug supplies and stabilize drug prices in medical institutions, retail pharmacies, and online e-commerce platforms. Considering the economy and healthcare level of overseas markets, we adjust prices flexibly and enhance drug affordability.

Responsible marketing, advertising, and sales

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. Latest requirements for providing accurate, objective, non-misleading and authentic information in advertisement are strictly implemented. All subsidiaries are urged to formulate their *Provisions for Drug Insert Sheets and Labels and Management Measures for Packing Materials in Manufacturing*, 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. As an advocate for fair deal, we sell prescription drugs according to law and promote sustainable consumption. Training on responsible advertising is provided to all staff regularly, and law updates are released and disseminated every now and then, to raise employees' awareness of compliant marketing.

Empowering employees through training and promoting responsible advertising

We promote law and compliant advertising knowledge among marketing, operation, and quality management staff on a regular basis. In 2021, CR Pharm Comm provided two training programs on the *Advertising Law* to operation management, e-commerce management, quality management staff at retailers and store managers, covering 740 people.

Protecting the rights and interests of consumers

We show full respect to the privacy of customers, unblock feedback channels, improve the efficiency and quality of after-sales service, and respond to and handle product complaints in a timely manner to safeguard legitimate rights and interests of customers.

Information security and privacy protection. In strict compliance with the *Law on Protection of the Rights and Interests of Consumers*, we protect user data and sensitive information. Sharing, transferring, and disclosing of such information to any other company, organization or individual without permission is strictly forbidden. We continuously improve the information security system and are strictly on guard against data breach. By continuously improving our capacity in ensuring information confidentiality, we safeguard the security and stability of corporate and customer information.

After-sales service and complaint management. We have created a sound after-sales service system. By leveraging Drug Electronic Administration Code (DEA Code) of China and other tools, we realize the authenticity and traceability of drugs. We take the initiative to provide consultation, remote instructions and on-site support for distributors, terminal pharmacies, and consumers. In line with the *Customer Communication and Complaint Management System*, we have standardized the procedures for handling customer feedback and complaints. Complaints received through face-to-face, telephone, email channels and in written form are timely recorded and responded. We promise effective communication and resolution of all complaints and would timely track the handling progress.

In 2021

Complaint resolution rate

100%

Complaints timely and properly handled

398

Improving Health Accessibility

CR Pharmaceutical is building a modern logistics system to transport drugs and medical devices to communities and remote areas with high efficiency and quality, thus meeting local demand, enhancing accessibility to drugs, and benefiting more consumers.

Guaranteeing drug supplies

CR Pharmaceutical continuously expands the layout of our logistics business and enhances overall logistics service capacity. We tighten procurement and transportation management and only purchase transportation vehicles that meet GSP requirements. According to the storage conditions and quality characteristics of different drugs, we choose appropriate means of transportation. We guarantee legitimate sourcing, proper storage and transportation, recorded flow, and proper use of drugs and medical devices.

Going all out to secure drug supplies during the Beijing Winter Olympics and Paralympics

CR Pharmaceutical fulfills its responsibilities as a responsible enterprise by going all out to secure the reserve, supply and distribution of pharmaceuticals during the Beijing Winter Olympics and Paralympics. CR Double-Crane made procurement plans in advance to ensure adequate stock of raw materials, increased the manufacturing output to meet the needs of centralized procurement, and enhanced transportation capacity to make sure timely delivery of the products, thus ensuring high-quality and reliable supply of pharmaceuticals. CR Pharm Comm established a dedicated Leading Group to plan relevant efforts as a whole and conduct quality management throughout the supply process. The company successfully completed the task of delivery pharmaceuticals to 19 designated medical institutions.

Landing the "Hong Kong and Macao Medicine and Equipment Connect" policy in Shenzhen to meet the demand of more patients

Thanks to its rich experience in whole-process procurement and distribution of imported drugs, China Resources Guangdong Pharmaceutical Co., Ltd. became the only entrusted imported medical device agent for the pilot of *Work Plan for Supervision, Innovation and Development of Drugs and Medical Devices in Guangdong-Hong Kong-Macao Greater Bay Area (GBA)*. The company spares no effort in making contributions to the development of the GBA in terms of the procurement, import, distribution, storage, and use of medical devices with urgent need clinically in the area. Looking ahead, CR Pharmaceutical will further capitalize on the intelligent management system and introduce more high-quality innovative drugs including anti-tumor drugs, orphan drugs, and medical devices to cater to the needs of patients and guarantee secured and sustainable use of medicine.



Launching health-oriented public welfare activities

We actively promote healthy lifestyles and advocate rational medication. To popularize health knowledge, we release health tips and video clips online and organize diverse health-oriented public welfare campaigns offline to raise public health awareness.

Health Campus Tours of CR Zizhu to improve teenagers' health knowledge

In 2021, CR Zizhu rolled out Zizhu Pharmaceutical Youth and Health Campus Tour campaign in 30 universities in six cities, i.e., Changsha, Guangzhou, Hangzhou, Jinan, Chongqing, and Kunming. Through expert lectures, interactive sessions, and road shows, the company promotes health knowledge and passes positive energy, benefiting nearly 70,000 college students by improving their physical and psychological health.

On the move to popularize health-related knowledge

To raise consumers' awareness of living a healthy life, CR Sanjiu organized six public welfare lectures to promote nutrition and health-related concepts and advocate rational medication. The company is dedicated to popularizing basic facts of medicines and medical treatment by providing medication counselling to patients, organizing information sessions on chronic diseases and COVID-19 prevention, and inviting experts to give patient education.

Making a global presence

In 2021

Exports of pharmaceuticals, medical devices and medical consumables, etc. totaled

USD **3.4462** million

In response to the country's call for "going global", we fully leverage our strength in high-quality products and have entered more than 30 markets across the globe. We actively donate supplies and rush to the rescue for overseas partners to contribute to the global efforts for fighting against COVID-19, and strive to enhance accessibility to healthcare service in other developing countries with relatively low medical level. In 2021, we scaled up efforts in increasing the export of high-quality products to countries along the Belt and Road. We cooperated with Beizhong Yilin Medical Technology (Beijing) Co., Ltd. in studying relevant markets and demands and facilitated the authorization of TCM product sales in Central Asia. Thanks to the efforts, CR Sanjiu signed a product authorization agreement with foreign partners to expand the exports of three TCM products, i.e., Ganmaoling 999 granules, Wei Tai 999 capsules, and Pain Relief Patch, to Uzbekistan, further securing wide coverage of and equitable access to healthcare services at home and abroad.

Promoting Low-carbon Development to Contribute to a Healthy Ecosystem

All things that grow live in harmony and benefit from the nourishment of Nature. We adhere to the vision of green and low-carbon development and strive for the harmonious co-existence between mankind and nature. Focusing on critical issues like climate change and green operation, we continue to enhance our capacity in environmental governance and take green actions to contribute to the country's healthy ecosystem.

> Our Concerns

- Climate change
- Green R&D and manufacturing
- Resource and energy efficiency
- Emission and waste management

> Our Actions

- Upholding energy conservation and emission reduction
- Strengthening environmental governance
- Developing photovoltaic energy
- Advocating green lifestyles

> Our Achievements

RMB **74.4399** million
Total environmental investments

RMB **22.8582** million
Total investments in energy conservation and emission reduction

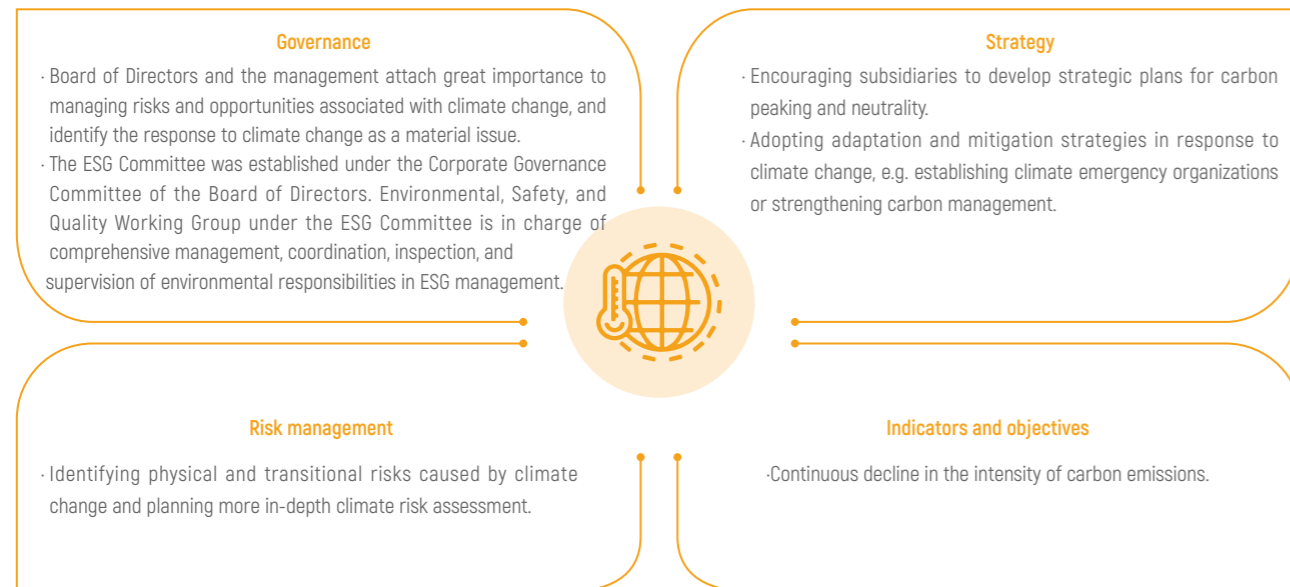
8.6%
Year-on-year decrease in comprehensive energy consumption per RMB 10,000 of industrial units

> Contribution to the SDGs



Responding to Climate Change

CR Pharmaceutical closely follows trends of climate change and studies the recommendations of Task Force on Climate-related Financial Disclosures (TCFD) to identify potential climate risks. The Company also takes concrete actions to actively respond to climate change, and will incorporate risks associated with climate change into its overall operational risk management structure.



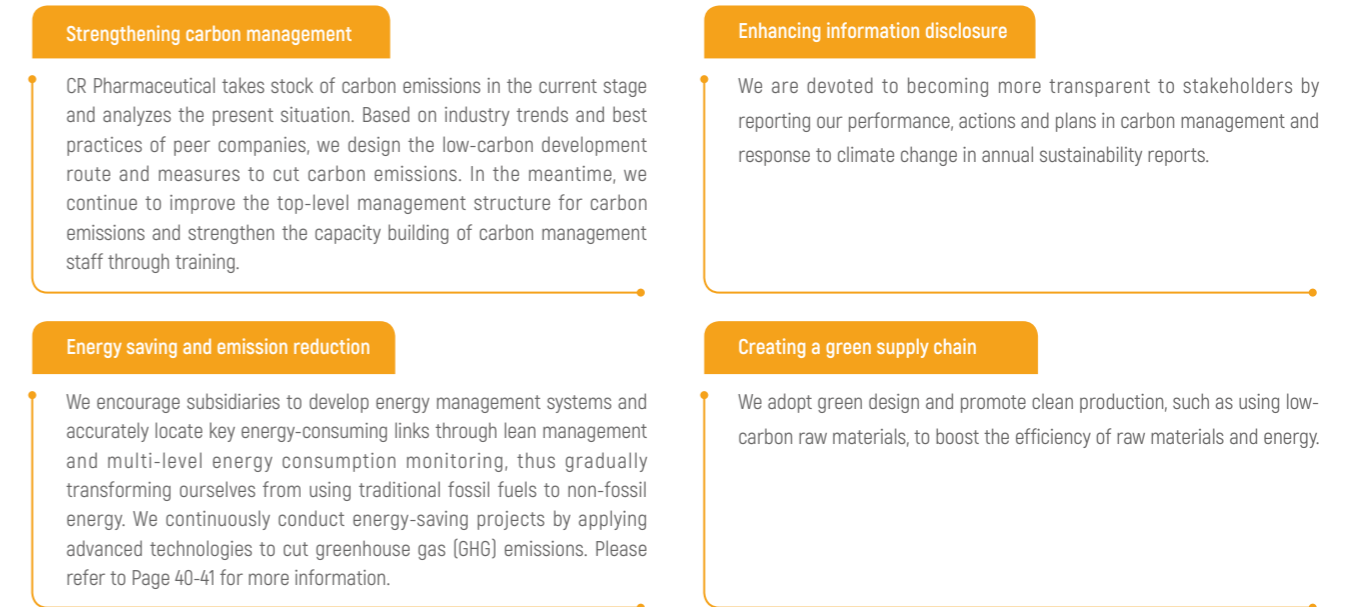
Climate change risks

The climate risks identified are physical and transitional risks. Physical risks refer to those that affect physical assets. Transitional risks are those incurred during the company's transition to low-carbon development. Both could increase operating costs.



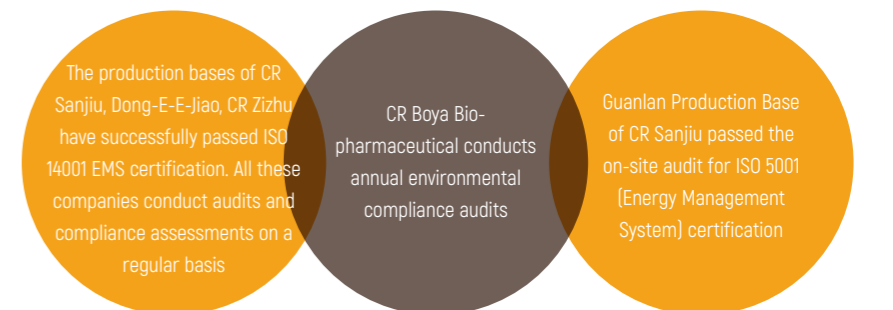
Climate change response strategies

We endeavor to adapt to and mitigate climate change by strengthening carbon management, implementing energy conservation and emission reduction strategies, and building a green supply chain, in a bid to contribute to the country's carbon peaking and neutrality efforts.



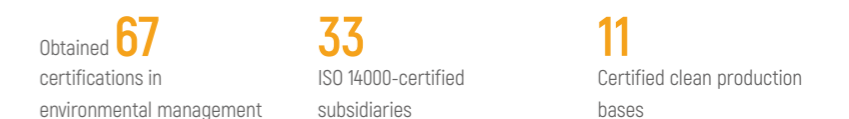
Reinforcing Environmental Governance

CR Pharmaceutical strictly abides by the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, tightens environmental governance and develops sound environmental governance plans. We link pay to sustainability: In accordance with the *EHS Supervision, Management, and Evaluation System of CR Pharmaceutical*, the EHS performance of senior executives will affect their final performance rating.



Environmental governance strategies

Ecological progress is a part of our corporate strategy. We stick to a green development path and customize strategies for each subsidiary according to local conditions. Subsidiaries are encouraged to improve their own environmental management systems and obtain relevant certifications. Environmental impact assessment is one of our key tasks. We conduct regular environmental impact audits and make solid contributions to creating a better environment.



Promoting Green Operation

CR Pharmaceutical practices green operation by adopting targeted measures in three aspects, i.e., pollution prevention and treatment, energy conservation and emission reduction, and ecological protection. Through setting feasible and effective environmental goals, we land relevant measures and minimize our negative impact on the environment.

Pollution prevention and treatment

We fight the battle against pollution unswervingly and have achieved remarkable progress in treating pollution and waste, including waste gases, solid waste, and effluents.

Waste gases

All coal-fired boilers have been weeded out to effectively reduce air pollution. During the reporting period, main waste gases generated, such as sulfur oxides and nitric oxides, were reduced on a year-on-year basis. A sharp decline was witnessed for SO₂, reaching 64.83%. Efforts will be made continuously in the realm.

VOC treatment project of CR Sanjiu

A combination of technologies has been applied in the VOC treatment project of CR Sanjiu, including biological washing and absorption towers, and composite photocatalysts and activated carbon for adsorption. The technologies help effectively reduce air pollution and control VOCs in workshops and labs due to waste gases, making contributions to improving the surrounding environment.

Solid waste

In line with waste management measures, we recycle waste, store hazardous waste at designated warehouses, and assign third-party agencies to dispose of it in a compliant manner, achieving a year-on-year decrease of 18.49% in hazardous waste. We will be dedicated to continuously reducing waste in the future.

Sustainable use of product packages in Dong-E-E-Jiao

Dong-E-E-Jiao strictly controls the consumption of packing materials. It formulated the *Management Measures for the Quota of Packaging Materials*, which specifies the packaging quotas for different products and requires proper recycling of used packaging materials to reduce scrap.

Effluents

5.4885 million tons of effluents were generated during the reporting period. The area of water bodies and habitats severely affected by effluents was 0. Our governance measures include installing drainage pipes and smart wastewater monitoring systems, and upgrading the wastewater treatment processes, etc.

Wastewater treatment system upgrading project of CR Double-Crane

To prevent excessive discharge of pollutants and ensure compliant and stable production and operation, CR Double-Crane has upgraded its wastewater treatment system to cut the discharge of COD, nitrogen and other pollutants. It will carry out the second phase of the upgrading project in the future for better performance in multiple emission indicators.

Energy conservation and emission reduction

We make plans for clean energy transition, strengthen energy management and control, and increase investments in introducing and upgrading green processes and equipment, so as to drive green and low-carbon development, reach carbon peaking early, and explore the development route towards carbon neutrality.

Building PV power stations to expedite the development and utilization of renewable energy

The Logistics Center of Jiangsu Branch, CR Pharm Comm built a distributed PV power station with an installed capacity of 777.6KWh. By October 2021, the power station had generated 3414.6MWh of electricity, effectively saving electricity costs and energy and reducing emissions.

Using clean energy

Promoting the use and R&D of clean energy in line with national policies, we enhance the proportion of natural gas in the energy mix, cut the use of non-renewable energy, and vigorously develop photovoltaic power generation. We have reached an installed PV capacity of 18.59MWp and annual electricity output of 20,000MWh.

CR Jiangzhong innovatively reduces carbon intensity with the support of an intelligent energy management platform

Under the Key Scientific Research Project of Jiangxi Province undertaken by CR Jiangzhong, the company has established a diversified and intelligent energy management platform integrating six major modules and ten functions. Thanks to the platform, the company became the first one to be able to monitor energy consumption of TCM product manufacturing online, and has reduced energy consumption per RMB 10,000 turnover by 18.26% on a year-on-year basis.

Strengthening energy management

We have improved energy management regulations and formulated energy consumption plans. Existing consumption of different types of energy has been measured in a systematic manner, so that we can plan, control and monitor the whole process of energy use, laying a solid foundation for formulating and implementing carbon peaking and neutrality strategies.

Applying energy-efficient equipment and processes

Backward production capacity and high-consuming, high-polluting equipment have been eliminated. We actively conduct research and survey on new technologies and processes, and promote the landing of high-quality energy-saving projects. For example, CR Double-Crane Huaili has relocated its plants and upgraded backward production capacity. CR Zizhu Qinhuangdao Branch, after upgrading the electric motors, has saved energy use by 10%-20%.

Saving water

We set a long-term goal on water-saving and have raised employees' awareness of saving water through the *Water Management Measures* and training. In 2021, Dong-E-E-Jiao was awarded as a role model in saving water in Shandong Province; CR Laotongjun Pharmaceutical won the same honorary title in Zhejiang Province. During the reporting period, no problem occurred to the company in terms of finding applicable water sources.

Protecting the ecological environment

We actively restore the ecosystem and strengthen ecological governance. Abiding by the *Environmental Protection Law of the People's Republic of China* and other policies, we reduce the use of wildlife resources, protect endangered plants with medicinal properties, and engage in biodiversity protection. We have effectively reduced disturbances on nature during planting medicinal herbs and cultivating new plant species, striving to coexist with nature.

CR Jiangzhong won multiple national, provincial, and CR group-level awards for ecological contributions

CR Jiangzhong is actively engaged in ecological protection and governance, and has been granted multiple awards in the realm, including "Outstanding Collective for Ecological Progress in Jiangxi Province" by the People's Government of Jiangxi Province, and "EHS Award for Ecological Protection and Management" by CR Group. "Research Center for Green TCM Energy Conservation Standardization in Jiangxi Province" of the company was approved by the National Technology Standardization Base.

CR Sanjiu built a TCM seed breeding base to protect germplasm resources

CR Sanjiu built Lingnan TCM Seed Breeding Base together with Yunfu City to support the cultivation and growing of high-quality medicinal plants, and collect, study and protect germplasm resources. Through breeding new varieties, preserving germplasm resources, conducting scientific research and promoting technologies, CR Sanjiu has created more ecological benefits.

Building green factories

We actively respond to the country's call for green manufacturing and have developed our own green manufacturing model. Now, we have six national-level green factories.



Passing on Green Visions

It is a priority for us to pass on green visions to stakeholders. We encourage employees to create a green workplace together and disseminate the idea and practices of environmental protection through various means, to mobilize greater efforts in protecting the environment.

Green office

Putting up posters on water conservation and giving training to employees to raise awareness of saving water; promoting remote working when necessary and improving centralized manufacturing to save energy and cut emissions; organizing training on clean production audits and organizing employees to watch educational videos on environmental protection topics, such as biodiversity protection; going green in an all-round manner.

Smooth communication and information disclosure

Disclosing environmental data of major pollutant discharging companies and being open to public supervision; accelerating the green transition of the whole value chain and stakeholders; organizing events and campaigns that promote environmental protection efforts, such as National Energy Conservation Week, Open Day, and brisk-walking on World Environment Day, to promote green ideas and show our green moves.

Promoting Win-Win Cooperation for Shared Value

We embrace peace and cooperation with an open and inclusive mind-set. To promote mutual benefits, we pool strengths from the industry and build an efficient, responsible, and green supply chain. Hand in hand with partners along the value chain, we create shared value and fight for bright prospects in the pharmaceutical industry.

> **Our Concerns**

Supply chain management
Win-win cooperation

> **Our Actions**

Building a supply chain management system
Managing the supply chain in a sustainable manner
Leading industrial development
Expanding diverse partnerships

> **Our Achievements**

Audited **51,922**
suppliers during the reporting period

> **Contribution to the SDGs**



Suppliers in the Chinese mainland

95,436

Suppliers in Hong Kong, Macao, and Taiwan

40

Overseas suppliers

238

Audited suppliers

51,922

Supply Chain Management

CR Pharmaceutical champions fair competition and equitable collaboration, and believes effective competition can bring mutual benefits and win-win outcomes. We have incorporated social responsibility into all links of supply chain management, and we audit suppliers in quality, capacity, environmental and social risks, etc., pursuing shared values and coordinated development together with partners across the supply chain.

Development of supply chain management system

In accordance with the *Administrative Measures for Suppliers and Integrity Agreement*, we have built a transparent and scientific quality management system for suppliers. We continue to improve the supplier management platform and closely follow the quality of supplied materials through access and routine audits, and dynamic management. Supplier training sessions have been organized to constantly improve the quality of products and services provided by suppliers.

Improving the management platform

We endeavor to improve the visualization platform of supply chain information and launch an electronic bidding system to ensure openness, and transparency of the sourcing process. CR Double-Crane launched the Shouzheng Lingxing procurement system and supplier management system module to digitalize bidding and non-bidding procurement projects. A turnover of RMB 1.59 billion was reached via the platform in 2021.

Promoting capacity building

We conduct supplier training on quality assurance, especially core suppliers, in a bid to help them better fulfill responsibilities and create a sustainable industrial chain. CR Jinchan convenes regular supplier training sessions to enhance suppliers' capacity of lean production and product delivery, reduce the use of raw, auxiliary materials and packaging, and increase the use of green materials.

Tightening quality audit and control

We have formulated the *Management System for Supplier Audit and Evaluation* with special quality audit standards for different kinds of materials. Supplier quality archives are set up to urge suppliers to rectify problems found in the audit, followed by the audit reports on the progress of the rectification.

Taking a bunch of measures to improve supplier quality management

We attach great importance to the audit and control of procurement quality. At CR Boya Bio-pharmaceutical, on the one hand, the screening of suppliers is stricter: The company conducts on-site audits for potential suppliers according to the SOP for Supplier Evaluation and Approval to ensure safety and compliance of materials from the source. On the other hand, the company evaluates the management capacity of suppliers dynamically, conducts periodic on-site audits for different levels of material suppliers, and requires suppliers to provide written rectification reports for defects identified in the audit. CR Sanjiu Heshantang conducts annual quality audits for eight medicinal herb suppliers in Jilin Province, Heilongjiang Province, and Liaoning Province, fulfilling quality management across the supply chain.

Frequency of supplier training on quality management

52 times/year

Sustainable supply chain management

We pay attention to the identification and monitoring of suppliers' social and environmental risks, continuously uphold transparent and green procurement, and source environmental-friendly raw materials. We take a zero-tolerance stance against human right infringement and child labor and eliminate such violations across suppliers. By strengthening corporate responsibility management of suppliers, we have boosted the sustainable competitiveness of the supply chain.

Identifying environmental and social risks. We actively carry out supplier risk management by identifying and controlling potential negative impacts of suppliers on society and nature, and continuously improve the abilities of predicting and preventing risks.

Best practices of Dong-E-E-Jiao in managing and supervising suppliers' integrity risks

Dong-E-E-Jiao has signed *Transparency Declarations* with suppliers to prevent bribery risks. The company sticks to openness, fairness, equity, honesty, and credibility in procurement, and evaluates the overall strength, reputation, qualification, performance, and contractual capacity of suppliers through preliminary investigation, mid-term review, and later-stage inspection.

Green procurement. During procurement and cooperation, we pay attention to suppliers' environmental certifications and encourage them to apply for certifications to quality (ISO 9001), environment (ISO 14001), and occupational health and safety systems (ISO 45001).



In access and routine audits, suppliers are required to provide environmental licenses and EHS compliance certifications, or on-site inspections will be conducted to verify relevant qualifications. Excessive pollutants discharged during manufacturing must be properly disposed of.

During the procurement of medicinal herbs, we give priority to suppliers with capacity of large-scale artificial cultivation, and strive to ensure that the industrial chain is harmless to the ecological environment, so as to create a green supply chain.

During the on-site audit of suppliers, we assess the performance of the companies in environmental and EHS management and control. Suppliers will be required to take rectification measures if defects are identified in the audit.

The Industrial Park of CR Double-Crane successfully became one of the Green Supply Chain Management Companies in the list of green manufacturers (Batch 6) of the Ministry of Industry and Information Technology



CR Jinchan won the honorary title of "National Green Supply Chain Contributor in 2021"

Win-win Partnerships

CR Pharmaceutical upholds openness, cooperation, win-win partnership and mutual benefits. We continue to improve the cooperation mechanism with domestic and foreign pharmaceutical manufacturers, local governments, industry associations, and academic institutions, etc. Based on mutual respect, we pursue development and win-win cooperation, and seek common ground while shelving differences.

Facilitating industrial progress

Leveraging our impact as a leader in the pharmaceuticals industry, we continuously promote breakthroughs in the formulation of industry standards. We strive to become an expert in a number of specific fields, and go all out to fuel the sustainable and healthy development of the industry.



CR Sanjiu has played a role in the formulation of multiple standards

CR Jiangzhong at China Gut Conference

In May 2021, as the only TCM company representative, CR Jiangzhong attended China Gut Conference. As a TCM manufacturer championing the philosophy of "medicine and food homology", CR Jiangzhong will spare no effort in making innovations and contributing to a gut health industry with TCM+ features.



Expanding the scope of cooperation

CR Pharmaceutical highly values deeper cooperation with stakeholders, including domestic and foreign companies, government agencies, and scientific research institutes. We strive for greater cooperation outcomes and shared development with partners.

Strategic partnership between Dong-E-E-Jiao and Ocean University of China

Dong-E-E-Jiao signed a strategic cooperation agreement with the team of Academician Guan Huashi, Ocean University of China (Marine Biomedical Research Institute of Qingdao), and launched the first phase of the project "Active Constituent Variation and Efficacy Assessment of Dong-E-E-Jiao". In the future, both parties will explore ways to combine the strengths of E-jiao and marine organisms with medicinal properties based on the national plan of "Blue Drug Store", drive the development of E-jiao, and benefit more consumers.



CR Double-Crane explores a new R&D layout for anti-tumor products

CR Double-Crane announced that it has obtained exclusive authorization for the development, production and commercialization of NP-G2-044 fascin inhibitor, a new target medicine, in Greater China (Chinese mainland, Hong Kong, Macau, and Taiwan). NP-G2-044 is the world's first small molecule compound that effectively inhibits the biochemical function of fascin and reduces block tumor invasion and metastasis. This cooperation project is an important achievement of CR Pharmaceutical in implementing its corporate strategy during the 14th Five-Year Plan period. It will accelerate the company's innovative transformation and quality development, and expand the R&D array in the anti-tumor area.





Creating an Enabling Workplace to Light up Dreams

Upholding a talent development philosophy of “respecting value, unleashing potential and boosting happiness”, we safeguard employees’ legitimate rights and interests, care for their occupational health, value their career development, improve their satisfaction and engagement, and share the development fruits with them.

> Our Concerns

Legitimate rights and interests
Occupational health
Career development
Employee care

> Our Actions

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

> Our Achievements

Invested RMB **15.485**
million in staff training

100%
The coverage of employee training

Invested RMB **149.6474**
million in work safety

> Contribution to the SDGs



Safeguarding the Rights and Interests of Employees

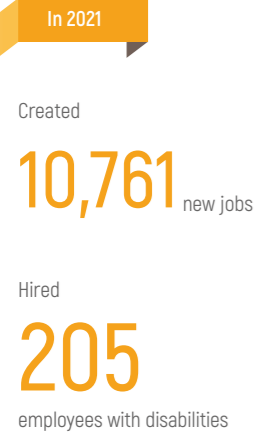
Putting people first, CR Pharmaceutical continuously improves the employee management system and the democratic management mechanism. We improve the remuneration and benefits system, safeguard the legitimate rights and interest of employees, and treat every employee equally.

Equal employment

Strictly abiding by the *Company Law of the People's Republic of China and Labor Law of the People's Republic of China*, as well as other relevant laws and regulations, we have formulated and implemented human right protection goals and plans. We verify the personal information of employees according to law, strictly forbid child labor, forced labor and abuse, and safeguard employees' legitimate rights and interests, such as protecting their privacy. To provide equal employment opportunities for everyone, we treat employees fairly and equally regardless of nationality, race, skin color, gender and age, fight against any form of discrimination, and dedicate ourselves to creating a more diverse workplace.

Compliance employment. To ensure fair, open, and just recruitment, we standardize procedures of recruitment, promotion, and employment contract termination. We achieve equal pay for equal work for male and female employees and match employees with disabilities or in need with suitable job vacancies. We sign labor contracts with all employees. Following international norms such as the *International Covenant on Human Rights* and the *Universal Declaration of Human Rights*, we aim to create a workplace that respects human rights. We have improved employment standards and guidelines and established a mechanism to deal with employment irregularities. 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 2021, there were 64,950 employees, including 64,855 full-time employees and 95 part-time employees. No child labor, forced labor, harassment and abuse, or employment disputes occurred at CR Pharmaceutical.

Cultivating talent. The *Talent Pipeline Development Strategy of CR Pharmaceutical during the 14th Five-Year Plan Period* has been formulated. We forecast hiring needs based on business development trends. Through expanding recruitment channels, optimizing the incentive system and mid- to long-term incentive mechanism, we hope to attract renowned experts, strategic scientists, and research leaders in areas that China encounters technology bottlenecks. We have developed a multi-level and multi-discipline talent pool and maximized efforts in preventing risks caused by staff turnover and rising employment costs.



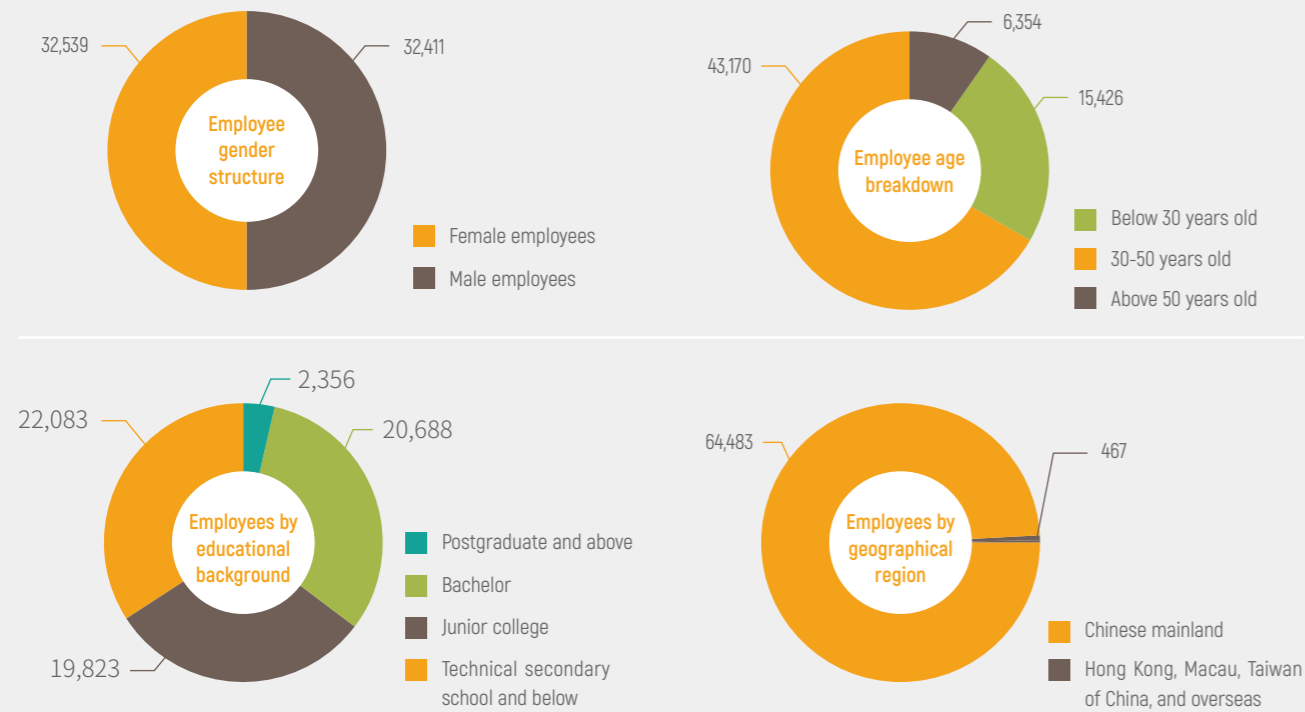
*Note: The data scope includes the trade unions of CR Pharmaceutical, our four subsidiaries and their affiliated enterprises.

Democratic management

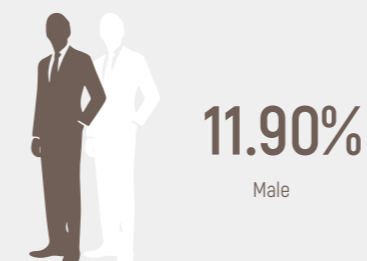
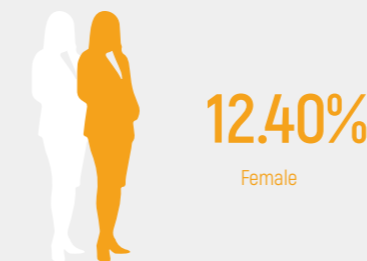
We continuously improve the democratic management mechanism, respect employees' freedom of speech and encourage them to play an active role in democratic decision-making and supervision. The Workers' Congress has been established and improved to help employees express their reasonable needs. Formal, private, and barrier-free access to complaints are open to all staff, and grievance reporting or escalation procedures are put in place. Employees are allowed to report issues on human right infringement, performance assessment, and promotion via mail, in-person visit, or phone, etc. The authenticity of reported issues will be timely verified, and the issues promptly resolved, to further engage employees in corporate decision-making and management.



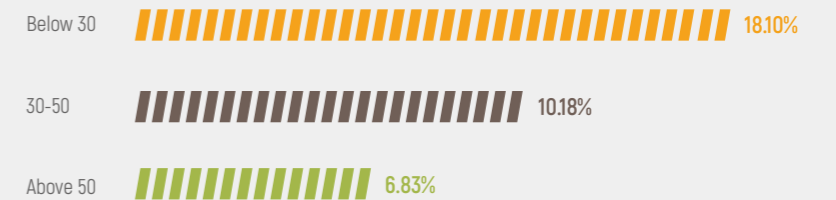
Workers' Congress of CR Jiangzhong



Employee turnover rate by gender



Employee turnover rate by age group



Employee turnover rate by geographical region



Remuneration and benefits

To create a competitive system of remuneration and benefits, we improve internal regulations including the *CR Pharmaceutical Administrative Measures for Remuneration and Benefits*, and *CR Pharmaceutical Administrative Measures for Vacation and Attendance*. Efforts are made to optimize the performance assessment model to achieve higher employee satisfaction.

Remuneration and benefits incentives. We regularly adjust remuneration and benefits based on market regulations and employee performance and adopt appropriate incentive plans for employees at different levels. Diversified incentive mechanisms through cash, equity, and placement are applied for employees. We set standard working hours following the law, provide a package of benefits including mandatory social insurance and housing funds, annual holidays, and provide nursing leave and maternity leave for female employees.

Performance appraisal. We have formulated the *CR Pharmaceutical Administrative Measures for Performance Management* to break down the performance target system level by level. Flexible performance appraisal measures have been developed for different types of positions. Regular performance appraisals and feedback processes have been established annually. Dynamic adjustment and optimization of employee remuneration and benefits will be made as needed after each appraisal.

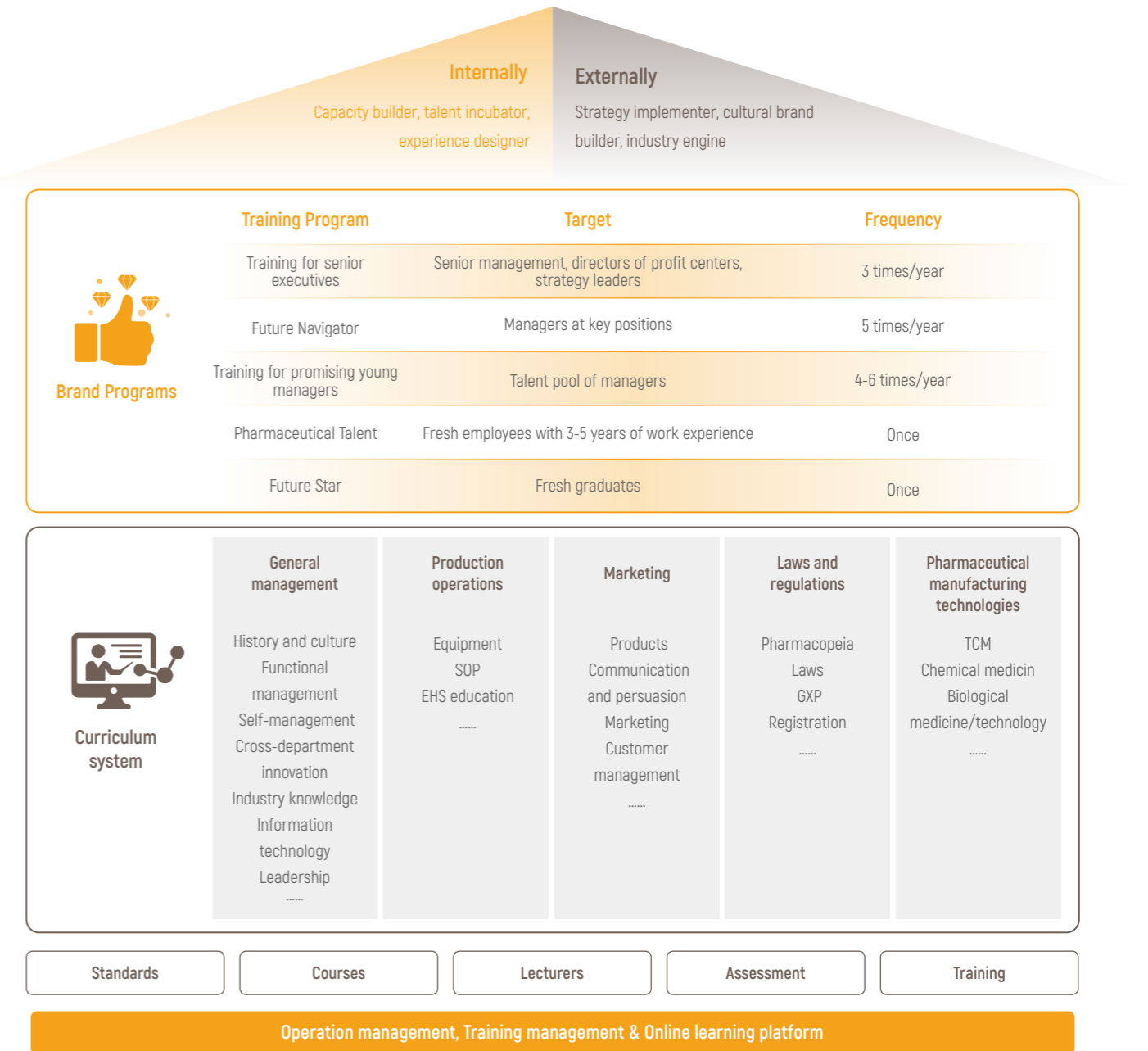


Enabling Employee Career Advancement

CR Pharmaceutical places a premium on unleashing employees' full potential and has developed sound career ladders for employees. We continuously improve talent selection, training, employment and retention mechanisms by matching the right person to the right job based on performance appraisal results, making scientific selection and promotion decisions, and enhancing the overall capabilities of employees through training and enabling programmes.

Training system

We continue to develop a multi-level and all-round employee training system that provides courses on general management, production operations, marketing, laws and regulations, and pharmaceutical manufacturing technologies. The training system will be open to senior managers, key roles at mid- and primary-levels, and fresh graduates. Joint graduate trainee and apprenticeship programs have been launched together with partner universities. And a variety of leadership development programs such as Future Navigator and Star of CR Pharmaceutical are provided to meet the training needs for different roles in diverse business areas at varying development stages. In 2021, employee training ratio is 100%.



Staff training system

Partnering with educational institutions to launch joint graduate trainee and apprenticeship programs

We partner with educational institutions to equip employees with stronger professional capabilities and skills. CR Double-Crane has reached an intention for comprehensive strategic cooperation with Shenyang Pharmaceutical University. Both parties will cooperate in joint supervision of graduate students, senior workshops on pharmacy, and recruiting high-quality graduates, to strengthen the cultivation of innovative research staff. Dong-E-E-Jiao co-holds apprenticeship programs with Liaocheng Technical School in Modern Transportation and has organized eight training sessions for electricians and welders to improve the hands-on ability of technical staff. The total training hours have reached 2,901 and 504 employees have benefited from the training. CR Zizhu has obtained the qualification from Beijing municipal government for implementing a new-type apprenticeship system. The company provides necessary training to all employees (including interns), and will sign apprenticeship agreements with educational institutes to meet the demand for training qualified pharmacists.

Dong-E-E-Jiao Training for Young Managers



CR Double-Crane Training for New Managers



CR Pharma Comm Training for Senior Executives

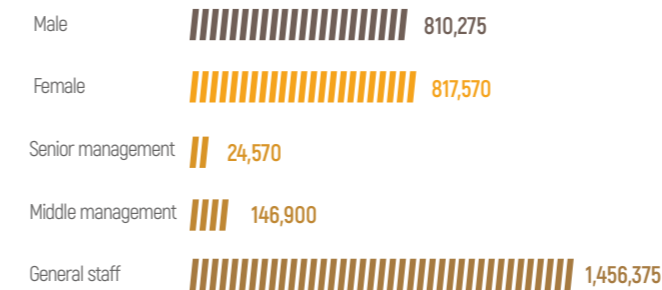


2021 CR "Future Star" New Hire Bootcamp

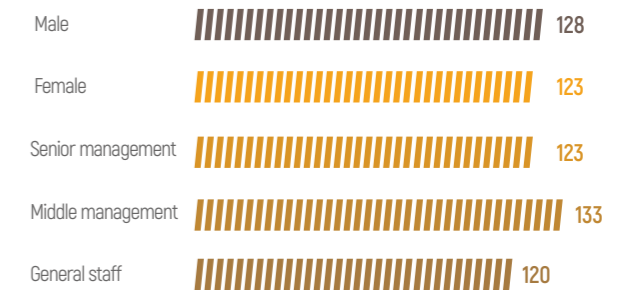
Staff training



The category of employees trained by gender (person-times)



Average training hours per employee by gender (hours)



Average training hours per employee

125 hours

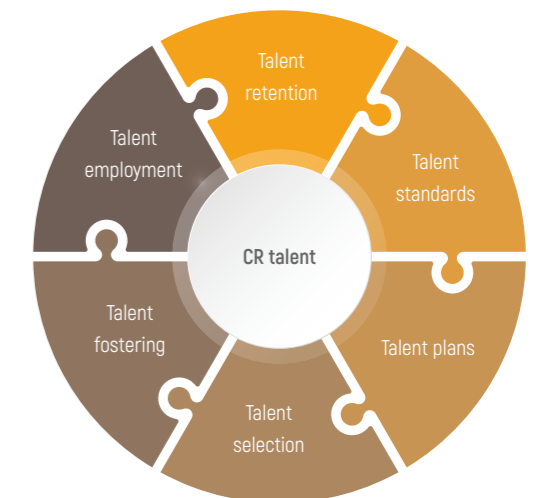


Total training hours of all employee

8,118,750 hours

Career development paths

We continue to improve career ladders and help employees develop their own career development plans. The dual ladder for managerial and technical personnel has been developed, and multiple career paths for management/professional/R&D/marketing and other roles are open. We launched a selection and fostering program for promising young managers. Cross-department exchange and a job rotation mechanism are promoted to cultivate versatile professionals. We have developed differentiated management systems for different groups of employees and formed a closed-loop talent management system.



Closed-loop Talent Management System

Highlighting Employee Care

CR Pharmaceutical shows care for every employee through various activities. We help employees balance work and life and devote ourselves to creating a healthy, pleasant workplace, making employees feel at home.

In 2021

Assistance for employees in difficulty

1,630 person-times

Invested in assistance

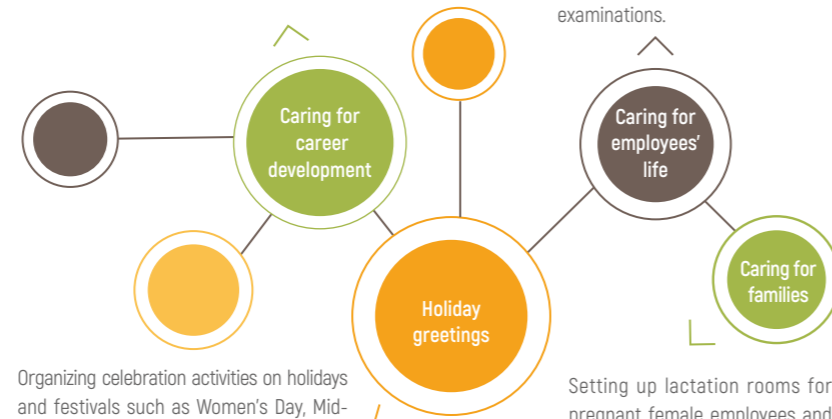
RMB **2.6** million

Caring for employees

Being people-oriented, we establish a humanitarian employee care system to boost the happiness and sense of belonging of employees.

Providing labor protection appliances and subsidies to employees, and paying for female employees' mutual aid insurance plans.

Establishing a human resource service center, showing care for retirees by paying regular visits to them and providing free physical examinations.



Organizing celebration activities on holidays and festivals such as Women's Day, Mid-Autumn Festival, and Spring Festival, and sending greetings to employees who cannot return to hometown for Spring Festival due to COVID-19.

Setting up lactation rooms for pregnant female employees and new moms.

Work-life balance

We strive to create a pleasant workplace that values work-life balance for all employees. Rich activities are organized, such as photography contest, recital competition, and sports clubs, to enhance team cohesion.



Organizing female employee care activities



Caring for employees

Valuing Occupational Health and Safety

We attach great importance to occupational health and safety of employees. By continuously improving the EHS management system, we actively prevent, control, and eliminate occupational hazards and create a healthy, safe, and pleasant work environment.

In 2021

Occupational health examination coverage

100%

Occupational health archive coverage

100%

Number of obtained safety certifications

42

Number of obtained ISO 45001 certifications

26

Safety training for employees

409,401.98 person-hours

Safety training for suppliers

20,897.82 person-hours

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 implement the *EHS Objective Management and Accountability System*, continue to improve the EHS risk management and control system, and strengthen emergency management capabilities. We have established an occupational health archive system to strengthen the prevention of occupational diseases. The online psychological health assessment system has also been perfected and counseling sessions are provided to employees regularly. We strictly audit the production environment to ensure work safety. Multiple manufacturers under CR Pharmaceutical have been certified to ISO 45001 – Occupational health and safety management systems, showing our determination in safeguarding the occupational health and safety of all employees. In 2021, we reached a work safety inspection coverage of 100%.

CR Double-Crane cares for employees' physical and psychological health through a series of Heart-warming Lectures

To help employees better deal with negative emotions and raise the awareness of physical and psychological health, CR Double-Crane has organized three healthcare lectures through training and counselling. We discuss emotion issues with employees, guiding them to cope with pressure and negative emotions properly. The lectures have helped more than 200 employees boost mental health.

Safety culture

We prioritize the construction of corporate safety culture and knowledge system, implement the responsibility of safety supervision and enhance the safety awareness of employees. We issue the *EHS Management Manual for CR Group Employees* to employees and provide targeted courses with the job characteristics of employees. Up to now, our safety training has covered 100% of employees.



Safety supervision

We have conducted investigations of the EHS hidden danger to eliminate potential safety hazards. We enhance the emergency management mechanism and organize regular emergency drills for firefighting, flood control, and severe weather prevention.



Safety education

We have launched 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 to protect the safety of all employees.



Creating a Better Future in Concerted Efforts

Being a responsible enterprise, CR Pharmaceutical actively responds to the country's requirements, cares for public healthcare, and creates jobs for communities. We contribute to fighting the tough battle against extreme poverty, pay back to society and leverage our resources to promote community development. Passionate about public welfare, we take an active part in increasing public interests and supporting community development.

> Our Concerns

- Targeted poverty alleviation
- Social welfare
- Community volunteering

> Our Actions

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

> Our Achievements

Invested RMB **20.35** million
in public welfare and donations

> Contribution to the SDGs



Reinforcing Achievements of Poverty Alleviation

CR Pharmaceutical takes active response to the country's strategy and contributes to poverty alleviation and rural vitalization as a whole. Based on favorable partnerships with local communities, we fully leverage our strength as a resource platform and create jobs for communities. We provide training to enhance the working skills of residents and help them find decent jobs. To promote localized recruitment, we provide job vacancies to local poverty-stricken residents, so that they can get employed close to home. By helping villagers access medicines, vaccines, and diagnosis, we bring healthcare services to villages to consolidate the achievements of poverty alleviation and contribute to the Healthy China initiative.

CR Sanjiu rejuvenates villages through developing Chinese medicinal materials

Based on a "company+co-op+farmer household" model, we teach local farmers how to grow Chinese medicinal materials, improve their growing skills, and help them get employed. In 2021, the growing area of Chinese medicinal materials was expanded by about 60,000 mu thanks to our efforts. The yield worth over RMB 100 million, and more than 2,000 farmer households enjoyed higher income due to the project.

CR Jiangzhong supports village development through a targeted rural vitalization program at Baidu Village

CR Jiangzhong supports the development of Baidu Village, Liangfang Township, Lianhua County by assigning working groups and organizing field visits of experts on the growing of medicinal herbs to the village. The company formulated *Baidu Village Vitalization Plan (2021-2023)* and has donated RMB 800,000 in supporting local medicinal herb planting, infrastructure construction, and distribution of agricultural and sideline products, creating more than RMB 100,000 of new income for the village, and fueling industrial and talent development.

CR Double-Crane contributes to the Healthy China initiative and rural vitalization through multiple measures

Targeting Changdu, Tibet and other areas together with the foundation, CR Double-Crane donates medicines and sends doctors, and organizes health counselling and return visits to support local healthcare sector, serving more than 5,000 patients with Kachin-Beck disease and preventing local households from returning to poverty due to illness.

Rolling out four county-level free educational programs on medical knowledge by providing lectures, case studies, clinical diagnosis, and simulation training to more than 30,000 doctors in over 300 counties.

Launching the "Rainbow Program", a telemedicine program, under which 92 regional assistance activities and 232 online sessions on ward rounds and case studies were organized for 325 county-level hospitals in 25 provinces, benefiting more than 3,000 pediatricians and neonate patients, and enhancing primary-level diagnosis and treatment capacity.



"Rainbow Program", a telemedicine program of CR Double-Crane



CR Jiangzhong contributes to the development of beautiful Baidu village through donations

Contributing to Community Development

Fully capitalizing on our resources, we unblock communication channels with communities and maintain close relationships with local governments. Playing an active role in joint community development, we continuously organize free clinics, popularize healthcare knowledge, and send volunteers to support local activities. We advocate healthy lifestyles and promote public health and cultural prosperity in local communities. And we help local residents guard against health threats and diseases and enhance their ability and awareness of self-diagnosis. With respect to local cultures and traditions, we protect and promote cultural development, and strive to increase public interests and drive community prosperity.

CR Jiangzhong boosts residents' awareness and capabilities of protecting digestive healthy

Organizing "Healthy Gut" public welfare campaign for the fifth year in a row; setting up a volunteer team to organize 15 healthcare lectures and online expert lecture, release public welfare advertisement, and launch running challenge and other volunteer activities to raise the awareness of 15 million people on digestive health.

CR Pharma Comm safeguards public health by rolling out "RUN-YAO Action"

Organizing "RUN-YAO Action" for the fourth year in a row with a focus on skill training, healthcare services, and community care; joining hands with external parties including hospitals, government agencies, and non-profit organizations to recycle expired drugs, and promote knowledge on relevant hazards and disposal methods; organizing free lectures for patients on chronic diseases, everyday healthcare tips for families, and first-aid skills; providing free clinics, making donations, and paying visits to families in need due to illness.

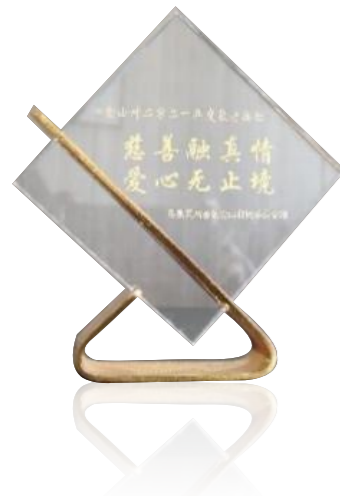
CR Pharma Comm has carried out 2,041 activities in 26 provinces (cities and autonomous regions) across the country, involving more than 6,000 employees, providing nearly 30,000 hours of volunteer service, and benefiting over 150,000 people.



Donating health kits to more than 2,000 families



Recycling expired drugs to ensure safe use of medicine



Pooling Strengths for Public Welfare

Being a responsible enterprise, CR Pharmaceutical fully leverages its advantageous resources and launches multiple public welfare campaigns. We listen to the voice of the disadvantaged, and provide assistance to vulnerable and low-income groups by providing them with capacity building programs, resources and development opportunities. Facing COVID-19 and unexpected floods, we act swiftly and take an active part in disaster relief efforts. By timely allocating resources and transporting emergency supplies and medicines, we help build a defense line against the pandemic and avoid secondary disasters. Always bearing responsibility in our mind, we safeguard the health and security of people. In 2021, we donated RMB 20.35 million for COVID-19 and flood response, poverty alleviation and disaster relief, etc.

Fighting COVID-19 courageously

CR Pharmaceutical continues to improve the internal guarantee mechanism for emergency supplies and has allocated medical resources to primary-level units for the battle against COVID-19. We effectively support Beijing, Gansu Province, Heilongjiang Province, Shaanxi Province, and Hong Kong in COVID-19 prevention and control, and join hands with foreign partners to support the international community in the realm. We developed an oral, small-molecule RNA polymerase inhibitor for the treatment of COVID-19 together with Ligand (US), and supplied human immunoglobulin solution for infusion to a number of countries, including Brazil and Indonesia.

Rushing to the rescue of patients with life-saving medicine

CR Pharmaceutical Shandong is the "drug storehouse" of the National Mobile Emergency Response Center for Sudden Poisoning Incidents. In April 2021, the company received a high-emergency order claiming "A poisoned patient is critically ill, and sodium dimercaptosulfonate injection is in urgent need". The company completed all delivery process in the shortest time and dispatched a specialist to the city where the patient was located by bullet train. The patient was transferred to the hospital in a designated vehicle, and the patient's health was in no danger that night thanks to the swift response.



Going all out to support flood control and disaster relief

In the face of the unexpected flood in Henan Province and earthquakes in Yunnan Province and Qinghai Province, CR Pharmaceutical gave full play to the emergency supplies mechanism to provide flood control and medical supplies, effectively preventing secondary disasters and supporting post-disaster recovery. We donated RMB 5 million for rebuilding medical institutions after the rainstorm.

"Care for Teachers" campaign of CR Jiangzhong

CR Jiangzhong cooperated with the Public Health column of People's Daily online and more than 100 chain pharmacies to organize online live-streaming lectures and offline roadshows on throat health. The company donated sore throat relief tablets (Caoshanhu), disinfection wipes, masks and other medical supplies to 36 schools, having benefited more than 35 million people and raised the awareness of throat health.



CR Care donated 5,000 pain relief patches and 1,300 herbal tonic packages to HK communities to support epidemic control



CR Jiangzhong Campus Support

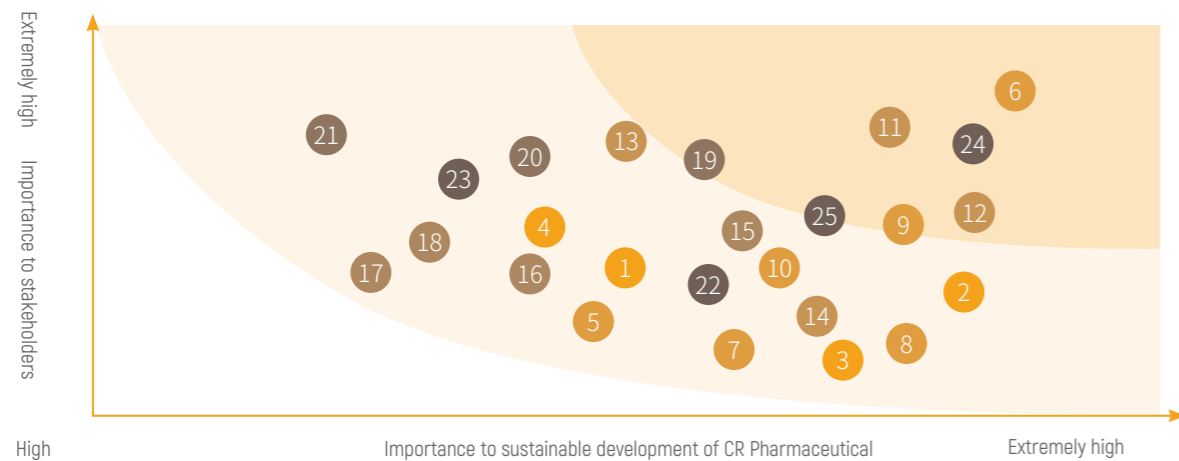
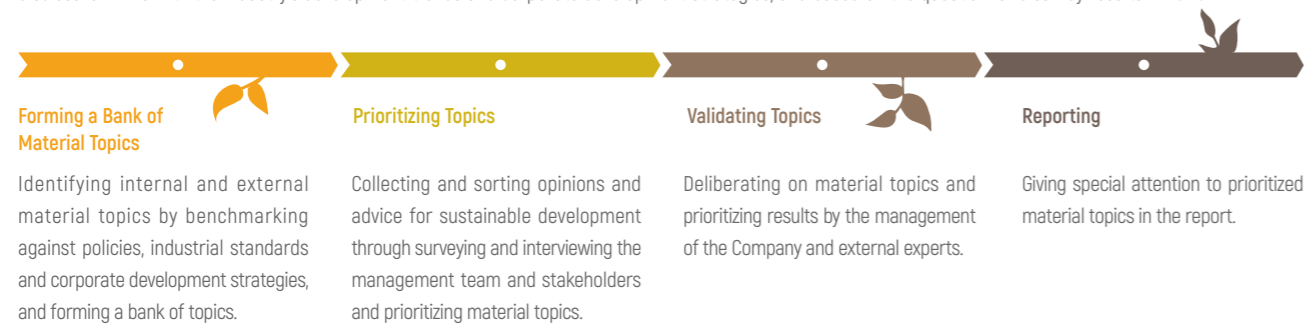


CR Double-Crane at Beijing Winter Olympics

Topic Management and CSR Communication

Materiality management

We continuously optimize the procedures of analyzing and identifying material topics for sustainable development. Concerning the two dimensions, i.e. "importance to sustainable development of CR Pharmaceutical" and "importance to stakeholders", we have identified and screened out 25 sustainability topics for prioritized disclosure in line with the industry's development trends and corporate development strategies, and based on the questionnaire survey results in 2021.



1. Honest and Compliant Operations	6. Drug Quality and Safety	11. Environmental Management System	16. Strengthening Strategic Cooperation	21. Promoting Career Development
2. Creating Economic Value	7. Providing Quality Services	12. Dealing with Climate Change	17. Promoting Fair Competition	22. Contributing to rural vitalization
3. Strengthening Risk Control	8. Promoting Scientific and Technological Innovation	13. Building Green Factories	18. Promoting Industry Development	23. Promoting public welfare
4. Protecting Intellectual Property rights	9. Protecting Customers' Rights	14. Developing Circular Economy	19. Protecting the Rights and Interests of Employees	24. COVID-19 response
5. Product Accessibility	10. Advocating Responsible Consumption	15. Promoting Responsible Supply Chain	20. Occupation Health and Safety	25. Disaster relief and assistance

Governance Responsibility	Customer Responsibility	Environmental Responsibility
Partner Responsibility	Employee Responsibility	Social Responsibility

Materiality Matrix of Sustainability Topics

Stakeholder engagement

Effective stakeholder engagement mechanisms are a key part of the sustainability management of CR Pharmaceutical. We pay equal attention to the needs of various stakeholders, and are engaged in more active and extensive communication with key stakeholders, including shareholders and investors, employees, consumers, partners along the value chain, government and regulatory bodies, community and environment, via various channels, including official website and WeChat.

Stakeholders	Expectations and Demands	Responses
Shareholders	Sustainable investment value Improving corporate governance structure Strengthening risk management and control Transparency and information disclosure	Analyzing current situation and updating business strategy in time Establishing a good investor communication mechanism Releasing notices and circulars regularly Holding regular shareholders' meetings
Employees	Special care during COVID-19 Protecting employee rights and interests Valuing career development and training Work-life balance	Providing medical materials and commending excellent anti-COVID-19 staff Holding workers' congress Providing employee trainings Organizing cultural and sports activities regularly
Customers	Providing high quality products Protecting the rights and privacy of customers R&D and Innovation	Improving customer satisfaction survey Guaranteeing customer information safety Developing differentiated drugs for different groups of people
Partners along the value chain	Ensuring fair competition Strengthening supply chain management Promoting management and technological advances	Observing laws and regulations Improving the supply chain management system Safeguarding healthy development of the industry
Government and regulatory bodies	Overcoming difficulties during COVID-19 Adhering to compliance operation Leading healthy development of the industry	Actively responding to the national call of COVID-19 fight Operation with integrity and paying taxes according to law Participating in government projects and industry collaboration
Community and environment	Serving community development Devoted to charity Addressing climate change Pollution prevention and control Protecting the ecological environment	Strengthening community communication and carrying out volunteer activities Driving local employment and economic development Exploring a low-carbon development path Improving production techniques, technologies and equipment Planting endangered Chinese medicinal materials
Media	Disclosing information openly and transparently Organizing special interviews and exchanges	Disclosing information timely through classified media channels such as official websites and the press

Outlook

Protecting Human Health and Improving Quality of Life has always been the lofty mission of CR Pharmaceutical. Amid the severe COVID-19 surge, we will grasp new development opportunities in the post-pandemic era. On the one hand, we will land actions on the prevention and control of COVID-19. On the other hand, we will seize the opportunities for developing and transforming China's healthcare industry to make swift progress and grow into an industry leader.

Dedicated to innovation and improving the product mix. We will stick to innovation-driven development and advance the building of scientific research platforms. More efforts will be made in talent fostering and the development of expert teams. We will commercialize research outcomes with efficiency and obtain a batch of independent R&D results, thus shaping ourselves as a renowned "Chinese brand" with high-quality manufacturing capacity, and delivering higher product and service quality.

Strengthening international cooperation and driving industrial transformation. Leveraging our international resources, we will benchmark ourselves against world-class pharmaceutical manufacturers and further drive international cooperation to gain top-ranking resource allocation capacity in the world. By accelerating reform, innovation, and industrial restructuring, we will develop a global business layout with globalized assets, revenues, and sources of profits.

Leading the industry by driving digital and intelligent development. Seizing the opportunities brought by digital and intelligent development trends, we will further develop smart technologies and integrate online and offline business lines. We will participate in the development of industrial standards, explore super industrial platforms, and continuously improve our core competitiveness to be an industry leader and boost operational efficiency and interests.

Improving operational efficiency and accelerate industry integration. Deepening high-quality operations to establish cross-regional, multi-level and multi-modal synergy mechanisms. Promoting resources coordination and optimal allocation, and tilting resources toward innovative and high-potential businesses to propel the consolidation, enhancement and renovation of the industrial chain.

Embarking on the new journey during the 14th Five-Year Plan period, we will actively respond to and implement national strategies, stick to the sustainable development path, join hands with stakeholders and make contributions to the health of Chinese people and the Healthy China initiative.

Appendix

Key Performance Indicators

	Index	Unit	2019	2020	2021
Economic	Revenue	HK\$ 1M	204,453.90	200,423.02	236,806.17
	Total assets	HK\$ 1M	190,025.00	209,371.76	248,562.31
	Net assets	HK\$ 1M	69,581.80	80,029.44	94,984.27
	Total profit	HK\$ 1M	6,639.60	7,075.51	8,408.43
	Net profit	HK\$ 1M	5,097.80	5,323.64	6,647.41
	Net profit attributable to the owners of the parent company	HK\$ 1M	3,286.40	3,297.13	3,768.89
	Net debt ratio	%	56.9	52.6	51.5
	Anti-corruption training coverage	%	100	100	100
	Major corruption incidents	-	0	0	0
	R&D investment	HK\$ 1M	1,435.70	1,497.85	2,070.55
	Number of R&D staff ¹	-	799	1,211	1,280
	New patent applications	-	91	99	210
	New patent granted	-	101	86	179
	Projects under development ²	-	150	199	262
Employee	Total number of employees	-	65,687	63,281	64,950
	Total staff turnover	-	7,802	7,996	7,838
	Proportion of female employees	%	49.73	50.17	50.10
	Proportion of female management	%	25.7	25.8	24.6
	Days of paid annual leave per employee	days	10	10	10
	Labor contract signing rate	%	100	100	100
	Social insurance coverage	%	100	100	100
	Employee training coverage	%	100	100	100
	Average training hours per employee ³	hours	38.8	99.0	125.0
	Total number of trainees ³	-	1,809	643,267	1,627,845
	Training input ⁴	RMB 10,000	362.0	2,974.4	1,548.5
	Employee turnover rate ⁴	%	12.1	12.4	12.6
	Occupational health examination rate	%	100	100	100
	Occupational diseases occurrence	-	0	0	0
Percentage of employees joining trade union	%	88.2	92.0	94.3	
Investment in supporting needy employee	RMB 10,000	161	190	260	

	Index	Unit	2019	2020	2021	
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 ⁵	-	-	964	540	
	Percentage of products recalled due to health and safety issues ⁵	%	-	0.0005	0.02	
Partner	Ratio of economic contract fulfillment	%	100	100	100	
	Ratio of suppliers passing quality management system certification	%	100	100	100	
	Number of potential suppliers rejected due to social responsibility non-compliance	-	-	35	208	
	Number of suppliers knocked out due to social responsibility non-compliance	-	-	462	888	
	Responsible procurement ratio	%	100	100	100	
Safety	Investment In workplace safety	RMB 10,000	7,346.57	7,324.10	14,964.74	
	Number of work-related fatalities	-	0	0	0	
	Lost days due to work injury	days	210.25	219.00	120.00	
	Total hours of safety training	-	237,013.46	308,856.00	409,401.98	
	Safety training coverage	%	100	100	100	
	Number of safety emergency drills	-	875	743	979	
	Number of participants in safety drills	-	32,435	33,690	37,461	
Environmental	Total input in environment protection	RMB 10,000	9,303.34	8,731.00	7,443.99	
	Total input in energy conservation and emission reduction	RMB 10,000	4,198.94	3,242.00	2,285.82	
	Emissions and wastes					
	Industrial waste water generated	10,000 tons	-	506.25	548.85	
	Nitrogen oxide emission ⁶	ton	143.27	72.37	68.18	
	SO ₂ emission ⁶	ton	60.40	13.82	4.86	
	COD emission ⁶	ton	255.63	198.73	195.16	
	Ammonia nitrogen emission ⁶	ton	-	15.48	16.30	
	Particulate matter	ton	-	34.33	23.72	
	Volatile organic compounds	ton	-	387.72	21.41	
	CO ₂ emission ⁶	ton	560,123.09	540,802.56	648,394.79	
	Direct (Scope 1) carbon dioxide	ton	-	-	121,763.87	
	Indirect (Scope 2) carbon dioxide	ton	-	-	526,630.92	
	Carbon dioxide emission per RMB 10,000 of output value	tons/RMB 10,000	0.1412	0.2140	0.2009	
	Hazardous waste ⁶	ton	2,803.73	3,318.00	2,704.41	
	Pharmaceutical waste (HW02)	ton	1,137.57	935.97	1,003.73	
	Waste drug (HW03)	ton	337.17	253.72	546.85	
	Other hazardous wastes	ton	1,328.99	2,128.43	1,153.84	
	Density of hazardous waste	ton/RMB 10,000	-	-	0.0008	
	Harmless waste generated	ton	-	58,594.35	82,048.40	
General solid waste ⁶	ton	104,661.61	45,595.02	51,330.05		
Office, domestic and other harmless wastes	ton	-	-	30,718.35		
Harmless waste density	tons/RMB 10,000	-	-	0.0254		

	Index	Unit	2019	2020	2021	
Environmental	Resource use					
	Total direct energy (comprehensive energy) consumption ⁶	TCE	156,500	144,045	168,127	
	Petrol consumption ⁶	ton	174.88	127.27	122.99	
	Diesel consumption ⁶	ton	264.15	202.69	210.28	
	Coal consumption ⁶	10,000 TCE	0.69	0	0	
	Natural gas consumption ⁶	10,000 standard m ³	5,493.95	4,670.01	5,342.55	
	Biomass fuel consumption ⁶	TCE	1,740.46	0	0	
	Other	TCE	-	1,673.20	1,496.08	
	Direct energy consumption density ⁶	TCE/RMB 10,000	0.0556	0.0570	0.0521	
	Total indirect energy consumption ⁶	10,000 Kwh	43,738.61	45,020.68	52,821.55	
	Power consumption ⁶	10,000 Kwh	35,571.86	35,616.33	41,334.31	
	Heat consumption ⁶	GJ	957,911.85	1,103,074.48	1,347,386.24	
	Indirect energy consumption density ⁶	10,000 Kwh /RMB 10,000	-	-	0.0164	
	Total water consumption ⁶	10,000 tons	4,620.70	6,089.37	3,623.68	
	Fresh water consumption ⁶	10,000 tons	900.09	846.94	575.31	
	Reclaimed water consumption ⁶	10,000 tons	39.70	28.57	16.23	
	Recycled water consumption ⁶	10,000 tons	3,680.91	5,213.86	3,032.14	
	Total water consumption density	10,000 tons /RMB 10,000	-	-	0.0011	
	Packing materials by weight ⁶	ton	245,759.00	35,560.08	115,571.95	
	Density of packaging materials	ton/RMB 10,000	-	-	0.0358	
Office and domestic wastewater ⁷	ton	6,538	1,203	1,200		
Office power consumption ⁷	kWh	1,442,424	637,000	724,667		
Office water consumption ⁷	ton	6,638	2,196	2,601		
Community	Total tax payment	HKS 1M	8,425.33	8,155.53	9,985.08	
	New employment	-	13,718	8,764	10,761	
	Number of employees with disabilities	-	-	-	205	
	Total investment in charity	RMB 10,000	980.69	3,055.00	2,035.00	

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 statistics in 2019 only covered the headquarters of CR Pharmaceutical. 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 manufacturing section was covered in 2020, and the business section was covered in 2021. There was no product recalls in the manufacturing section.

Note 6: Excluding CR Pharma Comm and Pharmaceutical Research Center in 2019.

Note 7: Covering only the headquarters of CR Pharmaceutical.

Content Index

	Major category	Content	Location
A Environmental	Aspect A1: Emissions	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Reinforcing Environmental Governance, Promoting Green Operation
	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.	Promoting Green Operation
	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.	Promoting Green Operation
	Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Responding to Climate Change, Promoting Green Operation
	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.	Responding to Climate Change, Promoting Green Operation
	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.	Promoting Green Operation
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key Performance Indicators
	Aspect A3: The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	Reinforcing Environmental Governance, Promoting Green Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Reinforcing Environmental Governance, Promoting Green Operation
	Aspect A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change
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.	Responding to Climate Change	
Employment and Labor Practices			
B Social	Aspect B1: Employment	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Safeguarding the Rights and Interests of Employees
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Safeguarding the Rights and Interests of Employees, Key Performance Indicators
	B1.2	Employee turnover rate by gender, age group and geographical region.	Safeguarding the Rights and Interests of Employees
	Aspect B2: Health and Safety	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Valuing Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Indicators
	B2.2	Lost days due to work injury.	Key Performance Indicators
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Valuing Occupational Health and Safety	

	Major category	Content	Location	
B Social	Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Enabling Employee Career Advancement	
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Enabling Employee Career Advancement, Key Performance Indicators	
	B3.2	The average training hours completed per employee by gender and employee category.	Enabling Employee Career Advancement, Key Performance Indicators	
	Aspect B4: Labor Standards	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Safeguarding the Rights and Interests of Employees	
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Safeguarding the Rights and Interests of Employees	
	B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding the Rights and Interests of Employees	
	Product Practices			
	Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
	B5.1	KPI B5.1: Number of suppliers by geographical region.	Supply Chain Management	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	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.	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.	Supply Chain Management	
	Aspect B6: Product Responsibility	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Providing High-quality Products, Optimizing Customer Service, Improving Health Accessibility	
	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.	Optimizing Customer Service	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Nurturing Innovation Culture	
B6.4	Description of quality assurance process and recall procedures.	Providing High-quality Products, Improving Health Accessibility		
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Optimizing Customer Service		
Aspect B7: Anti-corruption	General Disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance		
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance		
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance		
B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance		
Community				
Aspect B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Feature: Safeguarding Health, Enabling Everyone to Enjoy High-Quality Health Care		
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Feature: Safeguarding Health, Enabling Everyone to Enjoy High-Quality Health Care		
B8.2	Resources contributed (e.g. money or time) to the focus area.	Contributing to Community Development, Key Performance Indicators		

Report Rating

**中国企业社会责任报告
评级专家委员会**
China Expert Committee on CSR Report Rating

《华润医药集团有限公司可持续发展报告 2021》评级报告

受华润医药集团有限公司委托，“中国企业社会责任报告评级专家委员会”推选专家组成评级小组，对《华润医药集团有限公司可持续发展报告 2021》（以下简称《报告》）进行评级。

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

二、评级过程
1. 评级小组审核确认《报告》编写组提交的《企业社会责任报告过程性资料确认书》及相关证明材料；
2. 评级小组对《报告》编写过程及内容进行评价，拟定评级报告；
3. 评级专家委员会副主席、评级小组组长、评级小组专家共同签署评级报告。

三、评级结论
过程性（★★★★★）
公司董事会下设 ESG 委员会，组织编制报告，成立企业文化和社会责任指导委员会，总经理担任组长，负责把控报告整体方向及关键内容，董事会负责报告终审；将报告定位为合规披露履责信息、完善社会责任管理、强化利益相关方沟通、塑造企业负责任品牌形象的重要工具，功能价值定位明确；结合国家宏观政策、国际国内社会责任标准与可持续发展趋势、资本市场关注重点、行业对标分析、公司发展战略、利益相关方调查、专家意见等识别实质性议题；积极推动华润三九、华润江中等 5 家下属企业独立编发报告，促进了责任管理的纵向融合；计划嵌入公司活动发布报告，并将以电子版、印刷品、长图版、中英文版的形式呈现报告，过程性表现卓越。

实质性（★★★★★）
《报告》系统披露了产品质量管理、产品研发、产品召回、过期药品回收、安全生产、产品事故应急、保障实验对象权益、节能减排、关注社区健康等行业关键性议题，叙述详细充分，具有卓越的实质性表现。

完整性（★★★★★）
《报告》主体内容从“创新驱动 增进健康福祉”“低碳发展 增绿生态底色”“合作共赢 创造多元价值”“点亮梦想 打造幸福职场”“和谐共建 同创美好未来”等角度系统披露了所在行业核心指标的 93.10%，具有卓越的完整性表现。

平衡性（★★★★★）
《报告》披露了“员工流失率”“职业病发病次数”“重大食腐事件”“客户投诉处理率”“因健康安全回收产品比例”等负面数据信息，并详述下属子公司产品质量事故的整改情况，平衡性表现卓越。

可比性（★★★★★）
《报告》披露了“利润总额”“新增专利授权”“年人均带薪休假天数”“员工安全培训学时”“万元产值二氧化碳排放量”“总耗水量”等 75 个关键指标连续 3 年的对比数据，并通过“中国第 5 大药品制造商”“中国第 3 大药品分销商”等进行横向比较，可比性表现卓越。

可读性（★★★★★）
《报告》沿用“携手爱 为健康”的主题，从五大篇章系统展示了企业对客户、环境、伙伴、员工、社区等利益相关方的履责实践与成效，框架结构清晰，章节体例一致；各章节均以“我们的关注”“我们的行动”“我们的进展”起篇，并明确管理目标及未来提升方向。

**中国企业社会责任报告
评级专家委员会**
China Expert Committee on CSR Report Rating

便于相关方快速把握关键信息；嵌入二维码延伸阅读报告内容，引入利益相关方证言佐证履责成效，可读性表现卓越。

创新性（★★★★★）
《报告》各章开篇设置责任专题，聚焦企业在创新发展、助力“双碳”、人才发展、建设健康中国等方面的行动实践，彰显了企业的责任担当；编制修订《华润医药集团有限公司环境、社会及管治 (ESG) 指标管理手册》，提升信息披露的规范性，创新性表现领先。

综合评级（★★★★★）
经评级小组评价，《华润医药集团有限公司可持续发展报告 2021》为五星级，是一份卓越的企业社会责任报告。

**中国企业社会责任报告
评级专家委员会**
China Expert Committee on CSR Report Rating

华润医药集团可持续发展报告连续第三年获得五星级评价

四、改进建议
创新报告体例与设计方式，加强框架结构与报告主题的呼应，提升报告的创新性。

黄蔚慧
评级专家委员会副主席

张洪恩 张惠
评级小组组长 评级小组专家

二维码查看企业评级档案

出具时间：2022 年 4 月 21 日

About This Report

This is the 9th Annual Sustainability Report published by China Resources Pharmaceutical Group Limited. The last report was published in April 2021. 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, 2021. In order to enhance the comparability and perspectiveness of the report, some contents may extend beyond this duration when necessary. This report includes China Resources Pharmaceutical Group Limited and its subsidiaries. For convenience and readability, "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, US dollars). Since the reorganization of CR Boya Bio-pharmaceutical is officially completed at the end of 2021, the statistics do not include CR Boya Bio-pharmaceutical.

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-CSR4.0) 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

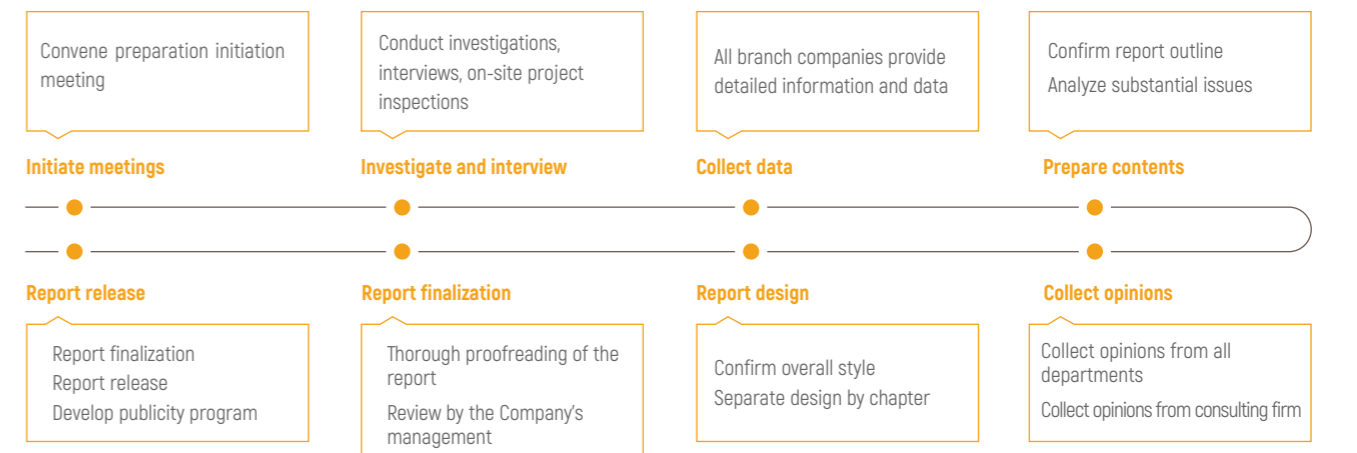
This report is available in both paper and electronic versions. To read or download the report, please visit <http://www.crpharm.com/shzr/shzrbg/>.

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
Fax: 010-57985200
Scan the QR code and fill in the reader feedback





华润医药集团有限公司
China Resources Pharmaceutical Group Limited

Address: Floor 41, China Resources Building, 26 Harbour
Road, Wanchai, Hong Kong
Telephone: 00852-25938991
Fax: 00852-25938992

Address: Building 7, Courtyard 2, North Third Ring Middle
Road, Chaoyang District, Beijing
Post Code: 100120
Tel: 010-57985000
Fax: 010-57985200
Website: www.crpharm.com



**中国企业社会责任报告
评级专家委员会**
Chinese Expert Committee on CSR Report Rating

