





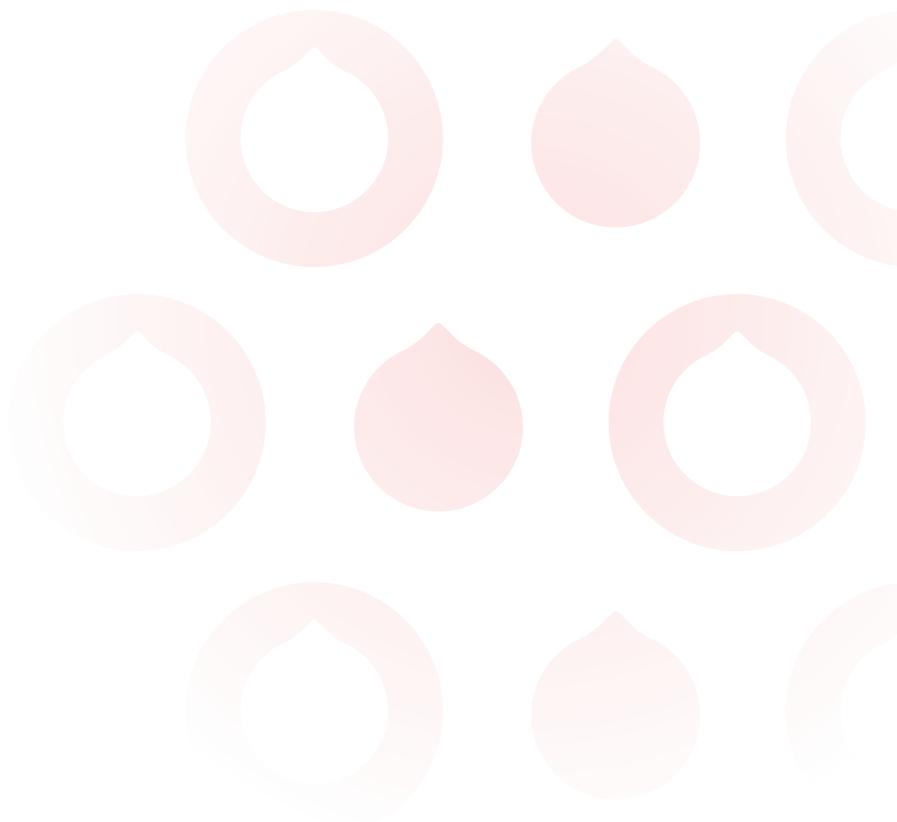
# 2024

## Sustainable Development Report

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited













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## **About the Report**

#### O Report Explanation

The Report is Sustainable Development Report released by Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (referred to as "Da Ren Tang"). The Report is issued annually and focuses on disclosing the Group's management, practices, and performance in Environmental, Social, and Governance (ESG) aspects.

O Scope and Boundaries of the Report

Unless otherwise specified, the data in the Report covers the period from January 1, 2024, to December 31, 2024 (hereinafter referred to as the "reporting period"), with some information extending beyond this timeframe. The scope of the Report includes Da Ren Tang Group and its subsidiaries (referred to as "Da Ren Tang", "the Group", "the Company", or "we"), excluding Tianjin Zhongxin Medicine Co., Ltd (天津中新医药有限公司). (In 2024, the commercial segment of the Company, Tianjin Zhongxin Medicine Co., Ltd., received external capital injection as an asset, as detailed in the announcement of the Company's 2024 First Extraordinary General Meeting). In the Report, "Da Ren Tang Group" refers to the parent Company of Da Ren Tang.

Other abbreviations are explained as follows:

Darentang Pharmaceutical Factory of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. (津药达仁堂集团股份有限公司达仁堂制药厂)	Darentang Pharmaceutical Factory (达仁堂制药厂)
Long Shun Rong Pharmaceutical Factory of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. (津药达仁堂集团股份有限公司隆顺榕制药厂)	Long Shun Rong Pharma- ceutical Factory (隆顺榕制药 厂)
Le Ren Tang Pharmaceutical Factory of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. (津药达仁堂集团股份有限公司乐仁堂制药厂)	Le Ren Tang Pharmaceutical Factory (乐仁堂制药厂)
No. 6 Chinese Medicine Plant of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. (津药达仁堂集团股份有限公司第六中药厂)	No. 6 Chinese Medicine Plant (第六中药厂)
Xinxin Pharmaceutical Plant of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. (津药达仁堂集团股份有限公司新新制药厂)	Xinxin Pharmaceutical Plant (新新制药厂)
Zhongxin Pharmaceutical Plant of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. (津药达仁堂集团股份有限公司中新制药厂)	Zhongxin Pharmaceutical Plant (中新制药厂)
Tianjin Da Ren Tang Jingwanhong Pharmaceutical Co., Ltd. (津药达仁堂京万红药业 (天津) 有限公司)	Jingwanhong Pharmaceutical (京万红药业)
Newscen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司)	NewScen Coast (中新科炬)
Medicinal Materials Company of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. (津药达仁堂集团股份有限公司药材公司)	Medicinal Materials Company (药材公司)

#### O Basis of Compilation

This Report is prepared following the Singapore Exchange Listing Rule 711A and 711B, the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report, referencing the Global Sustainability Standards Board (GSSB) released GRI Standards for Sustainability Reporting Core Scheme (2021 edition), TCFD (Recommendations of the Task Force on Climate-related Financial Disclosures Final Report), and the United Nations Sustainable Development Goals (SDGs).

#### O Data Sources and Internal Audit

The data in this Report is sourced from internal documents and information statistics of Da Ren Tang. Unless specified otherwise, the currency type and amounts mentioned in this Report are denominated in RMB.

This Report has undergone internal audit and review by the Board of Directors of the Company. The Board of Directors of the Group assures that the Report contains no false or misleading information and takes responsibility for its truthfulness, accuracy, and completeness.

#### • Report Acquisition

This Report is available in electronic formats and can be downloaded and viewed on the Shanghai Stock Exchange, Singapore Exchange, or the official website of Da Ren Tang at www.jinyaodarentang.com.cn.

#### O Contact Us

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In 2024, the traditional Chinese medicine industry advance amidst challenges and opportunities. This year, Da Ren Tang adhered to the original aspiration, focusing on patients and market orientation, seeking steady progress while embracing innovation. The Company persist in brand leadership, successfully hosting the "11th Conference on the Co-construction and Sharing of Chinese Medicinal Materials Bases". We attended national industry conferences such as the Wuzhen Health Conference, Medical and Health Industry Symbiosis Conference, and China Health Ecology Organization. Our brand image film made its debut on CCTV, and the "Guardian of Traditional Chinese Medicine Culture" visited four provinces and six cities. Accelerating innovation leadership, the Company delved into core research issues of our main products such as the Suxiao Jiuxin Wan. The research on Qingyan Di Wan for antiviral properties was granted a national patent. Deepening organizational transformation, the Company promoted lean production and successfully achieved the integration of the industrial marketing system.

## **Chairman's Address**

As a China Time-honored Brand with a focus on green traditional Chinese medicine, the Company has long been committed to the health industry for the well-being of the people. We adhere to the core values of "Love, Quality, and Empowerment". Throughout the Company's operations, we integrate sustainable development and practice the concept of green growth to meet the expectations of stakeholders.

We adhere to the principle of putting users first. In 2024, based on the GAP base and the construction of "three none and one all" base, the Company promotes the construction of the whole-process traceability and quality management system. The Suxiao Jiuxin Wan has been successfully selected for the Tianjin Traditional Chinese Medicine New Quality Productivity Innovation Project. The Company promotes employee development through online learning via "Cloud Classroom", offline expert training, vocational skills competitions,



and other methods. The employee welfare is enhanced through activities such as organizing birthday parties, establishing the "Da Ren Tang Art Troupe", holiday care, and seasonal condolences. The Company shows care for special groups through public welfare activities such as "Tibet Public Welfare Tour", "Everyone's Health 'Rescue' by Your Side" first aid training, public health testing, "College Entrance Examination Charity Escort", and "Qingyan Di Wan Takes Good Care of Your Throat, Teacher Exclusive". The Company participates in community development through donations for disaster relief and emergency rescue, promoting traditional Chinese medicine culture in schools, among other activities. By establishing a "National Green Factory" and other methods, the Company contributes to global low-carbon efforts and directly rewards shareholders with a high proportion of cash dividends.

In 2025, the Company will adhere to a consumer-centric approach and continuously implement five major strategies: brand focus, scientific research leadership, strengthening the enterprise through quality, promoting Healthy China initiatives, and digital empowerment. And we will focus on enhancing the brand strength, product competitiveness, and service capabilities. While driving Da Ren Tang to become a leading innovator in traditional Chinese medicine, the Company will strive to enhance the societal, environmental, and governance development outcomes to meet various stakeholders' expectations.

Thank you for your attention and support to Da Ren Tang.







## **Exploring Da Ren Tang**

#### Introduction to Da Ren Tang

Da Ren Tang has a long history and is a national high-tech enterprise specializing in innovative traditional Chinese medicine. The Company was listed in Singapore in 1997 and in Shanghai in 2001, with the headquarters located in China.

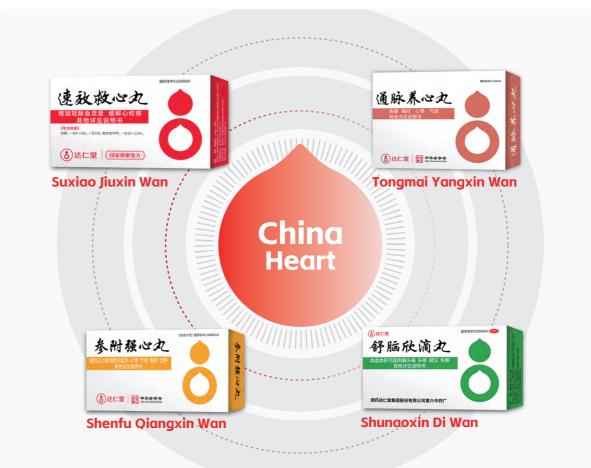




Da Ren Tang focuses on innovative traditional Chinese medicine, integrating medicinal herbs cultivation, pharmaceutical research and development, production, and operations. The Company possesses a complete healthcare industry chain, product chain, and talent chain, covering various areas such as Chinese herbal medicines, Chinese patent drug, chemical raw materials and preparations, and nutritional supplements.

With the strategic positioning of "Building a bigger and stronger green Chinese medicine enterprise", Da Ren Tang aspires to be a leading innovator in traditional Chinese medicine, with a focus on traditional Chinese medicine innovation guiding its business development strategy. The Company is dedicated to innovative research and development and manufacturing of specialized, refined, distinctive, and high-quality pharmaceuticals and health products. The Group currently comprises 4 China Time-honored Brands: Darentang, Long Shun Rong, Le Ren Tang, and Jing Wan Hong; holds 5 national-level intangible cultural heritage projects and 9 Tianjin municipal-level intangible cultural heritage projects; and possesses 6 well-known Chinese trademarks.





The Company holds 599 drug approval numbers across 22 dosage forms, including 2 national-level traditional Chinese medicines. Suxiao Jiuxin Wan, invented by Professor Zhang Chengui, the Honorary Dean of the Daren Tang Research Institute and a renowned Chinese expert in traditional Chinese medicine preparations, is a national confidential variety. Additionally, the Jing Wan Hong Ointment is classified as a national secret variety. The Company owns 5 traditional Chinese medicine protected varieties (namely Shunaoxin Di Wan, Zhike Chuanbei Pipa Di Wan, Ya Tong Ting Di Wan, Tongmai Yangxin Wan and Zilong Jin Pian), with exclusive drug approval numbers for 122. The products of the Company covering the entire health management lifecycle from prevention, wellness, treatment, rehabilitation, to longevity.









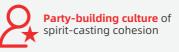
The Company focuses on the "Three Cores and Nine Wings" product strategy. The first core is the "Chinese Heart" series of cardiovascular and cerebrovascular health product lines represented by Suxiao Jiuxin Wan. In the field of cardiovascular and cerebrovascular diseases, there are a total of 8 exclusive products and 42 drug approval numbers. Relying on the strong brand strength and product competitiveness of Suxiao Jiuxin Wan, we deeply cultivate the cardiovascular and cerebrovascular health market and create the first product matrix of the Group. The second core is the "China Skin" series of products, represented by Jing Wan Hong Ointment, with 8 drug approval numbers for external skin care products, focusing on the market of traditional Chinese medicine skin health and looking forward to the "beauty" market of adult functional skin care. The third core refers to the "China Brain" project series of products, represented by Niuhuang Qingxin Wan and Qinggong Shoutao Wan, with unique effects in anti-aging, memory improvement, and Alzheimer's disease treatment. The "Nine Wings" focus on nine characteristic categories including respiratory, digestive, rheumatism, gynecology and pediatrics, and oncology. As a leading enterprise in the traditional Chinese medicine industry, Da Ren Tang has gradually built a business system covering the entire Chinese medicine industry chain, occupying a significant position in domestic and international markets through outstanding research and development capabilities, a sound quality management system, and continuous technological







**Corporate Culture** 







**Talent culture** of openness and inclusiveness





#### **Chinese Renowned Trademark**

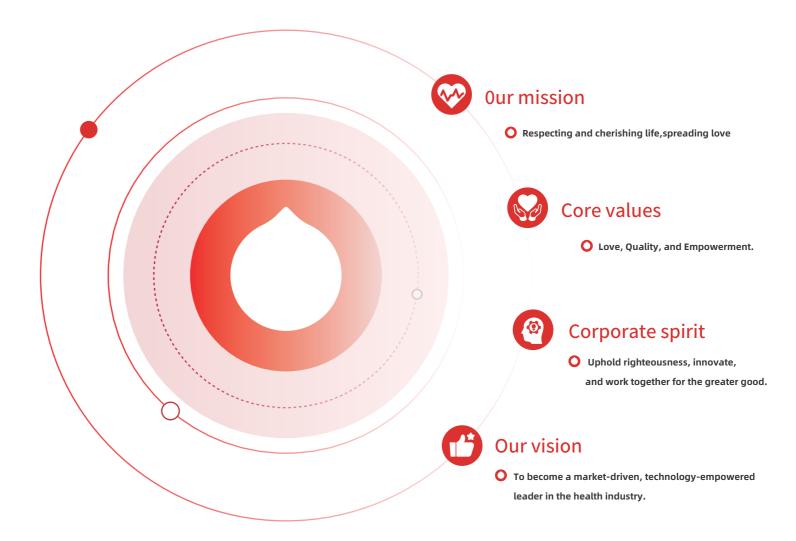


















## **Annual Highlights**

The Outstanding Performance Highlights of Da Ren Tang in 2024

#### **Governing the Enterprise with** the Principle of Benevolence, **Marching forward Steadily for a Century**

- Honor the "Investor Relations Management and Shareholder Return Tianma Award"
- Records of litigation or major administrative penalties resulting from unfair competition

behaviors is 0

- Records of litigation or concluded cases involving corruption is 0
  - Identifie 28 key issues

#### **Compassion towards the Environment, Drawing up an Ecological Blueprint**

- Achieved the environmental-related goals in 2024
- Achieved an annual energy saving of 101.95 tonnes of standard coal equivalent
- Jingwanhong Pharmaceutical, has been awarded the national "Green Factory" title; Jingwanhong Pharmaceutical, No. 6 Chinese Medicine Plant, Medicinal Materials Company, and Le Ren Tang Pharmaceutical Factory have been awarded the Tianjin city "Zero Waste Factory" title; No. 6 Chinese Medicine Plant has been awarded the Tianjin city" Green Factory" title

#### Uniting with Benevolence and Harmony, and Jointly Build the Future with One Heart

- The total duration of employee training was 250,717 hours
  - 100% retention rate for new employees
- Jingwanhong Pharmaceutical successfully achieved the Tianjin Municipality Hazardous Chemical Industry's "Level Two Standardized Safety Production Enterprise" certification
  - The coverage rate of employee safety training reached 100%
    - There were 0 major safety accidents

#### Manufacturing with a Benevolent Heart and Adhere to Responsibility and Quality

- Achieved the product quality and safety goals in 2024
- There were 0 pharmaceutical product recall incidents
- There were 0 incidents of data security and privacy leakage

#### The Way of Benevolent Medicine **Benefits the People** and Promotes Economic Development

• Products have been exported to countries and regions such as Japan, the Philippines, Indonesia, Malaysia, Singapore, Russia, Canada, Hong Kong (China),

Macau (China), etc.

- The cumulative duration of volunteer service is approximately 13,000 hours
- Involved in the formulation of 2 national pharmacopoeia standards















Trustworthy Consumption **Demonstration Enterprise** 

Tianjin Municipal Market Supervision Administration Tianjin Municipal Commerce Bureau Tianjin Municipal Bureau of Culture and Tourism Tianjin Municipal Spiritual Civilization Construction Office



2024 Tianjin Digital Workshop

ianjin Industrial and Information Technology Bureau



**Tianjin City Science** and Technology Progress Third Prize

Tianjin Municipal People's Government



**Quality Star Enterprise** 

China Quality Association for Pharmaceuticals

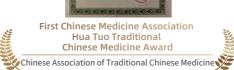




2024 Top 40 Time-Honored Traditional Chinese Medicine Brands

Organizing Committee of the China Time - honored

中医药TOP40





"2024 Top 20 Traditional Chinese Medicine Innovation **Enterprises**" List

Chinese Association of Traditional Chinese Medicine



Medicine Internationalization **Promoting Brand Enterprise** 

China Association of Traditional Chinese Medicine



🖋 Tianjin Top 100 Leading Technology 🐇 **Incubation Enterprises.** 

Tianjin Science and Technology Bureau



Most Valuable Investment **Enterprise in the Chinese** Pharmaceutical Industry

China National Pharmaceutical Industry Information Center



2024 Top 100 ESG Listed Companies in China

Securities Times



Shareholder Return Tianma Award

**%** 



2024 Top Socially **Responsible Enterprises** 

Several units including Tianjin Haihe Media Group, Municipal Government Cooperation and Exchange Office, Tianjin Municipal Civil Affairs Bureau, Tianiin Municipal Bureau of Planning and, Natural Administration Commission, Tianjin Commission of Commerce, Tianjin Municipal Trade Union, Tianjin Women's Federation, Tianjin Enterprises Federation, and Tianjin Youth Endoarting



National pharmaceutical industry Quality Control (QC) team activity "Excellent Enterprise"

China Quality Association for Pharmaceuticals



2024 List of Typical Practices of **Board of Directors of Listed Companies** 

China Association for Public Companies



2024 Traditional Chinese Medicine Cultural Heritage **Demonstration Project** 

Traditional Chinese Medicine Ecosystem Conference



2024 Exemplary Tianjin New Quality Model Enterprise

Several units including Tianjin Haihe Media Group, Municipal Government Cooperation and Exchange Office, Tianjin Municipal Civil Affairs Bureau, Tianiin Municipal Bureau of Planning and,Natural Administration Commission, Tianiin commission of commerce, ianjin Municipal Trade Union, Tianiin Women's Foderati Tianjin Municipal Trade Union, Tianjin Women's Federation, Tianjin Enterprises Federation, and Tianjin Youth Federation







#### **Red Engine, Compassionate Leadership**

#### Da Ren Tang's Party Building Special Topic

In 2024, Da Ren Tang delved into studying and implementing Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era and the spirit of the Third Plenary Session of the Twentieth Central Committee of the Communist Party of China. We closely focused on the work theme of "act in accordance with the trend and win the future with quality" and the brand strategic tasks of the Da Ren Tang Group. The Company fully leveraged the leading role of Party building to propel various aspects of its operations steadily

#### O Enhancing ideological guidance to promote educational advancement

Da Ren Tang organizes various activities such as thematic study sessions, seminars, and branch collaborations to guide all Party members in strengthening theoretical learning and closely integrating theory with practice. In 2024, Party organizations at all levels extensively carried out disciplinary learning and education, conducting over 50 sessions focused on studying the Regulations of the Communist Party of China on Disciplinary Punishments. The leadership team of the Party committee of Da Ren Tang Group took the lead in conducting 28 special study and exchange sessions in the respective Party branches. We combine the study of Party affairs cadres with investigation, discussion and exchange activities themed on "Gathering Momentum with Culture and Empowering Development", and establish a long-term seminar mechanism. This mechanism promotes Party affairs personnel to learn from and communicate with each other, and complement each other's experiences in aspects such as leading mass organization building through Party building, gathering the joint forces for development, and advancing the construction of corporate culture. Throughout the year, a total of 4 exchange activities were conducted, with over 30 participants in each session.

To facilitate continuous learning for Party members, we integrate Party-wide training with a Cloud Classroom, uploading content on the 20th National Congress of the Party, developing traditional Chinese medicine, ethical conduct in employment, etc., to enhance Party members' ideological and moral cultivation, and maintain the advanced nature and combat effectiveness of the Party member corps within Da Ren Tang.

Party organizations at all levels extensively carried out disciplinary learning and education, conducting over

sessions focused on studying the Regulations of the Communist Party of China on Disciplinary Punishments

The leadership team of the Party committee of Da Ren Tang Group took the lead in conducting

special study and exchange sessions

We combine the study of Party affairs cadres with investigation, discussion and exchange activities themed on "Gathering Momentum with Culture and Empowering Development".

exchange activities were conducted throughout the year



#### ি Case: Co-building Activities of Party Branches

In April 2024, to thoroughly implement the spirit of the 20th National Congress of the Communist Party of China, inherit and promote traditional Chinese medicine culture, and consolidate greater strength for the construction of a Healthy China, we conducted a branch co-building activity with the functional department branch of the Tianiin Institute of Industrial Biotechnology, Chinese Academy of Sciences. We visited the cultural exhibition areas of the Darentang Pharmaceutical Factory and Long Shun Rong Pharmaceutical Factory, and the Da Ren Tang Natural and Cultural Exhibition Hall, gaining in-depth understanding of the corporate culture, variety resources, and the scientific research projects of the Traditional Chinese Medicine Research

Subsequently, both parties engaged in discussions and exchanges regarding existing technologies and foundations in the field of natural products of traditional Chinese medicine. And they discussed the directions of future cooperation on issues such as the substitution of medicinal ingredients from endangered animals, the microbial synthesis of natural products, the enzymatic modification of natural products, the microbial fermentation of authentic medicinal herbs, the development of traditional Chinese medicine-based health products, and the exploration of functional ingredients.

This co-construction and exchange activity has built a new bridge for the in-depth integration of Party building and R&D work. It has also opened up innovative ideas for traditional Chinese medicine to be integrated with cutting-edge industrial biological science and technology



#### O Integrating Party building with business operations to stimulate organizational vitality

Da Ren Tang steadfastly takes Party building as the guiding beacon, fully promoting the deep integration of party building and enterprise operations, injecting a continuous source of energy into Da Ren Tang's high-quality development. In 2024, the Group's Party organizations at all levels, taking themed Party Day as an opportunity, carried out 17 sessions of business knowledge learning, 22 sessions of legal regulation learning, 29 sessions of corporate culture discussions, and 37 sessions of special themed activities. This precise and distinctive learning approach infused vitality into the themed Party Day, stimulating the enthusiasm and initiative of Party members to drive them to take the lead, spearhead key tasks, and tackle challenges in major missions, key works, and important actions.

#### The Group's Party organizations at all levels, taking themed Party Day as an opportunity,

sessions of business knowledge learning

sessions of legal regulation learning

of corporate culture discussions

of special themed activities

## An exercil situation: The study of business, laws and regulations and the Party's theory

- A production-oriented Party branch incorporates cost control and quality-focused issues into the Party Day activities, aiming to enhance Party members' business capabilities while reinforcing awareness of product cost and quality control;
- The science and technology-oriented Party branch focuses on studying the publicly announced drafts of the revised national drug standards for some pharmaceuticals, keeps a close eye on the cutting-edge trends in the industry, and helps the enterprise to continuously make efforts in scientific and technological innovation;
- The management-oriented Party branch delves into studying Traditional Chinese Medicine Decoction Pieces, finance, and GMP regulations to provide solid support for the Company's standardized management and efficient operation.

#### O Strengthening the foundation of Party building and cultivating the Party building brand

In the Party-building work journey of 2024, Da Ren Tang consistently regards solidifying the foundation of Party building as the core task of development, steadfastly cultivating the Party-building brand, and polishing the red name card. In 2024, we further deepened the creation work of the Party building brand and the "Red Fortress of Tianjin Pharmaceuticals". The 10 Party branches within our Group actively participated in the research and exchange activities of the Party branch evaluation work of Tianjin Pharmaceutical Holdings Co., Ltd. And, in light of the actual situation, we successively submitted 28 cases regarding the creation of Party building brands and red fortresses. After screening through multiple levels, a total of 23 cases were selected to participate in the display, thereby establishing a distinct Party building brand image for our Group.

Party branches within our Group actively participated in the research and exchange activities of the Party branch evaluation work of Tianiin Pharmaceutical Holdings Co.,Ltd

We successively submitted cases regarding the creation of Party building brands

cases were selected to participate and red fortresses in the display



Operate the Company in a Stable Manner 17

Sustainable Development Governance

#### **Key Issues**

Corporate Governance

Compliance Operation

Risk Management

Responsible Marketing

Anti Commercial Bribery and Anti-Corruption

Sustainable Development Governance

Investor Relation Management

Benchmarking the United Nations Sustainable Development Goals







Sound corporate governance is the cornerstone of corporate development. Da Ren Tang aims to continuously enhance corporate governance and compliance management across multiple governance dimensions. Simultaneously, amidst the wave of sustainable development, we integrate sustainable development principles deeply into the Company's growth, establishing a sustainable development governance system to advance prudent operations while achieving sustainable development goals.







## Operate the Company in a Stable Manner



#### Standardize governance

#### O Corporate governance structure

The Group has established a corporate governance structure composed of the general meeting of shareholders, the Board of Supervisors, the Board of Directors, special committees and the senior management team. We conduct standardized operations in strict accordance with the requirements of laws and regulations of China and Singapore, such as the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, and Listing Rule 711B, as well as the rules of the stock exchanges. We have formulated and in accordance with the requirements of the "Rules of Procedure for the General Meeting of Shareholders of Tianjin Pharmaceuticals Daren Tang Group Co., Ltd.", the "Rules of Procedure for the Board of Directors of Tianjin Pharmaceuticals Daren Tang Group Co., Ltd." and the "Rules of Procedure for the Board of Supervisors of Tianjin Pharmaceuticals Daren Tang Group Co., Ltd.", etc., convene the meetings of the general meeting of shareholders, the Board of Directors and the Board of Supervisors. In 2024, we held 1 general meeting of shareholders, 3 extraordinary general meetings of shareholders, 9 Board of Directors meetings, and 6 Board of Supervisors meetings. The Board of Directors has established specialized committees including the Audit Committee, Compensation and Appraisal Committee, Nomination Committee, Strategic and Sustainable Development Committee, each responsible for specific aspects of corporate governance.

general meeting of shareholders

extraordinary general meetings of shareholders

g

Board of Directors meetings

6

Board of Supervisors meetings



The Group adheres to the principle of the Board diversity, appointing individuals based on merit and suitability to drive the Company's sustainable and steady development. As of the end of the reporting period, the Board of Directors of the Company consists of 9 members, comprising 3 executive Directors, 3 non-executive Directors, and 3 independent Directors. Among them, including 2 female Directors. Our Directors possess diverse professional backgrounds and experiences in pharmaceuticals, investments, management, finance, etc. Each Director's expertise complements one another, ensuring the scientific nature of the Board's decision-making.

the Board of Directors of the Company consists of members

comprising

executive Directors,

non-executive Directors,

endent tors female Directors







#### O Protection of investors' rights and interests

Da Ren Tang always considers the protection of investors' rights and interests as a core mission, strengthening investor relations management and communication, establishing the "Management System for Investor Relations of Tianjin Pharmaceuticals Da Ren Tang Group Co., Ltd", and creating diverse communication channels and methods. We synchronize information such as the Company's annual reports, quarterly reports, and major event announcements through channels like the Company's official website and new media platforms, making it convenient for investors to access the information at any time. Additionally, we have established dedicated investor contact telephone numbers, fax, and email addresses. We regularly hold investor communication meetings and performance briefings to promptly address investor concerns.



we organized performance briefing meetings



received over 1,500 calls including from shareholde



replied to over shareholder emails



responded to

inquiries on the Shanghai Stock Exchange E Interactive Platform

In 2024, we organized 3 performance briefing meetings, received over 1500 calls including from shareholders, replied to over 600 shareholder emails, and responded to 60 inquiries on the Shanghai Stock Exchange E Interactive Platform.





2023 Annual Report Shanghai Main Board Big Health Collective Earnings Conference





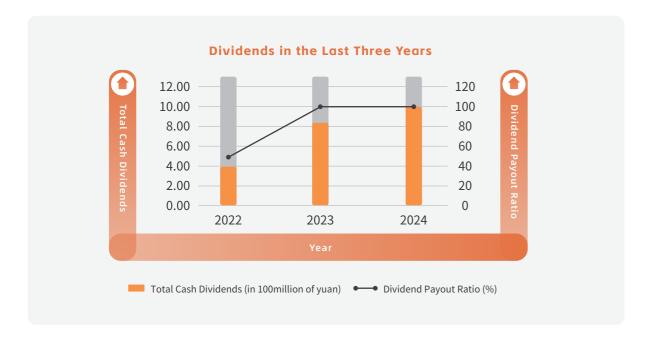






In order to effectively safeguard investor rights, we have formulated the "Management System for Strengthening Information Disclosure", which specifies the scope of information to be transmitted, reviewed, and disclosed, as well as the management mechanism for information disclosure, ensuring that every piece of information presented to investors is true, accurate, and complete. In 2024, we were honored with the "Investor Relations Management and Shareholder Return Tianma Award".

We attach great importance to the return to shareholders and have statistically analyzed the shareholder dividend situation over the past three years, as shown in the following figure:



#### **Compliance operations**

#### O Internal control and risk management

The internal control and risk management have always been important cornerstones for the steady progress of an enterprise. The Group actively identifies and remedies risks, builds an internal control system, and in light of the changes in business processes, promptly revises and supplements relevant regulations to improve the Company's internal control system. Based on the COSO internal control framework, we have established a control matrix system that covers all types of management and business operations of the enterprise.

In addition, we have formulated the "Internal Audit System of Tianjin Pharmaceuticals Da Ren Tang Group Co., Ltd.", which enables us to promptly evaluate the operational effectiveness of internal control and continuously improve the internal control work of the enterprise. In 2024, in accordance with the requirements of the "Guidelines for the Application of Enterprise Internal Control", we organized relevant enterprises and personnel to conduct comprehensive self-assessment and evaluation of the annual internal control system. The internal control self-assessment covered all key business processes of the Company, utilizing various testing methods such as document review, walkthrough tests, and interviews to ensure the comprehensiveness and accuracy of the self-assessment results.

The Company strictly adheres to relevant laws and regulations and has formulated the "Compliance Risk Assessment Rules" to establish a sound mechanism for identifying, assessing, and addressing compliance risks. The Legal and Compliance Department, as the centralized management department for compliance risk assessment, is responsible for guiding various business and functional departments of the Company in establishing sound methods, processes, and operational mechanisms for risk identification, assessment, and response. The Legal and Compliance Department regularly consolidates compliance risk lists provided by various business and functional departments of the Company and provides opinions or suggestions on the Company's compliance risk control strategies.

#### Compliance risk identification

• The Legal and Compliance Department regularly or promptly as needed organizes various business and functional departments to identify compliance risks within the department and report relevant content on the compliance risk list.

#### Compliance risk assessment

 Based on the identified compliance risks, each business and functional department of the Company shall organize the compliance staff of the department to conduct compliance risk assessment and analysis, and fill in the relevant contents of the compliance risk list.

#### Compliance risk response

The Legal and Compliance Department shall, in accordance with the Company's requirements for risk control, organize
each business and functional department of the Company to formulate different countermeasures in a timely manner
according to different risk levels, and review the changes in relevant risk levels and the implementation of relevant control measures on an annual basis.

#### Responsible marketing management

Da Ren Tang strictly adheres to local laws and regulations in its operations, including but not limited to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Law of the People's Republic of China Against Monopoly, the Anti-Unfair Competition Law of the People's Republic of China, and the Advertising Standards Authority of Singapore (ASAS). The Company firmly puts an end to any form of monopoly and unfair competition behaviors, and spares no effort to safeguard the fairness and justice of the market as well as the legitimate rights and interests of consumers.

The Group has established the "Market Access Compliance Guidelines", "Drug Trading Compliance Guidelines", "Pharmacy Promotion Compliance Guidelines", "Drug Online Sales Compliance Guidelines", and other relevant systems to guide marketing activities. Simultaneously, an internal review mechanism has been implemented to regularly review advertising content, product packaging, promotional materials, etc., ensuring all sales activities are fair and transparent, avoiding false or exaggerated advertising. We respect regional cultural differences and ensure that our marketing materials and advertising language cover Chinese, English, Malay, and Tamil, enabling consumers from different cultural groups to access product information equally and accurately. In addition, we regularly provide our employees with training on marketing, advertising, and sales compliance to ensure that they are aware of the latest regulatory changes and market trends. In 2024, our Group had no records of litigation or major administrative penalties resulting from unfair competition behaviors.







#### • Anti-commercial bribery and anti-corruption

Da Ren Tang strictly adheres to the bottom line of integrity in its operations, implementing a "zero tolerance" policy towards commercial bribery and corruption. The Company has taken a multi-dimensional approach including institutional development, educational campaigns, and supervisory management to establish a comprehensive and multi-level anti-commercial bribery and anti-corruption system. We have formulated and issued the "Regulations on the Management of Clean and Honest Employment of Tianjin Pharmaceuticals Da Ren Tang Group" applicable to all employees, providing clear guidelines and norms for their conduct, thus ensuring clean and honest employment followable with clear regulations.

The Discipline Inspection Commission and Supervision Office of the Group, as the core implementation department of the Company's discipline inspection and supervision work, is fully responsible for the discipline inspection and supervision affairs of the Company's system, exercises supervision over all employees of the Company, and builds a solid line of defense against corruption. In 2024, there were no records of litigation or concluded cases involving corruption within the Company.

We conducted a total of

**40** warning education sessions

55 integrity education sessions 1288
people to sign the "Commitment Letter for Clean and Honest Employment"

A total of

employees stood out and won awards in the short video collection activities titled "A Word of Integrity" and "Reading Books on Integrity"

During the reporting period, we organized educational activities such as visits to the "Largest Anti-Corruption Case Exhibition in New China". A total of 40 warning education sessions and 55 integrity education sessions were conducted throughout the year, utilizing vivid cases and diverse educational formats to continuously reinforce employees' integrity consciousness and disciplinary concepts. For key positions such as marketing and procurement, we organized 1,288 people to sign the "Commitment Letter for Clean and Honest Employment", building a solid anti-corruption defense line from the source. At the same time, we innovatively launched short video collection activities titled "A Word of Integrity" and "Reading Books on Integrity", which stimulated employees' enthusiasm for participating in integrity construction. A total of 11 employees stood out and won awards with their excellent works, creating a strong integrity culture atmosphere within the Company.



#### Whistleblowing mechanism

In the process of enhancing internal oversight and compliance development, Da Ren Tang actively constructs a multi-dimensional, comprehensive mechanism for collecting and handling issue clues. The Company has established a dedicated email and reporting hotline to ensure the receipt of reports on various types of issue clues at any time.

Reporting Channel:





To conduct detailed investigations and standardized handling of reported information, the Company has formulated the "Unified Management Measures for Handling Problem Clues by the Discipline Inspection and Supervision Department of Tianjin Pharmaceutical Da Ren Tang" and the "Implementation Measures for Handling Discipline Inspection and Supervision Petitions and Reports of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd.". The Company promptly addresses problem clues through methods such as discussions, inquiries, and obtaining relevant evidence. To protect whistleblowers, confidentiality is maintained regarding the content of problem clues, the identities of reporters and the reported individuals, in accordance with the principle of safeguarding the democratic rights of petitioners. Upon completion of the investigation of problem clues, for anonymous reports, the results will be reported to the Company's Party Committee or the Discipline Inspection Commission of Tianjin Pharmaceutical Group; for reports with disclosed identities, the investigation results will be provided as feedback to the whistleblower. In 2024, the Company achieved a 100% resolution rate for received problem clues.

## Sustainable Development Governance



#### **Board of Directors statement**

The Group is well aware of the critical importance of the sustainable development concept for the steady growth of enterprises. We consistently establish and enhance sustainable development decision-making mechanisms, integrating them into the Company's business operations and strategic planning.

The Board of Directors, as the decision-making body of the Company for sustainable development, focuses on relevant risks to its own sustainable development, and regularly reviews sustainable development strategies and goals. The management is responsible for driving the implementation of various sustainable development initiatives in the Group's daily operations.

In 2024, we re-identified and evaluated ESG factors that have a significant impact on the Company's development based on our actual circumstances. We reviewed the achievement of sustainable development goals in 2024 and proposed key sustainable development objectives for 2025. In the field of sustainable development, we pay attention to environmental issues such as climate change, energy consumption, and waste disposal; focus on social responsibilities including product quality and safety, employee well-being, customer rights protection, and contributions to the community; and improve management systems such as responsible marketing and sustainable development governance. In 2024, the Company achieved the sustainable development goals satisfactorily.

#### Sustainable development governance structure

To further enhance governance effectiveness and promote corporate sustainable development, we have established a sound sustainable development governance framework based on our practical situation. In March 2025, we renamed the Strategic Committee to the Strategic and Sustainable Development Committee and revised the "Rules of Procedure of the Board Strategic and Sustainable Development Committee of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd." and the "Sustainable Development System of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd."







The Board of Directors is explicitly designated as the decision-making body responsible for the Company's sustainable development, overseeing significant sustainable development matters. The Strategic and Sustainable Development Committee is responsible for studying and formulating the sustainable development strategy, examining and evaluating the Company's performance, making suggestions, and reporting to the Board of Directors. The Sustainable Development Task Force is responsible for coordinating and driving the implementation of sustainable development initiatives. The Sustainable Development Reporting Execution Team is the drafting body for sustainable development Reports, summarizing and reporting on the Company's current sustainable governance

In the future, we will continuously optimize the sustainable development management system to propel Da Ren Tang towards steady progress on the path of sustainable development.

#### **Sustainable Development Governance Structure**



As the decision-making body of the Company in fulfilling sustainable development, it is responsible for making decisions on significant matters related to sustainable development.



**Strategic and Sustainable Development Committee** 

Responsible for researching and formulating sustainable development strategies, examining and evaluating the Company's performance, providing recommendations, and reporting to the Board of Directors.



As the daily contact entity of the Strategic and Sustainable Development Committee, it coordinates the implementation of sustainable development efforts. All senior executives of the Company and the Company Secretary of the Board serve as members of the working group, with the Senior Management appointed as the team leader.



As the drafting body of the sustainability Report, responsible for summarizing and reporting on the Company's current sustainable governance efforts. The Board Secretary and heads of various departments serve as members of the implementation team, with the Board Secretary acting as the team leader. The Securities and Investment Department, as the designated department, is responsible for daily liaison, and the Audit Department is responsible for the internal verification of the sustainable development Report.

#### Stakeholder engagement

The Group places great emphasis on establishing regular communication channels with various stakeholders to maintain effective communication and promptly address their concerns. Continuous improvement and refinement of communication methods are pursued to ensure that every feedback is properly handled and each suggestion is accurately integrated into the Company's decision-making process, thereby supporting the steady achievement of sustainable development goals.

Stakeholders	Communication concerns	Communication methods
Government and industry/ standard associations	<ul><li>Industry regulations</li><li>Environmental compliance</li></ul>	<ul> <li>Periodic report</li> <li>Regulatory compliance training</li> <li>Sustainable development Report</li> <li>Government policy dialogue meeting</li> <li>Questionnaire</li> </ul>
Investors and shareholders	<ul><li>Company financial performance</li><li>Anti-corruption</li></ul>	<ul> <li>Annual Report</li> <li>Investor relations management</li> <li>General meeting of shareholders</li> <li>Questionnaire</li> </ul>
Customers and consumers	<ul> <li>Product quality and safety</li> <li>Drug certificates</li> <li>Compliance with Chinese health and safety laws and regulations</li> <li>Compliance with pharmaceutical marketing laws and regulations</li> </ul>	<ul> <li>Annual Report</li> <li>Product quality feedback (after-sales)</li> <li>Questionnaire</li> </ul>
Employees	<ul> <li>Employee health and safety,</li> <li>Compensation,</li> <li>Benefits,</li> <li>Compliance with Chinese labor laws and regulations.</li> </ul>	<ul><li>Performance appraisal system</li><li>Questionnaire</li></ul>
Supplier	<ul> <li>Product quality and compliance</li> </ul>	Supplier evaluation
Community	<ul><li>Environmental impact</li><li>Social development</li></ul>	<ul><li>Community service</li><li>Questionnaire</li></ul>

#### Identification of material issues

Based on the Group's actual development situation, following the latest rules of the stock exchange and combining domestic and international sustainable development standards as well as the material issues identified by the industry, the Group has re-identified 28 key issues based on the "dual materiality" principle of the Shanghai Stock Exchange. By distributing the stakeholder questionnaires, we collected opinions and suggestions from stakeholders on the Company's material issues and analyzed the questionnaire results from the two dimensions of "importance to the economy, environment, and society" and "importance to the Company's finances", conducting importance assessment and ranking of the identified issues. The evaluation research revealed that 12 dual material issues were assessed as significant substantive issues. Taking into account the Company's actual situation, we have formulated relevant objectives for these 12 significant substantive issues.

#### Daren Tang Group 2024 Importance Issue Matrix

- Anti Commercial Bribery and Anti-corruption Data Security and Privacy
- Protection
- Compensation and Benefits
- Research and Innovation Medical Accessibility
- Circular Economy
- Rural Revitalization

• Supply Chain Management

• Employee Employment and

Industry Cooperation and

• Social Contribution

Diversification

Development

- Compliance Operation Corporate Governance
- Product Quality and Safety
- Resource Management • Waste Disposal
- Protection of Employee's Rights and Interests
- Energy Management Occupational Health and Safety
- Emission of Pollutants
- Environmental Compliance Management Addressing Climate Change • Employee Training and Development
- Sustainable Development Governance
- Investor Relation Management Risk Management
- Responsible Marketing
- Customer Service

The Importance of Corporate Finance









## Compassion towards the Environment, Drawing up an Ecological Blueprint

Practicing Environmental Protection 27

Addressing Climate Change 32

#### **Key Issues**

**Environmental Compliance Management** 

**Emission of Pollutants** 

Waste Disposal

Addressing Climate Change

Resource Management

**Energy Management** 

Circular Economy

Benchmarking the United Nations Sustainable Development Goals















Da Ren Tang has always adhered to the concept of green development, and actively promoted practices such as energy conservation and emission reduction, control of pollutant emissions, and efficient utilization of resources. We strive to reduce the environmental impact of our operations and set clear environmental goals. We also actively respond to climate change and continuously improve the disclosure of information related to climate change risks and opportunities.







### **Practicing Environmental Protection**



#### **Environmental management**

Da Ren Tang adheres to the concept of green development, with a focus on environmental protection, and has established a scientific and standardized environmental management system. The Group is committed to integrating the idea of sustainable development into every aspect of its operations. In the practice of environmental management, the Group strictly complies with a series of laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China* on the Prevention and Control of Air Pollution. Additionally, based on industry standards such as the Comprehensive Emission Standards for Air Pollutants and the Emission Standards for Air Pollutants in the Pharmaceutical Industry, the Group continuously strengthens internal institutional development and enforcement efforts to enhance the scientific and standardized nature of environmental management, ensuring that all production activities comply with relevant legal standards. The Group is actively promoting the establishment and development of an environmental management system. We continue to promote the establishment and development of the environmental management system. Subsidiaries including Darentang Pharmaceutical Factory, Newscen Coast Bio-Pharmaceutical Co., Ltd., Tianjin Da Ren Tang Jingwanhong Pharmaceutical Co., Ltd., and Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd. (天津达仁堂(亳州)中药饮片有限公司)have successfully passed the review of the ISO 14001:2015 Environmental Management System certification.











In 2024, we have successfully achieved our environmental objectives. The environmental objectives for 2025 are outlined as follows:

- The Group has reported 0 incidents of major environmental pollution accidents.;
- The compliance rate for pollutant emission concentration and total emission quantity is 100%;
- The environmental protection facilities have achieved a 100% effective and well-functioning rate:
- Implement emission permit application and emergency plan filing, and regularly carry out emergency drills for environmental accidents;
- Legally implement a 100% disposal rate for hazardous waste and general solid waste;
- Reduce energy consumption by 50 tonnes of standard coal equivalent;
- Enhance the level of water conservation.

In 2024, the achievement status of our environmental goals is as follows:



The Achievement Status of Goals in the Fiscal Year 2024		
Goals for the Fiscal Year 2024	Performance	
	<ul> <li>To further enhance the energy management system construction, increase energy fine measurement, refine energy assessment management regulations within each enterprise, leverage self-inspection of energy by enterprises and internal energy audits, and elevate energy management standards;</li> </ul>	
Reduce energy consumption by 50 tonnes of standard coal equivalent	<ul> <li>Upgrade the steam intelligent control system, renew expiring high-efficiency equipment and facilities, enhance waste heat utilization of air compressors and steam condensate, continuously optimize energy-saving operation management strategies, further imple- ment new energy-saving technologies, achieve energy consumption reduction goals, and improve energy efficiency;</li> </ul>	
	<ul> <li>Implement the server relocation of the smart energy online monitoring platform, deepen the monitoring of the specific energy consumption of products, and further give play to the platform's role in digital and intelligent energy conservation;</li> </ul>	
	<ul> <li>Throughout the year, carry out energy-saving equipment upgrade projects, aiming to achieve an annual energy saving of 101.95 tonnes of standard coal equivalent.</li> </ul>	
Enhance the level of water conservation	<ul> <li>Achieving a reduction in the consumption of tap water by increasing the reuse of system-circulating water and condensed steam, thereby promoting water conservation.</li> </ul>	
No major environmental leakage incidents	No major environmental leakage incidents occurred in the fiscal year 2024.	
Continuously standardize the discharge of wastewater and waste	<ul> <li>The wastewater was discharged up to the standard, and the hazardous waste was disposed of in compliance with relevant regulations in 2024.</li> </ul>	
Environmental compliance	• There were no environmental administrative penalty incidents in 2024.	

In terms of environmental risk management, the Group focuses on identifying environmental risks and enhancing emergency management capabilities. We have formulated the "Environmental Risk Investigation and Hidden Danger Rectification System" and the "Emergency Management System for Sudden Environmental Incidents". During the reporting period, we organized and carried out 12 special environmental protection inspections, and a total of 74 potential problems and hazards were identified. Effective measures were taken to rectify them, ensuring the effectiveness of environmental management and continuous improvement. Additionally, to enhance the response capabilities to sudden environmental incidents, the Group conducted 12 environmental emergency drills. Through simulating real-life scenarios, these drills tested and strengthened the emergency response capabilities of various departments.









The Group emphasizes and actively promotes the cultivation and enhancement of employees' environmental awareness. During the reporting period, the Company successfully held two environmental training activities, reaching employees at various levels, to further disseminate environmental concepts through training and publicity.

#### @ Coses Environmental Training Activity

In 2024, Da Ren Tang specially invited senior environmental industry experts to conduct two targeted environmental protection seminars, providing environmental training to internal staff. One seminar focused on environmental risk prevention and emergency management, systematically outlining potential environmental risks that enterprises may face during operations, such as hazardous material leaks and sudden pollution incidents, and elaborated on scientific preventive measures and methods for developing emergency response plans. The other seminar revolved around key points of environmental inspections and verifications at all levels, delving into the critical areas and indicators that environmental departments focus on during inspections, aiding affiliated enterprises in clarifying the focal points of environmental work, thereby further enhancing environmental management and compliance development.



The implementation of environmental protection training activities significantly enhanced the environmental awareness and professional competence of environmental management personnel and frontline employees within the Group. Through systematic knowledge reinforcement and practical guidance, we effectively reduced compliance risks arising from environmental issues, laying a solid foundation for further improvement of the environmental management system.

#### Waste management

Da Ren Tang prioritizes environmental protection and consistently focuses on achieving "low-emission" of pollutants as a routine operation. We strictly adhere to national laws such as the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China* on the *Prevention and Control of Air Pollution*, and the *Water Pollution Prevention and Control Law of the People's Republic of China*. The Company has established and implemented a series of standardized management systems and technical measures, including the "Environmental Protection Management System", the "Hazardous Waste Environmental Management System", and the "Environmental Protection Facility Equipment Operation Regulations Management System". These measures rigorously control the discharge of wastewater, waste gas, and waste, laying a solid foundation for achieving environmental protection goals.

In terms of wastewater discharge management, we adhere to the regulations stipulated in the *Water Pollution Prevention and Control Law of the People's Republic of China*, ensuring that the discharge concentrations of characteristic pollutants such as COD, ammonia nitrogen, and pH in wastewater are below the standard limits, and that the total pollutant discharge meets the requirements of total control. The wastewater generated by our operations consists mainly of industrial wastewater and domestic sewage. After meeting the standards through treatment in the industrial enterprises and park's wastewater treatment systems, the treated wastewater is discharged into downstream sewage treatment plants through the municipal pipeline network. Our wastewater treatment systems are equipped with various mature and effective treatment processes to ensure stable and efficient operation. In 2024, our industrial enterprises and park's wastewater treatment facilities are operating well, with all types of industrial wastewater entering their respective enterprise/park wastewater treatment systems, and all wastewater being discharged in compliance with regulations.

In the management of exhaust gas emissions, we rigorously implement the relevant requirements of the Law of the People's Republic of China on the Prevention and Control of Air Pollution, controlling the emission of exhaust gas pollutants by installing various advanced treatment facilities to ensure compliance with emission standards. To enhance the control of volatile organic compounds (VOCs), we address the issue at the source, employing different treatment devices such as water spray, photocatalytic oxidation, and activated carbon adsorption based on different production processes and the main components of exhaust gas. Regular maintenance and replacement of consumables are conducted to ensure the efficient operation of the treatment facilities. In exhaust gas emission management, we strictly adhere to the "one enterprise, one strategy" emergency management policy for heavy pollution weather. During the reporting period, all exhaust gases were effectively treated and met emission standards.

In waste management, we consistently adhere to green environmental principles, employing different treatment methods based on waste classification to ensure safe and compliant disposal of all types of waste. The general solid waste generated by affiliated industrial enterprises undergoes compliant treatment through classified collection, entrusted disposal, and recycling. Municipal solid waste is collected and transported by designated local sanitation departments. Dangerous waste such as activated carbon and waste reagent bottles generated during production and operations are managed under the "Dangerous Waste Management System". We carried out classified collection and storage in different zones in strict accordance with relevant regulations, standardized the dangerous waste signs at the storage sites, established a ledger for the receipt and dispatch of dangerous waste, regularly filed the information in the comprehensive supervision information system for dangerous waste, and entrusted a qualified third-party entity to dispose of the dangerous waste.

The Group has continuously increased the investment in environmental protection, continuously improved its governance facilities, and achieved significant environmental performance. In 2024, the monitoring frequency of enterprise pollutant discharge outlets and the effective transmission days of environmental online monitoring have both reached government regulatory standards. Through systematic management and technological means, the Group's subsidiary, Jingwanhong Pharmaceutical, has been awarded the national "Green Factory" and the Tianjin city "Zero Waste Factory" titles. In addition, the Group's No. 6 Chinese Medicine Plant, Medicinal Materials Company, and Le Ren Tang Pharmaceutical Factory have also set industry benchmarks in the field of environmental protection. As of the end of the reporting period, the titles received by the Group's factories are as follows:

Company's Name	Certification Name	Certification level
Tianjin Da Ren Tang Jingwanhong Pharmaceutical Co., Ltd.	Green factory	National level
No. 6 Chinese Medicine Plant of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd.	Green Factory	Tianjin City
No. 6 Chinese Medicine Plant of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd.	Zero Waste Factory.	Tianjin City
Medicinal Materials Company of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd.	Zero Waste Factory.	Tianjin City
Le Ren Tang Pharmaceutical Factory of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd.	Zero Waste Factory.	Tianjin City
Tianjin Da Ren Tang Jingwanhong Pharmaceutical Co., Ltd.	Zero Waste Factory.	Tianjin City

#### **Resource conservation**

Da Ren Tang aims to enhance resource conservation and integrates the concept of resource conservation into the corporate management system. Through systematic institutional building and scientific practical measures, the Company contributes to resource conservation. Meanwhile, we vigorously promote the concept of lean management and further achieve resource conservation through lean production.

#### O Resource management

To effectively promote energy efficiency and management, the Group has established a comprehensive energy management system and formulated the "Energy Management Regulations". This document clearly defines the energy management policy, responsibilities for energy management work, and energy use management requirements. We stipulate that the senior manager is responsible for leading the Company's system-wide energy management. The Intelligent Manufacturing Center serving as the Company's energy management department. We dedicate energy management personnel are assigned to oversee the specific energy management tasks, thus forming a three-tier energy management system within the Company. Furthermore, industrial divisions and subsidiaries are required to establish a three-tier energy management system following the directives of the senior energy manager, middle management within functional departments, and dedicate energy management personnel.

Energy Management Policy: Green Energy Efficiency, Continuous Improvement, Building the Quality of Da Ren Tang

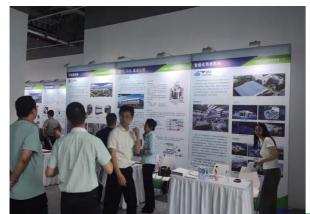






The Group encourages its industrial divisions and subsidiaries to establish energy management platforms to enhance online monitoring and statistical analysis functions for energy consumption. In daily operations, the Company strengthens equipment management, strictly controls energy consumption standards for new equipment introductions, assigns personnel to oversee high-energy-consuming equipment, actively promotes energy-saving renovations, and ensures efficient insulation of various pipelines such as steam and refrigeration to reduce energy losses. During the reporting period, through a series of energy-saving measures such as implementing the energy-saving equipment upgrade project, we achieved an energy savings of 101.95 tonnes of standard coal equivalent in 2024.

To continuously enhance the energy management practices of the Company, we actively participate in various energy-saving learning and exchange activities, such as energy-saving equipment and technology seminars, as well as training on the "dual carbon" policy.





Participate in Energy-saving Equipment and Energy-saving Technology Exchange Meetings, as well as Training on "Dual Carbon" Policies

In 2025, we will strengthen energy management by conducting self-inspections on energy management through addressing the natural gas calorific value detection proposed in the external audit, enhancing the verification of internal measuring instruments, and promoting the application of renewable energy technologies. We will increase the implementation of energy-saving lamps and update equipment such as high-efficiency air compressors, refrigeration machines, and transformers. Additionally, we will conduct research and investigations on cutting-edge technologies like integrated energy-saving management systems to further improve energy efficiency and achieve the energy management goal of reducing energy consumption by 50 tonnes of standard coal equivalent.

In water resources management, we require all industrial divisions and subsidiaries to submit the "Tianjin Industrial Enterprises Energy and Water Consumption Regular Report" monthly as stipulated. Simultaneously, we enhance equipment inspection to eliminate any leaks. The Group actively promotes the measures of using water multiple times and reusing water, and strongly advocates the recycling of production water as well as the recovery and reuse of steam condensate water, effectively improving the utilization efficiency of water resources. We will further increase the collection and reuse of condensate water and reclaimed water, and reduce the direct discharge of wastewater, so as to achieve the goal of improving the rational use of water.

To enhance resource efficiency, we actively explore circular economy practices. In terms of pharmaceutical residue disposal, we collaborate with specialized third parties to convert the residue into biomass fuel rods through processes such as dehydration and crushing, thereby increasing resource recycling efficiency and providing a new solution for green production. Additionally, we adhere to the green office concept by promoting paperless operations. By advocating for electronic processes and double-sided printing, we have significantly reduced paper consumption.

#### Lean production

To effectively achieve resource conservation, we optimized production processes under the lean production concept to enhance production efficiency, reduce energy consumption, and minimize raw material waste, thereby achieving efficient resource utilization and significant cost reduction. In 2024, by integrating lean thinking, we optimized the processes for key points such as material consumption during the production of key demand varieties, which reduced the loss of packaging materials. By combining market sales volume, product expiration dates, and process conditions, we applied the ECRS (Eliminate, Combine, Rearrange, Simplify) lean tool. This effectively reduced the number of times of workplace cleaning and inspections, saving energy and the consumption of inspection consumables. Furthermore, to foster a culture of all employees learning and engaging in lean practices and to unearth outstanding lean talents, we conducted a lean production knowledge competition themed "Building Excellence through Lean Practices" and a "6S" visual management evaluation activity.

Eliminate >> Combine >> Rearrange >> Simplify





**Lean Production Knowledge Competition** 

In 2024, the No. 6 Chinese Medicine Plant, Darentang Pharmaceutical Factory, and Le Ren Tang Pharmaceutical Factory were successfully selected for Tianjin's initial 2024 list of advanced and foundational smart factories due to their outstanding performance and notable achievements in the field of intelligent manufacturing.

## **Addressing Climate Change**



Climate change has become one of the most severe challenges facing the global community today. We are actively responding to climate change by enhancing internal management. In 2024, we identified climate change-related risks and opportunities. Our disclosure on addressing climate change is still in the early stages, and in the future, we will gradually deepen the disclosure on the issue of "addressing climate change".

#### Governance

The Group has established a sound climate governance framework at the governance level to ensure effective identification, management, and response to climate change-related risks and opportunities.

The Board of Directors, as the highest decision-making body, is responsible for overseeing climate-related risks and opportunities. Under the Board of Directors, there is a Strategic and Sustainable Development Committee tasked with regularly reviewing climate-related matters, annually reviewing sustainable development reports including the issue of "Addressing climate change," and other related issues. The Company has established a Sustainable Development Task Force as the daily liaison body for the Strategic and Sustainable Development Committee, responsible for overseeing the goal setting, strategic implementation, progress towards goals, and management of climate change and other sustainable development-related impacts, risks, and opportunities.







#### Strategy

The Group has identified potential climate-related risks and opportunities, and conducted a comprehensive review of the potential financial impacts.

Risk Types	Specific Risks	Risk Description	Potential Financial Impact
	Extreme weather events such as floods and typhoons.	Extreme weather conditions may lead to damage to production facilities and disruptions in logistics; the Company's upstream is the pharmaceutical raw material cultivation industry, extreme weather may impact the output of medicinal herbs, affecting raw material supply.	Potential risks include equipment loss, decreased production efficiency, business interruption, and increased logistics costs, leading to higher operating expenses.
Physical risk	Sea level rise	Rising sea levels may result in damage to fixed assets and disruptions in the supply chain.	After the damage of fixed assets such as production facilities and warehouses, the Company needs to invest a significant amount of capital in reconstruction, maintenance, and reinforcement, leading to increased capital expenditure. Supply chain disruptions may result in higher supply chain costs.
	Policy and regulatory risks	The government may introduce stricter carbon emission or environmental regulations.	The Company may gradually increase the proportion of clean energy usage, invest in environmental protection facilities, which will lead to certain financial expenditures.
Transition risk	Market risk	The market is witnessing an increasing demand for low-carbon products, leading to a decline in market share for traditional products.	A decrease in market share leads to reduced revenue.
	Technological risk	The Group faces the risk of elimination without the adoption of new environmental technologies.	Increasing research and development investments and phasing out old equipment will raise operating costs.
	Reputational risk	Stakeholders are increasing their demands for enhanced disclosure of sustainability information by the Company.	Damage to corporate reputation can lead to a decline in brand value, impacting business and revenue.

Opportunity Type	Description of Opportunities	Potential Financial Impact
Resource efficiency	Optimize production processes to enhance resource efficiency.	Efficient resource utilization leads to reduced production costs.
Energy sources	Utilize renewable energy sources to innovate low-carbon pharmaceutical technologies.	Reduce energy costs to enhance long-term profitability; Lower production costs to increase market competitiveness.
Products and Services	In extreme climates, there is an increased demand for health products, leading to a rise in product sales volume.	Increasing product sales volume will enhance revenue.
Market	The increasing global recognition of traditional Chinese medicine (TCM) is providing more opportunities for the expansion of the international market.	Market expansion leads to increased revenue.
Resilience	Implement energy-saving measures.	Enhancing climate resilience contributes to achieving stable operations.

#### Risk management

In 2024, we systematically reviewed climate change risks based on our circumstances, conducting a detailed analysis of identified climate risks from both physical risk and transition risk perspectives. Regarding physical risks, careful consideration was given to the potential threats of extreme weather events to the Company's facilities, warehouse logistics, and raw material supply bases. On the transition risk front, a thorough analysis was conducted on the impact of factors such as policy and regulatory adjustments, green technological innovations, and shifts in market demand on the Company's operational model. In the future, we will continue to dynamically identify and assess climate change risks.

In terms of physical risk management, the Group consistently monitors extreme weather events and long-term climate trends, dynamically adjusting production operations and infrastructure to mitigate the adverse impacts of climate change. Currently, the Company is expanding its industry upstream to enhance supply chain resilience through measures such as discretionary early reserves. Regarding transformation risk management, Da Ren Tang proactively responds to factors affecting its business such as policy regulations and market dynamics, preempting potential financial impacts of transformation risks on the Company by optimizing production processes and other measures.

#### Indicators and targets

China has proposed to peak carbon dioxide emissions before 2030 and strive to achieve carbon neutrality by 2060. Da Ren Tang continuously monitors its own greenhouse gas emissions and strives towards this goal within its own scope. In 2024, the Company calculated its greenhouse gas emissions data as follows:

Emission types	Unit	2024
Scope 1 greenhouse gas emissions	Tonnes of CO₂ equivalent	4,228.38
Scope 2 greenhouse gas emissions	Tonnes of CO₂ equivalent	24,689.63
Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes of CO₂ equivalent	28,918.01
Greenhouse gas emission intensity (Scope 1 + Scope 2)	Tonnes of CO₂ equivalent per square meter	0.14







## Uniting with Benevolence and Harmony, and Jointly Build the Future with One Heart

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#### **Key Issues**

Employee Employment and Diversification

**Employee Training and Development** 

Protection of Employee's Rights and Interests

Compensation and Benefits

Occupational Health and Safety

Benchmarking the United Nations Sustainable Development Goals













Da Ren Tang is committed to creating a fair, diverse, and inclusive work environment, focusing on employee health and well-being. Additionally, by offering diverse training and growth opportunities, we motivate employees to progress together with the Company, thereby supporting sustainable development.







### **Employment Management**



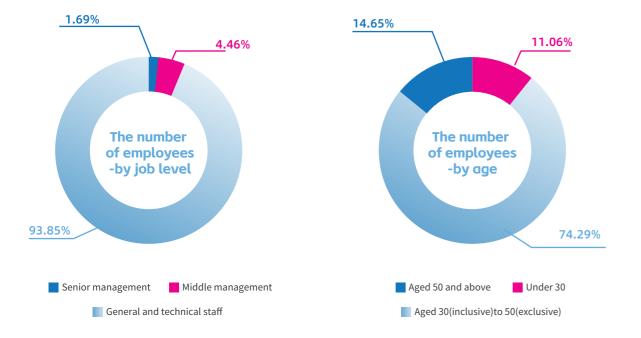
#### Compliance in employment

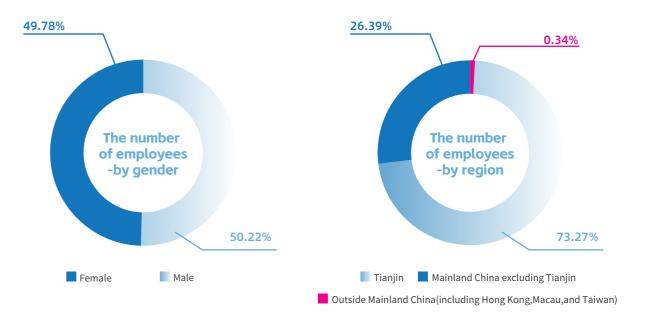
Da Ren Tang strictly adheres to the laws and regulations of the People's Republic of China, such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, by establishing and continuously optimizing a series of human resources management systems related to employee recruitment, departure, compensation, training, and code of conduct, ensuring compliant employment practices and comprehensive protection of employees' legal rights and interests. In 2024, the Company aims to safeguard employee rights by setting compensation standards following national laws and regulations, implementing performance evaluations, and ensuring that employees lawfully enjoy equal pay for equal work, social insurance, housing fund, and maternity leave for female employees. In 2025, the Group continues to uphold the goal of safeguarding employee rights.

Goals for the Fiscal Year 2025	Action Plans
Ensure employee rights	<ul> <li>The Company adheres to national laws and regulations to establish salary stan- dards, implements performance evaluations, and ensures that employees are entitled to equal pay for equal work, social insurance, housing fund, and maternity leave for female employees following the law.</li> </ul>

The Group prioritizes human rights protection, prohibiting the employment of child labor and forced labor. We adhere to principles of equal and diverse employment, ensuring no discrimination based on gender, age, ethnicity, religion, education, etc. During the reporting period, no discrimination, employment of child labor, forced labor, or harassment incidents occurred. We actively create job opportunities through various channels such as employee referrals, campus recruitment, talent markets, online recruitment, and headhunting, selecting talents based on professionalism, personal qualities, and comprehensive assessments to establish a scientifically rational and diverse human resources allocation system.

In 2024, the total number of employees at Da Ren Tang was 3,835. The employee count was categorized based on job level, region, gender, and age factors, as illustrated in the following chart:





#### **Employee retention**

In the current intense talent competition, employee retention is crucial for the sustainable development of enterprises. The Group relies on a well-established human resources management system, dedicated to creating a fair, stable, and attractive work environment for each employee, fostering harmonious employment relationships. The Group is recognized as a model enterprise for harmonious labor relations nationwide. During the reporting period, the Chairman of the Group was honored as an "Advanced Individual in Creating National Harmonious Labor Relations". In 2024, our turnover rate was 4.12%. A total of 141 new employees joined our Company, and the retention rate of new employees was 100%. The rate of retaining employees after their maternity leave expiration was also 100%.

Our turnover rate was 4.12%

A total of 141 new employees joined our Company

The retention rate 100%

The rate of retaining employees after their maternity leave expiration was also 100%

### **Focusing on Employee Development**



#### **Talent development**

Da Ren Tang has always regarded talent development as a crucial driving force for corporate growth, adhering to the "person-job fit" employment philosophy. Guided by corporate and business strategies, the Group is committed to establishing a comprehensive talent training system. In 2024, we achieved our goal of promoting employee development through initiatives such as setting up an employee training system and establishing a dual-track career system for "management and professional" roles. In 2025, we will continue to prioritize promoting employee development, strengthen internal management, and provide employees with opportunities and platforms for growth comprehensively and at multiple levels.







Goals for the Fiscal Year 2024	Performance
Promote employee development.	<ul> <li>In 2024, in pursuit of fostering employee development goals,</li> <li>The Group established an employee training system based on job qualifications. We construct and implement the training and development plan based on the "talent strategy + business strategy";</li> <li>The Company established a dual-track job level system for "management and professional" roles, providing employees with clear, equal, diverse career development paths, and promotion channels;</li> <li>Succession plan was be developed for key position employees;</li> <li>A reward mechanism was put in place to incentivize continuous skill growth, fostering a culture of lifelong learning.</li> </ul>
Goals for the Fiscal Year 2025	Action Plans
Promoting employee development.	<ul> <li>In pursuit of fostering employee development goals,</li> <li>Enhancing the qualification system, establishing key functional qualification standards;</li> <li>Deepening employee training mechanisms, upgrades training systems, strengthens internal trainer teams, expands online learning platform functionalities;</li> <li>Improving succession planning, broadens coverage of key positions, establishes a dynamic assessment mechanism, strengthens cross-departmental job rotations, introduces external expert coaching, and implements various employee development initiatives;</li> <li>Establishing a diversified reward system, cultivates a learning-oriented organizational culture, and enhances employee skills and innovation capabilities.</li> </ul>

The Group has formulated and implemented the "Employee Training Management System of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd.", utilizing the "Training Program Evaluation Form" for training assessment and evaluation, establishing a scientific assessment and evaluation mechanism. We coordinate both online and offline learning channels, providing employees with a comprehensive and rapid pathway for overall growth through multi-level and multi-domain training practices. The Company encourages employees to obtain qualifications and specifies in the "Employee Training Management System of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd." that expenses for training, exams, and continuing education related to obtaining and engaging in job-related professional qualifications will be reimbursed. Additionally, the Company has established the "Internal Trainers Management System of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd." to regulate the management of internal trainers. During the reporting period, updates were made to the "Employee Training Management System of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd.", to adequately meet the increasingly diverse learning needs of employees.

Da Ren Tang established the Tianjin Pharmaceutical Business School Da Ren Tang Branch, based on the "talent strategy + business strategy", to develop a training plan. Leveraging a blended learning model of "sea (interactive, combining exercises), land (offline classroom theoretical teaching), and sky (cloud-based online self-learning)," the Company builds a professional training platform in marketing, production, research and development, quality, and duty for employees. It offers a curriculum system including mid-to-senior-level succession plans, new employee training, and management trainee programs to provide continuous and systematic training courses for employees in various positions to accelerate their growth. Additionally, to facilitate employees' access to diverse learning resources anytime, anywhere, a cloud-based learning platform, Cloud Classroom, has been established.

#### **Training System Framework**



During the reporting period, a series of employee training programs were conducted following the training plan. The key training projects are as follows:

#### **New Employee Training:**

The training program for new employees includes but is not limited to corporate culture, product knowledge, general knowledge training for business lines, quality development training, aiming to help new employees quickly familiarize and adapt to the new environment. The training duration is 4.5 days. The number of person-times of training is 34.

#### **Professional Skills Training:**

**●** Lean Talent Development

Providing comprehensive training in lean theory, lean tools, and standard operating procedures for employees at various levels in industrial enterprises. The person-times of training was

• Standardized Cultivation of Chinese Medicinal Herbs and GAP Base Construction Training

Providing employees related to medicinal herbs, technology, herbal pieces, quality, etc., with information on the current status, policies, regulations, and cultivation of Chinese medicinal resources and herbs in China.

#### **Leadership Training:**

Newly Promoted Cadre Transition Training

Assisting new members of the leadership team in quickly adapting to role transitions through new employee guidance, work and goal planning, mentorship, and transition effectiveness evaluations. The training lasts for 60 days.

Da Ren Tang Internal Trainer Selection Certification and Empowerment Training

Conducting interactive courses such as the 6C Agile Development Workshop and 5A Interactive Teaching Skills to cultivate a team of internal trainers. A total of more than 120 person-times have been trained

 Cross-Department Communication and Team Collaboration Workshop for Production Quality **Key Personnel** 

Enhancing collaborative communication awareness at the organizational level through guided teaching, fostering a holistic view and sensitivity to information from managers to employees.

The training duration is

The number of person-times of training is

The person-times of training was

The training lasts for

A total of more than

person-times have been trained.











nternal Trainer Selection Certification and Empowerment Training





**Newly Promoted Cadre Transition Training** 

#### Case: Lean Talent Development

In order to enhance the Lean talent team's understanding and practical abilities in Lean fundamentals, continuously improve the cultivation of a group of high-quality talents with Lean thinking and a team of instructors, the Group conducted Lean talent, supervisors, and internal trainers training in 2024. This training, themed on Lean management knowledge, was conducted through a combination of online and offline formats.

During the training process, experts and teachers explained the key points of Lean Management work for the year 2024. Through vivid case studies, in-depth theoretical explanations, and interactive practical exercises, they covered an overview of Total Productive Maintenance (TPM), the application of Quality Control (QC) Seven Tools, and the principles of Motion Economy. Additionally, they provided guidance on teaching skills for internal trainers and emphasized essential course



The lean talent team training session has enhanced participants' understanding of the concepts and methods of lean management, facilitating the application of the acquired knowledge and methods into practical work.

#### and Table Training (Case: Gross-department Communication and Team Collaboration Sand Table Training)

In 2024, to enhance synergistic communication awareness, improve inter-departmental communication efficiency, and team collaboration capabilities in alignment with the "Quality Wins the Future" quality year event, we meticulously planned and successfully conducted a cross-departmental communication and team collaboration sand table training activity. The training, centered around sand table simulation, revolved around intense discussions on a rescue scenario 48 hours after an earthquake in a certain city, with detailed planning and implementation. In the intervals between two rounds of sand table exercises and upon completion, the instructor led all participants in a debriefing session.



Following the sand table simulation and debrief, participants engaged in a workshop on "Conflict Management and Communication Strategies" in a war-game format. They role-played scenarios of potential conflicts and communication challenges in the workplace, practicing cooperation, domination, compromise, submission, avoidance, and other communication strategies. Through this exercise, they identified optimal solutions.

In 2024, the person-times of training sessions attended by our employees was 37,172, with a total training duration of 250,717 hours. We will continue to adhere to the human-oriented talent development philosophy emphasizing both moral character and competence and tailor training programs to individual needs. The Group will persist in conducting talent development activities, exploring diverse training formats and content in alignment with strategic requirements, and developing distinctive training initia-

#### In 2024

the person-times of training sessions attended by our employees was

with a total training duration of

#### **Employee promotion**

Da Ren Tang has always adhered to the concept that "talent is the core driving force of corporate development", providing employees with clear, equal, and diverse career development paths and promotion channels. The Company has established a dual-track career system for "management and professional" roles, aiming to fully align with the career development aspirations of employees in different professional sequences. Each employee can excel in their specialized field, becoming an authoritative expert in the industry through solid professional knowledge and outstanding technical innovation capabilities. By demonstrating excellent management skills and strategic vision, they can become managers within the Company, achieving a win-win situation for personal value and corporate development.









### **Creating a Happy Workplace**



#### **Employee compensation and benefits**

Da Ren Tang strictly adheres to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Social Insurance Law of the People's Republic of China, establishing internal compensation and benefits management systems to provide employees with a competitive compensation and benefits system.

To fully motivate employees and enable them to share in the Company's development achievements, we continuously enhance the corporate compensation system and incentive mechanisms, optimize performance management, and cultivate a performance culture based on value contribution. We conduct regular performance evaluations tailored to the nature and category of each employee's position to ensure fair rewards for their contributions. For senior management, we emphasize strengthening accountability by signing performance contracts and actively exploring the establishment of fair, transparent, and scientifically-based performance evaluation criteria and incentive constraints. Management, production, and sales personnel undergo performance evaluations based on their respective positions, including management performance assessment, quantitative output assessment, and sales performance evaluation within the Group.

In terms of welfare benefits, the Group strictly adheres to national laws, regulations, and local policies, actively fulfills corporate responsibilities with a strong sense of duty and mission, accurately and comprehensively provides all employees with the five social insurances and one housing fund, statutory holidays, paid leave, and other statutory benefits to ensure that every employee enjoys their rightful entitlements. Additionally, we conduct regular employee health check-ups, distribute traditional festival gifts, provide birthday cake vouchers, offer movie tickets, and other benefits to make employees always feel the care of the Company.

#### (The Case: Employee Collective Birthday Celebration)

In 2024, the Modern Traditional Chinese Medicine Industrial Park held a collective birthday party for employees in December, presenting birthday wishes and exquisite gifts to the staff.





#### **Employee care**

Da Ren Tang has always adhered to the concept of being "people-oriented", regarding caring for employees as an important cornerstone of the enterprise's development, and is committed to comprehensively enhancing employees' sense of happiness and belonging. The Company has established a labor union organization, fully leveraging its role as a bridge and link to promote the welfare of employees.

In terms of safeguarding rights and interests, the labor union completed the election of new members in 2024 and successfully held the first congress of members, providing strong organizational support for the protection of employees' rights and interests. Additionally, the labor union actively conducts employee satisfaction surveys, collects employee opinions and suggestions, and through forums and daily communication, has built an efficient and smooth communication bridge between employees and the Company.

The labor union has established an employee care mechanism, formulated the "Management Measures for Assisting Difficult Employees of Da Ren Tang", established files for employees facing difficulties, implemented dynamic management, and provided precise assistance. In 2024, we provided assistance to over 300 person-times of employees in need, with a total assistance investment of 750,000 yuan.

#### In 2024

we provided assistance to over

person-times of employees in need

with a total assistance

## desa: "BuildingaBridgeof Connection, Warmingthe Hearts of Employees" Assistance and

In 2024, under the guidance of the core values of "Love, Quality, and Empowerment", the Party Committee and Labor Union of the Modern Traditional Chinese Medicine Industrial Park actively explored in areas such as service and caring for employees. They persistently carried out various forms of condolences such as visiting sick employees, offering condolences to bereaved family members, providing daily condolences for events like retirement, marriage, and childbirth, as well as holiday greetings, summer cooling initiatives, support for exam candidates, and autumn assistance for education. Through face-to-face, heartfelt, and practical actions, they boosted the confidence of the employees, making the assistance and condolence work more precise and warmer. This approach motivated the employees to draw strength for resolute progress, thus contributing to the high-quality and high-speed development of the enterprise.



**Union Home Visits to Comfort** 

**Summer Cooling Initiatives** 



Support for Exam Candidates



**Mid-AutumnAutumn Festival Greetings** 

In terms of cultural development, the Group focuses on employees' leisure activities. The Company's labor union has established an employee art troupe and allocated activity subsidies to the labor unions of Da Ren Tang's affiliated enterprises to support staff in engaging in cultural and sports activities. Currently, labor unions at all levels have set up six major clubs including calligraphy and painting, hosting, photography, soccer, badminton, and table tennis. In 2024, the labor union took the lead in organizing a series of cultural and sports activities to enrich employees' lives and foster team spirit.







#### Case: Organizing Employees to Participate in the 1st Trianfin Municipal Workers' Sports Meeting

In 2024, the Group organized 37 employees to participate in a sports event, engaging in various activities such as basketball, table tennis, chess, and swimming. The employees achieved outstanding results in events like high jump and shot put, showcasing their spirit of perseverance and the Company's positive image.

ın 2024

the Group organized

**37** 

employees to participate in a sports event





**Table Tennis Competition** 



**Chinese Chess Competition** 



**Shot Put Competition** 



#### (The Case: Hosting the Second Annual Employee Tag-of-War Competition

In 2024, the Group hosted the second edition of the Employee Tug-of-War Competition, aiming to enhance team morale and unity through sportsmanship, effort, and cooperation, thereby fostering collective strength among employees. Subsequently, awards were presented to the outstanding teams post-competition.





## **Building a Safety Barrier Together**



#### Occupational health

Da Ren Tang Group places high importance on employees' occupational health and safety. Following the laws and regulations such as the *Occupational Disease Prevention and Control Law of the People's Republic of China* and the requirements of the ISO 45001 Occupational Health and Safety Management System standard, the Company has formulated internal management documents such as the "Special Operations Personnel Management System", "Occupational Health Management System", and "Labor Protection Articles Management System". The Group continuously improves the internal occupational health and safety management system to effectively safeguard employees' occupational health and safety. The Group consistently promotes the certification of the occupational health and safety management system. As of the end of the reporting period, Darentang Pharmaceutical Factory, Jingwanhong Pharmaceutical, NewScen Coast, and the No. 6 Chinese Medicine Plant have obtained the ISO 45001:2018 Occupational Health and Safety Management System certification.









The Group is committed to providing a safe and comfortable working environment for all employees. We have established an enterprise safety risk classification and control, as well as a hidden danger investigation and governance manual, along with mechanisms for safety risk classification and control, and hidden danger investigation and governance. In 2024, the Group conducted over 500 safety hazard investigations, identified more than 1000 hazards, achieved full closure of hazard rectifications, ensuring a 100% rectification rate. Furthermore, adhering to the principle of "life first, safety foremost," the Group provides occupational health examinations for all employees and conducts occupational health check activities. During the reporting period, the labor union, together with its partners such as the labor union of Meda Technology and the labor union of Tianjin Puri Eye Hospital, jointly held a free fundus screening activity titled "One Fundus Photo, Early Detection of Diseases". Approximately more than 140 employees received meticulous examination services from the expert team and obtained personalized health advice.

#### Safe production

Da Ren Tang strictly adheres to laws and regulations such as the *People's Republic of China Production Safety Law* and the *Tianjin Municipality Production Safety Regulations*, continuously improving its safety management system. The Company has formulated and implemented various internal management documents, including the "Production Safety Propaganda Education and Training System", "System for the Investigation, Rectification and Management of Potential Hazards in Production Safety Accidents", "Safety Risk Grade Control System", "Emergency Rescue Management System", and "Comprehensive Emergency Plan for Safety Incidents". These documents cover various aspects of production and operation activities, ensuring that all safety management activities are legally compliant and systematically implemented to effectively safeguard the safety and stability of production operations.

The Company consistently upholds a safety red line and bottom-line awareness, establishing the "Safety Production Responsibility System" and "Safety Production Reward and Punishment System" to comprehensively implement safety production responsibilities.







During the reporting period, all subsidiary enterprises have enhanced the "Accident Hazard Reporting and Reward System" in accordance with the Tianjin Safety Production Regulations, and revised and improved relevant systems such as the "Safety Production Responsibility System" and "Stakeholder Management System" based on the actual circumstances of the enterprises. We clear safety production responsibilities for leaders at all levels, departments, and positions have been defined to ensure the implementation of safety production responsibilities by every employee. In 2024, Da Ren Tang Group and its subsidiaries signed "production safety target responsibility agreements", cascading safety responsibilities at all levels. During the reporting period, Jingwanhong Pharmaceutical successfully achieved the Tianjin Municipality Hazardous Chemical Industry's "Level Two Standardized Safety Production Enterprise" certification.

The Company implements safety risk management by establishing a dual-supervision safety production supervision system of "internal and external" oversight, along with a comprehensive safety emergency management system. Internal supervision is primarily conducted by the safety management department and personnel through regular safety inspections, hidden danger investigations, etc., to ensure the smooth progress of the Company's safety production work. External supervision mainly originates from government regulatory departments and industry associations, by undergoing inspections and guidance from government regulatory departments, participating in safety production activities organized by relevant associations, continuously enhancing their own safety production management level. To promptly and effectively respond to safety accidents, Da Ren Tang and its subsidiaries have formulated comprehensive emergency response plans for production safety accidents, special emergency plans, on-site disposal plans in accordance with legal requirements and their own practical situations. Each year, they develop emergency drill plans for each respective enterprise and, based on the accident risk characteristics of the enterprise, organize at least one comprehensive emergency drill or special emergency drill annually, and conduct on-site disposal plan drills at least once every six months. During the reporting period, we conducted over 150 safety emergency drills involving more than 3,000 participants.

#### **During the** reporting period

we conducted over

involving more than

#### Case: Conducting Emergency Drill Activities

In 2024, Darentang Pharmaceutical Factory conducted two emergency evacuation drills in the Modern Traditional Chinese Medicine Industrial Park, with approximately 190 participants each time. Zhongxin Pharmaceutical Plant carried out an emergency response drill for ethanol over-temperature and over-pressure leakage in the extraction workshop, simulating a large-scale hot ethanol spray. In a highly urgent situation on-site, the emergency response plan was promptly initiated, achieving the expected objectives for both emergency drills. By conducting safety emergency drills, the Group enhanced employees' emergency response capabilities.





The Group places great emphasis on enhancing employee safety awareness and operational skills through various means such as organizational safety training, distribution of promotional materials, and hosting safety knowledge competitions to promote a safety culture and personnel development. In 2024, the coverage rate of employee safety training reached 100%.

the coverage rate of employee safety training reached

#### Types of safety training mainly including:

- Training for key personnel and safety management staff;
- Specialized operation and specialized equipment operation personel safety training;
- Safety training for new employees;
- Transfer and departure safety training;
- "Four New" safety training;

- Safety education based on lessons learned from accidents;
- Equipment maintenance, hazardous operation safety education and training:
- Safety education and training for all employees;
- Routine safety education includes specialized training on issues such as electrical safety, legal regulations, and other relevant subjects.

#### The No. 6 Chinese Medidne Plant Organizes Safety Practical Training

In 2024, the No. 6 Chinese Medicine Plant organized a safety practical training session utilizing an integrated approach of theory and practice. The training involved frontline key personnel such as team leaders and EHS specialists to undergo practical training at the safety operation base. The training encompassed a comprehensive experience of work-related risk operations through visual observation, auditory learning, and hands-on practice, combining theory with practical application. By providing situational experiences and actual safety skill training, the aim was to enhance employees' safety awareness, risk perception, and hazard identification capabilities, ultimately improving overall safety skills.



Practical Training at the No. 6 Chinese Medicine Plant



#### (T) Cases Organizing "Safety Production Month" Activity

In 2024, the Group organized activities related to "Safety Production Month," including in-depth promotion of General Secretary Xi linping's important discourse on safety production, ensuring unimpeded "life passage," safety promotion, and educational training. The activities also involved conducting and recording short videos of emergency drills for safety production, organizing events such as "Listen to the Safety Instructions of Loved Ones," "All Staff Draw an Evacuation Map," and "Safety Around Me" fun sports competitions. These initiatives aimed to enhance employees' independent safety thinking abilities, effectively improve the safety awareness and emergency evacuation capabilities of all staff members.



In 2024, Da Ren Tang achieved its safety production goal by enhancing the systematization of safety management, intensifying talent development efforts, and promoting a safety culture, thereby avoiding any significant safety incidents.

#### In 2025, the Company will implement the following safety production objectives:

- The Company aims for 0 production safety incidents;
- Reduce minor accidents and lost workdays due to work-related injuries;
- 0 occurrences of delayed reporting, underreporting, false reporting, or concealment of safety incidents;
- There were 0 instances of major production safety hazards and concealment of significant risks in the Group;
- 0 instances of illegal production, unauthorized subcontracting, rough construction, and habitual violations;
- Conduct risk identification and assessment diligently, ensuring that risk control measures are fully implemented at 100% compliance;
- Conduct safety training actively, achieving a personnel safety training coverage rate of 100%.
- The Group is advancing the establishment of safety standardization and the mechanism of "safety risk classification management and hidden danger investigation and governance (dual control)". Industrial enterprises have initiated the declaration of pharmaceutical safety standardization, with a 100% coverage rate for the "dual control" construction of all enterprises.







## Manufacturing with a Benevolent Heart and Adhere to Responsibility and Quality

**Product Quality and Safety** 

51

64

Supplier and Procurement Management 59

Research and Development Innovation 60

Data Security and Privacy Protection

#### **Key Issues**

Product Quality and Safety

Supply Chain Management

Research and Innovation

**Customer Service** 

Data Security and Privacy Protection

Benchmarking the United Nations Sustainable Development Goals









Quality is the lifeline of an enterprise. The Group implements product responsibility by continuously enhancing its quality management system, ensuring product safety, and providing customers with responsible products and services. Simultaneously, we synchronize with the development of the times, placing high importance on technological innovation and data security, strengthening internal management and practices to drive high-quality development of the enterprise.







### **Product Quality and Safety**



#### **Quality management**

#### Quality management system

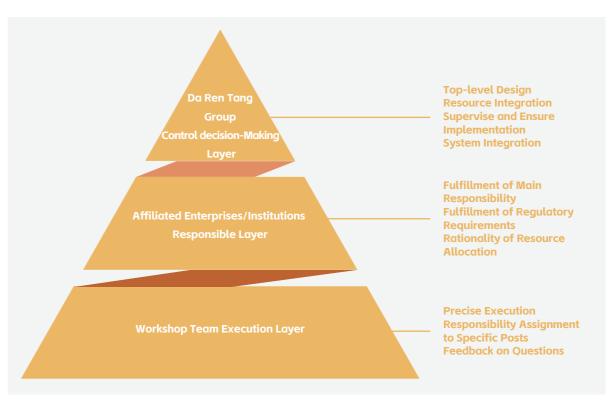
Da Ren Tang prioritizes "serving public health" and adheres to the principle of "strengthening the enterprise through quality, strengthening the enterprise with products and strengthening the nation through the enterprise". The Company strictly complies with the *Drug Administration Law of the People's Republic of China, domestic/international GMP, PIC/S,* and other legal requirements, follows the "Chinese Pharmacopoeia", "British Pharmacopoeia", and other standards. We have established a unified group quality management system that covers all aspects of operation, manages the entire industrial chain, and encompasses the full product life cycle, ensuring the provision of safe and reliable products to consumers. The Group reviewed the achievement of the 2024 product quality and safety goals and proposed the objectives for 2025. In 2024, the focus was on quality management, achieving the goals of "zero incidents of non-compliant product labeling and zero incidents of product safety non-compliance".

#### Quality policy and quality management philosophy:

- Serving the public health is our primary mission;
- Consistent high-quality products and stringent quality control;
- The latest technology;
- The Group collaborates closely with suppliers, customers, government agencies, and research institutions to maintain progress;
- Strict adherence to international GMP, domestic GMP, and pharmaceutical regulatory requirements;
- Respect for employees;
- Emphasizing environmental protection.

Product Quality and Safety Goals			
Goals for the Fiscal Year 2025	Action Plans		
"Customer-centric Approach" to meet the New Era of patient drug consumption needs	<ul> <li>Enhancing product quality and after-sales service capabilities</li> <li>Advancing the implementation of "age-friendly electronic manuals" for products on the market</li> <li>Promoting the adoption of "end-to-end quality traceability" for products on the market.</li> </ul>		
Establishing a robust international sales quality assurance system	<ul> <li>Through certifications from the Australian         Therapeutic Goods Administration (TGA), Halal certification, and the European Union's Conformité Européenne (CE) certification     </li> <li>Conducting international product registrations</li> </ul>		
Optimize product processes, and enhance product standards or safety information to improve product market competitiveness	<ul> <li>Enhance product stability research to extend shelf life</li> <li>Strengthen project management for improving product process quality, optimizing processes, and enhance product quality</li> <li>Scientifically revise safety information in product manuals to ensure public drug safety</li> </ul>		

The Group has established a "Three-tier Quality Management System" to achieve full-process quality coverage through a scientifically rigorous management framework. The system consists of the "First-tier" Da Ren Tang Group control decision-making layer, responsible for top-level design, resource integration, ensuring implementation, and system connectivity; the "Second-tier" affiliated enterprises/institutions responsible layer, accountable for implementing responsibilities, ensuring rational resource allocation, and compliance with regulatory requirements; and the "Third-tier" workshop team execution layer, ensuring precise execution, accountability, and feedback on issues. This system framework enables efficient coordination among decision-making, management, and execution, serving as the core pillar of our quality management efforts.



The Group has established a comprehensive quality management system covering the entire pharmaceutical industry chain, including GAP/GMP/GSP/GVP, to ensure compliance throughout the drug lifecycle. In 2024, in conjunction with the construction of the "Three-tier Quality Management System", the Group conducted a redesign of the unified quality management process, developing 45 new quality management systems at the Group level throughout the year. Representative systems include:



- Quality Management Incentives and Assessment System: Following industry regulations and the work requirements of Da Ren Tang Group, this system standardizes the production and operation activities of enterprises within the Group, supervises the implementation of corporate responsibilities, ensures the effective operation and continuous improvement of the quality system, and mitigates quality risks.
- GAP Base Quality Management System: Implements national GAP policies, integrates with Da Ren Tang to enhance GAP base variety construction and product quality traceability requirements, standardizes the Group's quality management requirements, and fulfills corporate social responsibility".
- Quality Management Standards for Outsourced Production, OEM, and ODM Production of Health Products: In line with the operational format of the Group, establish group-level quality management requirements for health products, standardize the admission of entrusted production enterprises, ensure compliance in the production, quality, and operation of health products, and maintain controllable risks.









The Group has concurrently established and improved domestic and international quality assurance systems. As of the end of the reporting period, the quality management system certifications obtained include:

Da Ren Tang Group is certified by the TGA in Australia;

The 5 pharmaceutical manufacturing enterprises of the Group (Long Shun Rong Pharmaceutical Factory). Darentang Pharmaceutical Factory, Le Ren Tang Pharmaceutical Factory, No. 6 Chinese Medicine Plant, and Jingwanhong Pharmaceutical) have obtained HALAL international certification from "The Central Islamic Council of Thailand" for 18 products.

Le Ren Tang Pharmaceutical Factory is certified by the Japan PMDA.

NewScen Coast obtained the German ISO9001 Quality Management System certification, ISO13485 Medical Device Quality Management System certification, and 6 products obtained EU certification and obtained CE certificates.

The Group's 4 manufacturing enterprises (Darentang Pharmaceutical Factory, Long Shun Rong Pharmaceutical Facto-

Da Ren Tang Group's testing center is CNAS-certified.

ry , Le Ren Tang Pharmaceutical Factory , No. 6 Chinese Medicine Plant) have obtained certification for their measurement management systems (ISO10012).

During the reporting period, we underwent inspections from domestic and foreign regulatory authorities and conducted internal quality audits with distinctive features within the Group. In each inspection, we drew lessons from them, continuously improved, and consistently enhanced the quality management level.

● The Chuanxiong GAP Base of the Suxiao Jiuxin Wan passed the GAP extension inspection by the Tianjin Food and Drug Administration, making the Suxiao Jiuxin Wan the first traditional Chinese medicine oral solid preparation in Tianjin to meet the "medicinal materials meeting GAP requirements."

The industrial enterprises under the Group have undergone a total of 37 Good Manufacturing Practice (GMP) inspections conducted by the Tianjin Municipal Drug Administration, all of which yielded satisfactory results. All 8 pharmaceutical manufacturing enterprises under the Company have passed the drug GMP compliance inspections

5 production enterprises within the Group have obtained HALAL international certification from "The Central Islamic Council of Thailand" for 18 products.

• We hire professional third - party companies to conduct full - industry - chain inspections of key production enterprises, covering individual varieties and entrusted production varieties

We engaged an industry PIC/S expert to conduct international PIC/S regulatory compliance on-site mock inspections for the 3 manufacturing enterprises and 4 dosage forms under the Group.

• We have engaged a professional third-party firm to conduct pharmacovigilance compliance audits on the 7 MAH enterprises within the Group.

undergone a total of inspections

enterprises have passed the drug GMP compliance inspections

production enterprises within the Group have obtained HALAL international certification

from "The Central Islamic Council of Thailand" for products

conduct international PIC/S regulatory compliance on-site mock inspections for the manufacturing dosage forms under the Group

conduct pharmacovigilance compliance audits on the

MAH enterprises within the Group

#### Cultivation of quality culture

Da Ren Tang Group places great emphasis on quality culture development. Through shaping and promoting a quality culture, the Group aims to enhance all employees' quality awareness and achieve consensus on work standards. In 2024, the Group is focusing on strengthening the foundation of quality through quality management. The Company not only ensures the compliance of the quality system but also actively participates in industry association quality activities and interacts with them. Additionally, the Group organizes various quality-themed activities to cultivate a quality culture atmosphere, foster a comprehensive quality management concept among all employees, and promote and build a quality brand within the industry.

## h Casa: Quality Month Saria: Activities with the Theme of "Enhanding Enterprise through Branding"

In 2024, our organization carried out a series of Quality Month activities themed "Enhancing Enterprise through Branding and Emphasizing Quality", aiming to comprehensively elevate the quality management level of the Group through diverse activities. The activities include a themed speech contest on "Laying a Solid Foundation for Quality", a passionate debate competition, and a testing technology competition. The themed speech contest on "Laying a Solid Foundation for Quality" promotes the communication and sharing of quality management by integrating corporate culture and listening to employees' ideas, and stimulates the enthusiasm and initiative of all employees in participating in quality improvement. The passionate debate competition fully stimulates employees' concepts of quality management, strengthens quality awareness, and creates a strong quality - oriented cultural atmosphere. The testing technology competition, with the spirit of striving for perfection, enhances the professional skills of QC personnel, discovers outstanding talents, builds a business exchange platform, and promotes accurate testing and capacity enhancement. These activities have laid a solid foundation for the continuous improvement of the quality management level.





Testing Technology Competition

#### industry Exchanges to Enhance the Brand Influence of the Enterprise -

In 2024, the Quality Management Department of Da Ren Tang Group led representatives from its seven affiliated enterprises to participate in the 45th National Quality Management (QC) Team Achievements Presentation and Exchange Meeting of the Pharmaceutical Industry in China, and utilized this platform to publicize the "enterprise brand" and "enterprise qualitv culture".



#### '=\ Case: Conducting "Quality Theme Meeting"

The Group organizes a "Thematic Quality Regular Meeting" every month, which is attended by the Group's senior management, senior management of its affiliated enterprises, and production and quality professionals. This creates a quality communication platform for the Group's production supply chain. Through this platform, effective communication, coordination, and implementation are carried out for existing problems, with continuous improvement efforts made to ensure that products are supplied to the market in both guaranteed quantity and quality.









We focus on identifying and learning industry regulations and then transform them into internal corporate management documents and training programs to enhance employees' quality awareness, ensuring continuous improvement in quality and compliant operations of the Group. During the reporting period, the main training activities conducted are as follows:

- The Group organizes training sessions for senior executives and quality technical professionals of the Company to study ICH guide-lines and PIC/S regulations and conducts a series of training activities on quality case alerts;
- To cultivate an outstanding team of "Chief Quality Officers," the Group organized seven senior quality management personnel to participate in the national Chief Quality Officer competency verification training. They obtained the "Chief Quality Officer" certificate issued by the Certification and Accreditation Technical Research Center of the State Administration for Market Regulation;
- Twelve technical core members of the Group have obtained the "Senior Diagnostician" certificate registered by the China Association for Quality Management in Healthcare.

#### In 2024, the Group received the following quality-related awards:

- The Group has been awarded the "Quality Star Nomination Award" in the national pharmaceutical industry, while the personnel of the Quality Management Department has received the "Quality Star Individual Award";
- The No. 6 Chinese Medicine Plant was awarded the national "Quality Star Enterprise" in the pharmaceutical industry;
- The quality improvement projects "Research on Enhancing Quality Standards of Hua Shan Ginseng Extract" and "Increasing the yield of volatile oil extracted from Perilla Leaf Oil" received the 2024 "Tianjin City Quality Improvement Excellence Award" for Da Ren Tang:
- In 2024, at The 45th National Quality Management (QC) Team Achievements Presentation and Exchange Meeting of the Pharmaceutical Industry in China, the achievements of the activities of 17 QC teams of the Group have won the "First Prize". Tianjin Da Ren Tang Pharmaceutical Group has been awarded the "Excellent Enterprise" award. The 5 leaders within the Group have respectively won the honorary titles of "Outstanding Leader", "Outstanding Organizer", "Outstanding Quality Supervisor" and "Outstanding Quality Department Head".
- Zhongxin Pharmaceutical Plant received the "Excellent Organization Award" at the 9th "Taida Cup" professional skills competition in 2024.

#### O Quality risk management

The Group places a high emphasis on quality risk management, conducting proactive or retrospective quality risk assessments from various dimensions such as comprehensive element control and whole-process management. The effective preventive or corrective measures are implemented to minimize product quality risks to the greatest extent. Following the risk management principles of ICH Q9, the Company has established the "Quality Risk Management Procedures" and the "Quality Risk Alert Management System", regularly collecting risk alert information.

#### In 2024, to prevent and reduce quality risks, the Group organized the following key activities:

- Guided by industry policies and oriented towards existing problems, we have launched projects through the establishment of research projects on process quality improvement, sorted out and solved dozens of problems. As a result, we have achieved the good effects of improving quality and efficiency, defusing risks, and boosting the brand.
- The Group actively organized and conducted unified external quality on-site audits. Throughout the year, 12 audits were completed on the premises of traditional Chinese medicine raw material suppliers, 2 audits were conducted at drug contract manufacturing enterprises, and 37 audits were carried out at health products contract manufacturing enterprises.

#### Product quality innovation management

In recent years, the state has continuously introduced policies related to the innovative development of traditional Chinese medicine. The Group has been proactive in striving for excellence, adopting a market-oriented approach to meet the new medication needs of patients. In collaboration with the Tianjin Food and Drug Administration, we have innovatively established the industry-leading "Full Traceability of Traditional Chinese Medicine Quality" scientific supervision project. This project has achieved full-process quality traceability, from the cultivation, harvesting, and primary processing of medicinal herbs to the production, inspection, release of drugs, collection of adverse drug reactions (ADRs), and interaction with drug users.

By scanning the QR code/mini-program on the packaging of commercially available drugs, patients can experience six new functions:

- Full traceability of drug quality: Enables quality traceability queries throughout the entire process from medicinal material cultivation to drug production and market launch.
- Medication electronic instructions: Click to view the electronic instructions for geriatric use.
- Company Information: Stay informed about corporate news and engage in interactive communication with the Company.
- 04 Survey: Feedback on medication usage and customer needs.
- Adverse event collection: The Marketing Authorization Holder is expanding proactive adverse reaction collection channels.
- Purchasing Channels: Consumers can navigate to hospitals or pharmacies within a 1km radius, or opt to purchase medications through reputable e-commerce platforms.

Currently, the new packaging materials (with QR codes) for the Group's key product "Qinggong Shoutao Wan" have been "recorded" at the Tianjin Food and Drug Administration, and the product has been launched in the market. The post-launch pharmaceuticals can ensure that patients have access to clear, reliable high-quality medications, along with a range of convenient intelligent services, meeting the new medication needs of patients in the intelligent era.









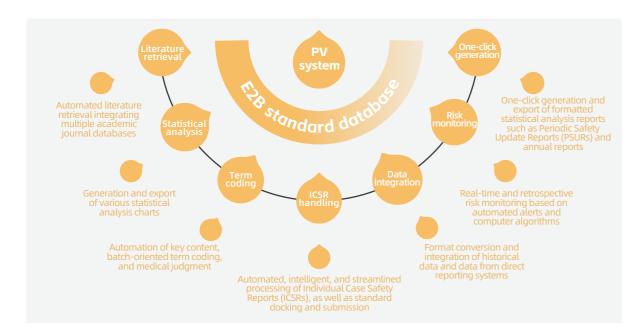




#### Drug safety management

Drug vigilance and drug recall are indispensable components of the drug safety assurance system. To ensure the quality and safety throughout the product lifecycle, the Group has established a scientifically rigorous and comprehensive management mechanism to safeguard drug safety comprehensively and ensure public medication safety.

Drug vigilance serves as a "warning radar" in the field of drug safety. Da Ren Tang monitors information on adverse drug reactions through drug vigilance management, aiming to prevent the spread of drug safety issues from the source and ensure the medication safety of every patient. The Company fully implements national requirements such as the Quality Management Specification for Drug Vigilance, fulfilling drug vigilance responsibilities throughout the entire drug lifecycle. To enhance the standardization and efficiency of drug vigilance activities, we have uniformly deployed the PV information system online, achieving integrated management of drug vigilance within the Group.



To regulate the pharmaceutical market and industry development and ensure medication safety, the National Medical Products Administration has strengthened the safety information requirements for Traditional Chinese Medicine product instructions in the Special Regulations on Traditional Chinese Medicine Registration Management. Da Ren Tang actively assumes the responsibility as the Marketing Authorization Holder (MAH) of pharmaceuticals. In accordance with regulatory requirements, the Company has scientifically improved the "Contraindications", "Adverse Reactions", and "Precautions" sections of product instructions. The Group has completed the revision of safety information in 58 product instructions and submitted them to the Center for Drug Evaluation of the National Medical Products Administration. As of the end of the Reporting period, 45 products have been approved.

The drug recall mechanism is a crucial component in ensuring product safety. In accordance with the Good Manufacturing Practice for Pharmaceuticals (2010 Revision) and the Drug Recall Management Measures, we have established the "Drug Recall Management System", outlining the drug recall process. We have defined clear drug recall assessment principles and classification criteria. A multidisciplinary team conducts analysis and evaluation based on investigations of product safety hazards to make recall decisions. Depending on the recall level, we notify relevant entities to cease sales and usage through predetermined communication channels and simultaneously report to the drug regulatory authority. In 2024, the Company had no drug recall incidents.

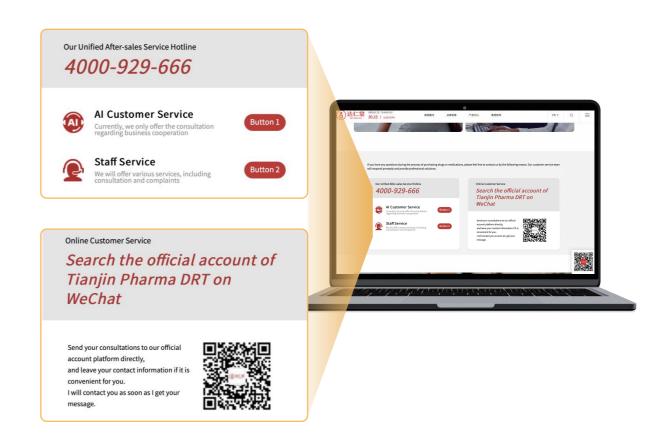
#### **Drug Recall Process**



Da Ren Tang has always placed customer service at a pivotal position in corporate development, upholding a "customer-first" service philosophy. The Company has established a comprehensive customer service management system to ensure customers receive timely, professional, and considerate service at every stage, including consultation, purchase, and after-sales, thereby enhancing customer satisfaction. In 2024, we were honored to be listed on the Tianjin Consumer Trusted Companies ranking.

The Group has established a centralized professional customer service center, responsible for providing comprehensive after-sales services for the pharmaceutical production and operation enterprises under the Group. The customer service team consists of professional, friendly, fully licensed pharmacists with extensive experience, dedicated to delivering the highest level of customer service. To standardize the management of after-sales services, the Company has developed the "After-Sales Service Management System" and the "Quality Complaint Management System", which regulate the entire process of after-sales information management from reception, assessment, handling, to response, specifying the processing requirements at each stage. This ensures timely responses and resolutions to after-sales issues, while enabling comprehensive traceability and continuous improvement of after-sales service prob-

On the official website of Da Ren Tang, we have established a customer service section to provide customers with comprehensive information channels for convenient communication. If customers have any inquiries during the purchasing or medication process, they can provide feedback through the contact information in the customer service section. The customer service team will respond promptly and offer professional solutions. We have launched a "Digital Customer Service System" integrating functions such as post-sales call answering, cross-enterprise work order transfer, and AI chatbot responses. This system achieves comprehensive, intelligent, and convenient post-sales service, ensuring timely and effective responses to customer needs.



The Group places great emphasis on handling quality complaints. Two management approaches are implemented for quality complaints. Firstly, quantifying management, which analyzes and identifies products with the highest concentration of complaints based on two core dimensions (quantity of quality complaints and quality complaint rate), focusing on urging the Company to address quality complaints. Secondly, addressing confirmed quality defects through project initiation and resolution to prevent recurring quality complaints.







## Supplier and Procurement Management



#### **Procurement management**

Da Ren Tang places high importance on the procurement management of Chinese medicinal materials, adhering to the principles of transparent and compliant procurement. The Company utilizes the Tianjin Pharmaceutical Group's digital procurement platform (SRM) and enterprise public procurement information platform for procurement activities. A specialized entity is established to implement centralized procurement, strictly enforcing procurement management systems to ensure the high quality and stability of medicinal materials supply. By formulating the "Tianjin Pharmaceutical Da Ren Tang Base Variety Chinese Medicinal Materials Procurement Implementation Rules", the procurement of base variety Chinese medicinal materials is regulated to ensure transparency and quality control in the procurement process. The implementation of the "Tianjin Pharmaceutical Da Ren Tang Chinese Medicinal Materials Centralized Procurement Management System" focuses on centralized management and procurement of Chinese medicinal materials required for industrial production, Traditional Chinese Medicine Decoction Pieces raw materials, and strategic reserve varieties. The Medicinal Materials Resource Center, as the primary department responsible for centralized procurement, manages the entire process from demand research to procurement planning, price review, supplier selection, and formulates annual, quarterly, and monthly procurement plans based on departmental needs, which are then distributed for execution after hierarchical review. In 2024, Da Ren Tang Group conducted comprehensive integrity training for all procurement personnel, emphasizing adherence to integrity standards outlined in the "Regulations on the Management of Clean and Honest Employment of Tianjin Pharmaceuticals Da Ren Tang Group", promoting ethical conduct among procurement staff.

The Group vigorously promotes the centralized online procurement of "non-production materials" within the system. By introducing digitalization and standardization concepts, the synchronized launch of intelligent mini-warehouses and an online VIP platform has been achieved. This has successfully established an innovative management model of "Internet + Internet of Things," effectively improving the efficiency of non-production material procurement, streamlining approval processes, and reducing procurement costs.

#### Supplier management

Da Ren Tang is committed to building a high-quality supplier team and has established a comprehensive supplier management system. The Company has developed internal normative documents such as "Construction of High-Quality Authentic Medicinal Material Bases, Traceability, and Supplier Management System of Tianjin Pharmaceutical Da Ren Tang" and "Qualification Audit Management System for Supply Units". These documents strictly enforce comprehensive management standards for supplier admission, selection of high-quality suppliers, dynamic evaluation, and elimination, aiming to continuously enhance the systematic and standardized management of the supply chain.

The Group has established strict admission criteria for suppliers to ensure they possess qualified production capabilities and sound quality management systems. For suppliers of production materials, the Medicinal Materials Resource Center is primarily responsible for supplier development and admission audits. To control the quality of medicinal materials from the source, the Company has specifically formulated the "Qualification Audit Management System for Supply Units". In the upstream admission process for medicinal material suppliers, a rigorous review of Good Supply Practice (GSP) qualifications is conducted to ensure compliance with the standards. Simultaneously, attention is given to their commercial reputation and operational stability, with suppliers meeting admission requirements being included in the qualified supplier list. Furthermore, to promote the construction of high-quality authentic medicinal herb bases for Da Ren Tang, premium suppliers are selected from the qualified suppliers. These suppliers must possess advantages in operating specific varieties and meet traceability management requirements. Only after approval by the Medicinal Materials Resource Center can they be included in the premium supplier directory. The Company conducts supplier audits for production material suppliers, focusing on enterprise culture education and EHS qualification during the audit process, while also assessing supplier energy management levels and energy conservation and water use.

In 2024, the total number of suppliers for Da Ren Tang was 541. Among them, there were 352 herbal suppliers, with 90 new suppliers added and 20 suppliers eliminated due to non-compliance with internal control standards, ensuring the stability of herbal supply.

In order to continuously optimize the supply chain, the Group attaches great importance to the training and capacity improvement of suppliers. Throughout the year, a total of 1,052 person-times of supplier training have been completed. This included environmental training for 500 person-times and safety training for 552 person-times.

In 2025, we will continue to implement supplier admission, review, elimination processes, and related systems to ensure the stability of raw material procurement quality.

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## Research and Development Innovation



Da Ren Tang is committed to driving the sustainable development of traditional Chinese medicine through technological innovation and product research and development. The Group combines the characteristics of the traditional Chinese medicine industry and market demands, focusing on areas such as large-scale secondary development, innovative drug research, and heritage research and development, thereby forming a systematic innovative research and development management system. We strive to provide safe and effective products for patients through technological innovation, promote the modernization of traditional Chinese medicine globally, safeguard public health, and support the sustainable development of the enterprise.

The Group's innovative research and development management system consists of scientific planning, rigorous regulations, strong research capabilities, and incentive mechanisms. In managing R&D projects, we have established multiple regulatory documents including the "Specialized Management System for Scientific Research", "Specialized Management System for Project Approval of Scientific Research Projects", and "Specialized Management System for the Process of Scientific Research Projects", ensuring that research activities are conducted within an efficient and standardized framework. In accordance with the "Specialized Management System for Scientific Research", we promote comprehensive supervision of project approval, processes, and outcomes through a detailed management process. From project approval to execution and completion, stringent management mechanisms are in place to ensure the successful realization of each innovative outcome, thereby contributing to the development of the Company and the industry.

The Group values the cultivation and motivation of research talents, with a postdoctoral workstation established to provide a broad development platform for high-level researchers. In 2024, the Group adjusted the research organization, with the Technology Center and Traditional Chinese Medicine Research Institute serving as the core R&D execution and management entities. The Technology Center is responsible for research management at Da Ren Tang, implementation of research projects in areas such as the development of new traditional Chinese medicines (Class 2, 3, 4), secondary development of major varieties, and the development of health products. The Traditional Chinese Medicine Research Institute undertakes the implementation of major research projects such as Class 1 new traditional Chinese medicines. The Technology Center and Traditional Chinese Medicine Research Institute have gathered a large number of outstanding talents in the field of traditional Chinese medicine research, with a mature management system and advanced equipment to effectively support the smooth progress of various research projects. Currently, the Company has one national-level enterprise technology center, one enterprise postdoctoral workstation approved by the Ministry of Human Resources, five municipal-level enterprise technology centers, one municipal-level modernization of traditional Chinese medicine technology engineering center, one Tianjin municipal key laboratory for traditional Chinese medicine quality control, and one academician workstation, showcasing strong research capabilities. Furthermore, through collaborations with top domestic and international research institutions such as the University of Milan, the Company aims to enhance its own research and development capabilities, promoting innovation and internationalization of traditional Chinese medicine.

- national-level enterprise technology center
- enterprise postdoctoral workstation approved by the Ministry of Human Resources
- 5 municipal-level enterprise technology centers
- municipal-level modernization of traditional Chinese medicine technology engineering center
- Tianjin municipal key laboratory for traditional Chinese medicine quality control
- academician workstation









In terms of research achievements, Da Ren Tang has continuously made significant breakthroughs. In 2024, the Company solidly advanced its research work around three strategic directions: "strategic product categories," "heritage research and development," and "innovative drug research," achieving remarkable results in several key projects. Our Yifei Qinghua Gao was successfully selected for the "14th Five-Year Plan" national key research and development program's special project on the modernization of traditional Chinese medicine. Qingyan Di Wan obtained a national patent for its antiviral properties against the novel coronavirus. Qinggong Shoutao Wan received an invention patent for its application in preparing self-immunomodulatory drugs. Simultaneously, the clinical research project for Suoxiao Jiuxin Wan in preventing acute high-altitude reactions has been officially launched.

(a) Case: "Viiel Cinchua Cao" Successfully Selected for the "14th Five-Vear Flan" National Key Red Programs Special Project on the Modernization of Traditional Chinese Medicine

On January 20, 2024, the project "Research on Key Technologies and Diagnosis and Treatment Plans for the Integrated Traditional Chinese and Western Medicine Prevention and Treatment of Non - small Cell Lung Cancer" under the "Modernization of Traditional Chinese Medicine" special project of the "14th Five - Year Plan" National Key Research and Development Program was officially launched in Beijing. Yifei Qinghua Gao of Da Ren Tang was successfully selected into this national key research and development program project.

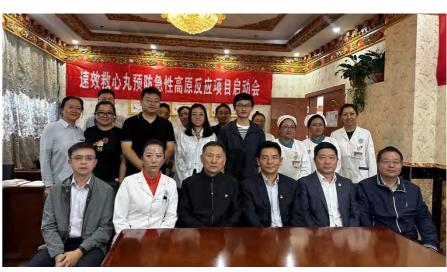




## (a) Caser Clinical Research Project on the Prevention of Acute Mountain Sickness with Outlet-Acting Cardiotonnesis Fills Officially Launched by Da Ren Tang

The Suoxiao Jiuxin Wan is a compound traditional Chinese medicine formulation composed of Chuanxiong and Bingpian. According to traditional Chinese medicine theory, the Suoxiao Jiuxin Wan is believed to have the effects of promoting blood circulation, removing blood stasis, and alleviating pain. Therefore, prophylactic use of the Suoxiao Jiuxin Wan may reduce the risk of developing Acute Mountain Sickness (AMS) following exposure to high altitudes.

On the afternoon of August 15, 2024, the "Study on the Efficacy and Safety of Suxiao Jiuxin Wan in the Prevention of Acute Altitude Reaction: A Randomized, Double - blind, Placebo - controlled Clinical Study" initiated by Peking University First Hospital and with the Tibet Autonomous Region Tibetan Hospital and Peking University First Hospital as the research centers was launched in the conference room of the Tibet Autonomous Region Tibetan Hospital. Da Ren Tang, as the sponsor, jointly participated in the launching meeting. Various attending experts at the scene engaged in communication and discussion on the clinical research protocol, providing precise analysis of the clinical research project.



In addition, the number of new product research and development projects initiated by us has reached a record high. Among the 10 new products initiated for research and development in 2024, there are Class 1 new drugs of traditional Chinese medicine, Class 2 improved new drugs, and traditional Chinese medicine compound preparations based on ancient classic prescriptions, laying a solid foundation for the future expansion of our product line.

As of the end of 2024, the Group's valid patents situation is as follows:

Category	Number
Patent Invention	241
Utility model patent	78
Design patent	93
Trademark	1,116

Our research and innovation achievements have been recognized by external parties. In 2024, we were honored with several awards and support, including the Scientific and Technological Award of the Chinese Association of Traditional Chinese Medicine, the Huatuo Traditional Chinese Medicine Award of the Chinese Association of Traditional Chinese Medicine, the Huaxia Medical Science and Technology Award, and multiple awards from the Tianjin Science and Technology Progress Award. In 2024, we applied for several national and municipal key projects and successfully obtained approval for 9 projects, with a total funding amount of 10.4 million RMB. These projects have made significant progress in clinical application and pharmaceutical research fields, leading to broader collaboration opportunities and research resources for us.

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## To Case: Da Ren Tang Won the First Huatro Traditional Chinese Medicine Award of the Chinese -

On September 9, 2024, the inaugural Chinese Medicine Science and Technology Award Hua Tuo Chinese Medicine Award ceremony was grandly held in Bozhou City, Anhui Province. The Hua Tuo Chinese Medicine Award is an innovative team award established by the Chinese Medicine Association of China with the approval of relevant national authorities. It is specifically awarded to innovative teams that have made significant breakthroughs in basic and applied research in traditional Chinese medicine, advanced the discipline or related fields, are recognized by peers at home and abroad, and have created significant economic or social benefits.



In the past decade, the Group's innovation team has undertaken and participated in over 50 national and provincial-level scientific research projects, winning one first prize and one second prize in National Scientific and Technological Progress, over 20 Tianjin Municipal Science and Technology Progress Awards, publishing over 200 high-level academic papers, and contributing to the inclusion of 10 strategic varieties in more than 50 relevant "diagnosis and rational drug use guidelines". The Group's key technology and application innovation team for major traditional Chinese medicine varieties stood out as the sole enterprise team and was honored with the inaugural Huatuo Traditional Chinese Medicine Award.

has undertaken provincial-level scientific research projects

in National Scientific and Technological

in National Scientific and Technological

Tianiin Municinal Science and Technology Progress Awards

relevant "diagnosis

The Zilongjin Tablets are an exclusive variety of Long Shun Rong Pharmaceutical Factory, classified as a national Class III new drug and a nationally protected traditional Chinese medicine variety. The Zilongjin Tablets major variety systematic development and application research project conducted a comprehensive evaluation focusing on clinical, pharmacological, process improvement, and quality standard aspects. It was included in the 2017 Tianjin Municipal "Science and Technology Support Plan" and the "2018 National Key R&D Program" of the Ministry of Science and Technology, successfully passing the final



acceptance. Over 15 high-level academic papers have been published in renowned core journals such as World Traditional Chinese Medicine and Chinese Herbal Medicine, along with obtaining 1 national invention patent, accumulating valuable experience in the secondary development of traditional Chinese medicine major varieties.

In 2024, the People's Government of Tianjin Municipality issued the Decision on Promulgating the Tianjin Science and Technology Awards for the Year 2023 (Issued by the Tianjin Municipal People's Government [2024] No. 6), announcing the list of winners of the 2023 Tianjin Science and Technology Awards. The project "Development and Application of the System for the Major Variety of Zilongjin Tablets" was awarded the third prize of the Tianjin Science and Technology Progress Award.

### **Data Security and Privacy Protection**



Da Ren Tang has always focused on the development vision of "data-driven, patient and user-centered", continuously improving its information security management system, strengthening technical protection measures, strictly implementing compliance requirements, and ensuring data security and control in storage, transmission, and usage processes.

In 2024, the Group issued the "Information Security System of Tianjin Da Ren Tang Pharmaceutical Co., Ltd.", outlining requirements in various aspects such as data classification protection, IT system standards, password management, business continuity, data backup, and restoration. According to the regulations of the system, key data such as customer information shall not be browsed, exported or disseminated without authorization to ensure the protection of customer privacy. Additionally, all data is categorized into four levels: critical, important, ordinary, and public, to ensure appropriate levels of protection. The system logs operations related to customer accounts and sensitive information, supports auditing for traceability of access trails, thereby enhancing security control capabilities. Furthermore, the Group further released the "Group Digitalization and IT Security Compliance Standard Specifications", unifying requirements for information security, network security, and data security compliance to promote the standardization and systematization of information security management.

The Group's Digital and IT Center bears overall responsibility for information security and privacy protection, establishing the "Digital Security Compliance Excellence Center" task force covering infrastructure operations, data management, product management, and other positions to enhance security coordination across various domains. To enhance employees' awareness of information security, during the reporting period, the Group organized 6 on-site training sessions with more than 400 person-times have participated in total. We disseminated 5 information security-related articles via enterprise WeChat, with a total of over 5,000 views, and published 3 video courses on the Cloud Classroom platform. By combining online and offline dissemination, we expanded the training coverage to ensure comprehensive awareness of information security among all staff members.

In terms of technical protection, the Group has completed the first phase construction of the data center, covering data management in the financial and marketing domains, achieving integration of 5 systems and migrating 130 million data records to the cloud. Data access permissions are strictly controlled to ensure that different users can only access data within their authorized scope. Moreover, all data operations are recorded in real-time and traceable. Through log analysis and monitoring, potential security threats can be promptly identified and prevented, further enhancing data security. Additionally, the Group has engaged an external professional security technical team to conduct real-time monitoring and interception of network attacks, ensuring timely remediation of security vulnerabilities and establishing a comprehensive security protection system.

During the reporting period, there were no incidents of data security or privacy breaches. In the future, the Group plans to establish a secure, compliant, centrally managed, and resource-sharing hybrid cloud platform covering over 60% of its subsidiaries. Through centralized operations and intelligent management, efficient resource allocation and intelligent risk alerts will be achieved, reducing incident rates, ensuring the stable operation of key businesses, strengthening information security and privacy protection from the infrastructure level, and providing further robust support for the Group's digital transformation.

#### **During the reporting period**

the Group on-site training sessions

person-times have participated in total

information We disseminated articles

video courses on the Cloud and published Classroom platform

achieving integration of

million data records

incidents of data security or







## The Way of Benevolent Medicine Benefits the People and Promotes Economic Development

**Ensuring Access to Medicines** 

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Shoulder Social Responsibility Bravely

Supporting Industry Development

#### **Key Issues**

Medical Accessibility

Social Contribution

Rural Revitalization

Industry Cooperation and Development

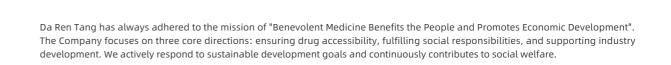
Benchmarking the United Nations Sustainable Development Goals

















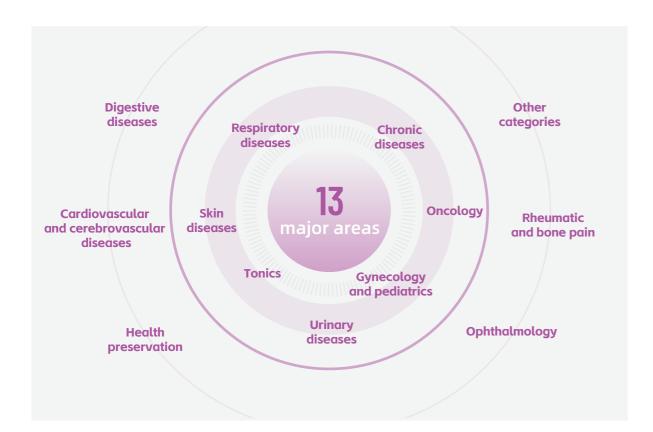
## **Ensuring Access to Medicines**



Da Ren Tang has always regarded the access to medicines as an integral part of the corporate social responsibility, establishing a convenient and comprehensive drug supply network. We provide patients with characteristic traditional Chinese medicine products that run through the entire life cycle of health management. We scientifically formulate a reasonable and highly affordable price system, and strive to offer more patients efficient, economical, safe and reliable treatment options.

We have established strategic cooperative relationships with national pharmaceutical commercial giants, regionally powerful commercial companies, and national chain pharmacies. Numerous high-quality products have been sold to all provinces across the country, and our product marketing network has covered the whole nation. Our product sales channels include the medical market, the retail market, and online channels. In addition, we are actively expanding into the international market. As of 2024, Da Ren Tang's products have been exported to countries and regions such as Japan, the Philippines, Indonesia, Malaysia, Singapore, Russia, Canada, Hong Kong (China), Macau (China), etc.

Our products are fully integrated into every stage of patient health management, spanning the entire lifecycle of health management including prevention, healthcare, treatment, rehabilitation, longevity, and providing continuous support for patients' health. Our products mainly cover 13 major areas, including cardiovascular and cerebrovascular diseases, respiratory diseases, digestive diseases, skin diseases, health preservation, rheumatic and bone pain, urinary diseases, gynecology and pediatrics, ophthalmology, oncology, tonics, chronic diseases, and other categories. Simultaneously, we consistently uphold a humanistic care philosophy, scientifically set reasonable prices while strictly controlling product quality. Some products have been included in the national medical insurance catalog, allowing patients to enjoy high-quality traditional Chinese medicine services, and we are tirelessly dedicated to the well-being of public health.



## Shoulder Social Responsibility Bravely



Da Ren Tang actively fulfills corporate social responsibility by engaging in public welfare activities such as rural revitalization, volunteer services, and science popularization education to enhance social welfare and continuously increase the Company's social value. During the reporting period, we accumulated approximately 13,000 hours of volunteer service, contributing valuable efforts to society.

## (and short the 11th Traditional Chinese Medicine Material Base Co-construction and Sharing Conference)

From May 24th to 26th, 2024, the Group hosted the 11th Traditional Chinese Medicine Materials Base Co-construction and Sharing Exchange Conference. This conference focused on various issues, including rural revitalization, to promote the high-quality development of the traditional Chinese medicinal materials industry. It also aimed to contribute efforts and expertise from the traditional Chinese medicine community to rural revitalization.





#### (The Case: Salence Popularization Educational Activities

During the National Science Popularization Day activities in 2024, in response to the national "dual reduction" policy, to comprehensively enhance the overall quality of the population and help students and teachers in schools experience classic culture, grasp the pulse of the times, and understand modern pharmaceutical techniques, the Modern Traditional Chinese Medicine Industrial Park conducted science popularization education activities with the theme of "Exploring Traditional Chinese Medicine Culture". Entering the Lingang Experimental School in the Tianjin Port Free Trade Zone and carry out popular science education of traditional Chinese medicine culture among students, so as to achieve the joint construction of popular science between enterprises and schools.

#### - Case: Voluntary Blood Donation Activity

In 2024, to ensure timely supply of clinical blood in the city, Da Ren Tang actively engaged in voluntary blood donation activities, promoting the spirit of volunteer service characterized by "dedication, friendship, mutual assistance, and progress." In this event, 227 employees enthusiastically participated, and after medical examinations and detailed guidance, 161 employees successfully donated blood. This initiative enhanced employees' sense of social responsibility, showcasing our commitment to the corporate mission of "respecting and cherishing life, spreading love".









#### (asset Charity Support for College Entrance Examination Volunteer Service Event

In 2024, Da Ren Tang, in collaboration with Tianiin Haihe Media Center, successfully carried out the "Love Assistance for Examinations" public welfare activity, aiming to provide health support and psychological care for examinees and their parents. Da Ren Tang stationed volunteers at 10 examination sites, deploying over 200 volunteers to serve nearly ten thousand examinees, parents. and exam invigilators. They distributed over 3,000 boxes of emergency medicine free of charge, assisting each examinee and parent in smoothly navigating this crucial moment.



### **Supporting Industry Development**



Da Ren Tang is committed to promoting the modernization and sustainable development of the traditional Chinese medicine industry. Actively collaborating with top domestic and international research institutions and universities, and participating in the formulation and updating of industry standards, the Company contributes to the standardization and modernization of the traditional Chinese medicine industry. In 2025, we will continue to advance cooperation with leading domestic and international research institutions, deepen existing collaborations, and facilitate the implementation of new partnerships.

During the reporting period, we collaborated with renowned universities and research institutions such as the University of Milan, University of Macau, Beijing University of Chinese Medicine, Tianjin University, Tianjin University of Traditional Chinese Medicine, Modern Traditional Chinese Medicine Haihe Laboratory, Beijing Institute of State - Target Integration of Traditional Chinese and Western Medicine, and National Key Laboratory of Modern Chinese Medicine Creation to promote the transformation and application of industry research and development results by leveraging the strengths of all parties.

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#### **Project Content**

Establishing a quadrilateral collaboration among Da Ren Tang Traditional Chinese Medicine Research Institute, MiLAB Laboratory at the University of Milan, Haihe Laboratory for Modern Traditional Chinese Medicine at Tianiin University of Traditional Chinese Medicine, and the Innovation Center for Yangtze River Delta Smart Oasis at Zheiiang University

Carrying out research on the effective components of Tongmai Yangxin Wan in treating arrhythmia, and research on the mechanism of action of Weichangan Wan in preventing and treating intestinal diseases

Advance cooperation in the joint Chinese medicine innovation laboratory of the University of Macau

With the joint laboratory as the carrier, leveraging the advantages of the platform, incubate traditional Chinese medicine industry projects and carry out multi - field cooperation in the innovative research and development of traditional Chinese medicine

Collaborating on research with the Beijing University of Chinese Medicine

Exploring research strategies and directions for using Qinggong Shoutao Wan in treating Alzheimer's Disease (AD), conducting studies on the effects of Qinggong Shoutao Wan on AD model mice

Collaborating with Tianjin University on the assessment of traditional Chinese medicinal materials resources, origin processing, and other cooperative initiatives

Solving the problem of sustainable supply and controllable quality of medicinal materials resources

#### **Collaborative Project**

Advance strategic cooperation between Haihe Laboratory of Modern Traditional Chinese Medicine and Tianjin University of Traditional Chinese Medicine

Co-establishing a Cardiovascular Disease Management Center for Diabetes Patients with the Reijing Institute of State - Target Integration of Traditional Chinese and Western Medicine

Signing a new agreement framework for the cultivation of innovative production capacity with the National Key Laboratory of Modern Chinese Medicine Creation

#### **Project Content**

Continue to implement the tripartite cooperation agreement, organize the annual docking meeting, release the planning reports of the second batch of key products such as the "Four Hearts" products, Qingyan Di Wan, Weichangan Pills, etc., and determine the list of the third batch of

The core service system of the jointly-established center is composed of aspects such as the development of clinically effective prescription formulas, the innovation of health products, the transformation of institute-prepared drugs and the application for new drugs, the secondary development of traditional Chinese medicine major varieties, the establishment of an auxiliary diagnosis platform, and the support for medical education and scientific research

Accelerating the cultivation of New-type productive forces. strengthen bilateral scientific research cooperation and industrial transformation, and jointly cultivate talents

#### 🔍 Gaser Da Ren Tang Joins Hands with the University of Milan to Jointly Greate a New Chapter in International Cooperation of Traditional Chinese Medidne

In May 2024, Da Ren Tang, a green traditional Chinese medicine enterprise, with the remarkable strategic vision and forward-looking industrial layout, successfully signed the international cooperation framework agreement among "the University of Milan - MilaB Laboratory, Tianjin University of Traditional Chinese Medicine - Haihe Laboratory of Modern Traditional Chinese Medicine, and Zhejiang University - Yangtze River Delta Smart Oasis Innovation Center" in the Napoleon Hall, which bears a history and culture of 600 years, on the important occasion of the 100th anniversary of the founding of the University of Milan.

This milestone cooperation not only opens a new chapter and injects new vitality into Da Ren Tang's international cooperation, but also provides a powerful impetus for the global development and innovation of traditional Chinese medicine. This initiative signals that traditional Chinese medicine will play a more important role on the international stage and contribute more Chinese wisdom and Chinese solutions to the global health cause.

#### (a) Case: Da Ren Tang Joins the New-type Productive Forces Innovation and Development Community in the Pharmaceutical Industry

On October 18, 2024, the Science and Technology Seminar on New-type Productive Forces in the Pharmaceutical Industry and the Expert Demonstration Meeting of the Strategic Research and Consultation (Brand Project) of the Chinese Academy of Engineering were grandly held in Hangzhou. At the meeting, Da Ren Tang signed a strategic cooperation agreement on the cultivation project of new-type productive forces with the National Key Laboratory of Modern Chinese Medicine Creation. Meanwhile, Da Ren Tang was invited to join the Community for the Innovative Development of New-type Productive Forces in the Pharmaceutical Industry.



Da Ren Tang recognizes the importance of standardization in enhancing the overall industry standards and has actively participated in the development of several key standards. In 2024, the Group was involved in drafting the group standard Operating Procedures for the Evaluation Method of the Activity of Activating Blood Circulation and Removing Blood Stasis of Traditional Chinese Medicine Injections Based on the Detection of Platelet Activation Biomarker CD62p, which has been published and implemented. The Company also contributed to the drafting of the industry standard Medicinal Honey (2022-GH-ZD-25) and participated in the standard review meeting in November 2024. Additionally, the Group was involved in the formulation of two national pharmacopoeia standards.

In 2024

the Group was involved in the formulation of

national pharmacopoeia standards.









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ESG Key Performance 73 75 Glossary Index 76 Reader feedback form 77









## **Appendix 1 of the Report**

#### **ESG Key Performance**

nergy consumption	Unit	2024
Purchased electricity	Ten thousand kWh	2,251.22
Natural gas	Ten thousand m <sup>3</sup>	181.13
Diesel fuel	Tonnes	93.60
Gasoline	Tonnes	4.63
Purchased heat	One million kJ	85,776.04
Total energy consumption	Tce	8,243.94
Emissions	Unit	2024
Nitrogen oxides	Tonnes	0.77
Sulfur oxides	Tonnes	0.04
Particulate matter	Tonnes	0.31
Volatile Organic Compounds (VOCs)	Tonnes	1.35
Waste <sup>2</sup>	Unit	2024
Hazardous solid waste	Tonnes	584.66
Hazardous solid waste intensity	Tonnes/m <sup>2</sup>	0.003
Non-hazardous solid waste	Tonnes	2,462.15
Non-hazardous waste intensity	Tonnes/m <sup>2</sup>	0.01
Wastewater	Unit	2024
Wastewater discharge volume	Tonnes	156,150.83
Wastewater discharge intensity	Tonnes/m <sup>2</sup>	0.75
COD discharge in wastewater	Tonnes	24.95
Suspended solids discharge in wastewater	Tonnes	7.73
Total phosphorus discharge in wastewater	Tonnes	0.04
Total nitrogen discharge in wastewater	Tonnes	1.01
Water consumption	Unit	2024
Water consumption	Tonnes	248,600.00
Water intensity	Tonnes/m <sup>2</sup>	1.20
Greenhouse gases³	Unit	2024
Greenhouse gas emissions (scope 1)	tCO <sub>2</sub> e	4,228.38
Greenhouse gas emissions (Scope 2)	tCO <sub>2</sub> e	24,689.63

IThe environmental data covers Darentang Pharmaceutical Factory, Long Shun Rong Pharmaceutical Factory, Le Ren Tang Pharmaceutical Factory, No. 6 Chinese Medicine Plant, Xinxin Pharmaceutical Plant, Darentang (Tianjin) Traditional Chinese Medicine Decoction Pieces Co., Ltd. (法仁堂中药(天津)饮片公司), Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd., Jingwanhong Pharmaceutical and NewScen Coast. We consider this for two reasons. Firstly, the industrial enterprises of the Company are the main units of energy consumption and emissions. Secondly, in 2024, the business of Tianjin Zhongxin Medicine Co., Ltd. in the Company's commercial sector has been used as an asset for external capital increase. Please refer to the announcement of the meeting materials of the Company's first extraordinary general meeting of shareholders in 2024. The environmental data of industrial enterprises has continuity, which is conducive to readers making vertical comparisons.

2The statistical scope of hazardous solid waste is dangerous solid waste, and the statistical scope of non-hazardous solid waste.

3The greenhouse gas emissions within Scope 1 include those generated from the consumption of natural gas, gasoline, and diesel. The emission factors for natural gas, gasoline, and diesel. The emission factors for natural gas, gasoline, and diesel are derived from the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the IPCC. The greenhouse gas emissions within Scope 2 include those generated from the purchased electricity and heat. Among them, the emission factor for protechased electricity is selected from the emission factor of North China region in the "Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2022" issued by the Ministry of Ecology and Environment of the People's Republic of China, and the CO2 emission factor for purchased steam is selected from the "Guidelines for the Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in

Total greenhouse gas emis	sions (Scope1 + Scope2)	tCO <sub>2</sub> e	28,918.01
Greenhouse gas e	mission intensity	tCO <sub>2</sub> e/m <sup>2</sup>	0.14
Social			
Employment and diversi	ty	Unit	2024
Total number o	f employees	Persons	3,835
Total number of employees	Female	Persons	1,909
by gender	Male	Persons	1,926
	Under 30	Persons	424
Total number of employees by age	Aged 30 (inclusive) to 50 (exclusive)	Persons	2,849
by age	Aged 50 and above	Persons	562
	Master's degree or above	Persons	272
Total number	Undergraduate degree	Persons	1,845
of employees by educational background	Vocational college	Persons	1,098
-	Sub-college education	Persons	620
Total number of employees	Full-time	Persons	3,835
by employment type	Part-time	Persons	0
	Senior management <sup>4</sup>	Persons	65
Total number of employees by job level	Middle management	Persons	171
by Job level	General and technical staff	Persons	3,599
	Tianjin	Persons	2,810
Total number of employees	Mainland China excluding Tianjin	Persons	1,012
by region .	Outside Mainland China (including Hong Kong, Macau, and Taiwan)	Persons	13
Employee retention rate		Unit	2024
Total em	ployee turnover	Persons	158
Employe	ee turnover rate	%	4.12
Number	of new employee	Persons	141
New emplo	byee retention rate	%	100
Occupational health and	d safety	Unit	2024
Number of fatalities of	due to work-related incidents	Persons	0
Production safety accide	ents of a general nature or above	Times	0
Number of occupa	tional disease occurrences	Persons	0
Occupational	disease incidence rate	%	0
Employee training		Unit	2024
Total person-times of	employee training participants	Person-times	37,172
Employee training coverage ratio		%	100
Total	training hours	Hours	250,717
Supplier management		Unit	2024
	ppliers (in the SRM system)	Number	541
Product liability		Unit	2024

4 The statistical scope of senior management personnel refers to the core senior management personnel of the parent Company of the Group and its various subsidiaries and branch Companies.







Number of product recalls	Number	0
Anti-corruption	Unit	2024
Corruption litigation case	Number	0
Intellectual property	Unit	2024
Invention patent	Number	241
Utility model patent	Number	78
Design patent	Number	93
Trademark	Number	1,116
Trademark	Number	1,116

## **Appendix 2 of the Report**



### Glossary

In this Report, some of the main entity names used have been abbreviated, as follows:

Abbreviation	Name
coso	Committee of Sponsoring Organizations of the Treadway Commission
PIC/S	Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme
GAP	Good Agricultural Practice
GSP	Good Supply Practice
GVP	Good Pharmacovigilance Practice
GMP	Good Manufacturing Practice
ICH	International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use
ICH-Q9	International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use - Quality Risk Management
TGA	Therapeutic Goods Administration
PMDA	Pharmaceuticals and Medical Devices Agency
CNAS	China National Accreditation Service for Conformity Assessment

## **Appendix 3 of the Report**

#### Index



Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Dimensions	Serial number	Issues	Chapter location
	1	Climate change tackling	Addressing climate change
	2	Pollutant discharge	Waste management
	3	Waste disposal	Waste management
Environmental	4	Ecosystem and biodiversity protection	1
Liiviioiiiileiitat	5	Environmental compliance management	Environmental management
	6	Energy usage	Resource conservation
	7	Usage of water resources	Resource conservation
	8	Circular economy	Resource conservation
	9	Rural revitalization	Shoulder social responsibility bravely
	10	Contribution to the society	Ensuring access to medicines, Shoulder social responsibility bravely, Supporting industry development
	11	Innovation-driven	Research and development innovation
	12	Ethics of science and technology	Research and development innovation
Social	13	Supply chain security	Supplier and procurement management
	14	Equal treatment to small and medium-sized enterprises	Supporting industry development
	15	Safety and quality of products and service	Product quality and safety
	16	Data security and customer privacy protection	Data security and privacy protection
	17	Employees	Employment management, Focusing on employment development, Creating a happy workplace, Building a safety barrier together
Governance of sustainable	18	Due diligence	1
	19	Communications with stakeholders	Stakeholder engagement
development	20	Anti-commercial bribery and anti-corruption	Anti-commercial bribery and anti-corruption
	21	Anti-unfair competition	Responsible marketing management

#### Listing Rule 711B of SGX

Seriel number	Dimensions	Chapter location	
а	material environmental, social and governance factors	Identification of material issues	
aa	Climate-related disclosures	Addressing climate change	
b	Policies, practices and performance	Operate the Company in a stable manner, Practicing environmental protection, Employment management, Focusing on employee development, Building a safety barrier together, Product and service safety, ESG key performance	
С	Targets	Governing the enterprise with the principle of benevolence, marching forward steadily for a century, Environment management, Resource conservation, Quality management/ Building a safety barrier together, Addressing climate change, Compliance in employment, Talent development	
d	Sustainability reporting framework	About the Report	
е	Board statement	Board of Directors statement	









## **Appendix 4 of the Report**

#### **Reader Feedback Form**



To continuously enhance our ESG practices and improve the capability and level of ESG management, we highly value your feedback and suggestions.

Please assist in addressing the issues raised in the feedback form and choose one of the following methods to provide your feedback to us.

Address: 17	Baidi	Road,	Nankai	District,	Tianjin
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Fax:86-022-27020892

Email:drt600329@163.com

Your information							
Name							
Relationship with the Company							
Contact number							
Email							
Feedback							
1.What is your overall assessment of the Company's ESG Report?							
O Excellent O Good O Fair							
2. Do you believe this Report adequately reflects the significant impacts of ESG issues on the Company?							
OYes OModerate OIdon' t know							
3. How do you assess the clarity, accuracy, and completeness of the information, data, and metrics disclosed in this Report?							
Overy high OHigh OModerate OLow Overy low							
4. Which aspect of this Report are you most satisfied with?							
5. What specific information would you like to further understand?							
6.Do you have any suggestions for our future Report publications?							





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