



# 2023

## 可持续发展报告

Sustainability Report 2023



津药达仁堂集团股份有限公司  
Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited

# The way of Traditional Chinese Medicine: Virtue Lies in Excellence





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# Da Ren Tang, Blessed by Nature Leading Innovator in Traditional Chinese Medicine

## 01 Foreword

# 1.1

## About This Report

### Report Title

This is a sustainability report of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited, also known as the Corporate Social Responsibility Report or ESG (Environmental, Social, and Governance) Report. This report marks the Company's seventeenth annual Sustainability Report (formerly referred to as the Corporate Social Responsibility Report up to 2018).

### Report Theme

The theme of this report, "The way of Traditional Chinese Medicine: Virtue Lies in Excellence," reflects the Company's efforts and achievements in various aspects such as social responsibility, environmental sustainability, and governance throughout the year 2023.

### Time Frame

The report covers the period from January 1, 2023, to December 31, 2023. To enhance comparability and forward-looking perspective, some content has been extended.

### Terms Explanation

For ease of expression and readability, "Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited" mentioned in this report is also referred to as "Da Ren Tang", "Tianjin Pharmaceutical Da Ren Tang Group", "the Group", "the Company", or "we".

### Data Clarification

The data presented in this report is sourced from internal documents and information statistics of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited.

### Reference Standards

This report was prepared in accordance with the *Guidelines for Environmental Information Disclosure of Listed Companies* issued by the Shanghai Stock Exchange, and *Listing Manual 711B* (SGX Rulebooks Mainboard Rules Chapter 7 Continuing Obligations) issued by the Singapore Exchange. Additionally, it draws upon the *Sustainability Reporting Guidelines* issued by the Global Reporting Initiative (GRI) and the "GRI Standards System" developed based on these guidelines (effective from January 1, 2023), as well as the *TCFD Report* (Recommendations of the Task Force on Climate-related Financial Disclosures Final Report) and the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Reporting (Trial)* (Draft for Solicitation of Comments).

### External Verification

The report covers topics such as the economy, environment, and society. Neither the GRI standards nor the SGX Listing Manual mandate independent verification of the report's content. The Company's ESG task force believes that this year's report is still in the foundational stage of establishing a sustainability reporting framework, so external verification is not currently deemed necessary.

### Access

The report is available in both electronic and hard copy formats. It can be downloaded and viewed from the Shanghai Stock Exchange, the Singapore Exchange, or the official website of Da Ren Tang ([www.jinyaodarentang.com.cn](http://www.jinyaodarentang.com.cn)).

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# 1.2

## Chairman's Message



Chairman ·· Zhang Mingrui



The year 2023 marks a crucial period in the pharmaceutical industry's "14th Five-Year Plan" and an acceleration in the implementation of pharmaceutical policies. The traditional Chinese medicine industry actively contributes to the construction of a Healthy China. Da Ren Tang seizes the momentum as our entire team strides forward vigorously. Our brand continues to strengthen, our core product strategy consistently breaks new ground, and significant improvements in cost reduction, efficiency enhancement, and quality enhancement are evident. The full-process quality traceability of Chinese herbal medicines progresses smoothly, and the initial effects of digital empowerment are becoming apparent.

As a century-old brand centered around green traditional Chinese medicine, Da Ren Tang has long been committed to the health cause that benefits the people. We uphold the core values of "Love, Quality, and Empowerment". We deeply understand that Da Ren Tang's development relies on the long-term support of various parties. Throughout our operations, we strive to balance the expectations of stakeholders with the long-term sustainability planning, adhere to the concept of green development, and aim for the Company's development to benefit all.

**Providing high-quality products to enhance patient well-being.** We adhere to the principle of "Strengthening Products with Quality, Enhancing Enterprises with Products, and Contributing to the Country with Enterprises". We regularly review internal policies and manufacturing standards, continuously promote product research and process improvement, and strictly adhere to national and industry regulations as well as social ethics in our business activities. In 2023, the research paper titled "Mechanism of Suxiao Jiuxin Wan in alleviating myocardial ischemia-reperfusion injury based on the miR-193a-3p/ALKBH5 pathway" was published in the internationally renowned journal "Phytomedicine," with an impact factor of 7.9. Suxiao Jiuxin Wan was included in the *China Hypertension Management Guidelines 2023* and the *Expert Consensus on the Diagnosis and Treatment of COVID-19 Complicated with Heart Failure in Combination of Traditional Chinese and Western Medicine*. Tongmai Yangxin Wan was incorporated into the *Traditional Chinese Medicine Diagnosis and Treatment Guidelines for Coronary Microvascular Disease* and received strong recommendation. Bi Qi Capsule was strongly recommended as high-quality evidence (Grade A) in both the *Chinese Guidelines for the Treatment of Chronic Pain with Non-Opioid Analgesics* and the *Guidelines for the Diagnosis and Treatment of Osteoarthritis with Traditional Chinese and Western Medicine*. The Company has obtained international certifications such as TGA in Australia and HALAL certification in Southeast Asian markets. The number of projects accredited by the China National Accreditation Service for Conformity Assessment (CNAS) in our central laboratory has increased to 85. We have participated in the development of 32 national and Tianjin municipal quality standards. The "Full-process Quality Traceability of Chinese Herbal Medicines" project is progressing smoothly, further enhancing product quality, safety, and traceability efforts.

**Elevating employee welfare in tandem with corporate development.**

The Company facilitates the enhancement of colleagues' professional skills and personal development through methods such as online learning via the "Cloud Classroom", offline expert training, and vocational skills competitions. We continuously enrich the cultural lives of our employees by organizing events such as staff sports days, birthday celebrations, and the establishment of the "Da Ren Tang Art Troupe". The Company's labor union provides care and support to colleagues through holiday gatherings, winter and summer support efforts, and special assistance initiatives, demonstrating care for employees in need.

**Shouldering social responsibilities in line with corporate growth.**

The Company collaborates with national chain pharmacies through the "China Heart • Health Action" program to promote chronic disease management, focusing on national cardiovascular and cerebrovascular health. We have organized multiple public welfare activities such as "Caring for National College Entrance Examinations in Action" and "Throat Care, Exclusive for Teachers" events. Through numerous donations, we have supported flood, earthquake, and disaster relief efforts, actively participated in community development, and fulfilled our social responsibilities.

**Advancing global sustainability through corporate development.**

On an annual basis, the Company formulates energy-saving plans to enhance energy efficiency, promote the use of clean energy, and contribute to achieving the "dual carbon goals". In 2023, the Company further standardized carbon reduction management through the "Green Factory" application.

**Returning value to shareholders' investments through corporate advancement.**

We believe that business performance is the cornerstone of rewarding our shareholders. In recent years, the Company has steadily strengthened itself and directly rewarded shareholders through high cash dividends. Simultaneously, we maintain communication with shareholders through various forms such as general meetings of shareholders, performance briefings, and investor hotlines, ensuring the exercise of shareholders' rights.

In 2024, the Company will seize the opportunity and prioritize quality for a successful future. We will focus on "Quality Foundation" and implement the eight-action framework of "Market Focus, Innovation-driven, Compliance Adherence, Organizational Governance, Talent Management, Digital Empowerment, Cost Reduction and Efficiency Enhancement, and Cultural Branding". We will focus on enhancing brand strength, product quality, and service capability, concentrating on our core business, core products, and market focus to drive revenue, profit, and brand enhancement for Da Ren Tang. Throughout the process of promoting Da Ren Tang 2.0 iteration and upgrading, we will continue to improve our development achievements in social, environmental, and governance aspects to respond to the expectations and concerns of all stakeholders.

We appreciate your attention and support for Da Ren Tang.

Zhang Mingrui  
Chairman





# 1.3 ESG Governance

## 1.3.1 ESG Management Philosophy

### Corporate Culture

- Market-oriented customer culture
- Innovative culture of seeking novelty and truth
- Performance culture of value contribution
- Party-building culture of spirit-casting cohesion
- Professional culture of continuous improvement
- Talent culture of openness and inclusiveness
- Compliance culture of respecting rules



### Mission

Cherish Life · Spread Love!



### Vision

To become a market-driven, technology-empowered leader in the health industry!



### Core Values

Love, Quality, and Empowerment!



### Corporate Spirit

Uphold righteousness, innovate, and work together for the greater good!

### Climate-Related

The Company's long-term goal is to uphold the core values of love, quality, and strength. It aims to continuously optimize the supply chain, enhance business operations, improve efficiency, and conserve resources. Additionally, it seeks to promote awareness of social responsibility and sustainable development, strictly adhere to the laws and regulations of the countries and regions where it operates, and endeavor to align corporate development with social progress. At the 75th UN General Assembly, Chinese President Xi Jinping announced China's commitment to peaking carbon dioxide emissions before 2030 and striving for carbon neutrality by 2060. The Company will strive to align with this goal within its operational capacity.

The Company's upstream sector is medicinal herb cultivation, which falls under agriculture. The impact of rising temperatures on different crops and medicinal herbs still requires further investigation and analysis. From an opportunity perspective, some medicinal herbs may see increased suitable cultivation areas. However, from a physical risk perspective, an increase in the frequency of extreme weather events may affect output. Currently, the Company is extending its industry upstream and improving the resilience of the supply chain through measures such as discretionary early reserves. From a market risk perspective, the high incidence of extreme weather events may also







trigger outbreaks of infectious diseases. Rising temperatures may lead to changes in the spectrum of diseases, increasing demand for certain pharmaceuticals or medical services, or potentially weakening demand for certain products. The connection between the "dual carbon goals" and financial performance is reflected in two aspects. Firstly, in terms of transformation risk, the Company will gradually increase the proportion of clean energy use and invest in environmental protection facilities, which will increase certain financial expenditures. Secondly, the Company hopes to improve energy efficiency, which would promote financial performance enhancement. In terms of "carbon emission rights" and "carbon sinks" policies, future policies may increase the Company's costs. Conversely, expanding the scale of the Company's upstream medicinal herb cultivation base and enhancing carbon sequestration are measures that align with the "dual carbon goals".

While we have provided an initial disclosure regarding the analysis of climate-related opportunities, risks, strategies, and goals, our exploration currently lacks industry-specific references. Any ongoing discussions will be refined in subsequent iterations, and we are committed to actively monitoring discussions and analyses conducted by professional institutions.

## 1.3.2 Key Issues

The Company firmly believes that the key to sustainable development lies in meeting the needs of all stakeholders. We select significant issues based on the importance of topics to stakeholders. We engage in effective communication with stakeholders and listen to their needs.

We define primary stakeholders as groups that have a significant impact on the operations of the Group or are influenced by the Group's operations. The table below summarizes the stakeholders, communication methods, and issues they are concerned about:

Stakeholders	Communication Method	Key Issues of Concern	Please refer to the following sections
 <b>Customers and Consumers</b>	Terminal activities Product quality feedback	Product quality and safety Drug certificates Compliance with drug marketing	2.2 Customer Health
 <b>Employees</b>	Performance appraisal system	Employee health and safety Compensation and benefits Employee development Compliance with labor laws and regulations	2.3 Care for Employees
 <b>Suppliers</b>	Supplier evaluation	Product quality and safety Supplier management	2.2.1 Quality Management 2.2.3 Supplier Management
 <b>Government and Industry/Standard Associations</b>	Regular Reports Sustainability reports Government policy communication meetings Inspection guidance Policy regulations	Industry regulations Environmental protection	2.2.1 Quality Management 2.2.2 Marketing and Branding 2.3.1 Occupational Health and Safety 2.4 Environmental Protection 2.5 Social Responsibility
 <b>Community</b>	Community service	Environmental impact Social development	2.4 Environmental Protection 2.5 Social Responsibility
 <b>Investors and Shareholders</b>	Annual reports Investor relations management General meeting of shareholders Investor communication meetings	Company financial performance Regulatory governance	1.4.2 Annual Operational Performance 2.1 Regulatory Governance

This report is a supplement to the Group's annual report 2023. For specific topics, please refer to the topic index of this report. Any undisclosed issues or content may either be disclosed in the annual report, kept confidential, or not yet included due to the early stage of report preparation, during which learning and exploration are ongoing.



### 1.3.3 Report Scope

The report scope includes Tianjin Pharmaceutical Da Ren Tang Group and its affiliated divisions and subsidiaries. In 2023, the report added Tianjin Da Ren Tang Jing Wan Hong Pharmaceutical Co., Ltd. (referred to as "Jing Wan Hong Pharmaceutical") to the pharmaceutical production statistics entity because Jing Wan Hong Pharmaceutical Co., Ltd. was included as a wholly-owned subsidiary in the 2023 annual report statistics.

Report Scope	
<b>Economic</b>	
Market performance	
Indirect economic impact	The Group
Anti-corruption	
<b>Environmental</b>	
Energy	
Water resources	
Emissions	Pharmaceutical production
Wastewater and waste	
Carbon management	
Environmental compliance	The Group
<b>Social</b>	
Employment	The Group
Occupational health and safety	The Group includes pharmaceutical production
Training and education	
Diversity and equal opportunities	
Anti-discrimination	
Anti-child labor	The Group
Labor compliance	
Human rights assessment	
Local community	
Customer health and safety	Pharmaceutical production and sales
Marketing and labeling	(Including industrial self-produced sales and agency sales)
Socioeconomic compliance	The Group

## 1.3.4 ESG Management Structure

### ESG Management Structure

Da Ren Tang prioritizes the sustainable development of its business as a top agenda item for the board of directors. The board integrates sustainability issues into the Company's operations and approves significant topics related to economic, environmental, and social impacts, as selected by the task force, ensuring rigorous management and supervision of these critical issues. We have established a Sustainability Task Force comprised of department heads, led by the board secretary, to execute and manage the Company's sustainable development measures. For instance, the EHS department oversees environmental, health, and safety matters in daily operations.

The Company implements management practices annually through setting annual goals, action plans, and performance reviews, with relevant items listed annually in this report. The management team solidifies its accountability through the signing of agreements such as the *Quality and Safety Responsibility Agreement* at each level.

For more information on the Company's governance regulations and risk management structure, please refer to the Governance section in the Company's Annual Report 2023.

### Board Statement

The Board of Directors of Tianjin Pharmaceutical Da Ren Tang Group Co., Ltd. hereby pledges that the content of this report contains no false records, misleading statements, or major omissions, and we are responsible for the truthfulness, accuracy, and completeness of the content.





# 1.4 Entering Da Ren Tang



## 1.4.1 Introduction to Da Ren Tang

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

Da Ren Tang, centered around innovative traditional Chinese medicine, integrates the cultivation of medicinal herbs, pharmaceutical research and development, production, and operation. It possesses a complete industry chain, product chain, and talent chain in the pharmaceutical and healthcare sector, covering various fields such as the research and development, manufacturing, pharmaceutical commerce, and retail of Chinese herbal medicines, Chinese patent drug, chemical raw materials and preparations, and nutritional supplements.

**The Company owns Branches:**

**38**

**Wholly-owned and holding companies:**

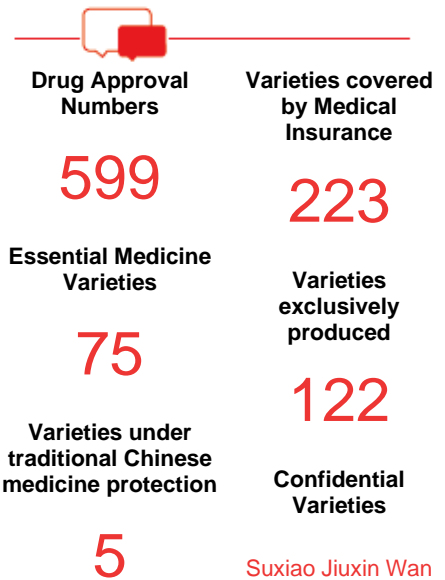
**25**

**Joint stock companies:**

**11**



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 wellness products. The Company holds 599 drug approval numbers for 22 dosage forms, including two national treasure-level traditional Chinese medicine. Notably, Suxiao Jiuxin Wan, invented by Professor Zhang Chengui, Honorary Dean of the Da Ren Tang Research Institute and a renowned expert in TCM formulations, is classified as a secret product of China. Additionally, the Jing Wan Hong Ointment is classified as a Chinese national confidential product. The Company has five product varieties under traditional Chinese medicine protection (namely Shunaoxin Di Wan, Zhike Chuanbei Pipa Di Wan, Ya Tong Ting Di Wan, Tongmai Yangxin Wan and Zilong Jin Pian), 122 product varieties exclusively produced, 75 product varieties included in the National Essential Medicine Catalogue, 601 decoction piece product varieties and 223 product varieties covered by national medical insurance. Da Ren Tang's marketing network spans across China, with sales channels covering the medical market, retail market, extensive market terminals, and online platforms. The Company has forged strategic partnerships with national pharmaceutical industry giants, regional influential commercial enterprises, and nationwide chain pharmacies. Many high-quality products are exported to numerous countries and regions worldwide, earning widespread acclaim.



## Health China Series Activities



### China Heart Action

Represented by Suxiao Jiuxin Wan

(Suxiao Jiuxin Wan, Shunaoxin Di Wan, Tongmai Yangxin Wan and Shenfu Qiangxin Wan),



### China Throat Action

Represented by Qingyan Di Wan

(Qingyan Di Wan, Qinghou Liyan Granules, Zhike Chuanbei Pipa Di Wan)



### China Brain Action

Represented by Qinggong Shoutao Wan

(Qinggong Shoutao Wan, Angong Niu Huang Wan, Niu Huang Qingxin Wan, Haima Bushen Wan)



### China Skin Management Action

Represented by Jing Wan Hong Ointment

Wan Xian Di Ointment, and Xiangpi Shengji Ointment)



The Company has accumulated 1,402 patent applications and owns one national-level enterprise technology center, one enterprise post-doctoral research workstation approved by the Ministry of Human Resources and Social Security, five municipal-level enterprise technology centers, one municipal-level modernization of traditional Chinese medicine technology engineering center, one Tianjin municipal enterprise key laboratory, and one academician workstation. It holds six well-known Chinese trademarks, including "Long Shun Rong", "Da Ren Tang", "Le Ren Tang", "Jing Wan Hong", "Song Bai", and "Bi Qi", and possesses 14 representative projects of intangible cultural heritage.



Chinese Renowned Trademark

Through long-term practical exploration, the Company has integrated and optimized advanced TCM equipment and technology, forming Da Ren Tang's unique platform for the modernization and integrated development of traditional Chinese medicine. The Company comprehensively implements a series of standards including GAP, GLP, GCP, GMP, and GSP to ensure comprehensive quality control throughout the process, guaranteeing product safety and efficacy. As it continues its exploration of Chinese patent drug R&D, the Company is committed to advancing the modernization and internationalization of Chinese patent drug.

Membership in Industry Associations







## 1.4.2 Annual Operational Performance

### Operating Data

In 2023, the Company achieved:

Operating Revenue	YOY Decrease	Industrial Revenue	YOY Increase
CNY 8.222 billion	0.33% ↓	CNY 4.930 billion	10.34% ↑
Net Profit attributable to Shareholders	YOY Increase	Non-recurring Net Profit attributable to Shareholders	YOY Increase
CNY 987 million	14.49% ↑	CNY 952 million	23.80% ↑
Achieved Operating Profit	YOY Increase	Weighted Average Return on Net Assets exceeded	
CNY 789 million	11.8% ↑	15%	

As of December 31, 2023, the Company's total assets amounted to CNY 10.23 billion, with net assets attributable to the parent company standing at CNY 6.601 billion. In 2023, the Company achieved a basic earnings per share of CNY 1.28, contributing CNY 840 million in taxes to the national revenue, paying CNY 689 million in employee salaries, providing CNY 26 million in benefits, contributing CNY 229 million to social insurance and housing provident funds, allocating CNY 19 million for labor union and education expenses, paying CNY 36 million in interest, and donating CNY 2.53 million externally. Based on the above data and relevant formulas, the Company's social contribution value per share is calculated to be CNY 3.67. Compared to the previous year's CNY 3.09, this represents an increase of CNY 0.58 year-on-year.

For detailed information regarding the Company's financial performance, please refer to the annual report for the fiscal year ending on December 31, 2023.

### Core Business

Da Ren Tang Group envisions to become a leading innovator in traditional Chinese medicine driven by the market and empowered by technology, committed to providing drugs and wellness products that meet the health needs of the people.

In the product segment, Da Ren Tang covers 599 drug approval numbers in 13 major fields, spanning the entire lifecycle of health management, including prevention, healthcare, treatment, rehabilitation, and longevity. The Company focuses on the "Three Cores and Nine Wings" product strategy. The first core is the "China Heart" series of cardiovascular and cerebrovascular health products, represented by Suxiao Jiuxin Wan, with 8 exclusive and 42 drug approval numbers in the cardiovascular field. Leveraging the strong brand and product power of Suxiao Jiuxin Wan, the Company deepens its presence in the cardiovascular and cerebrovascular health market, creating the Group's leading product matrix;

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 Niu Huang Qingxin Wan and Qing Gong 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. Guided by the two core strategies of "Health" and "Beauty," the Company will continue to enrich product categories, enhance product and service capabilities, expand and strengthen the "Three Cores and Nine Wings", and meet the health needs of the Chinese people.

In the **market segment**, the Company's products boast strong coverage, with Suxiao Jiuxin Wan and Jing Wan Hong Ointment already reaching 500,000 pharmacies and 100,000 medical terminals. During the reporting period, the coverage rates of products such as Qingyin Dizi Wan, Qingfei Xiaoyan Wan, Qinghou Liyan Granules, and Weichangan Wan have significantly increased. Niu Huang Qingxin Wan, Angong Niu Huang Wan, and Qing Gong Shoutao Wan have achieved effective penetration. Products such as Ya Tong Ting Di Wan and Wuji Baifeng Pian have enhanced exposure in e-commerce channels, leading to a further increase in visibility. The first-year sales revenue of the e-commerce business exceeded CNY 40 million. Characteristic general medicine products suitable for the broad market have gained recognition from doctors in third-party clinics, with products like Qinghou Liyan Granules doubling in sales volume year-on-year, achieving an increase of over 3 million boxes. Academic influence of several medical-terminal-focused products like Bi Qi Capsules has been further enhanced, with 10 new varieties included in 20 national and provincial guidelines and consensus, driving the translation of academic achievements.



## Business Analysis

Brand empowerment, market focus, and deep cultivation of core products have yielded remarkable results.



**Suxiao Jiuxin Wan:** The "China Heart•Health Action" project progressed smoothly, collecting 16,650 cases and collaborating with the China Cardiovascular Health Alliance to launch the "China Heart•Health Action" at the municipal level chest pain center project, covering 8 provinces and cities including Hebei and Shandong. Two expert symposiums on the *clinical efficacy evaluation of Suxiao Jiuxin Wan in the comprehensive application for ACS patients at chest pain centers* were successfully held. Suxiao Jiuxin Wan was included in the Tianjin 120 emergency ambulance drug catalog and successfully selected for the *Chinese Elderly Hypertension Management Guidelines 2023*. The retail sector strengthened channel control, intensified terminal empowerment, cooperated with top chain stores, and launched the "Chronic Disease Management 'Heart' Empowerment Plan" in an orderly manner, effectively increasing terminal coverage and sales.



Sales of **Qingyan Di Wan** have doubled for two consecutive years. The Company has initiated the "Love Your Throat, China Plan", implementing a tripartite collaboration among industry, commerce, and media. This initiative aims to increase product exposure and focus on terminal coverage. The core chain store shelf placement rate has reached 70%. Through academic guidance and professional training, the Company has empowered terminal sales at multiple levels. In April, the product achieved coverage in 22 provinces and 965 chain stores, with retail sales increasing by 190% year-on-year. In September, the launch of the 50-pill pack for online sales resulted in the product ranking first in the throat category on Alibaba's platform. Expansion efforts continued with the product being introduced in 22 provinces, resulting in a 72% year-on-year increase in coverage at grassroots terminals.

Focusing on the "Da Ren Tang" flagship brand, the Company has initiated a brand revitalization effort, progressing systematically across multiple levels and categories: Creating a completely new visual brand identity, completing a comprehensive upgrade of product packaging to convey the brand's essence. In terms of academic branding, the Company participated in 37 Chinese national academic conferences and 168 provincial academic conferences, leveraging its academic strength to establish the professional brand of Da Ren Tang as a leading innovator in traditional Chinese medicine. In terms of industry branding, Da Ren Tang embraces commercial end customers and establishes its grand national brand image through various forms such as grand expos, forums, and exhibitions. The Company held the "National Throat Health White Paper" summit, "China Heart Strategy", and "China Throat Strategy" strategic releases at the Wuzhen Health Conference, under the theme "The Brilliance of traditional Chinese medicine, the Radiance of Da Ren". Da Ren Tang made a stunning appearance at top industry events such as the China Medical and Health Industry Symbiosis Conference, the China Pharmaceutical Fair, the China Time-honored Brands Expo, and the Traditional Chinese Medicine Ecological Conference. In the market branding aspect, Da Ren Tang collaborates with numerous media outlets including People's Daily Online, Xinhua News Agency, Tianjin Haihe Media, and Focus Media to craft its nationwide brand image with product strength as its essence. Regarding the capital market, Da Ren Tang facilitates investor perception of its brand through various forms such as investor visits, performance briefings, and other interactive sessions, allowing investors to experience Da Ren Tang's brand firsthand. In 2023, Da Ren Tang's brand influence continued to strengthen as the Company was selected as one of the "2023 Innovative Chinese Medicine Brand Enterprises" by the China Association of Traditional Chinese Medicine. It also became one of the first batch of "China Brand • Exemplary 100" enterprises, earning honors such as "2023 China's Most Investable Pharmaceutical Industry Enterprise" and "Trusted Consumer Demonstration Enterprise".





For the first time, sales of Suxiao Jiuxin Wan exceeded

CNY **2** billion;

Sales of Qingyan Di Wan, Angong Niu Huang Wan, Jing Wan Hong Ointment, and Qingfei Xiaoyan Wan surpassed

CNY **200** million;



Products with sales exceeding CNY 100 million

**10**;

The third-party terminal witnessed remarkable growth in characteristic general medicine products, with Qinghou Liyan Granules doubling compared to the previous year, with an increase exceeding

**3** million boxes;

In the e-commerce sector, first-year sales revenue surpassed

CNY **40** million;

In the international market, sales revenue reached

CNY **40** million,

marking a **25**% YOY growth.



Leading through innovation, comprehensive empowerment, and strengthening core competitiveness

Centered around "innovation leadership, brand operation, and digital transformation," the Company is engaged in innovative endeavors while aligning research and development with strategic and business structures. Da Ren Tang has established technological platforms and innovation research directions in classic prescriptions, novel traditional Chinese medicine, traditional Chinese medicine dripping pill formulations, transdermal preparations, and others. Throughout the year, the Company conducted 4 pharmaceutical studies, 21 pharmacological studies, 15 clinical studies, 1 pharmacoeconomic study, and 125 technological innovation and reform projects.

**In terms of secondary development of major products,** Da Ren Tang collaborates with leading experts in wound repair, such as Academician Fu Xiaobing, to conduct the secondary development of Jing Wan Hong Ointment around the chronic non-healing wound repair, such as diabetic foot ulcers. This initiative aims to explore expanding indications and the development of two new types of traditional Chinese medicine. The Company successfully released research results on the antiviral effects of Qingyan Di Wan, which have been granted national invention patent acceptance. Additionally, Zilong Jin Pian, involved in a national key research and development project, has successfully completed its phase. Through multicenter, double-blind, randomized controlled trials, it was found that Zilong Jin Pian could prolong the progression-free survival time of patients with advanced non-small cell lung cancer (Qi and Blood deficiency syndrome). Moreover, a real-world clinical evaluation study involving more than 6000 patients has been initiated, and preliminary research results indicate that Zilong Jin Pian can extend the average survival time of non-small cell lung cancer patients by 9.5 months. The clinical research project of Yifei Qinghua Gao has been included as an important sub-topic in the "Key Technologies and Treatment Plan Research on the Integrated Traditional Chinese Medicine and Western Medicine Prevention and Treatment of Non-Small Cell Lung Cancer" under the "Modernization of Traditional Chinese Medicine" special project of the National Key Research and Development Program for the "14th Five-Year Plan" led by the Guang'anmen Hospital of the China Academy of Chinese Medical Sciences. The study titled "Exploring the Mechanism of Suxiao Jiuxin Wan in Attenuating Myocardial Ischemia-Reperfusion Injury by Suppressing Excessive Autophagy via miR-193a-3p/ALKBH5 Pathway" was published in the authoritative international journal *Phytomedicine* with an impact factor of 7.9. The research results of Tongmai Yangxin Wan's electrophysiology conducted by Pacelab at the University of Milan's Pacelab (Pacing Laboratory) were published in the internationally renowned journal *ELife*, a top-level journal of the Chinese Academy of Sciences, with an impact factor of 7.7.

**In terms of classic formulas,** Da Ren Tang focuses on the "Three Cores and Nine Wings," selecting 10 classic formulas for initial research from the 324 published classic formulas, covering areas such as cardiovascular, respiratory, digestive, and rheumatic diseases.

**In terms of enhancing product strength,** Da Ren Tang conducts targeted research projects on medicinal resources, process optimization, quality improvement, mode of action, and clinical evidence, continuously enhancing its product capabilities. Clinical research is being conducted around Suxiao Jiuxin Wan in areas such as pre-hospital emergency treatment, long-term use, and high-altitude reactions. The Company collaborates with the academician team of Tianjin University of Traditional Chinese Medicine to explore the characteristics, symptoms, and application scenarios of high-frequency users of Suxiao Jiuxin Wan, obtaining evidence of its safety and efficacy in long-term use. Additionally, clinical research on the efficacy and safety of Bi Qi Capsule in the Integrated Chinese and Western Treatment of Different Types of Lumbar Discogenic Pain and alternative endangered medicinal materials for Qingfei Xiaoyan Wan is being carried out in an orderly manner.

**In terms of talent guarantee,** the Company optimizes its research and development organizational structure, forming a three-tier R&D system: The Pharmaceutical Research Institute is responsible for the research and development of Class 1 new drugs, the Technology Center is responsible for the research and development of Class 2, 3, 4 new drugs, and Big Health industry products, and the industrial enterprises are responsible for technological transformation and innovation. This further enhances research and development efficiency and strengthens organizational agility. During the fiscal year 2022-2023,



#### Conduct pharmaceutical research

4 projects

#### Pharmacological research

21 projects

#### Clinical research

15 projects

#### Pharmacoeconomics

1 projects

#### Technological innovation and transformation

125 projects

the Company recruited a total of 570 new employees. Among them, 16 talented individuals with strong academic backgrounds and extensive practical experience in the research field were successfully hired. They all graduated from "Double First-Class" universities or key pharmaceutical colleges with master's or doctoral degrees. Additionally, the Company established a post-doctoral workstation and admitted one doctoral candidate, collaborating with Tianjin University of Traditional Chinese Medicine for joint training. At the headquarters, six experienced senior management personnel were recruited, while six professional managers joined the industrial sector and eleven joined the marketing sector. Moreover, 27 provincial, regional, and district managers were appointed along with 428 sales personnel to provide robust support for market expansion efforts. Furthermore, the Company bolstered its digital capabilities by recruiting 19 experts in the digital field, most of whom previously worked at renowned companies such as Huawei, ByteDance, and Ernst & Young.

#### Strengthening quality, implementing lean production, and building a traceable quality system

The Company continues to advance lean intelligent manufacturing, strengthen quality control, optimize supply chain resilience, and continuously improve the sustainable development system.

**Establishing a comprehensive quality control system for traditional Chinese medicine**, the Company collaborates with the Tianjin Food and Drug Administration to jointly build the "Comprehensive Traceability of Chinese Medicine Quality" project, which leads national scientific supervision. The system's main function, "Quality Traceability Inquiry", enables one-click comprehensive traceability from the field to the consumers along the entire industry chain, significantly enhancing the level of drug quality and safety management. In the initial phase, pilot projects for comprehensive traceability of Suxiao Jiuxin Wan, Shunaoxin Di Wan, and Qinggong Shoutao Wan were completed. The system covers traceability information management for medicinal material suppliers, medicinal material bases, medicinal material varieties, and finished medicine batches, spanning areas such as medicinal material cultivation, decoction piece production, and Chinese patent drug production.

**Establishing a traceability system for traditional Chinese herbal medicines (GAP)**, the Company relies on the traditional Chinese herbal medicines (GAP) traceability system to standardize management across eight sectors: Origin environment, source management, field management, harvesting management, processing and packaging, storage management, maintenance management, and sales and transportation. This ensures "traceable sources, traceable destinations, accountable responsibilities, and convenient inquiries".

**Carrying out smart manufacturing and lean production**, the Company focuses on cost reduction and efficiency improvement projects to build a lean management system, exceeding the target of reducing costs by CNY 40 million. By implementing lean concepts through on-site coaching, factory training, topic guidance, and task tracking, the Company has established a preliminary lean production system. Key initiatives such as Tier-3 meetings, 6S and visual management standards, energy consumption improvement, quick mold changeovers, equipment maintenance, and PMC are steadily implemented. Through 121 proposed projects, labor productivity has increased by 21%, with optimizations seen in procurement cost reduction, inventory turnover, box production volume, industrial output value, material losses, energy, and water consumption.

The "1" signifies adherence to brand leadership, focusing on innovation around traditional brand strengths to lead development. The "5" refers to the five directions of the traditional

#### Adhering to the '1+5' strategy, consolidating momentum, and seeking international development

Chinese medicine industry. Firstly, it involves expanding and strengthening the production of green traditional Chinese medicine. Secondly, it focuses on enhancing the high-quality decoction piece business, integrating resources, and expanding the construction of GAP bases. The Company has established 4,000 mu of planting bases for Ligusticum wallichii, Honeysuckle, and Schisandra, all of which have obtained the "three no's and one full" brand variety certificate, further deepening the coordinated development of the "Yun Tian Shang" traditional Chinese herbal medicines industry. Under the Company's umbrella, the Tianjin Ancient Cultural Street Health Living Hall has been revamped, and the grand opening of the Daxing Airport store has taken place. Fourthly, it involves exploring the integration of medicine and care, establishing the Da Ren Tang traditional Chinese medicine diagnosis and treatment brand with Chinese medical characteristics. The Tianjin Hebei Da Ren Tang Hospital Co., Ltd. has become one of the first batch of famous doctor clinics in Tianjin, inviting 6 teams of renowned doctors to join, covering four major departments of traditional Chinese medicine: Internal medicine, external medicine, gynecology, and pediatrics. They can provide high-level traditional Chinese medicine health services to patients. Meanwhile, the Internet hospital has entered the stage of license approval. Lastly, the fifth direction involves laying out the Big Health industry, integrating the Company's brands and product resources, and establishing health categories and functional categories of products that are derived from the same sources as medicine and food. In 2023, the Company was granted two health food approvals and launched a series of new Big Health products derived from the same source as medicine and food. The "+" signifies using "Da Ren Tang" as the main brand to lead the Company's development and empower related traditional Chinese medicine industries.

In 2023, the Company's sales revenue in the international market exceeded 40 million, with a year-on-year growth of 25%. Leveraging Tianjin Pharmaceutical Da Ren Tang Singapore Development Co., Ltd., the Company promoted product exports and prepared for overseas stores. Six products, including Suxiao Jiuxin Wan, obtained HALAL certification for the first time, laying the foundation for expanding into Muslim regions such as Southeast Asia. Additionally, three new varieties obtained Chinese medicine registration approval, two new varieties were listed for overseas sales, and the export prices of six varieties including Niu Huang Qingxin Wan were increased. The Company also managed to turn around the losses for five varieties, including Dayao Wan.



### 1.4.3 Party Building Work

In 2003, Tianjin Pharmaceutical Da Ren Tang Group's Party and Mass Work Department earnestly implemented the deployment of corporate cultural construction, deeply integrating party-building work with corporate culture, and fully creating a cultural atmosphere of "Love, Quality, and Empowerment".



#### I. "Prioritize Learning": Advance the assimilation of corporate culture into minds and hearts

The department organized the party organizations of various enterprises under the Group to closely integrate party-building work with actual production and operation, conducting thematic learning activities on "Deepening Cultural Concepts to Promote Reform and Development" based on the corporate culture manual. Through avenues such as "Three Meetings and One Class", the learning and in-depth thinking about corporate culture were incorporated into the daily learning plans, comprehensively and systematically understanding the essence of group culture. This helped party members and employees enhance their profound understanding of corporate culture and effectively implement corporate culture at the grassroots level. Furthermore, the department combined corporate culture learning and practice with various union activities, fully leveraging the leading and exemplary role of party members. This facilitated the creation of a conducive atmosphere for deeply understanding cultural concepts and supporting reform and development among the masses of workers. Through daily accumulation and high-frequency, high-efficiency activities, employees truly grasped the important connotations of corporate culture, internalizing it in their hearts and externalizing it in their actions. Throughout the year, party organizations at all levels conducted more than 70 related party member learning sessions, covering a total of 1100 party members.

## II. "Emphasize Practice": Establish a seamless transmission of corporate culture

Expressing culture is once again a manifestation of employees' high recognition of corporate culture based on a solid foundation of cultural learning. Therefore, based on deep learning, the Company launched the theme promotion activity "Cultural Awakening: Striving for the Era of Da Ren Tang 2.0", aiming to promote culture and stimulate the initiative, sense of responsibility, and vitality of the entire party members and masses within the system. The promotion was conducted internally across all levels to ensure coverage of every department, team, and group, leaving no gaps. Through connecting the "Dots, Lines, and Surfaces", the dissemination of culture was fully facilitated throughout the Company.

## III. "Promote Propagation": Drive the blossoming of corporate culture across the organization

In promoting cultural outreach, the Company actively undertakes various external communication and publicity activities. In 2023, it particularly initiated the "Traditional Chinese Medicine Culture Goes to Campus" activity under the auspices of Tianjin Pharmaceutical Da Ren Tang Group. Led by the Party and Mass Work Department, 10 advocating teams comprising a total of 30 individuals were organized. They visited various primary and secondary schools in different districts to deliver rich and diverse courses on traditional Chinese medicine culture to students and teachers. So far, they have visited over 30 primary and secondary schools, shouldering the banner of inheriting and developing traditional Chinese medicine culture with a high sense of social responsibility. This initiative has garnered recognition and praise from society.



## IV. "Build Cohesion": Uphold and promote corporate culture to enhance unity

In 2023, Tianjin Pharmaceutical Da Ren Tang successfully hosted its inaugural annual meeting ceremony at the beginning of the year, with over 550 attendees. This event embodied the core values of "Love, Quality, and Empowerment", rallying people together and boosting morale. Additionally, the organization involved young people in the selection of cultural ambassadors for the Tianjin Medical Group, with 10 youths being appointed as corporate cultural ambassadors. In October, they also hosted the "Da Ren Tang Cup", the first employee sports event of the Tianjin Medical Group, which saw over 1,000 employees from 37 companies within the Group participating in 35 different competitive events. Furthermore, the establishment of the "Da Ren Tang Art Troupe" aimed to enrich the cultural lives of employees, expand the Company's cultural influence, and promote the Tianjin Pharmaceutical Da Ren Tang cultural brand, thereby enhancing the Company's brand and influence. Ultimately, these efforts spurred all employees to accelerate the high-quality development of Tianjin Pharmaceutical Da Ren Tang with renewed vigor.





## 1.4.4 Da Ren Tang Honors

National Labor Day Award (2023)

National Pharmaceutical Industry Quality Control (QC) Group Activity:  
"Outstanding Enterprise" (2023)

National Pharmaceutical Industry Quality Control (QC) Group Activity:  
"First-Class Achievement" (2023)

High-Tech Enterprise (2023)

China Brand • Exemplar 100 (2023)

Listed Brand of China's Household Essential Medicines (2023)

Most Valuable Investment Enterprise (2023)

Most Socially Responsible Enterprise (2023)

Reassuring Consumer Demonstration Enterprise (2023)

Tianjin Model Workers' Home (2023)

Tianjin Science and Technology Progress Second Prize (2023)

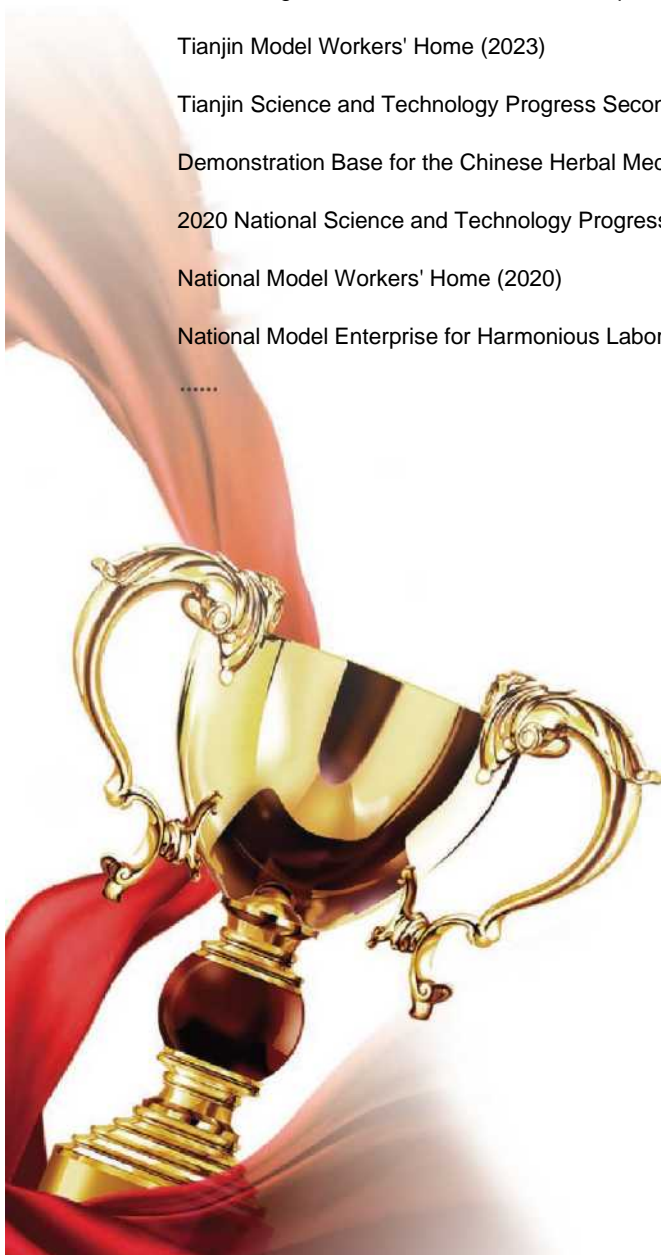
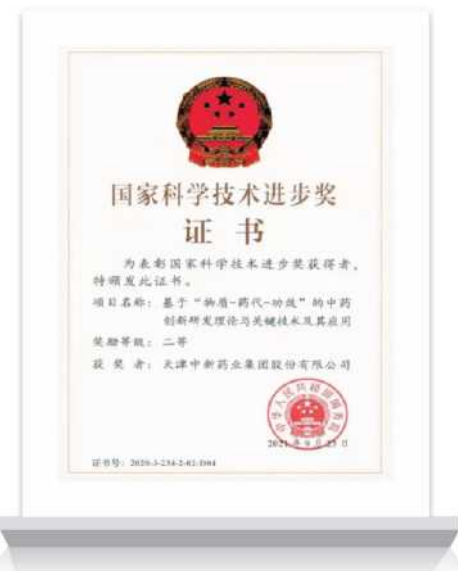
Demonstration Base for the Chinese Herbal Medicines Brand (2023)

2020 National Science and Technology Progress Second Prize (2021)

National Model Workers' Home (2020)

National Model Enterprise for Harmonious Labor Relations (2019)

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# Da Ren Tang, Blessed by Nature Leading Innovator in Traditional Chinese Medicine

02

## Key Issues

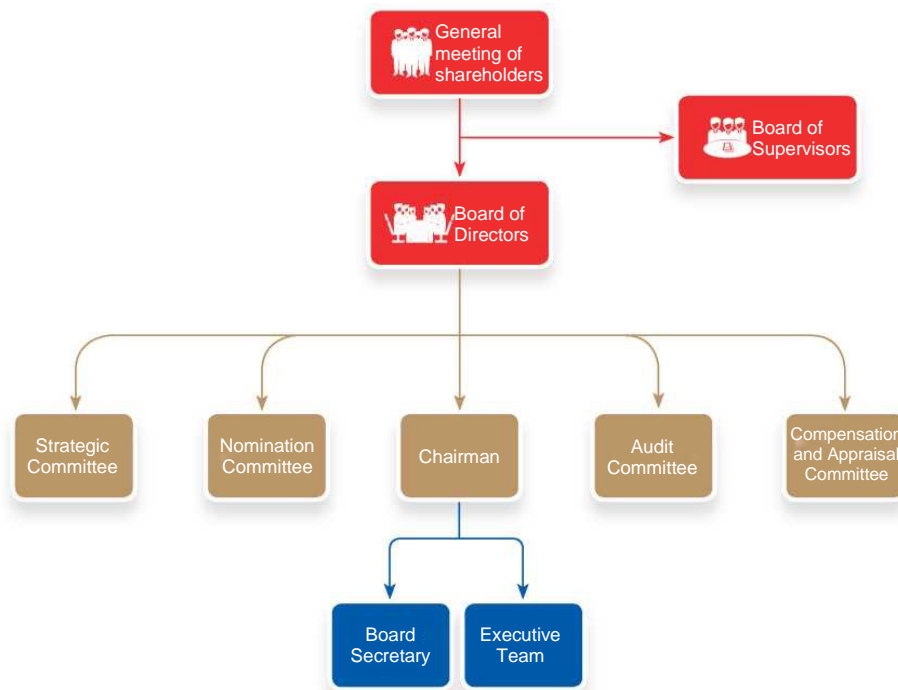
# 2.1 Regulatory Governance

## 2.1.1 Corporate Governance

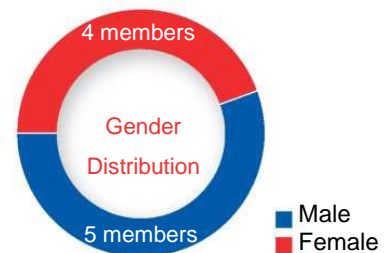
As a publicly listed enterprise simultaneously operating in Chinese and international markets, the Company rigorously adheres to the legal requirements and exchange regulations of both China and Singapore in corporate governance.

### Corporate Governance Structure

The Company strictly governs in accordance with institutional norms such as the *Articles of Association*, *Rules for General Meeting of Shareholders*, *Board of Directors Meeting Rules*, *Board of Supervisors Meeting Rules*, and *Independent Director System*.



Among the three independent directors of the Company, two are Singaporean nationals. Independent directors serve as chairpersons or members in each of the four functional committees of the board of directors, and all members of the audit committee are independent directors. The Company's board of supervisors has the right to attend the meetings of the board of directors and general meetings of shareholders and legally supervise the Company's operations.





## Corporate Governance Situation

In 2023, the Company convened 2 general meetings of shareholders, 9 board meetings, and 5 meetings for the board of supervisors to deliberate and vote on relevant proposals, details of which are available in the relevant announcements.



**In 2023, the Company held general meetings of shareholders**

**2** times

**Board of Directors**

**9** times

**Board of Supervisors**

**5** times

**Audit Committee**

**6** times

The independent directors of the Company diligently fulfilled their duties by reviewing and expressing independent opinions, prior opinions, or opinions of the audit committee on relevant proposals, including the Company's 2022 Chinese standards, international standards annual report and annual report summary, and *the Company's 2023-2025 Shareholder Return Plan*. The Audit Committee convened a total of 6 meetings throughout the year, actively promoting the Company's internal control system construction, reviewing the Company's internal audit work summary and work plans, and guiding internal audit work.

## Information Disclosure

The Company strictly adheres to the requirements of both China and Singapore in terms of information disclosure. In 2023, the Company disclosed a total of 4 sets of A-share and S-share regular reports, as well as 56 interim announcements.



Regular Reports

**4** copies each

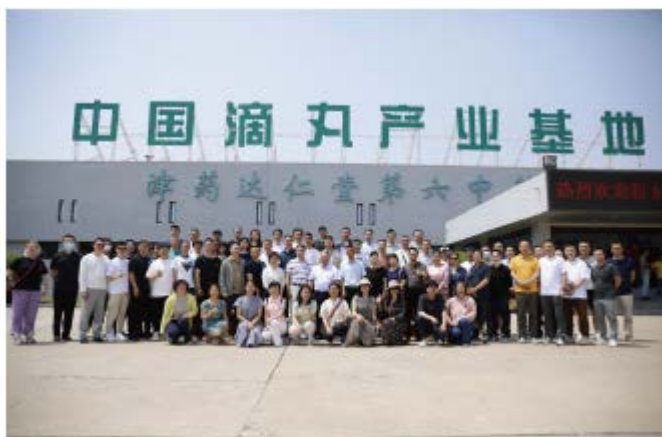


Interim Announcements

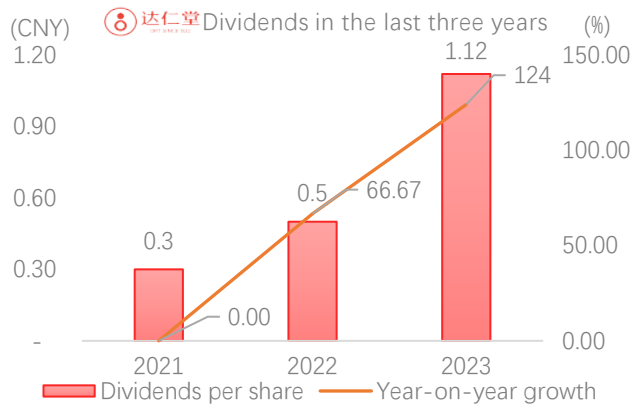
**56** copies each

## Investor Relations

The Company values constructive interaction with investors and has established various communication channels such as information disclosure, investor hotline response, website publications, reception for visitors, online and telephone conferences, and corporate visits to facilitate effective communication with investors. In 2023, the Company held regular report performance briefing sessions three times. It received inquiries and proposals from shareholders via various methods including phone calls and emails, with an average of over ten inquiries per day.



The Company's 2022 annual general meeting approved the profit distribution plan for the year 2022, which stated, "Based on the total share capital of 770,250,076 shares as the basis for implementing equity distribution, a cash dividend of CNY 11.2 (including tax) will be distributed to all shareholders for every 10 shares held. The total cash dividend distributed amounts to CNY 863 million (including tax)".



## 2.1.2 Standardized Governance

### Internal Control and Compliance

Compliance operations are the cornerstone of a company's stable development. The pharmaceutical industry is characterized by complex legal policies and strong specialization. A comprehensive compliance management system is crucial for the Group to maintain long-term competitiveness and achieve steady progress. The Group is committed to fostering a top-down corporate compliance culture, permeating compliance values across all levels and areas of the Company. It promptly identifies compliance risks encompassing business ethics, anti-corruption, product safety, marketing, and information security, thereby safeguarding its own steady development. Additionally, it actively participates in industry compliance construction, contributing to the development of a compliant ecosystem. The Company has not been involved in legal litigation or other major pending legal matters related to anti-competitive behavior, antitrust, or anti-monopoly practices, nor has it experienced any significant compliance violations.

To achieve scientific, standardized, and systematic financial management, in 2023, the Company organized the revision and formulation of 12 financial systems, including the "Expenditure Management Measures", clarifying management responsibilities, optimizing business processes, and strengthening assessment measures to prevent business risks through closed-loop management. The internal audit department, based on the COSO internal control framework, established a risk control matrix covering various business and management lines to identify and improve the quality of internal control and risk management.

### Related Transactions

In 2023, the Company formulated the *Related Party Transaction Management System* in accordance with the latest regulations. It established procedures for reviewing and approving related (interested party) transactions. All transactions with interested parties must be properly documented and submitted to the Audit Committee for quarterly review to ensure that transactions are conducted on fair commercial terms and are not detrimental to the interests of shareholders.

In the fiscal year 2023, the Company had two related-party transactions. I. The Company engaged in routine related-party transactions such as the purchase and sale of goods, procurement of raw materials, and pharmaceutical packaging printing with affiliated entities. The Company complied with the requirements of both exchanges and obtained approval from the annual general meeting. II. In accordance with the principles of "equality, Voluntariness, Mutual Benefit, Common Development, and Win-win Cooperation", the Company entered into a *Financial Services Agreement* with its affiliate, Tianjin Pharmaceutical Group Finance Co., Ltd. Under this agreement, Tianjin Pharmaceutical Group Finance Co., Ltd. provided the Company with settlement and intermediary business services, deposit services, and credit services. This related-party transaction was approved for renewal at the Company's annual general meeting held on May 15, 2023, for the fiscal year 2022. The renewal period is from July 1, 2023, to June 30, 2026.

### Securities Trading

In accordance with the securities regulations of both China and Singapore, the Company follows the policies and practices of the securities exchanges in both jurisdictions. It is recommended that all directors and key executives refrain from trading company stocks from one month before the publication of the Company's regular reports until the date of the performance announcement. Furthermore, the Group advises directors and executives against engaging in the buying or selling of the Company's securities based on short-term considerations.

The Company adheres to the "Insider Information and Insider Management System" by effectively registering and maintaining records of insider information information, as well as informing individuals of their confidentiality obligations. This is to prevent insiders from engaging in insider trading.



## 2.1.3 Anti-Corruption

The Company is actively engaged in preventing and controlling any form of corruption throughout its business processes. The Company pledges that upon discovering any corrupt activities, it will promptly conduct independent investigations and take measures to prevent their recurrence.

The Discipline Inspection and Supervision Office of the Company is responsible for the disciplinary inspection and supervision work of the Company's system, fulfilling the oversight duties over all employees of the Company. Both the parent Company and its subsidiaries are equipped with disciplinary inspection and supervision personnel. Through various forms of training and education, the ideological quality, work capabilities, and business proficiency of disciplinary inspection and supervision personnel within the Company's system are continuously enhanced.

The Discipline Inspection and Supervision Office of the Company continuously strengthens the construction of a culture of integrity and anti-corruption education. Collective integrity talks were conducted nine times with newly recruited members of leadership teams affiliated with the Company, and 41 integrity commitment letters were signed. Integrity talks were conducted with newly appointed cadres within the system 97 times. Activities such as "Q&A on Party Discipline and Rules" and "Telling Stories of Integrity" short video collection and exhibition were organized, with participation from over 2,000 employees. Over 3,100 leadership team members and party members from affiliated enterprises participated in various types of warning education, further enhancing the integrity and self-discipline awareness of party member leaders within the Company's system and preventing disciplinary violations and illegal activities.

The Discipline Inspection and Supervision Office of the Company continuously strengthens supervision and guidance around key areas and critical links such as tendering and procurement, cadre recruitment, asset disposal, and engineering projects. Supervision was conducted on eight key tendering and procurement projects; supervision was conducted 12 times on key areas and critical links such as organizational structure optimization, management cadre recruitment, and asset disposal; inspections were conducted on 15 investment projects to ensure full coverage; timely reminders of integrity risks and management risks were provided, and integrity, efficiency, and compliance awareness were integrated throughout the entire decision-making and implementation process. In FY2023, no significant risks of corruption were found, and the Company did not receive any reports of corruption incidents.

### Reporting Mechanism

The Company's Discipline Inspection and Supervision Office ensures the 24-hour acceptance of problem clues by setting up email and hotline reporting channels. Additionally, it accepts reports in person or by mail based on its management authority. In accordance with the *Implementation Measures for Handling Discipline Inspection and Supervision Petitions and Reports of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited*, the office promptly handles problem clues through methods such as interviews, inquiries, and obtaining relevant evidence. Upon receiving problem clues, the office maintains confidentiality regarding the content of the clues, the reporters, and the reported individuals, in accordance with the principle of "Upholding the Democratic Rights of Petitioners". After completing the verification of the problem clues, for anonymous reports, the office reports the verification results to the Company's Party Committee or the Discipline Inspection Commission of the pharmaceutical group. For named reports, the office provides feedback on the verification results to the reporters.

In 2023, the Discipline Inspection and Supervision Office achieved a 100% handling rate of received complaint clues. During the verification result feedback process for named reporters, no dissatisfaction was received. The Company's Discipline Inspection Commission issued one rectification notice for management risk points identified during verification, promoting the continuous improvement of the management systems of the affiliated enterprises.



Conducting collective integrity talks

9 times

Signed integrity commitment letters

41 copies

Conducting pre-employment integrity talks

97 person-times

Various warning education sessions

More than 3,100 person-times

Handling rate of petition problem clues

100%

Issued rectification notices

1 copies

## 2.2 Customer Health

### 2.2.1 Quality Management

At Tianjin Pharmaceutical Da Ren Tang Group, our primary mission is to provide public healthcare products and services. We are committed to manufacturing high-quality, highly stable drugs to ensure product health and safety. We consistently focus on the practical application of cutting-edge technology, collaborating closely with suppliers, customers, government agencies, and research institutions.

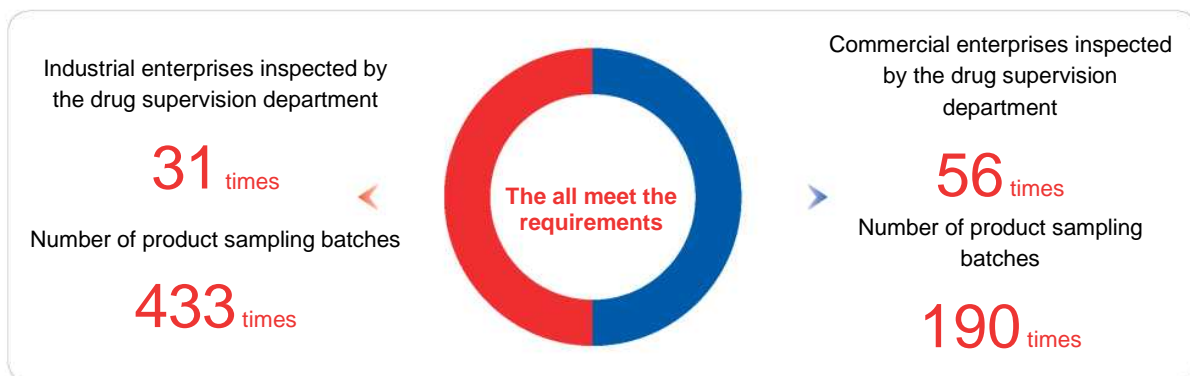
The Company strictly adheres to pharmaceutical regulations, continuously establishing a sound pharmaceutical quality management system throughout the entire industry chain (GAP/GCP/GLP/GMP/GVP/GSP) and the entire lifecycle. This ensures drug quality compliance, safeguarding patient medication safety and efficacy.

In 2023, the Group conducted an extensive review of quality management regulations across various categories of Big Health products, including food, health supplements, cosmetics, and agricultural products. This endeavor laid a solid foundation for the establishment of a comprehensive and efficient Big Health management system. Moreover, the Group closely aligns with national strategic planning directions and collaborates with the Tianjin Food and Drug Administration to jointly establish the "Traditional Chinese Medicine Full-cycle Quality Traceability" project. This project seamlessly connects GAP/GMP/GSP links, spanning from medicinal fields to drug sales circulation, enabling one-click full-process traceability and enhancing drug quality safety and traceability. Furthermore, through the implementation of the "Group Testing Platform", we have further improved the level and precision of testing, facilitating intensive management. Currently, the Group is actively engaged in researching, planning, and laying out the transformation of quality informationization to ensure the smooth establishment and efficient operation of quality information management platforms such as DMS/TMS/LIMS.

Since the implementation of the *Drug Administration Law* (2019 edition), The GMP/GSP certification matters have been abolished. Regulatory authorities have strengthened daily supervision through various methods such as tracking inspections and spot checks. In 2023, industrial enterprises under the Group underwent a total of 31 inspections by regulatory authorities, while commercial enterprises underwent a total of 56 inspections. The results of these inspections were all found to be "compliant".



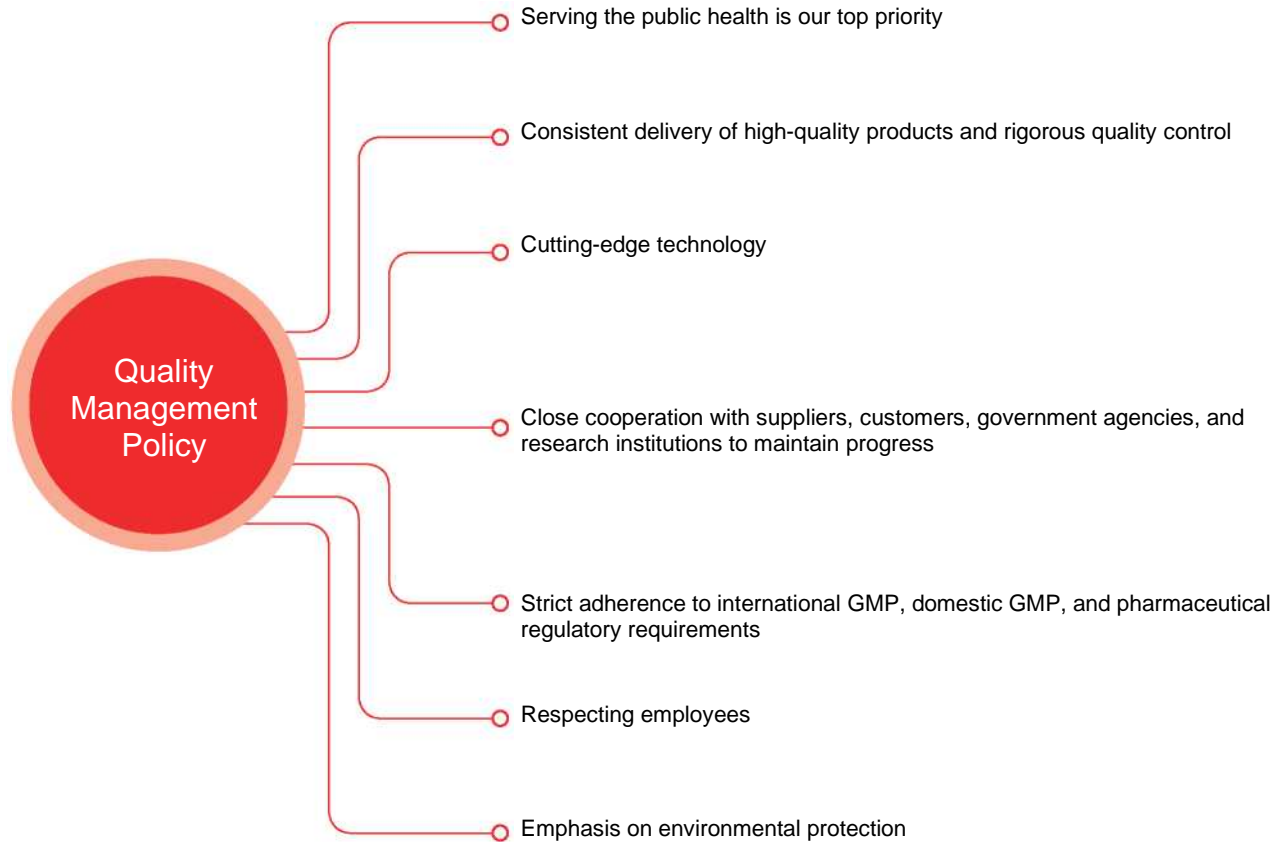
#### Inspection Situation in 2023







## Pharmaceutical production



In 2023, to enhance the quality assurance for international market sales, the Group organized its production enterprises to obtain international certification from the Australian TGA. Additionally, six products from three production enterprises received HALAL certification for the Southeast Asian market. The Group's testing center successfully passed the China National Accreditation Service for CNAS re-evaluation, with the number of accredited projects increasing to 85.

Adhering strictly to the requirements of the new version of GAP in China, the Company formulated 10 base production management systems, 3 production technical specifications, and recorded 62 operational procedures. The Company promoted the certification of "Three Nos and One Full" (no sulfur processing, no excessive aflatoxin, no pollution, and full traceability throughout the process) for its medicinal material bases.

In 2023, at the 44th National Pharmaceutical Industry Quality Management Group Activity Achievement Exchange Conference, the Group was honored with the title of "Outstanding Enterprise". Additionally, four leaders of the Group were individually awarded the "Outstanding Leadership" and other advanced honors, while 15 QC team achievements were awarded the national "First Prize".

The Group closely follows the development of professional cutting-edge technologies and actively conducts work to improve quality standards. In 2023, it participated in the development of a total of 32 national and Tianjin municipal quality standards, including 22 included in the "National Chinese Medicine Processing Specifications" and 10 in the 2022 version of the *Tianjin Municipal Decoction Piece Processing Specifications*. Additionally, four products participated in the formulation of the *High-Quality Product Quality Standards for the Huoxiang Zhengqi Formula* by the Tianjin Medical Industry Association. The Group developed standards for 250 new products and revised 1,067 standards related to existing products.

## 2.2.2 Marketing and Branding

### Drug Sales (including sales of products from industrial enterprises affiliated with Da Ren Tang and sales of products from enterprises unaffiliated with Da Ren Tang)

The Company's affiliated commercial entities collectively hold 36 *Drug Distribution Licenses*. Adhering strictly to the laws and regulations of the pharmaceutical industry such as the *Drug Administration Law of the People's Republic of China*, the *Implementing Regulations of the Drug Administration Law of the People's Republic of China*, and the *Measures for the Supervision and Administration of Drug Production*, the Group reinforced internal risk control and compliance governance efforts. In 2023, the Company had no incidents of violating regulations related to product safety, no occurrences of violating regulations related to the quality and safety of products it operates, no breaches of regulations related to marketing and communication, and no complaints of privacy infringement or loss of customer data.



### Sales of products from industrial enterprises affiliated with Da Ren Tang

In May 2022, the Company officially rebranded as "Tianjin Pharmaceutical Da Ren Tang," revitalizing its flagship brand and adopting a new logo. It subsequently initiated the registration of the new VI trademark with the China National Intellectual Property Administration, renamed its subsidiaries, and updated its packaging. In 2023, a total of 492 varieties underwent packaging updates. Throughout the year, the Company applied for over a thousand overseas trademarks covering more than 130 countries and regions, with 54 new trademarks registered and a total of 692 domestic and 65 overseas registered trademarks.

All pharmaceutical products produced by the Group hold legitimate drug approval numbers, and their labeling strictly adheres to the requirements of the *Regulations on Drug Instructions and Labeling Management* (Bureau Order No. 24). In January 2023, the Company issued the *Product Packaging Change Approval Management System*, strictly regulating packaging changes for products across its subsidiaries to ensure compliance with regulatory requirements and meet market demands.

The marketing and labeling of our pharmaceutical products strictly adhere to national marketing and labeling management regulations. The Group regularly conducts risk prevention and control checks, and strictly manages frontline sales personnel, agents, and service providers, emphasizing legal and compliant marketing. Group product advertisements strictly comply with the *Tianjin Pharmaceutical Da Ren Tang Group's Guidelines for Drug Advertising Compliance* and are released according to proper procedures. Each affiliated company has established the *Drug Promotion Code of Conduct*, designating dedicated personnel responsible for advertising, reviewing advertisement content, monitoring advertising dynamics, strictly adhering to the *Drug Administration Law* and *Advertising Law*, and regulating marketing implementation plans to ensure legal and compliant product promotion.



The Company remains patient-centric. In 2023, to facilitate patient medication, it experimented with providing additional user-friendly services such as electronic instructions, guidance on medication purchase channels, and adverse reaction collection. The Company successfully unified and integrated 8 production enterprises, 2 sales platforms, and 29 after-sales hotlines, establishing a "digital customer service platform" to enhance user service capabilities and improve after-sales service efficiency.

The Company fulfills its responsibilities as the marketing authorization holder for pharmacovigilance, ensuring consumer medication safety. It actively implements the revision of safety information in line with the requirements of the *Special Regulations on Traditional Chinese Medicine Registration Management* issued by the National Medical Products Administration. In 2023, revisions for eight products were completed, obtaining supplementary application approvals from the CDE.

### Sales of products from enterprises unaffiliated with Da Ren Tang

Da Ren Tang procures pharmaceutical products only from suppliers with legitimate qualifications. During the initial qualification assessment, the labeling of purchased pharmaceutical products undergoes scrutiny.

Furthermore, the Company values external communication, actively participates in industry compliance management-related exchange activities, and contributes to policy-making efforts by actively participating in the formulation of the *Regulations on Compliance Management of Pharmaceutical Industry Enterprises* organized by the Compliance Management Professional Committee of the China Chemical Pharmaceutical Industry Association, thus contributing to the development of industry compliance ecosystem.

## 2.2.3 Supplier Management

### Pharmaceutical production

We conduct rigorous inspections with high standards and strict requirements when evaluating suppliers to ensure product quality. Since 2022, the Company has been advancing the implementation of a digital procurement platform (SRM) for industrial enterprises. For the procurement of traditional Chinese herbal medicines, the Company employs an electronic procurement system to optimize the supplier selection process. Annual, monthly, and ad hoc procurement plans are formulated based on annual demand, inventory levels, and market fluctuations. Suppliers are comprehensively evaluated based on seven aspects: Capital, batch, quantity, transportation, returns, contracts, etc., to ensure transparent and objective supplier selection.

Internally, the Company has established the *Qualification Audit Management System for Suppliers* and strictly examines GSP qualifications for upstream medicinal material suppliers, checking their credit status through the "National Enterprise Credit Information Publicity System". We also continuously monitor regulatory and penalty lists released by regulatory authorities to ensure ongoing compliance with listed suppliers. For suppliers of production materials, unified standards are applied across the group, and centralized audits are conducted to review the quality and compliance of the supply chain, thereby mitigating risks associated with the supply chain's impact on product quality.

In 2023, under the guidance of the Tianjin Food and Drug Administration, the Company successfully launched a full industry chain traceability platform for Chinese patent drug, completing the full traceability of three pilot products (Suxiao Jiuxin Wan, Shunaoxin Di Wan, and Qinggong Shoutao Wan). The system covers traceability information management for medicinal material suppliers, medicinal material bases, medicinal material varieties, and finished medicine batches, spanning areas such as medicinal material cultivation, herbal piece production, and Chinese patent drug production. The traceability system ensures product quality and safety, meets regulatory requirements of pharmaceutical supervision, improves inspection efficiency, and ultimately empowers decision-making in medicinal material procurement.

## Chinese Herbal Medicines Traceability System



In 2023, the Company established planting bases for Ligusticum wallichii, Honeysuckle, and Schisandra covering an area of 4,000 mu (about 266.67 hectares). With outstanding performance, these bases successfully passed the on-site inspections and centralized evaluations conducted by the expert group of the National Traditional Chinese Herbal Medicines Standardization and Quality Assessment Innovation Alliance. All three bases were awarded the "Three Nos and One Full" brand variety certificate, and the Ligusticum wallichii base was honored with the title of Traditional Chinese Medicinal Materials Brand Demonstration Base.



### Non-production materials

The Company actively promotes centralized online procurement of "non-production materials" within the system, achieving transparent procurement practices. By integrating digitalization and standardization into the procurement, usage, and statistical tracking of non-biological assets, the Company has effectively synchronized the launch of an intelligent mini-warehouse with an online VIP platform. This integration has resulted in the establishment of a new management model that combines Internet Plus with the Internet of Things, offering comprehensive one-stop services for products, equipment, and operations. This new model enables refined control, enhancing the efficiency of non-production material procurement, reducing approval processes, and lowering procurement costs.

### Products from enterprises unaffiliated with Da Ren Tang

While strictly adhering to the requirements of the new version of GSP, the pharmaceutical company relies on the organic integration of the Tianjin Sino-Singapore Pharmaceutical Logistics Center's ERP (Enterprise Resource Planning) and WMS (Warehouse Management System) to achieve automatic data exchange, forming a comprehensive platform that integrates business systems with warehouse management systems.

To standardize procurement practices, the pharmaceutical company has formulated the "Procurement Management System for Pharmaceutical Companies" and established archives for qualified suppliers. Suppliers are rigorously screened, and their files should include basic supplier information, supplier approval forms, relevant qualifications and certificates, audit materials, evaluation and assessment results, purchase contracts, correspondence records, fax records, and telephone records, among other documents.



## 2.2.4 Technology R&D

The Company is closely following the new trends in the innovative development of traditional Chinese medicine value, patient needs, and various approaches such as integrating syndrome differentiation with diseases, developing innovative traditional Chinese medicine drugs and improved traditional Chinese medicine drugs, introducing them to the market, and transforming traditional Chinese medicine preparations in medical institutions into new traditional Chinese medicine drugs. Furthermore, the Company is engaged in the formulation of compound preparations based on ancient classic traditional Chinese medicine formulas, identifying exclusive varieties, conducting in-depth research on effective substances and pharmacology-toxicology foundations of traditional Chinese medicine, and carrying out high-quality evidence-based research for major varieties' secondary development. It is also exploring dormant varieties to promote the transformation and application of scientific and technological achievements. Through independent research and development, collaborative research and development, and product introduction, the Company aims to achieve synergistic development between traditional Chinese medicine and health products.

### Technology Center

The Company boasts 1 national-level enterprise technology center, 1 enterprise postdoctoral research workstation, 5 municipal-level enterprise technology centers, 1 municipal traditional Chinese medicine modernization technology engineering center, 1 Tianjin municipal enterprise key laboratory, and 1 academician workstation. Equipped with advanced instruments and equipment, these technology centers provide robust hardware support for the Company's technological innovation endeavors.



### Institutional Cooperation

The Company, guided by its mission of inheriting tradition and fostering innovation, aligns with its technological strategic positioning of "Serving production, Supporting Sales, and Leading the Future". In 2023, it engaged in strategic collaborations with renowned academic institutions. It partnered with Tianjin University of Traditional Chinese Medicine and the Haihe Laboratory of Modern Traditional Chinese Medicine for annual strategic cooperation, jointly conducting evidence-based research and pharmacological studies on the rapid-action heart-saving pill. Additionally, it established the Macao University-Tianjin Pharmaceutical Da Ren Tang Chinese Medicine Innovation Joint Laboratory, the first domestic and foreign joint laboratory for Chinese medicine innovation. Collaboration intentions were formed with Tsinghua University Beijing Municipal Traditional Chinese Medicine Cross-Research Institute, while cooperation was initiated with Professor Huo Yong's team at Peking University First Hospital for comprehensive clinical research on the full application of rapid-action heart-saving pills in ACS patients. This research aims to explore the clinical efficacy and safety of pre-hospital emergency use of rapid-action heart-saving pills in ACS patients, revealing the therapeutic effects of early use of rapid-action heart-saving pills in ACS patients. Furthermore, the research outcomes on the Qingyan Dropping Pills, achieved through cooperation with the Haihe Laboratory of Modern Traditional Chinese Medicine and the Guangzhou National Laboratory, were announced at the World Internet Conference in Wuzhen. These findings suggest the potential therapeutic effects of Qingyan Dropping Pills on the inflammatory response induced by COVID-19 infection.

## R&D Contributions

The Phase II clinical study of Bufeï Keli is currently undergoing clinical trial data analysis. Bioequivalence (BE) trials for the generic sodium diclofenac sustained-release tablets are underway. Simultaneously, the Company is systematically developing existing Chinese medicine varieties through secondary development focusing on aspects such as clinical re-evaluation, process improvement, new indications, pharmacological mechanisms, substance-based research, and real-world studies.

Clinical research projects are included in the important sub-

projects of the "14th Five-Year Plan" national key research and development program "Modernization of Traditional Chinese Medicine" led by the Guang'anmen Hospital of the China Academy of Chinese Medical Sciences, focusing on "Key Technologies and Diagnosis and Treatment Schemes for the Prevention and Treatment of Non-Small Cell Lung Cancer in Integrated Chinese and Western Medicine."

The Company conducts replacement research on Qingfei Xiaoyan Wan with antelope horn. The approval for the use of "Cultivated Niu Huang" has been obtained from the Tianjin Municipal Drug Administration, promoting the sustainable development of the traditional Chinese medicine industry.

The Company has introduced 10 new varieties into 20 countries and provincial-level guidelines and consensus, driving clinical research and achievement transformation.

Suxiao Jiuxin Wan was included in the authoritative guidelines "China Elderly Hypertension Management Guidelines 2023" and the "Expert Consensus on the Diagnosis and Treatment of COVID-19 Infection Complicated with Heart Failure in Integrated Chinese and Western Medicine," released by the Chinese Geriatrics Society;

Qingyan Di Wan was incorporated into the "Beijing Union Medical College Hospital's Proposal for the Diagnosis and Treatment of COVID-19 at the Primary Level and Appropriate Technologies (First Edition)" issued by Peking Union Medical College Hospital;

Bi Qi Capsules were recommended as high-quality evidence (Grade A) with strong endorsement in the *Chinese Guideline for the Treatment of Chronic Pain with Non-Opioid Analgesics* issued by the National Health Commission of China and the *Guidelines for the Diagnosis and Treatment of Osteoarthritis in Chinese Medicine* published by the Chinese Association of Integrated Traditional Chinese and Western Medicine (1);

Tongmai Yangxin Wan was included in the *Guidelines for the Diagnosis and Treatment of Coronary Microvascular Disease in Traditional Chinese Medicine*, organized by the China Association of Chinese Medicine, and received strong recommendation;

Weichangan Wan Entered the *Expert Consensus on the Diagnosis and Treatment of Ulcerative Colitis in Integrated Chinese and Western Medicine* published by the Chinese Association of Integrated Traditional Chinese and Western Medicine;



In 2023, the Group was granted 31 patents, including one US PCT invention patent. The project "Demonstration Research on the Safety and Risk Assessment Basis and Application of Traditional Chinese Medicine" won the Tianjin Science and Technology Progress Second Prize, while the project "Optimization Research on Tongmai Yangxin Wan Products" won the Tianjin Science and Technology Progress Third Prize. The project "Key Technologies and Transformation Applications for the Safety Evaluation of Traditional Chinese Medicine" received the Excellent Award for China's Industry-University-Research Cooperation Innovation and Promotion. In the field of Big Health, "Da Ren Tang brand Ejiao Muli Gusui Supplement Tablet" and "Da Ren Tang brand Fengjiao Hongqudan Tablets" were approved as health foods.



## 2.2.5 Product Safety Objectives and Compliance

To ensure the achievement of product safety goals in the 2024 fiscal year, we conducted a review of the product safety performance for FY2023 and formulated plans for FY2024.

### Actual Performance in FY2023

Targets for FY2023	Performance
Zero incidents of non-compliant marketing and labeling of products	Achieve zero incidents of non-compliance.
Zero incidents of product safety non-compliance	Achieve zero incidents of product sampling failure; achieve zero incidents of failure in regulatory inspections.

### Product Safety Targets for FY2024

Targets for FY2024	Action Plan
Zero incidents of non-compliant marketing and labeling of products	Strictly adhere to the requirements of the <i>Regulations on the Management of Drug Instructions and Labels (Bureau Order No. 24)</i> , strictly implement the marketing management system, norms, and processes, continuously improve the existing institutional norms and processes in accordance with the latest requirements of marketing compliance laws and regulations.
Zero incidents of product safety non-compliance	Strictly adhere to the requirements of the "Drug Administration Law", GMP, GSP, GVP, and other regulatory requirements, strictly implement the Company's and enterprise's drug quality management system and work processes; Continue to carry out HALAL certification.

## 2.3 Care for Employees

### 2.3.1 Occupational Health and Safety



Tianjin Pharmaceutical Da Ren Tang Group has always adhered to the principle of "Life First, Safety Paramount", committed to providing a safe and suitable working environment for all employees and ensuring their physical and mental health and safety. The Group implements effective safety measures in the workplace, striving for zero fatal accidents in all workplaces. It rigorously fulfills corporate responsibilities, strictly controlling risks, emphasizing processes, and adhering to safety standards, continuously enhancing the level of safety management.

Continuously promoting the construction of the occupational health and safety management system, the Group signed EHS target responsibility agreements with various subsidiaries and departments in 2023, ensuring accountability at all levels. It regularly convenes special meetings to deploy safety work. The Group strengthens the dual prevention mechanism of identifying hazards and investigating hidden dangers, conducting over 500 occupational health and safety hazard investigations in 2023, achieving a 100% rectification rate to ensure a closed-loop process; industry exchanges and professional training are conducted to effectively enhance the technical and management capabilities of EHS management personnel. During the Safety Production Month, the Group organized activities such as "Everyone Talks about Safety, Everyone Knows Emergency Response" speech events, where company leaders shared firsthand experiences and recorded public safety education videos. It also organized "Occupational Disease Prevention and Control Law" publicity week activities with the theme of "Improving Working Environment and Conditions, Protecting Workers' Physical and Mental Health", synchronized social welfare campaigns at various pharmacy entrances, and conducted emergency drills during the "119 Fire Safety Month" to effectively improve employees' awareness of safety and emergency evacuation skills.



In 2023, various types of occupational health and safety hazards were investigated

Over **500** times

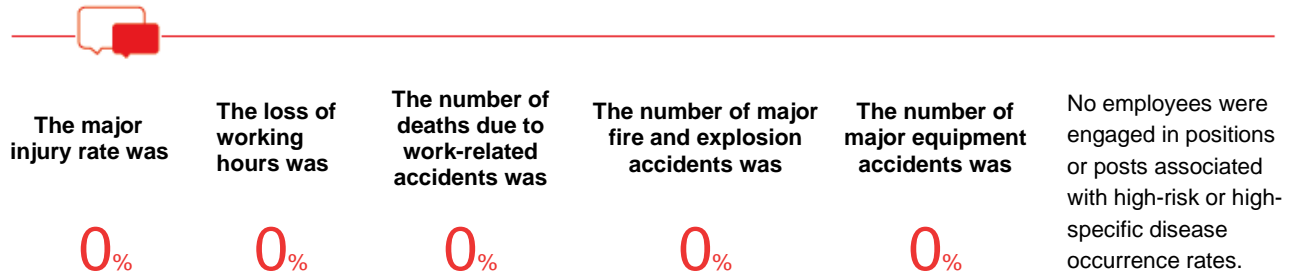
Achieving a closed-loop rectification of hazards and ensuring a rectification rate of

**100%**





In 2023, the overall safety production situation of the Group remained stable, and various safety production indicators were successfully achieved.



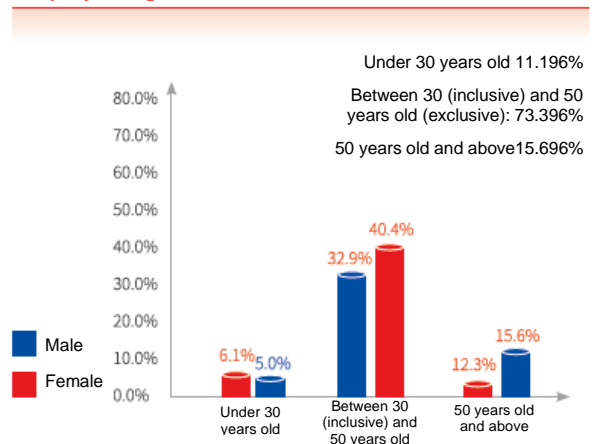
### 2.3.2 Workforce Diversity

The Company treats all employees fairly, strictly adhering to laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. We uphold equal employment opportunities, ensuring equal pay for equal work, without any discrimination based on gender, age, ethnicity, education level, or any other factors. We actively foster a diverse and harmonious work environment.

In 2023, the Company had a total of 4619 employees, including 185 ethnic minorities, with female managers accounting for 49%.

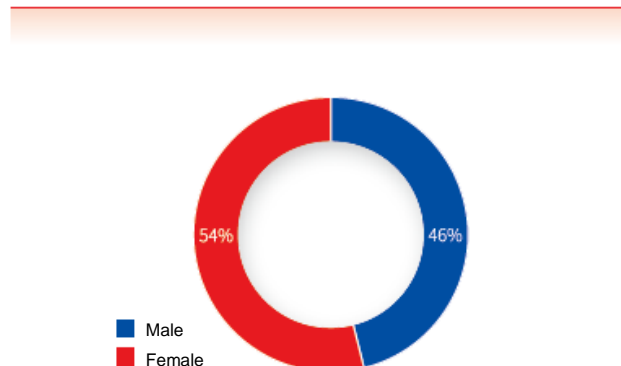
Note: According to current policies in China, the retirement age for male employees is 60 years old, while for female workers in labor positions, it is 50 years old, and for female workers in management positions, it is 55 years old. In a group of individuals over 50 years old, as most female employees retire, the majority of the group consists of male workers.

#### Employee Age and Gender Ratio



In 2023, the Group recruited 331 new employees, with a new employee rate of 7%.

#### Gender Distribution of Newly Hired Employees in 2023



### 2.3.3 Employee Benefits

The Company strictly adheres to the *Labor Contract Law* and its implementation regulations, signing labor contracts with 100% of employees, and strengthens the implementation management of labor remuneration, rest and vacation, social insurance, etc. Employees fully enjoy paid annual leave, maternity leave, paternity leave, nursing leave, maternity leave, paternity leave, marriage leave, bereavement leave, and other welfare holidays in accordance with policy regulations. The Company ensures that the starting salary of employees is not lower than the minimum wage standard in Tianjin, and the salary and benefits of employees comply with industry standards and are competitive in the market. The Company provides all employees with pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance, and housing provident fund benefits, all of which are guaranteed to be paid on time and in full. Regular free physical examinations are organized for employees.

In the year 2021, 32 employees in the Group enjoyed maternity leave, and after the maternity leave period expired, all were retained by the Company, with a retention rate of 100%. In the year 2022, 62 employees in the Group enjoyed maternity leave, and after the maternity leave period expired, all were retained by the Company, with a retention rate of 100%.

In the year 2023, 46 employees in the Group enjoyed maternity leave. Among them, 30 have returned to work, while the remaining 16 are still on maternity leave. After the maternity leave period expires, all will be retained by the Company, with a retention rate of 100%.



**All on-duty employees signed labor contracts**

**100%**

**The retention rate of employees after maternity leave expiration:**

**100%**





The Group's labor union has established the Da Ren Tang Employee Art Troupe, and allocated activity subsidy funds to affiliated enterprise unions to support employees in organizing cultural and sports activities. Various levels of labor union organizations have also set up six major societies including calligraphy and painting, hosting, photography, football, badminton, and table tennis. In 2023, the Company hosted the "Da Ren Tang Cup" Employee Sports Meeting, with 35 categories and more than 1,000 employees participating. By implementing a questionnaire-based working method to listen to the voices of employees, Starbucks coffee services and smart lockers from Fengchao Express have been introduced in the Da Ren Tang building, effectively addressing the practical needs of employees in their work and life.



The Group is committed to strengthening democratic management functions, with the labor union guiding and supervising each enterprise to lawfully convene the workers' congress, sign collective wage negotiation agreements and collective contracts, record them in accordance with the law, and promptly announce them to the employees. The Company's General Meeting of Shareholders deliberates on the remuneration of directors and supervisors, while the board of directors reviews executive compensation proposals, with the establishment of a Compensation and Appraisal Committee under the board of directors. The Company holds executives accountable by sharing sales revenue and profit targets, while also emphasizing the formulation of personalized performance indicators, signing performance contracts, and actively exploring the establishment of fair, transparent, and scientific executive performance evaluation standards and incentive mechanisms. The Company implements performance management for employees, conducting regular performance assessments based on the nature and category of positions to ensure that employee contributions are fairly rewarded. Management, production, and sales personnel are assessed based on their respective positions, management performance, physical quantity, and sales performance. To fully motivate employees and allow them to share in the Company's development achievements, the Company continuously improves its compensation system and incentive mechanisms. In cases of company performance growth, the salary level of employees is correspondingly increased to ensure that the value is inclined towards those who strive for it.

## 2.3.4 Employee Growth

The Company aims to create a "Talented Workforce with Five Attributes" with the goal of providing an "Ideal Development Platform for Employees". By increasing the reserve of high-end talents and activating existing talents, we rely on the training center, focus on job competency, and aim to provide talent assurance for the Company, building five major professional training platforms for employees in management, professional skills, marketing, production operations, and scientific research. We provide continuous and systematic training courses for employees in various positions. In 2022, the Company launched the "Cloud Classroom" learning platform in the marketing and industrial sectors. The utilization rate of the online learning platform has gradually increased, and the goal of "Learning for Five Minutes Every Day" has been basically achieved. By the end of 2023, the learning platform covered 4,381 people, with an average daily learning time of 6.36 minutes, and a total of 618 learning projects have been released. Meanwhile, the Group organizes various expert training sessions, including cooperation with Tianjin University on "Enhancement and Value Exploration of Chinese Patent Drug Varieties". In 2023, the Company successfully introduced one postdoctoral fellow into the postdoctoral workstation, jointly cultivated with Tianjin University of Traditional Chinese Medicine. The Company actively organized the application for the Enterprise Training Center and has passed the on-site review.

As of the end of 2023, the number of people covered by the learning platform reached

4,381

Average daily learning duration per person:

6.36 minutes

Cumulative number of learning projects released

618



The Company has organized or participated in various skills competitions such as the Chinese Herbal Medicines Identification Competition for several consecutive years. In 2023, two company representative teams entered the finals of the Second National Traditional Famous Brand Vocational Skills Competition and achieved excellent results. Zhao Baohong was awarded the Tianjin May 1st Labor Medal, and Mao Yuquan was honored as the "Craftsman of the Haihe River" in the fourth edition.





## 2.3.5 Employment Objectives and Labor Compliance

In 2022, the Company was awarded the honorary title of *National Model Enterprise for Harmonious Labor Relations*. In 2023, the General Manager, Wang Lei, was recommended for the "First National Advanced Collective and Individual in the Establishment of Harmonious Labor Relations" by the Tianjin Municipal Human Resources and Social Security Bureau, Tianjin Federation of Trade Unions, Tianjin Enterprise Federation, and Chamber of Commerce. This recommendation received official national endorsement and was publicly announced.



The Company is committed to being a responsible employer. In 2023, the group did not experience any incidents of discrimination, child labor, forced labor, or human rights violations. The wages and benefits of employees are implemented according to the terms of the signed labor contracts, without gender distinctions, and the principle of equal pay for equal work is strictly followed.

### Actual Performance in FY2023

Targets for FY2023	Performance
Promoting Employee Development	The Company has further promoted the participation of all employees in training, with a learning platform covering 4,381 people. The average daily learning time per person is 6.36 minutes, and a total of 618 learning projects have been released. The Company also promoted training for high-level talents, providing management, professional skills, marketing, production operations, and research training tailored to employees in different positions.
Safeguarding Employee Rights	The Company adhered to national laws and regulations to determine salary standards and implemented performance assessments. All employees enjoyed equal pay for equal work and comprehensive social security benefits. Female employees enjoyed full benefits during maternity leave.
No Major Safety Accidents:	There were no major safety accidents in the year 2023.

### Targets for FY2024

Targets for FY2024	Action Plan
Promoting Employee Development	The Company shall establish an employee development system based on job qualifications, and develop succession plans for key positions. It also should implement a reward mechanism to incentivize continuous skill growth, fostering a culture of lifelong learning.
Safeguarding Employee Rights	The Company shall adhere to national laws and regulations to determine salary standards, conduct performance assessments, and ensure that employees enjoy equal pay for equal work, along with comprehensive social security benefits and maternity leave for female employees.
No Major Safety Accidents:	The Company shall promote the institutionalized construction of safety management systems, intensify efforts in talent development, and advance the construction of a safety culture.

## 2.4 Environmental Protection

### 2.4.1 Energy Conservation and Consumption Reduction

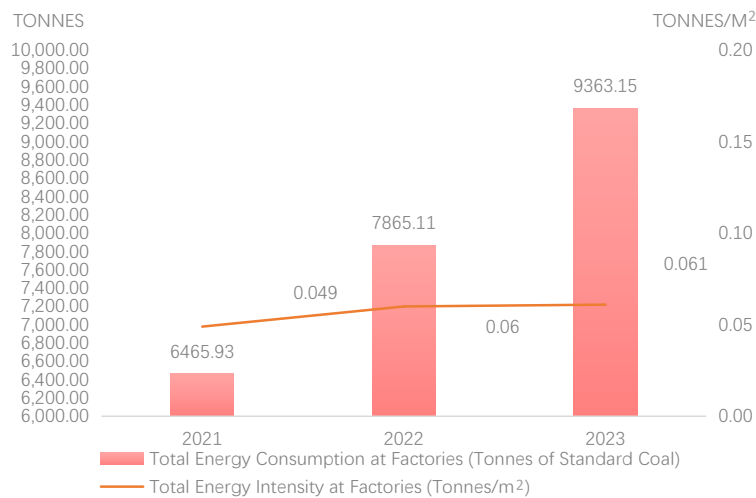
In 2023, the Company, under the guidance of external experts and through studying excellent enterprises, updated outdated equipment and strengthened energy management control, achieving positive results in energy conservation and water-saving efforts.



#### Pharmaceutical production

The Company's pharmaceutical production units, including Darentang Pharmaceutical Factory, Longshunrong Pharmaceutical Factory, Lerentang Pharmaceutical Factory, The 6th Chinese Medicine Plant, Jing Wan Hong Pharmaceutical, Xinxin Pharmaceutical Factory, and Zhongxin Pharmaceutical Factory, are the main energy-consuming units in the drug production process.

Energy Consumption at Factories (Tonnes of Standard Coal)



In 2023, the total energy consumption of the above-mentioned pharmaceutical production industrial enterprises was 9,363.15 tons of standard coal, an increase compared to the previous year. This increase is partly due to the inclusion of Jing Wan Hong Pharmaceutical in the statistics and partly due to increased production output. In terms of energy efficiency, the energy consumption per unit of output decreased by 3.24% year-on-year. During the production process, we improved efficiency through lean production, strictly implemented energy-saving assessments, proactively enhanced energy monitoring, and implemented technical improvements to achieve the goal of reducing consumption.



In the previous year's report, the Company set a target to achieve a reduction of 50 tons of standard coal through energy-saving improvement measures. In 2023, industrial enterprises completed a total of 13 energy-saving projects, achieving an overall annual energy saving of 71.39 tons of standard coal.



Darentang Pharmaceutical Factory installed electric meters to monitor energy usage on key production lines and increased the use of steam condensate water through the transformation of steam condensate water tank systems. Throughout the year, approximately 24,000 kWh of electricity was saved (equivalent to 2.95 tons of standard coal).

At Longshunrong Pharmaceutical Factory, motion sensors were added to lighting fixtures, and capacitors were added to the 55-type air compressors. This resulted in annual electricity savings of 7,500 kWh and 12,900 kWh, respectively (equivalent to 2.51 tons of standard coal).

At Lerentang Pharmaceutical Factory, progress was made on two projects: replacing the capacitors in a 630KVA transformer and managing non-production electrical systems. After completing these projects, electricity savings of 8,500 kWh were achieved annually (equivalent to 1.01 tons of standard coal).

At the 6th Chinese Medicine Plant, a low-power pump replaced a pump in the extraction workshop nearing its scrapping period, reducing the equipment's power consumption from 45 kW to 37 kW. This resulted in annual electricity savings of 15,600 kWh (equivalent to 1.92 tons of standard coal).

Jing Wan Hong Pharmaceutical updated the lighting equipment in the factory area with crystal silicon solar-powered ultra-bright LED lighting sources. This project is expected to save 7,300 kWh of electricity annually (equivalent to 0.90 tons of standard coal).

At Xin Xin Pharmaceutical Factory, one new type of refrigeration unit was replaced, and three vertical pumps were upgraded with self-coupled voltage reduction starters. Additionally, timed switches were added to hand wash basins and kitchen appliances. These projects resulted in annual electricity savings of 66,300 kWh (equivalent to 8.14 tons of standard coal).

At Zhongxin Pharmaceutical Factory, projects such as comprehensive workshop LED lighting replacement (Phase II) and the conversion of two in-use low-temperature vacuum dryers from steam heat sources to fully automatic and efficient direct heating units were implemented. These projects are estimated to save 23,900 kWh of electricity annually and replace 113,000 kWh of electricity consumption with steam, saving 645.87 tons of steam and using 30,500 kWh of electricity annually (equivalent to 53.96 tons of standard coal).

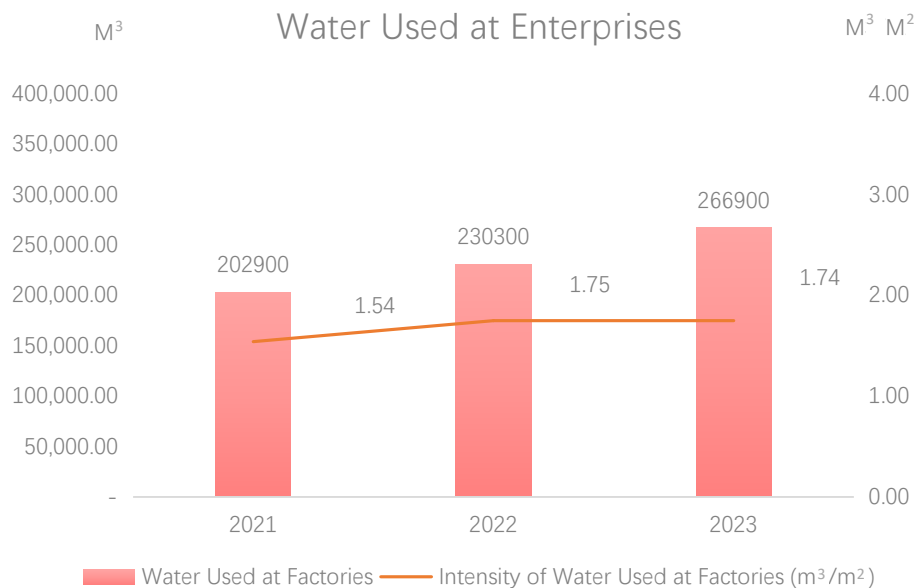
## 2.4.2 Management of Volatile Organic Compounds

During the reporting period, the Group strictly adhered to national, local, and industry-related environmental protection laws and regulations, committed to normalizing "low-emission" of pollutants, continuously improved the environmental management system, enhanced environmental management regulations, and established contingency plans for handling sudden environmental pollution incidents. Efforts were made to strengthen the monitoring and supervision of production emission pollutants.

In 2023, the Company intensified the management of volatile organic compounds (VOCs) by reducing the generation of volatile organic compounds from the source in the production process, implementing enclosure measures, and adopting different types of waste gas treatment measures based on different production processes and the main components of exhaust gas to ensure efficient collection and treatment of exhaust gas and achieve standard emission. With the goal of continuously reducing emissions, efforts were made to improve VOCs control facilities, enhance VOCs exhaust gas treatment efficiency, ensure synchronous operation with production, and effectively cope with the increase in VOCs gas due to production upgrades.

## 2.4.3 Water Management

The Company utilizes water exclusively from the municipal tap water supply network, without utilizing seawater, groundwater, or third-party water sources. In 2023, our total water consumption was 266,900 cubic meters. The increase in water usage compared to 2022 was due to the inclusion of data from Jing Wan Hong Pharmaceutical and changes in product structure and output. However, the water consumption per unit of production decreased by 8.80% compared to the previous year.







## 2.4.4 Wastewater and Waste Management

During the reporting period, the Group ensured compliant handling of wastewater and waste generated during the production process, ensuring compliant discharge. The general solid waste generated by each industrial enterprise was sorted, collected, disposed of, and recycled in compliance with regulations. Household waste was collected and cleared by designated local sanitation departments. Hazardous waste generated mainly included activated carbon, waste reagent bottles, high-concentration wastewater, etc. These were uniformly collected, stored, and labeled in compliance with regulations. Hazardous waste storage sites were standardized, and records of hazardous waste inflow and outflow were established. The regular filing was done in the hazardous waste comprehensive supervision information system, and third-party entities with processing qualifications were legally and compliantly engaged for disposal.

Wastewater primarily originated from industrial wastewater and domestic sewage. After treatment to meet standards by the enterprise's wastewater treatment system, it was discharged into downstream sewage treatment plants through the municipal pipeline network.

### Sewage discharge standards during the reporting period

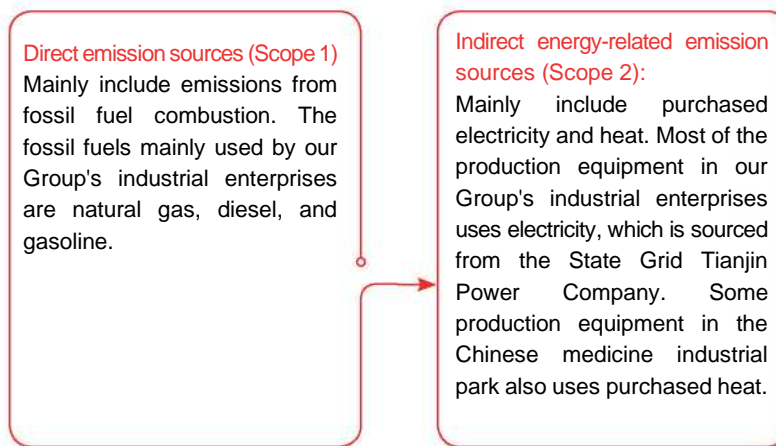
Main types of pollutants	Implementation standards	Standard limits	Whether it meets the standard
pH value		6-9	Yes
COD		500mg/L	Yes
BOD		300mg/L	Yes
Suspended solids	<i>Integrated Wastewater Discharge Standards (DB12/356-2018)</i>	400mg/L	Yes
Ammonia nitrogen		45mg/L	Yes
Total phosphorus		8mg/L	Yes
Total nitrogen		70mg/L	Yes

In 2023, all industrial enterprises and industrial parks owned by the Group operated their wastewater treatment facilities effectively. The various types of industrial wastewater generated were directed into the respective wastewater treatment systems within each enterprise/park. This ensured that all wastewater met the required discharge standards, and there were no significant leakage incidents.

## 2.4.5 Carbon Management

In this report, the Group disclosed its carbon management for the first time, focusing on the core energy-consuming industrial enterprises' carbon emissions in 2023. The scope of this calculation does not yet include Scope 3 carbon emissions and greenhouse gas reduction efforts, but the Company has been actively promoting photovoltaic power generation and the use of photovoltaic lighting facilities in recent years, which will be gradually disclosed in future years. The carbon management scope includes Longshunrong Pharmaceutical Factory, Lerentang Pharmaceutical Factory, The 6th Chinese Medicine Plant, Darentang Pharmaceutical Factory, Xinxin Pharmaceutical Factory, Zhongxin Pharmaceutical Factory, TCM Decoction Pieces Factory, and Jing Wan Hong Pharmaceutical. The accounting methods used during the reporting period comply with the *Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial)* and only involve the calculation of carbon dioxide emissions. According to internal calculations, the total greenhouse gas emissions amounted to 37,390.947 tons of carbon dioxide equivalent.

The emission sources are as follows:



The actual energy consumption of the Group's industrial enterprises during the reporting period

Direct emission sources (Scope 1)			Indirect emission sources (Scope 2)	
Natural Gas (10,000 cubic meters)	Diesel (tons)	Gasoline (tons)	Electricity (10,000 kilowatt-hours)	Heat (million kilojoules)
83.67	1,296.99	4.41	2,200.28	109,383.24

The total greenhouse gas emissions of the Group's industrial enterprises during the reporting period

Emissions from direct sources (Scope 1)	Emissions from indirect sources (Scope 2)		(in tons CO <sub>2</sub> e).
CO <sub>2</sub> Emissions from Fossil Fuel Combustion	CO <sub>2</sub> Emissions from Net Purchased Electricity Use	CO <sub>2</sub> Emissions from Net Purchased Heat Use	Total Greenhouse Gas Emissions
5,901.71	19,457.087	12,032.15	37,390.947



### Emission Factors and Sources Involved in the Calculation Process

Category	Fuel Type	Source of Carbon Content per Unit Heat Value Explanation	Source of Carbon Oxidation Rate Explanation
Fuel combustion	Natural Gas	Default Value of the Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial)Default value	Default Value of the Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial)Default value
	Gasoline	Default Value of the Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial)Default value	Default Value of the Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial)Default value
	Diesel	Default Value of the Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial)Default value	Default Value of the Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial)Default value

Category	Net Purchased Electricity, Heat	Source Explanation of CO <sub>2</sub> Emission Factor	
Net Purchased Electricity, Heat	Electricity	<b>0.8843 tons of CO<sub>2</sub> MWh (2012 China Regional Electricity Grid Average Carbon Dioxide Emission Factor, which is the default value of the 2012 Average Supply Electricity Carbon Dioxide Emission Factor for North China Power Grid)</b>	/
	Heat	<b>0.11 tons of CO<sub>2</sub>/GJ (Methods and Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Industries (Trial))</b>	/

The calculation method for CO<sub>2</sub> emissions from fossil fuel combustion is as follows:

$$\text{CO}_2 \text{ (tons)} = \text{Fossil fuel consumption (t, ten thousand Nm}^3) \times \text{Lower heating value (GJ/t, GJ ten thousand Nm}^3) \times \text{Carbon content per unit heat value (tons C/GJ)} \times \text{Carbon oxidation rate (\%)} \times 44/12/100$$

The calculation method for CO<sub>2</sub> emissions generated from net purchased electricity and heat is as follows:

$$\text{CO}_2 \text{ (tons)} = \text{Net purchased electricity (MWh/GJ)} \times \text{Net purchased electricity CO}_2 \text{ emission factor (tons C/MWh/tons CO}_2\text{/GJ)} + \text{Net purchased heat (MWh/GJ)} \times \text{Net purchased heat CO}_2 \text{ emission factor (tons C/MWh/tons C/GJ)}$$

## 2.4.6 Environmental Objectives and Compliance

In 2023, the Group continued to advance the development of its corporate environmental management system. Both the Darentang Pharmaceutical Factory and Tianjin Daren Tang (Bozhou) Decoction Piece Co., Ltd. successfully passed the ISO14001:2015 environmental management system certification review.

Throughout 2023, the Group conducted a series of popular science lectures and knowledge training sessions on various topics related to industrial pollution source compliance, green factories, and clean production, environmental taxes and green audits, interpretation of environmental laws and regulations, environmental penalty case studies, environmental risk prevention and emergency management, environmental management systems, and environmental inspections at all levels. These initiatives aimed to enhance the professional competence and management performance of the staff.

### Actual Performance in FY2023

Targets for FY2023	Performance
Reduce energy consumption by 50 tons of standard coal	<p>The Company achieved a reduction in coal consumption by 71.39 tons through the implementation of energy-saving projects throughout the year.</p> <p>It further improved the energy management assessment mechanism, regularly held meetings to report on energy usage, and introduced lean production experts to guide energy-saving efforts in the enterprise;</p> <p>The Company also improved and updated some production auxiliary equipment and public facilities, increased the use of LED lighting, conducted capacitor modification on high-energy-consuming equipment, implemented timed start-stop management for heating equipment, and enhanced the overall comprehensive energy utilization efficiency of the Company;</p> <p>Continuous improvements were made to the energy online monitoring platform, with the addition of metering data uploading for water consumption points and corresponding data analysis and utilization within the system in 2023.</p>
Improve the level of rational water use	<p>The Company further strengthened water-saving measures and personnel awareness on top of the existing foundation, emphasizing control over initial water usage and increasing the proportion of reused water. As a result, water consumption per ton of production decreased by 6.80% compared to the previous period.</p> <p>Longshunrong Pharmaceutical Factory renovated the reverse osmosis water system to reuse backwash water, while Zhongxin Pharmaceutical Factory upgraded the plate exchange equipment in the vacuum and pressure reduction concentration system, enhancing the utilization of recycled water and improving the level of rational water usage.</p>
No significant environmental leakage incidents occurred	In 2023, there were no significant environmental leakage incidents.
Continue to regulate wastewater and waste discharge	In 2023, the discharge of wastewater met the standards, and hazardous waste was disposed of in compliance with regulations.
Environmental compliance	In 2023, no environmental administrative penalty incidents occurred.



## Environmental Targets for FY2024

Targets for FY2024	Action Plan
Reduce energy consumption by 50 tons of standard coal	<p>The Company will further improve the energy management system, intensify energy metering, and refine the energy assessment management rules in each enterprise. It will leverage self-inspection of energy by the enterprises and internal energy audits to enhance energy management capabilities;</p> <p>By upgrading the steam intelligent control system, updating some high-efficiency equipment nearing expiration, and maximizing the utilization of waste heat from air compressors and steam condensate, the Company will continuously optimize energy-saving operation management strategies and implement new technology energy-saving measures to achieve the goal of reducing energy consumption and improving energy efficiency;</p> <p>The Company will relocate the servers of the smart energy online monitoring platform and deepen the implementation of product energy consumption monitoring to further leverage the platform's digitalization and intelligent energy-saving capabilities.</p>
Improve the level of rational water use	<p>Each enterprise will refine the application of water-saving equipment and facilities based on the existing foundation, further strengthening water usage monitoring. By increasing the introduction of recycling and reuse measures, the level of recycled water and secondary water will be enhanced to continuously improve water efficiency.</p>
No significant environmental leakage incidents occurred	<p>The Company will strengthen the daily operation and maintenance of equipment and facilities to prevent major environmental leakage accidents.</p>
Continue to regulate wastewater and waste discharge	<p>The Company will continue to enhance environmental emission monitoring by integrating information technology, and standardizing waste discharge.</p>
Environmental compliance	<p>The Company will persist in advancing the construction of the environmental management system to standardize ecological environmental management work.</p>

## 2.5 Social Responsibility

For many years, Tianjin Pharmaceutical Da Ren Tang Group has been safeguarding public health with high-quality products in all aspects, actively fulfilling social responsibilities, participating in public welfare activities, and practicing the core values of "Love, Quality, and Empowerment!"



In 2023, the Company actively participated in community development. Through the "China Heart•Health Action" program, it collaborated with national chain pharmacies to promote the empowerment plan for chronic disease management, focusing on national heart and brain health. It continued to support events such as the "Da Ren Tang Cup" National Traditional Health Sports Games for the 15th consecutive year, co-hosted the Tianjin 2023 Healthy Village Run (Walk) event, and aided national health initiatives. On the 39th Teachers' Day, the group partnered with national chain pharmacies to organize the "Throat Care, Teacher Exclusive" public welfare campaign, where teachers could receive special gifts and blessings in nearby pharmacies with their teacher IDs. During the college entrance examination season, the Company actively responded to the "Love Assistance for Exams" public welfare campaign initiated by the Tianjin Pharmaceutical Group in collaboration with the Haihe Media Center. It established the "Da Ren Tang Love Assistance for Exams Special Team," setting up volunteer service stations to provide assistance to candidates and parents. These stations were equipped with emergency medicine kits containing items such as medicated oil, as well as umbrellas and fans for daily use.



The Company took proactive steps to fulfill its social responsibilities. In August 2023, when a severe rainstorm hit the Northeast region, the group promptly coordinated with the Heilongjiang Provincial Pharmaceutical Retail Industry Association to donate medicines worth over CNY 100,000, including heat-clearing and damp-dispelling drugs like Huoxiang Zhengqi Shui. In December 2023, when an earthquake struck Gansu Province, the Company urgently transported 40,000 boxes of trauma, antipyretic, analgesic, and cold medicines, valued at over CNY 2.4 million, for post-earthquake relief efforts. The supplies were donated through the Tianjin Disabled Persons' Welfare Foundation for disaster relief work in the affected areas. As a contributing company, it actively participated in public welfare activities such as the Academician Expert Free Clinic organized by the Aid-Tibet Development Foundation, the Tibet Health Commission, and the Lhasa government. These activities were well-received by the people of Tibet and received recognition from prominent figures like the Panchen Lama.



# Da Ren Tang, Blessed by Nature Leading Innovator in Traditional Chinese Medicine

03

Appendix

# 3.1 Topic Index

## SGX Index Structure

Number	Main Components	Chapter
1	Major ESG Issues	1.3.2 Key Issues
	Climate-related Disclosures	2.4 Environmental Protection
	Governance	1.3.4 ESG Management Structure
	Strategic	1.3.1 ESG Management Philosophy
	Risk Management	1.3.1 ESG Management Philosophy
	Indicators and Targets	1.3.1 ESG Management Philosophy; 2.4 Environmental Protection
2	Policies, Practices, and Performance	1.3.4 ESG Management Structure; 2.2.5 Product Safety Objectives and Compliance;
		2.3.5 Employment Objectives and Labor Compliance; 2.4.6 Environmental Objectives and Compliance
3	Objectives	1.2 Chairman's Message; 1.3.1 ESG Management Philosophy; 2.2.5 Product Safety Objectives and Compliance;
		2.3.5 Employment Objectives and Labor Compliance; 2.4.6 Environmental Objectives and Compliance
4	Sustainability Report Framework	1.1 About This Report_Reference Standards; 3.1 Topic Index
5	Board Statement	1.3.4 ESG Management Structure





## GRI Standard Content Index

GRI Standards	Description	Chapter
2-1	Organization Details	1.4.1 Introduction to Da Ren Tang
2-2	Entities included in the Sustainability Report	1.3.3 Report Scope
2-3	Reporting Period, Frequency, and Contact Person	1.1 About This Report
2-4	Reiteration of Information	1.1 About This Report; 1.3.3 Report Scope
2-5	External Verification	1.1 About This Report
2-6	Activities, Value Chain, and Other Business Relationships	1.4.1 Introduction to Da Ren Tang
2-7	Employees	2.3.2 Workforce Diversity
2-9	Governance Structure and Composition	2.1.1 Corporate Governance
2-10	Nomination and Selection of the Highest Governance Body	2.1.1 Corporate Governance
2-11	Chairperson of the Highest Governance Body	2.1.1 Corporate Governance
2-13	Authorization for Managing Impact Responsibilities	2.1.1 Corporate Governance
2-14	Role of the Highest Governance Body in the Sustainability Report	1.3.4 ESG Management Structure
2-15	Conflict of Interest	2.1.2 Standardized Governance_Related Transactions
2-16	Communication of Significant Concerns	2.1.1 Corporate Governance
2-17	Shared Knowledge of the Highest Governance Body	1.3.4 ESG Management Structure
2-18	Performance Evaluation of the Highest Governance Body	1.3.4 ESG Management Structure
2-19	Compensation Policy	2.3.3 Employee Benefits
2-20	Procedures for Determining Compensation	2.3.3 Employee Benefits
2-22	Statement on Sustainable Development Strategy	1.3.4 ESG Management Structure
2-24	Integration of Policy Commitments	1.3.4 ESG Management Structure

GRI Standards	Description	Chapter
2-25	Procedures for Remedying Negative Impacts	2.2.2 Marketing and Labeling of Drug Sales
2-26	Mechanisms for Seeking Advice and Raising Concerns	1.3.2 Key Issues; 2.1.3 Anti-Corruption
2-27	Compliance with Laws and Regulations	2.1.2 Standardized Governance_Internal Control Compliance; 2.2.2 Marketing and Branding
2-28	Membership in Associations	1.4.1 Introduction to Da Ren Tang
2-29	Stakeholder Engagement	1.3.2 Key Issues
2-30	Collective Bargaining Agreements	2.3.3 Employee Benefits
3-1	Process for Identifying Material Issues	1.3.2 Key Issues
3-2	List of Material Issues	1.3.2 Key Issues
3-3	Management of Material Issues	1.3.2 Key Issues
201-1	Direct Economic Value Generated and Distributed	1.4.2 Annual Operational Performance
201-2	Financial Impacts of Climate Change and Other Risks and Opportunities	1.3.1 ESG Management Philosophy
201-3	Obligations of Defined Benefit Plans and Other Retirement Plans	2.3.3 Employee Benefits
202-2	Percentage of Executive Hires from Local Communities	2.1.1 Corporate Governance
203-1	Infrastructure Investments and Supportive Services	2.5 Social Responsibility; 1.4.2 Annual Operational Performance
203-2	Significant Indirect Economic Impacts	2.2.1 Quality Management; 2.2.4 Technology R&D
205-1	Total Number and Percentage of Operating Sites where Corruption Risk Assessments Have Been Conducted	2.1.3 Anti-Corruption
205-2	Communication and Training on Anti-Corruption Policies and Procedures	2.1.3 Anti-Corruption
205-3	Confirmed Cases of Corruption and Actions Taken	2.1.3 Anti-Corruption
206-1	Anti-Competitive Practices, Antitrust, and Anti-Monopoly Practices	2.1.2 Standardized Governance_Internal Control Compliance



GRI Standards	Description	Chapter
303-1	Interactions between Organization and Water as a Shared Resource	2.4.4 Wastewater and Waste Management
303-2	Management of Water-related Impacts	2.4.4 Wastewater and Waste Management
303-3	Total Water Withdrawal from All Regions, with Detailed Data	2.4.3 Water Management
303-5	Water Consumption	2.4.3 Water Management
305-1	Direct (Scope 1) Greenhouse Gas Emissions	2.4.5 Carbon Management
305-2	Indirect Energy (Scope 2) Greenhouse Gas Emissions	2.4.5 Carbon Management
306-1	Generation of Waste and Significant Waste-related Impacts	2.4.4 Wastewater and Waste Management
306-2	Management of Significant Waste-related Impacts	2.4.4 Wastewater and Waste Management
401-1	New Employee Hiring Rate and Employee Turnover Rate	2.3.2 Workforce Diversity
401-2	Benefits Provided to Full-time Employees	2.3.3 Employee Benefits
401-3	Parental Leave	2.3.3 Employee Benefits
403-1	Occupational Health and Safety Management System	2.3.1 Occupational Health and Safety
403-3	Occupational Health Services	2.3.1 Occupational Health and Safety; 2.3.3 Employee Benefits
403-5	Occupational Health and Safety Training for Workers	2.3.1 Occupational Health and Safety
403-6	Promotion of Worker Health	2.3.3 Employee Benefits
403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Related to Business Operations	2.3.1 Occupational Health and Safety
403-8	Workers Covered by Occupational Health and Safety Management Systems	2.3.1 Occupational Health and Safety
403-9	Work-related Injuries	2.3.1 Occupational Health and Safety
403-10	Health Issues Related to Work	2.3.1 Occupational Health and Safety
404-1	Average Hours of Training per Employee per Year	2.3.4 Employee Growth
404-2	Employee Skills Enhancement Programs and Transitional Assistance Programs	2.3.4 Employee Growth

GRI Standards	Description	Chapter
405-1	Governance Structure and Diversity of Employees	2.3.2 Workforce Diversity; 2.1.1 Corporate Governance
405-2	Ratio of Basic Salary and Compensation between Men and Women	2.3.2 Workforce Diversity
414-1	New Suppliers Selected Using Social Evaluation Criteria	2.2.3 Supplier Management
416-1	Assessment of Health and Safety Impacts for Product and Service Categories	2.2.1 Quality Management
416-2	Significant Product and Service Categories Identified for Health and Safety Impact Improvement	2.2.1 Quality Management
417-1	Requirements for Product and Service Information and Labeling	2.2.2 Marketing and Branding
417-2	Incidents of Non-compliance related to Product and Service Information and Labeling	2.2.2 Marketing and Branding
417-3	Incidents of Non-compliance related to Marketing Communications	2.2.2 Marketing and Branding
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2.2 Marketing and Branding



## 3.2 Feedback

Thank you for your valuable time in reviewing this report. To provide more valuable information to you and other stakeholders, and to enhance the Company's ability and level of fulfilling ESG responsibilities, we sincerely welcome your valuable feedback and suggestions:

**Please provide specific feedback:**

**Multiple Choice Questions (Please tick ✓ in the appropriate box)**

1. What is your overall assessment of this report?

Excellent  Good  Fair  Poor

2. How do you rate the clarity, accuracy, and completeness of the information and data disclosed in this report?

Excellent  Good  Fair  Poor

3. How comprehensive do you think this report reflects the governance responsibilities undertaken by the Company?

Excellent  Good  Fair  Poor

4. How comprehensive do you think this report reflects the environmental responsibilities undertaken by the Company?

Excellent  Good  Fair  Poor

5. How comprehensive do you think this report reflects the social responsibilities undertaken by the Company?

Excellent  Good  Fair  Poor

6. How convenient is the design and layout of this report for reading?

Excellent  Good  Fair  Poor

7. What do you think is the most needed improvement in this report?

Foreword  Regulatory Governance  Customer Health  Supplier Management  Technology R&D  
 Care for Employees  Environmental protection  Social Responsibility

**Open-ended Questions**

1. What content would you like to know but was not disclosed in this report?

2. What are your opinions and suggestions on the ESG work and report preparation of the Company?