



Tianjin Pharmaceutical Da Ren Tang Group
Corporation Limited

Sustainability Report 2022



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Chairlady's Statement

This Report is a sustainability report of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (hereinafter referred to as “Da Ren Tang”, the “Group”, the “Company”, “we” or “us”).

Da Ren Tang is committed to safeguarding the health of mankind. With the strategic positioning of “Building a bigger and stronger green Chinese medicine enterprise”, we are determined to establish ourselves as the leader in innovative traditional Chinese medicine. In pursuit of development, we stick to a patient-centred and clinical value-oriented approach. Our internal policies and manufacturing practices are regularly reviewed to facilitate product R&D and process improvement on an ongoing basis. We conduct business activities in strict compliance with national and industry regulations on marketing, labelling and advertising, to ensure the safety and efficacy of our medicines.

The Company proactively builds on and increases the awareness of social responsibility and sustainable development, by aligning expectations of all stakeholders and future planning on sustainability. During production and sales activities, the Company strictly abides by the industry regulations of the countries and regions where we operate, as well as social and business ethics. We also apply and incorporate the concept of social responsibility and green & sustainable development into our routine business operations.

In 2022, Da Ren Tang made concerted efforts to promote innovation-led development. We have taken active steps in response to changes in industrial policies by comprehensively reviewing the industrial chain and organizational structure. We have also boosted technological innovation, efficiency improvement and other key initiatives to ensure the healthy and sustainable development of the Company.

Thank you for your concern and support for Da Ren Tang.

Chairlady

Zhang Mingrui

Company Profile

Boasting a longstanding history, Da Ren Tang is a national high- and new-tech enterprise specializing in traditional Chinese medicine (TCM) innovation. The Company was listed in Singapore and Shanghai in 1997 and 2001, respectively, and is headquartered in the PRC.

With green TCM as its core business, Da Ren Tang is equipped with a complete industry chain, product chain and human resources system integrating production, management and scientific research. Our business covers a number of areas including research and development and manufacturing of Chinese herbal medicines, proprietary TCMs, chemical raw materials and preparations, nutritional and health products, pharmaceutical commerce, and retail of medicine.



Smart dripping pill manufacturing base

The Company has 38 subsidiaries, 23 wholly-owned and holding companies and 11 investees, laying a solid foundation for the complementary advantages of its two major business segments, TCM manufacturing and pharmaceutical commerce and the steady growth of the Company.



Modern Chinese traditional medicine industrial

With the strategic positioning of "Building a bigger and stronger green Chinese medicine enterprise ", we are determined to establish ourselves as a leader in innovative traditional Chinese medicine. The Company is devoted to innovative R&D and manufacturing of general-purpose, good-quality, high-efficacy and quick-acting medicines with innovation in TCM playing a commanding role in its business development ideas. The Company has secured official approval for 599 medicines belonging to 22 types of preparations, including two "national treasure" traditional Chinese medicines. Suxiao Jiuxin Wan (速效救心丸),



Pharmaceutical logistics center

invented by Professor Zhang Chengui, senior consultant of Da Ren Tang and honorary director of its technology centres and a leading expert in TCM preparations, is officially designated as a national classified variety. In addition, Jing Wan Hong Ointment (京万红软膏) is a national classified variety. The Company has five product varieties under state TCM protection (namely Shunaoxin Di Wan (舒脑欣滴丸), Zhike Chuanbei Pipa Di Wan (治咳川贝枇杷滴丸), Ya Tong Ting Di Wan (牙痛停滴丸), Tongmai Yangxin Wan (通脉养心丸) and Zilong Jin Pian (紫龙金片)), 114 product varieties exclusively produced by the Company, 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 has established its marketing network across China, with hundreds of offices in 30 provinces, cities and autonomous regions. Sales channels include medical market, retail market, the third terminal market and online channels. The Company has established strategic partnerships with national pharmaceutical commercial giants, strong regional distribution commercial companies and national pharmacy chains. Numerous high-quality products have been exported to 12 countries and regions around the world, making us enjoy a great reputation.



Some of Da Ren Tang's products



Traditional production technique of Qinggong Shoutao Wan by Da Ren Tang



Production technique of Jing Wan Hong ointment compound formula



Production technique of Wei Yao by Long Shun Rong



Production technique of Angong Niu Huang Wan



Traditional production technique of Niu Huang Qingxin Wan by Da Ren Tang

The Company has one national-level enterprise technology centre, six municipal-level enterprise technology centres, one municipal-level TCM modern technological engineering centre, one municipal technological engineering centre, a key enterprise laboratory and postdoctoral workstations approved by the Ministry of Personnel. The Company holds 402 patents, 256 of which are invention patents, six famous Chinese trademarks, namely Long Shun Rong, Da Ren Tang, Le Ren Tang, Jing Wan Hong, Song Bai and Bi Qi (痹祺), and 14 representative items of intangible cultural heritage. In particular, the traditional production technique of Da Ren Tang Niu Huang Qingxin Wan (达仁堂牛黄清心丸) was included in the fifth batch of national intangible cultural heritage project in 2021. In addition, the Company's traditional production techniques of Qinggong Shoutao Wan by Da Ren Tang (达仁堂清宫寿桃丸), Angong Niu Huang Wan (安宫牛黄丸), Wei Yao by Long Shun Rong (隆顺榕卫药) and Jing Wan Hong ointment compound formula (京万红软膏组方) are also designated as



中国驰名商标

Time-honored Chinese brands and Famous Chinese Trademarks of Da Ren Tang

national intangible cultural heritage.

After years of practices and explorations, the Company has integrated and optimised the world's most advanced TCM equipment and technology to form an integrated modern TCM development platform unique to Da Ren Tang. The Company implements the GAP, GLP, GCP, GMP and GSP series of standards on a comprehensive scale and conducts quality control throughout the process to ensure the safety and efficacy of its products. The Company will continue to promote TCM modernization and internationalization through effective TCM research and development.

As of 31 December 2022, the total assets of the Company rose by 12.02% year-on-year to RMB10,157 million, and the net assets attributable to the parent came in at RMB6,521 million, up 2.47% year-on-year. In 2022, the Company recorded a total operating income of RMB8,249

million, up 19.42% year-on-year, and a net profit attributable to the parent of RMB862 million in aggregate, up 12.05% year-on-year. In particular, the Company recorded a self-operating profit of RMB706 million, up 8.06% year-on-year. The Company maintained a stable and sound growth momentum overall.

The Company endeavoured to build major variety products, and strove to increase the penetration of its clinical products in regional markets and hospitals through effective academic and professional marketing. In addition, the Company refined and optimised the user-end markets, and improved the accessibility for core products.

In 2022, the Company recorded basic earnings per share of RMB1.12, paid taxes of RMB601 million, a payroll of RMB648 million, staff benefits of RMB27 million, and RMB221 million in contributions to five social insurance schemes and two provident funds, provided labour union and education funds of RMB14 million, paid interest of RMB10 million, and made external donations of RMB1.62 million. The social value contributed per share, calculated based on the above data and related formula, was RMB3.09, an increase of RMB0.22 compared to last year's RMB2.87. For a detailed review of the Company and its financial performance, please refer to the annual report for the financial year ended 31 December 2022.



DA REN TANG's Sustainability Philosophy

Strategic Positioning

Leader of innovative traditional Chinese medicines

Pursuit of Development

Keep meeting users' demand for health

Sustainable Development Goals

Adhering to the culture of love, quality and power, DA REN TANG strives to optimize the supply chain, streamline business operations, continuously improve efficiency and save resources; actively establish and deepen the awareness of social responsibility and sustainable development, and strictly comply with the laws and regulations of the countries and regions involved in our business activities; we will continue to carry forward the fine traditions of the Chinese nation and strive to promote the harmonious unity of corporate development and social progress.

The table below summarize our sustainability goals and performance for the Reporting Period.

Actual Performance in FY 2022	
FY2022 Goals	Performance
Reduce energy consumption by 50 tons of standard coal	Further improved the energy management system documents, circulated information on energy usage during regular meetings, and strengthened the energy management process communication and target control; Improved and updated some production equipment and public equipment, replaced incandescent lamps with LED lamps, and recycled the backwash water of the purified water system, which improved the overall comprehensive energy use efficiency in the Company; The enterprise continued to improve the energy online monitoring platform in use, with 40 additional energy monitoring points added, and refined the enterprise energy control points in FY2022; Continued to carry out annual energy internal and external audits to enhance the professionalism of energy conservation work; Implemented energy-saving projects throughout the year to achieve an annual reduction in energy consumption of 53.75 tons of standard coal.
Continue to regulate waste water and waste discharge	In 2022, wastewater was discharged to standard and hazardous waste was disposed of in compliance with the regulations
Environmental compliance	No environmental administrative penalties occurred in 2022
FY2023 Environmental Targets	
FY2023 Goals	Action and Plan

Reduce energy consumption by 50 tons of standard coal	Further improve the construction of energy management system, increase energy refinement measurement - each enterprise is required to develop energy assessment management rules, tap into the full potential of enterprise energy self-inspection and internal company energy audit, and improve the standard of energy management; Replace certain energy-efficient equipment and facilities that are about to expire, step up the application of solar energy and LED lamps, optimize the operation strategies and take measures to save energy, achieve the goal of reducing energy consumption and improve energy efficiency; Further improve the analysis and use of the intelligent energy online monitoring platform, tighten up the monitoring of product energy unit consumption, and give full play to the role of the platform in managing energy conservation and intelligent energy conservation
Continue to regulate waste water and waste discharge	Continuously strengthen the monitoring of environmental emission indicators and standardize waste discharge applying information technology
Environmental compliance	Continuously promote the construction of the environmental management system and standardize ecological and environmental management

Actual Performance in FY2022	
FY2022 Goals	Performance
100% prevention and avoidance of non-compliant product marketing or labelling	Succeeded in preventing and avoiding the occurrence of non-compliance incidents involving information and labelling for self-produced and third-party products; Succeeded in preventing and avoiding the occurrence of non-compliance incidents in the marketing of self-produced and third-party products
100% prevention and avoidance of non-compliance with product safety regulations	A batch of products (Renshen Jianpi Wan, Lot No. 6040014) did not pass the sampling check, and no other non-compliant product safety issue occurred
No major safety accidents occurred	No major production safety accidents in 2022
FY2023 Social Goals	
FY2023 Goals	Action and Plan
100% prevention and avoidance of non-compliance with product marketing or labelling regulations	Strictly implement the marketing management measures, norms and processes set by the Group
100% prevention and avoidance of non-compliance with product safety regulations	Strictly abide by the new version of the Drug Administration Law, GMP, GSP and other regulatory requirements, and strictly implement the Company and the corporate drug quality management measures and standard operating procedures

No major safety accidents occurred	Promote the systematization of safety management and increase personnel training, with the goal of preventing and avoiding major production safety accidents in 2023
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Awards

In recognition of our excellence in the pharmaceutical industry, the Company has received many honourable awards, such as:

- National Demonstration Enterprise for Harmonious Labour Relations (2022)
- 2020 National Science and Technology Progress Second Prize (2021)
- National "High-Tech Enterprise"
- First Prize of Tianjin Science and Technology Progress Award (2022)
- National Model Workers' Home (Company Union, 2020)
- National Model Enterprise with Harmonious Labour Relations (The 6th Chinese Medicine Plant(第六中药厂), 2019)
- National "Enterprise Credit Rating AAA Grade Credit Enterprise"
- Model Tianjin - Most Socially Responsible Enterprise in 2020 (2021)
-

Industry Association Memberships

- China Association of Traditional Chinese Medicine
- China Association for Public Companies
- Tianjin Association for Public Companies
- Tianjin Pharmaceutical Industry Association
-



Awards in Recent Years

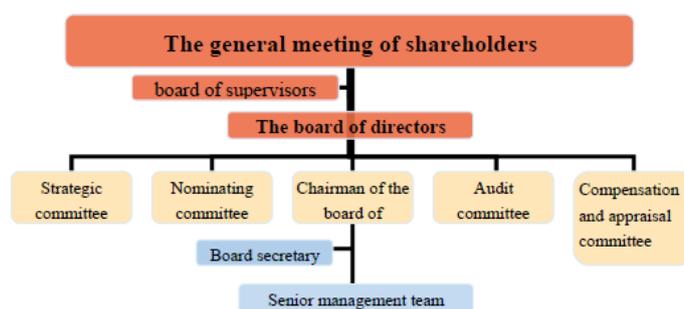
Compliance Operation

Corporate Governance

Da Ren Tang, as the first Chinese company with a dual listing status whose S shares are listed on the Singapore Stock Exchange and A shares listed on the Shanghai Stock Exchange, has established a corporate governance structure in strict compliance with the laws and regulations of the PRC and Singapore and the regulatory requirements of the stock exchanges in the PRC and Singapore. In addition to compliance with the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, the Company has formulated the Articles of Association in accordance with the relevant Chinese and foreign laws and regulations, and has also formulated relevant rules and regulations in accordance with the relevant laws and regulations of the PRC and Singapore to regulate the corporate governance structure. In general, the current governance structure of the Company is well defined with clear hierarchical levels, and the actual operations conform to the requirements set by the Chinese and foreign regulatory authorities regarding the improvement of corporate governance structure and standardised operations.

1. Establishment of Corporate Governance Structure

The Company has set up a corporate governance structure comprising of the general meeting, the board of directors, the board of supervisors and the management board, and regulates the governance strictly in accordance with the Articles of Association, the Rules of Procedure for the General Meeting of Shareholders, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Board of Supervisors and the Rules for the Independent Directors. The Company's



Corporate Governance Structure

board of directors has set up four functional committees, namely the audit committee, the strategy committee, the remuneration and appraisal committee and the nomination committee, all of which perform their respective official duties in accordance with its responsibilities. The Company's board of directors allows full play to the role of independent directors and focuses on protecting the legitimate rights and interests of minority shareholders. The Company's board of directors has three independent directors, two of whom are Singaporean, which meets the requirements of the Singapore Stock Exchange on the number of independent directors of listed companies. Three independent directors serve as the chairman or a member of the four functional committees under the board of directors. In particular, all members of the audit committee are independent directors of the Company. Meanwhile, the Company attaches great importance to the board of supervisors' performance of their official duties. The board of supervisors is entitled to attend the Board meetings and general meetings of the Company and supervises the operations of the Company in accordance with the laws, which further safeguards the interests of all shareholders.

2. Corporate Governance

To safeguard the interests of shareholders, the Company has been operating in strict compliance with various laws and regulations, and has been committed to continuously improving its corporate governance. In 2022, the Company mainly performed the following tasks:

During the year, the Company convened 1 annual general meeting, 1 extraordinary general meetings, 9 meetings of the board of directors and 4 meetings of the board of supervisors to deliberate and vote on the relevant resolutions. For details, please refer to the relevant announcements.



The independent directors duly performed their duties and fully understood the operations and internal control system of the Company by reviewing information and interviewing and discussing with management, audit functions and general staff. In addition, they paid attention to key issues such as financial data, current business situation and key projects, actively attended the general meetings and the Board meetings and duly deliberated on the relevant resolutions. In 2022, independent directors issued independent opinions, prior opinions or opinions of the Audit Committee in respect of the nomination, appointment and remuneration of directors and senior executives; the implementation plan for the provision of entrusted loans to Tianjin Zhongxin Pharmaceutical Company Limited (天津中新医药有限公司), a wholly-owned subsidiary of the Company; the capital increase by the Company to Newscen

Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司), a holding subsidiary, and the signing of the “Newscen Coast Bio-Pharmaceutical Co., Ltd. Directed Issue Share Subscription Agreement” with conditions to be effective; the special report on the deposit and actual use of proceeds, the proposal to use part of the idle proceeds to temporarily replenish the Company’s working capital, matters relating to routine connected transactions, the Company’s annual report and summary of annual report for the year 2021 under PRC standards and international standards, the proposal for profit distribution for the year 2021, and the appointment of an accounting firm, and other key matters and proposals. The independent directors supervised the implementation of the resolutions of the general meetings and the Board meetings, while actively and effectively performing the duties of independent directors so as to promote the sustainable and healthy development of the Company, and safeguard the overall interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders.

The audit committee duly and diligently performed its duties, in accordance with the Company Law, the Code of Corporate Governance for Listed Companies in China, the Articles of Association, the Terms of Reference of the Audit Committee of the Board and other relevant regulations. In 2022, six meetings were held and all members attended all the meetings in person. The audit committee fully fulfilled its role as a professional committee, actively promoted the development of the Company’s internal control system, stepped up and improved the Company’s internal control assessment management, and supervised the Company’s internal audit functions to complete the self-assessment of internal control. Furthermore, the audit committee reviewed the quarterly internal

audit work summary and the internal audit work plan of the Company, promptly supervised the effective implementation of the 2022 audit work plan of the Company, and provided guiding opinions on the internal audit.

The audit committee duly and diligently performed its duties, in accordance with the Company Law, the Code of Corporate Governance for Listed Companies in China, the Articles of Association, the Terms of Reference of the Audit Committee of the Board and other relevant regulations. In 2022, six meetings were held and all members attended all the meetings in person. The audit committee fully fulfilled its role as a professional committee, actively promoted the development of the Company's internal control system, stepped up and improved the Company's internal control assessment management, and supervised the Company's internal audit functions to complete the self-assessment of internal control. Furthermore, the audit committee reviewed the quarterly internal audit work summary and the internal audit work plan of the Company, promptly supervised the effective implementation of the 2022 audit work plan of the Company, and provided guiding opinions on the internal audit.

3. Information Disclosure and Investor Relations

In accordance with the requirements of the Rules for Information Disclosure, and adhering to the principles of “always applying the most strict criteria”, the Company strictly complied with the requirements of the regulatory authorities of the PRC and Singapore for information disclosure, ensured the consistency of information disclosure in China and overseas, and ensured the truthfulness, accuracy, timeliness and completeness of the information disclosed in the announcements.



The Company continued to focus on tightening the management of insiders, and strictly complied with the Rules for the Management of Insiders of the Company to complete the registration of insiders' files and the notification of confidentiality obligations, so as to prevent insiders from conducting insider trading.

In 2022, the Company compiled regular reports and temporary announcements in compliance with the Guidelines of the Shanghai Stock Exchange for Industrial Information Disclosure of Listed Companies No. 7 – Pharmaceutical Manufacturing, and stepped up the disclosure of industry information and financial data such as earnings results and scientific research findings against the backdrop of tightening business-specific supervision by the stock exchanges, and consistently improved information density and information quality. During the year, a total of four regular reports of A shares and S shares and 41 provisional announcement of the Company were disclosed, covering resolutions passed at various meetings, regular reports, use of proceeds, special reports required by the stock exchanges in the PRC and Singapore.

The Company has always attached great importance to strengthening the management of investor relations by actively promoting positive interaction with investors, and gradually established various forms of communication channels such as information disclosure, investor hotline response, the website publication, visitor reception, network and telephone

conference, and “learning about the listed company” to ensure the truthfulness, accuracy, completeness, timeliness, fairness and openness of the information communicated by the Company to investors. In 2022, the Company interacted and communicated with investors by inviting investors to on-site visits, and processing feedback received from investors via customer hotline and through other forms of communication. We held three online results briefings to fully communicate and exchange with investors on earnings results and other information of the Company, which constantly demonstrated its business dynamics and good corporate image.

Standardised Management

In 2022, the Company continued to improve its financial management by reviewing the financial management process, improving the financial policies, revising the financial management policies, clarifying management responsibilities, optimizing business processes and strengthening assessment measures. Efforts were made to achieve closed-loop management with guidance beforehand, supervision during the process and assessment afterwards to prevent business operation risks. In terms of fund management, we leveraged the advantages of our “fund pool” and “bill pool” to refine fund management, sink funds and enhance the efficiency of fund management while ensuring the overall strategic arrangement and production and operation. In terms of asset management, we strengthened the management of accounts receivable reconciliation, clearing and write-off, and continued to pay attention to the quality of accounts receivable reconciliation and risk of loss.

In early 2022, the audit department of the Company formulated the audit work plan for 2022, and fully implemented the requirements of the audit committee based on the general arrangements made by the Company. The audit matters include economic responsibility audit, special audit of asset status, special audit of engineering and special audit of informatization. For the audit issues discovered by internal and external auditors and the Audit Bureau of Tianjin, the audit department of the Company established a ledger of audit issues and implemented rectification and sales account management, reviews and re-examination, pushed forward reforms and business development through the audit, supervised relevant units to improve related processes, eliminate loopholes, and improve risk prevention and control. While supervising the implementation of the system and rectifying the system defects, the Company is committed to continuously enhancing risk awareness and prevention awareness of the responsible personnel through guidance and communication. Furthermore, based on the risk-oriented principle, the Company actively carried out internal control self-assessment activities, focused on high-risk areas, such as procurement business, sales business, fund management and contract management, and actively tracked and rectified the system defects discovered during the annual internal control self-assessment.

Anti-corruption

(GRI 205 -1, 205-2, 205-3)

The Company actively prevents and controls any form of corruption during business operations. The Company undertakes that if any instance of corruption is discovered, an independent investigation will be conducted immediately and measures will be taken to prevent such recurrence.

The supervision office under the discipline inspection committee is responsible for the systematic discipline inspection and supervision of the Company, and performs its supervision duties on all employees of the Company. The Company usually arranges discipline inspection and supervision cadres in the headquarters and its subsidiaries, and constantly improves the ideological quality, work competence and professionalism of such cadres through various forms of training and education.

The supervision office under the discipline inspection committee of the Company further stepped up integrity education and anti-corruption education. In order to enhance the integrity awareness of senior cadres, 242 officials from the headquarters and the subsidiaries were organised to visit the exhibition of “Building Integrity with our Original Aspiration (廉润初心)”. Anti-corruption reminders are transmitted before each holiday. The Company organised studies on typical cases of disciplinary violations and anti-corruption video sessions throughout the year to continuously enhance the anti-corruption awareness of party members and cadres in the corporate system from both positive and negative aspects.

The Supervisory Office of the Disciplinary Committee of the Company continuously strengthens supervision and guidance in key areas and segments such as tenders and procurement, cadres’ recruitment, asset disposal and engineering projects to promote integrity and efficiency in relevant work from decision making to execution. In FY2022, no significant corruption risks were identified and no incidents of corruption were reported to the Company.

Whistleblowing Mechanism

The supervision office under the discipline inspection committee of the Company receives tip-offs 24/7 through channels such as email and whistleblowing hotline. Furthermore, the Company handles such lodgings in person or by post according to the management authority. In accordance with the Measures for the Implementation of Discipline Inspection, Supervision and Whistleblowing Handling of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (《津药达仁堂集团股份有限公司纪检监察信访举报处置工作实施办法》), the Company processes such tip-offs in a timely manner by means of conversation, enquiry and collection of relevant proofs. Upon receiving the tip-offs, the matters reported and details of the whistleblowers and the person against whom the complaint is lodged shall be kept confidential in accordance with the principle of “maintaining the democratic rights of the parties involved in the case”. After completing the investigation of the tip-offs, for anonymous reports, the Company will report the results to the Party committee of the Company or the discipline inspection committee of the pharmaceutical group. For real-name whistleblowing, it will give the whistleblowers feedback on the results of inspection.

In 2022, the supervision office under the discipline inspection committee of the Company handled 100% of the tip-offs received. No unsatisfactory comment was received against the feedback from the real-name whistleblowers. The discipline inspection committee of the Company issued 2 rectification proposals regarding the management-related risk points discovered during the inspection, facilitating the continuous improvement in the standard of enterprise management of the Company.

Interested Party Transactions (Related-Party Transactions)

With respect to transactions with interested parties, the Company has adopted internal policies and formulated review and approval procedures for such transactions. All transactions with interested parties are properly recorded and submitted to the audit committee for quarterly review to ensure that



the transactions are conducted on fair commercial terms without jeopardizing the interests of the shareholders.

In 2022, the Company had two related-party transactions. Firstly, the Company had routine related-party transactions with related parties such as purchase and sale of goods, purchase of raw materials and printing of pharmaceutical packaging. The Company disclosed the related-party transactions at the general meeting, and obtained the approval and authorization at the annual general meeting, in strict compliance with the requirements of the Shanghai Stock Exchange and the Singapore Stock Exchange. Secondly, the Company entered into the Financial Services Agreement with Tianjin Pharmaceutical Group Finance Co., Ltd., a related-party, based on the principle of “equality, voluntariness, mutual benefit, mutual development and win-win outcome”, pursuant to which Tianjin Pharmaceutical Group Finance Co., Ltd. provided the Company with financial services such as settlement and intermediary business services, deposit services and credit business. Such related-party transactions were reviewed and approved at the 2017 first extraordinary general meeting held on 30 June 2017 for a term commencing from 1 July 2017 and ending on 30 June 2020, and was approved to renew at the 2019 annual general meeting held on 5 June 2020 for a term commencing from 1 July 2020 and ending on 30 June 2023.

Securities Transactions



In accordance with the securities laws and regulations of the PRC and Singapore, the Company has adopted and implemented the policies on dealing in the shares of the Company in the stock exchanges of the PRC and Singapore. All directors and core senior management are advised not to deal in the shares of the Company during the period commencing one month before the publication of the interim, semi-annual or annual results announcement of the Company and ending on the date of announcement of the results. Directors and senior management are further advised not to deal in the Company’s securities borne out of short-term considerations.

Dividend

The Company attaches importance to the reasonable investment returns to investors, actively implements the requirements of the Notice on Further Implementing Issues Concerning Cash Dividends of Listed Companies issued by the China Securities and Regulatory Commission (《关于进一步落实上市公司现金分红有关事项的通知》), enhances the awareness of return to shareholders, insists on paying a large proportion of cash

dividends to shareholders, so as to better protect investors' right to earnings, and strives to maintain the consistency and stability of profit distribution policies. The profit distribution plan for 2021 was reviewed and approved at the 2021 annual general meeting of the Company, pursuant to which, on the basis of the total share capital of 773,443,076 shares on the equity registration date of the implementation of equity distribution, a cash dividend of RMB5.0 (tax inclusive) for every 10 shares was distributed to all shareholders, with total cash dividends of RMB386,721,538 (tax inclusive) paid out in line with our commitment to repay the investors with concrete actions. The cash dividends of the Company for the year accounted for 50.28% of the net profit attributable to owners of the parent in the consolidated statements of the Company for 2021.

On 30 March 2023, the Company held the second meeting of the board of directors in 2023, reviewed and approved the profit distribution plan and submitted it to the general meeting of shareholders. Pursuant to the 2022 profit distribution plan, on the basis of the total share capital on the equity registration date of the implementation of equity distribution, a cash dividend of RMB11.20 (tax inclusive) for every 10 shares was distributed to all shareholders.



Sustainable Development Management Structure and Statement of the Board

Da Ren Tang regards sustainable business development as the priority agenda of its Board of Directors. We have set up a sustainable development Task Force, led by the Secretary of the Board of Directors and composed of heads of departments to implement and manage the Company's sustainability initiatives.

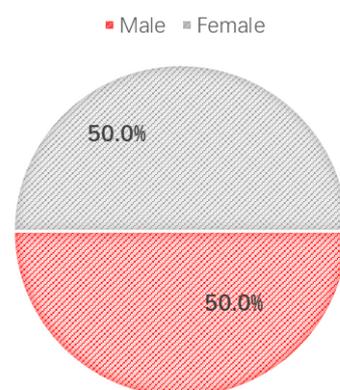
The Board of Directors incorporates sustainability issues into the Company's business strategy, and approves major issues related to economic, environmental and social impacts selected by the Task Force to ensure that these major issues are rigorously managed and monitored by the Task Force.

For more information on the corporate governance implementation regulations and risk management structure, please refer to the section on corporate governance in the 2022 Annual Report.

Board Diversity

(GRI 405-1)

BOARD DIVERSITY



Da Ren Tang attaches great importance to the diversity of employees at all levels within the Group. The two independent directors of the Board of Directors of the Company are Singaporeans. We believe that the diversified Board of Directors is conducive to the development of directors' strengths in the process of corporate governance, creating a fair competitive and respectful working environment for the Group, which ultimately enhances the Group's performance.

Stakeholder Engagement

The Company firmly believes that the key factor to sustainable development is to meet and go beyond the needs of stakeholders, so we select material issues based on their respective importance of issues to stakeholders. We have conducted effective communication with all stakeholders, actively solicited their needs and opinions, and also participated in industry and government seminars to keep abreast of any material issues that the stakeholders are concerned about.

We define key stakeholders as a group that has a significant impact on the Group's operations or is affected by the Group's operations. The table below summarises the stakeholders as defined herein, how they communicate with them, and their concerns:

Stakeholders	Communication channels	Issues of concern	Please refer to the section below
Customers and consumers	<ul style="list-style-type: none"> • Annual report • Product quality feedback 	<ul style="list-style-type: none"> • Product quality and safety • Drug certificate • Compliance with the PRC health and safety laws and regulations • Compliance with pharmaceutical marketing laws and regulations 	<ul style="list-style-type: none"> • Product safety • Pharmaceutical marketing
Employees	<ul style="list-style-type: none"> • Performance appraisal system 	<ul style="list-style-type: none"> • Employee health and safety • Remuneration • Welfare • Compliance with the PRC labour laws and regulations 	<ul style="list-style-type: none"> • Caring for employees
Suppliers	<ul style="list-style-type: none"> • Supplier Assessment 	<ul style="list-style-type: none"> • Product quality and compliance 	<ul style="list-style-type: none"> • Supplier management
Government and industry/standards association	<ul style="list-style-type: none"> • Quarterly report • Annual report • Sustainability report • Government policy communication meeting 	<ul style="list-style-type: none"> • Industry regulations • Environmental compliance 	<ul style="list-style-type: none"> • Employee health and safety • Product safety • Pharmaceutical marketing • Social responsibility
Community	<ul style="list-style-type: none"> • Community services 	<ul style="list-style-type: none"> • Environmental impacts • Social development 	<ul style="list-style-type: none"> • Giving back to society • Environmental awareness
Investors and shareholders	<ul style="list-style-type: none"> • Annual report • Investor relations management • Annual general meeting 	<ul style="list-style-type: none"> • Financial results of the Company • Anti-corruption 	<ul style="list-style-type: none"> • Anti-corruption and anti-commercial bribery • Product safety

Basis of Preparation of the Report

This sustainability report published by the Company is prepared with reference to the Global Reporting Initiative: GRI Standards - Core Option and illustrates the sustainability-related performance of Da Ren Tang during the reporting period (1 January 2022 to 31 December 2022). The GRI Standards, the reporting framework selected by us, is a globally recognised standard for sustainability reporting, and the content of the report mainly focuses on economic, environmental and

social issues. The content of this report is also prepared in accordance with the “Comply or Explain” standards for the sustainability report under the SGX Listing Rule 711B. Neither the GRI Standards nor the SGX Listing Manual require an independent verification of the reporting content. The Company’s sustainability task force believes that this annual report is still at the fundamental stage of establishing the framework for sustainability reporting, and external verification is therefore not required for the time being. This report is supplemental to the 2022 annual report of the Group. For the detailed sections of the GRI Standards, please refer to the Content Index of the GRI Standards of this report.

As stated in the section titled “Stakeholder Engagement”, the Company’s material issues are identified based on their impacts on our internal and external stakeholders. The material issues and scopes selected in the report are as follows:

Material Issues	Scope of impacts (i.e. business segments, countries and subsidiaries)
Economy	
Market performance	The Group
Indirect economic impacts	
Anti-corruption	
Environment	
Energy	Pharmaceutical manufacturing
Water resources	
Emissions	
Wastewater and wastes	
Environmental compliance	The Group
Social	
Employment	The Group
Occupational health and safety	The Group, including pharmaceutical manufacturing
Training and education	The Group
Diversity and equal opportunities	
Anti-discrimination	
Child labour	
Unfree or forced labour	
Human rights assessment	
Local community	
Customer health and safety	
Marketing and labelling	
Socio-economic compliance	The Group

Customer Health and Safety

At Da Ren Tang, the Company regards the provision of public pharmaceutical and healthcare products and services as its top priority. We are committed to manufacturing high-quality and highly reliable drugs, and exercising strict quality control to ensure Product safety. We always pay attention to the practical application of cutting-edge technologies, and work closely with suppliers, customers, government departments and research institutions to ensure that product quality meets the requirements. During the pandemic period, we assumed our corporate social responsibility by assuring supplies based on quality and quantity requirements.



Suxiao Jiuxin Wan (SongBai) 速效救心丸(松栢) produced by the 6th Chinese Medicine Plant (第六中药厂) of Tianjin of Tianjin Pharmaceutical Da Ren Tang Won China Pharmacy Shopkeeper Recommendation Rate Guigao Brand Award (2022) (2022 中国药店店员推荐率贵高品牌奖)

Quality Management

(GRI 416-1)

The Company prompts its subsidiaries to continuously improve the compliance level, and minimize the quality risks to ensure the quality of drugs as well as the safety and efficacy of patients' medication, in strict compliance with the requirements of drug regulations.

With the introduction of the newly revised Drug Administration Law, the GMP certification has been cancelled and the regulatory authorities now tightens up routine supervision through various methods such as follow-up inspection and unannounced inspection. In 2022, the industrial enterprises under the Company were inspected 30 times in total by regulatory authorities, and the commercial enterprises were inspected 53 times in total by regulatory authorities. The enterprises under the Company were inspected 530 times in total comprising random inspections at national level and local provincial level and other random inspections, of which one batch (Renshen Jianpi Wan(人参健脾丸), batch No. 6040014) was unqualified. In response to the unqualified products in sampling inspections, the Company set up a special investigation team to conduct a comprehensive analysis and investigation of the root cause, and took a series of measures such as product recall to minimize the impact. In addition, we took preventive measures to prevent the recurrence of similar problems.

In 2022, the Company was inspected by the drug administrative department and product sampling inspections as follows:

Inspections in FY2022			
Type of inspection	Unit inspected	Number of inspections	Number of unqualified inspections
Inspection by the drug regulatory authorities	Industrial enterprises	30	0
	Commercial enterprises	53	0

Pharmaceutical Manufacturing

Quality control approach of Da Ren Tang	Public health is our top priority
	Consistent quality products and stringent quality control
	State-of-the-art technology
	Close cooperation with suppliers, customers, government departments and scientific research institutions to maintain progress
	Strict compliance with international GMP, domestic GMP and drug regulations
	Emphasis on environmental protection

All the Company’s ten industrial enterprises have passed the PRC GMP certification or GMP compliance inspection. Long Shun Rong Pharmaceutical Plant, Da Ren Tang Pharmaceutical Plant, Le Ren Tang Pharmaceutical Plant and the 6th Chinese Medicine Plant have successfully passed the annual review of ISO10012 measurement management system. The testing centre of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited has passed the CNAS certification. While meeting the 2010 GMP requirements, the Company actively promotes the internationalization of its quality management system and encourages enterprises to participate in overseas certification.

In 2022, a total of 14 quality control group projects of Tianjin Pharmaceutical Da Ren Tang won the first-class award at the National Pharmaceutical Industry Achievement Awards (three of them won the best publication prize). One project won the first-class award, two projects won the second-class award and one project won the third-class award in the Evaluation of Tianjin’s Outstanding Achievements in Quality Research (2022).

Tianjin Pharmaceutical Da Ren Tang has established a complete set of industrial quality management system documents covering all chapters of GMP. In accordance with national regulations such as GMP and changes in market conditions, we continuously improve the level of standardised product management. In 2022, we presided over the formulation of one national standard, participated in the formulation of two industry standards, one national standard and 14 local standards for decoction pieces in Tianjin. We developed 141 enterprise internal control standards and revised 550 enterprise internal control standards.



Sales of Pharmaceutical Products (Including Sales of Products of Da Ren Tang's Industrial Enterprises and Non-subsidiaries)

The commercial subsidiaries under the Company have a total of 37 Pharmaceutical Trade Licenses.

In 2022, the relevant authorities successively issued policies such as the Measures of Supervision and Administration of Drug Network Sales (《药品网络销售监督管理办法》) (Order No. 58 of the State Administration), Appendix 6 to Good Supply Practice for Pharmaceutical Products (GSP) (《药品经营质量管理规范》): Quality Management for Drug Retail and Distribution of Pharmaceutical Product, Tianjin Medical Products Administration on the Issuance of the Notice on the Implementation Rules for the Administration of Pharmaceutical Operation (Wholesale) Permit in Tianjin (《天津市药品经营(批发)许可管理实施细则》), Notice on Strengthening the Work of Supervision and Administration of COVID-19 Prevention and Control for Drug Split and Retail Sales Quality (《关于加强新冠防控药品拆零销售质量监管工作的通知》) and Notice on Interim Provisions for Establishing Drug Retail Enterprises (《天津市开办药品零售企业暂行规定的通知》). The Company actively conducted self-examination to ensure that drug production and operation continue to be legal and compliant, and earnestly fulfil the main responsibility for drug quality.

Marketing and Labelling

(GRI 417-1)



Sales of Products of Da Ren Tang's Industrial Enterprises

Tianjin Pharmaceutical Da Ren Tang has a nationwide sales network, with hundreds of offices in 30 provinces, municipalities and autonomous regions across the country. Numerous quality products are sold to, and warmly received in, more than 12 countries and regions around the world.

In May 2022, we officially changed our name to "Tianjin Pharmaceutical Da Ren Tang" and completed the renaming of our 20 subordinate companies. In October, we carried out the registration of the new VI trademark with the State Intellectual Property Office. We launched a new brand image in China Health Ecology Organization (CHEO), and launched the "Celebration of the 40th Anniversary of the Launch of Suxiao Jiuxin Wan (速效救心丸)" and the "China Heart·Health Campaign" activity.

Based on the Group's strategic plan of "three cores and nine supports", the Company adjusted its product structure, optimized its sales network and continued to promote the "1+5" strategic plan. Under the guidance of the brand, the Company highlighted the strategy of "three cores and nine supports" and the strategy of large varieties, focused on scientific research and innovation, strengthened the brand, expanded the market, reduced costs, integrated resources, improved quality and increased efficiency. The Company strengthened the leading of marketing, integrated the Group's marketing resources, implemented the Group's strong control of business modules, emphasized the professional category positioning of the marketing platform, and highlighted the strategic awareness of main products. The Company actively explored new sales models, optimized the platform's structure and strengthened the channel layout for precise marketing. The Company deployed new marketing channels for Suxiao Jiuxin Wan (速效救心丸) to stimulate the potential of market terminals. The Company developed the project "China Heart·Health Campaign" and a series of terminal business projects including "Quick Effect + Basket Project" through "standardized channels, reasonable prices and terminal marketing". The terminals carried out a series of activities such as store

empowerment, "Health Lecture" community activities, chronic disease lectures, store public welfare, and cloud school.

All drugs manufactured by Da Ren Tang have been granted with official drug approval documents, and the drug labels conform to the requirements of the Provisions on the Administration of Pharmaceutical Directions and Labels (Bureau Order No.24), in which the label information is derived from the quality standards of various varieties (all of which are national drug quality standards).

The Company duly fulfilled the main responsibility of pharmacovigilance as holder of the drug marketing license.

The Special Provisions on the Administration of Traditional Chinese Medicine Registration (《中药注册管理专门规定》) will be implemented on 1 July 2023. According to its requirements, if any of the [contraindications], [adverse reactions], or [precautions] in the instruction of Chinese medicine is still "unclear" when applying for re-registration of the drug after 3 years from the date of implementation of the provisions, the Chinese medicine will not be re-registered according to law. The Company needs to sort out the categories as soon as possible in accordance with the regulatory requirements to ensure that the supplementary application for adding security information is completed before the specified time.

The Company conducts drug marketing and labelling activities in strict compliance with the national marketing and labelling management regulations. The Company regularly conducts risk prevention and control checks, strictly manages front-line marketing personnel, agents and service providers, and emphasizes legal and regulatory compliance in marketing operations. For the merchant solicitation business, the Company achieves end-to-end documentation and standardised management of "information release, tender assessment, tender confirmation and agreement signing" through the third-party merchant solicitation platform to ensure that the merchant solicitation business operates in a fair and just environment.

To regulate the advertising and promotion of products of its subsidiaries, the Company strictly implements the Rules for Advertising of Printed Media of Tianjin Pharmaceutical Da Ren Tang Group Corporation Ltd. and implements the product advertising process. All subsidiaries of the Company have formulated the Code of Conduct for Pharmaceutical Marketing and designated special personnel to be responsible for matters relating to advertising, review the advertisement copy, monitor the status of advertising, strictly comply with the Pharmaceutical Administration Law and the Advertising Law, standardise the implementation plan of marketing, and ensure legal and regulatory compliance in product promotions.

Sales of Products of Enterprises Unaffiliated to Da Ren Tang

The drugs operated by Da Ren Tang are purchased from legally qualified suppliers. The labels of the purchased drugs are reviewed upon qualification assessment of newly-operated suppliers to ensure that the labels of the purchased drugs conform to the Provisions on the Administration of Pharmaceutical Directions and Labels (Bureau Order No.24) and the drug quality standards.

Supplier Management

(GRI 416-1)

Da Ren Tang attaches great importance to the quality of the products manufactured and sold by the Company. We conduct high-standard and strict inspection when assessing suppliers to ensure the quality of products.

Pharmaceutical Manufacturing

In 2022, the Company made every effort to promote 10 industrial enterprises (Long Shun Rong, Da Ren Tang, Le Ren Tang, No. 6 Chinese Medicine Plant, Zhong Xin Pharmaceutical Plant, Xinxin Pharmaceutical Plant, Xinfeng Pharmaceutical Plant, TCM Decoction Pieces Factory, Da Ren Tang Bozhou, and Herbal Medicine Company) to complete the online operation of the digital procurement platform (SRM).

The Company adopts electronic procurement system for the procurement of Chinese herbal medicines to optimise the supplier selection process, and formulates annual, monthly and temporary procurement plans based on annual demand, inventory and changes in market conditions. A comprehensive assessment of suppliers is conducted based on seven scoring criteria, including capital, batch, sufficient quantity, transportation, returns and contract, to ensure that the selection of suppliers is transparent and objective.

To ensure the quality of the supply chain and build on the competitive advantages of the supply chain, during the bidding process, we select suppliers based on the following three principles, namely:

1. Suppliers from the main origin of the purchased pharmaceutical products are selected;
2. High-quality suppliers in the proprietary Chinese medicinal materials market are selected;
3. Suppliers with competitive advantages in purchasing pharmaceutical products are selected.

In order to ensure stable quality and controllable costs of main raw materials of key varieties, the Company's herbal resource centre promoted the construction of GAP bases for rhizoma chuanxiong, honeysuckle, schisandra chinensis and other herbs in 2022, and also promoted the construction of "three no and one whole" (no sulfur processing, no excessive aflatoxin, no pollution and whole process traceability) and GAP extension inspection. For example, the Dujiangyan Plantation Base combines ecological planting and wildlife breeding during the breeding stage to ensure stable quality and genuineness of the breeding sources. In the field, the Company insists on using organic fertilizers to ensure the quality of raw materials and effectively protect the soil environment in the place of origin. The active ingredient content of Ligusticum Chuanxiong Hort produced at the Dujiangyan Plantation Base is higher than the pharmacopoeia requirement, which provides a strong guarantee for the stability of the quality of Suxiao Jiuxin Wan (速效救心丸) produced at Da Ren Tang's No. 6 Chinese Medicine Plant. The Herb Plantation provides job opportunities for local residents, which helps promote rural revitalization.

Non-manufacturing Materials

The Company actively promoted the online procurement of "non-manufacturing materials" within the system and capitalized on the centralized procurement platform of Da Ren Tang to achieve clean procurement. Furthermore, the Company broadened the sources of procurement leveraging the supplier resources of the Alibaba platform, improved the efficiency of procurement, and succeeded in minimizing procurement costs.

Sales of Products of Enterprises Unaffiliated to Da Ren Tang

While ensuring strict compliance with the new GSP requirements, Da Ren Tang’s Zhong Xin Pharmaceutical Plant completed the automatic data exchange and set up a complete platform of enterprise system and warehouse management system, relying on the organic combination of the Enterprise Information Management System (the “ERP”) and the Warehouse Management System (the “WMS”) of Tianjin Zhong Xin Pharmaceutical Logistics Centre.

To regulate procurement practices, Zhong Xin Pharmaceutical Plant has formulated the Procurement Management System of Zhong Xin Pharmaceutical Plant to set up the files of qualified suppliers and strictly select suppliers. The files of suppliers shall include basic information of suppliers, approval forms of suppliers, relevant qualification certificates, audit materials, assessment results, purchase and sales contracts, facsimile correspondences, telephone records and other information.

Product Safety Objectives and Compliance

(GRI 416-2, 417-2, 417-3, 419-1)

In FY2022, there were no incidents of non-compliance with product safety-related regulations, no incidents of non-compliance with quality and safety-related regulations in respect of the products operated by the Company, and no incidents of non-compliance with marketing communication-related regulations.

To ensure that we strictly comply with product safety laws and regulations and achieve product safety targets in FY2023, the product safety performance in FY2022 has been reviewed and the plan for FY2023 has been formulated.

Actual Performance in FY2022	
FY2022 Goals	Performance
100% prevention and avoidance of non-compliant product marketing or labelling	Succeeded in preventing and avoiding the occurrence of non-compliance incidents involving information and labelling for self-produced and third-party products; Succeeded in preventing and avoiding the occurrence of non-compliance incidents in the marketing of self-produced and third-party products
100% prevention and avoidance of non-compliance with product safety regulations	Succeeded in preventing and avoiding the occurrence of non-compliance incidents in product safety regulations
Product Safety Targets for FY2023	
FY2023 Goals	Action and Plan
100% prevention and avoidance of non-compliant product marketing or labelling	Continue to strictly implement the existing marketing management systems, standards and processes
100% prevention and avoidance of non-compliance with product safety regulations	Strictly abide by the new version of the Drug Administration Law, GMP, GSP and other regulatory requirements, and strictly implement the Company and the corporate drug quality management measures and standard operating procedures

Technology Research and Development

Scientific research is the engine of the Company's development. In 2022, the Company adhered to patient-centric and clinical value-oriented work, reorganized and repositioned existing varieties, and deployed quality standards of big brand traditional Chinese medicine to improve the work. The Company continued to improve drug safety, improved treatment experience, enhanced convenience and strengthened the vitality of the drug lifecycle. In 2022, the Company will invest RMB 151 million in research and development for the whole year. The Company's three exclusive products, namely, Qingfei Xiaoyan Wan(清肺消炎丸), Yinqing Pian(癍清片) and Shenfu Qiangxin Wan(参附强心丸), were selected in the Guidelines for Clinical Application of Chinese Proprietary Medicines in the Treatment of Predominant Diseases(《中成药治疗优势病种临床应用指南》); Suxiao Jiuxin Wan(速效救心丸) was selected into the Guidelines for Diagnosis and Treatment of Diabetic Cardiomyopathy Syndrome Integration(《糖尿病心肌病病证结合诊疗指南》) as a strongly recommended drug for TCM prevention and management of diabetes under the model of precision medicine; Suxiao Jiuxin Wan(速效救心丸), selected into the Expert Consensus of Traditional Chinese and Western Medicine on Emergency Identification and Treatment of Patients with Low Responsiveness or Resistance to Nitrates(《硝酸酯类药物低反应性或耐药人群的急诊识别与处理中西医专家共识》), as the only recommended drug, was recommended for the treatment of patients with nitrate resistance;; Weichangan Wan(胃肠安丸) was selected into two pediatric expert consensuses—Expert Consensus on the Diagnosis and Treatment of Children's Functional Dyspepsia with Integrated Traditional Chinese and Western Medicine(《儿童功能性消化不良中西医结合诊治专家共识》) and Expert Consensus on the Prevention and Treatment of Infantile Diarrhea with Integrated Traditional Chinese and Western Medicine(《中西医结合防治小儿腹泻病专家共识》); Yinqing Pian(癍清片) was selected into Guidelines for Clinical Application of Chinese Proprietary Medicines in the Treatment of Chronic Prostatitis (2021)(《中成药治疗慢性前列腺炎临床应用指南(2021年)》); The interim results of the Prospective Real-World Study on Zilong Jin Pian(紫龙金片) in the Treatment of Non-Small Cell Lung Cancer(《紫龙金片治疗非小细胞肺癌前瞻性真实世界研究》) project were officially released, and its study showed that Zilong Jin Pian(紫龙金片) can improve the average survival time of lung cancer patients by 10.9 months. Bufeifei Keli(补肺颗粒) was in the phase II clinical research stage, and the statistical analysis of the test data was in progress; focusing on the clinical, pharmacology, pharmacokinetics, and quality improvement of Suxiao Jiuxin Wan(速效救心丸), 9 scientific research projects had been carried out, and the research on the replacement of antelope horns of Qingfei Xiaoyan Pills had been carried out.

The Company continued to strengthen the exchange and cooperation with research institutes, participated in the construction of local and municipal chest pain centers, promoted the construction of a national medical center with First Teaching Hospital of Tianjin University of Traditional Chinese Medicine, and reached a strategic cooperation with the Haihe Laboratory of Modern Chinese Medicine; organized the kick-off meeting of the Evidence-based Medical Research Project of Bi Qi Capsules(痹祺胶囊) for the Treatment of Lumbar Disc Herniation(《痹祺胶囊治疗腰间盘突出症循证医学研究项目》) hosted by the Orthopedic Injury Special Committee of the Chinese Association of Integrative Medicine, and continued to follow up on the Study on Post-marketing Clinical Efficacy and Safety Re-evaluation of Bi Qi Capsules(痹祺胶囊)(《痹祺胶囊上市后临床疗效观察及安全性再评价研究》); the Study on Clinical Efficacy of Jing Wan Hong Ointment(京万红软膏) in Treating Diabetic and Foot Ulcers and Improving Trauma Microenvironment(《京万红软膏治疗糖尿病足溃

疡临床疗效及改善创面微环境的研究》) were included in the key sub-projects of the Study on Key Technologies and Protocol Optimization of Integrated Traditional Chinese and Western Medicine for the Prevention and Treatment of Metabolism-related Diseases(《代谢相关疾病的中西医结合防治关键技术及方案优化研究》).

In 2022, the Company completed the node goals of 33 projects including the Material Basis Research on the Inhibitory Effect of Qingyan Di Wan(清咽滴丸) on Key Proteolytic Enzymes of Coronavirus. The Company published 13 papers in SCI and Chinese core journals, promoted 45 patent applications and obtained 40 patent authorizations. Gliclazide Sustained-release Tablets(格列齐特缓释片) was approved and passed the consistency evaluation of generic drug quality and efficacy. Regarding the Great Health(大健康), two healthy food products, “Daren Tang Suanzaoren Ganoderma Capsules(达仁堂牌酸枣仁灵芝胶囊)” and " Daren Tang Dendrobium officinale Rhodiola Tablets(达仁堂牌铁皮石斛红景天片)", were approved. The Company's project of "Theory Creation of Chinese Medicine Quality Markers and Key Technology Innovation and Its Application" won the first prize of Tianjin Science and Technology Progress Award. Da Ren Tang is committed to ensuring the safety of drugs and patients. A total of 75 varieties of proprietary TCMs and 601 types of decoction pieces of Zhong Xin Pharmaceutical are included in the 2018 National Essential Drug List. Compared with the 2012 Essential Drugs List, there are 5 new varieties in the 2018 version, all of which are proprietary TCMs. The newly selected varieties are as follows:

Products newly included in the 2018 National Essential Drug List				
No.	Name of pharmaceutical products	Form and specification	Functions	Production unit
1	Jinqi Jiangtang Pian (金芪降糖片)	Tablet; 0.56g/tablet	Clearing visceral heat	Long Shun Rong Pharmaceutical Plant
2	Dahuang Zhechong Wan (大黄廔虫丸)	Pill; 3g/pill	Dispelling blood stasis and resolving masses	Da Ren Tang Pharmaceutical Plant
3	Shihu Yeguang Wan (石斛夜光丸)	Pill; 5.5g/pill, 7.3g/bag	Nourishing the liver and improving eyesight	
4	Yangyin Qingfei Gao (养阴清肺膏)	Decoction; 80ml/pill	Nourishing the lungs and resolving phlegm	
5	Xiwang Wan (西黄丸)	Pill; 1g/20 pills	Resolving masses and relieving swelling	Le Ren Tang Pharmaceutical Plant

Continuous Innovation

(GRI 203-2)

1. Technology Centre

The Company has one national-level enterprise technology centre and six municipal-level enterprise technology centres (Technology Centre), one municipal-level Chinese medicine

modernization technology engineering centre, one municipal-level technology engineering centre, one enterprise key laboratory, one testing centre and an enterprise postdoctoral research station approved by the Ministry of Personnel of the State.

Our technology centre is equipped with state-of-the-art instruments sourced in China and overseas, including ultra-high pressure liquid chromatography instruments: quadrupole tandem electrostatic field orbitrap mass spectrometer (UPLC-MS-MS), ultra-high pressure liquid chromatography instruments: triple-quadrupole tandem mass spectrometry (UPLC-MS-MS) instruments, gas chromatography instruments: triple-quadrupole tandem mass spectrometer (GC-MS-MS) instruments, inductive coupled plasma mass spectrometer (ICP-MS) instruments, multiple high performance liquid chromatography, gas chromatography, evaporative light scattering detector, thin-layer scanners and ultraviolet spectrophotometers, atomic spectrophotometers, medium-pressure preparative chromatographic systems and other large-scale modern analytical equipment and solid preparation pilot equipment. We also introduce advanced pilot test instruments from foreign countries such as Germany, Singapore, Japan and Denmark. The introduction of these instruments provides a strong hardware guarantee for the Company's technology innovation.

Our centres have a dynamic and innovative scientific research team with different academic backgrounds, professional expertise and reasonable age structure. Nearly 40% of the front-line scientific research personnel possess master's or doctoral degrees. Over the years, our centres have undertaken a number of major projects of the National Development and Reform Commission, the Ministry of Science and Technology and Tianjin Municipality, and have a new drug pipeline, providing extensive and timely product process research, quality standard research and other various technical services inside and outside the Company. The TCM chemical control products of our in-house R&D team have been adopted and applied by well-known domestic and foreign institutions such as the European Pharmacopoeia Commission.

As a laboratory accredited by the China National Accreditation Service for Conformity Assessment (CNAS), the Testing Centre provides testing services that meet the requirements of international standards and can be more widely recognized internationally.

All along, in order to further promote the innovation work and enhance the core competitiveness of enterprises, the Technology Center has been actively exploring the collaborative innovation mechanism, carrying out the industry-university-research collaboration, and actively docking projects with well-known research institutions, universities, hospitals and famous doctors and experts. It has created a high-level external think-tank team to realize strong association and complementary advantages, and promote the transformation of scientific research achievements.

By undertaking national and Tianjin scientific and technological innovation projects, the Technology Center has established close technical cooperation with universities and scientific research institutes. It carries out new product research and development, enriches the enterprise product group; strengthens the secondary development of products, explores the clinical use value of products, and accelerates the transformation of scientific research results to the market. In 2022, the Company's project of "Theory Creation of Chinese Medicine Quality Markers and Key Technology Innovation and Its Application" won the first prize of Tianjin Science and Technology Progress Award, the project of "Construction and Application of Quality Evaluation Technology and Standard System of Traditional Chinese Medicine" and the project of "Basic and Application Demonstration Research of Safety and Risk Assessment of Traditional Chinese Medicine" won the second prize of Tianjin

Science and Technology Progress Award, and the project of “Optimization Research of Tongmai Yangxin Wan(通脉养心丸)” won the third prize of Tianjin Science and Technology Progress Award.

2. University Research and Development and University Scientific Research Institutions

The Company has always attached great importance to industry-university-research cooperation, actively built various forms of cooperative relationships with higher education institutions and research institutes, and carried out research on the basis of medicinal substances and community real-world research, so as to better guide clinical medication and improve the clinical value of products.

We have signed a cooperation project agreement for the annual development plan of the Chinese medicine industry with Tianjin University of Traditional Chinese Medicine, focusing on innovative drug research and development, secondary development of big brand traditional Chinese medicine, and application research of innovative technologies. We also build in-depth cooperation in industrial development consulting, research and development projects, application of intelligent manufacturing technology for Chinese medicine and personnel exchanges to promote the implementation of school-enterprise cooperation projects.

We have jointly carried out the “Research on the Pharmacodynamic Mechanism and Material Basis of Suxiao Jiuxin Wan” with Tianjin University of Traditional Chinese Medicine, the Second Affiliated Hospital of Tianjin University of Traditional Chinese Medicine, and the Shanghai Institute of Materia Medica of the Chinese Academy of Sciences to continuously improve the pharmacodynamic mechanism and evidence-based evidence of Suxiao Jiuxin Wan so as to guide clinical medication.

We have jointly carried out the projects such as “Research on the Molecular Mechanism of Suxiao Jiuxin Wan Improving Coronary Microcirculation”, “Research on the Molecular Mechanism of Suxiao Jiuxin Wan Improving Ventricular Fibrillation after Myocardial Infarction” and “Clinical Research on Microcirculation Protection of Suxiao Jiuxin Wan in Treating Acute Coronary Syndrome” with the Second Affiliated Hospital of Guangzhou University of Traditional Chinese Medicine.

The Company collaborated with the First Affiliated Hospital of Henan University of Chinese Medicine to carry out clinical research on the delay of coronary heart disease’s PCI post-operative myocardial remodeling with Tongmai Yangmin Wan (通脉养心丸) based on a combination of disease and syndrome, and assessed the effectiveness and safety of its post-MI myocardial remodeling to slow down the progress of the myocardial remodeling and prevent the development of heart failure, so as to provide evidence-based proof for the early application of traditional Chinese medicine to prevent the post-MI myocardial remodeling and heart failure.

We have jointly carried out the “Registration Study and Economic Evaluation of Qingyan Di Wan in the Treatment of Pharyngalgia” with the Dongfang Hospital affiliated to Beijing University of Traditional Chinese Medicine and Tianjin Medical University General Hospital. The therapeutic effect, clinical characteristics and safety of Qingyan Di Wan in pharyngalgia (acute pharyngitis, acute tonsillitis, common cold) were scientifically evaluated. The cost and effect of Qingyan Di Wan in treating acute pharyngitis in the real world were analyzed, and its economic evaluation was conducted to provide reference for clinical doctors to use drugs reasonably, and for health and medical insurance departments to improve relevant policies.

We continue to carry out the co-construction and sharing project of the Chinese medicinal material base in cooperation with Tianjin University of Traditional Chinese Medicine. As the executive director of the “Chinese Medicinal Material Base Co-construction and Sharing Alliance”, the Company, together with its affiliated enterprises such as the medicinal material company and the Chinese medicinal slice factory, strengthens exchanges and cooperation with backbone enterprises, scientific research institutions and related experts in the industry. According to the national requirements for the construction of Chinese medicinal material GAP bases, we will better and faster achieve large-scale, standardized and industrialized planting of genuine Chinese medicinal materials so as to promote the establishment of a guarantee system for the supply, quality and reasonable price of genuine Chinese medicinal materials.

3. New Drugs with Contribution to the Pharmaceutical Industry

Our pipeline drug Bufe Keli (补肺颗粒), which belongs to the category 1.1 of traditional Chinese medicine, is used for the treatment of stable chronic obstructive pulmonary disease (the “COPD”), and obtained clinical approval in September 2014. The new drug research project was supported by the Tianjin Special Major Project for Technologies of Innovative Manufacturing of New Drugs in 2015, and the National Special Major Project New Drugs Development in 2017.

Thus far, clinical treatment for stable COPD has been primarily based on western drugs, such as bronchodilator, glucocorticoid, and expectorant, etc. As long-term medication is required, it has huge toxic side effects and is expensive, giving rise to considerable social and economic burdens. In addition, these drugs cannot prevent patients from repeated infections, leading to increasing difficulty and progression of the disease. Ultimately, it will lead to pulmonary heart disease, which causes the quality of life of patients to decline or even endanger the life of patients. In recent years, the treatment of COPD with TCM has received wide attention, and its safety and effectiveness are recognised with clinical results. The treatment of COPD with TCM has gained traction. Through TCM diagnosis and treatment, the symptoms and the root cause of the disease are addressed. Not only does it effectively alleviate patients’ symptoms such as chronic cough, coughing up phlegm and respiratory difficulties, it also improves their immunity, which will in turn delay and prevent the development of the diseases, and fundamentally improve the quality of life of patients.

Bufe Keli (补肺颗粒) originated from in-hospital preparations. The prescription was derived from Sun Simiao’s Bufe Decoction of Beiji Qianjin Yaofang (《备急千金要方》) and Jinshui Liuju Decoction of Jingyue Quanshu·Xinfang Bazhen (《景岳全书·新方八阵》). The formulation of Bufe Keli consists of Dangshen (党参), Danggui (当归), Shanyurou (山萸肉) and Zhimahuang (炙麻黄). It has the function of nourishing the lungs and invigorating the spleen, tonifying the kidneys and relieving asthma, as well as removing blood stasis and resolving phlegm. Bufe Keli is a TCM compound formula preparation for the treatment of stable COPD and chronic persistent bronchial asthma based on a summary of abundant clinical medication data. Once the new drug is launched, it will make up for the gap in the treatment of stable COPD with TCM and bring good news to COPD patients.

Caring for Employees

The Company is committed to safeguarding the development, safety and well-being of its employees. It appreciates the contribution of all employees and provides them with fair remuneration. We endeavor to eliminate fatal accidents in all workplaces and have adopted work safety measures in the workplace to ensure the health and safety of our employees.

Occupational Health and Safety

(GRI 403-1, 403-2, 403-3, 403-4)

The Company adheres to the work safety management concept of “people-oriented, life first”, striving to provide safe and comfortable workplace for all employees and protect employees’ health and safety. The Company implements scientific management, facilitates the building of high-quality team of professional talent, and adopts measures including conducting strict control, controlling the risk, valuing the process and monitoring the red line, improving the essential safety management and the enterprise safety management.

In 2022, the Company’s work safety situation remained stable, without any major work safety accidents or new occupational disease patients reported. The Company conscientiously implements the main responsibilities of occupational disease prevention and control, improves the development of occupational health policy management system, further revises and improves the occupational health system according to the requirements of relevant laws and regulations such as the Occupational Disease Prevention and Control Law (《职业病防治法》), the Regulations on the Management of Occupational Disease in the Workplace (《工作场所职业病危害管理条例》), the Employer’s occupational disease prevention guidelines (《用人单位职业病防治指南》), and the Administrative Regulations on Notification and Warning Labels of Occupational Disease Hazards by Employers (《用人单位职业病危害告知与警示标识管理规范》), and further make employees become more aware of occupational hazard protection through publicity and training on occupational health management.

The Company actively promotes the development of enterprise safety, and the Company and its Darentang Pharmaceutical Factory jointly aggregate and synthesize the “Daren” safety culture system. Darentang Pharmaceutical Factory has obtained the honorary title of National Safety Culture Demonstration Enterprise once again by the Review of national safety culture construction model enterprises, and has carried out mutual exchange and learning to improve the safety culture atmosphere of the Company. By mutual exchange and learning, the Company is allowed to develop its safety culture.

The Company attaches importance to the cultivation of talent and actively carries out a variety of promotional and educational activities. Based on the current situation of epidemic, the Company changes its model for advertising of intensive offline face-to-face training to online Fragmented training, involving news about current safety-related affairs, latest changes to laws and regulations severe weather alerts and training for safety management personnel. The Company also timely pushes safety information via Weibo, Douyin, Youtube, WeChat group, Yunxuetang and other new media platforms.

The Company continue to tighten the fire safety supervision, improves the closed-loop rectification of hazard, increases the hazard investigation and on-site research, audits the

implementation of rectification, performs the “look back” firefighting inspection, and organizes special fire self-inspection. Thank to these efforts, the Company eliminates fire safety hazards in a timely manner while keeping the alarm bell ringing.

In 2022, the Company maintained a stable track record of work safety, and fulfilled various work safety targets, with major injury rate of 0%, working hours loss of 0%, work-related death accident of 0%, major fire and explosion accidents of 0%, and major equipment accidents of 0%. No employees worked on jobs or positions of high risks or high incidence of specific diseases.

Employee Diversity

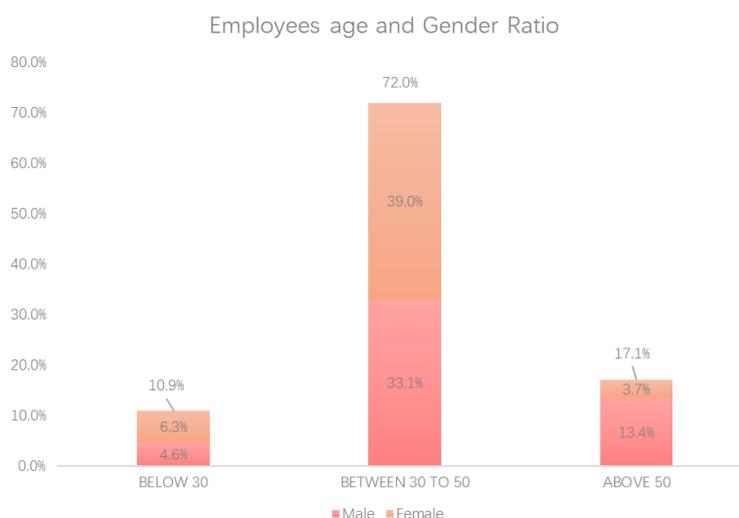
(GRI 401-1, 405-1)

The Company treats all employees fairly and does not discriminate on the basis of gender, age or other factors in the employment process, and strictly abides by the principle of equal pay for equal work. A diversified workforce has formed a major driving force for the Company’s reform and innovation.



Orientation program for new hires

In FY2022, the Company had a total of 4,913 employees and 239 new employees, with new employment rate of 4.9%. The gender and age distribution of the Company’s employees are as follows:



Note: According to the PRC prevailing policies, the retirement age of male employees is 60 years old, and the retirement age of female employees holding the position of worker is 50 years old,

while the retirement age of female employees holding the position of management is 55 years old. In the group aged over 50, the majority of employees are predominantly male as most female employees have retired.

Employee Benefits

(GRI 202-1, 401-2, 401-3, 404-3, 405-2)

The Company strictly complies with the Labour Contract Law and its implementation regulations, and have entered into labour contracts with all employees to tighten up the management of labour remuneration, rest days and leaves, social insurance and other aspects. The Company ensures that the starting salary of employees is not lower than the minimum wage standard in Tianjin. The remuneration and benefits of employees are in line with industry standards and are competitive in the market. The Company pays for all its employees contributions to pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and the housing provident fund, and offers other benefits, with timely full payment guaranteed. Physical examinations for employees are organised regularly to reduce and avoid occupational hazards. The Company cares about the physical and mental health of its employees.

The Company conducts performance-based management of employees, and implements various forms of regular performance appraisal according to the nature and category of the employees' positions to ensure that employees' contributions are fairly rewarded. In particular, the senior management is subject to annual salary assessment, while the management, sales and production personnel are subject to management performance assessment, physical quantity assessment and sales performance assessment based on their positions. To fully motivate our employees and enable them to benefit from the development achievements of the Company, the Company continuously improves its remuneration system and incentive mechanism to ensure that the remuneration level of the employees is commensurate with the Company's performance growth. The Company has further broadened the channels for employees to share the returns of corporate development through the corporate annuity scheme and restricted share incentive scheme.

In 2021, 32 employees went on maternity leave, and all of them were retained by the Company upon expiry of maternity leave, representing a retention rate of 100%. In 2022, the number of employees on maternity leave was 62. Among them, 34 employees have returned to work, and the remaining 28 employees are still on maturity leave, and they will also be retained by the Company, representing a retention rate of 100%.

The labour union of the Company focuses on enhancing its democratic management functions, and guiding and supervising all enterprises to convene employee representative meetings according to laws, sign negotiating collective bargaining agreements and collective contracts, file the agreements and contracts according to laws and make prompt announcements to employees. At the same time, to ensure the provision of assistance and support for employees with special difficulties, since 2013, the labour union of the Company has continuously revised and improved the Measures for the Administration of Provision of Assistance and Support to Employees with Special Difficulties of Da Ren Tang to clarify the recognition criteria for employees with special difficulties, establish files for employees with special difficulties, implement dynamic management and step up support efforts so as to achieve targeted assistance. As of December 2022, more than 1,300 employees with special difficulties received assistance worth more than RMB6.60 million in total, enabling the employees with special difficulties to truly feel the care of the Company. The labour union of the Company has

purchased two mutual assistance insurance schemes for all employees of the Company in five consecutive years, namely the “Mutual Assistance and Protection Scheme for Existing Employees with Major Diseases and Hospitalization” and the “Mutual Assistance and Protection Scheme for Existing Employees with Accidental Injuries” launched by the municipal labour union, with a capital expenditure of approximately RMB1.24 million.

The Company continues to allocate subsidies for activities organised by its trade unions to support employees' cultural and sports activities. Trade unions at all levels actively set up interest groups such as calligraphy group, art group and aerobic group, and carry out cultural and entertaining activities that are popular among the employees, such as basketball game and badminton game, so as to make their lives colourful..



Growth of Employees and the Company

(GRI 404-1, 404-2)

Committed to the strategic goal of “building the ideal development platform for employees” as strategic development direction, the training centre of Tianjin Pharmaceutical Da Ren Tang provides the foundation and guarantee for building a high-quality and high-calibre talent team. While continuously expanding the talent pool of high-end professionals, we further pushed ahead talent teambuilding and revitalize existing talents. With the training centre serving as the backbone, position competence as the core, and guaranteeing talents for enterprises as the goal, we built five vocational training platforms for employees, namely management, professional technology, marketing, production and operation and scientific research. We also provide continuous and systematic training courses for employees of various positions to accelerate their development in Zhong Xin Pharmaceutical. In 2022, a total of 572 training sessions were held, with a total of 1,594 training hours and employee attendance of 14,113, covering personnel in R&D, technology, quality control, frontline production, marketing, management, etc. In addition, in order to effectively implement the talent development strategy of Tianjin Pharmaceutical Group and Tianjin Pharmaceutical Da Ren Tang, in 2022 we launched online learning platform, which focuses on empowering talent, motivating the learning enthusiasm and drive internal mobility of employees, promoting business innovation, realizing personal growth and helping to realize the strategic objectives of the organization.

In 2022, Tianjin Pharmaceutical Da Ren Tang applied for and obtained the title of “Tianjin Harmonious Enterprise in Labour Relations (天津市劳动关系和谐企业)”. In addition, we won the honorary title of “National Model Enterprise for Building Harmonious Labour Relations (全国和谐劳动关系创建示范企业)” and participated in the experience exchange of National Model Enterprise for Building Harmonious Labour Relations, which helped Tianjin Pharmaceutical Da Ren Tang to achieve a sustainable, stable and rapid growth.

In 2020, Mao Yuquan from Da Ren Tang’s Medicinal Materials Company was elected as a national model worker, Du Ruifeng from Da Ren Tang Pharmaceutical Plant was elected as a model worker in Tianjin, and Da Ren Tang Jianmin Pharmacy was elected as a collective representative of model worker in Tianjin. In 2021, the Company’s trade union was awarded the title of National Model Staff House by the All-China Federation of Trade Unions. In 2022, the Company was awarded the honorary title of “National Model Enterprise for Building Harmonious Labour Relations”.



The Company's trade union was awarded the title of "National Model Staff House"



Mao Yuquan was elected as a national model worker



The Company won the title of "National Model Enterprise for Building Harmonious Labour Relations"

Employment Objective and Labour Compliance

(GRI 406-1, 408-1, 409-1, 412-1, 419-1)

The Group is committed to being a socially responsible employer. In FY2022, there were no incidents of serious discrimination, child labour, forced or compulsory labour or human rights violations. The wages and benefits of the employees of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited are determined in accordance with the provisions of the signed labour contracts, and the principle of equal pay for equal work is maintained regardless of gender.

Actual Performance in FY2022	
FY2022 Goals	Performance
Promote employees' development	In2022, we carried out a series of professional skills training based on job requirements, and the training covered personnel in R&D, research and development, technology, quality, production line, marketing, management, etc..
Protect employees' rights and interests	In2022, we determined the remuneration standards in accordance with national laws and regulations and conduct performance appraisal to ensure that employees are entitled to benefits such as equal pay for equal work, five types of insurance and contribution to the mandatory housing fund, and maternity leave for female employees.
No major safety accidents occurred	No major work safety incidents in 2022.
Targets for FY2023	
FY2023 Goals	Action and Plan
Promote employees' development	Continue to encourage all employees to attend the training activities, pay due attention to employee training, promote high-level talent training, and provide vocational training on management, professional technology, marketing, production operation and scientific research for employees of different positions.
Protect employees' rights and interests	Determine the remuneration standards in accordance with national laws and regulations and conduct performance appraisal to ensure that employees are entitled to benefits such as equal pay for equal work, five types of insurance and contribution to the mandatory housing fund, and maternity leave for female employees.
No major safety accidents occurred	Promote the systematization of safety management and increase personnel training, with the goal of preventing and avoiding major production safety accidents in 2023.

Environmental Awareness

The Company regularly monitors energy consumption in routine operations and effectively improves the Company's environmental protection measures based on the data. The management are responsible for the effective implementation of environmental protection measures across the departments of the Group.

In 2022, the Company will continue to improve energy utilization by developing the energy management system, carrying out energy conservation assessment and implementing energy conservation projects.

Carbon management

(GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5)

The Company has made positive achievements in energy conservation by improving the energy efficiency of equipment and conducting energy audits. We also reduced water consumption through measures such as recycling of steam condensate, concentrated water recovery and reuse, and reduce energy consumption required by hot water supply.

Pharmaceutical Manufacturing



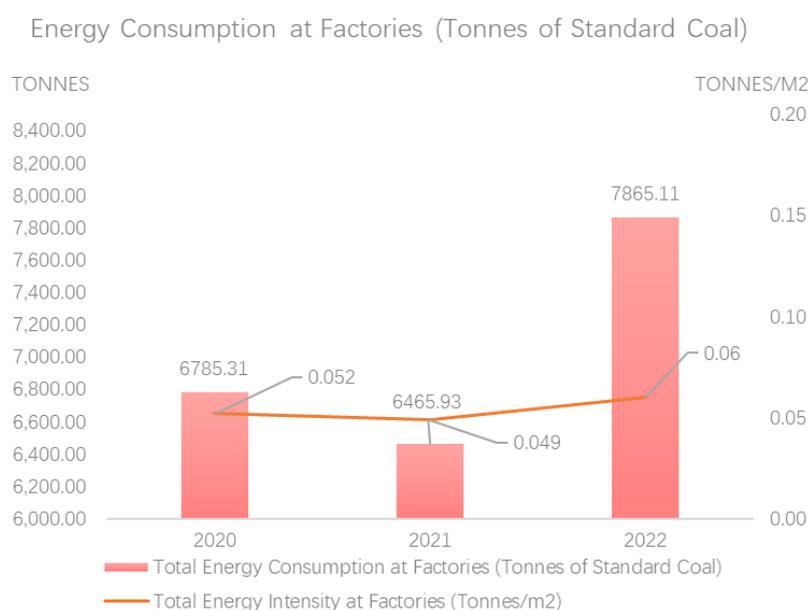
Smart dripping pill manufacturing base

The main energy-consuming units in the process of the Company's pharmaceutical manufacturing include Longshunrong Pharmaceutical Factory (隆顺榕制药厂), Darentang Pharmaceutical Factory (达仁堂制药厂), Lerentang Pharmaceutical Factory (乐仁堂制药厂), The 6th Chinese Medicine Plant (第六中药厂), Xinxin Pharmaceutical Manufactory (新新制药厂) and Zhongxin Pharmaceutical Factory (中新制药厂) are the main energy-consuming units of the Company's pharmaceutical production.

In FY2022, overall total energy consumption of the Company was 7865.11 tons of standard coal, an increase of 1399.18 tons or 21.64% compared with FY2021. The calculable output of the Company increased by 39.77%, and energy efficiency was further improved. Facing the impact of the epidemic,

enterprises adhered to the production of supply, reasonable scheduling, production capacity improvement throughout the year. Due to changes in market demand, the output of some enterprises experienced short-term peaks, which enhanced the use of equipment and ensured the market supply of key products. We took the initiative to improve and reduce consumption through strict implement of the energy conservation assessment in the production process. We renovated and maintained plants from the point of energy efficiency design, selected high-efficiency energy-saving equipment from the direction of energy-saving technology, and gave full play to energy efficiency from the perspective of rational production scheduling.

At the beginning of the year, the Company set a target to save energy and reduce consumption by 50 tons of standard coal through energy-saving improvement measures. By the end of the year, the affiliated enterprises completed a total of 17 energy-saving projects, achieving an overall annual energy saving of 53.75 tons of standard coal.



Longshunrong Pharmaceutical Factory

In FY2022, Longshunrong Pharmaceutical Factory will replace some of incandescent lamps in the workshop to reduce electricity consumption and adjust and optimize the system’s hot water supply temperature and time to reduce steam usage. Annual energy saving is 75,400 kWh (equivalent to 9.27 tons of standard coal), and steam saving is 150 tons (equivalent to 14.21 tons of standard coal).

Darentang Pharmaceutical Factory

In FY2022, the air compressor system was modified to add a combined control of fixed frequency and variable frequency, saving about 68,348 kWh (equivalent to 8.40 tons of standard coal) for the whole year.

Lerentang Pharmaceutical Factory

In order to improve the energy consumption efficiency of energy-consuming equipment and reduce consumption and emission, Leren Tang Pharmaceutical Factory updated three motors that will expire with high-efficiency motors, using high-efficiency equipment to replace the original old motors.

After the completion of projects, 5,858 kWh (equivalent to 0.72 tons of standard coal) of electricity consumption will be saved throughout the year.

The 6th Chinese Medicine Plant

In order to save energy and improve equipment efficiency, boiler improvement was implemented in the fourth quarter of 2022 and three burners with higher efficiency were used. Energy saving effect will be realized in 2023.

Xinxin Pharmaceutical Manufactory

In FY2022, three vertical water pump motors and old type of air compressor were replaced, and Energy efficiency was improved by using the high-efficiency and energy-saving equipment. The project saved electricity of 140,783kWh (equivalent to 17.30 tons of standard coal)

Zhongxin Pharmaceutical Factory

In FY2022, Zhongxin Pharmaceutical Factory invested RMB119,100 and implemented various projects, including the replacement LED lighting in comprehensive workshop, alternative outage of refrigeration equipment and the replacement of the vacuum system plate with water conservation. After the completion of projects, it is estimated that the annual electricity saving will be 31,245kWh (equivalent to 3.84 tons of standard coal).

Management of Volatile Organic Compounds

(GRI 305-7)

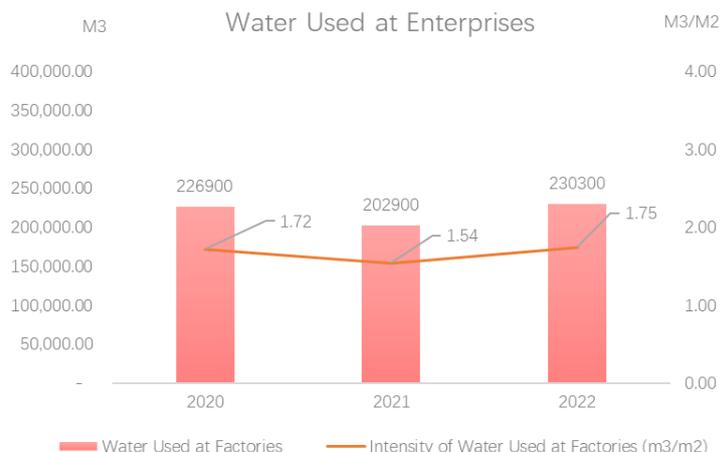
The Company focuses on ecological environmental protection, and has always been committed to the normalized operation of “low emission” of pollutant. Furthermore, the Company further strictly complies with the management and control requirements, constantly standardizes and strengthens the improvement and perfection of environmental management system, comprehensively controls the company’s environmental protection management status and compliantly handles and disposes of waste generated in the production process to guarantee the development of the Company’s new development philosophy of “green traditional Chinese medicine”.

In 2022, the Company further intensified the governance of volatile organic compounds (VOCs) to reduce the release of volatile organic waste gas into the air during the manufacturing process. In terms of waste gas treatment, subordinate enterprises of the Company aims to reduce emissions, continues to improve VOCs treatment facilities, enhances the efficiency of waste gas treatment and effectively respond to the increase in VOCs gas caused by the expansion of production capacity to ensure all waste materials are discharged after meeting relevant standards.

In compliance with various environmental protection laws, regulations and deployment requirements of the PRC and Tianjin, the Company duly implements the supervision and management of the production and operation of each enterprise during heavy pollution weather. Subordinate enterprises of the Company take “one enterprise one policy” measures in accordance with the requirements of the local ecological environment department, formulate emergency measures for the enterprise to make contributions to creating a good atmospheric environment.

Water Management

(GRI 303-1)



As shown, in FY2022, our total water consumption was 230,300 cubic meters, an increase of 27,400 cubic meters from 202,900 cubic meters in 2021. The increase in water used was due to the change in product mix, higher output growth and output value growth than water consumption growth, and further lower water consumption per unit of output value.

Effluent and Waste Management

(GRI 306-1, 306-2, 306-3)

The Company actively takes measures to reduce the impact on the environment in the course of the company's business, disposes of sewage and waste generated in the production process and discharge in accordance with regulations.

The sewage mainly comes from industrial wastewater and domestic sewage, which is treated by the enterprise sewage treatment station and discharged to the downstream sewage treatment plant through the municipal pipe network after reaching the standard.

Hazardous wastes mainly come from industrial solid wastes, which is disposed of by qualified hazardous waste treatment plants engaged in accordance with relevant laws and regulations.

The Company has no serious leakage accident in 2022.

Environmental Objectives and Compliance

(GRI 307-1)

In 2022, the Company continued to promote the establishment and development of the enterprise environmental management system, and its affiliated enterprises successfully passed the ISO14001:2015 environmental management system certification assessment and obtained the certificate, which deepened and continuously improve the environmental management system.

The Company continues to consolidate and improve the education and training of professional knowledge and environmental protection policies and guidelines. In 2022, the Company successively carried out scientific lectures and knowledge training on comprehensive compliance of pollution sources, green factory and clean production, environmental tax and green audit, interpretation of

policies related to special funds for environmental protection, work related to comprehensive compliance of industrial pollution sources with emission standards, interpretation of environmental protection tax policies and declaration points, etc. to improve the professional quality and management capacity of the Management.

Actual Performance in FY2022	
FY2022 Targets	Performance
Reduce energy consumption by 50 tons of standard coal	<p>Further improved the energy management system documents, circulated information on energy usage during regular meetings, and strengthened the energy management process communication and target control;</p> <p>Improved and updated some production equipment and public equipment, replaced incandescent lamps with LED lamps, and recycled the backwash water of the purified water system, which improved the overall comprehensive energy use efficiency in the Company;</p> <p>The enterprise continued to improve the energy online monitoring platform in use, with 40 additional energy monitoring points added, and refined the enterprise energy control points in FY2022;</p> <p>Continued to carry out annual energy internal and external audits to enhance the professionalism of energy conservation work;</p> <p>Implemented energy-saving projects throughout the year to achieve an annual reduction in energy consumption of 53.75 tons of standard coal.</p>
Improve level of reasonable water consumption	<p>On the basis of existing water-saving measures and water-saving awareness of personnel, enterprises further increased the control of primary water use, and the water consumption of RMB10,000 output value decreased by 17.71% year-on-year. Long Shun Rong transformed the back-washing water of purified water system for reuse, and Zhongxin Pharmaceutical Factory renovated the board replacement equipment of vacuum and decompression concentration system to increase the utilization of circulating water and improve the reasonable water use level.</p>
No major environmental leakage	No major environmental leakage in 2022
Continue to regulate wastewater and waste discharge	In 2022, wastewater was discharged to standard and hazardous waste was disposed of in compliance with the regulations
Environmental compliance	No environmental administrative penalties occurred in 2022
FY2023 Environmental Targets	
FY2023 Goals	Action and Plan
Reduce energy consumption by 50 tons of standard coal.	<p>Further improve the construction of energy management system, increase energy refinement measurement - each enterprise is required to develop energy assessment management rules, tap into the full potential of enterprise energy self-inspection and internal company energy audit,</p>

	<p>and improve the standard of energy management; Replace certain energy-efficient equipment and facilities that are about to expire, step up the application of solar energy and LED lamps, optimize the operation strategies and take measures to save energy, achieve the goal of reducing energy consumption and improve energy efficiency; Further improve the analysis and use of the intelligent energy online monitoring platform, tighten up the monitoring of product energy unit consumption, and give full play to the role of the platform in managing energy conservation and intelligent energy conservation.</p>
Improve level of reasonable water consumption	<p>On the basis of relevant existing equipment and facilities, each enterprise will refine and increase water used meter and apparatus, further strengthen water use monitoring, and continuously improve water use efficiency by improving water use methods to increase recycled water and secondary water use.</p>
No major environmental leakage	<p>Improve maintenance and operation of equipment and facilities to prevent significant environmental spills</p>
Continue to regulate wastewater and waste discharge	<p>Continuously strengthen the monitoring of environmental emission indicators and standardize waste discharge applying information technology</p>
Environmental compliance	<p>Continuously promote the construction of the environmental management system and standardize ecological and environmental management</p>

Corporate Social Responsibility

The Company is committed to improving social welfare. Our Suxiao Jiuxin Wan (速效救心丸) and many other drugs are low-priced drug catalogue, which fully meet the needs of patients. In addition to providing quality medicines, we also give back to society and improve people's quality of life otherwise.

Giving Back to Society

(GRI 413-1)

1. Fight against pandemic



Da Ren Tang ensures supplies to fight the pandemic

Since the outbreak of COVID-19, the Company has given first priority to the health and safety of our employees. We strictly implement various pandemic prevention policies to protect the health and safety of employees. Our efforts include purchasing face masks for all employees, and distributing pandemic prevention drugs and other anti-pandemic materials.

Da Ren Tang actively follows work instructions and requirements on the pandemic prevention and control of governments at all levels, strictly implements relevant works to “ensure stability on six key fronts and maintain security in six key areas”, and strives to guarantee the production and supply of drugs.

The Company's Qingyan Di Wan (清咽滴丸) was included into the Reference Table of Common Drugs for Home Treatment of COVID-19 Infected Persons (《新冠病毒感染者居家治疗常用药参考表》) under the Home Treatment Guide on COVID-19 Infected Persons (《新冠病毒感染者居家治疗指南》), as a common drug recommendation for symptomatic pharynx dry sore throat. In addition, other 19 products were included into the Expert Consensus on the Treatment of Traditional Chinese Medicine for Common Symptoms of Post COVID-19 Short-term Condition (《中医药治疗新型冠状病毒感染核

酸/抗原转阴后常见症专家共识》), 36 varieties were included into the Expert Consensus on Integrated Chinese and Western Medicines for Rehabilitation Program of COVID-19 Infected Persons in the Recovery Period (《新冠病毒感染者恢复期中西医结合康复方案专家共识》), and a large number of our products were covered under the catalogue of relevant pandemic prevention drugs. The Company made efforts to ensure stable production and supply of drugs, and supply drugs to the market in a timely manner.

The pharmaceutical companies under the Company strive to ensure the stable circulation of drugs in Tianjin, and actively open up the supply channels of drugs related to COVID-19. The warehousing and logistics system of the logistics centre operates at full load. In addition to meeting the daily drug demand of medical institutions, millions of boxes of pandemic containment drugs were

supplied to the community service centres at the grass-roots level and hospitals at each level in Tianjin.

2. Community services

Since COVID-19, the Company has donated drugs and other anti-pandemic materials to Tianjin, and Shanghai. The cadres and staff actively respond to the call of Tianjin Municipal Committee and Municipal Government and devote themselves to voluntary service.

In addition, the Company actively pays attention to public welfare and donates drugs. For example, in August 2022, a mountain and forest fire occurred in Chongqing, and the fire fighters from all over the country rushed to help. The Company donated Jing Wan Hong Ointment(京万红软膏) to Chongqing Emergency Management Bureau.



In recent years, the Company's Modern Chinese Medicine Industrial Park, Tianjin Pharmaceutical Exhibition Hall, Da Ren Tang Natural and Humanities Exhibition Hall, and Da Ren Tang National Pharmaceutical Culture Exhibition Hall have actively opened the traditional Chinese medicine culture transmission bases and science popularization bases to citizens from all walks of life. With the initiatives like Science and Technology Week and Open Day, the relevant units of the Company actively promote scientific popularization among the public and constantly strengthen exchanges and interaction with various circles. Through hall introduction, exhibition, experience traditional techniques, such as “rubbing honeyed pills (搓蜜丸),” “putting on golden stamps (打金戳)” and “wrapping golden cover (裹金衣),” we popularize the knowledge of traditional Chinese medicine culture, “tell the stories” of traditional Chinese medicine industry, and carry forward “Tianjin medicine culture” with intangible cultural heritage techniques.



The Company's communication activities (partial)

SGX Five Composition Index

No.	Main composition	Section
1	Major issues	Stakeholder Engagement
2	Policy, practice and performance	Chairlady's Statement, DA REN TANG's Sustainability Philosophy
3	Statement of the Board	Sustainable Development Management Structure and Statement of the Board
4	Target	DA REN TANG's Sustainability Philosophy
5	Reporting framework	Basis of Preparation of the Report

GRI Standard Content Index

GRI Standard	Description	Section
102-1	Name of the organization	Company Profile
102-2	Activities, brands, products, and services	Company Profile
102-3	Location of headquarters	Company Profile
102-4	Location of operations	Company Profile
102-5	Ownership and legal form	Company Profile
102-6	Markets served	Company Profile
102-7	Scale of the organization	Company Profile
102-8	Information on employees and other workers	Company Profile
102-9	Supply chain	Company Profile
102-10	Significant changes to the organization and its supply chain	Company Profile
102-11	Precautionary Principle or approach	Company Profile
102-12	External initiatives	Company Profile
102-13	Membership of associations	Company Profile
102-14	Statement from senior decision-maker	Chairlady's Statement
102-15	Key impacts, risks, and opportunities	Chairlady's Statement, DA REN TANG's Sustainability Philosophy
102-16	Values, principles, standards, and norms of behavior	Compliance Operation
102-17	Mechanisms for advice and concerns about ethics	Compliance Operation
102-18	Governance structure	Sustainable Development Management Structure and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement

GRI Standard	Description	Section
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic Boundaries	Introduction to the Report
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202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee Benefits
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205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
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302-3	Energy intensity	Carbon Management
302-4	Reduction of energy consumption	Carbon Management
303-1	Water withdrawal by source	Water Management
305-2	Energy indirect (Scope 2) GHG emissions	Carbon Management
305-4	GHG emissions intensity	Carbon Management
305-5	Reduction of GHG emissions	Carbon Management
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Management of Volatile Organic Compounds
306-1	Water discharge by quality and destination	Effluent and Waste Management
306-2	Waste by type and disposal method	Effluent and Waste Management
306-3	Significant spills	Effluent and Waste Management
307-1	Non-compliance with environmental laws and regulations	Environmental Objectives and Compliance
401-1	New employee hires and employee turnover	Employee Diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits
401-3	Parental leave	Employee Benefits
403-1	Workers representation in formal joint management–worker health and safety committees	Occupational Health and Safety
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety
403-3	Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety

GRI Standard	Description	Section
403-4	Health and safety topics covered in formal agreements with trade unions	Occupational Health and Safety
404-1	Average hours of training per year per employee	Growth of Employees and the Company
404-2	Programs for upgrading employee skills and transition assistance programs	Growth of Employees and the Company
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Benefits
405-1	Diversity of governance bodies and employees	Employee Diversity
405-2	Ratio of basic salary and remuneration of women to men	Employee Benefits
406-1	Incidents of discrimination and corrective actions taken	Employment Objective and Labour Compliance
408-1	Operations and suppliers at significant risk for incidents of child labour	Employment Objective and Labour Compliance
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Employment Objective and Labour Compliance
412-1	Operations that have been subject to human rights reviews or impact assessments	Employment Objective and Labour Compliance
413-1	Operations with local community engagement, impact assessments, and development programs	Giving Back to Society
416-1	Assessment of the health and safety impacts of product and service categories	Quality Management and Supplier Management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Safety Objectives
417-1	Requirements for product and service information and labelling	Marketing and Labelling
417-2	Incidents of non-compliance concerning product and service information and labelling	Product Safety Objectives
417-3	Incidents of non-compliance concerning marketing communications	Product Safety Objectives



The company's web site



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