



# 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Consun Pharmaceutical Group Limited



**康臣药业集团有限公司**  
**CONSUN PHARMACEUTICAL GROUP LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

股份代號 Stock Code : 01681



# 01

## RESPONSIBLE GOVERNANCE – MOVING TOWARDS QUALITY DEVELOPMENT

ESG GOVERNANCE STRUCTURE	15
ESG TARGET APPROACH	16
ESG RISK MANAGEMENT	16
STAKEHOLDER ENGAGEMENT	17
ANTI-CORRUPTION INITIATIVE	20



# 02

## MEDICINE FOR THE PEOPLE - COMMITMENT TO PRODUCTS AND SERVICES

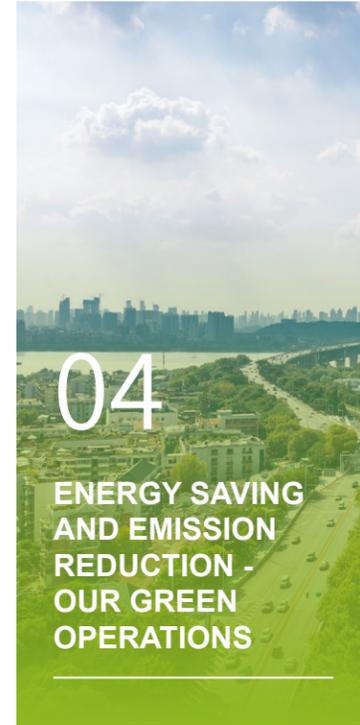
R&D INNOVATION	25
QUALITY MANAGEMENT	29
SECURITY OF INTEREST	31



# 03

## PEOPLE ORIENTATION - CREATING A HAPPY WORKPLACE

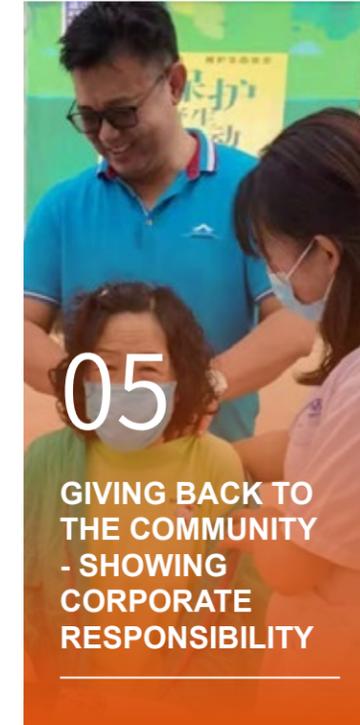
EMPLOYEE MANAGEMENT	39
CARING FOR EMPLOYEES	43
TALENT DEVELOPMENT	44
HEALTH AND SAFETY	46



# 04

## ENERGY SAVING AND EMISSION REDUCTION - OUR GREEN OPERATIONS

CLIMATE CHANGE	50
EMISSIONS MANAGEMENT	50
WASTE MANAGEMENT	52
ENERGY CONSERVATION AND CONSUMPTION REDUCTION	54
WATER RESOURCES MANAGEMENT	55
CHEMICALS MANAGEMENT	55



# 05

## GIVING BACK TO THE COMMUNITY - SHOWING CORPORATE RESPONSIBILITY



# 06

## INDUSTRY SUPPORT AND PROMOTING A "WIN-WIN" SITUATION

# TABLE OF CONTENTS

01	ABOUT THIS REPORT
03	CHAIRMAN'S SPEECH
05	ABOUT CONSUN
67	APPENDIX

/ Become a first-class modern pharmaceutical enterprise, the best in kidney medicine and a leader in multiple specialties /

# ABOUT THIS REPORT

Welcome to the eighth Environmental, Social, and Governance Report (“**ESG Report**” or the “**Report**”) issued by Consun Pharmaceutical Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**Consun Pharmaceutical**” “**Consun**”, the “**Group**” or “**We**”). This Report is intended to provide environmental and social management policies, performance, and the latest developments of Consun Pharmaceutical in 2023. Relevant information will be disclosed in the following chapters of this Report.

## Reporting Guideline

The Report has been compiled by the four reporting principles of the Appendix C2 Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) of the Listing Rules on the Stock Exchange of Hong Kong Limited (“**HKEX**”), namely materiality, quantitative, balance, and consistency.

### Materiality

The Report disclosed the process of identifying important environmental, social and governance factors and the criteria chosen, and also disclosed the engagement of important stakeholders.

### Quantitative

The Report disclosed the standards, methods, assumptions, calculation references and sources of conversion factors used for reporting emissions and energy use.

### Balance

The Report presents the Group’s ESG performance objectively and the application of the relevant principles is reflected in the respective chapters of this report. The Report has complied with all mandatory disclosure requirements and the ‘comply or explain’ provisions.

### Consistency

The Report disclosed changes in statistical methods or key performance indicators.

## Reporting Scope

The reporting scope of the Report covers the main business of Consun Pharmaceutical, including its main subsidiaries: Guangzhou Consun Pharmaceutical Co., Ltd. (“**Guangzhou Consun**”), Consun Pharmaceutical (Inner Mongolia) Co., Ltd. (“**Inner Mongolia Consun**”), Guangxi Yulin Pharmaceutical Group Co., Ltd. (“**Yulin Pharmaceutical**”), and Consun Pharmaceutical (Horgos) Co., Ltd. (“**Horgos Consun**”). Unless otherwise stated, the reporting period of the Report covers 1 January 2023 to 31 December 2023 (the “**Reporting Period**”).

## Access to the Report

This Report has been prepared in Traditional Chinese and English respectively, if there is any contradiction or inconsistency between the two versions, the Traditional Chinese version shall prevail. The Report has been published electronically, which can be downloaded from Consun Pharmaceutical’s website at [www.chinaconsun.com](http://www.chinaconsun.com).

## Confirmation and Approval

The Company’s board of directors (the “**Board**”) is responsible for identifying and evaluating environmental, social and governance (“**ESG**”) related risks and ensuring that appropriate and effective risk management and internal control systems are in place. At the same time, the Board has overall responsibility for the Group’s ESG strategy and reporting. The Report was approved by the Board on 28 March 2024.

## Feedback

We value your comments and feedback, and appreciate you contacting us through:



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## Chairman's Speech

The year 2023 marks the 26th year of the establishment and development of Consun Pharmaceuticals. In the face of uncertain internal and external environments, we have been working together with our professionalism, facing up to the challenges, steadily carrying out our various tasks, continuing to achieve growth in sales revenues and profits, and maintaining a stable development trend.

### Unchanging the original intention

#### Making innovations from inheriting making good medicines to benefit people

As a high-tech enterprise in the field of traditional Chinese medicine, Consun Pharmaceuticals has always adhered to the corporate mission of "Making innovations from inheriting making good medicines to benefit people". We respect traditional theories and wisdom, and are committed to passing on the knowledge, experience, culture and medical ethics of Chinese medicine. At the same time, we are also committed to leveraging the power of high technology to continually innovate in technology, processes and products, in order to develop more valuable products, and to allow traditional wisdom to blossom in the new era. Our quality control of products and services has always been the same, the pursuit of excellence in quality is our unchanging commitment, so that every consumer can feel our dedication and professionalism. We adhere to the research and development mode of "independent research and development and outsourcing co-operation", and continue to intensify the research and development of new products, and in 2023, we achieved exciting results: SK-07 Nephrology Class I Innovative Drug was granted with the Notice of Approval of Clinical Trial; Iodixanol Injection, Iopromide Injection, Roxarestat Capsules, three generic drugs were submitted to registration; Iopalidol Injection was successfully approved by the Consistency Evaluation of the Four Specifications; Iopalidol Injection was also approved by the Consistency Evaluation of the Four Specifications; and Iopalidol Injection was approved by the Consistency Evaluation of the Four Specifications. Four specifications for the consistency assessment of Iopamidol injection were also successfully approved, injecting new impetus into the future development of the Group's imaging line. In addition, our outreach co-operation is also deepening. We have joined hands with Xinji Pharmaceutical to build a joint laboratory for innovative preparations, and together we are exploring a new path for innovation in Chinese medicines; at the same time, the scientific research team of Dongzhimen Hospital of Beijing University of Traditional Chinese Medicine presented the latest research results on the treatment of alcoholic liver disease with Chicken Bone Herb Capsule at the 58th Annual Meeting of the European Association of the Study of the Liver and Liver Disease Conference (EASL Congress 2023), further highlighting the Group's achievements in the treatment of alcoholic liver disease and the development of the Group's imaging line. (EASL Congress 2023), further polishing the brand of Chinese medicine and promoting the culture of Chinese medicine to the world. It is our road and our responsibility to "carry on the old and expand the new", and it is our pursuit and our sentiment to "provide good medicine to help the people".

### Green Production

#### High Technology, High Efficiency, High Quality

Guided by the national "dual-carbon" strategy, Harmonic Pharmaceuticals has always insisted on green production and low-carbon development as the basic principle of the enterprise and the key to sustainable development. In order to actively respond to the national "carbon peak" and "carbon neutral" targets, the company has gradually started its internal carbon reduction work and endeavoured to build an all-round sustainable development system covering procurement, products, transportation, consumption and offices. 2023, HSC Pharmaceuticals will, starting from its own efforts, adopt energy-saving LED lighting to replace fluorescent tubes, phase out or replace energy-consuming electrical motors, photovoltaic power generation, photovoltaic panel street lighting, workplace improvement, and paperless office. We have adopted measures such as the gradual adoption of energy-saving LED lamps to replace fluorescent tubes, the elimination or replacement of energy-consuming electrical motors, photovoltaic power generation, photovoltaic panel streetlights, workshop improvement, paperless office and energy consumption target management to continuously improve our green production system. At the same time, we organise a variety of green activities such as tree planting, environmental education, cleaning of river water and park rubbish, etc., to promote the ecological concept of "Green Water and Green Mountains are Golden Silver Mountains", raise the environmental awareness of employees and the public, and promote the importance of green development in the society. In addition, HSC Pharmaceuticals also actively leads upstream and downstream enterprises to jointly develop a green economy. We strive to promote the harmonious coexistence of human beings and society through the procurement of standardised raw materials, the use of more environmentally friendly packaging materials, the encouragement of suppliers to actively adopt environmentally friendly measures in their production and operation processes, and the preferential use of green materials, etc. We are also committed to the establishment of an environmentally friendly society, and to conveying the concepts of green consumption and sustainable lifestyle to a wider range of consumers. We are also committed to building an environmentally friendly society and spreading the concept of green consumption and sustainable lifestyles to more consumers.

### Dedication to Responsibility

#### Doing the best to help others and myself

As a responsible corporate social citizen, Harmonic Pharmaceuticals is committed to serving the community and the general public by adhering to the public welfare philosophy of "Doing my best to reach out to others" while developing itself. Since the beginning of the Group's establishment, HSC has been actively thinking of repaying the society with its own practical actions, and has put this into practice by launching a wide range of social responsibility activities in the areas of helping the poor and the needy, helping the disabled and the weak, helping students and teachers, and developing the pharmaceutical industry. In order to further promote public welfare activities and volunteer services, the volunteer organisation "Kangchen Yixing Society" has been registered with the Guangdong Provincial Charity Association, injecting new vitality into the public welfare cause. 2023, Kangchen will continue to organise rich and colourful public welfare activities in a variety of forms, and actively liaise with local institutions such as convalescent hospitals, therapeutic workstations, rehabilitation stations, and foundations, to set up more activities that are in line with the values and can practically help the public welfare cause. Through organising colourful and diverse social welfare activities, we will actively contact local nursing homes, therapeutic stations, rehabilitation stations, foundations and other organisations to set up more public welfare projects that are in line with C&C's values and that can help disadvantaged groups in a practical way.

Looking ahead to 2024, we are fully aware of the importance of corporate social responsibility and sustainable development. At the same time, we will take into account international trends and industry characteristics to further integrate ESG concepts into all aspects of the company's strategic planning and production and operation, to ensure that our business activities are in line with the requirements of sustainable development and the principles of ESG, as well as to work closely with our partners, suppliers, employees and all sectors of the community, and to actively participate in the construction of an ESG ecosystem. At the same time, we will work closely with our partners, suppliers, employees and all sectors of society to actively participate in ESG ecosystem building, explore more possibilities for sustainable development, and work together to build a better world that is more prosperous, harmonious and sustainable.

Chairman of the Board



28 March 2024

# About Consun

## Introduction of Consun

Consun Pharmaceutical (HK.01681) is a modern pharmaceutical enterprise mainly engaged in the Research and Development ("R&D"), production, and marketing of modern Chinese medicines and medical imaging contrast mediums. Consun Pharmaceutical is founded in 1997 and was publicly listed on the Main Board of HKEX on 19 December 2013. It owns subsidiaries that engage in the R&D and production of medicines. It operates well-known pharmaceutical brands such as Consun and Yulin. It has four production bases located in Guangzhou, Guangdong; Tongliao, Inner Mongolia; Yulin, Guangxi; and Horgos, Xinjiang.



# 康臣之光

## The Light of Consun Concept system



### Our Mission

Making innovations from inheriting making good medicines to benefit people

### Our Vision

Become a first-class modern pharmaceutical enterprise, the best in kidney medicine and a leader in multiple specialties

### Our Core Value

Humanis; Sincerity; Responsibility; Sharing

### Our Spirit

Fueling dreams with passion, making achievements with hard work

### Our Management Philosophy

Based on morality, virtue and righteousness, and righteousness and profit co-exist

### Development Philosophy

Striving for excellence  
Seeking greatness with strength

### Talent Philosophy

Respect people  
Cultivate people  
Let people accomplish

### Team Philosophy

Working together with one mind  
One heart

### Distribution Philosophy

Putting value as our top priority  
sharing our business

### Product Philosophy

High technology  
High efficiency  
High quality

### Service Philosophy

Dedicating to perfection

Red is the spirit of Consun Pharmaceutical

Green is the pursuit of Consun Pharmaceutical

Blue is the path of Consun Pharmaceutical

# Company products



Dermatology Series Products



Women & Children Series Products



Orthopedics Series Products



Imaging Series Products

Nephrology Series Products



Gastroenterology Series Products

# Consun 2023



January



Yulin Pharmaceuticals was selected as one of the "Leading Industrial Enterprises in Guangxi".



March



Yulin Pharmaceuticals was awarded the Export Commodity Brand Certificate for three consecutive years.



May



Employees of Yulin Pharmaceuticals were honored with the "Guangxi May 1st Labor Medal".



The automatic packaging team in the solid body workshop of Inner Mongolia Consun was honored with the "National Workers' Pioneer" award.



June



Consun Pharmaceuticals was honored as one of the "China's 500 Most Valuable Brands" by the World Brand Lab (WBL), with a brand value of RMB11.236 billion.



June



Consun Pharmaceutical Group Ranked 22nd in the "Top 100 Chinese Pharmaceutical Enterprises in China" for the Year 2022.



August

公司名	国家/地区	营业收入	净利润	市值
康臣药业	中国内地	9.48	0.65	3.38
康臣国际	中国台湾	7.19	0.75	3.62
康臣电子	中国台湾	4.6	0.62	15.2
康臣药业	中国台湾	1.86	0.59	5.31
康臣药业科技	中国内地	1.6	0.45	22.3
康臣药业	中国台湾	1.75	0.71	22.3
康臣集团	中国台湾	0.58	0.11	1.88
八里企业	中国台湾	0.87	0.17	1.47
中国制药教育集团	中国内地	2.21	1.08	5.11
力健制药	中国内地	1.21	0.09	0.87
康臣药业	中国台湾	7.4	1.71	20.8
康臣药业	中国内地	3.47	1.01	4.18
康臣药业	中国内地	0.54	0.18	7.25

Consun Pharmaceuticals was ranked among the "2023 Forbes Asia's Top 200 Small and Medium-sized Public Companies".



Consun@UTI Granules won the "2023 Health Industry Brand List" and was awarded the "SIP Gold Award", the highest honour in the industry.



October



Construction of the second phase of the Horgos Consun Base commenced.



Yulin's traditional Chinese medicine "Bone-setting Water Preparation Method" was inscribed on the ninth batch of the Representative List of Intangible Cultural Heritage of the Autonomous Region.



November



Yulin Pharmaceuticals has successfully passed the review of China's old Chinese character number.



December



Consun Pharmaceutical Group was ranked 49th in the "Top 100 PCM Industry 2023" list.



The "2023 Comprehensive Competitiveness Index of Proprietary Chinese Medicines Enterprises Top 50" list.



Horgos Consun Base was awarded "Excellent Private Enterprise" in Horgos.



Consun Pharmaceuticals was awarded "Best Small and Mid-Cap Company".



Consun Pharmaceuticals was honored with the "Investment Value Award of the Year".

# 01

## Responsible Governance – Moving Towards Quality Development

Consun Pharmaceutical has established an ESG governance structure led and overseen by the Board, which provides a unified planning and management of the Group's ESG efforts to ensure that ESG management is integrated into the Group's strategies and decisions, and to promote the Group's sustainable development in a comprehensive manner. The Board plans and formulates the overall ESG management approach and strategy, evaluates and prioritises important ESG-related issues for decision making, monitoring and management, and reviews progress against the overall ESG targets set to ensure the orderly implementation of the Group's ESG work.

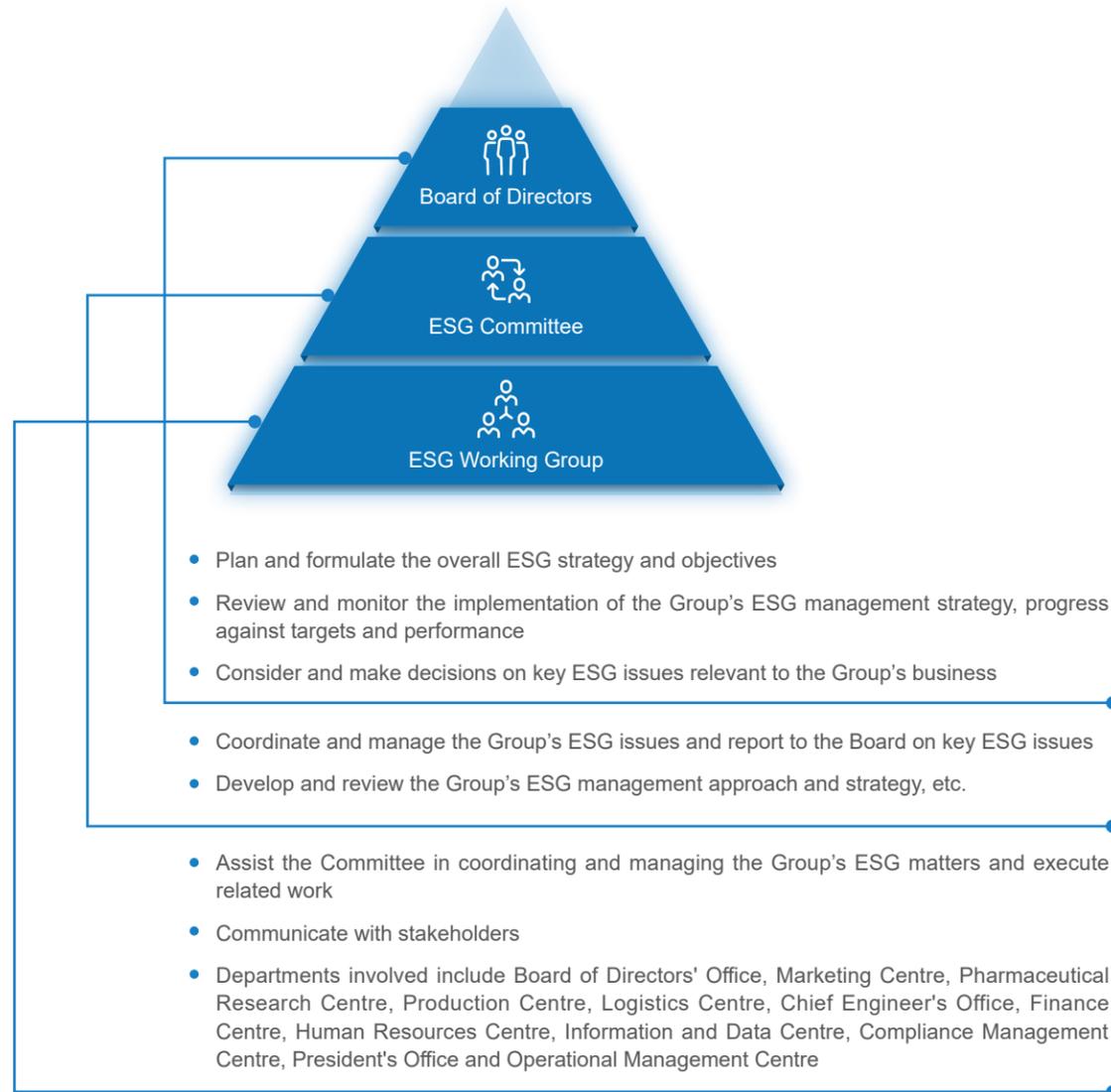


## ESG Governance Structure

The Group has established an ESG Committee (the "Committee"). The Committee is spearheaded by and composed of members of the Board. The Committee is responsible for assisting the Board in guiding and reviewing the development and implementation of the Group's corporate sustainability strategy and reporting to the Board on a regular basis on ESG-related issues.

The Committee has an ESG Working Group (the "Working Group") as the executive arm to implement the Group's ESG efforts. The Working Group consists of a number of functional departments and subsidiaries responsible for ESG issues and is jointly responsible for carrying out specific ESG tasks and reporting regularly to the Committee on ESG-related issues.

Based on the above structure, the Group has further defined the organizational functions of the Committee and the Working Group to ensure the effective implementation of ESG management and the control and avoidance of ESG risks.



During the Reporting Period, the Group integrated the TCFD framework and the Stock Exchange's "Guidelines on Climate Disclosure" into the existing ESG Committee Charter by incorporating the responsibilities and contents of climate governance into the Charter, to more clearly specify the responsibilities of the ESG Committee's management system about climate change-related matters and to enhance our ability to respond to climate change matters at the governance level.

## ESG Target Approach

The Group has set targets and action strategies for 2021 in the five areas of air pollutant emissions, greenhouse gas ("GHG") emissions, waste reduction, energy use efficiency, and water use efficiency. During the Reporting Period, we reviewed our performance against the targets and the Board was involved in reviewing progress against the targets. In particular, the Board discussed possible improvements to ensure that the action plans for each of the ESG targets were implemented effectively by understanding the challenges to achieving these targets in the business. At the same time, we updated the terms of reference of the Committee during the Reporting Period, emphasizing that the Committee are responsible to formulate and review climate-related risk management measures, address action plan related to climate change (such as energy conservation and consumption reduction, low-carbon office, etc.), and formulate environmental (including climate change-related matters), social and governance-related goals based on actual conditions, and regularly review the progress and implementation of these goals. We will also continue to track the implementation of ESG targets and actively explore the feasibility of setting additional higher ESG targets in our business. For details, please refer to the section "Energy Saving and Emission Reduction - Our Green Operations" of this Report.

## ESG Risk Management

During the Reporting Period, Consun reviewed the ESG risks it may face on the basis of the 2022 ESG risk database, and scored the ESG risk matrix from the two dimensions of "the importance of ESG risk impact" and "the possibility of ESG risk occurrence". A total of 13 important ESG issues were reviewed and confirmed by the Board of Directors.

Based on the results of the ESG risk assessment, the Group reviewed four ESG risks critical to its operations and business during the Reporting Period and reviewed the relevant management within the Group to ensure that these risks are effectively controlled.

With regard to "Climate change and extreme Weather" risk, the Group has plans to improve the risk management related to climate change, gradually realize and establish a stable climate change response mechanism in the next three years, and we will continue to report progress in the future.



## Stakeholder Engagement

We value active communication with our stakeholders and building close ties with them is key to the Group's continued progress towards sustainability. To enhance the effectiveness and timeliness of our communication with stakeholders, we have established a robust stakeholder communication and engagement mechanism. We also invite stakeholders to participate in the Group's ESG-related decisions and activities from time to time to fully understand their aspirations and expectations and enhance our ESG work planning accordingly.

### Diversified communication platforms

Considering the interaction between Consun Pharmaceutical and its stakeholders, Consun Pharmaceutical has identified key stakeholders who are closely related to the Group's business process and has initiated different forms of communication with them to understand their expectations of the Group through different channels.

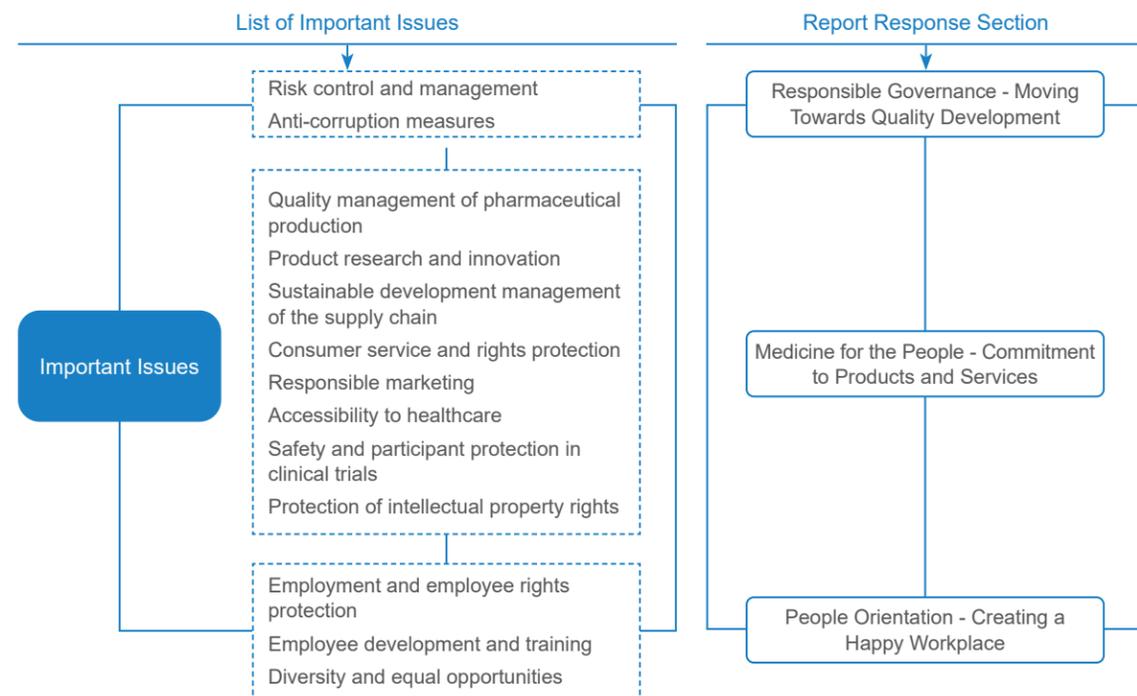
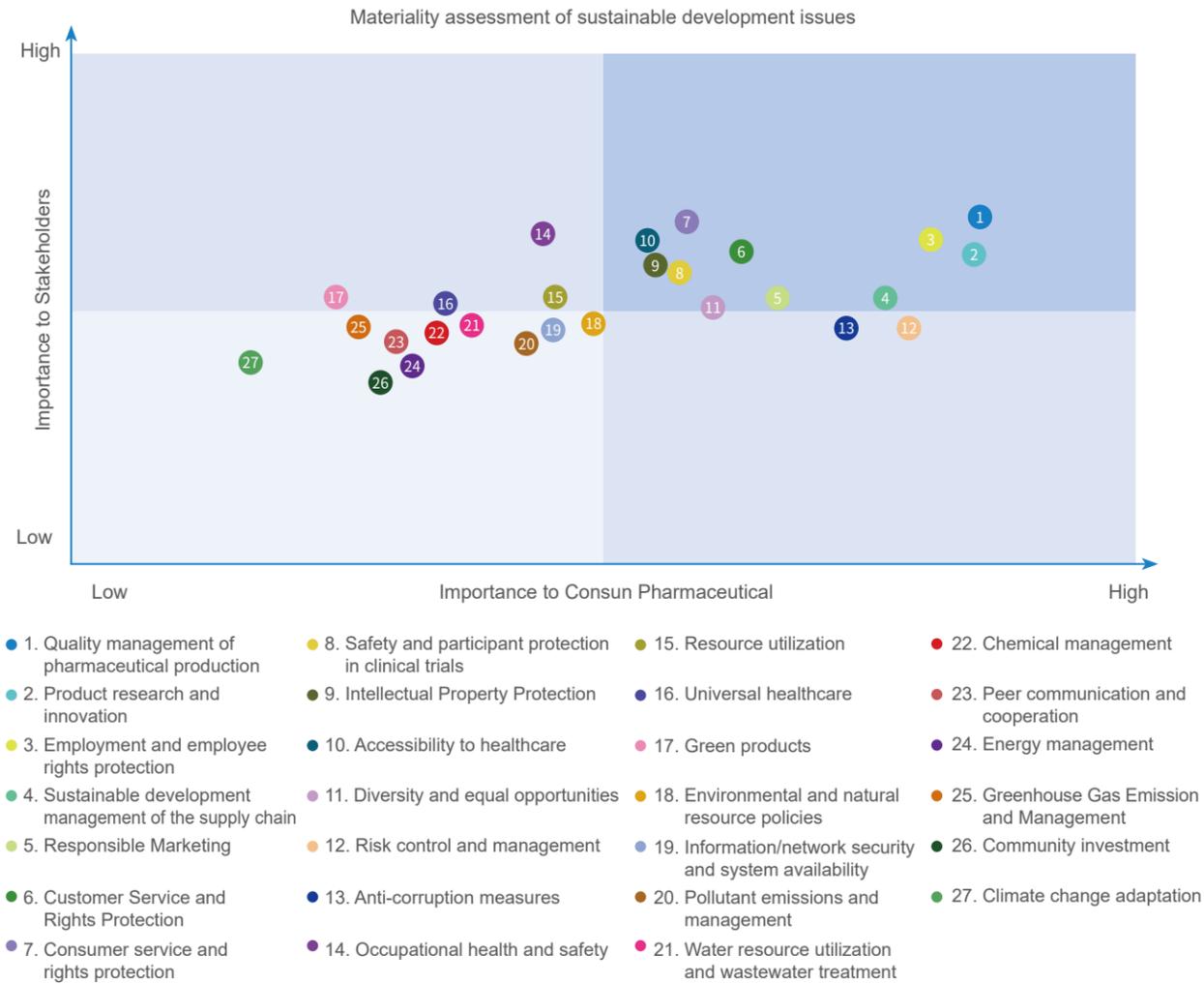
Key Stakeholders	Governments and Regulatory Agencies	Investors (Shareholders)	Clients	Employees	Suppliers	Peers	Community and the Public
Group Communication Channels	<ul style="list-style-type: none"> <li>Participate in government projects</li> <li>Pass the qualification examinations</li> <li>Submit work plans and reports</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' general meetings</li> <li>Information disclosure</li> <li>Investor consultation Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfactory survey</li> <li>Customer complaint management</li> <li>Daily customer communication</li> </ul>	<ul style="list-style-type: none"> <li>Trade union</li> <li>Provide training and development platform</li> <li>The Group's publications</li> <li>Hold employee activities</li> </ul>	<ul style="list-style-type: none"> <li>Formulate supplier management system</li> <li>Evaluation on suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Participate in or hold industry forums</li> <li>Participate in industry association</li> <li>Visit and communicate with other companies</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Participate or organize community activities</li> <li>Social charity and poverty alleviation activities, volunteer activities</li> </ul>
Expectations of the Group	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Strengthen R&amp;D of medicine</li> </ul>	<ul style="list-style-type: none"> <li>Good corporate operation management to reduce operational risks</li> <li>Good return on investment</li> <li>Transparent information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Obtain safe and high quality medicine</li> <li>Affordable medicine</li> <li>Diversified medicine types</li> <li>Protect consumer rights</li> </ul>	<ul style="list-style-type: none"> <li>Good working environment</li> <li>Good career prospects</li> </ul>	<ul style="list-style-type: none"> <li>Cooperate with mutual benefit</li> </ul>	<ul style="list-style-type: none"> <li>Promote industry development</li> </ul>	<ul style="list-style-type: none"> <li>Serve the community</li> <li>Charity</li> </ul>
Frequency	Regular or irregular	Regular, irregular or permanent	Regular or irregular	Regular, irregular, ongoing or bimonthly	Permanent	Irregular	Irregular or permanent

## Materiality Assessment

It is the Group's practice to conduct an annual materiality assessment to identify the areas of sustainability that the Group focuses on. During the Reporting Period, the Group identified materiality issues about international standards or guidelines, the ESG Guidelines, and the business characteristics of the industry and the performance of the peers, conducted internal and external stakeholder surveys, and summarised and analyzed the Group's stakeholder surveys and materiality issues for 2023 based on the results of the internal and external stakeholder surveys. In this process, the Group invited members of the Board to participate in the survey and review the materiality results.



During the Reporting Period, we identified 27 ESG issues of greater relevance to the Group and, together with the Board's assessment of the ESG issues pool, we assessed and confirmed the importance level of each ESG issue, and to be consistent with the past, we identified 13 ESG issues with an importance level of "very important" as "material issues". The table below shows the ESG issues pool and material issues for the Reporting Period.



## Anti-Corruption Initiative

Consun Pharmaceutical upholds the highest business ethics and attaches great importance to maintaining a clean business environment. The Group strictly complies with the laws and regulations of the places in which it operates, including but not limited to the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Medicinal Product Administration Law of the People's Republic of China and the Pharmaceutical Industry Compliance Management Practices, etc. It has established an internal control and supervision mechanism to provide comprehensive management of anti-corruption and anti-misconduct work.

We have set up a Group Audit and Supervision Department to supervise the Company's financial reporting system, risk management, and internal control system, to carry out audits and receive complaints and reports based on the Group's operating activities, and to initiate, investigate, collect evidence and handle cases of non-compliance with rules and regulations and violations of laws and regulations within the Group.



### Publicity Session on Building a Clean Culture



During the Reporting Period, the Group's Audit and Supervision Department organized a "Publicity Session on Building a Clean Culture" in December, opened up the complaint and reporting channels, and established a sound complaint and reporting methodology.



Under the internal control and supervision mechanism, Consun Pharmaceutical has formulated a series of anti-corruption policies as a starting point, supplemented by supervision, reporting and training measures to combat illegal and unlawful acts related to bribery, extortion, fraud and money laundering, and to raise the integrity awareness of all employees.



Establishment of policies

- Internal Audit Management System
- Employee Complaint and Report Management System
- Regulations on Commercial Selling beyond Agreed Territories, Outflow from Hospitals, Marketing Inspection and Anti-Counterfeiting
- Management System for Product Selling Beyond Agreed Territories

Monitoring

- The Compliance Management Centre is responsible for conducting inspections and supervision, and visiting various regions from time to time to conduct audits on malpractices
- The Group's Human Resources Department, the President's Office and the Finance Department also work together

Whistleblowing

- Consun Pharmaceuticals has set up multiple complaint channels such as telephone, email, letter, interview, fax and free collaboration

Training

- In order to raise awareness of anti-corruption among all staff and encourage them to comply with the Code of Ethics, the Group provides anti-corruption training to our Board and employees at all levels from time to time

During the Reporting Period,

- the Compliance Management Centre of the Group organized a total of **15** compliance training sessions with **2,620** participants
- no corruption-related litigation cases were initiated or handled.

Picture	Content
	Simultaneous on-site and online training on "Announcement of Tampering System and Emphasis on Compliance Matters" was held on 3 January 2023 for the likes of OTC marketers, Business Centre, Marketing Department, etc., with a total number of 166 participants.
	On 5, January 2023, on-site and online training on "Emphasis on Certain Issues in Business Compliance Management" for all Business Centre staff, 132 attendees.
	Training on "Emphasis on Certain Management Issues in Compliance Marketing" on 8 February 2023, for like Academic 2 staff, 280 participants.
	Training "OTC Marketing Compliance Emphasis" on 25 July 2023, the object is OTC marketing centre, marketing department staff, the number of participants 197 people.
	In 2023, two sessions of "Marketing Legal Knowledge and Compliance Training" will be launched, targeting at the medical representatives and district managers of the North District of Study 1 and the East District of Study 4, with a total number of 190 participants; and five sessions of "Marketing Compliance and Management Standards" online training will be launched, targeting at the personnel of Study 1, Study 2, Study 3, Study 4, and the marketing centre, with a total number of about 1,000 participants.

# 02

## Medicine for the People - Commitment to Products and Services

Our mission has always been to "making innovations from inheriting & making good medicines to benefit people"; our product philosophy is "high technology, high efficiency, and high quality"; and our business philosophy is "based on morality, virtue and righteousness, and righteousness and profit co-exist". We insist on controlling our products and services, on top of which we constantly seek to improve quality and provide consumers with a better consumer experience and more solid protection of their rights through research and development, service optimization, and sustainable supply management.



## R&D Innovation

### R&D as the Priority

Consun Pharmaceutical has always been committed to seeking changes amidst stability, making innovation amidst newness, and achieving results amidst innovation, to adapt to the ever-changing pharmaceutical policies and evolving healthcare environment.

At present, the Group has invested in the establishment of "Kidney Disease Pharmaceutical Research Centre", a "Post-doctoral Research Station", two provincial "Engineering Technology Research Centres/Technology Innovation Centres", a provincial "Enterprise Research and Development Centre", two provincial "Enterprise Technology Centres", and has launched in-depth industry-academia-research cooperation with renowned universities such as the Hong Kong Baptist University, the Macau University of Science and Technology, and the South China University of Medical Science and Technology. Based on the research and development strategy of "equal emphasis on independent research and development and outsourcing cooperation", we have accelerated the pace of research and development of new drugs and technological innovation. Through the continuous promotion of joint research and development such as enterprise-enterprise co-operation and enterprise-university co-operation, the Group has achieved remarkable results in a number of areas, as detailed below. We have followed closely the development strategy of Chinese medicine in China and, on the basis of respecting traditional theories, we have continued to apply modern technology and develop contemporary medicines to build an innovative enterprise, which has achieved fruitful scientific research results so far.

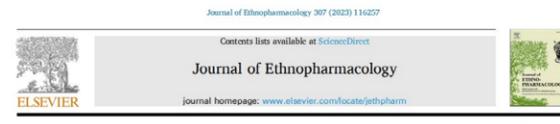
In February, the research results on the safety of urethane granules were released.



Review  
Adverse reactions of Niaoduqing granules: A systematic review and meta-analysis

Baohui Fu<sup>1</sup>, Zongjie Shang<sup>2</sup>, Simian Song<sup>3</sup>, Yupei Xu<sup>4</sup>, Lijuan Wei<sup>5</sup>, Ge Li<sup>6</sup>, Hongtao Yang<sup>4</sup>

In February, the research results of the Kidney Dampening Granules were released.

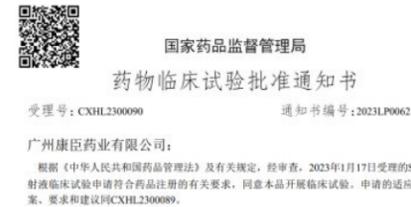


Yi-Shen-Hua-Shi granule ameliorates diabetic kidney disease by the "gut-kidney axis"

Cong Han<sup>1</sup>, Zhen Shen<sup>2</sup>, Tao Cai<sup>3</sup>, Shan-shan Ai<sup>4</sup>, Ran-ran Gao<sup>5</sup>, Yao Liu<sup>6</sup>, Gui-yuan Sui<sup>7</sup>, Hong-zhen Hu<sup>8</sup>, Wei Li<sup>9</sup>

<sup>1</sup> Nanyangqiyi Dispensary, Affiliated Hospital of Shandong University of Traditional Chinese Medicine, Jinan, 250014, China  
<sup>2</sup> Shandong University of Traditional Chinese Medicine, Jinan, 250014, China  
<sup>3</sup> Jinan Zhongyao District Hospital of Traditional Chinese Medicine, Jinan, 250036, China  
<sup>4</sup> Jiang Medical University, Jiang, 272007, China

In April, SK-07 Nephrology Class I Innovative Drug was granted with Clinical Trial Approval.



In May, Dr Cheung Hin Lung's opening project was successfully held.



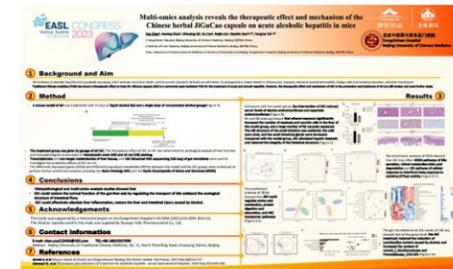
In May, Consun Pharmaceuticals & Xinji Pharmaceuticals Joint Laboratory for Innovative Pharmaceutical Products was inaugurated.



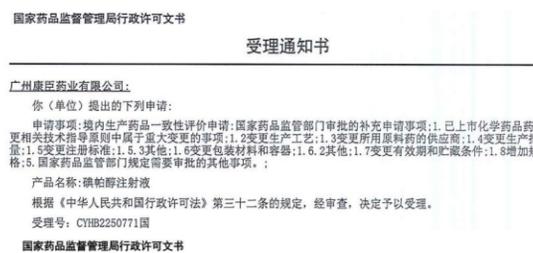
In May, the first Open Topic Meeting on Benefiting Kidney and Dampness was held in Beijing.



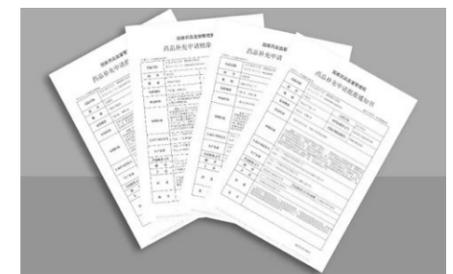
In June, the latest research results on the treatment of alcoholic liver disease with chicken bone capsule were presented at the 58th European Society for the Study of the Liver (ESSL) International Congress of Liver Diseases.



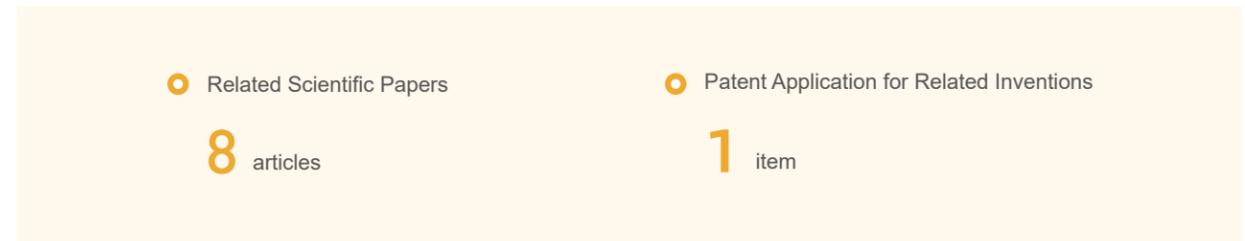
Iodixanol Injection, Iopromide Injection, Roxarestat Capsule: 3 Generic Drugs Submitted for Registration.



In December, the consistency evaluation of iopamidol injection was approved.



We closely follow the development strategy of Chinese medicine, and based on respecting traditional theories, we continue to apply modern technology, research and develop contemporary medicines, and build an innovative enterprise, which has already achieved fruitful scientific research results.



## Intellectual Property Protection

We regard intellectual property rights as the cornerstone of innovation and strictly comply with the laws and regulations that have a significant impact on the Group, such as the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Civil Code of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, etc. The Group actively implements the relevant provisions of the Detailed Rules for the Implementation of the Patent Law of the People's Republic of China, the Regulation for the Implementation of the Copyright Law of the People's Republic of China, and the Regulation for the Implementation of the Trademark Law of the People's Republic of China, etc. To form an effective internal management system, we have developed a series of internal systems and procedures to clarify the relevant legal responsibilities for the day-to-day use and management of intellectual property rights, providing institutional protection for the Company's intellectual property rights. The Group manages intellectual property rights such as trademarks, copyrights, patents and trade secrets in accordance with the principles of timeliness, confidentiality and unified management, division of labour and orderly regulation:

During the Reporting Period, the Group achieved another success in its continuous innovation and comprehensive development in the field of intellectual property rights, 2023 Yulin Pharmaceutical was successfully selected as a "National Intellectual Property Demonstration Enterprise" by virtue of its outstanding advantages in the creation, utilisation, protection and management of intellectual property rights.



At present, Yulin Pharmaceutical has been granted 8 patents for inventions, among which, the invention patent for Bone-setting Water was awarded the 19th China Patent Award of Excellence, and the invention patent for Compound Chicken Bone Herb Capsules was awarded the Third Class Award of Guangxi Patent.

During the Reporting Period, we updated and standardised our Measures for the Management of Intellectual Property Rights. In addition, we set up a trademark ledger to strengthen our daily management, with the aim of completing the protection management of the Group's trademarks such as registration, renewal and recognition of famous trademarks in a timely manner. The Group also monitored the market for counterfeit products, infringement of corporate name and trademark rights and other improper competition, and assisted in the fight against counterfeiting and enforcement of rights in the market. During the Reporting Period, the Group's efforts in the management of intellectual property rights are set out in the table below:

Completion of Trademark Renewal	8 pieces
Monitor similar trademarks of others	20 cases, and timely filed trademark opposition or invalidation proceedings and obtained 2 successful invalidation declarations.
Successful Trademark Withdrawal Application	3 items
Discovering and dealing with trademark infringement	2 items

## Clinical Trial Safety and Participant Protection

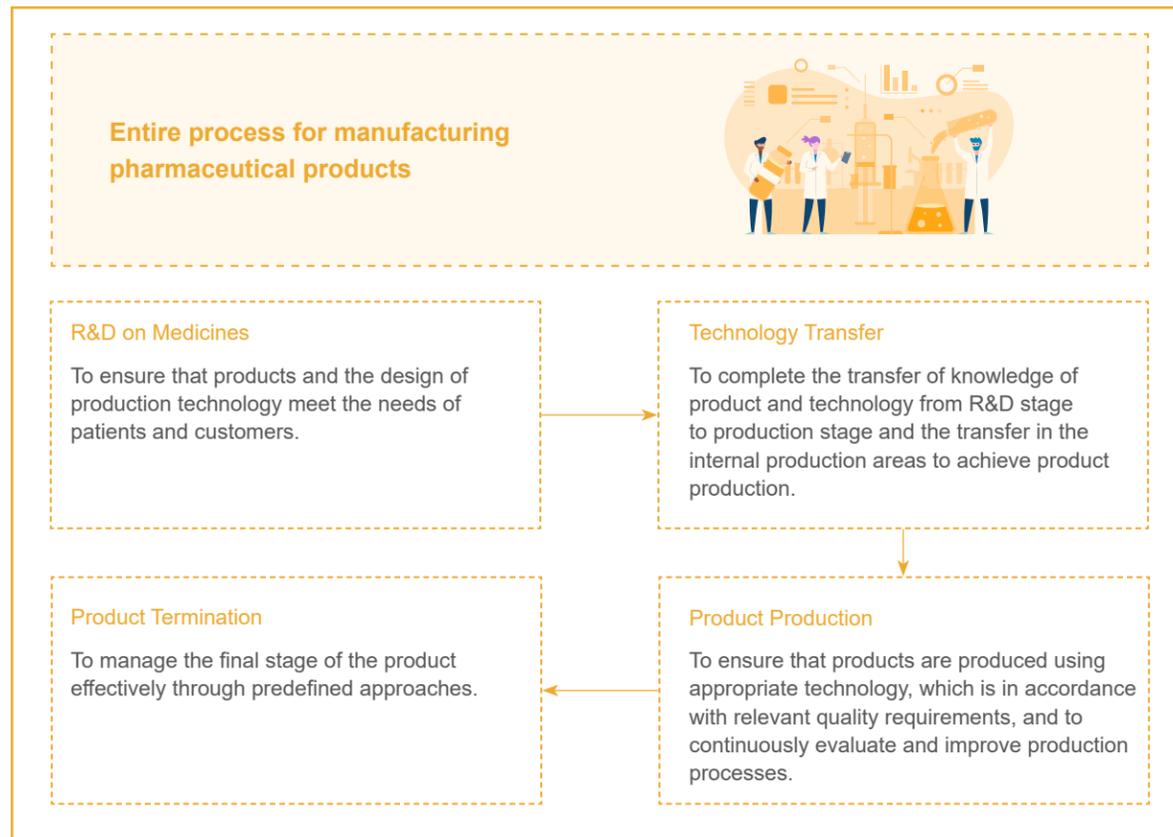
As clinical trials are an important and fundamental part of the development of pharmaceutical products, the Group attaches great importance to the safety of clinical trials and is committed to protecting the rights of clinical trial volunteers or participants. In the course of clinical trials, we strictly adhere to the People's Republic of China on Drug Administration Law, the Regulations on the Administration of Pharmaceutical Product Registration, the Regulations on the Quality Management of Clinical Trials of Pharmaceutical Products and other laws and regulations that have significant impact on the Group to ensure that trials are conducted while meeting the fundamental requirements of compliance, high quality, high safety, and R&D ethics.

## Quality Management

Consun Pharmaceutical always puts the health and safety of our patients as our top priority and ensures the provision of high-quality medicines to our patients through a sophisticated pharmaceutical quality management system. The Group has established a stringent pharmaceutical quality control system in compliance with the Law of the People's Republic of China on Drug Administration, the Regulations for the Implementation of the Law of the People's Republic of China on Drug Administration, the Good Manufacturing Practice (2010 Edition) (GMP) and other laws and regulations that are relevant to product health and remedies and have a significant impact on the Group. The system includes the Management Regulations of Pharmaceutical Quality Management System, the Management Regulations of Pharmaceutical Quality Control System, the Management Regulations of Pharmaceutical Quality Assurance System, the Management Regulations of Quality Risk and Management Regulations of Pharmaceutical Factory Release.

The Group's senior management assumes fundamental responsibility for the quality management of pharmaceutical production and creates an environment of full participation for the effective operation of the quality management system to ensure the establishment and implementation of an effective pharmaceutical quality management system that achieves the Group's quality objectives. The management establishes a strict management mode for the group's pharmaceutical quality management system, which is monitored from top to bottom, by taking on responsibilities such as participating in the design, implementation, monitoring and maintenance of the management system, allocating resources, establishing authority, establishing effective communication processes, and conducting performance reviews.

We have defined two major components of knowledge management and quality risk management in the Management Regulations for Pharmaceutical Quality Management System. The Group's entire process for manufacturing pharmaceutical products is shown in the diagram below. Meanwhile, a technological process of assessing, controlling, communicating and auditing quality risks throughout the entire manufacturing life cycle, using a forward-looking or retrospective approach. We set quality objectives for each stage of the life cycle to ensure that quality measures for product management are operating effectively.



To ensure that the quality of pharmaceutical products meets the pre-determined standards under the Pharmaceutical Quality Management System, we have established four pharmaceutical quality management systems to further strengthen the control of our internal pharmaceutical quality management system and to promote continuous improvement of our internal quality management system to ensure that the quality requirements and control of pharmaceutical products keep pace with the times.



During the Reporting Period, Consun Pharmaceuticals held the kick-off meeting of the Fifth Quality Month with the theme of "All staff learn, all staff improve" at the Group's headquarter and branch venues of various bases, which includes skills competition, quality regulation knowledge competition, and quality Speech contest, TPM skills competition, etc.

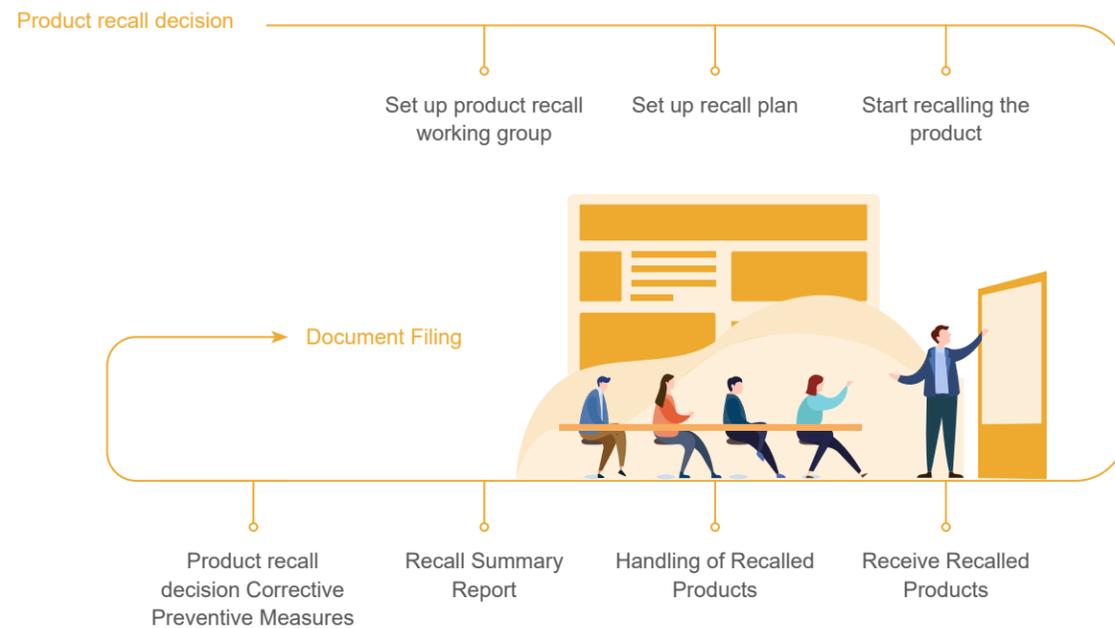


## Security of Interest

### Product Recall Management

To protect the health and safety of consumers, the Group has established policies such as the Product Recall Management Regulations, the Product Return Management Regulations and the Product Reprocessing Management Regulations to ensure that any batch of products with safety hazards can be recalled from the market quickly and effectively when necessary to ensure the effectiveness of the recall process. In addition, in order to standardise the operation of the Group's drug recalls and to enable timely and proactive return of products, we revised the Procedures for Drug Recalls Management Regulations during the Reporting Period, forming a recall management system led by the person in charge of each base, with the collaboration of the quality authorisation, production management, supply and storage, sales and quality management departments.

The entire product recall process is as follows:



During the Reporting Period, there was no recall of the Group's products due to factors such as product safety and health.

### Quality Services and Consumer Protection

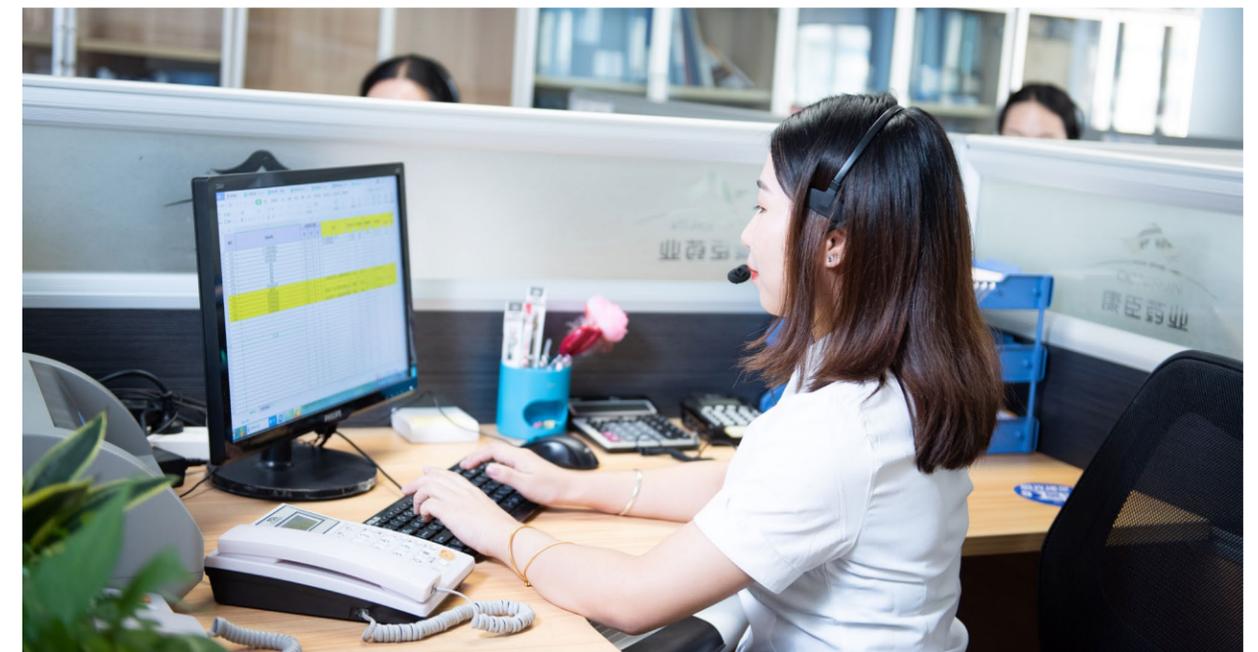
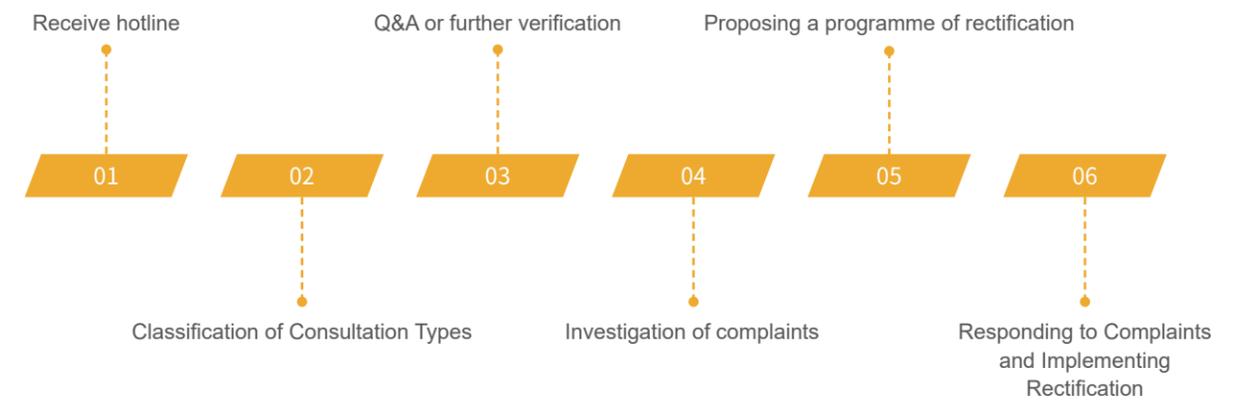
We always seek development through quality and honesty. We invest heavily in product development and innovation, and strictly control product quality. On top of this, we always provide consumers with quality and professional services to ensure that our products and services can meet customers' needs and create more value for them, thus winning more market appreciation.

Consun Pharmaceutical has always adhered to the service concept of "Dedication and Perfection" and implemented the marketing strategy of "Deep Distribution, Market Segmentation and Category Management", and we have set up more than 70 contact points in 31s and autonomous regions across the country, and our products are exported to more than 30 countries and regions. Internally, we have been able to flatten our organisation through multi-faceted integration, resulting in quicker decision-making and more efficient internal synergy; externally, we have always strengthened our contact and management of the consumer end, keeping a firm grip on the end and keeping abreast of market changes by establishing more intensive customer contact points. This helps us respond to consumer demand in a timely manner and to continue to provide comprehensive, quality and professional services to consumers.

## Listening to Consumers

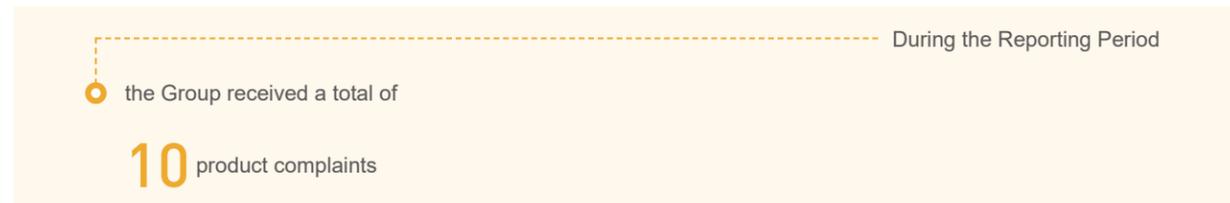
Consun Pharmaceutical continues to strengthen its communication with consumers by taking the initiative to listen, respond, communicate effectively and deal with them efficiently. In order to maintain close contact with consumers, we have upgraded our 400 hotline for chronic disease management and established a patient WeChat group to provide real-time services to a wide range of patients. We have also developed our own chronic disease management platform and public account with the core concept of "Ding Ding Shen" (" 叮叮肾 "), which allows us to keep abreast of patients' conditions and opinions, so as to continuously improve the quality of our services and enhance consumers' trust and satisfaction with the Group. During the Reporting Period, the Group continued to implement the Hotline Answering Management Regulations, which provided consumers with good communication protection and warmth at the same time. The Hotline Answering Management Regulations stipulates that all staff of the Chronic Disease Platform are responsible for answering the hotline in strict accordance with the hotline answering guidelines and providing timely feedback to the relevant departments on the consumer needs received from the hotline that require follow-up, so as to ensure that the issues received from the hotline that require follow-up can be followed up smoothly and provide consumers with prompt solutions to their problems.

### Hotline answering management process



## Patient Response Mechanism

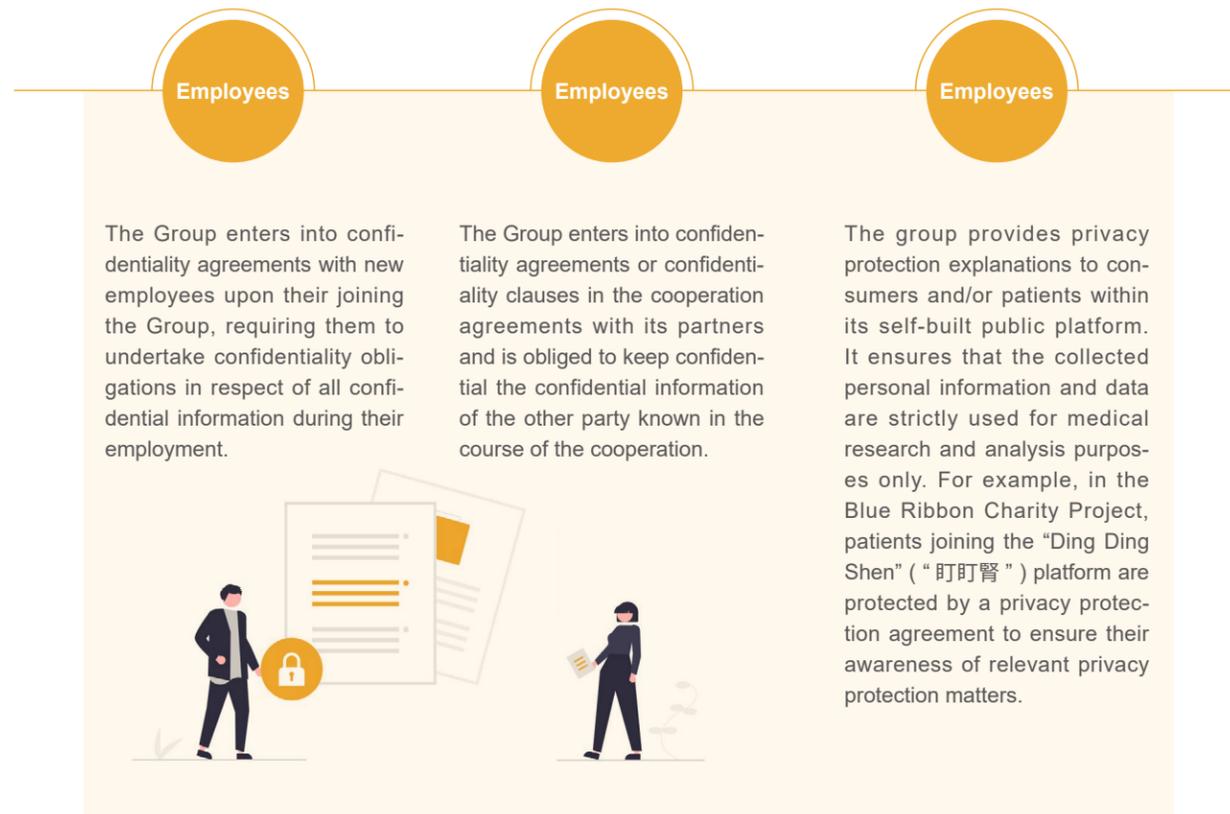
The Group attaches great importance to the quality complaints lodged by patients against the Group's products. To regulate the response and handling process of product quality complaints, to ensure the smooth flow of patient complaint procedures, and to safeguard the corporate brand image and market reputation, the Group has formulated the Customer Complaint Handling Management Regulations concerning the People's Republic of China on the Protection of Consumers' Rights and Interests Laws and relevant rules and regulations.



Which were promptly handled, and the issues raised by the consumers were successfully resolved through timely liaison and proactive communication.

## Protection of Personal Privacy

The Group attaches importance to the protection of the personal privacy of its customers and patients and complies with laws and regulations relating to personal privacy such as the Law of the People's Republic of China on Liability for Infringement and other laws and regulations that have a significant impact on the Group. It has formulated the Patient Information Management Process and the Group's Employee Conduct Management System to regulate the patient information management process, establish the confidentiality obligations of employees and require all relevant employees to strictly comply with the relevant systems to avoid disclosure of patients' personal privacy information.



## Advertising and Product Labelling

The Group is committed to providing consumers and the general public with advertising that is most consistent with the actual situation of the Group. Therefore, we attach the utmost importance to the truthfulness and accuracy of our product labels and external communications to protect the interests of consumers. The Group's product promotions and production of advertisements are in strict compliance with the Drug Administration Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Regulations on the Examination of Pharmaceutical Advertisements, and other laws and regulations that have significant impact on the Group and advertisements for pharmaceutical products are approved by the provincial drug regulatory authorities to ensure compliance. Yulin Pharmaceutical has formulated the Advertising Placement Management System to implement supervision and management of advertising to ensure the authenticity, integrity, and effectiveness of all advertisements placed.

In addition, the Group prepares labels for pharmaceutical products in strict compliance with the People's Republic of China on Drug Administration Law, the Regulations on the Administration of Pharmaceutical Product Registration, and the Regulations on the Administration of Drug Descriptions and Labelling to eliminate the appearance of unclear and misleading information or terms. At the same time, we have formulated the Regulations on the Management of Packaging Materials to regulate the management of packaging materials such as printing, labels, and instructions to ensure that the printed information on pharmaceutical packaging is correct.



Zhenhuang Capsule (text)  
No. 250824-00622

## Sustainable Supply Chain Management

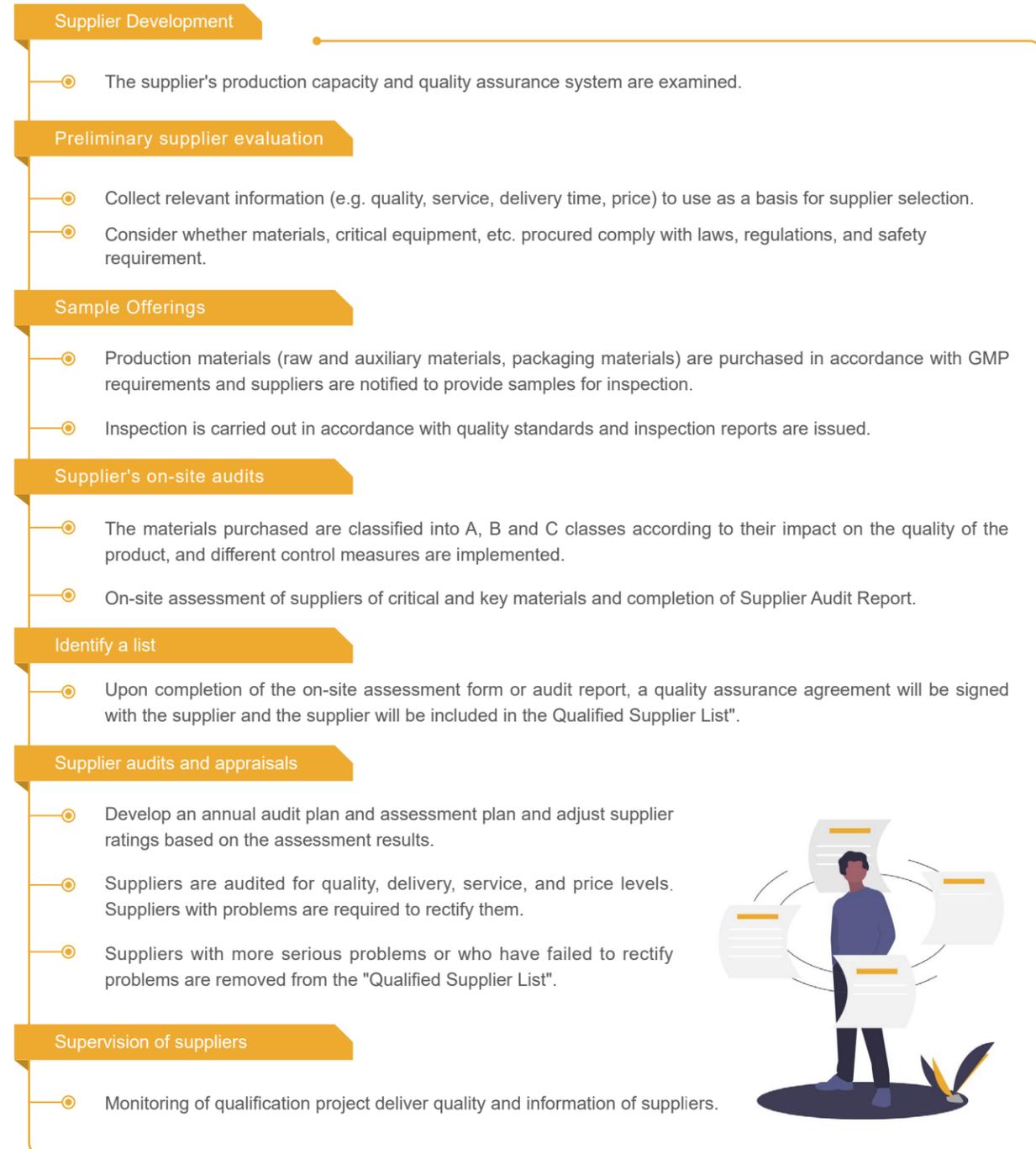
We always insist on establishing and maintaining close and efficient cooperative relationships with our suppliers to achieve win-win cooperation. With the expansion of our business scale in the course of development, the Group has established a comprehensive sustainable supply chain management system to ensure the stability of production quality and supply safety and strengthened the control over suppliers and supply chain personnel in various aspects such as procurement, transportation, and production. In addition, we have formulated management strategies to identify supply chain risks and manage the selection and assessment of suppliers in a disciplined manner.

A stable and high-quality supply of raw materials determines the sustainability of our business operations. The Group has formulated the Standard Operating Procedures for Material Procurement to regulate the material procurement process and methods to ensure the quality of purchased materials. The Group has also formulated the Procurement Risk Management System to enhance risk management in the procurement of raw materials. We conducted risk level analysis for the six major procurement risk categories identified below and formulated and implemented corresponding risk management measures to safeguard the quality of the Group's products and the stability of the supply chain:



The Group has also established regulations and systems such as the Supplier Management System and Material Supplier Management Procedures, which set out comprehensive requirements and procedures for the selection and assessment of suppliers, to select and manage qualified suppliers and ensure that they provide qualified materials and services to the Group. We give priority to suppliers who have established quality systems by national (and international) standards and who have passed certification, and we examine the production capabilities and quality assurance systems of suppliers for key materials and equipment. At the same time, we attach great importance to managing the environmental and social risks related to the services and products provided by our suppliers and assess whether their factory environment, employee safety measures, and product safety and quality comply with relevant regulations and standards.

The following is the workflow for the key aspects of the Group's supplier management, including research, initial evaluation, on-site audit, sample inspection, supplier identification, audit, and supervision:



As at the end of the Reporting Period

the Group had a total of **482** suppliers and has implemented the above selection and assessment practices for all suppliers.

To achieve the goal of establishing a green supply chain, the Group has incorporated green and sustainable development requirements into the procurement process of the Group's head office and subsidiaries, including the selection of suppliers and products. For example, the Group gives priority to products packaged with environmentally friendly materials and strongly supports the replacement of plastic packaging materials with paper packaging materials, in the hope that this will encourage suppliers to actively adopt green measures in the production and operation processes, and prioritize the use of green materials in their production and operations and encourage them to fulfill their environmental responsibilities.



# 03

## People Orientation - Creating a Happy Workplace

"Respect people, Cultivate people, Let people accomplish" is one of our business management philosophies. The employment and rights protection, development and training, and health and safety of our employees are material issues for our sustainable development. By respecting our employees, recognizing their abilities, using their strengths, and accommodating their weaknesses, we regard people as the most valuable and value-added "capital" of Consun Pharmaceutical, through "Achieving People", we continue to create realistic, fair, just and open development opportunities for our employees to gain career value and achieve career success.



## Employee Management

Consun Pharmaceutical strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, and other laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other treatment and benefits, avoidance of child labor and forced labor and which have a significant impact on the Group. During the Reporting Period, we have updated and revised our internal management policies such as the Recruitment Management System, the Employee Handbook, the Employee Labour Contract Management System, the New Employee Entry Management Regulations, the Employee Dismissal Management Regulations, the Attendance Management System, the Promotion Management Regulations and the Employee Behaviour and Reward and Punishment Management Regulations to continuously improve the Group's employee management system and carry out related work more scientifically and rationally, thereby improving employment and work efficiency and enhancing the happiness index of our employees.

### Recruitment

- The Group develops and continuously improves the recruitment-related management system such as the Recruitment Management System and the Recruitment and Allocation Management System to regulate the recruitment process.
- The Group's recruitment process is scientifically defined and strictly enforced, with a focus on professionalism and humanization of the process to improve the candidate application experience and enhance the Group's brand development.
- We conduct recruitment activities through a variety of recruitment platforms and select suitable candidates through a process such as interviews. We sign employment contracts with our employees to protect the rights of both the Group and the employees.

### Labour Standards

- The Group strictly complies with labour standards and laws and regulations such as the Regulations on the Prohibition of Child Labour, which prohibit the employment of child labour. During the recruitment process, we carefully check the identity information of candidates, such as their identity cards, to avoid the risk of inadvertent recruitment of child labour due to inaccurate information.
- The Group entered into labour contracts with each of its employees in accordance with the Labour Contract Management System for Employees to ensure that employees are employed on an equal and voluntary basis and to avoid the occurrence of forced labour.
- If irregularities are found, the contract will be suspended and investigated or terminated immediately, depending on the severity of the case.
- During the Reporting Period, there were no incidents of child labour or forced labour employed by the Group.

### Dismissals

- The Group's Labour Contract Management System sets out the conditions, requirements and procedures for the termination of labour contracts between the two parties, the Human Resources Department may reject the decision to dismiss an employee if the requirements are not met, thereby protecting the rights and interests of employees.

### Salary

- The Group has established competitive remuneration management policies such as the Remuneration and Benefit Management System. We correlate performance with remuneration bonuses by establishing quarterly performance bonuses and year-end performance bonuses to motivate, attract and retain outstanding employees and to lay the human resources foundation for the Group's long-term development.

### Working Hours and Rest Periods

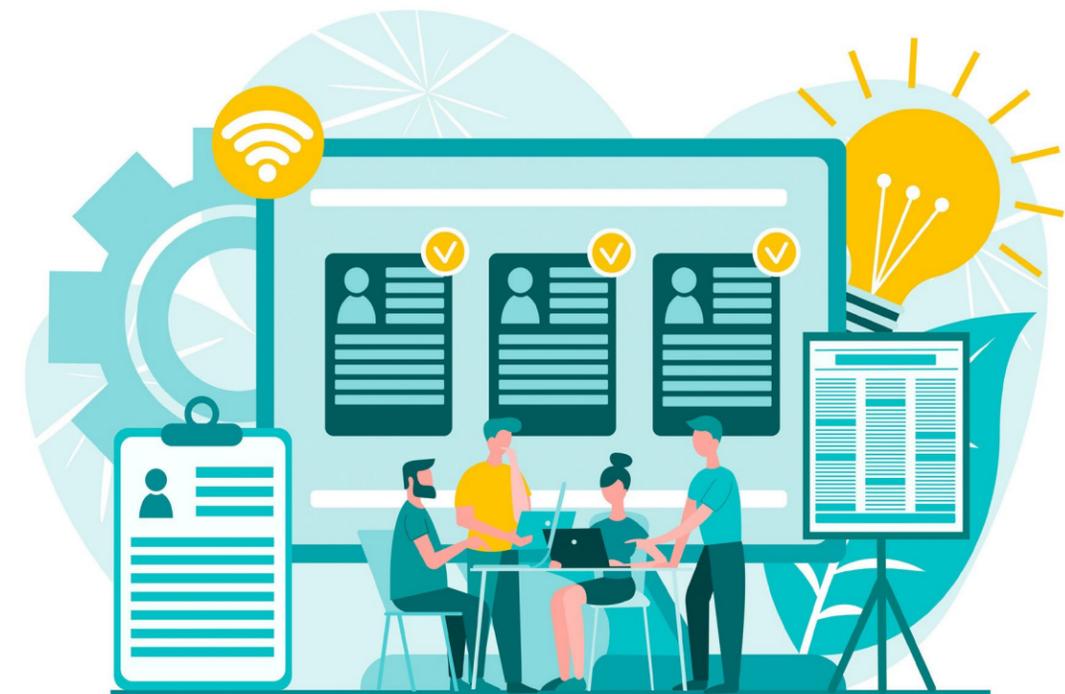
- The Group has formulated the Employee Handbook and Employee Leave Management System according to the actual situation to regulate the working and leave time of the employee and fully protect the basic rights of the employee.
- Working hours: five days and eight hours per day.
- Leave: public holidays, statutory holidays, annual leave, wedding and funeral leave, maternity leave, paternity leave, work injury leave, medical leave, sick leave, personal leave, special leave, etc.

### Promotion

- The Group provides equal promotion opportunities for its employees based on their ability and performance and ensures that the promotion management process is standardised and fair.
- Through a combination of key performance indicators and work target setting, we place staff with excellent performance and ability on a reserve list for priority consideration for promotion and development.

### Equal Opportunities and Anti-Discrimination

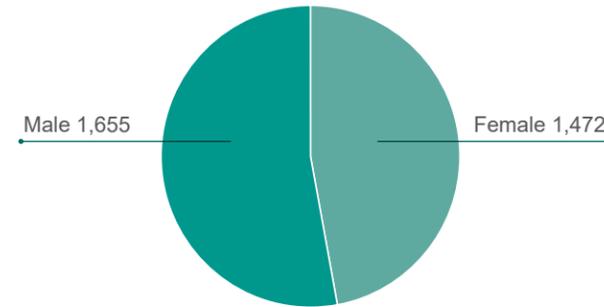
- The Group promotes diversity and equal work opportunities for its employees and prohibits discrimination on the grounds of race, ethnicity, nationality, religious beliefs and gender.
- The Group strictly complies with the relevant national, provincial and local regulations and actively undertakes labour protection and health care work for female employees.



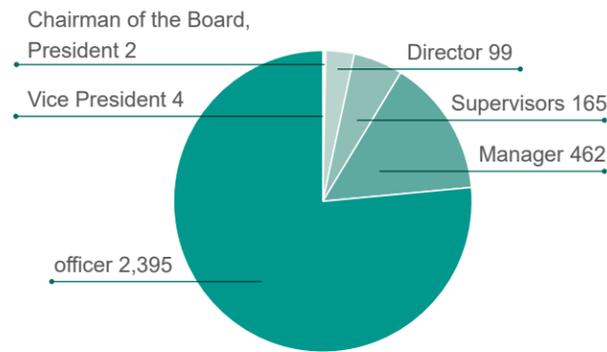
As of the end of the Reporting Period, the Group had a total of 3,127 employees, all of whom are full-time employees. The statistics on the number of employees and employees turnover by type are shown below:

Number of Employees

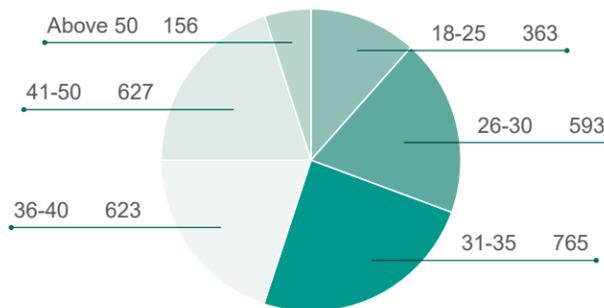
By Gender (Persons)



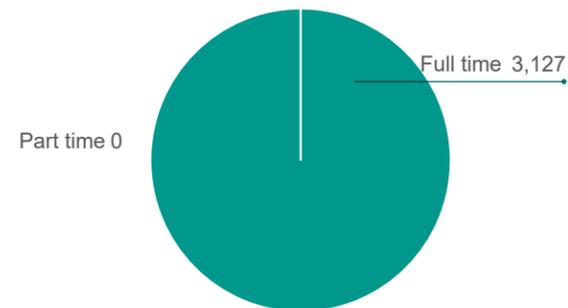
By Employee Category (Persons)



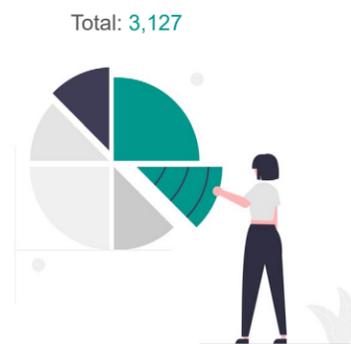
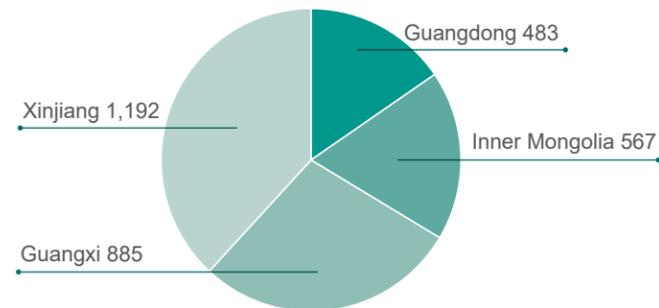
By Age Group (Persons)



By Employee Type (Persons)

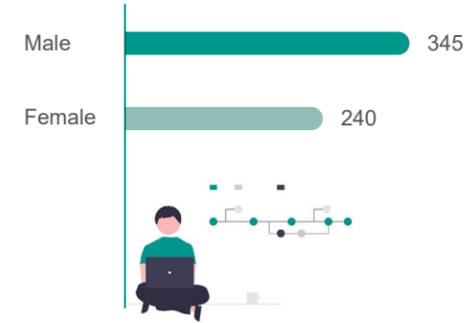


By Geographical Region (Persons)

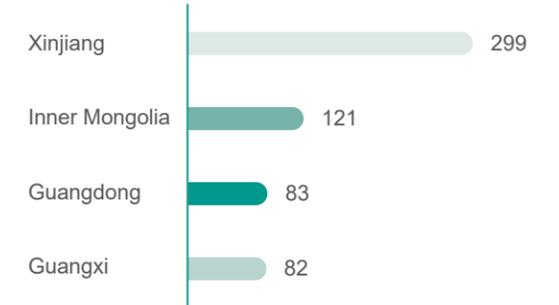


Employee Turnover

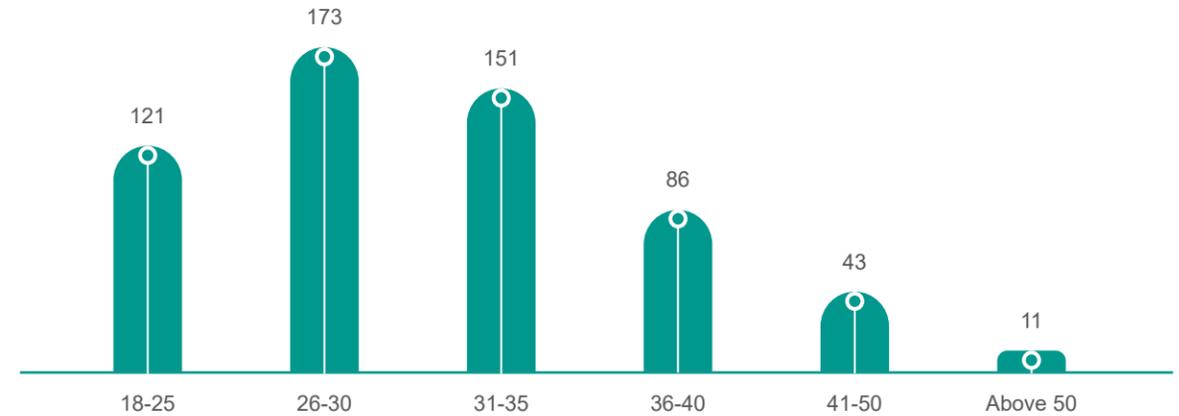
By Gender (Persons)



By Geographical Region (Persons)



By Age Group (Persons)



## Caring for Employees

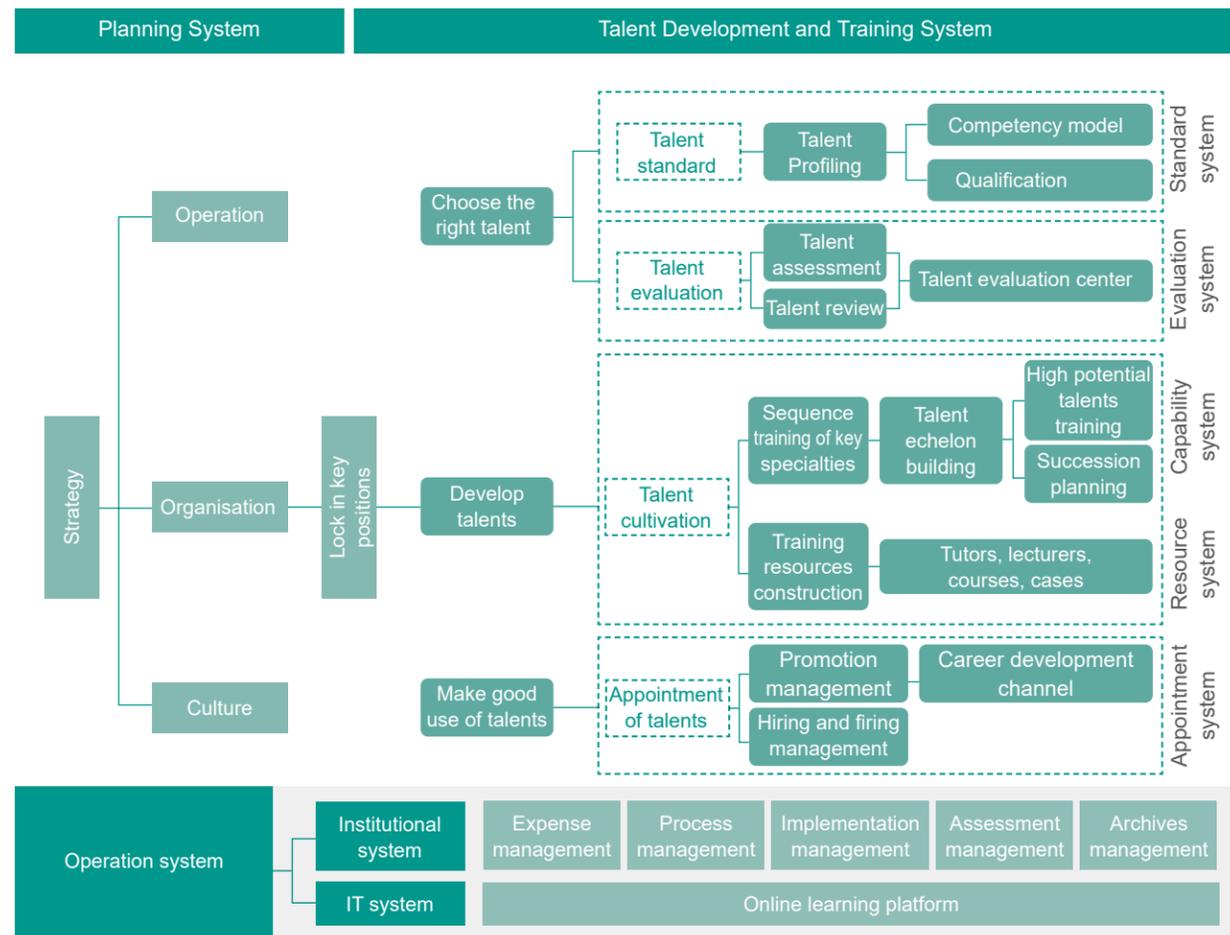
With the team spirit of "One Heart, One Virtue, Live and Create Together," we have formulated and implemented several employee-caring internal policies to build a caring corporate culture and provide our employees with a greater sense of identity, belonging, and happiness in the workplace. We listen to the voices and aspirations of our employees, serve their needs, provide them with care and warmth during festivals, and organize a large variety of activities for them to enhance team cohesion and balance between work and life.

The Group has established the Welfare Allowance Regulations, which provide our employees with daily lunch subsidies, transport and communication subsidies, annual medical check-ups, mutual medical insurance, commercial accident insurance, and festive gifts. At the same time, we have also implemented a share subscription scheme so that the interests of our workforce are more closely aligned with those of the Group, thereby further stimulating their enthusiasm for work.

## Talent Development

Consun Pharmaceutical attaches importance to the cultivation and construction of talents, accurately identifies, selects, and appoints outstanding talents, strives to establish a strong talent supply chain, and continuously improves the evaluation system and career development path for employees. During the Reporting Period, we updated and implemented the Training and Career Development Management System, the Internal Trainer Management Regulations, and the New Employee Training Management Regulations.

The Group systematically promotes talent development projects at different levels, improves the construction of the cadre management system, and promotes the "selection, training, employment and retention" of key talents, so as to truly achieve the development goals through the two-wheel drive of organisation building and talent development. Our "Talent Development and Training System" is as follows:



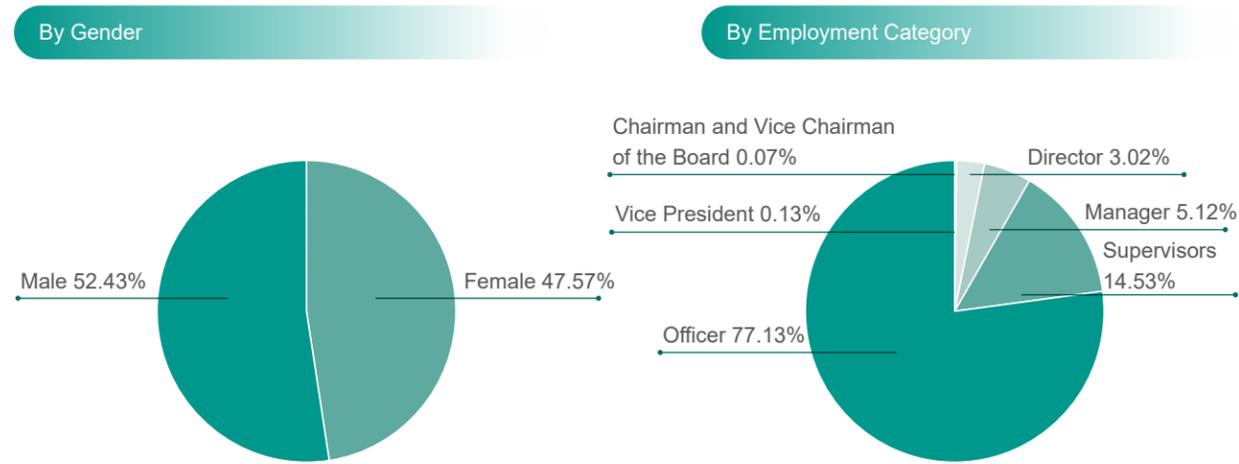
In terms of training programmes, the Group's training programmes are mainly divided into new employee induction training, job training, promotion training, compliance training, talent development training and specialised training, etc., as follows:



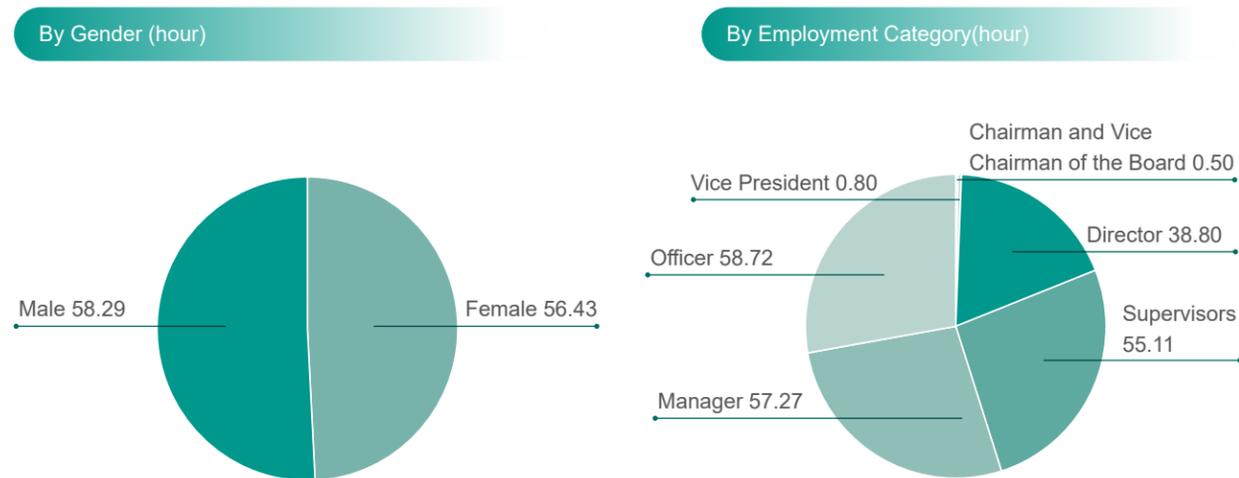


The following shows the percentage of the Group's staff who have received training and the average number<sup>1</sup> of hours of training by category<sup>2</sup>.

Percentage of Employee Trained



Average Training Time



<sup>1</sup> "Percentage of staff trained" is calculated as: total number of staff trained in that category during the Reporting Period/total number of staff trained during the Reporting Period.

<sup>2</sup> "Average number of hours of training received by staff" is calculated as: total number of hours of training received by staff in that category during the Reporting Period / total number of staff in that category during the Reporting Period.

## Health and Safety

The Group attaches great importance to occupational health and safety and is committed to providing a safe working environment for its employees. The Group strictly complies with the laws and regulations such as the Law of the People's Republic of China on Production Safety, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and the Regulations on Supervision and Administration of Occupational Health in workplaces and implements safety protection measures in production work and daily operations to protect the health and safety of employees.

As the Group's major operations cover production workshops, laboratories, and office areas, we have formulated a series of occupational health and safety management documents to manage the different occupational health and safety risks in a targeted manner. We have developed and implemented the Compendium of Safety Production Management Systems and the Employee Health Management Procedures etc. to regulate occupational health and safety matters in the operation process. The Group has set up a production safety leading group and EHS committee, which is responsible for educating the staff under the production management department on production safety, formulating production safety implementation rules and operational procedures, implementing production safety supervision and inspection and enforcing the Group's safety directives to ensure production safety. The Group has strictly complied with the relevant laws and regulations and no work-related fatal safety incidents have occurred in the past three years.

During the Reporting Period, Consun Pharmaceuticals organised seminars on heatstroke prevention and family first aid for its employees, as well as fire safety training to enhance their awareness of health and safety.



Organise fire safety training & drills



Traffic safety training

In addition, the Group has formulated policies such as the Overall Emergency Response Plan for Emergencies, the Emergency Response Plan for Laboratory Safety Incidents, the Emergency Response Plan for Production Safety and the Emergency Response Plan for Occupational Disease Hazards for occupational health and safety-related emergencies, which were updated during the Reporting Period. The Group organises regular safety drills to enhance employees' knowledge and ability to respond to safety emergencies and to prevent or reduce the occurrence of injuries. The Group has also formulated policies such as the Occupational Disease Hazard Prevention and Control Responsibility System, the Occupational Disease Hazard Detection and Evaluation Management System and the Occupational Disease Hazard Publicity and Education System to protect the occupational health of our employees and actively prevent occupational hazards. We regularly organise annual health check-ups and occupational disease examinations for our staff to keep abreast of and protect their health conditions and arrange for the adjustment of work positions and effective treatment for staff diagnosed with occupational diseases.



Heat Stroke Prevention and Family First Aid for Staff Seminar

# 04

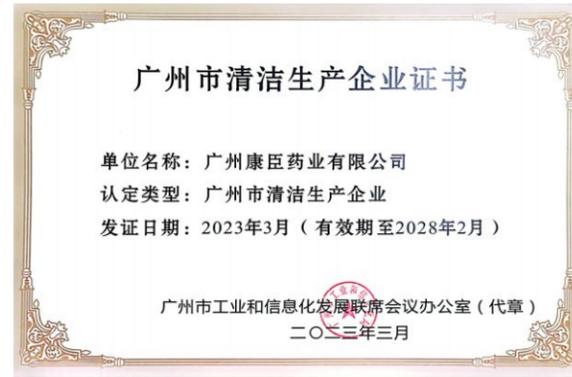
## Energy Saving and Emission Reduction - Our Green Operations

The Group understands that green production and operation is one of the fundamental principles of Consun Pharmaceutical and an important part of our sustainable development. By implementing environmental protection and energy conservation measures to minimise the negative impact of our production and operations on the environment, we are constantly improving our green production system and taking practical actions to protect the environment.





Consun Pharmaceuticals was awarded "Hong Kong-Guangdong Cleaner Production Partners (Manufacturing) 2023"

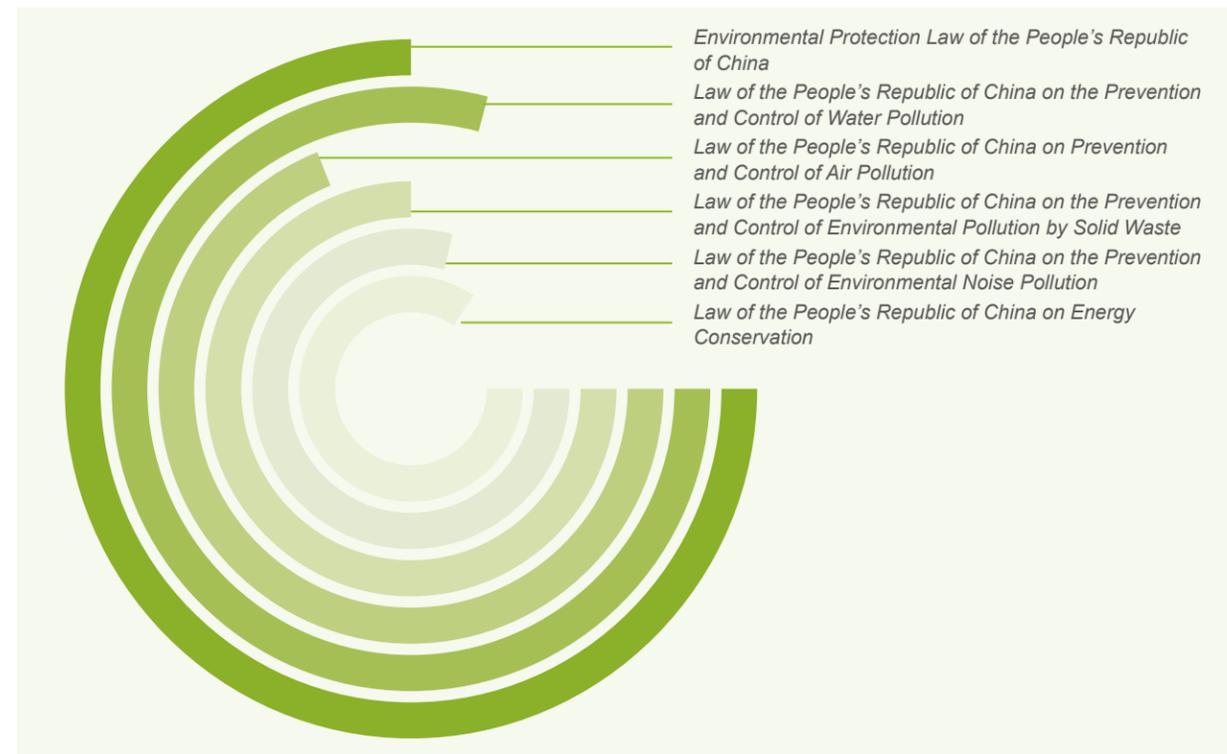


Consun Pharmaceuticals was awarded the "Guangzhou Cleaner Production Enterprise Certificate"

The Group has formulated environmental policies for each of these impacts and implemented several management measures to minimize negative impacts on the environment. In addition, we emphasize the development of environmental awareness among our staff. We continue to promote environmental awareness among our staff through various green activities and encourage them to work together to protect the environment.

We have also set targets and indicators in the areas of air emissions, greenhouse gas emissions, waste generation, energy use, and water use, with corresponding action plans ranging from short to long-term. During the Reporting Period, we have rigorously implemented and reviewed the achievement of our targets and reported progress to the Board to continuously improve our management of ESG targets and achieve sustainable development.

During the Reporting Period, the Group has strictly complied with the following environmental laws and regulations (including but not limited to) relating to emissions of exhaust and GHGs, discharges to water and land, generation of hazardous and non-hazardous waste and which have a significant impact on the Group.



## Climate Change

In line with the Group's national strategic objective of "Carbon Peaking and Carbon Neutrality", we are mindful of the impact of climate risks and opportunities on the operations of Consun Pharmaceutical. We strongly support the initiatives of the Task Force on Climate-Related Financial Disclosure ("TCFD"). During the Reporting Period, we have re-identified climate risks that may have a significant impact on the Group and integrated climate risk-related issues into our ESG governance system. We hope that by formulating a feasible climate strategy and ensuring its implementation, we can govern our business in a more disciplined manner and firmly grasp the opportunities brought about by climate change. For more details, please refer to the "Responsible Governance - Moving Towards Quality Development" section of this Report.

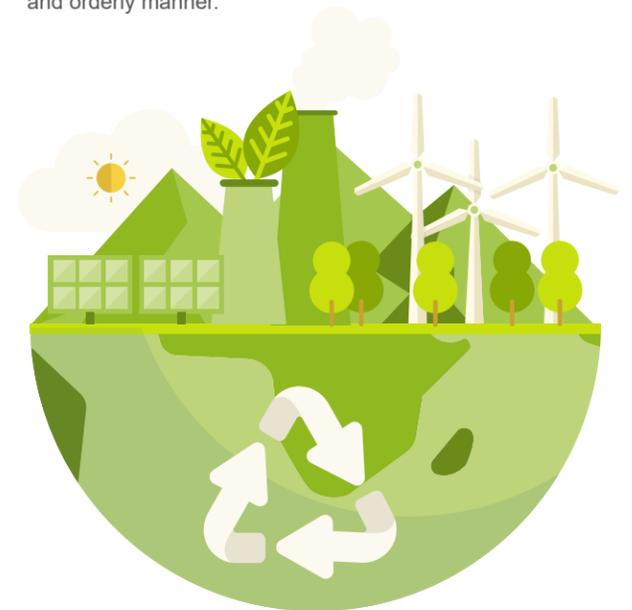
In terms of climate-related risks, we have included "climate change and extreme weather" in our ESG risk pool for the year and are aware of the impact it will have on our supply, procurement costs, operating costs and compliance costs, etc. To address these potential impacts, we have developed our response strategy accordingly and plan to continuously improve our management of climate-related risks.

In addition, relevant environmental targets and action plans have been developed to reduce carbon emissions and are reviewed during this Reporting Period, details of which can be found in the "Greenhouse Gas Emissions Management" section of this Report.

## Emissions Management

### Air Emissions Management

Emissions from the Group's operations mainly come from coal-fired boiler flue gas and process emissions. We strictly comply with applicable laws and regulations and have developed and implemented policies such as the Environmental Protection Management Regulations, which set out the relevant responsibilities of various departments as well as operational guidelines to carry out pollution prevention, control and reduction of pollutant emissions in an effective and orderly manner.



### Air Emissions Management

- Flue dust from coal combustion in boilers is subject to de-dusting, desulphurisation and denitrification prior to emission.
- The emissions are tested quarterly by a qualified inspection body.
- To ensure the safe, reliable and efficient operation of the exhaust gas absorption system; to utilise its technical characteristics to ensure efficient, long-term, safe and economical operation of the system, thereby enabling the exhaust gas to meet emission standards.
- Recycling and proper disposal of waste gases and chemical media generated during the process, with direct emissions strictly prohibited.
- Strict control of disorganised emissions and sealing of all storage containers with lids.

The following shows our ESG targets and performance in relation to air emissions management during the Reporting Period.

Environment Objectives	Indicator	Action Plan	Completion of the time limit	Completion Status
Reducing emissions	Guangzhou Consun Laboratory Exhaust Emission Modification	Completed the modification of the exhaust system of the Quality Department of the Pharmaceutical Research Centre and Guangzhou Base, and completed three exhaust gas tests in 2023, all of which were found to be in order	short-term <sup>3</sup>	done
	Consun Inner Mongolia Promotes and Optimises Boiler Equipment	Forward: look for industrial steam boilers that use an alternative to coal-fired advanced process combustion or use an electric cogeneration system; Mid-term: Market research and internal analysis; Late stage: implementation stage.	long-term	uncommenced
	Yulin Pharmaceutical Optimisation Dust Collecting Equipment	Upgraded the existing dust extraction equipment and added a dust extraction cabinet on the first floor of the solid workshop.	short-term	in progress

### Greenhouse Gas Emissions Management

We have been actively responding to the country's "Carbon Peaking and Carbon Neutrality" strategic objective and have been progressively reducing our carbon footprint. The following shows our ESG targets and performance in managing greenhouse gas emissions during the Reporting Period.

Environment Objectives	Indicator	Action Plan	Completion of the time limit	Completion Status
Reducing carbon emissions from business travel	Increasing the rate of travelling by air instead of by high-speed rail	Yulin Pharmaceuticals has developed a system to encourage its employees to use XRL instead of air transport for domestic or short-distance business trips.	short-term	in progress
		Consun advocates the use of video or teleconferencing when not essential to reduce the need for business travel, and considers replacing air transport with high-speed rail for non-urgent short-distance journeys.  During the Reporting Period, monthly meetings with the Group's production centre and Operational Management Centre were held by teleconference or video conference, reducing the number of business trips by 12.	short-term	done

<sup>3</sup> "Short-term" corresponds to a completion timeframe of 1-2 years; "Medium-term" corresponds to a completion timeframe of 3-5 years; "Long-term" corresponds to a completion timeframe of 5-10 years.

## Waste Management

The Group's hazardous waste mainly includes waste liquids from the Medicine R&D Department, waste liquids from material inspection and product inspection in production process, discarded fluorescent tubes and ink cartridges generated from daily office work, while non-hazardous waste mainly includes pharmaceutical slag, boiler slag and food waste. The Group has established systems such as the Pharmaceutical Slag Disposal Management System and the Environmental Protection Management Procedures to standardise the management of waste disposal. For example, we stipulate that the dregs should be handed over to qualified organizations for cleaning, transfer and legalised treatment. The production sites monitor the completion and quality of work of the dregs treatment companies and communicate with them in a timely manner to ensure timely, regular and reasonable treatment of the dregs.

#### Collection and Disposal

- Hazardous and non-hazardous wastes are collected separately and stored at designated locations, and the locations where hazardous wastes are stored are marked.
- Hazardous waste such as waste liquids generated by the Medicine R&D Department are handed over to a certified recycling organisation for proper disposal.
- Hazardous waste is cleaned and disinfected on a regular basis.

#### Waste Reduction

- Reduce the impact of waste on the environment by separating and recycling recyclable waste.
- Reduce paper waste by recycling office paper and collecting paper, newspapers and books that have been fully utilised.
- Promote the recycling of office supplies and equipment to reduce the amount of waste generated in the office.



The Group actively reduces the generation of various types of waste through recycling measures of hazardous and non-hazardous waste. Please refer to the Environmental Performance Index in the Appendix for detailed statistics.

In addition, we have strictly implemented the waste reduction target action plan during the Reporting Period, completed the installation and adjustment, and started to operate the waste reduction equipment. Relevant targets and implementation records are as follows:

Environment Objectives	Indicator	Action Plan	Completion of the time limit	Completion Status
Promotion waste recycling	Increase the amount of waste recycled	During the Reporting Period, Consun completed the planning of paper recycling area and carried out paper waste recycling, and recycled 6 tonnes of waste paper annually.	short-term	done
		Yulin Pharmaceutical has increased the number of publicity slogans for waste recycling to encourage employees to actively participate in waste separation and recycling.	short-term	in progress
Reduce waste output	Improve packaging material utilisation	Consun has formulated KPIs for package utilisation rate and at the same time fine-tuned the width of the residual edge of the aluminium film for granules to achieve the reduction of aluminium film loss. Compared to 2022, the utilisation rate of aluminium film for urethane granules will increase by 0.56%, and that for kidney-enhancing and moisture-reducing granules will increase by 0.17%.	mid-term	done
	Reduce the use of product cartridge consumables	The batch number printing of Consun labeling machine in Inner Mongolia has been converted from the original design of inkjet coding to laser coding and has been put into operation.	short-term	done
	Fully enclosed powder collection process to avoid the pollution of the surrounding environment and reduce the dust generated by the crushing of white peony.	Consun changed to use dust collector to capture the dust and closed discharging method to protect the herbs from secondary pollution, improve the working environment of the staff and reduce the environmental pollution.	short-term	done



Promotion Waste Recycling



Centralized Waste Recovery

## Energy Conservation and Consumption Reduction

The Group actively implements energy conservation and consumption reduction measures to reduce greenhouse gas emissions caused by its operations and promote a green and low-carbon business model. The Group's energy consumption mainly comes from production base operations, office area electricity consumption, and vehicle usage. We have formulated and implemented internal policies such as the Energy Efficiency Monitoring and Measurement Management Regulations, the Energy Efficiency Assessment Management Regulations, the Power Energy Management Regulations, and the Energy Saving Target Management Regulations to actively implement energy-saving measures. The following shows our targets and performance about energy saving and consumption reduction during the Reporting Period.

Environment Objectives	Indicator	Action Plan	Completion of the time limit	Completion Status
Reduces energy consumption of a single product	Expanding the batch size of large volume injectable products and reducing energy consumption of air-conditioning, water, electricity and steam per unit of time	★ Consun completed the batch production of lopamidol Injection (100ml: 37g(l)) from 2,500 vials to 7,500 vials, the production of three batches of process verification batch, and the related stability study. Upon completion, the batch production of 7,500 vials was officially launched.	short-term	done
		Consun phased out fluorescent light tubes and adopted energy-saving LED light fixtures; phased out or replaced energy-consuming motors; adopted photovoltaic panel streetlights; and adopted energy-saving technologies.	mid-term	in progress
Reducing corporate energy consumption	Adoption of energy-saving equipment and facilities and promotion of renewable energy projects	During the Reporting Period, the phasing out of fluorescent light tubes was initiated; photovoltaic panel street lighting was adopted in the East Factory, saving 20,440 Kw-h of electricity annually.	mid-term	in progress



★ Indicates that 2022 has been completed, and 2023 belongs to the continuous testing and improvement, to achieve closed-loop management

## Chemicals Management

The Group attaches great importance to the use, treatment and storage of chemicals in the process of research, development and production, and properly manages chemicals from the dual perspectives of safety and environmental protection to prevent some chemicals with toxicology, combustion and explosion characteristics from being improperly handled or leaked, to protect the health and safety of employees and protect the natural environment. We have developed and implemented policies such as the Management System for Reagents, Reference Standards, Biological Materials and Subjects and the Spill Prevention Measures for Chemicals to regulate the acquisition, storage and disposal of chemicals after use, spill prevention measures and related emergency response measures.

## Water Resources Management

The wastewater generated from the Group's production process is mainly industrial wastewater and domestic sewage, with major pollutants including chemical oxygen demand, suspended solids, ammonia nitrogen, and phosphorus. We have implemented various water management policies to regulate wastewater treatment and water conservation measures to effectively protect water resources. The following shows our targets and performance during the Reporting Period about wastewater treatment and water conservation.

Environment Objectives	Indicator	Action Plan	Completion of the time limit	Completion Status
Reduction of sewage discharge	Adjustment pool grating machine modification	Consun completed the renovation of the regulating pool grille, adjusting the diameter of the water crossing hole to 2MM.	long term	done
Reduction of sewage discharge	Reduce water consumption for product extraction	★ Guangzhou Consun has completed the change of extraction water dosage, three batches of process validation batch production and related stability study for Kidney Moisturising Granules. After the completion, the new extraction water dosage was formally implemented for production.	short-term	done
Increase in water saving devices Inputs	Adoption of Water Conservation Engineering Measures	Inner Mongolia Consun Preliminary stage: looking for measures and methods to extract and concentrate water for utilisation; Mid-stage: After research and analysis of feasibility, enter the planning and organisation stage; Late stage: into the implementation stage.	long term	in progress
		Yulin Pharmaceuticals Further Increases Cooling Water Recovery by Adding Cooling Water Recovery Equipment.	short-term	done
Reduce average water consumption	Adoption of administrative measures for water conservation	Yulin Pharmaceuticals conducts daily meter readings, checks on water usage, analyses water usage on a monthly basis, and conducts a summary analysis of water usage on an annual basis.	short-term	in progress



Adjustment pool grille machine renovation



Pre-team improve discussion



After modification



Yulin pharmaceutical unit energy consumption reduced



Operational training



Define energy reduction targets and requirements



# 05

## **Giving back to the Community - Showing Corporate Responsibility**

Consun Pharmaceutical always upholds the principle of "serving the nation through industry" and insists on serving the community and the public, contributing our efforts to building a harmonious society. We not only participate in charitable activities to support the development of medicine in the industry, but also sponsor and participate in various community welfare, voluntary services, poverty alleviation and poverty alleviation activities to convey our care and warmth to the society, so that Consun Pharmaceutical can better fulfill its civic responsibility.



"Consun Benevolent Society" promotes participatory and experiential public welfare activities and voluntary services through self-supporting and joint ventures with NGOs, and has been registered with the Guangdong Provincial Charity General Association. The Group is committed to its social responsibilities and has continued to make efforts in the areas of education, health promotion and community services. The "Red Star Medical Office" has been set up in two schools in Hongan, Hubei, benefiting more than 1,000 teachers and students; the "Consun Herbal Garden" has been introduced to two schools in Guangzhou, benefiting more than 3,000 teachers and students; and the "Walking with Benefits" public welfare science and technology activities have covered more than 200 people and radiated more than 10,000 disabled people.

During the Reporting Period, information on the Group's public interest awards is set out below:

In March, Consun Pharmaceuticals was awarded the "Guangdong Pharmaceutical Industry Anti-epidemic Pioneer".



In April, Consun Pharmaceuticals was awarded the title of "Responsible Enterprise for Fighting Epidemic and Maintaining Supply" for its outstanding contribution to the fight against the epidemic.



In May, Consun Pharmaceuticals, as a member unit, attended the Third General Meeting of the Fourth Session of the Guangdong Charity Association and donated \$186,400 to the Family Education Charity Fund, and was awarded the title of "Caring Unit" of the 2023 "South Guangdong Charity Walk for the Community" on the spot.



In December, Consun Pharmaceuticals was awarded the "Outstanding Social Responsibility Case of the Year" in the first "Golden Lion" China Financial Quality Development Excellent Practice Case.



On 23-24 January 2024, the 13th Public Welfare Festival was held in Beijing and Consun Pharmaceuticals was awarded the 2023 Responsible Brand Award.



Highlights of the Group's philanthropic activities during the Reporting Period are set out below.

In February, Yulin Pharmaceutical helped Debao County, Guangxi Province in scientific epidemic prevention.



In March, Henson Pharmaceuticals launched the "Henson Benefit Walk, Goddess Walk" public service campaign to give back to the community.



In March, Yulin Pharmaceutical Organisation launched the "Meet in Spring, Make a Commitment" green environmental protection activity.



In March, Consun joined hands with the Public Service Office of Xintang Town, Guangzhou City, to launch a volunteer activity entitled "Learning from Lei Feng, I am taking action | Honouring the elderly, loving the elderly, learning from Lei Feng, Volunteer service at Xintang Yee Hong Centre".



On the International Day of Families on May, Consun Pharmaceuticals once again joined hands with the Whampoa Wun Po Street Rehabilitation Station for the Disabled to organise the "Let's Work Together, Let's Spread the Love" micro-wish activities for "chronic kidney disease", "Multiple Disabled Households", and "Children with Disabilities".



In May, Consun Pharmaceuticals helped to hold the 33rd National Disabled Persons' Day Service Bazaar in Huangpu District.



In May, the "Big Hands Pull Little Hands, Let's Walk" activity was held at the Dandelion Home in Yulin City's Fumian District.



In June, Yulin Pharmaceuticals held an event with the theme of "Caring for Children with Disabilities, Growing up with Warmth and Protection".



In August, Yulin Pharmaceuticals was invited to participate in the 10th Donation and Award Ceremony for Outstanding Students of Renhou Township, Yulin District, Yulin City and made a donation of RMB 20,000 yuan.



In September, Yulin Pharmaceutical launched the "Double Festival for the Disabled" activity.



In September, the Group joined hands with the Guangdong Charity Federation to visit Hongan County in Hubei, an old revolutionary area, to launch the "Love in School - Red Star Medical Office" charity activity.



In October, Yulin Pharmaceuticals launched the "Benefit the Elderly, Care for the Health of the Elderly", a charity event for the elderly.



In October, Henson Pharmaceuticals joined hands with Wun Po Street and Guangdong South China Rural Poverty Alleviation Foundation to launch the fourth "City Beautician" caring and sympathy programme.



In November, Yulin Pharmaceuticals launched the "Caring for the Environment, Benefiting from Waste Separation" campaign.



In December, the second session of the "Walking with Benefits" "Prevention and Treatment of Iron Deficiency Anaemia" public welfare activity was successfully held at the Hongyuan Industrial and Healthcare Station Service Centre in Huangpu District, Guangzhou City.



Doing what we can to help others to achieve their own, the public welfare activities of Consun Pharmaceutical have gone through 26 years, and we will continue to do good in the future!

# 06

## Industry Support and Promoting a “Win-Win” Situation

To enhance the strength of the healthcare industry chain, Consun Pharmaceutical continues to strengthen industry collaboration by entering into strategic partnerships with renowned companies and schools and actively engaging in information and resource-sharing activities to promote the stable development of the industry and better serve patients. At the same time, through mutual assistance in the industry, we can also fulfill our corporate social responsibility and achieve a "win-win" situation, which is the way for the Group to achieve sustainable development.



Consun Pharmaceuticals Contributed to the Successful Holding of the 3rd "Star Cup" Guangdong Provincial Residency Training Radiology Professional Imaging Skills Competition



Consun Pharmaceuticals Helps "Chen Shadow Goes With You"--Anhui Provincial Hospital Association's Summit Forum on Medical Imaging Construction Successfully Held



Consun Pharmaceuticals Helps Organise Successful Head and Neck Reading Competition



Yulin Pharmaceutical 2023 dealer exchange meeting was successfully held in Guangzhou



Yulin Pharmaceuticals at Brand China Expo 2023



Zhong Dapeng, General Manager of Guizhou Yishu Pharmaceutical Co., Ltd. and his delegation visited Yulin Pharmaceutical



Consun Pharmaceuticals presents a series of high-quality products at Inner Mongolia National Medicine Medical Equipment (Autumn) Trade fair 2023



Yulin Pharmaceuticals Title Sponsor of the 2023 Yulin Dragon Boat Festival and Mid-Year Beneficial People's Happy Purchase Activities



Yulin Pharmaceuticals successfully organises the 2023 Ethnic Cultural Arts Festival



Yulin Pharmaceuticals Supports the First National Student (Youth) Games



## Appendix

### Environmental Performance Index

	2023 Data	2022 Data	2021 Data	Unit
<b>Resource Consumption<sup>4</sup></b>				
Total Energy Consumption	61,422.79	89,585.29	93,269.88	mWh
Total Energy Consumption Intensity	0.24	0.38	0.46	mWh/RMB10,000 of income <sup>5</sup>
<b>Direct Energy Consumption</b>				
Total Natural Gas Consumption	5,508	3,830	5,076	m <sup>3</sup>
Natural Gas Consumption Intensity	0.021	0.016	0.025	m <sup>3</sup> /RMB10,000 of income
Total Coal Consumption	6,665.47	7,116.10	7,692.78	Tonnes
Coal Consumption Intensity	0.026	0.030	0.038	Tonnes
Total Gasoline Consumption (Vehicles) <sup>6</sup>	124,778.87	117,467.19	107,926.00	Liters
Gasoline Consumption Intensity (Vehicles)	3,466.08	3,174.79	3,083.60	Liters/gasoline-using vehicles
Total Diesel Consumption (Vehicles)	38,095.86	42,726.14	34,779.00	Liters
Diesel Consumption Intensity (Vehicles)	2,930.45	3,560.51	2,898.25	Liters/diesel-using vehicles
<b>Indirect Energy Consumption</b>				
Total Purchased Electricity Consumption	16,811.16	14,235.07	13,274.40	mWh
Purchased Electricity Consumption Intensity	64.91	60.84	64.92	kWh/RMB10,000 of income
Total Purchased Steam Consumption	51,902.13	36,355.52	36,842.94	Tonnes
Purchased Steam Consumption Intensity	0.20	0.16	0.18	Tonnes /RMB10,000 of income
Total Water Consumption <sup>7</sup>	475,979.00	368,767.02	378,089.00	Tonnes

<sup>4</sup> The calculation of total energy consumption includes natural gas, coal, petrol, diesel, purchased electricity and purchased steam, and the calculation methodology refers to the "Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Enterprises in Other Industries (for Trial Implementation)", GB 19147-2016 "Automotive Diesel" and GB17930-2016 "Automotive Petrol".

<sup>5</sup> The total revenue of the Group for 2023 was RMB259,011.50 ten thousands.

<sup>6</sup> As at the end of the Reporting Period, the Group owned a total of 36 petrol vehicles and 13 diesel vehicles.

<sup>7</sup> The calculation of total water consumption includes municipal tap water consumption, barrel water consumption and groundwater consumption.

	2023 Data	2022 Data	2021 Data	Unit
Total Water Consumption Intensity	1.84	1.58	1.85	Tonnes/ RMB 10,000 of income
Total Packaging Box Consumption	1,186.36	1,499.20	1,126.61	Tonnes
Packaging Box Consumption Intensity	0.0046	0.0064	0.0055	Tonnes/ RMB 10,000 of income
Total Instruction Manual Consumption	99.57	101.23	81.46	Tonnes
Specification Consumption Density	0.0004	0.0004	0.0004	Tonnes/ RMB 10,000 of income
Total Carton Consumption	629.21	581.21	486.68	Tonnes
Paper Box Consumption Intensity	0.0024	0.0025	0.0024	Tonnes/ RMB 10,000 of income
<b>Air Pollutants Emissions of Boilers<sup>8</sup></b>				
NO <sub>x</sub> Emissions	4.51	4.92	0.23	Tonnes
SO <sub>2</sub> Emissions	1.44	2.04	2.33	Tonnes
PM Emissions	1.25	0.54	0.67	Tonnes
<b>Air Pollutant Emissions from Motor Vehicles<sup>9</sup></b>				
CO Emissions	1579.44	1,555.39	1,413.94	Kg
NO <sub>x</sub> Emissions	984.10	1,282.75	924.25	Kg
SO <sub>x</sub> Emissions	2.53	2.46	2.06	Kg
PM2.5 Emissions	29.35	31.87	26.70	Kg
PM10 Emissions	32.45	35.26	29.54	Kg
<b>Natural gas air pollutant emissions<sup>10</sup></b>				
SO <sub>2</sub> Emissions	0.0030	0.0021	-	Kg
NO <sub>x</sub> Emissions	6.6096	4.5960	-	Kg
PM Emissions	0.6059	0.4213	-	Kg

<sup>8</sup> The calculation of air pollutant emissions from boilers includes only the boilers of Consun in Inner Mongolia, and the method of calculation refers to the "Coefficient of Production and Emission Table for Industrial Boilers (Heat Production and Supply Industry) - Biomass Industrial Boilers".

<sup>9</sup> The calculation of air pollutant emissions from motor vehicles includes vehicles owned and operated by the Group, and the calculation methodology refers to the "Technical Guidelines for the Preparation of Air Pollutant Emission Inventories for Road Motor Vehicles (for Trial Implementation)".

<sup>10</sup> The calculation of air pollutant emissions from natural gas includes the consumption of purchased natural gas by the Group's Guangzhou office, which is calculated with reference to the "Manual on Coefficients of Emission and Discharge of Domestic Pollutants".

	2023 Data	2022 Data	2021 Data	Unit
<b>Greenhouse gas emissions (Scope 1 and Scope 2)</b>				
Total GHG emissions	79,125.22	72,057.20	71,151.21	Tonnes of carbon dioxide equivalent
Greenhouse Gas Emission Density	0.305	0.308	0.348	Tonnes CO <sub>2</sub> -equivalent/ RMB 10,000 of income
Greenhouse gas emissions (Scope 1)	54,210.46	53,214.68	52,549.12	Tonnes of carbon dioxide equivalent
Boiler use emissions <sup>11</sup>	13,807.58	14,741.07	15,935.66	Tonnes of carbon dioxide
Vehicle emissions <sup>12</sup>	435.64	447.04	336.33	Tonnes of carbon dioxide equivalent
Emissions from natural gas use <sup>13</sup>	38,540.51	37,239.52	35,517.73	Tonnes of carbon dioxide
Refrigerant emissions <sup>14</sup>	1,454.67	813.47	794.43	Tonnes of carbon dioxide equivalent
Tree offsets <sup>15</sup>	(27.95)	(26.43)	(35.03)	Tonnes of carbon dioxide
Greenhouse gas emissions (scope 2)	24,914.76	18,842.52	18,602.09	Tonnes of carbon dioxide
Emissions from purchased electricity use <sup>16</sup>	9,587.40	8,118.26	7,750.92	Tonnes of carbon dioxide
Outsourced vapour emissions <sup>17</sup>	15,327.35	10,724.26	10,851.16	Tonnes of carbon dioxide
<b>Production Wastewater Discharge</b>				
Production wastewater treatment volume	231,302.54	180,763.12	176,424.29	Tonnes
Production of wastewater treatment density	0.89	0.77	0.86	Tonnes/ RMB 10,000 of income
COD Discharge	45.53	25.22	41.05	Tonnes
COD Discharge Intensity	0.00018	0.00011	0.0002	Tonnes/ RMB 10,000 of income
<b>Generation of Non-Hazardous Waste</b>				
Total Amount	16,829.35	14,291.08	11,964.10	Tonnes

<sup>11</sup> The calculation of greenhouse gas emissions from boiler use includes only the boilers of Consun in Inner Mongolia, and the calculation methodology refers to the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industries (for Trial Implementation)".

<sup>12</sup> The calculation of greenhouse gas emissions from motor vehicles includes vehicles owned and operated by the Group, and the calculation methodology refers to the "Guidelines for Verification Methods and Reporting of Greenhouse Gas Emissions from Land Transportation Enterprises (for Trial Implementation)".

<sup>13</sup> The calculation method of GHG emissions from natural gas use refers to the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industries (Trial)".

<sup>14</sup> The calculation of GHG emissions from refrigerant use in 2023 is modelled on the Sixth Assessment Report published by the United Nations Intergovernmental Panel on Climate Change in 2022.

<sup>15</sup> The calculation of GHG emissions offset by trees is modelled on the "Guidelines on the Accounting and Reporting of Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Public Purposes) in Hong Kong".

<sup>16</sup> The 2023 electricity emission factors are derived from the Ministry of Ecology and Environment's "Notice on Doing a Good Job in Managing the Reporting of GHG Emissions from Enterprises in the Power Generation Sector in 2023-2025".

<sup>17</sup> For the calculation of greenhouse gas emissions from purchased steam, please refer to the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industrial Sectors (for Trial Implementation)".

	2023 Data	2022 Data	2021 Data	Unit
Generation of Medicine Dreg	15,730.81	13,189.61	10689.56	Tonnes
Recovery of Medicine Dreg	15,730.81	13,189.61	10689.56	Tonnes
Generation Intensity of Medicine Dreg	0.061	0.056	0.052	Tonnes/ RMB 10,000 of income
Generation of Boilers' Residue	874.58	924.86	1,076.99	Tonnes
Recovery of Boilers' Residue	874.58	924.86	1,076.99	Tonnes
Generation Intensity of Boilers' Residue	0.0034	0.0040	0.0053	Tonnes/ RMB 10,000 of income
Generation of Waste Packaging Materials	211.24	164.83	183.53	Tonnes
Recovery of Waste Packaging Materials	208.18	157.58	183.53	Tonnes
Generation Intensity of Waste Packaging Materials	0.0008	0.0007	0.0009	Tonnes/ RMB 10,000 of income
Generation of Food Waste	12.74	11.77	13.93	Tonnes
Recovery of Food Waste	12.74	9.24	13.93	Tonnes
Generation Intensity of Food Waste	0.004	0.004	0.005	Tonnes/staff
<b>Generation of Hazardous Waste</b>				
Total Amount	7.72	8.28	6.22	Tonnes
Generation of Waste Laboratory Liquid	7.14	7.55	5.90	Tonnes
Generation Intensity of Waste Laboratory Liquid	0.00003	0.00003	0.00003	Tonnes/ RMB 10,000 of income
Generation of Waste Ink Cartridge <sup>18</sup>	23.44	104.28	56.65	Kg
Generation of Waste Ink Cartridge Intensity	0.0001	0.0004	0.0003	Kg/ RMB 10,000 of income
Generation of Waste Toner Cartridge	80.06	66.06	0	Kg
Generation Intensity of Waste Toner Cartridge	0.0003	0.0003	0	Kg/ RMB 10,000 of income
Generation of Waste LED Lightning	203.74	177.78	70.83	Kg
Generation Intensity of Waste LED Lightning	0.0008	0.0008	0.0003	Kg/ RMB 10,000 of income
Generation of Waste Batteries	67.37	80.13	50.81	Kg

<sup>18</sup> In 2023, the Group reduced the use of ink cartridges and switched to ink and toner cartridges.

	2023 Data	2022 Data	2021 Data	Unit
Generation Intensity of Waste Batteries	0.00026	0.00034	0.00025	Kg/ RMB 10,000 of income
Generation of Waste Imaging Drum	78.94	65.96	60.12	Kg
Generation Intensity of Waste Imaging Drum	0.0003	0.0003	0.0004	Kg/ RMB 10,000 of income
Generation of Waste Fluorescent Tubes	122.82	231.06	82.32	Kg
Generation Intensity of Waste Fluorescent Tubes	0.00047	0.00099	0.00040	Kg/ RMB 10,000 of income

## Social Performance Forms

safety			
Number of deaths	Staff	0	Number of persons
Workplace safety incidents	Accident volume	4	Cases
	Number of working days lost	478	Day
Product Safety	Drugs Recalled for Safety and Health Reasons	0	%
Staff			
Staff Composition		Number of persons in employment (persons)	Turnover Ratio <sup>19</sup>
Total		3,127	18.71%
Gender Distribution	Male	1,655	20.85%
	Female	1,472	16.30%
Types of Employment	Full-time	3,127	18.71%
	Part-time job	0	0.00%
Age Distribution	18-25	363	33.33%
	26-30	593	29.17%
	31-35	765	19.74%
	36-40	623	13.80%
	41 -50	627	6.86%
Geographical Distribution	Above 50	156	7.05%
	Xinjiang	1192	25.08%
	Guangxi	885	9.27%
	Inner Mongolia	567	21.34%
	Guangdong	483	17.18%

<sup>19</sup> Turnover rate is calculated as: number of employees leaving the category / total number of employees in the category \* 100%.

Staff Training		per cent <sup>20</sup>	Average training hours (hours) <sup>21</sup>
Gender Distribution	Male	52.43%	58.29
	Female	47.57%	56.43
Classification of Employees	Chairman and Vice-Chairman of the Board	0.07%	0.50
	Vice President	0.13%	0.80
	Director	3.02%	38.80
	Manager	14.53%	55.11
	Supervisory	5.12%	57.27
	Officer	77.13%	58.72

**Product and Service Quality**

Product Complaints	10	Cases
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**Number of suppliers**

Geographical Distribution	Guangdong	126	Numbers
	Jiangsu	44	
	Xinjiang	42	
	Zhejiang	42	
	Shanghai	35	
	Shandong	24	
	Guangxi	18	
	Anhui	17	
	Liaoning	17	
	Hebei	14	
	Beijing	12	

<sup>20</sup> Percentage of employees trained is calculated as: Employees by relevant category / Total employees trained \* 100%.

<sup>21</sup> The average number of hours of training for the relevant category of employees is calculated as follows: total number of hours of training for the specific category of employees / number of employees in the specific category.

Geographical Distribution	Fujian	11	Numbers
	Jiangxi	11	
	Hunan	10	
	Henan	9	
	Tianjin	8	
	Hubei	7	
	Shaanxi	7	
	Sichuan	7	
	Chongqing	7	
	Inner Mongolia	5	
	Jilin	4	
	Shanxi	3	
	Hainan	1	
Heilongjiang	1		

**Integrity**

Corruption litigation cases	0	Cases
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## ESG Content Index

Mandatory Disclosure Requirements	Disclosure	Chapter
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Responsible Governance – Moving Towards Quality Development
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:  Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.  Quantitative: Information on the standards, methodologies, assumptions and/ or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.  Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

### A. Environmental

Items	Disclosures	Relevant Section in the Report
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#### Aspect A1: Emissions

General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.  relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Energy Saving and Emission Reduction - Our Green Operations
KPI	A1.1 The types of emissions and respective emissions data.	Environmental Performance Index
	A1.2 Direct (Scope 1) and energy direct (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A1.5 Description of emission target(s) and steps taken to achieve them.	Energy Saving and Emission Reduction - Our Green Operations
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction target(s) and steps taken to achieve them.	Energy Saving and Emission Reduction - Our Green Operations Environmental Performance Index

#### Aspect A2: Use of Resources

General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Saving and Emission Reduction - Our Green Operations
KPI	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance Index
	A2.3 Description of energy use efficiency initiatives and results achieved.	Energy Saving and Emission Reduction - Our Green Operations
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Energy Saving and Emission Reduction - Our Green Operations
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Performance Index

#### Aspect A3: The Environment and Natural Resources

General Disclosures	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Energy Saving and Emission Reduction - Our Green Operations
KPI	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Energy Saving and Emission Reduction - Our Green Operations

#### Aspect A4: Climate Change

General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Energy Saving and Emission Reduction - Our Green Operations
KPI	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Energy Saving and Emission Reduction - Our Green Operations

### B. Social

Items	Disclosures	Relevant Section in the Report
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#### Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People Orientation – Creating a Happy Workplace
KPI	B1.1 Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	People Orientation – Creating a Happy Workplace
	B1.2 Employee turnover rate by gender, age group and geographical region	Social Performance Index

Aspect B2: Health and Safety

General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		People Orientation – Creating a Happy Workplace
KPI	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	People Orientation – Creating a Happy Workplace Social Performance Index
	B2.2	Lost days due to work injury.	Social Performance Index
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People Orientation – Creating a Happy Workplace

Aspect B3: Training and Development

General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		People Orientation – Creating a Happy Workplace
KPI	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People Orientation – Creating a Happy Workplace Social Performance Index
	B3.2	The average training hours completed per employee by gender and employee category.	People Orientation – Creating a Happy Workplace Social Performance Index

Aspect B4: Development and Training

General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		People Orientation – Creating a Happy Workplace
KPI	B4.1	Description of measures to review employment practices to avoid child and forced labour.	People Orientation – Creating a Happy Workplace
	B4.2	Description of steps taken to eliminate such practices when discovered.	There were no incidents of child labour or forced labour in the Group during the Reporting Period.

Aspect B5: Supply Chain Management

General Disclosures	Policies on managing environmental and social risks of the supply chain.		Medicine for the People – Commitment to Products and Services
KPI	B5.1	Number of suppliers by geographical region.	Medicine for the People – Commitment to Products and Services
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Medicine for the People – Commitment to Products and Services
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Medicine for the People – Commitment to Products and Services

KPI	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Medicine for the People – Commitment to Products and Services
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Aspect B6: Product Responsibility

General Disclosures	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Medicine for the People – Commitment to Products and Services
KPI	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Medicine for the People – Commitment to Products and Services Social Performance Index
	B6.2	Number of products and service-related complaints received and how they are dealt with.	Medicine for the People – Commitment to Products and Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Medicine for the People – Commitment to Products and Services
	B6.4	Description of quality assurance process and recall procedures.	Medicine for the People – Commitment to Products and Services
	B6.5	Describe the consumer data protection and privacy policy, and the related enforcement and monitoring methodologies for quality services and consumer protection.	Medicine for the People – Commitment to Products and Services

Aspect B7: Anti-corruption

General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Responsible Governance – Moving Towards Quality Development
KPI	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.	Responsible Governance – Moving Towards Quality Development
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Responsible Governance – Moving Towards Quality Development
	B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Governance – Moving Towards Quality Development

Aspect B8: Community Investment

General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Giving back to the Community – Showing Corporate Responsibility
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving back to the Community – Showing Corporate Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving back to the Community – Showing Corporate Responsibility



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