



2023

Environmental, Social and Governance Report

Yifeng Pharmacy Chain Co., Ltd.

STOCK CODE: 603939





MAKING PEOPLE PHYSICALLY AND MENTALLY HEALTHIER

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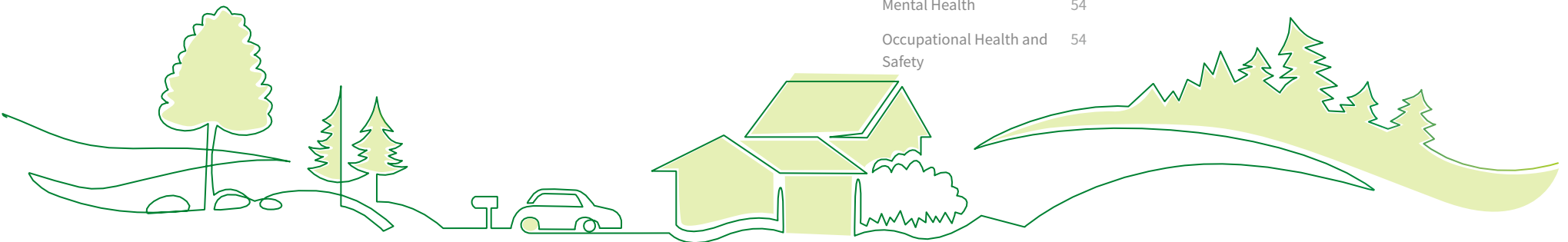
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About this Report

Yifeng Pharmacy's 2023 Environmental, Social and Governance (ESG) Report (hereinafter referred to as the " Report") is the first ESG report independently published by Yifeng Pharmacy Chain Co., Ltd. and all the branches and subsidiaries (hereinafter referred Yifneg Pharmacy", "the Company" or "we"). This Report aims to comprehensively present our ESG goals, management strategies, practices and achievements in 2023 to our stakeholders.

Scope of this Report

This is an annual report published publicly every year. This Report covers the period from 1 January 2023 to 31 December 2023 (hereinafter referred to as "2023" or "the reporting period"), the same period as the 2023 Annual Report.

Unless otherwise stated, the scope of disclosure in this Report is consistent with that of the 2023 Annual Report, with Yifeng Pharmacy as the subject of disclosure, covering all branches and subsidiaries within the scope of the listed entity. The environmental performance data covers Yifeng Pharmacy's own stores, logistics centers with operational control, employee canteens, and office that will be in operation throughout 2023. In addition, certain events mentioned in this Report, whether before or after the aforementioned period, are included for the sake of comprehensiveness of context and detail in this Report.

Basis and Principles of Preparation

This Report complies with the Shanghai Stock Exchange of Issuing the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (February 2023 Revision) and the Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange. It is also prepared with reference to the Global Reporting Initiative Sustainability Reporting Standards (hereinafter referred to as "GRI Standards") issued by the Global Sustainability Standards Board (GSSB) . We also compared this Report with the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial), please find the Appendix for details.

Information of the Report

The information used in this Report has been obtained from official documents, internal statistics and public information of Yifeng Pharmacy. The Board of Directors of Yifeng Pharmacy commits that there are no false records, misleading statements or material omissions and it is responsible for the authenticity, accuracy and completeness of this report. This Report was approved by the Board of Directors of the Company on April 26, 2024.

Accessibility and Contact

This report is prepared in both Simplified Chinese and English and is published in electronic form. In the event of any discrepancy between the two versions, the Chinese version shall prevail. The electronic version of this Report can be accessed and downloaded from our official website (<https://www.yfdyf.cn>) and the website of the Shanghai Stock Exchange website (<https://www.sse.com.cn>).

Feedback

If you have any comments or suggestions about this Report, please email us at ir@yfyf.com. Your feedback is important in helping us to continually improve our sustainable development management and practice.

About Us

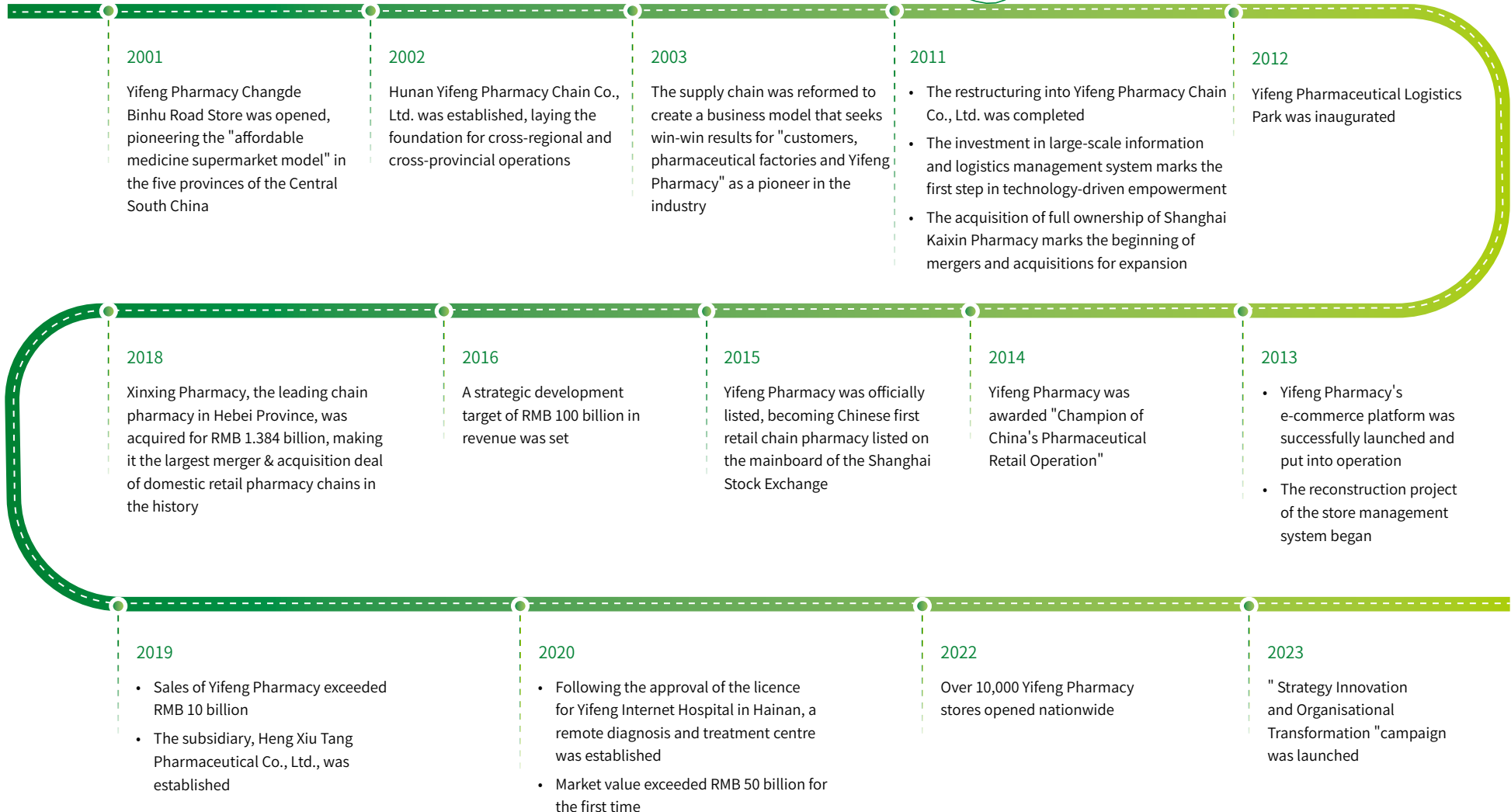
Company Profile

Yifeng Pharmacy Chain Co., Ltd. (a chain pharmacy listed on the main board of the Shanghai Stock Exchange in China, stock code: 603939, hereinafter referred to as Yifeng Pharmacy) was founded in June 2001. For 22 years, we have been dedicated to the pharmaceutical retail industry and are Chinese first large-scale pharmaceutical retailer listed on the Shanghai Stock Exchange. As a leader in China's healthcare industry, Yifeng Pharmacy has successively developed healthcare-related business models such as pharmaceutical retail and wholesale, production and sales of Chinese herbal medicine, chronic disease management, Internet hospital, medical project investment, and medical technology development. While maintaining a stable strategic partnership with high-quality medicine manufacturers and suppliers in a long term, we have established a complete quality management system and service system to ensure the health and safety of customers. As at the end of the reporting period, our main business was concentrated in ten provinces and cities, including Hunan, Hubei, Shanghai, Jiangsu, Jiangxi, Zhejiang, Guangdong, Hebei, Beijing, and Tianjin.

Adhering to the concept of "affordable and professional" and "customer value-oriented" as our core value, we are committed to providing customers with a wide variety of products and professional services at affordable prices with remarkable therapeutic efficacy. In the future, we will continue to focus on pharmaceutical retail and enhance our core competitiveness through brand image, professional services, product innovation and business model innovation. In this way, we aim to build a leading chain pharmacy brand that is trusted by customers and respected by society.



Development Milestones



Honours and Recognition

Association Qualification

China Medical Pharmaceutical Material Association

Executive Vice President Unit

Retail Branch of the China Association of Pharmaceutical Commerce

Vice President Unit

Hunan Pharmaceutical Profession Association

Executive Vice President Unit

Hunan Pharmaceutical Distribution Industry Association

Executive Vice President Unit

Honours of the Year

Top 500 Service Companies in China 2003

China Enterprise Confederation/China Entrepreneur Association

Top 100 Private Companies in Wuhan 2023

Wuhan Federation of Industry and Commerce

Top 100 Most Valuable Pharmacies in China 2022-2023

China Pharmacy Development Report & China Pharmacy Value List Press Conference 2022-2023

Ranked second in the "2023 Top 100 List of Comprehensive Competitiveness in Pharmaceutical Retail", honoured as the "Pharmaceutical Retail Profitability Champion 2023", and listed in the "2023 Top 10 Pharmaceutical Retail and E-Commerce Enterprises"

China Health Ecology Organization (CEO)

Hurun Most Valuable China Brands Top 300 in 2023

Hurun Research Institute

Fastest Growing Listed Companies in China 2023

Warton Economic Institute

Top 100 Comprehensive Strength of Pharmacy Chain Stores, and Top 100 Direct Selling Chain Pharmacies in 2022 - 2023

MHIS (China Medical and Health Industry Symbiosis Conference), hosted by Guangzhou Biaodian Medical Information Co., Ltd.

2023 King's Ark - Employer with Commitment to and Excellence in Talent Recruitment

BOSS Zhipin

Corporate Culture



Message from the Chairman

In 2001, Yifeng Pharmacy pioneered the first medicine supermarket in the five provinces of the Central South China, starting in the era of medicine supermarkets providing affordable medicines for customers in China. Over the past two decades of diligent and determined efforts, we have remained true to our original aspiration with the mindset of "benefiting others as helping ourselves" and are committed to becoming a company that is valuable to people, society and the country. To keep pace with the times, we are actively embracing the concept of sustainable development, exploring the path for creating ESG values, and comprehensively promoting the implementation of ESG work. We are committed to integrating ESG concepts into all aspects of business management and development, transforming our core competitiveness and creating long-term value for our customers.

Faced with the challenges and opportunities of practising, Yifeng Pharmacy attaches great importance to corporate governance and continuously improves its governance to ensure the standardisation and efficiency of its operations. Meanwhile, we focus on environmental protection, actively respond to environmental issues and steadily promote our green development. It is essential for companies like us to make a substantial contribution to the progress of society, leveraging on the foundation of our development to provide solutions for the health of our customers. Besides, we are committed to medicine safety, medicine accessibility and public welfare for the health and safety of Chinese.

"Making people physically and mentally healthier and Becoming the pharmacy worthy of trust and entrustment". As a company specialising in pharmaceutical services, we put our customers' "life and health" first. We fully guarantee the quality and safety of our medicines by adhering to the standard of "offering reliable medicines for family members". Having integrated the "strategy of controllable high-quality medicine" into our corporate development and established a quality system with controllable sources and effective medicines, we are striving to become a pharmacy worthy of trust and entrustment. As a practitioner of "sustainable public welfare", we are committed to "providing professional and warm services" through

various public welfare activities. These activities include "family tea, blood pressure checks and blood sugar checks" in our stores to provide more comprehensive health care to the public. In addition, health lectures are organised to introduce professional knowledge and living skills related to health and wellness, with the aim of improving the people's knowledge about health. When it comes to disasters, we also respond quickly by providing assistance to meet the affected people's basic daily, working hand in hand with them to overcome the difficulties.

"New Retail is all about retailing with wholeheartedness and from the soul". As stores serve as the final end in contacting patients who take medicines, we need to focus on customers' needs, promote more high-quality and more effective medicines, and provide more professional and refined services to them. In this way, we aim to fully satisfy the diverse and personalised health needs of our customers. In terms of store services, we are improving the services provided by our health advisor and standardising our reception services, family services and chronic disease management services to ensure that customers use medicines sensibly and safely. For member management, the 11 high-quality member services were created to provide solutions ranging from disease treatment to health promotion, and member information has been made accessible in stores across the country to better meet customers' health needs throughout their lifecycles. For the access to medicines, we continued to expand our online and offline retail networks by building comprehensive online retail channels and opening vertical franchises, enabling customers to enjoy a one-stop shopping experience with efficient delivery and guaranteed quality.

"Growing and practising green development concept together with Yifeng Pharmacy". We value the development of each employee by providing them with a supportive working environment, a comprehensive reward and remuneration system and ample learning and development opportunities. We also offer thoughtful benefits for our employees, establish a charitable mutual assistance fund called "Yifeng Pharmacy Fund", and encourage employees to actively participate in various community activities to enhance their sense

of belonging and satisfaction towards the Company. In addition, we are gradually implementing green and low-carbon concepts by improving the utilisation efficiency of product transportation and packaging and strengthening the management of environmental impacts. Considering the risks and opportunities of climate change, we are implementing photovoltaic power generation projects and promoting low-carbon transportation to foster the Company's green development.

"Contributing to society drives our sustainable success". Fulfilling corporate social responsibility is a corporate citizen's commitment and responsibility to society, the cornerstone of long-term corporate development, and an important path for companies to achieve sustainable development. In 2023, we have steadily advanced our ESG efforts by continuously improving corporate governance, safeguarding people's health, participating in public welfare activities, enabling talent development, promoting green development, and working hand in hand with stakeholders to jointly create a sustainable future.

Looking to the future, we firmly believe that our sustainable development lies in continuously creating values for customers and providing them with health solutions, rather than solely selling medicines. We conduct "wholehearted" retailing combined with new retail to enable more people to embark on the path to self-health. By practising sustainability, we strive to make people physically and mentally healthier and to become a pharmacy worthy of trust and entrustment. In doing so, we aim to earn the trust of society and our customers, and ultimately make a significant contribution to social development.

Chairman, Yifeng Pharmacy Co., Ltd.

Gaoli Yi

Sustainable Development Management

Yifeng Pharmacy actively practices the concept of sustainable development, ensuring that the Company takes full account of environmental, social and governance impacts while pursuing economic benefits. We attach great importance to ESG governance, continue to strengthen the involvement of the Board of Directors and are committed to improving ESG governance. In addition, we actively communicate with stakeholders to jointly explore the planning of sustainable development strategies, promoting the deep integration of business decisions, sustainable development concepts and the needs of all parties. In this way, we aim to realise the long-term value of the business.

ESG Governance

In 2023, in order to strengthen the Board of Directors' supervision and leadership in ESG governance, and to clarify the division of responsibilities in related matters, Yifeng Pharmacy integrated ESG-related requirements into the existing functions of the Strategic Development Committee and renamed it as the Strategy and Sustainability Committee, so as to lay a solid foundation for the Company's sustainability actions. The Strategy and Sustainability Committee is responsible for deliberating and making decisions on major sustainability matters under the authorization of the Board of Directors.

In 2023, Yifeng Pharmacy engaged professional institutions to provide ESG training for the Strategy and Sustainability Committee to promote ESG concepts and knowledge. The training helped the Strategy and Sustainability Committee to fully understand the ESG trends and the Company's current situation, and improved the committee members' awareness of ESG which provided strong support for the efficient implementation of our ESG efforts.

ESG Governance Structure



Stakeholder Communication

Yifeng Pharmacy proactively expands the communication channels with its stakeholders by establishing a normalised communication mechanism, gathering and responding to their expectations and demands. In this way, we can effectively establish and maintain harmonious and stable relationships with stakeholders.



Key Stakeholder Groups



Customers



Employees



Shareholders and investors



Government and regulators



Suppliers



Communities

Main Communication Channels

- Communication with stores
- Consumers service hotline
- Customers satisfaction survey

- Employees communication and feedback platform
- Employees satisfaction survey
- Employees meeting
- Employees activity

- General meeting of shareholders
- Announcement
- Research roadshow
- Company website

- Regulatory assessment
- Voluntary tax payment
- Seminar
- Written response to public queries

- Suppliers conference
- Suppliers visit
- Industry communication

- Providing job opportunities
- Voluntary service
- Public welfare activity

Expectations and Demands

- Medicines safety and quality
- Medicines accessibility
- Protection of consumers' rights and interests
- Customers privacy protection
- Responsible marketing

- Protection of employees' rights and interests
- Employees development and training
- Occupational health and safety
- Employees care and benefits

- Return on investment
- Information disclosure
- Corporate governance
- ESG management

- Compliant operation
- Tax compliance

- Responsible procurement
- Integrity and honesty
- Win-win cooperation

- Public welfare and charity
- Community development and well-being

Management of Material Issues

In 2023, Yifeng Pharmacy identified ESG issues related to its stakeholders and business operations, conducted a materiality assessment based on their impacts on both stakeholders and the Company, and mapped an ESG materiality matrix. These efforts were aimed at effectively responding to the expectations and demands of various stakeholders and continuously improving the Company's ESG management.

Materiality Assessment Steps

Step 1 - Identification

We identify 23 material issues within the 3 areas, namely the Environment, Society and Economy and Governance areas according to the GRI standards, peer benchmarking, ESG rating focus, national policies and stakeholders communications results.



Step 2 - Assessment

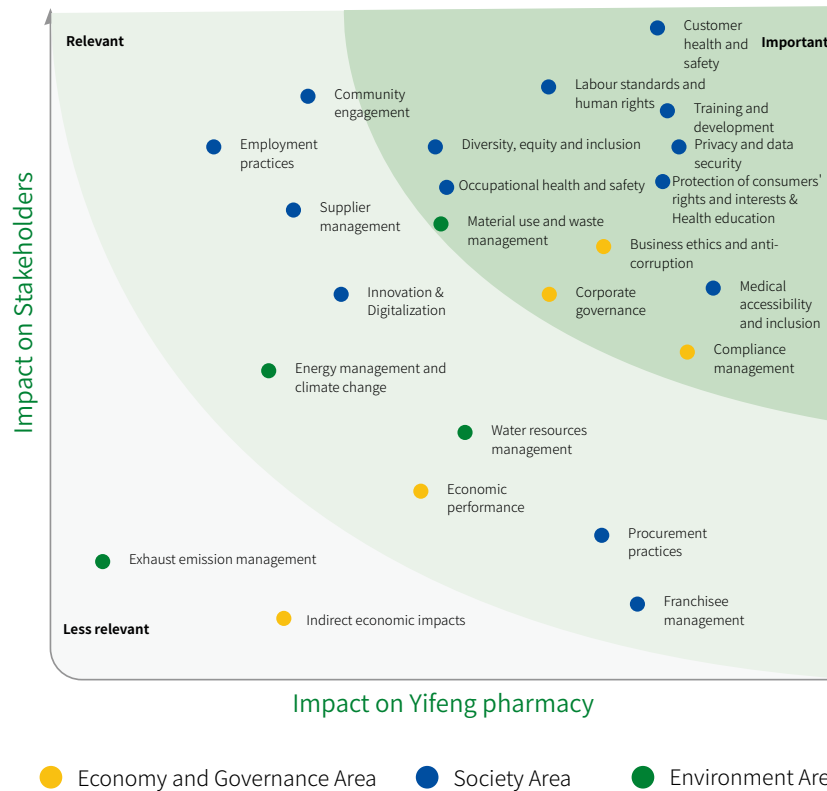
We send material issues questionnaires to stakeholders to orderly prioritise the issues and clarify the ranking of material issues.



Step 3 - Approval and Review

We map the materiality matrix based on the questionnaires results and peer benchmarking, which is approved by the Strategy and Sustainability Committee.

ESG Materiality Matrix of Yifeng Pharmacy



List of Material Issues of Yifeng Pharmacy	
Materiality	Material Issues
Important	Customer health and safety
	Protection of consumers' rights and interests & Health education
	Privacy and data security
	Labour standards and human rights
	Training and development
	Occupational health and safety
	Medical accessibility and inclusion
	Diversity, equity and inclusion
	Business ethics and anti-corruption
	Corporate governance
Relevant	Compliance management
	Material use and waste management
	Community engagement
	Employment practices
	Supplier management
	Innovation & Digitalization
	Energy management and climate change
	Water resources management
	Economic performance
	Procurement practices
Franchisee management	
Less relevant	Indirect economic impacts
	Exhaust emission management

Snapshot about Yifeng Pharmacy in 2023

Consolidating the Foundation of Governance and Adhering to the Bottom Line of Responsibility

In 2023

- Held a total of 4 general meetings of shareholders, 13 meetings of the Board of Directors and 10 meetings of the Supervisory Board.
- Participated in over **200** investor conference calls, over 90 roadshow events, over **20** brokerage strategy meetings, and held **3** performance briefings.
- Our information disclosure work has received an **A** rating from the Shanghai Stock Exchange for **seven consecutive years**

Focusing on Selective Retailing for People's Well-being

In 2023

- Average customer service response time was **5** seconds, with the problem resolution rate of **98%**

As of 31 December 2023

- launched "**88**" membership programme: **8** additional rights and benefits and **8** professional member services
- Served over **80 million** chronic disease person-time
- Conducted **1,555** on-site supplier visits, **1,488** batches of key varieties for quality comparison and inspection, **1,375** varieties of medicines were reviewed on efficacy and quality perception
- Donated and provided material contribution over RMB **67.2** million, facilitated over **800,000** donations, and successfully held over **1,500** charity events.
- Delivered more than **10,000** health lectures

Empowering Healthcare Accessibility and Safeguarding Public Health

As of 31 December 2023

- A total of **10,264** self-operated stores, including **26** flagship stores, **95** regional centre stores, **1,023** medium-sized community stores and **9,120** small-sized community stores.
- Warehouse shipments of **800,000** lines of orders per day with near **100%** shipment accuracy
- **305** DTP specific drug stores, **246** designated stores for "dual-channel" medical insurance, more than **4,200** outpatient co-ordinated health insurance stores, and **675** hospital affiliated stores.
- **7** modern provincial logistics centres, **6** urban delivery centres, **16** warehouses with full on-line management

Cultivating a Professional Team and Realising the Value of Talents

In 2023

- Practising Green Concepts to Co-create a Friendly Environment A total of **39,652** employees, **12,816** employment were provided by franchised stores, female senior managers account for **27 %**
- The average offline training hours reaching **70** hours per employee
- Conducted cultural activities with a total of over **53,000** participants

As of 31 December 2023

- "Yi" Fund has provided supports to over **300** employees or their family members, with total assistance exceeding RMB **4** million

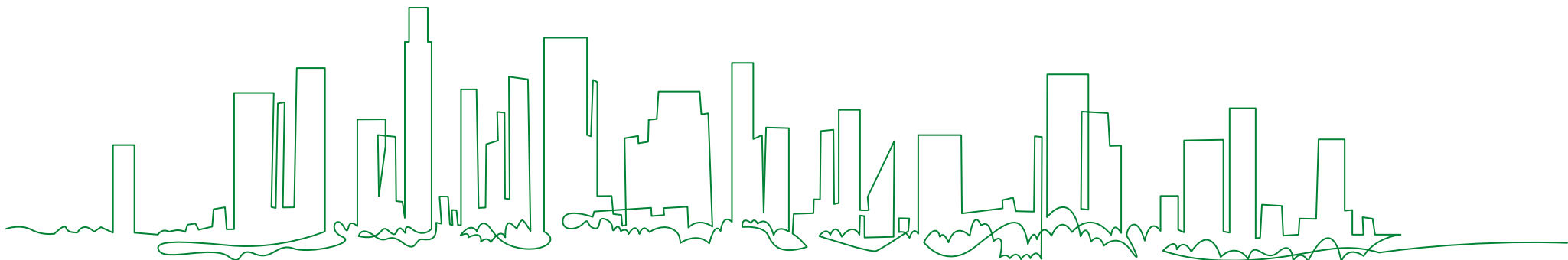
Practising Green Concepts to Co-create a Friendly Environment

In 2023

- The smart lighting system applied in several stores, with **34%** power saving per store
- Several new stores were decorated with **environmentally friendly materials**

As of 31 December 2023

- The proportion of new energy vehicle capacity in core urban areas reached **100%**, and that of other urban areas was **50%**, and the use of new energy vehicles in third-party logistics and distribution reached more than **60%**
- Cumulative photovoltaic power generation reached **780 thousand kWh**
- Savings of **1.2 million** kilowatt-hours of electricity were achieved through the use of the auto-sensing control system



Featured Topic of Yifeng Pharmacy's Guard of Health Journey to a Good Medicine

We are a fortress of health, not just a pharmacy. Each dose of quality medicine we select is intended to be a solid guarantee of people's health.

Since its establishment, Yifeng Pharmacy has always adhered to the mission of "Making people physically and mentally healthier". We are fully aware that we have an inescapable responsibility for the health and safety of our customers in relation to the use of medicines. Therefore, we have established a comprehensive medicine quality assurance system, a "guardian network" for people's health, to provide warm medical care to every corner and enable more people to have access to safe and reliable medicines as well as professional and caring services.

Adhere to the principle of strict source selection, act as a quality "gatekeeper"

To ensure that customers have access to reliable and cost-effective medicines, Yifeng Pharmacy strictly controls quality at source and conducts multiple medicine screenings through procurement selection meetings, efficacy evaluation meetings and other approaches, combined with efficacy assessments and counsellor evaluations. We also recognise that solely depending on screenings is not sufficient for eliminating all health risks. In order to minimize all the hidden dangers of medicine procurement, we also conduct in-depth inspections at the production line of our suppliers, and conduct sampling and delivery tests of medicines every year, so that we can do again what others have done with higher standards to ensure the quality and safety of medicines.

By the end of 2023



1,555 on-site visits to suppliers' production lines



Support People's "Dream of Health" with Full Service

Strict control of medicine procurement is only the beginning of Yifeng Pharmacy's professional pharmaceutical services. To further safeguard the health of all people in China, a business strategy of "wholehearted retail + new retail" has been proposed to make customers feel our commitment with more professional and meticulous pharmaceutical services. Regular offline community free medical consultation, health lectures and other activities are conducted to raise the awareness of managing health among the Chinese. Meanwhile, new retail and internet healthcare systems have been actively promoted online to provide more efficient and convenient diagnosis and treatment services for patients. Leveraging on digital technology, we strive to realize the organic combination of online and offline services, integrate the real and the virtual, and connect services to create an all-round retail network that protects people's health.

Fast, Safe Medicine Delivery for Health Protection - the "Bridge" to Medicine Delivery

In addition to ensuring the quality of medicines, delivering drugs to customers with quality and speed is also our focus. To this end, 7 provincial logistics centres with a total of 16 specialised warehouses have been established in the Central South, East and North China. Continuous efforts have been made to strengthen digital and intelligent management of rapid medicine procurement, intelligent medicine replenishment, coordinated delivery, intelligent returns and other processes. We do our best to ensure that customers get the medicines they need in the shortest possible time, with the aim of "medicines waiting to be picked up" rather than 'people waiting for medicines'.

"Taking the Responsibility for the Achieving Success" is our eternal quest. Having put customers at the forefront of our business considerations, we will continuously improve our medicine and service support systems to provide customers with the best possible options and provide more reassuring medicines and services. In the pursuit of health, we hope to be as helpful as quality medicines that wholeheartedly benefits everyone and solves the health problems of numerous families. Meanwhile, regardless of how the environment is, we are always there to provide reliable medical support.

Consolidating the Foundation of Governance and Adhering to the Bottom Line of Responsibility

Yifeng Pharmacy has firmly established the foundation for its sustainable development through two pillars, namely corporate governance and compliance in operation. Driven by sound corporate governance as an internal motivation to achieve sustainable development, we continuously create value for shareholders. We also perform strict compliance with laws and regulations, strengthen internal management, and adhere to the bottom line of operations in a bid to provide strong support for the Company to achieve its sustainable development goals.

Corporate Governance

Yifeng Pharmacy strictly complies with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies and other relevant laws and regulations issued by the China Securities Regulatory Commission and the Shanghai Stock Exchange. Based on these, we have formulated the basic policies related to corporate governance, including the Articles of Association of Yifeng Pharmacy, the Rules of Procedure for the General Meeting of Shareholders of Yifeng Pharmacy, the Rules of Procedure for the Board of Directors of Yifeng Pharmacy, the Rules of Procedure for the Board of Supervisors of Yifeng Pharmacy and the Working Rules for Independent Directors of Yifeng Pharmacy. We also improve our corporate governance structure to ensure the standardisation and efficiency of our operations. In the meantime, we continuously regulate our disclosure of information to provide complete, accurate and updated information. Besides, we actively communicate with investors to build solid and trusted relationships. We are committed to improving our corporate governance standards, safeguarding investors' rights and interests and promoting the long-term stable development of Yifeng Pharmacy.

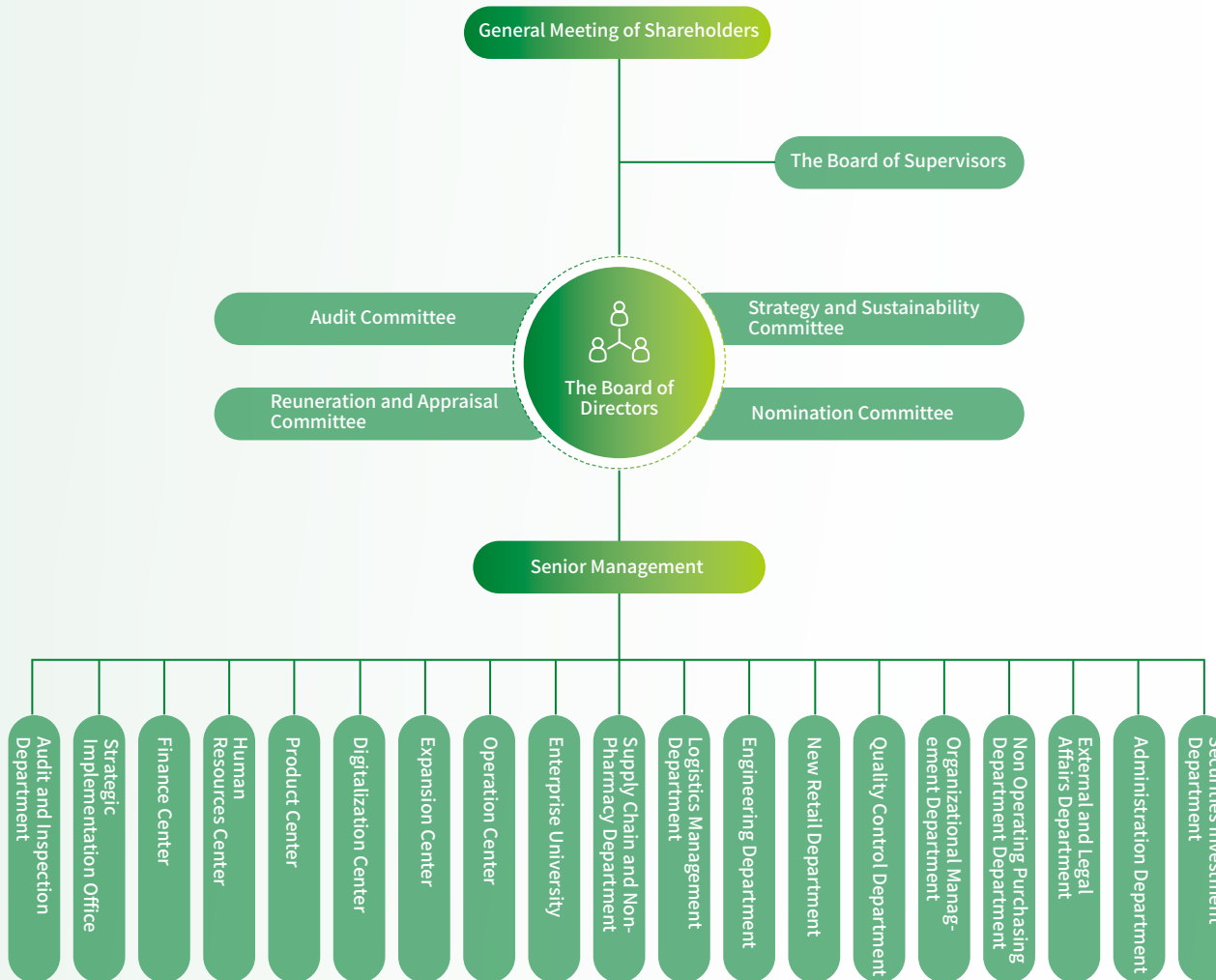


Governance Structure

The governance structure of Yifeng Pharmacy consists of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Management. They strictly exercise their rights and performs duties in accordance with the principles of clear responsibilities, allocation of functions, mutual coordination, effective checks and balances, scientific decision-making and standardised operations. This ensures that the legitimate rights and interests of the Company and its stakeholders are also safeguarded.

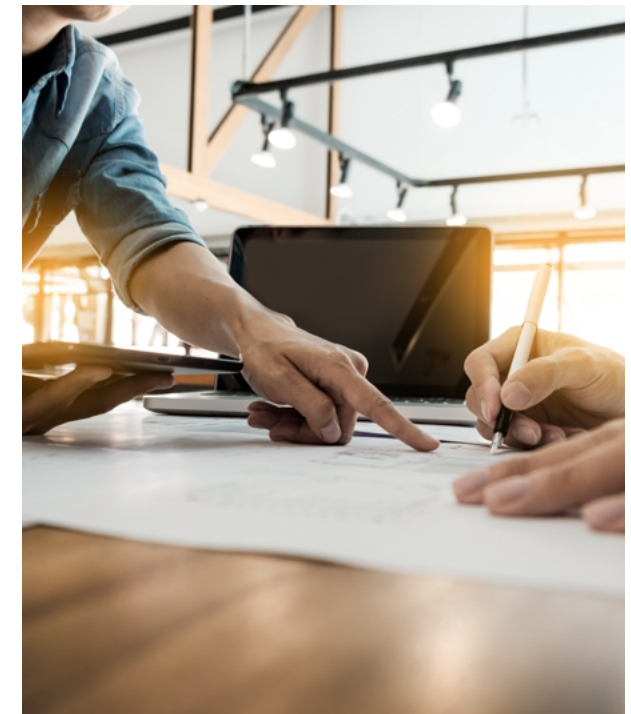
The General Meeting of Shareholders, as the supreme authority of the Company, strictly comply with the relevant regulations, exercises its powers in accordance with the laws and ensures the effective performance of its functions. The Board of Directors undertakes the ultimate responsibility for the operation and management of the Company and reports to the General Meeting on its work. The Board of Supervisors has the important task of safeguarding the interests of all shareholders and fulfils its various supervisory duties and obligations conscientiously, giving priority to the interests of all shareholders. Adhering to the principle of integrity. The Management performs its duties with care and diligence and manages the Company's operation in accordance with the decisions of the Board.





Structure of Organizations in Yifeng Pharmacy

The Company's Board of Directors has a Nomination Committee, a Remuneration and Appraisal Committee, a Strategy and Sustainability Committee and an Audit Committee. The Board performs its duties prudently, actively participates in the Company's major decision-makings and expresses significant opinions on the Company's vital matters to ensure that the overall interests of the Company and the interests of minority shareholders are effectively safeguarded. Each of the Board's committees fulfils its responsibilities strictly in accordance with its detailed rules of works, operates in a lawful and compliant manner and plays a crucial role in enabling the Board to make scientific decisions. In 2023, the Board of Directors deliberated on and approved a total of 71 proposals and heard or reviewed 15 reports. The four committees of the Board of Directors held a total of 9 meetings, reviewed and approved 23 proposals, heard or reviewed 14 reports.



Composition of the Board of Directors

As at the reporting date, the Company's Board of Directors consisted of 9 directors, including 3 independent directors and 2 female directors, in which there were 3 independent directors come from different fields such as management, law and accounting.



The Company's Board of Directors consisted of

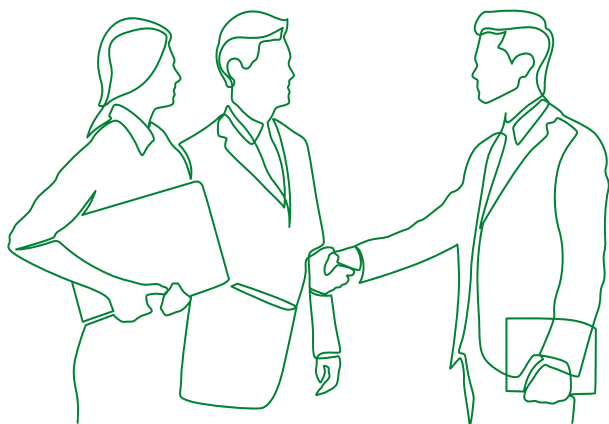
9 directors

Female directors

2

Independent directors

3



Appointment of the Board of Directors

The directors of the Company are elected by the General Meeting of Shareholders and the Nomination Committee reviews the qualifications of the nominated candidates. When appointing members of the Board of Directors, the Company gives full considerations to factors such as industry experience, educational background, professional skills and gender to ensure that the Board meets the requirements of professionalism and diversity.

Independence of the Board of Directors

The Company has issued the Working Rules for Independent Directors of Yifeng Pharmacy, which emphasises the powers and responsibilities of independent directors, clarifies the restrictions on independent directors in terms of shareholding, appointment and major business transactions, and ensures that independent directors can perform their duties in an objective manner.

Remuneration for Directors, Supervisors and Senior Management

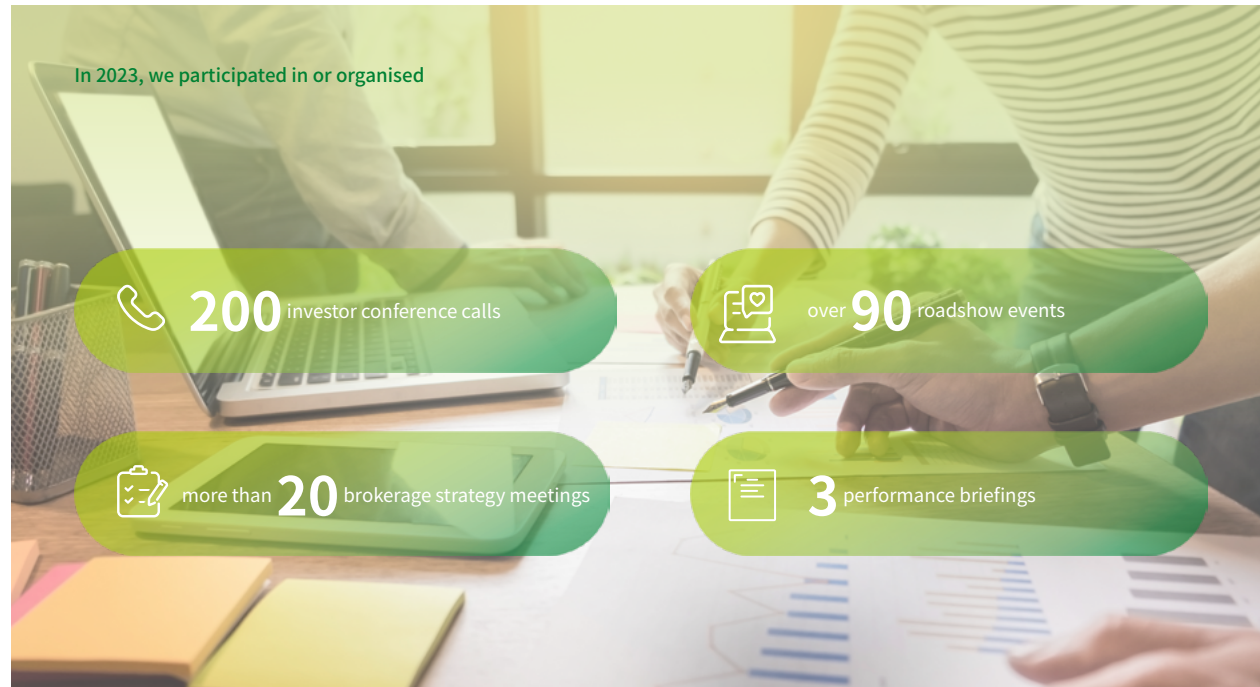
The Remuneration and Appraisal Committee of the Board of Directors of the Company is the governing body that assesses and determines the remuneration of directors, supervisors, and senior management. The remuneration plan for directors and supervisors formulated by the Remuneration and Appraisal Committee shall be approved by the Board of Directors and then submitted to the General Meeting of Shareholders for approval. The remuneration plan for senior management shall be directly submitted to the Board of Directors for approval.



Sustainable Development Management

Yifeng Pharmacy has formulated the Investor Relations Management Policy of Yifeng Pharmacy in accordance with Work Guidelines for the Investor Relations Management of Listed Companies and other relevant regulations. Based on the principles of openness and fairness, the Company proactively manages investor relations to safeguard the legitimate rights and interests of investors, including the right to know. This ensures that the interests of both large and minority investors, as well as minority shareholders, are not compromised.

We maintain good communication with institutional investors, minority shareholders and potential investors through various online and offline forms such as on-site receptions, performance briefings, hotline, email, WeChat and the Shanghai Stock Exchange's (SEE) e-interaction platform. We are also striving to improve our communication and provide better investor relations services. In addition, open and transparent communication channels such as the investor service hotline (0731-89953989), the investor relations email (ir@yfdyf.com) and the Company's website (www.yfdyf.cn) have been established to facilitate inquiries from small and medium-sized investors.



"Embracing the Registration System and Sharing High-Quality Outcomes" —— "I am the Shareholder" Event for Connecting with Yifeng Pharmacy

In order to let investors better understand the investment value of the listed companies in Shanghai Stock Exchange and establish their awareness of the correct execution, on July 11, 2023, under the guidance of the Shanghai Stock Exchange, we collaborated with China Reform Securities to hold the event called "Embracing the Registration System and Sharing High-Quality Outcomes" about listed companies, leading 13 minority investors to visit Yifeng Pharmacy.



Communications and Exchanges with Investors



"Entering a Listed Company – Yifeng Pharmacy" Activity for the Survey on Investors

On December 6, 2023, we launched the survey of "Entering a listed company - Yifeng Pharmacy". Company representatives and investors communicated and exchanged their ideas about the Company's business development, scientific and technological innovation, industry competition, strategic layout and so on and invited them to visit Yifeng Pharmacy's Chaoyang store, which deepened their understanding of the store's operation model. With the help of this exchange, Yifeng Pharmacy fully demonstrated its strength to investors and effectively enhanced investors' understanding and trust towards the Company.

Information Disclosure

Yifeng Pharmacy carries out information disclosure management in strict accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines of the Shanghai Stock Exchange on the Application of the Self-Regulation Rules for the Listed Companies and other relevant regulations. We have formulated a series of internal information disclosure management policies, such as the Yifeng Pharmacy Information Disclosure Affairs Management Policy and the Yifeng Pharmacy Registration and Management Policy for Informants of Insider Information, standardized the information disclosure standards and reporting process, and actively fulfilled the information disclosure obligations to present the Company's business philosophy and achievements to investors on the principles of truthfulness, accuracy, completeness, timeliness and fairness.

In addition, the Securities Investment Department, as the Company's information disclosure management department, continuously improves the standardised operation of the Company's information disclosure. By improving the transparency and quality of information disclosure, we effectively protect investors' right to know and establish a sound corporate image. Since our listing, our works in the information disclosure has received an A rating from the Shanghai Stock Exchange for seven consecutive years, demonstrating the regulators' high recognition of our Company's disclosure and standardised operation.

2023



We have published **110** interim reports
and **4** periodical reports.



Our information disclosure work has received an **A**
rating from the Shanghai Stock Exchange for **seven**
consecutive years

Compliance in Operation

With a philosophy of compliance in operation, Yifeng Pharmacy strictly adheres to relevant laws and regulations governing the operations and the industry, including the Company Law of the People's Republic of China, the Drug Administration Law of the People's Republic of China, and the Regulations for Implementation of the Drug Administration Law of the People's Republic of China. In addition, the Company has formulated internal documents such as the Measures for the Identification of Administrative Penalty Responsibility of Yifeng Pharmacy to define the compliance responsibilities of employees at all levels. To ensure legality and standardisation of operations, the Company has strengthened the internal control and compliance, improved risk management and strictly adhered to business ethics, thus laying a solid foundation for long-term development.

We have established a compliance management structure to ensure compliance responsibilities are met and to manage and serve as a guidance for our operations. At an organisational level, the Chairman of the Board of Directors plays a key leadership role in overseeing and managing the Company's compliance risks in order to ensure its compliance with all applicable laws, regulations and internal policies. At a business level, the Securities Investment Department is responsible for compliance matters relating to the standard management of listed companies. This includes information disclosure, equity affairs management and investor relations. The External and Legal Affairs Department provides legal advice on the compliance in business operations, reviews and monitors the signing and execution of contracts and prevents legal risks. The Quality Control Department oversees the entire product quality management process, ensuring that the Company's products meet relevant quality standards and regulatory requirements. The Operation Center is responsible for establishing operational standards and procedures for our stores and ensuring their compliance in operation.

Anti-Unfair Competition

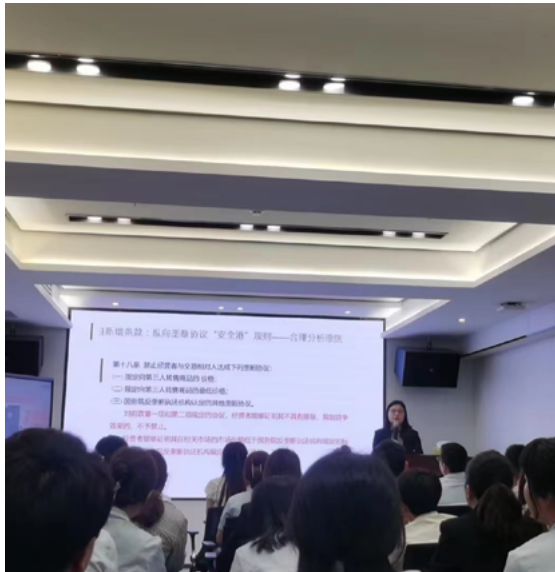
Yifeng Pharmacy strictly complies with laws and regulations such as the Anti-monopoly Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China. Our business activities are conducted based on the principles of voluntariness, equality, fairness and integrity. By doing so, we strictly prohibit engaging in or assisting others to engage in unfair competitive practices and ensure that our business operations are always conducted in accordance with laws and regulations.

In addition, we have entered into services cooperation agreements with third party agencies to deal with trademark infringements, restrictive competitions and other unfair competitive practices. Their expertise helps us to effectively combat infringements and protect our legitimate rights and interests.



Securing the Compliant Operations and Building a Fair Market

In 2023, anti-monopoly and anti-unfair competition training was conducted for the Pricing Group of our Operational Line, focusing on the new provisions added in the relevant laws and regulations on anti-monopoly and anti-unfair competition. The training covered the identification and monitoring of market monopoly behaviours, and compliance requirements related to anti-monopoly and anti-unfair competition. Case studies and practical exercises were used to help employees to gain a deeper understanding of how to comply with anti-monopoly and anti-unfair competition laws, and how to prevent and respond to related risks in their daily work. In this way, the training aimed to enhance employees' compliance awareness and comprehensive capabilities.



Anti-Monopoly and Anti-Unfair Competition Training Conducted by Yifeng Pharmacy

Integrity and Anti-Corruption

Yifeng Pharmacy continuously strengthens the business ethics system, enforces strict codes of business conduct and ethics, organises key anti-corruption and whistleblowing measures in a systematic manner, and develops key system for anti-corruption and the protection of whistleblowers. These efforts are aimed at raising employees' awareness of business ethics, creating a corporate image of integrity, and setting an example for sustainable industry development.

Integrity and Anti-Corruption

To standardise the codes of conduct on employees and suppliers' business ethics, a series of regulations and codes of conduct have been established, including the Yifeng Pharmacy Employees' Integrity and Self-Discipline Management Regulations, the Yifeng Pharmacy Code of Conduct for the Ten "Red Line" Behaviours and the Whistleblower Reward Management Measures of Yifeng Pharmacy. These documents clearly outline the specific requirements for integrity and self-discipline, as well as the punitive measures for violations. With a focus on continuous regulation improvement and updating, we revise and refine relevant regulations in a timely manner based on the Company's development and changes in the external environment, to ensure they remain up-to-date and relevant.

A line of supervision for integrity has been established from the Board of Directors, the Audit and Inspection Department and the branches and subsidiaries. The Chairman of the Board is the person with the highest responsibility for maintaining the Company's business ethics and anti-corruption efforts. Furthermore, an Integrity and Self-Discipline Supervision Committee, chaired by the Chairman, has been established. The Committee manages the integrity and self-discipline practices of employees with the assistance of the Audit and Inspection Department, which acts as a supervisor of the Integrity and Self-Discipline Supervision Committee.



Yifeng Pharmacy Integrity and Self-discipline Supervision Committee

Audit and Inspection

We focus on establishing and improving risk management and internal control systems. Regular internal audits and special reviews are carried out to scrutinise the Company's financial reports, operational data and business processes in order to identify potential risks and weaknesses in a timely manner. For the identified internal control deficiencies, proactive remediations and improvements are taken to ensure that the internal control system always functions well. In addition, business ethics standards, anti-corruption policies and other regulations have been incorporated into relevant special audits or ongoing audits to ensure that the Company's business conduct is consistent with business ethics and legal compliance requirements.

Based on the annual audit work plan, we initiate monthly audits focusing on different business areas and key responsibilities, while making daily business operations and anti-fraud efforts a regular part of our monthly audits with a 100% coverage of audits on the stores. In 2023, monthly plans covering systems, processes and daily operations were developed, and audits for business conduct violations and fraud practices were conducted in all areas, including human resources, procurement, merchandise, and quality control.

Anti-corruption and Integrity Promotion

We take a firm stance opposing against all forms of corruption and unethical business conduct. To continuously improve our anti-corruption and integrity system, we have formulated the Yifeng Pharmacy Anti-Commercial Bribery Management Policy and Commitment Letter, which explicitly prohibits commercial bribery. Similarly, all our external partners, such as clients, service providers and suppliers, who do business with us are required to sign the Integrity Agreement to ensure integrity practices in business activities between both parties. In 2023, 100% of suppliers signed the Integrity Agreement.

We have a zero-tolerance approach to incidents of corruption. If it

is confirmed that a corruption incident has occurred, an immediate investigation will be conducted, with evidence collected and interviews conducted, and the employees involved will be suspended from their positions. Serious cases are referred to the judicial authorities. We emphasize anti-corruption education, and through continuous anti-corruption awareness and education, we inform our employees of the Company's anti-corruption regulations and initiatives. By the end of 2023, the Company's anti-corruption training had covered 39,652 employees, with a 100% coverage rate.



On-boarding training - "Red Lines" as Protective Lines

In 2023, the anti-corruption training entitled "Red Lines as Protective Lines" was conducted to raise new employees' awareness of integrity and self-discipline, and to ensure that they maintain high ethical standards in their work.

The training focused on three themes, which are the Integrity and Self-Discipline with the "Ten Red Lines", the Sunshine Integrity Alliance - Blacklist and the Whistleblower Reward Management Measures. Case studies, Q&A sessions and other methods were used to help employees gain a deep understanding of the importance of integrity and self-discipline, and to raise their awareness of the "Ten Red Lines". In addition, the Sunshine Integrity Alliance's blacklist regulation was explained, with an emphasis on the critical role of integrity and compliance in the business practice. Meanwhile, a comprehensive introduction to the Whistleblower Reward Management Measures was also provided to encourage employees to actively participate in monitoring and to work together to create a fair and transparent working environment.

Whistleblowing Management

We have formulated the Whistleblower Reward Management Measures of Yifeng Pharmacy to standardise the Company's handling procedures, standards, and management requirements for complaints and reportings. In addition, smooth complaint and reporting channels have been established to encourage the Company's employees and stakeholders to actively report any behaviour that is detrimental to the Company's interests. Through these efforts, we aim to create a fair, transparent and clean working environment.

Whistleblowing Channels in Yifeng Pharmacy



Hotline: 0731-89953931



Email: sjb@yfdyf.com



Platform: WeCom - Employee Express – Reporting on Violations of Disciplines and Rules

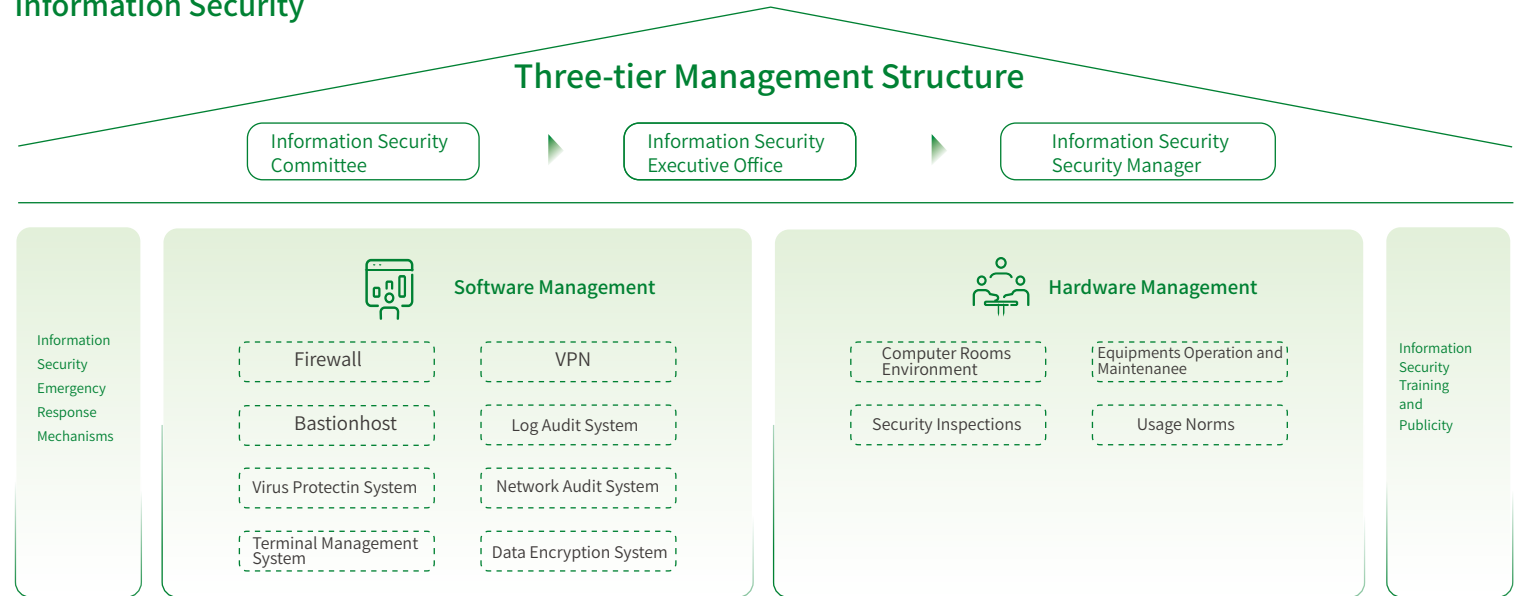
In addition, a confidentiality mechanism for whistleblowers is set out in the Whistleblower Reward Management Measures of Yifeng Pharmacy. The personal information of whistleblowers and all materials provided by them will be kept strictly confidential, and any forms of retaliation against whistleblowers are strictly prohibited.

Information Security and Privacy

Yifeng Pharmacy recognises the critical importance of information security and customers' privacy protection. We strictly adhere to laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China. Furthermore, we have formulated internal policies including the Measures for Yifeng Pharmacy Data Security Management, the Yifeng Pharmacy Personal Information Protection Policy, the Yifeng Pharmacy Service Agreement, the Guidelines for the Safe Usage of Data of Yifeng Pharmacy Members, and the Measures for Yifeng Pharmacy Project Information Security Management. These policies outline requirements for classifying and managing of our customers' data, as well as ensuring full lifecycle management, to protect of our customers' privacy.

We advance external information security system certification. Our internet hospital received the National Level 3 Equal Protection Certification in 2023. We are currently planning to engage an external audit firm to conduct independent audit on the information security of our internet hospital. Based on the audit recommendations, we will make targeted improvements to enhance the confidentiality and usability of hardware and software systems comprehensively.

Information Security



Information Security Management Structure

To strengthen the management and implementation of internal policies, we have established an information security management structure to ensure professional management decisions and effective execution. The Chairman of Yifeng Pharmacy is the person with the highest responsibility for the management of Company's information security. A three-tier management structure consisting of the Information Security Committee, the Information Security Executive Office, and the Information Security Manager. Additionally, we have appointed information security managers in our Digitalisation Centre and information security audit managers in our Audit and Inspection Department. They conduct internal reviews of information security every 6 months, promptly report any issues identified, and follow up on rectification measures to form a closed-loop management system for information security. In the future, we plan to engage a third-party security service company to conduct penetration testing on our internal systems to continuously enhance our security management and technical capabilities.

The Information Security Committee

- Formulating the Company's overall information security strategy and policy
- Drafting data management policies, security classification standards and requirements at the Group level
- Supervising the data security status and management effectiveness across the Group, and coordinating cross-departmental data security management
- Driving the establishment of data security management team and fostering a culture of strong awareness of data security in the Group

The Information Security Executive Office

- Assisting the Information Security Committee in implementing information security strategy, including proposing annual plans and implementation schemes
- Carrying out regular inspection, assessment, and evaluation on data security management situation across the company, and providing improvement requirements and recommendations for rewards and punishment
- Coordinating emergency response and treatment of major data security risks and incidents across the Company

The Information Security Manager

- Determining the strategy and focus of data security management work according to the respective business line
- Reviewing and confirming the compliance of data security policies and process standards
- Leading the implementation of important measures for data security management, and inspecting and supervising the data security status and management effectiveness of the line

The Information Security Management Structure



Software Management

We focus on building a multi-layered security defence network, including the construction of advanced cybersecurity systems such as firewall, VPN, bastionhost, log audit system, virus protection system, network audit system, terminal management system and data encryption system. These infrastructures protect internal information and data from unauthorised access, data leakage, and cyberattacks. Our core management measures are as follows.

Utilising network management software, intrusion detection system, firewall log audit system, virus alert system and other technological means to promptly detect various security incidents on the network and assess the potential severity of impact.

Strengthening backups of critical data and systems to ensure data security and reliability. Regularly maintaining and updating information system infrastructure to ensure its stable operation.

Conducting regular security vulnerability scans and risk assessments on computer systems to promptly address breaches and mitigate risks.



◎ Hardware Management

The foundation of information security lies in hardware management. To enhance the capability of safeguarding network and information security, we have formulated policies such as the Yifeng Pharmacy Information Equipment and Systems Management Standardization and the Yifeng Pharmacy Computer Room Security Management Policy. We take preventive measures to ensure the security of the Company's network, computers, related supporting equipment and facilities, and system operating environment.

Environmental Management



To ensure system stability and reliability, we have established clear regulations for the daily environmental maintenance, ventilation and lighting, dust prevention, electrical environment, temperature, and humidity in the computer rooms for normal operation of the computers.

Security Management



To eliminate security risks to the largest extent, we strictly carry out electrical safety management and equipment safety management of the computer rooms, including monthly inspections of various warning systems, semi-annual inspections of power supply equipment and so on. This ensures that potential security issues are promptly discovered and effectively solved.

Hardware Management



We require staff to conduct regular inspections and maintenance of hardware equipment in the computer rooms, including dust removal and heat dissipation. Management staff are required to record the operation status and faults of all system equipment in the computer rooms.

Computer Room Management

Meanwhile, we have developed the Guidelines for the Usage Security of Medical Insurance Network Equipment in Yifeng Pharmacy focusing on the Company's planning, implementation, review, and improvement requirements for controlling information security in stores. This further standardises the framework for stores information security management and the requirements for the use of medical insurance designated computers.

Guidelines for the Use of Medical Insurance Designated Computers at Stores -----

- Equipment debugging is restricted to internal engineers, with no access permitted for others.
- Medical insurance designated computers are restricted to processing medical insurance transactions.
- The principle of usage is "Whoever in use is responsible". Each computer is assigned to a designated user, who serves as the primary responsible person.
- External devices should be turned off if not in use, ensuring they are powered off when unattended and at the end of the working day.
- Operators are strictly prohibited from using transmission media such as disks, CDs, and USB drives. Operators are also restricted from unauthorised dismantling of equipment and adding, removing, or testing new accessories.
- Users must close applications in use or activate the lockscreen before leaving the device, especially when using business software.



Information Security Emergency Mechanism

In the meantime, we continuously improve passive emergency management efforts to promptly prevent, control, and minimise the harm and impact of information security incidents, including information leakage. Yifeng Pharmacy has clearly defined emergency response processes, including alerting, assessment, handling, and answer in the Emergency Management Policy for Computer System of Yifeng Pharmacy and the Emergency Plan for Computer and Network Information Security of Yifeng Pharmacy. Based on specific circumstances of emergency plans and information security incidents (such as internal and external network failures, equipment failures, cyberattacks, virus attacks, database failures, and natural disasters), we formulate and implement corresponding response measures to secure rapid recovery of our information system. Additionally, the Company regularly organises computer system emergency drills to simulate real case scenarios and test the effectiveness and feasibility of emergency plans.

Information Security Training

To standardise employees' daily practices on information security, we have clearly defined responsibilities for information security, office areas and terminal, information security behaviours in external communication and so on in the Yifeng Pharmacy Employee Information Security Code of Conduct. Information security training sessions are conducted regularly for all employees to enhance employees' awareness and response capabilities of information security and emergency management. This also ensures that all employees have a thorough understanding of relevant laws and regulations, as well as our internal policies.



Customer Privacy Protection

At Yifeng Pharmacy, we fully respect and protect customer privacy. Customers have the right of access, rectification and deletion of their personal information. Additionally, personal information provided and authorised by customers is in strict confidentiality to secure its use for agreed-upon purposes only. To fulfil this commitment, we have formulated clear requirements covering the entire data lifecycle, including collection, use, transmission, storage, and destruction of data:



Strict Control of Information Collection

During user registration and similar occasions, we clearly state the reasons and purposes for collecting personal information and obtain the user's consent. Throughout the process, we adhere to the principle of "minimising the right to access" and focus on transparency and accountability to make sure that users fully understand the background of information usage. Additionally, we strictly limit and monitor bulk data entry for appropriately regulated data collection.



Data Usage Standards

Based on the business attributes of the data and its specific classification principles, data types and security protection levels are divided from high to low level, and data security is strictly controlled based on the requirement of "Whoever in operation is responsible". In systems where information and data of customer privacy are needed to be publicised, anonymisation techniques are employed to hide sensitive information, reducing the sensitivity and confidentiality level of the data. Additionally, all access and operation logs are recorded for subsequent security monitoring and audit purposes.



Encrypted Transmission

Before data transmission, we rigorously verify the data scope and the identity of the recipient. We utilise advanced encryption techniques to secure data transfer of customer information. Apart from providing services to our customers, we do not rent, sell, or provide users' personal information with any third parties.



Encryption Storage and Access Control for Privacy Information

To prevent unauthorised access and data leakage, we encrypt the storage of customers' personal information, minimise data storage to the greatest extent possible, and implement strict access control permissions that strictly prohibit unauthorised access.



Data Destruction

For devices storing information and data to be repaired or disposed of, we require supervision of the repair and disposal processes. For discarded devices, we take methods like disk degaussing or physical destruction for data destruction. For reusable devices, we use data overwriting methods to destroy data within a specified time frame, to prevent any form of data leakage. Additionally, aside from legal requirements, we do not collect personal data from third parties.

Furthermore, all employees and suppliers are required to sign the Non-disclosure Agreement and undergo privacy protection training to strengthen customer privacy protection and prevent any unauthorised disclosure of customer information.

During the reporting period, Yifeng Pharmacy mainly engaged in information security management and sensitive system data masking projects to keep our security infrastructure at the industry's forefront.

Information security management project

To strengthen the protection of corporate data assets and effectively control potential project risks, we initiated an information security management project during the reporting period. This includes supplier information security capability assessments, information security training and confidentiality agreements for project teams, intensive project management and reviews, as well as network isolation and control of mobile storage devices. These efforts significantly improved the security and operability of project information management.

Sensitive system data masking project

During the reporting period, we launched the sensitive system data masking project to safeguard customers' personal information and prevent data leakages to the greatest extent possible. This project involved defining the accurate scopes of sensitive data, establishing clear protection requirements for data of different levels of sensitivity, and implementing specific technical solutions. In addition to outlining desensitization of procedures based on Company's standards, we successfully carried out comprehensive data masking transformations for both the membership and medical insurance systems. This effort significantly bolstered the security of our customer data.

In 2023, we did not receive any complaints related to breaches of customer privacy or loss of customer data.



Focusing on Selective Retailing for People's Well-being



Yifeng Pharmacy understands that safe, effective and accessible medicines are vital to the Company's steady operation and are the foundation of our high-quality development. We focus on selective retailing and have established a quality system with controllable sources and effective medicines accordingly. Besides, leveraging on our own resources, we value the public needs and protect people's well-being with practical actions



Strategy of Controllable High-quality Medicines

At Yifeng Pharmacy, we incorporate the strategy of controllable high-quality medicines into our development. We continuously improve and create high-quality product collections such as private brands, exclusive varieties, and varieties of medicines jointly developed by manufacturers and us. Besides, we expand our product collections based on the Chinese and Western medicines to categories such as Chinese medicines for healthcare, dietary supplements, healthcare equipment, personal care products, and health-related convenience products, so as to provide customers with more medicines of reliable quality, precise efficacy, high cost-effectiveness and clear and controllable sources. With the criterion of "offering reliable medicines for our family", we effectively safeguard people's health and safety, making us a trustworthy pharmacy.

Quality and Efficacy Guaranteed

Yifeng Pharmacy always adheres to the policy of "Quality is the foundation of Yifeng". To be specific, we attach great importance to the quality of medicines and continue to build an all-round quality management system throughout the entire lifecycle to regulate the production and operation of medicines, medical devices and other products. We ensure that all business processes are in strict compliance with the Drug Administration Law of the People's Republic of China, the Good Supply Practice for (GSP) and other laws and regulations, as well as the regulatory requirements of the sites where the directly managed and franchised stores are located. Besides, we continuously internalise the standards and requirements of state regulations and industry developments and formulate our own policies and rules. In this way, we are committed to ensuring the medication safety of every patient, continuously improving the customer's experience when buying medicines, and actively fulfilling our social responsibility as a listed pharmaceutical retailer.

Quality and Safety Team Building

We understand that a quality team is crucial to the implementation of our quality management system. The responsible persons of our quality management department are all qualified as licensed pharmacists and have more than 3 years' experience in quality management of pharmaceutical operations. Besides, our quality management personnel have all obtained a junior college degree or above in Pharmacology or Chinese Medicine and related studies and possess sufficient professionalism and problem-solving skills to address quality and safety issues that may arise in the course of operations. Meanwhile, we have incorporated quality assessment indicators such as quality accidents, product quality assessment, and the effectiveness of shelf life supervision into the performance appraisal of quality management personnel, so as to implement a management mechanism with traceable responsibility and clear rewards and penalties, and to enhance the supervisory responsibility and awareness of quality management personnel. In addition, we have extended our quality management requirements to store personnel by developing a rigorous annual training programme for all employees including new employees, potential store managers and store managers. The programme includes training on the "GSP" pharmaceutical knowledge, quality management system documentation and special training to increase frontline employees' awareness of medicine-related laws and regulations and their knowledge of fundamental pharmacology, and to ensure that they have sufficient professional knowledge and skills to effectively perform their quality management duties.

Quality-related Risk Prevention and Control System

To continuously improve the quality-related risk prevention and control system and ensure the quality of medicines, we have established the Yifeng Pharmacy Quality-related Risk Management Operating Procedures and the Yifeng Pharmacy Quality Products Evaluation Criteria, in which a beforehand or backtracking approach is adopted throughout the entire lifecycle of medicines to identify and manage risks that may affect the quality of medicines for all aspects. The Quality Management Department has a vote over the reviews of products with non-compliant packaging or failed quality inspections.



Quality Management System for Medicines

To ensure the quality of our products, we have formulated the Yifeng Pharmacy Quality Guidelines and Targets Management Policy. Besides, we have assigned the responsibility of medicines quality management to every employee in Yifeng by formulating and implementing the annual quality policy targets and the respective targets for each department, as well as inspecting, supervising and improving the implementation effectiveness. In addition, we have established a quality management system based on the entire lifecycle of our medicines to ensure product quality and safety.

Medicine Quality Management System

Medicine Procurement

We strictly implement the Yifeng Pharmacy Supplier Quality Assurance System Evaluation Criteria, Yifeng Pharmacy's Supply Units and Sales Personnel, First Purchased Variety Review Management Policy, and other relevant regulations. In accordance with the aforementioned regulations, we carry out verification and evaluation of the supplier's production quality system through on-site inspection, researches on data and information and other forms to examine the product quality and the supplier's capabilities of continuous supplying from source.

We apply the approach of "centralized procurement at headquarter and local procurement at subsidiaries" for medicine procurement, taking procurement channels, price advantages and satisfaction rate on the stores' medicines as the core consideration, and adopt different procurement modes according to the attributes of the medicines to ensure its quality, traceability and affordability.

Acceptance and Inspection

We strictly implement the Yifeng Pharmacy Medicine Acceptance Management Policy and Yifeng Pharmacy Acceptance Procedure and other regulations to inspect the appearance, packaging, labelling, instructions and other contents of the medicines in accordance with the sampling standards. And we will directly return to the supplier, if any medicines do not meet the sampling standards or have quality issues, so as to ensure the quality of the products

Medicine Storage

We strictly implement the Yifeng Pharmacy Medicine Storage and Maintenance Management Policy and operating procedures to ensure that medicines are stored in the appropriate warehouses according to their packaging and storage requirements. Besides, we regularly carry out maintenance inspections on medicines in storage to ensure their quality.

In-store Display

All directly managed and franchised stores are required to display medicines in accordance with the relevant provisions of the Yifeng Pharmacy Store Medicine Display Management Policy to classify medicines according to their physical and chemical properties and the storage requirements. Besides, the stores shall carry out regular maintenance and inspection of the quality the medicines strictly in accordance with the Yifeng Pharmacy Store Medicine Maintenance and Inspection Management Policy and the Yifeng Pharmacy Medicine Expiration Date Management Policy, so as to ensure that any quality problems can be discovered and properly handled in a timely manner.

In-store Acceptance

Medicines at the stores are uniformly distributed by the headquarter warehouse. When the medicines are delivered, each store performs the quality acceptance process in strict accordance with the relevant provisions of the Yifeng Pharmacy Store Medicine Acceptance Management Policy and the operating procedures to ensure that the packaging and quality of the medicines received meet the requirements, so as to ensure the quality of medicines sold at retail stores.

Medicine Delivery

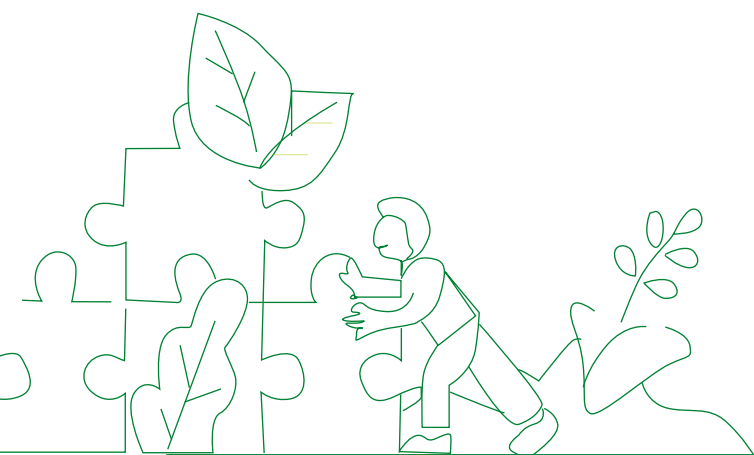
We strictly implement the Yifeng Pharmacy Medicine Delivery Review and Management System and relevant operating procedures, follow the principles of "first-produced products to be sold first and products with closer expiration date to be sold first", and manage the delivery order according to the batch numbers. We review and confirm the quality of the delivered medicines and their packages to ensure that they are qualified medicines with accurate quantities, proper quality, and clear labelling.

After-sales Service

In addition to displaying signs such as the supervision telephone number of the National Medical Products Administration, the service convention of Yifeng Pharmacy, and sign of "no return of goods without quality problems" in each store, we have also set up a 24-hour service hotline (4008879908) and a customer opinion book for customers to express their opinions on our products and services through various channels. We have also established a customer complaint file and set up a special team, to ensure that all feedback and complaints can be properly responded to in an effective and timely manner.

Medicine Recall

To ensure the safety of public medication, we have established the Yifeng Pharmacy Unqualified Products Management Policy and the Yifeng Pharmacy Medicine Recall Management Policy that have been sold and found to have serious quality problems, so as to ensure unqualified medicines are not sold on the market



Medicine Recall System

We classify medicine recalls into three levels according to the severity of the potential quality and safety risks of the medicines and set different deadlines for the recalls. Also, we require each store to notify purchasers immediately upon the receipt of recall notification to return the medicines with potential problems, and to stop selling the medicines at all stores. Besides, the stores are required to report the situation of the recalled medicines to the National Medical Products Administration or to notify the medicine manufacturer of the recalls within the designated time limits, and to carry out the subsequent treatment of the recalled medicines based on the different results confirmed by the National Medical Products Administration. We ensure that we hold individuals accountable and keep a file of medication recall treatments to prevent the recurrence of such incidents.

First-level Recall

An urgent recall must be completed within 24 hours if the use of the medicine may cause a serious health hazard.

Second-level Recall

A recall must be completed within 48 hours if the use of the medicine may cause a temporary or reversible health hazard.

Third-level Recall

A recall must be completed within 72 hours of the receipt of the recall notification if the use of the medicine does not generally cause health hazards but the medicine needs to be recalled for other reasons.

Medicine Recall System

Pharmacovigilance Management

We have also established a pharmacovigilance system through appointing specialists at our offline stores. The specialists shall promptly assess and analyse adverse medicine reactions and medication errors as well as incidents of medicine damage, make appropriate records of incidents, and report them in accordance with the prescribed procedures. In any situation where a medicine needs to be recalled, the medicine recall procedure shall be immediately initiated, so as to ensure the safety management of medicines. In addition, to prevent medication-related safety issues from occurring, we provide medication guidance and organise educational seminars for providing patients with professional support in the use of medicines, treatment and paramedical care.

Medicine Expiration Date Management

We have established the Yifeng Pharmacy Medicine Expiration Date Management Policy which requires stores not to sell medicines to be expired in 30 days and expired medicines. Besides, we have adopted a regular product expiration date inspection mechanism to eliminate the sale and circulation of any expired products at our stores. In the event that expired products (including complimentary items) are found during the inspection, we will also hold those involved directly and their managers jointly and severally liable, so as to ensure that the responsibilities are individual-specific.



Expiring Medicines

- Products with a expiration date of 12 months are considered expiring products if they will expire within less than 4 months.
- Products with a expiration date of 18 months or above are considered expiring products if they will expire within less than 6 months.



Medicines in Warning Period

- Products with a expiration date of 12 months are considered to be in warning period if they will expire within less than 6 months.
- Products with a expiration date of 18 months are considered to be in warning period if they will expire within 9 months.

Definitions of Medicine Expiration Date

Medication with Reasonableness and Precision

Based on quality product system of high efficacy, Yifeng Pharmacy comprehensively promotes the "peak-end experience" mode leveraged on strong professionalism, and implements the full-process service with the principles of "Three Dos" and "Three Nos". Guided by the principle of "selflessness and altruism", we emphasize the mission of "making people physically and mentally healthier" and the vision of "becoming the preferred pharmacy worthy of trust and entrustment", guiding our employees to meet customers' needs emotionally and consciously. To enhance service professionalism of frontline employees, we have established a sound training system and continuously increasing investment in cultivating numerous frontline personnel into health advisors with pharmacist qualifications who can provide professional medication advice and health guidance to clients. At the same time, we take "precise medication" as the starting point, requiring frontline health consultants to accurately recommend drugs that meet the needs of customers according to their illnesses, so as to prescribe the right medicine for the illness. We regularly train, supervise, and assess frontline employees in strict accordance with standardized requirements, fully protecting customers' physical and mental health and purchasing experience.

"Three Dos"

- To offer the right medicines for the illnesses
- To recommend medicines according to the needs of customers
- To explain the reasons for our recommendations



"Three Nos"

- Do not be pushy
- Do not present unpleasant feelings to customers
- Do not follow customers for recommending



"Three Dos", "Three Nos" principles

Controllable Channels for Medicines

In order to ensure the safety and reliable source of medicines, Yifeng Pharmacy has formulated a series of supplier management policies, such as the Yifeng Pharmacy Supply Units and Sales Personnel, First Purchased Variety Review Management Policy the Yifeng Pharmacy Quality Management System External Audit Management Policy, and the Yifeng Pharmacy Supplier Quality Assurance System Evaluation Criteria, in accordance with the requirements of the Drug Administration Law of the People's Republic of China, the Good Supply Practice for Drugs, and the Good Manufacturing Practice for Drugs (GMP), so as to establish a sound supplier management system through clarifying the management mechanism of supplier approval, assessment and classification.

We also pay attention to the environmental and social risks of our suppliers and focus on integrating sustainability mindset into our supply chain management processes. We adhere to the principle of procurement, give priority to the suppliers that meet the qualifications and requirements and have a more environmentally-friendly concept, and prevent to cooperate with any supplier that does not meet the national environmental protection requirements. Meanwhile, we encourage suppliers to ship nearby to reduce the negative environmental impacts resulted from logistics. We are committed to taking corporate social compliance and employment norms as one of the cooperation requirements. We focus on supplier turnover and employees' corporate identity, with a view to build long-term stable cooperation relationships.

Supplier Assess

We are committed to source control. Before choosing a new supplier, we will first inspect, evaluate and rank the supply unit, the variety of goods, and the sales staff of the supply unit to ensure the quality of its products and the ability of continuous supplying, and then we further enter into business transactions with the supplier.

In the meantime, to ensure the integrity and fairness of the supply chain operation, we strictly abide by the Anti-Unfair Competition Law of the People's Republic of China and other relevant provisions prohibiting commercial bribery, and have formulated internal policies such as the Yifeng Pharmacy Ten "Red Lines" of the Code of Conduct, the Yifeng Pharmacy Anti-Commercial Bribery Management Policy, and the Regulations on the Integrity and Self-discipline Management of Yifeng Pharmacy Employees. These policies clearly stipulated that procurement employees need to use the mobile phones equipped by the Company, and they shall not engage in any form of bribery, commercial violations and other acts with any suppliers, service providers and contractors who have business and economic exchanges with the Company. Besides, we require all suppliers to sign the Integrity Agreement to ensure that the quality of medicines is controllable and the supply is stable from the source.

Assessment and Evaluation of Suppliers

In order to ensure the reliable quality and efficacy of products, we have established a catalogue system for quality products. Only if those passing through a refined qualification review mechanism and a triple quality evaluation system, including on-site inspection of suppliers, quality comparison and inspection, evaluation of efficacy and quality perception can be chosen as the quality medicines recommending for the family members . In addition, we will also supervise the production of specific suppliers and medicine manufacturers, focusing on the quality control of raw materials, intermediate products and finished products and the implementation of production process. During the reporting period, we conducted 1,555 on-site supplier visits, 1,488 batches of key varieties for quality comparison and inspection, 1,375 varieties of medicines were reviewed on efficacy and quality perception .



The Quality Control Management Department will send special personnel to implement unannounced inspections to the potential suppliers, and assess and rank the quality management system of the enterprise according to key inspection points set out in the GMP, so as to understand the actual condition of the enterprise.



We monitor and correlate key indicators, including content, related substances, heavy metals, solubility, content uniformity, friability, and carry out result comparison among products of the same category.



The Quality Control Management Department invites the store's health advisors to conduct paper or online questionnaires on perceived efficacy, perceived quality of appearance of products, perceived packaging and perceived brand.

Triple Quality Evaluation System

Supplier Classification and Tier Management

To ensure the stable production and reliable quality of medicines, we carry out comprehensive evaluation at the end of each year, and classify suppliers into five grades of A, B, C, D and E according to the results. Besides, we implement a classified supplier management based on the grades, that is, we perform different cooperation and rectification efforts for suppliers with different grades.

Grades of Suppliers in 2023	
Grades	Number of Suppliers
A	782
B	1,148
C	1,227
D	486
E	281

Care for People's Well-being

As one of the leading retail pharmaceutical companies, we care for people's well-being and hope to set up an industry benchmark for the health-related welfare and charity. Besides, we are always with the original intention of "customers first", we strive to make substantial contributions to the health and safety of our customers by developing scenario-based services that meet their actual and potential needs, ranging from pharmacy services, preventive healthcare, medication tracking, chronic disease management, healthy life advisors to comprehensive health management solutions.

Customer Rights and Benefits

Yifeng Pharmacy attaches great importance to building trust with customers through professional and heartfelt services. With our customers as the core, we have established a comprehensive and clear membership system and launched a diversified "88" membership programme to ensure that every member can enjoy 8 additional rights and benefits such as member price, member points, exclusive health advisors and other benefits, while experiencing 8 professional member services such as tea and umbrella for members, and traditional chinese medicine decoction service. We are committed to delivering member-centered health management across all channels, scenarios, and lifecycle stages. While implementing the "88" membership rights and benefits for each member, we focus on the construction of chronic non-communicable disease (hereinafter referred to as "chronic disease") management services, with an emphasis on the management of complaints and standardising marketing and publicity.

Through the continuous improvement of the information management system, we provide customers with differentiated services and appoint chronic disease management specialists to provide customers with professional medication guidance, medication reminders, disease course management, health check, health education and other services, so as to enhance customers' knowledge about diseases and their awareness of self-management and improve their medication adherence, thereby effectively promoting health for all. In 2023, we have accumulated services for chronic disease patients exceeding 80 million person-time.

Customers Satisfaction Survey

To intentionally listen to the voice of customers, we conduct a customer satisfaction survey every quarter to understand the real thoughts of customers from three aspects, namely the free membership service, medicine variety, quality and price of medicines, and etc. Based on the survey results, we analyse customer opinions thoroughly, compile the quarterly NPS (Net Promoter Score) from Customers Survey Report, carry out year-on-year and quarter-on-quarter analysis of the survey scores, and carry out customer-specific analysis base on the evaluation indicators. On the basis of this report, we will continue to improve the quality of service and fundamentally solve customers' concern. In 2023, more than 10,000 surveys were effectively received from quarterly customer satisfaction surveys.

Complaint Management

We also focus on the management of customers' complaints. We set up the "400 Call Centre" and "Online Customer Service" that customers can provide feedback or make complaints through the channels. Also, we have corresponding response mechanisms for different types of customer complaints as the protection of customers' rights and interests is always our top priority. When customers dial in for complaints or submit complaints online, we record basic information including the specific time, location, and details of complaint, claims of the complaint, and customers' contact information. We then determine the response approach to be taken based on the nature of the complaint, and ensure that a final solution will be provided within 48 hours. After a customer complaint case is completed, we will carry out internal procedures immediately. We compile statistics on complaint types, data, and handling methods in a regular basis, and we use these cases as a reference to send to all stores, aiming to avoid similar incidents. In 2023, the average waiting time for customer service calls was 54 seconds (system-prompted waiting time), the average response time was 5 seconds (average time to answer incoming calls according to system prompts), and the problem resolution rate was 97.70%.

Responsible Marketing

Yifeng Pharmacy stands firmly on the compliant advertising of medicines, and emphasises the authenticity and accuracy of promotional contents in both self-operated and franchised stores. Yifeng Pharmacy ensures that the introduction of product descriptions strictly adheres to the respective medication package inserts and provides truthful information on therapeutic effects, adverse reactions, contraindications, and precautions. False advertising, such as exaggerating efficacy or downplaying adverse effects, is strictly prohibited. Operating within the framework of the Advertising Law of the People's Republic of China and local regulations of operation locations, we produce promotional materials, seasonal campaigns, and advertisements and deliver these to all our self-operated and franchised stores. Additionally, subject to approval and compliance in advance, we encourage franchisees to develop tailored advertising and marketing strategies to enhance Yifeng Pharmacy's brand recognition and impact within their respective market segments.



Caring for Livelihoods

Today, businesses serve not just as engines of economic growth but also as vital roles of social responsibility and community enhancement. As a leading player in the healthcare business, Yifeng Pharmacy has consistently valued the realisation of its social value and embraced its corporate responsibility. Through an array of public welfare initiatives and community engagement activities, we strive to contribute to the well-being of the public.

Reflecting back, Yifeng Pharmacy has achieved remarkable results in improving livelihoods. By the end of 2023, we had made donations and material contribution of over RMB 67.2 million. We have successfully held over 1,500 charity events and delivered more than 10,000 health lectures, directly benefiting nearly 3 million people with chronic diseases and middle-aged and elderly people. Looking ahead, we will remain committed to our corporate social responsibility, furthering our efforts to promote the overall health and harmonious development of society.

Expired Medicines Recycling Initiative

To facilitate regulations on the medicine market, enhance medicine quality and public safety in medicine use, and reduce the environmental impact caused by disorderly medicine waste, Yifeng Pharmacy has been engaged in the collection and disposal of expired medicines. In 2023, we partnered with local Administrations for Market Regulation in ten provinces and municipalities, including Hunan, Shanghai, Guangdong, Hubei, Jiangsu, Jiangxi, and Hebei provinces or municipalities, to organise 235 public welfare events of "Cleaning out expired medicines with Yifeng for better health".

To encourage public participation, we offered unconditional coupons or handy medicine boxes to participants based on the types and quantities of expired medicines they provided. We carefully managed and registered the collected expired medicines before packaging and returning them to the warehouse. The expired medicines were then handed over to professional companies responsible for hazardous waste management for safe and eco-friendly disposal, securing both environmental safety and public health.



"Cleaning out Expired Medicines with Yifeng for Better Health"

Safe Medication Themed Event

To deepen public understanding of the importance of safe medication and enhance people's awareness in the scientific selection of medicines and rational medication, Yifeng Pharmacy planned and held the public welfare event of "Yifeng Pharmacy Secures Health with Safe Medication in the Community" campaign in 2023 to create a safe, trustworthy, and healthy medication environment. The campaign represented our effort to strengthen education and guidance on medication for local community residents and enhance our brand image. At the site of the campaign, we presented how to properly dispose the expired medicines, as well as how to use and manage them safely and effectively.

The event was successfully held in 2,929 Yifeng Pharmacy stores nationwide, with a total of 3,741 educational and service activities completed, benefiting over 190,000 customers.



"Yifeng Pharmacy Secures Health with Safe Medication in the Community" campaign



Supporting Flood-affected Areas in Baoding, Hebei Province

In the summer of 2023, extreme heavy rainfall caused by a typhoon led to severe flooding in many areas of Hebei Province. Faced with this emergency, we took immediate actions to support the relief effort. Leveraging on our operational and logistical advantages in the north China region, we mobilised more than 100 employees to deliver 3,100 medical supplies including disinfectants, gastrointestinal medicines, and heatstroke remedies, as well as 4,000 daily necessities such as water, instant noodles and so on. These supports helped with disinfection efforts after the disaster and secured public health, providing strong support for the recovery and reconstruction of the affected areas.



Donation for Hebei Flood Disaster Relief

"Tribute to Workers" Donation Campaign

Yifeng Pharmacy, in collaboration with the Changsha Charity Foundation and Alipay, launched the "Tribute to Workers" Donation Campaign for honouring and supporting workers. During the International Worker's Day, Yifeng Pharmacy distributed free, specially designed "Care Cards" to workers, so that cardholders could use the card at our nationwide stores to purchase medicines, health products, and services. These cards not only represent our recognition of their hard work but also our care for their well-being.

Furthermore, by leveraging on our online platforms, we opened donation channels for our nine subsidiaries, effectively facilitating over 800,000 donations and taking a solid step forward collaboratively with the public on the path towards social welfare.

"Cooling Down in Summer with Yifeng" Public Welfare Donation Campaign

In August 2023, Yifeng Pharmacy conducted a one-month public welfare campaign titled "Cooling Down in Summer with Yifeng" in ten provinces and municipalities including Hunan, Shanghai, Guangdong, Hubei, Jiangsu, Jiangxi, and Hebei, to pay tribute to the workers who are indispensable for the maintenance of urban infrastructures.

During this campaign, donated supplies worth nearly RMB 2 million to urban service workers such as sanitation workers, traffic polices, urban management officers, and firefighters to support their work and cater for their needs in their work and daily lives during the burning summer.



"Tribute to Workers" Donation Campaign



"Cooling Down in Summer with Yifeng" Public Welfare Campaign



Empowering Healthcare Accessibility and Safeguarding Public Health



As a leading chain pharmacy in China, Yifeng Pharmacy focuses on providing customers with high-quality, cost-effective medicines, as well as reliable and convenient pharmaceutical services. We adhere to the business philosophy of "fair pricing with professional service," and always put customer needs first. As we continuously explore the diverse healthcare needs of our customers, we are extending our services beyond the conventional form of pharmacy to traditional Chinese medicine (TCM) hall, the room for the diagnosis of the practitioner of Chinese medicine, outpatient departments, in-store clinics, Internet healthcare services, Hengxiutang TCM factory and upstream services. In this way, we aim to providing comprehensive healthcare solutions for public well-being.



Yifeng Pharmacy adheres to the development strategy of "holding regional focuses and performing steady expansion", and continues to improve the breadth and depth of store network coverage through the expansion model of "new store + merger and acquisition + franchise" to fully meet the real-time needs of customers. While comprehensively expanding the online and offline business layout of Yifeng Pharmacy, we expect to extend the economies of scale to the consumer experience, and we strive to provide customers with high-quality products and services that perform well in accessibility, variety, timeliness, reasonable pricing, and supply stability

Accessibility

While expanding our offline stores and establishing a modernised logistics network, we are working to establish online stores and Internet hospital to provide customers with one-stop healthcare experiences at home.

Variety

We have partnered with leading global pharmaceutical companies and Chinese top 100 pharmaceutical enterprises, offering over 70,000 SKUs covering classic medicines, niche varieties, local specialties, new specific drugs (Direct to Patient, DTP) and so on.

Timeliness

We set up 24-hour service stores to meet the needs of medication patients at any time of the day or night. Customers can order online via mobile phones and receive medicines at home within an average of 30 minutes.

Reasonable pricing

Leveraging our procurement scale of over RMB 10 billion, we set out to make nationwide price comparisons through non-centralised procurement, integrated channels, and repeated price negotiations, striving to pass on price advantages directly to our customers.

Supply stability

We have established long-term and in-depth strategic partnerships with 89% of China's top 100 pharmaceutical companies, and have been continuously upgrading our logistics network to complete express delivery within 48 hours nationally and 24 hours provincially.



As of December 31, 2023

Yifeng Pharmacy has a total of **10,264** self-operated stores

26 flagship stores **95** regional center stores

1,023 medium-sized community stores **9,120** small community stores



Yifeng Pharmacy has a total of **305** operating DTP specific drug stores

246 designated stores for "dual channel" medical insurance

4,200+ outpatient coordinated medical insurance stores

675 hospital-side stores

600+ 24-hour stores

30+ Chinese medicine clinics

nearly **10,000** online stores (including franchise stores)

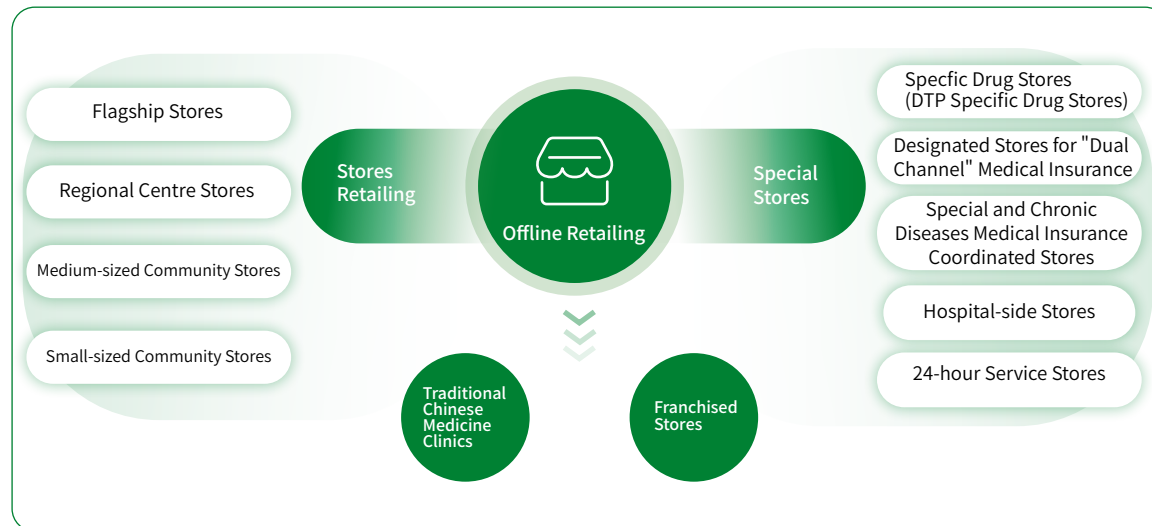
Building Our Retailing Network

We value our retail network in a way that we provide precise and comprehensive online and offline services to our customers. On the offline side, our store network continues to expand with a "fleet-type" layout, with the focus on developing the stores in 10 key provinces and cities, 42 prefecture-level cities and more than 130 county-level cities in the Central South China, East China, and North China. On the online side, we are further building conventional and new retail systems, including 4 intelligent retail channels, which are the "Business to Customer" (B2C), "Online to Offline" (O2O), "Yifeng Mobile Application + WeChat Mini Programme" (APP + Mini Programme), and "Construction of Private Domain" as well as new retail channels like Internet hospital and e-prescribing. These efforts represent our vision of providing customers with more accessible and cost-effective products and more thoughtful services. Meanwhile, to extend the influence of our brand philosophy, operation model and social value to those interested in pharmaceutical retailing, we have opened up direct-operated franchise opportunities. While empowering franchisees and franchise stores for stable operations, we strive to provide customers with more accessible goods and services.

We have established an offline retailing network covering different cities and business districts, tailored to the population and customer demands in different regions. This network includes flagship stores, regional centre stores, medium-sized community stores, and small-sized community stores, with stores distributed like a "fleet". In flagship and regional centre stores, we focus on providing a "one-stop" service with a full range of products. In medium and small-sized community stores, we focus on the accessibility to medicines by offering a variety of medicines in different areas, providing local residents with more accurate products and services as they needed.

Meanwhile, with "thoughtful service + new retail" as the starting point, we continue to build specific drug stores (DTP specific drug stores), designated stores for "dual-channel" medical insurance, special and chronic diseases medical insurance coordinated stores, hospital-side stores, and 24-hour service stores. We also continue to build a comprehensive disease management system for pre-medication diagnosis, continuous treatment and tracking, rehabilitation management and follow-up, aiming to further improve the professional and systematic services of Yifeng Pharmacy. Additionally, we have staffed DTP specific drug stores with chronic disease management specialists who provide chronic disease patients with professional target management, testing services, interpretation of report indicators, medication guidance, medication reminders, health education, diet and exercise guidance, and other services. By doing so, we aim to improve people's knowledge about their diseases and their awareness of conducting self-care for their diseases. We believe in the principle of prioritizing our customers, and our 24-hour service stores provide 24/7 self-pickup and home delivery services within a vicinity of 3km, while hospital-side stores are located within 500 meters of hospitals. These stores provide customers with better, faster, and more convenient medication services within residential areas.

Layout of Offline Retailing



Online Retailing Channels

In addition to offline stores sales and chronic disease management services, Yifeng Pharmacy has also made sustained efforts to explore and develop more new functions and business models while constructing new DTP specific drug stores. At Yifeng Pharmacy, we leverage the foundation of offline stores and customer membership, while supported by the conventional online sales model, to continuously build an ecosystem of a new pharmaceutical retail system based on membership, big data, Internet healthcare and health management, facilitating the convenience when customers purchase products.



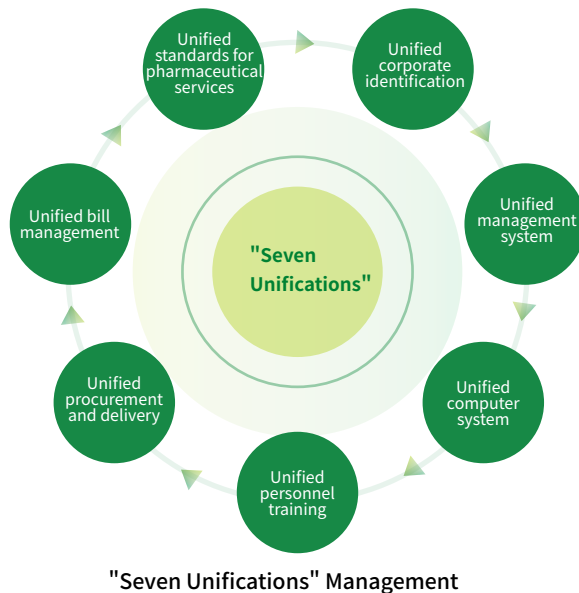
In terms of B2C and O2O retailing channels, we have successfully integrated and operated on third-party platforms such as Meituan, Ele.me, Tmall, Pinduoduo, and JD.com. Nearly 10,000 stores, including 2,956 franchised stores, have opened up online stores. This ensures that online orders are delivered within 30 minutes to effectively meet customers' urgent needs in purchasing and using medicines. To enable customers have the most affordable products and benefits whether they shop online or offline, our APP+Mini Programme synchronise online and offline product inventories, offering consistency in membership, pricing, and promotions on all platforms. Additionally, we continuously enrich and expand our online offering by incorporating more third-party drop-shipping or imported products. As for the construction of private domain community, we not only provide professional medication advice but also create a socialising platform for mutual help and support. This allows customers timely access to the latest medication information, health knowledge, and wellness tips anytime, anywhere, and share experiences with fellow members who have similar needs for their health.

At the same time, we are vigorously deepening the construction of the Internet hospital service system, providing patients with more convenient and efficient health consultations, online consultations, family doctors, and chronic disease management services, while providing an online platform for the practice of more high-quality doctors in multiple sites. We have over 1,100 multi-sites medical practitioners covering departments such as internal medicine, surgery, gynaecology and obstetrics, paediatrics, and traditional Chinese medicine. We have established cooperation with several hospitals within and outside Hunan Province to provide customers with more efficient health consultations, chronic disease management, family doctor services, and continuous promotion of accessible healthcare and medicines through digital approaches. Additionally, as one of the first companies to access the prescription circulation platform in Hunan Province, we have achieved the circulation of medicines from doctors to stores to patients in multiple regions and gradually established outpatient patient communities, forming a closed loop for the circulation of hospital prescription.



Retailing Network of Franchisees

As a pioneer in pharmaceutical retailing and Internet healthcare, we aim to deliver our philosophy about the trusted brand values and comprehensive health service through quality pharmaceutical retailing and professional stores services, contributing to the physical and mental well-being of our customers. We also maintain high standards in regulating franchisee operations, adhere to the "Seven Unifications" management approach, and leverage big data for precise site selection and the establishment of intelligent franchise systems to safeguard customers' health with a wider retailing network. This enables not only the quality improvement in new stores, but also comprehensive management of products, membership, and operations in franchised stores.



Before the official opening, to maintain brand consistency, all decoration designs and basic decoration (renovation) construction of franchised stores, are carried out by companies arranged and designated by Yifeng Pharmacy. All materials bearing the "Yifeng Pharmacy" logo used in construction must be purchased from designated sites. To standardise subsequent management, we also require network cabling and the installation of the Company's designated video surveillance system in all franchised stores during decoration. In addition, to ensure legal and compliant operations and safeguard product quality and safety, Yifeng Pharmacy requires all franchised stores to obtain the necessary business licenses and related qualifications, including but not limited to Drug Business License, Business License, Food Distribution License, and Class II Medical Devices Recordation Certificate. Furthermore, we require franchised stores to strictly implement quality control measures in accordance with the Drug Administration Law and the Good Supply Practice for Drugs, and to take irregular inspections and GSP inspections, ensuring high-quality pharmaceutical services at retailing stores.

Franchised stores must pass the pre-opening review before officially opening for business, to avoid situations such as unqualified decorations and equipment, failure to obtain relevant business licences, and untrained and unqualified staff. During operation, Yifeng Pharmacy requires franchised stores and their employees to adhere to and implement the Company's corporate culture and business philosophy, comply with various management systems and operational processes including the "Seven Unifications", and conduct business sales as required, to provide customers with safe and high-quality services. We also provide regular training and guidance on unified service and management models for franchised stores, including regular operational and technical training and assessments for the employees, store managers, and regional directors, to enhance the quality of franchised stores management. To ensure proper implementation by franchised stores, we conduct regular supervision

and inspections on franchised stores to ensure their compliance with quality, service and standards, thereby ensuring medication safety for customers and maintaining a good industry order.

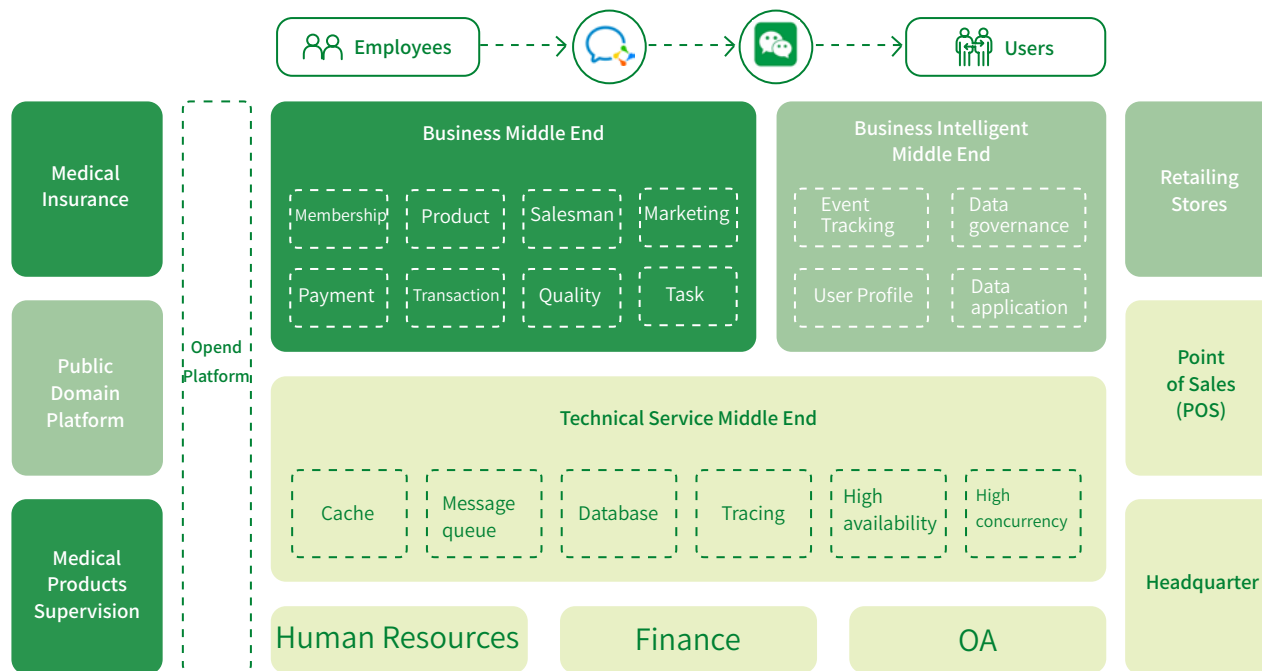
As the sole supplier to all franchised stores, we employ unified procurement to control product costs and unified delivery to guarantee product quality. We also require franchised stores to strictly adhere to unified pricing and discount systems, ensuring consistent pricing and discounts between self-operated stores and franchised stores. In addition, we closely supervise and manage franchised stores' distribution of medicines, inventory, returns and so on, to ensure that they provide customers with fairly priced & high-quality products and professional & accessible services.



Digital Operation

At Yifeng Pharmacy, we recognise that digital management methods are the key to effective management of pharmaceutical retailers, and the crucial supporter to deliver on our promises to customers. We comprehensively plan the digital system of Yifeng Pharmacy, steadily promote the system research and development of middle end and front end, aiming to empower the traditional operation management through digital intelligence technology, thereby building the strong competitiveness of Yifeng Pharmacy. In 2023, the Company spent RMB 33,549,984.91 on R&D, a 32.56% year-on-year growth.

Our digital system can support stores' operations, POS payment, medical insurance service, public domain platform, medical products supervision and so on. Internally, it can undertake various functional modules such as personnel, finance and administration of the headquarters, and realize efficient management and process optimization of internal operations while ensuring rapid and steady business development.



Framework of Digital System





Membership Digitalization

Through refined member operations, channel construction, and precision marketing activities, we actively promote online diagnosis & treatment services and chronic disease management services, enhancing user repurchase rates. Combined with user profiles, we effectively strengthen users' value recognition and expertise reliance on Yifeng Pharmacy. As of the end of the reporting period, the number of online members reached over 87.1 million.



Product Digitalization

Focusing on building the most efficient and sensitive commodity digitalization system in the industry, we completed the online supplier rebate, intelligent replenishment, intelligent coordination, intelligent return and the national medical cold and shortage of rapid procurement system during the reporting period, realizing the comprehensive online, digital and intelligent transformation of commodity business, and achieving significant breakthroughs in inventory turnover efficiency.



Operation Digitalization

By leveraging new technologies and data capabilities to reshape operations, we continuously enhance the customer experience at our stores and improve operational efficiency. Through our own employees online mini-program (Yidianzhang), we empower all employees to achieve comprehensive online management of store operations, marketing, data, performance and remuneration. This enables them to provide professional services such as consultation, chronic disease management, and testing for our 87.1 million members. Additionally, we utilize big data for precise site selection and store opening, assisting nearly 1,000 new stores annually to improve quality. Through the Yifeng franchise system, we empower franchised stores to achieve comprehensive online management of products, members, and operations, thereby driving performance growth.



New Retail Digitalization

We adhere to integrated development and have created a series of digital products tailored to the scenarios of new retail business. We have focused on completing the construction of platforms such as public domain, private domain, and internet hospital to comprehensively support the "new retail + thoughtful retail" strategic upgrade, facilitating the transformation of retailing digitization. As of the end of the reporting period, over 9,000 direct-operated O2O stores of Yifeng Pharmacy have been launched online. The efficiency of picking, delivery and labour productivity are all at the industry-leading level.



Human Resources Digitalization

We delve into the digitization of human resources, aligning with the Company's development strategy of management online, digitization, and intelligence. During the reporting period, we achieved breakthroughs in digitizing the human resources system, covering various aspects including recruitment, contracting, performance evaluation, remuneration, promotion, scheduling attendance, talent inventory and development.



Financial Digitalization

We continuously refine the integrated development of business and finance, aiming to provide high-quality financial services and financial management under rapid expansion, while implementing various measures to reduce costs and increase efficiency. We have achieved intelligent and automated construction in various aspects including budgeting, cost management, expense reimbursement, ledger management, sales reconciliation, electronic invoicing, fund management and leasing.



Logistics Digitization

In order to achieve precise control over logistics information, we have developed the Yifeng Transportation Management System (TMS), which covers functions such as dispatch management, freight calculation, temperature and humidity monitoring and turnover box management. We have successfully implemented end-to-end management of logistics information, ensuring both improved logistics distribution efficiency and product quality. During the reporting period, the daily shipment amount of Yifeng Pharmacy's warehouses reached 800,000 line orders, with a shipment accuracy rate near 100%.



Efficient Logistics Distribution

With a strong digital intelligence technology research and development (R&D) and application team and in line with the Company's actual needs, we have developed a digital logistics system covering warehouse operation management, logistics transportation management and logistics operation management. Based on such system, we identify system improvement points based on the 3C principles (Cost, Close, Convenient), to effectively enhance end-to-end service capabilities in logistics distribution, and live up to our commitment to customers to "deliver with care, efficiency, timeliness and perfection".

The 3C Principles



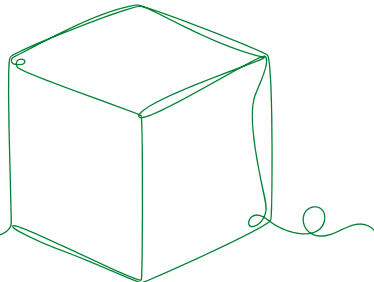
Cost | To become more advantageous in terms of cost



Close | To be closer to stores/users



Convenient | To be more convenient



By the end of the reporting period, we had established and continuously upgraded seven modern provincial logistics centres in Hunan, Hubei, Jiangsu, Shanghai, Jiangxi, Guangdong and Hebei. We had also upgraded six urban delivery centres such as Wuxi and Huai'an, and realised online management of production, retailing, e-commerce, and other businesses for 16 warehouses, to ensure timely and accurate delivery to all customers

Shanghai warehouse



The Shanghai warehouse covers a total area of 30,000 m², houses approximately 6,000 types of goods, including medical devices and medicines, and serves nearly 1,000 stores in Shanghai, with an average daily delivery to 300 stores. For goods picking, we introduce 45 P800 V6 robots, 4 replenishment workstations, 10 picking workstations, and other intelligent equipment and tools to complete automated replenishment, shelving and picking of medicines and medical devices.

Wuhan warehouse



The Wuhan warehouse is the largest allocation centre of Yifeng Pharmacy nationwide which will adopt full-process automation. With an area of approximately 60,000 m², Wuhan warehouse is expected to handle the depalletizing and picking of up to 300,000 lines of orders per day, meeting the needs of thousands of stores in Wuhan in the future.

The automation of Yifeng Pharmacy's logistics network is closely aligned with its business. We take into account the varying medicines demand and return quantities of each retailing store to determine the scale of logistics centres in different locations, ensuring effective improvements of work efficiency in goods acceptance inspection and shelving, depalletizing and picking, checking, collecting and loading, returns and other reverse logistics processes and so on.

Yifeng Pharmacy continues to promote the visualization and intelligent management of warehousing processes such as inbound goods, outbound goods, and inventory management. This includes the introduction of advanced equipment and technologies such as automatic conveyors, automatic sorting system, AGV (Automatic Guided Vehicle) goods-to-person picking system, Minload intelligent automatic replenishment system, electronic labelling, wireless radio frequency (RF) picking, acceptance system and intelligent goods collection system.

AGV goods-to-person picking system intelligently and automatically transports and picks up items from corresponding shelves in the warehouse based on the pickup demands submitted by stores. Each workstation can handle picking for up to 40 stores simultaneously. The introduction of AGV greatly enhances picking efficiency and accuracy.



AGV Robots

Minload intelligent automatic replenishment system guides palletizers to automatically replenish depalletized locations. Combined with one-to-one electronic labels and picking mode settings, it improves picking efficiency by 42.8%.



Minload Intelligent Automatic Replenishment System

Picking system with electronic labels not only assists pickers in quickly and accurately locating goods but also provides the optimal picking routes based on picking strategies and route planning, thereby improving manual picking efficiency and accuracy.



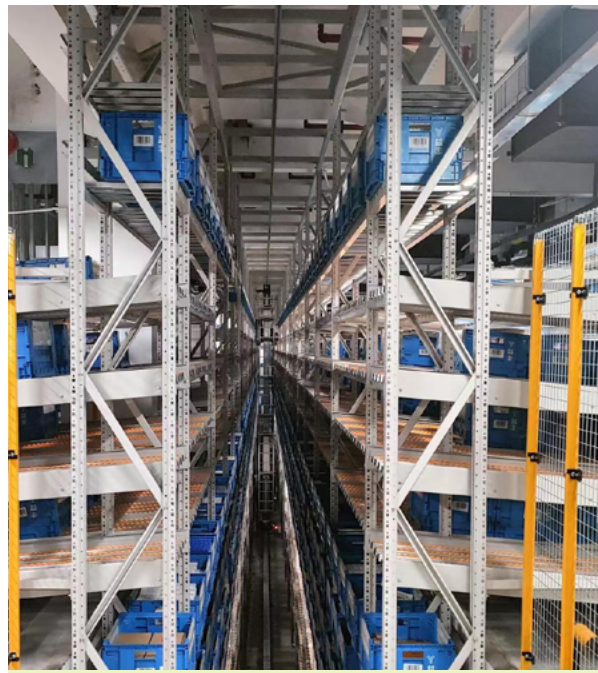
Picking System with Electronic Labels

The Automated Stereoscopic Warehousing System integrates logistics, information, and automation technologies into an advanced system. The stereoscopic design of the system maximises warehouse space utilization and reduces manual intervention through automation, enabling rapid and accurate retrieval and store goods in the warehouse.



Automated Stereoscopic Warehousing System

Connected to the Warehouse Control System (WCS), Programmable Logic Controller (PLC) and Warehouse Management System (WMS), the Multi-Shuttle Automated Storage System automatically sorts store packages and transmits consolidation data to the Transport Management System (TMS), providing automated sorting and improving consolidation efficiency and storage space.



Intelligent Storage System



In the future, Yifeng Pharmacy will continue to adopt management modes, equipment technologies, and operational processes tailored to own characteristics, operational stages, and business scenarios to create a more efficient and cost-effective supply chain logistics system. By these efforts, we aim to build the Company's core competitiveness and ultimately achieve healthy and sustainable development.



Cultivating a Professional Team and Realising the Value of Talents

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As a pioneer in the pharmaceutical retailing industry, Yifeng Pharmacy has always adhered to the business philosophy of being "people-oriented". We strictly implement legal and compliant employment and continuously improve employment systems to fully protect the rights and interests of employees. We also comprehensively reinforce talent training systems to support employee development and help them realise their personal value. In addition, we pay close attention to employee communication and care for them by establishing smooth communication channels, optimising employee benefits, and creating a harmonious and efficient working environment. At the same time, we attach great importance to employees' occupational health and safety and implement key safety measures. All of these efforts demonstrate our commitment to fulfil corporate responsibility.

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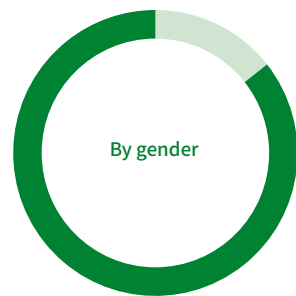
Compliant Employment

At Yifeng Pharmacy, we strictly follow laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Provisions on the Prohibition of Child Labour, and the Provisions of the State Council on Working Hours of Workers and Staff, and formulate and implement comprehensive internal policies to ensure legal and compliant employment and effectively protect the rights and interests of employees.

We conduct recruitment with openness, fairness, and impartiality, avoiding any discriminatory words, deeds, or judgements in the selection of talents, including but not limited to discrimination based on ethnicity, race, skin colour, gender, religion, and age. We are committed to creating an equal, fair, diverse and inclusive workplace for employees.

The distribution of our employees is shown in the table below.

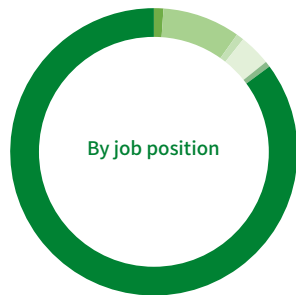
the Company had a total of **39,652** employees



Female	33,953
Male	5,699



Senior managers	130
Middle managers	253
First-line managers	10,693
Ordinary employees	28,576



Finance	423	Delivery	1,414
Administration	3,470	Production	254
Technology	340	Sale	33,751

Proportion of female senior managers **27%**

12,816 employment were provided by franchised stores

Proportion of senior management hired from the local community **54%**

We explicitly prohibit the employment of child labour and forced labour and oppose any form of discrimination and harassment. We require recruitment staff to strictly verify the personal information of applicants before the official employment. If any incidents of child labour and forced labour are discovered, we will promptly take serious actions against the responsible person depending on the severity of the situation. In 2023, we had no incidents of child labour, forced labour, discrimination or harassment.

We always prioritise the protection of employees' rights and interests, to ensure that their legitimate rights and interests are not violated. As of the end of 2023, we did not have any situations where employee rights were infringed due to major operational changes. At the same time, we place great emphasis on talent retention by developing the Measures for the Management of Employees' Resignation. We regularly contact those who have left the Company and improve incentive measures to attract and retain outstanding talents.

Talent Development

Adhering to a development philosophy of being "people-oriented", we have established comprehensive talent development systems to continuously enhance employees' professional competence and comprehensive capabilities, and to progress together with employees.

Employee Development

We are committed to building a management system covering the entire process of talent development by helping employees formulate personalised career development plans and providing them with clear career guidance and support for their growth. Moreover, we have established three career development paths that focus on the category of management, technology and stores staff respectively, to provide employees with diversified and personalised growth opportunities.

We adhere to the principles of clarity, openness, and a combination of subjective and objective evaluation. Leveraging tools such as 360-degree assessments and talent matrices, we continuously optimise the performance evaluation and talent selection processes, aiming to create a fair, transparent, accurate, and efficient talent promotion mechanism. Additionally, we conduct quarterly, monthly, and annual performance evaluations covering all employees of the headquarters and stores. In 2023, to support the Company's strategic goals, we systematically reviewed the quantity and quality of talents, conducted assessments for employees, among which the job competency rate was 70%, and the excellence rate was 30%.

Employee Incentive

To fully motivate employees, we have established a performance-based remuneration system. In addition to basic wages, employees' remuneration includes quarterly/annual performance bonuses, excess profits sharing, and special rewards for significant contributions. At the same time, we continue to improve long-term incentive mechanisms and implement equity incentives to attract and retain core talents. We continue to grant restricted stocks to key management personnel and core technical personnel. There are over 450 core talents have been registered for grants.



360-degree Assessment

To preliminarily evaluate employee's work performance based on three dimensions, namely values, general management capabilities, and business capabilities.



Talent Matrix

To further evaluate employees around "capabilities + values" and "innovation performance" in 2-dimension matrices and determine the final performance results, which will be included into employee promotion selection and long-term incentive assessment.

Human Capital Management Tools

Employee Training

We have established a corporate university consisting of retailing colleges and business colleges, offering diversified training courses for different groups such as new employees, first-line employees, reserve talents, key technical personnel, newly promoted cadres, and core management employees, to support employees in comprehensive growth. We adhere to the training concept that "a good corporate is a good university". Aiming at training effectiveness, we ensure that training is interesting, useful and effective through "good courses", "good teachers" and "good training operation". "We have conducted 132 offline trainings in total, with the average offline training hours reaching 70 hours per employee. At the same time, we have organized online "daily learning" activities, which require our employees to spend 10-15 minutes per day on online learning to strengthen their professional skills and career development potential."



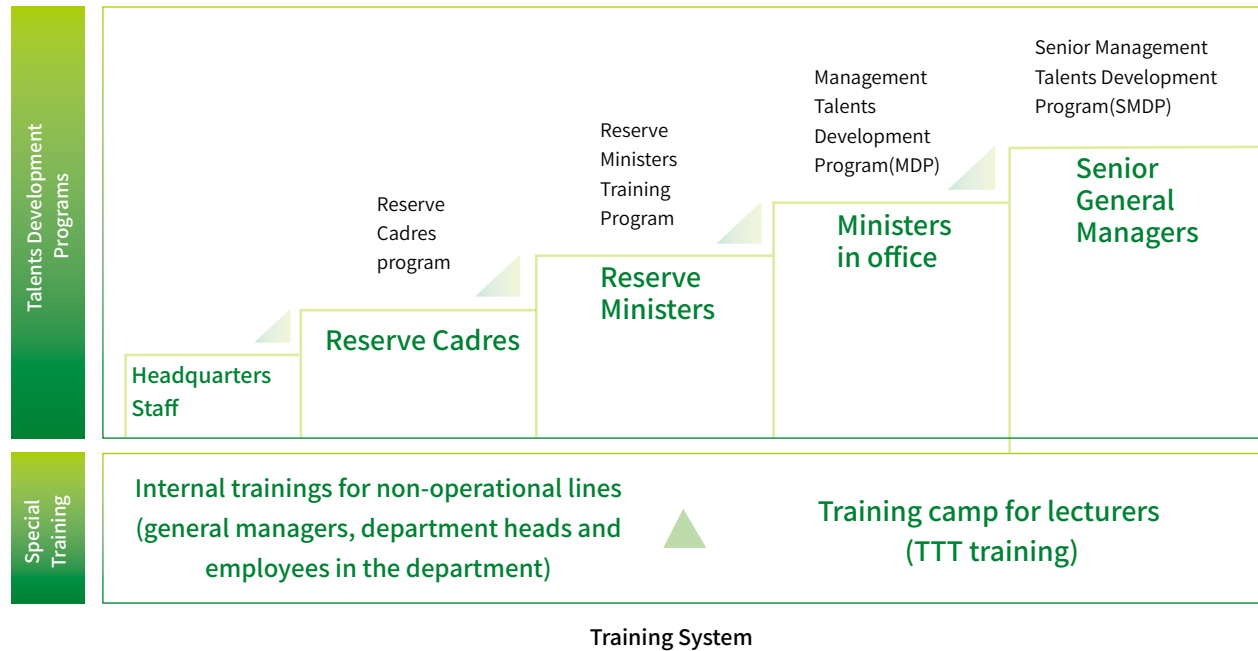
132 offline trainings conducted in total



average offline training hours reaching **70** hours per employee



We focus on professional talent cultivation and business empowerment. For this purpose, we have successfully established a multi-level training system covering management personnel, professionals, and stores staff to improve employees' professional capabilities and service awareness. In addition, we continue to deepen cooperation with universities, and have jointly established several "Yifeng Classes", which adopt a dual-mentor and dual-location model (mentors from both the university and the Company to give lectures both on campus and at the Company's locations), to cultivate talents for the pharmaceutical and health industry and reserve excellent talent resources for Yifeng.



New Employee Training

We have established various new employee training programs such as the "Reserve Cadres Plan", "Yifeng Class" and "Yifeng Preparation Class," and developed the New Employee Training Camp Growth Manual, to provide new employees with base training led by senior employees or senior management personnel. In 2023, we completed 115 training sessions for new employees, with a total of 14,160 new employees participating.

Professional Talent Training

We continuously improve the qualification support programme to help employees obtain the professional pharmacist qualification. We also cooperate with examination institutions to help employees to register for exams and conduct mock exams to enhance their exam skills.

Management Training

We create development programmes for reserve talents, deputy ministers, ministers in office, and mid-to-senior management according to different job levels and functions, comprehensively enhancing the leadership and teamwork efficiency of reserve talents and management personnel. In 2023, we organised a total of 46 training activities and 2 long-term learning classes, which adopted both online and offline training methods and combined theory and practice to ensure the comprehensiveness and practicality of the training content. The training covered a total of 768 person-time.

Lecturer Team Building

For the cultivation of full-time and part-time lecturers, we implement a rigorous lecturer selection mechanism to ensure their professionalism and set up lecturer incentive schemes to motivate their enthusiasm and better empower employees. In 2023, we conducted 2 training sessions for internal lecturers. We completed the cultivation of instructors for new employee pre-service training and lecturers for the Yifeng class.

Franchisee Training

We utilise online learning platforms and select lecturers who "have ability to give lectures and proficiency in teaching" to deliver high-quality training to franchised stores, and to ensure the trainees acquire crucial knowledge and skills.

To build a learning organisation and continuously create a corporate culture with "growth and care", we take various efforts to create an atmosphere where employees are willing to learn and be devoted, and which embeds our cultural values of employee empowerment and growth, and warmth and care. We continuously improve the training and learning system, insist on conducting professional knowledge and corporate culture exams for employees, to promote their continuous learning and growth. In 2023, we launched a total of 65 courses through online and offline channels, including 61 new courses, 2 updated courses, and 2 selected courses.

In addition, our innovative projects focus the building of a learning-oriented organization, which enhance employees' professionalism and improve our talent development system.

Programme	Participants	Programme Introduction	Training Results
Operation Officer in the Training Organization	Key employees of second-level departments	Provide systematically knowledge training and practice to the training liaison personnel of second-level departments. After the trainees pass the training, they will serve as the operation officer in the training organization to prepare for the Company's comprehensive training.	It strengthens the connection between the learning of "individuals", "teams" and "organizations" to enhance their training effectiveness. A total of 33 training operation officers have graduated from this programme.
"Learning with Yifeng" Programme	Headquarter staff	Provide comprehensive training and learning activities for headquarter staff, and create an open, collaborative, and enjoyable training platform that integrates high-quality learning resources from both the internal and external sides for empowering employees.	It improves employees' job skills and cognitive levels. A total of 532 employees participated in the programme.
"Negotiation Master" Training Camp and PK Competition	Procurement/Category managers	Provide innovative teaching approaches with real cases to enhance employees' negotiation skills, and improve their teamwork and adaptability.	It enhances the negotiation skills of relevant employees and improves the effectiveness of negotiations. A total of 22 trainees have successfully graduated from this programme.

Innovative Training Programmes



"Yifeng Reserve Cadres Plan": Cultivate Reserve Forces for Future Development

In 2023, we initiated a development programme for important reserve management talents - the "Yifeng Reserve Cadres Plan". The programme members have academic backgrounds in medicine and pharmacy from top-tier universities and adopt a mixed training approach integrating centralised face-to-face teaching, online learning, on-job training, and coaching by mentors, to ensure that each reserve management talent receives targeted career planning, professional training, and cultural guidance, significantly enhancing the training effectiveness and meeting the Company's urgent demand for reserve management talents. By the end of 2023, our "Yifeng Reserve Cadres Plan" had cultivated 2,244 talents, with 131 key talents occupying core positions in the Company.



"Yifeng Reserve Cadres Plan" Training Program

Democratic Management

We strengthen democratic management and establish smooth communication mechanisms for employees to address their reasonable demands and safeguard their legitimate rights and interests. Our trade union covers and serves all employees.

We listen to employees' voice, by establishing a direct line to approach the President, implementing the "Approaching our Employees" system, and conducting satisfaction surveys, to create a good communication environment for employees. In 2023, we organised employee satisfaction surveys for their dormitories and canteens, conducted in-depth analysis of the survey results, and formulated and implemented improvement measures accordingly.



Care for Employees

We provide thoughtful benefits and conduct a variety of activities to enhance employee's sense of belonging and satisfaction.

We offer a diverse range of benefits for all employees, including statutory benefits as well as supplementary and special benefits.



Statutory Benefits

Statutory holidays, the five insurances (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), and housing fund



Supplementary Benefits

Benefits for employees' Birthday, Mid-Autumn Festival, Dragon Boat Festival, employee dormitories, employee canteens, psychological counselling, health check-ups



Special Benefits

"Yi" Fund, childcare leave, greetings in International Women's Day, retirement ceremonies



Others

Retirement benefits, pensions and so on

Being committed to the concept of work-life balance, we encourage employees to actively participate in various club and team-building activities to help them relieve work pressure, and enhance communication and cooperation among colleagues. Meanwhile, the Company provides comprehensive sports facilities such as fitness equipment, badminton courts, and basketball courts to promote a healthy lifestyle. In 2023, we conducted cultural activities such as "Yi Wisdom Pioneer" "Health Exercise for All" and "Music Festival for All" with a total of over 53,000 participants.

Yifeng Pharmacy upholds and promotes the spirit to "treat employees well, promote unity and mutual assistance, help those in need". We have established a Yifeng Mutual Assistance Foundation ("Yi" Fund), which employees can choose to participate in. The fund aims to help employees in need and their families and promote a team culture that fosters mutual help and assistance. Since its establishment, "Yi" Fund has provided supports to over 300 employees or their family members, with total assistance exceeding RMB 4 million.

Mental Health

We actively care for employees' mental health by conducting mental health assessments, holding mental health lectures and provide counselling for them to safeguard their physical and mental well-being. In 2023, we organised 2 mental health lectures, conducted mental health assessments for 27,015 employees, and we actively help employees relieve their psychological pressure according to their assessment results. A total of 142 employees participated in psychological consultation return visits.

Employee Mental Health Programme of Yifeng Pharmacy

In 2023, we set up an EAP "Employee Assistance Programme (Psychology)" project team to provide employees with a full range of mental health services such as mental health check-ups, free psychological counselling, and mental health lectures, in order to safeguard the mental health of employees.

"Workplace Psychological Stress and Coping Skills" Lecture

In October 2023 we held the "Employee Skills for Coping with Psychological Stress" mental health lecture. In this lecture, Professor Tang Haibo from Central South University was specially invited to promote the sources of stress to all employees, teach the ways to cope with pressure, help employees master practical skills to unwind themselves, enhance their mental health awareness, and improve their psychological quality.

Occupational Health and Safety

We strictly comply with the laws and regulations such as the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Emergency Response Law of the People's Republic of China, and have formulated normative documents such as the Yifeng Pharmacy Safety Management Policy and the Yifeng Pharmacy Fire Prevention and Theft Prevention Policy, to continuously strengthen daily safety prevention and management, and fully safeguard the health and safety of employees.

Safety Management

According to the Safety Management Policy, the Company comprehensively strengthens and deepens safety management, implements key safety management measures, and enhances the safety management and emergency response capabilities of all employees to effectively guarantees employees' occupational safety.



Emergency Drills

To strengthen employees' awareness of fire safety and improve their ability to respond to emergencies such as fires, the Company organises two large-scale fire drills every year. The drill mainly includes fire evacuation drill and the use of fire extinguishers, comprehensively enhancing employees' awareness of fire safety.



Work-related Injury Management

The Company has formulated the Work-related Injury Reporting Process, and developed response measures. We strengthened prevention and supervision, to reduce the incidence of work-related injuries, ensuring the safety and physical health of employees.

Safety Culture Building

The Company actively promotes safety culture and takes effective measures to improve employees' emergency response capabilities and accident prevention capabilities. In 2023, we conducted several health promotion activities and safety trainings.

Yifeng Collaborates with Professional Institutions to Enhance Awareness towards Health and Safety

In 2023, the Company collaborated with the Workers' Health and Safety Education Centre of Hunan Province to conduct a health and safety lecture for all employees. During the lecture, experts elaborated on the knowledge about the prevention and treatment of basic diseases, immunity enhancement and knowledge of the first aid in Cardiac Pulmonary Resuscitation (CPR). The lecture not only improved employees' awareness of health and safety, but also equipped them with practical health knowledge and first aid skills.

Promoting a Smoke-free Culture for A Healthy Lifestyle

The Company actively promotes the concept of a healthy lifestyle and practices the "Anti-smoking Culture". We require all employees to sign a "Smoking Control Commitment", which clearly defines the responsibility and obligation to discourage smoking. We also strengthen publicity for controlling smoking and relevant knowledge, thereby creating a smoke-free environment that is conducive to health and etiquette.



Practising Green Concepts to Co-create a Friendly Environment



Facing challenges such as environmental degradation, resource scarcity, and extreme weather, Yifeng Pharmacy integrates the green development concept and strategy into business activities by promoting environmental protection, strengthening resource management and addressing climate change. The Company also actively explores a green, low-carbon and high-quality development path, and appropriately handles the relationship between ecological environmental protection and corporate development, aiming to create an environmentally friendly company.



Deepening Environmental Management

Yifeng Pharmacy strictly abides by the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Soil Pollution Prevention and Control Law of the People's Republic of China and other environmental laws and regulations. Based on our development strategies and plans, the Company has set objectives for internal environmental management and formulated a number of institutional norms and management initiatives to establish a holistic system of environmental management to continuously increase the capacity for environmental protection. In 2023, we were not subject to administrative penalties for violations of environmental laws and regulations.

To effectively implement the environmental management system, we have set the environmental management objectives with a focus on the key sectors influential to the environment, and carried out and monitored the relevant environmental management measures.

Green Operation

Office: Set up annual goals for water and electricity saving

Climate Change

Logistics: Increase the use of new energy vehicles

Distribution and warehouse: Expand coverage of photovoltaic power projects

Environmental Management Goals

Optimising Resource Management

Yifeng Pharmacy practices the concepts of energy conservation and environmental protection, striving for an all-round and systematic management in energy management, water management and emission management. We pursue the efficient use of resources, emphasise the recycling of materials and focus on the management of three-waste emissions to reduce the negative impact of our operations on the environment.

Energy Management

In strict accordance with the Law of the People's Republic of China on Energy Conservation and the Regulation on Energy Conservation in Civil Buildings, we have stipulated the Yifeng Pharmacy Measures for the Management of Water and Electricity Fees and the Yifeng Pharmacy Management Policy for the Use of Air-conditioning at the Headquarters Park. Accordingly, we enhance our philosophy of green transition by applying energy-saving equipment, promoting green operation initiatives, and steadily pushing forward photovoltaic power generation projects. In 2023, we made a thorough efforts to upgrade the energy-efficient lighting, with a total investment of RMB 500,000.



The key measures of energy management are listed below:



Offices and Stores

Air-conditioning: we strictly control the time for switch-on and switch-off and temperature settings, and adopt cool storage air-conditioning system to actualize a balance in comfortability and energy conservation.

Smart lighting: we use LED lights in an integrated way, and use an intelligent control system to automatically adjust the brightness of the light source according to the scene and environment to improve energy efficiency. By the end of 2023, the smart lighting system achieved a 34% power saving per store.

Green decoration: we actively use environmentally friendly integrated wall coverings for our store fit-outs, whose good thermal and insulation properties effectively reduce energy consumption. In 2023, several new stores were decorated with environmentally friendly materials.



Logistics Centre

Green land transport: we continue to promote the use of new energy vehicles and the replacement of fuel vehicles, and improve the proportion of new energy vehicle capacity. By the end of 2023, the proportion of new energy vehicle capacity in core urban areas reached 100%, and that of other urban areas was 50%. The use of new energy vehicles in third-party logistics and distribution reached over 60%. In 2023, Yifeng Pharmacy reduced GHG emissions by approximately 236 tCO₂e through green land transport.

Photovoltaic power: we spend more efforts in the photovoltaic construction to increase the proportion of clean energy utilization. Since Jiangxi Yifeng Pharmaceutical Industrial Park completed the construction of the first distributed photovoltaic power generation project, by the end of 2023, the total power generation reached 780 thousand kWh, equivalent to a reduction in GHG emissions of about 467 tCO₂e.

Water-loop heat pump: We use water-loop heat pump air-conditioning systems to heat and cool buildings by utilising low-level heat sources.

Smart lighting: By the end of 2023, Yifeng Pharmacy comprehensively applied the auto-sensing control system, saving 1.2 million kWh of electricity, equivalent to a reduction in GHG emissions of about 684 tCO₂e.



Transition towards Green Operation by Seizing Opportunities of Green Development

Driven by the national Carbon Peaking and Carbon Neutrality goals and global energy transition, Yifeng Pharmacy has launched the first distributed photovoltaic power generation project in Jiangxi Yifeng Pharmaceutical Industrial Park to embrace the opportunities brought by the green development and respond to the relevant challenges. After the completion of the project, the park is expected to improve the level of green energy use through photovoltaic power generation. The installation of photovoltaic power stations on the roof can also effectively insulate the roof and reduce the energy consumption of air conditioning, thus achieving a variety of energy-saving effects.



The Photovoltaic Power Generation Project in Jiangxi Yifeng Pharmaceutical Industrial Park


Our energy consumption of each category and the total energy consumption intensity are shown in the table below:

Energy Consumption ¹	Unit	2023
Total energy consumption	tce	19,922.96
Energy consumption intensity	tce / ten million RMB	0.88
Non-renewable fuel (direct) consumption	tce	468.47
Natural gas	tce	28.41
Petrol	tce	314.20
Diesel	tce	125.87
Renewable fuel (direct) consumption	tce	100.60
Photovoltaic power generation	tce	100.60
Indirect energy consumption	tce	19,353.89
Electricity	tce	19,353.89

Water Management

We strictly follow the Water Law of the People's Republic of China and other laws and regulations. We advocate scientific and rational water use, promote water conservation regulations, and comprehensively improve the efficiency of water use to achieve sustainable use of water resources. We operate in China, and all of our sites are supplied with water from the municipal network, so there are no difficulties in obtaining water.

The key measures of water resources management are listed below:



Water-saving Sign

We put up eye-catching water-saving signs in each water using area as a reminder to employees.

Water-saving Equipment

We use water-saving taps to improve water efficiency by controlling the flow of water.

The total water consumption and intensity are shown in the table below:

Water Consumption	Unit	2023
Total water consumption	Cubic meter	589,084.24
Water consumption intensity	Cubic meter / million RMB	26.08

¹The energy consumption conversion coefficients are determined with reference to the conversion coefficients provided by the the General Rules for Calculation of Comprehensive Energy Consumption (GB/T2589-2020) of China.



Material Use and Three-Waste Management

We continue to explore green elements in the field of green operations and actively promote low-carbon and environmentally friendly work and life styles to create a low-carbon office and operating environment with our employees. We strictly abide by the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and the Law of the People's Republic of China on Prevention and Control of Water Pollution, and are committed to pollution prevention and waste management. During the manufacturing and operation processes, we mainly discharge domestic wastewater and exhaust gases and generate pharmaceutical products discarded due to breakage or expiry, office paper and discarded pharmaceutical packaging materials. There are no highly hazardous or polluting conditions in our production and operational activities. In 2023, we had no significant discharge or leakage violations.

The key measures of the three-waste management are listed below:



Solid Waste

- We dispose of near-expiry and expired medications on a monthly basis in accordance with the hazardous chemical supply process.
- Paper recycling bins are set up next to printers to collect and utilise reusable paper. We advocate for black and white double-sided printing, and use single-sided waste paper to print informal documents.
- We promote using personal water bottles to reduce the use of disposable cups.
- We are committed to maximising the use of resources and do not purchase cartons externally. We reuse packaging cartons from pharmaceutical suppliers wherever possible and strongly promote recycling rates for plastic crates. By the end of 2023, the recycling rate of pharmaceutical cartons and plastic crates was 60% and 100%, respectively.



Waste Gas

- We use integrated wall coverings to decorate stores to reduce the release of formaldehyde and other harmful substances.
- We actively promote the use of new energy vehicles and control tailpipe emissions to reduce air pollution.



Wastewater

- We install water-saving taps and turn them off frequently to eliminate long runs.

The materials usage is shown in the table below.

Materials usage	Unit	2023
Materials usage	Tonne	1,002.35
Plastic containers	Tonne	583.97
Plastic pallet	Tonne	418.38

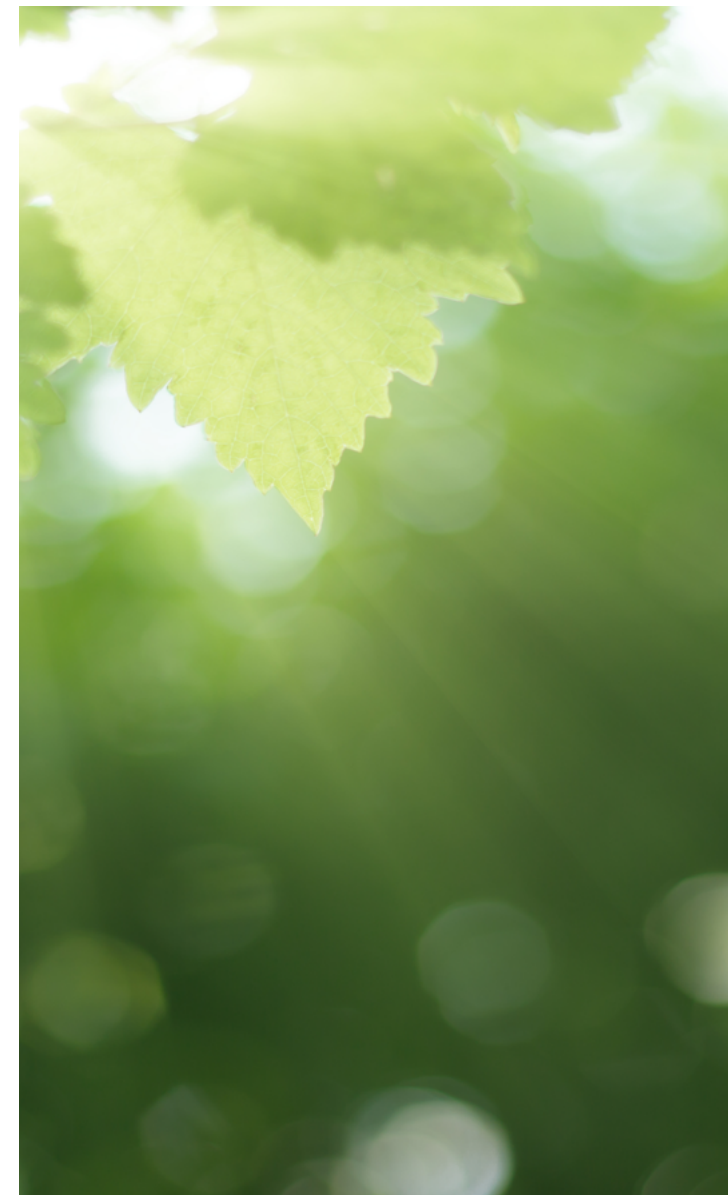
The exhaust emissions and intensity are shown in the table below.

Exhaust emissions ²	Unit	2023
Total exhaust emissions	Kilogram	2,668.71
Exhaust emission intensity	Kilogram / million RMB	0.12
Nitrogen oxides (NO _x)	Kilogram	2,442.13
Sulfur oxides (SO _x)	Kilogram	5.70
Particular matters (PM)	Kilogram	220.88

The solid wastes discharge and intensity are shown in the table below.

Waste Discharge	Unit	2023
Hazardous waste	Tonne	185.83
Hazardous waste intensity	Tonne / million RMB	0.0082
Non-hazardous waste	Tonne	6.98
Non-hazardous waste intensity	Tonne / million RMB	0.0003

²The exhaust emissions conversion coefficients are determined with reference to the Emission Coefficients and Material Accounting Methods for Industries not Covered by Emission Permits (Trial) issued by the Ministry of Ecology and Environment.



Addressing Climate Change

Climate change is one of the most serious challenges confronted by mankind today as global warming continues to deteriorate. The frequent occurrences of extreme weather triggered by climate change impose many negative impacts on business operations, including disruptions to power and water supply systems, delays in transport, and damage to goods.

Yifeng Pharmacy, a responsible pharmaceutical retailing chain enterprise, is well aware of the importance of a stable supply of medicines in the health and safety of customers' lives, and takes the identification and management of climate risk as an important task in the company's sustainable operation, and actively responds to climate change. In 2023, we took the following measures to deal with extreme weather:

Adjusting logistics routes



When confronted with extreme weather, we adjust the logistics routes in time, and choose a safer route to avoid delays.

Reserving emergency supplies



We keep a sufficient amount of emergency supplies to ensure that when extreme weather occurs, we can replenish supplies in time to avoid shutdowns and discontinued production.

Enhancing preventive maintenance



We regularly conduct preventive maintenance toward the supply chain, thus ensuring the safety and stability of the medication supply chain under the extreme weather.

Conduct training for employees



Employees gain insights of how destructive extreme weather can be through attending trainings and drills where they also learn how to respond to extreme weather. Thus, the Company improves their abilities to deal with emergencies in extreme weather and safeguards the employees' safety.

Strengthening cooperation with suppliers



To cope with possible shutdowns and discontinued production, we keep abreast of our suppliers' operations by establishing close relationships with them and take appropriate measures, such as finding alternative suppliers and adjusting procurement plans.

We proactively grasp the opportunities presented by climate change and seek innovations in pharmaceutical accessibility, digital transformation, supply chain management and circular economy to respond to stakeholders' concerns about climate-related issues. We are committed to being the backbone of society's health by ensuring the supply of medicines in extreme weather, improving operational efficiency in extreme weather, enhancing the climate resilience of our supply chain and promoting the green and low-carbon development of our operations.

Emissions and intensity of greenhouse gases by category are shown in the table below.

Greenhouse gases emissions ³	Unit	2023
Total Greenhouse gases emissions	Tonne CO₂e	90,868.61
Greenhouse gases emissions intensity	Tonne CO₂e / million RMB	4.02
Greenhouse gases emissions (Scope 1) ⁴	Tonne CO ₂ e	1,059.64
Greenhouse gases emissions (Scope 2) ⁵	Tonne CO ₂ e	89,808.97

³The consolidation method for GHG emissions is based on the operational control method, in which we account for GHG emissions from operations over which the company or a subsidiary has operational control.

⁴Scope 1 GHG emissions are mainly from direct GHG emissions resulting from the consumption of fossil fuels in the Company's operations and production processes, including natural gas, petrol, diesel. The greenhouse gas emissions coefficients are determined with reference to Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Public Building Operating Units (Enterprises) (Trial).

⁵Scope 2 GHG emissions are mainly from indirect GHG emissions from purchased electricity from the Company's operations and production processes. The greenhouse gas emission coefficient of purchased electricity was 0.5703 tCO₂/MWh, which is the average emission factor for the national power grid determined with reference to the Notice on the Management of GHG Emissions Reporting for Power Generation Sector from 2023 to 2025 issued by the Ministry of Ecology and Environment.

Appendix: GRI Standards and SSE Sustainability Reporting Guidelines Content Table

Yifeng Pharmacy discloses the information quoted in the index below for the year 2023 with reference to the GRI Standards and the SSE Sustainability Reporting Guidelines.

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
General Disclosure			
The organisation and its reporting practices			
GRI 2: General Disclosures 2021	2-1 Organizational details		About Us
	2-2 Entities included in the organization's sustainability reporting	Chapter I Article 4	Scope of this Report
	2-3 Reporting period, frequency and contact point		Scope of this Report
	2-4 Restatements of information	Chapter I Article 6	Accessibility and Contact Information of the Report
Activities and workers			
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships		About Us
	2-7 Employees	Chapter IV Article 50	About Us Compliant Employment
	2-8 Workers who are not employees		Compliant Employment
Governance			
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Chapter II Article 12	Corporate Governance

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Governance			
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body		Corporate Governance
	2-11 Chair of the highest governance body		Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts		ESG Management
	2-13 Delegation of responsibility for managing impacts	Chapter I Article 9	ESG Management
	2-14 Role of the highest governance body in sustainability reporting		ESG Governance
	2-16 Communication of critical concerns		Stakeholder Communication
	2-17 Collective knowledge of the highest governance body		ESG Management
	2-19 Remuneration policies	Chapter I Article 9	Corporate Governance
	2-20 Process to determine remuneration		Corporate Governance
Strategy, policies and practices			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy		Message from the Chairman ESG Management

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Strategies, policies and practices			
	2-25 Processes to remediate negative impacts		Compliance in Operation
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	Chapter III Article 30, 33	We strictly comply with the applicable laws and regulations of the regions and countries in which we operate.
	2-28 Membership associations		Honours and Recognition
Stakeholder engagement			
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Chapter I Article 9	Stakeholder Communication
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Chapter I Article 5	Management of Material Issues
	3-2 List of material topics		Management of Material Issues
Economic performance			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Chapter III Articles 22, 23	Addressing Climate Change
	201-3 Defined benefit plan obligations and other retirement plans		Care for Employees
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliant Employment
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community		Compliant Employment

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics		Care for People's Well-being
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts		Care for People's Well-being
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Chapter IV Article 46	Strategy of Controllable High-quality Medicines
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliance in Operation
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Chapter V Article 55	Compliance in Operation
	205-2 Communication and training about anti-corruption policies and procedures		Compliance in Operation
	205-3 Confirmed incidents of corruption and actions taken		Compliance in Operation
Anti-competitive Behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliance in Operation
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Chapter V Article 56	Compliance in Operation

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics		Optimising Resource Management
	301-1 Materials used by weight or volume		Optimising Resource Management
GRI 301: Materials 2016	301-2 Recycled input materials used	Chapter III Articles 56, 37	Optimising Resource Management
	301-3 Reclaimed products and their packaging materials		Optimising Resource Management
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics		Optimising Resource Management
	302-1 Energy consumption within the organization		Optimising Resource Management
	302-2 Energy consumption outside of the organization		Optimising Resource Management
GRI 302: Energy 2016	302-3 Energy intensity	Chapter III Articles 20, 35	Optimising Resource Management
	302-4 Reduction of energy consumption		Optimising Resource Management
	302-5 Reductions in energy requirements of products and services		Optimising Resource Management
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics		Optimising Resource Management

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Chapter III Articles 30, 36	Optimising Resource Management
	303-2 Management of water discharge-related impacts		Optimising Resource Management
	303-3 Water withdrawal		Optimising Resource Management
	303-4 Water discharge		Optimising Resource Management
	303-5 Water consumption		Optimising Resource Management
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics		During the reporting period, the Company's activities, products and services did not have a significant impact on biodiversity.
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Chapter III Article 32	During the reporting period, the Company had no operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
	304-2 Significant impacts of activities, products and services on biodiversity		During the reporting period, the Company's activities, products and services did not have a significant impact on biodiversity.
	304-3 Habitats protected or restored		During the reporting period, the Company's operations did not involve protected or restored habitats.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		During the reporting period, there were no species on the IUCN Red List and national conservation list in the habitats affected by the Company's operations.

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics		Addressing Climate Change
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Chapter III Articles 24, 25, 26, 27, 30	Addressing Climate Change
	305-2 Energy indirect (Scope 2) GHG emissions		Addressing Climate Change
	305-3 Other indirect (Scope 3) GHG emissions		Addressing Climate Change
	305-4 GHG emissions intensity		Addressing Climate Change
	305-5 Reduction of GHG emissions		Optimising Resource Management
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Optimising Resource Management
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics		Optimising Resource Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		Optimising Resource Management
	306-2 Management of significant waste-related impacts		Optimising Resource Management
	306-3 Waste generated	Chapter III Article 31	Optimising Resource Management

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Waste			
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Chapter III Articles 31, 37	Optimising Resource Management
	306-5 Waste directed to disposal		Optimising Resource Management
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		Strategy of Controllable High-quality Medicines
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Chapter IV Article 45	Strategy of Controllable High-quality Medicines
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics		Care for Employees
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Care for Employees
	401-3 Parental leave		Care for Employees
Labour/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliant Employment

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		Occupational Health and Safety
GRI 403: Occupational health and safety 2018	403-3 Occupational health services	Chapter IV Article 50	Occupational Health and Safety Care for Employees
	403-5 Worker training on occupational health and safety		Occupational Health and Safety
	403-6 Promotion of worker health		Occupational Health and Safety Care for Employees
	403-9 Work-related injuries		Occupational Health and Safety
	403-10 Work-related ill health		Occupational Health and Safety
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics		Talent Development
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Chapter IV Article 50	Talent Development
	404-2 Programs for upgrading employee skills and transition assistance programs		Talent Development

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Training and education			
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter IV Article 50	Talent Development
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliant Employment
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		Corporate Governance Compliant Employment
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliant Employment
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		Compliant Employment
Child labour			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliant Employment
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour		Compliant Employment
Forced or compulsory labour			
GRI 3: Material Topics 2021	3-3 Management of material topics		Compliant Employment

GRI Standards	Disclosures	SSE Sustainability Reporting Guidelines	Location
Forced or compulsory labour			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour		Compliant Employment
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		Strategy of Controllable High-quality Medicines
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Chapter IV Article 45	Strategy of Controllable High-quality Medicines
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		Strategy of Controllable High-quality Medicines
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		Strategy of Controllable High-quality Medicines
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics		Care for People's Well-being
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		Care for People's Well-being
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics		Information Security and Privacy
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter IV Article 48	Information Security and Privacy



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