COUNCIL ON ETHICS
THE GOVERNMENT PENSION FUND GLOBAL

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Recommendation to exclude Tong Ren Tang Technologies Co Ltd and Beijing Tong Ren Tang Chinese Medicine Co Ltd from the Government Pension Fund Global

Summary

The Council on Ethics recommends to exclude Tong Ren Tang Technologies Co Ltd and its subsidiary Beijing Tong Ren Tang Chinese Medicine Co Ltd (Tong Ren Tang Chinese Medicine) from the Government Pension Fund Global (GPFG) due to an unacceptable risk of these companies contributing to serious environmental damage. The Council on Ethics' assessment focuses on the companies' use of ingredients based on body parts of threatened animal species in the production of traditional Chinese medicine (TCM).

At the end of 2020, the GPFG owned shares in Tong Ren Tang Technologies valued at approximately USD 4,1 million corresponding to an ownership interest of 0.5 per cent. The Fund's holdings in Tong Ren Tang Chinese Medicine was USD 3,7 million corresponding to an ownership interest of 0.4 per cent.

Both companies are Chinese pharmaceutical companies that manufacture and market TCM products. Investigations conducted by the Council indicate that Tong Ren Tang Technologies manufactures 18 different products which include animal parts from threatened species. This pertains to horns from saiga antelope, leopard bones, pangolin scales and musk from musk deer. Tong Ren Tang Technologies has confirmed that the company uses body parts from animal species that are threatened with extinction.

Tong Ren Tang Chinese Medicine manufactures a product which contains natural musk. The company's annual report confirms that threatened species are used in the company's production of medicines.

The Council takes as a fact that biodiversity loss is a global threat to life on Earth and that the extinction of species is accelerating. The Council has focused on species listed on the IUCN Red List of Threatened Species, i.e., critically endangered, threatened or vulnerable species, as well as species listed in Annex 1 of the Convention on International Trade in Endangered and Vulnerable Species (CITES). The Council is of the view that companies, whose activities contribute to species becoming extinct, are depleting biodiversity. By producing medicines with ingredients that include the body parts of threatened species, there is a risk of the company contributing to irreversible and severe environmental damage.

Although the companies refer to their production of TCM products as being in compliance with government requirements, in light of the extensive illegal trade in threatened species, the Council is of the view that emphasis must be placed on the fact that the companies do not disclose information regarding traceability of purchases or where the animals originate from. The Council finds that the lack of such information and transparency in the company's practices constitute an unacceptable risk that the threatened species the company uses in its products may originate from illegal sources.

Due to lack of information, the Council is unable to quantify each company's contribution to environmental damage. Since the quantity of body parts of threatened wildlife used, the provenance and stockpiles of these and how these are replenished are not known, the Council finds that the question of companies' contribution is a matter of whether the companies use endangered species in their production or not.

Neither of the companies have reported plans to substitute ingredients based on threatened species in the production of TCM. Until the companies publicly announce a specific goal to stop using threatened species in their production and a time bound plan for when the use of such species will cease, the Council considers there to be an unacceptable risk of the companies contributing to severe environmental damage.

Contents

1 Introduction

The Council on Ethics for Norway's Government Pension Fund Global (GPFG) has assessed the GPFG's investments in Tong Ren Tang Technologies Co Ltd [1] and its subsidiary Beijing Tong Ren Tang Chinese Medicine Co Ltd [2] (Tong Ren Tang Chinese Medicine) against the Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global (the Ethical Guidelines).[3]

At the end of 2020, the GPFG owned USD 4,1 million worth of shares in Tong Ren Tang Technologies and USD 3,7 million worth of shares in Tong Ren Tang Chinese Medicine, corresponding to respective ownership stakes in these companies of 0.5 per cent and 0.4 per cent. Both companies are listed on the Hong Kong Stock Exchange.

1.1 What the Council on Ethics has considered

The Council on Ethics' assessment concentrates on the companies' use of the body parts of threatened species in their production of Traditional Chinese Medicine (TCM). The Council has assessed whether there is an unacceptable risk that the companies thereby contribute to or are responsible for serious environmental damage pursuant to section 3 (c) of the Ethical Guidelines.

When assessing serious environmental damage, the Council on Ethics assigns importance to the scale of the environmental damage, whether this has irreversible or long-term effects, whether it is a result of a breach of national laws or international norms, what the company has done to prevent damage and the measures initiated to rectify any damage that has been caused. The Council also assesses the risk of the company continuing to engage in these practices.

In this case, the Council's assessment concerns the loss of biodiversity. The global assessment report from the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) detailed an alarming decline in biodiversity. The IPBES considers the loss of biodiversity to be a global threat at the same level as climate change. The IPBES estimates that, of the eight million species of plants and animals living on the planet today, one million are threatened with extinction.[4] The International Union for Conservation of Nature (IUCN) reports that around 25 per cent of all species they have assessed are endangered, and that the risk of species becoming extinct is accelerating.[5] In this context, the Council has assessed the use of threatened animals in the production of TCM. The term "threatened animals" refers to species assessed as being *Critically Endangered*, *Endangered* and *Vulnerable* in the IUCN Red List of Threatened Species.[6] These categories of species are considered to be threatened with global extinction. The Council also bases its assessment on the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), particularly Appendix I of the Convention, which lists species determined to be threatened with extinction and for which international commercial trade is prohibited.

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[1] Issuer Id 2000505.
[2] Issuer Id 24076995.
[3] Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global. https://lovdata.no/dokument/INS/forskrift/2014-12-18-1793?q=retningslinjer+++pensjonsfond+++utland
[4] UN Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment Report on Biodiversity and Ecosystem Services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, 29 May 2019, https://www.ipbes.net/system/tdf/ipbes_7_10_add.1_en_1.pdf?file=1&type=node&id=35329
[5] See footnote 4.
[6] IUCN 2020. The IUCN Red List of Threatened Species. Version 2020-2. https://www.iucnredlist.org.

The Council takes no position on the extent to which states are responsible for any violations of international conventions. It is sufficient to establish that the company in question acts in a manner that contributes to serious environmental damage.

1.2 Sources

The Council on Ethics has commissioned research to investigate the threatened species that are used in the production of TCM in order to identify products containing these ingredients, and companies that manufacture these products.

When determining the species used in TCM, the sources consulted include various editions of the Pharmacopoeia of the People's Republic of China,[7] which lists officially recognised TCM ingredients and formulations, and a list published in 2004 by the State Forestry Administration of species which are regarded as 'medicinal' and which are protected in China.

To determine the specific products produced by Tong Ren Tang Technologies and Tong Ren Tang Chinese Medicine, the Council has based its assessment on information published on the websites of the companies and their subsidiaries. The Council has also received information from Tong Ren Tang Technologies.

2 Background

2.1 About the companies

Tong Ren Tang Technologies produces and sells pharmaceutical products and specialises in the production of TCM. According to its annual report, Tong Ren Tang Technologies has over 40 domestic and overseas subsidiaries which are engaged in the manufacture and sale of TCM products, TCM raw materials, nutritional products, cosmetics and other chemical products.[8] In 2019, the company had approximately 1,900 employees.

Tong Ren Tang Technology holds 38 per cent of the shares in Tong Ren Tang Chinese Medicine, which Tong Ren Tang Technology describes as the principal subsidiary and "the overseas development platform of Beijing Tong Ren Tang Group." The subsidiary is primarily engaged in the manufacture, retail and wholesale of Chinese medicine products outside Mainland China.[9] In 2019, the company had close to 800 employees.

2.2 The demand for and trade in body parts of wildlife used in TCM

TCM covers a broad range of treatments, including acupuncture, massage, herbal medicines and medicines which contain ingredients based on the body parts of wild animals. The demand for TCM is growing and it is estimated that the TCM market will be worth USD 123

[7] In this document, "formulations" refers to processed TCM treatments which combine standardised quantities of specific ingredients, as defined by government-issued standards. A section of the Pharmacopoeia of the People's Republic of China provides such standards for a large number of TCM formulations, some of which include body parts from threatened species

[8] Tong Ren Tang Technologies Co. Ltd. Annual Report 2019, https://www.tongrentang.com/file/upload//keji/uploadfile/2020/0428/20200428061744473.pdf

[9] Beijing Ton Ren Tang Chinese Medicine Company Limited Annual report 2019, 2020042700565.pdf (hkexnews.hk)

billion in 2023.[10] Medicines make up around 30-40 per cent of the TCM market.[11] Although the use of animal parts constitutes a small portion of the ingredients used in TCM, the growing demand for TCM is expected to contribute to biodiversity loss,[12] and, for some species, this is the primary reason why these animals are at risk of becoming extinct.[13] A number of these animals, including pangolins, leopards, and tigers, are listed as threatened by the IUCN.

Due to increasing demand, TCM is also considered to be a contributing factor to the growing illegal wildlife trade.[14] Many of the species used in TCM products are listed on CITES Appendix I, meaning that the trade in these species is prohibited. However, according to the UN Office on Drugs and Crime (UNODC), the poaching and trafficking in body parts and live animals from protected species has continued. Increasingly larger quantities are being seized every year. For example, from 2014 to 2018 there was a tenfold increase in the number of pangolins seized (from approximately 13,900 in 2014 to close to 142,000 in 2018). According to UNODC, the true scope of the illegal trade is probably much greater than the number of animals seized would indicate. Since 2003, the Chinese authorities have implemented a certification and labelling system that regulates the use and consumption of nationally protected species by commercial manufacturers, including pharmaceutical companies The system was established to ensure that the use of wild animals is legal and traceable, and entails, among other things, that each product containing these types of ingredients is assigned a unique identification code with which the product must be labelled. Abuse of the system has been reported, for example, that a single marking is used for multiple products and that it has been used to launder illegally sourced products. [20]

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[10] Buchholz, K., TCM and Wildlife Trade in Focus after Coronavirus Outbreak, 20.1.2020, https://www.statista.com/chart/20669/growth-traditional-chinese-medicine-market/

[11] Daxue Consulting, Traditional Chinese medicine takes 30-40% of China's pharmaceutical market, 15.6.2020, https://daxueconsulting.com/traditional-chinese-medicine-market/

[12] J. Still, Use of animal products in traditional Chinese medicine: Environmental impact and health hazards, Complementary Therapies in Medicine, Volume 11, Issue 2, 2003, Pages 118-122, ISSN 0965-2299, https://doi.org/10.1016/S0965-2299(03)00055-4. See also, EIA, Traffic

[13] The Global Environmental Reporting Collective, The Pangolin Reports. https://globalstory.pangolinreports.com/#lede, Nowell, K. Implementation of Cites Decision 17.228: Review of Implementation of Resolution Conf. 12.5 (Rev. Cop17) on Conservation of and Trade in Tigers and other Appendix I Asian Big Cats. Report by Kristin Nowell, CAT and IUCN SSC Cat Specialist Group. With additional support from WWF, https://cites.org/sites/default/files/eng/com/sc/70/E-SC70-51-A03.pdf and EIA 2020, Smoke and Mirrors; China's complicity in the global illegal pangolin trade, https://eia-international.org/wp-content/uploads/EIA-Report-Smoke-and-Mirrors-Spreads.pdf

[14] ADM Capital Foundation 2018, Trading in Extinction: The Dark Side of Hong Kong's Wildlife Trade. Hong Kong, https://www.admcf.org/wp-content/uploads/2019/11/Trading-in-Extinction-The-Dark-Side-of-HKs-Wildlife-Trade-Report-EN.pdf and Byard, R.W. Traditional medicines and species extinction: another side to forensic wildlife investigation. *Forensic Sci Med Pathol* **12,** 125–127 (2016). https://doi.org/10.1007/s12024-016-9742-8; C4Ads: https://www.c4reports.org/tipping-the-scales og UNODC World Wildlife Crime Report 2020, United Nations Office on Drugs and Crime, 2020, https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World_Wildlife_Report_2020_9July.pdf

[20] EIA 2013, Hidden in Plain Sight. China's clandestine Tiger Trade, https://eia-international.org/wp-content/uploads/EIA-Hidden-in-Plain-Sight-med-res1.pdf

[20] EIA 2013, Hidden in Plain Sight. China's clandestine Tiger Trade, https://eia-international.org/wp-content/uploads/EIA-Hidden-in-Plain-Sight-med-res1.pdf

[20] EIA 2013, Hidden in Plain Sight. China's clandestine Tiger Trade, https://eia-international.org/wp-content/uploads/EIA-Hidden-in-Plain-Sight-med-res1.pdf

[20] EIA 2013, Hidden in Plain Sight. China's clandestine Tiger Trade, https://eia-international.org/wp-content/uploads/EIA-Hidden-in-Plain-Sight-med-res1.pdf

[20] EIA 2013, Hidden in Plain Sight. China's clandestine Tiger Trade, https://eia-international.org/wp-content/uploads/EIA-Hidden-in-Plain-Sight-med-res1.pdf

[20] EIA 2013, Hidden in Plain Sight. China's clandestine Tiger Trade, https://eia-international.org/wp-content/uploads/EIA-Hidden-in-Plain-Sight-med-res1.pdf

The Chinese authorities have also established approved stockpiles of body parts of certain threatened animal species. The National Forestry and Grasslands Administration and its regional bodies provide permits to pharmaceutical companies to purchase and use animal parts from these stockpiles. Pharmaceutical companies may also have private stockpiles that they can, with permission from the government authorities, offer to other companies. No up-to-date information has been published on the size of the government stockpiles, the quantities sold to the pharmaceutical companies or the size of the pharmaceutical companies' stockpiles.[21] Similarly, there is no information available on the quantities of threatened wildlife used by the industry or individual companies in the production of medicines. There is thus no basis on which to assess the individual company's consumption of specific animal species.

2.3 Briefly about the threatened species used by the companies

The Council on Ethics findings indicate that the companies use body parts from saiga antelope, leopards, pangolins, and musk deer.

Saiga antelope

The saiga antelope (*Saiga tatarica*), or saiga, inhabits the arid and semi-arid steppes of Central Asia.[22] The IUCN has listed the saiga as critically endangered [23] and it is included in CITES Appendix II.[24] Illegal hunting for horns and meat has resulted in a big fall in saiga numbers.[25] Saiga horn is used as an ingredient in some TCM products. In 2006, the major saiga horn consuming countries – China, Japan, Malaysia, South Korea, and Singapore – reported having a collective saiga horn stockpile of approximately 130 tonnes.[26] Based on the reported average annual saiga horn consumption and the persistent demand in these countries, the CITES Secretariat estimated that the stockpiles would be depleted at some point between 2016 and 2021.[27] In 2011, China reported having a national saiga horn stockpile of 115 tonnes.[28] China is estimated to consume between six to ten tonnes of saiga horn annually.[29]

International trade in saiga horn has continued after the species was listed on CITES Appendix II in 1994. Several large-scale seizures have been made in recent years[30] which would suggest the ongoing involvement of organized criminal syndicates in the illegal trade.[31]

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[21] See footnote 19.
[22] Wildlife Conservation Society China, Saiga Antelope, https://china.wcs.org/Wildlife/Saiga-Antelope.aspx
[23] IUCN SSC Antelope Specialist Group. 2018. *Saiga tatarica. The IUCN Red List of Threatened Species* 2018: e.T19832A50194357. https://dx.doi.org/10.2305/IUCN.UK.2018-2.RLTS.T19832A50194357.en
[24] Appendix II includes species not necessarily threatened with extinction, but in which trade must be controlled in order to avoid utilization incompatible with their survival.
[25] See footnote 23.
[26] CITES CoP14 Doc. 56. 2007. Saiga antelope. https://cites.org/sites/default/files/eng/cop/14/doc/E14-56.pdf
[27] See footnote 26.
[28] CITES CoP16 Doc. 56. 2013. Saiga antelope, https://cites.org/sites/default/files/eng/cop/16/doc/E-CoP16-56.pdf
[29] See footnote 26.
[30] See, for example, Saiga Conservation Alliance. Winter 2015/Spring 2016 Saiga News Issue 20, https://www.saigaresourcecentre.com/sites/default/files/migrated/media/351534/english_issue_20.pdf and Autumn 2016 Saiga News Issue 21, https://www.saigaresourcecentre.com/sites/default/files/migrated/media/357671/saiga_news_issue_21_english.pdf
[31] In April 2018, Chinese authorities arrested members of a wildlife trafficking syndicate, seizing 1,276 saiga horns along with 322 elephant tusks, 70 bear teeth, and 44 bear gallbladders. General Administration of Customs. 2019,

Leopard

The body parts from leopards used in TCM can originate from the following species –leopard (*Panthera pardus*), snow leopard (*Panthera uncia)*, and clouded leopard *(Neofelis nebulosa* and *N. diardi)*. All are listed as vulnerable according to the IUCN Red List and are also included in CITES Appendix I. With the exception of *N. diardi*, all three species are native to China and are subject to special state protection.

According to the IUCN, illegal hunting and trafficking in animal parts are threats to leopard populations.[32] Close to 5,400 Asian leopards have been seized since 2000. Investigations conducted for CITES indicate that Asian demand is increasingly being met through illegal imports from Africa.[33] In 1993, the Chinese authorities banned the use of tiger bone in TCM, however leopard bone was permitted as a substitute, which has contributed to increasing demand for leopards. According to the Chinese authorities, only existing stockpiles of leopard bones can be used by pharmaceutical companies.[34] The quantities and provenance of these stockpiles are not publicly known.

Pangolin

There are eight species of pangolin that have their natural habitats in Asia or Africa. The Chinese pangolin (*Manis pentadactyla*), Sunda pangolin (*Manis javanica*) and Indian pangolin (*Manis crassicaudata*) were afforded stronger protection in China in 2020 and assigned special state protection.[35] According to the IUCN, the first two species are critically endangered, while the Indian pangolin is endangered. One African species is classified as endangered (*Phataginus tricuspis*), while the others are considered vulnerable. International trade in pangolins has been prohibited since 2017, when all eight species were listed in CITES Appendix I.

In 2020, Chinese authorities removed pangolin scales (from Chinese pangolin) from the list of important ingredients in TCM in the most recent edition of the *Pharmacopoeia*. However, it is still permitted to use pangolin scales in the production of so-called patent medicines, which are medicines approved for commercial production by the Chinese authorities.[36]

In 2007, the government authorities announced that the use of pangolin scales by pharmaceutical companies would be regulated through the "special marking" certification and labelling system (see section 2.2).[37] This entails that approved hospitals and pharmaceutical companies are permitted to purchase pangolin scales from government stockpiles. Furthermore, the pharmaceutical companies can manufacture and sell TCM products containing pangolin scales which have been registered and labelled in accordance with the

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https://mp.weixin.qq.com/s?__biz=MzIwNzE3MzE2NQ==&mid=2652797529&idx=1&sn=340d04522fd23ab1e722010a5b60b9e3&chksm=8cfcb91bbb8b300d7332b5ea311b110b45935c78fe26bdb2f31b997dc1716fb164deb534668c&mpshare=1&scene=1&srcid=&pass_ticket=bYMP4cMt5afEjY6MQukK7kZWKtpEIm1B8DzwbzzFrV6a1KHqyIpShFlFqv%2Fdfka0#rd

[32] See the threat assessments for each of the leopard species at www.iucnredlist.org

[33] Nowell, K. Implementation of Cites Decision 17.228: Review of Implementation of Resolution Conf. 12.5 (Rev. Cop17) on Conservation of and Trade in Tigers and other Appendix I Asian Big Cats. Report by Kristin Nowell, CAT and IUCN SSC Cat Specialist Group. With additional support from WWF.

[34] CITES CoP14 Doc. 52 Annex 1. Report on Implementing Resolution Conf. 12.5 of CITES from the CITES Management Authority, People's Republic of China. Available from: https://www.cites.org/sites/default/files/common/cop/14/doc/E14-52A01.pdf; CITES CoP18 Doc.71.1 Annex 5

[35] National Forestry and Grasslands Administration. 2020, http://www.forestry.gov.cn/main/3095/20200608/170847961137579.html

[36] EIA 2020, Smoke and Mirrors. Eight formulations for patent medicines prescribe pangolin scales as an ingredient in the 2020 edition of Pharmacopeia of the People's Republic of China.

[37] State Forestry Administration, Ministry of Health, SAIC, China Food and Drug Administration and the National Administration of Traditional Chinese Medicine. 2007. 关于加强赛加羚羊、穿山甲、稀有蛇类资源保护和规范其产品入药管理的通知: http://www.trafficchina.org/node/66

special marking system. It has been reported that scales that are not certified or labelled are being sold illegally in China.[38]

It is estimated that, between 2009 and 2016, the government authorities sold an average of 26 tonnes of pangolin scales per year.[39] The size of the government stockpiles and the origin of the pangolins are unknown. No information regarding withdrawals from the stockpiles has been published since 2015. The system permits the sale of pangolin scales between private companies, but without proper traceability.

UNODC has reported an extensive illegal trade in pangolins that has grown significantly in recent years. Since 2016, virtually all seizures have been pangolin scales.[40] In 2019, 128 tonnes were seized, an increase of 200 per cent from five years earlier.[41] Asian demand is now being met by illegal imports from Africa, which are principally for the Chinese market. UNODC also writes that "Before the Appendix I listing [reference to CITES in 2017], the amount of pangolins seized was much larger than the legal trade, implying that the industries where pangolins are used have long drawn on illegal sources."[42]

Musk deer

Musk deer inhabit forest and mountainous areas in China and other parts of Asia. All seven species of musk deer are listed as Endangered or Vulnerable in the IUCN Red List, including the three species referred to in the Pharmacopoeia of the People's Republic of China, namely Siberian Musk Deer (*Moschus moschiferus*, vulnerable), Dwarf or Forest Musk Deer (*Moschus berezovskii*, endangered) and Alpine Musk Deer (*Moschus chrysogaster*, endangered)) as sources of natural musk. The musk glands of male musk deer are a source of musk which is an ingredient in TCM products. Musk deer are listed in CITES Appendix I and II, depending on geographical origin,[43] and are protected in China. Illegal hunting driven by the demand for musk is stated as being a threat to musk deer populations.[44]

Some of the demand for musk is met by synthetic musk (which is an approved substitute for natural musk in TCM products) and natural musk from farmed animals. There is little information about the quantities of these. It is estimated that in 2017 there were approximately 20,000 musk deer in captivity in China, where around 150 kilograms of musk is produced per year. [45] There is no up-to-date information on the consumption of musk in the TCM industry. In older articles, consumption was estimated at between 1,000 and 2,000 kilograms per year.[46]

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[38] Challender, D. and Waterman, C., Implementation of CITES Decisions 17.239b) and 17.240 on pangolins (*Manis spp*.), IUCN, 2017, E-SC69-57-A.pdf (cites.org) and EIA 2020, Smoke and Mirrors.
[39] See footnote 38.
[40] UNODC, World Wildlife Crime Report 2020, United Nations Office on Drugs and Crime, 2020.
[41] C4ADS 2020, Tipping the scales. Exposing the Growing Trade of African Pangolins into China's Traditional Medicine Industry, https://www.c4reports.org/tipping-the-scales
[42] See footnote 40, p. 66.
[43] Appendix I covers populations in Afghanistan, Bhutan, India, Myanmar, Nepal and Pakistan, while populations in other countries are covered by Appendix II.
[44] See IUCN's threat assessment for each of the musk deer species, for example, Nyambayar, B., Mix, H. & Tsytsulina, K. 2015. *Moschus moschiferus*. *The IUCN Red List of Threatened Species* 2015: e.T13897A61977573. https://dx.doi.org/10.2305/IUCN.UK.2015-2.RLTS.T13897A61977573.en.
[45] Xinhua Net, Across China: Musk deer breeding brings poverty relief, 22.11.2018, http://www.xinhuanet.com/english/2018-11/22/c_137622756.htm
[46] Parry-Jones, R. and Wu, J.Y. (2001). Musk deer farming as a conservation tool in China. TRAFFIC East Asia. https://portals.iucn.org/library/sites/library/files/documents/Traf-089.pdf p.7.

There is scant information about the extent of the illegal trade in musk, however reports show that seizures of musk often include seizures of other animal products.[47]

3 The Council on Ethics' findings

Information on the companies' websites indicates that Tong Ren Tang Technologies, Tong Ren Tang Chinese Medicine and some of their subsidiaries manufacture a number of products that contain body parts from threatened animals.

3.1 Tong Ren Tang Technologies

Use of Saiga horn

Tong Ren Tang Technologies advertises the following 12 products in which saiga horn is listed as an ingredient on its website.

1. 羚翘解毒丸（水蜜丸） (Lingqiao Jiedu Wan (Shuimi Wan))[48]
2. 羚翘解毒丸（大蜜丸） (Lingqiao Jiedu Wan (Dami Wan))[49]
3. 羚翘解毒颗粒 (Lingqiao Jiedu Keli)[50]
4. 羚翘解毒片 (Lingqiao Jiedu Pian)[51]
5. 羚羊感冒片 (Lingyang Ganmao Pian)[52]
6. 卫生宝丸（大蜜丸） (Weishengbao Wan (Dami Wan))[53]
7. 卫生宝丸（小蜜丸） (Weishengbao Wan (Xiaomi Wan))[54]
8. 牛黄降压丸 (Niuhuang Jiangya Wan)[55]
9. 小儿清热宁颗粒 (Xiao'er Qingrening Keli)[56]
10. 儿童清热口服液 (Ertong Qingre Koufuye)[57]
11. 五粒回春丸 (Wuli Huichun Wan)[58]
12. 高血压速降丸 (Gaoxueya Sujang Wan)[59]

All the products are described on the company's website, including their ingredients. As an example of this, information for one of the products advertised by Tong Ren Tang Technologies is provided below. Equivalent information can be found for the other products referred to in this recommendation.

Lingqiao Jiedu Wan (Shuimi Wan) - Example of product containing saiga horn that is marketed by the company.

Description of the product on the company's website http://www.tongrentangkj.com/newsInfo_3307.html. Signs in the green circle mean ingredients. Signs in the red circle mean saiga horn.

[47] Paudel, PK, Acharya, KP, Baral, HS, Heinen, JT, Jnawali, SR. Trends, patterns, and networks of illicit wildlife trade in Nepal: A national synthesis. *Conservation Science and Practice*. 2020;e247. https://doi.org/10.1111/csp2.247

[48] http://www.tongrentangkj.com/newsInfo_3307.html

[49] http://www.tongrentangkj.com/newsInfo_3290.html

[50] http://www.tongrentangkj.com/newsInfo_3284.html

[51] http://www.tongrentangkj.com/newsInfo_3288.html

[52] http://www.tongrentangkj.com/newsInfo_3289.html

[53] http://www.tongrentangkj.com/newsInfo_3303.html

[54] http://www.tongrentangkj.com/newsInfo_3302.html

[55] http://www.tongrentangkj.com/newsInfo_3333.html

[56] http://www.tongrentangkj.com/newsInfo_3371.html

[57] http://www.tongrentangkj.com/newsInfo_3368.html

[58] http://www.tongrentangkj.com/newsInfo_3365.html

[59] http://www.tongrentangkj.com/newsInfo_3312.html

Tong Ren Tang Technologies produces a product, 人参再造丸 (Renshen Zaizao Wan),[60] which contains leopard bones, and a product, 利咽灵片 (Liyanling Pian),[61] in which pangolin is one of the ingredients. In addition to these products, another product, 生乳灵(ShengRu Ling), of which the company is listed as a manufacturer, is offered on a third-party website.[62] This product also contains pangolin. Furthermore, the company produces two products, 安宫牛黄丸 (Angong Niuhuang Wan)[63] and 西黄丸 (Xihuang Wan)[64], in which natural musk is an ingredient. The company has not reported whether this originates from farmed animals or wild musk deer.

3.2 Tong Ren Tang Chinese Medicine

Tong Ren Tang Chinese Medicine manufactures a product, 安宫牛黄丸 (Angong Niuhuang Wan),[65] which contains natural musk. The company has not reported whether this originates from farmed animals or wild musk deer.

4 Information from the companies

At the Council on Ethics' request, Tong Ren Tang Technologies has provided information regarding the company's use of threatened species in the production of medicines. The company has not commented on the draft recommendation.

Ton Ren Tang Chinese Medicine has not provided any information to the Council.

4.1 Tong Ren Tang Technologies

Tong Ren Tang Technologies has confirmed that the company uses body parts of threatened species. The company has stated that its Chinese patent medicine products are manufactured according to the Chinese *Pharmacopoeia.* "Therefore, the company uses endangered animal resources in a small number of products for the treatment of acute and severe diseases." The company has also stated that, in order to "…ensure the efficacy of our products, meet the needs of our consumers and protect their health, the company has made reasonable use of

[60] http://www.tongrentangkj.com/newsInfo_3307.html
[61] http://www.tongrentangkj.com/newsInfo_4054.html
[62] https://item.jkcsjd.com/10025900247366.html
[63] http://www.tongrentangkj.com/newsInfo_3316.html
[64] http://www.tongrentangkj.com/newsInfo_4045.html
[65] https://cm.tongrentang.com/cn/menu210/detail/5.html

“endangered” raw materials, such as natural Moschus (in Xihuang Wan, Angong Niuhuang Wan, etc.) and Cornu Saigae Tataricae (in Lingqiao Jiedu Pian, etc.) in some products (especially those for emergent and severe conditions or dubious and difficult cases)."

Furthermore, the company stated that it has all necessary permits, but that it cannot disclose copies of these, or provide information about stockpiles or the quantities of animal parts of threatened species that are used. Tong Ren Tang Technology wrote that, when it purchases "resources from endangered species, we always demand the suppliers to provide the original administrative approval documents from the State Forestry Administration or its provincial branches to prove the legal source."

With regard to plans to substitute ingredients that are based on body parts from threatened species, the company stated that it is attempting to put this into practice, but that it has to comply with requirements concerning the production of the medicines. "All our CPM products are manufactured according to the Chinese Pharmacopoeia, and their formula compositions and quality standards must be strictly kept in compliance with the requirements of the pharmacopoeia. The company cannot arbitrarily violate the requirements or modify the formulas." The company further added that: "In addition, as an important part of Chinese medicine, endangered plant and animal resources are of natural origin, and cannot be completely replaced by chemically synthesized drugs."

The company reported that it labels its products as required by the special marking system.

The company also briefly noted that it was "carrying out domestication and breeding of endangered species, such as dwarf musk deer and deer," however did not provide any further details.

4.2 Tong Ren Tang Chinese Medicine

Tong Ren Tang Chinese Medicine did not respond to the Council's request for information and did not provide any comments to the draft recommendation. In its 2019 annual report, the company confirmed that it uses threatened species in the production of medicines: "Some of the raw materials used by the Group for medicine production are materials from animals and plants, including rare Chinese medicinal herbs and endangered species which are subject to relevant regulations."[66]

5 The Council on Ethics’ assessment

Based on the available information, the Council on Ethics has assessed whether there is an unacceptable risk that Tong Ren Tang Technology and its subsidiary Tong Ren Tang Chinese Medicine contribute to serious environmental damage through their use of threatened animal species in their production and sale of traditional Chinese medicine.

The starting point for the Council's assessment is that loss of species and biodiversity represent one of the greatest threats to life on Earth. The loss of species is irreversible and can have far-reaching consequences for other species, ecosystems and the livelihoods of local communities. The risk of loss of species has played a key part in other recommendations by the Council concerning biodiversity and serious environmental damage.

In this case, the Council places emphasis on the reports from UN organisations and other recognised international organisations that explain how the use of threatened animal species in TCM products contributes to the extinction of these species, and that the increasing demand

[66] Tong Ren Tang Chinese Medicine Annual Report 2019, p.39.

for TCM is considered to be a contributing factor to the illegal international trade in some of these animals.

The Council's investigations have shown that Tong Ren Tang Technologies manufactures a number of products containing ingredients based on saiga antelope, leopards, pangolins and musk deer. The company has confirmed that it uses body parts from animal species that are threatened with extinction in the production of medicines. Although Tong Ren Tang Chinese Medicine has not responded to the Council's inquiries, information on the company's website shows that it produces medicines which contain natural musk. The company has confirmed that threatened species are included in its production of medicines.

Tong Ren Tang Technologies has stated that it meets all legal requirements for the production of TCM, and that the species that are used originate from legal sources. The Council notes that the company does not wish to provide information relating to stockpiles or quantities used or where the animal parts have been purchased. The Council has placed emphasis on the fact that the company has not verified whether it has traceability for its purchases or knows the provenance of these. When considering the extensive illegal hunting and trade in these animals, as well as the lack of transparency in the company's practices, the Council finds that there is an unacceptable risk of the company using threatened species that may originate from illegal sources.

The lack of information has prevented the Council from being able to quantify how each company contributes to environmental damage. Since there is no information about the quantity of body parts of threatened species that a company uses, where the animal parts originate from, what stockpiles of these exist and how these are replenished, the Council finds that the question of a company's contribution is a matter of whether the body parts of threatened animal species are used in its pharmaceutical production or not. When the activities themselves constitute a risk of species becoming extinct, there is also a risk that the company contributes to the depletion of biodiversity and serious environmental damage.

The Council notes that Tong Ren Tang Technologies has not disclosed any specific plans to replace ingredients based on threatened species in the production of TCM. Tong Ren Tang Chinese Medicine has also made no indication of any such changes. Until the companies publicly announce a specific goal to stop using threatened species in their production and a time bound plan for when the use of such species will cease, the Council considers there to be an unacceptable risk of the companies contributing to serious environmental damage.

6 Recommendation

The Council on Ethics recommends that Tong Ren Tang Technologies Co Ltd and its subsidiary Beijing Tong Ren Tang Chinese Medicine Co Ltd be excluded from investment by the Government Pension Fund Global due to an unacceptable risk that the companies are contributing to severe environmental damage.

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(Sign.)	(Sign.)	(Sign.)	(Sign.)	(Sign.)