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**To Norges Bank**

25 April 2024

**Recommendation to exclude Tianjin Pharmaceutical  
Da Re Tang Group Corp Ltd from investment by the  
Government Pension Fund Global**

## Summary

The Council on Ethics recommends to exclude Tianjin Pharmaceutical Da Re Tang Group Corp Ltd (Da Ren Tang) from the Government Pension Fund Global (GPF) due to an unacceptable risk of the company 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 close of 2023, the GPF owned shares in Da Ren Tang valued at approximately 2.2 mill USD corresponding to an ownership interest of 0.14 per cent.

Da Ren Tang develops, manufactures and markets TCM products. The Council's investigation shows that the company manufactures a number of products which include animal parts from threatened species. This pertains to leopard bones, pangolin scales and musk from musk deer. The products are advertised on the company and its subsidiaries' websites.

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.

In light of the extensive illegal trade in threatened species, the Council places emphasis on the fact that the company does not disclose information regarding traceability of purchases or where the animals originate from. The Council finds that the lack of such information and lack of 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 the 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 the company's contribution is a matter of whether the company uses endangered species in its 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.

Da Ren Tang has not publicly announced a specific goal to stop using threatened species in its production of TCM. The Council therefore considers the risk that the company will continue to contribute to severe environmental damage to be unacceptable.

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# 1 Introduction

The Council on Ethics has assessed the GPFG's investments in Tianjin Pharmaceutical Da Ren Tang Group Corp Ltd (Da Ren Tang)<sup>1</sup> against the Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global (the Ethical Guidelines).<sup>2</sup>

Da Ren Tang, formerly known as Tianjin Zhongxin Pharmaceutical Group Co Ltd is mainly engaged in research, development, production and sales of Traditional Chinese Medicine (TCM). The company is listed on the Shanghai and Singapore stock exchanges.

At the end of 2023, the GPFG owned shares in Da Ren Tang valued at approximately 2.2 mill USD corresponding to an ownership interest of 0.14 per cent.

## 1.1 What the Council on Ethics has considered

The Council on Ethics' assessment concerns Da Ren Tang's use of body parts of threatened wildlife in its production of TCM. The Council has assessed whether there is an unacceptable risk that the company thereby contributes to severe environmental damage pursuant to section 4 (e) of the Ethical Guidelines.

When assessing severe 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.

The Council's current assessment concerns the loss of biodiversity, particularly the loss of threatened species. The International Union for Conservation of Nature (IUCN) reports that around 28 per cent of all species they have assessed are threatened with extinction and that the risk of species becoming extinct is accelerating.<sup>3</sup>

The Council has looked to the UN Convention on Biological Diversity (CBD) and the Kunming-Montreal Global Biodiversity Framework, from 2022, which establishes an

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<sup>1</sup> Issuer ID 223152

<sup>2</sup> Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global. Adopted by the Ministry of Finance on 18 December 2014:  
<https://nettsteder.regjeringen.no/etikkradet3/files/2019/12/guidelines-for-observation-and-exclusion-from-the-gpfg-01.09.2019.pdf>

<sup>3</sup> IUCN 2024. The IUCN Red List of Threatened Species. Version 2023-1. <https://www.iucnredlist.org>

international commitment to the conservation of biodiversity.<sup>4</sup> The Council has placed particular emphasis on the biodiversity framework's goal of stopping the eradication of known endangered species through human action by 2030. The Council also attaches importance to the biodiversity framework's expectation that businesses and financial institutions will help to reduce the loss of biodiversity and that companies should monitor, assess, disclose and reduce their negative impacts on biodiversity.

The Council also relies on the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The Council is particularly concerned with species listed in Appendix I of the Convention, as these species are threatened with extinction and all international commercial trade in such species is therefore prohibited.

As in previous recommendations, the Council has assessed the use of threatened animals in the production of TCM.<sup>5</sup> The term "threatened" refers to species assessed as being Critically Endangered, Endangered and Vulnerable in the IUCN Red List of Threatened Species.<sup>6</sup>

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 severe environmental damage.

## 1.2 Sources

This recommendation is based on publicly available information, including reports by the Environmental Investigation Agency (EIA).<sup>7</sup>

For information on specific products produced by Da Ren Tang, the Council has based its assessment on information published on the company's website.

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<sup>4</sup> The Convention on Biological Diversity, <https://www.cbd.int/convention/> and Kunming Montreal Global Biodiversity Framework, CBD/COP/15/L.25, 18 December 2022, <https://www.cbd.int/doc/c/e6d3/cd1d/daf663719a03902a9b116c34/cop-15-l-25-en.pdf>

<sup>5</sup> See e.g. The Council on Ethics' recommendations to exclude the companies Yunnan Baiyao Group Co Ltd, China Traditional Medicine Holdings Co Ltd, China Grand Pharmaceutical and Healthcare Holdings Ltd, Tong Ren Tang Technologies Co Ltd and Beijing Tong Ren Tang Chinese Medicine Co Ltd from the GPF, <https://etikkradet.no/recommendations/severe-environmental-damage/>

<sup>6</sup> IUCN 2024. The IUCN Red List of Threatened Species. Version 2023-1.

<sup>7</sup> See e.g. EIA 2023, Investing in Extinction, <https://eia-international.org/report/investing-in-extinction-how-the-global-financial-sector-profits-from-traditional-medicine-firms-using-threatened-species/>

## 2 Background

### 2.1 About the company

The Fund is invested in Tianjin Pharmaceutical Da Ren Tang Group Corporation Ltd (China) which Chinese name is Jinyao Darentang Group Co., Ltd.<sup>8</sup>

The company is engaged in research and development and manufacturing of Chinese herbal medicines and patent TCM,<sup>9</sup> chemical raw materials and preparations, health products, sales and retail pharmacy.<sup>10</sup> It employs about 5000 people.

The Company has 38 subsidiaries, including the Jinyao Darentang Group Co Ltd Longshunrong Pharmaceutical Factory, the Tianjin Darentang Jingwanhong Pharmaceutical Co Ltd and Jinyao Darentang Group Co Ltd Darentang Pharmaceutical Factory.<sup>11</sup>

### 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. It is estimated that the global market size for TCM in 2022 was USD 200 billion and anticipated to rise to USD 445 billion in 2032.<sup>12</sup> Medicines make up around 30-40 per cent of the TCM market.<sup>13</sup> 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,<sup>14</sup> and, for some species, this is the primary reason why these animals are at risk of becoming extinct.<sup>15</sup> A number

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<sup>8</sup> The company's homepage, <http://www.jydr.com.cn/>

<sup>9</sup> Traditional Chinese patent medicines are medicines approved for commercial production by the Chinese authorities.

<sup>10</sup> Tianjin Pharmaceutical Da Re Tang Group Corp Ltd Sustainability Report 2022, <https://links.sgx.com/FileOpen/TJ%20DRT-Sustainability%20Report%202022.ashx?App=Announcement&FileID=760277>

<sup>11</sup> Da Ren Tan homepage, <http://www.jydr.com.cn/channels/2861.html>,

<sup>12</sup> Business Research Insights, Traditional Chinese Medicine Market Overview, 18.3.2024, <https://www.businessresearchinsights.com/market-reports/traditional-chinese-medicine-market-109485#:~:text=TRADITIONAL%20CHINESE%20MEDICINE%20MARKET%20REPORT%20OVERVIEW&text=The%20global%20traditional%20chinese%20medicine,7.45%25%20during%20the%20forecast%20period.>

<sup>13</sup> Daxue Consulting, Traditional Chinese medicine takes 30-40% of China's pharmaceutical market, 15.6.2020, <https://daxueconsulting.com/traditional-chinese-medicine-market/>

<sup>14</sup> 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](https://doi.org/10.1016/S0965-2299(03)00055-4). See also, EIA, Traffic

<sup>15</sup> 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

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.<sup>16</sup> Many of the species used in TCM products are listed in 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 the UNODC, the true scope of the illegal trade is probably much greater than the number of seized animals would indicate. **Regulations concerning the use of animal body parts in TCM production**

The commercial use of body parts of protected species is permitted in China under provisions of the Wildlife Protection Law (WPL). The WPL lays out various categories of protection for native wild animal species, the most stringent being “special state protection.” Non-native species which are listed on CITES Appendix I or II are also managed as being subject to special state protection.<sup>12</sup> Article 27 of the WPL permits the “sale, purchase or utilisation” of protected species where “necessary for scientific research, captive breeding, public exhibition or performances, heritage conservation or other special purposes.” In practice, these exemptions permit the use and trade for TCM.

A ban on wildlife trade adopted by the Standing Committee of China’s National People’s Congress on 24 February 2020 prohibited the commercial breeding and trade of most terrestrial wild animal species for the purpose of consumption as food, but explicitly did not prohibit use in traditional medicine.

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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>

<sup>16</sup> 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> and 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](https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World_Wildlife_Report_2020_9July.pdf)

UNODC, World Wildlife Crime Report 2020, United Nations Office on Drugs and Crime, 2020.

See footnote 16 and Standaert, M. 'This makes Chinese medicine look bad': TCM supporters condemn illegal wildlife trade, 26.5.2020,

Full translations of the Wildlife Protection Law and other relevant regulations are available on the EIA website: Decisions of the Standing Committee of the National People’s Congress relating to a total prohibition on illegal wildlife trade, eliminating the bad habit of excessive eating of wildlife, and effectively safeguarding the lives and health of the public. Available in translation from:

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 is administered by The China Wildlife Mark Centre and is known as "special marking".<sup>21</sup> 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.<sup>22</sup>

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.<sup>23</sup> 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.

The National Medical Products Administration of China (NMPA) is responsible for drug supervision, including safety of drugs and licensing of drugs.<sup>24</sup> Companies must seek approval from the NMPA to produce a drug with a specific formulation. Each record of approval is represented by a license number – a code comprising the letter Z and eight numbers - which is printed on the product packaging.

## 2.4 Briefly about the threatened species used by Da Ren Tang

The Council on Ethics findings indicate that the company uses body parts from pangolin, leopard and musk deer.

### *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

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<sup>21</sup> EIA 2020, Smoke and Mirrors. China's complicity in the global illegal pangolin trade.

<sup>22</sup> 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>

<sup>23</sup> See footnote 21.

<sup>24</sup> National Medical Products Association, <https://english.nmpa.gov.cn/index.html>



2020 and assigned special state protection.<sup>25</sup> According to the IUCN, the first two species are critically endangered, while the Indian pangolin is endangered. Overexploitation is the main reason for population decline in these species. 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 *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.<sup>26</sup>

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 2.3).<sup>27</sup> 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 special marking system. It has been reported that scales that are not certified or labelled are being sold illegally in China.<sup>28</sup>

It is estimated that, between 2009 and 2016, the government authorities released an average of 26 tonnes of pangolin scales per year.<sup>29</sup> 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.

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.<sup>30</sup> From January 2019 to September 2023, approximately 190 tonnes of pangolin scales were seized globally.<sup>31</sup> Asian demand is being met by illegal imports from Africa, which are principally for the Chinese market. UNODC also states that "Before the Appendix I listing [reference to CITES in 2017], the amount of pangolins

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<sup>25</sup> National Forestry and Grasslands Administration 2020, <http://www.forestry.gov.cn/main/3095/20200608/170847961137579.html>

<sup>26</sup> EIA 2020, Smoke and Mirrors. Eight formulations for patent medicines prescribe pangolin scales as an ingredient in the 2020 edition of Pharmacopoeia of the People's Republic of China.

<sup>27</sup> 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>

<sup>28</sup> 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 \(cites.org\)](https://www.cites.org/Doc/E-SC69-57-A.pdf) and EIA 2020, Smoke and Mirrors.

<sup>29</sup> See footnote 28.

<sup>30</sup> UNODC 2020, World Wildlife Crime Report 2020, United Nations Office on Drugs and Crime.

<sup>31</sup> EIA 2023, Recommendations for the 77th meeting of the CITES Standing Committee, <https://eia-international.org/wp-content/uploads/2023-EIA-recommendations-SC77-Standing-Committee.pdf>

seized was much larger than the legal trade, implying that the industries where pangolins are used have long drawn on illegal sources."<sup>32</sup> A study about the demand for medicinal pangolin products in China concludes that "*quantities of products traded by permitted legal sellers are estimated to greatly exceed the supply capacity of legal sources.*"<sup>33</sup>

### *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 leopard species 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.<sup>34</sup> 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.<sup>35</sup> In 1993, the Chinese authorities banned the use of tiger bone in TCM, however leopard bone was permitted as a substitute, and has contributed to increasing the demand for leopards. According to the Chinese authorities, only existing stockpiles of leopard bones can be used by pharmaceutical companies.<sup>36</sup> The quantities and provenance of these stockpiles are not publicly known.

### *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). 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,<sup>37</sup> and are

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<sup>32</sup> See footnote **Feil! Bokmerke er ikke definert.**, p. 66.

<sup>33</sup> Wang Y, Turvey ST, Leader-Williams N (2023) The scale of the problem: understanding the demand for medicinal pangolin products in China. *Nature Conservation* 52: 47-61, <https://doi.org/10.3897/natureconservation.52.95916>

<sup>34</sup> See the threat assessments for each of the leopard species at [www.iucnredlist.org](http://www.iucnredlist.org)

<sup>35</sup> 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.

<sup>36</sup> 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

<sup>37</sup> Appendix I covers populations in Afghanistan, Bhutan, India, Myanmar, Nepal and Pakistan, while populations in other countries are covered by Appendix II.

protected in China. Illegal hunting driven by the demand for musk is stated as being a threat to musk deer populations.<sup>38</sup>

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.<sup>39</sup> 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.<sup>40</sup>

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.<sup>41</sup>

### 3 The Council on Ethics' findings

Information on the companies' websites indicate that Da Ren Tang through its subsidiaries including Jinyao Darentang Group Co Ltd Longshunrong Pharmaceutical Factory,<sup>42</sup> Tianjin Darentang Jingwanhong Pharmaceutical Co Ltd<sup>43</sup> and Jinyao Darentang Group Co Ltd Darentang Pharmaceutical Factory<sup>44</sup> manufacture numerous products that contain ingredients from body parts of threatened wildlife, see table 1.<sup>45</sup>

For products in which natural musk is listed as an ingredient, the company does not disclose if the musk originates from farmed or wild musk deer.

*Table 1: Overview of TCM products which contain body parts of endangered wildlife manufactured by Da Ren Tang and subsidiaries*

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<sup>38</sup> See IUCN's threat assessment for each of the musk deer species, for example, Nyambayar, B., Mix, H. & Tsytulina, 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>.

<sup>39</sup> Xinhua Net, Across China: Musk deer breeding brings poverty relief, 22.11.2018, [http://www.xinhuanet.com/english/2018-11/22/c\\_137622756.htm](http://www.xinhuanet.com/english/2018-11/22/c_137622756.htm)

<sup>40</sup> 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.

<sup>41</sup> 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>

<sup>42</sup> Jinyao Darentang Group Co Ltd Longshunrong Pharmaceutical Factory, <http://lsr.com.cn/index>

<sup>43</sup> Tianjin Darentang Jingwanhong Pharmaceutical Co Ltd, <https://www.jing-wan-hong.com/index.html>

<sup>44</sup> Jinyao Darentang Group Co Ltd Darentang Pharmaceutical Factory <https://www.darentang.com.cn/index.html>

<sup>45</sup> The company also advertises numerous products in which saiga horn is listed as an ingredient, see e.g. the product 清肺消炎丸 (Qingfei Xiaoyan Wan), <https://www.darentang.com.cn/zhc/product/detail/67.html>. The saiga antelope (*Saiga tatarica*) inhabits the steppes of Central Asia. In 2023, following a reassessment, the IUCN reclassified the species from Critically Endangered to Near Threatened. The species is included in CITES Appendix II. The products are therefore not discussed further in this recommendation.

Company	Products which contain ingredients based on body parts of:		
	Pangolin	Leopard	Musk deer
Jinyao Darentang Group Co Ltd Longshunrong Pharmaceutical Factory <sup>46</sup>	通络生乳糖浆(Tongluo Sheng Ru Tang Jiang) <sup>47</sup>		
Tianjin Darentang Jingwanhong Pharmaceutical Co Ltd <sup>48</sup>	京万红痔疮膏 (Jing Wan Hong Zhi Chuang Gao) <sup>49</sup>		
Jinyao Darentang Group Co Ltd Darentang Pharmaceutical Factory <sup>50</sup>	风湿关节炎丸(Fengshi Guanjie Yan Wan) <sup>51</sup>	大活络丸 (Da Huoluo Wan) <sup>52</sup>	牛黄清心丸 (局方) (Niu Huang Qingxin Wan (Prescription)) <sup>53</sup>
Da Ren Tang <sup>54</sup>		海马补肾丸 (Haima Bushen Wan) <sup>55</sup>	

All the products are described on the companies' website, including their ingredients. As an example of this, information for the product *Jing Wan Hong Zhi Chuang Gao* (京万红痔疮膏) advertised by Da Ren Tang's subsidiary Tianjin Darentang Jingwanhong Pharmaceutical Co Ltd, is provided below.<sup>56</sup> Equivalent information can be found for the other products referred to in this recommendation.

**Jing Wan Hong Zhi Chuang Gao** - The product is advertised by Tianjin Darentang Jingwanhong Pharmaceutical Co Ltd and lists pangolin as an ingredient.

Description of the product on the company's website <https://www.jing-wan-hong.com/contents/64/790.html>. Signs in the green circle mean ingredients. Signs in the red circle mean pangolin.. Signs in the blue circle shows that the product is approved by the NMPA and has NMPA number Z120346

<sup>46</sup> <http://lsr.com.cn/index>

<sup>47</sup> <http://lsr.com.cn/product/detail/3>.

<sup>48</sup> <https://www.jing-wan-hong.com/index.html> <https://www.jing-wan-hong.com/index.html>

<sup>49</sup> <https://www.jing-wan-hong.com/contents/64/790.html>

<sup>50</sup> <https://www.darentang.com.cn/index.html>

<sup>51</sup> <https://www.darentang.com.cn/zhcn/product/detail/85.html>

<sup>52</sup> <https://www.darentang.com.cn/zhcn/product/detail/78.html>

<sup>53</sup> <https://www.darentang.com.cn/zhcn/product/detail/76.html>

<sup>54</sup> <http://www.jydr.com.cn/>

<sup>55</sup> <http://www.jydr.com.cn/contents/2869/7820.html>

<sup>56</sup> <https://www.jing-wan-hong.com/contents/64/790.html>



Figure 1: Screenshot of a product that lists pangolin as in ingredient advertised by Tianjin Darentang Jingwanhong Pharmaceutical Co Ltd

## 4 Information from the company

The Council has requested information from Da Ren Tang concerning the company's use of threatened animal species in its production of TCM. The company did not respond to the Council's request.

The company has not published any information about its use of threatened species in the production of medicines on its website or in sustainability reports.

## 5 The Council on Ethics' assessment

Based on the available information, the Council on Ethics has assessed whether there is an unacceptable risk that Da Ren Tang and its subsidiaries contribute to serious environmental damage through their use of threatened animal species in their production and sale of TCM.

Bearing in mind the accelerating loss of species and biodiversity, the Council has based its assessment on the international agreement to halt the eradication of known endangered species from human actions by 2030 and the expectation that businesses and financial institutions will help to reduce the loss of biodiversity. The Council attaches importance to the fact that 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 species extinction has played a key part in previous recommendations by the Council concerning biodiversity and serious environmental damage.

In the current 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 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 Da Ren Tang manufactures several products containing ingredients based on body parts of pangolin, leopard and musk deer, which all are threatened by global extinction. Although the company has not responded to the Council's inquiries, information on company websites shows that it produces medicines which contain these ingredients.

Da Ren Tang does not disclose information on the company's use of the animal parts, where they have been purchased or the provenance of the purchases. 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 quantifying how the company contributes to environmental damage. Since there is no information about the quantity of body parts of threatened species that the 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 the 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.

Da Ren Tang has not publicly announced a specific goal to stop using threatened species in its production of TCM. The Council therefore considers the risk that the company will continue to contribute to severe environmental damage to be unacceptable.

## 6 Recommendation

The Council on Ethics recommends that Tianjin Pharmaceutical Da Ren Tang Group Corp Ltd be excluded from investment by the Government Pension Fund Global pursuant to the environmental criteria of the ethical guidelines.

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