



康臣藥業集團有限公司
CONSUN PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

股份代號 Stock Code: 1681

2017

**Environmental, Social and
Governance Report**

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About This Report

This is the second Environmental, Social and Governance Report (“**ESG report**”) published by Consun Pharmaceutical Group Limited (the “**Company**”) and its subsidiaries (collectively “**Consun Pharmaceutical**” or the “**Group**” or “**We**”), which aims to provide the performance on environmental, social and governance aspects and the latest development of Consun Pharmaceutical in 2017. Unless otherwise stated, the information and date used in this report are from the Company and its subsidiaries. This report should be read in conjunction with the Group's 2017 Annual Report (especially the “Corporate Governance Report”) in order to fully understand the relevant performance of the Company.

Reporting Guideline

This report was compiled in accordance with the *Environmental, Social and Governance Reporting Guide* under Appendix 27 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Main Board Listing Rules**”). According to the requirements in Environmental, Social and Governance Reporting Guide, this report follows the reporting principles of materiality, quantitative, balance and consistency. The Group's environmental and social management policies, strategies, relevant importance and objectives would be disclosed in the various sections of this report.

Reporting Scope

The reporting scope of this report is consistent with the 2017 Annual Report of Consun Pharmaceutical, which mainly covers the Group's subsidiaries: Guangzhou Consun Pharmaceutical Co., Ltd. (“**Guangzhou Consun**”), Consun Pharmaceutical (Inner Mongolia) Co., Ltd. (“**Inner Mongolia Consun**”) and Guangxi Yulin Pharmaceutical Group Co., Ltd. (“**Yulin Pharmaceutical**”).

Unless otherwise stated, the reporting period of this report covers 1 January 2017 to 31 December 2017 (the “**reporting period**”).

Report Access

This report was compiled in Traditional Chinese and English respectively, if there is any contradiction or inconsistency between the Chinese and the English version, the Chinese version shall prevail and; published in electronic version, which can be downloaded from the Group's website at www.chinaconsun.com.

Reader's Feedback

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Chairman's Message

Responsibility Creates Value

In 2017, Consun Pharmaceutical actively responded to the changes in the industry policies, adhered to the deep development of academic marketing, focused on consumers, continued to deepen the "brand + terminal" marketing model transformation, and implemented the strategic thinking of "winning in creativity, winning in every steps". Intensive development of the Group has achieved a new level of business scale and profit.

The realization of all these achievements is inseparable from proper responses of policies, but we also believe that the most critical factor comes from all senses of responsibilities and missions of staffs in Consun Pharmaceutical. It drives us to focus on the core needs of customers, shareholders, employees and the society, to remind us the responsibilities that should be fulfilled, to turn responsibility into a driving force for development and to continuously create value for the community of interests.

By bearing the responsibility toward our customers, we create value through our products. Customer demands are always the driving force behind the development of Consun Pharmaceutical, therefore, providing health services to customers is the value and basis of Consun Pharmaceutical's existence. Accordingly, we continuously investing effective researches on development of new drug, development and implementation of secondary drug and quality consistency evaluation for generic drugs, and improve the core product line of "6+1". Meanwhile, we have implemented a full range of processes for the treatment of chronic kidney disease, laid out the healthcare industry, focused on products for women and children, remembered and executed the promise of "benefiting the society with good medicine".

By bearing the responsibilities toward employees, we share value through our careers. We always believe in the importance of talents to the Company's sustainable development. We have established a comprehensive training system and learning platform for this purpose. We cultivate talents through a people-oriented human resource system and achieve employees' career with a healthy development. At the same time, we pay attention to the career development channels of employees and reserve of talents. We have implemented the core team shareholding plan, and continuously improve the return of human resources, so that all of our employees can share the development results of Consun Pharmaceutical.

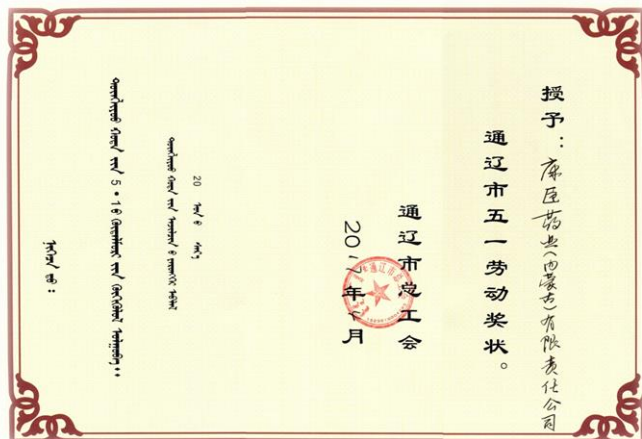
By bearing the responsibility toward our shareholders, we reflect value upon revenue. We fully aware of the concerns and needs of all shareholders and thus, we timely offer our shareholders the highly transparent for the latest business development and financial performance with our corporate publications, actively carry out roadshows, integrate external partnerships, involve in Shenzhen-Hong Kong Stock Connect, prepare for listing Yunlin Pharmaceutical on A-shares and enhance investors' income by adopting "share repurchase", "directional private placement" and other capital operations and market value management measures. It is the long-term trust relationship with our shareholders that drives the continuous and rapid development of Consun Pharmaceutical.

By bearing the responsibilities toward society, we pass on value through practices. We adhere to the social responsibilities of outstanding enterprise, pay attention to needs of people, care for vulnerable groups and participate in poverty alleviation charity. We actively participate in industry development, in order to create a more harmonious industry ecosystem. We adhere to the path of sustainable development, optimize the energy utilization

efficiency through "process improvement, technological progress, regulation of production capacity", and realize the harmonious development of "fortune and beautiful environment".

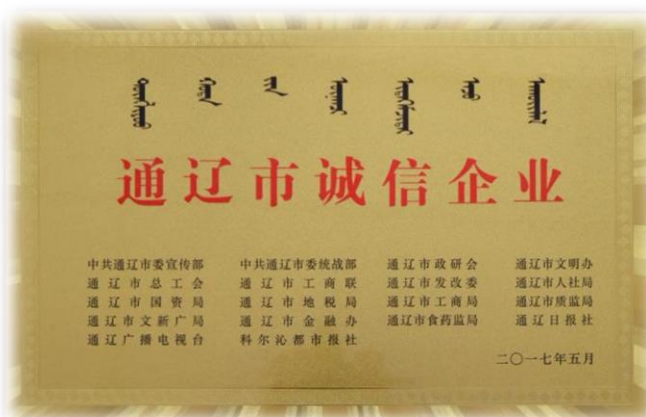
By bearing the development conviction of "responsibility create value", we always adhere to the development path of "industrial chain operation and international operation", promote the recreation of value chain of "consumer-centered", and lay out "smart manufacturing and green manufacturing" to continuously improve product innovation and patient service capabilities. Together with the community of shared interests, Consun Pharmaceutical create value and share results with the spirit of "doing it with the utmost care and perfection".

Memorabilia of 2017



In April 2017, Inner Mongolia Consun won the "Inner Mongolia Tongliao May Day Labor Award" issued by Tongliao General Trade Union.

In May 2017, Inner Mongolia Consun was awarded the honorary title of "Enterprise with Excellent Integrity in Tongliao City" issued by governmental agencies in Tongliao city.



In June 2017, 2016 China Pharmaceutical Industry's Most Influential List Release Conference and 2017 China (Kunming) Pharmaceutical Industry Development Forum was held in Kunming. The Group was listed in Top 100 Chinese Pharmaceutical Manufacturing Enterprises Top 50 Growing Enterprises in China's Pharmaceutical Industry in 2016.

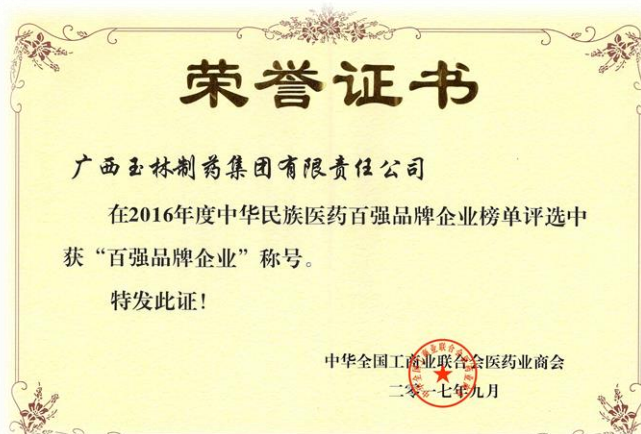


In July 2017, the 38th Annual Conference for National pharmaceutical QC Circle Achievements was organized by China Quality Association for Pharmaceuticals and closed in Shandong. This is the third time in a row that Consun Pharmaceutical won the National Pharmaceutical QC Circle Achievements.



In August 2017, Consun Pharmaceutical's product Uremic Clearance Granules ("UCG") was listed on the "List of Healthy China's Brands" once again at China Pharmaceutical Retail Industry Information Conference.

In September 2017, the 2016 China National Pharmaceutical Top 100 Brands List Release and the 2017 China Traditional Chinese Medicine Industry Development Forum, jointly hosted by All-China Federation of Industry and Commerce and the Bozhou Municipal Government, were held in Bozhou, Anhui Province. Yulin Pharmaceutical awarded with the title of Top 100 Brand Enterprises.



In September 2017, Yulin Pharmaceutical held a grand opening ceremony for the "Relocation Project" in Yulin Chinese Medicine Industrial Park. Nearly 200 people from various sectors of the community, including the deputy mayor of Yulin and the director of Consun Pharmaceuticals, attended the opening ceremony to witness the important moments in the history of Yulin Pharmaceutical.

In October 2017, Red Cross Society of China appreciated the Group for its charity sponsorship for the disaster area in 2017, and awarded the "Red Cross Society of China Humanitarian Service Medal". Meanwhile, we expressed our gratitude to the employees for contributing to our brand's charity.



In November 2017, Consun Pharmaceutical was awarded the High-tech Enterprise Certification issued by the Department of Science and Technology of Guangdong Province and the Department of Finance of Guangdong Province and other governmental agencies.



In December 2017, the brand products of Consun Pharmaceutical have been awarded "Guangdong Provincial High-tech Product Certification" by Guangdong High-tech Enterprise Association.

- Kidney Repair and Edema Alleviation Granules
- Gadopentetic Acid Dimeglumine Salt Injection
- Cetirizine Hydrochloride Oral Solution



国家知识产权局

国知发管字〔2017〕279号

国家知识产权局关于确定2017年度
国家知识产权示范企业和优势企业的通知

各省、自治区、直辖市、计划单列市、新疆生产建设兵团知识产权局：

根据《国家知识产权局办公室关于开展2017年度国家知识产权示范企业和优势企业申报考核工作的通知》（国知办函管字〔2017〕296号）要求，经企业申报，各省、自治区、直辖市、计划单列市、新疆生产建设兵团知识产权局（以下简称“省市局”）推荐，我局审核，并经社会公示，确定百度在线网络技术（北京）有限公司等182家企业为2017年度国家知识产权示范企业，北京京东方光电科技有限公司等816家企业为2017年度国家知识产权优势企业（名单见附件），示范企业和优势企业建设工作期限自2017年12月至2020年11月。

请按照《国家知识产权示范企业培育工作方案》和《国家知识产权优势企业培育工作方案》要求，结合工作实际，探索建立各具特色的企业培育政策体系，进一步完善本地区示范企业和优势企业培育工作总体方案，明确培育工作阶段性任务，加大投入，

In December 2017, the 19th Ceremony for the WIPO-SIPO Award for Chinese Outstanding Patented Invention & Industrial Design was organized by State Intellectual Property Office of the P.R.C and World Intellectual Property Organization. The invention patent of Yulin Pharmaceutical Zheng Gu Shui won the 19th China Patent Excellence Award.



In December 2017, the comprehensive warehouse that the group invested more than 17 million to build in the Inner Mongolia production base was put into operation officially. This will effectively alleviate the tight situation of the warehouses in the two factories of Inner Mongolia production base, meet the needs of the rapid development of the Group, and improve the intensification of warehouse management.



Strategy and Operation

Stakeholder Engagement

Consun Pharmaceutical adheres to the enterprise mission of “inheriting the traditions with innovation, benefiting the society with good medicine” and the core value of “people oriented, sincerity, sharing”, values the expectations of stakeholders, continuously improving the communication with stakeholders to promote mutual development.

Stakeholders	Expectations to the Group	The Group's Response Channels	Related Chapters in this Report
Government and Regulatory Agencies	<ul style="list-style-type: none"> Compliance with laws and regulations Strengthen research and development of drugs 	<ul style="list-style-type: none"> Participate in government projects Pass the qualifications Submit work reports 	Technological Innovation
Investors (Shareholders)	<ul style="list-style-type: none"> Good company operation management to reduce operational risk Good return on investment Transparent information disclosure 	<ul style="list-style-type: none"> Shareholders' meeting Information disclosure Investor consultation Roadshows 	Operation Management
Customers	<ul style="list-style-type: none"> Provide medicines that are safe and quality Diversified medicine types Protect consumer rights 	<ul style="list-style-type: none"> Customer satisfactory investigation Customer complaint management Daily customer communication 	Consumer Rights Protection
Employees	<ul style="list-style-type: none"> Good working environment Good career prospects 	<ul style="list-style-type: none"> Trade union Provide training and development platform The Group's publications Hold employee activities 	Training and Development Management Cohering Team
Suppliers	<ul style="list-style-type: none"> Cooperate with mutual benefit 	<ul style="list-style-type: none"> Formulate supplier management system Regular communication 	Supply Chain Management
Industry	<ul style="list-style-type: none"> Promote industry development 	<ul style="list-style-type: none"> Participate in or hold industry forums Participate in industry association 	Contribute to the Society

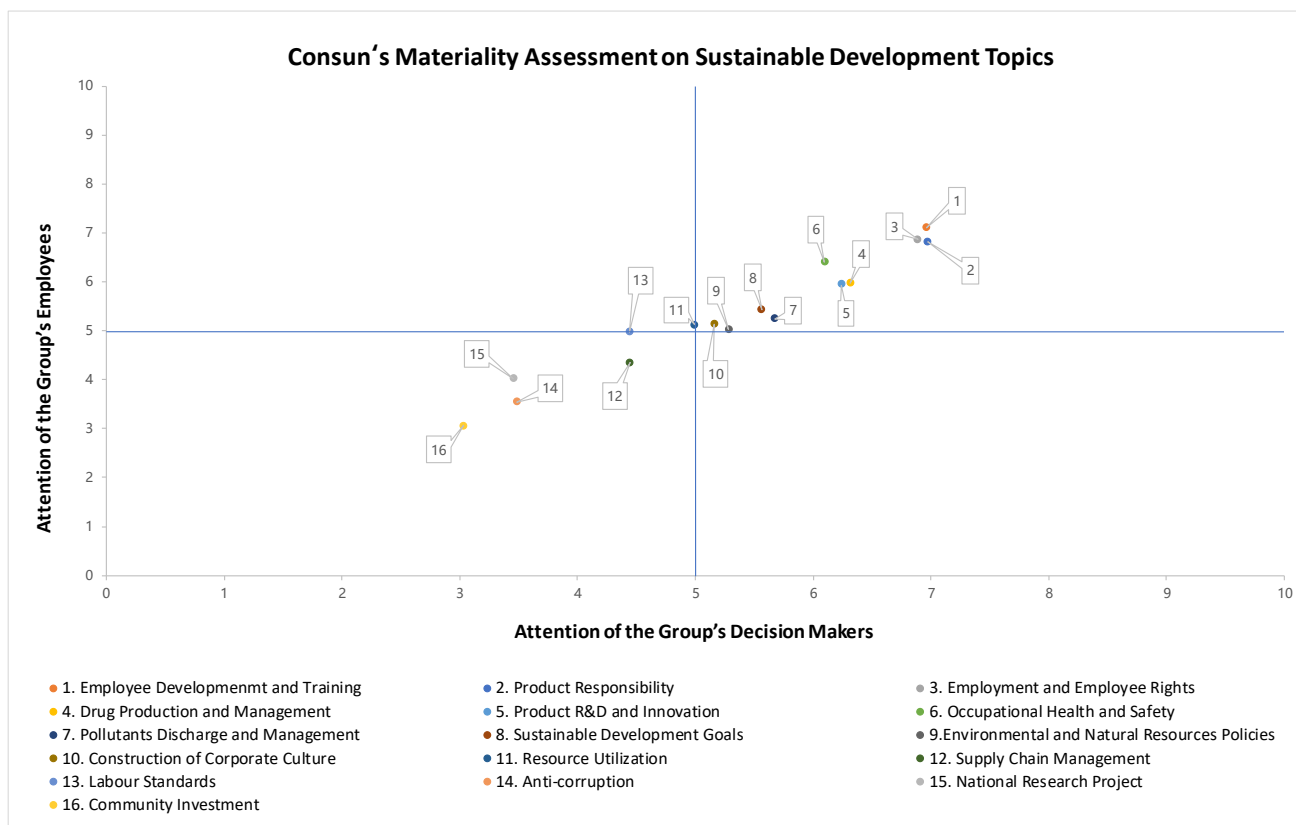
		<ul style="list-style-type: none"> • Visit and communicate with other companies 	
Community and Public	<ul style="list-style-type: none"> • Serving the community • Charity 	<ul style="list-style-type: none"> • Information disclosure • Participate or organize community activities • Social Charity and Poverty Alleviation Activities, Volunteer Activities 	Contribute to the Society

Materiality Assessment

Consun Pharmaceutical highly values the opinions from our stakeholders, we understand their comments and expectations through various channels and platforms. This will help the Group to objectively examine the issues that need attention and solutions in the work of sustainable development. At present, the stakeholders of the Group include government and regulatory agencies, investors, customers, employees, partners, industry, public, etc.

The Group regards the expectations of stakeholders as an important factor in formulating corporate sustainable development strategies and uses multiple channels to identify important issues that are related to stakeholders.

During the reporting period, the Group has conducted materiality assessment on five major aspects from the dimensions of “attention of the Group’s decision makers” and “attention of the Group’s employees”: strategy and management, quality of product and service, employees, environmental protection and society, which regarding the required disclose information in Environmental, Social and Governance Reporting Guide, industry dynamic and the actual development of the Group. The material topics were identified and screened out that are important to the Group and stakeholders. During the reporting period, the Group has conducted questionnaire survey to understand the degree of concern of internal stakeholders on the sustainable development issues of the Group and ranked them by matrix analysis.

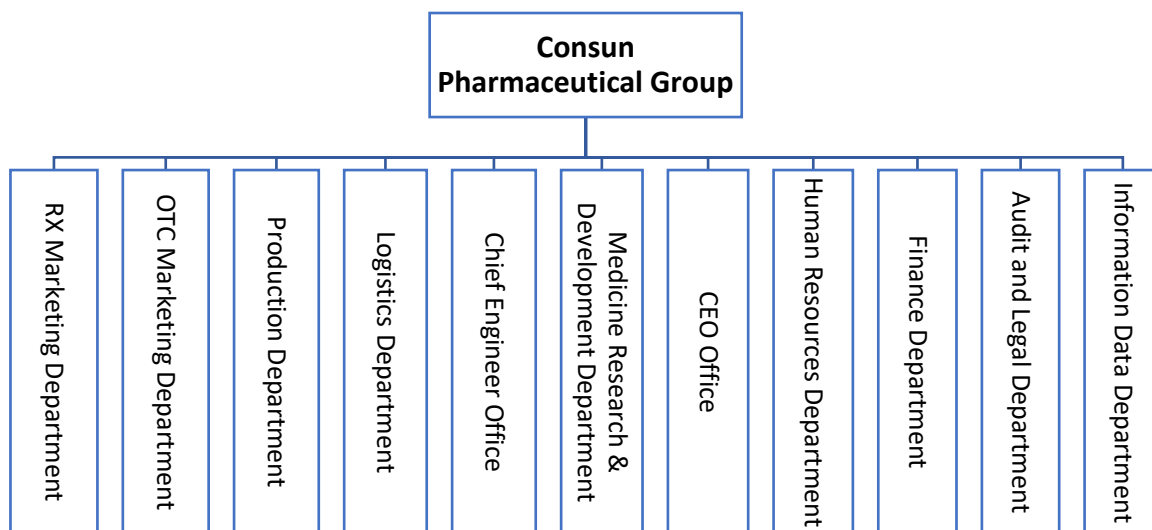


The above figure shows the materiality assessment matrix of the sustainable development topics based on the survey results. The horizontal axis of the matrix is the judgment of the group’s decision-making level on the importance of the topics, and the vertical axis is the employee’s judgment of the importance of the topics. The topics at the top right corner of the matrix are most concerned by internal stakeholders. According to the order of scores, the most concerned topics are sorted in the following order:

Sort by Score (from high to low)	Topics	Related Chapters in this Report
1	Employee Development and Training	Training and Development Management
2	Product Responsibility	High-quality Products Consumer Rights Protection
3	Employment and Employee Right	People in Consun
4	Occupational Health and Safety	Health and Safety Management
5	Drug Production and Management	Quality Products
6	Product R&D and Innovation	Technological Innovation
7	Sustainable Development Goals	In Each Chapters of This Report
8	Pollutants Discharge and Management	Air Pollutant Control, Water Resources Management, Waste Management
9	Environmental and Natural Resources Policies	Chemicals Management, Environmental Awareness Education
10	Construction of Corporate Culture	In Each Chapters of This Report
11	Resource Utilization	Response to Global Warming, Water Resources Management

Other than getting the Group's internal employees' most concerned sustainable development topics from the results of the questionnaire, we also integrated the concerned topics that collected through daily communication with external stakeholders into each chapter of this report. We also gave a focused report on those topics to respond to different expectations of different people.

Operation Management



The Organization Chart of the Group

In the course of its development in the past 20 years, Consun Pharmaceutical has always adhered to the strategic axis of "Product Leadership, Brand Leadership, Efficiency-Driven", upholds the management principle of "Solid Foundation, Professionalism, Be Strong, Be Large" and the product strategy of "Focus as Major, Popularised as Assist". We continue to expand the market, enrich our products, train talents, so as to promote continuous growth of the Group in high-quality. The Group believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of customers, employees and shareholders, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices. During the reporting period, the Group further optimized corporate governance and enhanced its competitiveness in accordance with the normative documents such as the Main Board Listing Rules, the code provisions set out in Appendix 14 "Corporate Governance Code and Corporate Governance Report" of the Main Board Listing Rules published by the Stock Exchange of Hong Kong Limited.

Anti-corruption

In accordance with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other laws and regulations, the Group has formulated the management system which includes employee handbook, business management system, fee approval authority system, etc., so as to regulate employees' behavior and to set up the internal code of conduct for combating corruption. The Group has formulated the *Internal Audit Management System*, which stipulates that the auditing department shall be responsible for inspecting and supervising any illegal acts of fraud, corruption, bribery, extortion and money laundering to ensure employees from all functional centers, departments, affiliated companies, contact points and related personnel within the Group shall comply with the rules and regulation and perform their duties legally. The Group sets up audit posts for inspection and supervision. It also sets up mailbox and hotline to accept complaints and reporting from customers, employees and third parties about violations within the Group. The audit department shall conduct site visit from time to time to grasp the market situation and to conduct audit of improper acts. The Company signed the *Post Responsibility Letter* with marketing staffs at all levels annually and requires them to comply with the business management regulations. In the meantime, the audit and legal department in the Group

carried out compliance training and promotion activities time to time to improve the employees' knowledge of the anti-corruption laws and regulations and the recognition of business bribery related behaviors.

During the reporting period, Consun Pharmaceutical strictly complied with the various anti-corruption regulations and didn't involve any cases regarding corruption lawsuits.

Products and Services

Quality Products

Consun Pharmaceutical adheres to the product concept of “High-technology, high-performance, high-quality”. We principally engage in the research, manufacturing, and sales of modern Chinese medicines and medical contrast medium. The medicines we produced are mainly being used for imaging diagnosis, treatment of kidney disease, skin disease, orthopedics, hepatobiliary digestion and other diseases. There are total 146 types of medicines, including 63 types of Chinese medicines and 83 types of western medicines in the Group. Among these, there are 32 types in the national essential medicine list and 74 types in national medical insurance list. 15 types of Chinese medicines belong to the national protection types of Chinese medicine, including Uremic Clearance Granules, Shiduqing Capsule, Zheng Gu Shui, Yunxiang Jing, Jigucuo Capsule, etc. Among them, Zheng Gu Shui was selected into the “Chinese Geographical Indication Ceremony” in 2010. We are dedicated to “Create flagship products for kidney disease and imaging, become a first-class Chinese medicine enterprise with multiple specialties leading”, so as to meet the needs of the continuously developing requirements of specialist medical treatment and improvement of patient quality of life.



Uremic Clearance Granules is the first modern Chinese medicine for chronic renal failure and maintains its leading position in the market in oral modern Chinese medicines for kidney diseases.



Kidney Repair and Edema Alleviation Granules is the Chinese medicine for chronic glomerulonephritis, which has a significant efficacy for increases qi of spleen and decreases chronic glomerulonephritis albuminuria.



Gadopentetic Acid Dimeglumine Salt Injection is the paramagnetic contrast medium widely used in magnetic resonance imaging contrast enhancement, which has received various honors.



Shiduqing has the effect of dispelling wind-cold and relieve itching, nourishing blood, and moisturizing skin, which could be used to treat cutaneous pruritus.



Zheng Gu Shui is the starting product of Yulin Pharmaceutical. It could promote blood circulation to remove blood stasis, relieve swelling and pain, and eliminate exercise fatigue. Zheng Gu Shui has won several famous awards and was selected in "Chinese Geographical Indication Ceremony".



Yunxiang Jing has the effect of dispelling wind-cold and eliminating dampness, activate blood circulation and relieving pain, which is the popular medicine of Yulin Pharmaceutical.



Iron Dextran Oral Solution which is one of our main products, the ideal medicine for iron supplement product among children medicines.



Jigucao has the effect of clearing heat and detoxification and protect the liver and gall.

Quality Management System

The Group strictly complies with *Pharmaceutical Administration Law of the People's Republic of China*, *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, *Good Manufacturing Practices for Pharmaceutical Products (GMP)*, and other relevant regulations, so as to establish the strict internal quality control system. The Group has quality assurance documents, including *Quality Risk Management Procedures*, *Material and Sample sampling Management Procedures*, etc., so as to standardize the operation in the production process of products, avoids and strictly controls the potential risks. Quality Management Department, Production Management Department, Engineering Equipment Department, Human Resources Department, Supply and Storage Department, and other relevant departments are included in the quality management system. Each department in this system has clear responsibilities. For example, Quality Management Department performs the power of quality management independently and shall report to the quality authorized persons who have the right to release final products. At the same time, we take risk management into each part of the quality management activities and continue to improve the internal quality management system.

The Group has a total of 37 modern production lines, all of which has passed the 2010 GMP Certification. In 2017, Yulin Pharmaceutical passed the GMP Certification of Australian TGA for the eighth times. In addition, Inner Mongolia Consun obtained the GMP certification of granules and bulk drugs.



Yulin Pharmaceutical GMP
Certificate

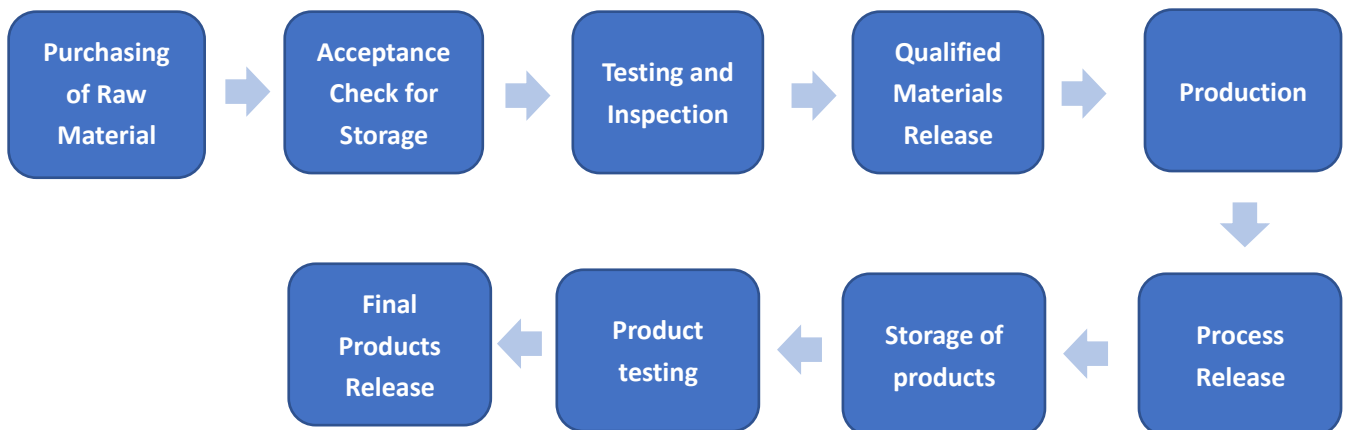


Inner Mongolia Consun GMP
Certificate

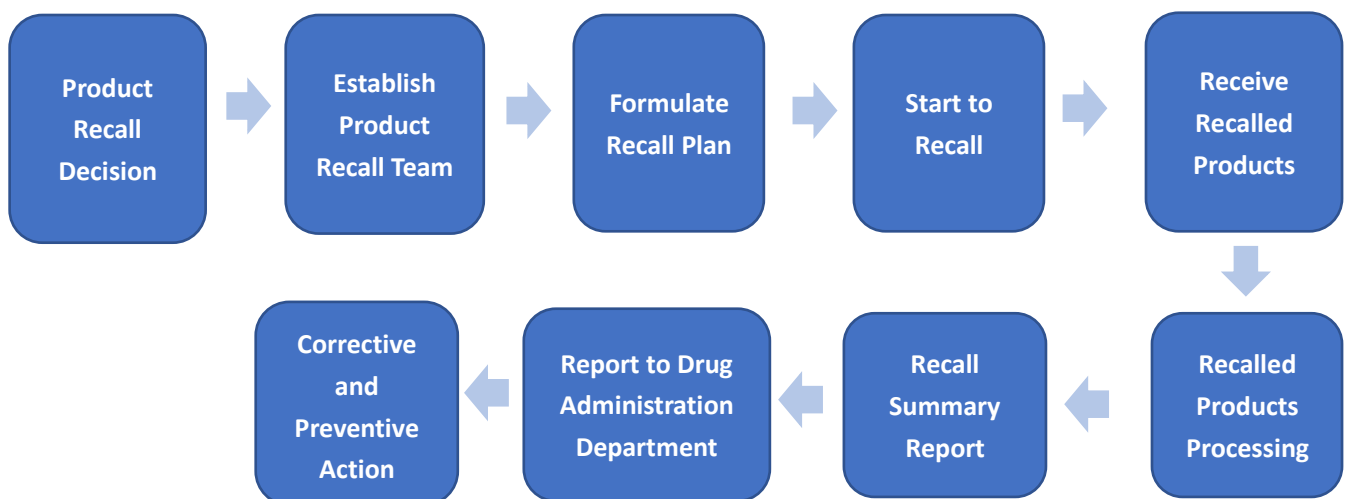
<p>In 2017, Consun Pharmaceutical won the national pharmaceutical QC circle achievements in three consecutive years.</p>	<p>In 2017, Yulin Pharmaceutical won the Advanced Quality Management Unit.</p>

The Group strictly controls the product quality during the inspection process, insuring that the unqualified materials shall not be put into use once checked out. In order to prevent the product recall accident caused by potential safety hazard and to establish an effective response mechanism, we have formulated standardized documents with product after-sales guarantee, such as *Product Recall Management Procedures*, *Product Return Management Procedures*, etc., so as to protect customers' rights and interests. Product quality inspection and operation procedures, and product recall procedures are as following:

➤ Product Quality Inspection and Operation Procedures:



➤ Product Recall Procedures:



Meanwhile, the Group has established *Product Recycling Management Procedures* and other product recall procedures which in accordance with national laws and regulations and ensures the known or potentially defective products could be recalled timely and effectively from the markets and the impacts on patients could be minimized. During the reporting period, there were no recall cases on sales or transported products for health and safety reasoning occurred in the Group.

Technological Innovation

Since its founding, Consun Pharmaceutical has been adhering to the new product development strategy of “Own R&D as Major, Investment and Acquisition, Strengthening Cooperation Between Industry, School and Research Institute”. We continuously pursuing the products of “High-technology, high-performance, high-quality”, which provides a solid foundation for the sustainable development of Consun Pharmaceutical.

Research & Development Platform

The Group adheres to the mission of “inheriting the tradition with innovation, benefiting the society with good medicine”. We apply modern science and technology, respect traditional theories, develop modern medicine, so as to construct an innovative enterprise. At present, the Group owns the only “Medicine Research Center for Renal Diseases” in China which established by the enterprise. Also, the Group has two provincial-level “Engineering Technical Research Center”, including “Medicine Research Engineering Centre for Renal Diseases” in Guangdong and “Modern Chinese Medicine Engineering Technical Research Centre” in Guangxi and; have two provincial-level “Enterprise Technical Research and Development Centre”, including “Research and Development Centre of Enterprises in Inner Mongolia Autonomous Region” and “Technical Centre in Guangxi Autonomous Region-level”. In 2017, Guangzhou Consun has passed the confirmation of “High technology enterprise”, Inner Mongolia Consun and YulinPharmaceutical has also applied and passed the confirmation again. The Group also has two “Academician Expert Workstation”, including “Academician Expert Workstation for Biomedical Technology” and “Guangxi Academician Workstation; One “Postdoctoral Scientific Research Workstation” and “Consun Chinese Medicines Research Centre for Renal Diseases” of Hong Kong Baptist University.



Research & Development Team

There is an excellent research team in Consun Medicines Research Centre for Renal Diseases. The Chief Scientist is Professor ZHU Quan, who was a deputy director of medicine department of Nanjing University of Chinese Medicine, a director of National Standardization Laboratory for Chinese Herbal Pharmacology, a doctoral supervisor, an expert for Science & Technology Commission of Ministry of Education, as well as an assessment expert for Department of Life Science of National Natural Science Foundation and a drug evaluation expert in China. Since September 2003, Professor ZHU has served as professor and Ph.D. candidate supervisor at Macau University of Science and Technology. The research team has over 60 researchers, in which half of the researchers have over 10 years of experience in the business of pharmaceutical industry, including 1 doctoral supervisors, 2 doctors, and 10 masters.



Research & Development Progress

At present, The Group has published more than 30 papers in core journals from China and overseas, including 26 SCI papers. During the reporting period, the Group was applying 2 production approvals, 1 clinical approval, and nearly 10 research projects. The Group has applied for nearly 30 national, provincial, municipal and regional projects, and has received accumulatively more than RMB 10 million financial support. Among them, the project for the new medicine of diabetic kidney disease, “Astragali Power Pellet”, was granted a subsidy of RMB1.8 million from the national “Major innovative drug” project, which was the first time the Company obtained subsidy under national technology research projects. Meanwhile, the Group focuses on other key research projects such as the “Ultrasound Micro-bubble Contrast Medium” and “Second-round R&D of Zheng Gu Shui”.

At the Same time, the Group has great performance on the patent. Yulin Pharmaceutical’s Zheng Gu Shui won the 19th China Patent Excellence Award, and the project of patented product Xiaoshi Capsule (tablet) industrialization construction was completed and accepted. So far, the Group has applied for a total of 53 inventions patent, in which there are 35 domestic patent applications and 21 of which has been authorized. There are 3 patents registered in Hong Kong, 15 patents applied in overseas, 2 patents authorized by Korea, 2 patents authorized by Japan, 1 patent authorized by United State, 2 patents authorized by Europe, and 2 patents authorized by India.



Intellectual Property Protection

The Group attaches great importance to its own intellectual property protection. We have formulated *The Management System of Intellectual Property* in accordance with the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China* and other laws and regulations, so as to provide the institutional assurance of the utilization, management, and protection of intellectual property. The Group also pays high attention to the protection of intellectual property, supervising and avoiding the potential tort in the market through both internal and external routes.

In accordance with the patent protection law and regulations, the Group has adopted a secret protection policy. All employees and the external research partners who are involved in our research and development projects are required to enter into confidentiality agreements with us. These agreements require such personnel to keep the relevant confidential information confidential and be responsible for preventing leakage of confidential information. Moreover, we strictly distinguish the responsibilities of members involved in different stages of research and development process to ensure that each member only obtains know-how in relation to a specific stage instead of the entire process of our research and development projects.

During the reporting period, Yulin Pharmaceutical was recognized by State Intellectual Property Office as "State Intellectual Property Outstanding Enterprise in 2017".

Customer Rights Protection

Consun Pharmaceutical always pay attention to customer complaints and improvement suggestions. We have set up unified national customer service hotline 400-930-1681 as a convenient channel for consumers' complaint. Aim at the frontline staff servicing customers, the Group regulates customer service staffs shall be in accordance with *Customers Service Hotline Guideline*, so as to standardize the hotline processing flow, control the processing time, and timely feedback the complaint to relevant departments in charge. Once the follow-up events are received the processing result, the customer service staff must reply the result to the customer as soon as possible. In addition, we have established *Patient Telephone Call Guideline* to formulate the telephone call process routine. Moreover, we

have set the call cycle according to the situation of different patients, so as to timely understand the condition of patients, improve the products and services of the Group, and establish a sustainable development relationship with the patients.

Customers' compliant Handling

In order to normatively deal with and reasonably solve the complaints on product quality, the Group has formulated the *Patient Complaint Handling Procedure* in accordance with *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and relevant rules and regulations, so as to standardize the duty of all departments, so as to ensure the product complaint process could be smoothly proceed, and maintain the brand image and market reputation. We require the customer service department to obtain evidence and verify it in time while receiving complaints, also fill the *User Complaint Registration Form*, identify and report to responsible departments quickly. The Health Management Center in charge of verifying the product complaint information from patients, starting a complaint procedure report, explaining the relevant product quality problems, appeasing customers' emotions, communicating with customers to coordinate the complaint results and following up with handling process of complaints. The Quality Management Department estimates and deals with the complaint content, and according to the specific situations to decide the involved departments, such as Audit and Legal Department, Marketing Center, Logistics Center, and Quality Management Department of each base, etc. Meanwhile, we make the product complaint analysis report and send to relevant departments quarterly and semiannually to improve the product quality.

During the reporting period, the Group received a total of 6 complaints from patients, and the patient complaint handling satisfaction reached 95%. We timely handled the complaint according to the patient complaint handling procedure, and immediately provided a reasonable explanation and remedy to patients. We fully handled every quality complaint and reported the details to the persons in charge of Production Center, Quality Management Department, Suppliers, and other relevant departments, so as to promote the implementation of remedial measures and further improve preventive measures. For the handling of adverse drug reactions, the Group formulated monitoring and reporting guidelines of adverse drug reactions in accordance with the GMP standards and relevant laws and regulations. We also established specific departments and equipped with full-time staff to manage the related issues. We recorded in detail, evaluated, investigated and handled the adverse drug reaction cases, as well as took timely measures to control the potential risks and reported to the drug administration department in accordance with the relevant requirements.

Customer Privacy Protection

The Group attaches great importance to the protection of private information of consumers and patients. We have formulated the *Patient Information Management Procedure*, which requires all relevant personnel to manage the patient's data in accordance with the policy. The customer information system, as well as patient data system, are only allowed authorized staff to get access. People from other departments or external organizations should strictly follow the *Procedure for Patient Information Review Application* including application, acceptance and supplying to get access to the patient information when needed.

Advertisement Labelling Management

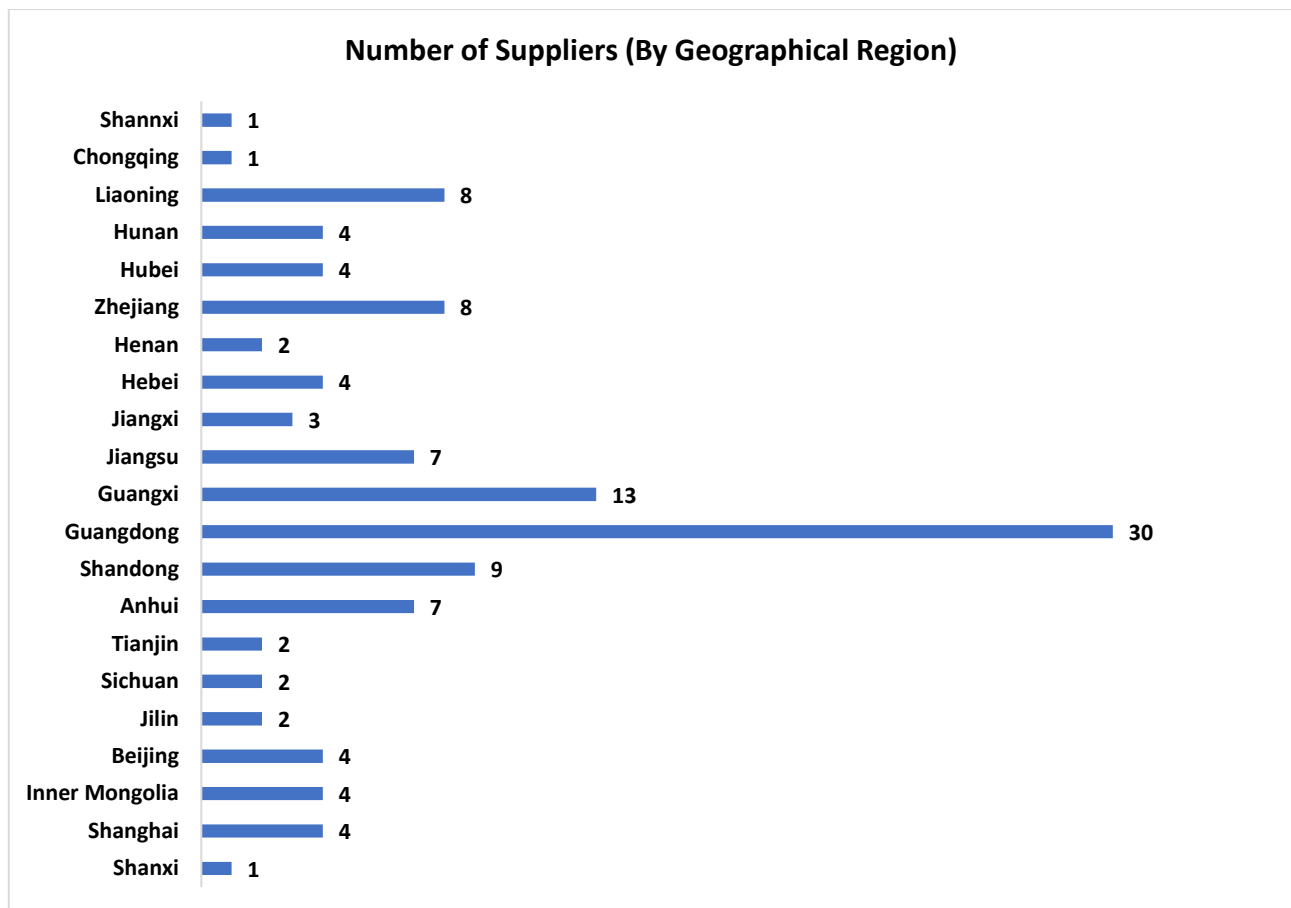
The Group strictly complies with *Pharmaceutical Administration Law of the People's Republic of China*, *Advertising Law of the People's Republic of China*, *Measures for the Examination of Drug Advertisements* and other laws and regulations to promote product and produce advertisement. At the same time, we manufacture drug labeling in

strict accordance with *Pharmaceutical Administration Law of the People's Republic of China, Provisions for Drug Registration, Provisions on the Administration of Pharmaceutical Directions and Labels*, and other regulations. During the reporting period, the Group had not received any complaints about product labeling or advertising.

Supply Chain Management

The Group has always maintained a close relationship with its suppliers. In order to better regulate supply chain management, we have formulated *Supplier Management Guidelines, Group Procurement Management Guidelines, Procurement Quality Control* in accordance with the requirements of *Good Manufacturing Practices for Pharmaceutical Products (GMP)*. Furthermore, we strictly select and manage suppliers in accordance with relevant regulations, so as to ensure the legitimacy, compliance, qualification, suitability of raw materials. Once quality problems occurred, the problems would be informed in a quality review by Quality Control Department every quarter and demote the suppliers involved. As for the severe cases, the suppliers involved would be removed from the list of qualified suppliers. Also, we have formulated *Regulation for Chinese Herbal Medicines, Herbal Pieces Management, Regulation for Raw and Auxiliary Materials Management, and Regulation for Packaging Material Management* separately according to GMP, so as to carry out refinement management of different raw materials purchase.

In addition, in order to ensure the efficacy of drugs, we have implemented the localization policy on the origin of raw materials, and established a stable supply of raw materials through establishment of self-owned planting bases, the acquisition of local medicinal materials, planting cooperatives, etc, act according to the circumstances. Meanwhile, we implement classification management for suppliers in accordance with the influence degree on product quality of purchased materials. For suppliers that provide key and major materials for production, the relevant departments shall implement on-site audit and complete *Supplier Audit Report*. After confirming the list of qualified suppliers, the Group would conduct regular audits and verification. According to the relevant national laws and regulations on the production and circulation of drugs, and the Group's *Supplier Audit Management Regulation, Supplier Management system, and Material Supplier Management System*, we focus on the consideration of the production technical process and quality control of suppliers, as well as the check of their environmental performance. For example, supplier's plant environment and production environment. Meanwhile, the purchaser of the Supply Department in charge of the preliminary investigation of suppliers from the aspects of social reputation, corporate information, national quality certification, and the users of suppliers. The results of preliminarily examination conducted by the Supply Department are submitted to the Quality Control Department for the record.



Note: In order to reduce the energy consumption during the transportation, as well as consider the stability of supply source, the Group prefers to select local suppliers in accordance with the principle of proximity.

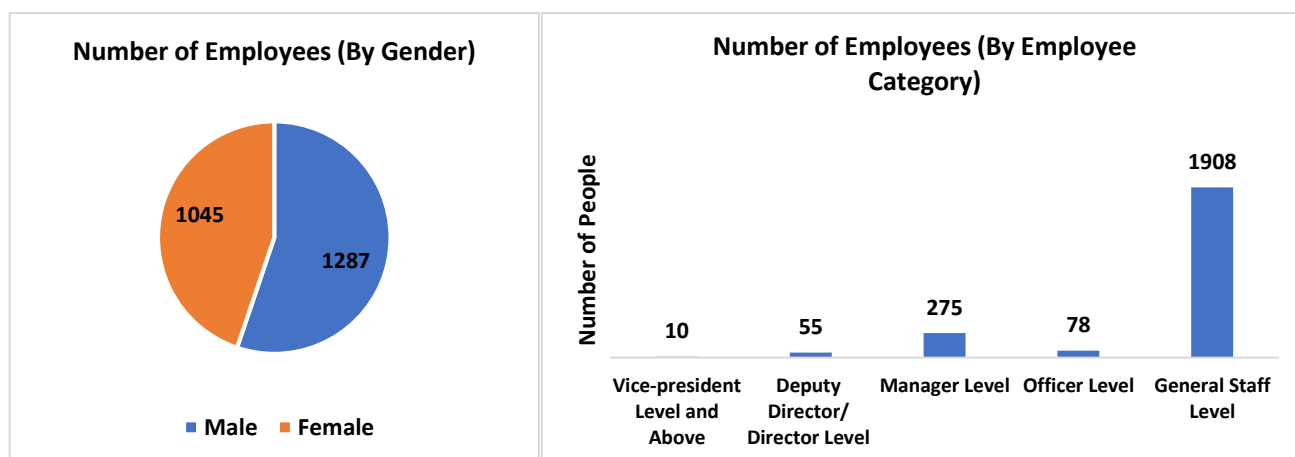
People in Consun

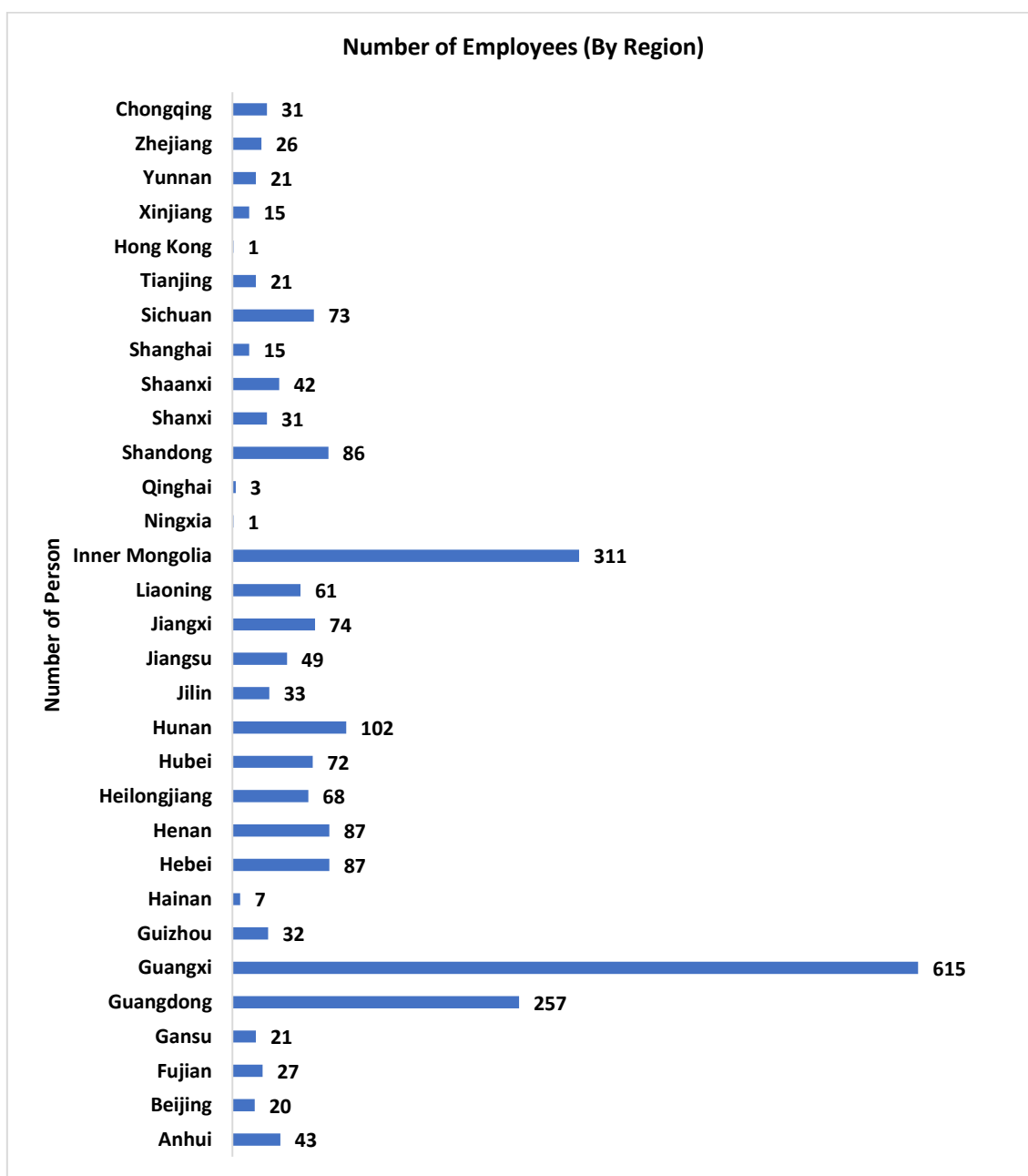
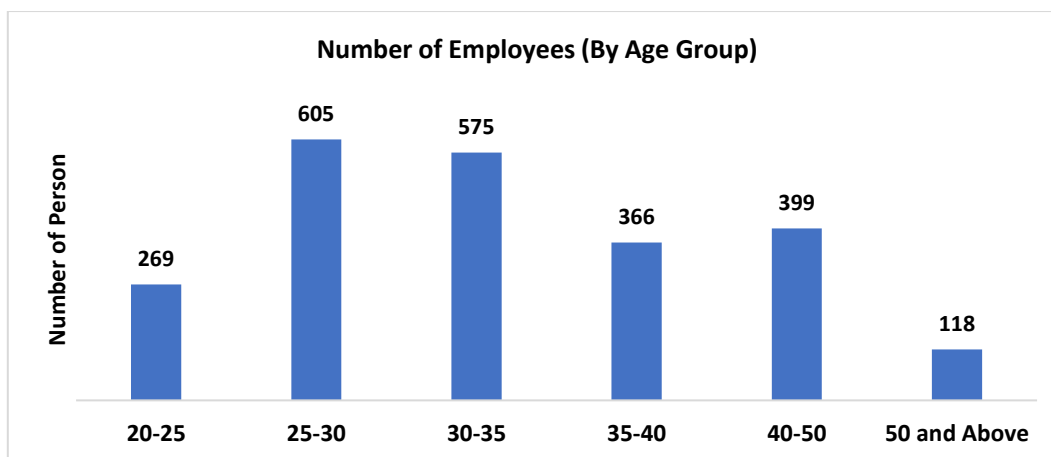
Consun Pharmaceutical adheres to the core value of “People-oriented, Good Faith, Sharing”, integrating talent management and enterprise management. We also carry out the talent concept of “Respect people, develop people and benefit people” to fully respect and understand the needs of employees. The Group provides equal opportunities for employee’s recruiting, training, promotion, incentives, and other aspects, no matter their skin color, nationality, race, age, gender, religion, or physical defect, striving for an open, fair, justice, and diversify talent management mechanism, cohering teamwork spirit, and promoting the Group’s sustainable development.

Recruit Talents

The Group strictly complies with *Labor Law of the People’s Republic of China*, *Labor Contract Law of the People’s Republic of China*, and other relevant labor laws and regulations, meanwhile we establish a rational talent selection and appointment mechanism. We formulate the *Recruitment and Configuration Management System* under the principle of fairness, excellence, internal priority and dual inspection. The system clarifies the principles, standards, and methods for recruitment and disposing of the Company personnel, so as to standardize the recruitment, selection, hiring, changing, leaving, and dismissal management procedures of employees. It helps to match the qualified personnel who meet job requirements and corporate culture with relevant positions, which makes talents be brought into full use and best practice. At the same time, the Group strictly follows the labor standards and *Law of the People’s Republic of China on the Protection of Minors* which prohibits the employment of child labor. During the recruitment process, we scrutinize candidates for information such as identity card to avoid the risk of recruiting child labor due to false information. During the reporting period, the Group had not involved in any cases of child labor or forced labor.

The Group advocates the diversification of employees and provides equal job opportunities. Also, we prohibit any discrimination against employees of race, ethnic, nationality, religion, and gender. During the reporting period, the Group had a total number of 2,332 employees. The following shows the number of employees divided by different types.





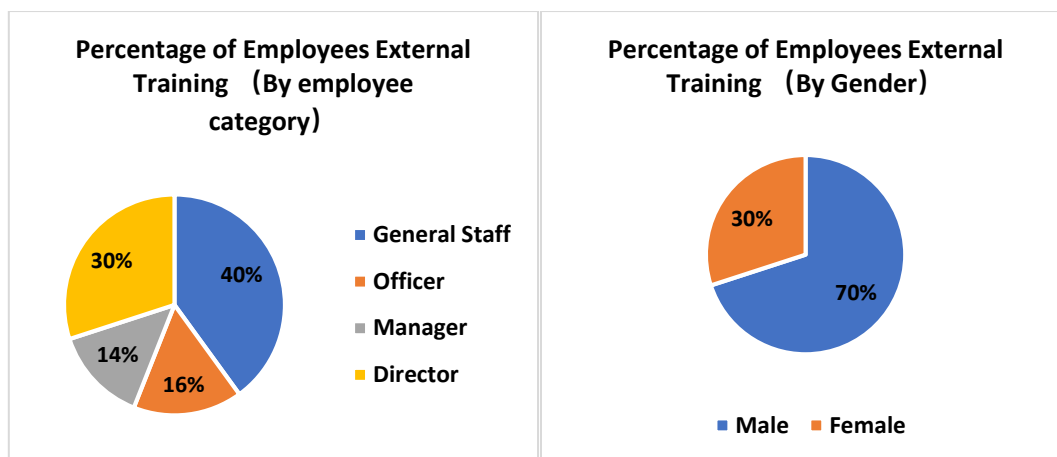
Labour Routines

The Group formulates *Employee Labor Contract Management System* and *Employees' Leave Management System* in accordance with *Labor Contract Law of the People's Republic of China*, relevant laws and regulations and based on the actual situation, scientifically regulating the working hours to fully protect the basic right of employees for having vacations. Employees could enjoy statutory leave, annual leave, marriage and compassionate leave, maternity leave, paternity leave, work-related injury leave, medical leave, sick leave, private affair leave, special leave, etc. In addition, the Group has established *Welfare Allowance Management Regulation* to provide daily lunch subsidy, transportation and communication subsidy, annual body check, mutual medical insurance, commercial accident insurance, holiday gift and money, and other benefits, enhancing the sense of belonging and identity of our employees to the enterprise and stimulate their enthusiasm and dedication on work.

In order to standardize the Group performance management process and promote employees at all levels to improve their working performance, the Group establishes *Performance Management System* based on the four performance diagnosis factors model "Knowledge, skill, attitude, external barriers", which helps employees to improve their performances. If the employees have any objections to the performance results, they could submit *Performance Review Appeal Form* to the performance team of the Human Resource Department. The Human Resource Department will fully cooperate with the verification and maintain adequate communication. In addition, the Group takes employees' abilities as the leading factors, working performance as the standard, and according to the characteristic of different positions to formulate the corresponding promotion management measures. We utilize the assessment method by combining Key Performance Indicator (KPI) and the Goal Setting (GS), so as to list those staffs who have outstanding performance and ability into reserve cadres, and prioritizing them for promotion and development. Meanwhile, we combine the working performance with salary and bonus and set up quarterly and annual performance bonuses, so as to motive, attract and retain outstanding employees, for laying a human resource foundation for the long-term development of the Group.

Training and Development Management

Consun Pharmaceutical regards employee training as the driving force for sustainable development. The Group develops a comprehensive training system for employees through the establishment of internal institutions such as *New Employees Training Management Regulations*, *Training and Career Development Management*, *Internal Trainer Management System*. We have implemented a series of training programs through systematically design, including training course, outdoor extending, rotational internship, E-learning, Cosun seminar, and other colorful learning activities, so as to constantly improve employees' working skills and ability level, as well as promote win-win model of corporate development promotion and self-value achievement fulfilling. During the reporting period, the total training hours of the Company were 8,559 hours, and the average training hours for each employee were 4.1 hours. The following shows the percentage of employees trained by gender and employee category.



Case: Consumer Shaping Camp



In June 2017, there were 74 new marketing colleagues from all over the country gathered at Guangzhou Consun Pharmaceutical headquarter for a five-day training to learn Consun culture, basic skills, marketing skills, etc.

New Employees Training

The Group adopts “1+1” new employees training model, that is, the combination of department training and group training, so as to let new employees progressively adopt to corporate culture, clarify the training courses, get familiar with the job responsibility, and successfully integrate into the corporate and carry out the work. We provide training of system process, professional knowledge, and skills for marketing or non-marketing employees through implementing a standardized training mechanism to clarify training courses, training methods, training duration, assessment methods and eligibility criteria, etc.

Case: Yulin Pharmaceutical Non-marketing New Employees Training



In August 2017, Yulin Pharmaceutical held the third non-marketing new employees training. The course covers corporate introduction, corporate culture, a series of regulations and processes, and product introduction, etc.

Professional Skills Training

Professional/ business training is based on the corporate business procedure, dividing into different kinds of courses, such as research and development, production and manufacture, quality management, marketing, customer services, human resources, finance, purchasing logistics and some other types of course. Meanwhile, in order to further improve the quality awareness and quality management level of managers, and to reduce resource consumption, enhance economic benefits, we have carried out the GMP and quality management training.

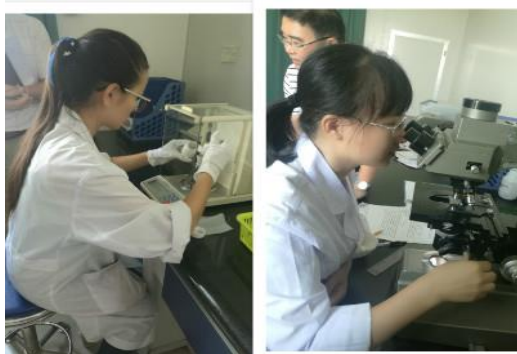
Case: GMP Training



In March 2017, the training course "Pharmaceutical Administration Regulations and GMP Implementing Emphasis" was held by Quality Management Department. The training courses are aimed to constantly improve the safety level of pharmaceutical production quality system. By strengthening the training and assessment for employees, employees' ability could be improved to meet the job requirements and; the training staffs were ensured to meet the requirement of quality, environmental and occupational health and safety management system of the Group.

Case: The First Consun Pharmaceutical “Quality Month”

In September 2017, the First Consun Pharmaceutical “Quality Month” was officially launched. Yulin Pharmaceutical, Guangzhou Consun Pharmaceutical, Inner Mongolia Consun held the kick-off meeting successively. The theme of the “Quality Month” was “All staff participation — 100 procedures, 100 confidences”. We implemented a series of activities such as quality training, quality self-inspection, quality essay, quality model selection, quality knowledge competition and QC technique competition to improve the quality management level.



Internal Trainers Training

The Group is committed to building a high-quality, high-level internal trainer team to provide internal training service. We base on the current position, professional knowledge and professional experience of the internal trainers to categorize them into four levels including diamond internal trainers, gold internal trainer, silver internal trainer, and enterprise internal trainers. In order to standardize the selection, management, training, and assessment of the internal trainers, the Group has formulated the *Internal Trainer Management System*, so as to continuously improve the training skills of internal trainers and the quality of training courses.

Case: Yulin Pharmaceutical Internal Trainers Training



In March 2017, Yulin Pharmaceutical implemented “Excellent Teacher Training”, which aimed to improve the teaching ability and comprehensive quality of internal trainers.

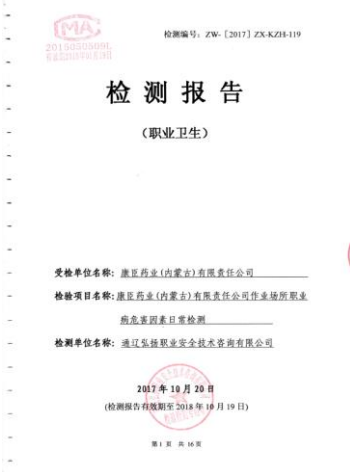
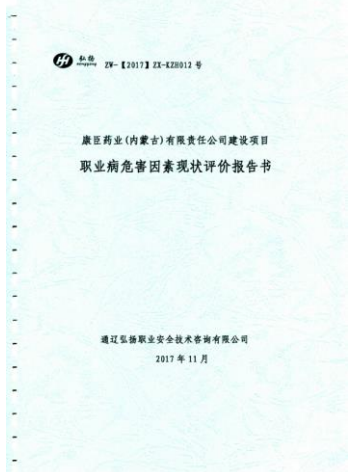
Health and Safety Management

Safe production is at the top priority of the production and operation management of the Group. The Group strictly complies with the laws and regulations include the *Work Safety Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, etc. We strengthen the safety protection of production work to avoid injury to the employees' safety and health. The Group adheres to the production policy of “safety first, prevention as main measure”, and also requires the administrators at all levels from the production center to follow the principle of “safety and production should be managed together”, in order to achieve safe and civilized production. The Group has formulated *Safety Production Management System* to regulate the operational safety of equipment and facilities. We formed a safe production leading group which is responsible for providing production safety education for the employees in production management department, formulating the safety production rules and operating procedures, conducting safety supervision and inspection, implementing the safety instructions of the safety office, in order to ensure production safety. For new employees, they should go through three levels of production safety education before taking the operational position. For the employees who change the type of work, must be re-educated for safety knowledge before taking their new positions. Employees involved in special type of work must take professional safety technology training and can conduct operation independently only after passing the strict examination by related department and obtaining the qualified operation certificate. According to the nature of the work and the working conditions, we provide or distribute personal protective equipment for our employees. We strive to perform well on the prevention of dust, toxic substances, radiation, heatstroke and noise, and monitor the hygiene regularly. For the work place where the toxic matter that might exceed the national standards, we carry out technical reformation or health protection measures immediately to improve the working conditions continuously. During the reporting period, the Group strictly complied with the relevant laws and regulations and did not suffer from work-related fatalities.

	Work-related Injury (Times)	Lost Days due to Work Injury
Total	4	67

Inner Mongolia Consun attaches great importance to the occupational hygiene and occupational diseases hazards. In order to implement the national laws and regulations on occupational health, prevent occupational diseases and protect the health of workers, Inner Mongolia Consun hired a third party to conduct occupational health monitoring

and evaluation of occupational disease hazards, so as to enhance our control of occupational hazards and protective measures.

	
Daily inspection report of occupational hazards in workplace	Status evaluation report on occupational hazards

In addition, the Group also regularly organizes the employees of headquarters and production bases to participate in annual health examinations and occupational disease physical examinations to understand and protect the physical conditions of the employees. Patients diagnosed with occupational diseases should be immediately reported to the Human Resources Department and be arranged for treatment and adjustment of work positions according to specific condition.

Case: Yulin Pharmaceutical “Care for Employees’ Health” Body Check Activity in 2017



In July 2017, Yulin Pharmaceutical organized annual employees’ body check activity which was not only ensuring the physical and mental health of employees, but also promoting the sustainable relations between enterprise and employees.

The Group also attaches great importance to the fire safety of the production bases, and has formulated the *Guangzhou Base Fire Extinguishing and Emergency Evacuation Plan*. Precluding the fire safety hazards as premise, when it encounters danger, we will promptly and orderly carry out fire fighting and rescue operations. We also improve the fire safety awareness of all employees to reduces casualties. We have standardized the leadership’s responsibility for emergency fire extinguishing. We set the general manager of the Guangzhou production base as the fire extinguishing and emergency responder, and the head of the Engineering and Equipment Department as the fire fighting and emergency manager. The fire fighting and emergency responders and managers shall regularly

organize safety inspections, conduct safety education for employees and timely monitor and update fire fighting equipment and facilities based on the actual conditions of the production base.

Case: Yulin Pharmaceutical Employees' Fire Drill

In November 2017, Yulin Pharmaceutical organized employees' fire drill to improve production safety ability and fire safety.



Cohering Team

The team concept of Consun Pharmaceutical is based on “Intergrowth and co-creation with one heart and mind”, praising team spirit and team building. We encourage colleagues to pursue a personal interest in their spare time and advocate healthy lifestyle. During the reporting period, the Group held various kinds of educational activities and quality developing activities for employees, so as to enrich employees’ cultural life and strive for building a unitive and cohesive team, achieving the good wishes of growing up together with the Group.



In order to give those celebrating their birthday the feelings of the warm friendship and deep care of Cosun family, Cosun Pharmaceutical and Yulin Pharmaceutical plan and organize every birthday party for employees.

In May 2017, Consun Pharmaceutical was celebrating the Youth day by launched an event with the theme of “Bright Youth 20 Years, Consun Youth Army is Moving Forward”. Guangzhou, Guangxi, and Inner Mongolia linked together to continuously explore the "good youth" of Consun Pharmaceutical through the selection of youth army’s model, collection of youth army’s stories, youth army’s Consun Run, etc. The activity showed the talents of youth army, and also celebrated the 20th anniversary of Consun pharmaceutical.



In July 2017, Yulin Pharmaceutical implemented outdoor training for managers to improve their management awareness, courage, as well as the dedication spirit.

From September to December 2017, Consun Pharmaceutical launched the second original literary and artistic competition entitled "Glory and Dreams". The contest received 47 literary manuscripts, 259 photographs, 100 calligraphy works and 24 paintings. The competition inspired the passion of creation of the employees, highlighted the spirit of the employees in the practice of Consun Pharmaceutical's core values, realising the united struggle on the road of "Consun Dream" and moving forward positively.



In 2017, all employees of Consun Pharmaceutical donated a total of RMB 57,076 to Song Jintao, an employee who died of illness, and the representative of Shanghai region handed over the donations to his family and conveyed the sincere greetings from all Consun Pharmaceutical employees. Meanwhile, the Group expressed great appreciation for the kindness of the staffs.



From November to December 2017, Yulin Pharmaceutical had organized autumn outing activities for employees. During the activities, all employees gave full play to the teamwork spirit, and completed each project together, laying a solid foundation for the corporate cultural construction and sustainable development.



Environmental-friendly Operation

In today's low-carbon economy, major industries around the world are seeking energy-saving, environmental-friendly, and efficient management models. This is not only a guarantee for the company's regular production and operation and long-term plan for healthy and sustainable development, but also an inevitable choice for enterprises to adapt to market needs, reduce costs, increase profits, improve the environment, and enhance their competitiveness. During commercial operations, we spare no effort to control energy utilisation, greenhouse gas emissions, air pollutant emissions, waste emissions and the disposal of chemicals during the processes of production and research and development. In addition, we are also committed to enhancing employees' awareness of environmental protection so that employees and the Group can jointly contribute to social sustainable development.

The Group strictly complies with national and regional environmental laws and regulations, such as:

- *Environmental Protection Law of the People's Republic of China*
- *Water Pollution Prevention and Control Law of the People's Republic of China*
- *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*
- *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste*
- *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*

Response to Global Warming

Global warming is currently a major issue that people urgently need to deal with. As a pharmaceutical manufacturer, the Group has the responsibility to actively respond to the issue of global warming. We reduce greenhouse gas emissions during our operations as much as possible to slow down the process of global warming, while at the same time, creating a better and more comfortable living environment for the next generation. The main sources of greenhouse gas emissions arising from the Group's operations are the use of boilers in production bases, electricity consumption of offices, use of vehicles and refrigeration equipment. We mainly focus on energy conservation and are committed to reducing greenhouse gas emissions arising from our operations.

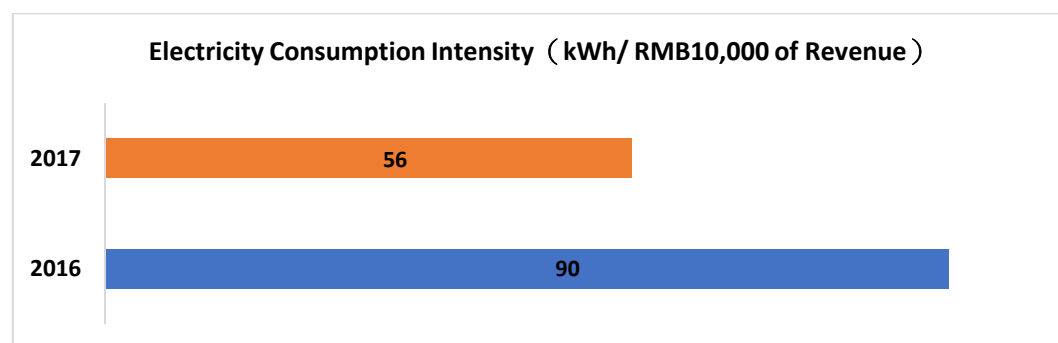
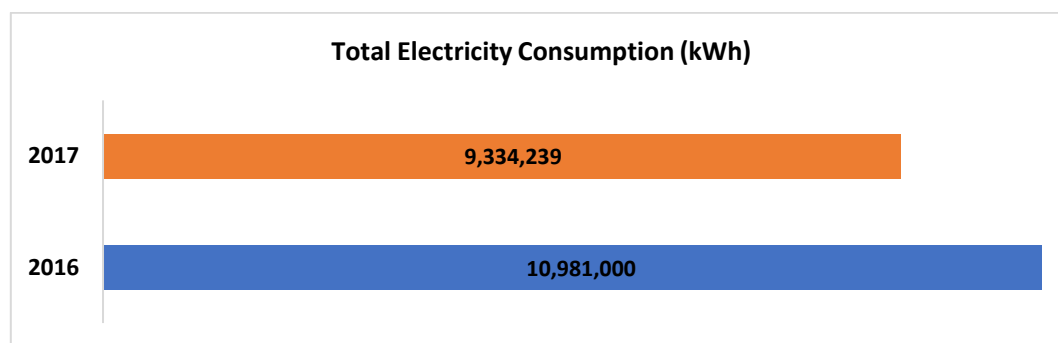
The Group has five medicine production bases and only the boilers located in the Inner Mongolia production base are operated by the group. The remaining boilers are operated and managed by contractors and are therefore are not included in the calculation of greenhouse gas and the statistics of fuel consumption.

During the reporting period, the group emitted a total of 21,049 tonnes of greenhouse gas, and the intensity of emissions was 0.13 tonnes/RMB10,000 of revenue. For greenhouse gas emissions from different sources, please refer to the environmental performance table in the Appendix.

Conserving Energy Consumption

In order to conserve energy and reduce greenhouse gas emissions, the Group has formulated various internal policies, which include the *Management Regulation for Energy Conservation Objectives*, the *Management Regulation for Energy Efficiency Assessment*, *Enterprise Management System: Energy Management*, etc. Amongst these, the *Management Regulation for Energy Conservation Objectives* regulates the Group's energy conservation work as follows:

1. Establish and improve energy conservation management organisations, recruit management personnel and clarify job responsibilities
2. Strict implementation of energy conservation objectives and strive to achieve them
3. Energy conservation objectives and measures:
 - Adopt advanced high efficiency and low energy-consuming lighting technology to reduce electricity consumption
 - Eliminate outdated electrical equipment and install frequency converters for high-power appliances in order to reduce electricity consumption
4. Coal-saving objectives and measures:
 - Achieve the objectives of coal-saving through analysis and exploration of projects that have higher coal-saving efficiency, according to the actual situation of gas consumption and heating
 - Strengthen the management of coal usage to reduce unnecessary consumption. Inform gas supply departments to close valves after the use of steam
 - The water temperature of heat supply in winter should be adjusted based on weather so as to reduce waste



Note: During the reporting period, the Group's revenue reached RMB 1.66 billion (including Yulin Pharmaceutical).

For different categories of energy consumption and consumption intensity of the Group in 2017, please refer to the Environmental Performance Table in the Appendix.

Case: Lean Production Management

In 2017, the Group set a target of reducing production electricity consumption by 5% compared to 2016, and consuming less steam than in 2016. We wished to further reduce production costs through refined production management, technological improvement and scheduling optimisation.

- Electricity conservation
 - Improved work efficiency of production processes and shortened production time
 - Shared central air conditioning for granulation and packaging production processes
 - Cultivated good habits for conserving electricity and strengthened production inspections to eliminate waste
- Steam-saving
 - Continuously operated with concentrated production processes to reduce the time spent for using steam
 - 0.5 hour advanced notice of the granulating extractor's position to stop usage of boiler steam
 - Strengthened pre-production maintenance of key equipment in order to prevent failure during production

The Group also advocates the office culture of green office, energy saving and emission reduction. We promote an office automation system and paperless office to reduce the use of office supplies. We also promote the use of teleconferencing system to reduce the frequency of on-site meetings and encourage employees to travel by low carbon transportation. In addition, we have issued a "Green Office, Low-carbon Life" initiative to all employees of the Company, which requires the implementation of environmental management policies in the office. The energy conservation policies are as follows:

1. Minimise the use of illuminators and make full use of natural light sources
2. Temperature setting of air-conditioning should not exceed the standard. Temperature setting of air-conditioning in summer should not be lower than 26°C, and temperature setting of air-conditioning in winter should not be higher than 20°C
3. Instruct employees to use computers rationally, such as turning off unnecessary computer programs, turning the monitor's brightness to medium, turning off power when computers are not being used, etc.
4. Shut down a selection of office lights and office equipment during lunch breaks and overtime work. After work, close all office equipment and unnecessary electrical appliances in the office

Control of Air Pollutants

Air emissions generated during the Group's operations mainly come from flue gases of coal-fired boilers, processing equipment waste gases and vehicle exhausts. In order to actively conduct pollution prevention, pollution control and emission reduction works, the Group has formulated the *Management Regulation for Environmental Protection*. This regulation applies to the environmental management work of the Group's departments including the management of exhaust gases. It regulates the relevant responsibilities and operating rules of the departments:

1. The flue gases generated by coal-fired boilers need to be cleansed of dust and desulphurised. These gases can only be discharged into the atmosphere after the environmental protection department have conducted environmental assessments and ascertained that it meets the required emission standards
2. Test exhaust gases regularly
3. Ensure that the exhaust gas absorption system is safe, reliable and operating normally; utilise the system's technical characteristics to ensure that it can operate efficiently, durably, safely and economically to ensure that exhaust gases can meet discharge standards
4. Recycle and properly disposal of waste gases and chemical mediums produced in manufacturing processes, and prohibit the direct discharge of these pollutants
5. Strictly control the fugitive emissions of gases and seal all storage containers

<p>Case: Desulphurisation and Denitration in Coal-burning Boilers Located in the Inner Mongolia Production Base</p> <p>The Inner Mongolia production base has renovated the dedusting, desulphurisation and denitrification system of boilers in accordance with the <i>Emission Standard of Air Pollutants for Boiler (GB 13271-2014)</i>. After the exhaust gases are cooled, a portion of these gases passes through the bag filter for dust removal, and then transferred through the induced draft fan to the desulphurisation tower for desulphurisation. This process incorporates the use of magnesium oxide and following the process, gases are discharged upon meeting emission standards. The remaining portion of exhaust gases are introduced into the denitrification fan and blown into the furnace. After the denitrification process, gases are discharged upon meeting emission standards.</p>
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During the reporting period, the Inner Mongolia production base authorised the environmental monitoring agency to conduct inspections on the flue gas of boilers after dust removal, and all test results were in compliance with the *Integrated Emission Standard of Air Pollutants (GB 16297-1996)*. For dust-producing workshops, we have installed corresponding dust removal equipment to protect the health of employees and have maintained a clean working environment. For example, the Guangzhou production base is equipped with medium-efficiency filters and dust removal bag filtering technology in corresponding granulation workshops to ensure that air emissions are in compliance with the *Integrated Emission Standard of Air Pollutants (GB 16297-1996)*.

TS16949-2016-044

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资质认定

标志章

报告编号: B20CMT18082

监测报告

项目名称: 康臣药业(内蒙古)有限责任公司

(东厂区)委托监测

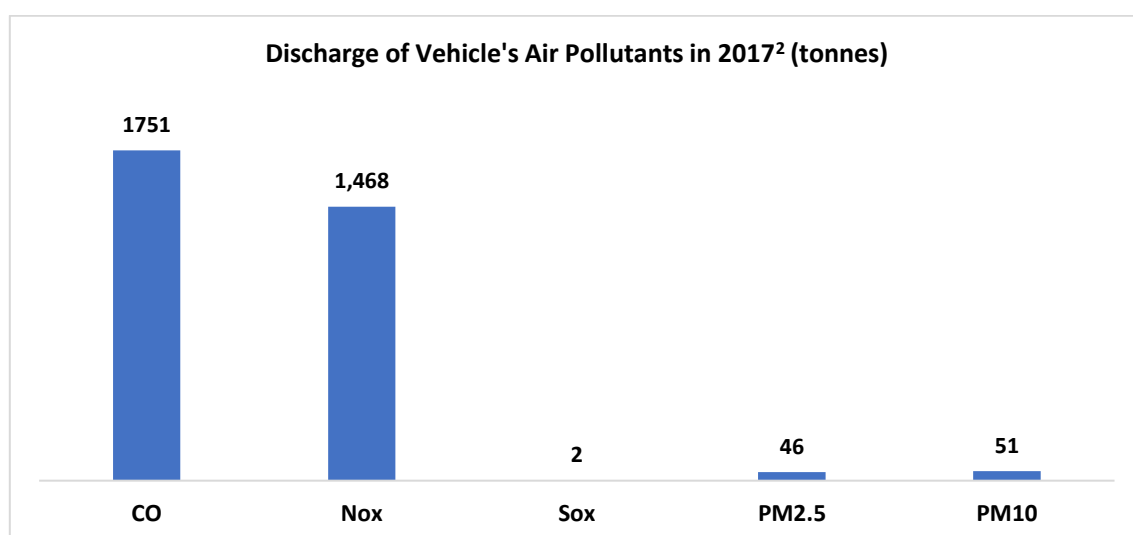
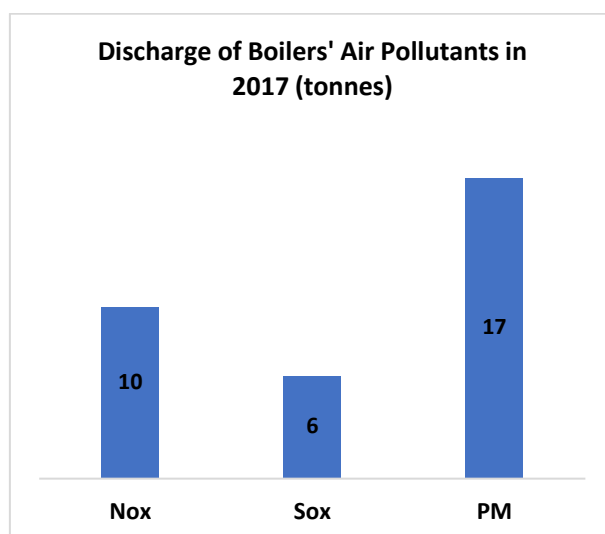
委托单位: 山东天清环保工程有限公司

报告日期: 二〇一七年一月

通辽市环境保护监测站

Monitoring report of the
boiler's air pollutant emissions

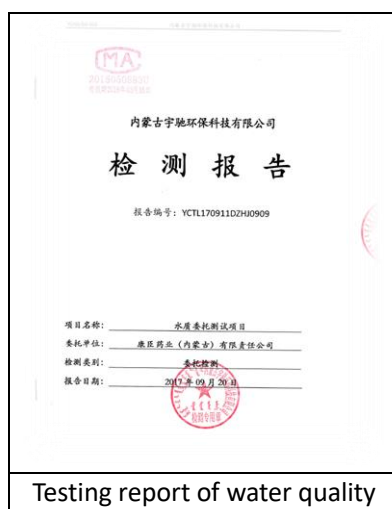
The Group's air emissions data in 2017 were as follows:



- Notes:
1. The calculation of the discharge of boilers' air pollutants only involved exhaust gases from boilers in the Inner Mongolia production base. The calculation method adopted the *4430 Heat Production and Supply (Including Industrial Boilers) Industrial Pollution Source Emission Factor Manual*.
 2. The calculation of vehicle' air pollutant discharges involved all vehicles owned and operated by the Group. Calculation methods refer to the *Technical Guide for Air Pollutant Emission Inventory for On-road Vehicles (Trial Implementation)*.

Water Resources Management

The wastewater generated during production and operation is mainly industrial wastewater and major pollutants include chemical oxygen demand (COD), suspended solids, NH₃-N, phosphorus, etc. Wastewater treatment facilities have been built in our production bases to collect and process generated wastewater in order to ensure that the treated water reaches local wastewater discharging standards. The processed wastewater flows into the municipal pipe network for the unified treatment by local wastewater treatment plants, which minimises the impacts on the destined water body. Besides ensuring that the discharged wastewater is in compliance with standards, the Group is also dedicated to improving production technologies and equipment, recycling and reusing cooling water and condensation to reduce the generation and discharge of wastewater from sources, to truly achieve clean production. Additionally, the production bases of the Group regularly authorises qualified organisations to conduct sample testing on the discharged wastewater for further enhancement of management and supervision of sewage discharge.



Testing report of water quality

The Group's *Management Regulation for Environmental Protection* has the following management methods for industrial wastewater:

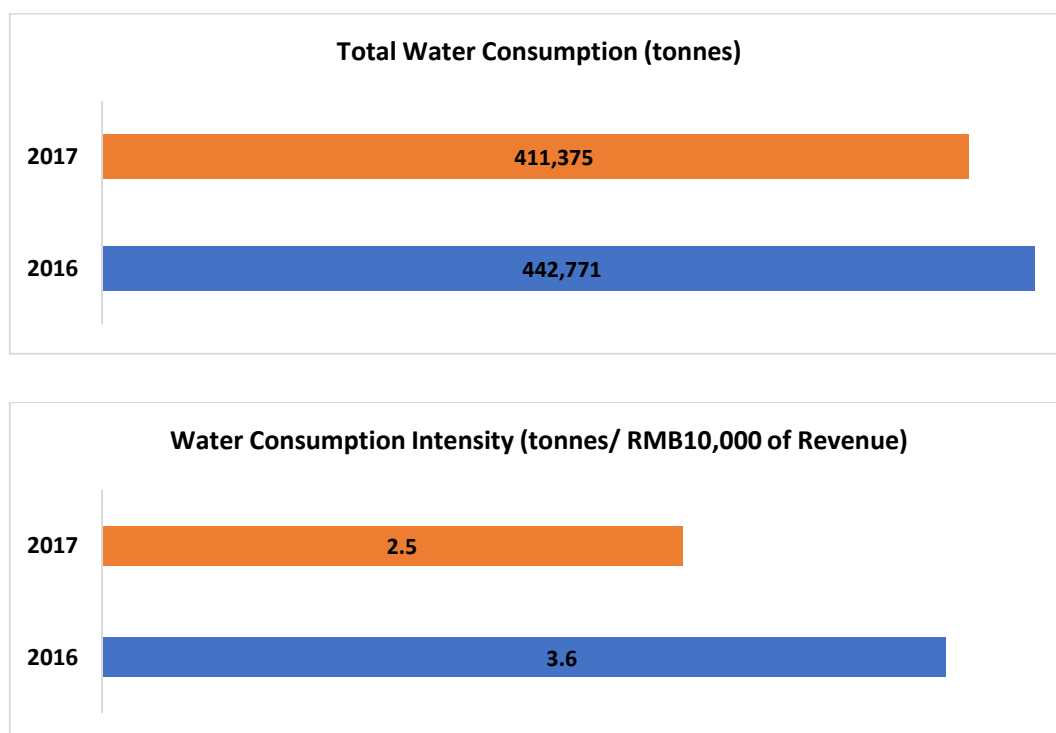
1. Test the production wastewater regularly
2. Treat integrated wastewater in the factories in a centralised manner and discharge regularly after testing. The Group conducts inspections once a month, and spontaneous tests are conducted in special circumstances
3. Ensure treated wastewater reaches wastewater discharge standards
4. Ensure that the wastewater treatment system is safe, reliable, and operates effectively; utilise its technical characteristics to ensure that the system can operate efficiently, durably, safely and economically so that the wastewater can meet discharge standards
5. The processed wastewater and cleansed wastewater of all production workshops must be discharged to the sewage pipe network, and then be discharged to the sewage station pool via the sewage pipe network in factories

In 2017, the Group's total wastewater discharge was approximately 202,698 tonnes, of which total COD emissions were approximately 27 tonnes. During the reporting period, the Group didn't receive any complaints related to wastewater discharges and penalties of excessive wastewater discharge.

In addition to treating wastewater effectively, we also focus on the production and effective use of water resources. The regions where our production bases are located do not involve issues in obtaining water, but we are still committed to saving water and cherishing precious water resources. Through technical reform, we efficiently recover extracted, condensed, dried cooling water and condensate to enhance the efficiency of water usage and to reduce water consumption, sewage discharge, and coal burning. Moreover, we also adopted the following water-saving measures:

- Installation of secondary and tertiary water meters for water balance testing
- Make daily recording with water meters to monitor water usage. Conduct a water usage plan and criteria introduction and implement an enhanced reward and punishment system
- Post water-saving slogans
- Conduct water supply point inspections in the factory area to prevent water leakages
- Replace spiral faucets
- Carry out the reformation of extraction workshops by adding new equipment and reforming production technologies

Due to the implementation of a series of water-saving measures during the year, the total water consumption in 2017 decreased by 31,396 tonnes compared to 2016, while the water consumption density decreased by 1.1 tonnes/ RMB10,000 of revenue.



Note: During the reporting period, the Group's revenue reached RMB 1.66 billion (including Yulin Pharmaceutical).

Case: Boiler Steam's Condensate Recovery System

In 2017, the operation of the condensate recovery system in the Inner Mongolia production base has greatly improved the efficiency of production water use. Through one year of operation, we have carried out statistics on water consumption and conducted comparative analysis during the same period:

In 2017, the daily water usage for production was 74,181 tonnes, with an average of 57.69 tonnes of water usage per batch of raw materials. In 2016, the daily water usage was 73,825 tonnes, and the average water usage per batch of raw materials was 70.3 tonnes. Therefore, the water consumption for each batch of production was reduced by 12.61 tonnes compared to 2016.

Waste Management

The Group's hazardous and non-hazardous wastes mainly include production dregs (Chinese medicine), waste liquor of the pharmaceutical research center, waste packaging materials, combustion residue, domestic and office waste, etc. The Waste liquor generated by the pharmaceutical research center is properly handled by professional recycling agencies. The Group has established the *Medicine Dregs Treatment Management System* to standardise the treatment of medicine dregs so that dregs produced can be handled in a timely and proper manner, ensuring that the environment in factories are clean. The dregs at the production bases are handed over to professional agencies for clean-up, trans-shipment, and legal treatment. The production bases supervise the completion status and quality of the medicine dreg treatment companies and communicate with them in a timely manner to ensure that the dreg disposal is timely, standardised and reasonable. The Group's *Management Regulation for Environmental Protection* also standardised the disposal of other wastes. We collect the hazardous and non-hazardous wastes separately and store them in designated locations by appropriate containers. Finally, we hand them over to professional agencies for treatment. For the emissions of various wastes during the reporting period, please refer to the environmental performance in the appendix in this report.

We also adopt the principle of "reduction, recycling, and harmlessness", minimising produced waste by firstly considering the comprehensive treatment of waste and recycling and reusing of solid wastes. For example, we use combustion residue to produce construction materials, medicine dregs for fertilisation, as well as conducting biomass treatment for food waste generated by company canteens.



Waste collection bins in the factory area

Chemical Management

Chemicals have a wide range of applications in the medical field. The proper management of chemicals is very important to us and we are committed to managing chemicals from safety and environmental perspectives to protect the ecological environment and human health. We have formulated policies such as the *Laboratory Waste Management Regulation* and *Yulin Pharmaceutical Chemicals Anti-leakage Measure* in order to standardise the storage, disposal after use, leakage prevention measures and related emergency measures of chemicals.

- Requisite handling by employees who are properly trained
- Strict management for chemical warehouses
- Prevention of oil drum and chemical container leakages
- Implementation of leak prevention measures for the open storage of chemicals
- Neutralisation and non-toxic treatment of laboratory waste liquor before their transportation to sewage treatment plants for treatment

Environmental Awareness Education

The Group has always advocated the development of a green and environmental-friendly company, while encouraging employees to strengthen their environmental awareness and truly achieving sustainable development. The Group advocates to start with the education of environmental awareness in order to popularise knowledge and skills in environmental protection and to raise the environmental awareness of employees through publicity and education. We are also committed to participating in activities that are related to environmental protection.

We have posted various types of labels that promote environmental protection in factories, office areas and food courts in order to remind employees to conserve resources.



Promotional labels for water-saving



Promotional labels for food-saving

Case: Yunlin Pharmaceutical held "Consun Run China" activity

In 2017, Yulin Pharmaceutical held a series of "Consun Run China" activity, which have participated in the activities such as Ordos International Marathon and a large-scale outdoor trekking. Amongst these activities, nearly 500 employees actively participated in the trekking activity. The purpose of this event was to encourage employees to travel in a low-carbon manner and to get closer to nature, so as to maintain a beautiful natural environment for the next generation.





Contribute to the Society

“Win-win Cooperation” is one of the core values of Consun Pharmaceutical. We understand that our achievements and honors received are closely related and inseparable from the support and help of stakeholders and community. Through organizing and supporting various social charity activities and industry association activities, we are achieving common growth with our communities and promote the sustainable development of the society. In 2017, we continued to encourage employees to participate in volunteer activities, support different kinds of public welfare activities such as poverty alleviation and disaster relief, practicing social responsibility of an outstanding company.

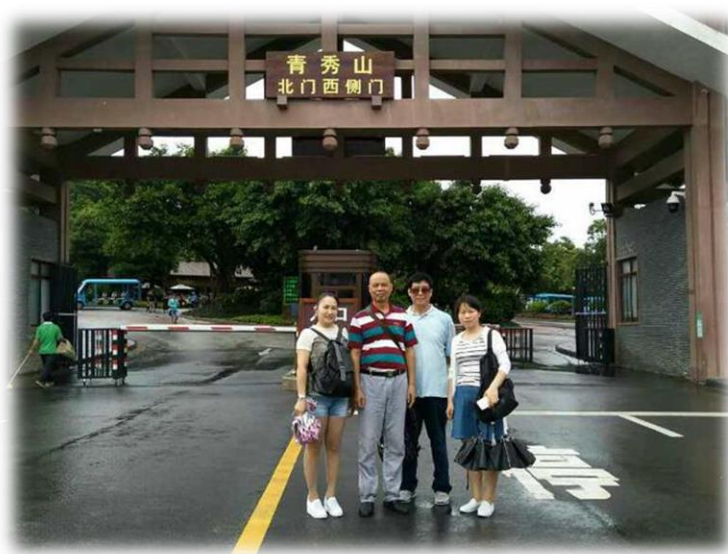
Community Charity



On 26 March 2017, Yulin Pharmaceutical organized the Company's Communist Party members to take part in the environmental protection and charity walk with the theme of “Green Power and Walking with Love” at the scenic area Fozi Mountain. The participants cleaned up the garbage along the path, they devoted themselves to environmental hygiene through practicing.

In June 2017, Hunan area was hit by a severe flooding. On 11 July 2017, the Group donated RMB510,000 urgently needed drugs for the disaster area which is worth RMB510,000 and RMB50,000 from employees to the Red Cross Society of Changsha, in order to support people in the affected areas with the first assistance. The Red Cross Society of Changsha warmly praised and appreciated the donation from Consun Pharmaceutical and all of our employees.





In order to care for the physical and mental health of employees and inspire their labor enthusiasm and production positivity, the Guangxi Zhuang Autonomous Region Federation of Trade Unions organized a group of outstanding employees went to the Nanning Workers' Sanatorium to carry out recreation activities from 3 July 2017 to 9 July 2017. Yulin Pharmaceutical Union sent four first-line key employees to participate in this recreation activity. In the activity, participants from all over the country were warmly greeting and caring each other. The participants not only enhanced their friendship, but also relaxed their minds and bodies. The activity had received everyone's praise.

To commemorate the 90th anniversary of the founding of the People's Liberation Army and carry forward its glorious tradition, on 28 July 2017, Yulin Pharmaceutical organized nearly 20 veterans and representatives from families of army martyr to participate in the celebration of the "August 1" Army Day capitalize. At the symposium, the party secretary of Yulin Pharmaceutical delivered a festival congratulation and sincere greetings to the military on behalf of the Company's Communist Party committee. He also visited and condoled the veterans, demobilized military personnel, and military families. The party secretary



communicated with them warmly and gave them consolation money.



Consun Pharmaceutical initiated its first open day event on 31 October 2017. It invited children of its staff and street children supported and protected by Guangzhou to visit Consun Pharmaceutical. Through the initiation of the open day event, ways to understand the society for children had been constructed, and the service philosophy of the Company had been practiced and implemented.

On 23 to 24 November 2017, Yulin Pharmaceutical held a public welfare activity with the theme of "Create a Civilized City Together, Caring for Sanitary Workers" in Wuji County, Shijiazhuang. In the activity, the Group brought caring and warmth to the sanitation workers.



On 28 December 2017, the poverty alleviation team of Inner Mongolia Consun came to Tongliao to carry out targeted poverty alleviation. The team visited 38 families in hard time and brought them living materials such as rice, noodle and oil that worth RMB 20,000 and New Year's greetings.

Charity Clinics

The Group also carried out charity clinics and trials of products throughout the country. We always take consumers as the center, dedicate quality medicines with advanced technology, and promote public health by sincere service. The following shows some of the charity clinic activities:



The Group launched a “free clinic with consultation of rheumatologist in Nanyang”



The Group launched the trial activity of Zhen Gu Shui and Yun Xiang Jing in Zigong



The Group conducted trial activity of Zhen Gu Shui and Yun Xiang Jing in Changchun

Industry Participation



On 11 February 2017, more than 40 experts from the Kidney Disease Professional Committee of Chinese Medical Association's Beijing Branch had engaged a Beijing Export Consensus Meeting on UCG. The meeting was presided by hospital dean from nephrology department of People's Liberation Army General Hospital, the academician, Miss Chen Xiangmei. Experts had discussed the progress and outcome of UCG on delaying renal failure in clinical trials and reached a consensus.

On 14 May 2017, the Group participated the "Chinese Medicine Enterprises Quality Construction and Brand Development Entrepreneur Forum" that was held in Shanghai entrepreneurship training base. The Group delivered a Speech of "Insight, Innovation, Guide ---- Traditional Chinese Medicine Develops New Ecology", and shared successful experiences of medical research, academic marketing and product research in Consun Pharmaceutical for 20 years.



From 16 May to 18 May 2017, the 77th PHARMCHINA was held in Shanghai. This is the largest and most influential event in China pharmaceutical industry. The Group made a grand appearance again and delivered the development strategy to peers through the launch of "China National Medicine Innovation and Development Forum".

In August 2017, the third Mongolia Medicine Industry Expo: the 2017 National Medicine Summit Forum was launched in Tongliao, Inner Mongolia. More than 300 participants of government officials, experts, scholars, and ethnic medicine companies from more than 10 provinces, cities and autonomous regions across the country attended the lowercase. The Group has attracted attention with its dozens of pharmaceutical products under the brands “Consun” and “Yulin”. Specifically, academician Mr. Liu Xiaochang (first from the left) from the “Academician Expert Workstation” of Consun Pharmaceutical’s subsidiary, Yulin Pharmaceutical visited the display area of the Company to study the latest situation of development and products development trends of Consun Pharmaceutical and Yulin Pharmaceutical.



In August 2017, the North China’s Academic Seminar on Kidney Diseases and Inner Mongolia Autonomous Region’s Academic Meeting on Nephrology were launched in Baotou. We attended the activity as an industry practitioner to learn about the latest information on kidney disease research.

On 14 September 2017, opening of the 9th Traditional Chinese (Yulin) Medicine Expo and the 12th SME Business Opportunity Expo (China, Yulin) was held in Yulin, Guangxi Province. Exhibitions of the expo covered famous medicine companies in the country, typical medicine processing outcomes from the country, ethnically special medicine of Guangxi Chinese medicine, medicine companies from Yulin and Chinese herbal medical drinking decoctions, etc. The expo had also attracted guests and merchants from more than 20 countries and regions including Thailand, Austria, Vietnam, Myanmar, Korea and more than 30 cities and provinces in the nation including Beijing, Shanghai, Hongkong, Macaw, Taiwan, etc. to be involved in the expo. As the local leading industry in Yulin, Yulin Pharmaceutical appeared grandly, attracting the attention of both domestic merchants and merchants from overseas.



2 From 27 to 30 October 2017, sponsored by the People's Government of Guangxi Zhuang Autonomous Region and co-hosted by Municipal People's Government of Yulin, Science and Technology Department of autonomous Region and Intellectual Property Office, the 7th Invention and Creation Exhibition Fair of Guangxi was held in Yulin. During the invention and creation exhibition, Yulin Pharmaceutical grandly introduced two invention patent medicine: the Xiaoshi Pian (capsule) and Shiduqing Capsule (pill) in the exhibition. Among them, the invention patent of "traditional Chinese medicine for treating urinary calculi and its manufacture process" participated in evaluation event for gold medal and silver medal in this exhibition.

From 31 October to 4 November 2017, Yulin Pharmaceutical had taken part in the 122nd China Import and Export Fair with various top products of the company. Ministry of Foreign Affairs of Yulin Pharmaceutical warmly welcomed merchants from 16 countries and region including America, Canada, Singapore, Malaysia, Northern Europe, etc. The ministry introduced the series products of Consun Pharmaceutical and Yulin Pharmaceutical, deeply communicated and discussed issues of exported products which related to overseas market development, sales and product registration with these merchants.



Appendix

Environmental Performance

	Data of 2016	Data of 2017	Units
Resources Consumption			
Total Electricity Consumption	10,981,000	9,334,239	kWh
Electricity Consumption Intensity	90	56	kWh/ RMB10,000 of revenue
Total Coal Consumption	-	5,985	Tonnes
Coal Consumption Intensity	-	0.036	Tonnes/ RMB10,000 of revenue
Total Industrial Stream Consumption	20,149	29,866	Tonnes
Industrial Stream Consumption Intensity	0.16	0.18	Tonnes/ RMB10,000 of revenue
Total Gasoline Consumption (Vehicle)	-	79,371	Liters
Gasoline Consumption Intensity (Vehicle)	-	2,268	Liters/ vehicle
Total Diesel Consumption (Vehicle)	-	34,569	Liters
Diesel Consumption Intensity (Vehicle)	-	2,881	Liters/ vehicle
Total Water Consumption	442,771	411,375	Tonnes
Water Consumption Intensity	3.6	2.5	Tonnes/ RMB10,000 of revenue
Total Packing Box Consumption	-	125,051	Thousand Units
Packing Box Consumption Intensity	-	0.8	Thousand Units/ RMB10,000 of revenue
Total Specification Consumption	56,074	80,715	Thousand Pieces
Specification Consumption Intensity	0.5	0.5	Thousand Pieces/ RMB10,000 of revenue
Total Paper Box Consumption	487,552	648,905	Unit
Paper Box Consumption	4.0	3.9	Unit/ RMB10,000 of revenue
Boiler's Air Pollutant Emissions			
NO _x Emission	9	10	Tonnes
SO _x Emission	10	6	Tonnes
PM Emission	10	17	Tonnes
Vehicle's Air Pollutant Emissions			
CO Emission	-	1,751	Kg

NO _x Emission	902	1,452	Kg
SO _x Emission	3	1.8	Kg
PM _{2.5} Emission	-	46	Kg
PM ₁₀ Emission	-	51	Kg

Greenhouse Gas Emission (Scope1 and Scope 2)

Boiler Emission (Scope 1)	7,441	12,397	Tonnes
Vehicle Emission (Scope 1)	269	214	Tonnes
Refrigerant Emission (Scope 1)	-	466	Tonnes
Tree's Offsets (Scope 1)	(25)	(20)	Tonnes
Electricity Emission	7,104	7,978	Tonnes
Total Greenhouse Gas Emission	14,789	21,049	Tonnes
Greenhouse Gas Emission Intensity	0.12	0.13	Tonnes/ RMB10,000 of revenue

Discharge of Production Wastewater

Production Wastewater Processing Capacity	198,133	202,698	Tonnes
Production Wastewater Processing Intensity	1.6	1.2	Tonnes/ RMB10,000 of revenue
Discharge of COD	25	27	Tonnes
Discharge Intensity of COD	0.00020	0.00016	Tonnes/ RMB10,000 of revenue

Generation of Non-hazardous Waste

Generation of Medicine Dregs	6,267	7,679	Tonnes
Generation Intensity of Medicine Dreg	0.05	0.05	Tonnes/ RMB10,000 of revenue
Generation of Combustion Residue	-	3,003	Tonnes
Generation Intensity of Combustion Residue	-	0.0181	Tonnes/ RMB10,000 of revenue
Generation of Packaging Materials	-	58	Tonnes
Generation Intensity of Packaging Materials	-	0.0004	Tonnes/ RMB10,000 of revenue
Generation of Food Waste	7000	8,740	Kg
Generation Intensity of Food Waste	3.3	3.7	Kg/ Employee

Generation of Hazardous Waste

Generation of Production and R&D Waste Liquor	-	640.3	Kg
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Generation Intensity of Production and R&D Waste Liquor	-	0.004	Kg/ RMB10,000 of revenue
Generation of Waste Cartridges	-	13	Unit
Generation Intensity of Waste Cartridges	-	0.0001	Unit/ RMB10,000 of revenue
Generation of Waste Fluorescent Tubes	-	1,182	Unit
Generation Intensity of Waste Fluorescent Tubes	-	0.007	Unit/ RMB10,000 of revenue

Social Performance

Safety

<i>Number of Fatalities</i>	Employee	0	Person
	Contractor	0	Person
<i>Work Injury and Safety Accident</i>	Number of Accident	4	Times
	Lost Days Due to Work Injury	67	Day
<i>Product Safety</i>	Medicine Recall Due to Safety and Health Reasons	0	%

Employees

		<i>Person</i>
<i>Total Person</i>		2332
<i>Gender Distribution</i>	Male	1287
	Female	1045
<i>Rank Distribution</i>	Vice-president Level and Above	10
	Director/ Deputy Director Level	55
	Manager Level	275
	Officer Level	78
	General Staff Level	1908
<i>Age Distribution</i>	20-25	269
	25-30	605
	30-35	575
	35-40	366
	40-50	399
	50 and above	118
<i>Regional Distribution</i>	Anhui	43
	Beijing	20
	Fujian	27
	Gansu	21
	Guangdong	257
	Guangxi	615
	Guizhou	32
	Hainan	7
	Hebei	87
	Henan	87
	Heilongjiang	68
	Hubei	72

Hunan	102
Jilin	33
Jiangsu	49
Jiangxi	74
Liaoning	61
Inner Mongolia	311
Ningxia	1
Qinghai	3
Shandong	86
Shanxi	31
Shaanxi	42
Shanghai	15
Sichuan	73
Tianjing	21
Hong Kong	1
Xinjiang	15
Yunnan	21
Zhejiang	26
Chongqing	31

**Average External Training
Hours per Employees**

<i>Gender Distribution</i>	Male	70%
	Female	30%
<i>Rank Distribution</i>	Director/ Deputy Director Level	30%
	Manager Level	14%
	Officer Level	16%
	General Staff Level	40%

Content Index of the Environmental Social and Governance Report

A. Environmental			
Items		Descriptions	Reference Pages
Aspect A1: Emissions			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental-friendly Operation
KPIs	A1.1	The types of emissions and respective emissions data	Environmental Performance
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Performance
	A1.3	Total hazardous waste produced and, where appropriate, intensity	Environmental Performance
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Environmental Performance
	A1.5	Description of measures to mitigate emissions and results achieved	Response to Global Warming Control of Air Pollutants
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Management
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources	Environmental-friendly Operation
KPIs	A2.1	Direct and / or indirect energy consumption by type in total and intensity	Environmental Performance
	A2.2	Water consumption in total and intensity	Environmental Performance
	A2.3	Description of energy use efficiency initiatives and results achieved	Response to Global Warming
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Water Resources Management
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Environmental Performance
Aspect A3: The Environmental and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impact on the environment and natural resources	Environmental Awareness Education

KPIs	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Awareness Education
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B. Social			
Items		Descriptions	Reference Pages
Aspect B1: Employment			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Recruit Talents Labour Routines
Recommended Disclosures	B1.1	Total workforce by gender, employment type, age group and geographical region	Recruit Talents
	B1.2	Employee turnover rate by gender, age group and geographical region	/
Aspect B2: Health and Safety			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety Management
Recommended Disclosures	B2.1	Number and rate of work-related fatalities	Health and Safety Management
	B2.2	Lost days due to work injury	Health and Safety Management
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety Management
Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Training and Development Management
Recommended Disclosures	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Training and Development Management
	B3.2	The average training hours completed per employee by gender and employee category	/
Aspect B4: Labour Standards			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Recruit Talents
Recommended Disclosures	B4.1	Description of measures to review employment practices to avoid child and forced labour	/
	B4.2	Description of steps taken to eliminate such practices when discovered	/

Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain	Supply Chain Management
Recommended Disclosures	B5.1	Number of Suppliers by geographical region	Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management
Aspect B6: Product Responsibility			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Customer Rights Protection
Recommended Disclosures	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Customer Rights Protection
	B6.2	Number of products and service related complaints received and how they are dealt with	Customer Rights Protection
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Customer Rights Protection
	B6.4	Description of quality assurance process and recall procedures	Quality Products
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Customer Rights Protection
Aspect B7: Anti-corruption			
General Disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operation Management
Recommended Disclosures	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Operation Management
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Operation Management
Aspect B8: Community Investment			
General Disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Contribute to the Society
Recommended Disclosures	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Contribute to the Society
	B8.2	Resources contributed (e.g. money or time) to the focus area	Contribute to the Society