



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

2016

**Environmental, Social and
Governance Report**

About This Report

This is the first Environmental, Social and Governance Report (“ESG report”) published by Consun Pharmaceutical Group Limited (the “Company”) and its subsidiaries (collectively referred as “Consun Pharmaceutical” or the “Group” or “we”), which aims to introduce the performance and progress of Consun Pharmaceutical on environmental, social and governance aspects in 2016. Unless otherwise stated, the information and data used in this report are from the Company and its subsidiaries, wherein the financial data please refer to the 2016 Annual Report of the Group.

✧ Reporting Guidelines

This report has been 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.

✧ Reporting Scope

The reporting scope of this report is consistent with the 2016 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”). The reporting period of the environmental, social and governance performances of the Group covered by this report is from 1 January to 31 December 2016 unless otherwise specified.

✧ Report Access

This report has been compiled in Chinese Traditional and English languages, and published in electronic version, which can be downloaded from the Group’s website at www.chinaconsun.com. If there is any contradiction or inconsistency between the Chinese and the English version, the Chinese version shall prevail.

✧ Feedback

If you have any comments or feedback about this report, please contact the Group through:

Tel: (86) 20-82264529

Headquarters Address: 71, Dongpeng Avenue, Eastern Section, Guangzhou Economic and Technological Development District, Guangzhou, Guangdong Province, the People's Republic of China

Hong Kong Office: 2201-2203, 22nd Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong

E-mail: ir@chinaconsun.com



CONTENTS

About This Report	2
Chairman's Message	5
Group Profile	7
Highlights of the Group	10
Strategy and Operation	15
Stakeholder Engagement	15
Identification of Material Issues	17
Operation and Management	18
Products and Service	22
Technological Innovation	22
High-quality Products.....	24
Handling of Customers' Consultation and Complaints	26
Supply Chain Management	28
Green and Sustainability	30
Green Production.....	30
Saving Resources	35
Sustainable Development	37
People-oriented	39
Employment and Diversification.....	39
Labor Standards.....	42
Growing Together	43
Health and Safety	47
Harmonious Team	49
Community Service	54
Community Participation.....	54
Industry Participation	56
Public Welfare	59
ESG Report Content Indices	62

Chairman's Message

Dedication and Perfection

The year 2016 is a turning point for global political, economic and environmental changes. In face of severe economic and policy environment, Consun Pharmaceutical actively adjusted the management approach, adhered to the problem-oriented and bottom line thinking and promoted product innovation and marketing transformation. We achieved steady progress and maintained a high increasing rate of operation scale and profit.

Consun Pharmaceutical always adheres to the company mission of “inheriting the traditions with innovation, benefiting the society with good medicine”, and continues to provide the customers with products of “high-tech, high-quality, high-performance”. We contribute to the community with a sincere heart and aim to achieve “perfection” based on our continuous dedication.

We are dedicated to our clients. We pay attention to the change of our clients' demands all the time and adhere to customer-centric idea. We strive to help clients solve problems with more effective and safer products as well as more careful service. We perfect every detail with 100% of our wisdom and efforts to provide more competitive value which exceeds the customer's expectations.

We are dedicated to our employees. We respect every employee and adhere to “dedicator-oriented” idea. We continuously improve the talent development system to cultivate employees and help employees succeed with steady development of the enterprise. We strive to create a healthy, safe and caring working environment and continue to improve the output of human resources management. We share the enterprise development achievements with employees and look forward to a happier life of our employees.

We are dedicated to our shareholders. We understand the important value of capital in the innovative development of an enterprise. Creating profits and transparent

operation are our natural responsibilities to serve the shareholders, which are also our collective commitments in response to the tolerance and understanding of the shareholders.

We are dedicated to the community. We are in a symbiotic relationship with the stakeholders within the same society. We affect and encourage each other. We actively integrate into the community, care for vulnerable group and participate in public welfare activities. We also actively participate in and promote the innovative development of the industry by providing suggestions and strategies for the healthy development of the pharmaceutical industry and outputting the experience from practicing.

We are dedicated to the environment. We always insist on a sustainable development road, integrate green development idea into the cultural character of Consun Pharmaceutical. We adhere to the clean production and reducing the consumption of energy and resources through the technology improvement and resource recycle, so as to reduce waste discharge and the impacts on environment and hence continuously improve the ecosystem environment.

“Dedication and perfection” is the concrete reflection of the Consun Pharmaceutical’s value which has been continuously implemented on our service. We strive to make continuous improvement and achieve perfection on the basis of well thinking and well doing. Consun Pharmaceutical aims to make a greater contribution to “Healthy China” and the modernization of traditional Chinese medicine, and to improve human health and enhance the quality of human life.



Group Profile

Consun Pharmaceutical Group Limited is an integrated pharmaceutical company principally engaged in the research, manufacturing and sales of modern Chinese medicines and medical contrast medium in the People's Republic of China (PRC). The Company was established in 1997, and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 December 2013. The Group owns enterprises engaged in the manufacturing and development of drugs such as Guangzhou Consun Pharmaceutical Co., Ltd., Consun Pharmaceutical (Inner Mongolia) Co., Ltd., Guangxi Yulin Pharmaceutical Group Co., Ltd. and Guangzhou Consun Pharmaceutical Research Co., Ltd.. The Company owns brands such as Consun and Yulin, and establishes three production bases in Guangzhou of Guangdong, Tongliao of Inner Mongolia and Yulin of Guangxi respectively, with more than two thousands of employees.

The medicines produced and sold by the Group are mainly used in imaging diagnosis and treatment of diseases such as kidney disease, skin disease, bone fracture as well as liver, gallbladder and digestive system problems. The existing 146 varieties of medicine include 63 varieties of Chinese medicine and 83 varieties of Western medicine; of which 37 varieties were selected into the National Essential Medicine List and 73 varieties were selected into the Catalogue of Drugs for Basic National Medical Insurance. 15 varieties of the Group were among the national protection varieties of traditional Chinese medicines, including Uremic Clearance Granules ("UCG"), Shiduqing Capsule, Zheng Gu Shui, Jigucuo Capsule and so on, of which Zheng Gu Shui was selected into the "Chinese Geographical Indication Ceremony". The key kidney medicine UCG was the first modern Chinese medicine for treating chronic kidney failure in the PRC, stably keeping the top one place in the market of Chinese medicine for treating kidney disease. Kidney Repair and Edema Alleviation Granules were the Chinese medicine for the treatment of chronic glomerulonephritis. The key imaging product gadopentetate dimeglumine injection, which filled in the gaps of nuclear magnetic resonance imaging diagnosis market in China in the past, is at the first three places in the market segment.

In 2016, we were awarded with honors of “Best Brand Value Award for Listed Companies” and “Guangdong Province Pharmaceutical Industry Outstanding Enterprises”. Our key product UCG was listed on the “List of Healthy China’s Brands” and “List of Chinese Pharmaceutical Brands”. At the beginning of 2017, Consun Pharmaceutical was again listed in Forbes “Top 100 China Listed Potential Company” of the 31th place based on our forward-looking business strategy, steady growth of market achievements and outstanding performance in the capital market.

We adhered to the company mission of “inheriting the traditions with innovation, benefiting the society with good medicine”, employed modern technology, respected traditional theory, developed modern medicine and have established an innovative enterprise with achieving 22 patents in total, which include 11 international patents.

As at 31 December 2016, the Group has two provincial “Engineering Technical Research Centre”, two provincial “Enterprise Technical Research Centre”, two “Academician Expert Workstation”, one “Postdoctoral Scientific Research Workstation” and “Consun Chinese Medicines Research Centre for Renal Diseases” of Hong Kong Baptist University.

Consun Pharmaceutical has been adhering to the marketing strategy of “in-depth distribution, market segmentation and classified management” and the service philosophy of “dedication and perfection”. The Group owns a marketing team of more than 1,000 employees, establishes more than 50 contact points in 31 provinces and autonomous regions in the PRC, and our products are exported to more than 30 countries and regions.

Looking forward to the future, the Group will continue to focus on the Chinese medicine health industry, stably push forward the vertical development of cornerstone business, consolidate the core business and expend the basic-level business. The Group will push forward the OTC market, promote “Brand & Terminal” marketing transformation, improve the channel development and the layout of terminals, as well as establish a professional and strong marketing team. The Group will accelerate the development of new medicine and technological innovation, extensively and deeply promote the integration of corporate culture and brand planning. The Group also

actively responds to the complex and volatile market environment, explores innovative enterprise development model with open and inclusive minds and strives to “become the first-class Chinese medicine enterprise with flagship products for kidney disease as well as multiple leading specialities”, contributing to the development of healthcare of human beings!



Highlights of the Group

- On 6 May 2016, Consun Pharmaceutical was awarded with “The Famous Trademark in Guangdong Province” by Guangdong famous trademark assessment committee.
- On 22 August 2016, Consun Pharmaceutical’s product UCG was listed on the “List of Healthy China’s Brands”.



- On 26 August 2016, Consun Pharmaceutical took part in the “2016 Medical Marketing Annual Meeting”, project of “UCG Slowing Down the Renal Hypofunction of Chronic Kidney Disease (CKD)” was accredited as one of the “Ten Best Marketing Cases in the Medical Market of 2016” through fierce competition of three sections such as online voting and expert evaluation.



On 11 October 2016, Health News which is directly under National Health and Family Planning Commission of the PRC and Public Health Journal co-sponsored the 12th safe and rational drug utilization investigation and promotion activities, officially releasing “Safety Directory of People Rational Administration of Drug”. Zheng Gu Shui produced by Yulin Pharmaceutical, which is the member of Consun Pharmaceutical, was on list of safety directory. This fully indicates Zheng Gu Shui’s effectiveness, safety, stability as well as its wide utilization and strong influence among people.

On 21 October 2016, the Ministry of Agriculture of China issued the list of the seventh set of “Key National Leading Enterprises for Agricultural Industrialization”. Based on the approval of the National Agricultural Industrialization Joint Meeting, the member of the Group – Yulin Pharmaceutical achieved the certificate of “Key National Leading Enterprises for Agricultural Industrialization” and obtained the industrial development support and encouragement.



In November 2016, Guangxi Zhuang Autonomous Region of the PRC announced the first batch of high-tech enterprises of 2016. Guangxi Yulin Pharmaceutical Group Co., Ltd. was consecutively listed on the enterprise list for the 3rd time after the identifications in year of 2010 and 2013, deserving the reputation it achieved.

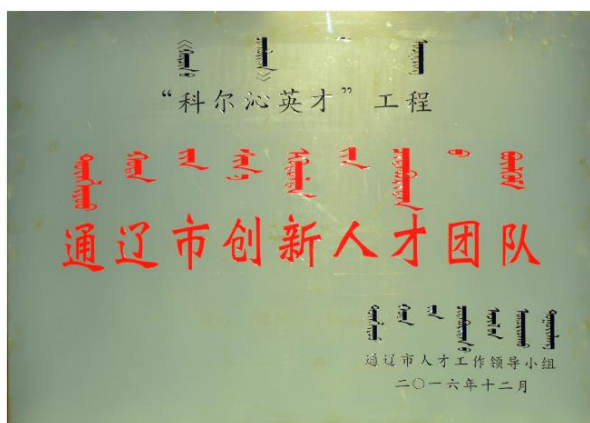
- On 24th November 2016, “Chinese Pharmaceuticals • Brands” of 2016 was grandly issued in Guangzhou, which was co-sponsored by Menet, Medicine Economic Reporter, YiShi ZaiXian and 21st Century Pharmacy. Consun Pharmaceutical’s key product UCG was listed on the “List of Chinese Pharmaceutical Brands”.



- In December 2016, the 18th China Patent Award announced, the patent of “One Traditional Chinese Medicine Composite for Treatment of Chronic Nephritis and Its Preparation Method” invented by Consun Pharmaceutical won Chinese Excellent Patent Award.
- In December 2016, Tongbaoqixing Tea, produced by the Group’s member Yulin Pharmaceutical, won the First Prize of Yulin City Science and Technology Progress Award in 2016.
- In December 2016, the Group’s member Yulin Pharmaceutical won the honor of the 3rd Yulin Mayor Quality Prize.



- Consun Pharmaceutical (Inner Mongolia) Co., Ltd. was successfully selected into “Horqin Excellence” Project – “Innovation and Entrepreneurship” Talent Team based on the strong innovation and research capabilities and outstanding contributions. One project team studying on “the industrialization of Chinese medicine for chronic renal failure” was awarded with the honor of “Tongliao Innovation Talent Team”, as well as achieving reward fund of RMB 100,000 which is used for talent training, scientific and technological research, platform construction, academic exchange, literature publications and so on.



- Consun Pharmaceutical won the award of “Nomination Awards of China Best Employer” in the selection of “China Best Employer Award 2016” co-sponsored by Zhaopin and the Institute of Social Science Survey, Peking University.



- On 12 January 2017, Consun Pharmaceutical received the award of “Best Brand Value Award for Listed Companies” in the 2016 China Financial Market Listed Companies Awards held in Exchange Square, Central, Hong Kong.



- On 27 February 2017, Consun Pharmaceutical was well recognized by Guangdong Province Pharmaceutical Industry Association and the public, winning award of “2016 Guangdong Province Pharmaceutical Industry Outstanding Enterprises” based on its outstanding performances. The executive Director and chief executive officer of the Group – Ms. Li Qian won the title of “2016 Guangdong Province Pharmaceutical Industry Outstanding Entrepreneur”.



Strategy and Operation

Stakeholder Engagement

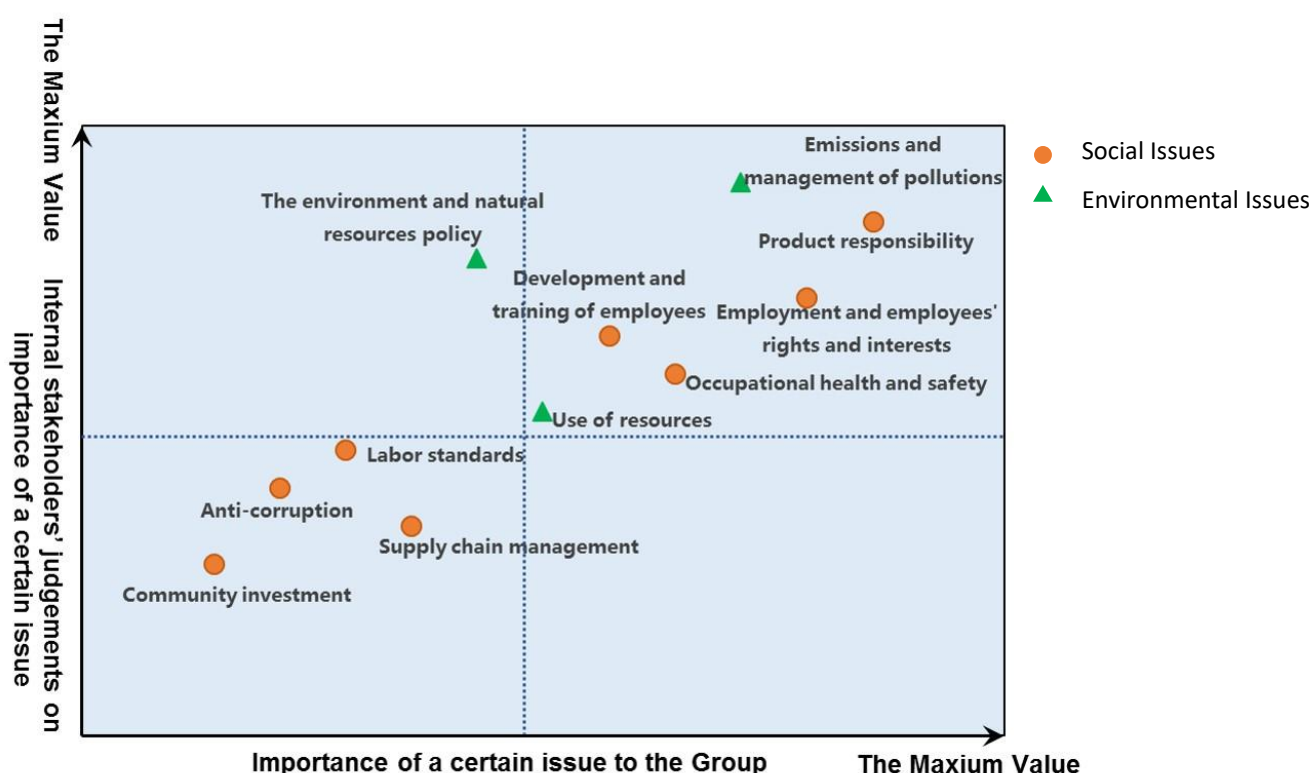
Consun Pharmaceutical adheres to the enterprise mission of “inheriting the traditions with innovation, benefiting the society with good medicine” and the core value of “people oriented, sincerity, sharing”, paying high attention to the demands and participation of stakeholders, continuously improving the communication with stakeholders to promote mutual development and to share the achievements.

Stakeholders	Mechanism of Communication and Participation	Measures and Targets of the Group
Shareholders and investors	<ul style="list-style-type: none"> Shareholders meeting Information disclosure Investor advisory meeting Roadshow The Company contacts 	<ul style="list-style-type: none"> Information disclosure in compliance with rules; Maintaining of smooth communication channels; Sufficient absorption of market opinions; Ensuring the sound operation of the Company, the increase of the Company's profitability, and the protection of shareholders' interests.
Clients and customers	<ul style="list-style-type: none"> Customer satisfaction survey Management of customers' complaints Daily communication with customers 	<ul style="list-style-type: none"> Enhancement of quality management to improve the product quality; Maintaining of customer communication; Guarantee of good service.
Employees	<ul style="list-style-type: none"> Employment contracts Labor union Training and studies Group publications Collective activities in the Group 	<ul style="list-style-type: none"> Preparation of employee manual in accordance with labor laws and regulations; Improvement of working environment to guarantee the employees' health and safety; Improvement of the administration of salary and welfare; Improvement of employee training and development; Regular organization of Group activities to achieve joint progress of employees and the Group.

Stakeholders	Mechanism of Communication and Participation	Measures and Targets of the Group
Suppliers	<ul style="list-style-type: none"> • Making contracts and agreements • Supplier management system • On-site audit • Regular communication 	<ul style="list-style-type: none"> • Improving supplier management system; • Establishing supplier introducing and quitting mechanism; • Regular on-site visiting of key suppliers; • Ensuring the quality of supplied materials.
Peers	<ul style="list-style-type: none"> • Industry forum • Industry associations • Communication through mutual visits 	<ul style="list-style-type: none"> • Participating in industry exchanges to enhance communications with enterprises in the same industry; • Promoting fair competition, cooperation and mutual benefits for the sustainable development of the industry.
Communities and the public	<ul style="list-style-type: none"> • Information disclosure • Participation in or organization of community activities • Public welfare and poverty relief activities, volunteer activities 	<ul style="list-style-type: none"> • Timely and sufficient disclosure of Company's information to communities and the public; • Actively participating in community activities (culture, sports, environment and so on); • Increasing local employments; • Organizing public welfare activities to promote harmonious development of the society.
Government	<ul style="list-style-type: none"> • Government projects • Qualification review • Award and recognition • Work report 	<ul style="list-style-type: none"> • Regulating operation in compliance with laws; • Actively responding to government supervision and inspection; • Participating in government projects; • Undertaking social responsibilities.

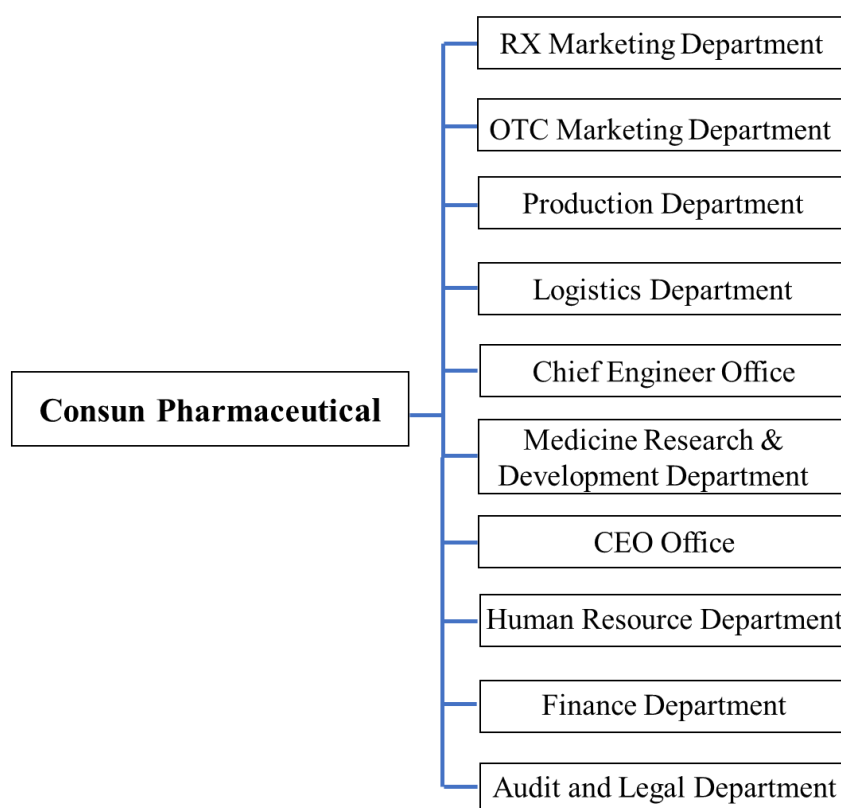
Identification of Material Issues

According to the Environmental, Social and Governance Reporting Guide of the Stock Exchange, Consun Pharmaceutical collected opinions and ideas of internal stakeholders on the environmental, social and governance issues of the Group by the ways of interviews, questionnaires, etc. The Group also analyses and prioritizes the discussed issues, which is summarized in the materiality matrix. Based on the analysis of materiality matrix and the opinions from management level, this report will disclose information in detail of the Group's material issues with respect to ESG.



The above chart is the materiality matrix prepared according to the survey results. The horizontal axis is the importance of a certain issue to the Group, and the vertical axis is the internal stakeholders' judgements on importance of a certain issue. The issues listed in the upper right corner of the matrix are stakeholders focused issues as well as important ESG issues to the Group's operation, which include product responsibility, employment and employees' rights and interests, discharge and management of pollutants, occupational health and safety, development and training of employees and use of resources.

Operation and Management



The Organization Chart of the Group

In the past 20 years of development, Consun Pharmaceutical adheres to the development concept of “maximizing Consun’s strengths to make a great progress”, actively responds to the market changes, continues to optimize the management of organizational structure of the Group and promotes innovation strategy. 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.

Anti-corruption

In accordance with the *Anti-Unfair Competition Law of the RPC*, *The Interim Provisions on Banning Commercial Bribery* and other laws and regulations, the Group has formulated the management system which includes, amongst others, employee handbook, business management system and fee approval authority system, 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. The Group also sets up mailbox and hotline to accept complaints and reporting of any violations in the Group from customers, employees and third parties. 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 staff of all levels annually and requires them to comply with 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 awareness of business bribery related behaviors.

During the reporting period, Consun Pharmaceutical strictly complied with the applicable anti-corruption regulations. There were no investigation or litigation cases which involved in the violation of these provisions by the Group or its employees.

Protection of Intellectual Property

The Group has formulated "The Management System of Intellectual Property" in accordance with the *Patent Law of the PRC*, the *Trademark Law of the PRC* and other laws and regulations, 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 rights, supervising and avoiding the potential tort in the market through both internal and external routes.

The employees in the Company shall do the entry registration and sign a confidentiality agreement according to their posts and the access to Company's trade secret when joining the Group. During their employment, the employees shall perform their duties, safekeep the trade secret of the Company and strictly comply with confidentiality obligations in accordance with the Company's regulations. Further, the employees shall properly return such trade secret of the Group and shall not disclose them even after they resigned. All departments of the company should pay attention to the protection of confidential business information in their daily work. In the process of external commercial cooperation, the Company should strictly observe the confidentiality agreement signed between the Company and the cooperation unit to conduct the transfer and return of related documents.

In accordance with the patent protection law and regulations, the Group adopts a secret protection policy. All of our employees and our 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, the strict segregation of duties among members involved in different stages of research and development process ensures that each member only obtains know-how in relation to a specific stage instead of the entire process of our research and development projects. The legal and audit departments are responsible for the protection and management of intellectual property, coordinating the internal and external issues, which includes the audit and rights protection work of transfer, assignment and license of intellectual property.

Protection of Customer Privacy

The Group pays high attention to the protection of private information of customers and patients, and has formulated the "Patient Information Management System", which requires all relevant personnel to manage and get access to the patients' data in accordance with this system, to maintain the security and confidentiality of the patient

data in the Company. The customer information system as well as patient data system only accepts authorized access. People from other departments or external organizations should strictly follow the procedures listed in the “Patient Information Management System” including application, acceptance and supplying to get access to the patient information.



Products and Service

Technological Innovation

The Group has been adhering to the operation strategy of “based on specialties and complemented by generics”, continuously pursuing the products of high-tech, high-performance and high-quality, which provides a solid foundation for the sustainable development of Consun Pharmaceutical.

R&D platform

As of today, the Group has two provincial “Engineering Technical Research Center” (“Medicine Research Engineering Centre for Renal Diseases” in Guangdong Province and “Modern Chinese Medicine Engineering Technical Research Centre” in Guangxi); two provincial “Enterprise Technical Research Centre” (“Autonomous Region-level Enterprise Research Centre” by Consun Pharmaceutical (Inner Mongolia) Co., Ltd. and “Autonomous Region-level Enterprise Technical Centre” in Guangxi by Yulin Pharmaceutical); two “Academician Expert Workstation” (“Academician Expert Work Station 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.

R&D team

There is one excellent research team in Consun Medicines Research Centre for Renal Diseases. The leader of team is Professor ZHU Quan, who is the professor of Nanjing University of Chinese Medicine, a Ph.D. candidate supervisor, a director of National Standardization Laboratory for Chinese Herbal Pharmacology as well as the chief scientist of Consun. There are 2 doctors and 6 masters in the center. Our pharmaceutical research center is well organized with multiple functions of research and development (R&D), registration and achievement transformation and so on. All projects shall be approved through the expert committee to reduce the R&D risk of new medicines. The Group adopts innovative R&D management model – members are not assigned to a specific research programme but are exposed to and become active players in all research programs selected; and members are divided into three groups, each of which is responsible for a specific stage of research and development projects.

R&D advance

The assessments of pharmacology, efficacy and safety on the new medicine for the treatment of diabetic kidney disease have been completed. Its application for clinic trial has been submitted to the Department of Food and Drug Administration of Inner Mongolia Autonomous Region, pending the approval of Department of Food and Drug Administration of China. Meanwhile, US Food and Drug Administration has also officially processed the case and completed the pre-assessment engagement on technology. Production and delivery of the ingredients and granules of lanthanum carbonate were completed smoothly, and the trial-production has commenced. As for the Kidney Repair and Edema Alleviation Granules, its second-round joint R&D with Hong Kong Baptist University is now underway, which has obtained a subsidy of HK\$2,750,000 from the Innovation and Technology Commission of Hong Kong.

Iopamidol injection for diagnostic imaging has passed the on-site reviews on research and production as well as on-site production inspections. It is currently on the queue for review by the Center for Drug Evaluation of the PRC, and it is expected to obtain the approval for production in 2017. Procedures such as prescription, quality standard setting and production inspection for Iomeprol injection were completed as scheduled. In May 2016, the “Ultrasound Micro-bubble Contrast Medium Project” in collaboration with Chongqing University of Medical Sciences was commenced, aiming to undertake the R&D of the first ultrasound micro-bubble contrast product, namely “Huashengxian”.

Palliative & Anti-diarrheal Soft Capsule, a new digestive medicine, has passed the on-site production inspections and has obtained the approval for production. It was launched in the market in 2016, which is expected to further extend our product lines, optimize our product structure and support the sustainable and healthy development of Consun Pharmaceutical.

The R&D of hydrogel patch, the innovative form of Zheng Gu Shui, has unprecedentedly obtained a subsidy of RMB1,500,000 from the “Special Projects of Science and Technology” of the Guangxi Autonomous Region. This is the first time in the past 10 years Yulin Pharmaceutical obtained support for its core medicine products from pharmaceutical innovation fund of the government of Guangxi Autonomous Region.

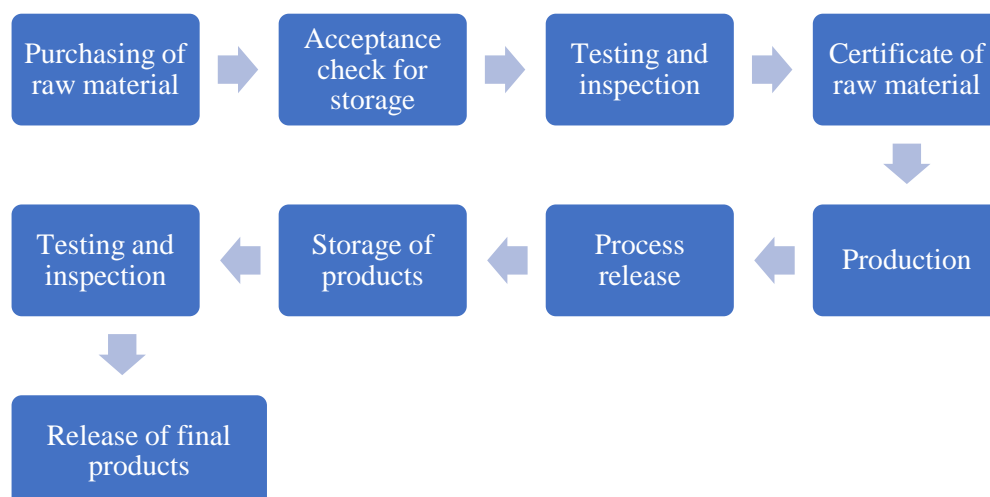
High-quality Products

The product concept of Consun Pharmaceutical is “high-tech, high-performance, high-quality”. Our development vision is to “become the first-class Chinese medicine enterprise with flagship products for kidney disease as well as multiple leading specialities”, to meet the developments of specialized treatment as well as the needs of improving the life quality of patients. Our strategic positioning is to turn into a pharmaceutical company that provides high quality, high safety and high compliance medicine for doctors and patients by setting hospital specialist medication as the core, placing our focus in the field of kidney disease, and complementing by generic drugs. Efficacy and quality of drugs are the keys to the success of our Group.

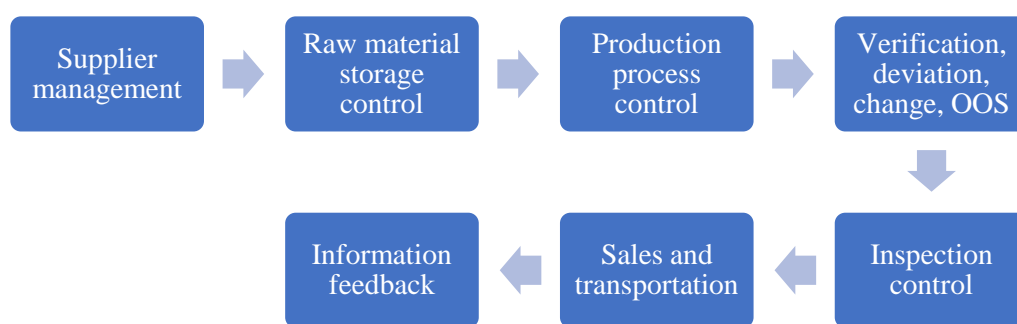
Quality management system

We maintain a rigorous quality management system in accordance with the *Pharmaceutical Administration Law of the PRC*, *Good Manufacture Practice of Medical Products (GMP)* and other related laws and regulations. The Group has a total of 21 production lines, all of which passed the 2010 GMP Certification. The production lines of Yulin Pharmaceutical passed the GMP Certification of Australian TGA for the eighth time and passed the on-site check of GMP of the FDA of the United States for twice. Our quality management system includes: Quality Management Department, Production Management Department, Engineering Equipment Management Department, Human Resources Department, Purchasing and Storage Department and so on. Each department in this system has clear responsibility. Quality Management Department performs the power of quality management independently, and they shall report to the quality authorized persons, who have the right to release final products. We infiltrate risk management into all aspects of the quality management activities, and control risk through identification, analysis, control, and take appropriate corrective and preventive measures for continuous improvement of our quality management system. Production management and quality assurance system operation procedures are listed as follows:

➤ Production management system



➤ Quality assurance system



Our quality management team consists of a quality assurance division and a quality control division, in which a majority of the members have pharmaceutical or pharmaceutical analysis related educational background and some of them have over ten years of experience in quality control in the PRC pharmaceutical industry. Our quality management team is led by licensed pharmacists. We have internal policy and guidelines on quality control of production of our pharmaceutical products to comply with the GMP standards and requirements. Such internal policy and guidelines cover all aspects of pharmaceutical production including verification, deviation, change, OOS management and document management, supplier management, material management, production management, product transportation, collecting and analysis of adverse drug reactions, retrospective analysis of product quality and so on.

The quality assurance system sets internal policy and guidelines for material and process control as well as products. We use the materials those are higher than the statutory standards and qualified for internal control testing in the production. Each batch of manufactured products is subject to quality checks on a sample basis to

ensure the fulfilment of the required standards. Product approval certificate and quality assurance report are issued with each batch of completed products which pass the inspection and obtain approval from our quality management team.

Management of advertising and labeling

The Group prepare and manufacture drug labeling in strict accordance with *Pharmaceutical Administration Law of the PRC, Measures for the Administration of Drug Registration, Provisions on the Administration of Pharmaceutical Directions and Labels* and other relevant regulations to scientifically guide the consumers using drugs. We conduct the product promotion and advertising in accordance with the *Pharmaceutical Administration Law of the PRC, Advertisements Law of the PRC, Measures for the Examination of Drug Advertisements, Standards for the Examination and Publication of Drug Advertisements* and other laws and regulations. All the advertisements are approved by provincial drug administration departments and the promotion activities are conducted in compliance as well according to the requirements of local drug administration departments. During the reporting period, the Group did not receive any complaints about the product labeling or advertising.

Product recall procedure

Meanwhile, the Group is in accordance with national laws and regulations to formulate “Product Recycling Management Procedures” and other product recall procedures to ensure timely and effective recall the known or potentially defective products from the market and minimize the impacts on patients. During the reporting period, there were no product recall events occurred in the Group.

Handling of Customers’ Consultation and Complaints

Consun Pharmaceutical highly values the handling of customers’ consultation and complaints. The Company sets up a hotline to answer the consumers’ consultation timely and organizes the relevant personnel to investigate the complaints and respond to patients timely.

We have established the “Patient Complaint Handling Procedure” to formulate the handling of consumers’ complaints and to maintain the company’s brand and market

reputation. We set the national customer service hotline 400-930-1681 as the convenient complaint route for consumers. We require the customer service department to timely check and verify the complaints as soon as they received the complaints, fill in “User Complaint Registration Form”, decide the responsible department and report to the related departments in a timely manner. The Health Management Center is responsible for verifying the complaint information from patients, and 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, to decide the involved departments such as production management departments, commerce department, legal departments and so on according to the specific situations. Meanwhile, we make the product complaint analysis report and send to related departments quarterly and semiannually to improve our product quality. We set time limits for the reply of product complaints of different levels, and insure that complaints are replied and resolved properly and efficiently. During the reporting period, the Group received a total of 6 complaints and all of which belonged to minor complaints (including but not limited to requiring compensation, return and change of product, requiring manufacturers to provide relevant quality reports and so on). All of the complaints were replied to and handled properly according to “patient complaint handling procedure”, and the detailed information have been reported to Quality Management Department for corresponding remedial and preventive measures.

For the handling of adverse drug reactions, the Group has 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 actively collected the relevant cases of adverse drug reactions. 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. During the reporting period, there were no adverse drug reactions other than noted in the product manual occurred in the Group.

Supply Chain Management

Geographical Distribution of the Major Suppliers of the Member Enterprises of Consun Pharmaceutical in 2016

<i>Province (Region)</i>	Guangzhou Consun	Inner Mongolia Consun	Yulin Pharmaceutical	Sum
<i>Anhui</i>	2	2	6	10
<i>Guangdong</i>	16	3	14	33
<i>Guangxi</i>	0	0	18	18
<i>Shandong</i>	1	6	2	9
<i>Shanghai</i>	1	4	1	6
<i>Zhejiang</i>	4	4	2	10
<i>Chongqing</i>	1	0	0	1
<i>Jilin</i>	0	3	1	4
<i>Liaoning</i>	0	10	0	10
<i>Jiangsu</i>	0	3	4	7
<i>Jiangxi</i>	0	0	3	3
<i>Hebei</i>	1	1	0	2
<i>Henan</i>	0	1	0	1
<i>Hubei</i>	0	4	1	5
<i>Hunan</i>	1	2	2	5
<i>Sichuan</i>	0	2	0	2
<i>Shanxi</i>	0	0	1	1
<i>Beijing</i>	0	1	1	2
<i>Tianjin</i>	0	2	2	4
<i>Inner Mongolia</i>	0	3	0	3
<i>Yunnan</i>	0	0	1	1
SUM	27	51	59	137

We consider supplier management as one of the important parts of quality management systems of Consun Pharmaceutical. We have formulated “Supplier Management Guidelines” in accordance with GMP requirements to select and manage suppliers, to ensure the raw material source of legitimacy, compliance, qualification and suitability, and to fully guarantee the quality and safety of our products.

When searching for new suppliers, we select a number of companies, and evaluate their business qualification, whether qualified by the national (international) quality standard system, materials or equipment production capacity, quality assurance system and environmental and labor performance. The Purchasing Department checked the suppliers' qualification documents and information for a preliminary review, and then recommended qualified one to the next round of assessment. Suppliers of production materials (raw and auxiliary materials, packaging materials) are required to provide samples for inspection purposes as required by GMP. The Group implements classification management for suppliers based on the impacts of purchased materials from the suppliers on the quality of our products. 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 conducts regular audits and verification, and adjusts the ratings of suppliers according to their assessment results. To improve the supplier management system, we also regularly perform qualification supervision, delivery supervision, quality supervision and information supervision on the suppliers.

Meanwhile, to reduce the environmental impacts and increase the contribution to local community, our production bases and members of the Group prefer to select local suppliers based on complying with the "Supplier Management System". For instance, 59% of suppliers of the production base in Guangzhou are from Guangdong district, while 54% of suppliers of Yulin Pharmaceutical are from Guangxi and Guangdong districts. We are committed to promoting the transparency, standardization, management informatization of the Group's tender procedure and managing the suppliers in a scientific and rational way, to ensure the qualified production materials, stable providing source and timely supplement, which guarantees the product quality of our products from the source.

Green and Sustainability

Consun Pharmaceutical adheres to the enterprise culture of “Red spirit, Green pursuit, Blue road”. Green production is one of the basic principles of the operation of the Group. We look forward to realizing sustainable development through environmental protection and energy saving measures to reduce the negative impacts of our operation on environments. During the reporting period, the Group strictly complied with the *Environmental Protection Law of the PRC*, *Water Pollution Prevention and Control Law of the PRC*, *Atmospheric Pollution Prevention and Control Law of the PRC*, *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste*, *Law of the PRC on Prevention and Control of Pollution from Environmental Noise* and other environmental laws and regulations in the operation process.

Green Production

Discharge and management of wastewater

The Group generates wastewater in the production and operation process, including production of wastewater and sewage from office and dormitory. The major pollutants in wastewater contain chemical oxygen demand (COD), suspended solid, NH₃-N and phosphorus. There are wastewater treatment facilities in our production bases to collect and process the generated wastewater to ensure that the treated water reaches local wastewater discharging standards. The processed wastewater flows into municipal pipe network for the unified treatments by local wastewater treatment plant, which minimizes the impacts on the received water body. Besides discharging wastewater in compliance with standards, the Group is also dedicated to improving production technologies and equipment, recycling and reusing cooling and condensate water to reduce the generation and discharge of wastewater from the source, which truly achieves clean production. Meanwhile, the production bases of the Group regularly authorize qualified agencies to do sample testing of the discharged wastewater for the further enhancement of management and supervision of sewage discharge.

The total annual discharge of wastewater of the Group was around 198,133 tons in

2016, and the total annual COD discharge was around 25 tons. During the reporting period, no penalty of excessive wastewater discharge or complaint about wastewater discharge was reported to the Group.

Discharge and management of air emissions

The air emissions of the Group include boiler's air emission, vehicle exhaust, technology waste gas and so on, and the major pollutants include nitrogen oxides, sulfur oxides, particles and so on. The boilers in Guangzhou production base and Yulin Pharmaceutical of the Group have been contracted out to the third party, operated by the third party and are not included in the reporting range. The boiler in Consun Pharmaceutical (Inner Mongolia) Co., Ltd. has been modified with dedusting, desulphurization and denitrification system in accordance with "Emission Standard of Air Pollutants for Boiler" (GB 13271-2014) of the PRC. After cooling, one part of the air emission from the boilers goes through the bag-type dust remover and draught fan, flows into desulfurizing tower with magnesium oxide process and is released qualified for the standards. Another part of the air emission goes through denitrification system mixed with introduced draught, and flows into denitrification furnace to be released in compliance with standards. During the reporting period, Inner Mongolia Consun authorized the qualified agency to monitor the waste gas discharged by modified boiler and all the testing results were in compliance with the "Emission Standard of Air Pollutants for Boiler" (GB 13271-2014). The workshop with dust generation of the Group is equipped with dust removers to protect the health of our employees and to maintain clean working environment. For instance, the production base in Guangzhou is equipped with primary and medium efficiency filter, as well as the bag-type dust remover in the dust generation workshop to ensure that the released waste gas is in compliance with "Integrated Emission Standard of Air Pollutants" (GB 16297-1996) of the PRC.

Discharge of Air Pollutions of Consun Pharmaceutical in 2016:**Stationary Sources ¹**

Types of Air Pollutions	Discharge amount (tonne)
Nitrogen oxides (NO _x)	8
Sulphur dioxide (SO ₂)	10
Particles	10

Discharge of Air Pollutions of Consun Pharmaceutical in 2016:**Mobile Combustion Sources ²**

Types of Air Pollutions	Discharge amount (kg)
Nitrogen oxides (NO _x)	902
Sulphur dioxide (SO ₂)	3
Particles PM ₁₀	40

Note: 1. The calculation of discharge amount of nitrogen oxides, sulphur dioxides and particles from stationary sources involves the exhaust gas from boilers in Inner Mongolia production base, and the calculation method adopts the air emission factors released by the United States Environmental Protection Agency (EPA): <https://www.epa.gov/air-emissions-factors-and-quantification/ap-42-compilation-air-emission-factors>.

2. The calculation of discharge amount of nitrogen oxides, sulphur dioxides and particles PM₁₀ from mobile combustion sources involves all the vehicles owned and operated by the Group, please refer to “Technical Guide for Air Pollutant Emission Inventory for On-road Vehicles (Trial Implementation)” for the calculation method.

Discharge and management of solid waste

The solid waste generated by the Group mainly includes (Chinese medicine) production dregs, waste packaging materials, boiler slag, daily-life and office waste and so on. The Group does not generate hazardous solid wastes except for the small amount of liquid waste generated by the medicine research center, which will be properly treated by a qualified third party. The Group has formulated medicine dreg management system to standardize the treatment of medicine dregs, and to ensure that the produced dregs are handled timely and properly, which guarantees the cleanness

and tidiness of the production area for a favorable working and living environment. The produced medicine dregs shall be cleaned up, transported and treated legally by the qualified agency. The production base is responsible for supervising the working performance and quality of the dreg handling company and communicating with them to ensure the medicine dreg is treated in a timely, standardized and proper manner. For the treatment of other solid wastes, the Group has adopted the principles of “reduction, recycling and harmless” and considers comprehensive utilization first. We try to recycle and reuse the solid waste to reduce the generation amount of the solid waste, such as using boiler ash as construction materials, using medicine dregs as plant fertilizers, as well as delivering the food waste generated by the company canteen to qualified organization for biomass treatment.

Management of noise pollution

The Group pays close attention to noise management and control. We monitor and control the impact of production noise on the health of our employees and neighboring communities in accordance with national noise control standards. We strive to reduce noise hazards through optimized layout of production lines, setting noise source far away from environmentally sensitive points, selecting equipment with low noise generation and employment of necessary noise isolation, absorption, shock absorption and other measures to reduce the negative impacts of noise pollution and to ensure the factory boundary noise in compliance with “Emission Standard for Industrial Enterprises Noise at Boundary” (GB12348-2008). During the reporting period, basically 100% of the production bases of the Group reached the noise control standards, and there was no record about the complaints of noise pollution.



Greenhouse gas

Discharge of Greenhouse Gas of Consun Pharmaceutical in 2016

Discharge Amount and Intensity of Greenhouse Gas	
Scope 1 (tonne) ¹	7,685
Scope 1 stationary sources (tonne)	7,441
Scope 1 mobile sources (tonne)	269
Assimilation of carbon dioxide (tonne)	25
Scope 2 (tonne) ²	7,104
Discharge amount in total (tonne)	14,789
Discharge intensity (tonne/ revenue of RMB10,000)	0.12

Note: 1. The calculation of Scope 1 greenhouse gas from stationary sources adopt the greenhouse gas emissions from stationary combustion calculation tool released by Greenhouse Gas Protocol. The calculation of Scope 1 greenhouse gas from mobile sources refers to the Reporting Guidance on Environmental KPIs under Appendix 2 of Environmental, Social and Governance Reporting Guide of the Stock Exchange, which involves all the vehicles owned and operated by the Group.

2. The calculation of Scope 2 greenhouse gas is based on the electricity amount consumed by the Group multiplied by the carbon dioxide emission factor of the local power grid.

Under the background of global warming, the Group attaches great importance to greenhouse gas emissions and management. The greenhouse gas produced in the operation process of the Group mainly consists of carbon dioxides. The Scope 1 greenhouse gas mainly includes waste gas produced by boiler combustion and vehicle exhaust emissions, and Scope 2 greenhouse gas is primarily generated by the utilization of electricity. The management principles of greenhouse gas of the Group include identifying emission source in the operation process, upgrading techniques and equipment to reduce greenhouse gas emission from sources and encouraging our employees to take part in low-carbon green activities such as hiking and cycling with emphasizing the importance of greenhouse gas emission reduction.

Saving Resources

The Group attaches great importance to energy conservation and emission reduction work. We understand that saving resources not only saves production costs, but also reduces the impacts of human activities on the Earth. We strive to achieve fine management at work sites; improve the comprehensive management skills and levels; eliminate unnecessary manpower, time and material consumption; increase production efficiency; cultivate the high efficiency and conservation awareness of all employees and establish a highly efficient and energy-saving team. During the reporting period, the Group has implemented several energy saving and consumption reduction projects. For instance, the Kidney Repair and Edema Alleviation Granules project has achieved higher rate of products yield, higher recycling efficiency of ethanol as well as higher utilization efficiency of aluminum film through series of measures such as fine management, technique optimization and reduced consumption. The unit consumption of water, electricity and steam is reduced in the production process, especially the reduction of unit consumption of steam, which enhances the overall production efficiency.

The Group pays special attention to the conservation and effective utilization of water resource. We efficiently recycle the cooling water and condensate water generated from extraction, concentration and drying processes through technical modification, to improve water utilization efficiency and reduce water utilization amount, sewage discharging amount as well as coal usage. Meanwhile, we take multiple measures to save water resource listed as follows:

- ✓ Add secondary and tertiary water meters, and implement hydrologic budget test;
- ✓ Record water meters each day to monitor the water utilization situation, conduct index analysis of water planning, implement and enhance the system of rewards and penalties;
- ✓ Post promotional banners about water saving;
- ✓ Check water usage points in the factory area, renovate leakage phenomenon;
- ✓ Replace the auger-type faucet;
- ✓ Modify the extraction workshop with adding new equipment and improving production techniques.

Yulin Pharmaceutical and Inner Mongolia Consun, members of the Group, implemented condensate water recycling project and saved water usage of 4,685 tons. Meanwhile, the waste heat of condensate water is also utilized to reduce the energy consumption and the coal usage with lower air pollution emissions. Consun Inner Mongolia obtained the “License for Water Drawing” to utilize underground water properly in accordance with the provisions of relevant departments. Consun Inner Mongolia is also equipped with eight sets of water recycling facilities, including the recycling of cooling water and condensate water, which greatly increases the water usage efficiency.

The Group also promotes green office and the office culture of energy saving and emission reduction, which includes the promotion of office automation (OA) system, encouraging paperless office, reducing utilization of consumable items in office, promoting application of teleconference system and reducing the frequency of on-site meeting as well as the travelling frequency of our employees, and encouraging the employees to take low-carbon public transportation for official business.

The Consumption of Energy and Resource of Consun Pharmaceutical in 2016

Types	Consumption amount (Unit)	Consumption intensity (consumption for every revenue of RMB10,000)	Converted into standard coal ¹ (tonne)
Electricity	10,981 (kWh in ‘000s)	90 kWh/ revenue of RMB10,000	1,350
Steam	20,149 (tonnes)	0.16 tonne/ revenue of RMB10,000	2,591
Water	442,771 (tonnes)	3.6 tonne/ revenue of RMB10,000	/

Note: 1. Conversion coefficients to standard coal refer to the “General Principles for Calculation of The Comprehensive Energy Consumption” (GB/T 2589-2008).

The Consumption of Packaging Material of Consun Pharmaceutical in 2016

Packaging Material Consumption	
Packing box consumption (piece)	88,870,925
Specification consumption (piece)	56,073,701
Paper box consumption (piece)	487,552

Sustainable Development

Consun Pharmaceutical adheres to the operation principles of “protect environment, develop sustainably”. We strongly advocate environmental protection, energy-saving and cost-reducing to reduce the negative impacts of our operation and production on environments with achievement of green production. All construction, alteration and expansion projects of the Group are commenced with environmental impact assessment approval. All production bases of the Group strictly implement the local filing and registration system for pollutant discharge and pay the pollutant discharge fee in accordance with the corresponding regulations. The member of the Group, Consun Pharmaceutical (Inner Mongolia) Co., Ltd., was awarded with the “The Most Socially Responsible Enterprise” honor in the Inner Mongolia Autonomous Region in 2015, which demonstrated its excellent performances in legal operation, environmental protection, public health service, public welfare activities and so on.

We believe only green development is sustainable. As a corporate citizen with social responsibility, the Group strictly controls the generation of waste water, waste gas, solid waste and noise in the production and operation process, to ensure all pollutant emissions are in compliance with standards. Meanwhile, we take multiple measures to save resources, reduce production consumption and are committed to develop into an “Environment-friendly” and “Resource-saving” enterprise.

Case study



Guangxi Yulin Pharmaceutical Group Yonglv Chinese Traditional Medicine Industry Co., Limited (“Yonglv Chinese Traditional Medicine”) is the subsidiary of Yulin Pharmaceutical, which is the member of the Group, and its main business is to plant Chinese herbal medicine and sales of native Chinese herbal medicine. Yonglv Chinese Traditional Medicine is responsible for the cultivation of Chinese herbal medicine - *Abrus mollis* Hance, to supply the primary raw material for the production of “Jigucuo Capsule”, which is the famous product of Yulin Pharmaceutical. Yonglv Chinese Traditional Medicine adopts the operation pattern of “company + base + farmers”, makes use of their own advantages, properly utilizes agricultural resources, connects each part of *Abrus mollis* Hance planting together to form a complete industrial chain through cultivation in self-built bases, as well as guidance and leading on farmers to do planting. They successfully developed the interplanting technology of Chinese herbal medicine in paddy field, which not only increased production, saved lands, but also won the “Key National Leading Enterprises for Agricultural Industrialization” honor for Yulin Pharmaceutical.

People-oriented

The corporate logo of Consun Pharmaceutical contains the word “People”(人) in Chinese, it fully conveys the Company’s “people-oriented” core value and the talent concept of “respect people, develop people and benefit people”. During the business development of Consun Pharmaceutical, we always take people as our starting point and as the top priority, to respect and understand the needs of people. It includes respecting for human life, serving for human health, as well as respecting and understanding the needs of employees, to provide platform for employee development and to promote sustainable development through the growth of the team and employees.

Employment and Diversification

The Group adheres to the scientific and rational employment mechanism to 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 of recruitment and disposing of the Company personnel, to standardize the recruitment, selection, hiring, changing and leaving procedures of the employees. It helps the Company to recruit excellent and qualified personnel on time, to match the employee with suitable position, which allows them to show their talents. In order to establish the labor relationship between the Group and the employees and also to clarify the rights and obligations for both parties, the Group implements the management of labor contract system for all employees. The recruitment and dismissal of the Group and its subsidiaries are in strict compliance with the *Labor Law of the PRC*, the *Labor Contract Law of the PRC* and the relevant local labor laws and regulations. At the same time, the Group strictly follows the labor standards and the *Law of the PRC 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 employment of child labor due to misleading information. During the reporting period, the Group was not involved in any case of child labor or forced labour.

The Group advocates the diversification of employees and provides equal job

opportunities. A fair working environment is the basis for the development of employees. The Group prohibits any discrimination against employees of race, gender, nationality and religion. Up to December 31, 2016, the Group had a total number of 2108 of employees, including 961 female employees and 1147 male employees.

The Structure of Employees of Consun Pharmaceutical: by Gender

	Consun ¹	Yulin Pharmaceutical	Total
Female (person)	683	278	961
Female percentage (%)	48	40	46
Male (person)	727	420	1147
Male percentage (%)	52	60	54

Note: 1. Consun includes the statistical data from Guangzhou Consun Pharmaceutical Company Limited, Consun Pharmaceutical (Inner Mongolia) Co., Ltd. and Guangzhou Consun Pharmaceutical Research Company Limited.

The Structure of Employees of Consun Pharmaceutical: by Age

	20 - 30 years old	30 - 40 years old	40 - 50 years old	50 years old and above
Consun¹ (person)	641	562	167	40
Yulin Pharmaceutical (person)	124	301	204	69
Total (person)	765	863	371	109
Total in Percentage (%)	36	41	18	5

Note: 1. Consun includes the statistical data from Guangzhou Consun Pharmaceutical Company Limited, Consun Pharmaceutical (Inner Mongolia) Co., Ltd. and Guangzhou Consun Pharmaceutical Research Company Limited.

The Structure of Employees of Consun Pharmaceutical: by Region

Province (Region)	Consun ¹ (person)	Yulin Pharmaceutical (person)	Total (person)	Percentage (%)
Anhui	35	5	40	1.9
Beijing	14	3	17	0.8
Fujian	16	6	22	1.0
Gansu	13	4	17	0.8
Guangdong	177	18	195	9.3
Guangxi	45	562	607	28.8
Guizhou	23	4	27	1.3
Hainan	5	1	6	0.3
Hebei	67	8	75	3.6
Henan	70	7	77	3.7
Heilongjiang	48	5	53	2.5
Hubei	65	6	71	3.4
Hunan	83	12	95	4.5
Jilin	29	6	35	1.7
Jiangsu	40	5	45	2.1
Jiangxi	49	8	57	2.7
Liaoning	45	3	48	2.3
Inner Mongolia	334	5	339	16.1
Ningxia	2	0	2	0.1
Qinghai	2	0	2	0.1
Shandong	68	9	77	3.7
Shanxi	21	4	25	1.2
Shaanxi	27	5	32	1.5
Shanghai	17	0	17	0.8
Sichuan	43	7	50	2.4
Tianjin	12	0	12	0.6
Xinjiang	7	0	7	0.3
Yunnan	13	0	13	0.6
Zhejiang	17	2	19	0.9
Chongqing	23	3	26	1.2
Total	1410	698	2108	100

Note: 1. Consun includes the statistical data from Guangzhou Consun Pharmaceutical

Company Limited, Consun Pharmaceutical (Inner Mongolia) Co., Ltd. and Guangzhou Consun Pharmaceutical Research Company Limited.

Labor Standards

The Group adheres to the principles of fairness and ability-based employment. We evaluate the working ability of every employee objectively and impartially. According to employees' abilities, job performance, and the characteristics of different positions, we develop the corresponding qualification and promotion requirements. Our evaluation system combines the Key Performance Indicator (KPI) and the Goal Setting (GS) methods, which guide the working direction for employees. Through objective evaluation, our employees are able to improve their working performance, and thus enhancing the overall enterprise's performance and management level as well as improving the Group's overall market competitiveness.

To fully mobilize the enthusiasm and creativity of employees, the Group is continuously optimizing the salary and performance management system. We provide them with competitive salary and material guarantee for the life quality. To encourage, attract and retain outstanding employees, the Group set up quarterly and annual performance bonuses, which establish the foundation for the Group's long-term development.

The Group scientifically stipulates the working hours for employees according to relevant laws and regulations. Also, the Company has formulated the "Employee's Leave Management System" based on the actual situation, to fully protects the basic rights of having vacations for employees. They shall enjoy the public holidays, 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. At the same time, the Group has established the "Welfare Management System" to enhance the sense of belonging and identity of our employees to the enterprise and stimulate their enthusiasm and dedication on work.

Growing Together

Consun Pharmaceutical pays high attention to the training of employees. The Group spends a large amount of money to build the training platform each year, in order to provide new source of knowledge for employees of different positions. Through the systematically designing and implementation of a series outreach training, internal training activities, we enhance the capacity of employees continuously, creating a high-quality talent team to ensure the talent demand for the rapid development of the Company. The Human Resources Department of the Group is dedicated to providing employees with a wide range of training activities (as shown in the following figure).



The Classification of Training Activities

The general management type training targets at the decision-making level, senior management level, middle management level (director/manager/secretary), key person training programme (KPP), team leader and employees of other management levels, providing courses of different levels based on the needs of different employees. According to the Company's business process, the professional/business training includes courses of different types such as research and development, manufacturing, quality management, marketing, customer service, human resources, finance, purchase, logistics and so on. The professional/business training also includes relevant professional qualification training (such as gauger training, GMP internal auditor training, pressure vessel operation certificate, etc.). Self-inspiration type training mainly focuses on self-inspiration of employees and some informal training activities, such as reading club, inspirational films and learning platforms.

The Group pays attention to the concept of building a learning-oriented team. In the internal training system, the training points system has been set up to stimulate the enthusiasm of employees to participate in the training. The Human Resources Department is responsible for establishing individual training files for each employee of the Company and preserving the personal participation records. These will be the basis for the promotion, appointment and dismissal, remuneration and other adjustments of an employee in the future. We also pay attention to collecting feedbacks and advice from our employees about training activities to continuously improve the quality of training. For example, at the end of the course, we distributed the trainees a “Training Course Assessment Form” to collect their comments on the training content, teaching methods and other aspects. As well, we evaluated the trainees through the ways such as written examination, case study and stimulation depending on the actual situations. For skills courses and expatriate trainings, trainees should fill out the “Action Improvement Plan Form”. The direct supervisors of trainees must follow up on their practical application and the training results to give comments on the form.

The Group is committed to building a high-quality, high-level internal trainer team, which is divided into four levels including diamond internal trainers, gold internal trainers, silver internal trainers and enterprise internal trainers. In order to standardize the selection, management, training and assessment of the internal trainers, Consun Pharmaceutical has formulated the “Internal Trainer Management System”, to encourage the internal trainers to provide excellent internal training service for all employees. Currently, there have been 35 certified internal trainers in the Group.



Cases study of classic training activities:

Consuner Shaping Camp

The “Consuner Shaping Camp” is a seven-day training programme targeting at new employees, which aims to let new employees understand Consun Pharmaceutical comprehensively through military training, corporate culture propaganda, learning of regulations and policies of the Group, product knowledge and marketing management. The camp also helps new employees integrate into the team fast and make the team united.



“Dawn” Plan

The “Dawn” Plan is the “Management Trainee Scheme” of the Group for the fresh graduates, which is one important measure for building the talent echelon for the Group. The “Dawn” Plan is divided into four stages: centralized training (military training, team building, basic knowledge learning) → rotational internship → fixed post training → fixed post practice, letting new Consuners have a comprehensive understanding of the corporate culture of Consun Pharmaceutical, institutional processes, product knowledge and professional skills. The skill training and practice at fixed post help fresh graduates integrate into Consun Pharmaceutical quickly and transfer from student to professional.



Excellent Manager Training Programme

The Excellent Manager Training Programme targets at the promotion managers from more than 100 marketing regions, in order to increase the team management and business management skills of the district managers and to build the backbone of the academic marketing of Consun Pharmaceutical. The training courses include role positioning, team management skills, guidance skills, problem analysis and resolution skills and so on.



Marketing Elite Training Camp

The “Marketing Elite Training Camp” targets at the front-line excellent promotion representatives of the Group, which aims to increase their business skills and make them serve as benchmark and exemplary role in the sale team. We have adopted both internal and external trainings. The internal trainers teach product and medical knowledge, while external lecturers teach “hospital micro-market precise marketing”, “the level-to-level administration and communication of customer” and other courses. Also we make the after-class program and leading-role program to drive more academic promotion representatives to increase their business skills.



Consun Seminar

The Consun Seminar, started in 2016, is a knowledge and experience sharing platform to realize the value of “Sharing” and talent concept of “respect people, develop people and benefit people” of the Group. The Consun Seminar aims to broaden the employees’ horizon, to enrich their knowledge structure, to improve the staff quality and to create a learning-oriented team. The Consun Seminar is held twice a month. All employees have the opportunity to share in the seminar, and the sharing contents include management skills, efficient communication, self-management, learning and development, innovation, reading experience and so on.



Health and Safety

Safe production is at the top priority of the production and operation management of the Group. The Group adheres to the production policy of “safety first with prevention”, and also requires the manager at all levels from the production center to follow the principle of “safety and production should be managed together”. The production is conducted on the basis of meeting the safety requirements to achieve safe and civilized production. The Group strictly followed the *Law of the PRC on Work Safety*, the *Law of the PRC on the Prevention and Control of Occupational Diseases* and other laws and regulations. The Group continuously improves the working conditions for the employees and strengthens the production safety to ensure the safety and health of the employees and to prevent occupational hazard.

The Group has formulated the “Safe Production Management System” and standardized the safe operation of equipment, effectively maintaining the safe working environment for employees and protecting the safety of employees and the

Company's properties. We formed a safe production leading group. The group 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. Workers who change the type of work are required to redo the safety education before taking their new positions. Employees involved in special type of work must take professional safety technology training, and they 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 content might exceed the national standards, we carry out technological transformation or health protection measures immediately to improve the working conditions continuously. For the employees who are involved in hazardous environment, an annual occupational health check has been implemented regularly. For patients diagnosed with occupational disease, the safe production leading group should report to the Human Resources Department immediately. They will carry out the adjustment of work position, and to arrange treatment timely.

At the same time, the Group has developed a security management system, which aims to ensure the personal and property safety of both the Company and the employees, and to create a good working environment for our employees. During the reporting period, Yulin Pharmaceutical which is the member of the Group has delegated qualified unit to perform the detection and evaluation of current occupational hazardous factors based on the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, and to provide scientific evidence for the supervision and management of Company's occupational health.

The Group pays attention to fire safety. For example, the Group has standardized the fire extinguishing plan and emergency evacuation plan to ensure the fire fighting and

rescue operations are rapid, orderly and effective, and also to reduce casualty and to increase the fire safety awareness of all employees. During the reporting period, no fire accident occurred in the Group, and the safe production was in well condition.

Harmonious Team

Consun Pharmaceutical pays high attention to team building and actively cultivates the sense of team cooperation of employees. We are committed to building a harmonious and efficient team to grow together with the Group. The team concept of the Group is one heart and one mind, strive and create together. We encourage communication between employees, and between the superior and the subordinate by the premise of respect. We also encourage the employees to pursue personal hobbies in the spare time to advocate the concept of healthy life. The Group organizes healthy sports activities and talent shows for employees regularly to enrich their cultural life and to strengthen the team cohesion.



On the 23rd to 25th of January 2016, the 2016 annual party of Consun Pharmaceutical was held with the theme of “The Night of Consun”. More than 600 employees from different places across the country joined the party together.



From April to May 2016, Consun Pharmaceutical launched the “May Fourth Youth Day” activities with the theme of “Tribute to Youth”, setting up the learning model for young employees to enhance their participation, cohesion and sense of belonging to the Group, and to stimulate the positive energy among young people for the formation of “Consun·Youth”. The activities include three parts of “Youth·Model”,

“Youth·Practice” and “Youth·Running” to select “Consun Excellent Youth”. These activities guided young employees to beautify the environment of industry park as well as offices, and organized short-distance jogging and team development. The activities enriched the amateur life of young employees, and displayed the spirit of young people in the new era to cultivate the hard-working and cooperation spirit of employees.



In the late July 2016, which is the 80th anniversary of the victory of the Red Army Long March, Consun Pharmaceutical carried out the mid-term development activity for marketing elite, following the footprints of Red Army Long March, climbing the Mengbi Mountain, going across the Dadu River, the Lianghekou Basin and the Dawei Junction Bridge to simulate the struggling spirit and passion for dream of employees.



In August 2016, Consun Pharmaceutical carried out series of activities of “Red August” with the theme of “inherit the red spirit and create the passion team”, to promote the spirits of bravery, tenacity, sincerity and unity. The headquarter carried out the activities such as green road riding, military development and river tour. The employees from the Inner Mongolia Consun challenged to climb the Shuangheer Hill in Agula of Inner Mongolia.



In October 2016, Yulin Pharmaceutical, member of the Group, successfully held the “National Day” volleyball match.



In October 2016, the third staff sports meeting of the headquarter of Consun Pharmaceutical was held in Guangzhou. The sports meeting was with theme of “inheriting the Olympic spirit, showing the Consun spirit”, and attracted participations of more than 200 employees. They formed six teams from different departments such as the functional departments, headquarter of marketing, the medicine research center, logistic center, chief engineer office and Guangzhou production base.



In December 2016, the member of the Group Yulin Pharmaceutical organized different departments to participate in the team building activities with the theme of “create the future together with unity and cooperation”, to enhance the cohesion and execution of the team. The activities included tug of war, four people with five feet, invincible fire rounds, blowing balloons, making dumplings and other forms, which enhanced the communication among employees, as well as strengthening the sense of belonging to the Group and unity of employees.

Community Service

“Win-win Cooperation” is one of the core values of Consun Pharmaceutical. We understand that the achievements and received honors of the Group are closely related and inseparable from the support and help of stakeholders and the public. We pursue to accomplish mutual development and growth with local community and to promote the establishment and development of harmonious society through continuous contributions to characterized public welfare activities. We encourage our employees to take part in volunteer activities, actively support different types of education, sports and environmental public welfare activities and earnestly practice the concern spirit of an outstanding enterprise.

Community Participation

The Group adheres to the service philosophy of “dedication and perfection” and takes part in the community activities actively with a grateful heart. We strongly support the development of environment, education and sports undertakings in the community.



In November 2016, Consun Pharmaceutical and Guangzhou Economic and Technological Development Zone Eastern Middle School jointly organized the 3rd headquarter staff sports meeting, and once again held an exchange forum themed as “school-enterprise cooperation, create a harmony”. We donated a number of commonly used drugs to the school’s infirmary to pass Consun Pharmaceutical’s care to all students.



In March 2016, Consun Pharmaceutical's member Yulin Pharmaceutical organized the employees to take part in the tree planting activity of Yulin city with theme of "support water conservancy, plant trees, improve ecology environment, improve people's live".



In 2016, as the official partner of the Chinese men's basketball league (CBA league) for six consecutive years, the Group's member Yulin Pharmaceutical once again supported the 2016-2017 CBA league, fully displaying Yulin pharmaceutical's brand style and brand products – Zheng Gu Shui, achieving sports value based on the commercial value and injecting continuous vitality and passion into Chinese sports industry.

Industry Participation

As the leading enterprise of modern oral Chinese medicine for the treatment of kidney disease, Consun Pharmaceutical has been actively involved in the academic research and information exchange of the Chinese medicine for the treatment of chronic kidney disease. Also we took an active part in the pharmaceutical industry construction and exchange activities organized by non-governmental organizations, to display the characteristics of enterprise, to grasp the industry developing trends, and to promote the joint development of the industry.



In July 2016, Consun Pharmaceutical held the “Uremic Clearance Evidence-Based Medicine Research Results Press Conference” in Wuhan. This research project was led by the Academician of Chinese Academy of Engineering Chen Xiangmei, with Chinese PLA General Hospital as the leading research unit. Also 22 top three hospitals of China participated in the conference which was under supervision of professional CRO institutions, and the research data came from the third party of Peking University Clinical Research Institute. This program lasted for more than 3 years since the launch in 2012.



In 2016, Consun Pharmaceutical continued to actively participate in and support the program of “chronic kidney disease and blood purification training for one million of kidney primary doctors” co-organized by Chinese Medical Doctor Association and Chinese Nephrologist Association. We also took part in and supported the project of “the blood purification training for county-level hospitals in China” organized by county-level hospital project team of Chinese Medical Doctor Association. The footprints of the activity went throughout Guangdong, Guangxi, Yunnan, Jiangxi, Fujian, Hubei, Shandong, Liaoning, Beijing, Tianjin and East China areas, benefiting ten thousands of primary doctors.



In August 2016, the annual event of pharmaceutical retail industry “China Drug Retail Industry Information Conference” was opened in Boao Hainan. China Time-honored Brand - Yulin Pharmaceutical was firstly invited to participate in this conference as member of Consun Pharmaceutical, which started the new journey of innovation and development and revitalized the honor of “China Time-honored Brand”.



In 2016, Consun Pharmaceutical took part in the 8th China (Yulin) Traditional Chinese Medicine Expo, as well as the 119th and the 120th China Import and Export Fair (Canton Fair) with member company Yulin Pharmaceutical. More than ten varieties of products of the Group are displayed in the Traditional Chinese Medicine Expo and the Canton Fair, which include Uremic Clearance Granules (康臣®尿毒清顆粒), Kidney Repair and Edema Alleviation Granules (益腎化濕顆粒), Renal Supplement and Cure Oral Solution (補腎填精口服液), Gadopentetate Dimeglumine Injection (鈹噴酸葡胺注射液), Iron Dextran Oral Solution (右旋糖酐鐵口服液), Yulin Zheng Gu Shui (玉林®正骨水), Yunxiang Jing (雲香精), Shiduqing Capsule (濕毒清膠囊), Jigucuo Capsule (雞骨草膠囊). The industry exchange helped us to grasp the industry development trends, and participate in the development research.

In 2016, Consun Pharmaceutical continued to actively participate in the annual conference co-organized by the Chinese Society of Nephrology and the Chinese Society of Radiology. We also firstly took part in the 21st Annual Meeting of Chinese Pediatric Society organized by Chinese Pediatric Society, Chinese Medical Association and the 2016 Chinese Child Care Annual Academic Meeting organized by China Preventive Medicine Association, Society of Child Health.

Public Welfare

Consun Pharmaceutical adheres to the enterprise mission of “inheriting the traditions with innovation, benefiting the society with good medicine”, caring about the public welfare undertakings, actively participating in different types of public benefit activities, delivering the positive energy of Consun. In 2016, the Group organized a variety of public welfare activities, such as volunteer activities, field visiting, scholarship and drug donating.



10 March 2016 is the 11th International Day of Kidney. On that day, Consun Pharmaceutical continuously carried out counseling and kidney disease education activities with hospitals across the country for the eleventh year. We deeply understand our responsibility and obligation to actively participate in the prevention and treatment of kidney disease in China.



In August 2016, Consun Pharmaceutical (Inner Mongolia) Co., Ltd. actively responded to the education donation call of Horqin Left Back Banner government and donated the scholarship to two students living in poverty who was going to college with RMB 10,000 for each one.



In October 2016, the member of the Group Yulin Pharmaceutical actively responded to the call from Yuzhou District, Yulin City with the theme of “help the poor, build a road to happiness”, and donated RMB 50,000 to improve the living conditions of people in poverty.





In December 2016, Consun Pharmaceutical went into the Salvation and Protection Center for Homeless Children in Guangzhou (referred to as Guangzhou rescue station) and donated a number of drugs in urgent need to the medical department of Guangzhou rescue station. Under the guidance of the staff of the rescue station, Consun personnel visited the children’s dormitory and interacted with the children enthusiastically.



In November and December 2016, the member of the Group Yulin Pharmaceutical stepped into the universities of Guangdong Province, and provided free drugs and medical service to the students participating in 16th Games of Guangdong Lingnan Vocational Technical Institute College and the 9th Sunshine Long-distance Running Activity of Guangdong University of Technology.

ESG Report Content Indices

“Environmental, Social and Governance Reporting Guide”	Content	Disclosure Page
A. Environmental		
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.	P (30-34)
KPI A1.1	The types of emissions and respective emissions data. <div>  Wastewater Wastewater discharge amount: 198,133 tonnes; COD discharge amount: 25 tonnes. </div> <div>  Air pollutions NOx emission in total: 9 tonnes; SO₂ emission in total: 10 tonnes; </div>	P (30-32)

	<i>Particle emission in total: 10 tonnes.</i>	
KPI A1.2	<p>Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>🌍 Greenhouse gas (Scope 1) emission: 7,685 tonnes;</p> <p>🌍 Greenhouse gas (Scope 2) emission: 7,104 tonnes;</p> <p>🌍 Greenhouse gas emission in total: 14,789 tonnes;</p> <p>Emission intensity: 0.12 tonne/revenue of RMB 10,000.</p>	P (34)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P (32-33)
KPI A1.4	<p>Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>🌍 Food waste discharge amount: 7 tonnes</p> <p>Intensity: 3.3 kg/person.</p>	P (32-33)
KPI A1.5	Description of measures to mitigate emissions and results achieved.	P (30-34)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P (32-33)



Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P (35-37)
KPI A2.1	<p>Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p> <p>✚ <i>Electricity consumption: 10,981 kWh in '000s;</i> <i>Converted into standard coal: 1,350 tonnes;</i> <i>Intensity: 90 kWh/revenue of RMB 10,000.</i></p> <p>✚ <i>Steam consumption: 20,149 tonnes;</i> <i>Converted into standard coal: 2,591 tonnes;</i> <i>Intensity: 0.16 tonne /revenue of RMB 10,000.</i></p>	P (36)
KPI A2.2	<p>Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>✚ <i>Water consumption: 442,771 tonnes;</i> <i>Intensity: 3.6 tonne/revenue of RMB10,000.</i></p>	P (36)
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P (35-36)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P (35-36)



KPI A2.5	<p>Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p> <ul style="list-style-type: none"> ✚ <i>Packing box consumption: 88,870,925 pieces;</i> ✚ <i>Specification consumption: 56,073,701 pieces;</i> ✚ <i>Paper box consumption: 487,552 pieces.</i> 	P (37)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P (37-38)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P (37-38)

“Environmental, Social and Governance Reporting Guide”	Content	Disclosure Page
<i>Social</i>		
Aspect B1: Employment		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p>	P (39-42)
KPI B1.1	<p>Total workforce by gender, employment type, age group and geographical region.</p> <p>✚ <i>Employees in total: 2108 people;</i></p> <p>✚ <i>By gender-people (rate)</i></p> <p><i>Female employees: 961 people (46%) ;</i></p> <p><i>Female employees: 1147 people (54%) ;</i></p> <p>✚ <i>By gender-people (rate)</i></p> <p><i>20-30 years old: 765 people (36%) ;</i></p>	P (40-42)

	<p>31-40 years old: 863 people (41%) ;</p> <p>41-50 years old: 371 people (18%) ;</p> <p>50 years old and above: 109 people (5%) .</p> <p>✚ The workforce distribution by geographical region please refer to the relevant section in this report.</p>	
Aspect B2: Health and Safety		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p>	P (47-49)
KPI B2.1	<p>Number and rate of work-related fatalities.</p> <p>✚ During the reporting period, there was no case of work-related fatalities.</p>	/
KPI B2.2	<p>Lost days due to work injury.</p> <p>✚ Lost days due to work injury: 20 days.</p>	/
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P (47-49)

Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P (43-47)
KPI B3.2	<p>The average training hours completed per employee by gender and employee category.</p> <p>✚ The training hours of employees in total: 41,676 hours.</p> <p>✚ The average training hours completed per employee: 20 hours.</p>	/
Aspect B4: Labour Standards		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	P (39)
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P (39)
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P (39)
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P (28-29)
KPI B5.1	Number of suppliers by geographical region.	P (28)

	 As of 31 December 2016, there are 137 suppliers of the Group in total, which are distributed in 21 provinces and regions, please refer to the relevant section for detailed information.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P (28-29)
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.	P (19-27)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.  During the reporting period, there were no product recall events occurred in the Group.	/
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P (26-27)

	 During the reporting period, the Group has received a total of 6 complaints, and please refer to the relevant section for the solutions.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P (19-20)
KPI B6.4	Description of quality assurance process and recall procedures.	P (24-26)
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P (20-21)
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.	P (19)
KPI 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.  During the reporting period, there was no investigation or litigation cases involved the violation of relevant laws and regulations in the Group.	P (19)

KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P (19)
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.	P (54-61)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P (54-61)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P (54-61)