



深圳市海王英特龍 生物技術股份有限公司

SHENZHEN NEPTUNUS INTERLONG
BIO-TECHNIQUE COMPANY LIMITED*

(a joint stock limited company incorporated
in the People's Republic of China)

Stock Code : 8329

* For identification purpose only



2018

Environmental, Social and
Governance Report

Environmental, Social and Governance Report



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1 About This Report

1.1 Overview

This is the third Environmental, Social and Governance (“ESG”) Report issued by Shenzhen Neptunus Interlong Bio-technique Company Limited for the purpose of providing information about the Company’s economic, social and environmental performances. It is expected that through this report you will have a better understanding of what we have done in achieving sustainable development and revert to us your expectation so as to strengthen mutual communication and trust.

1.2 Basis of Preparation

This report is principally prepared in accordance with Environmental, Social and Governance Reporting Guide (the “ESG Guide”) under Appendix 20 of the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The procedures for the preparation of this report include identifying major stakeholders and ESG-related issues, defining the scope of this report, collecting relevant materials and data, preparing data based on the information collected, and examining the data in this report.

This report is prepared according to the principles of materiality, quantitative, balance and consistency. The Company indicated the procedures of identifying stakeholders and communication with them and determined the materiality matrix and key issues in the report. On such basis, the Company made quantitative disclosures on key performance indicators, effectively compared the environmental data of two years and made a full and fair report on its ESG performance.

1.3 Interpretation

This report is issued on an annual basis covering the period from 1 January 2018 to 31 December 2018. Part of the contents may be dated back to before 2018 for comparison purpose. The scope of disclosure of this report is consistent with that of the 2018 Annual Report of the Company. Information and cases disclosed in this report are derived from the Company’s official documents, statistical reports or publicly available information.

Terms and Short Names: For the convenience of expression and reading, the terms “Company” and “Neptunus Interlong” herein shall refer to Shenzhen Neptunus Interlong Bio-technique Company Limited; the “Group” and “we” shall refer to the Company and its Subsidiaries; “Subsidiary(ies)” shall refer to the subsidiaries of the Company; the “Board” shall refer to the board of directors of the Company and “PRC” shall refer to the People’s Republic of China.



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1.4 Reliability Assurance

The Board and senior management of the Group have reviewed and approved this report on 13 June 2019 and guarantee that it does not contain any false information, misleading statement or material omission.

1.5 Access to This Report

This report is prepared both in Chinese and English. In case of inconsistency, the Chinese version shall prevail over the English version. Electronic version of this report is available for downloading from the website of the Company at <http://www.interlong.com>. For enquiry or suggestion regarding this report, please feel free to contact us at:

Contact: Ms. Mu Ling Xia and Ms. Xie Tian Tian

Address: Suite 2103, 21st floor, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Nanshan District, Shenzhen, Guangdong Province, the PRC

Tel: (86) 755 26411869, (86) 755 86573914

Fax: (86) 755 86391610

Postal Code: 518000

2 Message from Chairman

I am pleased to present the ESG Report of the Group as of 31 December 2018. 2018 was a year of adjustment and building up of strength for Neptunus Interlong. As the supply-side reform of the State continues, its overall economy maintained a development trend of stable performance and at the same time achieved progress. Following the release of the “4+7” centralised procurement policy and the extensive promotion and in-depth implementation of “two invoice system” (兩票制) and “one invoice system” (一票制) in the PRC, China’s pharmaceutical industry will face a new market landscape. In adapting to the impact of the implementation of “two invoice system” and “one invoice system”, the Group has made proactive adjustment to its existing business model.

The Group has actively responded to opportunities and challenges brought by national policies and industrial trend and closely monitored such policies and trend. While carefully optimizing its operating strategies, the Group adheres to the mission of “serving the health of the public”, actively shoulders corporate social responsibility, strengthens communication and cooperation with stakeholders and pursues sustainable development of the economy, society and environment with joint effort.

The Group made various progresses in promoting sustainable development in the year. During the year, we continued to improve ESG governance structure and established an ESG Leading Team of the Group and ESG Working Teams in the Subsidiaries to deepen the effect of ESG management on the sustainable development of the enterprise. At the same time, we achieved progress in the certification of pharmaceutical production qualification and relevant Subsidiaries have re-obtained the Pharmaceutical GMP Certificates. Furthermore, our research and development capabilities received new recognition. A Subsidiary of the Group was selected as one of the 2018 Fujian Province Little Giant Leading Enterprises in Science and Technology (福建省2018年度科技小巨人領軍企業) and was granted a special fund as an award of additional tax deduction on research and development expenses. The applications for two invention patents of the said Subsidiary were also accepted.

Looking into 2019, the Group will align with policy updates and macro-trends, proactively respond to opportunities and challenges arising from adjustment of the industry. While maintaining the good and steady momentum of business growth, the Group will put more emphasis on the performance of corporate social responsibility and continue to make contribution to the sustainable development of the pharmaceutical and healthcare industry of the PRC and the health of mankind.

Zhang Feng

Chairman of the Board

13 June 2019



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3 Corporate Operation and Development

3.1 About Neptunus Interlong

Introduction to the Enterprise

The Company was established in 1994, and listed on GEM of The Stock Exchange (Stock Code: 8329) in September 2005. The controlling shareholder of the Company is Shenzhen Neptunus Bio-engineering Company Limited, a joint stock limited company incorporated and domiciled in the PRC and its shares are listed on the main board of Shenzhen Stock Exchange (Stock Code: 000078).

The Company is a pharmaceutical and healthcare company and it seized opportunities in the fast-growing pharmaceutical market in China. Its businesses cover several important links in the pharmaceutical and healthcare industrial chain, which make contributions to the health of the populace in research and development, pharmaceutical manufacturing and distribution. The Group is principally engaged in the research and development, manufacturing and selling of medicines, and the purchase and sales of medicines and healthcare food products in the PRC. The medicines being sold by the Group mainly cover four therapeutic areas which are oncology, cardiovascular system, respiratory system and digestive system. The Group manufactures its own medicines through its production base ("Fuzhou Production Base") located in Jin'an District, Fuzhou, Fujian Province, the PRC, including Chinese medicines (which includes more than a dozen of dosage forms such as tablets, capsules, granules, oral solutions and tinctures) and chemical medicines (which includes various dosage forms namely tablets, capsules, granules, small volume injections, large volume injections of glass bottle, plastic bottle and soft bag), with nearly 500 approval documents being registered. The Group's purchase and sales of medicines and healthcare food business possesses a distribution network covering 29 provinces and cities, which mainly includes the distribution of medicines and healthcare food products. As for innovation and research, two pharmaceutical manufacturing Subsidiaries of the Group are high-tech enterprises of Fujian Province. The Group has a total of 41 patents in force (including 26 patents of invention) and a number of products with registered intellectual property rights.

Corporate Culture

Tenet

To contribute quality products and services and endeavor to improve the living quality of people is the sole objective for the Group's progress and development.

Mission

"Serving the health of the public": To concern about life, care for health and through our continuous efforts to provide more quality products and services for human health is the most fundamental momentum for the Group's progress and development.

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Objective

To establish a flexible and efficient operating framework, adhere to the working style of being pragmatic, innovative and progressive, strive to become a world first-class enterprise and shoulder the important task of revitalizing national industry.

Motto

“Responsibility”: The notion of responsibility is the core value of the Group. The Group always keeps in mind its responsibilities for the people, society and the country, and constantly improves the quality of products and services, which is the source of motivated force for the Group to keep progressing.

“Honor”: Every employee is proud of being a member of the Group and contributing their time and wisdom for its development. Every member will consciously integrate the interests of the individual with that of the Group, think in the direction of the Group’s development goals and take the wax and wane of the Group as their own responsibility.

“Motherland”: The every little bit of success the Group has achieved can hardly be separated from the loving care of the Party and the government as well as the sincere help from all walks of life. The Group always concerns itself over our motherland and bears in mind the important task of returning the nation with industrial development and revitalizing national industry.

Brand Concept of Neptunus

“Health creates the future”: Health makes all efforts possible. Health is the foundation to make career, happiness, life and future possible. Health is also the constant pursuit and dream of mankind.

Implication of the logo of Neptunus

“Design philosophy of the logo of Neptunus”: It derives from trident, the artifact of “Neptunus” in the ancient Roman mythology. The blue color in the logo stands for the ocean, which is the incubator of all life. The three arrows symbolize marching toward the ocean, challenging new possibilities and pursuing excellence and constant progress.

“Basic color of Neptunus”: Blue, being a symbol of ocean and life.

“Eternal pursuit for life and health”: Broad and profound, ocean is the source of life and the mother of mankind. The future of man’s health will certainly return to the sea. “Neptunus” demonstrates our eternal pursuit for life and health.



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3.2 Corporate Governance

During the reporting period, the Company further improved corporate governance structure and optimized its internal management in accordance with the requirements of Company Law of the PRC, the Articles of Association of the Company, Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) and other laws and regulations and normative documents.

Shareholding Structure of the Group

The Company's Subsidiaries include, among others, Fuzhou Neptunus Fuyao Pharmaceutical Company Limited, Fuzhou Neptunus Jinxiang Chinese Pharmaceutical Company Limited, Shenzhen Neptunus Changjian Pharmaceutical Company Limited, etc.

Controlling Shareholders and the Company

The controlling shareholders of the Company have not acted in a way that exceeds the limit of their authority to, directly or indirectly, intervene in the decision-making process or production and operational activities of the Company, or have performed any acts that damage the interests of the Company and other shareholders. The controlling shareholders and the Company are mutually independent in respect of employees, assets, finance, organization and business. The Board, the supervisory committee and other internal authorities of the Company operate independently.

Management Framework

The Company has established a corporate governance structure comprising general meeting of shareholders, the Board, committees under the Board, the supervisory committee, the management team and functional departments, and formulated multi-level governance rules based on the Articles of Association of the Company to define the power, authority and code of conduct of each party, aiming to improving the Company's operational transparency, independence and efficiency.

The Board comprises 9 directors, including 3 independent non-executive directors. There are three committees under the Board, namely the audit committee, nomination committee and remuneration committee. In 2018, the Company held 2 general meetings, the Board held 9 meetings, the supervisory committee held 5 meetings, the audit committee held 5 meetings, the nomination committee held 1 meeting and the remuneration committee held 1 meeting.



4 Responsibility Governance Mechanism

4.1 Responsibility Governance

As a company listed on the Stock Exchange, the Group attaches great importance to the fulfillment of ESG responsibilities as well as the pursuit of green development, scientific development and long-term sustainable development.

The Group implements ESG management through the ESG Leading Team, for which Zhang Feng, the Chairman, acts as the team leader and its members include the senior management and relevant experts of the ESG areas. The team coordinates and leads the ESG effort of the Group. Also, ESG Working Teams are established in the Subsidiaries with designated member lists and terms of reference with the aim of implementing ESG as routine work in each department and Subsidiary of the Company and ensuring the truthfulness, accuracy and completeness of ESG data.

The Board is responsible for evaluating and determining the Group's ESG-related risks, ensuring that effective ESG risk management and internal control systems are in place and supervising relevant departments and Subsidiaries of the Company over their implementation.

For details of corporate governance policies and practices as well as the internal governance structure of the Company, please refer to the "Corporate Governance Report" in the 2018 Annual Report of the Company.

4.2 Integrity and Honesty

The Group strictly abides by the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), Anti-Money-laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and the Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) formulated by the State Administration for Industry and Commerce and has firmly established the concept of legal compliance. The Group formulated its "Integrity and Self-regulation Rules" (《廉潔自律準則》). Through establishing relevant systems and culture, the Group actively promotes law and anti-corruption with the commitment being a corporate citizen that "knows, understands and abides by the laws". Neither the Group nor its employees were involved in any corruption-related proceedings during the reporting period.

4.3 Communication with Stakeholders

The Group upholds the mission of "serving the wellbeing of the public", takes creating value for stakeholders as its responsibility and strives to contribute more and better products and services to achieve the objective of promoting health and well-being of mankind. In 2018, in order to further understand the view and needs of stakeholders in respect of the Group's ESG effort, respect and address their concerns, we conducted stakeholder surveys through various channels and means and maintained mutual communication and cooperation with seven categories of stakeholders including the government, investors and shareholders, customers, employees, suppliers and partners, community and environment, and took it as a basis for the improvement of our effort in sustainable development in the future.

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Stakeholders	Expectations for the Group	Communication and Response
Government	<ul style="list-style-type: none"> Comply with laws and discipline and carry out business in a legal manner Support local economic and industrial development Secure safe production 	<ul style="list-style-type: none"> Continuously strengthen corporate compliance management and ensure the Group's compliance operation Pay taxes in a full and timely manner, create tax income and job opportunities Enhance safety management, build safety culture and uphold safety practices
Investors/ shareholders	<ul style="list-style-type: none"> Implement corporate governance and create value Information disclosure and risk control 	<ul style="list-style-type: none"> Optimize corporate governance and continuously improve corporate value Release operating data in due course, set up investor hotline
Customers	<ul style="list-style-type: none"> Product and service quality Protection of consumers' rights and interests 	<ul style="list-style-type: none"> Conduct customer satisfaction survey Deal with quality complaint, customers' letters and visits
Employees	<ul style="list-style-type: none"> Reasonable salary and welfare Employee promotion and development Care for employees 	<ul style="list-style-type: none"> Work out competitive remuneration system and make channels for promotion transparent Conduct regular vocational training and establish a platform for the career development of employees Organize physical examination on a regular basis and arrange specific operational training to ensure production safety for the protection of employees
Suppliers/ partners	<ul style="list-style-type: none"> Maintain healthy industry development Mutually beneficial cooperation with partners 	<ul style="list-style-type: none"> Facilitate the cooperative development with suppliers in a proactive manner and check on the qualification of suppliers regularly
Community	<ul style="list-style-type: none"> Support social welfare Promote health awareness 	<ul style="list-style-type: none"> Conduct volunteer services and charity activities Promote safety knowledge of citizens in respect of food and pharmaceuticals
Environment	<ul style="list-style-type: none"> Support environmental protection, saving energy and reducing emissions Establish a resource saving and environmental protection mechanism in work process 	<ul style="list-style-type: none"> Give due consideration to environmental impacts of production and operation and take corresponding measures Use environmental protection and energy-saving equipment and production technique Manage emissions effectively

Materiality Analysis of Key ESG Issues

✓ *Identifying potential issues*

Basing on the ESG Guide of the Stock Exchange, international initiatives, industrial trend, communication with stakeholders and the actual situation of the Company's development, we preliminary sorted out 23 issues;

✓ *Selection and analysis of issues*

We understood stakeholders' concern related to the issues through online questionnaires. We prioritized the issues according to their materiality to the Company and stakeholders, which is illustrated through a matrix for materiality analysis;

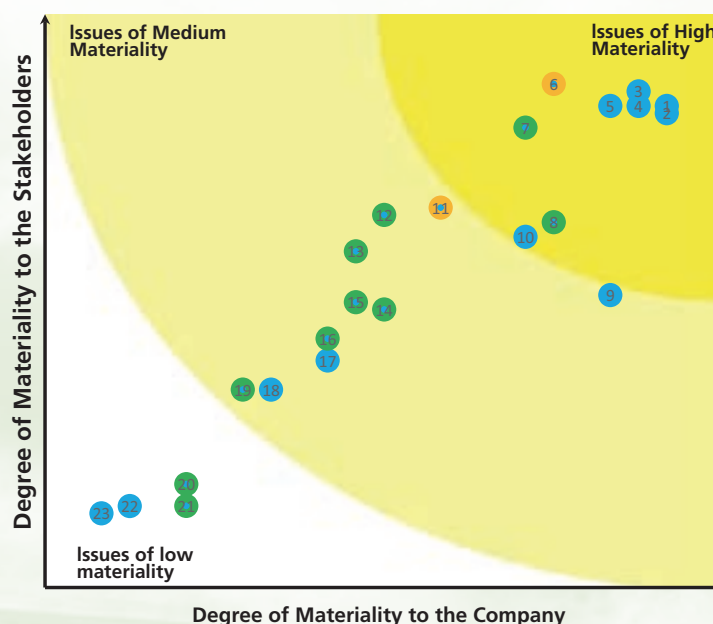
✓ *Review and examination of the issues*

The priority and analysis of the issues were reviewed and confirmed by management of the Company and external experts;

✓ *Addressing the issues*

This report put emphasis on disclosures related to issues with high materiality. The Group has included such issues in its plan of improving ESG performance and formulated relevant action plan.

**Analytic Matrix of ESG Issues of Materiality for
Neptunus Interlong 2018**





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Figure – Materiality matrix of the 2018 ESG Report

Table – Priority of issues of materiality of the 2018 ESG Report			
Category of issues	Priority of materiality	Type of issues	Topic/option
Issues of high materiality	1	Society	Product compliance and quality
	2	Society	Prohibition of use of child labor and forced labor
	3	Society	Protection of intellectual property rights
	4	Society	Protection of consumers' privacy
	5	Society	Occupational health and safety
	6	Governance	Anti-corruption
	7	Environment	Management of emissions
	8	Environment	Waste management
	9	Society	Training and career development
	10	Society	Supplier management
Issues of medium materiality	11	Governance	Internal governance
	12	Environment	Management of environmental risks
	13	Environment	Emission of greenhouse gases
	14	Environment	Use of water and performance in saving water
	15	Environment	Protection of biodiversity
	16	Environment	Environmental compliance
	17	Society	Community investment
	18	Society	Poverty alleviation
	19	Environment	Energy management
Issues of low materiality	20	Environment	Management of packaging materials for products
	21	Society	Attracting and retaining employees
	22	Environment	Impact of operations on natural resources
	23	Society	Employment status

5 Environmental Protection

5.1 Management of Emissions

Green production and low-carbon development is the path of sustainable development insisted on by Neptunus Interlong all along. We strictly comply with environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and constantly strive to reduce the emission of pollutants, improve waste management and enhance recycling of resources in the course of its operation.

Managing Emissions and Wastes

In the course of operation, air emissions are mainly sulphur dioxide, nitrogen oxides and particulate matter produced from burning in biomass boilers. The key pollutant indicators for waste water discharge include chemical oxygen demand and ammoniacal nitrogen. We engaged a third-party company to carry out regular testing of water quality. Solid wastes include hazardous wastes such as medical waste and waste drugs and non-hazardous wastes such as waste packing material and office and domestic garbage.

Management of Emissions

The Group strictly complies with laws such as the Air Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) and the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), and standards such as the Emission Standard for Air Pollutants from Boilers (《鍋爐大氣污染物排放標準》) and the Emission Standard for Pharmaceutical Industrial Water Pollutants from Mixing and Formulation Category (《混裝製劑類製藥工業水污染物排放標準》) and has established its internal exhaust gas and waste water treatment process and emission standard. The Group operates the exhaust gas and waste water treatment facilities strictly in accordance with operational specifications to ensure that the emission meets the standards. At the same time, the Group engages a qualified third-party entity to conduct test on the emissions annually and pays environmental tax in full and in time.

Management of Solid Wastes

The Group formulated and has been implementing internal systems such as Hazardous Waste Management System (《危險廢棄物管理制度》) and General Solid Waste Management System (《一般固體廢棄物管理制度》), which define the scope of various categories of wastes and regulates their collection, storage, management and transfer and disposal to minimize the impact on environment. We set up a permanent centralized stacking yard for the classified storage and regular disposal of wastes. For non-recyclable wastes such as waste newspapers and cartons, they will be sold to salvage stations. Caps for waste glass bottles and glass fragments are bought back by suppliers. Recyclable waste cartons are processed into gaskets for external packaging use in the injection workshop.

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During 2018, the total greenhouse gas emission from the production and operation of the Group decreased by approximately 13% as compared with 2017. In the future, we are committed to enhance the management of environmental protection and reduce the impact of production on the environment and will endeavour to provide green and quality products to our customers. The data of relevant emissions and wastes are shown as follows:

Indicator		Unit	Data for 2018	Data for 2017
Emissions				
Air emissions	Sulphur dioxide	kg	1,287	91
	Nitrogen oxides	kg	4,852	3,084
	Dust/particulate matter	kg	751	549
Greenhouse gas emission	Greenhouse gas emissions in total ¹	tonne carbon dioxide equivalent	5,810	6,691
	Greenhouse gas emission intensity	tonne carbon dioxide equivalent/million RMB revenue	6.70	8.47
	Direct greenhouse gas emission (Scope 1)	tonne carbon dioxide equivalent	149	85
	Indirect greenhouse gas emission (Scope 2)	tonne carbon dioxide equivalent	5,661	6,606
Discharge of waste water	Production waste water	tonne	95,830	92,971
	Chemical oxygen demand (COD _{cr})	kg	2,327	1,737
	Ammoniacal nitrogen	kg	344	206
Hazardous waste	Emissions Medical waste and waste drugs	kg	10,362	7,589
	Other hazardous waste	kg	3,025	2,983
	Production of hazardous waste	kg	13,387	10,572
	Intensity of hazardous waste	kg/million RMB revenue	15.44	13.38
Non-hazardous waste	Waste packing material	tonne	133	144
	Office and domestic garbage	tonne	195	194
	Production of non-hazardous waste	tonne	328	338
	Intensity of non-hazardous waste	tonne/million RMB revenue	0.38	0.43

¹ The calculation of the greenhouse gas emissions and relevant parameters are from the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries (Trial)" (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) of the National Development and Reform Commission of the PRC.

5.2 Energy and Resources Management

We proactively respond to the call for saving energy and reducing emission by the State and comply with Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and Clean Production Promotion Law of the People's Republic of China (《中華人民共和國清潔生產促進法》). The Group's goal is to become a resource-saving enterprise. It insists on optimizing management, proactively leads the Subsidiaries to practice green resources management and encourage employees to establish a green office concept and save resources and energy.

Consumption of Energy and Resources

We put strong emphasis on the consumption of energy and resources and implement various energy saving and emission reducing measures.

- Reduce the use of cars: we make regular record of the consumption of petrol and diesel by company vehicles of Subsidiaries and implement centralised management, and encourage employees to share rides so as to enhance the efficiency of energy utilisation.
- Save electricity used in office: we have strengthened the management of electricity in our office. Electricity consumption is saved by installing energy-saving lights, restricting the temperature range for the using of air-conditioners and set their on-and off-time.
- Save paper: we advocate paperless office, encourage double-sided printing and recycle used paper as far as possible.
- Save water: we encourage employees to develop a good habit of saving water; automatic sensor toilet flushing system is installed to reduce the waste of water.

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In 2018, the total energy consumption of the Group decreased about 11% and total water consumption (mainly from municipal water supply) decreased about 20% as compared with 2017. The types and quantity of energy and resources consumed are shown as follows:

Indicator		Unit	Data for 2018	Data for 2017
Energy consumption				
Total energy consumption	Total energy consumption	MWh	31,996	35,838
	Energy consumption intensity	MWh/million RMB revenue	36.90	45.35
Consumption of various types of energy	Petrol	L	50,949	34,494
	Diesel ²	L	12,766	2,550
	Biomass fuel	tonne	4,771	5,332
	Electricity consumption	kWh	8,062,457	9,403,196
Water consumption				
	Total water consumption	tonne	237,245	295,788
	Total water consumption intensity	tonne/million RMB revenue	273.60	374.28
Types of water consumption	Water consumption in production	tonne	231,997	290,461
	Office water consumption	tonne	5,248	5,327
Packing material used				
	Packing materials measured by pieces	10,000 pcs.	33,345	37,904
	Packing materials measured by weight	tonne	282	280

5.3 Ecological Protection

A healthy ecology is also the foundation for the pursuit of health by Neptunus Interlong. While constantly contributing quality products and services for the health of mankind, we care for the common prosperity and coexistence of mankind and the environment. By strictly implementing the "Three Simultaneities" system stipulated by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), all environmental impact assessment on projects have been approved and accepted. We undertake that departments and individuals littering or disposing hazardous waste randomly without permission will be dealt with seriously, and individuals will be investigated for legal liability if their behavior of throwing away hazardous waste at will has caused serious environmental pollution. In 2018, we unceasingly monitored the balance between enterprise development and environmental protection, and there were no environmental irregularities with material impact on our production and operation activities.

² Since the reporting year, the Group included the consumption of diesel from the logistic delivery fleet owned by its pharmaceutical manufacturing Subsidiary in the scope of disclosure.

6 Product Responsibility

6.1 Product Protection

Product Quality Control System

As a pharmaceutical enterprise group with the mission of “serving the health of the public”, we deeply know the importance of maintaining the quality of products and services to the trust of customers and the development of an enterprise. To ensure strict product and service quality control, we have formulated the Standard Operating Procedures for the Warehousing Management of Pharmaceutical Precursor Chemicals (《藥品類易制毒化學品倉儲管理標準操作規程》), Quality Accident Report and Management System (《質量事故報告及處理管理制度》), Return Management System (《退貨管理制度》), Drug Recall Management System (《藥品召回管理制度》), Quality Complaint Management System (《質量投訴處理管理制度》) and other normative documents to strictly control quality in the process of drug research and development as well as production, so as to ensure safe, green and reliable drugs.

The Group strictly complies with requirements of the Administrative Rules Governing the Certification of Good Manufacturing Practice for Drugs (《藥品生產質量管理規範認證管理辦法》) and its related documents. Once any product or production line is found not complying with the standards, strict rectification, suspension of production and remedial measures will be taken and checking and reviewing of production issues will be carried out seriously. We will accept relevant decision and arrangement of the NMPA, take such issue as a guide in the future production and propose higher demand for quality management accordingly.

The Pharmaceutical GMP Certificate of a production line for large volume injections owned by a pharmaceutical manufacturing Subsidiary of the Group was withdrawn in the middle of August 2017. Upon stringent rectification, the Subsidiary has re-applied for the pharmaceutical GMP certification and has re-obtained the Pharmaceutical GMP Certificate in the first half of 2018 upon meeting the pharmaceutical GMP requirements upon site inspection. In addition, the relevant production lines of two pharmaceutical manufacturing Subsidiaries of the Group acquired the Pharmaceutical GMP Certificates upon inspection and having complied with the requirements of Chinese Good Manufacturing Practices for Pharmaceutical Products (《藥品生產質量管理規範》) after the previous certificates expired during 2018.

Pharmaceutical Warehouse Management

To regulate safe production, we strictly control the warehouse management of special drugs and chemicals from warehouse facility, warehouse entry inspection, drug storage and drug distribution, and have formulated Standard Operating Procedures for the Warehousing Management of Pharmaceutical Precursor Chemicals (《藥品類易制毒化學品倉儲管理標準操作規程》), Standard Operating Procedures for the Warehousing Management of Narcotic Drugs (《麻醉藥品倉儲管理標準操作規程》) and Standard Operating Procedures for the Warehousing Management of Inflammable and Explosive and Other Hazardous Articles (《易燃易爆及其它危險品倉儲管理標準操作規程》) for this purpose. The procedures state that precursor chemicals, narcotic drugs and inflammable and explosive hazardous articles should be stored in a separate warehouse equipped with corresponding guard against theft and fire prevention facility. For precursor chemicals and narcotic drugs, relevant warehouse personnel should have them inspected prior to stocking, checked carefully and properly recorded with special account book. The procedures also specify that warehouse administrators should be those who are principled and conscientious.



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Quality Appraisal and Product Recall

The Group strictly controls the quality of products to strengthen drug safety control and safeguard the public's medication safety. Relevant persons in charge inspect the quality of outsourced materials and medicines, intermediate products and self-produced products in accordance with quality standards and inspection procedures. The related materials and medicines, semi-finished and finished products can be put in storage only when they meet quality standards. Self-produced products can be delivered for sale only when a release permit is issued by the Quality Assurance Department and quality director. In addition, outsourced drugs can only be delivered for sale when they meet quality standards in re-inspection.

In the meantime, the pharmaceutical manufacturing Subsidiaries strictly enforce Drug Recall Management System (《藥品召回管理制度》) to recall the drugs that have been on sale in the market and exist potential safety hazard in a timely manner to bring down the influence of defective products on the public. The system details the recall classification, recall principles, the responsibilities of recall organization, recall procedures and other relevant matters of the defective products. When the sold drugs are found to have quality problem and potential safety hazard, the recall team should take immediate action to initiate recall, monitor the whole recall process, appropriately deal with the recalled products and make relevant conclusion and record.

6.2 Customer Service

Service Quality

It has always been the development objective of the Group to contribute quality products and services and endeavor to improve the health conditions of people. In order to continuously improve customer service, the Group has formulated Customer Satisfaction Questionnaire Management System (《顧客滿意度調查管理制度》) to collect and analyze the customer satisfaction information and objectively evaluate the effectiveness of the corporate management system to ensure its continuous improvement, striving to meet customers' needs to the greatest degree.

Meanwhile, the Group has also formulated and implemented Quality Complaint Handling and Management System (《質量投訴處理管理制度》), Adverse Reaction Monitoring and Reporting Management System of Drugs (《藥品不良反應監測和報告管理制度》) and other policies to regulate the management of quality complaint, customer letters and visits. The systems detail the responsibilities of the complaint classification and complaint management departments and personnel, time limit for handling complaint, the retrospective analysis of the complaint and other requirements.

Manufacturing and Selling of Medicines Business

Upon receipt of complaints, the Quality Assurance Department or Complaints Department should give a preliminary classification and registration audit of the nature and severity of the specific complaint. Subsequently, relevant department will conduct an investigation to find out the root cause and then give feedback to the Quality Assurance Department after a written report thereof is prepared. The Quality Assurance Department should follow up the remedial actions and preventative measures thereafter to assure their effective completion, and then the complaint can be closed. Finally, the Quality Assurance Department and the Sales Department should give a formal reply to customers of complaint from the aspects of quality and business, and make supplemental reply, if possible, until the problem is finally resolved.

Purchase and Sales of Medicines and Healthcare Food Products Business

The quality control departments, upon receipt of complaints, will make a good record in a timely manner, and conduct investigation and treatment within a prescribed time in accordance with the required operational procedures and requirements. The quality control departments should response to customer's complaint and make proper treatment in time according to the verified results. If the complaint is related to the quality of products, immediate feedback should be given to suppliers and the sales of such drugs should be suspended.

Data Confidentiality and Privacy of Customers

To properly manage the archival data of customers that have business contact with us and to protect the information privacy of customers and consumers, the Group has enacted Customer Filing Management System (《客戶檔案管理制度》), which sets out that specifically-assigned personnel in the Sales Department should be responsible for establishing and managing the archives of customers who have business contact with us and keeping such archives classified. They can only be viewed or invoked after the approval of department head. Customer satisfaction questionnaires are filed every year after verification.

6.3 Scientific Research and Innovation

To maintain competitive advantage in the market, the Group actively encourages scientific research and innovation and attaches great importance to the safeguard and protection of intellectual property rights of product technology. We strictly comply with laws and regulations, such as the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), and formulated the Technological Achievement Exchanges and Software Confidentiality Management System (《科技成果交流和軟件保密管理制度》), which stipulates measures that all staff should keep confidential of internally-developed new products, new varieties, new production process and technology as well as various scientific and technological achievements of importance; confidential data can only be accessible to personnel directly involved in the research; extract, reprint, copy or carry them out of the Company is not allowed; and request for confidential data where such personnel is outside the Company is subject to approval, so as to protect our intellectual property rights.

In addition, the Group also complies with laws and regulations related to advertisement, publicity and promotion of products and services such as the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》) and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), rejects false publicity and protects consumers' interest. In 2018, the Group has no violation of laws and regulations related to intellectual property and marketing.

In 2018, a pharmaceutical manufacturing Subsidiary of the Group was selected as one of the 2018 Fujian Province Little Giant Leading Enterprises in Science and Technology (福建省2018年度科技小巨人領軍企業) and was granted a special fund as an award of additional tax deduction on research and development expenses. This award fully demonstrated the recognition and support of such authorities for the pharmaceutical manufacturing Subsidiary of the Group. We will continue to focus on investing in hi-tech research and development and actively promote the commercialization of technological achievements to make contribution to shareholders and society.

Cases: Technological research discussion

On 22 June 2018, a pharmaceutical manufacturing Subsidiary organised department heads and technical personnel to discuss the technological research of the Company in the first half of the year and discussed the Regulations for Simplified Registration Review and Approval of TCM Compound Preparations with Ancient Classical Prescriptions (《古代經典名方複方製劑簡化註冊審批管理規定》) issued by the NMPA.

On 18 November 2018, a pharmaceutical manufacturing Subsidiary organised department heads and technical personnel to conduct a “monitoring of adverse drug reaction” training in the form of discussion and discussed the Guiding Opinions on the Construction of IT-Based Drug Traceability Systems (《關於藥品信息化追溯體系建設的指導意見》) issued by the NMPA.

6.4 Supply Chain Management

The Group insists on maintaining a high quality standard for products and services provided by suppliers and has established supplier evaluation and management systems. We actively pursue supplier diversification and promote the sustainable development of itself and its suppliers with concrete action, so as to lower the supply chain environment and society risks and enhance customer satisfaction and supply chain competitiveness.

Supplier Evaluation and Management

For the seeking of quality suppliers to meet its operational needs, the Group put in place the Supplier Evaluation and Approval Management System (《供應商評估及批准管理制度》) to regulate the supplier evaluation and selection process, and implement effective management by taking a range of measures in the selection of different types of external suppliers:

- ✓ In respect of the Group's external suppliers for the manufacturing and selling of medicines business:
 - 1) Each department should assume their own responsibility for the assessment and approval management of suppliers
 - 2) Suppliers must be chosen according to the principles of enterprise legitimacy, legal materials, reliable quality, guaranteed supply, convenient transportation, moderate cost, good after-sale service and high corporate reputation
 - 3) Strict scrutiny over the qualification of suppliers, which include material legitimacy, sales personnel qualification of suppliers, supplier quality management system and so on
 - 4) Conduct qualification audit on first-time suppliers and periodic evaluation for suppliers that have passed quality system assessment. Specific appraisal methods include data investigation, field audit and sample verification

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- ✓ In respect of the Group's external suppliers for the purchase and sales of medicines and healthcare food products business:
 - 1) Give preferred consideration on the scale, history, production capacity, product categories of enterprises as well as their certifications in production and operation, and make a consolidated evaluation
 - 2) ask for and examine the following materials, including but not limited to: Drug Production Permit (《藥品生產許可證》), Business License (《營業執照》) and the GMP Quality Management System Certification Credential of the enterprise.

In addition, we formulated policies such as Supplier Management System (《供應商管理制度》) and Material Supply Management System (《物料供應管理制度》) to regulate suppliers' filing management, maintaining and timely renewal of information related to the production and business licence, GMP/GSP certificates, etc. We also established a supplier quality management system to ensure that the materials and medicines purchased can meet quality requirements.

During 2018, a subsidiary of the Group received a Decision of Administrative Penalty (the "Decision") from Fuzhou Administrative for Market Regulation and was fined for RMB2.828 million. The Group has taken the incident very seriously and urged all subsidiaries to take it as a warning, and to strictly comply with the relevant laws, regulations and procurement procedures in their respective operation to prevent occurrence of similar events. Upon receipt of the Decision, the relevant Subsidiary conducted comprehensive inspection on the company's quality management system and its operational status, and organized re-training in and assessment on relevant laws and regulations and company rules for its employees to prevent occurrence of similar events. For details of the incident, please refer to the announcement of the Company dated 21 August 2018.

Supplier Diversity

The Group actively supports the development of local suppliers and helps suppliers pursue their sustainable development proactively and participate in our supply chain cooperation in a just and equal manner, striving to bringing down operational risks and establishing a mature supply chain system. In 2018, the Group had a total of 329 external suppliers for materials and drugs, spreading over various areas, such as East China, North China, Central China and South China, of which, East China has the largest number of suppliers of 176, representing approximately 53%.

7 Staff Growth

Human resource is a valuable resource of Neptunus Interlong and realizing sustainable development of both the enterprise and employees is a goal we pursued. The Group attaches great importance to the building of its team of employees. We are committed to provide a working environment for employees with equality and diversity, protect their rights and interests, emphasize on their health and safety, provide excellent training opportunities and allow them to give full play to their potential to realise a better future together with the Group.

7.1 Human Resources

Basic employment system and employment practice

Respecting talents is fundamental to our generation of wealth. The Group strictly complies with laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Law of the People's Republic of China on the Protection of the Minors (《中華人民共和國未成年人保護法》), and has established a comprehensive employment system based on such laws and regulations. We have formulated and implemented Human Resource Management System (《人力資源管理制度》) and Staff Handbook (《員工手冊》), and conducted systematic standardization and management for various aspects such as recruitment, hiring, promotion and dismissal of employee, staff training, code of conduct, working hours, performance appraisal, benefits and welfare, diversity and anti-discrimination.

In the recruitment of employees, we are committed to follow the principles of equal competition and that all are equal before a job. We recruit the fittest employees according to their talent, regardless of location, units, positions, qualification and seniority. We implement labor contract system for all employees to protect their basic rights and interests. Vacant jobs are preferred for internal staff, and under the same conditions, current employees enjoy the priority in applying for changing posts. To optimize internal human resources allocation, the Group implements rotation management and internal deployment management. We also standardised the procedures for promotion nomination, qualification screening and work report to achieve transparency in the promotion channels.

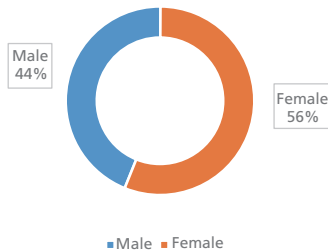
For avoidance system, the Group explicitly states that in principle, no Subsidiaries are allowed to recruit the relatives of the current employees of the Group, and stringent assessment is applicable to the qualification of candidates recommended by



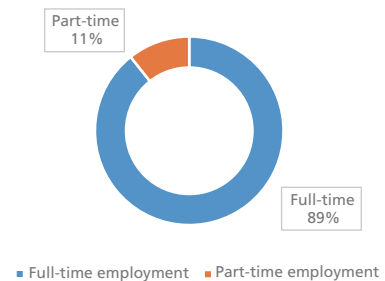
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related groups. Furthermore, we require employees to provide personal information such as ID cards and proof of academic qualification for verification before commencement of employment to prevent employment of underage labour at the source. During the reporting year, the Group did not employ any child or forced labour. The Group has a total of 1,228 employees which are all working in the PRC. The total annual turnover rate of employees was 19.99%³. Relevant data are as presented in the following charts.

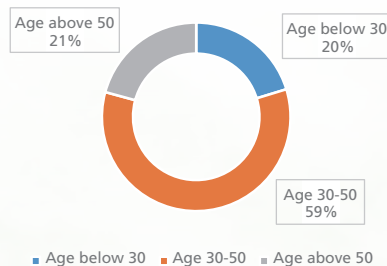
Number of employees by gender



Number of employees by type



Number of employees by age



³ turnover rate = number of employees left during the year/(Total number of employees at the end of last year + number of new employees hired during the year)



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7.2 Rights Protection

Remuneration and Benefits

The Group complies with laws and regulations such as the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and the Provisions on Employee Annual Paid Vacations (《職工帶薪年休假條例》) and formulated internal policies such as the Remuneration and Benefits Management System (《薪酬福利管理度》) and the Work Attendance and Vacation System (《考勤休假制度》) based on such laws and regulations, which require timely payment of basic social insurances such as endowment insurance, basic medical insurance, unemployment insurance and maternity insurance for employees and stipulated that the remuneration of an employee comprises fixed salary, merit pay, benefits and allowance, bonus, annual seniority compensation, etc., and ensure that employees are entitled to paid holidays such as statutory holidays, annual leave, marital leave, maternity leave, family planning leave, breastfeeding leave and bereavement leave.

In addition, we promote happy working environment and work-life balance by providing a wide range of sports and entertainment activities for employees including badminton game, tug-of-war, Lantern Festival party, etc. to enhance their mutual understanding and communication, help them relax and strike a balance between work and life.

7.3 Safety and Health

Safety in Production

We always hold production safety as our first priority and strictly observe laws and regulations such as the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the Provisions on Production Safety Accident Reporting and Investigation (《生產安全事故報告和調查處理條例》). Pharmaceutical manufacturing Subsidiaries not only have standard safety production management system in place, but have also established Safety Production Management Committee to safeguard and supervise safety in production. The general manager of the relevant pharmaceutical manufacturing Subsidiaries serves as the director of the Safety Production Management Committee and under which deputy director, professional committee members and department members are set up to earnestly guarantee the safety in production.



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Our safe production responsibility system includes six aspects, namely safety training, safety inspection, accident prevention, safety technology, dangerous material management and accident handling. Regular inspection on factors such as occupational hazard and professional physical check on relevant personnel are given. Trainings covering fire safety and production safety are also arranged every year. Moreover, training materials on basic knowledge of production safety, safety protection of APIs (Active Pharmaceutical Ingredients) and specific operation are also prepared. In addition, we require that relevant personnel should conduct regular safety check on equipment to make sure the safety protection measures of equipment and machinery are complete and effective. In addition, technical measures for safety prevention and falling prevention, including setting safety warning signs, training operators, improving work disciplines and allocating articles for labor protection are effectively implemented.

Case: Emergency drill 2018

In December 2018, pharmaceutical manufacturing Subsidiaries held emergency drill of 2018 which included rehearsals of production-related rescue, evacuation, safety alert for area with accidental contamination, etc. and the adoption of emergency rescue measures in accordance with safe handling procedures. The drill effectively enhanced the emergency responsive standard of employees in respect of alarm, evacuation, rescue, emergency repair, environmental monitoring and first aid to the wounded.





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Occupational Health

In addition to ensuring safety in the production and operation processes, we believe that the physical and mental health of employees is closely related to their well-being and productivity. We abide by the Law of Occupational Disease Prevention and Treatment of the People's Republic of China (《中華人民共和國職業病防治法》), and provide employees with working environment and conditions that meet the requirements of occupational health to mitigate occupational hazards and prevent occupational diseases. At the same time, we care for the mental health of employees, advocate a healthy lifestyle and encourage them to maintain a work-life balance, and provide emotional support service for those in need. In 2018, there was no case of significant casualties and the number of work accidents was nil.

7.4 Training and Development

In line with the Group's talent training philosophy of "building an organisation of lifelong learning", we developed a training management system applicable to our development requirements and formulated and implement the Training Management System (《培訓管理制度》) and Staff Handbook (《員工手冊》) to strengthen our echelon building of talents, and development of talents on each level and in each position. The departments and Subsidiaries of the Group develop their training plans in accordance with overall strategic objectives and training needs and budget and carry out induction and on-the-job trainings for various employees. On-the-job training includes internal and external trainings, of which, course fees and travel expenses incurred for external training on department-based professional courses can be reimbursed against relevant bills. In the training management among new employees, they receive trainings covering culture, vocation, system, techniques and skill as their entry guidance. In addition, the Group carries out internal lecturer system, by self-recommendation or department recommendation, to encourage employees to improve their personal quality. Our Subsidiaries also established an online business college to provide an opportunity for employees to choose professional online training courses at will and pursue self-enhancement with flexibility.

In 2018, the total hours of training received by our employees amounted to around 24,724 hours, with an average of approximately 20 training hours per person⁴.

⁴ Training hours per person = total hours of training received by employees / total number of employees

8 Community Investment

We believe that undertaking social responsibility and participating in philanthropy are sustainable corporate acts and incorporate this concept in the Group's long-term development strategy. During 2018, we actively conducted and sponsored various charitable and poverty alleviation activities to give full play of the platform and resource superiority of the Company. Based on social needs, we helped the disadvantaged by giving financial and resource support to them, thus creating sustained social value.

On 18 June 2018, Subsidiaries of the Group organised the "Dragon Boat Festival and Healthy Dumpling" activity jointly with our partners. Several dozens of consumers joined the dumpling wrapping activity, experiencing the joy of festival and sharing happiness in a healthy way.

On 8 July 2018, Subsidiaries of the Group carried out the public benefiting and subsidizing activity of Neptunus Ginkgo Leaves jointly with our partners. Nine of our staff volunteers explained pathological and pharmacological knowledge at the chain stores. They answered queries of the shopkeepers so that the public benefiting and subsidizing activity can be operated smoothly.

On 9 October 2018, Subsidiaries of the Group organised the "Health Education in Community" activity together with our partners. The activity was held in the Hui Huang Community (輝煌社區) of Siping City, Jilin. Doctor Fu Hong, a specialist of cardiovascular disease of the Siping Shennong Hospital, was engaged as the speaker conveying health knowledge and promoting health education. With the great support of community leaders, over 60 residents participated in the activity and benefited with enhanced health awareness.



9 Future Development

In the future, we will make adjustment and enhancement on the Group's social responsibility objectives according to the actual situation, show the Group's efforts on social and environmental issues more comprehensively and at the same time, we will work with more stakeholders to create jointly a business ecological circle with sense of social responsibility to achieve the win-win situation in business value and social benefits.

For 2019, the Group has made the following commitments to stakeholders:

ESG Issues	Commitments
A1 Emissions	To alter and upgrade the facilities of the sewage station to resolve the equipment aging problem of the sewage treatment facilities and enhance the quality of the waste water discharged To transform and upgrade the biomass pellet boiler to natural gas boiler to lower the air emission indicators
A2 Use of resources	To use advanced pharmaceutical technique and equipment and use clean energy to minimize energy consumption Implement energy and water saving policies, and strengthen energy and water saving measures by management means such as publicizing and educating
A3 Environment and natural resources	Improve the enterprise's environmental management system. Reduce the quantity of wastes produced at the source to protect the ecology and environment
B1 Employment	Refine employee management system and promote refined management
B2 Health and Safety	Conduct more production safety training activities to enhance safety awareness and skill of relevant employees Care for the mental health of employees and create a relaxed and harmonious working environment
B3 Development and Training	Expand the room for career development and diversify the channels of promotion Encourage employees to upgrade their professional capability by various means and organise training for various business lines and employees
B4 Labour standards	Strengthen the implementation of regulations and policies related to the prohibition of child and forced labour, and improve the processing flow
B5 Supply chain management	Promote the sustainable development of both ourselves and the suppliers. Strengthen cooperation and create and share value
B6 Product responsibility	Implement pharmaceutical quality responsibility, strengthen quality inspection and enhance the capability in product life cycle quality management Implement consumer privacy protection policy and ensure information security
B7 Anti-corruption	Implement anti-corruption measures, investigate special risks timely and create a culture of integrity
B8 Community investment	Continue to care for the public and community, carry out large volunteer services such as giving volunteer medical consultation to contribute to the health of community residents

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Table of ESG Key Performance Indicator Data

Environmental KPI				
Indicator		Unit	Data for 2018	Data for 2017
Emissions				
Air emissions	Sulphur dioxide	kg	1,287	91
	Nitrogen oxides	kg	4,852	3,084
	Dust/particulate matter	kg	751	549
Greenhouse gas emission	Greenhouse gas emissions in total ⁵	tonne carbon dioxide equivalent	5,810	6,691
	Greenhouse gas emission intensity	tonne carbon dioxide equivalent/million RMB revenue	6.70	8.47
	Direct greenhouse gas emission (Scope 1)	tonne carbon dioxide equivalent	149	85
	Indirect greenhouse gas emission (Scope 2)	tonne carbon dioxide equivalent	5,661	6,606
Discharge of waste water	Production waste water	tonne	95,830	92,971
	Chemical oxygen demand (COD _{Cr})	kg	2,327	1,737
	Ammoniacal nitrogen	kg	344	206
Hazardous waste	Medical waste and waste drugs	kg	10,362	7,589
	Other hazardous waste	kg	3,025	2,983
	Production of hazardous waste	kg	13,387	10,572
	Intensity of hazardous waste	kg/million RMB revenue	15.44	13.38
Non-hazardous waste	Waste packing material	tonne	133	144
	Office and domestic garbage	tonne	195	194
	Production of non-hazardous waste	tonne	328	338
	Intensity of non-hazardous waste	tonne/million RMB revenue	0.38	0.43
Energy consumption				
Total energy consumption	Total energy consumption	MWh	31,996	35,838
	Energy consumption intensity	MWh/million RMB revenue	36.90	45.35

⁵ The calculation of the greenhouse gas emissions and relevant parameters are from the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries (Trial)" (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) of the National Development and Reform Commission of the PRC.

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Environmental KPI				
Indicator		Unit	Data for 2018	Data for 2017
Consumption of various types of energy	Petrol	L	50,949	34,494
	Diesel ⁶	L	12,766	2,550
	Biomass fuel	tonne	4,771	5,332
	Electricity consumption	kWh	8,062,457	9,403,196
Water consumption				
Total water consumption		tonne	237,245	295,788
Total water consumption intensity		tonne/million RMB revenue	273.60	374.28
Types of water consumption	Water consumption in production	tonne	231,997	290,461
	Office water consumption	tonne	5,248	5,327
Packing material used				
Packing materials measured by pieces		10,000 pcs.	33,345	37,904
Packing materials measured by weight		tonne	282	280
Social KPI				
Indicator		Unit	Data for 2018	Data for 2017
Employment				
Total number of employees		person	1,228	1,231
By gender	Male	person	540	496
	Female	person	688	735
By employment	Full-time	person	1,097	1,130
	Part-time	person	131	101
By age	Age below 30	person	249	271
	Age 30-50	person	724	743
	Age above 50	person	255	217
Employee turnover rate		percentage	19.99%	21.20%

⁶ Since the reporting year, the Group included the consumption of diesel from the logistic delivery fleet owned by its pharmaceutical manufacturing Subsidiary in the scope of disclosure.

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Social KPI				
Indicator		Unit	Data for 2018	Data for 2017
Health and Safety				
Number of work-related fatalities		person	0	0
Number of work injury		time	0	0
Lost days due to work injury		day	0	0
Development and Training				
Training hours per person		hour	20	18
By gender	Male	hour	18	17
	Female	hour	22	18
Supplier management				
Total number of suppliers		number	329	317
By region	South China	number	28	22
	North China	number	45	47
	East China	number	176	172
	Central China	number	40	41
	Northeast China	number	15	9
	Northwest China	number	17	18
	Southwest China	number	8	8
Anti-corruption				
Number of raised or concluded legal cases regarding corrupt practices		case	0	0
Community Investment				
Monetary donation		RMB10,000	3	0

10 LIST OF MAJOR ESG POLICIES AND REGULATIONS

This table is a review of the major ESG policies and the relevant laws and regulations that have a significant impact on Neptunus Interlong mentioned in the report, and is based on the 11 ESG aspects listed in the ESG Guide.

ESG Aspects	Policy	Laws and regulations
A1. Emissions	<ul style="list-style-type: none"> Annual Environmental Management Plan (《環境管理方案》) Hazardous Waste Management System (《危險廢棄物管理制度》) General Solid Waste Management System (《一般固體廢棄物管理制度》) 	<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》) Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) Air Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) Law on the Prevention and Treatment of Solid Waste Pollution to Environment of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) Law on Prevention and Control of Pollution From Environmental Noise of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》) Administrative Measures on Environmental Protection for Pharmaceutical Industry (《醫藥工業環境保護管理辦法》) Directory of National Hazardous Wastes (《國家危險廢物名錄》)
A2. Use of Resources	<ul style="list-style-type: none"> Annual Environmental Management Plan (《環境管理方案》) 	<ul style="list-style-type: none"> Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) Clean Production Promotion Law of the People's Republic of China (《中華人民共和國清潔生產促進法》)
A3. Environment and Natural Resources	<ul style="list-style-type: none"> Annual Environmental Management Plan (《環境管理方案》) 	<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)
B1. Employment	<ul style="list-style-type: none"> Human Resource Management System (《人力資源管理制度》) Staff Handbook (《員工手冊》) 	<ul style="list-style-type: none"> Labor Law of the People's Republic of China (《中華人民共和國勞動法》) Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) Tax Law of the People's Republic of China (《中華人民共和國稅法》)

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ESG Aspects	Policy	Laws and regulations
B2. Health and Safety	<ul style="list-style-type: none"> Fire Safety Management System (《消防安全管理制度》) Training materials on basic knowledge of production safety, safety protection of APIs (Active Pharmaceutical Ingredients) and specific operation (《原料藥安全防護及特定操作培訓教材》) 	<ul style="list-style-type: none"> Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) Law of Occupational Disease Prevention and Treatment of the People's Republic of China (《中華人民共和國職業病防治法》) Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) Provisions on Production Safety Accident Reporting and Investigation (《生產安全事故報告和調查處理條例》)
B3. Development and Training	<ul style="list-style-type: none"> Training Management System (《培訓管理制度》) Internal Training Lecturer Management System (《內部培訓講師管理制度》) 	<ul style="list-style-type: none"> Labor Law of the People's Republic of China (《中華人民共和國勞動法》)
B4. Labour Standards	<ul style="list-style-type: none"> Human Resource Management System (《人力資源管理制度》) Work Attendance and Vacation System (《考勤休假制度》) 	<ul style="list-style-type: none"> Labor Law of the People's Republic of China (《中華人民共和國勞動法》) Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) Law of the People's Republic of China on the Protection of the Minors (《中華人民共和國未成年人保護法》) Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) Provisions on Employee Annual Paid Vacations (《職工帶薪年休假條例》)
B5. Supply Chain Management	<ul style="list-style-type: none"> Supplier Quality System Assessment and Fixed Supply Management System (《供應商質量體系評估及定點供貨管理制度》) Material Supply Management System (《物料供應管理制度》) Material Purchasing Contract Management System (《物料採購合同管理制度》) Supplier Filing Management System (《供貨商檔案管理制度》) 	<ul style="list-style-type: none"> Contract Law of the People's Republic of China (《中華人民共和國合同法》)



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ESG Aspects	Policy	Laws and regulations
B6. Product Responsibility	Product Health and Safety	
	<ul style="list-style-type: none"> Quality Risk Management System (《質量風險管理制度》) Quality Review and Analysis Management System (《質量回顧分析管理制度》) Product Rework Management System (《產品返工管理制度》) Product Reprocessing Management System (《產品重新加工管理制度》) Quality Accident Report and Management System (《質量事故報告及處理管理制度》) Drug Recall Management System (《藥品召回管理制度》) Adverse Reaction Monitoring and Reporting Management System of Drugs (《藥品不良反應監測和報告管理制度》) 	<ul style="list-style-type: none"> Medicine Management Law of the People's Republic of China (《中華人民共和國藥品管理法》) Pharmacopoeia of the People's Republic of China (《中華人民共和國藥典》) Administrative Measures for Drug Registration (《藥品註冊管理辦法》) Regulations on the Control of Narcotic and Psychoactive Drugs (《麻醉藥品和精神藥品管理條例》) Good Manufacturing Practice for Drugs (《藥品生產質量管理規範》) (GMP) Good Supply Practice for Drugs (《藥品經營質量管理規範》) (GSP) Administrative Measures for Purchase, Sales and Transportation of Precursor Chemicals (《易制毒化學品購銷和運輸管理辦法》)
	Product Packaging	
	<ul style="list-style-type: none"> Filing Management System for Label and Instruction on Packages (《標籤說明書包裝物備案管理制度》) 	<ul style="list-style-type: none"> Medicine Management Law of the People's Republic of China (《中華人民共和國藥品管理法》) Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》)
	Customer interests	
	<ul style="list-style-type: none"> Customer Satisfaction Questionnaire Management System (《顧客滿意度調查管理制度》) Quality Complaint Handling and Management System (《質量投訴處理管理制度》) Return Management System (《退貨管理制度》) User Filing Management System (《用戶檔案管理制度》) 	<ul style="list-style-type: none"> Law on Protection of Consumer Interests of the People's Republic of China (《中華人民共和國消費者權益保護法》) Administrative Measures for Drug Recalls (《藥品召回管理辦法》)
	Protection of Intellectual Property	
	<ul style="list-style-type: none"> Technological Achievement Exchanges and Software Confidentiality Management System (《科技成果交流和軟件保密管理制度》) Company's Confidentiality Management System (《公司保密管理制度》) 	<ul style="list-style-type: none"> Patent Law of the People's Republic of China (《中華人民共和國專利法》) Law on Intellectual Property Rights of the People's Republic of China (《中華人民共和國知識產權法》)

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ESG Aspects	Policy	Laws and regulations
B7. Anti-corruption	<ul style="list-style-type: none"> Integrity and Self-regulation Rules (《廉潔自律準則》) Integrity Management Rules (《廉潔管理準則》) 	<ul style="list-style-type: none"> Company Law of the People's Republic of China (《中華人民共和國公司法》) Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) Anti-Money-laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》)
B8. Community Investment	Our expenses and manpower contributed in community investment are strictly recorded and approved.	<ul style="list-style-type: none"> Charity Law of the People's Republic of China (《中華人民共和國慈善法》) Law on Donations for Public Welfare of the People's Republic of China (《中華人民共和國公益事業捐贈法》)

11 Indicator Index of the ESG Guide

This indicator index states the compliance of the Group with the requirements of “comply or explain” and “recommended disclosures” for each indicator of the ESG Guide during the reporting period.

Aspects	Key Performance Indicators	Corresponding Section
A. Environment		
A1 General disclosure	Policies on emissions of exhaust gas and greenhouse gas, emissions to water and land, generation of hazardous and non-hazardous waste.	Management of Emissions
A1.1	Types of emissions and related emission data.	Management of Emissions/ Table of Environmental Key Performance Indicator Data
A1.2	Total emissions and intensity of greenhouse gas.	Management of Emissions/ Table of Environmental Key Performance Indicator Data
A1.3	The total amount and intensity of hazardous waste generated.	Management of Emissions/ Table of Environmental Key Performance Indicator Data
A1.4	The total amount and intensity of non-hazardous waste generated	Management of Emissions/ Table of Environmental Key Performance Indicator Data
A1.5	To describe measures to reduce emissions and results achieved.	Management of Emissions

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Aspects	Key Performance Indicators	Corresponding Section
A1.6	To describe the methods of handling hazardous and non-hazardous wastes, measures of reducing the quantity of production and results achieved.	Management of Emissions
A2 General disclosure	The policies of using effectively resources (including energy, water and other raw materials).	Energy and Resources Management
A2.1	Total energy consumption and intensity.	Energy and Resources Management/Table of Environmental Key Performance Indicator Data
A2.2	Total water consumption and intensity.	Energy and Resources Management/Table of Environmental Key Performance Indicator Data
A2.3	To describe the energy use efficiency initiatives and results achieved.	Energy and Resources Management
A2.4	Description of any problems in obtaining the applicable water supply and enhancement of the water consumption efficiency initiatives and results achieved.	Energy and Resources Management
A2.5	The total amount of package materials used in the finished product and the amount per unit of production.	Energy and Resources Management/Table of Environmental Key Performance Indicator Data
A3 General disclosure	The policies of reducing significant impact of issuer on environment and natural resources.	Ecological Protection
A3.1	To describe the significant impact of business activities on the environment and natural resources and the actions which have been taken for managing such impacts.	Ecological Protection
B. Society		
B1 General disclosure	Policies on remuneration and dismissal, recruitment and promotion, hours of work, holidays, equal opportunities, diversification, anti-discrimination and other treatments and benefits and information on compliance with relevant laws and regulations which have a significant impact on the issuer.	Rights Protection
B1.1	Total number of employees by gender, type of employment, age group and region.	Rights Protection
B1.2	Employment loss ratio by gender, age group and region.	Rights Protection

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Aspects	Key Performance Indicators	Corresponding Section
B2 General disclosure	Policies on provision of safe working conditions and protection of employees against occupational hazards and information on compliance with relevant laws and regulations which have a significant impact on the issuer.	Safety and Health
B2.1	The number and ratio of deaths resulted from working relationship.	Safety and Health
B2.2	Loss of working days due to work injury.	Safety and Health
B2.3	To describe the occupational health and safety measures adopted, as well as the relevant implementation and monitoring methods.	Safety and Health
B3 General disclosure	Policies on knowledge and skills to enhance employees' performance of duties with description of training activities.	Training and Development
B3.1	Percentage of trained employees by gender and types of employees (for example, senior management, intermediate management, etc.).	Training and Development
B3.2	The average number of training hours per employee by gender and types of employees.	Training and Development
B4 General disclosure	Policies on prevention of child labour or forced labour and information on compliance with relevant laws and regulations which have a significant impact on issuer.	Human Resources
B4.1	To describe measures to review recruitment practices to avoid child labour and forced labour.	Human Resources
B4.2	To describe the steps taken to eliminate the violations when such violations are found.	Human Resources
B5 General disclosure	Environmental and social risk policies to manage the supply chain.	Supply Chain Management
B5.1	Number of suppliers by region.	Supply Chain Management
B5.2	To describe the practices of engaging suppliers, the number of suppliers to implement such practices, and the execution and monitoring methods of such practices.	Supply Chain Management
B6 General disclosure	Polices on health and safety, advertising, labeling and privacy matters and remedial methods for products and services provided, and information on compliance with relevant laws and regulations which have a significant impact on issuer.	Product Protection



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Aspects	Key Performance Indicators	Corresponding Section
B6.1	Percentage of products to be recalled over the total number of products sold or shipped due to safety and health reasons.	Customer Service
B6.2	The number of complaints received on products and services, and methods of response.	Customer Service
B6.3	To describe practices related to the maintenance and protection of intellectual property rights.	Scientific Research and Innovation
B6.4	To describe the quality assurance process and product recall procedures.	Product Protection
B6.5	To describe consumer data protection and privacy policies, as well as relevant execution and monitoring methods.	Customer Service
B7 General disclosure	Policies on prevention of bribery, extortion, fraud and money laundering, and information on compliance with relevant laws and regulations which have a significant impact on issuer.	Integrity and Honesty
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.	Integrity and Honesty
B7.2	To describe corruption prevention measures and whistleblowing procedures, as well as execution and monitoring methods.	Integrity and Honesty
B8 General disclosure	Policies on understand of needs of community in which it operates by community involvement, and ensuring that it business activities take into account community interests.	Community Investment
B8.1	Focus areas of contribution (for example, education, environmental matters, labour needs, health, culture, sports).	Community Investment
B8.2	Resources (such as money or time) used in the focus areas.	Community Investment

12 Feedback Form

Dear readers:

Thank you for reading this report! This is the third ESG Report issued by the Company. Therefore, we sincerely wish that you could comment and provide your valuable suggestion on the report to help us improve it.

For suggestion on the ESG Report, please contact:

Contact: Ms. Mu Ling Xia, Ms. Xie Tian Tian

Address: Suite 2103, 21st floor, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Nanshan District, Shenzhen, Guangdong Province, the PRC.

Tel: (86) 755 26411869, (86) 755 86573914

Fax: (86) 755 86391610

Postal Code: 518000

Feedback Form on the 2018 ESG Report of Shenzhen Neptunus Interlong Bio-technique Company Limited

Name _____

Organization _____

Position _____

Contact No. _____

E-mail _____

Your comments on this report: (Please tick the appropriate columns)

☐ Very good ☐ Good ☐ Average ☐ Bad ☐ Very bad



Environmental, Social and Governance Report

Do you think whether this report has reflected fully important information of the Group on environmental, social and governance aspects?

Do you think whether the information disclosed in this report is clear, accurate and complete?

Do you think whether the content and style design of this report is easy to read?

Which part of the report are you most interested in?

What information you think is needed to know but not reflected in this report? What advice do you have for the environmental, social and governance report to be issued in future?

