



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

Environmental, Social and Governance Report 2019



Environmental, Social and Governance Report

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1 About This Report

1.1 Overview

This is the fourth Environmental, Social and Governance (“ESG”) Report issued by Shenzhen Neptunus Interlong Biotechnology 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, identifying and arranging ESG-related issues, defining the scope of this report, collecting relevant materials and data, preparing data based on the information collected, examining the data in this report, etc.

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 three years and made a full and fair report on its ESG performance.

1.3 Interpretation

This report is issued on an annual basis the period from 1 January 2019 to 31 December 2019. Part of the contents may be dated back to before 2019 for comparison purpose. The report consolidates data from all businesses, including wholly-owned and majority-owned subsidiaries that are controlled by the Group. All 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 21 April 2020 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:

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2 Message from Chairman

In 2019, the state continued to promote the reform of the pharmaceutical industry, the industry's supervision was more stringent, and a new competitive landscape was taking shape. In this year, Neptunus Interlong actively seized the opportunities brought by the national policy to the pharmaceutical and health industry, increased investment in new drug research and development, consistency evaluation for generic drugs, and product quality assurance system to ensure the sustainable, stable and healthy development of business.

The Group adheres to the concept of "Health creates the future". While maintaining the steady development of the Company, the Group also attaches importance to the environmental and social values it has created, adheres to product quality, and strives to fulfill its corporate social responsibility.

Quality is the foundation of business survival. We continue to strictly control the quality control of all aspects of the product life cycle to ensure that drugs meet safety standards in research and development, production, and sales. In 2019, many production lines of Subsidiaries of the Group received pharmaceutical GMP certificates, and carried out upgrade to the existing production lines to achieve capacity upgrades and management optimization, to provide more and higher quality products to the market.

The Group has always adhered to the sustainable development of green production and low-carbon development, and implements the green concept through energy-saving transformation of production lines and cultivation of environmental awareness among employees. In 2019, the Group's Subsidiaries launched a number of environmental protection and energy saving renovations for boilers, lighting, wastewater treatment and other equipment, further improving the efficiency of resource use and reducing the impact of corporate operations on the environment.

With the continuous strengthening of environmental, social and governance (ESG) concepts by pharmaceutical companies and investors, the Group also continues to think about the significance of ESG governance for the sustainable development of the Company. During the year, we carried out discussions and reviews of ESG governance at multiple levels of the Company, and discussed, judged and strengthened future work in related areas. The Group is confident that on the basis of the existing progress, it will strengthen the overall planning and practice of sustainable development work and seize new opportunities in the industry and the capital market in this regard.

Looking into 2020, the Group will carefully analyze the multi-faceted impact of pharmaceutical policy reform trends and market environment changes on corporate compliance, business development and ESG governance, and actively respond to national, regional and industry calls to formulate timely and effective strategies. The Group will continue to pay efforts to create higher economic and social value.

Zhang Feng
Chairman of the Board



3 About Neptunus Interlong

3.1 Business Overview

The Group was established in 1994, and listed on GEM of The Stock Exchange (Stock Code: 8329) in September 2005. The controlling shareholder of the Group 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 Group has always focused on the pharmaceutical and healthcare industry 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. As for innovation, two pharmaceutical manufacturing Subsidiaries of the Group are high-tech enterprises of Fujian Province. The Group has a total of 54 patents in force (including 28 patents of invention) and a number of products with registered intellectual property rights.



3.2 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.

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.

4 Communication with Stakeholders and Materiality Analysis

4.1 Communication with Stakeholders

The Group upholds the mission of “serving the health 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 the public. In 2019, in order to further understand the view and needs of stakeholders in respect of the Group’s ESG effort, respect and address their concerns, and increase the transparency of the Group, we conducted stakeholder surveys through various channels and means and maintained mutual communication and cooperation with key stakeholders including the government, investors and shareholders, customers, employees, suppliers and partners, community and environment, established effective communication mechanisms, and took it as a basis for the improvement of our effort in sustainable development in the future.

Stakeholders	Appeals and Expectations for the Company	Communication and Response
Government	<ul style="list-style-type: none">Comply with laws and discipline and carry out business in a legal mannerSupport local economic and industrial developmentSecure safe productionCreate job opportunities and pay taxes according to law	<ul style="list-style-type: none">Continuously strengthen corporate compliance management and ensure the Group’s compliance operationPay taxes in a full and timely manner, create tax income and job opportunitiesEnhance safety management, build safety culture and uphold safety practices
Investors/ shareholders	<ul style="list-style-type: none">Implement corporate governance and create valueInformation disclosure and risk control	<ul style="list-style-type: none">Optimize corporate governance and continuously improve corporate valueRelease operating data in due course, set up investor hotline
Customers	<ul style="list-style-type: none">Product and service qualityProtection of consumers’ rights and interests	<ul style="list-style-type: none">Conduct customer satisfaction surveyDeal with quality complaint, customers’ letters and visits
Employees	<ul style="list-style-type: none">Reasonable salary and welfareEmployee promotion and developmentCare for employeesOccupational health and safety	<ul style="list-style-type: none">Work out competitive remuneration system and make channels for promotion transparentConduct regular vocational training and establish a platform for the career development of employeesOrganize physical examination on a regular basis and arrange specific operational training to ensure production safety for the protection of employees



Stakeholders	Appeals and Expectations for the Company	Communication and Response
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 • Provide employment opportunity 	<ul style="list-style-type: none"> • Organize 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

4.2 Materiality Analysis

We conduct a materiality assessment and analysis of ESG issues every year to determine the areas of common concern of the Company and various stakeholder groups to ensure that this report fully reflects the major environmental and social impacts of Neptunus Interlong and related management status.

Materiality assessment process of ESG issues of the Group includes following 3 steps:

✓ Establish ESG issues pool

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 24 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.



The results of this year's ESG materiality analysis and evaluation are shown in the following matrix. The top right corner of the matrix shows issues of high materiality, while the bottom left corner shows issues of low materiality. On the basis of meeting the disclosure requirements of the ESG Guidelines, this report will focus on the disclosure and response to issues of high materiality.

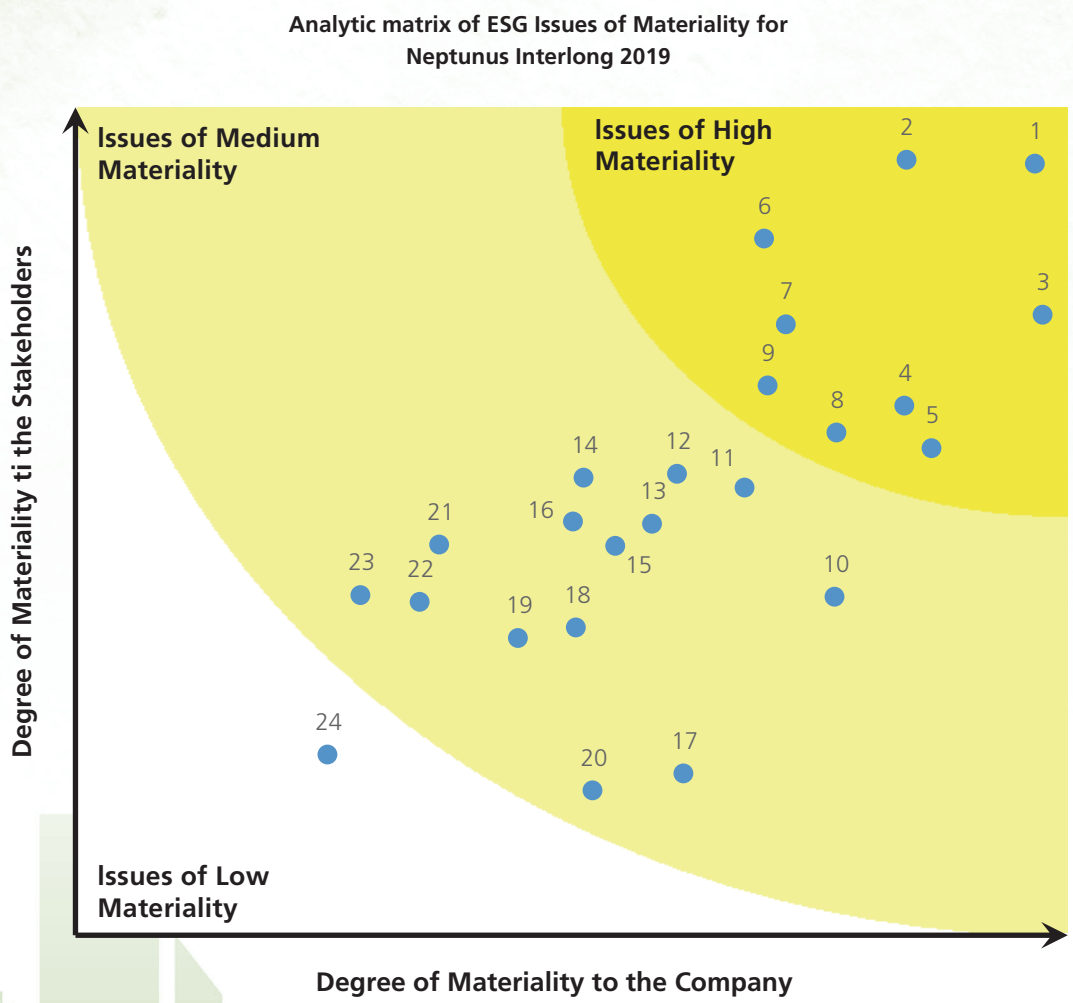


Figure – Materiality matrix of the 2019 ESG Report



Table – Priority of issues of materiality of the 2019 ESG Report

Category of issues	Priority of materiality	Type of issues	Topic/option
Issues of high materiality	1	Social	Product compliance and quality
	2	Social	Protection of intellectual property rights
	3	Social	Prohibition of use of child labor and forced labor
	4	Environmental	Management of emissions
	5	Social	Customer rights protection
	6	Social	Supplier management
	7	Governance	Anti-corruption
	8	Governance	Internal governance
	9	Social	Community investment
Issues of medium materiality	10	Environmental	Environmental compliance
	11	Social	Staff training and career development
	12	Environmental	Waste management
	13	Environmental	Use of water and performance in saving water
	14	Social	Poverty alleviation
	15	Social	Occupational health and safety
	16	Environmental	Environmental monitoring and management
	17	Environmental	Energy management
	18	Social	Attracting and retaining employees
	19	Environmental	Management of packaging materials for products
	20	Environmental	Impact of operations on natural resources
	21	Social	Employment status
	22	Environmental	Identification and management of climate change risks
	23	Environmental	Protection of biodiversity
Issues of low materiality	24	Environmental	Greenhouse gas emission

5 Corporate Governance

ESG issues covered in this chapter:

- Anti-corruption
- Internal governance

Our management policies

- Integrity and Self-regulation Rules (《廉潔自律準則》)
- Integrity Management Rules (《廉潔管理準則》)

KPI

- In 2019, the number of closed corruption cases filed against the Group or employees of the Group was zero

During the reporting period, the Group 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 Group

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

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 2019 Annual Report of the Company.

ESG governance

The Group always pays attention to the governance and an information disclosure requirement related to the ESG of the Hong Kong Stock Exchange, and continuously improves its ESG management level while developing at a high speed. 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. During the year, the Board of the Group paid close attention to the ESG compliance trends of the Stock Exchange and discussed the "Review of the" Environmental, Social and Governance Reporting Guidelines " (《檢討<環境、社會及管治報告指引>》) and related "Listing Rules" Provisions Consultation Documents" (<上市規則>條文諮詢文件)) and related consultation results, deployed in advance for compliance requirements faced by the Group.

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. It also requests the "ESG Working Teams" established by each Subsidiaries continue to collect and integrate relevant ESG policies, further improves the ESG data management mechanism, and fully implements ESG as routine work in each department and Subsidiary of the Company and ensuring the truthfulness, accuracy and completeness of ESG data.



6 Environmental Protection

With the continuous improvement of quality of life, people's requirements for the quality of life and the pursuit of the ecological environment have become more and more important. Green development has gradually become the trend of the world, and environmental protection is being given unprecedented attention. The Group is continuously committed to maintaining and improving its sustainable development performance. By strengthening management of emissions, using resources reasonably, and improving the ecological environment protection system, strive to provide customers with green and environmental friendly high-quality pharmaceutical products.

ESG issues covered in this chapter:

- Management of emissions
- Environmental compliance
- Waste management
- Use of water and performance in saving water
- Environmental monitoring and management
- Energy management
- Management of packaging materials for products
- Impact of operations on natural resources
- Identification and management of climate change risks
- Protection of biodiversity
- Greenhouse gas emission

Our management principles

- Strengthen management of emissions, reduce the emission of pollutants, and enhance recycling of resources;
- Establish a green office concept, save resources and energy and become a resource-saving enterprise;
- Monitor the balance between enterprise development and environmental protection.

Our management policies

- Environmental Management Plan (《環境管理方案》)
- Hazardous Waste Management Policy (《危險廢棄物管理制度》)
- General Solid Waste Management Policy (《一般固體廢棄物管理制度》)





6.1 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 Administrative Measures on Environmental Protection for Pharmaceutical Industry (《醫藥工業環境保護管理辦法》) and constantly strive to reduce the emission of pollutants, improve waste management and enhance recycling of resources in the course of operation.

Managing Emissions and Wastes

The Group has so far established a relatively complete emissions and waste management system. In the course of operation, air emissions are mainly sulphur dioxide, nitrogen oxides and particulate matter produced from burning in biomass and natural gas 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 Atmospheric and Water 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.

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Indicator		Unit	2019	2018	2017
Air emissions	Emission				
	Sulphur dioxide	kg	912	1,287	91
	Nitrogen oxides	kg	3,023	4,852	3,084
	Dust/particulate matter	kg	405	751	549
Greenhouse gas emission	Greenhouse gas emissions in total ¹	tonne carbon dioxide equivalent	6,779	5,810	6,691
	Greenhouse gas emission intensity	tonne carbon dioxide equivalent/million RMB revenue	6.27	6.70	8.47
	Direct greenhouse gas emission (Scope 1)	tonne carbon dioxide equivalent	782	149	85
	Indirect greenhouse gas emission (Scope 2)	tonne carbon dioxide equivalent	5,997	5,661	6,606
Discharge of waste water	Production waste water	tonne	99,877	95,830	92,971
	Chemical oxygen demand (COD _{cr})	kg	3,114	2,327	1,737
	Ammoniacal nitrogen	kg	488	344	206
Hazardous waste	Emissions medical waste and wasted drugs	kg	20,357	10,362	7,589
	Other hazardous waste	kg	2,972	3,025	2,983
	Production of hazardous waste	kg	23,329	13,387	10,572
	Intensity of hazardous waste	kg/million RMB revenue	21.58	15.44	13.38
Non-hazardous waste	Waste packing material	tonne	144	133	144
	Office and domestic garbage	tonne	198	195	194
	Production of non-hazardous waste in total	tonne	342	328	338
	Intensity of non-hazardous waste	tonne/million RMB revenue	0.32	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.



Management of Solid Wastes

The Group formulated and has been implementing internal policies such as Hazardous Waste Management Policy (《危險廢棄物管理制度》) and General Solid Waste Management Policy (《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 disposed by professional qualified institutions. 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.

Greenhouse gas emission

The Group's greenhouse gas emission consist of direct emission (Scope 1) and indirect emission (Scope 2), of which approximately 88% are indirect emission generated by production facilities and office institutions using purchased electricity, and the rest are direct emission generated by natural gas combustion and fuel consumption on production facilities and vehicles. As the vast majority of greenhouse gas emission comes from indirect emission from purchased electricity, the Group is less affected by policy changes related to fossil fuels, and mainly reduces greenhouse gas emission through energy-saving measures. In 2019, the greenhouse gas emission intensity from the production and operation of the Group was 6.27, decreased by approximately 6% as compared with 2018.

The Group's ESG Leading Team has conducted preliminary research on the impact of climate change on the Group's business and supply chain, and actively explored necessary countermeasures within the Company.

6.2 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 resourcesaving enterprise. It insists on optimizing management, proactively leads the Subsidiaries to practice green resources management and encourages 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.

- Energy-saving reform: we perform performance evaluations on the production and environmental protection equipment of each Subsidiary, carry out appropriate equipment upgrades and retrofits, and follow up to measure the environmental benefits after the retrofit to ensure maximum investment.



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- 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 in office: we have strengthened the management of electricity in our office. Electricity consumption is reduced by installing energy-saving lights, restricting the temperature range and the Length of time for the using of air-conditioners.
- 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.

Case: Energy-saving lighting transformation

In 2019, a medicine manufacturing Subsidiary of the Company carried out a GMP certification transformation project for solid preparations, all 18-watt LED energy-saving lamps were used to replace the 40-watt incandescent lamps used in the original workshop, and the incandescent lamps in each production line of the injection workshop were replaced, altogether replaced more than 1,100 energy-saving lamps. After evaluation, as compared with the original incandescent lamp, the brightness of the replaced lamp is brighter, and the power saving is at least 50%.

Case: Energy-saving and transformation for Steam trap

In 2019, a medicine manufacturing Subsidiary of the Company evaluated the use of water valves in various production workshops. After evaluating the feasible solutions, a total of 25 water valves were replaced. Under the same working conditions as before the replacement, steam energy efficiency was saved by approximately 10% and above.

Case: Optimizing water recycling of water resources of production lines

In 2019, a medicine manufacturing Subsidiary of the Company carried out assessment work at the point of use of water resources on the production line, and according to the evaluation results, the steam condensate from the distilled water machine and the sterilization cabinet of the infusion workshop recovered as boiler raw water through the pipeline so that the use of boiler raw water saved approximately 20% and above, and water consumption was effectively reduced.

Case: Strengthen management and strictly control the loss of packaging materials

In 2019, a medicine manufacturing Subsidiary of the Company strengthened the management on the use of packaging materials in the production process, and adopted a series of measures to ensure that the material quotas in the production instructions were implemented in accordance with the regulations, effectively controlling the loss of packaging materials during the production process.



In 2019, the total energy consumption intensity of the Group decreased approximately 12% and total water consumption intensity (mainly from municipal water supply) decreased approximately 4% as compared with 2018. The types and quantity of energy and resources consumed are shown as follows:

Indicator		Unit	2019	2018	2017
Total energy consumption	Total energy consumption	MWh	35,217	31,996	35,838
	Total energy consumption intensity	MWh/million RMB revenue	32.58	36.90	45.35
Consumption of various types of energy	Petrol	L	56,796	50,949	34,494
	Diesel	L	19,369	12,766 ²	2,550
	Biomass fuel	tonne	4,691	4,771	5,332
	Natural gas	cubic meter	278,573	0	0
	Electricity consumption	kWh	8,542,262	8,062,457	9,403,196
Water consumption					
	Total water consumption	tonne	283,286	237,245	95,788
	Total water consumption intensity	tonne/million RMB revenue	262.09	273.60	374.28
Types of water consumption	Water consumption in production	tonne	277,927	231,997	290,461
	Office water consumption	tonne	5,359	5,248	5,327
Packing material use					
	Packing materials measured by pieces	10,000 pcs.	42,428	33,345	37,904
	Packing materials measured by weight	tonne	459	282	280

² Since 2018, the Group included the consumption of diesel from the logistic delivery fleet owned by its pharmaceutical manufacturing Subsidiary in the scope of disclosure.



6.3 Ecological Protection

A healthy ecology is also the pursuit of Neptunus Interlong. While constantly contributing quality products and services for the health of the public, we also concern about 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, minimizing the impact of business operations on the surrounding environment and biodiversity. We undertake that departments and individuals littering waste at will or disposing hazardous waste without permission will be dealt with seriously, and individuals will be investigated for legal liability if their behavior of littering hazardous waste at will has caused serious environmental pollution. In 2019, 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.

7 Product Responsibility

Neptunus Interlong attaches great importance to product quality management, knowing that only by continuously improving its product quality and service level can it win customers’ long-term trust in the Company’s brand. We have introduced a series of measures to guarantee product quality, optimize customer service, strengthen scientific research and innovation, improve supply chain management, and provide customers with high-level products and services.

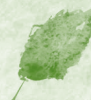
ESG issues covered in this chapter:

- Product compliance and quality
- Protection of intellectual property rights
- Protection of customer rights
- Supplier management

Our management principle

- Improve product quality control system, strengthen pharmaceutical warehouse management, and establish quality appraisal and product recall mechanisms;
- Improve service quality and protect data confidentiality and customer privacy;
- Actively encourage scientific research and innovation and attache great importance to the safeguard and protection of intellectual property rights of product technology;
- Adhere to the concept of supplier diversity, and optimize supplier evaluation and management.





Our management policies

Product compliance and quality

- Quality Risk Management Policy (《質量風險管理制度》)
- Quality Review and Analysis Management Policy (《質量回顧分析管理制度》)
- Product Rework Management Policy (《產品返工管理制度》)
- Quality Accident Report and Management Policy (《質量事故報告及處理管理制度》)
- Drug Recall Management Policy (《藥品召回管理制度》)
- Adverse Reaction Monitoring and Reporting Management Policy of Drugs (《藥品不良反應監測和報告管理制度》)

Protection of customer rights

- Customer Satisfaction Questionnaire Management Policy (《顧客滿意度調查管理制度》)
- Quality Complaint Handling and Management Policy (《質量投訴處理管理制度》)
- Return Management Policy (《退貨管理制度》)
- User Filing Management Policy (《用戶檔案管理制度》)

Supplier management

- Supplier Quality System Assessment and Fixed Supply Management Policy (《供應商質量體系評估及定點供貨管理制度》)
- Material Supply Management Policy (《物料供應管理制度》)
- Material Purchasing Contract Management Policy (《物料採購合同管理制度》)
- Supplier Filing Management Policy (《供貨商檔案管理制度》)

Protection of intellectual property

- Technological Achievement Exchanges and Software Confidentiality Management Policy (《科技成果交流和軟件保密管理制度》)
- Company's Confidentiality Management Policy (《公司保密管理制度》)

7.1 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 Policy (《質量事故報告及處理管理制度》), Return Management Policy (《退貨管理制度》), Drug Recall Management Policy (《藥品召回管理制度》), Quality Complaint Management Policy (《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 National Medical Products Administration (the “NMPA”), take such issue as a guide in the future production and propose higher demand for quality management accordingly.

In 2019, a medicine manufacturing Subsidiary of the Company increased the degree of equipment automation by carried out production equipment upgrade. The production lines for 15 dosage forms of a Chinese medicine manufacturing Subsidiary of the Company acquired the Pharmaceutical GMP Certificate upon recertification inspection and having compiled with the requirements of Chinese Good Manufacturing Practices for Pharmaceutical Products (《藥品生產質量管理規範》) after the previous certificate had expired. For details, please refer to the announcement of the Company dated 23 January 2019. In addition, 6 production lines of another medicine manufacturing Subsidiary of the Company also acquired the Pharmaceutical GMP Certificates upon inspection and having compiled with the requirements of Chinese Good Manufacturing Practices for Pharmaceutical Products (《藥品生產質量管理規範》). Among the 6 production lines, 5 production lines are existing production lines which the Group has obtained recertification before expiration of the previous certificates, and 1 production line was newly-built, passed the Pharmaceutical GMP Certification for the first time. For details, please refer to the announcement of the Company dated 4 November 2019.

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 a series of procedures, which 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.



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 Group strictly enforces Drug Recall Management Policy (《藥品召回管理制度》) to recall the drugs that have been on sale in the market and exits potential safety hazard in a timely manner to bring down the influence of defective products on the public. The policy 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.

7.2 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 Policy (《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 Policy (《質量投訴處理管理制度》), Adverse Reaction Monitoring and Reporting Management Policy 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 policies 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 proper 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 Policy (《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.

7.3 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 Policy (《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.

Case: A Subsidiary passed the consistency of quality and efficacy evaluation for generic drugs

Under the national policy in relation to quality consistency evaluation for generic drugs promulgated in 2016, appropriate types of medicines were proactively selected by a pharmaceutical manufacturing Subsidiary of the Group and the first batch of selected medicines were selected to undergo the quality consistency evaluation for generic drugs in 2016. Currently, one of the selected medicine, Sodium Bicarbonate Tablets, has already passed the consistency evaluation. For details, please refer to the announcement of the company dated 9 April 2019. The relevant work of quality consistency evaluation for other selected medicines is under orderly progress.

Case: Prefilled Catheter Flusher (Class III medical device) produced by a Subsidiary was approved

During the Year, Pre-filled Catheter Flusher(預充式導管沖洗器), which was co-developed by a relevant Subsidiary of the Group and an independent third party, completed the medical device registration and the manufacturing registration procedure in mainland China, and commenced production and sales.

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 2019, the Group has no violation of laws and regulations related to intellectual property and marketing.

A Subsidiary of the Group has been included into "Cultivation and Development Library of Little Giant Leading Enterprises in Science and Technology" of Fujian Province since 2016 with a term of validity of 5 years and was therefore entitled to supportive measures such as a special fund as an award of additional tax deduction on research and development expenses according to the relevant rules. 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.

7.4 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 Policy (《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. On-site audits are performed every three years for suppliers who provide the main raw materials and accessories used in the Group's leading products. On-site audits are performed every five years for suppliers who provide other raw materials and accessories.

- ✓ 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 selected 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.
- ✓ 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 Policy (《供應商管理制度》) and Material Supply Management Policy (《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.



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 2019, the Group had a total of 338 external suppliers for materials and drugs, all came from China, of which, East China has the largest number of suppliers of 181, representing approximately 54%.

8 Employee Growth

Human resource is a valuable resource of Neptunus Interlong and realizing sustainable development of both the enterprise and employees is a goal we have been pursuing.

ESG issues covered in this chapter:

- Prohibition of use of child labor and forced labor
- Staff training and career development
- Occupational health and safety
- Attracting and retaining talents
- Equal employment

Our management principle

- Committed to follow the principles of equal competition and that all are equal before a job;
- Protect employees' legitimate rights and interests through a sound management system;
- Promote happy work and healthy life;
- Effectively implement the production safety responsibility system to protect employees' occupational health and safety;
- Follow talent training philosophy of "building an organisation of lifelong learning", continuously enrich the training system.

Our management policies

- Human Resource Management Policy (《人力资源管理制度》)
- Staff Handbook (《员工手册》)
- Remuneration and Benefits Management Policy (《薪酬福利管理制度》)
- Work Attendance and Vacation Policy (《考勤休假制度》)
- Fire Safety Management Policy (《消防安全管理制度》)
- Training Management Policy (《培训管理制度》)
- Training materials on basic knowledge of production safety, safety protection of APIs (Active Pharmaceutical Ingredients) and specific operation (《原料药安全防护及特定操作培训教材》)

8.1 Human Resources

Basic employment policy 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 policy based on such laws and regulations. We have formulated and implemented Human Resource Management Policy (《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. At the same time, we actively carry out school-enterprise cooperation, strengthen multi-level communication with medical institutions, and strengthen the Group's guarantee of high-quality talent supply.

Case: Build a talent training system with a college

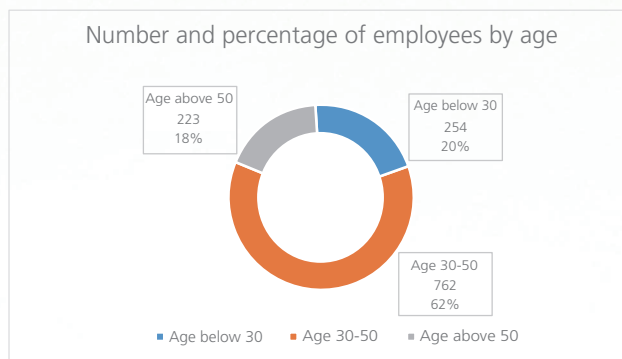
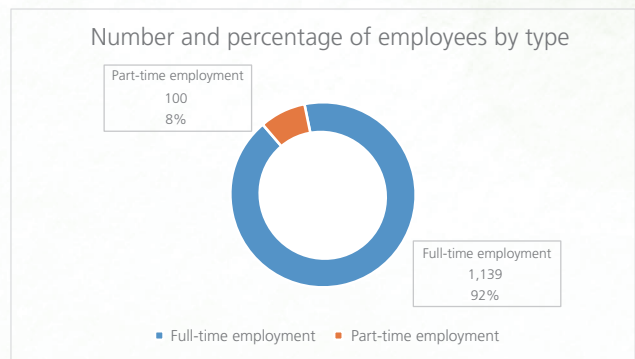
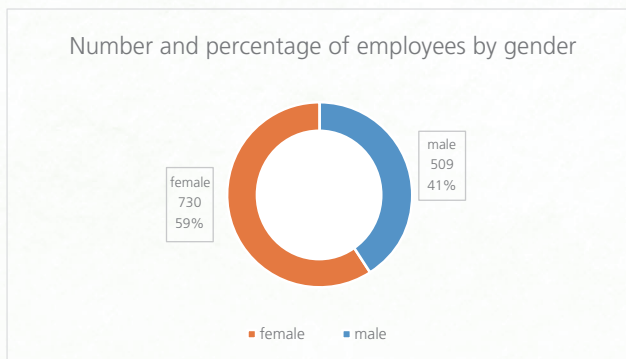
In the afternoon on 12 November 2019, a medicine manufacturing Subsidiary of the Company and Fujian Vocational College of Bioengineering held a school-enterprise cooperation and teaching equipment donation ceremony. In order to support vocational education, strengthen school-enterprise cooperation, deepen the integration of production and education, and support the teaching work of the Department of Pharmacy of the college, 3 pharmaceutical equipment donated by the Subsidiary, shall be used for practical teaching. In the future, both the college and the enterprise will further deepen cooperation and jointly build a talent training platform, a talent training system based on "professionalism, industry-oriented, integration into the industry and career success" will be truly realized.



We continuously improve the Company's employment system, in the recruitment of employees, 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 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 1,239 employees which are all working in the PRC. The total annual turnover rate of employees was 18.09%. Relevant data are as presented in the following charts.





8.2 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 a series of internal policies 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 professional knowledge and skills competition, 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.



8.3 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.

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. In 2019, there was no case of significant casualties and the number of work accidents was nil.

Case: Emergency drill 2019

In December 2019, pharmaceutical manufacturing Subsidiaries held a series of fire safety, production safety and environmental protection drills of 2019 which included rehearsals of fire rescue, evacuation, safety alert for area with accidental contamination, etc. and raised employees' fire safety awareness, 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.



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.

8.4 Training and Development

In line with the 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 Policy (《培訓管理制度》) and Staff Handbook (《員工手冊》) to strengthen our echelon building of talents, and enrich employees’ training programs, expand employees’ training methods, and carry out talent training 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. In the training management among new employees, they receive trainings covering culture, vocation, policy, techniques and skill as their entry guidance. 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 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 2019, the total hours of training received by our employees amounted to around 62,825 hours, with an average of approximately 51 training hours per person.³

Case: A Subsidiary provided employees with a number of quality management training opportunities

During the year, a medicine manufacturing Subsidiary of the Company provided a number of external training opportunities for quality management technicians, including Key Technologies for Adverse Drug Reaction Detection for Drug Marketing Authorization Holders (《藥品上市許可持有人不良反應檢測關鍵技術》), the First Training Course on Key Technologies for Production Management and Quality Control of Aseptic Drugs in 2019 (《2019年第一期無菌藥品生產管理與質量控制關鍵技術培訓班》), hands-on training courses for Amendment, Standardized Operations, Bacterial Identification and Inspection Technology Improvement related to Microbiological Testing Analysis in the Pharmacopoeia of the PRC(2020 Edition) (《2020版《中國藥典》微生物檢測相關內容增修訂解析、規範化操作、菌種鑒定及檢驗技術能力提升》), ISO13485: 2016 Medical Device Quality Management System Internal Auditor Training Course (ISO13485:2016醫療器械質量管理體系內審員培訓班), Training on Regulations for Sterile and Implantable Medical Devices, (《無菌和植入性醫療器械法規培訓》) and 2019 Training for Chief Quality Officer (《2019年度首席質量官任職培訓》). During the trainings, the trainees learned a lot, and while improving their business skills, they helped the Company to ensure the quality standards of production and drug management.

³ Training hours per person = total hours of training received by employees / total number of employees



Case: Financial training activities

In September 2019, the Company organised financial personnel to participate in the offline training course “Business Management and Control Financial Modeling Training”, and through the training methods of learning + training, case + analysis, tools + manipulation, the professional knowledge of the Company’s financial personnel was improved, and productivity of employees was improved.

9 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. While achieving its own stable development, the Group always keeps in mind the pay back to society.

ESG issues covered in this chapter:

- Community investment
- Poverty alleviation

Our management principle

- Actively conduct and sponsore various charitable and poverty alleviation activities;
- To give full play of the platform and resource superiority.

In 2019, based on social needs, and we carried out various donations and public welfare activities to help the disadvantaged, provide funds and support for corporate resources, and create sustainable social value.

Case: Donation

March to April 2019, in Sichuan Province, a subsidiary of the Company, which mainly engages in the purchase and sales of medicines and healthcare food products business donated funds and medicines to Beijing Heart To Heart Foundation to help primary medical assistance projects in Sichuan, undertook corporate social responsibility, and passed warmth and love to the society.

10 Table of ESG Key Performance Indicator Data

Environmental KPI					
Indicator		Unit	2019	2018	2017
Emissions					
Air emissions	Sulphur dioxide	kg	912	1287	91
	Nitrogen oxides	kg	3,023	4,852	3,084
	Dust/particulate matter	kg	405	751	549
Greenhouse gas emission	Greenhouse gas emissions in total ⁴	tonne carbon dioxide equivalent	6,779	5,810	6,691
	Greenhouse gas emission intensity	tonne carbon dioxide equivalent/million RMB revenue	6.27	6.70	8.47
	Direct greenhouse gas emission (Scope 1)	tonne carbon dioxide equivalent	782	149	85
	Indirect greenhouse gas emission (Scope 2)	tonne carbon dioxide equivalent	5,997	5,661	6,606
Discharge of waste water	Production waste water	tonne	99,877	95,830	92,971
	Chemical oxygen demand (COD _{cr})	kg	3,114	2,327	1,737
	Ammoniacal nitrogen	kg	488	344	206
Hazardous waste	Medical waste and waste drugs	kg	20,357	10,362	7,589
	Other hazardous waste	kg	2,972	3,025	2,983
	Production of hazardous waste in total	kg	23,329	13,387	10,572
	Intensity of hazardous waste	kg/million RMB revenue	21.58	15.44	13.38
Non-hazardous waste	Waste packing material	tonne	144	133	144
	Office and domestic garbage	tonne	198	195	194
	Production of non-hazardous waste in total	tonne	342	327	337
	Intensity of non-hazardous waste	tonne/million RMB revenue	0.32	0.38	0.43

⁴ 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.

Environmental KPI					
Indicator		Unit	2019	2018	2017
Energy consumption					
Total energy consumption	Total energy consumption	MWh	35,217	31,996	35,838
	Total energy consumption intensity	MWh/million RMB revenue	32.58	36.90	45.35
Consumption of various types of energy	Petrol	L	56,796	50,949	34,494
	Diesel	L	19,369	12,766 ⁵	2,550
	Biomass fuel	tonne	4,691	4,771	5,332
	Natural gas	Cubic meter	278,573	0	0
	Electricity consumption	kWh	8,542,262	8,062,457	9,403,196
Water consumption	Total water consumption	tonne	283,286	237,245	295,788
	Total water consumption intensity	tonne/million RMB revenue	262.09	273.60	374.28
Types of water consumption	Water consumption in production to	tonne	277,927	231,997	290,461
	Office water consumption	tonne	5,359	5,248	5,327
Packing material used	Packing materials measured by pieces	10,000 pcs.	42,428	33,345	37,904
	Packing materials measured by weight	tonne	459	282	280

⁵ Since 2018, the Group included the consumption of diesel from the logistic delivery fleet owned by its pharmaceutical manufacturing Subsidiary in the scope of disclosure.

Environmental, Social and Governance Report

Social KPI					
Indicator		Unit	2019	2018	2017
Employment					
Total number of employees		person	1,239	1,228	1,231
By gender	Male	person	509	540	496
	Female	person	730	688	735
By employment	Full-time	person	1,139	1,097	1,130
	Part-time	person	100	131	101
By age	Age below 30	person	254	249	271
	Age 30-50	person	762	724	743
	Age above 50	person	223	255	217
Employee turnover rate		percentage	18.09%	19.99%	21.20%
Health and Safety					
Number of work-related fatalities		person	0	0	0
Number of work injury		time	0	0	0
Lost days due to work injury		day	0	0	0
Development and Training					
Training hours per person		hour	51	20	18
By gender	Male	hour	50	18	17
	Female	hour	51	22	18
Supplier management					
Total number of suppliers		number	338	329	317
By region	South China	number	31	28	22
	North China	number	47	45	47
	East China	number	181	176	172
	Central China	number	41	40	41
	Northeast China	number	14	15	9
	Northwest China	number	15	17	18
	Southwest China	number	9	8	8
Anti-corruption					
Number of raised or concluded legal cases regarding corrupt practices		number	0	0	0
Community Investment					
Monetary donation		RMB10,000	5	3	0
Donation of goods		RMB10,000	22	0	0

11 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 Environmental, Social and Governance 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 Policy (《危險廢棄物管理制度》) General Solid Waste Management Policy (《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》)

ESG Aspects	Policy	Laws and regulations
B1. Employment	<ul style="list-style-type: none"> Human Resource Management Policy (《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》)
B2. Health and Safety	<ul style="list-style-type: none"> Fire Safety Management Policy (《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 Policy (《培訓管理制度》) Internal Training Lecturer Management Policy (《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 Policy (《人力資源管理制度》) Work Attendance and Vacation Policy (《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》)

ESG Aspects	Policy	Laws and regulations
B5. Supply Chain Management	<ul style="list-style-type: none"> Supplier Quality System Assessment and Fixed Supply Management Policy (《供應商質量體系評估及定點供貨管理制度》) Material Supply Management Policy (《物料供應管理制度》) Material Purchasing Contract Management Policy (《物料採購合同管理制度》) Supplier Filing Management Policy (《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》)
B6. Product Responsibility	Product Health and Safety	
	<ul style="list-style-type: none"> Quality Risk Management Policy (《質量風險管理制度》) Quality Review and Analysis Management Policy (《質量回顧分析管理制度》) Product Rework Management Policy (《產品返工管理制度》) Quality Accident Report and Management Policy (《質量事故報告及處理管理制度》) Drug Recall Management Policy (《藥品召回管理制度》) Adverse Reaction Monitoring and Reporting Management Policy 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 Policy 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》)

ESG Aspects	Policy	Laws and regulations
	Customer interests	
	<ul style="list-style-type: none"> Customer Satisfaction Questionnaire Management Policy (《顧客滿意度調查管理制度》) Quality Complaint Handling and Management Policy (《質量投訴處理管理制度》) Return Management Policy (《退貨管理制度》) User Filing Management Policy (《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 Policy (《科技成果交流和軟件保密管理制度》) Company's Confidentiality Management Policy (《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》)
B7..Anti-corruption	<ul style="list-style-type: none"> Integrity and Self-regulation Rules (《廉潔自律準則》)(《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	<ul style="list-style-type: none"> 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》)

12 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 nonhazardous waste.	Management of Emissions
A1.1	Types of emissions and related emission data.	Management of Emissions/Table of Environmental Key
A1.2	Total emissions and intensity of greenhouse gas	Management of Emissions/Table of Environmental Key
A1.3	The total amount and intensity of hazardous waste generated.	Management of Emissions/Table of Environmental Key
A1.4	The total amount and intensity of non-hazardous waste generated	Management of Emissions/Table of Environmental Key
A1.5	To describe measures to reduce emissions and results achieved.	Management of Emissions
A1.6	To describe the methods of handling hazardous and nonhazardous 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
A2.1	Total energy consumption and intensity	Energy and Resources/Table of Environmental Key
A2.2	Total water consumption and intensity.	Energy and Resources/Table of Environmental Key
A2.3	To describe the energy use efficiency initiatives and results achieved.	Energy and Resources
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

Aspects	Key Performance Indicators	Corresponding Section
A2.5	The total amount of package materials used in the finished product and the amount per unit of production.	Energy and Resources/Table of Environmental Key
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
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

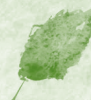


Aspects	Key Performance Indicators	Corresponding Section
B3.2	The average number of training hours per employee by gender and types of employees.	Training and Development
B4 General disclosure	Policies on prevention of child labour or forced labour and information on compliance with relevant laws and 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
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



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Aspects	Key Performance Indicators	Corresponding Section
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.	Corporate Governance
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.	Corporate Governance
B7.2	To describe corruption prevention measures and whistleblowing procedures, as well as execution and monitoring methods.	Corporate Governance
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



13 Feedback Form

Dear readers:

Thank you for reading this report! This is the fourth Environmental, Social and Governance ("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:

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Feedback Form on the 2019 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?