



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 2020

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I. About This Report

Purpose of the Report

The purpose of this fifth Environmental, Social and Governance (“ESG”) Report (“this Report” or “ESG Report”) issued by Shenzhen Neptunus Interlong Bio-technique Company Limited, together with its subsidiaries (“Neptunus Interlong”, the “Group” or “we”) is to disclose information related to the Group’s performance on environmental, social and governance issues over the past year in an open and transparent manner to respond to the concerns and expectations of our stakeholders for the sustainable development of the Group.

Reporting Scopes

The reporting period of this Report is from 1 January 2020 to 31 December 2020 (the “Reporting Period” or the “Year”), which is consistent with the financial year of the Group. This Report focuses on the management policies, performance and measures of the Group regarding ESG issues. In which, the environmental key performance indicators (“KPI”) and social KPIs disclosed in the Report cover the selected core functional companies¹ of the Group, including Shenzhen Neptunus Interlong Bio-technique Company Limited and its 6 subsidiaries: Fuzhou Neptunus Fuyao Pharmaceutical Company Limited, Fuzhou Neptunus Jinxiang Chinese Pharmaceutical Company Limited, Fuzhou Fuyao Medical Co., Limited, Shenzhen Neptunus Changjian Pharmaceutical Company Limited, Xianning Neptunus Changjian Trading Company Limited and Jilin Neptunus Changjian Industrial Company Limited.

Reporting Principles

This Report is prepared in compliance with the requirements set out in the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) under Appendix 20 to the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited (“HKEx”). In the preparation of this Report, we have summarised the performance of the Group in terms of corporate social responsibility on the basis of the reporting principles of materiality, quantitative, balance and consistency. Please refer to the table below for our understanding about and responses to these reporting principles.

¹ The selected core functional companies are located in Shenzhen, Fuzhou, Xianning and Jilin and principally engaged in the core business of the Group, being the Group’s principal activities of relevant research and development, manufacturing and selling of medicines, and the purchase and sales of medicines and healthcare food products in the PRC.



Reporting principles	Definitions	Our Responses
Materiality	It is the threshold at which the Board determines that ESG issues become sufficiently important to investors and other stakeholders that they should be reported.	This Report covers ESG issues that the Group's major stakeholders concern. We assessed the materiality of the ESG issues through communication with internal and external stakeholders and used a materiality matrix to determine the priority of the issues. We also indicate the "comply or explain" provisions that no relevant disclosure is made because they are not considered applicable for the Group, and explains how the Group has arrived at this determination.
Quantitative	The relevant historical data of KPIs need to be measurable. An issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	This Report discloses the KPIs quantitatively and discloses comparative data, the standards, methodologies, assumptions or calculation tools used, and source of conversion factors used, if applicable. Comparison and review are also made on ESG information disclosed in the last three years.
Balance	The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Report discloses data in an objective manner, and discusses our achievements and challenges faced in terms of sustainable development.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	This Report is consistent with that of last year as much as possible to allow for meaningful comparisons of ESG performance and explains any changes to the methods used last year.



Sources of Information

The information disclosed in this Report are derived from the Group's official documents and statistics. The Board and senior management of the Group have reviewed and approved this Report on 12 May 2021 and guarantee the truthfulness, accuracy and completeness of this Report.

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: Mr. Huang Jian Bo

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

Tel: (86) 755 26411869

Fax: (86) 755 86391610

Postal code: 518000





II. Message from the Chairman

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.

As affected by the pandemic and numerous infections occurred across the world, governments of various countries adopted epidemic prevention policies and restricted economic and social activities to prevent the spreading of the virus. For the general public, 2020 was a difficult year. However, the pandemic has been brought under control in China due to the effective and decisive health and prevention initiatives taken by the government, and economic and social activities have been returning to normal gradually. Neptunus Interlong has actively responded to epidemic prevention measures of the State and strictly followed epidemic prevention requirements of the State and local governments. We have strictly implemented epidemic prevention and control measures and concretely performed the ethical and social responsibility of the pharmaceutical and health industry.

Quality control is an important cornerstone of the pharmaceutical and health industry. 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. For example, after over two years of pharmaceutical and clinical BE research, our Norfloxacin Capsules successfully obtained approval for the consistency evaluation of generic drugs in December 2020.

In addition, the Group firmly believes that sustainability is the future development trend. In 2020, we have taken many measures such as using cleaner energy and production equipment modified for environmental protection and energy conservation, and cultivating environmental awareness of the employees, to secure actual achievement and implementation of our green production and low-carbon development objectives and corporate model.

With the continuous strengthening of ESG concepts by pharmaceutical companies and investors, the Group also continues to ponder on the significance of ESG for the sustainable development of the Company. During the Year, we carried out discussions and review of ESG at multiple levels of the Company, and discussed and analysed how to strengthen 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 ahead to 2021, the Group will continue to closely monitor the pandemic, carefully analyse the trends of State's pharmaceutical and health policies and pay attention to the multi-faceted impact of the market environment changes on corporate compliance, business development and ESG, and actively respond to national, regional and industry calls to formulate timely and effective strategies strictly in line with the requirements of the central and local governments. The Group will continue to pay efforts to create higher economic and social value.

Zhang Feng
Chairman of the Board



III. About Neptunus Interlong

Business Overview

The Company was established in 1994, and listed on GEM of the HKEx (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 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 and large volume injections), 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 57 patents in force (including 30 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.

Objective

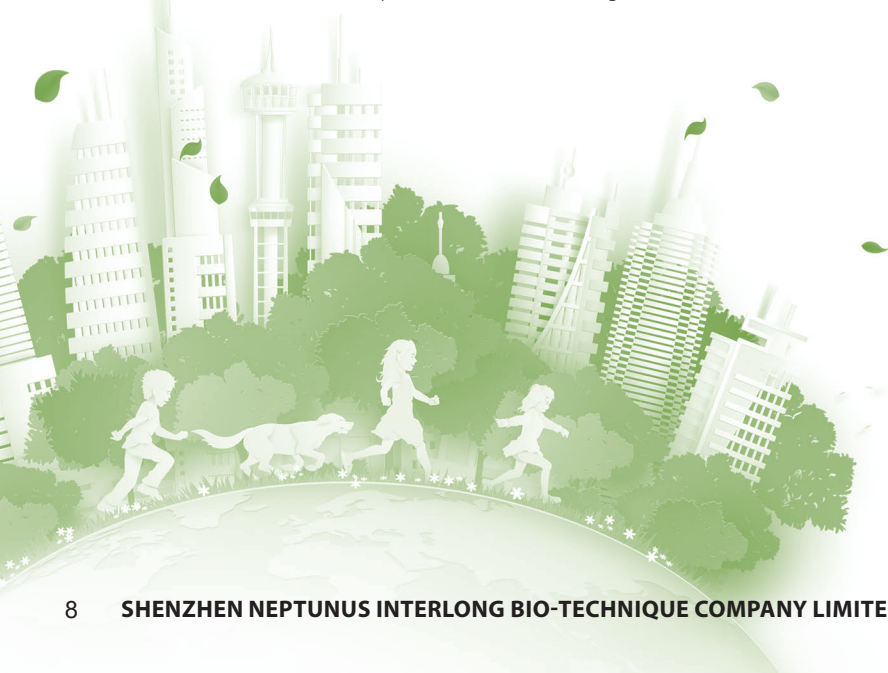
To establish a flexible and efficient operating framework, adhere to the working style of being pragmatic, innovative and progressive, strive to become a world first-class enterprise and shoulder the important task of revitalizing national industry.

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.





IV. Philosophy and Governance of Sustainable Development

Sustainable Governance and Development Objectives

While promoting healthy business growth, the Group regards social and environmental responsibilities as the core values in our business operations. We aim to be an environmentally friendly enterprise, with the goal of creating long-term value for all stakeholders in the society, maintaining our high-quality services and operating standards and having a profound and positive impact on the communities in which we operate. We will actively manage the impact of our operations on the environment and society and strive to fulfil our environmental and social responsibilities. Furthermore, we will improve the sustainability and transparency of the Group and create a green and sustainable future for the next generation.

Sustainable Governance Strategies

To implement its philosophy of sustainable development, the Group has established a top-down ESG framework. The Board is responsible for assessment and determination of the Group's ESG risks and formulate ESG strategies, ensuring the effectiveness of the Group's ESG risk management and internal control, and supervising their implementation by relevant departments and subsidiaries of the Company. In addition, our "ESG Leading Team" is headed by our chairman 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 subsidiary to implement ESG related policies and collect relevant data continuously, and to report to the Board on the progress of the ESG work and the annual ESG report of the Group. In order to further improve the of ESG data management mechanism, all departments including but not limited to engineering department, administration department, human resources department, purchasing department, quality assurance department and finance department are required to undertake ESG work, which include collecting ESG data, collecting feedback from stakeholders, making internal and external materiality assessment and reporting to the senior management on the progress of ESG work, so as to further improve the truthfulness, accuracy and completeness of ESG data.

Furthermore, while developing business, the Group continuously improves its ESG management standard and closely monitors the information disclosure requirement and compliance trends related to ESG of the Hong Kong Stock Exchange. During the Year, the Group studied the updated ESG Guide and related consultation paper, and made arrangement in advance for relevant compliance requirements.





Environmental, Social and Governance Report

Board Engagement

The Board is committed to incorporate sustainable development into its business development, and understands its overall responsibility for overseeing the Group's ESG strategy, which includes:

- Assessment and determination of the Group's ESG related risks and opportunities;
- Ensuring appropriate and effective risk management and internal control system are put in place;
- Formulating the Group's ESG management policies, strategies, priorities and objectives;
- Reviewing the ESG performance of the Group regularly; and
- Considering and approving the disclosures in the ESG report of the Group.

The Board regularly evaluates, identifies and manages sustainability risks and seeks to create long-term value for our stakeholders by identifying potential opportunities by exploring potential opportunities in compliance with regulatory requirements and industry practices. In addition, the Board regularly reviews the implementation of ESG objectives and adjusts the objectives as appropriate and practicable to ensure that the impact of the corporate development on the environment and society is minimised.





V. 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. We believe that responding to stakeholders’ opinions will provide a solid foundation for the long-term development and success of the Group. In 2020, to further understand stakeholders’ concern and needs in respect of the Group’s ESG performance, the Group actively maintained effective mutual communication and cooperation with stakeholders (including the government, investors and shareholders, customers, employees, suppliers and business partners and the community) through various channels to understand their concerns and took it as the basis for the improvement of our effort in sustainable development, so as to achieve progress and development together.

The table below summarises the ways of communication of the Group with stakeholders, their concerns and our plans of action.

Stakeholder group	Communication method/channel	Key concerns	Our plan of action
Government	<ul style="list-style-type: none"> Participate in discussion in the formulation process of relevant policies and industry standards Make calls and hold meetings when necessary 	<ul style="list-style-type: none"> Compliance with regulatory requirements, including policies related to COVID-19 Ensure production safety Support local economic and industrial development, and promote employment Create jobs and fulfilling tax obligations in accordance with the law 	<ul style="list-style-type: none"> Monitor law and regulation updates, and strictly comply with all regulatory requirements Follow the epidemic prevention requirements of the government, and protect the safety and health of employees Strengthen safety management and ensure that the production processes comply with safety standards Create job opportunities File tax returns timely and pay taxes in a full and timely manner
Shareholders and investors	<ul style="list-style-type: none"> General meeting and other meetings Publish annual reports, announcements and circulars 	<ul style="list-style-type: none"> Business strategies and financial results Information disclosures and risk control 	<ul style="list-style-type: none"> Convene general meeting regularly, and actively listen to the views and needs of shareholders and investors Release operating data and financial results in due course Assess corporate risks regularly and formulate responding plan



Stakeholder group	Communication method/channel	Key concerns	Our plan of action
Customers	<ul style="list-style-type: none">• Company website• Direct communication with customers• Customers feedbacks and complaints	<ul style="list-style-type: none">• Safety and quality of products• Delivery and after sales service• Protect consumers' rights	<ul style="list-style-type: none">• Strictly control products' outgoing indicators• Establish medicine alarm department, and actively collect adverse reaction cases• Enhance the quality of pre-sales, in-sales and after-sales services• Collect customer feedback through customer satisfaction survey• Immediately follow up and handle customer complaints and improve product and service quality
Employees	<ul style="list-style-type: none">• Training and orientation• Regular performance appraisal• Online learning platform• Employee caring activities	<ul style="list-style-type: none">• Reasonable salary and welfare• Employee promotion and development• Care for employees• Occupational health and safety	<ul style="list-style-type: none">• Work out competitive remuneration system and provide fair career development path• Provide regular vocational training and establish a platform for the career development of employees• Listen to employees' voices through various channels• Organize physical examination on a regular basis and arrange specific operational training





Stakeholder group	Communication method/channel	Key concerns	Our plan of action
Suppliers and partners	<ul style="list-style-type: none"> • Supplier performance review and evaluation • Communication meetings and telephone discussion • On-site inspection 	<ul style="list-style-type: none"> • The Group's reputation, management, environmental protection, qualification and scale • Fair and transparent procurement process • Good relationship with the Group • Supply chain management, and market supply and demand 	<ul style="list-style-type: none"> • Sound production safety management system • Establish open and transparent tendering system, and provide equal competition opportunity to suppliers • Build a platform for communication with suppliers, and facilitate the cooperative development with suppliers in a proactive manner • Check on the qualification of suppliers regularly, and monitor market supply and demand closely
Community	<ul style="list-style-type: none"> • Media publicity and reports • Participate in community welfare activities 	<ul style="list-style-type: none"> • Corporate social responsibility, support social welfare • Provide employment opportunity • Promote health awareness 	<ul style="list-style-type: none"> • Actively participate in charity activities and community donation • Create job opportunities • Promote safety knowledge of citizens in respect of food and pharmaceuticals • Check fire safety, maintain fire safety facilities and hold fire safety drill regularly





VI. Materiality Assessment

In accordance with the requirements of the ESG Guide, the Group has identified material ESG issues and conducted materiality assessment to review the environmental and the social impact and materiality of the Group's operation on the business and the stakeholders, and to ensure that this Report fully reflects the major ESG issues of concern to Neptunus Interlong and the stakeholders. The followings are the materiality assessment process, which includes 3 steps:

First step: identify potential ESG issues

The Group identified the following 15 issues in accordance with the disclosure requirements of the ESG Guide, industrial trend, communication with stakeholders and the business characteristics and day-to-day operation of Neptunus Interlong. These issues are considered to have impacts on the environment and society by our operations.

ESG Aspects	No.	ESG Issues
A. Environment	1	Greenhouse gas emission
Aspect A1 : Emissions	2	Handling of hazardous and non-hazardous waste
	3	Water consumption
Aspect A2 : Use of Resources	4	Energy conservation
Aspect A3 : Environment and Natural Resources	5	Impact of operation on environment and natural resources
B. Social	6	Employee turnover
Aspect B1 : Employment	7	Employee occupational health and safety
Aspect B2 : Health and Safety	8	Staff training
Aspect B3 : Development and Training	9	Avoid child labour and forced labour
Aspect B4 : Labour Standards	10	Supply chain and distributor management
Aspect B5 : Supply Chain Management	11	Product quality and safety
	12	Quality assurance process and product recall procedures
Aspect B6 : Product Responsibility	13	Handling of complaints
	14	Anti-corruption
Aspect B7 : Anti-corruption	15	Community investment
Aspect B8 : Community Investment		



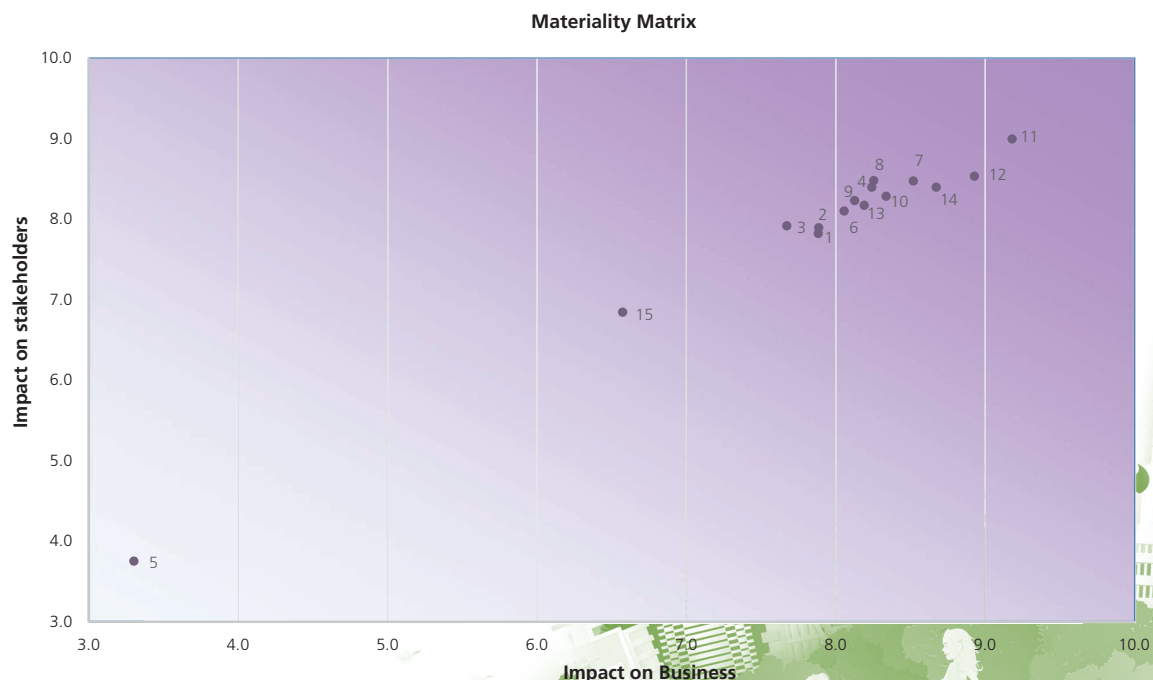
Second step: assigning priorities

We learned about stakeholders' concern related to the Group's issues through online questionnaires². Based on the opinions gathered in the communication with stakeholders, the management of the Group held internal meetings and rated the relevance and materiality of each ESG issues on a scale of 0-10 (0 as not relevant; 10 as extremely material). The management of the Group prioritized the issues according to their materiality to the Group and stakeholders, which is illustrated through a matrix for materiality analysis.

Third step: review and confirm the analysis of the issues

The priority and analysis of the issues were reviewed and confirmed by management of the Group and external experts. The issues are arranged on the two axes of "Impact on stakeholders" and "Impact on business" in accordance with the rating results, and a materiality matrix is prepared accordingly.

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. As the principal activities of the Group are research and development, manufacturing and selling of medicines, and the purchase and sales of medicines and healthcare food products, our material issues mainly focus on product quality and safety, quality inspection and product recalling process, anti-corruption and employee occupational health and safety areas. The Group will pay more attention to such areas while taking environmental and social responsibility into consideration. In order to effectively address the concerns of stakeholders, we will focus on strengthening the examination of material issues, fully consider opinions raised by all stakeholders, and earnestly optimise our development strategy in the long run.



² The online questionnaire survey covered a total of 180 questionnaires from directors and employees of the Group and its subsidiaries.



Table – Priority of issues of materiality of the 2020 ESG Report

Category of issues	Priority of materiality	Type of issues	No.	ESG issues
Issues of high materiality	1	Social	11	Product quality and safety
	2	Social	12	Quality assurance process and product recall procedures
	3	Social	14	Anti-corruption
	4	Social	7	Employee occupational health and safety
	5	Social	8	Staff training
	6	Environmental	4	Energy conservation
	7	Social	10	Supply chain and distributor management
Issues of medium materiality	8	Social	13	Handling of complaints
	9	Social	9	Avoid child labour and forced labour
	10	Social	6	Employee turnover
	11	Environmental	2	Handling of hazardous and non-hazardous waste
	12	Environmental	1	Greenhouse gas emission
	13	Environmental	3	Water consumption
Issues of low materiality	14	Social	15	Community investment
	15	Environmental	5	Impact of operation on environment and natural resources





VII. Environmental Aspect

Green development has gradually become the trend of the world, and environmental protection is being given unprecedented attention. Neptunus Interlong attaches great importance to the possible adverse impacts to natural environment brought by its operation, thus we are continuously committed to maintaining and improving our sustainable development performance, and proactively integrate environmental protection concept into our core business to efficiently utilise natural resources and reduce pollution on the environment. We have formulated internal policies such as Environmental Management Plan (《環境管理方案》), 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》) to reduce pollutants discharged. Meanwhile, we promote green office concept and establish the Group as a resource-saving enterprise through save resources and energy, striking a balance between enterprise development and environmental protection.

A1: Emissions

The Group strictly complies 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》). Such laws and regulations clearly set out the requirements on the management of pollutant emission and energy conservation by enterprises. In view of this, we have formulated and strictly implemented internal policies such as Environmental Management Plan, Hazardous Waste Management Policy and General Solid Waste Management Policy to manage exhaust gas, waste water, waste, and greenhouse gas emission generated from our office and production premises, and strive to minimise emissions produced in the course of operation and the possible damage to the environment.

Management of Atmospheric Emission

The Group has so far established a relatively complete emissions and waste management system, and strictly complies with laws and standards 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》), 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 the Emission Standard for Air Pollutants from Boilers (《鍋爐大氣污染物排放標準》). Internal exhaust gas treatment process and emission standard are also formulated to ensure effective monitoring of the progress of the Group's emission management and compliance with the requirements of relevant environmental protection policies. At the same time, the Group commissioned a qualified third-party institution to conduct testing on emissions every year, so as to understand the operation status of our environmental protection facilities and the relevant emission conditions and data in a timely manner, thereby effectively monitoring the progress of the Group's management of emissions and meeting the requirements of relevant environmental protection policies. In addition, since November 2019, we have replaced biomass fuel with natural gas as fuel and gradually reduced the use of gasoline so as to reduce the emission of sulfur dioxide, nitrogen oxides and sulphur oxides in an effort to improve air quality.

Air pollutants generated in the course of the Group's operation are mainly sulfur dioxide, nitrogen oxides and dust/particulate matter from combustion of natural gas and gasoline. The sulfur dioxide, nitrogen oxides and dust/particulate matter emissions generated by the Group during the Reporting Period decreased by approximately 89%, 51% and 63% respectively as compared with last year. Please refer to section IX-ESG KPIs Overview for details of the data.



Management of Water Emissions

The Group strictly complies with 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》). The Group engages a qualified third-party entity to conduct test on water emissions annually and pays environmental tax in full and in time. The pollutants in the waste water discharged in the course of the Group's operation are mainly chemical oxygen demand (COD) and ammoniacal nitrogen. During the Reporting Period, approximately 87,557 tonnes of waste water were generated in the course of the Group's production, representing a decrease of approximately 12% over last year. The emission of COD and ammoniacal nitrogen also decreased compared to last year.

Case – Reduction of sewage discharge

In August 2020, one of our subsidiaries transformed its sedimentation tank in its pre-treatment extraction workshop to expand its volume and improve the sewage sedimentation effect, which effectively reduced the particulate matters in the sewage discharged.

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 clearly regulate the categories of wastes and the management process of waste collection, storage and transfer to minimize the impact of wastes on the environment. In addition, we set up a permanent centralized stacking yard for the classified storage and regular disposal of wastes. For recyclable waste cartons, we process them into gaskets for external packaging used in the injection workshop, while recyclable caps of waste glass bottle and glass fragments are bought back by suppliers. For non-recyclable wastes such as waste newspapers and cartons, they are disposed by professional qualified institutions.

The wastes generated by the Group mainly include medical waste and waste drugs, waste packing materials and office and domestic garbage. During the Reporting Period, the hazardous and non-hazardous waste intensity of the Group were approximately 29.27 kg/RMB million revenue and 0.59 tonne/RMB million revenue respectively. Please refer to section IX-ESG KPIs Overview for details of the data.



Greenhouse Gas Emission

The Group's greenhouse gas emission consists of direct emission (Scope 1) and indirect emission (Scope 2). Due to the nature of our business, our greenhouse gas direct emission (Scope 1)³ is mainly generated by natural gas combustion and fuel consumption on production facilities and vehicles, which amounted to approximately 4,094 tonne carbon dioxide equivalent; and greenhouse gas indirect emission (Scope 2)⁴ is mainly from purchased electricity. During the Reporting Period, we transformed and added some office facilities and staff dormitory facilities, which led to an increase on the electricity consumed as compared to last year. Therefore there was a rising trend in our greenhouse gas indirect emission and we generated approximately 7,148 tonne carbon dioxide equivalent. As the vast majority of the Group's greenhouse gas emission comes from purchased electricity, we will actively take measures to minimise our greenhouse gas emission.

Moreover, we have set the following emission and waste reduction objectives and plans and actively monitor the implementation and execution of environmental protection objectives with a view of enhancing the effectiveness of the environmental protection policy and work of the Group:

Objectives	Plans adopted	
Air emissions (nitrogen oxides, sulphur oxides and other pollutants)	<ul style="list-style-type: none"> The air emissions of all newly built and major alteration and expansion projects must reach national standards 	<ul style="list-style-type: none"> All newly built and major alteration and expansion projects must pass environmental assessment before implementation
Greenhouse gas emissions	<ul style="list-style-type: none"> Greenhouse gas (carbon dioxide emission (in tonne)) emissions meeting of local environmental regulatory requirements 	<ul style="list-style-type: none"> Record and review greenhouse gas emissions, and report to local environmental regulatory department in a timely manner
Hazardous and non-hazardous wastes	<ul style="list-style-type: none"> Strive to realise no increase in hazardous and non-hazardous wastes 	<ul style="list-style-type: none"> Strictly monitor raw material inventory to avoid waste due to excessive storage Strengthen production control to avoid wasting of medicines and packing materials Continuous implementation of paperless office Avoid using disposable products

³ Scope 1 covers greenhouse gas emissions directly generated by operations owned or controlled by the Group.

⁴ Scope 2 covers "energy indirect" greenhouse gas emissions resulting from electricity (purchased or acquired) consumed within the Group.



A2: Use of Resources

Improving resource utilisation efficiency to reduce energy consumption is also an environmental protection issue the Group attaches importance to. We proactively respond to the call for saving energy and reducing emission by the State and comply with laws and regulations such as 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 resources-saving enterprise. Through optimizing management, the Group actively procures its subsidiaries to practice green resources management, encourages saving resources and energy and cultivates a green office concept among employees. Furthermore, we review and assess the efficiency and result of our environmental protection plan from time to time to help us to strike a good balance between environmental protection and business growth.

We implement various energy saving and emission reducing measures to reduce the consumption of energy and resources, including:

- Save electricity: we have strengthened the management of electricity in our office. Electricity consumption is reduced by installing energy-saving lights, and lights and air-conditioning facilities are turned off after office hour; electric equipment such as computers are shut down when they are not in use to reduce electricity consumption in the standby mode;
- Save water: we encourage employees to develop a good habit of saving water, like turn off the tap whenever not in use;
- Save paper: use online system to approve, amend and save documents, advocate paperless office, and if using paper is necessary, encourage double-sided printing and recycle used paper as far as possible;
- Energy-saving reform: To ensure maximum input and improvement in energy efficiency, we perform performance evaluations on the production and environmental protection equipment of each subsidiary, and carry out appropriate equipment upgrades and retrofits;
- Reduce the use of cars: we make regular record of the consumption of petrol and diesel by company vehicles of our subsidiaries, and encourage employees to share rides so as to enhance the efficiency of energy utilization and reduce carbon emission.





Energy Consumption

Our direct energy consumption is mainly from the use of natural gas, diesel and gasoline by production equipment and company vehicles, while indirect energy consumption is mainly from purchased electricity and steam. During the Reporting Period, the total energy consumption intensity of the Group was approximately 29.51 MWh/million RMB revenue, representing a decrease of approximately 9% compared to last year. The decrease was mainly attributable to our change of fuel used to natural gas since November 2019, which has a higher energy efficiency and thereby effectively reduced carbon emission. The Group will continue to take various energy saving measures such as reviewing the electricity using practice of employees in our offices and advocating the reduction of using cars by the employees, and record energy consumption and review the use of energy regularly, in an effort to further reduce energy consumption in the next year.

Water Consumption

As a pharmaceutical research and development, production and sales enterprise, we mainly use water in our production workshop, laboratory and canteen. During the Reporting Period, the total water consumption intensity of the Group was approximately 248.80 tonne/million RMB revenue, representing a decrease of approximately 5% compared to last year. To further reduce water consumption in the next year, the Group will continue to actively review water consumption in production workshops and office areas, and post water saving tips at conspicuous places to promote reasonable water use by employees.

A3: Environment and Natural resources

While seeking to provide quality products and services to the public, we also take into account ecological health and the impacts of our operations on the environment. The Group strictly implements 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》), and ensures that all environmental impact assessment on projects have been approved by local environmental protection departments before commencement of the projects, so as to minimize the impact of business operations on the surrounding environment and biodiversity. We unceasingly monitor the balance between enterprise development and environmental protection, and undertake that departments and individuals littering at will or disposing hazardous waste without permission will be dealt with seriously, and individuals will be investigated for legal liability for such behaviour. During the Reporting Period, there were no environmental irregularities with material impact on our production and operation activities.

During the Year, the ESG Leading Team of the Group has started a preliminary study on the impacts of climate change on the Group’s operation and supply chain and proactively explored necessary response measures. It is planned that the result of the study will be reported in the next reporting period.



VIII. Social Aspect

B1: Employment

We believe that our staff is one of our most important assets for sustainable development of the Group. Through fair competition employment principle and safe production responsibility system, we advocate happy work and health life. We have formulated a range of human resource management systems which cover salary and dismissal, recruitment and promotion, working hours, holiday, equal opportunity, diversity, anti-discrimination and other remuneration and benefits as internal guidelines to ensure protection of employees' legal rights and protect their occupational safety and health. We provide good enterprise culture and reasonable, fair and discrimination-free working environment for employees, thereby achieving the mutual growth of both the employees and the Group.

Recruitment, Promotion and Dismissal

The Group strictly complies with laws and regulations related to employment 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 Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》). In respect of criteria for recruitment and candidate selection and other recruitment and employment procedures, the Group formulated Human Resource Management Policy (《人力資源管理制度》), Staff Handbook (《員工手冊》) and Recruitment Management Policy (《招聘管理制度》) to ensure that the Group maintains its overall level of human resources and complies with requirements of laws and regulations. We advocate professional ethics such as compliance, integrity, honesty, credibility, respect and cooperation. Therefore, in the recruitment process, we first perform assessment of the professional ethics of the candidates, and reject failed candidates. We also try our best to avoid subjective and spontaneous assessment methods, and fathom talents in an objective and scientific manner. Moreover, we insist on appointment on merit basis, and employees who are immediate family members, collateral relatives or have relationship by affinity are not allowed to work in the same company.

At the same time, we adhere to open, fair and justice principle in providing promotion opportunities, and the Performance Management Policy (《績效管理制度》) of the Group set out details relating to promotion and incentives. We conduct regular performance appraisals to decide whether an employee is qualified for promotion. We firmly believe that communication and feedback will help enhance the overall work performance and results of employees, which will facilitate positive development of the organisation, enhance operating results and management and benefit both the Group and the employees.

In addition, In the event of employee misconduct or non-compliance with the Company's rules and regulations, the Group will give warning or deduct performance appraisal points depending on the severity of the case. If there is no improvement, punishment such as reduction of salary, demotion or termination of labour contract will be given.



Remuneration and Benefits

We formulated Remuneration and Benefits Management Policy (《薪酬福利管理制度》) and Work Attendance and Vacation Policy (《考勤休假制度》) applicable to the Group in accordance with 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》), which stipulate the composition of remuneration, including fixed salary, merit pay, benefits and allowance, bonus, annual seniority compensation, etc., so as to motivate employees and strengthen the stability and centripetal force of employees. We also pay basic social insurances such as endowment insurance, basic medical insurance, unemployment insurance and maternity insurance for employees in a timely manner in accordance with laws to protect the legal interests of employees. In addition, the Group organises and encourages employees to participate in various activities from time to time each year, such as company anniversary celebration, Spring Festival gala, picnic, outings, watching movies, sport game, physical exercises, etc., to enrich employees' spare time.



Work Hours and Holidays

The Group put in place Work Attendance and Vacation Policy (《考勤休假制度》) in accordance with requirements of the Provisions on Employee Annual Paid Vacations (《職工帶薪年休假條例》), and pays overtime wages for permitted overtime work. In addition, according to the Work Attendance and Vacation Policy, our employees are entitled to various paid leaves, including statutory holiday, marriage leave, bereavement leave, maternity leave, family planning leave and annual leave. Annual leave will be adjusted according to employees' years of service.

Equal Opportunity, Diversity and Anti-discrimination

The Group carries out recruitment and performance management based on open, fair and equal competition principle. For actual implementation of the concepts of equality, diversity and anti-discrimination, our Human Resource Management Policy (《人力資源管理制度》) stipulated that we have to avoid using personal characteristics such as sex, age, marital status and physical fitness as necessary factors for selection, so as to eliminate the effects arising from factors relate to region, unit, position, qualification and seniority, and ensure employees can enjoy fair treatment in aspects such as recruitment and promotion, dismissal process, trainings, performance appraisals, remuneration and benefits, working hours, annual leave and other holidays (including marriage leave, compassionate leave and maternity leave), etc.

As at 31 December 2020, we had a total of 1,217 employees, of which male and female employees accounted for approximately 42% and 58% respectively. The employee turnover ratio was approximately 14.14%, which decreased by approximately 3.95% compared to last year.



B2: Health and Safety

As a responsible employer, we always hold production safety as our first priority and strictly observe laws and regulations related to labour safety and health 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》), the Provisions on Work-Related Injury Insurance of the PRC (《中華人民共和國工傷保險條例》), the Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》) 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》). The Group formulated internal guidelines such as Fire Safety Management Policy (《消防安全管理制度》), Training Management Policy (《培訓管理制度》) and 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》), and requires all employees to comply with safety instructions. Employees have specific responsibility under strict regulations and are obliged to report any safety hazards discovered, including lack of safety devices, potential danger of accident, etc. Furthermore, we endeavour to provide a comfortable and safe working environment as well as protecting employees from potential occupational hazards. The measures we have taken include but not limited to:

- established Safety Production Management Committee to safeguard and supervise the production process so as to enhance safety in production premises;
- arrange professional physical check for relevant personnel;
- provide trainings covering fire safety and production safety to employees every year;
- prepare guidelines such as those on basic knowledge of production safety, safety protection of APIs (Active Pharmaceutical Ingredients) and specific operation to provide sufficient guidance and instruction for operating personnel;
- regular maintenance of machine and equipment to ensure that they are in good condition; and
- set up safety warning signs to enhance employees' safety awareness.





Case – Employee safety and protection

- In April 2020, our subsidiaries arranged annual physical check for all employees to ensure they are working with good health condition.
- In June 2020, we launched the “safety and quality month” activity. In addition to safety inspections and rectification of hidden dangers, we conducted safety training for all employees based on job ranks to enhance employees’ safety awareness and understanding of the importance of product quality.
- In December 2020, we held the 2020 fire safety and production safety drills. The drills included fire rescue, evacuation, safety alert for area with accidental contamination, etc. and raised employees’ fire safety awareness. The drills are our effort to enhance the emergency responsive standard of employees in respect of alarm, evacuation, rescue, emergency repair, environmental monitoring and first aid to the wounded.

In addition, in order to prevent the spreading of COVID-19, we strictly followed the epidemic prevention requirements of the State and local governments and earnestly carried out epidemic prevention and control work, including taking the following measures to reduce the risk of spreading of the pandemic:

- we procured protective products such as surgical masks for employees and required them to wear mask during work; put in place collection box for discarded masks and disposed them according to and matching requirements of government departments;
- employees must check their body temperature when they arrive to work, and we required employees with symptoms of fever, sustained coughing, difficulty in breathing, etc. to stay in our temporary quarantine room immediately, and such employees should see their doctors and were strictly prohibited to assume duty at the workplace;
- some employees worked from home, worked on rotation or worked remotely online according to actual needs of work; the duty hours of on-site office staff were adjusted or they were arranged to work for staggered hours according to changes in the means of transportation; employees took meals in the canteen in batches and good air ventilation was ensured;
- social contact was minimised and employees were encouraged to made discussions via phones, video, WeChat, email and other means instead of on-site meetings;
- work areas were disinfected twice daily by professional entities engaged or our administration department; canteen, office building, staff dormitory, bathroom, etc. were thoroughly cleaned;
- hand sterilizers were placed in office lobby and toilet; registration and body temperature checking were made for visitors; and
- production emergency plan was formulated promptly and selected production lines were put into operation according to market demand.



Case – Epidemic prevention and control

- In February 2020, our subsidiaries promptly formed epidemic prevention and control leading team, which formulated the Work Plan on Epidemic Prevention and Control after the Chinese New Year in line with related government policies to set out specific arrangements for employees' working hours, holiday management and daily work.
- In April 2020, in order to fully implement health management for employees coming back from Hubei to Shenzhen, such employees were isolated for 14 days and received nucleic acid testing as required to prevent the spread of the epidemic.
- In April 2020, to enhance COVID-19 pandemic prevention awareness of employees, we organised them to watch videos such as Guide to Prevention of COVID-19 (《新型冠状病毒下的預防指南》) and Workouts for Protection against COVID-19 (《抵禦冠狀病毒健身法》), and encouraged employees to clean, wash and disinfect hands frequently to reduce the risk of spreading coronavirus.

B3: Development and Training

"Building an organisation of lifelong learning" is the talent training philosophy of the Group. We are committed to perfect an employee training system and develop relevant training programs in line with the strategic objectives, financial budget and training needs of the Group, and standardise staff training and trainer qualification management by formulating the Training Management Policy (《培訓管理制度》) and Staff Handbook (《員工手冊》). We conduct various trainings for our employees based on their ranks and positions, so as to motivate them to develop their potential and help them improve their skills and career development. In addition, new employees will receive comprehensive training including our corporate culture and policies and the necessary techniques and skills. Furthermore, for on-the-job trainings, employees may not only obtain reimbursement for course fees and travel expenses incurred for external trainings against relevant bills, but also choose professional online training courses provided by the online business college established by subsidiaries of the Group. This enables employees to arrange continuous learning of work-related knowledge and skills flexibly and realise our philosophy of talent training. During the Reporting Period, a total of 1,030 employees received trainings, with an average of approximately 12 training hours per person.





Case – Training and development

- Due to the impact of the pandemic, the Group mainly arranged employees to participate in external trainings online. Such trainings cover the Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》), the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), Establishment and Implementation of the Drug Warning System (《藥物警戒體系的構建與實施》), Monitoring and Management of Cleaning, Disinfection and Continuous Effectiveness (《清潔、消毒與持續有效性監測管理》), Studies on Key technology of Drug Warning (《藥物警戒關鍵技術研習班》), implementation and publicity of the new edition of the Pharmacopoeia (《藥典》), online training on “Drug Production Materials and Suppliers Entire Process Management, Key Points and Case Analysis” under the context of new laws and regulations, etc. Through online training, employees receiving the trainings may promptly understand latest changes in industrial policies, and their quality awareness for drug production management and operation capability can be enhanced.
- In December 2020, we arranged safety management and operation personnel training at the Fujian Special Equipment Inspection and Research Institute for relevant employees related to equipment, quality and production. Such employees have completed the training and obtained certificates after passing examination.
- We arranged laboratory technicians of our quality control department to participate in external training, and they passed the on-site assessment and obtained relevant technical certificates, including Job Qualification Certificate for Laboratory Animal Practitioners, Job Qualification Certificate for Internal Calibration of Glass Measuring Devices, and Microbiological Testing Technology Capability Certificate relating to the Pharmacopoeia of the PRC.
- We organised over 300 quality control and production management personnel to participate in 21 sections of external training on GMP and policies, laws and regulations in respect of drugs, which covered explanation of new laws, regulations and policies, quality management, verification training, side effect and drug warning, technical qualification and technical capability, to ensure that our staff has a high level of awareness of the latest industry requirements and drug quality requirements.





B4: Labour Standards

Basic Employment Policy and Employment practice

The Group strictly complies with laws and regulations related to protecting the legitimate rights and interests of employees as well as prohibiting the employment of persons under the age of 18, 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》), 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 the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). For this purpose, we formulated Human Resource Management Policy (《人力資源管理制度》) and Staff Handbook (《員工手冊》), and conducted comprehensive and 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 addition, we value the privacy of employees and avoid asking personal questions that are irrelevant to work performance during interviews, and information regarding the cognitive ability assessments of the candidates can only be accessed by personnel related to the selection process. We recruit the fittest employees according to their talent, and eliminate discrimination based on factors such as sex, location, qualification and seniority. During the recruitment process, we will conduct background checks, examine details such as the identity, academic certification and age of candidates and avoid illegal use of child labour.

During the Reporting Period, the Group did not employ any child labour or forced labour.

Recruitment and Job Management

In its recruitment of talents, the Group actively carries out school-enterprise cooperation and holds multi-level communication and promotion with medical institutions to attract more pharmaceutical talents to enhance the competitiveness of the Group. Moreover, we adopt contract based employment management for all employees. In addition to protecting the basic rights and interests of employees, current employees enjoy priority in internal recruitment and changing posts, providing them with more job and promotion opportunities, with the aim of optimising internal human resource allocation and using those fittest for the job. Furthermore, under its avoidance policy, the Group explicitly states that in principle, no subsidiaries are allowed to recruit the relatives of the current employees of the Group, and background checking and stringent assessment is applicable to the qualification of candidates recommended by related companies.



B5: Supply Chain Management

Supplier management is an important part in the control of safe production. The Group has established a comprehensive supplier evaluation and management system, and requires suppliers to provide products and services that consistently meet our standards. We follow the principle of supplier diversification and promote the sustainable development of suppliers, so as to lower operational, environment and society risks in the supply chain and increase the competitiveness of the Group through a mature supply chain system. During the Reporting Period, the Group had a total of 344 external suppliers for materials and medicines, all of them are located in China, of which, East China has the largest number of suppliers of 187, representing approximately 54.36%, similar to the proportion of 53.6% last year.

Supplier Evaluation and Management

To ensure the quality of products and services provided by suppliers, 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. We maintain ongoing monitoring of suppliers' performance through the following measures:

- **Selection of suppliers:** suppliers must pass our internal evaluation and audit, and we only purchase from suppliers listed in our qualified supplier directory;
- **Annual evaluation:** in the beginning of each year, periodic audit and performance evaluation are conducted on suppliers that have passed quality system assessment; and
- **On-site audit:** on-site audits are performed once in every three years on suppliers of major APIs used in our products and once in every five years on suppliers of other accessories and packing materials.

In addition, we have formulated internal policies such as Supplier Management Policy (《供應商管理制度》), Material Purchasing Contract Management Policy (《物料採購合同管理制度》) and Material Supply Management Policy (《物料供應管理制度》) which cover supplier background checking requirements, contract management, supply chain management and suppliers' filing management. We have specified updated information of suppliers that need to be kept and obtained by relevant departments, such as Drug Production Permit (《藥品生產許可證》), Business License (《營業執照》) and the GMP/GSP Certificates, to ensure the suppliers which the Group dealt with are compliance, legal, qualified, safe and reliable so as to increase the trust of consumers on the Group.

Case – Supply chain management

- In November 2020, we performed on-site audits on 11 suppliers according to requirements of the Standard Operating Procedures for Supplier Evaluation and Approval (《供應商評估及批准標準操作規程》), and removed suppliers which did not meet the on-site audit requirements from the qualified supplier directory.



B6: Product Responsibility

The paramount task of the pharmaceutical industry is to ensure the safety and quality of products, therefore, safety and quality management are important and no mistake is affordable. In this regard, the Group has put in place comprehensive product safety and quality management mechanism, covering quality management and control, storage management, customer services, data confidentiality and customer privacy, and research and innovation, with the aim of ensuring constant improvement in the Group's product quality and service standard and establishing a safe and reliable image to earn the long-term trust of customers on the Group's brands.

Product Quality Control System

"Serving the health of the public" is the core value and corporate mission of the Group. We understand that in order to maintain long-term customer relationship and earn customers' trust, we must maintain the standard of our product quality and services. For this reason, we have formulated the standard operating procedures such as 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 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》), 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》) to regulate the quality management process of drug production, research and development, strictly control the quality and safety of our products and ensure that customers can use our products with peace of mind.

Moreover, 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, production must be suspended and investigation will be taken to find out the reason of failure. We will accept relevant investigation and arrangement of the National Medical Products Administration (the NMPA), and rectify the production process with a strict rectification manner to ensure the safety and reliability of product quality.

Case – Quality control

- In July and August 2020, in order to prevent the presence of microbes in the residual water in our production equipment and pipelines, we have renewed our drug fluid system and added pure steam sterilization to clean our production equipment to ensure sanitation of the pharmaceutical production process.



Pharmaceutical Warehouse Management

The Group has formulated a series of operational procedures to strictly control the warehouse management of special drugs and chemicals from warehouse facility, warehouse entry inspection, drug storage to drug distribution. We also stipulated that precursor chemicals, narcotic drugs and inflammable and explosive hazardous articles should be stored in a separate warehouse equipped with theft and fire prevention facility. For precursor chemicals and narcotic drugs, relevant personnel should also undertake the acceptance procedure jointly and carefully check the quantity and specifications. The entry and exit time and quantity must be strictly recorded to ensure the validity of warehousing management.

Quality Appraisal and Product Recall

The Group strictly controls the quality of products. In terms of acceptance and quality inspection, quality inspection must be performed on outsourced materials and medicines, intermediate products and self-produced products in accordance with standardised procedures. To ensure the supply of safe medicines for the public, materials and medicines, semi-finished and finished products not meeting quality standards will be rejected for warehousing. Products self-produced by the Group and outsourced drugs must also be checked by the Quality Assurance Department and quality director, and their signing approval is required for the delivery and sale of such products.

In addition, the Group has formed a recall team and formulated the Drug Recall Management Policy (《藥品召回管理制度》). In case any product on sale in the market is found to be substandard and has potential safety hazard, the recall team will take immediate action to initiate recall, minimising the impact of such products to the public. Meanwhile, the recall team will monitor the whole recall process, record the action taken and prepare a report to identify the product quality problem and improvement required so as to enhance the consistency of the overall quality of products.

Customer Services and Complaint Management

In order to continuously improve customer service quality, we collect feedbacks from customers and users and perform quantitative and qualitative analysis according to Customer Satisfaction Questionnaire Management Policy (《顧客滿意度調查管理制度》) to fully understand how the customers rate us and their needs. This will enable us to make corresponding improvement in our products and services to increase customers' loyalty to our products.

Furthermore, 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 internal policies to regulate the handling procedures of customer complaints. Customers may make complaint against the product and service of the Group by telephone, email and other channels. The Quality Assurance Department will classify the complaints based on their content, record them properly and immediately and perform corresponding investigation and follow up according to the time limit for handling until the issue is properly resolved. Reply will be made to the customer concerned promptly. If the complaint is related to the quality of products, the Quality Assurance Department will contact the production department immediately or give immediate feedback to suppliers and the sales of such drugs should be suspended, in order to ensure the quality and safety of products.

Data Confidentiality and Privacy of Customers

In order to ensure the information security of customers that have business contact with us, the Customer Filing Management Policy (《客戶檔案管理制度》) of the Group stipulates requirements relating to the filing and storage management of customer data and information to avoid leaking customer information. In addition, our Company Confidentiality Policy (《公司保密制度》) stipulates that employees must keep the confidential information of the Group strictly confidential, including but not limited to the Group's strategy and decision, financial information, customer information, employee information and scientific research information, etc., in order to protect the interests and reputation of the Group. During the Reporting Period, we did not receive any complaints regarding breaches of customer privacy or leakage of customer information.

Scientific Research and Innovation

The Group actively encourages scientific research and innovation and is committed to protect our intellectual properties. We formulated internal policies such as the Technological Achievement Exchanges and Software Confidentiality Management Policy (《科技成果交流和軟件保密管理制度》) and Company Confidentiality Policy (《公司保密制度》) in accordance 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 Trademark Law of the People's Republic of China (《中華人民共和國商標法》), 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》), which stipulate that all employees should keep newly developed products and technologies strictly confidential. The Group also provides training related to confidentiality and intellectual property management to relevant employees. During the Reporting Period, there is no violation of laws and regulations relating to intellectual property and marketing by the Group.

Case – Scientific research and innovation

- in respect of consistency evaluation for generic drugs, our Norfloxacin Capsules have passed pharmaceutical and clinical BE research of over 2 years, for which we applied for consistency evaluation in November 2019, and after on-site registration inspection, provision of information and registration inspection and standard review, approval was successfully obtained on 29 December 2020.



B7: Anti-corruption

In order to operate business without undue influence, we strictly comply with laws and regulations relating to business ethnics and prohibiting operators from reaching monopoly agreements or abusing market dominance, such as 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》), Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and Anti-Money-laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), and formulated Integrity and Self-regulation Rules (《廉潔自律準則》) and Integrity Management Rules (《廉潔管理準則》) to provide guidelines regarding employees' acceptance of benefits and clearly regulate the acceptance of gifts and the handling of cash and non-cash gifts. During the Reporting Period, the Group did not breach any laws and regulations related to anti-corruption, and the number of closed corruption cases filed against the Group or employees of the Group was zero.

Case – Anti-corruption

- In June 2020, we provided anti-commercial bribery training for our employees to deepen their understanding of the penalty for commercial bribery and enhance their awareness of commercial and professional ethnics and anti-corruption.

B8: Community Investment

Neptunus Interlong believes that undertaking social responsibility and pay back to the society can enhance cohesion of the society, contribute to community well-being and strengthen the Group's reputation and brand.

Case – Community donation

- In February 2020, we donated RMB200,000 to the Red Cross Society of Fuzhou City for COVID-19 control and prevention in Jin'an district.

¹ Unless otherwise specified, the emission factor of the environmental key performance indicators in this Report were calculated in accordance with "How to prepare an ESG Report? – Appendix II: Reporting Guidance on Environmental KPIs" published by the HKEx.

² The emission factors are calculated based on the 2012 Average CO₂ Emission Factors for China's Regional Power Grids issued by the Department of Climate Change of NDRC.



IX. ESG KPIs Overview

Environmental Performance¹

KPI		Unit	2020	2019	2018
A1.1 Emissions	Discharge of waste water				
	Production waste water	tonne	87,557	99,877	95,830
	Chemical oxygen demand	kg	2,882	3,114	2,327
	Ammoniacal nitrogen	kg	484	488	344
	Air emissions				
	Sulphur dioxide	kg	96	912	1,287
	Nitrogen oxides	kg	1,480	3,023	4,852
	Dust/particulate matter	kg	151	405	751
A1.2 Greenhouse gas emission²	Direct greenhouse gas emission (Scope 1)	tonne carbon dioxide equivalent	4,094	782	149
	Indirect greenhouse gas emission (Scope 2)	tonne carbon dioxide equivalent	7,148	5,997	5,661
	Greenhouse gas emissions in total	tonne carbon dioxide equivalent	11,242	6,779	5,810
	Greenhouse gas emission intensity	tonne carbon dioxide equivalent/million RMB revenue	10.90	6.27	6.70
A1.3 Hazardous waste	Medical waste (HW02) and waste drugs (HW03)	kg	24,454	20,357	10,362
	Other hazardous waste	kg	5,731	2,972	3,025
	Production of hazardous waste in total	kg	30,185	23,329	13,387
	Intensity of hazardous waste	kg/million RMB revenue	29.27	21.58	15.44
A1.4 Non-hazardous waste	Waste packing material	tonne	217	144	133
	Office and domestic garbage	tonne	390	198	195
	Production of non-hazardous waste in total	tonne	607	342	328
	Intensity of non-hazardous waste	tonne carbon dioxide equivalent/million RMB revenue	0.59	0.32	0.38

³ Energy consumption was calculated based on the conversion factors in the National Standards of the PRC General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008) and the conversion factors provided by research institutions.



KPI		Unit	2020	2019	2018
A2.1 Energy³	Total energy consumption				
	Total energy consumption	MWh	30,439	35,217	31,996
	Total energy consumption intensity	MWh/million RMB revenue	29.51	32.58	36.90
	Direct energy consumption				
	Petrol	L	60,677	56,796	50,949
	Diesel	L	25,491	19,369	12,766
	Biomass fuel	tonne	Nil	4,691	4,771
	Natural gas	Cubic meter	1,798,990	278,573	Nil
	Indirect energy consumption				
	Consumption of electricity purchased	kWh	10,176,893	8,542,262	8,062,457
A2.2 Water consumption	Water consumption in production	tonne	251,092	277,927	231,997
	Office water consumption	tonne	5,509	5,359	5,248
	Total water consumption	tonne	256,601	283,286	237,245
	Total water consumption intensity	tonne/million RMB revenue	248.80	262.09	273.60
A2.5 Packing material used	Packing materials measured by pieces	10,000 pcs.	37,588	42,428	33,345
	Packing materials measured by weight	tonne	229	459	282

⁸ Employee turnover rate = Number of employees left this Year / (Number of new employees this Year + Total number of employees last year) x 100%



Social Performance

KPI		Unit	2020	2019	2018
B1.1 Total number of employees	Total number of employees	person	1,217	1,239	1,228
	By gender				
	Male	person	514	509	540
	Female	person	703	730	688
	By employment				
	Full-time	person	1,125	1,139	1,097
	Part-time	person	92	100	131
	By age				
	Age below 30	person	250	254	249
	Age 30-50	person	744	762	724
	Age above 50	person	223	223	255
	By region				
	Mainland China	person	1,217	1,239	1,228
B1.2 Employee turnover rate	Employee turnover rate ⁸	percentage	14.14%	18.09%	19.99%
	By gender				
	Male	percentage	16.89%	25.66%	18.52%
	Female	percentage	12.14%	11.82%	21.02%
	By age				
	Age below 30	percentage	20.51%	23.34%	22.65%
	Age 30-50	percentage	12.86%	13.45%	16.27%
	Age above 50	percentage	8.06%	25.50%	30.40%
B2.1 Number and rate of work-related fatalities	Number of work-related fatalities	person	Nil	Nil	Nil
	Rate of work-related fatalities	percentage	Nil	Nil	Nil
B2.2 Lost days due to work injury	Number of work-related fatalities	person	1	Nil	Nil
	Lost days due to work injury	day	25	Nil	Nil
B3.1 Percentage of employees trained	By gender				
	Male	percentage	36.99%	36.75%	40.78%
	Female	percentage	63.01%	63.25%	59.22%
	By employment				
	Full-time	percentage	92.52%	98.50%	98.58%
	Part-time	percentage	7.48%	1.50%	1.42%



KPI		Unit	2020	2019	2018
B3.2 Average training hours completed per employee	Training hours per person	hour	12	51	20
	By gender				
	Male	hour	11	50	18
	Female	hour	13	51	22
	By employment				
	Full-time	hour	10	50	22
	Part-time	hour	12	63	3
B5.1 Number of suppliers	Total number of suppliers	number	344	338	329
	By region				
	South China	number	27	31	28
	North China	number	49	47	45
	East China	number	187	181	176
	Central China	number	42	41	40
	Northeast China	number	12	14	15
	Northwest China	number	18	15	17
	Southwest China	number	9	9	8





KPI		Unit	2020	2019	2018
B6.1 Percentage of products to be recalled over the total number of products sold or shipped due to safety and health reasons	Percentage of products to be recalled due to safety and health reasons	percentage	Nil	Nil	0.48%
B6.2 Number of complaints on products and services	Number of complaints on products and services	number	5	9	6
B7.1 Legal cases regarding corrupt practices	Number of filed and concluded legal cases regarding corrupt practices	number	Nil	Nil	Nil
B8.1 & B8.2 Community Investment	Monetary donation	RMB10,000	20	5	3
	Donation of goods	RMB10,000	4.42	22	Nil





X. LIST OF MAJOR ESG POLICIES AND REGULATIONS

This table listed the major internal policies mentioned in the ESG Report and relevant laws and regulations identified by the Group that have a significant impact on Neptunus Interlong:

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》) 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》) 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》) 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》) 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》) 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》) Administrative Regulations of the PRC on the Prevention of Pollution and Damage of Marine Environment by Terrigenous Pollutant (《中華人民共和國防治陸源污染物污染損害海洋環境管理條例》) Emission Standard for Air Pollutants from Boilers (《鍋爐大氣污染物排放標準》) 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》) 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》)



ESG aspects	Policy	Laws and regulations
A2. Use of Resources	<ul style="list-style-type: none"> Public Energy Consumption Management Procedures (《公共能耗管理規程》) Resources Management Procedures (《資源管理規程》) Measures on Energy conservation and Consumption Reduction Management (《節能降耗工作管理辦法》) 	<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"> 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》) Measures on Waste Water discharge and Noise Management (《廢水排放和噪音管理辦法》) Environmental Factors Identification, Evaluation, Prevention and Control Procedures (《環境因素識別評估及預防控制程序》) 	<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 Policy (《人力資源管理制度》) Staff Handbook (《員工手冊》) Remuneration and Benefits Management Policy (《薪酬福利管理制度》) Performance Management Policy (《績效管理制度》) 	<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》) Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) Employment Promotion Law of the People's Republic of China (《中華人民共和國促進就業法》) 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》)



ESG aspects	Policy	Laws and regulations
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》) Provisions on Work-Related Injury Insurance of the PRC (《中華人民共和國工傷保險條例》)
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》) 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》) 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 (《供貨商質量體系評估及定點供貨管理制度》)• Material Purchasing Management Policy (《物料採購管理制度》)• 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》)• Material Supply Management Policy (《物料供應管理制度》)	<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	





ESG aspects	Policy	Laws and regulations
	<ul style="list-style-type: none"> Quality Risk Management Policy (《質量風險管理制度》) Quality Review and Analysis (《質量回顧分析管理制度》) Product Rework Management Policy (《產品返工管理制度》) 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》) 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》) 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》) 	<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》) 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》)





ESG aspects	Policy	Laws and regulations
	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》)
	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》) Customer Filing Management Policy (《客戶檔案管理制度》) 	<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》) Trademark Law of the People's Republic of China (《中華人民共和國商標法》) Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)



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	<ul style="list-style-type: none"> Community Investment Policy (《社區投資政策》) 	<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》)





XI. Reference to HKEx ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
A.環境			
Aspect A1 : Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Disclosed	VII. Environmental Aspect, X. List of Major ESG Policies and Regulations
KPI A1.1	Types of emissions and respective emissions data.	Disclosed	VII. Environmental Aspect, IX. ESG KPIs Overview
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VII. Environmental Aspect, IX. ESG KPIs Overview
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VII. Environmental Aspect, IX. ESG KPIs Overview
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VII. Environmental Aspect, IX. ESG KPIs Overview
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Disclosed	VII. Environmental Aspect
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	VII. Environmental Aspect
Aspect A2 : Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		Disclosed	VII. Environmental Aspect, X. List of Major ESG Policies and Regulations

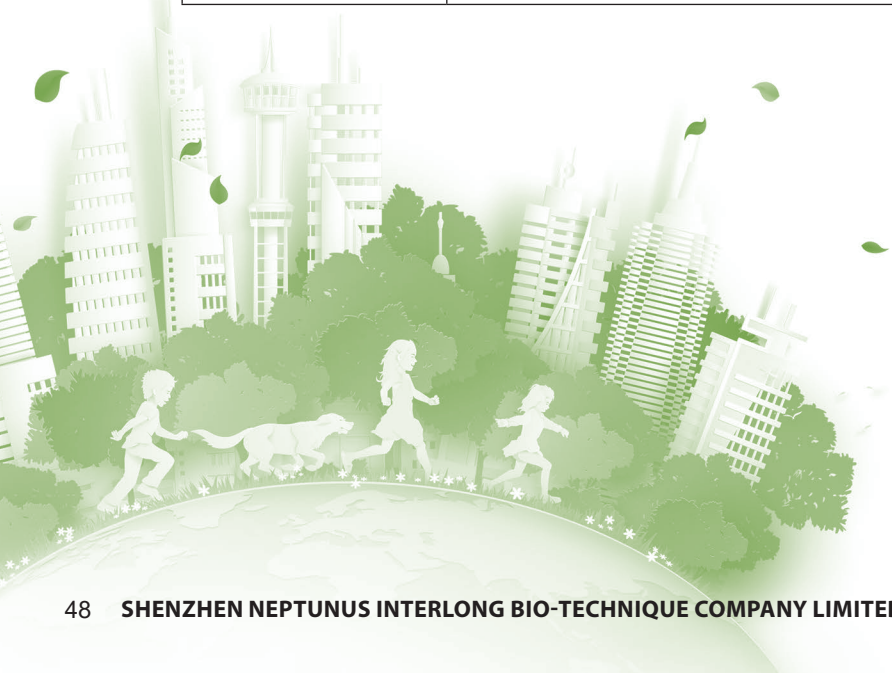


Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	VII. Environmental Aspect, IX. ESG KPIs Overview
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	VII. Environmental Aspect, IX. ESG KPIs Overview
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	VII. Environmental Aspect
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	VII. Environmental Aspect
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	VII. Environmental Aspect, IX. ESG KPIs Overview
Aspect A3 : Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Disclosed	VII. Environmental Aspect, X. List of Major ESG Policies and Regulations
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	VII. Environmental Aspect





Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect A4 : Climate Change			
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Not disclosed	The Group strives to understand the significant climate-related issues that may impact its operations and will improve the measures to manage them. It intends to report such information in the next reporting period.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Not disclosed	
B. Social			
Employment and Labour Practices			
Aspect B1 : Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview





Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect B2 : Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview
KPI B2.2	Lost days due to work injury.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	VIII. Social Aspect
Aspect B3 : Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview
KPI B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview





Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect B4 : Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	VIII. Social Aspect
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	VIII. Social Aspect
Operating Practices			
Aspect B5 : Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B5.1	Number of suppliers by geographical region.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	VIII. Social Aspect
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Not disclosed	The Group strives to understand the impact of its suppliers' operations on the environment and society and will improve the supplier management policy. It intends to report such information in the next reporting period.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Not disclosed	



Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect B6 : Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	IX. ESG KPIs Overview
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	VIII. Social Aspect
KPI B6.4	Description of quality assurance process and recall procedures.	Disclosed	VIII. Social Aspect
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	VIII. Social Aspect
Aspect B7 : Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	VIII. Social Aspect
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	VIII. Social Aspect



Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Community			
Aspect B8 : Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Disclosed	VIII. Social Aspect, X. List of Major ESG Policies and Regulations
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	VIII. Social Aspect
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	VIII. Social Aspect, IX. ESG KPIs Overview





XII. Feedback Form

Dear readers:

Thank you for reading this report! This is the fifth 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:

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

Contact: Mr. Huang Jian Bo

Tel: (86) 755 265411869

Fax: (86) 755 86391610

Postal Code: 518000

Feedback Form on the 2020 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



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?

