



丽珠医药
LIVZON

麗珠醫藥集團股份有限公司
Livzon Pharmaceutical Group Inc.*

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

(Stock code: 1513)



ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2016

* For identification purpose only

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麗珠醫藥集團股份有限公司Livzon Pharmaceutical Group Inc.* (the “Company”) is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) (stock code: 01513). The Company and its subsidiaries (the “Group” or “we”) are primarily engaged in the research and development, production and distribution of pharmaceutical products. The products of the Group cover drug preparation products, bulk medicines and intermediates as well as diagnostic reagents and equipment.

The board of directors (the “Board”) of the Company attaches great importance to environmental protection, social responsibility and corporate governance. While pursuing steady business growth, it also promotes healthy and sustainable corporate development, balances the interests of all parties and commits to social responsibility, with the view of creating greater shared value.

This Environmental, Social and Governance Report (“this report”) aims at enhancing the transparency of our operation through open communication with stakeholders on our performance in environmental, social and governance aspects. It also conveys our message of sustainable development, thereby facilitating our mission of “Promoting Human Health”.

This report is the first “Environmental, Social and Governance Report” issued by the Company, which covers the period from 1 January 2016 to 31 December 2016.

This report is mainly based on the “Environmental, Social and Governance Reporting Guide” of the Hong Kong Stock Exchange effective from 1 January 2016. In preparing this report, we identified and prioritized important stakeholders, identified and prioritized significant ESG issues, determined the scope of ESG reporting, collected the relevant materials and receipts, compiled data based on such information and reviewed the data herein.

This report covers the Company and its wholly-owned subsidiaries and controlling subsidiaries, which is in line with the scope of the consolidated financial statements set out in the 2016 Annual Report of the Company. Terms used herein shall have the same meaning as defined in the 2016 Annual Report of the Company and shall be read in conjunction with it.

The Board and the senior management team of the Group have reviewed this report and guarantee that there are no false representations, misleading statements or material omissions in this report. We would like to express our deepest gratitude to all those who have contributed to this report and our outstanding Environmental, Social and Governance (the “ESG”) performance.

This report is available and can be downloaded from the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.livzon.com.cn). For further enquiries or any comments or suggestions regarding this report, please contact us by fax at (86) 756-8891070 or email at LIVZON_GROUP@livzon.com.cn.

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Established in 1985, 麗珠醫藥集團股份有限公司Livzon Pharmaceutical Group Inc.* is based in Zhuhai, Guangdong Province of the PRC. It is China's first pharmaceutical enterprise of which the A shares and B shares were simultaneously listed. In January 2014, it successfully converted its B shares into H shares, which were then listed by way of introduction and commenced trading on the Main Board of the Hong Kong Stock Exchange.

We are one of the top 50 companies in the pharmaceutical industry in China and one of the National Technological Innovation Demonstration Enterprises. In recent years, we garnered various industry awards in the PRC, including China's Top 20 Most Competitive Listed Pharmaceutical Enterprises in 2011, Top 10 Best Corporate Governance Listed Companies in 2012, Top 10 Listed Companies of Investment Value in 2013, Top 500 PRC Enterprises with Best Brand Value in 2014 to 2016. During this year, the Group's "Research on Key Technology of Industrialization and In-depth Industry-Academia-Research Cooperation on Major Types of Chinese Medicines (Shengqi Fuzheng Injection (參芪扶正注射液) and Anti-viral Granules (抗病毒顆粒))" was awarded the First Class Prize of the China Industry-Academia-Research Cooperation Innovation and Promotion Award, while the "Development and Commercialization Application of Long-Acting Injection Microsphere Technology" was awarded the Second Class Prize of the China Industry-Academia-Research Cooperation Innovation and Promotion Award.

In 2016, the Group developed and optimized the precise pharmaceutical industry chain while successfully completed the non-public issuance of A shares. Leveraging the capital market, the Group accelerated business restructuring and upgrading. Furthermore, the Group was relocated to the Livzon Industrial Park at Jinwan District, Zhuhai City, Guangdong Province. As one of the world's leading modern pharmaceutical production base that were built in compliance with the U.S. FDA and European Union standards, the industrial park has a site area of 427,000 sq. meters and the total investment amounted to approximately RMB2.0 billion. To enhance the overall ESG strategic management and governance of the Company, the management and Board of the Group hold regular meetings to review and optimise the ESG strategy of the Company.

Looking ahead, we strive to become a distinctive pharmaceutical enterprise that integrates the R&D, manufacturing and sales of high-end distinctive specialty drugs. Adhering to the operating approach of "transforming and upgrading, standardized development", the Group will carry on developing new products and stay dedicated to promoting health. We will be committed to "cultivating nourished lives" as always and incorporate sustainability and social responsibility in daily operation. In this way, we continue to enhance our environmental, social and governance initiatives, with the aims of protecting stakeholders' interests, upgrading the brand value and fulfilling our social responsibility.

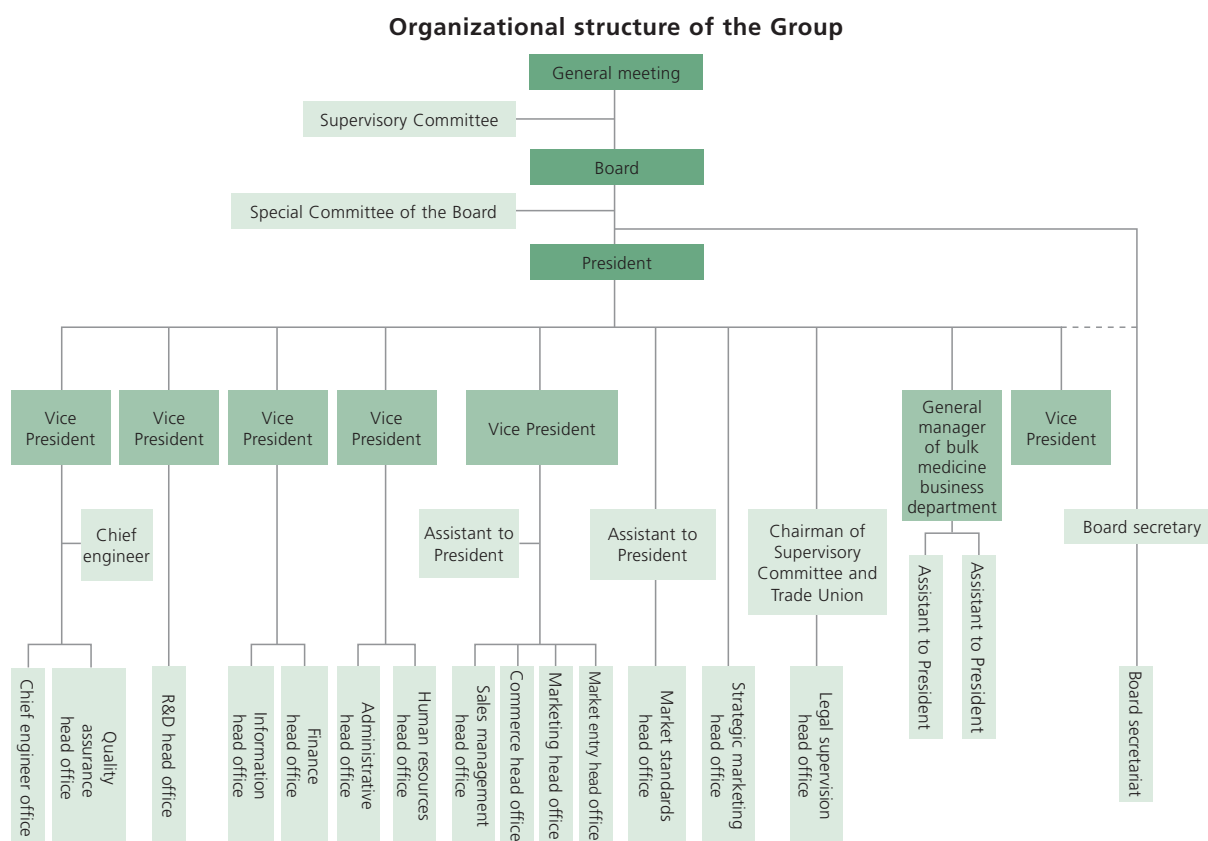


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3.1 CORPORATE GOVERNANCE

Approach of corporate governance

The Company continuously optimizes the corporate governance system, strengthens the internal control system and improves the corporate governance standards in strict compliance with the “Companies Law”, “Securities Law”, “Code of Corporate Governance for Listed Companies” and Appendix 27 “Environmental, Social and Governance Reporting Guide” of the “Main Board Listing Rules” issued by the Hong Kong Stock Exchange. During the year, the decision-making and regulatory bodies of the Company, including the general meetings, the Board and the Supervisory Committee, have strictly followed the requirements of the regulatory operating rules and internal system in performing management decision-making and supervision functions. The operating standards were proven to be effective. The special committees of the Board all carried out their respective duties.



Mission of Livzon

Livzon, Cultivate Nourished Lives

Culture of Livzon

Pragmatic, innovative, efficient

Operating philosophy

Adopt people-oriented strategy, serve with dedication, excel in quality and uphold integrity

Livzon is committed to the career of cultivating nourished lives

Anti-corruption

Well-established system

In order to prevent corruption in the production, operation and management process of the Group, we implemented anti-corruption and anti-bribery measures, strengthened the internal control mechanism, as well as enhanced supervision regulations and anti-corruption regulations by establishing a set of rules and systems including the "Labour Management System", "Anti-corruption and Anti-bribery Regulations" and "Code of Conduct for Sales Personnel". The Group also made efforts to eliminate corrupt practices in material procurement and project construction while preventing incompliance in the production, operation and management process. It took a serious view on corruption activities such as accepting kickbacks, black box operation, price fixing, assisting others to make personal gains and misappropriation of property through exercising official duties.

Based on the actual needs, key employees and partners are required to sign the "Anti-corruption and Anti-bribery Undertaking", which stipulates clearly that staff members in breach of the undertaking will be subject to termination of employment contract and severe cases will be dealt with by the judicial authorities.

Organized structure

Under the supervision of the audit committee of the Group, the audit department established within the market standards office conducted comprehensive and special audit of all enterprises of the Group, for the purposes of strengthening internal control, optimizing corporate governance and effectively achieving company goal.

Risk control

The Company has established a comprehensive internal control system and performs self-evaluation on internal control and risk management annually. Audit on internal control and risk management of the Company is also conducted by third parties annually.

3.2 RESPONSIBLY MANAGEMENT AND COMMUNICATION

Pursuant to the "Environmental, Social and Governance Reporting Guide" of the Hong Kong Stock Exchange, the Board is fully responsible for the ESG strategy and reporting of the Company. The Board is in charge of assessing the ESG risks to facilitate the formulation of effective ESG risk management and internal control system. It also supervises all relevant departments and subsidiaries of the Group to implement such measures.

The Company makes disclosures and publishes regular reports to stakeholders and the public pursuant to the Hong Kong Listing Rules, so that stakeholders including shareholders, investors, creditors and suppliers are timely informed on our operation and able to safeguard their own interests effectively.

Stakeholders identified	Aim of communication	Communication channels
Government departments	<ul style="list-style-type: none"> Comply with relevant laws and regulations and ensure safety of drugs Cooperate with the regulatory work of the government in support of healthy industrial development Ensure tax compliance and promote local economic development 	<ul style="list-style-type: none"> Meetings between government and company Supervision and inspection Work reports and studies

3.2 RESPONSIBLY MANAGEMENT AND COMMUNICATION *(continued)*

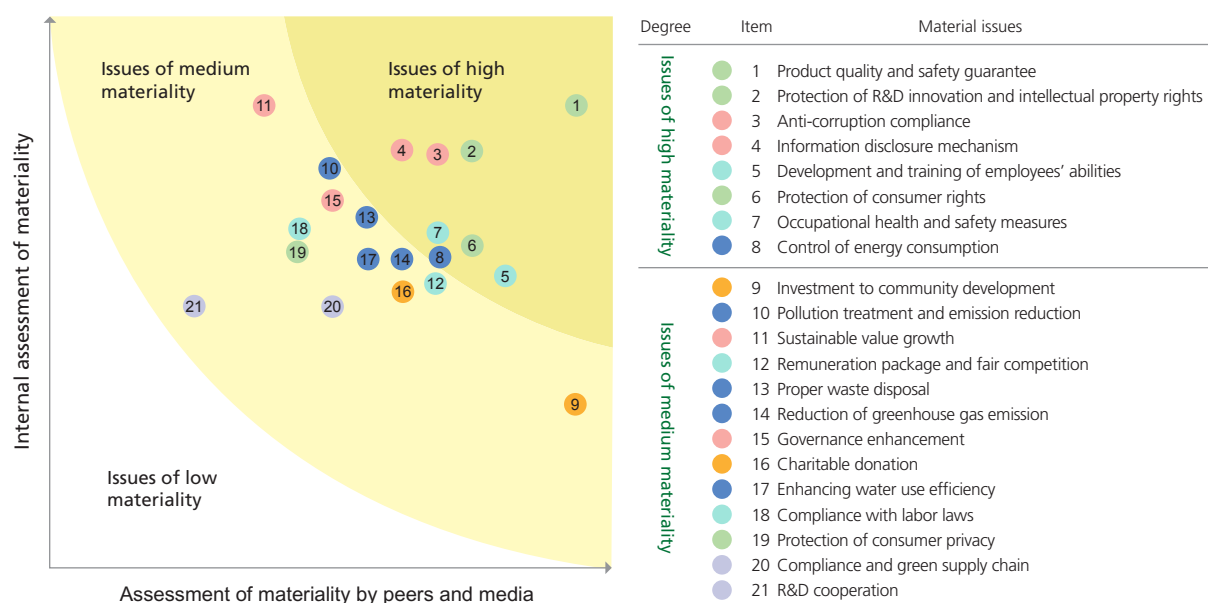
Stakeholders identified	Aim of communication	Communication channels
Shareholders	<ul style="list-style-type: none"> • Adopt reasonable corporate governance standards and stringent risk control • Achieve steady operation to maximize investment return • Open and transparent information disclosure 	<ul style="list-style-type: none"> • General meetings • Investor conferences and on-site visits • Regular updates on operating information and data • Face-to-face interviews and teleconferences
Employees	<ul style="list-style-type: none"> • Safeguard the basic rights of employees • Care for employees' physical and mental wellbeing and safety • Understand employees' needs and their suggestions • Provide training and career development platform 	<ul style="list-style-type: none"> • Staff representative meeting and trade union • Staff satisfaction survey • Opinion and feedback platform • Occupational health and safety training • Daily communication and visits
Consumers	<ul style="list-style-type: none"> • Protect consumer rights and uphold business ethics • Ensure drug quality and safety, timely recall of defective products • Protect privacy of customers and consumers 	<ul style="list-style-type: none"> • Product labelling and information disclosure • Client visits • Consumer satisfaction survey • Handling complaints and opinions from consumers
Partners and suppliers	<ul style="list-style-type: none"> • Maintain good and stable cooperation relationship • Operate with integrity and ensure the drugs are compliant with the standards • Timely communication and coordination with upstream and downstream players to achieve mutual benefits 	<ul style="list-style-type: none"> • Regular exchange and communication • Working meetings, phone calls and correspondences • Company website
Media	<ul style="list-style-type: none"> • Maintain open and transparent information disclosure • Keep good interaction with media 	<ul style="list-style-type: none"> • Phone interview and correspondences • Interviews

3.2 RESPONSIBLY MANAGEMENT AND COMMUNICATION *(continued)*

Stakeholders identified	Aim of communication	Communication channels
Peers in the industry	<ul style="list-style-type: none"> Fair competition among peers to promote steady industrial development Sharing of technology and experience among enterprises 	<ul style="list-style-type: none"> Meetings of trade organizations Sharing sessions On-site visits and exchanges
Local community	<ul style="list-style-type: none"> Take into account the impact of manufacturing and operation on local community Drive local economic development, provide assistance to the disadvantaged groups Health education and help patients Enhance recycle of product packaging and waste to reduce pollution 	<ul style="list-style-type: none"> Community participation Assistance to local community Health campaigns Joining volunteer group

In the preparation of this report, we actively gathered the opinions from various stakeholder groups through a wide range of channels, so as to understand their views towards the Group in terms of ESG performance, which will serve as an important reference for policy and strategy formulation in the future. We also selected and disclosed herein the issues that are most concerned by the stakeholders.

Matrix analysis on materiality of ESG issues of Livzon



4.1 EFFECTIVE AND SAFE PRODUCTS

Emphasis on product responsibility

The Group pursues product effectiveness, safety, stability and consistency and regards product quality as the top priority. It exercises strict control over the product quality system for the production of drugs. Quality assurance is carried out mainly based on drug administration regulations in relation to drug registration, manufacturing and sales.

We have a comprehensive quality management system in place. From drug research and development, clinical research, to commercial production, the Group follows the relevant regulations and requirements of drug administration departments. It also exercises quality control over the entire process, which covers the factory facility and equipment system, quality management system, laboratory control system, material management system, production management system and sanitization management system.

In accordance with the relevant requirements, the Group conducts tests on each batch of incoming raw materials and auxiliary materials, so that only qualified materials are used for production. The Group also implements in-process quality control of each batch of products through strict control of every manufacturing process based on the standard operating procedure, thereby ensuring that only products which meet the standards are proceeded to the next procedure. At the same time, it adopts the quality manager system, where the quality manager is responsible for approving products after reviewing every procedure in the production process. In this way, the Group makes sure that the quality of ex-factory products meet the requirements of the GMP and other regulations.

Honest operation

To ensure that consumers receive full information when purchasing our products, the Group requires the labeling and advertising description of products must reflect the actual conditions of the products. Moreover, in the course of operation, the Group does not collect or store customers' personal information when circumstances does not require the collection of private information.

Communication (complaint) mechanism for consumers

The Group seriously and timely handles enquiries and complaint in relation to quality from purchasers and users of drugs. It keeps proper record of the surname or name and phone number of the complainant, time and details of the complaint. It also promptly identifies the reason and replies to the complainant about the investigation outcomes and handling via phone or letter on every complaint while maintaining detailed record.

Drug recall mechanism

We have a three-tier drug recall mechanism in place based on the severity of potential safety hazards. Prior to the recall, we establish a detailed recall plan and inform the sales companies and customers about the suspension of sales and delivery of drugs. At the same time, we quarantine the inventory in accordance with the relevant requirements and report to the drug administrative authority. We then recall the drugs from distribution channels at all level, take stock, inspect the products and return the drugs to the manufacturing enterprise pursuant to the product return procedure. In order to establish the traceability of drugs that are sold, we maintain complete record when purchasing and selling drugs. We also actively cooperate with drug manufacturers or drug administrative authority in the relevant investigation.



4.2 SUPPLY CHAIN MANAGEMENT

The Group has always attached great importance to quality control and standardized operation across the whole industrial chain. Thus, it established a number of material management regulations, including the “Material Management Regulations”, “Management Measures of Material Procurement”, “Management Measures of Centralized Procurement of Bulk and General Materials” and “Implementation Rules of Tender for Construction Projects”. The Group also specified the procedures in relation to budget, tender, contract, intake, inspection, payment and approval limit of material and equipment procurement. In this way, the Group creates an open, impartial and fair competition mechanism for the suppliers of materials, equipment, engineering and logistics services, which supports the safe, high-quality and efficient operation of the supply chain system.

Establishment of “Supplier Management System”

The main raw materials and auxiliary materials procured and used by the Group are registered or filed with the competent drug administrative authorities. In particular, all suppliers of bulk medicines have obtained the registration approval or import registration from the China Food and Drug Administration (CFDA), while the auxiliary materials are procured from suppliers registered or filed with the CFDA and in compliance with pharmaceutical standards. Apart from certain materials exclusively supplied due to intellectual property rights or secret technology, the Group has identified at least two qualified suppliers for other materials and procured from the best source based on market factors such as the tender process, price quotation and comparison and competitive negotiation. The Group has entered into quality assurance contract with the suppliers. It also conducts supplier audit on a regular basis to ensure that the suppliers’ technology and source of raw materials and auxiliary materials are in compliance with environmental and occupational health regulations. In the case of changes in source of materials, quality standards, technique and equipment, the suppliers are required to report to the quality department and the technique and technology department of the Company. Supply of materials may only resume after the assessment and inspection indicate that there is no adverse effect on product quality, safety, environment and health.

Establishment of supply risk assessment mechanism

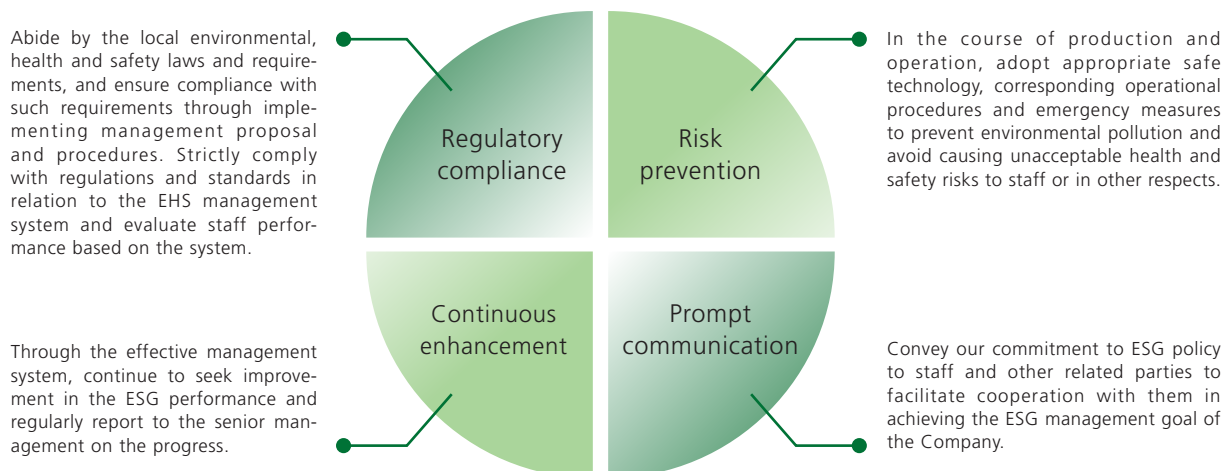
To keep the supply in line with market practices and ensure stability, the Group identifies at least two suppliers for key production materials based on evaluation of production capability, regulatory and EHS compliance and intellectual property rights.

Optimization of daily supervision of supply chain

The chief financial controllers (managers) and quality officers assigned by the Group to different branches supervise the standardization, market-oriented reform, protection of intellectual property rights, operational process and system in relation to the supply chain. The technology, supervision and financial functions of the Group are in charge of the supervision and compliance review of the supply chain management system. The quality head office conducts regular audit on subsidiaries, including the management, system evaluation and quality review on suppliers, to ensure our subsidiaries exercise quality control throughout the supply chain in strict compliance with the GMP standards and all major suppliers are covered.

As the leading integrated pharmaceutical enterprise in the PRC, we adhere to the green and safe production and operation approach and implement the comprehensive environment, health and safety (EHS) management system.

EHS management principles of Livzon



5.1 SOUND GREEN AND SAFE PRODUCTION SYSTEM

The Company has established a sound green production and safe production system, namely the EHS management system, for the purposes of EHS risk control of the entire Group. It has also set up management regulations to prevent accidents:

Areas of concern of the safe production proposal

Occupational health management and control, provision of safe and healthy working environment, machines and equipment control, management and control of protective equipment, emergency measures, supplier management;

Areas of concern in green production

Pollutant emission control, chemical management, proper disposal and recycle of waste, pollution prevention, resources conservation.

To implement and continuously enhance the EHS management system, the Group has set up a series of group-level management system. Details and aims of which are set out below:

"Overall Requirement of Livzon EHS Management System"

- Supervise Class II enterprises to adopt the "plan-do-check-act" (PDCA) model and establish, operate and maintain a standard EHS management system.

"Guidelines for Change of EHS Control of Livzon"

- Provide guidelines for scientific and systematic change of control to business units, which effectively prevent the EHS risks in the entire process of change and reduce EHS accidents arising from the change.

"Regular EHS Meeting and Spot Check Management System of Livzon"

- Enhance the control over daily EHS works of all business units to effectively supervise, assist and promote timely control of EHS risks.

"Measures for the Administration of EHS Accident of Livzon"

- Establish internal accident classification standards to facilitate timely identification and handling of EHS accidents, with the view of preventing and reducing such accidents and controlling the EHS risks of the Group.

"Administrative Procedure for Internal EHS Audit of Livzon"

- Establish standards for internal EHS audit on Class II enterprises and maintain effectiveness of EHS management through audit, so as to prevent and reduce EHS accidents.

"Administrative Measures for EHS Information and Communication of Livzon"

- Gather EHS information from subsidiaries of the Group to monitor implementation of their EHS system, which facilitates timely EHS risk control.

"Identification and Assessment Requirements for Environmental Factors of Livzon"

- Accurately identify the environmental factors in the production and operation, products and services of business units (including our organizations and employees), assess the degree of risks and formulate the tier control system to effectively prevent environmental risk accidents.

The Group requires all Class II enterprises to formulate their own EHS management system based on the "ISO14001 Environmental Management System" and "OHSAS18001 Occupational Health and Safety Management System" standards and the relevant laws and regulations, so that the factories operate in compliance with the Group's EHS management regulations. Class II enterprises also have to report on EHS accidents and provide data promptly to establish a management framework with the chief engineer office, thereby facilitating the continuous enhancement of the Group's EHS management.

5.2 EMPHASIS ON DAILY SAFE AND GREEN MANAGEMENT AND CONTROL

We put great emphasis on the management and control of EHS initiatives of business units. We also supervise, assist and promote their timely control of EHS risks. To implement better EHS control and strengthen EHS management, we grant awards and impose penalties based on the EHS management performance of subsidiaries.

We have the "corporate monthly-group quarterly-group annual" three-tier control system in place and conduct spot checks for the comprehensive monitoring of the Company's daily EHS management.

Level of monitoring	Details
Corporate EHS monthly analysis	The EHS department of subsidiaries conduct monthly analysis of the EHS performance for the month, which covers (including but not limited to) EHS self-inspection, rectification of potential hazards, major EHS risk control, promotion and implementation of new EHS regulations and requirements, change of EHS control, EHS assessment, awards and penalties.
Group EHS quarterly analysis	The EHS department of the chief engineer office holds quarterly video conferences and special meetings on the theme of change of EHS risk control.
Group EHS annual summary	Every year, the EHS department of the chief engineer office organizes all business units of the Group to summarize the EHS performance of the year and plan ahead for the EHS work arrangement of next year.
EHS spot checks	The EHS department of the chief engineer office carries out irregular spot checks without warning within the scope determined at the time.



Two-tier wastewater AO treatment system



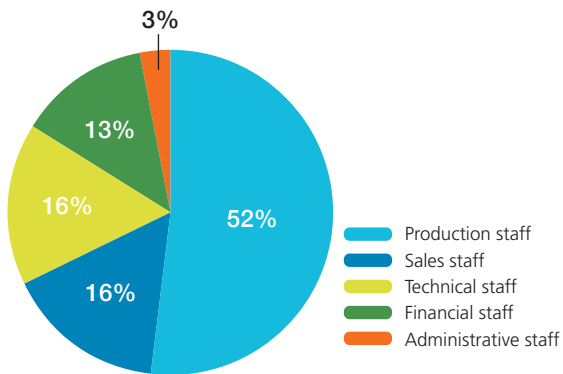
Jet aeration oxidation wastewater treatment system

We conduct communication, exchanges, surveys and analysis in relation to the EHS information of subsidiaries on a regular basis. We also require the subsidiaries to prepare the “Occupational Health and Safety Monthly Report” and “Environmental Protection Monthly Report” every month and guarantee the truthfulness, effectiveness and completeness of such reports.

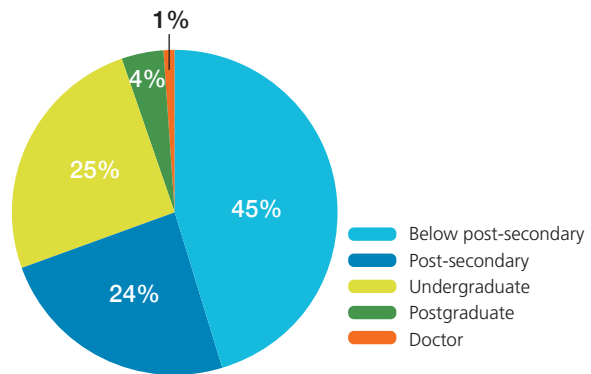


The Group, its wholly-subsiidiaries and controlling subsidiaries have 6,297 employees in total.

Composition by profession

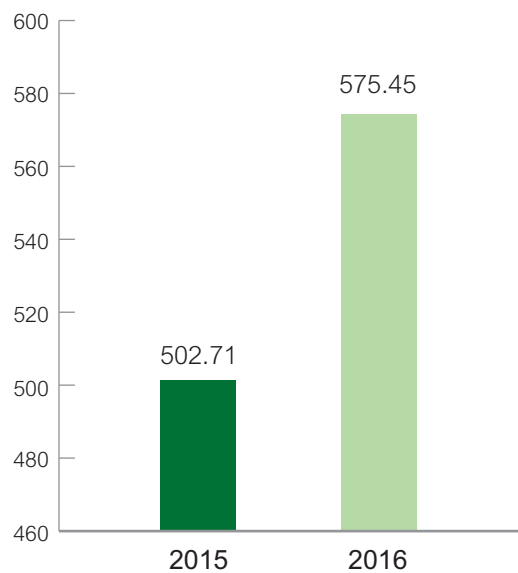


Education level



During the year, the total wages, bonuses, allowances, compensation, welfare, housing funds and social insurance paid to the employees by the Group amounted to RMB575.45 million.

Salaries and benefit expenses



6.1 TALENT MANAGEMENT

Nearly 99% of the Group's employees is located in the PRC. The Group strictly follows the PRC Labour Law and fully complies with the relevant rules and regulations. It has established the "Labour Management System" and "Recruitment Management System of Livzon Pharmaceutical Group", which include a mechanism that ensures employees' entitlement to regular working hour and compensation in compliance with laws. The Group incorporates the principles of "anti-discrimination" and "diversity" in recruitment and employment:

Anti-discrimination

We treat all employees the same way, regardless the ethnicity, race, gender and religion. Women are entitled to equal employment opportunities as men.

Diversity

Our employees come from different regions and are of different ethnicities. They have diverse educational background and there is no gender requirement.

The basic rules of the Group's talent management system are as follows:

- 1) During the probationary period, employees are entitled to wages not less than 80 per cent of the amount agreed in the employment contract and not lower than the local minimum wage.
- 2) Employees are entitled to holidays and statutory paid leaves under relevant PRC laws;
- 3) The Group treats all employees equally. Their employment, remuneration and promotion is not affected by ethnicity, race, nationality, gender, religion, age, sexual orientation, political alignment and marital status;
- 4) The Group informs the job applicants of the job duties, condition, location, occupational hazards, safe production, remuneration and other information at request during recruitment;
- 5) Pursuant to the Labour Law, the Group enters into the employment contract with the employee within the first 30 days of employment;
- 6) The Group does not employ job applicants with subsisting employment contract with other employers;
- 7) The Group does not engage in forced labour by means of violence, threat or illegal restraint of personal liberty, or endanger the personal safety of employees by instructing and ordering them to carry out dangerous operation in breach of regulations;
- 8) The Group provides evidence for release or termination of an employment contract at the time of such release or termination;
- 9) The Group forbids the hiring of underage and complies with the Law on the Protection of the Minors of the PRC.

6.2 TRAINING AND DEVELOPMENT

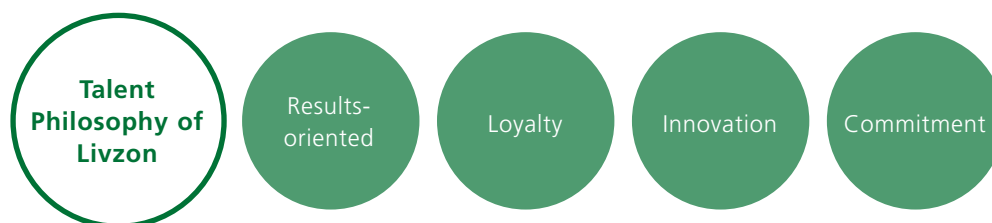
Training

In 2016, the Group continued to develop into a learning organization and achieved remarkable progress. Adhering to the people-oriented talent nurture philosophy, we established the staff learning platform and attached great importance to cultivating employees' personal qualities and the development of the talent pipeline. We actively offered on-the-job training as well as external learning and further studies opportunities to employees. Meanwhile, we also organized educational trainings for professionals and technicians. During the year, for the purpose of improving the quality of the middle management, Livzon Business School has formulated management courses accordingly, strengthened offline communication of management cases and carried out various salons with reference to employees' duties. The Group has selected a number of experts as internal tutors to encourage the communication and sharing of knowledge, experiences and skills among staff members. By fully integrating our internal and external resources, the Group's training system not only effectively helps talent cultivation and development, but also promotes active and motivated learning of employees.

Based on the "Livzon Training Management System", we set up the staff learning platform, namely Livzon Business School. Established in October 2015, Livzon Business School offers online learning opportunities to employees. In 2016, it further strengthened teaching model and combined online and offline approaches to help employees develop deeper understanding while promoting team cohesiveness through offline courses. Livzon Business School offered management trainings on communication skills, implementation and management techniques to the middle management as well. These trainings were attended by over 70 participants per session.



Promotion mechanism



Open competition and talent mobility in an orderly manner: Staff promotion must be based on merit and high-caliber talents will lead less successful counterparts, so as to maintain the rotation and elimination mechanism. Leadership resources are shared within the Group to facilitate orderly flow of talents for development needs.

We introduced the "Measures of Management of the Administrative and Technical Personnel Ranking System" as an institutional means to establish the dual development channels for administrative personnel and technical personnel. This allows employees to give full play to their strengths while expanding their promotion platforms.

6.3 EMPLOYEE CARE

The trade union of the Group implements employee care policy and expresses care for staff in daily life and workplace with the aim of promoting their wellbeing. It offers birthday and festive allowances every month and holds after-work sports activities, outdoor events and ball games. It supports employees to organize interests groups, fun fairs and various types of evening parties and social activities. It also arranges free body checks. For employees who are in need or ill, the Group provides assistance through charity fund-raising and setting aside of labor union fees. Follow-up monitoring is carried out as well. Female employees are entitled to maternity leaves and parental leaves by laws, which provides convenience to their daily lives.



The Group is always dedicated to “the human life and healthcare business”. It not only drives local economic development through business expansion by means of enhancing drug research, development and promotion, but also commits to charity and humanitarian duties by actively providing assistance to disaster areas from time to time. Through public welfare and poverty relief initiatives, it takes up social responsibility and gives back to society.

7.1 UNIQUE CHARITY EVENTS

In 2016, the Group held the opening ceremony of the “Stand by You” charity campaign at the Reproductive Medicine Center of the First Affiliated Hospital of Zhengzhou University. This campaign aims at families with special difficulties planning to have a second child. As a life and healthcare company, the Group persists in helping those in needs and fulfilling its social responsibilities. Through the care for humanity and social responsibilities, it provides assistance to families bereft of their only child as well. In the past decade, there were a total of 800,000 families which lost their only child and approximately 160,000 infertile families in China. Meanwhile, the percentage of families experiencing financial difficulties remained high. In the face of adversity, the Group donated reproductive and fertility products to bereaved one-child parents in support of creating a caring society.



7.2 ONGOING EMPLOYEE ACTIVITIES

In April 2016, the Group organized a social welfare activity at Zhuhai Social Service Centre where it bought necessities including rice, edible oil, fruit, milk and bread for over 180 children. The Group also visited different parts of the centre with Teacher Xiang, a social worker, and was briefed on the children’s daily lives.

In May and November 2016, the Group’s trade union collected and donated winter clothes, quilt, and school supplies to Xinjiang.

In May 2016, we donated drugs worth RMB1 million to the Health and Family Planning Bureau of Yuanling County, which will be provided free of charge to patients.

In July 2016, we donated drugs worth RMB184,800 to Anhui Red Cross for flood relief and RMB100,000 to Jindong Town, Xinyi City. In November 2016, the Group donated RMB50,000 to Zhuhai Red Cross for “Action for Vision”, a campaign that funds cataract surgery for patients.

In August 2016, we participated the “Walk for Love” event in Yunnan and sent classroom chairs, desks and televisions to Hailongwan Primary School. It is Livzon’s another charitable initiative to students in mountainous area in addition to the long-term support to Guan’er Village Primary School at Hunyuan County, Shanxi.



In order to promote youth development and Project Hope in Guangdong Province, we donated drugs worth RMB500,000 to Guangdong Youth Development Foundation in December 2016. The supplies will be applied to the “Youth Poverty Relief and Health Support” campaign, which is a three-year (2016-2018) youth health and family planning voluntary program in Guangdong.



HONG KONG STOCK EXCHANGE “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” INDEX

Disclosure aspect (general disclosure)	Description	Reference section
Aspect A1: Emissions	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	5. Green and safe production
Aspect A2: Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	5. Green and safe production
Aspect A3: The Environment and Natural Resources	Policies on minimising the issuer’s significant impact on the environment and natural resources.	5. Green and safe production
Aspect B1: Employment	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) relevant laws and regulations</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	6. Staff development and care
Aspect B2: Health and Safety	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) relevant laws and regulations</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	5. Green and safe production

HONG KONG STOCK EXCHANGE “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” INDEX *(continued)*

Disclosure aspect (general disclosure)	Description	Reference section
Aspect B3: Development and Training	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	6. Staff development and care
Aspect B4: Labour Standards	Information on: (a) the policies; and (b) relevant laws and regulations relating to preventing child and forced labour.	6. Staff development and care
Aspect B5: Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	4. Product and supply chain responsibility
Aspect B6: Product Responsibility	Information on: (a) the policies; and (b) relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4. Product and supply chain responsibility
Aspect B7: Anti-corruption	Information on: (a) the policies; and (b) relevant laws and regulations relating to bribery, extortion, fraud and money laundering.	3. Responsibility governance
Aspect B8: Community Investment	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.	7. Community development

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