



聯康集團

Uni-Bio Science

Uni-Bio Science Group Ltd.
聯康生物科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 0690

2018

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT

* For identification purposes only

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ABOUT THE GROUP

Uni-Bio Science Group Ltd. (“Uni-Bio” or the “Group”) is a leading biopharmaceutical and healthcare company, whose business involves the research & development, production, manufacturing, sale and distribution of biopharmaceuticals and chemical pharmaceutical products. In 2018, Uni-Bio continued to promote innovation and business diversity, and invested a total of HK\$44.2 million in drug research and development during the Year. The Group principally operates in mainland China. Despite various regulatory pressures and risks faced by the industry, the Group believes that innovation and business diversity can stabilize its business, and the increasing public awareness of health will become a solid foundation for future healthy development of the pharmaceutical industry.

ABOUT THIS REPORT

This report is the third Environmental, Social and Governance Report (the “Report”) released by the Group. The Report discloses the Group’s environmental, social and governance policies, measures and performance to help stakeholders understand the Group’s progress and direction for sustainable development issues. The Report is prepared in Chinese and English and has been uploaded to the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Group’s website (www.uni-bioscience.com).

Scope of Reporting

The Report discloses the Group’s environmental, social and governance performance for the financial year from 1 January 2018 to 31 December 2018 (the “Year”). Like last year’s report, the Report focuses on the operations in relation to the biological and chemical pharmaceutical product business in the Group’s production base¹ in Beijing (the “Plant”). The Report does not cover the operations of the PRC R&D center, the business office and the Hong Kong head office (including the operations of property investment, property management and hotel operation segments). However, the Group plans to upgrade its internal data collection system and gradually expand the scope of reporting in the future.

Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”), Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and based on four reporting principles — materiality, quantitative, balance and consistency.

To help stakeholders understand the environmental, social and governance performance of the Group, the Report not only discloses environmental key performance indicators (“KPIs”) in accordance with the “comply or explain” provisions, but also reports on certain social KPIs under the “recommended disclosures” of the Guide. To ensure the accuracy of environmental KPIs, the Group has commissioned Carbon Care Asia, a professional consultancy company, to conduct a carbon assessment.

Confirmation and Approval

The Group has established internal monitoring and formal review procedures to ensure that all information presented in the Report is accurate and reliable. The Report was confirmed and approved by the Board on 16 May 2019.

Feedback

The Group values the opinions of stakeholders. If you have any questions or suggestions about the content or format of the Report, please contact the Group by the following means:

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¹ Beijing Genetech Pharmaceutical Co., Ltd. (“Beijing Genetech Pharm”), a wholly-owned subsidiary of the Group, operates the production base in Beijing.

DIRECTOR'S MESSAGE

In order to fulfill our corporate social responsibility, Uni-Bio strives to integrate the concept of sustainable development into its daily operations, prioritizes product quality and continues to innovate to cope with the health challenges arising from environmental and social changes. As a pharmaceutical company, the biggest risks come from environmental protection and drug quality control. The Board is responsible for identifying ESG-related risks and ensures effective management. Meanwhile, the management must establish an internal control system for ESG risks, and review and ensure its effectiveness regularly.

Under the leadership of the Board, the sustainable development framework of the Group is divided into four parts. Firstly, the Board is responsible for formulating the Group's overall sustainable development strategy. Secondly, the department chiefs are responsible for supervising sustainable development. They review the effectiveness of sustainable development through holding management meetings regularly. Thirdly, the Group ensures the successful implementation of the actual sustainable development strategy by setting up work teams (mainly for environmental protection), such as Environmental Protection Management Committee, Staff Performance Appraisal Team and Drug R&D Team. Fourthly, all business units and departments must enhance environmental and social performance in their respective job responsibilities.

Stakeholders play an important role in the sustainable development of the Group. Through stakeholder communication activities, we can understand the needs and opinions of stakeholders, so as to adjust the measures and objectives of the company, and prioritize different issues for proper resource allocation. We have determined the reporting focus of the Report with reference to the opinions of stakeholders. In the future, we will continue to communicate with stakeholders and try to reach out to more stakeholders from different sectors.

The Group is currently planning to establish a dedicated sustainable development committee, as detailed in the relevant sections of the Report. Looking forward, the Group will continue to comply with the constantly updated international standards, improve production quality, protect the development opportunities, health and safety of employees, and lead the industry in improving social and environmental performance, with a view to contributing to society.

Kingsley Leung

Chairman

Uni-Bio Science Group Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board of the Group is committed to shouldering the responsibility to lead and monitor all aspects of the Group's operations while striving to achieve the Group's future goals and plans through effective corporate governance.

To improve the Group's sustainable development framework, the Board will consider setting up an environmental, social and governance committee as and when appropriate to further strengthen the Group's sustainable development management by clarifying the committee's responsibilities, authority and available resources. The members of the committee will include the Group's core management personnel in the areas of environmental protection, employment management, product responsibility and community investment, so as to further identify and implement relevant strategies and actions.

Risk Management

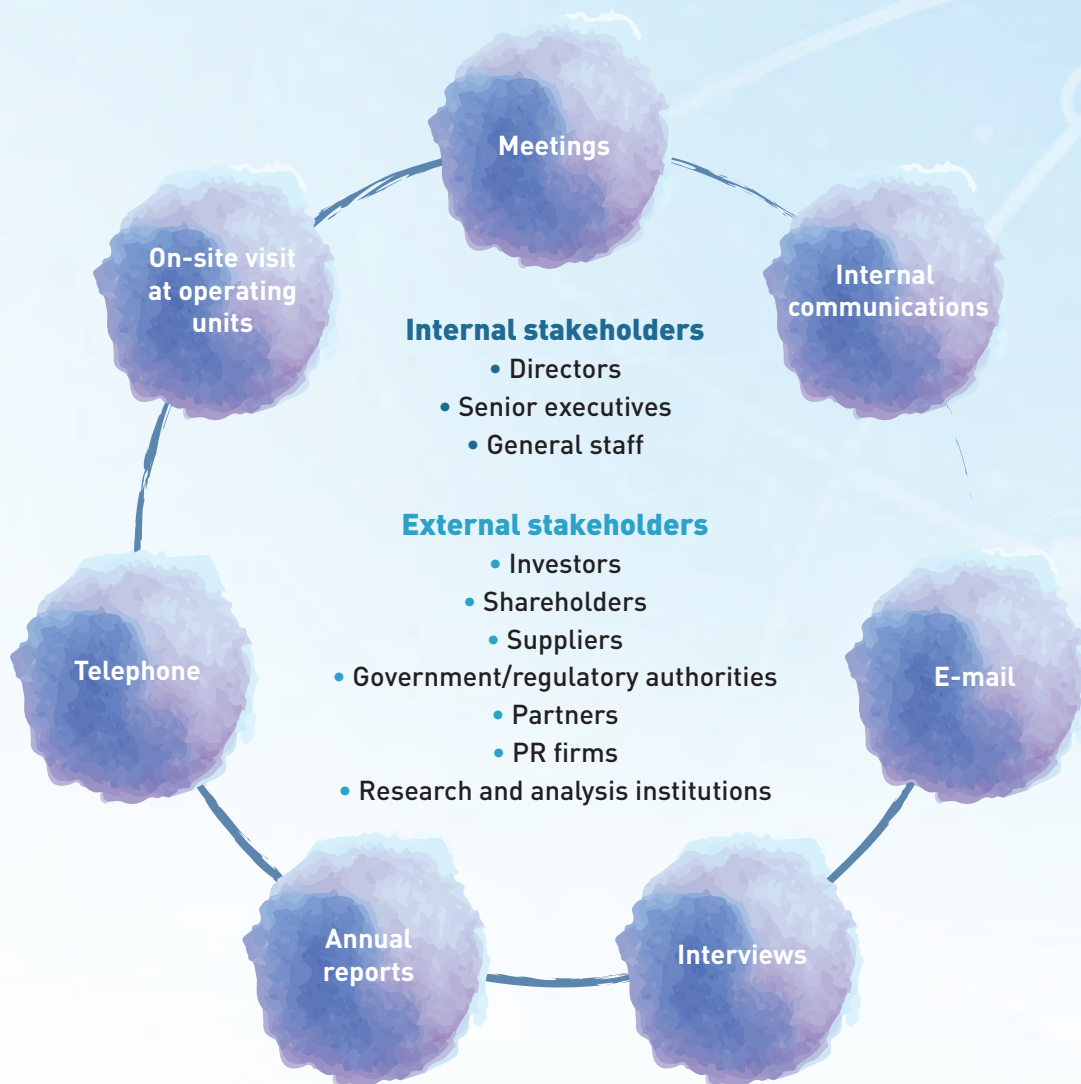
The Group believes that a comprehensive risk management system is integral to effective corporate governance. The Group has established a risk management system to help the Group identify operational risks including capital risks, market risks and credit risks. In addition, the Group established the audit committee in 2001, which is mainly responsible for the following two aspects of risk management:

- To review the Group's report on the risk management and internal control systems prior to endorsement by the Board; and
- To discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to establish effective systems.

In the future, the Group will also consider incorporating environmental, social and governance risks into the risk management system to effectively identify and manage the Group's environmental, social and governance risks.

COMMUNICATION WITH STAKEHOLDERS

The Group values communication with stakeholders² in the daily operation process, so as to establish a relationship of mutual trust. Communication activities not only allow stakeholders to have an understanding of the Group's sustainable development plans and approaches, but also provide an opportunity for the Group to listen to the opinions of the stakeholders, and review the potential risks and business opportunities of the Group in relation to sustainable development, so as to further prioritize different issues and formulate corresponding policies and measures.



² "Stakeholders", also known as "interested parties" or "interest holders", refer to groups and individuals who have significant influence on the business of the company or who are affected by the business, including the Board, the management, executives and general employees on the internal side, as well as shareholders, business partners, customers, government and regulatory authorities, banks and investors and social groups on the external side.

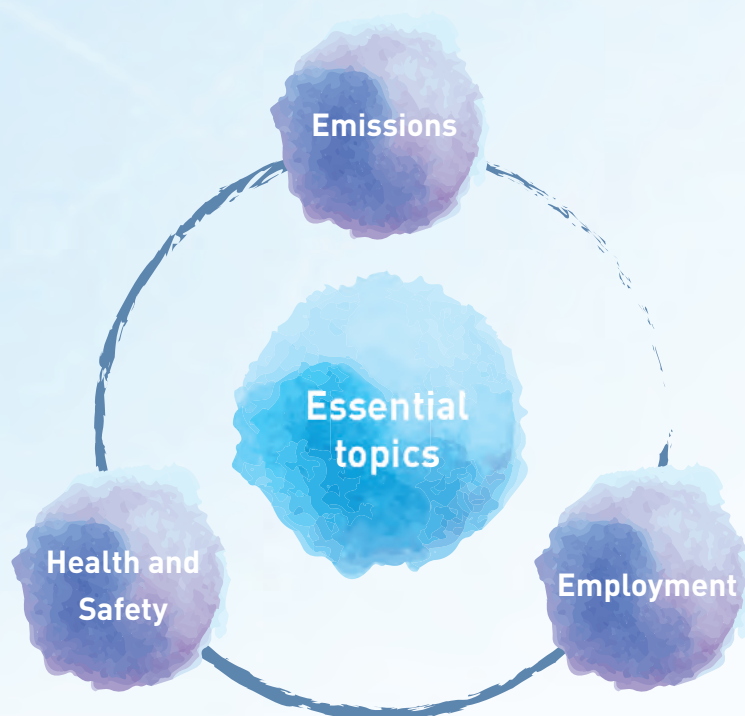
Major Ways of Communication with Stakeholders during the Year

Internal stakeholders	External stakeholders
Directors, senior executives and general staff	Investors, shareholders, suppliers, government/regulatory authorities, business partners, PR firms and research and analysis institutions
Communication Means Questionnaire, meeting, email, annual report, telephone, site visit and internal correspondence, etc.	

Significance Assessment

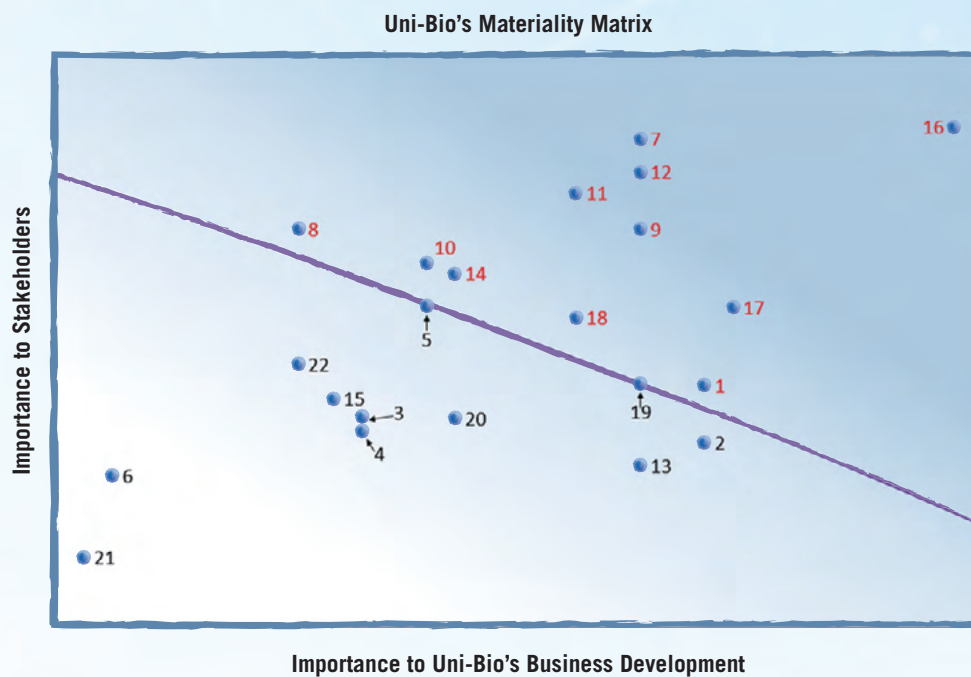
To establish the Group's sustainable development strategy and direction, and to identify environmental and social issues that are critical to the Group and the stakeholders, the Group commissioned an independent consultancy company to conduct management interviews. Based on the interview results and the opinions of the consultancy company, the Group selected 3 out of the 11 environmental and social aspects in the Guide as the key issues to be discussed in the Report.

In addition, the Group first commissioned a consultancy company to conduct an online survey aimed at understanding employees' opinions and recommendations on the sustainable development of the Group during the Year, and authorized the consultancy company to conduct materiality analysis. All questionnaires were conducted anonymously to ensure the confidentiality of communication. A total of 23 valid questionnaires were collected in this online survey.



Materiality Analysis

Carbon Care Asia identified 22 issues that were most relevant to the Group's business, covering four major areas, namely "environmental protection", "employment and labor practices", "operational practices" and "community investment", and used them as a basis for communication with internal stakeholders. In the survey, the stakeholders were asked to rate the importance of the 22 issues to individuals and Uni-Bio's business development. Based on the survey results, Carbon Care Asia conducted materiality analysis and identified 11 most critical issues. The following graph is the materiality matrix of the Group. The 11 issues above the purple line are the materiality issues of the Group.



The 22 issues are listed in descending order of importance as follows, of which issues shaded in blue are materiality issues of the Group:

No.	Issue	Issue category
16	Establishing a GMP certification system to ensure drug quality	Operational practices
7	Establishing a comprehensive employment system to inform staff of employment arrangements	Employment and labor practices
12	Providing personal development opportunities for employees to help them realize their self-worth	Employment and labor practices
11	Providing training for employees to improve their knowledge and skills in performing job duties	Employment and labor practices
9	Establishing an occupational health and safety management system	Employment and labor practices
17	Taking responsibility for products or services provided (e.g. establishing a system to protect intellectual property; responding to complaints related to products or services properly)	Operational practices
10	Providing activities aimed at promoting employees' physical and mental health to reduce their work stress	Employment and labor practices
14	Taking measures to prevent forced labor (e.g. ensuring that all employees work voluntarily and are not forced to work beyond normal working hours)	Employment and labor practices
18	Protecting customers' interests (e.g. protecting customers' data and privacy)	Operational practices
8	Providing an equal and diversified work environment to avoid discrimination or sexual harassment in the workplace	Employment and labor practices
1	Managing and monitoring air pollutant and greenhouse gas emissions, and responding to national energy conservation and emission reduction policies	Environmental protection
5	Understanding the impacts of business activities on the environment and natural resources, and taking action to manage such impacts	Environmental protection
19	Establishing preventive measures and internal monitoring systems to prevent corruption	Operational practices
2	Managing and monitoring waste water discharge and waste disposal to reduce the negative impact of operations on the environment	Environmental protection
13	Taking measures to prevent child labor	Employment and labor practices
20	Establishing anti-corruption whistle-blowing channels and procedures	Operational practices
22	Investing resources in different areas to promote community development	Community investment
15	Analyzing environmental and social risks of the supply chain, identifying high-risk links, and adopting environmental and social indicators as one of the bidding standards	Operational practices
3	Taking measures to use water resources effectively	Environmental protection
4	Taking measures to improve energy efficiency	Environmental protection
6	Organizing more public welfare activities with the theme of environmental protection, and inviting employees to participate actively	Environmental protection
21	Understanding the needs of the community where the company operates, ensuring its business activities take the community interests into account	Community investment

The Report will continue to focus on the 11 materiality issues of concern to stakeholders and report on the performance of the Group in each area.

VALUING OUR EMPLOYEES

Employment

The Group values the establishment of a complete employment system, respects employees and grants them the rights and interests they should be entitled to. The Group has formulated the Employee Handbook, specifying the Group's management methods in respect of remuneration and dismissal, recruitment and promotion, working hours, holidays, anti-discrimination, equal opportunity and other treatments and benefits.

The Group respects the individual differences of employees and does not discriminate against any employee or candidate. The Group also prevent employees from being treated unfairly due to their gender, age, nationality, marital status, physical condition and position rank. Meanwhile, the Group also actively promotes employment diversity, such as providing job opportunities for disabled persons and encourage them to mingle with society. During the Year, the Group employed three disabled persons for greening within the Plant, such as tree trimming. In the future, the Group will continue to promote the development of employment diversity and protect the rights and interests of all employees.

During the Year, the Plant organized activities including the "Goddess Festival", Mid-Autumn Walking and safety development, strengthening team building and enhancing employees' sense of belonging. In addition, the Plant also attached great importance to communication activities with employees, such as organizing union gatherings. During the Year, the Plant actively responded to the employees' opinions on canteen renovation, and imposed more stringent management on canteen environment and food quality through regular supervisions and inspections by the Administrative and Logistics Department.

Meanwhile, the Group recognises employees' outstanding performance in their routine jobs with commendations or rewards, the assessment of which is one of the conditions for future promotion. Written recognition will be issued by the Group and recorded by the HR Department if an employee contributes to the following areas.

- Proposing reasonable recommendations for the Group's business operations such that significant outcomes are achieved;
- Dealing with emergencies properly to prevent the interests of the Group and its employees from being compromised; and
- Long-serving and contributing to the Group's business development.

The Group complies with the relevant laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Rights and Interests of Women. There were no cases of non-compliance in relation to employment within the Group during the Year. Looking forward, the Group will consider formulating a diversity policy to further providing a guideline on building a diversified and integrated working environment for each operation site.

Health and Safety

Uni-Bio is committed to protecting the health and safety of its employees in a bid to reduce dangerous incidents. Currently, the Plant of the Group has established the Emergency Plan for Hazardous Chemical Accidents and a series of occupational disease prevention and control systems to ensure the safety of the workplace.

Emergency Response for Hazardous Chemicals

The Emergency Plan for Hazardous Chemical Accidents of the Group stipulates that the Equipment Department should monitor and control the key hazard sources of the production sites every day in order to strengthen the management of the potential risks of hazardous chemicals. In addition, the Group has formulated a five-level response procedure to ensure effective control of hazardous chemical accidents and reduce the impact on the health and safety of employees.

Response procedure	Handling method
Team response	The person on-duty must immediately organize on-site rescue, and report to the superior department and notify the fire department rapidly.
Department response	The person in charge of the department must arrange for evacuation of staff rapidly according to the on-site situation.
Company response	The emergency command center will keep in touch with the on-site staff and initiate emergency plans in due course.
Setting up precautionary zone	Setting up control and precautionary zone according to the leakage situation and explosion range, prohibiting vehicles and pedestrians from entering the control area.
Staff evacuation	Transferring trapped employees to safe areas according to the on-site situation. If the transfer is difficult, on-site protection measures must be adopted.

Occupational Disease Prevention and Control

Occupational disease prevention and control is also the focus of the Group. The Plant has set up a leading group for occupational health, which is responsible for occupational disease prevention and control among employees, committing to prevent and eliminate the relevant occupational disease risks. In addition, the Hazard Warning and Informing System of Occupational Disease states that the Group has the obligation to inform its employees of the occupational disease risk factors existing in the workplace, such as exposure to dust, noise and toxic and harmful gases, so as to safeguard the relevant rights and interests of employees.

- Pre-employment notification: before signing the contract with the employee, the Group must truthfully disclose the potential occupational risks existing during the work process and indicate it in the labor contract;
- On-site notification: the Group must set up bulletin board in the production workshop to announce the categories of occupational diseases, consequences, emergency treatment methods and other relevant occupational disease prevention and control systems; and
- Informing of examination results: if any situations similar to occupational diseases are suspected according to the occupational health examination results, inform the staff in time and provide necessary help.

Safety Training

The Occupational Health Publicity, Education and Training System of the Group stipulates that the HR Department must regularly conduct occupational health training for employees to elevate the overall occupational health knowledge level, and meanwhile, instruct employees the proper use of occupational disease protection equipment and individual protection equipment.

The Group complies with the relevant laws and regulations such as the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Fire Protection Law of the People's Republic of China. There were no cases of non-compliance in relation to health and safety within the Group during the Year.

Development and Training

The Group emphasizes the importance of systematic training in enhancing employees' professional skills. Measures regarding employee training adopted by the Group are specified in the training sections of the Staff Handbook and the Manual on Human Resource Management.

The Group classifies training into three categories, namely internal training, external training and staff self-training, to build various training channels for employees. In addition, employee training results will be used as a key reference for year-end performance appraisal and promotion.

Type of Training	Content of Training	Remark
Internal Training	Orientation training for new employees, management skills training, professional skills training, position transfer training, etc.	<ul style="list-style-type: none">• The Human Resources and Administration Department is mainly in charge of organizing and planning internal training.
External Training	Safety extension activities	<ul style="list-style-type: none">• External training plans should be submitted to executive departments for confirmation and the content of training should be related to work;• After completion of external training, employees who received training must provide the Human Resources and Administration Department with relevant training information for record, and conduct training sharing with other internal employees as and when appropriate; and• External training fees are reimbursed in accordance with the relevant provisions of the Training Agreement.
Staff self-training	Academic and degree examination, professional title examination, qualification examination, etc.	

In addition, the Plant conducts performance appraisals on a quarterly and annual basis to evaluate the work performance of all employees. Employees who score above 85 in the performance appraisal will be given preference in promotion, salary adjustment and more external training opportunities in accordance with the provisions. All performance appraisal results will be reviewed by the Assessment Team and announced to the public.

Labor Standards

The Group strictly prohibits the employment of child labor or forced labor in its operations, and specifies the prohibition in the Staff Handbook.

As provided under the Staff Handbook and the Manual on Human Resource Management, the Human Resources and Administration Department must examine the identity documents of job applicants. If the job applicant is under the age of 16, he/she must not be hired. If a violation of such provision is identified after employment, the labor contract of the relevant party will be immediately terminated and his/her parents will be contacted to escort him/her home.

Furthermore, the Group does not encourage employees to work overtime. If overtime work is necessary due to business arrangement, the relevant employee must submit an overtime work application to the department director and the general manager and get their approval. After overtime work, the Group will offer overtime compensation, including compensatory leave and overtime allowances, to employees who work overtime. In its daily operations, the Group strictly prohibits any unfair actions harming the employment relationship between employees and the Plant, such as withholding deposit or identity documents, or forcing employees to work by means of violence, threats or restrictions on personal freedom.

The Group complies with the relevant laws and regulations, including the Labor Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Minors. During the Year, no violation relating to child labor or forced labor occurred in the Group.

PROTECTING THE ENVIRONMENT

Emissions

Uni-Bio stresses the importance of reducing the impact of emissions generated in its operations on the environment. Therefore, the Group has formulated the Waste Management Rules and the Hazardous Waste Management Plan to regulate the disposal procedures of solid waste, liquid waste and exhaust gas.

Waste and Liquid Waste

Waste generated in the production process will be immediately put into waste storage bags and then delivered to the waste storage area by designated personnel. Non-hazardous waste comes mainly from domestic waste generated in daily operations, which is handled by the Waste Collection and Transport Department. For toxic and hazardous waste, the Plant has set up special warehouses for storage and put up warning signs. The waste will be centrally collected and then delivered to qualified units for disposal. Liquid waste, such as mercury-containing liquid waste and liquid waste of chemical reagents, must be neutralized and steam sterilized before being discharged.

During the Year, there was no significant difference in the production of hazardous and non-hazardous waste compared with last year. In terms of the industrial nature of hazardous waste, liquid waste of chemical reagents accounted for 85% of the total hazardous waste emissions.

Type of waste		Emissions in 2018	Emissions in 2017	Unit
Hazardous waste	Dust from vacuum cleaners (HW03)	0	0.001	tons
	Mercury-containing liquid waste	0.081	0.018	
	Liquid waste of chemical reagents	1.04	1.14	
	Acids and alkalis	0.1	0.2	
Non-hazardous waste	Cartons and woven bags	0.5	0.05	
	Domestic waste	120	120	

Waste Water

During the Year, the Group generated 8,000 m³ of waste water, 50% of which was reused by water chillers and 20% was used for the greening in the Plant.

Exhaust Gas

Air emissions from the Group comes mainly from the operation of the production base in Beijing, including particulate matter produced in the production process, pollutants released from the combustion of natural gas by gas-fired boilers, and exhaust gas produced from the use of automobiles. Exhaust gas must be purified before being discharged.

Compared with 2017, emissions of nitrogen oxides and sulfur oxides during the Year significantly decreased by approximately 87% respectively, primarily due to the retrofits of gas-fired boilers conducted by the Plant. Meanwhile, the production of particulate matter increased, mainly due to the increase in production intervals.

Type of emissions	Emissions in 2018	Emissions in 2017	Unit
Nitrogen oxides	83	632	kg
Sulfur oxides	4	32	
Particulate matter	204	27	

Greenhouse Gas

During the Year, the Group commissioned a consultancy company to conduct a carbon assessment to quantify the greenhouse gas emissions (or “carbon emissions”) generated by its operations. The quantitative process is based on the guidelines issued by the National Development and Reform Commission of the People’s Republic of China and international standards such as ISO14064-1 and the Greenhouse Gas Protocol.

The Group’s carbon emissions come mainly from indirect emissions produced by purchased electricity and purchased hot water (scope 2³), representing approximately 91% of the total greenhouse gas emissions and amounting to 1,816 tons of carbon dioxide equivalent.

Total carbon emissions
1,988 tons of carbon dioxide equivalent

Release from purchased electricity
percentage of carbon emissions:
54%

Carbon emissions intensity (in area)
0.19 tons/m²

The Group will consider formulating a policy on greenhouse gas management in the future, so as to reduce the greenhouse gas emissions generated by its operations. Focusing on the main sources of carbon emissions, the Group will continue to assess, record and disclose its greenhouse gas emissions and other environmental data every year, and use the data for the Year as the benchmark for comparison with future data, in order to review the effectiveness of existing measures and set further emission reduction targets in the future.

The Group complies with the relevant laws and regulations, including the Environmental Protection Law of the People’s Republic of China, the Law on the Prevention and Control of Water Pollution of the People’s Republic of China and the Law on the Prevention and Control of Air Pollution of the People’s Republic of China. During the Year, no violation relating to emissions occurred in the Group.

USE OF RESOURCES

Uni-Bio aims to enhance the management of resources, such as water and electricity, in its operations by formulating the Management Measures for Energy Conservation of the Company.

Use of Resources	Conservation Measures
Water	<ul style="list-style-type: none">• The Engineering Department of the Group should examine water supply pipelines from time to time and repair or replace damaged pipelines, when discovered, in a timely manner; and• When cleaning vehicles, employees should use buckets for cleaning instead of using water pipes to wash the vehicles directly.
Electricity	<ul style="list-style-type: none">• After using electrical equipment, employees should shut off the power in time to reduce energy consumption;• The Engineering Department should inspect the electrical facilities in the office and dormitory areas from time to time. If there is leakage, tripping operation or other phenomena, the department should contact the relevant departments for repairs in a timely manner; and• The Plant should carry out necessary energy-saving renovations according to the actual situation, replacing aging or high energy-consumption electrical appliances.

³ Indirect greenhouse gas emissions from energy usage

In addition, the Group has standardized the use of various resources to enhance employees' awareness of resource conservation. The Group has established a specific reward and punishment mechanism targeting the use of water and electricity in the Plant.

Project Example: Water Recycling System

During the Year, the Plant recycled the cleaning water from the biopharmaceutical workshop to the cooling pool, cooling and recycling the water through the cooling tower, so as to save water resources. Since the cleaning water is purified water, it can reduce the production of incrustation when in use, protecting the water pipeline while helping improve the cooling effect.

During the Year, the resources used by the Group mainly included the fossil fuels burned in the Plant and the electricity, water, raw materials and packaging materials consumed in daily operations. Indirect energy such as electricity and hot water, which was mainly used for equipment operation in the Plant, was the most-consumed energy of the Group, accounting for approximately 76% of the total energy consumption of the Group. For other energy consumption, please refer to the environmental performance section in "Overview of Key Performance Indicators".

Total direct energy consumption
855 MWh equivalent

Total indirect energy consumption
2,728 MWh equivalent

In the future, the Group will continue to improve the resource use efficiency in the production process and gradually set quantitative targets based on the resource consumption of the Year.

Environment and Natural Resources

The Group understands that any chemicals leakage will have a significant impact on the surrounding environment and natural resources. As such, the Group has formulated the Hazardous Waste Management Plan and set up the Environmental Management Committee in a bid to reduce the environmental risks of operations.

The Environmental Management Committee consists of a director, an executive director, a secretary general and members. Employees from each position assume different functionalities towards environmental management work.

Position	Responsibility
Director of the Environmental Management Committee	<ul style="list-style-type: none"> Leading environmental management work of the Group; and Approving the execution documents of all environmental management work.
Executive Director of the Environmental Management Committee	<ul style="list-style-type: none"> Assisting the Director of the Environmental Management Committee to coordinate the environmental management work of various departments of the Group.
Secretary General of the Environmental Management Committee	<ul style="list-style-type: none"> Implementing environmental management policies and strengthening relevant training on environmental management throughout the Group.
Members of the Environmental Management Committee	<ul style="list-style-type: none"> Measuring the relevant data of environmental management.

During the Year, the Group invested a total of RMB420,000 in improving environmental protection facilities, such as boiler improvement and canteen lampblack purification equipment upgrade, the invested amount increased by 8% as compared to the same period last year.

RESPONSIBLE OPERATION

Supply Chain Management

Uni-Bio understands the importance of managing the supply chain for its operations. The Group selects suppliers that meet the Group's requirements in all aspects according to the internal management system, including the Measures on Management of Suppliers.

Before selecting suppliers, the Group's Logistics Department should assess the suppliers in terms of market evaluation, product quality, technical level, price and production scale, and fill the Supplier Qualification Audit Form and submit to relevant departments for review. In addition to the above factors, the Group also puts emphases on the environmental and social governance levels of its suppliers so as to minimize the risks associated with the environment and society within the supply chain.

- **Product:** The Group requires its raw material suppliers to obtain qualification documents or certifications of management systems such as GMP certificate, the Registration Certificate for Imported Drugs and ISO9001;
- **Environment:** The Group requires suppliers to be certified by the ISO14001 Environmental Management System. At the same time, the Group will also conduct inspections of the supplier's environmental monitoring system; and
- **Society:** The Group requires suppliers to regularly train their employees and conduct workplace hygiene inspections.

To ensure that our suppliers meet the requirements, the Group's Logistics Department conducts four site visits to suppliers annually. For unqualified suppliers, the Group will cancel their supplier qualifications immediately.

Product Responsibility

The Group is principally engaged in the development, manufacturing and sale of pharmaceutical products and is committed to providing consumers with quality-compliant medicines by continuously improving internal policies and measures.

	Management Measures
Quality Management	In order to continuously improve production standards and strengthen product quality management, the Group has formulated the Production Technology Management System to regulate the various operations during the production. If any quality problem occurs during the production, the head of the production workshop should promptly report to the Production Department or the Quality Assurance Department and hold an analysis meeting to solve the problem in time.
	The Group undertakes that all pharmaceutical production lines of the Plant have obtained GMP system certification. Moreover, in order to ensure the effectiveness of the GMP system, the Group has developed a series of procedures to control the Group's pharmaceutical production processes in areas such as quality assurance, verification and validation, shipping and recall and production technology.
Label	The Management Rules on Printed Packaging Materials of the Group stipulates that the Quality Assurance Department is responsible for reviewing the legal compliance of the printed packaging materials and should submit them to the drug regulatory department for review so as to ensure the customers' proper use of the products.
Customer Privacy	The Group's customers are mainly doctors and hospitals. In daily operation, the Group strictly prohibits its employees from disclosing confidential information, including customer information, to any third party, employees who violate the requirement are subject to further actions under the Group's confidentiality system.

	Management Measures
Complaint	The Management Rules on Quality Complaints of the Group stipulates that once a customer makes a complaint to the marketing center, the QA Department should investigate the complaint as soon as possible. If the complaint is reasonable, the QA Department should work with other departments to decide whether to initiate the recall process. At the same time, the QA Department will also propose preventive and corrective measures.
Product Recall	The Group has developed the Measures on Drug Recall Management, the Measures on Drug Return Management and other policies and guidelines to regulate the drug recovery process. The recall should be initiated within 24 hours if any serious health hazards are found in the drug. The general manager of the Group has the sole responsibility for the drug recall.
Intellectual Property Rights	An employee must sign a Commitment Letter on Intellectual Property Ownership with the Human Resources and Administration Department upon his/her employment to protect the intellectual property rights of both parties from infringement. At the same time, the Employee Handbook stipulates that an employee is responsible for protecting the intellectual property rights of the Group from being leaked. The Group will also consider formulating relevant provisions in the future to protect the intellectual property rights of the partners.
Advertisement	The Plant complies with relevant laws and regulations on drug advertisements and promises not to publish advertisements in mass media or publish prescription drug advertisements to the public in a disguised form, such as by giving away medical publications and pharmaceutical journals. The Group will consider formulating policies in the future to regulate advertising behavior.

The Group complies with relevant laws and regulations, such as the Product Quality Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Drug Administration Law of the People's Republic of China and the Good Manufacturing Practices for Pharmaceutical Products. During the Year, no violations related to product liability occurred in the Group.

Anti-corruption

As a company that adheres to integrity, honesty, ethics and credibility, the Group adopts a zero-tolerance attitude towards any form of corruption and strictly prohibits illegal acts such as bribery, extortion, fraud and money laundering. The Employee Handbook stipulates that the Group prohibits employees from accepting business gifts from customers or other partners. If an employee finds it hard to refuse, he/she should hand over gifts to the relevant departments of the Group. In serious cases, those who violate will be transferred to the judiciary authorities for handling. In addition, employees can report to the person in charge of human resources or the general manager on any non-compliance found. The Group will carry out investigation into the relevant incidents immediately and at the same time prohibits any form of retaliation.

The Group complies with relevant laws and regulations, such as the Anti-unfair Competition Law of the People's Republic of China, the Anti-money Laundering Law of the People's Republic of China and other applicable laws and regulations. During the Year, the Group did not have any cases of illegality related to anti-corruption and recorded no corruption cases concerning the Group and its employees.

COMMUNITY ENGAGEMENT

The Group concerns the benefits of residents in the community where it operates. To this end, the Group has formulated the Community Benefit Policy to define the Group's management approach in community investment. During the Year, the Group participated in a number of community investment activities such as sponsorships for charity events, with a total sponsorship amount of RMB38,000.

Project Example: Sponsorship for SOW Asia Media Campaign 2018

During the Year, Uni-Bio sponsored SOW Asia Media Campaign 2018 (hereinafter the "Campaign"), which was initiated by SOW (Asia) Foundation, to further support the continuity of charity. The Campaign was designed to promote wholesome social virtues through charity advertisements.



OVERVIEW OF KEY PERFORMANCE INDICATORS

Environmental Performance

Environmental KPIs	Amount		Unit
	2018	2017	
Types of emissions and respective emissions data			
Nitrogen oxides	83	632	kg
Sulfur oxides	4	32	kg
Particulate matter	204	27	kg
Total greenhouse gas emissions			
Scope 1	172	109	tons of carbon dioxide equivalent
Scope 2 ⁴	1,816	139	tons of carbon dioxide equivalent
Total greenhouse gas emissions	1,988	248	tons of carbon dioxide equivalent
Greenhouse gas intensity (measured in area)	0.19	0.02	tons of carbon dioxide equivalent per square meter
Total hazardous waste			
Total hazardous waste	1.2	1.4	tons
Hazardous waste intensity (measured in area)	0.12	0.13	tons per thousand square meter
Total non-hazardous waste			
Total non-hazardous waste	121	120	tons
Non-hazardous waste density (measured in area)	11.43	11.38	tons per thousand square meter
Total energy consumption			
Natural gas	831.5	528.1	MWh equivalent
Gasoline	23.1	12.5	MWh equivalent
Electricity	1,506.6	157.1	MWh
Hot water	1,221.2	Not Available	MWh equivalent
Total energy consumption	3,582.4	697.7	MWh equivalent
Energy intensity (measured in area)	0.34	0.07	MWh equivalent per square meter
Total water consumption			
Total water consumption	25,954	13,248	cubic meter
Water consumption intensity (measured in area)	2.5	1.3	cubic meter per square meter
Total packaging materials used for finished products			
Total packaging materials	4.0	4.7	tons
Packaging material intensity (measured in area)	0.38	0.45	tons per thousand square meter

⁴ Scope 2 carbon emissions during the Year included purchased power and purchased hot water, while scope 2 carbon emissions in 2017 included purchased power

Social Performance

Breakdown of the number of employees			Total number of employees	Ratio of male to female employees
By gender	Male	54	97	1.26:1
	Female	43		
By age	Aged under 30	26		
	Aged 30–40	44		
	Aged 41–50	21		
	Aged over 50	6		
By rank	C-level executives	4		
	Senior executives	9		
	Middle-level executives	11		
	General staff	73		

Breakdown of the number of new employees			Total number of new employees	Percentage of new employees
By gender	Male	24	32	33.0%
	Female	8		
By age	Aged under 30	24		
	Aged 30–40	8		
	Aged 41–50	0		
	Aged over 50	0		
By rank	C-level executives	0		
	Senior executives	0		
	Middle-level executives	8		
	General staff	24		

Breakdown of employee turnover number			Total employee turnover number	Employee turnover rate
By gender	Male	23	32	33.0%
	Female	9		
By age	Aged under 30	27		
	Aged 30–40	5		
	Aged 41–50	0		
	Aged over 50	0		
By rank	C-level executives	0		
	Senior executives	0		
	Middle-level executives	5		
	General staff	27		

Occupational safety and health performance	Total
Number and rate of work-related fatalities	0, 0%
Number of work-related injuries	0
Lost days due to work-related injuries	0

Breakdown of the number of employees trained			Total training hours (hours)	Percentage of employees trained	Average training hours
By gender	Male	54	330	100%	3.4
	Female	43			
By rank	C-level executives	4			
	Senior executives	9			
	Middle-level executives	11			
	General staff	73			

Region where the suppliers operate	Number of suppliers
Mainland China	14

Product quality	Total
Percentage of products recalled due to safety and health issues	0
Number of complaints related to products or services	0

REPORTING CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject area	Description	Page/note
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.	12-13
A1.1	The types of emissions and respective emissions data	12, 18
A1.2	Greenhouse gas emissions in total (in tons) and, if applicable, intensity (e.g. per unit of production volume, per facility)	13, 18
A1.3	Total hazardous waste produced (in tons)	12, 18
A1.4	Total non-hazardous waste produced (in tons)	12, 18
A1.5	Description of measures to mitigate emissions and results achieved	12
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	12
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	13-14
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in '000 kWh) and intensity (e.g. per unit of production volume, per facility)	14, 18
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	18
A2.3	Description of energy efficiency initiatives and results achieved	13-14
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	There is no issue in sourcing water that is fit for purpose; 13-14
A2.5	Total packaging materials used for finished products (in tons) and, if applicable, volume per production unit	18
A3 Environment and Natural Resources		
General Disclosure	Policies on minimizing the significant impact of the issuer on the environment and natural resources	14

Subject area	Description	Page/note
A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them	14
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.	9
B1.1	Total workforce by gender, employment type, age group and geographical region	19
B1.2	Employee turnover rate by gender, age group and geographical region	19
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.	9-10
B2.1	Number and rate of work-related fatalities	20
B2.2	Lost days due to work injury	20
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	10
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	11
B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management)	20
B3.2	Average training hours completed per employee by gender and employee category	20
B4 Labor 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 labor.	11
B4.1	Description of measures to review employment practices to avoid child and forced labor	11
B4.2	Description of steps taken to eliminate such practices when discovered	11
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	15
B5.1	Number of suppliers by geographical region	20

Subject area	Description	Page/note
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	15
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, labeling and privacy matters relating to products and services provided and methods of redress.	15-16
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	20
B6.2	Number of product-and service-related complaints received and how they are dealt with	16, 20
B6.3	Description of practices relating to observing and protecting intellectual property rights	16
B6.4	Description of quality assurance process	15
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	15
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.	16
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	16
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	16
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.	17
B8.2	Resources contributed (e.g. money or time) to the focus area	17