

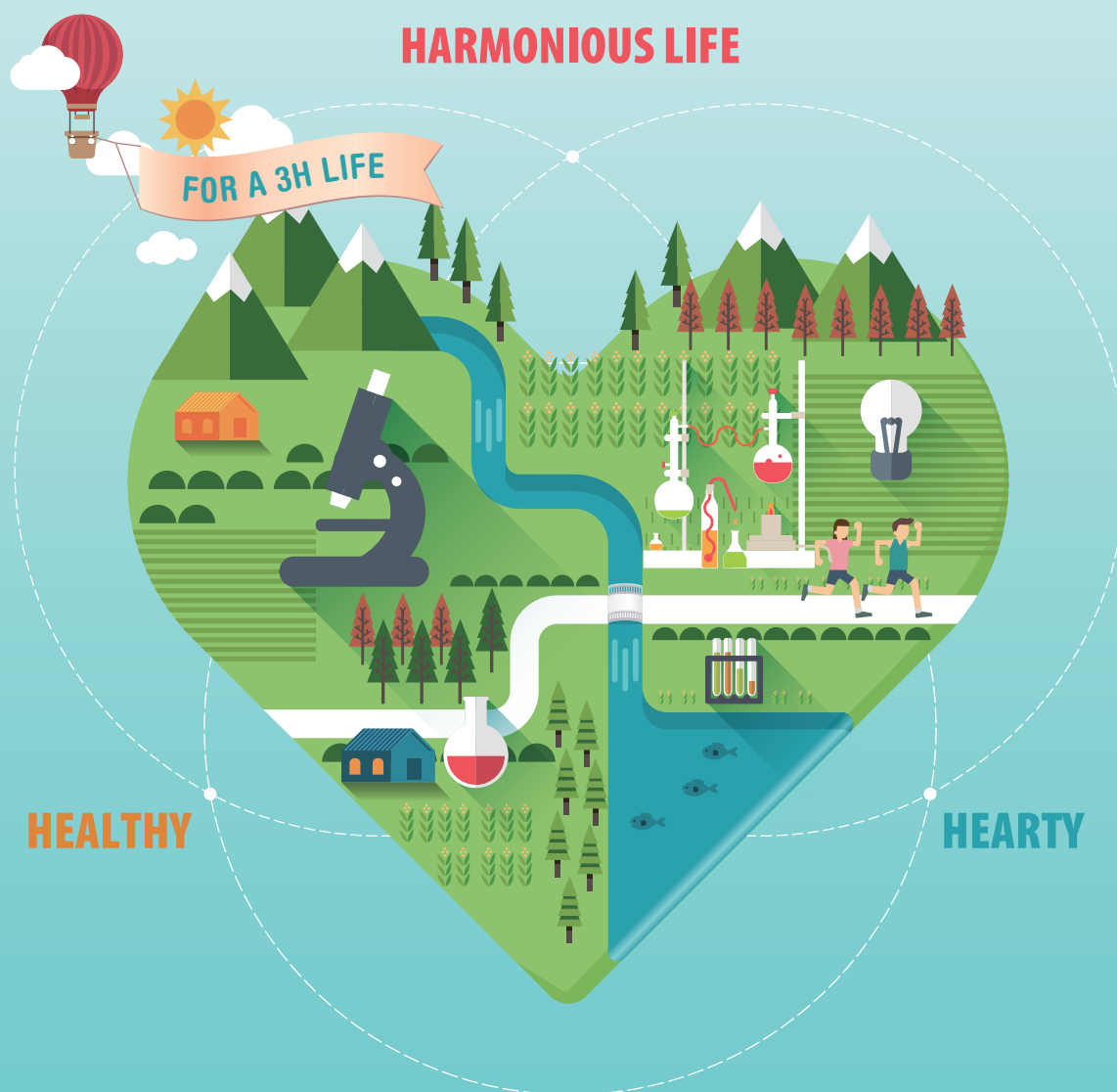


# 上海昊海生物科技股份有限公司

## Shanghai Haohai Biological Technology Co., Ltd.

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

Stock Code : 6826



更好的生活，從昊海開始

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

# 2018



<b>About This Report</b>	<b>2</b>
<b>1. ESG Management</b>	<b>4</b>
1.1 ESG management structure	5
1.2 Communication with stakeholders	5
1.3 Honours in 2018	7
1.4 Anti-corruption	7
<b>2. Attentive to Products</b>	<b>8</b>
2.1 Research, development and innovation	9
2.2 Quality assurance	10
2.3 Serving with heart	12
<b>3. Focusing on Environmental Protection</b>	<b>13</b>
3.1 Resource and energy consumption	14
3.2 Emission management	15
<b>4. Cohesion of Our Team</b>	<b>17</b>
4.1 Overview of employees	18
4.2 Development of employees	19
4.3 Health and safety	20
4.4 Caring for staff	21
<b>5. Heart in Community</b>	<b>22</b>
5.1 Public welfare and charity	23
5.2 Promoting the development of industry	23
<b>Appendix – Content Index of ESG Reporting Guide of the Stock Exchange</b>	<b>25</b>

# About This Report

## Scope of the report

This report is the third Environmental, Social and Governance (hereinafter referred to as “ESG”) Report released by Shanghai Haohai Biological Technology Co., Ltd. which focuses on the disclosure of relevant information of the Company’s performance in operational, social and environmental aspects for the reporting period from 1 January 2018 to 31 December 2018 (hereinafter referred to as the “Reporting Period”).

The policies, statements and data given in this report are relevant to Shanghai Haohai Biological Technology Co., Ltd. and its subsidiaries. Unless otherwise specified, the currency mentioned in this report refers to Renminbi (“RMB”).

## Basis of preparation

This report has been prepared with reference to the “Environmental, Social and Governance Reporting Guide” (hereinafter referred to as the “**ESG Reporting Guide**”) under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Stock Exchange**”).

## Relevant abbreviations

For the convenience of presentation and reading, the following abbreviations are used in this report.

“The Company” or “Haohai Biological”	Shanghai Haohai Biological Technology Co., Ltd.
“The Group” or “We”	The Company and its subsidiaries
“Shanghai Qisheng”	Shanghai Qisheng Biologicals Co., Ltd.
“Shanghai Likangrui”	Shanghai Likangrui Bioengineering Co., Ltd.
“Haohai Development”	Shanghai Haohai Medical Development Technology Co., Ltd.
“Henan Universe”	Henan Universe Intraocular Lens Research and Manufacture Co., Ltd.
“Shenzhen NIMO”	Shenzhen New Industries Material of Ophthalmology Co., Ltd.
“Zhuhai Eyegood”	Eyegood Medical (Zhuhai) Co., Ltd.

# About This Report

## Sources of data and assurance of reliability

The data and cases given in this report are mainly derived from the Group's statistical reports and related documents. The Group undertakes that this report contains no false records or misleading statements.

## Confirmation and approval

After confirmation by the management of the Company, this report has been approval by the board of directors of the Company (hereinafter referred to as the **"Board of Directors"**) on 27 June 2019.

## Access to and feedback on the report

This report is available in both traditional Chinese and English versions. The electronic version of this report is available for download under the category of "Financial Statements/ESG Information" on the website of the Stock Exchange or on the website of the Group.

We take the opinions of stakeholders very seriously and welcome readers to contact us via the following contact information. Your opinions will help us to further improve this report and enhance the overall environmental, social and governance performance of the Group.

Address: Level 23 Wen Guang Plaza, No. 1386 Hongqiao Road, Changning District, Shanghai, PRC

Tel: +86 21 52293555

Fax: +86 21 52293558

Email address: [info@3healthcare.com](mailto:info@3healthcare.com)

Official website: <http://www.3healthcare.com/>



# 1

## ESG MANAGEMENT

As the Group takes ESG management as an important part of its daily operation and management, it continuously deepens the integration of the idea of ESG responsibility and its business operational strategy. It upholds operation with integrity and scientific development, and strives to implement corporate social responsibility and sustainable development in every business segment.

# 1 ESG Management



## 1.1 ESG management structure

In order to implement ESG management work in an effective manner, the Company has established an internal ESG management structure led by the Board of Directors and mainly implemented by the daily working group. Full-time staff are deployed to conduct communication, data collection and preparation for compilation of the report in respect of ESG relevant issues. The ESG working group is responsible for the specific implementation of the ESG business and giving feedback to the management of the Company. The management of the Company reports to the Board of Directors to help them evaluate and determine in a timely manner whether the risk management and internal control system of ESG are appropriate and effective.

## 1.2 Communication with stakeholders

The Group has been committed to establishing communication and exchanges with all stakeholders covering a variety of aspects. Through various channels of communication with various categories of stakeholders, we seek understanding on the needs of all parties, collecting opinions from them, sharing and discussing different issues closely related to the development of the Group, so as to actively respond to the opinions and requests of the stakeholders in practice, and to further realize sustainable development of the Company in a comprehensive manner.

We have identified six categories of stakeholders who have decision-making right or influence over the Group and who are closely related to our business. Through communication and exchange with stakeholders, the Group understands their concerns, reviews the effectiveness of relevant measures regularly, and improves the communication channels to have a more comprehensive and in-depth understanding of the stakeholders' opinions. The following table sets out the topics that are of particular interest to different stakeholder categories during the Reporting Period.

Stakeholders	Topics of concern to stakeholders	Communication and feedback channels
Customers	R&D and innovation, product safety, communication channels	Hotline service, customers' feedback, satisfaction survey
Shareholders	Economic efficacy, compliance of operation, R&D and innovation	General meetings, issue of announcements, roadshows
Government and regulators	Compliance in operation, promotion of employment, environmental protection	Establishment and management of compliance system, reception for site inspections and reporting, provision of employment opportunities
Employees	Remuneration and benefits, career development, humanistic solicitude	Medical examination for employees, professional training, organizing staff activities
Suppliers	Integrity and trustworthiness, supplier management, communication with community	Open tender, appraisal and evaluation, meetings of suppliers
Community	Communication with community, environmental protection, product safety	Community activities, interviews or surveys

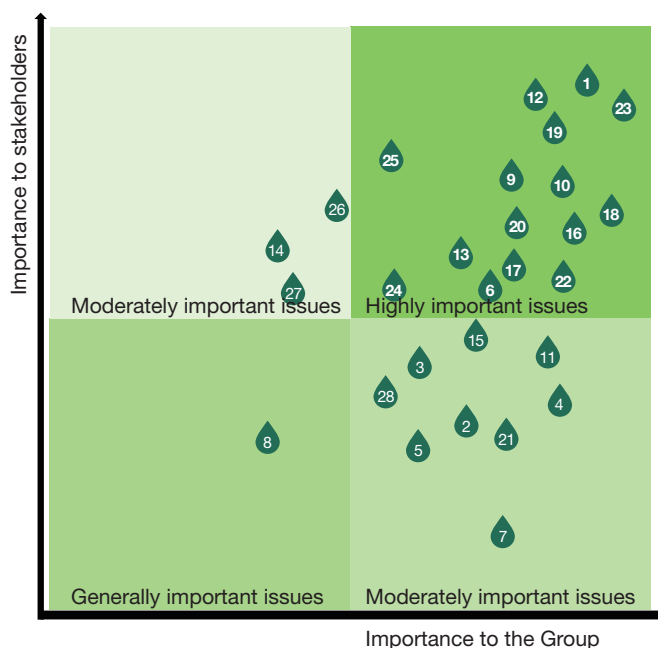


# 1 ESG Management



## Materiality analysis

During the Reporting Period, we have conducted more than 10 on-site seminars and surveys for stakeholders, and have collected their views and concerns on the work of ESG of the Group through our daily communication with each category of stakeholders. According to the feedback of stakeholders and based on the materiality evaluation matrix derived from interviews and surveys conducted in the previous year, adjustments and updates have been made to the ESG materiality matrix of the previous year, and the matrix of materiality issues is set out below which clearly shows the different degree of concern on different topics by internal and external stakeholders of the Group.



### No. Name of topic

- 1 Business performance
- 2 Climate change
- 3 Exhaust gas emissions
- 4 Utilization of packaging materials
- 5 Energy consumption
- 6 Industrial and domestic wastewater treatment
- 7 Solid waste treatment
- 8 Noise emission
- 9 Utilization of materials in production
- 10 Discharge and treatment of toxic and hazardous substances
- 11 Measures for water conservation and energy saving
- 12 Compliance with local environmental protection laws and regulations
- 13 Employee remuneration and benefits
- 14 Employee diversity and equal opportunities
- 15 Staff turnover rate
- 16 Safe and comfortable working environment

### No. Name of topic

- 17 Career development and training for employees
- 18 Safety in production
- 19 Compliance with labour law
- 20 Selection criteria for suppliers
- 21 Environmental and social performance of suppliers
- 22 Customer service and communication channels
- 23 Intellectual property
- 24 Privacy of customers
- 25 Anti-corruption, anti-bribery
- 26 Contributions to community
- 27 Maintenance of relationship and communication with community
- 28 Charity and public welfare



## 1.3 Honors in 2018

- The Company has been assessed and accredited as an intellectual property right demonstration enterprise of China for 2018
- The Company becomes the only biopharmaceutical enterprise in Shanghai that has been included in the newly accredited list of 2017-2018 (the 24th batch) National Enterprise Technology Centers
- Shanghai Qisheng has been awarded the highest honor in terms of quality in Minhang District of Shanghai – the Minhang District Chief Quality Award
- Shanghai Qisheng has been approved as an enterprise technology center at municipal level in Shanghai
- Zhuhai Eyegood has been awarded the title of technological small and medium-sized enterprise in the list of Guangdong Province
- The Group's products, "Matrifill" and "Healin", have been selected as the Top 100 Best projects for transformation of high-new technological results in Shanghai

## 1.4 Anti-corruption

The Group has formulated the anti-fraud and whistle-blowing system, adopted a reporting system for conflict of interests and the Staff Handbook and other relevant systems, clearly enumerated the prohibited behaviors, and requires sales staff to sign undertakings for corruption-free sales to increase the awareness of integrity and self-discipline among employees. We have also valued publicity and training on anti-corruption and anti-commercial bribery for key positions. We protect the rights of whistle-blowing of all staff to report corruption cases by providing a variety of reporting channels, such as telephone hotline, mail box, etc. to prevent the occurrence of corruption cases. When receiving complaints or whistle-blowing information, the relevant department of the Company shall report to the general manager and the Board of Directors of the Company respectively according to the position of the respondent or the person has been reported, and shall conduct further investigation and handle the matters.

During the Reporting Period, the Group has complied with the relevant and applicable laws and regulations against corruption (including prevention of bribery, extortion, fraud and money laundering), and is not involved in any litigation cases relating to corruption.



# 2

## ATTENTIVE TO PRODUCTS



As a technological innovation enterprise engaged in research and development (R&D), production and sales of medical devices and pharmaceuticals with applications of bio-medical material technology and genetic engineering technology, the Group strives to provide innovative pharmaceutical products to the market through technological innovation and transformation, integration of domestic and international resources and large-scale production. On one hand, the Group highly values the enhancement of innovation and R&D capabilities and has a full set of management and control system for R&D projects to develop new technology and products and to transform technological results; on the other hand, the Group strictly ensures high product quality, the Company and its subsidiaries have established a relevant quality management system according to the categories of products produced by them and the local regulatory requirements. Necessary resources are also provided to ensure the effective operation of the quality management system.

### 2.1 Research, development and innovation

The Group's strong R&D capability is one of our core competitive strengths, as well as the assurance of our sustainable and healthy growth. We have a national-level enterprise technology center, a national-level post-doctorate scientific research work station, two national-level R&D platforms, and four provincial-level technology and R&D transformation platforms and one work station for Shanghai expert fellows. The Company has established its own integrated R&D systems in China, United States and United Kingdom, which have formed an initial network for interactive R&D between domestic and international levels.

In order to regulate, improve and enhance the management of R&D projects, prevent and mitigate R&D risks, and enhance R&D management, the Company has established an R&D management system to govern the inception, procurement, evaluation, incentive and file management of R&D projects. The relevant subsidiaries which are involved in R&D activities must refer and apply the aforesaid system, and may establish an R&D system suitable to their practical circumstances on this basis. Besides, the Company will incorporate the R&D quality management into the corporate quality management system, so that the quality management department will monitor the entire R&D process and assess the result. The project team will organize stage assessments and conclusion meetings regularly on important milestones to ensure the smooth progress of project and ensure the risks are within control.

During the Reporting Period, the Group continued to increase R&D investment. The total R&D expenditure amounted to RMB95.37 million, representing an increase of 24.9% as compared to RMB76.33 million in 2017.

While encouraging R&D and innovation at the same time, we also emphasize on the protection for intellectual properties and have strictly complied with the requirements of the relevant laws and regulations including the Patent Law of the PRC and the Trademark Law of the PRC. During the Reporting Period, the Group has made new progress in the aspect of intellectual properties:

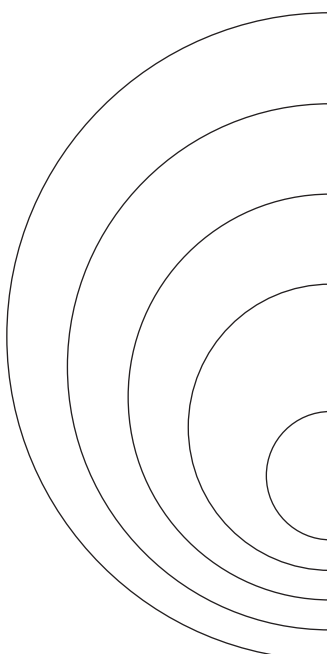
Patent	Number of applications	19
	Number of licenses	36
Trademark	Number of applications	103
	Number of registrations	45

### 2.2 Quality assurance

We deeply understand that only through strict adherence to the regulatory requirements and production needs, can we become genuinely accountable to users. During the Reporting Period, the production base of the Group has strictly complied with medical laws and regulations, including the Pharmaceutical Administration Law of the PRC, Good Manufacturing Practices (“GMP”) for Drugs, Good Clinical Practice for Drug Trials, Regulations on Supervision of Medical Devices, Administrative Measures on Production and Supervision of Medical Devices, Administrative Measures on Standards of Medical Devices, Administrative Rules on Quality of Good Clinical Trials for Medical Devices and Administrative Measures for Recall of Medical Devices, as well as relevant quality system standards such as ISO9001 Quality Management System Standards and ISO13485 Medical Device Quality Management System. The quality management of products of the Group covers the entire lifecycle of the pharmaceutical product from design to development, production, storage, sales and after-sales services. During the Reporting Period, the Group has not been subject to any material administrative penalty or involved in any litigation cases relating to product quality and customer services.

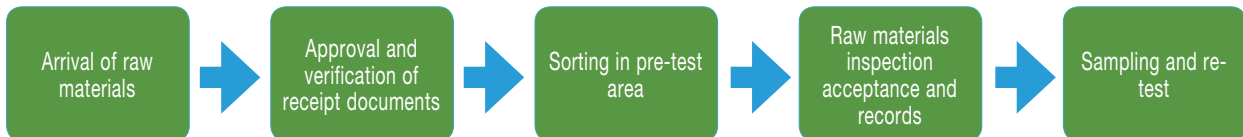
#### Procurement of raw materials

Having quality raw materials is the first step for our production of quality products. The Company and relevant subsidiaries have formulated their respective system of procurement management rules in accordance with the requirements of GMP, ISO9001 Quality Management System Standards and ISO13485 Medical Device Quality Management System and their respective procurement and business features to prevent any errors and malpractices in the course of the procurement and payment business, ensure that social and environmental risks in the procurement process will be subject to reasonable control, and improve the procurement management circulation and operation efficiency. The selection principles and requirements of suppliers are set out as follows:

	1. The products and services provided by the suppliers have satisfied the technical and quality requirements of the Group;
	2. The suppliers have satisfied the standards of the Group’s quality management system;
	3. The suppliers shall sign an agreement or contract with the Group in respect of quality;
	4. The Group visits the supplier regularly to conduct on-site evaluation and assessment to ensure that the supplier has satisfied the standards of the Group’s quality management system continuously;
	5. The Group will also conduct consolidated evaluation on the supplier’s production scale, technological level, service quality, management standards and innovative capability.

## 2 Attentive to Products

We implement strict quality inspection on raw materials and insist on carrying out the examination procedures of regulating incoming products, sorting and release on acceptance. The specific process includes:



### Control of production segment

The Company and relevant subsidiaries have prepared quality management system documents, and compile quality supervision records during the production process. Quality control staff of the quality assurance department will conduct quality supervision on the production process of each batch of pharmaceutical products to ensure that the production workshop manufactures with registered and approved techniques. Semi-finished products are released after the quality control staff have signed off. All semi-finished products and intermediate products which have not been tested or have failed to pass the test are not allowed to enter the next process of production. The quality control staff will take a required sample size from each batch of products for delivery to the laboratory sample manager. The testing staff will conduct quality examination on each batch of finished product according to various types of testing operation procedures and technical standards, and a test report will be issued according to the examination result. Those products that have failed to pass the test will be treated according to the relevant requirements. In addition, the quality control staff will detect and monitor the environment of the clean area in the production workshop to ensure that it has fulfilled the relevant cleanliness requirement for production of pharmaceutical products. The quality control staff will prepare a true and complete record on quality supervision of the production process to ensure the traceability of product quality.

During the Reporting Period, Henan Universe utilized digital equipment to manufacture switch chuck, which enhanced the lathe processing technique for hydrophilic foldable lens, and thus improved the precision of positioning in the processing process of the relevant product.



## 2 Attentive to Products



### 2.3 Serving with heart

The Group assures product quality while actively improving the quality of after-sales service. We provide training to customers to achieve sharing of product information. We receive feedback and complaints from customers through various channels such as sales staff and adverse reaction hotline. We carry out product recall procedure according to the laws and regulations.

#### Quality customer service

For products and services, we visit customers regularly and provide the latest product information to customers, we also offer periodic product training and on-site question answering services to customers. In order to have a better understanding of the comments and advice from customers, we conduct customer satisfaction surveys for our products and services annually, and strive to provide our customers with better quality and safer products, as well as timely and efficient services. The Group places great emphasis on the protection of the privacy of our customers. Non-public information of our customers is protected in compliance with the requirements of relevant laws and regulations and through contractual agreements.

The labels of all products of the Group are designed according to the standard product specifications approved by the original China Food and Drug Administration, the Provisions on the Administration of Pharmaceutical Directions and Labels and the Provisions on the Administration of Instructions and Labels of Medical Devices. The advertisements of the products shall be published in the relevant media with the approval of the relevant drug administrative authorities in accordance with the requirements of the Advertising Law of the PRC, the Drug Administration Law of the PRC and the Regulations on the Supervision and Administration of Medical Devices, for ensuring that the content is true and accurate, and not misleading or deceptive.

#### Complaints handling mechanism

The Group attaches great importance to product feedback from customers, and receives feedback and complaints from customers through various channels such as sales staff and adverse reaction hotline, and special personnel are designated to handle complaints within the Company. After receiving feedback or complaints from customers, we will communicate with relevant departments on the specific situation of the feedback or complaint at first instance and take effective measures promptly. We strive to provide satisfactory solutions to customers.

#### Product recall mechanism

The Group has prepared a set of detailed product recall procedure and rules in accordance with the requirements of relevant laws and regulations on recall of drugs and medical devices, to ensure that products of the Group can be recalled quickly and accurately. Depending on the seriousness of the product defect, our recall is divided into three levels. The recall plan is designed scientifically according to the recall level and the product utilization conditions, as well as organized and implemented proactively to practically protect the interest and health of the users.

# 3

## FOCUSING ON ENVIRONMENTAL PROTECTION

The Company has completed a certification on environmental management system and a revised certification in 2018 under the new version. Through the establishment of environmental management system and standardizing corporate environmental management behavior, sustainable improvements have been made. The Company and subsidiaries that manufacture pharmaceutical products have also formulated relevant rules and procedures according to the requirements of quality management system to manage gas emissions, wastewater and solid waste generated from the production process.

All infrastructure projects, including new construction, expansion or reconstruction projects, of the Group located inside China have strictly implemented the “Three Simultaneous” environmental protection policy according to requirements of laws and regulations and fully demonstrate environmental protective before implementing a new project.





## 3 Focusing on Environmental Protection



### 3.1 Resource and energy consumption

The major packaging materials used by the Group in the production process are paper, plastic and glass. The major energy sources we consume include electricity, natural gas, externally purchased steam and fuel oil consumed by motor vehicles. Municipal water supplies are the Group's main water resources consumed in the production operations and the Group has no risks in locating appropriate water resources. Through insisting on optimizing our environmental protection facilities and energy-saving reconstruction, the Group minimizes loads on the environment caused by our business activities, for instance, replacing the reverse osmosis membrane for the water processing equipment to increase the output of purified water.

During the Reporting Period, the energy and resource consumption of the Group are as follows:

Type	Energy and Resource Consumption	
	Total Amount	Unit
<b>Energy and greenhouse gas</b>		
Purchased electricity	17.22	GWh
Unleaded gasoline	54.28	Tonnes
Diesel	7.84	Tonnes
Purchased steam	10,461	Tonnes
Natural gas	1,242,220	Standard cubic meters
Integrated energy consumption	5,061	Tonnes of standard coal
Integrated energy consumption intensity	32.74	Kilograms of standard coal/Revenue in RMB10,000
Greenhouse gas (scope I)* <sup>1</sup>	2,876	Tonnes of standard CO <sub>2</sub> e* <sup>3</sup>
Greenhouse gas (scope II)* <sup>2</sup>	15,162	Tonnes of standard CO <sub>2</sub> e
Greenhouse gas total emission	18,038	Tonnes of standard CO <sub>2</sub> e
Greenhouse gas intensity	0.12	Tonnes of standard CO <sub>2</sub> e/Revenue in RMB10,000
<b>Resource consumption</b>		
Water consumption	212,857	Tonnes
Water consumption intensity	1.38	Tonnes/Revenue in RMB10,000
Packaging materials	656	Tonnes
Packaging materials intensity	4.24	Kilograms/Revenue in RMB10,000

Notes:

1. Greenhouse gas (scope I) arises from the combustion of unleaded gasoline, diesel and natural gas.

2. Greenhouse gas (scope II) arises from the use of externally-purchased electricity and steam.

3. Carbon dioxide equivalent.

#### Replacing with energy-saving LED lighting

During the Reporting Period, Aaren Scientific Inc., an offshore subsidiary of the Company, replaced the fluorescent lighting in the office area and the HID lighting in the warehouses with LED lighting.

#### Reducing consumption of packaging materials by adjusting product packing

During the Reporting Period, the Company changed the external packing of the recombinant human epidermal growth factor product from 60 boxes per carton to 120 boxes per carton, so that the consumption of packaging materials is reduced.





## 3 Focusing on Environmental Protection



### 3.2 Emission management

We have established operating procedures to classify and dispose the main pollutants generated during the manufacturing process, such as waste gas, wastewater, noise and wastes, and strictly regulated the environmental protection records, handover and other series of processes. Meanwhile, we managed to reduce and eliminate pollution arising from all aspects of the manufacturing process by upgrading technology, improving the management of equipment and facilities and other measures.

During the Reporting Period, the Group's emissions data are as follows:

Energy and Resource Consumption		
Type	Total amount	Unit
<b>Wastewater and gas emission</b>		
Gas emission	22,213,921	Standard cubic meters
Wastewater	182,594	Tonnes
COD emission	11.25	Tonnes
Ammonia and nitrogen emission	0.54	Tonnes
<b>Non-hazardous waste</b>		
Packaging waste produced	18.91	Tonnes
Packaging materials recycled	76.70	Tonnes
Domestic waste	219	Tonnes
Total non-hazardous waste	314	Tonnes
Intensity of non-hazardous waste	2.03	Kilograms/Revenue in RMB10,000
<b>Hazardous waste</b>		
Total hazardous waste produced	87.84	Tonnes
Intensity of hazardous waste produced	0.57	Kilograms/Revenue in RMB10,000

The Group attaches great importance to the management of emissions and wastes. Our production venues within China have strictly complied with laws and regulations, including the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Atmospheric Pollution Prevention and Control Law of the PRC and the Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Waste. In addition, the Company has paid environmental protection tax in accordance with the Environmental Protection Tax Law of the PRC. During the Reporting Period, the Group has not been subject to any material administrative penalty or involved on any litigation care relating to the environmental protection.

#### Gas emission management

The gas emissions of the Group mainly include gas emissions from boilers, gas emissions from production process and gas emissions from experiments. After collecting the gas emissions from boiler combustions, the Company will organize emissions complying with required standards at high altitude. After collection and treatment of gas emissions from production process and experiments, emissions complying with required standards at high altitude will be arranged. According to the testing result, during the Reporting Period, gas emissions of the Company have complied with the relevant standards, including the Boilers' Air Pollution Discharge Standards (DB31/387-2014) and the Pollutant Emission Standards for Biopharmaceutical Industry (DB31/373-2010).





## 3 Focusing on Environmental Protection



### Noise management

The Group has adopted various measures, including exit silencing device, base vibration isolation device and construction noise isolation device, according to the characteristics of the sources of different types of noises. According to the testing result, during the Reporting Period, the noises produced by the Company have complied with the standard limit requirements under the Environmental Noise Emission Standards for Industrial Enterprises (GB12348-2008).

### Wastewater discharge management

The Company has implemented rainwater and sewage diversion measures for separation, collection and treatment of wastewater with different qualities. Both production wastewater and domestic sewage are collected at the factory's sewage treatment station. After the effluent has reached the discharge standard permitted by the municipal pipeline network, it can be discharged into the municipal sewage treatment station for centralized treatment. We have dedicated sewage treatment operators for our own wastewater treatment stations on our production sites, and treat and monitor wastewater in real time through professional wastewater analysis instruments. Our wastewater treatment stations are generally equipped with air emission treatment device (capped), air emission treatment can effectively reduce odor and reduce the environmental impact of wastewater treatment.

### Solid waste discharge management

The Group has strictly complied with the requirements of the Standards for Pollution Control on Hazardous Waste Storage (GB18597) and ensures proper storage of hazardous wastes, and engages companies with hazardous waste recycling qualifications to dispose of hazardous wastes in all aspects of application, approval and transportation. Meanwhile, our treatment of general industrial solid wastes is in line with the provisions of the Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes (GB18599). The general industrial solid wastes are sold to the relevant companies as waste materials, while the domestic wastes are regularly removed and delivered by the environmental sanitation department.

### Implementation of low-nitrogen reform for boilers

At the end of 2018, Shanghai Likangrui started to implement the combustor reform for steam boilers by replacing with advanced low-nitrogen combustors. After completion of the reform project, Shanghai Likangrui will benefit from the reduced consumption of natural gas resources and the reduced emissions of sulphur dioxide, dust particulates and nitrogen oxides.

# COHESION OF OUR TEAM

Human resources are the most important capital of the Group. With employees at the core, we start from their basic needs to encourage their enthusiasm and initiative on an on-going basis. We cultivate knowledgeable and inter-disciplinary employees, so as to achieve a win-win of both corporate development and growth of employees. Meanwhile, we treasure and respect individual differences in race, gender, age, background and religion, and strive to create a diverse, equal, safe and healthy working

Regulation of Labour Protection for Female Employees, Social Pension Insurance Regulation, Social Insurance Law of the PRC, Production Safety Law of the PRC, Prevention and Control of Occupational Disease Law of the PRC and the relevant laws and regulations applicable to the Group. We have resolutely refused illegal labour practices such as child labour and forced labour. Before entering into employment contract with the prospective employees, we will confirm their identity and age through the inspection of identity cards and academic qualification verifications. During the Reporting Period, no material non-compliance event or litigation of the Group has arisen in the aspects of employment, occupational health and safety, child labour and forced labour.

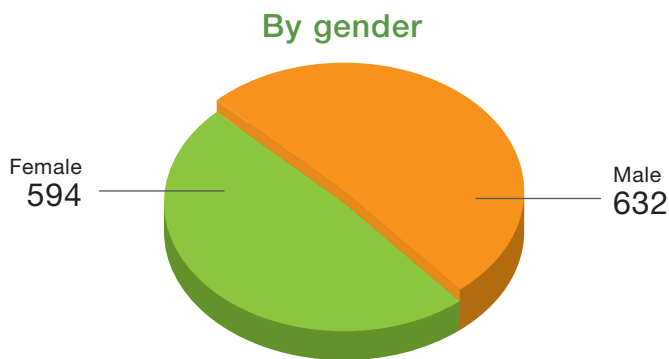
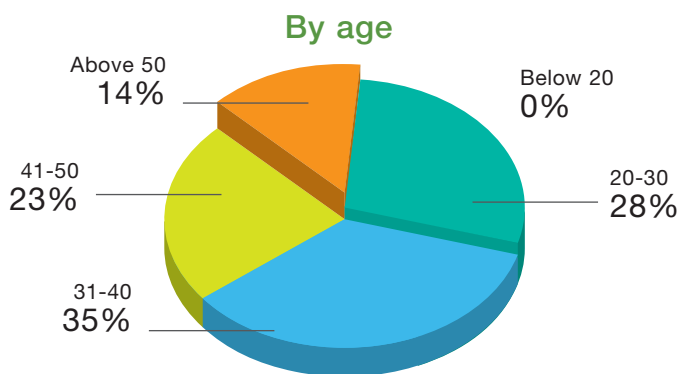
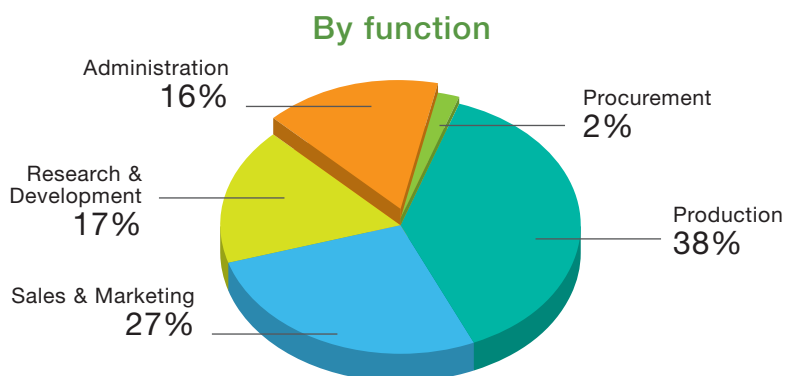




### 4.1 Overview of employees

The Group combines human resources management with our corporate strategies. Under the premise of safeguarding employees' rights and interests pursuant to the law, the Group continuously recruits professional talents based on the internal and external variations, in order to realize our strategic objectives as supported by a reasonable human resource structure. The Group has formulated the Staff Handbook according to the Labour Law of the PRC and the Labour Contract Law of the PRC, which regulates the working hours, holidays, and the conditions on releasing and terminating employment; the Group determines and reviews the employees' compensation policies and promotion opportunity based on the working experience and daily performance of the employees, the operating performance of the Company and the competition situation in external market. The recruitment channels of the Group mainly include campus recruitment and social recruitment. While observing the recruitment principles of openness, fairness and anti-discrimination, we also make active contribution in promoting local employment.

As at 31 December 2018, the Group had a total of 1,226 employees. Their distribution by functions, age groups and gender are set out below:





### 4.2 Development of employees

Adhering to the philosophy of joint development for the employees and the enterprise, the Group provides our employees with extensive training and learning opportunities to help them continuously develop in personal quality, professional skills and managerial capabilities, and thereby to enhance their occupational competitiveness. We evaluate the performance of employees on a regular basis every year; and take the results of performance evaluated as an important standard for employees promotion and reward.

#### Extensive training programs for employees

We have set up a professional training team, which is committed to building a sound training system and creating a learning-oriented enterprise. We integrate the career development of our employees with the strategic planning of our business, attach great importance to the close connection and deep transformation between training courses and professional practices, and design annual training programs by combining the actual needs of work.

During the Reporting Period, we have organized various types of training:





### 4.3 Health and safety

The Company and relevant subsidiaries have established the Production Safety Management System and the rules and procedures for safe production in accordance with the requirements of the Safety Production Law of the PRC, the GMP and the quality management system. Through the establishment of the OHSAS18001 Occupational Health and Safety Management System, the Company has also identified potential health and safety risks in the venues of production and operation, and efforts are organized to make corresponding improvements to minimize health and safety risks and create a safe and comfortable working environment for our employees.

The Group has implemented area-based safety training management, each production base will conduct safety training and safety drills according to pre-determined training plans, and record the specific implementation process in detail. Meanwhile, medical examination for occupational health is provided for employees who are engaged in practices with potential risk of occupational disease, and preventive gears are also provided for such work.

During the Reporting Period, no incident of occupational disease had occurred in the Group and on all production bases, and no work-related fatalities had occurred in the Group. The number of lost working hours of the Group due to its employees' work-related injury occurred in production activities, on the way to and from work and during business trips amounted to approximately 689 hours.



Emergency drill

In September 2018, Shanghai Likangrui conducted a contingent event, emergency evacuation and firefighting drill in its factory area.



Firefighting training

In April 2018, Henan Universe provided training on firefighting knowledge for employees.



## 4 Cohesion of Our Team



### 4.4 Caring for staff

Upholding the idea of people foremost, the Group cares about the physical and psychological health of our employees, provides them with diverse welfare and care, and encourages them to strike a balance between work and life. We endeavor to create a comfortable working environment for our employees through actively improving employee welfare and benefits, organizing various caring activities, team-building activities and festive season celebrating activities.

**We organize a birthday party every month for employees whose birth dates are in the same month to give employees a warm feeling like home in the workplace.**

**From July to October 2018, the Group organized external tours for employees in batches to enhance interflow among the employees.**

**We organize annual commendation and New Year celebration activities as gatherings for all employees to enhance cohesion and nurture corporate unity among employees.**

**In March 2018, we organized a group viewing of the movie “Amazing China” for our employees to enhance national pride and sense of responsibility among all employees.**



5

## HEART IN COMMUNITY

While achieving steady development in our business, the Group cares about social charity and performs social responsibility. As a pharmaceutical enterprise, we actively participate in industry association, assist in formulating industry standards, participate in industry meetings and promote the development of the industry with relentless efforts.





## 5 Heart in Community



### 5.1 Public welfare and charity

As a pharmaceutical enterprise, the Group strives not only to create economic value for shareholders, employees and community, but also to accomplish the mission of making contributions to community and social welfare. While assuring product safety, we are committed in making endeavors to extend our care and concern to more people.

The ophthalmology products of our Group are the core materials and necessary devices for cataract surgery. We have been cooperating with several charitable organizations over the years on consecutive basis, to relieve the stress of patients under treatment and safeguard the surgical treatment process for a large quantity of cataract patients.

In addition, through active participation in charitable projects, we make contributions to community in various forms of donations. During the Reporting Period, the total amount of donations made by the Group was RMB1,071,340.

### 5.2 Promoting the development of industry

The Group strives to promote the development of industry by participating in industry-wide cooperation, joining industry associations actively and assisting in the compilation of industry standards. Meanwhile, we also highly emphasize on exchange and interactions with peers in the industry, and have organized or participated in many industry seminars to seek opportunities for improvement by learning from each other in the exchange process. We insist on sharing experiences and findings while gaining insights into dynamic information of the industry for achieving joint progress with the entire industry.

During the Reporting Period, the Group was invited to participate in and had organized activities and conferences in various areas including ophthalmology, gynecology, orthopedics, cosmetology and plastic surgery, and have received encouraging response.







## 5 Heart in Community



### The 19th National Cataract and Intraocular Lens Academic Conference organized by the Chinese Medical Association

In June 2018, the Company and its ophthalmology brand “All-Star” participated in the 19th National Cataract and Intraocular Lens Academic Conference organized by the Chinese Medical Association and released the “Segmented Bifocal Intraocular Lens SBL-3 Application Guideline” which provided references to ophthalmology physicians on understanding the design principles, indications and surgical techniques of segmented bifocal intraocular lens SBL-3 so as to benefit patients who are suitable to use such intraocular lens.

### The 18th International Congress of Ophthalmology and Optometry China (COOC)

In September 2018, the Company and the entire series of ophthalmology products participated in the COOC, and successfully held the Henan Universe Branding Day and the high-end academic seminar on segmented bifocal intraocular lens SBL-3. A number of domestic and international ophthalmologists were invited to attend and share their professional and academic knowledge.

### 2018 Ophthalmology Innovation and Start Up Forum and Start Up Contest

On 11 November 2018, Dr. Hou Yongtai, the Chairman and Executive Director of the Company, attended the final round of 2018 Ophthalmology Innovation and Start Up Forum and Start Up Contest as a guest adjudicator for the final assessment, and delivered a speech on the “Exploration on Innovation, Cooperation and Industry Development in the Area of Ophthalmology Medical Device”, and Dr. Hou Yongtai shared advanced information on the treatment methods for myopia, glaucoma and dry eye syndrome, innovations in the areas of artificial cornea and intraocular lens, and the application of stem cells in ophthalmology.

### 2018 China Facial Plastic Surgery and Reconstructive Surgery Society Academic Conference

In July 2018, the Company was invited to attend the China Facial Plastic Surgery and Reconstructive Surgery Society Academic Conference to share the latest medical aesthetic treatment solution and hosted the summit forum on the development of the international medical aesthetic industry.



## Appendix – Content Index of ESG Reporting Guide of the Stock Exchange



Subject Area, Aspects, General Disclosures and KPIs		2018 ESG Report
A. Environmental		
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.	3.1 Resource consumption 3.2 Emission management
KPI A1.1	The types of emissions and respective emission data.	3.2 Emission management
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Resource consumption 3.2 Emission management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Emission management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Emission management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.2 Emission management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.2 Emission management
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	3.1 Resource and energy consumption
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).	3.1 Resource and energy consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.1 Resource and energy consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.1 Resource and energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.1 Resource and energy consumption
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.1 Resource and energy consumption





## Appendix – Content Index of ESG Reporting Guide of the Stock Exchange



Subject Area, Aspects, General Disclosures and KPIs		2018 ESG Report
Aspect A3	Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	3.1 Resource consumption
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Focusing on Environmental Protection
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.	4. Cohesion of Our Team
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Overview of employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Plan for future disclosure
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.	4.3 Health and safety
KPI B2.1	Number and rate of work-related fatalities.	4.3 Health and safety
KPI B2.2	Lost days due to work injury.	4.3 Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Health and safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: training refers to vocational training. It may include internal and external courses paid by employers.	4.2 Development of employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Plan for future disclosure
KPI B3.2	The average training hours completed per employee by gender and employee category.	Plan for future disclosure



## Appendix – Content Index of ESG Reporting Guide of the Stock Exchange



Subject Area, Aspects, General Disclosures and KPIs		2018 ESG Report
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.	4. Cohesion of Our Team
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4. Cohesion of Our Team
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Plan for future disclosure
Operating Practices		
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.2 Quality assurance
KPI B5.1	Number of suppliers by geographical region.	Plan for future disclosure
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.2 Quality assurance
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.	2.2 Quality assurance 2.3 Serving with heart
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Plan for future disclosure
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Plan for future disclosure
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1 Research, development and innovation
KPI B6.4	Description of quality assurance process and recall procedures.	2.2 Quality assurance 2.3 Serving with heart
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.3 Serving with heart



## Appendix – Content Index of ESG Reporting Guide of the Stock Exchange



Subject Area, Aspects, General Disclosures and KPIs		2018 ESG Report
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.	1.4 Anti-corruption
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.	1.4 Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.4 Anti-corruption
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.	5. Heart in Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.1 Public welfare and charity
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5.1 Public welfare and charity