



康臣藥業集團有限公司
CONSUN PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

股份代號 Stock Code: 1681

2018

**Environmental, Social and
Governance Report**

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About This Report

Welcome to the third Environmental, Social and Governance Report (“**ESG Report**” or the “**Report**”) issued by Consun Pharmaceutical Group Limited (the “**Company**”) and its subsidiaries (collectively referred “**Consun Pharmaceutical**” or the “**Group**” or “**We**”). This Report is intended to provide environmental and social management policies, performance and the latest developments of Consun Pharmaceutical in 2018. Relevant information will be disclosed in the following chapters of this Report.

Reporting Guideline

This Report has been compiled in accordance with the four reporting principles of the *Environmental, Social and Governance Reporting Guide* (“**ESG Guide**”) under Appendix 27 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, namely materiality, quantitative, balance and consistency. This Report has also complied with the “comply or explain” disclosure obligations.

Reporting Scope

The reporting scope of this Report is consistent with the 2018 Annual Report of Consun Pharmaceutical, which covers the Group’s principal subsidiaries: Guangzhou Consun Pharmaceutical Co., Ltd. (“**Guangzhou Consun**”), Consun Pharmaceutical (Inner Mongolia) Co., Ltd. (“**Inner Mongolia Consun**”) and Guangxi Yulin Pharmaceutical Group Co., Ltd. (“**Yulin Pharmaceutical**”). Unless otherwise stated, the reporting period of this Report covers 1 January 2018 to 31 December 2018 (the “**Reporting Period**”).

Report Access

This Report has been prepared in Traditional Chinese and English respectively, if there is any contradiction or inconsistency between the Chinese and the English version, the Chinese version shall prevail. This Report has been published in electronic version, which can be downloaded from the Group’s website at www.chinaconsun.com.

Confirmation and Approval

The board of the Company (the “**Board**”) is responsible for evaluating and determining environmental, social and governance related risks and ensuring that appropriate and effective risk management and internal control systems are in place. At the same time, the Board is responsible for the Group’s environmental, social and governance strategies and reporting. Through the materiality assessment, the Group determined the key disclosures of this Report, disclosed the quantifiable environmental and social performance, and applied the consistent methodologies with the 2017 ESG report during information collection and reporting. This Report was approved by the Board on 29 July 2019.

Reader’s Feedback

If you have any comments or feedback about this Report, please contact the Group through:

Tel: (86) 20-82264529 E-mail: ir@chinaconsun.com

Address of the Headquarters: 71, Dongpeng Avenue, Eastern Section, Guangzhou Economic and Technological Development District, Guangzhou, the People’s Republic of China

Hong Kong Office: 2201-2203, 22nd Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong

Chairman's Message

Patient-oriented Continuous Improvement

The past year was a critical year for China to improve its national health policy, to deepen the reform of medical and health system, and to establish a medical health system with Chinese characteristics and a medicine supply security system. The philosophy of a “Healthy China” has been escalated to a national strategy level. Facing the new condition and the new normal, Consun Pharmaceutical actively responds to the national policies and always insists on putting safety, quality and efficacy at the top of the business philosophy. We take patients as the center of our businesses and strive to improve all aspects of our work continuously, so as to achieve a long-term unification of people's health and corporate development.

Integrity is our cornerstone: “Accomplishing others to benefit ourselves, accomplishing ourselves to benefit others”; we accomplish the health of patients as a means to achieve our business goals. As a member of the pharmaceutical industry, we are not just a medicine producer, but we are also a practitioner of ethics and conscientiousness. To this end, in 2018, the Group has strictly complied with the industry's policies and regulations. We have implemented the improvements in the production system and have strictly supervised the raw materials management, production, storage and transportation, and clinical applications. We have established a 360-degree high-standard, full-process product quality and safety accountability system to manage any risk points and hidden dangers that may cause quality concerns. So that we could be truly accountable to patients, business partners and the Company itself. Meanwhile, we actively explore the modes of cooperation with the upstream key raw material planting bases to ensure the localization of Chinese medicine, in order to guarantee the quality and efficacy from the origins.

Innovation is our driving force: innovation, and research and development (“R&D”) have always been regarded as the lifeline for business sustainability and development, which is also the core driving force for the development of pharmaceutical companies. In recent years, Consun Pharmaceutical has continued to increase the proportion of its R&D investment, introduce high-end talents from various backgrounds, carry out multi-level scientific research collaboration, in order to inject the driving force of science and technology into the Group. The Company's R&D team has been greatly expanded. Products of nephrology, woman and child, medical contrast medium and over-the-counter (“OTC”) have been continuously increased, and the level of technology has been continuously enhanced. At present, the Company has established close collaboration in scientific research with many well-known universities such as the Macau University of Science and Technology, the Hong Kong Baptist University, the Southern Medical University, the Chongqing Medical University and the South China University of Technology. Through the establishment of post-doctoral research stations, academician workstations, engineering technology research centers and other research and development cooperation platforms, the integration of the production, academic institutions and researches have promoted the development of new medicines and the secondary development of traditional products. In response to the concerns of patients, the Company is going to develop the “Consun Physician” APP, which will effectively link patients, clinicians and pharmaceutical companies together to tackle the difficulty in accessing information, and to utilize medical and health-related big data to provide a platform for patients with kidney disease to self-manage their health.

Talents are our roots: Only the best talents can build the best enterprise. In the era of knowledge-based economy, talents are the power for enterprises to keep surviving and moving forward. Consun Pharmaceutical always adheres to “people-oriented” in its internal management, implementing “respect people, cultivate people, accomplish people” as our human resource philosophy in various specific works and building a comprehensive talent cultivation and training system. We also run the Consun Institution to implement a strategy of “capacity development and full career management” on employees to help them to grow. At the same time, we have established an evaluation

and promotion system in terms of value contribution and responsibility, with a “diversified incentive management” including bonuses, excess profit incentives and options, so as to provide solid returns to the employees who make contributions.

In the new era and new journey, today’s Consun Pharmaceutical is facing the “window period” of the national medical reformation and the development period of industry growth. Opportunities and challenges coexist, ideals and reality are intertwined. We will keep our mission in mind and will never forget why we started. We adhere to the patient-oriented operation mode, producing medicines with conscience which keeps our patients rest assured, and the works are continuing to be refined. To be the guardian of the people's health with the spirit of “wisdom of pharmacist, benevolence of physician”, we return to the society and honor our responsibility as the leading enterprise of oral modern Chinese medicines in the field of kidney disease in China!

AN Yubao

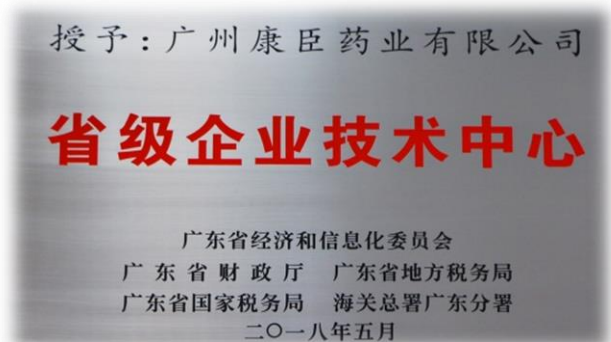
Chairman of the board

Memorabilia of 2018

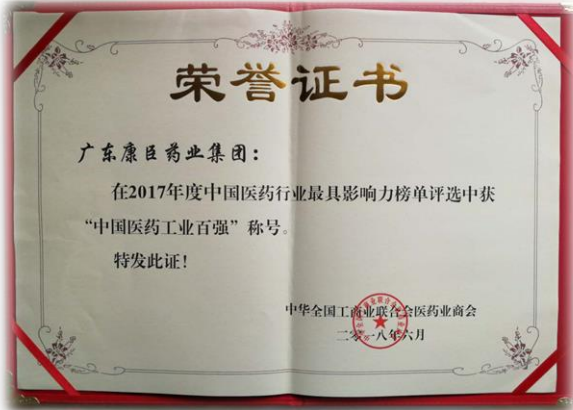
- ✧ In February 2018, Consun Pharmaceutical (1681.HK) was approved to be included in Hang Seng Stock Connect Hong Kong Index and officially came into effect on 5 March 2018. Mainland investors can directly purchase the stock of Consun Pharmaceutical through Southbound Trading under the HKEX's Stock Connect.
- ✧ In March 2018, Inner Mongolia Consun was awarded the Certificate of "High-tech Enterprise" in 2018. Inner Mongolia Consun was certified for the first time in 2009 and has been awarded the "High-tech Enterprise" for four consecutive terms since then.
- ✧ In April 2018, Zheng Gu Shui of Yulin Pharmaceutical was certified with the CE marking of the European Union ("EU") and obtained the exemption from the import inspection of EU countries.



- ✧ In May 2018, Guangzhou Consun was included as the "Guangdong Provincial Enterprise Technology Center" in the list of the 17th provincial-level enterprise technology centers in Guangdong Province. This is the higher level certification obtained by Consun Pharmaceutical's research institution after the Company was recognized as the "Guangzhou Municipal Enterprise Technology Center" in March this year.
- ✧ In May 2018, Tongliao Quality and Technical Supervision Bureau issued a report to honor the enterprises recognized as "2016 Autonomous Region Famous Brand Enterprise". The "Iron-dextrin Oral Solution" and Erythromycin Estolate Suspension produced by Inner Mongolia Consun were selected as the "Famous Branded Products of Autonomous Region".



- ✧ In June 2018, Consun Pharmaceutical was awarded the title of “Top 100 Chinese Pharmaceutical Industry Enterprises” by the Pharmaceutical Industry Association of All-China Federation of Industry and Commerce.



- ✧ In August 2018, Consun Pharmaceutical's product, Uremic Clearance Granules, was awarded the “2018 List of Healthy China's Brands” for the third consecutive year in China Pharmaceutical Enterprises Co-operation and Development Organization 2018.



- ✧ In September 2018, Yulin Pharmaceutical was once again awarded the “Top 100 Chinese National Medicine Brands” by the Pharmaceutical Industry Association of All-China Federation of Industry and Commerce. The ranking of Yulin Pharmaceutical increased from the 51st in 2016 to the 33rd in 2017.



- ✧ In September 2018, Ms. Li Qian, Chief Executive Officer of Consun Pharmaceutical, ranked fourth on the list of “Forbes China Top 10 Women CEOs” in 2018.

- ✧ In November 2018, the Ministry of Agriculture of the People's Republic of China issued the seventh list of qualified “National Key Enterprises in Agricultural Industrialization”. After the validation of National Agricultural Industrialization Joint Conference, Yulin Pharmaceutical continued to enjoy the qualification of “National Key Enterprise in Agricultural Industrialization”.



- ✧ In December 2018, Inner Mongolia Consun was awarded the honorary title of “Excellent Private Enterprise” in the “Conference for Promoting High-quality Development of Private Economy in the Region”.



- ✧ In December 2018, the award ceremony of the “International Development Forum for China Listed Companies and the Hong Kong Stock Listed Companies “Golden Lion Award” section” held by Sina Finance was launched in Hong Kong. Consun Pharmaceutical won the “Best Investor Relationship Management Company Award of the 2018 Hong Kong Stock Listed Company Golden Lion Award”.



In December 2018, Big Brand Traditional Chinese Medicine League of China Association of the Chinese Medicine released the ranking of "Technology Competitiveness of Chinese Medicine Varieties" in 2018. Three core products of Consun Pharmaceutical and Yulin Pharmaceutical, namely Uremic Clearance Granules, Zheng Gu Shui and Shiduqing Capsule, successfully entered the list.



An Overview of Consun Pharmaceutical

Company Profile

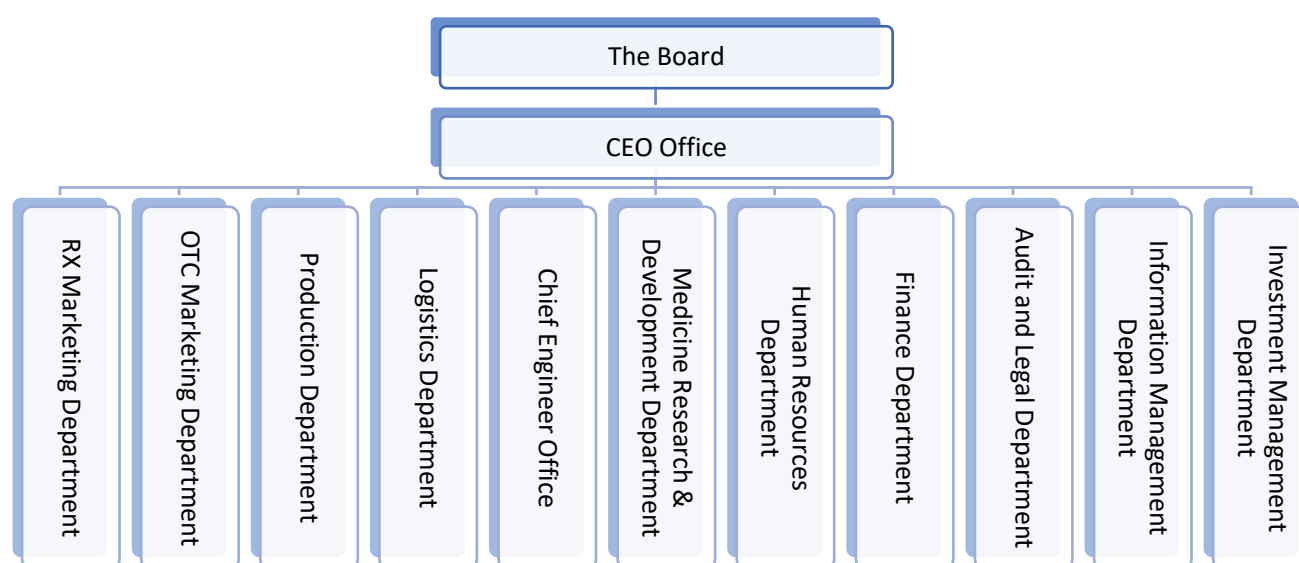
Consun Pharmaceutical is a modern pharmaceutical enterprise principally engaged in the R&D, manufacturing and sale of modern Chinese medicines and medical imaging contrast mediums. It's founded in 1997 and got listed on the main board of The Stock Exchange of Hong Kong Limited in December 2013. It owns companies which engage in the R&D and manufacturing of medicines. It operates well-known pharmaceutical brands such as Consun and Yulin. It has three production bases located in Guangzhou, Guangdong Province, Tongliao, Inner Mongolia and Yulin, Guangxi Province.

Value Philosophy



Corporate Governance

Organizational Structure



The Organization Chart of the Group

Clean Operation

Consun Pharmaceutical advocates the professional ethics of law-abiding, integrity, honesty and dedicating. In accordance with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other relevant laws and regulations, the Group has compiled the employee's handbook and established business management system and expense approval authority system, etc., to regulate employees' behavior and to set up the internal code of conduct against corruption. The Group has established the Internal Audit Management System, which stipulates that the Audit and Legal Department shall be responsible for inspecting and supervising all functional centers, departments, affiliated companies, contact points and related personnel within the Group so as to prevent the employees' non-compliance with the laws and regulations, and illegal acts of fraud, corruption, bribery, extortion, money laundering, etc. The Group also sets up mailbox and hotline to accept complaints and reports from customers, employees and third parties regarding violations of our employees. The relevant departments shall strictly keep the information of the reporter in confidential and investigate the incident. The Audit and Legal Department shall conduct site visits from time to time to conduct inspection on improper acts.

The Group executes the *Post Responsibility Letter* with marketing staff members at all levels annually and requires them to comply with the sales management regulations. In the meantime, the Audit and Legal Department of the Group carries out compliance training and promotion activities from time to time to improve the employees' knowledge of the anti-corruption laws and regulations and the awareness of business bribery related behaviors. During the Reporting Period, Consun Pharmaceutical strictly complied with the various anti-corruption regulations and didn't receive any case regarding corruption lawsuits.



Launched sales-related legal knowledge and compliance training

Stakeholder Engagement

The Group believes that maintaining communication with stakeholders, understanding their needs and taking actions accordingly are part of the important foundations for our sustainable development. The Group expects that this Report can serve as a bridge to communicate with different stakeholders, responding to their concerns by reporting the annual environmental and social performance of Consun Pharmaceutical.

Listen to the Demands

Identify the Key Stakeholders and Conduct Engagement Activities

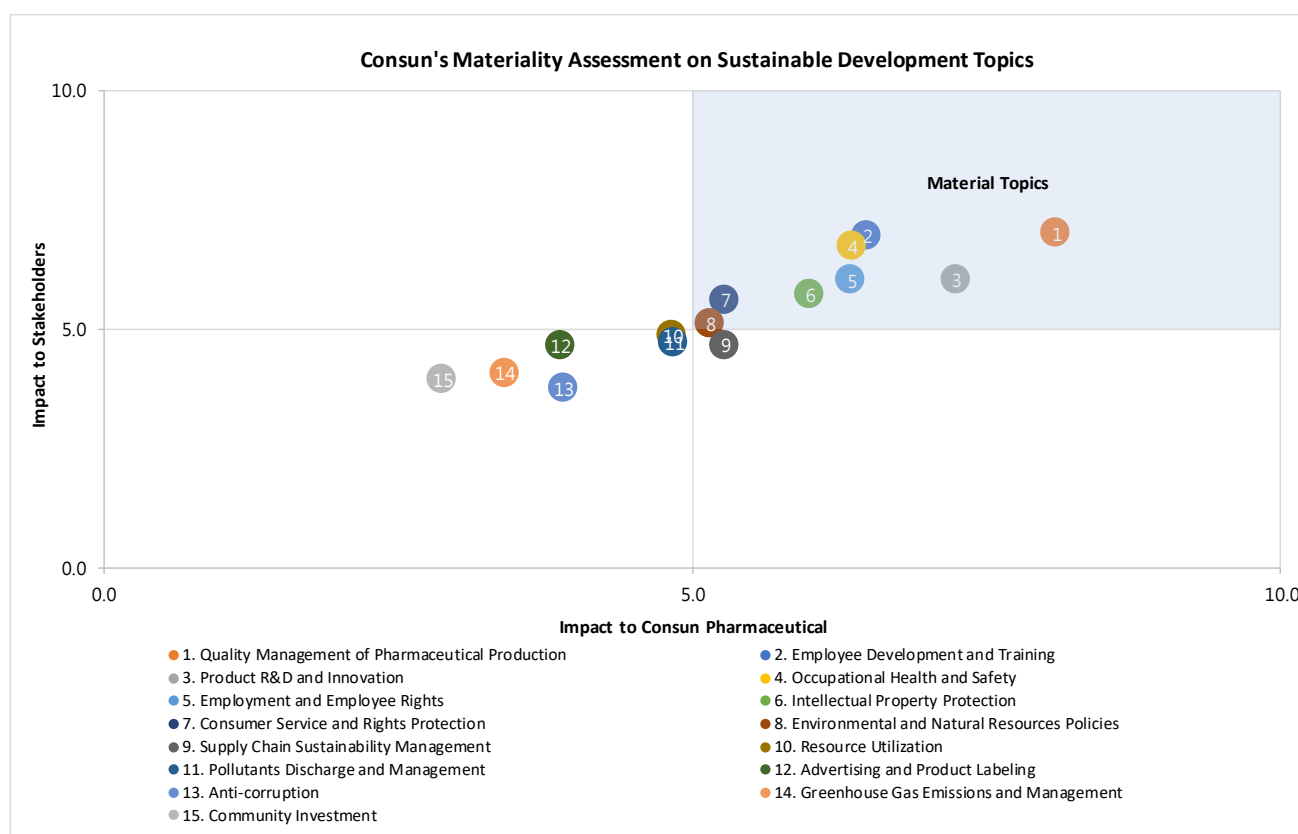
From the perspectives of the “impacts of the Company to stakeholders” and the “impacts of stakeholders to the Company”, the Groups identified key stakeholders that are closely related to Consun Pharmaceutical and conducted different forms of communication to understand their expectations and needs.

Key Stakeholders	Communication Channels of the Group	Expectations to the Group
Government and Regulatory Agencies	<ul style="list-style-type: none"> Participate in government projects Pass the qualification examinations Submit work reports 	<ul style="list-style-type: none"> Compliance with laws and regulations Strengthen research and development of drugs
Investors (Shareholders)	<ul style="list-style-type: none"> Shareholders' general meeting Information disclosure Investor consultation Roadshows 	<ul style="list-style-type: none"> Good corporate operation management to reduce operational risks Good return on investment Transparent information disclosure
Clients	<ul style="list-style-type: none"> Customer satisfactory investigation Customer complaint management Daily customer communication 	<ul style="list-style-type: none"> Provide medicines that are safe and of good quality Diversified medicine types Protect consumer rights
Employees	<ul style="list-style-type: none"> Trade union Provide training and development platform The Group's publications Hold employee activities 	<ul style="list-style-type: none"> Good working environment Good career prospects
Suppliers	<ul style="list-style-type: none"> Formulate supplier management system Evaluation on suppliers 	<ul style="list-style-type: none"> Cooperate with mutual benefit
Peers	<ul style="list-style-type: none"> Participate in or hold industry forums Participate in industry association Visit and communicate with other companies 	<ul style="list-style-type: none"> Promote industry development
Community and the Public	<ul style="list-style-type: none"> Information disclosure Participate or organize community activities Social charity and poverty alleviation activities, volunteer activities 	<ul style="list-style-type: none"> Serve the community Charity

Materiality Assessment

The Group has identified 15 relevant sustainability topics by considering the indicators of the ESG Guide and the concerns of the pharmaceutical industry and stakeholders. Questionnaires were distributed to stakeholders to understand the importance of sustainability topics to them and understand their extra valuable comments. Meanwhile, we also conducted an internal assessment to assess the impact of various sustainability topics on the Group's operations. A total of 1,446 valid questionnaires were collected in this survey.

Based on the results of the questionnaire survey, the Group conducted a matrix analysis from the two dimensions of the “impact on stakeholders” and the “impact on Consun Pharmaceutical” to prioritize the importance of different topics.



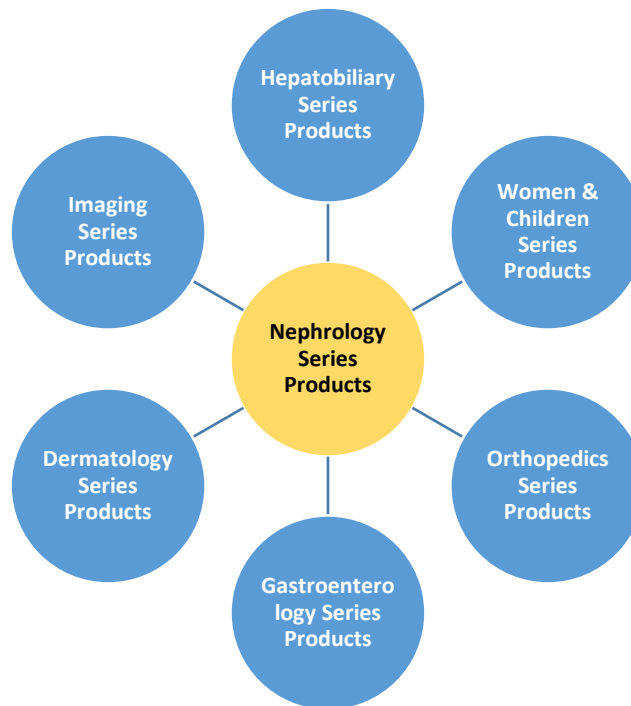
According to the score of each topic, material topics of the Group include the following:

List of Material Topics (Importance is ranked from highest to lowest)	Responding Chapters
1. Quality Management of Pharmaceutical Production	Quality Management of Pharmaceutical Production
2. Employee Development and Training	Talent Cultivation
3. Product R&D and Innovation	R&D Innovation
4. Occupational Health and Safety	Occupational Health and Safety
5. Employment and Employee Rights	Talent Management
6. Intellectual Property Protection	R&D Innovation
7. Consumer Service and Rights Protection	Customer's Rights Protection
8. Environmental and Natural Resources Policies	Green Operation

The management of the Group verified the ranking results to ensure that the results were in line with the actual situation. Based on the results of the materiality assessment, we incorporate relevant sustainability topics into various chapters of this Report and provide key reporting to respond to the expectations of stakeholders. In addition, we also consider incorporating the material issues into our corporate sustainability management as one of the considerations for planning corporate sustainable development.

Product and Service Quality

Consun has various product lines, covering products for chronic kidney disease treatment, imaging diagnosis, healing and removing pain, etc. It has 146 medical products including 63 traditional Chinese medicines (“TCM”) and 83 western medicines. Among the said products, 35 medicines have been included in the National Essential Medicine List and 73 medicines have been included in the National Catalogue of Drugs Covered by the Medical Insurance. 15 medicines are the National Protected TCMs such as Uremic Clearance Granule, Shiduqing Capsule, Zheng Gu Shui, Yunxiang Qufeng Analgesic Tincture, Jigucuo Capsule and so on, among which Bone-setting Liquid has been included in the *Encyclopedia of Chinese Geographical Indication Products*.



“1+6” Product Pattern



Uremic Clearance Granules is the first modern Chinese medicine for chronic renal failure and has maintained its leading position in the market of oral modern Chinese medicines for kidney diseases.



Kidney Repair and Edema Alleviation Granules is the Chinese medicine for chronic glomerulonephritis, which has a significant efficacy in enhancing “Qi” of the spleen and reducing chronic glomerulonephritis albuminuria.



Gadopentetic Acid Dimeglumine Salt Injection is the paramagnetic contrast medium widely used in magnetic resonance imaging contrast enhancement, which has received various honors.



Shiduqing has the effect of dispelling wind-cold and relieve itching, nourishing blood, and moisturizing skin, which could be used to treat cutaneous pruritus.



Zheng Gu Shui could promote blood circulation to remove blood stasis, relieve swelling and pain, and eliminate exercise fatigue. Zheng Gu Shui has won several famous awards and was included in the *Encyclopedia of Chinese Geographical Indication Products*.



Yunxiang Analgesic Tincture has the effect of dispelling wind-cold and eliminating dampness, activate blood circulation and relieving pain, which is the popular medicine of Yulin Pharmaceutical.



Iron Dextran Oral Solution, which is one of our main products, is the ideal medicine for iron supplement product among children medicines.

Jigucao has the effect of clearing heat and detoxification and protect the liver and gall.

Quality Management of Pharmaceutical Production

The Group strictly complies with the *Pharmaceutical Administration Law of the People's Republic of China*, the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, the *Good Manufacturing Practices for Pharmaceutical Products* (GMP), and other relevant regulations, so as to establish a strict internal quality control system. The quality of medicines is related to the health and safety of patients, and ensuring the quality of medicines is the primary responsibility of the Group. We achieve our quality policy by setting quality goals:

- ✓ Ex-factory rate shall reach 100%, medicines that are untested or fail the test are not allowed to leave the factory
- ✓ Customer satisfaction rate shall reach 98% or more
- ✓ One-time delivery pass rate shall reach 100%
- ✓ Pass rate of materials provided to workshop shall reach 100%

The quality management of pharmaceutical production is mainly divided into eight parts, and the whole manufacturing process is fully controlled to guarantee the high quality of medicines produced.

Quality Management of Pharmaceutical Production		
1. Organization and Personnel	➤	Standardize organization structure, job responsibilities, etc.
2. Documentation	➤	Standardize the management of documents related to the production quality system
3. Quality Management	➤	Standardize quality management systems, quality assurance, quality control, quality standards, etc.
4. Production Management	➤	Standardize the production technology, the production processes, hygiene management, etc.
5. Engineering Equipment	➤	Standardize the operation, manipulation and maintenance of plant and engineering equipment
6. Material and Product	➤	Standardize the procurement, batch management, warehousing of production materials, products, etc.
7. Confirmation and Verification	➤	Standardize the validation and verification of user needs, analytical methods, plant equipment, production technology, etc.

8. Commissioned Production and Commissioned Inspection	➤ Standardize the commissioned production and inspection of medicines
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The top management of the Group has fundamental responsibility for the quality management of pharmaceutical production, and the departments that are included in the system include: the Quality Management Department, the Production Management Department, the Engineering Equipment Department, the Human Resources Center, and the Storage Department. Each department in this system has a clear responsibility. For example, the Quality Management Department exercises the power of quality management independently, and it shall report to the quality authorized persons who have the right to release final products. At the same time, we incorporate risk management into each part of the quality management activities and continue to improve the internal quality management system. We have developed a number of policies for various management links, such as the *Pharmaceutical Quality Risk Management Procedures*, the *Material and Sample sampling Management Procedures*, etc., to regulate the operation of the pharmaceutical production process, avoiding and strictly controlling the potential risks.

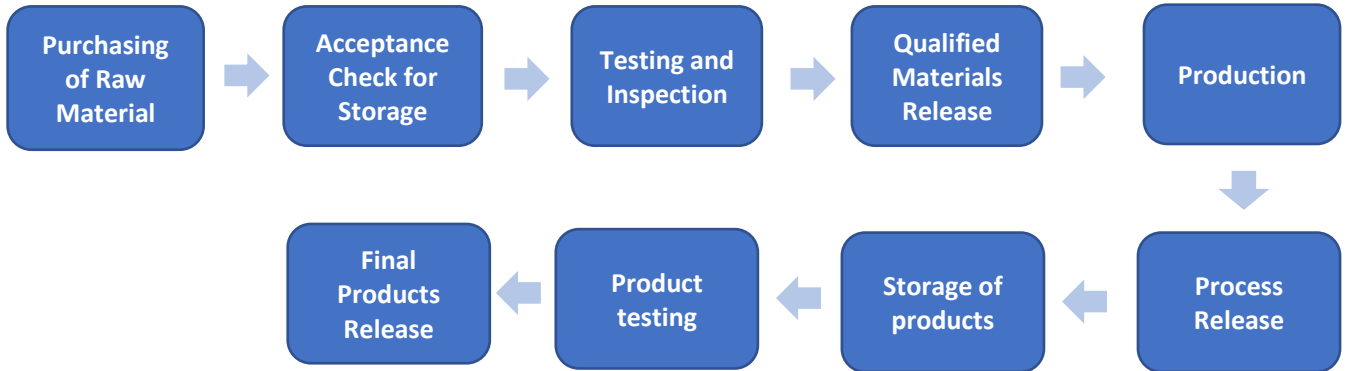
Quality Risk Management

The Group has established the quality risk management team to manage the quality risks involved in the R&D, manufacturing and sales of pharmaceuticals. The process includes the assessment, control and review of risks, and the results of the risk management procedures will be inspected at last. Pharmaceutical quality risk management mainly involves the following areas:

- | | | |
|--|--------------------------------------|--|
| ✓ Treatment of quality-related complaints and adverse reaction | ✓ Product release | ✓ Confirmation and verification of key equipment |
| ✓ Risk assessment of returns | ✓ Corrective and preventive measures | ✓ Maintenance of plant, facility and utility system |
| ✓ Annual review of product quality | ✓ Material supplier's assessment | ✓ Control of production and warehouse environment |
| ✓ Handling of deviation and abnormal condition | ✓ Verification of product technology | ✓ Investigation on the stability of material and product quality |
| ✓ Amendment management | | |

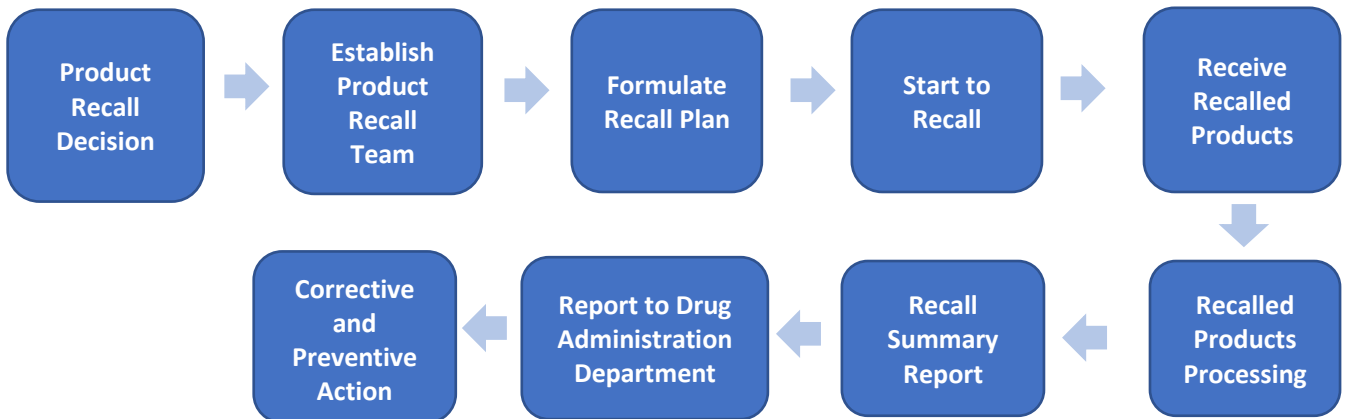
Quality Check

The Group strictly controls the product quality via the inspection process and the unqualified materials shall not be put into use once checked out. The product quality verification procedure is shown as below:

Product Recall

In addition, in order to prevent product recall accidents caused by potential safety hazards and establish an effective response mechanism, the Group has established after-sales guarantee procedures in accordance with national laws and relevant laws and regulations, such as the *Product Recall Management Procedures* and the *Product Return Management Procedures*. The procedures ensure timely and effective recall of products known or suspected of having quality issues from the market, so as to minimize the impact on patients. During the Reporting Period, the Group did not have any recall cases of sold or shipped products for safety and health reasons.

Product recall management procedure is shown below:



The Group have modern production lines which have passed the 2010 version of GMP certification. Among them, Yulin Pharmaceutical passed the tenth GMP certification inspection of Australia Therapeutic Goods Administration (TGA).



Automatic packaging production line of Uremic Clearance Granules in Inner Mongolia Consun



Filling process of Zheng Gu Shui in Yulin Pharmaceutical

R&D Innovation

Based on the R&D strategy of “Independent research and development, supplemented by market acquisition”, we have achieved remarkable results in various fields through enterprise-enterprise cooperation and enterprise-school cooperation. Until now, Consun possesses two provincial “Engineering Technical Research Centers”, three provincial “Enterprise Technical Research Centers”, two “Academician Expert Workstations” and one “Postdoctoral Scientific Research Workstation”. Combining with the basic research theory of Chinese and Western medicines and clinical application research, it constitutes the overall research ideas and technical routes of Consun Pharmaceutical's modernization of traditional Chinese medicines. By the end of 2018, Consun Pharmaceutical has achieved a number of scientific research results.



Chinese Medicines Research Center for Renal Diseases

By the end of 2018,

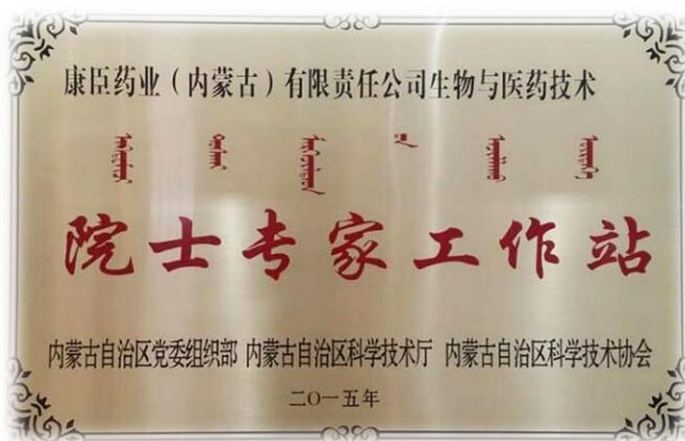
37 patent authorizations obtained

12 international patents were included in it

Published more than **100** academic papers

20 included in Science Citation Index (SCI)

Undertaken **40** national, provincial and municipal scientific and technological research projects



The Biological and Pharmaceutical Technology Academician Workstation

Investment on R&D in 2018

RMB **67.937 million**

In March 2018, Consun Pharmaceutical Group received approval of the former China Food and Drug Administration in relation to the clinical study of its self-developed new medicine for diabetic kidney disease. We have completed the pilot-scale study and clinical study proposal (draft) for the placebo.



Sample of new medicine for diabetic kidney disease (pellet)

In September 2018, the “Expert Consensus on the Clinical Application of Kidney Repair and Edema Alleviation Granules” was officially presented at the 2018 Academic Conference of Kidney Disease Division of China Association of Chinese Medicine cum 31st China Chinese Medicine and Kidney Disease Academic Symposium. In accordance with prudent and scientific principles, the consensus was reached by inviting domestic Chinese and western clinical specialists in kidney diseases, pharmacologists and statisticians to consolidate and analyze results of research conducted before and after the launch of Kidney Repair and Edema Alleviation Granules. Starting from clinical experience, newly released clinical research results, etc., the “expert consensus” was finally formed after three stages of preliminary research, consensus formation and consensus improvement.



Kidney repair and edema alleviation granules product

In 2018, the Lanthanum Carbonate Project had a major breakthrough and basically succeeded in the development of active pharmaceutical ingredients, succeeded in the trial production of granules and made progress in the trial production of chewable tablets. In addition, the research on production process and the formulation of quality standards were completed for the Ultrasound Micro-bubble Contrast Medium Project. Micro-bubble is a type of medicine that can be applied for precision treatment in the medical field, which enables treatment and diagnosis at the same time. The Company has established the first fully-enclosed automatic

ultrasound micro-bubble production line with mature technology in both China and Asia, and it is expected to submit clinical applications for products in 2020.

The revised 2018 National List of Essential Medicines was finalised on 25 October 2018. Our flagship product UCG remained on the list and our exclusive “Yuanli Kang® – Iron-dextrin Oral Solution” was included for the first time.

国家基本药物目录 2018 年版

序号	功能	药品名称	剂型、规格	备注
157		尿毒清颗粒	颗粒剂：每袋装 5g	
序号	品种名称		剂型、规格	备注
244	右旋糖酐铁 Iron dextran		口服溶液剂：5ml:25mg (Fe)、 10ml:50mg (Fe) 注射液：2ml:50mg、2ml:100mg	

Uremic Clearance Granules and Yuanli Kang are included in the 2018 National List of Essential Medicines

Intellectual Property Protection

The Group attaches great importance to its own intellectual property protection. We have formulated the *Management System of Intellectual Property* in accordance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws and regulations, to provide the institutional guarantee of the utilization, management and protection of intellectual property. The Group manages intellectual property rights such as trademark rights, copyrights, patents, trade secrets, etc. in accordance with the principle of timeliness and confidentiality:

Timeliness	➤ There are higher requirements on time for the application, renewal and payment for intellectual property rights, they need to be dealt with in time to ensure the validity of rights.
Confidentiality	➤ Intellectual property belongs to the business secret of the Company which must be strictly protected and no employee is allowed disclose it to any third party. ➤ All employees and external research partners involved in research and development projects are required to sign the confidentiality agreements with the Group. These agreements require the relevant personnel to keep secret regarding the relevant confidential information and are responsible for preventing leakage.

Customers' Rights Protection

"Dedicate for perfection" is the service concept of Consun Pharmaceutical. Consun Pharmaceutical always pays attention to the opinions of the customers. We have set up unified national customer service hotline 400-930-1681 as a convenient channel for consumers' complaint. Regarding the frontline staff who serves customers, the Group require them to comply with *Customers Service Hotline Guideline*, so as to standardize the hotline processing flow, control the processing time, and timely refer the complaint to the relevant departments in charge. Once the follow-up event has the result, the customer service staff must revert the result to the customer as soon as possible. In addition, we have established *Patient Telephone Call Guideline* to standardize the daily telephone call procedure. According to the situations of different patients, the call cycle is established to keep understand the patients' conditions and opinions, so as to continuously improve the products and services of the Group and establish a good relationship with patients.

During the Reporting Period, the Group's customer service hotline received a total of 2,529 patient calls, and 100% of the customer's call requirements were handled and the caller information was recorded.

Complaint Handling

In order to standardize the response and handling process of complaint on product quality, the Group has formulated the *Patient Complaint Handling Procedure* in accordance with the *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and relevant rules and regulations, to standardize the duty of all departments, so as to ensure the product complaint process could smoothly be proceeded, and to maintain the brand image and market reputation. The following is the scope of complaint handling works for the various departments of the Group:

Health Management Department	<ul style="list-style-type: none"> ➤ Responsible for verifying product complaint information from patients and initiating a complaint process report; ➤ Explain the questions related to product quality and appease the patient's emotions; ➤ Communicate and coordinate the results of relevant complaints with patients; ➤ Follow up the progress of patient complaints; ➤ Send the product complaint analysis report to the relevant department in each quarter and half year; ➤ Save the <i>Customer Complaint Record Form</i>.
Marketing Department	<ul style="list-style-type: none"> ➤ Conduct on-site investigations to assist in communicating with the patients about the product and its use and also request for samples.
Production Department	<ul style="list-style-type: none"> ➤ Confirmation of patient complaints regarding product quality issues; ➤ Investigation of the causes of product quality problems and provide suggestions for improvement; ➤ Advice on complaint handling.
Logistics Department	<ul style="list-style-type: none"> ➤ Confirm the quality impact factors from storage, transportation, etc.; ➤ Find the cause of the problem and propose an improvement plan; ➤ Advice on complaint handling.
Audit and Legal Department	<ul style="list-style-type: none"> ➤ Coordinate major events by providing handling advice from the professional perspective of auditing, laws, etc.
Other Related Functional Departments	<ul style="list-style-type: none"> ➤ Implement the solution by providing handling advice based on relevant situation.

During the Reporting Period, the Group received a total of 8 product feedbacks and no major product complaint was recorded. The patients' quality feedbacks were sent to the production center immediately and received quality improvement responses from the production center.

Customers' Privacy Protection

The Group put emphasis on the privacy protection of consumers and patients. We have formulated the *Patient Information Management Procedure*, which requires all relevant personnel to manage the patient's data in accordance with the system. The customer information system, as well as the patient's data system, are only accessed by authorized staff. People from other departments or external organizations should strictly follow the *Procedure for Patient Information Review Application* including relevant application, acceptance and offering in order to get access to the patient's information.

Advertisement and Product Labelling

For product promotion and advertisement production, the Group strictly complies with the *Pharmaceutical Administration Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, the *Measures for the Examination of Drug Advertisements* and other laws and regulations. Pharmaceutical-related advertisements are examined and approved by the provincial drug regulatory authorities to ensure compliance with laws and regulations. Meanwhile, we make medicine labels in strict accordance with the *Pharmaceutical Administration Law of the People's Republic of China*, the *Provisions for Drug Registration*, the *Provisions on the Administration of Pharmaceutical Directions and Labels*, and other regulations, in order to eliminate unclear, misleading information or words.

Sustainable Management of Supply Chain

To ensure the raw materials can be supplied stably, timely and with high quality, the Group has established a supply chain management system. We have formulated the policies such as *Supplier Management Guidelines*, *Material Procurement Management Guidelines* in accordance with the requirements of Good Manufacturing Practices (GMP), so as to ensure the legitimacy, compliance, qualification and suitability of raw materials. Once quality issues occurred, the issues would be reported in the quality review by the Quality Control Department on a quarterly basis. The suppliers which have quality issues will be demoted, or even be removed from the list of qualified suppliers if they involved in severe cases. In addition, we have formulated *Administrative Regulation for Chinese Herbal Medicines and Herbal Pieces*, *Administrative Regulation for Raw and Auxiliary Materials*, and *Administrative Regulation for Packaging Material* according to GMP respectively, so as to carry out refinement management for the procurement of different raw materials.

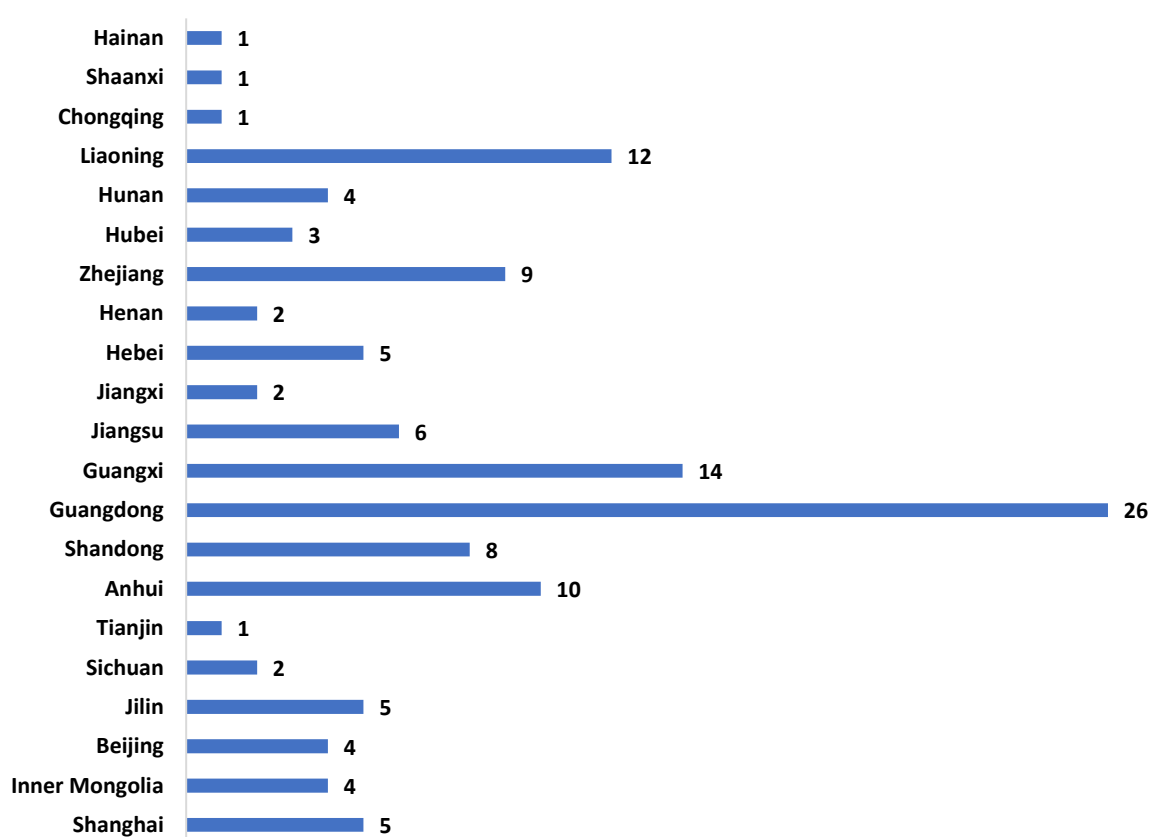
We attach great importance to the production process and quality control of suppliers, and also evaluate their environmental performance, including both the plant and production area. Meanwhile, the staff members of the Supply Department are responsible for conducting preliminary inspections on supplier's social reputation, company profile, national quality certification, etc. After the initial review by the Supply Department, the investigation results will be submitted to the Quality Management Department for recording.

Supplier Development	<ul style="list-style-type: none"> ➤ Recommended by user department or searched by Procurement Department ➤ Give priority to suppliers which have established a quality system based on national or international standards and have passed the certifications ➤ When purchase key materials, equipment, etc., the production capacity and quality assurance system of suppliers should be examined
Preliminary Evaluation of Suppliers	<ul style="list-style-type: none"> ➤ Collect relevant information (such as quality, service, delivery date, price) as the basis for screening suppliers ➤ Deliberate whether the purchased materials, key equipment, etc. meet legal requirements and safety requirements ➤ For the procurement of non-production materials and equipment, we determine the selection of suppliers in accordance with the <i>Purchasing Price Inquiry Guideline</i>.
Providing Sample	<ul style="list-style-type: none"> ➤ Purchase production materials in accordance with the requirements of GMP, inform the supplier to provide demanded quantity of samples for the inspection of audit materials ➤ Conduct inspection based on quality standards and issue inspection report
On-site Audit of Suppliers	<ul style="list-style-type: none"> ➤ According to the influence level of the purchased materials on the product quality, the purchased materials are divided into three levels: A, B and C, and are controlled in different levels ➤ Conduct on-site review of suppliers providing key and major materials to complete the supplier audit report ➤ Conduct qualification review on suppliers that provide common material
Confirmation of Qualified Suppliers List	<ul style="list-style-type: none"> ➤ After the completion of the on-site assessment form or audit report, a quality assurance agreement is signed with the supplier, and the supplier is then included in the "Qualified Supplier List" ➤ Suppliers are assessed from time to time and the "Qualified Supplier List" will be revised based on the assessment results.

Audit and Examination of Suppliers	<ul style="list-style-type: none"> ➤ Establish the annual audit plan and examination plan ➤ Adjust supplier rankings based on assessment result ➤ Implement a rating and grading system for suppliers, and the supplier's audit items include quality, delivery, service, price level, etc. ➤ Request for rectification to the supplier with problems ➤ Exclude suppliers with serious problems or failure to rectify from the "Qualified Supplier List"
Supervision of Suppliers	<ul style="list-style-type: none"> ➤ Supervise the suppliers on the aspects of qualification, delivery, quality and information

The following chart shows the number of suppliers of the Group scattered throughout the country:

Number of Suppliers (By Geographical Region)



People in Consun

“Respect People, Cultivate People and Accomplish People” is the talent concept of Consun Pharmaceutical. We fully respect and understand the needs of employees, thus establishing a good career platform and a safe working environment for employees.

Talent Management

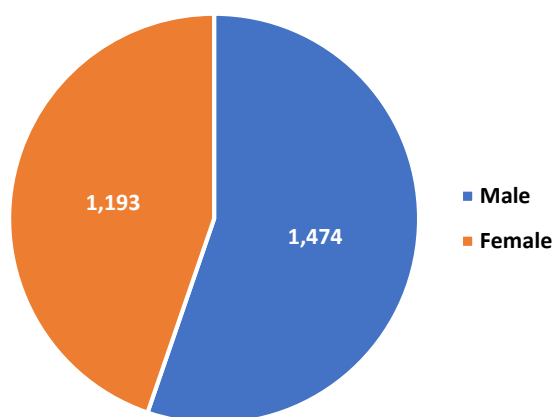
Consun Pharmaceutical welcomes outstanding talents to join the Group and develop together with the Group. We always adhere to the core value system of “people-oriented”, actively fulfill the enterprise mission of creating value for employees and form a standardized human resources system.

<p>Labor Employment</p>	<p>➤ Recruitment:</p> <p>The Group strictly complies with the <i>Labor Law of the People's Republic of China</i>, the <i>Labor Contract Law of the People's Republic of China</i> and other relevant labor laws and regulations, meanwhile we establish a rational talent selection and appointment mechanism. We have formulated the human resource relevant management system such as the <i>Recruitment and Configuration Management System</i> under the principles of openness and fairness, choosing the best, internal priority and dual inspection. The system clarifies the principles, standards, and methods for recruitment and allocation of the Company personnel, so as to standardize the recruitment, selection, hiring, change to a regular employee after probation, promotion, personnel change, resignation, and dismissal management procedures of employees. It helps to match the qualified personnel who meet job requirements and corporate culture with relevant positions, which allows talents to be brought into full use and best practice.</p> <p>➤ Labor:</p> <p>The Group advocates the diversification of employees and provides equal job opportunities. Also, we prohibit any discrimination against employees on the bases of race, ethnicity, nationality, religion, and gender.</p> <p>At the same time, the Group strictly follows the labor standards, laws and regulations such as the <i>Provisions on the Prohibition of Using Child Labour</i> which prohibits the employment of child labor. During the recruitment process, we scrutinize candidates for information such as identity card to avoid the risk of recruiting child labor due to false information. During the Reporting Period, the Group had not involved in any cases in terms of child labor or forced labor.</p> <p>➤ Dismissal:</p> <p>According to the <i>Employee Behavior and Reward and Punishment Management</i> of the Group, if the employee fails to pass the probation period, commits serious violations, is investigated for criminal liability according to the law or any other circumstances that may lead to the</p>
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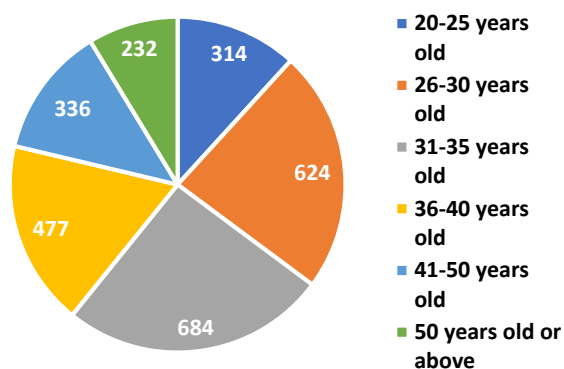
	termination of employment relationship according to the regulations of the labor laws, the labor contract will be terminated.
Remuneration	<p>➤ Remuneration: We combine the working performance with salary and bonus and set up quarterly and annual performance bonuses, so as to motivate, attract and retain outstanding employees, for laying a human resource foundation for the long-term development of the Group.</p>
Working Hours and Vacations	<p>The Group formulates the <i>Employee Labor Contract Management System</i> and <i>Employees' Leave Management System</i> based on the actual situation, and scientifically regulates the working hours to fully protect the basic right of employees to take leave according to the law.</p> <p>➤ Working hours: A five-day, eight-hour week.</p> <p>➤ Vacations: Public holidays, statutory leave, annual leave, marriage and compassionate leave, maternity leave, paternity leave, work-related injury leave, medical leave, sick leave, private affair leave, special leave, etc.</p>
Employees Development	<p>➤ Taking employees' abilities as the leading factors and working performance as the standard, the Group has formulated the corresponding promotion management measures according to the characteristic of different positions. We utilize the assessment method by combining Key Performance Indicator (KPI) and the Goal Setting (GS), so as to list those staff members who have outstanding performance and ability as reserve cadres, prioritizing them for promotion and development.</p> <p>➤ At present, the Group establishes a position system of 5 occupational categories, 5 position layers, and 21 position ranks. For horizontal classification, including management class, professional class, marketing class, technology class and operation class; For vertical classification, including decision-making layer, core layer, hardcore layer, backbone layer and foundation layer. We design a two-channel development route for each post, including technical and management channels, and establish a transfer route between the relevant post sequences. It provides a rich career path and a broad platform for employee's development.</p>

The Group advocates the diversification of employees and provides equal job opportunities. During the Reporting Period, the Group had a total number of 2,667 employees. The following shows the number of employees divided by different types.

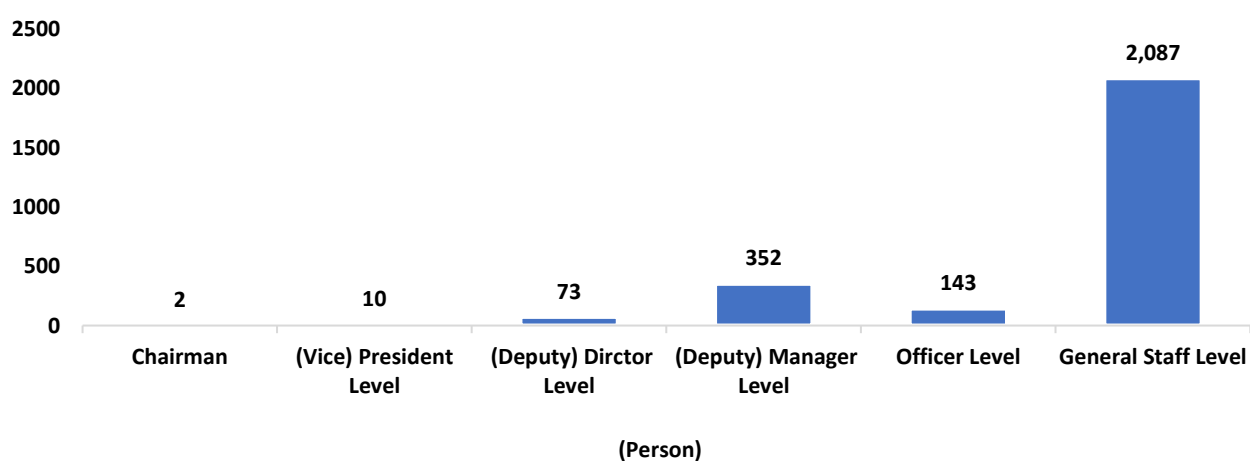
Number of Employees (By Gender)



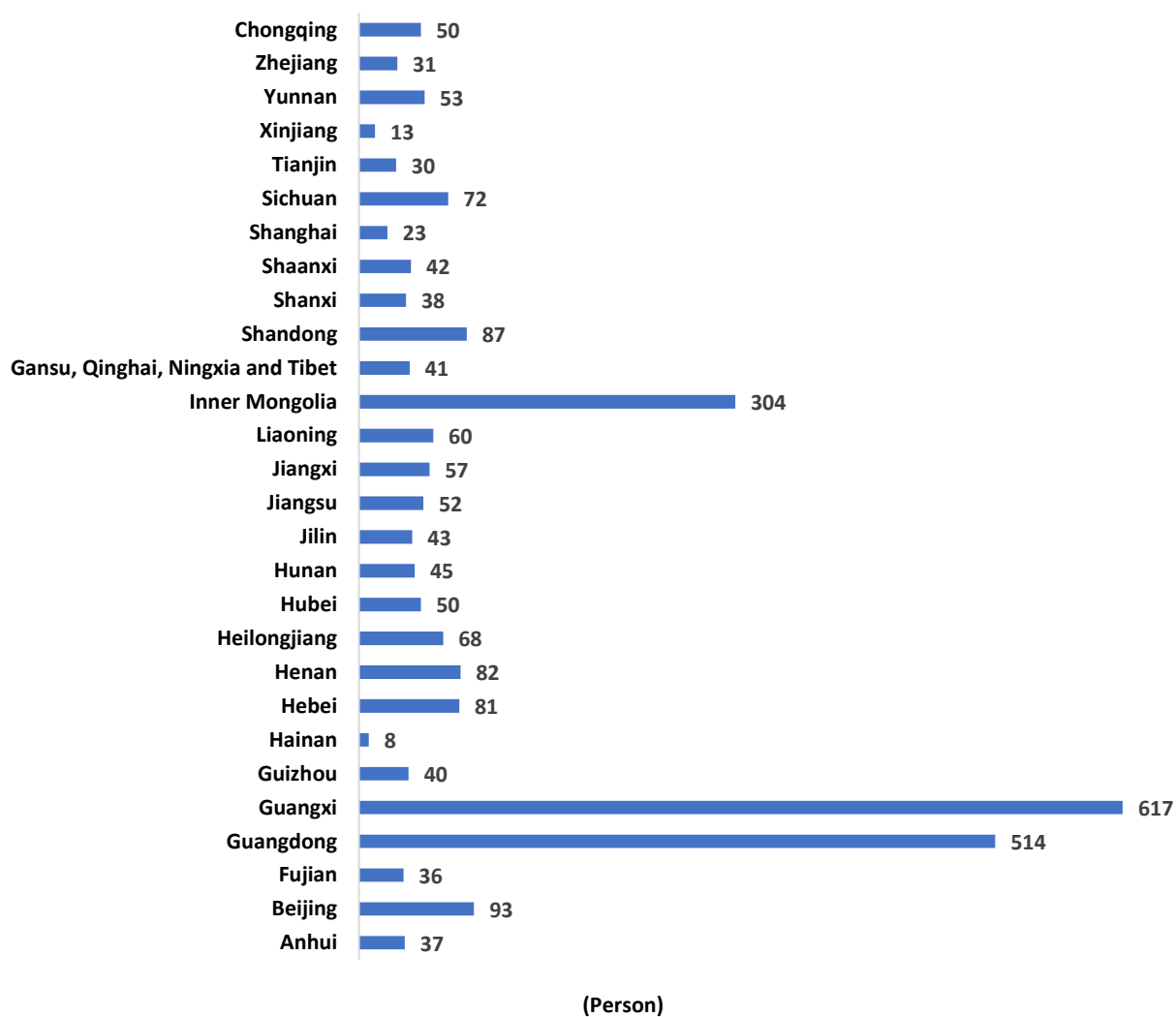
Number of Employees (By Age Group)



Number of Employees (By Employment Type)



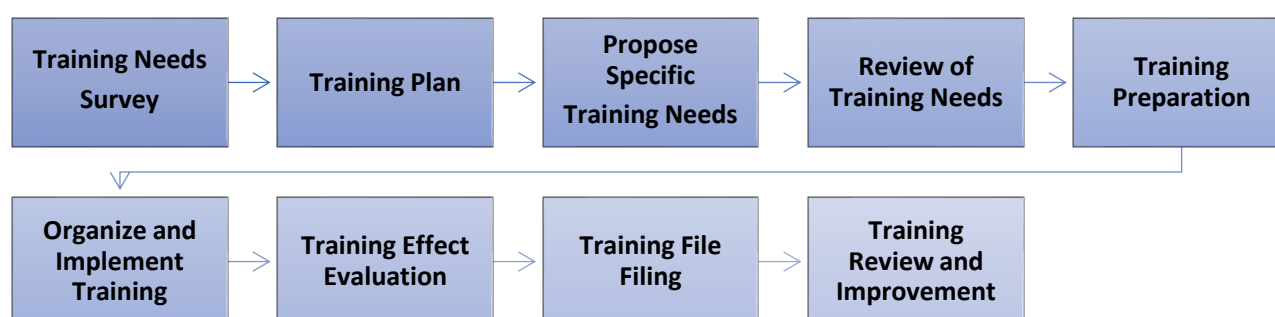
Number of Employees (By Region)



Talent Cultivation

Consun Pharmaceutical regards employee training as the driving force for sustainable development. The Group makes full use of external teacher resources and internal lecturer team, to develop a comprehensive training system for employees. We implement a series of training programs through systematically design, including training courses, outward bound training, rotational internship, E-learning and other varied learning activities, so as to constantly improve employees' working skills and ability level, as well as promote a win-win model of corporate development promotion and self-value achievement fulfilling.

In order to standardize the employee training management of the Group, including department responsibilities and training objectives and activity budgets, we have set up the *Training and Career Development Management*, the *Internal Trainer Management System* and other systems. According to the training systems of the Group, the training process we set up is as follows:

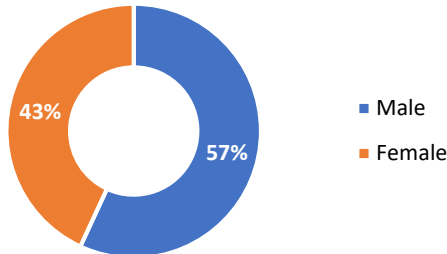


The Group also divides training activities into several categories to ensure different types of training programs are being carried out effectively.

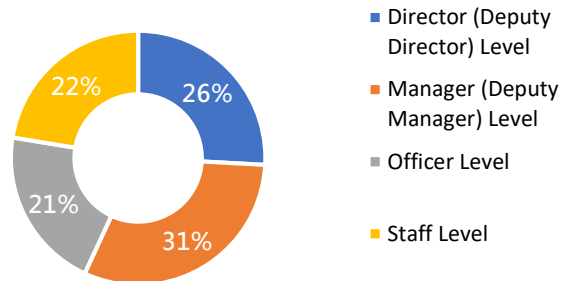
Category	Training Project	Training Level	
		Company Level	Department Level
New Employee Introduction Training	New marketing new employee training, and new non-marketing employee training	✓	✓
Probation and Position Training	Pre-job training, on-job and transfer training, standard operating procedures (SOP) training, department in-house training		✓
Promotion Training	Skill level promotion training, management level promotion training	✓	✓
Compliance Training	Third-level safety education, Good Manufacturing Practices (GMP)	✓	✓
Special Training	Management trainees, successor programs, internal lecturers, marketing personnel training, leadership training, academic education	✓	

During the Reporting Period, the total training hours of the Group were 9,687 hours, and the average training hours for each employee were 4.5 hours. The following charts show the percentage of employees with external training by gender and employment type in Guangzhou Consun and Inner Mongolia Consun.

**Percentage of Employees Trained
(By Gender)**



**Percentage of Employees Trained
(By Employment Type)**



Case: New Employees Training – “Consun People” Shaping Camp

In order to help new employees to understand corporate culture, rules and regulations, become familiar with job duties, business knowledge, strengthen team communication and enhance the sense of recognition and honor to the Company, the Group held new marketing employees training – “Consun People” Shaping Camp in March 2018 in Guangzhou. From the four dimensions of Consun enterprise culture, business knowledge, business literacy and business skills, we designed a series of effective courses and strengthened the guidance of employees on the key points and difficulties in their daily work, so that new employees could devote themselves to work faster and better.



“Consun People” Shaping Camp

Case: Quality Training

Combining with the actual work situation, the Group carried out several quality training courses such as process verification and computer systemization in 2018. In addition, the Group also launched special projects such as quality control skills competition and quality management knowledge competition, enhancing employees' work skills from diverse learning channels.



Quality Training

Case: Yulin Pharmaceutical "Executive Enhancement" Training

In order to fully mobilize the enthusiasm of employees and improve their executive ability, Yulin Pharmaceutical hired lecturers to hold two training courses about executive ability enhancement for management staffs. Through the interactions between lecturers and students during the training activities, the employees learned the definition, importance and improvement methods of executive ability.



Yulin Pharmaceutical "Executive Ability Enhancement" Training Activities

Occupational Health and Safety

Safe production is at the top priority of the production and operation management of the Group. The Group strictly complies with the laws and regulations including the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, etc. We implement safety measures in production and daily operation to ensure the health and safety of employees.

The Group has formulated a *Safety Production Management System* to regulate the operational safety of equipment and facilities. In addition, we have formed a safe production leading group which is responsible for providing production safety education for the employees in the Production Management Department, formulating the safety production rules and operating procedures, conducting safety supervision and inspection and implementing the safety instructions of the safety office, in order to ensure production safety. During the Reporting Period, the Group strictly abided by the relevant laws and regulations, and there was no accident of work-related fatalities. The following shows the safety management policy of the important segments:

Safety Education and Training	<ul style="list-style-type: none"> ➤ For new employees, they should go through three levels of safety production education before taking the operational position; ➤ For the employees who change the type of work, they must be re-educated for safety knowledge before taking their new positions; ➤ Employees involved in special types of works must take professional safety technical training and only after passing the strict examination by the related department and obtaining the qualified operation certificate can conduct operation independently.
Management of Inflammable and Explosive Articles	<ul style="list-style-type: none"> ➤ For the transportation, storage, use and disposal of inflammable and explosive articles, they must be equipped with fire and explosion prevention facilities; ➤ For the places of use and storage points of inflammable and explosive articles, fireworks are strictly prohibited to eliminate all potential fire hazards.
Personal Protective Equipment and Occupational Hazard Prevention	<ul style="list-style-type: none"> ➤ According to the nature of works and the working conditions, we equip or distribute personal protective equipment for our employees, and strive to perform well on the prevention of dust, toxic substances, radiation, heatstroke and noise, and monitor the hygiene regularly; ➤ For the workplace where the toxic matter that might exceed the national standards, we carry out technical reformation or hygiene protection measures immediately to improve the working conditions continuously.
Inspection and Rectification	<ul style="list-style-type: none"> ➤ For regular or irregular safety production inspection system, each production unit shall conduct inspection at least once a month. Special type of work and equipment operators should be inspected daily; ➤ Once unsafe hazard was discovered, it must be rectified immediately.

In addition, the Group has formulated the *Production Safety Accident Emergency Plan* and conduct regular safety drills to ensure that employees can properly cope with emergency safety accidents, so as to avoid and reduce the occurrence of casualties. The Group also regularly organizes the employees to participate in annual health examinations and occupational disease physical examinations to understand and protect the physical conditions of the employees. Patients diagnosed with occupational diseases should be immediately reported to the Human

Resources Department. They will be arranged for treatment and adjustment of work positions according to the specific condition.



Yulin Pharmaceutical held a training on “Occupational Disease Prevention and Knowledge of First Aid for Cardiopulmonary Resuscitation”



Production workshop safety notice

The Group also attaches great importance to the fire safety of the production bases. For example, we have formulated the *Guangzhou Base Fire Extinguishing and Emergency Evacuation Plan*, to eliminate the fire safety hazards as our priority. When danger is encountered, we will promptly and orderly carry out firefighting and rescue operations. We also improve the fire safety awareness of all employees to reduce casualties. We have standardized the leadership's responsibility for emergency fire extinguishing. We set the general manager of the Guangzhou production base as the fire extinguishing and emergency responder, and the head of the Engineering and Equipment Department as the fire fighting and emergency manager. The fire fighting and emergency responders and managers shall regularly organize safety inspections, conduct safety education for employees and timely replace firefighting equipment and facilities based on the actual conditions of the production base.



Employees evacuation during the fire drill in Inner Mongolia Pharmaceutical



Learn how to use the fire extinguishers during the fire drill in Yulin Pharmaceutical



Demonstrations on how to use the fire extinguisher during the fire drill in Guangzhou Consun



Seminar on disaster prevention and mitigation in Guangzhou Consun

Cohering Consun

The team concept of Consun Pharmaceutical is based on “Intergrowth and co-creation with one heart and mind”, valuing team spirit and team building. We provide several benefits for employees, so that employees could feel the Company’s care while working hard. We also encourage employees to pursue personal interests and hobbies outside of work and advocate healthy life concept.

The Group has established the *Regulations on the Administration of Welfare Allowances* to provide employees with daily lunch allowances, transportation and communication subsidies, annual body check, medical mutual insurance, commercial accident insurance, holiday gifts and other benefits. We also implement share option scheme for our employees, so that the core team and even all employees can form a closer community of interest with the Company, stimulating the enthusiasm and dedication of the employees.

Case: Consun Pharmaceutical “Share Option Scheme”

Since November 2017, employees who are participating in the “Share Option Scheme” will be able to exercise their rights through the platform of Computershare Hong Kong Investor Services Limited. Since the Group was listed on the Main Board of the Stock Exchange of Hong Kong in 2013, we have implemented two phases of “Share Option Scheme”. The participating employees are expected to receive significant profits.



Consun Pharmaceutical’s Share Option Scheme Agreement Signing Ceremony

During the Reporting Period, the Group organized various cultural and sports activities and employee care activities for employees to enrich their cultural life, build a cohesive team and realize the vision of growing together with the Group.

In January 2018, the leaders of Yulin Pharmaceutical also visited 7 poor families in the factory area, 21 people from the families of revolutionary martyrs, war comrades, disabled retired comrades, and 2 retired party members, etc. We sent consolation money or goods to them and show our concern and care for the needy workers and the poor families in the factory area with our practical actions, representing Yulin Pharmaceutical's emphasis on humanistic care.



In May 2018, Consun Pharmaceutical launched the May Fourth Activity with the theme of "Salute to Youth, Rising Vitality". Guangzhou, Inner Mongolia, and Yulin jointly promoted "Youth Army-- Model", "Youth Army-- Consun Singing", "Youth Army-- Consun Running", Showing the vitality and image of "Consun" and "Consun Youth Army".



In June 2018, Consun Pharmaceutical held a birthday party for employees. The birthday party will be held every two months. In order to let the employees who are enjoying their birthday to feel the care of Consun, the birthday party is carefully planned and organized each time.



In June 2018, Consun Pharmaceutical organized 28 outstanding employees to travel aboard in a 14-day luxury tour of six countries, allowing employees and companies to form a "community of interest" to truly realize the concept of "Consun developed, and I developed".

In August 2018, in order to carry forward the good tradition of patriotic support for the army, and support the national defense construction with practical actions, Yulin Pharmaceutical held a Condolence symposium for families of revolutionary martyrs, retired war comrades, disabled retired comrades, to express their concern and greetings. There were 18 retired military representatives, and military family's representatives attended this symposium.



From September 17 to 19, 2018, Consun Pharmaceutical Business Team held the expansion training camp on the theme of “Dream of Double Hundred, Channels first” in Nanning City, Guangxi Province. The three-day expansion training camp was compact but orderly, mainly including three major parts: planning summary meeting, team development, and visiting Yulin Pharmaceutical Factory.

团结、互助！战出康臣商务人的精、气、神！

To celebrate the 60th anniversary of the founding of Guangxi Zhuang Autonomous Region, and the 62nd anniversary of the establishment of Yulin Pharmaceutical, and the 3rd anniversary of Cousun Pharmaceutical having controlling interest in Yulin Pharmaceutical, demonstrating the spirit of corporate culture and the spirit of employees, on 27 October 2018, the 2018 Yulin Pharmaceutical Employee Games was grandly held in the stadium of Yulin 8th Middle School.





In November 2018, the 4th headquarters games of Consun Pharmaceutical was launched in the Eastern District Middle School as planned. Nearly 300 Consun employees from the eight teams, showing their style, competed for success, gathered people and worked hard.

In December 2018, Consun Pharmaceutical held an open day event, inviting employees' children to visit places where their parents work, and inviting external teachers to teach children to draw, explaining drug knowledge to the children, so as to shorten our distance, and record the beautiful memories of companionship.



Green Operation

In the era of global climate change, all industries are seeking sustainable management models that are energy-saving, environmentally friendly and efficient, in order to cope with the risks and to grasp potential opportunities. Consun Pharmaceutical integrates the concept of environmental protection into daily operations and actively avoids and reduces the relevant environmental impacts.

Environmental Management Policies

The daily operations of the Group are mainly carried out in our production bases, laboratories and offices. The main environmental impacts of our operations include energy consumption, water consumption, greenhouse gas emissions, air pollutant emissions, hazardous and non-hazardous waste emissions, noise and chemical disposal. For detailed environmental data, please see the environmental performance table in the appendix.

During the operational activities, we dedicated for controlling the excessive use of resources, greenhouse gas emissions, air pollutant emissions, waste discharge and chemical disposal of production and development processes. In addition, we continue to enhance environmental protection awareness of employees and advocate them to work together with the Group to make effort for the sustainable development of society.

The Group strictly complies with the national and regional environmental laws and regulations, such as:

- *Environmental Protection Law of the People's Republic of China*
- *Water Pollution Prevention and Control Law of the People's Republic of China*
- *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*
- *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes*
- *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*

Resource Usage Management

Energy Management

Greenhouse gas emissions from energy use is one of the important contributions to global warming. The Group's energy consumption in the operation processes mainly includes the operation of boilers, electricity consumption of offices, use of automobiles and refrigeration equipment at the production bases. We are mainly working on energy conservation to reduce greenhouse gas emissions caused by our business operations.

The Group has a total of three pharmaceutical production bases. Except for the boilers at the Inner Mongolia production base are operated by the Group, the rest are operated and managed by contractors. They are not included in the greenhouse gas calculation and fuel consumption for the time being.

During the Reporting Period, the Group emitted greenhouse gas of a total of 23,233 tons and its emission density was 0.13 tons/RMB 10,000 of income. For greenhouse gas emissions from different sources, please refer to the environmental performance table in the appendix.

In order to conserve energy and reduce greenhouse gas emissions, the Group has formulated various internal policies, which include the *Management Regulation for Energy Conservation Objectives*, the *Management Regulation for Energy Efficiency Assessment*, the *Enterprise Management System: Energy Management*, etc. Amongst these, the *Management Regulation for Energy Conservation Objectives* regulates the Group's energy conservation work as follows:

1. Establish and improve energy conservation management organizations, recruit management personnel and clarify job responsibilities
2. Strict implementation of energy conservation objectives and strive to achieve them
3. Energy conservation objectives and measures:
 - ✓ Adopt advanced lighting technology with high efficiency and low energy-consumption to reduce electricity consumption
 - ✓ Eliminate outdated electrical equipment and install frequency converters for high-power appliances in order to reduce electricity consumption
4. Coal-saving objectives and measures:
 - ✓ Achieve the objectives of coal-saving through analysis and exploration of projects that have higher coal-saving efficiency, according to the actual situation of gas consumption and heating
 - ✓ Strengthen the management of coal usage to reduce unnecessary consumption. Inform gas supply departments to close valves after the use of steam
 - ✓ The water temperature of heat supply in winter should be adjusted based on weather so as to reduce waste

Case: Energy Conservation Measure for the Boiler at Yulin Pharmaceutical's Production Center

Since January 2018, the coal-water slurry boiler at the production center of Yunlin Pharmaceutical was replaced by a biomass boiler, which has a better performance in energy conservation. In addition, the Group also rationally arrange the boiler operation according to its production situation. For example, the boiler operation was changed from three shifts to two shifts. The feed rate can also be changed at any time according to the steam used in the workshop, in order to achieve the purpose of reducing consumption and emissions.



Biomass boiler

The Group also advocates the working culture of green office, energy saving and emission reduction. We promote the application of office automation (OA) system and practice paperless office to reduce the consumption of office supplies. Meanwhile, we have issued a “Green Office, Low-carbon Life” initiative to all employees of the Company, which requires the implementation of environmental management policies in the office. The energy conservation policy is as follows:

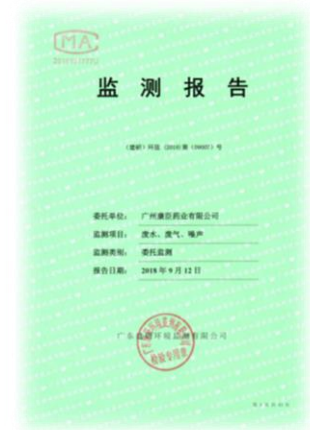
- ✓ Minimize the use of illuminators and make extensive use of natural light sources
- ✓ Temperature setting of air-conditioning should not exceed the standard. It should not be set lower than 26 °C in summer, and it should not be set higher than 20°C in winter
- ✓ Instruct employees to use computers scientifically, such as turning off unnecessary computer programs, turning the monitor's brightness to medium, turning off power when computers are not being used, etc.
- ✓ Shut down a portion of office lights and office equipment during lunch breaks and overtime work. Turn off all office equipment and unnecessary electrical appliances in the office after work



Energy saving label in office

Water Resource Management

The wastewater generated during production and operation is mainly industrial wastewater and major pollutants include chemical oxygen demand (COD), suspended solids, $\text{NH}_3\text{-N}$, phosphorus, etc. Wastewater treatment facilities have been built in our production bases to collect and process wastewater generated by the Company, in order to ensure that the processed wastewater reaches local wastewater discharging standards and can be discharged into the municipal pipe network to the local sewage treatment plant for unified treatment. In addition to ensuring that wastewater discharges meet the standards, the Group is also committed to improving production technologies and production equipment, recycling and utilizing condensate water, in order to reduce the generation and discharge of wastewater from the source so as to truly achieving clean production. Meanwhile, the production bases of the Group regularly entrust qualified institutions to conduct sampling tests on discharged wastewater, further strengthening the management and supervision of sewage discharge.



Wastewater, exhaust gas and noise monitoring report

The Group's *Management Regulation for Environmental Protection* has the following management methods for industrial wastewater:

1. Integrated wastewater in the plant is treated centrally and discharged to the wastewater pipe network after passing the test. The Group conducts inspections once a month, and ad-hoc testing is conducted when special circumstances occur
2. Ensure processed wastewater reaches wastewater discharge standards
3. Ensure the wastewater treatment system operates safely, reliably and effectively; utilize its technical characteristics to ensure that the system can operate efficiently, durably, safely and economically
4. The wastewater generated by production process and cleaning in production workshops must be discharged to the wastewater pipe network, and then will be transferred to the wastewater station pool via the wastewater pipe network in plants, in order to ensure the discharged wastewater can meet the standards

In addition to treating wastewater effectively, we also focus on the production and effective use of water resources. The regions where our production bases are located do not involve issues in obtaining water, but we are still committed to saving water and cherishing precious water resources. Through technical reform, we efficiently recover extracted, condensed, dried cooling water and condensate to enhance the efficiency of water usage and to reduce water consumption, sewage discharge and coal burning. Moreover, we also adopted the following water-saving measures:

- ✓ Installation of secondary and tertiary water meters for water balance testing
- ✓ Make daily record by water meters to monitor water usage; Conduct a water usage plan and criteria introduction and implement an enhanced reward and punishment system
- ✓ Post water-saving slogans
- ✓ Conduct water supply point inspections in the factory area to prevent water leakages
- ✓ Carry out the reformation of extraction workshops by adding new equipment and reforming production technologies

Case: Reuse the Production Water in Yulin Pharmaceutical

The headquarters of Yunlin Pharmaceutical has built a cool water recovery system at the production base to recover most of the cool water and condensed water that have been extracted, concentrated and dried, and set the target value of the sewage discharge to be less than 20m³/h. To solve the problem that steam condensate has not been recovered, we first collect the condensed water at the main discharge points of each workshop, built of recovery pipelines and recovery pools in each workshop, and then built the main delivery pipelines to send the collected water to the boiler soft water tank, so as to recover most of the steam condensate and reduce the discharge of production wastewater.

We also recycle the extracted wastewater from Chinese medicine and reuse most of it through the recovery system. The remaining small amount of extracted wastewater is sent to the separation tank and pumped to the sewage treatment station for treatment. During the Reporting Period, we have saved about 314,496 m³ of water and saved about RMB 1.13 million of water bill.



Steam condensate recycling system



A corner showing automatic device and separation tank of the sewage treatment station

Emissions Management

Air Pollutant Management

Air emissions generated during the Group's operations were mainly derived from flue gases of coal-fired boilers and processing equipment waste gases. In order to actively conduct pollution prevention, pollution control and emission reduction works, the Group has formulated the *Management Regulation for Environmental Protection*. This regulation applies to the environmental management work of the Group's departments including the management of exhaust gases. It regulates the relevant responsibilities and operating rules of the departments:

1. The flue gases generated by coal-fired boilers need to be cleansed of dust, desulphurized and denitrified. These gases can only be discharged into the atmosphere after the environmental protection department has conducted environmental assessments and ascertains that they meet the required emission standards.
2. Test exhaust gases by qualified organization in every quarter
3. Ensure that the exhaust gas absorption system is safe, reliable and operating normally; utilize the system's technical characteristics to ensure that it can operate efficiently, durably, safely and economically to ensure that exhaust gases can meet discharge standards
4. Recycle and properly dispose of waste gases and chemical mediums produced during manufacturing processes, and prohibit the direct discharge of these pollutants
5. Strictly control the fugitive emissions of gases and seal all storage containers

During the Reporting Period, the Inner Mongolia production base entrusted the environmental monitoring agency to test on the flue gas of boilers after dust removal, desulphurization and denitrification, and all of the test results were in line with the *Integrated Emission Standard of Air Pollutants* (GB 16297-1996). For dust-producing workshops, we have installed corresponding dust removal equipment to protect the health of employees and have maintained a clean working environment. For example, the Guangzhou production base is equipped with medium-efficiency filters and dust removal bag filtering technology in corresponding granulation workshops to ensure that air emissions are in compliance with the *Integrated Emission Standard of Air Pollutants* (GB 16297-1996).



Test report of the boiler emissions of Inner Mongolia Consun



Dust removal system of boiler



Desulphurization system of boiler

Waste Disposal

The Group's hazardous and non-hazardous wastes mainly include production dregs (Chinese medicine), waste liquor of the pharmaceutical research center, waste packaging materials, combustion residue, domestic and office waste, etc. The waste liquor generated by the pharmaceutical research center is properly handled by qualified recycling agencies. The Group has established the *Medicine Dregs Treatment Management System* to standardize the treatment of medicine dregs. The dregs at the production bases are handed over to professional agencies for clean-up, trans-shipment, and legal treatment. The production bases supervise the completion status and quality of the medicine dreg treatment companies and communicate with them in a timely manner to ensure that the dreg disposal is timely, standardized and reasonable. For the emissions of various types of waste during the Reporting Period, please refer to the environmental performance table in the appendix of this Report.

The Group's *Management Regulation for Environmental Protection* has standardized the disposal of other types of wastes:

- ✓ Classify the hazardous and non-hazardous wastes according to the *Directory of National Hazardous Wastes*, temporarily store the waste in specific sites with appropriate containers. Finally, the wastes are passed to professional organization for disposal.
- ✓ For the disposal of solid waste, we set up leakage prevention and sealing equipment in the temporary storage site of the plant, so as to prevent the solid waste from leakage and chemical waste gas from volatilizing.
- ✓ The safe disposal rate of industrial solid waste and hazardous waste should reach 100%

We also adopt the principle of "reduction, utilization and harmlessness", minimizing the production of solid waste by firstly considering comprehensive treatment and recycling. For example, we sell combustion residue for the production of construction materials, and also conduct biomass treatment for food waste generated by canteen of the Company.



Waste sorting bins in the production base

Chemicals Management

Chemicals have a wide range of applications in the pharmaceutical industry. Industrial chemicals are dangerous goods that can have significant impacts on the environment and natural resources, such as soil and water pollution in the event of leakage or improper disposal. The proper management of chemicals is very important to us and we are committed to managing chemicals from safety and environmental perspectives to protect the ecological environment and human health. We have formulated policies such as the *Laboratory Waste Management Regulation* and *Yulin Pharmaceutical Chemicals Anti-leakage Measure*, in order to standardize the storage, disposal after use, leakage prevention measures and related emergency measures of chemicals.

- ✓ Require handling by employees who are properly trained
- ✓ Strict management for chemical warehouses
- ✓ Implement prevention measures for the leakage of oil drum and chemical container
- ✓ Implement prevention measures for the leakage of open stored chemicals

Environmental Awareness Education

In addition to adopt environmental management in daily operations, we popularize environmental protection knowledge and skills by continuous promotion and education to raise the environmental protection awareness of employees. We post different types of environmental-themed labels in our factories, office areas and canteens to remind our employees to save resources. In addition, we also organize employees to participate in environmental protection activities on an irregular basis, and work together for the environmental protection of the community.

Case: Water Quality Treatment of Nanliu River

In response to the call of the Organization Department of Yulin Municipal Committee, the Group actively participated in the pollution treatment of Nanliu River. In May 2018, Yulin Pharmaceutical organized employees to carry out water quality treatment activities in Nanliu River, and cleaned up floating debris, wastes, and fallen leaves along the river. This theme activity aims to play an exemplary role and join the rectification action of Nanliu River with practical actions. It is expected to mobilize more people to participate in the comprehensive treatment of the water environment and contribute to the construction of livable cities.



Employees of Yulin Pharmaceutical participated in the water quality treatment of Nanliu River

Give Back to Society

Since its establishment, Consun Pharmaceutical has been upholding the faith of serving the country by contributing through the industry, deeply practicing corporate civil social responsibility and insisting on serving the society and public. We have been actively participating in charity and public welfare activities such as helping the poor, disabled, students, and supporting the development of the pharmaceutical industry.

Established in 2018, “Cosun Charity Association” is a volunteer organization initiated by the enterprise and engaged by employees. It promotes participatory and experiential public welfare actions and volunteer services through independent and non-governmental organization (NGOs), mainly provides assistance to patients, the disabled, education, community services and professional services (dissemination of medical knowledge, medical support, etc.).



Since its establishment in 2018, Cosun Charity Association has established branches in Yulin, Jinan, Zhengzhou, Changchun and Tongliao, with a total number of 106 volunteers. Projects such as community service, charity sale of art works by the disabled, voluntary tree planting, public lecture and benefit class have been carried out.

Social Welfare Activities

In February 2018, the poverty alleviation team of Inner Mongolia Consun came to Tongliao City to carry out targeted poverty alleviation. The poverty alleviation team of Consun Pharmaceutical visited a total of 38 poor families, brought them New Year greetings, and living materials worth more than RMB 20 thousand, such as rice, flour and oil.





In June 2018, Yulin Pharmaceutical cooperated with local pharmacies in Henan Province to carry out the “Assisting 2018 College Entrance Examination” public welfare activity. It provided free sunshades, rest seats, and distributed Yunxiang Qufeng Analgesic Tincture, mineral water in the examination sites, relieving the tension and anxiety resulted from the exam to the candidates and parents. The annual college entrance examination is an important focus of the whole society, Yulin Pharmaceutical is fully committed to providing logistical support at the rear and transmitting the positive energy of social welfare.

In June 2018, Yulin Pharmaceutical cooperated with Henan Jiaozuo Blue Cross Pharmacy launched the “Caring for Parents’ Health” campaign to measure blood pressure and blood sugar for middle-aged and elderly people for free, and to preach summer health knowledge. It also gave an on-site trail on the products Zheng Gu Shui and Yunxiang Analgesic Tincture.



In October 2018, during the annual Chongyang festival, Yulin Pharmaceutical cooperated with the Sui County Public Welfare, went to Sui County, Shangqiu City, Henan Province to visit the lonely elderly and hold a large-scale voluntary medical activity. Yulin Pharmaceutical specially invited the director of internal medicine of the local hospital to provide voluntary medical for the elderly.

In October 2018, Yulin Pharmaceutical participated in the donation of the “Guangxi United Front Concentric Water Tank” and donated RMB 30 thousand to assist poverty alleviation.

In October 2018, during the annual Chongyang festival, Guangxi Yulin Pharmaceutical cooperated with the Sui County Public Welfare, and visited the lonely elderly, held a large-scale voluntary medical activity to convey health and warm in Yanzhuang Village, Houtai Town, Sui County, Shangqiu City, Henan Province.



In October 2018, Yulin Pharmaceutical united with Cosun Charity Association, Sina Sailing Public Welfare Fund and Guangzhou Xiangmi Club, entering the first stop of public welfare education activities - Guangzhou Xinyuan Primary School, and sending over 1000 books, and over 100 boxes of medical first-aid kits, a large number of school bags and stationery and other materials to the children. The convening of the event foreshadowed the official opening of a large-scale, nationwide public welfare project "Giving a Lesson to Rural Children" for two months.

On December 5, 2018, on International Volunteer Day, Guangzhou Consun and Yulin Pharmaceutical's employee volunteers carried out charity sales of Chinese knots knitted by the disabled in Yile workshop in both places. Although every Chinese knot weaver is faced with a different life dilemma from ordinary people, they are still as eager to earn dignity as ordinary people.



Promoting Industry Development

Case: Achieved Strategic Cooperation with Health Industry in Tongliao City, Inner Mongolia

In May 2018, Tongliao City, Inner Mongolia investment promotion project was held in Shenzhen. The Group signed a strategic cooperation agreement with the Tongliao Municipal Government on the spot, and will invest nearly RMB 500 million in the next five years to give full play to its comprehensive strength and competitive advantages in the Chinese medicine industry, and promote the development of the Chinese medicine industry in Tongliao City.



Signing the strategic cooperation agreement

Case: Consun Pharmaceutical Participated in the Establishment of China Kidney Disease Big Data Application Innovation Alliance

In June 2018, China Kidney Disease Big Data Application Innovation Alliance was established in Nanjing, Jiangsu. Consun Pharmaceutical is one of the important members of the alliance.



Group photo of alliance members

Case: Consun Pharmaceutical Participated in 2018 National Ethnic Medicine Summit Forum and Inner Mongolia (Tongliao) Fourth Mongolian Medicine Industry Expo

In August 2018, 2018 National Ethnic Medicine Summit Forum and Inner Mongolia (Tongliao) Fourth Mongolian Medicine Industry Expo was held ceremoniously in Tongliao City. The chairman of the Group, An Yubao, and the chairman and president of Guangzhou Consun, Li Qian were invited to attend the meeting. Hao Maorong, vice secretary of Tongliao Municipal Party Committee and mayor, delivered a speech at the opening ceremony.



Opening ceremony of the expo

Case: Jiangxi and Guizhou Provinces the First Kidney Disease Summit Forum was Held in Shangrao, Jiangxi

In September 2018, the First Kidney Disease Summit Forum was held in Shangrao city, Jiangxi Province, which was jointly organized by the Kidney Disease Branch of Jiangxi Medical Association and the Kidney Disease Branch of Guizhou Medical Association, and co-organized by Consun Pharmaceutical. Consun Pharmaceutical co-organized this academic conference, aiming to promote the vigorous development of nephrology in the two provinces from multi-perspectives and thinking.



Photo of forum participants

Case: “Consun Action of Against the Kidney Diseases in Grassroots and the Difficult Kidney Diseases Seminar in Jiangxi Province”

In November 2018, “The 2018 Academic Annual Meeting of Jiangxi Medical Association Nephrology Branch” was held in Nanchang City, Jiangxi Province. Nearly 30 experts from domestic and foreign in the field of nephrology attended the annual meeting, with more than 500 participants. Among them, the “Consun Action of Against the Kidney Diseases in Grassroots and the Difficult Kidney Diseases Seminar in Jiangxi Province” was jointly established by the Jiangxi Medical Association Nephrology Branch and the Group, and officially launched in March 2018 in Nanchang City, Jiangxi Province. A number of seminars on difficult diseases were held in Jiangxi Province and were shared in this academic annual meeting.



Awards ceremony of the academic annual conference

Appendix

Environmental Performance Table

	Data in 2018	Data in 2017	Units
Resources Consumption			
Total Electricity Consumption	12,943,040	13,209,272 ¹	kWh
Electricity Consumption Intensity	70	80	kWh/ RMB 10,000 of income ²
Total Coal Consumption	7,055	5,985	Tonnes
Coal Consumption Intensity	0.038	0.036	Tonnes/ RMB 10,000 of income
Total Industrial Stream Consumption	31,921	29,866	Tonnes
Industrial Stream Consumption Intensity	0.17	0.18	Tonnes/ RMB 10,000 of income
Total Gasoline Consumption (Vehicle)	102,136	79,371	Liters
Gasoline Consumption Intensity (Vehicle)	3,095	2,268	Liters/ vehicle
Total Diesel Consumption (Vehicle)	32,314	34,569	Liters
Diesel Consumption Intensity (Vehicle)	2,693	2,881	Liters/ vehicle
Total Water Consumption	384,007	411,375	Tonnes
Water Consumption Intensity	2.1	2.5	Tonnes/ RMB 10,000 of income
Total Packing Box Consumption	92,571	125,051	Thousand Units
Packing Box Consumption Intensity	0.5	0.8	Thousand Units/ RMB 10,000 of income
Total Specification Consumption	82,841	80,715	Thousand Pieces
Specification Consumption Intensity	0.4	0.5	Thousand Pieces/ RMB 10,000 of income
Total Paper Box Consumption	520,470	648,905	Unit
Paper Box Consumption	2.8	3.9	Unit/ RMB 10,000 of income
Boiler's Air Pollutant Emissions³			
NO _x Emission	4.8	9.9	Tonnes
SO _x Emission	2.1	6.5	Tonnes
PM Emission	1.4	17.4	Tonnes
Vehicle's Air Pollutant Emissions⁴			
CO Emission	1,295	1,751	kg
NO _x Emission	950	1,452	kg

¹ The statistical scope of total electricity consumption in the 2017 ESG Report did not include all production bases. The relevant data for 2017 is recalculated and updated for comparing with the data in 2018.

² The annual revenue of the Group in 2018 was RMB 1,843,973,000.

³ The calculation of the discharge of boilers' air pollutants only involved exhaust gases from boilers in the Inner Mongolia production base. The calculation method adopted the *4430 Heat Production and Supply (Including Industrial Boilers) Industrial Pollution Source Emission Factor Manual*.

⁴ The calculation of vehicle' air pollutant discharges involved all vehicles owned and operated by the Group. Calculation methods refer to the *Technical Guide for Air Pollutant Emission Inventory for On-road Vehicles (Trial Implementation)*.

SO _x Emission	2.0	1.8	kg
PM _{2.5} Emission	26	46	kg
PM ₁₀ Emission	28.54	51	kg
Greenhouse Gas Emission (Scope1 and Scope 2)			
Boiler Emission (Scope 1)	14,612	12,397	Tonnes
Vehicle Emission (Scope 1)	325	214	Tonnes
Refrigerant Emission (Scope 1)	366	466	Tonnes
Tree's Offsets (Scope 1)	(21)	(20)	Tonnes
Electricity Emission (Scope 2)	7,950	7,978	Tonnes
Total Greenhouse Gas Emission	23,233	21,049	Tonnes
Greenhouse Gas Emission Intensity	0.13	0.13	Tonnes/ RMB 10,000 of income
Discharge of Production Wastewater			
Production Wastewater Processing Capacity	167,450	202,698	Tonnes
Production Wastewater Processing Intensity	0.9	1.2	Tonnes/ RMB 10,000 of income
Discharge of COD ⁵	19.03	27	Tonnes
Discharge Intensity of COD	0.00010	0.00016	Tonnes/ RMB 10,000 of income
Generation of Non-hazardous Waste			
Generation of Medicine Dregs	7,304	7,679	Tonnes
Generation Intensity of Medicine Dreg	0.04	0.05	Tonnes/ RMB 10,000 of income
Generation of Combustion Residue	988	3,003	Tonnes
Recovery of Combustion Residue	988	N/A	Tonnes
Generation Intensity of Combustion Residue	0.0054	0.0181	Tonnes/ RMB 10,000 of income
Generation of Waste Packaging Materials	228	58	Tonnes
Recovery of Waste Packaging Materials	119	N/A	Tonnes
Generation Intensity of Waste Packaging Materials	0.0012	0.0004	Tonnes/ RMB 10,000 of income
Generation of Food Waste	5,622	8,740	kg
Generation Intensity of Food Waste	2.1	3.7	kg/ Employee
Generation of Hazardous Waste			
Generation of Production and R&D Waste Liquor	480	640.3	kg
Recovery of Production and R&D Waste Liquor	480	N/A	kg

⁵ The reporting scope of COD emissions in the reporting period includes all production bases. The reporting scope of relevant data in 2017 did not include all production bases.

Generation Intensity of Production and R&D Waste Liquor	0.0026	0.0039	Kg/ RMB 10,000 of income
Generation of Waste Cartridges	46	13	Unit
Recovery of Waste Cartridges	12	N/A	Unit
Generation Intensity of Waste Cartridges	0.0003	0.0001	Unit/ RMB 10,000 of income
Generation of Waste Fluorescent Tubes	1,567	1,182	Unit
Recovery of Waste Fluorescent Tubes	493	N/A	Unit
Generation Intensity of Waste Fluorescent Tubes	0.0085	0.0071	Unit/ RMB 10,000 of income

Social Performance Table

Safety

<i>Number of Fatalities</i>	Employee	0	Person
	Contractor	0	Person
<i>Work Injury and Safety Accident</i>	Number of Accident	1	Event
	Lost day due to injury	27	Day
<i>Product Safety</i>	Medicine Recall Due to Safety and Health Reasons	0	%

Employees

		<i>Person</i>
<i>Total Employees</i>		2667
<i>Gender Distribution</i>	Male	1474
	Female	1193
<i>Rank Distribution</i>	Chairman	2
	President/ Vice-president Level	10
	Director/ Deputy Director Level	73
	Manager/ Deputy Manager Level	352
	Officer Level	143
	Staff Level	2087
<i>Age Distribution</i>	20-25	314
	26-30	624
	31-35	684
	36-40	477
	41-50	336
	50 or above	232
<i>Regional Distribution</i>	Anhui	37
	Beijing	93
	Fujian	36
	Guangdong	514
	Guangxi	617
	Guizhou	40
	Hainan	8
	Hebei	81
	Henan	82
	Heilongjiang	68
	Hubei	50

Hunan	45
Jilin	43
Jiangsu	52
Jiangxi	57
Liaoning	60
Inner Mongolia	304
Gansu, Qinghai, Ningxia and Tibet	41
Shandong	87
Shanxi	38
Shaanxi	42
Shanghai	23
Sichuan	72
Tianjin	30
Xinjiang	13
Yunnan	53
Zhejiang	31
Chongqing	50

**Percentage of Employees
Participated in External
Training⁶**

<i>Gender Distribution</i>	Male	57%
	Female	43%
<i>Rank Distribution</i>	Director/ Deputy Director Level	26%
	Manager/ Deputy Manager Level	31%
	Officer Level	21%
	General Staff Level	22%

⁶ The scope of data only includes Guangzhou Consun and Inner Mongolia Consun.

Content Index

A. Environmental			
Items		Descriptions	Reference Pages
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	Environmental Management Policies Resource Usage Management Emissions Management
KPIs	A1.1	The types of emissions and respective emissions data	Environmental Performance Table
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Performance Table
	A1.3	Total hazardous waste produced and, where appropriate, intensity	Environmental Performance Table
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Environmental Performance Table
	A1.5	Description of measures to mitigate emissions and results achieved	Emissions Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Emissions Management
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources	Environmental Management Policies Resource Usage Management
KPIs	A2.1	Direct and / or indirect energy consumption by type in total and intensity	Environmental Performance Table
	A2.2	Water consumption in total and intensity	Environmental Performance Table
	A2.3	Description of energy use efficiency initiatives and results achieved	Resource Usage Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Resource Usage Management
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Environmental Performance Table
Aspect A3: The Environmental and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impact on the environment and natural resources	Environmental Management Policies Chemicals Management
KPIs	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Chemicals Management Environmental Awareness Management

B. Social			
Items		Descriptions	Reference Pages
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	Talent Management Cohering Consun
Recommended Disclosures	B1.1	Total workforce by gender, employment type, age group and geographical region	Talent Management
	B1.2	Employee turnover rate by gender, age group and geographical region	/
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	Occupational Health and Safety
Recommended Disclosures	B2.1	Number and rate of work-related fatalities	Social Performance Table
	B2.2	Lost days due to work injury	Social Performance Table
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational 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	Talent Cultivation
Recommended Disclosures	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Talent Cultivation
	B3.2	The average training hours completed per employee by gender and employee category	/
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	Talent Management
Recommended Disclosures	B4.1	Description of measures to review employment practices to avoid child and forced labour	Talent Management
	B4.2	Description of steps taken to eliminate such practices when discovered	/
Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain	Sustainable Management of Supply Chain

Recommended Disclosures	B5.1	Number of Suppliers by geographical region	Sustainable Management of Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Sustainable Management of Supply Chain
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.	Product and Service Quality
Recommended Disclosures	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Quality Management of Pharmaceutical Production
	B6.2	Number of products and service related complaints received and how they are dealt with	Customer's Rights Protection
	B6.3	Description of practices relating to observing and protecting intellectual property rights	R&D Innovation
	B6.4	Description of quality assurance process and recall procedures	Quality Management of Pharmaceutical Production
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Customer's Rights Protection
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	Corporate Governance
Recommended Disclosures	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Corporate Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Corporate Governance
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	Give Back to Society
Recommended Disclosures	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Give Back to Society
	B8.2	Resources contributed (e.g. money or time) to the focus area	Give Back to Society