



China Traditional Chinese Medicine Holdings Co. Limited

(Incorporated in Hong Kong with Limited Liability)

(Stock code: 00570)

Environmental, Social and Governance Report

2019



About this Report

This is the fourth stand-alone Environmental, Social and Governance (“ESG”) Report of China Traditional Chinese Medicine Holdings Co. Limited (“China TCM” or the “Company”, together with its subsidiaries, the “Group”) (Stock code: 570), presenting our management approach and performance on environmental and social aspects.

The board of directors of the Company (the “Board”) confirms that it has reviewed and approved the report. To the best of its knowledge, this report describes material topics and fairly presents the ESG management approach and performance of the Company.

REPORTING PERIOD AND SCOPE

This report discloses ESG management approach and performance of the Group for the financial year from 1 January 2019 to 31 December 2019. For corporate governance section, please refer to the Corporate Governance Report on Pages 50 to 70 of the Company’s Annual Report 2019. This report is published in both Chinese and English. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Unless otherwise stated, this report covers business operations of traditional chinese medicine (“TCM”) decoction pieces, concentrated TCM granules, TCM finished drugs, TCM healthcare complex and the newly added local TCM integrated operation business of sixteen subsidiaries of the Group. The Group will gradually incorporate more subsidiaries into the reporting scope for continuous improvement of report content.

REPORTING STANDARDS

This report was prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and was in compliance with the Core Option of disclosure requirements of GRI Standards issued by the Global Reporting Initiative (“GRI”). This report is based on the reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”, and material changes of data are reviewed and presented on a year-by-year basis for review by stakeholders.

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FEEDBACK

Your comments and views are appreciated and will help us improve contents of the report. Please direct your feedback and comments to:

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Message from Chairman



Dear Stakeholders,

2019 is the second year for implementation of the Group's five-year strategic plan of "building a leading comprehensive TCM healthcare industrial group", and is also the year for our comprehensive deployment of sustainable development management. By steadily building the Group's sustainable development system, we focused on our work and pushed forward the management of major environmental and social issues to be in line with the development stage of the Group, while actively responding to the UN's sustainable goals and striving to achieve our mission of "Inheriting the culture of TCM, promoting the essence of Chinese medicine and building up the health of human beings".

Improving the Whole TCM Healthcare Industry Chain

We steadily built the whole TCM healthcare industry chain and improved the upstream and downstream management of the industry chain. During the year, based on our experiences in the past, the Group ensured the quality and safety of Chinese medicinal herbs by controlling the source of resources.

We firmly believe that high-quality development of the TCM industry must take quality as the core, and therefore, the Group attaches great importance to the quality management of the product life cycle and actively enhances its R&D and innovation capabilities. The eight major R&D centers make in-depth studies on their respective fields, among them, the research on classical TCM formula and research on concentrated TCM granules help to create synergy of mutual promotion.

In order to better serve the public, the Group actively explores the market of concentrated TCM granules, popularises scientific information on drugs and cooperates with diversified medical services, and is committed to improving the accessibility of healthcare service, so as to benefit more consumers.



Message from Chairman

Fulfilling Environmental Responsibility

Chinese medicinal herbs are closely related to the natural environment, therefore we pay close attention to the accelerating climate change which will affect the growth and procurement of Chinese medicinal herbs. Pollutant treatment, supervision and inspection of energy conservation and environmental protection as well as the publicity of energy conservation and environmental protection are the focuses of our environmental protection work. During the year, we continued to expand the scope of the ISO14001 Environmental Management System and clean production audit, regularly monitored the resource usage and emissions of each subsidiary to ensure that they are in compliance with the required standards, and shouldered the responsibility of protecting the natural environment.

Striving for a People-Oriented Culture

With expansion of development scale of the Group, we sped up the construction of the talent training system, recruited high-calibre individuals and cultivated internal talents to increase the Group's talent density. The occupational safety and health of employees have always been our focus. By strengthening safe production management, we effectively reduced the rate of work-related injuries during the year and ensured a safe and healthy working environment for our employees.

Contributing to the Community

2019 is the 70th anniversary of the founding of the People's Republic of China, a crucial year for determining whether the centennial goal of building a moderately well-off society can be achieved as well as winning the fight against poverty. While devoting ourselves to being a leader in the TCM industry, we have also shouldered our responsibility of poverty alleviation and made use of our advantages in the industry to help poverty-stricken areas to get rid of poverty so as to contribute to the community.

The Group will continue to stride forward and keep in mind its responsibility for sustainable development while rapidly developing its business. On behalf of the Board, I sincerely thank the employees, business partners and the community who have always supported us. In the future, we will keep the faith and move ahead steadily to create greater value for stakeholders!

WU Xian

Chairman

Hong Kong, 24 June 2020



Our Sustainable Development



China TCM continues to take the concerns of stakeholders as the core of its sustainable development policy, prudently manages issues with significant impact, and responds to calls from the United Nations for integrating the concept of sustainability into its business operations.



ABOUT CHINA TCM

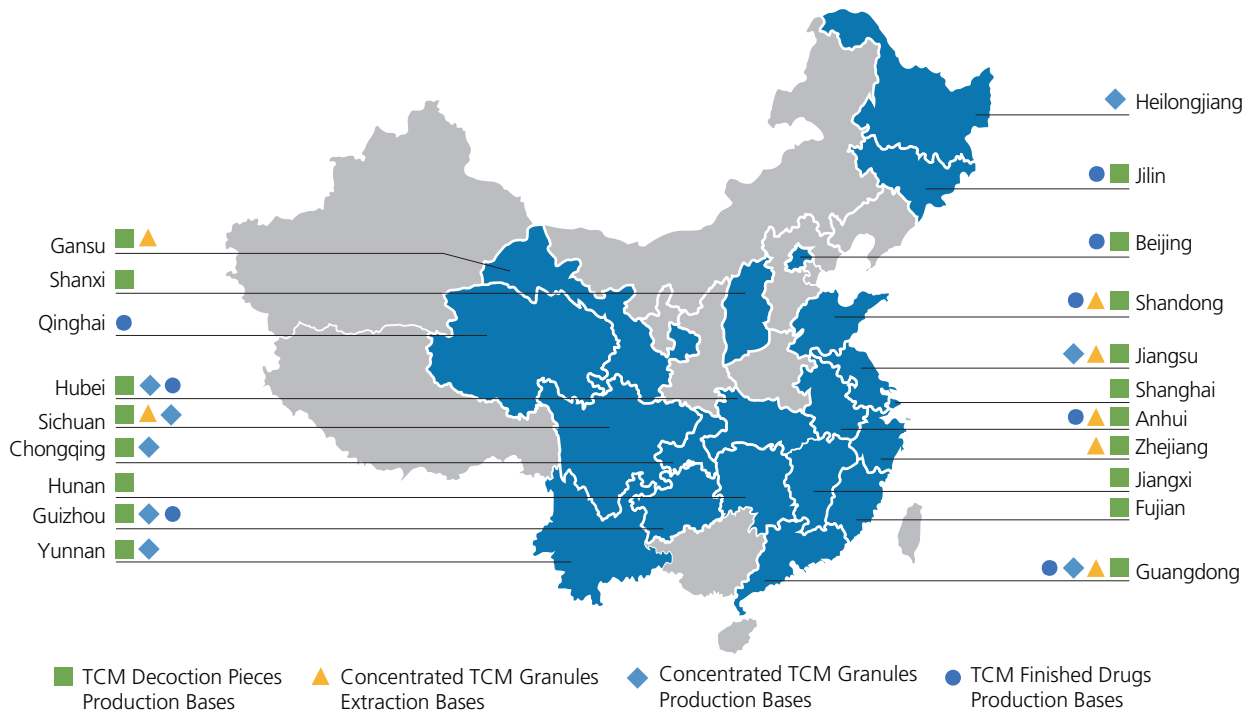
As the core platform of the modern TCM segment of China National Pharmaceutical Group Co., Ltd., the Group operates a complete TCM healthcare industry chain which integrates scientific research, manufacturing and sales as a whole. In addition to continuously developing its four major business segments, the TCM decoction pieces, concentrated TCM granules, TCM finished drugs and TCM healthcare complex, it also developed a local TCM integrated operation during the year.

The Group's headquarter is located in Foshan, Guangdong and it has established a comprehensive TCM healthcare industry chain in various provinces and cities in China. So far, production bases have been built in various provinces in China. Among them, there are 19 TCM decoction pieces production bases, nine concentrated TCM granules extraction bases, eight concentrated TCM granules production bases, and 11 TCM finished drugs production bases, all of which have obtained production licenses¹.

¹ Pursuant to the requirements of Announcement 2019 No. 103 on consistent implementation of matters in relation to Pharmaceutical Administration Law of the People's Republic of China by National Medical Products Administration, the certification of the Good Manufacture Practice ("GMP"), and Good Supply Practice ("GSP"), have been cancelled since 1 December 2019.



Our Sustainable Development

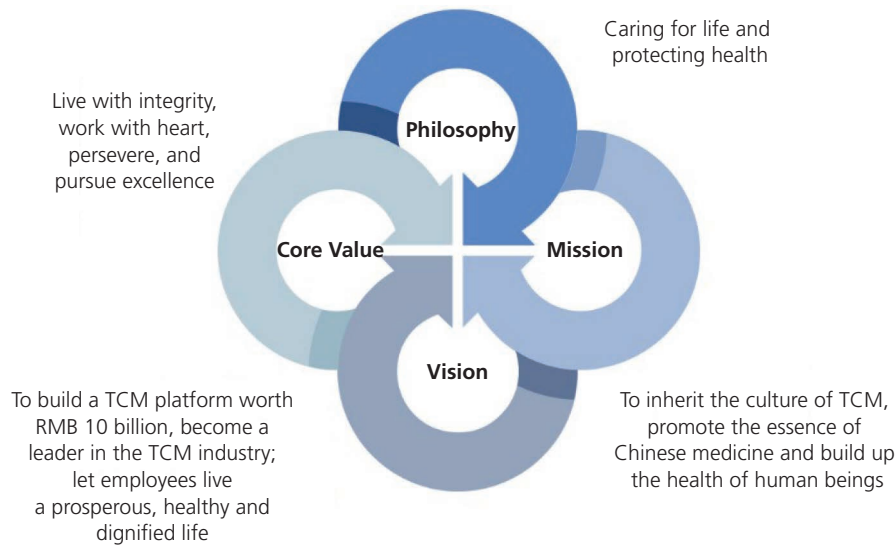


We have a wide range of product resources, with ten exclusive products on the National Essential Drug List (“NEDL”), more than 1,300 TCM finished drug specifications (of which about 350 are included in the 2018 version of the NEDL), more than 700 varieties of concentrated TCM granules, over 400 varieties of classic formulated granules (exclusively for export). The Group owns many high-quality brands, including three Chinese Time-honored Brands, five Chinese Well-known Trademarks and four National Intangible Cultural Heritages.



Our Philosophy

China TCM closely integrates corporate development with health promotion in its operation process. We uphold the philosophy of “caring for life and protecting health” and promote relevant ideas and TCM culture to our customers, employees, partners and surrounding community through our products and services.



Membership Qualification and Recognition

The chairman of the Company also serves as the executive vice-chairman of China Association of Traditional Chinese Medicine and has great devotion to promoting the sustainable and high-quality development of the TCM industry.

During the year, the Group won multiple awards as recognition of our contribution to the TCM industry. We will spare no effort to continuously optimise our work and provide the public with quality TCM products and services.



Awards for the Year



SUSTAINABILITY MANAGEMENT

Entering the second year of the five-year strategic plan of “building a leading comprehensive TCM healthcare industrial group”, China TCM integrates its own sustainable development philosophy with its strategic plan to build a sound sustainable development system, and all businesses are proceeded with steadily based on the strategic plan and the Company’s influence in the TCM industry increased gradually.

Sustainability Management Structure

In order to push forward the effective implementation of sustainable development management, we have put together resources from different functional departments to form a normalised data collection and reporting mechanism. The reporting and supervision of environmental and social issues is led by a vice president with full support from other relevant departments including Office of the Board, Party-Masses Work Department, Discipline Inspection Office, Office of President, Human Resources Center, Production and Safety and Environmental Protection Center, etc.

Identifying Our Sustainability Topics

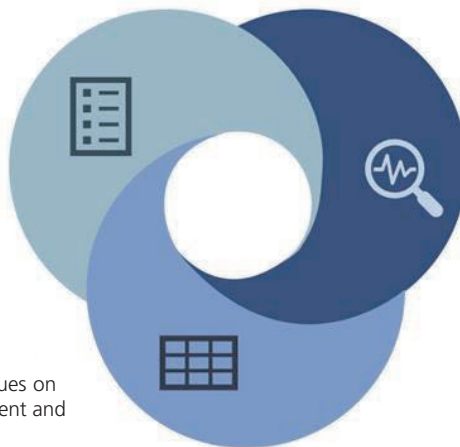
We engaged an independent third-party consultant to conduct materiality assessment in order to understand the extent of the Group’s impacts in terms of various sustainability aspects. According to the steps suggested by GRI Standards, i.e. identify, prioritise, validate and review, we identified China TCM’s most material sustainability topics. During the evaluation process, we engaged various internal and external parties including customers, employees, investors, suppliers, contractors and other stakeholders through questionnaires and interviews. For the results of the materiality assessment, please refer to the “Sustainable Development” section of the Company’s ESG Report 2017.

Validate and review

- The Board verifies the material issues
- Review the report
- Identify room for improvement

Prioritise

- Assess the impacts of material issues on stakeholders, economy, environment and society
- Prioritise the issues based on materiality



Identify

- Identify a range of ESG issues related to business and stakeholders
- Identify 28 material issues in accordance with GRI framework and peer analysis



We reviewed the materiality assessment and identified seven material issues of the Group, including: product compliance, product health and safety, customer satisfaction, protection of intellectual property rights, supplier management, operational compliance and business ethics.

In our daily operations, we pay attention to the performance of all subsidiaries on relevant topics. We strive to enhance corporate transparency, minimise operational risks and bring in positive impacts by implementing systematic monitoring, management and reporting. We disclose these material topics in this report as a reference for formulating long term sustainable development strategies in order to improve our ESG performance.

Responding to Stakeholders

In order to respond to issues concerned by stakeholders in a timely manner, we maintain close communication with them through different communication channels. The following table summarises the Group's actions during the year.

Stakeholders	Stakeholders' Interests and Concerns (material issues in bold)	Communication Channel	Actions Taken in 2019
Customers	<ul style="list-style-type: none"> • Product health and safety • Customer satisfaction • Product quality 	<ul style="list-style-type: none"> • Customer satisfaction survey • "Constitution Identification" WeChat official account 	<ul style="list-style-type: none"> • Supervised and inspected the process from procurement to use of Chinese medicinal herbs • Conducted clinical evidence-based studies • Collected information of adverse drug reactions regularly and revised the instructions in due course • Established customer enquiries and complaint channels • Established Product Recall Control Procedures • Deployed TCM Healthcare Complex to serve people in sub-health condition • Developed intelligent TCM distribution centers





Stakeholders	Stakeholders' Interests and Concerns (material issues in bold)	Communication Channel	Actions Taken in 2019
Sales partners	<ul style="list-style-type: none"> • Product compliance • Protection of intellectual property rights • Business ethics 	<ul style="list-style-type: none"> • Seminars 	<ul style="list-style-type: none"> • Complied with laws and regulations related to product responsibility • Accredited with ISO9001, GMP and GSP certification • 232 patents were granted or newly applied during the year • Multiple scientific research projects were awarded during the year • Convened an annual assessment on intellectual property management • Strengthened the construction of business ethics and carried out internal inspections • Encouraged employees to report on violations to the laws and regulations • Carried out education and publicity on integrity culture
Employees	<ul style="list-style-type: none"> • Health and safety • Training and development • Benefits 	<ul style="list-style-type: none"> • Employee satisfaction survey • Newsletters • Training • Social media platform 	<ul style="list-style-type: none"> • Enhanced employee welfare • Carried out training camp for fresh graduates • Preliminarily constructed the "Talent Development System of China TCM" • Certified with OHSAS18001 during the year • Required subsidiaries to enhance the production safety system
Government	<ul style="list-style-type: none"> • Operational compliance • Environmental protection 	<ul style="list-style-type: none"> • On-site inspection • Attend trainings organised by the government 	<ul style="list-style-type: none"> • Complied with applicable laws and regulations related to environment, employment, quality management, anti-corruption, etc. • A total of six subsidiaries were certified with ISO14001 during the year • A total of seven subsidiaries have conducted or were planning to join the clean production audit certification programme • Set up an energy saving and emission reduction working group • Invested approximately RMB 1.4 million in improvement projects of discharge of waste water and waste residues



Stakeholders	Stakeholders' Interests and Concerns (material issues in bold)	Communication Channel	Actions Taken in 2019
Shareholders Investors	<ul style="list-style-type: none"> Business operation Corporate governance Risk management 	<ul style="list-style-type: none"> Investors meeting Annual general meeting Company's annual report ESG report 	<ul style="list-style-type: none"> Attended investors' meeting Held regular shareholders' general meeting Published interim reports, annual reports and ESG reports on a regular basis
Suppliers	<ul style="list-style-type: none"> Supply chain management Business ethics 	<ul style="list-style-type: none"> Seminars Trainings Visiting suppliers Annual audit 	<ul style="list-style-type: none"> Improved the GACP² management system Developed Chinese medicinal herbs plantation bases Explored new models of the development of large variety of Chinese medicinal herbs resources Developed and successfully launched the "system of quotation for centralised procurement"
Communities	<ul style="list-style-type: none"> Education Poverty alleviation 	<ul style="list-style-type: none"> Visiting poor families Education Community caring activities 	<ul style="list-style-type: none"> Assigned employees to go to poverty stricken areas to help poverty alleviation work and provide voluntary education Taught planting, procuring Chinese medicinal herbs and building plantation bases in poverty stricken areas

² Good Agricultural and Collection Practices for Medicinal Plants (GACP) is a set of internationally recognised specifications for promoting the cultivation, collection, and processing of medicinal plants.





Improving the Whole TCM Healthcare Industry Chain

The Group is committed to providing high-quality and safe pharmaceutical services to customers and improving the accessibility of health care by strengthening the management of the industry chain

KEY PERFORMANCES:



10
GACP registered varieties

30 TCM varieties
completed or in the process of studying classical formula research



116
Patents applied

116
Licensed patents

89 draft standards
of concentrated TCM granules
were published



9
GACP Chinese medicinal
herbs plantation bases

Collaborate with
over 200
qualified suppliers

SUPPLY CHAIN MANAGEMENT

The high quality and stable supply of Chinese medicinal herbs determines the quality of downstream products such as TCM decoction pieces, concentrated TCM granules, and TCM finished drugs. The Group strengthened the control of the source of medicinal herbs resources, and was committed to building a long-term stable quality and cost-controllable supply chain of Chinese medicinal herbs through measures such as standardising procurement, developing Chinese medicinal herbs plantation bases and developing traceability of Chinese medicinal herbs in order to have stronger bargaining power in the upstream.

Control of the Source of Medicinal Herbs Resources

The Group made thorough studies on the Chinese medicinal herbs market, paid attention to the quality of the Chinese medicinal herbs and carried out in-depth basic work to gradually improve the GACP management system and standardise the cultivation of Chinese medicinal herb plantation. During the year, the Group has formulated 77 GACP documents and 45 record lists, and most industrial parks have completed records of information of GACP Chinese medicinal herbs cultivation, agricultural fertilisers and collection. With the help of research findings of a source tracking system for the quality of Chinese medicinal herbs and research findings of the medicinal herbs breeding, we insisted on developing medicinal herbs plantation bases and continued to explore other development models.



During the year, we built cooperative bases for large variety of Chinese medicinal herbs based on GACP standards, and combined traditional plantation techniques and local processing technologies to promote standardisation of Chinese medicinal herbs plantation and production. In order to deepen cultivation base construction, the Group has carried out in-depth research in areas where the resource of medicinal herbs is concentrated and the demand for supply is high, striving to seize the control of raw materials of the core varieties. During the year, we established 9 GACP bases in seven provinces across the country by self-construction or cooperation, covering 10 varieties of authentic medicinal herbs and planting areas of nearly 10,000 mu.

Development of resources of large variety

The Group actively explored a new model for the development of large variety of Chinese medicinal herbs resources, and after analysing and determining the feasibility of this development model, we set up joint ventures with local governments and herb farmers in Pingyi in Shandong, Li County in Gansu, etc. on the development of Chinese medicinal materials during the year, to promote construction of the modern Chinese medicinal herbs industry demonstration base integrating the functions of plantation, storage and logistics, medicinal herbs trading and data tracing so as to improve the quality of key Chinese medicinal herbs.

Responsible Procurement

In order to ensure the safety and quality of raw materials, China TCM established the Chinese Medicinal Herbs Resources Center to uniformly purchase the main raw materials of Chinese medicinal herbs, improved and standardised the procurement procedures. During the year, the Chinese Medicinal Herbs Resources Center and the Information Center jointly developed the “system of quotation for centralised procurement” and successfully launched it online. The system not only improves the efficiency and convenience of procurement, but also helps to improve the management of procurement information and promote fair and impartial procurement. The Group has continuously strengthened the evaluation and screening of qualified suppliers. As at 31 December 2019, the Group had a total of 207 qualified suppliers in Mainland China covering raw materials, TCM decoction pieces, and package materials of raw materials.

Supply chain management

- ☐ Qualified suppliers are required to abide by the GMP in relation to social and environmental management.
- ☐ State clearly that suppliers are prohibited from offering bribes to our employees in procurement, quality inspection and other relevant departments
- ☐ Established the “Tender and Performance Guarantee System” to improve the performance rate and pass rate to ensure a stable supply






R&D AND INNOVATION

The Group has focused on R&D and innovation, strengthened R&D capability building, set up eight major R&D centers, protected intellectual property and promoted formulation of the industry standards. The Group is committed to continuously promoting the realisation of “planing, producing and making good drugs” by enhancing the core competitiveness.

R&D Development

In order to ensure the quality of R&D, the Group increased its investment in R&D resources and continued to work on building a scientific research platform during the year. Jiangyin Tianjiang Pharmaceutical Co., Ltd. (“Jiangyin Tianjiang”) established the Jiangsu Provincial Key Laboratory of the Production and Quality Control of Concentrated TCM Granules, Guangdong Yifang Pharmaceutical Co., Ltd. (“Guangdong Yifang”) established the National Enterprise Technology Center, Sinopharm Group Beijing Haumiao Pharmaceutical Co., Ltd. (“Beijing Huamiao”) established the “Hebei Provincial Technology Innovation Center”, and the testing center of Sinopharm Group Guangdong Medi-World Pharmaceutical Co., Ltd. (“Guangdong Medi-World”) was awarded the new version of the “China National Accreditation Service for Conformity Assessment” (“CNAS”) Laboratory Accreditation Certificate, making the center one of the national accredited laboratories.

 R&D platform	<ul style="list-style-type: none"> • 3 CNAS laboratories • 9 Enterprise Technical Centers of Provincial Level • 7 Engineering Technology Research and Development Centers of Provincial Level • 4 Enterprise Post-doctoral Research Stations • 2 Academician & Expert Enterprise Workstations • 1 Guangdong Key Laboratory of Concentrated TCM Granules Enterprises
 R&D team	<ul style="list-style-type: none"> • Expertise in various fields including pharmacy, Chinese medicine, pharmaceuticals, pharmacology, analysis, medicine, etc. • Among them, nearly 60% are doctors, masters and persons holding senior technical titles
 R&D equipment	<ul style="list-style-type: none"> • Advanced testing equipment and inspection instruments • Medium size pilot workshop in compliance with GMP requirements



Focusing on the eight major R&D directions, we set up eight major R&D centers to ensure that R&D and innovation work covers the entire industry chain, thereby driving progress in every link of the industry chain together.



R&D Results

During the year, the Group accelerated the research on TCM classic formulas and conducted in-depth studies on 35 classic formulas such as “Walnut Chengqi Decoction” and “Angelica and Jianzhong Decoction”, benchmark studies of basic substance of some varieties were completed and the research work was further expanded.

Textual research on classic formulas

- **Cooperation parties:** Medical literature history research units such as the Institute of the History of Medical Literature under the China Academy of Chinese Medical Sciences, Information Office, the Beijing University of Chinese Medicine, and the Anhui University of Chinese Medicine
- **Verification Contents:** The original source text of the formula, its composition, production requirement of decoction pieces, dosage, functional indications, usage and dosage, precautions, etc.
- **Verification Results:** Verification covers 30 medicinal herb varieties, of which 21 have obtained initial verification results

Classic formulas sampling

- **Procurement requirement:** No less than 3 origins of medicinal herbs, and not less than 15 batches of medical herbs
- **Information Collection:** Determine the origin of corresponding batches, initial processing in the origin, wild/artificial breeding and maintenance of herbs in the village for the origin, etc.
- **Results Collection:** Collection of 85 medicinal herbs involved in 35 classical formulas has been completed with a total of more than 1,500 samples batches collected, weighing up to 23.43 tons



Improving the Whole TCM Healthcare Industry Chain

With the research advantages of concentrated TCM granules standards, we have been involved in the drafting of the concentrated TCM granules national standards. In November 2019, the Chinese Pharmacopoeia Commission published the “Announcement on the Unified Standards for the Pilot of Concentrated TCM Granules” (《關於中藥配方顆粒品種試點統一標準的公示》), of the 160 concentrated TCM granules publicised, the Group engaged in the drafting of 89 standards, which proves our solid R&D capability and leading position in formulating concentrated TCM granules standards.

In addition to leading the formulation of national quality standards for concentrated TCM granules, we actively participated in international standard research, including ISO/TC249 application of TCM international standards, United States Pharmacopoeia standards, Hong Kong compound formulas registration, etc., to promote the internationalisation of concentrated TCM granules.

Intellectual Property Protection

Adhering to the policy of intellectual property management of “continuous innovation, lean management, effective application and legal protection”, the Group has formulated a series of internal policies related to intellectual property rights management to safeguard the core invention patents. The Group has been committed to improving the intellectual property management system, increasing employees’ awareness of innovation and intellectual property protection and building intellectual property corporate culture.

We formulated “Control Procedure for Laws, Regulations and Other Requirements” (《法律法規和其他要求控制程序》) for identifying, obtaining and determining the relevant intellectual property laws and regulations and other requirements applicable to the Group’s business activities to ensure that all our daily activities comply with the requirements of laws and regulations related to intellectual property protection³.

³ Please refer to the “Laws and Regulations” section of this report for laws and regulations related to intellectual property protection.



Intellectual Property Risk Management

In order to effectively identify and control intellectual property risks in the operation process, the Group has established an intellectual property risk alert mechanism in accordance with the internal policy "Intellectual Property Risk Management Procedures" (《知識產權風險管理程序》) to standardise the risk identification, assessment process and implementation details. An intellectual property management review meeting is held every year to objectively evaluate the continued suitability and effectiveness of the intellectual property system so as to improve the management level.

Precautionary Measures	Risk Early Warning Mechanism	Risk Identification and Evaluation	Emergency Response Measures
<ul style="list-style-type: none"> Evaluate technology plan and development research results and define means of protection Collect information related to infringement of intellectual property rights in the sales process Manage employees involved in or aware of information of intellectual property rights of the Group Sign written contracts with suppliers and define the tenure of intellectual property rights 	<ul style="list-style-type: none"> Establish monitoring records of the risks of intellectual property rights, send alert messages to corporate decision makers, and propose plans for risk defense when necessary 	<ul style="list-style-type: none"> Identify risks of intellectual property rights in three stages, namely R&D period, production period, and sales period, respectively Determine the risk level upon analysis of risk possibility and consequences 	<ul style="list-style-type: none"> Take precautionary measures in accordance with different risk categories and risk levels, including amendments to policies on internal intellectual property rights and changes in regular tracking of laws and regulations

During the year, the R&D Center formulated and issued a total of 14 intellectual property management system documents, completed and directed other departments to complete more than 100 system documents to ensure the legal compliance of the intellectual property output and access to intellectual property. Guangdong Medi-World, our subsidiary, passed the intellectual property management system certification. We have actively applied for and obtained multiple patents, and our research projects have been granted many awards.



Patent Application and Acquisition

- 116 patents applied: 74 in invention category, 40 in practical use category and 2 in appearance category
- 116 authorised patents: 14 in invention category, 97 in practical use category and 5 in appearance category



Awards in R&D Projects

- "A Chinese medicine prescription automatic dispensing system" and "a Xianling Gubao extraction method, separated extracts and preparations" were awarded the 21st China Patent Excellence Award
- "Application of sustained release technology of multilayer controlled film and pellet coating technology in sustained release drugs" won the second prize of Guangdong Science and Technology Progress Award
- The project of "Research and application of modern analysis technology in quality control of concentrated TCM granules" was awarded the third prize of Science and Technology Award of Chinese Association of Chinese Medicine



QUALITY CONTROL

As a leading TCM enterprise, we are deeply aware of the relevance of quality of TCM products to the health and safety of consumers. We attach great importance to quality management and strictly abide by relevant laws and regulations⁴. During the year, a number of management systems related to product quality management were added or revised, and control over the whole life cycle quality management of products covering R&D, production, inspection, procurement, sales, storage, transportation, and product adverse reaction monitoring was implemented.

During the year, China TCM established a Quality Management Committee to be responsible for leading the Company's overall quality management work, and urged its subsidiaries to implement the quality management responsibility scheme of the general manager, the person directly responsible for quality. Quality Management Committee and other relevant department including Quality Management Department are jointly responsible for promoting the construction and improvement of the quality system to ensure the quality and safety of medicines. During the year, in addition to the implementation of renewal of certification of those certified companies, six new companies were granted production licenses, and the workshop of Jiangyin Tianjiang in Anhui, workshop of Guangdong Yifang in Pan'an, Zhejiang and workshop in Linyi, Shandong passed production license certification, while three new companies were granted business license.

We have formulated the "Provisions on Quality Supervision and Inspection of Chinese Medicinal Herbs" (《中藥材質量監督檢查管理規定》), which set out the regulatory inspection management rules of the procurement, acceptance, inspection, storage, and use of Chinese medicinal herbs (decoction pieces) for the production of pharmaceutical raw materials. The Quality Management Department and the Audit Department supervise and inspect the stock of Chinese medicinal herbs, if quality hazards are found, the herbs can be sampled for inspection. The sampling staff takes three samples and sends them to a qualified third party, the Quality Management Department and the enterprise under supervision respectively for inspection. The herb under inspection is sealed pending the inspection result. The Quality Management Department will handle the herb in question in accordance with the inspection report issued by the third party: the herbs which pass the inspection will be unsealed or further investigation will be conducted for unqualified herbs.

⁴ Please refer to the "Laws and Regulations" section of this report for laws and regulations related to product quality management .



In order to meet the development direction of integration and standardisation, we have adopted Gaoming branch company (“Dezhong Gaoming Workshop”) of Sinopharm Group Dezhong (Foshan) Pharmaceutical Co., Ltd. (“Dezhong Pharmaceutical”) as the shared TCM products pretreatment and extraction workshop within the Group, Dezhong Gaoming Workshop, Dezhong Pharmaceutical and the shared subsidiaries are jointly responsible for the quality management of pretreatment and extraction of TCM products.

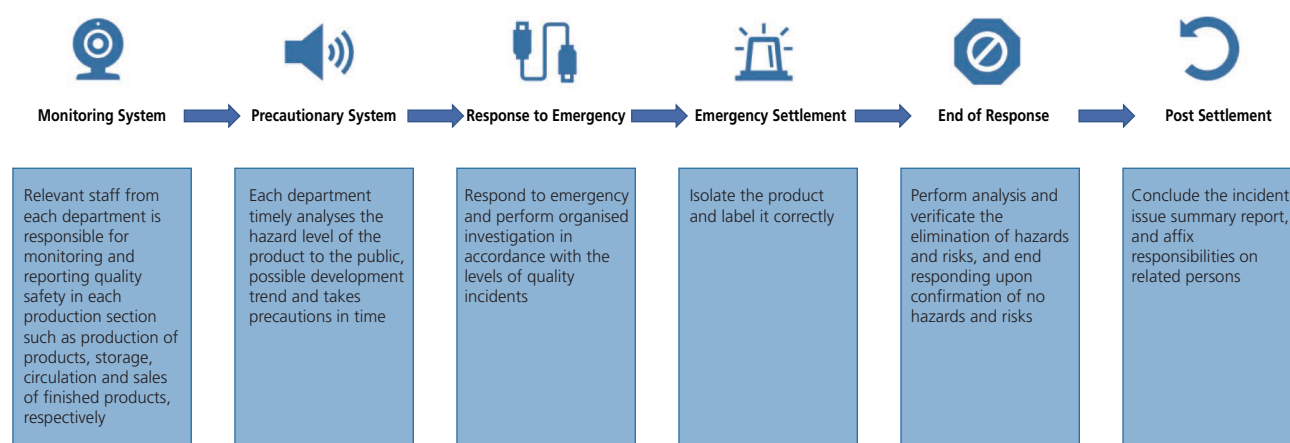


We are much concerned about medicine safety test and are committed to providing consumers with the greatest medicine safety guarantee. During the year, the Group conducted clinical evidence-based study on the release of Chaishi Tuire Granules to get the safety data on clinical application and provided a basis for further expanding the market for this product category; in addition, we have carried out clinical studies on the efficacy, safety and economy of Yao Shen Herbal Paste in the treatment of relevant patients.



Product Quality Incident Contingency Plan

During the year, the Group revised the “China Traditional Chinese Medicine Co. Limited Product Quality Incident Contingency Plan” (《中國中藥控股有限公司產品質量事件應急預案》) to improve the remedial system and operating mechanism for responding to sudden product safety incidents or major quality problems, and to standardise and guide emergency plans in order to minimise the hazards of quality incidents. The quality incident monitoring and handling process is as follows:



During the year, the Group was not aware of any violations of relevant laws and regulations that has a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services and remedial measures.

ETHICAL PRACTICE

We care about customers’ needs, actively respond to customers’ feedbacks, timely recall problematic products and are committed to improving the accessibility of healthcare.

Improving Our Complaint Handling Mechanism

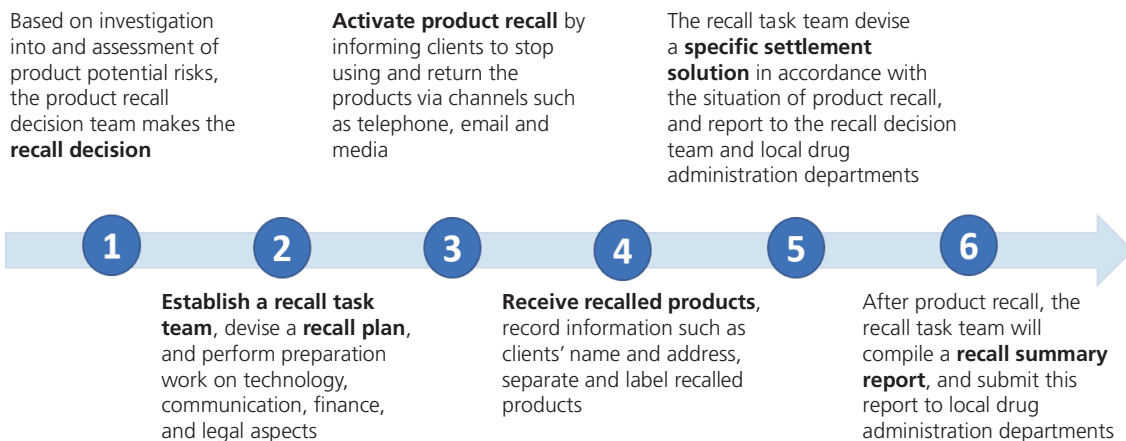
To facilitate customer communication, each subsidiary of the Group has customer inquiry and complaint channels, including telephone hotlines and email addresses. We require the relevant departments to report to the Quality Management Department within 2 hours upon receiving the complaint and the Quality Management Department will arrange the sales staff in the locality to assist in follow-up work and appease the customers. The relevant departments of each subsidiary including Quality Management Department and the Production Department will analyse the reasons for the customers’ complaint and give reasonable solutions, and the personnel of the Finished Drugs Marketing Center will assist the Quality Management Department in handling the complaint and contacting the local complainant to ensure thorough communication with our customers.

During the year, we received a total of 27 complaints about our products and services, which were mainly complaints and feedbacks about quality and packaging or appearance. All complaints were dealt with properly by means of communication, compensation and returning of goods.



Product Recall Control

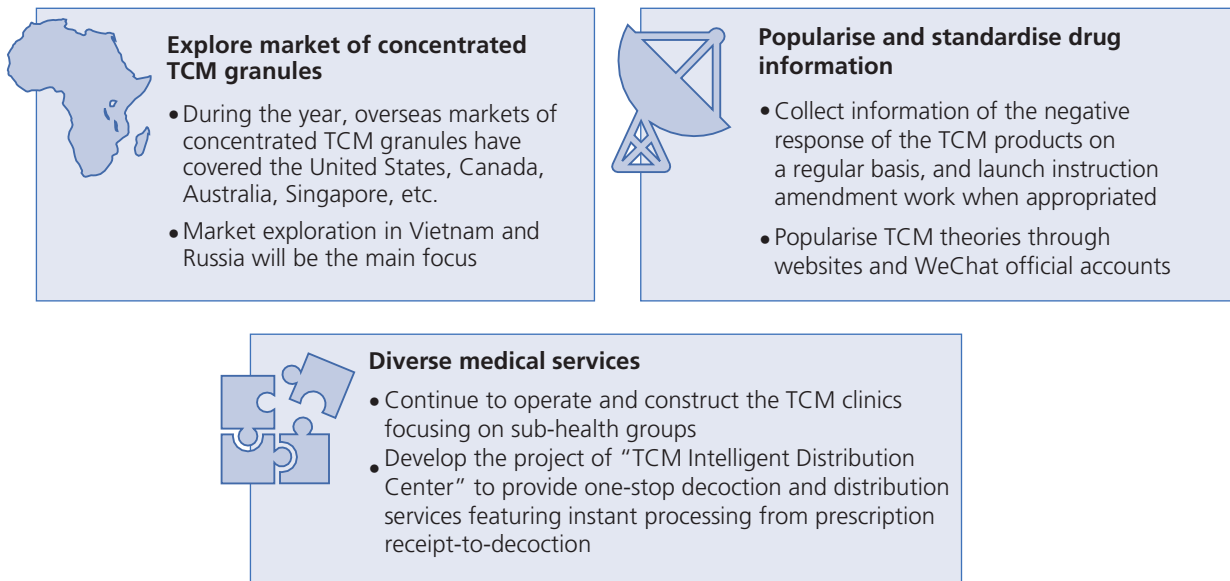
We established the Product Recall Control Procedure (《產品召回控制程序》), a recall will be put into practice immediately if defects of launched products with potential safety and health risk to public are found to ensure public safety and that all affected products are identified and traced. In response to the quality incident that triggered the product recall, we will investigate and correct the root cause of the incident and take preventive measures at the same time to prevent the occurrence of similar events in the future. In addition, the Group requires that a simulated recall be conducted at least once every two years to ensure its effectiveness of prompt activation when necessary.



Product recall process

Access to Healthcare

Improving access to healthcare is the social responsibility that pharmaceutical companies should actively undertake. The Group has expanded the international market of concentrated TCM granules, popularised drug information in a timely manner and provided patients or consumers with measures including convenient medication or medical and healthcare services to extend the scope of the Group's services and expand the service categories so as to provide quality medicines and healthcare services for more people.





ACTION AGAINST CORRUPTION

In strict adherence to its core value of “live with integrity, work with heart”, the Group attaches great importance to taking actions against corruption, strictly complies with the relevant laws and regulations⁵, urges all subsidiaries to operate in compliance with regulations and deepens the work of anti-corruption. During the year, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering nor was involved in any corruption cases.

Integrity Management

We have set up a disciplinary inspection committee of China TCM to jointly supervise and manage the anti-corruption work of each subsidiary with the Discipline Inspection Office; under the guidance of China TCM, our subsidiaries headed by their branch secretary or disciplinary commissioner carry out anti-corruption measures. At present, our anti-corruption and business ethics policies have covered 88 listed subsidiaries.

The Group continued to strengthen internal rectification work and issued the “Inspection Plan (2019-2022)” (《巡察工作規劃(2019年-2022年)》) and “2019 Internal Inspection Plan” (《2019年內部巡察工作方案》) during the year to ensure the internal inspection be carried out in an orderly manner and to supervise and examine our action against corruption and work implementation among subsidiaries. If improvement is needed or there are violations, the subsidiaries are strictly required to make rectifications. It is stipulated in the Compliance Manual (《合規手冊》) that employees are prohibited from charging facilitation fee. The “Integrity Undertaking” (《廉潔承諾書》) and “Statement of Responsibility for Clean and Honest Governance” (《黨風廉政建設責任書》) signed by the Discipline Inspection Office and leaders and cadres also require the relevant personnel to practice honestly, and to comply with the remuneration requirements and operating expense regulations.

Whistleblowing Policy

The Group encourages employees to report corruption or other illegal acts and protect the whistleblowers and their right to report for the sake of preventing corruption risks reasonably and effectively. We set up a whistleblowing and accusation reception room to accept in-person whistleblowing and also accept reports by other means such as by phone calls. According to the situation reflected in the reported incidents, we have taken measures such as “conclude”, “under discussion and enquiry”, “preliminary verification”, and “case accepted and under review”, for substantiated cases, the personnel concerned will be punished for serious disciplinary violations.

⁵ Please refer to the “Laws and Regulations” section of this report for relevant anti-corruption laws and regulations.



Integrity Education

We actively carry out in-depth education work of integrity culture, and firmly establish the concept of observing laws and preserving integrity. During the year, we set up education programs such as “ABC of Preserving Integrity” and “Micro Corruption Warnings” on the official account and the OA platform, and carried out working meetings and education sessions on clean and honest governance and anti-corruption to promote basic knowledge and study of cases of violation of Party discipline regulations to Party members and cadres in order to improve the integrity of party members and cadres. During the year, the Group participated in integrity and anti-corruption education over 19,000 person-times.



Fulfilling Environmental Responsibility

The Group has made efforts to save energy and reduce emissions and achieve the sustainability of TCM industry chain in terms of pollutant treatment measures, supervision and inspection of energy saving and environmental protection and the publicity of energy conservation and environmental protection.

KEY PERFORMANCES:



100%

compliance on emissions

68%

non-hazardous waste recycled



0.024 tCO₂e

per thousand RMB revenue

ENVIRONMENTAL MANAGEMENT

The quality of Chinese medicinal herbs is closely related to the natural environment. The accelerating climate changes affect the growth factors of Chinese medicinal herbs such as rainfall, temperature and sunshine, which may change their authentic characteristics, growth years or purchasing season. In view of this, the Group has established a complete environmental management system to properly manage the consumption of resources, and is committed to reducing the emissions of greenhouse gases, wastes and wastewater during its operation.

The Group continues to carry out the work of Environmental Management Certification and implements corresponding management measures in its operations. During the year, a total of six subsidiaries obtained ISO14001 Environmental Management Certificates and seven subsidiaries have conducted or are planning to implement clean production audit certification.

ISO14001 Environmental Management System Certification



- ☐ Sinopharm Group Feng Liao Xing (Foshan) Pharmaceutical Co., Ltd.
- ☐ Jiangyin Tianjiang Pharmaceutical Co., Ltd.
- ☐ Guangdong Yifang Pharmaceutical Co., Ltd. (obtained the certification in 2019)
- ☐ Anhui Feng Liao Xing TCM Decoction Pieces Co., Ltd. (obtained the certification in 2019)
- ☐ Jiangsu Jiangkang Pharmaceutical Co., Ltd. (obtained the certification in 2019)
- ☐ Sinopharm Group Jingfang (Anhui) Pharmaceutical Co., Ltd. (obtained the certification in 2019)

Clean Production Audit



- ☐ Guangdong Yifang Pharmaceutical Co., Ltd.
- ☐ Sinopharm Group Dezhong (Foshan) Pharmaceutical Co., Ltd.
- ☐ Huayi Pharmaceutical Co., Ltd.
- ☐ Longxi Yifang Pharmaceutical Co., Ltd.
- ☐ Sinopharm Group Feng Liao Xing (Foshan) Pharmaceutical Co., Ltd.
- ☐ Sinopharm Group Guangdong Medi-World Pharmaceutical Co., Ltd. (expected to complete in 2020)
- ☐ Jiangyin Tianjiang Pharmaceutical Co., Ltd. (expected to commence in 2021)



In order to ensure that the operation complies with environmental laws and regulations, the Company and its subsidiaries assume their respective responsibilities and systematically manage the corresponding matters. The Production, Safety and Environmental Protection Center and the Quality Management Department of the Company jointly supervise the implementation of energy conservation and emission-reduction work of the subsidiaries; and an Energy Conservation and Emission Reduction Work Group on subsidiary level was established to implement relevant measures in accordance with the “Measures for the Administration of Energy Saving and Emission Reduction of China Traditional Chinese Medicine Co. Limited” (《中國中藥控股有限公司節能減排管理辦法》) which was revised during the year.

During the year, the Group was not aware of any non-compliance of relevant laws and regulations⁶ that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Responsibilities of subsidiaries for energy saving and emission reduction

Prepare annual energy saving and emission reduction plan

- Devise mid to long term plan by analysing current situation and effectiveness of energy saving and emission reduction

Formulate energy-saving target responsibility system and evaluation and assessment system

- Set qualitative energy saving and emission reduction goals
- Establish an accountability mechanism with definitive rewards and penalties

Establish training system for energy saving and emission reduction system

- Provide training of relevant national energy saving and emission reduction principles, policies, laws and regulations and professional knowledge, etc.

Scrutinise the implementation of energy saving and emission reduction plans regularly

- Conduct on site inspection at least once a year
- Award enterprises and employees in recognition of outstanding performance in energy saving and emission reduction

⁶ Please refer to the “Laws and Regulations” section of this report for environmental laws and regulations.



EMISSION MANAGEMENT

To ensure that emissions comply with local legal and regulatory standards, the Group invested a total of approximately RMB 1.4 million in improvement projects of discharge of waste water and waste residues during the year. In response to environmental factors such as boiler air pollutant and discharge of sewage of production, we entrust qualified third-party agencies to perform monitoring at least once a year.



Beijing Huamiao: Sewage treatment A20 technology

- Invested RMB 1 million
- Replaced contact gasification technology with A20 technology to improve the efficiency of sewage treatment



Sichuan Sino Tianjiang Pharmaceutical Co., Ltd.: Sewage monitoring online

- Invested RMB 60,000
- Installed pH online monitoring equipment in sewage treatment station



Other online monitoring systems

- Chemical oxygen demand: 9 subsidiaries in total
- Ammonium: 8 subsidiaries in total
- pH value: 7 subsidiaries in total
- Total phosphorus: 2 subsidiaries in total

Wastewater treatment and monitoring plan



Longxi Yifang Pharmaceutical Co.,Ltd: boiler exhaust gas online monitoring system

- Invested RMB 300,000
- Real-time monitoring of boiler exhaust gas to ensure compliance with emission standards



Other online monitoring system

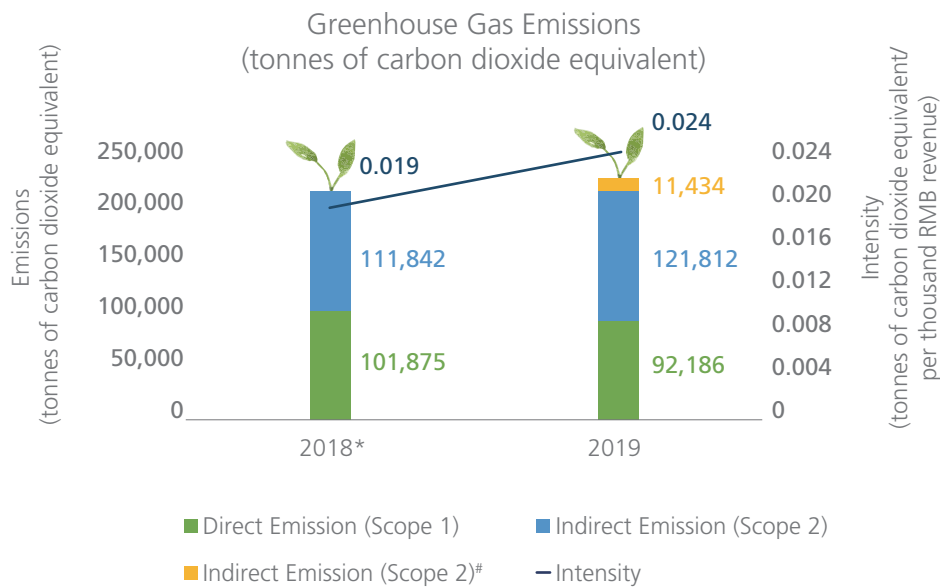
- Sulfur dioxide: 4 subsidiaries in total
- Nitrogen oxide: 4 subsidiaries in total
- Particulate matter: 4 subsidiaries in total

Exhaust gas treatment and monitoring plan



Exhaust Gas

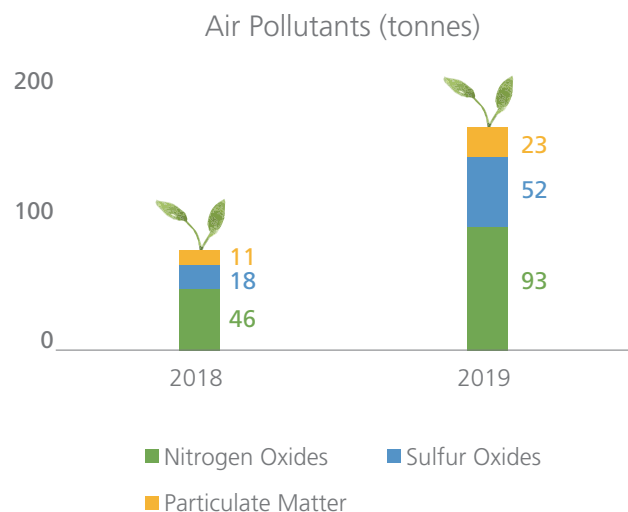
The main source of greenhouse gas (“GHG”) emissions comprises direct (Scope 1) emissions from boiler combustion and vehicle fuels, and indirect (Scope 2) emissions from purchased heat and electricity. During the year, the total amount of GHG emissions amounted to 225,432 tonnes of carbon dioxide equivalent (tCO₂e), of which Scope 1 and Scope 2 emissions were approximately 92,186 tCO₂e and 133,246 tCO₂e, respectively. Total GHG emissions were similar to last year with a decrease of approximately 5%. The total GHG emissions intensity was 0.024 tCO₂e per thousand RMB revenue.



* 2018 data are revised

[#] Anhui Tianxiang Pharmaceutical Co., Ltd. is added to data related to electricity in 2019

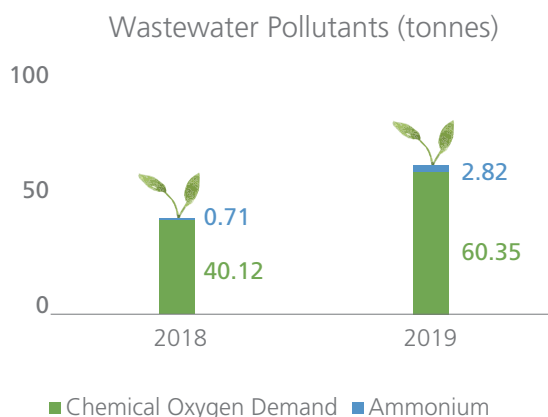
Approximately 52 tonnes of sulfur oxides, 93 tonnes of nitrogen oxide and 23 tonnes of particulate matter were generated from boiler combustion of factory and vehicles. The data of Longxi Yifang Pharmaceutical Co., Ltd. (“Longxi Yifang”) was added this year, hence there was an increase in the overall air pollutant emissions.





Wastewater

We generate wastewater containing medicinal herb organic substances in the process of producing pharmaceutical products. During the year, the Group discharged a total of approximately 60 tonnes of chemical oxygen demand and 2.82 tonnes of ammonia nitrogen wastewater pollutants. Data of Longxi Yifang and Beijing Haumiao were added this year, hence there was an increase in the overall discharge of wastewater pollutants.

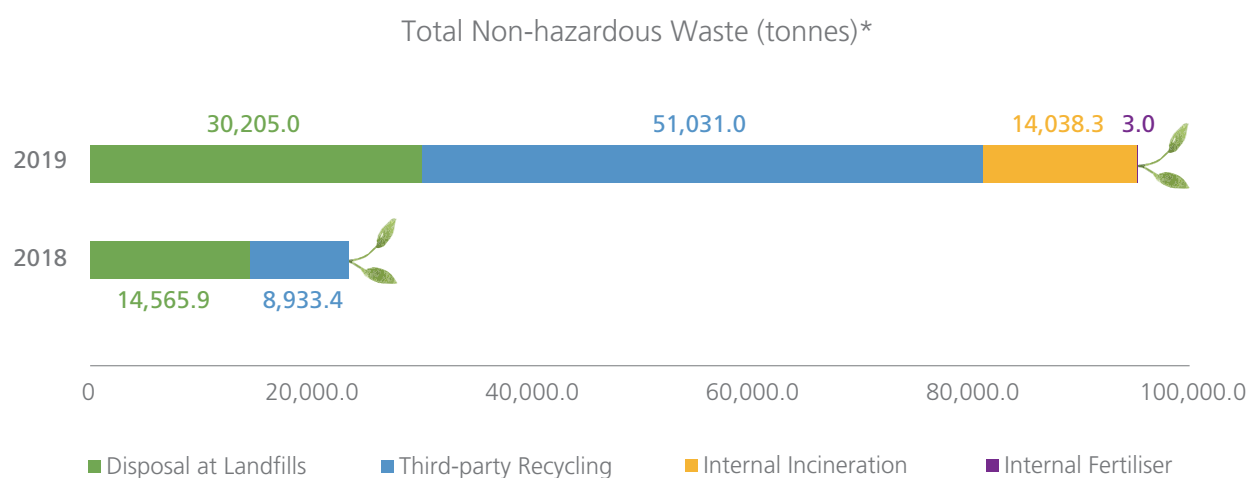


Waste

During the year, the Group generated 59.3 tonnes of hazardous waste and 95,277.5 tonnes of non-hazardous waste during its operations. 68% of the non-hazardous waste generated was reused through third-party recycling, internal incineration, fertiliser production, etc. The total waste intensity was approximately 0.006 kg of hazardous waste and 10.33 kg of non-hazardous waste per thousand RMB revenue respectively.

We handle hazardous waste generated during operation in accordance with law, record and control waste with a hazardous substance management system and relevant records will be submitted to the local environmental protection department and handled by qualified third-party contractors.

Non-hazardous waste includes household refuse, construction waste and dry and wet herbal residue. It will be categorised, stored and handled by qualified companies for recycling and disposal, and part of the herbal residue will be used for internal incineration and fertiliser. In 2019, Guangdong Yifang eliminated a vibrating screen and introduced three advanced horizontal separation machines for dehydrating herbal residue, which reduced herbal residue by approximately 4,716 tonnes per year.



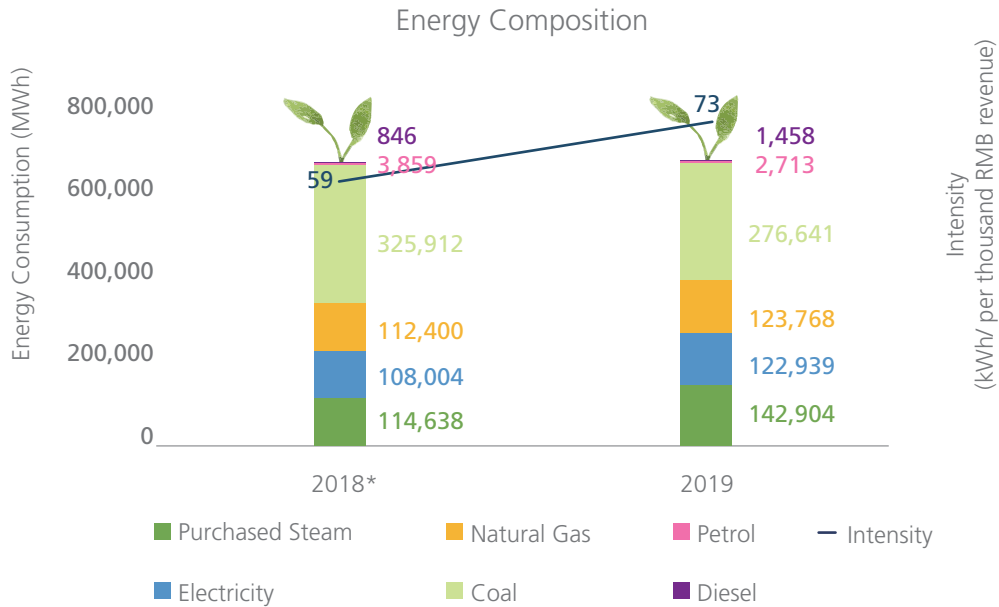
* The data definition of non-hazardous waste was adjusted in 2019 and statistics of two parts of data of non-hazardous waste for internal incineration and internal fertiliser were added



RESOURCES CONSUMPTION

Energy

The Group's energy consumption mainly comprises electricity, natural gas, petrol, diesel, coal and purchased steam. During the year, the Group's total energy consumption was 670,423 MWh, which is similar to last year, and the energy intensity was 73 kWh per thousand RMB revenue.



* The numbers for year 2018 were restated.

We are committed to implementing energy conservation and emission reduction to reduce energy consumption during operations. During the year, Sinopharm Group Zhonglian Pharmaceutical Group Co., Ltd., a subsidiary, recycled and reused the residual heat of steam and condensate water for the factory's vacuum dryer, saving approximately 100 tonnes of steam for the full year.



Energy saving management system

- Carry out monthly energy consumption analysis
- Install smart meter to monitor dynamic electricity usage and establish an effective electricity consumption plan

Process improvement

- Improve the automation of production equipments
- Build sun sheds to dry medicinal herbs

Introduction of advanced energy saving technologies

- Eliminate high consumption and inefficient equipment
- Adopt boiler waste heat recovery technology, heat pump double effect technology, LED lighting
- Install Magnetic Suspension Central Air conditioner and solar water heaters

Energy saving initiatives

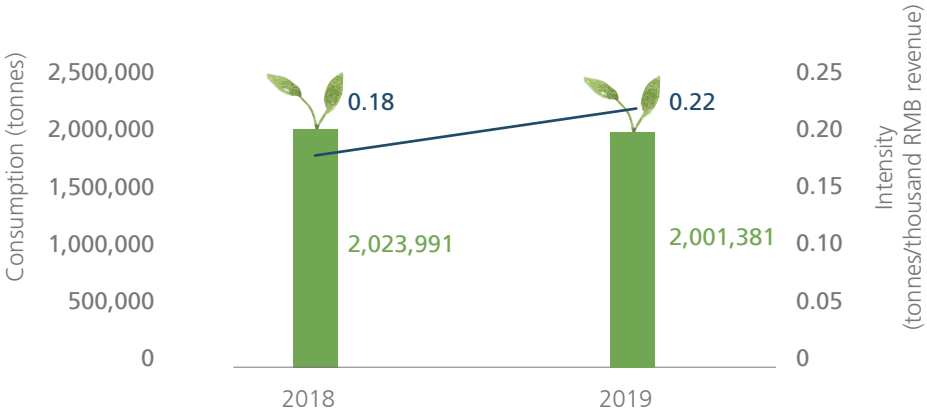


Water Resources

We consume water for both production and domestic use, mainly during the process of steam preparation, TCM decoction and equipment cleaning. The production subsidiaries measure and monitor water consumption and conduct leakage inspections, some water is recycled for irrigation, equipment cooling and toilet flushing, reducing the waste of water resources.

The Group consumed approximately 2,001,381 tonnes of municipal water, which is similar to the amount used last year, the water consumption intensity stood at approximately 0.22 tonnes per thousand RMB revenue. There were no issues in sourcing water that fit the purpose during the year.

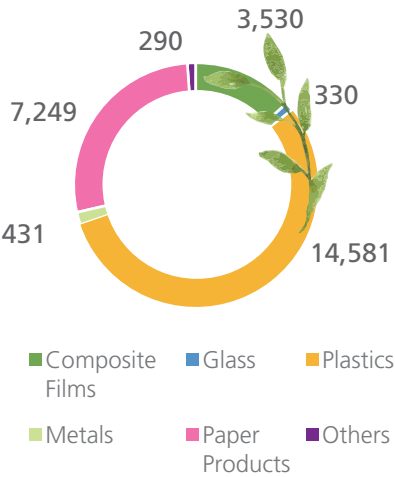
Water Resources Consumption and Intensity



Packaging Materials

We use as little packaging as possible or recyclable materials for packaging from product production to delivery to customers, and dedicated personnel monitors the consumption of packaging materials to avoid waste and reduce usage. Plastics, paper products, composite films, metals, glass and other packaging materials are mainly used in operation. During the year, we consumed a total of approximately 26,412 tonnes of packaging materials with an increase of approximately 17% as compared with last year. The packaging materials intensity stood at approximately 0.003 tonnes per thousand RMB revenue.

Packaging Materials Consumption (tonnes)





CULTIVATING A GREEN CULTURE

Environmental Education

Responding to the country's release of three relevant emission control standards for volatile organic compounds ("VOCs") in May 2019, the Production, Safety and Environmental Protection Center prepared the Basic Understanding and Handling of VOCs brochure (《VOCs的基礎認識與治理》) for the environmental management personnel of each subsidiary to learn, and each subsidiary carried out relevant trainings regarding VOCs hazard and governance. In addition to pollutant treatment, the publicity of energy conservation and environmental protection was also the focus of this year's work, and education activities were conducted on environmental laws and regulations and waste classification.

Environmental Emergency Response

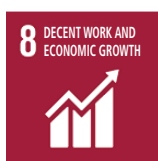
In response to the air pollution problem, each subsidiary handles it in accordance with the warning systems in the "Contingency Plan for Heavy Pollution Weather" (《重污染天氣應急預案》). In severe cases, production activities will be ceased in order to prevent aggravation of environmental pollution. The "Emergency Response Plan for Environmental Emergencies" (《突發環境事件應急預案》) lists the procedures for handling environmental emergency; and subsidiaries are required to file the case with the local governments environmental department, take appropriate measures promptly to prevent deterioration of environmental pollution and report relevant information to the safety production supervision department and the superior company.



Striving for a People-Oriented Culture

It is our vision to let employees live a prosperous, healthy and dignified life. The Group is committed to protecting the rights and benefits of employees and creating a safe and healthy working environment with development opportunities for employees.

KEY PERFORMANCES:



12 hours

Per capita on training

100%

Training coverage rate for the employees

CARING FOR EMPLOYEES

The Group strives for a People-Oriented Culture and every staff member is treated equally and fairly regardless of race, ethnicity, skin color, religion, gender and nationality throughout the process of recruitment, welfare and benefits provision, career development, rewards and punishment. It also strictly complies with relevant laws and regulations and protect employees' rights and welfare in accordance with law and "Guidelines for Employees Benefits Management of China Traditional Chinese Medicine Co. Limited" (《中國中藥控股有限公司員工福利管理指導意見》).

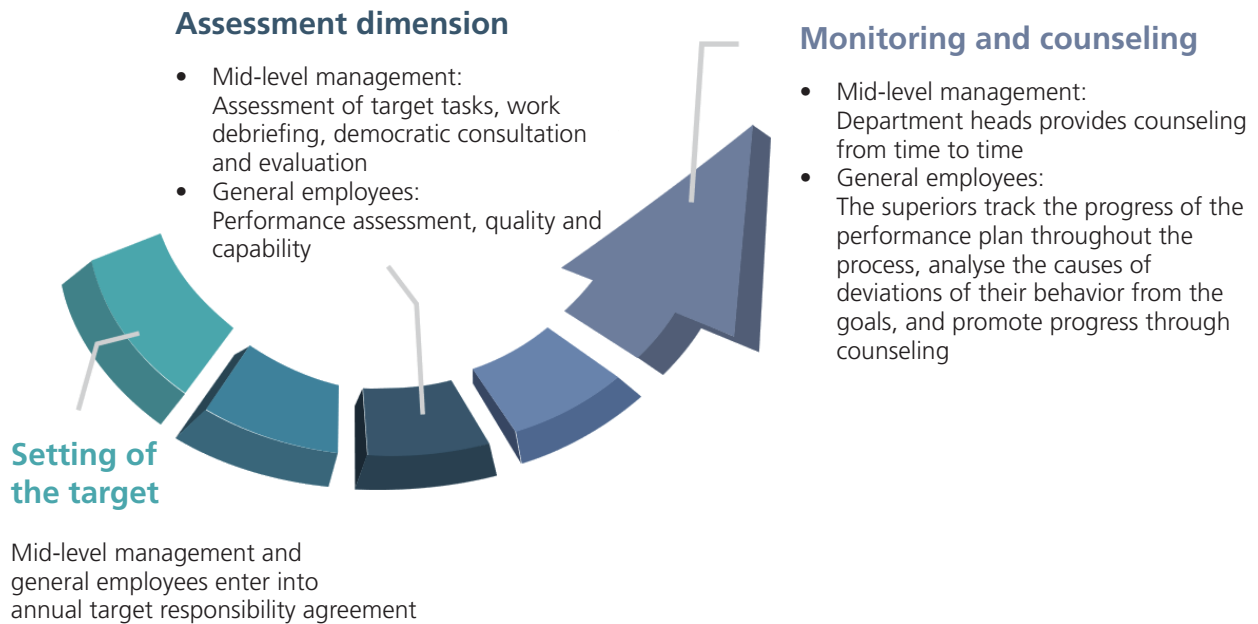
During the year, the Group was not aware of any non-compliance of relevant laws and regulations⁷ that have a significant impact on the Group relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, prevention of child labour and forced labour and other benefits and welfare. No cases of employment of any child or forced labour were found during the year.

Remuneration and Performance

During the year, China TCM issued the "Administrative Measures on Remuneration and Performance for China Traditional Chinese Medicine Co. Limited Headquarters" (《中國中藥控股有限公司總部薪酬績效管理辦法》) to standardise the management of remuneration and performance and fully stimulate the enthusiasm of employees.

The Group provides employees with competitive salary with reference to factors such as the consumer price index and the salary level of the relevant industry and geographical regions. The remuneration of the mid-level management and general employees of the headquarters includes basic salaries and performance assessment bonus. Through the establishment of a perfect performance assessment process, employees are properly motivated, aiming to achieve an open and fair rewards distribution.

⁷ Please refer to the "Laws and Regulations" section of this report for relevant laws and regulations on the Employment and Labour Standards.



Performance assessment process for mid-level management and general employees

Employee Benefits

The Group protects employees' rights and benefits, provides employees with various protection plans, subsidies, and benefits-in-kind apart from wages and bonuses to care for them. According to the "Guidelines for Employee Benefits Management of China Traditional Chinese Medicine Co. Limited" (《中國中藥控股有限公司員工福利管理指導意見》), the employee benefits system includes statutory benefits, caring benefits and incentive benefits.

Statutory benefits	Caring benefits	Incentive benefits
<ul style="list-style-type: none"> • Social insurance • Housing reserve funds • Statutory holidays, etc. 	<ul style="list-style-type: none"> • Meal allowance • Compensation for working under high temperature • Medical check ups • Labour protection fees, etc. 	<ul style="list-style-type: none"> • Transportation subsidies • Communication subsidies • Rental subsidies • Enterprise annuity • Local benefits, etc.



Striving for a People-Oriented Culture

In order to create an atmosphere of love, care and mutual dedication, we set up a care fund with the purpose of “helping those in need or injured and building a platform for love and care”, which aims to help employees in difficulties of sudden personal injuries, natural disasters, traffic accidents and serious diseases to support them riding through the difficult time. At present, a total of 49 subsidiaries have joined the care fund, and the number of members has reached 8,005. As of 31 December 2019, 135 employees have benefited from the fund.

Communication with Employees

The Group is committed to improving the communication system. It maintains effective one-way or two-way communication through periodic meetings, forums, conciliation rooms, hotlines, email, WeChat and other channels to understand the needs of employees and strengthen the building of trust between the Group and employees.

We organise abundant cultural and recreational activities and encourage employees to participate actively in their spare time to raise their sense of well-being and enhance team cohesion. During the year, we organised activities such as competitive fun sports games, International Women’s Day activities, free charity medical consultation, “Children’s Fun” (「童心同樂」) garden party and online knowledge competition to balance the work and life of employees.

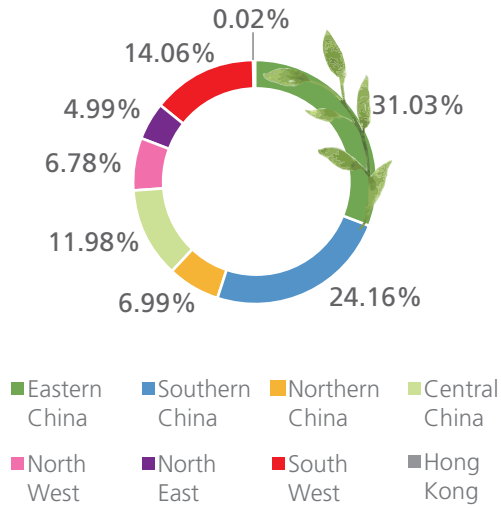


Employee Distribution

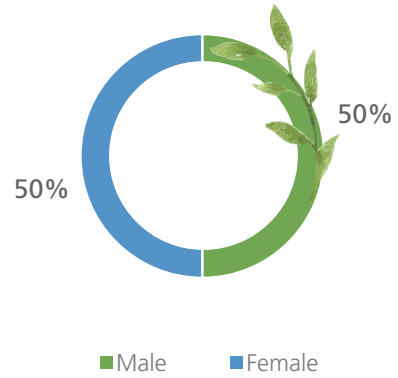
As at 31 December 2019, the Group had a total workforce of 17,090 employees, mainly located in Eastern and Southern China, accounting for approximately 55%. The workforce is gender-balanced, and approximately 57% of employees are 30 to 50 years old. In terms of function distribution, approximately 44% are marketing staff and 36% approximately are production staff. About 40% of employees have college degree and above. The Group has 739 employees from minority ethnic communities, accounting for 4% of the total workforce.



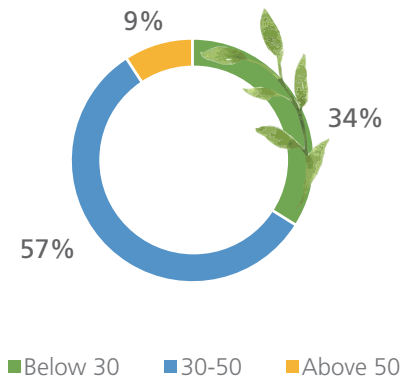
Regional Distribution



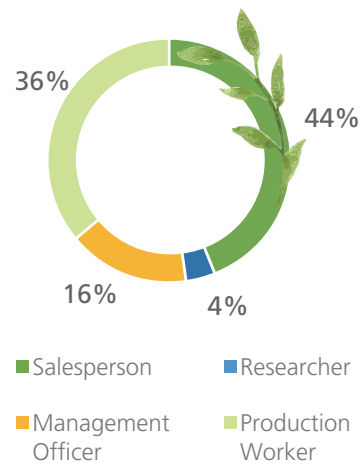
Gender Distribution



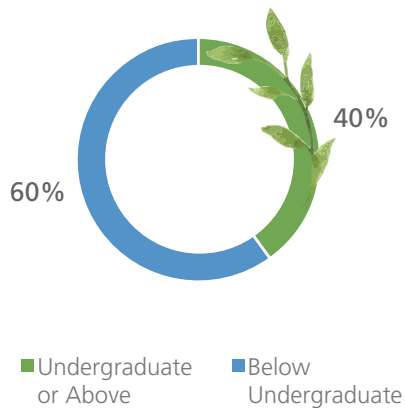
Age Distribution



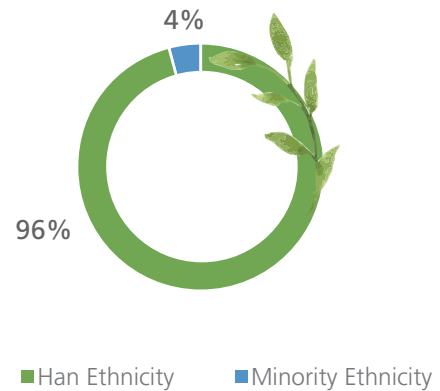
Professional Profile Distribution



Educational Background Distribution



Ethnicity Distribution

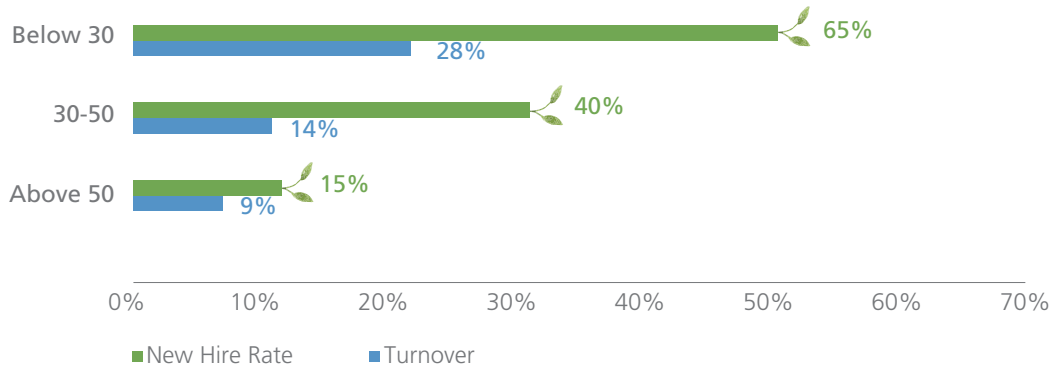




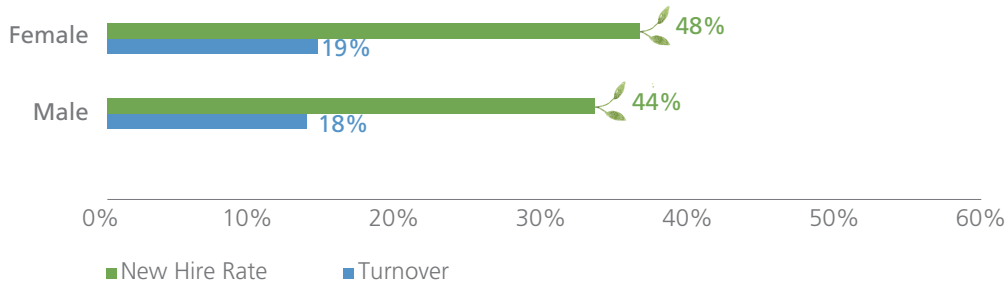
Striving for a People-Oriented Culture

During the year, the overall turnover⁸ and new hire rate⁹ of the Group employees were 18% and 46% respectively. The turnover and new hire rate of employees grouped by age, gender and region are shown below:

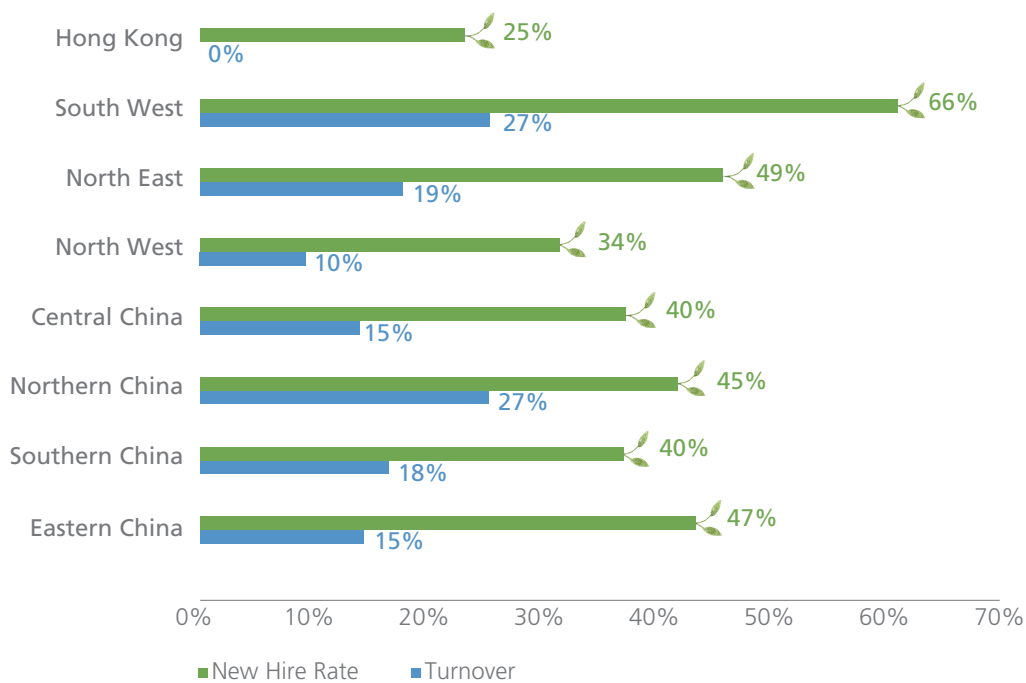
Turnover and New Hire Rate of Employees by Age



Turnover and New Hire Rate of Employees by Gender



Turnover and New Hire Rate of Employees by Region



⁸ Overall turnover = total number of employees lost during the year / total number of employees at the end of the year

⁹ Overall new hire rate = total number of new recruits during the year / total number of employees at the end of the year



TALENT MANAGEMENT

The Group's talent management model is driven by three elements: elite introduction, graduate recruitment, and nurturing and retaining. It aims to achieve common development of employees and the Group through continuously recruiting excellent talent, maintaining a comprehensive mechanism for nurturing talent, and exploring channels for multifaceted career development.

Attracting Talent

In order to attract talent, the Group takes factors such as production and operational needs, talent reserves and forecasted employee turnover into consideration and devises a recruitment plan for the next year at the end of each year, stipulating the recruiting numbers, methods and channels. Using the plan, the Group reaches out via external channels such as campus recruitment, media, headhunters, as well as agent recommendations. Internal recruitment is also used to quickly fill staff vacancies. To increase the efficiency of these processes and enhance the quality of talent recruited, the Group tracks and assesses each facet of the process, including the recruitment cycle, success rate, employer satisfaction, cost, etc.

During the year, the Group developed a new talent attraction model, and recruited better and more qualified talents to support the upgrade of industry layout plan and respond to strong demand for high-end talents through developing a talent map for recruitment and strengthening cooperation between schools and enterprises.



During the year, we formulated a recruitment plan for high-end talents, and attempted to hunt for high-end management and technical talents by building a talent map with the help of the external talent pool initially established in 2018, regularly visiting and contacting external talents.



Through in-depth communication with colleges and universities featuring a large recruitment volume and quality sources of students in the previous years, we have established a cooperative mechanism with those schools to hire excellent fresh graduates to the Group, thus achieving a new model of "cooperation of and recommendation from key colleges and universities as the main force, and colleges and universities in surrounding areas of radiation, double elections, and online recruitment as assistance".

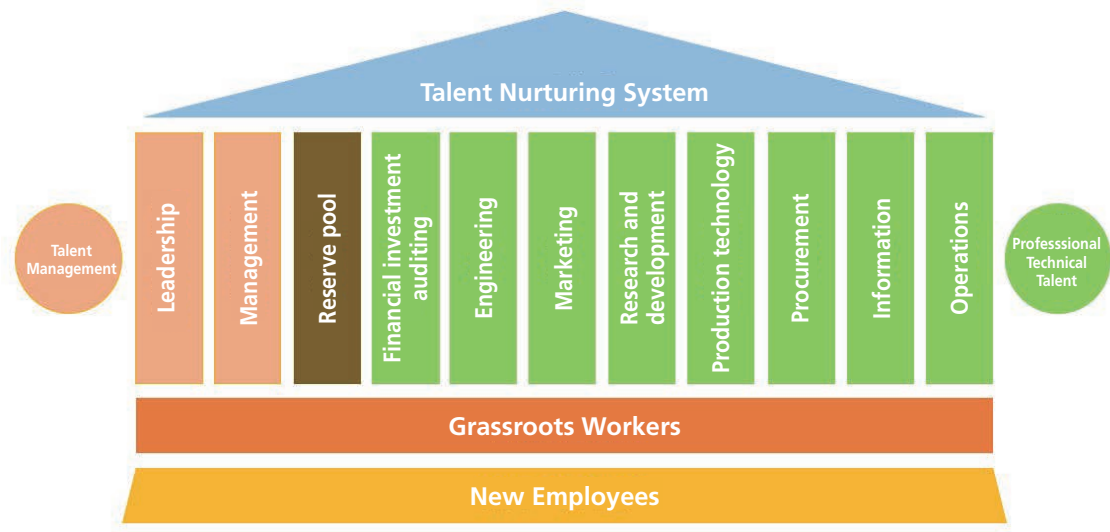
Nurturing Talent

The Group has continuously improved its system for nurturing internal talents. To this end it has designed tailor-made solutions and programmes to give new employees, grassroots workers, management and technical professionals the capacity to perform their work and advance to higher positions. The Group encourages its employees to study further by granting rewards or preferential consideration for promotions for employees who met the academic requirement or obtained professional titles. During the year, the Group's training coverage was 100%, while total training hours reached 205,178 and an average of 12 hours per employee were spent on training.



Striving for a People-Oriented Culture

The Group also maintains a “Workplace Forum”, with sub-sections such as a “Newcomer Forum”, “Motivation Forum” and “Online Forum”. Targeted employee training was provided mainly through live webcasts, lessons given by internal lecturers, and supplemental lessons by external lecturers.



Nurturing New Employees

New staff members will receive instruction such as pre-job and monthly training and more so that they can obtain knowledge, skills and attitude required by their position. During the year, China TCM’s “Newcomer Forum” held a three-day 2019 Staff Orientation Camp for fresh graduates with a programme that included an introduction to the Company, occupational training, factory visits, and team building. The camp helped participants transit from the role of student to employee while also encouraging them to learn more about the Company’s values and development strategies.

Nurturing the Grassroots Workers

The Group’s day-to-day operation relies heavily on the performance of its grassroots workers. To ensure their professionalism and continuous improvement, the Group has in place a specialised nurturing system that includes on-the-job training and occupational quality training for non-management employees of functional departments. Outstanding participants have the opportunity to enter the talent reserve pool and talent pool.



Talent Tiered Nurturing

During the year, with the aim of nurturing management and technical talent, China TCM established a comprehensive “Archiving, Nurturing, Result Delivery, Performance Evaluation” process for the Talent Development System of China TCM. Through annual evaluation and certification, the Company selects the best management and professional technical talent from the talent pool, and designs training programmes for both. All candidates are required to complete an “annual research project + knowledge sharing” assignment. Failure to do so will result in a downgrading to the reserve talent pool and disqualification from the following year’s assessment and certification.

Archiving	Annual Talent Evaluation and Certification	
Type	Management Scope: Basic management capabilities (problem solving, cooperation, communication, overall consciousness, stress endurance, organisational planning, etc.) Methods: Concentrated training, online learning, tutoring, job rotation, etc.	Professional Technical Scope: On the job expertise (fundamental and professional skills, results, etc.) Methods: “tutorial” model, a targeted nurturing plan created by tutors
Results	Project research: Fill relevant materials regarding the research topic under guidance of the instructor Result delivery: Complete knowledge sharing and upload to the “Times Bright Success” information centre	
Performance Evaluation	Performance evaluation for annual performance grading	

Future Talent Plan

As the Group grows larger and its demand for talent increases, the greater the need for continuous improvement of its internal nurturing and occupational development systems. Indeed, some subsidiaries show room for improvement in areas such as nurturing plans and tiered talent nurturing. The new Talent Development System of China TCM serves as a reference for their construction of such talent development systems. The Group will also assist subsidiaries in analysing the causes of mediocre training and help them to implement more effective systems for training, improving training result.

The Group plans to implement special year-round training to enhance the capabilities of senior management at subsidiaries. The nurturing system will also continue to be improved, and realise seamless integration of talent tier construction and multi-channel career development systems through job rotation of core talents, external training, and exploring other multi-channel career development system.



OCCUPATIONAL SAFETY AND HEALTH

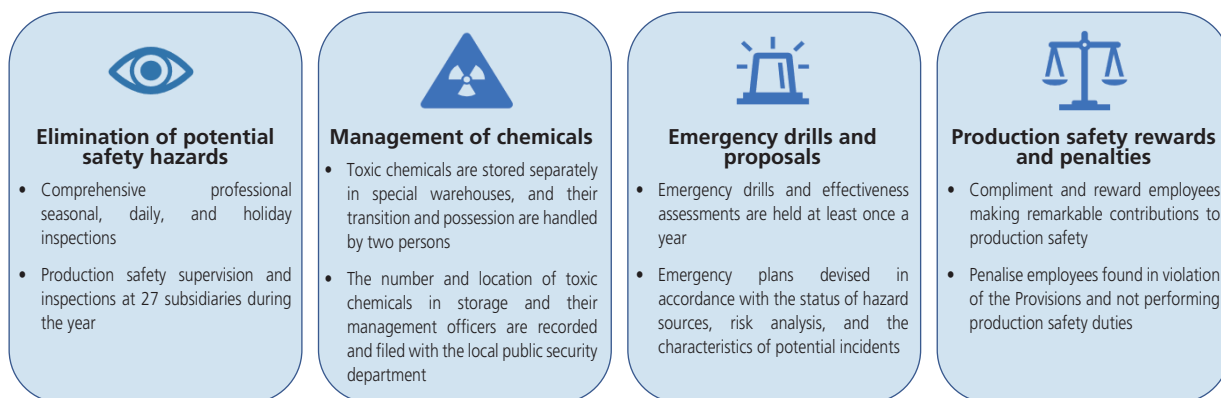
Under the principle of “safety first, prevention oriented, comprehensive governance”, the Group is committed to providing a safe and healthy work environment through strict compliance with relevant laws and regulations, and giving attention to employees’ occupational development and safety. Accordingly, the Group is continually improving its occupational safety and health system. Notably, Guangdong Yifang, a subsidiary, obtained OHSAS18001:2007 certification of its occupational safety and health system during the year.

During the year, the Group was not aware of any significant non-compliance with laws and regulations¹⁰ relating to the provision of a safe working environment and employee protection from occupational hazards. There were also no recorded cases of work-related fatalities or occupational illness.

Safe Production

The Group’s rapid development has sometimes exposed it to risks introduced by newly joined enterprises, such as limited production safety management capabilities and even a lack of risk control awareness. To alleviate these challenges and enhance the Group’s overall level of production safety management, the Group issued amended “Interim Procedures for Production Safety for China Traditional Chinese Medicine Holdings Co. Limited” (《中國中藥控股有限公司安全生產管理暫行辦法》) and other safety supervisory and management systems, strengthened management of the safety production team, and strove toward the goal of “avoidance of significant production safety incidents or production safety incidents with a direct economic loss exceeding RMB10 million”.

The Group requires subsidiaries to establish effective safety production management systems covering all dimensions and throughout the production process which include organisation, responsibilities, systems, risk and emergency management, training and education, inspection and assessment, supervision and protection. The strengthened production safety management led to a significantly reduced rate of work injuries and incidents during the year as compared to 2018. A total of four cases of work injury incidents with a total of four victims were recorded during the year, which have decreased substantially compared with that in 2018.



Measures for production safety management

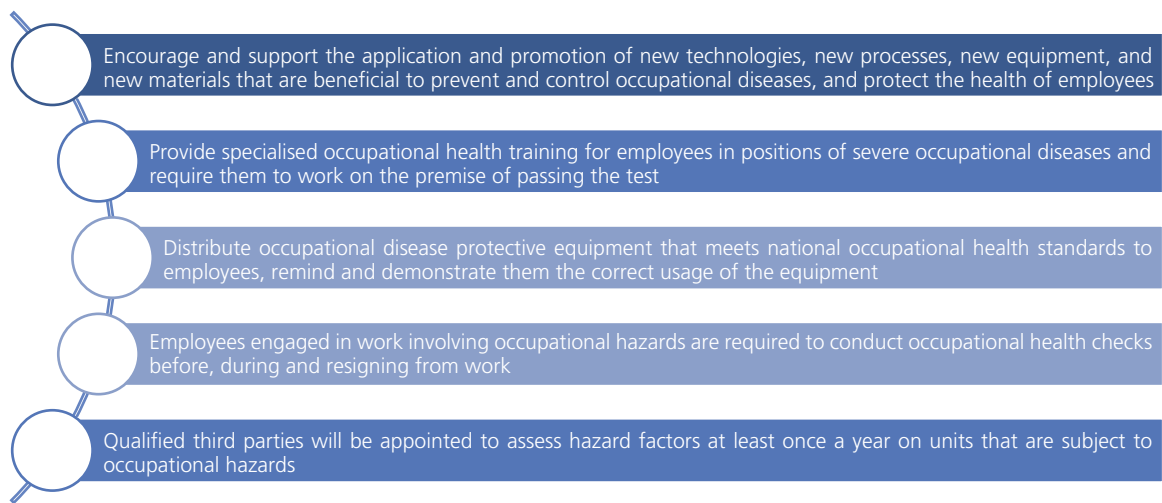
¹⁰ Please refer to the “Law and Regulations” section of this report for relevant laws and regulations on occupational health and safety.



Occupational Disease Management

During the year, the Group has amended the “Interim Measures for Occupational Health Management of China Traditional Chinese Medicine Holdings Co. Limited” (《中國中藥控股有限公司職業衛生監督管理暫行規定》) with a greater emphasis on its responsibility to prevent and treat occupational diseases.

A total of 26 subsidiaries conducted occupational disease evaluations on 31 construction projects and found that 2,125 personnel were exposed to occupational hazards. To fulfill compliance obligations and reduce these risks, the Group implemented health monitoring for employees exposed to occupational hazards, increased occupational health investment and improved working environment to reduce the risk of occupational hazard exposure.



Measures for occupational disease prevention and control

Occupational Safety and Health Training

Safety education of employees is the key to our main concern. The person in charge of subsidiaries, the person in charge of safety production, safety production management officers and other management officers can only take the job by undergoing the training organised by the training organisation of relevant qualifications, participating in the assessment, and obtaining the certificate of safety management qualification. For specific operators such as hazardous chemicals and special equipment operators, they need to receive safety training and education as required, and may begin to work only after passing the assessment and obtaining operating qualifications.

During the year, the Group intensified safety training by incorporating safety education into new employee induction at headquarters. New employees receive their safety education with testing on their day of induction training. Training on hazardous chemical safety emergency knowledge and general knowledge on emergency management and other safety training activities are also launched to improve employees' safety awareness. During the year, 100% of the Group's employees received safety trainings, and the total safety training hours were 124,736, representing an increase compared with that in 2018.



Contributing to the Community

The Group contributes to the community in a number of ways. With our precise poverty alleviation programme, we help poor regions out of poverty, and improve employment and education in poor areas, fulfilling our social responsibilities.

KEY PERFORMANCES:



Poverty alleviation work covering
33 counties

Over RMB **540** million
donated to poverty alleviation and
public welfare



1,020 hours
of volunteer service, including
education assistance

CONTRIBUTING TO THE COMMUNITY

The Group, while promoting the inheritance and innovation of the culture of TCM and facilitating the positive development of TCM, also bears in mind its responsibility to alleviate poverty. Precise poverty alleviation has always been among our concerns. With a combination of poverty alleviation channels such as “industrial poverty alleviation”, “occupational poverty alleviation” and “education poverty alleviation”, we have commenced a diverse poverty alleviation programme and actively implemented poverty alleviation policies. During the year, the Group has undertaken 33 county-level and 6 city-level poverty alleviation projects, with its contribution in poverty alleviation funds and public welfare investment reaching RMB540 million.

20+Volunteering
activities

500+employee
participants

1,000+service subjects

We organised subsidiaries to form a “Colourful TCM Volunteer Team” to provide services for poverty alleviation and education assistance, medical education and public welfare projects. During the year, the Group volunteered a total of 1,020 hours.



Industrial Poverty Alleviation

In the area of industrial poverty alleviation, the Group leverages on the advantages of TCM industry to implement the three strategies of strategic cooperation, procurement of authentic Chinese medicinal herbs, and the establishment of Chinese medicinal herb bases.

The Group has a comprehensive plan for expanding TCM industrial parks and strategic cooperation with governments in impoverished regions. It is the Group's practice to procure Chinese medicine herbs with consideration to the relative situations of impoverished villages and households. During the year, quality Chinese medicinal herbs were procured from Yulin County, Shaanxi Province, Luquan County, Yunnan Province, and Xiushan County, Chongqing City, improving local economic benefits and making full use of the advantages of Chinese medicinal herbs, such as high economic value, well environmental adaptability, long industry chain and creating jobs.



Projects related to industrial poverty alleviation

Occupational Poverty Alleviation

The Group capitalises on TCM enterprises' platform, technology and management advantages, takes employment as the main solution to poverty, and combines industry support with occupational skill improvement. We provide impoverished households on cultivation of Chinese medicinal herbs with the guidance of planting professionals, and adopt the operation model of "company + peasant household", thus improving the quality of the labour force in poor rural areas and facilitating employment. During the year, the Group's subsidiary Fujian Chengtian Jinling Pharmaceutical Co., Ltd. ("Chengtian Jinling") used the "enterprises + large planters + poor households" benefit linkage mechanism to help farmers in Guangze County, Fujian Province to plant Chinese medicinal herbs, enabling impoverished households to get rid of poverty with skills. At the same time, Chengtian Jinling also recruited local herb farmers to work in the company.



Educational Poverty Alleviation

Apart from industrial poverty alleviation and occupational poverty alleviation, the Group also actively explores other diverse poverty alleviation channels. In recognition that “good education is the foundation of poverty alleviation”, the Group launched education assistance. During the year, the Group’s education assistance team visited mountainous areas to teach a range of courses such as environmental protection, geography and medicine, provided psychological counseling and held summer camps, bringing local children better education and improving educational poverty alleviation standard in all dimensions.



Education assistance

For different aspects of sustainable development, the Group strictly complies with applicable laws and regulations of the PRC as shown below:

Aspect	Applicable Laws and Regulations	Section
Emissions	<ul style="list-style-type: none"> • Law of the PRC on the Prevention and Control of Air Pollution • Law of the PRC on the Prevention and Control of Water Pollution • Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste • Soil Pollution Prevention and Control Law of the PRC • Cleaner Production Promotion Law of the PRC • Directory of National Hazardous Wastes • Integrated Emission Standard of Air Pollutants • Integrated Wastewater Discharge Standard • Standard for Pollution Control on Hazardous Waste Storage • Emission Standard of Air Pollutants for Boiler 	Emissions Management
Resource Consumption	<ul style="list-style-type: none"> • Energy Conservation Law of the PRC • Recycling Economy Promotion Law of the PRC 	Resources Management
The Environment and Natural Resources	<ul style="list-style-type: none"> • Law of Environmental Protection of the PRC 	Environmental Management
Employment	<ul style="list-style-type: none"> • Labour Law of the PRC • PRC Labour Contract Law • Prohibition of Child Labour Provisions • Law on the Protection of Minors of the PRC • Employment Ordinance in Hong Kong 	Caring for Employees Talent Management
Health and Safety	<ul style="list-style-type: none"> • Production Safety Law of the PRC • Labour Law of the PRC • Special Equipment Safety Law of the People's Republic of China • Law of the PRC on Fire Prevention • Regulation on Work-Related Injury Insurance • Law of the PRC on the Prevention and Control of Occupational Diseases 	Occupational Safety and Health
Labour Standards	<ul style="list-style-type: none"> • Prohibition of Child Labour Provisions • Law on the Protection of Minors of the PRC 	Caring for Employees
Product Responsibility	<ul style="list-style-type: none"> • Good Operation Practice for Pharmaceutical Products • Good Manufacturing Practice for Pharmaceutical Products • Law of the PRC on Product Quality • Tort Law of the PRC • Pharmaceutical Administration Law of the PRC • Patent Law of the PRC • Trademark Law of the PRC • Copyright Law of the PRC • Contract Law of the PRC 	Quality Control R&D and Innovation Ethical Practice
Corruption Prevention	<ul style="list-style-type: none"> • Criminal Law of the PRC • Anti-Unfair Competition Law of the PRC • Prevention of Bribery Ordinance of Hong Kong 	Action Against Corruption



Performance Data Summary

		Unit	2019	2018
Environment	Resource Consumption			
	Electricity	kWh	122,939,122	108,004,347
	Petrol	Kg	226,727	322,553
	Diesel	Kg	123,111	71,414
	Natural gas	m ³	11,445,024	10,393,728
	Coal	Tonnes	38,157	44,953
	Purchased steam [#]	million kJ	514,453	154,768* (Tonnes)
	Total energy consumption	MWh	670,423	665,658*
	Total energy intensity	kWh/thousand RMB revenue	73	59
	Water	Tonnes	2,001,381	2,023,991
	Water consumption intensity	Tonnes/thousand RMB revenue	0.22	0.18
	Greenhouse Gas (GHG)			
	Total GHG emission	tCO ₂ e	225,432	213,717*
	Direct emission (Scope 1)	tCO ₂ e	92,186	101,875
	Indirect emission (Scope 2)	tCO ₂ e	133,246	111,842*
	Emission intensity	tCO ₂ e/thousand RMB revenue	0.024	0.019
	Air Pollutants			
	Nitrogen oxides	Tonnes	93	46
	Sulphur oxides	Tonnes	52	18
	Particulate matters	Tonnes	23	11
	Wastewater Pollutants			
	Chemical oxygen demand	Tonnes	60	40
	Ammonium	Tonnes	2.82	0.71
	Waste			
	Hazardous waste	Tonnes	59.3	35.5*
	Hazardous waste intensity	Kg/thousand RMB revenue	0.006	0.003
	General waste	Tonnes	95,277.5	23,499.3
	Third-party recycling	Tonnes	51,031.2	–
	Disposal to landfills	Tonnes	30,205.0	–
	Internal incineration	Tonnes	14,038.3	–
	Internal fertilisation	Tonnes	3	–
	General waste intensity	Kg/thousand RMB revenue	10.33	2.09



		Unit	2019	2018
Environment	Packaging Materials			
	Paper	Tonnes	7,249	7,406
	Plastics	Tonnes	14,581	10,836
	Composite film	Tonnes	3,530	3,676
	Glass	Tonnes	330	222
	Metal	Tonnes	431	405
	Others	Tonnes	290	89
	Total	Tonnes	26,412	22,634

* 2018 data is restated

Conversion methods of steam energy are different in 2018 and 2019 and the calculation method in 2019 will become the standard in future

		2019	2018
Employees	Total number of employees	17,090	11,453
	Gender Distribution		
	Male	8,615	5,948
	Female	8,475	5,505
	Functional Distribution		
	Salespersons	7,526	2,776
	Production workers	6,096	(Manager) 8,677
	Management officers	2,802	(Frontline)
	Researchers	667	
	Age Distribution		
	<30	5,825	4,105
	30-50	9,653	5,908
	>50	1,612	1,440



		2019	2018
Employees	Regional Distribution		
	Mainland China	17,086	11,452
	Eastern China	5,303	–
	Southern China	4,129	–
	Northern China	1,194	–
	Central China	2,048	–
	Northwest	1,158	–
	Northeast	852	–
	Southwest	2,402	–
	Hong Kong	4	1
	Educational Background Distribution		
	Undergraduate or above	6,878	5,360
	Below undergraduate	10,212	6,093
	Ethnicity Distribution		
	Han	16,351	11,024
	Minority ethnicity	739	429
New hire rate	Gender Distribution		
	Male	44%	31%
	Female	48%	36%
	Age Distribution		
	<30	65%	51%
	30-50	40%	27%
	>50	15%	7%
	Regional Distribution		
	Eastern China	47%	–
	Southern China	40%	–
	Northern China	45%	–
	Central China	40%	–
	Northwest	34%	–
	Northeast	49%	–
	Southwest	66%	–
	Hong Kong	25%	–



		2019	2018
Turnover of Employees	Gender Distribution		
	Male	18%	21%
	Female	19%	23%
	Age Distribution		
	<30	28%	30%
	30-50	14%	20%
	>50	9%	5%
	Regional Distribution		
	Eastern China	15%	–
	Southern China	18%	–
	Northern China	27%	–
	Central China	15%	–
	Northwest	10%	–
Training Performance	Training Performance – By Gender		
	Total training coverage		
	Male	100%	93%
	Female	100%	95%
	Average training hours		
	Male	12	16
	Female	12	18
	Training Performance – By Function		
	Total training coverage		
	Salespersons	100%	84% (Manager) 97% (Frontline)
	Production workers	100%	
	Management officers	100%	
	Researchers	100%	



Performance Data Summary

		2019	2018
Training Performance	Average training hours		
	Salespersons	7	29 (Manager) 13 (Frontline)
	Production workers	8	
	Management officers	29	
	Researchers	36	
Occupational Health and Safety	Occupational Safety and Health Training		
	Total training person-time	40,860	16,540
	Total training hours	124,736	26,696
	Occupational Safety and Health Performance		
	Work-related incidents	4	49
	Work-related injuries	4	49
	Lost days due to work injury	284	1,066
	Work-related fatalities	0	0
		2019^	2018
Supplier Distribution	Mainland China	207	1,226
	Eastern China	72	–
	Southern China	44	–
	Northern China	25	–
	Central China	26	–
	Northwest	18	–
	Northeast	5	–
	Southwest	17	–
	Hong Kong	–	0
	Other regions	–	3

[^] For 2019 supplier data includes only data pertaining to qualified suppliers of raw materials, decoction pieces, and packaging raw materials in mainland China



		2019	2018
Product Quality	Number of products recycled (units)	454	–
	Quality	454	–
	Safety	0	–
	Total number of complaints (times)	27	79
	Quality	13	–
	Packaging and appearance	12	–
	Taste	1	–
	Misleading production description	1	–
Community	Volunteered hours	1,020	503
	Investment in Industrial Poverty Alleviation Fund (RMB10,000)	53,023	–
	Public welfare investment (RMB10,000)	1,529	608



Content Index

The content index of this report includes the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and the Environmental, Social and Governance Reporting Guide as described in Appendix 27 of the Listing Rules (ESG Guide).

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remark
General Disclosure				
Organisational Profile	102-1		Name of the organisation	About the Report
	102-2		Activities, brands, products and services	About China TCM
	102-3		Location of headquarters	Foshan, Guangdong
	102-4		Location of operations	About China TCM
	102-5		Ownership and legal form	About China TCM
	102-6		Markets served	About China TCM
	102-7		Scale of organisation	About China TCM
	102-8	B1.1	Information on employees and other workers	Employee Profile
	102-9	B5	Supply chain	Supply Chain Management
	102-10		Significant changes to the organization and its supply chain	No significant changes
	102-11		Precautionary Principle or approach	Environmental Management
	102-12		External initiatives	About China TCM
	102-13		Membership of associations	About China TCM
Strategy	102-14		Statement from senior decision-maker	Message from Chairman
Ethics and Integrity	102-16		Values, principles, standards and norms of behavior	About China TCM
Governance	102-18		Governance structure	Sustainability Management



Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remark
Stakeholder Engagement	102-41		Collective bargaining agreements	Not applicable in locations where we operate, but comply with relevant laws and regulations
	102-42		Identifying and selecting stakeholders	Sustainability Management
	102-43		Approach to stakeholder engagement	Sustainability Management
	102-44		Key topics and concerns raised	Sustainability Management
Reporting Practice	102-45		Entities included in the consolidated financial statements	Annual Report
	102-46		Defining report content and topic Boundaries	About the Report
	102-47		List of material topics	Sustainability Management
	102-48		Restatements of information	Performance Data Summary
	102-49		Changes in reporting	No significant changes
	102-50		Reporting period	About the Report
	102-51		Date of most recent report	About the Report
	102-52		Reporting cycle	About the Report
	102-53		Contact point for questions regarding the report	About the Report
	102-54		Claims of reporting in accordance with the GRI Standards	About the Report
	102-55		GRI content index	Content Index
	102-56		External assurance	There is no external assurance for the ESG report temporarily



Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remark
Material Topics				
Economic				
Anti-corruption	103	B7	Report how the organisation manages the material topic and its impacts	Action Against Corruption
	103	B7.2	Report how the organisation manages the material topic and its impacts	Action Against Corruption
	205-3	B7.1	Confirmed incidents of corruption and actions taken	
Social				
Supply Chain Management	103	B5	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
	308-1	B5.2	New suppliers that were screened using environmental criteria	Supply Chain Management
	414-1	B5.2	New suppliers that were screened using social criteria	
Customer Satisfaction	103	B6	Report how the organisation manages the material topic and its impacts	Ethical Practice
Product Health and Safety	103	B6	Report how the organisation manages the material topic and its impacts	Quality Control
	416-2	B6.1	Incidents of non-compliance with regulations concerning the health and safety impacts of products and services	No non-compliance event during the year
Product Compliance	103	B6	Report how the organisation manages the material topic and its impacts	No non-compliance event during the year
	419-1		Non-compliance with laws and regulations in the social and economic area	
Protection of Intellectual Property Right	103	B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality Control
Compliance	103	A1, B1	Report how the organisation manages the material topic and its impacts	No non-compliance event during the year
	419-1	B2, B4	Non-compliance with laws and regulations in the social and economic area	



Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remark
Other Topics				
Environmental				
Environmental Compliance	103	A1	Report how the organisation manages the material topic and its impacts	Environmental Management
	307-1	A1	Non-compliance with environmental laws and/or regulations	
Energy	103	A2	Report how the organisation manages the material topic and its impacts	Resources Consumption
	302-1, 302-3	A2.1	Total fuel consumption and intensity	
	302-4	A2.3	Amount of reductions in energy	
Water Resources	103	A2	Report how the organisation manages the material topic and its impacts	Resources Consumption
	303-1	A2.2	Total volume of water withdrawn	
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	
Emissions	103	A1	Report how the organisation manages the material topic and its impacts	Emissions Management
	305-1	A1.1, A1.2	Direct (Scope 1) GHG emissions	
	305-2	A1.1, A1.2	Energy indirect (Scope 2) GHG emissions	
	305-4	A1.2	GHG emissions intensity	
	305-5	A1.5	GHG emissions reduction	
	305-7	A1.1	Significant air emissions for NOx, SOx, and other emissions	
Sewage and Waste	103	A1, A3	Report how the organisation manages the material topic and its impacts	Emissions Management
	306-1	A1.1	Total volume of planned and unplanned water discharge	
	306-2	A1.3, A1.4, A1.6	Total weight of waste and its disposal method	



Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remark
Packaging Material	103	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Resources Consumption
The Environment and Natural Resources		A3	Policies on minimising the issuer’s significant impact on the environment and natural resources	Cultivating a Green Culture
		A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	
Social				
Talent Management	103	B1	Report how the organisation manages the material topic and its impacts	Talent Management
	401-1	B1.2	New employee hires	Employee Distribution
	401-2	B1	Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	Employee Welfare
Health and Safety	103	B2	Report how the organisation manages the material topic and its impacts	Occupational Safety and Health
	103	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational Safety and Health
	403-2	B2.1, B2.2	Types of injury, injury rate, occupational disease rate, lost day rate, absentee rate	
Training and Development	103	B3	Report how the organisation manages the material topic and its impacts	Talent Nurturing
	404-1	B3.2	Average training hours per year per employee	Talent Nurturing
	404-2	B3	Type and scope of programs implemented and assistance provided to upgrade employee skills	Talent Nurturing
Child Labour	103	B4	Report how the organisation manages the material topic and its impacts	Talent Management
	408-1	B4.1	Operations and suppliers considered to have significant risk for incidents of child labour	Talent Management



Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remark
Local Community	103	B8	Report how the organisation manages the material topic and its impacts	Contributing to the Community
	413-1	B8.1	Operations with implemented local community engagement, impact assessments, and/or development programs	Contributing to the Community
		B8.2	Resources contributed to the focus area	

Comply or explain provisions set out in Appendix 27 of the Listing Rules

Recommended disclosures in Appendix 27 of the Listing Rules