



2023

Environmental, Social and Governance Report

Advancing sustainability strategy with dedication

Stock Code: 2633

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“As a result of our steadfast commitment, Jacobson’s ESG initiatives are progressing on the right track, and we are pleased to witness the team’s dedicated efforts coming to fruition in a stepwise manner.”



CHAIRMAN'S SUSTAINABILITY STATEMENT

As we press ahead with our mission of creating a paradigm that combines business strategy and sustainable development, we continue to accelerate progress in the second year of implementing our sustainability strategy “5 to Thrive”. This road map is constructed of five pillars – “Corporate Governance Duty”, “Product Responsibility”, “Societal Engagement”, “Environmental Stewardship” and “Commitment to Employees” – and ensures that Environmental, Social and Governance (“ESG”) is fully embraced throughout our operations whilst driving our ambitions in achieving our ESG goals and objectives. As a result of our steadfast commitment, Jacobson’s ESG initiatives are progressing on the right track, and we are pleased to witness the team’s dedicated efforts coming to fruition in a stepwise manner.

Through its dedication to becoming a responsible corporate citizen, Jacobson has been recognised with four awards, which demonstrate its commitment to the ESG domain, including the Good MPF Employer Award 2021-2022 and Partner Employer Award 2022. In addition, Jacobson has reviewed the five United Nations (“UN”) Sustainable Development Goals (“SDGs”), to which it can deliver the greatest contributions, and established key actions for each SDG to enhance its approach to addressing global challenges.

As part of our commitment to improving environmental protection, we have set out 12 environmental targets in FY2022 revolving around managing greenhouse gas (“GHG”) emissions, waste, electricity, fuel and water, with seven targets due in FY2023. We are thrilled to announce that Jacobson has fulfilled its environmental obligations and successfully achieved four environmental targets, including organising an initiative to reduce or offset GHG emissions, and providing at least 1-hour waste reduction as well as energy and resource-saving training for employees. The remaining three targets are at an almost complete stage, and the key initiatives include creating policies focusing on environmental management, recycling, and waste management, carrying out a waste baseline study, and conducting a feasibility study for water usage. Further details on their development will be disclosed in FY2024.

Our ESG Committee, chaired by Professor Lam Sing Kwong, Simon, has convened two meetings in FY2023 and put forward a series of

constructive action plans for our ESG Working Group to follow up on. In the environmental domain, a road map to record all packaging materials in weight has been formulated to facilitate monitoring efforts and subsequently enhance resource efficiency. The glass and metal phase is set to commence in FY2024. Additionally, a plan to install solar panels on the rooftops of our production facilities has been proposed to promote our transition to renewable energy. We are seeking collaborations with external organisations for potential implementation.

In the social domain, we have empowered relevant stakeholders within our organisation to further develop engagement activities, aiming at building a strong rapport with employees. We are currently working with social enterprises on grassroots projects to diversify employee engagement initiatives.

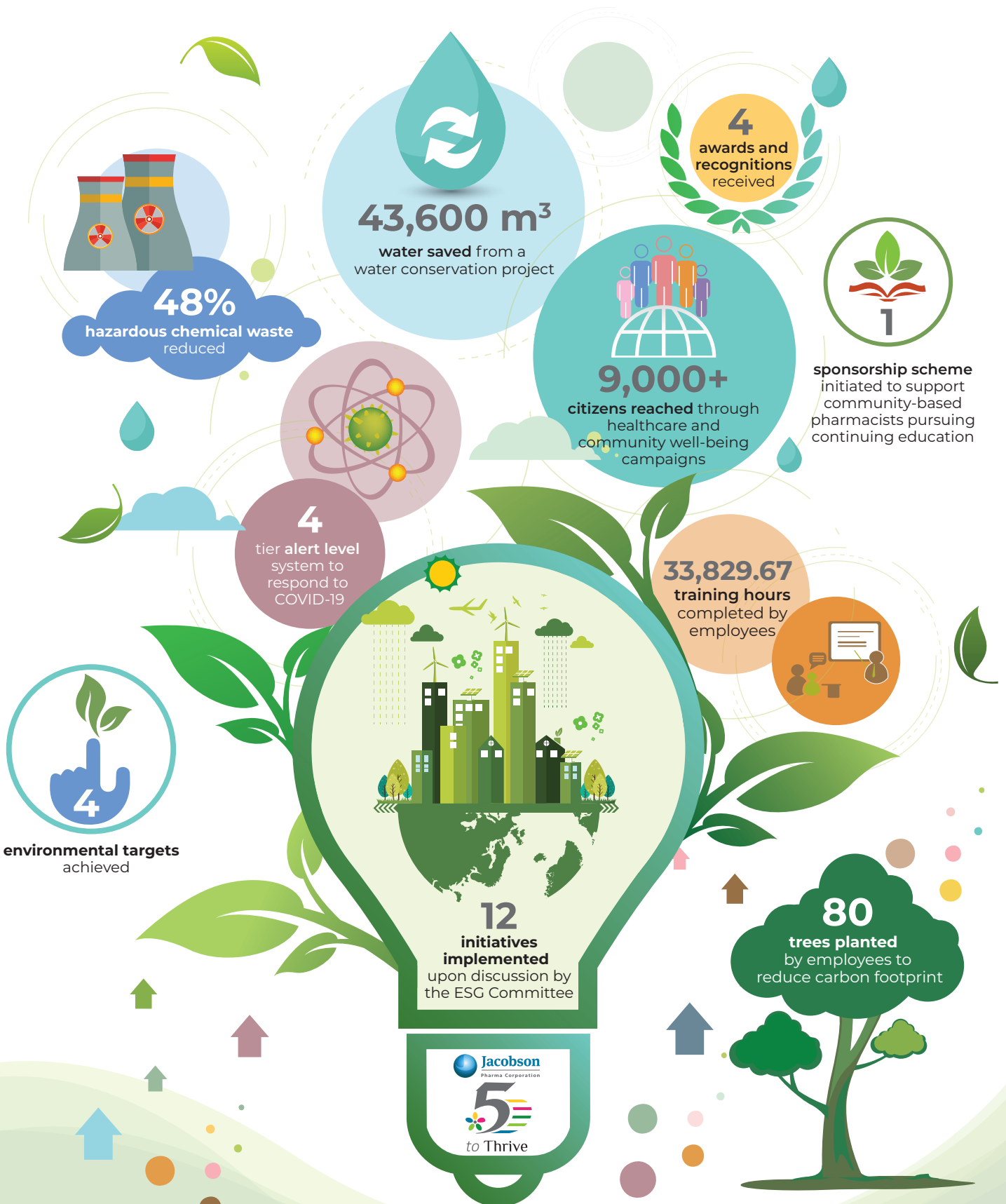
At the community level, we have devoted resources to support organisations that focus on healthcare, such as the Children’s Cancer Foundation. We are currently also establishing the Jacobson Primary Care Pharmacy Educational Award in joint hands with The University of Hong Kong, which is a new sponsorship scheme to subsidise community-based pharmacists for their continuing education.

As a leading player in the pharmaceutical industry in Hong Kong, we strive to be a role model in embracing sustainability and leverage expertise as well as resources to achieve meaningful milestones. I am truly appreciative of the unwavering dedication shown by our employees. Their continued efforts have helped Jacobson maintain its credibility and success. Together with our talented employees and stakeholders, we are passionate about improving the well-being of citizens and serving the healthcare needs of the community. Jacobson is committed to building a legacy that centres on delivering a positive impact on the environment and society whilst fulfilling its corporate responsibility – creating sustainable value in the communities in which it operates.

Sum Kwong Yip, Derek
Chairman and CEO

JACOBSON PHARMA CORPORATION LIMITED

FY2023 ESG PERFORMANCE HIGHLIGHTS



ABOUT THIS ESG REPORT

Jacobson Pharma Corporation Limited (stock code: 2633), hereinafter referred to as the “**Company**” or together with its subsidiaries the “**Group**”, is delighted to present its second independent ESG report (the “**ESG Report**”). This ESG Report describes our commitments, vision, progress and overall performance in our sustainability journey. All information is prepared and published based on existing policies, practices, official documents or reports in an impartial and accurate manner. This ESG Report has been endorsed and approved by the Board.

ESG REPORTING SCOPE AND PERIOD

The scope of this ESG Report mainly covers the Group's 13 licensed production facilities (including 10 PIC/S GMP-accredited production facilities in Hong Kong, one GMP-accredited production facilities in Zhongshan, China, and two GMP-accredited production facilities for proprietary Chinese medicines), as well as warehouses, laboratories and offices. The Group's revenue was approximately HK\$1,785,579,000 in this financial year. The reporting scope was determined based on the financial materiality of operating segments to the Group, and the significance of our impact on the environment and society. Unless otherwise specified, this ESG Report covers the period from 1 April 2022 to 31 March 2023.

ESG REPORTING FRAMEWORK AND STANDARDS

This ESG Report is prepared in accordance with the “Mandatory Disclosure Requirements” and “Comply or Explain” provisions set out in the ESG Reporting Guide (the “**Reporting Guide**”) under Appendix 27 to the Listing Rules of the Stock Exchange. The reporting principles are adhered to in the preparation of this ESG Report.

MATERIALITY

This ESG Report is structured based on the materiality of the Group's environmental and social topics, which was determined following a stakeholder engagement activity and materiality assessment process. The Board and management have reviewed and validated the materiality of the identified ESG topics.

QUANTITATIVE

Quantitative information, KPIs and supplementary statements are disclosed in this ESG Report. Further information on the standards, methodologies, assumptions and calculation tools used are disclosed in relevant sections in this ESG Report.

BALANCE

This ESG Report provides an unbiased representation of the Group's ESG performance. Both achievements and areas of improvement are disclosed.

CONSISTENCY

Consistent calculation methodologies are used to enable a meaningful comparison of ESG data. Any changes to the methodologies, tools, KPIs used or any other relevant factors affecting a meaningful comparison are disclosed in relevant sections in this ESG Report.

FEEDBACK ON OUR SUSTAINABILITY COMMITMENTS

The Group highly appreciates and welcomes any feedback on this ESG Report in order to continuously improve its approach to sustainability. Please share your feedback with us at esg@jacobsonpharma.com.

ABOUT JACOBSON'S SUSTAINABILITY JOURNEY

OUR ETHICAL BUSINESS MILESTONES

Jacobson is a leading pharmaceutical company in Hong Kong that is engaged in the research, development, production, sale and distribution of essential medicines, specialty drugs as well as branded healthcare products. Jacobson's roots can be traced back to the 1960s, when it was first founded as a pharmaceutical trading house. Since then, Jacobson has grown significantly due to its unwavering commitment to serving the needs of medical professionals and consumers in Hong Kong. Nowadays, the Group has transformed into a pharmaceutical leader that manages its own warehousing, logistics, regulatory, quality control, sales and marketing, as well as research and development operations. The Company's shares were listed on the Main Board on 21 September 2016.

OUR GUIDING PRINCIPLES ON RESPONSIBILITY

VISION

At Jacobson, we aspire to be an eminent player in pharmaceutical and consumer healthcare solutions in Greater China and Asia, providing essential medicines, specialty drugs and branded consumer healthcare products for medical professionals and the public.

MISSION

Our mission is to enhance people's lives by delivering health as a trusted partner. We strive to create sustainable values in essential medicines and healthcare by offering quality and accessible medicines as well as consumer healthcare solutions to meet current and future customer needs. We are committed to bettering the future of healthcare through community care and technological advancement.

OUR PORTFOLIO OF QUALITY PRODUCTS

Starting from humble beginnings, Jacobson has relentlessly pursued a high calibre of excellence in its product quality, service and innovation to establish a strong reputation within the pharmaceutical industry in Hong Kong. Through its history of undertaking mergers and acquisitions, the Group aspires to preserve the legacy of local heritage brands, especially proprietary Chinese medicine products, and build upon their success. The Group has one of the most extensive sales and distribution coverage for both the private and public market sectors in Hong Kong, enabling it to effectively engage with local communities across society, with an expanding reach into selected markets in Asia and Greater China.

The Group has a diverse product portfolio, namely generics and branded healthcare, and is engaged in the development, manufacturing and/or distribution of these drugs. Generics refers to off-patent medicines for various therapeutic use, whilst branded healthcare is related to branded medicines, proprietary Chinese medicines, and health and wellness products.

PRODUCT OFFERINGS

GENERIC	ESSENTIAL MEDICINES	<p>Jacobson is an eminent provider of essential medicines in Hong Kong. The Group's comprehensive product portfolio covers therapeutic categories such as cardiovascular, central nervous system, gastrointestinal, antidiabetic, respiratory, anti-infective, dermatological and anti-allergy.</p> <p>Through a broad portfolio, the Group cements its position as a one-stop solution provider for healthcare professionals in both public and private sectors, including public and private hospitals, private clinics, medical franchises, registered pharmacies and drugstore chains.</p>
	SPECIALTY DRUGS	<p>With the established strength in essential medicine offerings and in-licensing capacity, Jacobson is well poised to expand its portfolio and diversify into complex and specialty drugs, such as biosimilars, oncology medications, and orphan drugs, which have witnessed a robust growth trend driven by the advancement of healthcare.</p> <p>The Group has also invested in projects to leverage its expertise in the specialty drug market and collaborates with world-renowned research institutes to further expand the indications of selected products.</p>
BRANDED HEALTHCARE PRODUCTS		<p>A subsidiary of the Group, JBM Healthcare, is a leading branded healthcare operator in Hong Kong, managing a broad portfolio of well-established and trusted third-party brands. It also owns brands for over-the-counter branded medicines, proprietary Chinese medicines, and health and wellness products covering health supplements, personal care products and diagnostic kits. Those brands include heritage household brands such as Po Chai Pills, Ho Chai Kung and Shiling Oil, and notable overseas consumer healthcare brands such as Contractubex of Germany, Smartfish of Norway, Rowatanal Cream of Ireland, Oncotype DX of the United States, and AIM Atropine Eye Drops of Taiwan.</p> <p>JBM Healthcare Group has an extensive sales and distribution network in Hong Kong with footholds spanning from China, Macau, Taiwan and select countries in Southeast Asia, Europe, North America and the Caribbean Islands.</p>

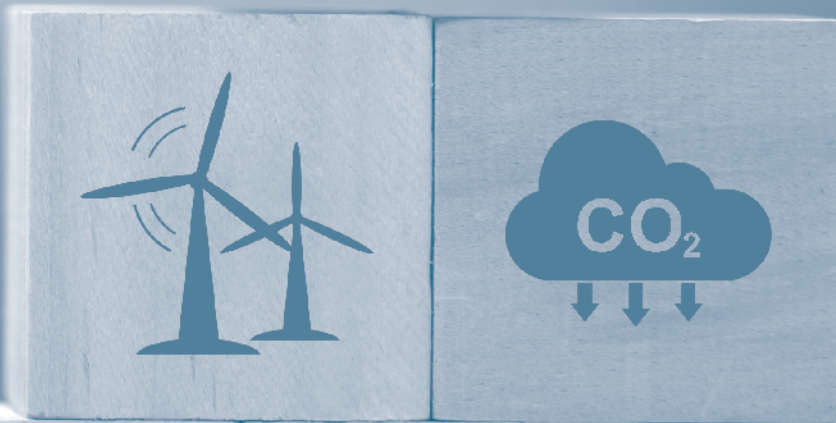


AWARDS AND RECOGNITIONS

Jacobson is committed to accelerating progress in achieving its goals and objectives in the ESG domain. We are proud to showcase our awards and recognitions received during the Reporting Period, which highlights our spirit in driving long-term value and shaping a sustainable future.

Recipient Business Unit	Awarding Organisation	Award Name
Jacobson Group Management Limited	Mandatory Provident Fund Schemes Authority	Good MPF Employer Award 2021-2022 (積金好僱主)
Europharm Laboratoires (Hong Kong) Company Limited	The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2022 Certificate of Appreciation for the Additional Employment of Full-time or Part-time Employees (增聘全職或兼職僱員嘉許狀)
Europharm Laboratoires Company Limited	The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2022 Certificate of Appreciation for the Additional Employment of Full-time or Part-time Employees (增聘全職或兼職僱員嘉許狀)
Synco (H.K.) Limited	The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2022 Outstanding Enterprise Award (卓越企業嘉許狀)





**LONG-TERM ESG
STRATEGIC VISION**

LONG-TERM ESG STRATEGIC VISION

As we continue to embark on a path to sustainable development, we acknowledge that there is untapped potential to contribute to the betterment of the environment and society, and we will deliver this in a wholehearted manner. By adopting a robust ESG governance system, following our sustainability strategy and engaging with stakeholders, we strive to play our role in the global sustainable development agenda.

OUR ESG GOVERNANCE

Forming a strong governance structure is crucial to ensuring that sustainability is well understood and effectively applied throughout our operations. The Board and ESG Committee plans and manages sustainability at the strategic level, whilst the ESG Working Group leads the execution and monitoring of policies and practices at the operational level.

The Board has the overarching responsibility of overseeing all ESG-related matters, including the evaluation, prioritisation, and management of ESG topics, as well as the assessment of risks and opportunities. The Board delegates duties to the ESG Committee, which is chaired by an independent non-executive director (Professor Lam Sing Kwong, Simon) and comprises an executive director (Mr. Yim Chun Leung) as well as the company secretary (Mr. Yu Chun Kau) as the members. The ESG Committee meets at least once a year and is authorised to manage the Group's matters relating to ESG and sustainable development. Its primary responsibilities include overseeing the sustainability strategy, evaluating ESG-related risk management processes, reviewing progress made on KPIs and targets, as well as engaging with stakeholders annually to determine material ESG topics. The developments of these measures are reported to the Board for review at board meetings. During the Reporting Period, the ESG Committee convened two meetings, and the following initiatives were discussed and either implemented or will be implemented:

Key Decisions and Actions of the ESG Committee

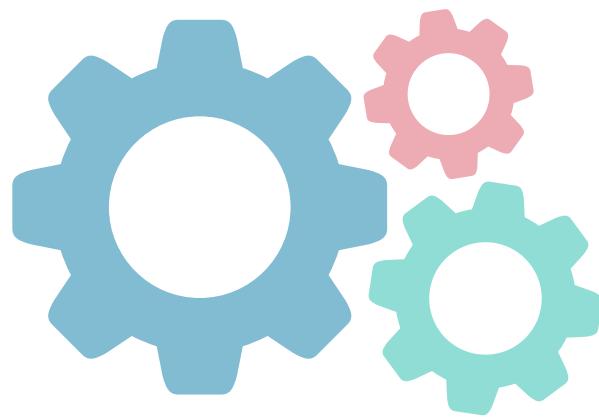
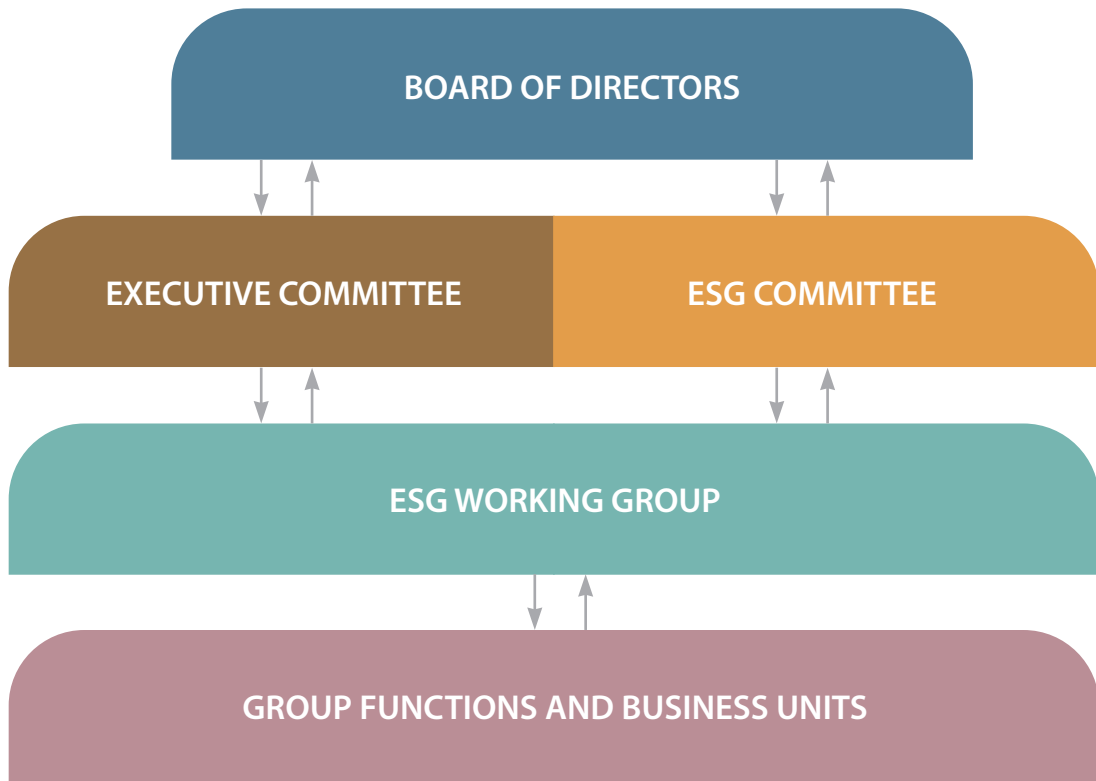
Environmental

- Engaged in a tree planting activity at Kadoorie Farm and Botanic Garden
- Participated in the Green Power Hike
- Formulated an environmental policy, recycling policy and waste management policy
- Conducted a waste baseline study
- Performed a feasibility study for water usage
- Created a road map to record all packaging materials in weight, starting with glass and metal in FY2024
- Substitute fossil fuel-based company vehicles with hybrid or electric vehicles
- Explored renewable energy sources, in particular solar panels

Social and Governance

- Provide annual training on data privacy and anti-corruption topics to employees
- Empower business units to arrange employee engagement activities and organise Group-level events by the Head Office
- Contributed to healthcare-related organisations and causes, in particular the Children's Cancer Foundation
- Initiated a sponsorship scheme, in partnership with The University of Hong Kong, for community-based pharmacists pursuing continuing education
- Responding to the healthcare needs of society

The ESG Committee is supported by the ESG Working Group, which comprises management personnel from different departments. The ESG Working Group meets at least on a bi-annual basis and is responsible for implementing policies and practices at different business units, monitoring the effectiveness of procedures and suggesting improvements, recording and analysing ESG data, as well as reporting on the Group's ESG performance.



ESG RISK MANAGEMENT

Understanding the Group’s ESG risks is fundamental to its long-term success. Thus, we have a risk governance structure in place to facilitate effective ESG risk management. Through this system, we are able to regularly monitor and review our risk management framework, internal control systems and risk management policy to ultimately build a resilient corporate culture.

RISK GOVERNANCE ROLES AND RESPONSIBILITIES



AUDIT COMMITTEE / BOARD OF DIRECTORS

The Board assumes the overall responsibility for evaluating and determining the nature and extent of the Group’s risks, as well as ensuring that the Group establishes and maintains appropriate and effective risk management and internal controls systems.



RISK OWNER

First line of defense
Operational Management
(Risk Ownership)

As the first line of defence, risk owners are responsible for identifying, assessing and monitoring risks associated with each business operation.



RISK MANAGEMENT COMMITTEE

Second line of defense
Risk Management Functions
(Risk Control)

The Risk Management Committee acts as the second line of defence. It comprises both financial and operational executives of the Group and is responsible for overseeing the Group’s overall risk management framework, as well as advising the Audit Committee and the Board on the Group’s risk-related matters. The body is also tasked with carrying out necessary control activities and presenting regular reports to the Audit Committee.



INTERNAL AUDIT

Third line of defense
Internal Audit
(Risk Assurance)

As the third line of defence, the Internal Audit performs internal audit work on an annual basis and ensures that the first and second lines of defence are effective. It provides independent assurance to the Audit Committee and the Board on the adequacy and effectiveness of internal controls for the Group.



During the Reporting Period, we have identified the following ESG risks to have a potentially significant impact on the Group's operations and formulated corresponding risk mitigation measures.

MATERIAL ESG RISKS	MITIGATION MEASURES
REGULATORY RISK	<p>The Group operates in the pharmaceutical manufacturing industry and is subject to various regulations. Failure to comply with pharmaceutical or other regulations may hinder our business operations. To manage this risk, the Group has stationed at least one designated Authorised Person in addition to a quality control and quality assurance team at each production facility to maintain regulatory compliance.</p>
REPUTATIONAL AND QUALITY CONTROL RISK	<p>The Group is exposed to risks of liability in case of defective products, which may result in reputational damage. To safeguard against this risk, the Group has arranged product liability insurance to minimise the impact in case of any proven product defects caused by its negligence. In addition, the Group has designated a production and quality assurance team at each production facility to monitor product quality and ensure that products comply with respective specifications.</p>

To safeguard our employees, products and consumers against the severe outbreak of the COVID-19 pandemic in Hong Kong in FY2023, the Group formulated a set of risk management measures that surpassed regulatory guidelines for different alert levels based on the severity of the local situation.

REPRESENTATIVE COVID-19 CONTINGENCY MEASURES

ALERT LEVEL 1 – COMMUNITY OUTBREAK

- Require visitors to complete a Health Declaration Form
- Disinfect the workplace frequently with hypochlorite solution
- Conduct a period of medical surveillance for high risk employees
- Request employees with symptoms to immediately leave the workplace

ALERT LEVEL 2 – MASS COMMUNITY OUTBREAK

- Restrict the number of employees entering production areas and keep records
- Instruct personnel who enter cleanrooms to wear protection goggles
- Store raw materials, semi-finished products and finished products in airtight containers

ALERT LEVEL 3 – CLOSE CONTACT EMPLOYEES

- Trace the movement of employees identified as a close contact
- Clean and sanitise thoroughly the workspace and areas visited by these employees
- Prohibit these employees from entering the cleanrooms for three days upon return to work

ALERT LEVEL 4 – TESTED POSITIVE EMPLOYEES

- Form an emergency response team
- Suspend operations of affected areas and all non-essential entry and exit
- Identify and isolate affected raw materials, semi-finished products and finished products
- Dispose of affected products according to established procedures if necessary

OUR SUSTAINABILITY STRATEGY

Developing a well-defined sustainability strategy allows us to accelerate progress in becoming a purpose-driven business that inherently contributes to the sustainable development of our planet. At Jacobson, we integrate our expertise and resources to induce positive change in the economy, environment and society.

To this end, we follow the “5 to Thrive” strategy, which is based on a long-term ESG strategic vision and principle of Jacobson ‘having an ultimate responsibility to society’. This strategy is constructed of five pillars that are most relevant to Jacobson’s business operations, namely “Corporate Governance Duty”, “Product Responsibility”, “Societal Engagement”, “Environmental Stewardship” and “Commitment to Employees”. Within each pillar, strategic priorities have been laid out that shape our approach to driving sustainable value and act as an overarching model for stakeholders to put into practice. The ESG Committee reviews the sustainability strategy, which was slightly modified during the Reporting Period, to ensure that upcoming ESG trends, challenges and opportunities are ingrained into the foundation of our framework.

Long-term ESG strategic vision:

We have an ultimate responsibility to society.









ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Group recognises that contributing to the global sustainable development agenda is essential to transform our world. Thus, our sustainability strategy is aligned with the UN SDGs to reinforce our commitment to tackling pressing global issues and achieving harmony. Upon completion of a mapping exercise, the Group identified five goals that are most relevant to its business operations and took action to drive contribution. Moving forward, we aim to integrate specific targets of the SDGs to strengthen our progress in this regard.

SDGs	IMPLICATIONS AND ACTIONS
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>At Jacobson, the health and well-being of society is at the heart of our operations. Thus, we are driven to improve the wellness of employees and local communities by promoting healthcare-related initiatives.</p> <ul style="list-style-type: none"> • Provide annual health checks to employees at production facilities • Transform patented drugs that are expiring into generic drugs to strengthen access to essential medicines • Collaborate with charities that focus on enhancing healthcare and donate healthcare-related products to organisations that support the elderly and underprivileged in particular
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The Group is committed to accelerating economic growth and providing employment opportunities that are productive yet safe. Our measures provide organisations and individuals that can shape the healthcare landscape with pathways to showcase their abilities.</p> <ul style="list-style-type: none"> • Provide local and overseas university students with scholarships and internship opportunities • Engage in the in-licensing of innovative medicines to support academic institutions and peers to achieve sustained growth • Create a Risk Assessment Register to mitigate the risks associated with our production activities in order to maintain workplace safety
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Upholding responsible production and consumption practices is of great importance to Jacobson. To reduce our impact on the environment and natural resources, we implement a set of sustainable measures that reduce usage and increase efficiency.</p> <ul style="list-style-type: none"> • Procure FSC or PEFC-certified paper for office paper usage across the Group • Dispose of all hazardous waste responsibly according to the legislation of local regulatory authorities • Implement a water recycling system to facilitate the reuse of water for cleaning and flushing purposes
 <p>13 CLIMATE ACTION</p>	<p>Climate change is an increasingly pressing issue that requires a multi-faceted approach to adapt to or mitigate the associated risks. To this end, we have adopted strategies to address climate change and its impact to ultimately build resilience of our operations.</p> <ul style="list-style-type: none"> • Explore renewable energy sources and plan to install solar panels at appropriate production facilities • Phase out fossil fuel-based company vehicles with hybrid or electric vehicles • Develop energy-saving initiatives across production facilities in collaboration with external partners
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Building a robust corporate governance system that promotes peace, justice and inclusivity enables Jacobson to create an ethical corporate culture. Our efforts to prevent discrimination and corruption in the workplace are applied at all levels across our operations.</p> <ul style="list-style-type: none"> • Formulate a company policy on equal opportunities to enforce a zero-tolerance approach to all forms of harassment and discrimination • Encourage staff to report cases of bribery and corruption by submitting specific documents and the whistleblowing system • Provide annual training on anti-corruption and data privacy matters to employees commencing from FY2024

OUR STAKEHOLDER ENGAGEMENT

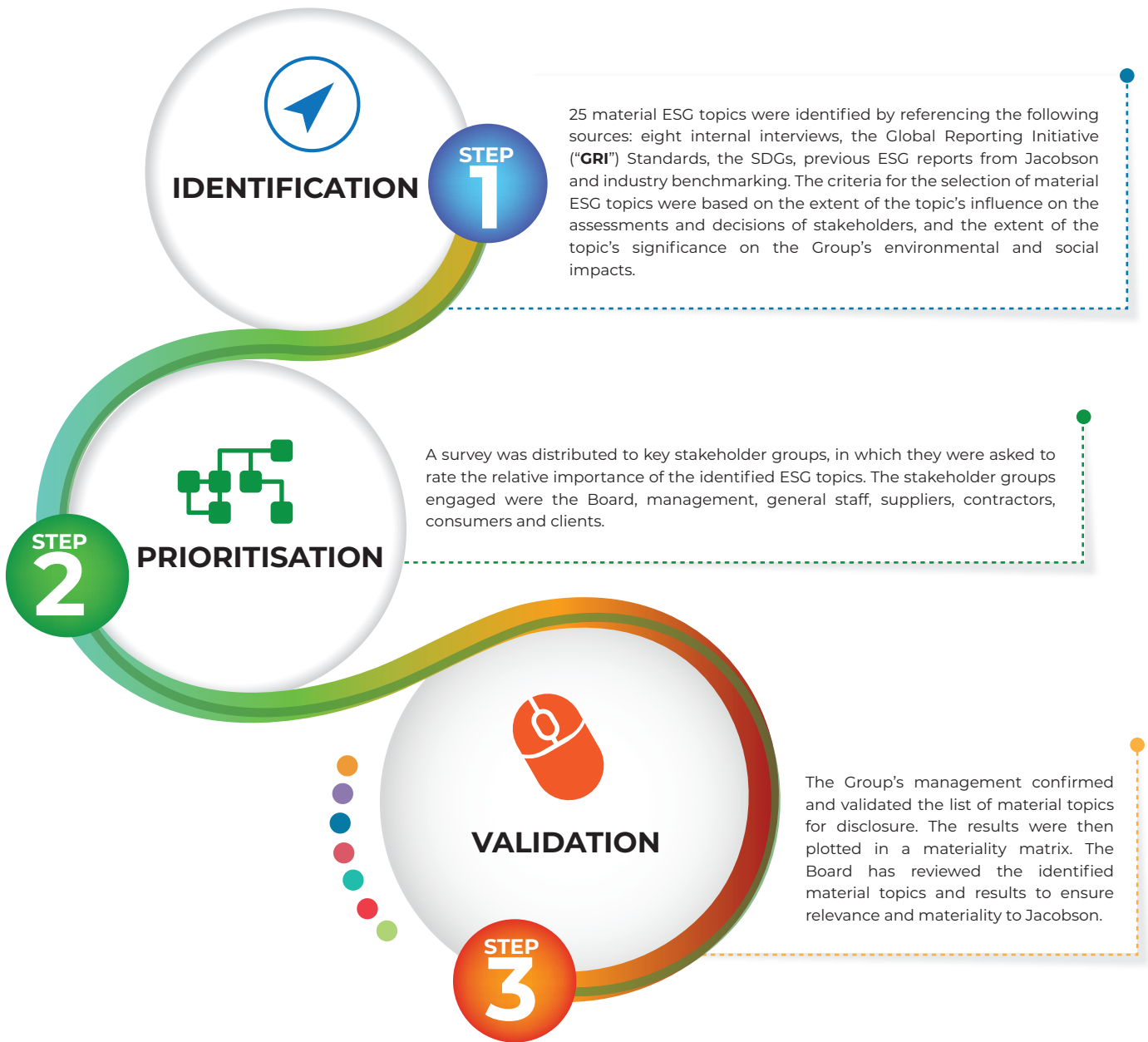
Engaging with our stakeholders to build connections and understand their priorities influences the Group to operate in a mindful and responsible manner. During the Reporting Period, we have established a range of engagement channels to communicate with our stakeholders.

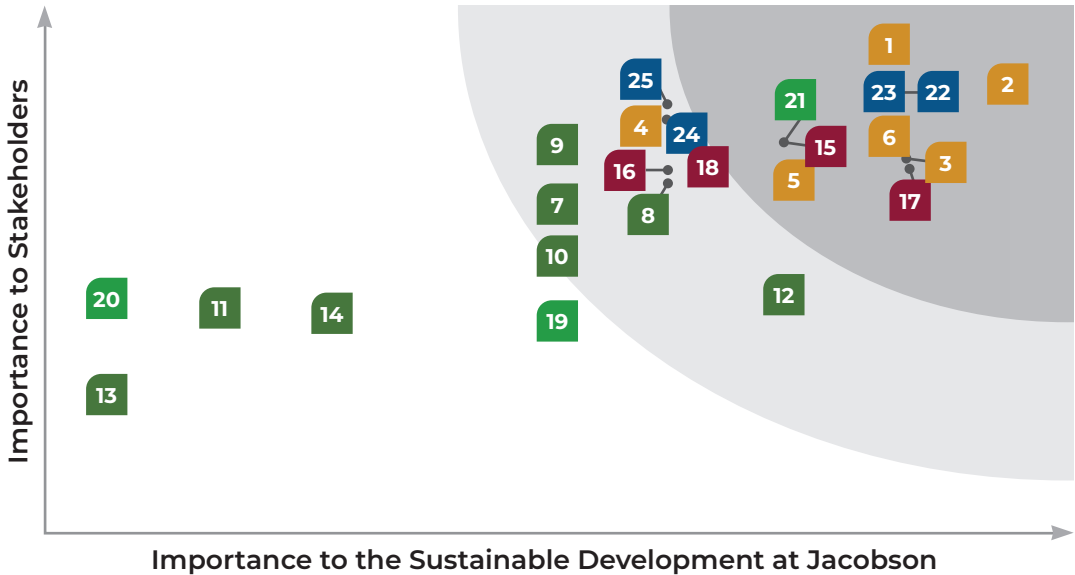
STAKEHOLDER GROUPS	ENGAGEMENT CHANNELS	TOPICS OF CONCERN
 <p>Investors and Shareholders</p>	<ul style="list-style-type: none"> • Annual and interim reports • Annual general meetings • Circulars • Meetings and correspondences • Press releases and announcements 	<ul style="list-style-type: none"> • Cash flow • Company's competitiveness among peers • EBITDA • Marketing strategy • Profit margin • Research and development pipeline
 <p>Employees</p>	<ul style="list-style-type: none"> • Business meetings • Briefings • Performance appraisal meetings 	<ul style="list-style-type: none"> • Career prospects • Financial welfare • Working hours
 <p>Customers</p>	<ul style="list-style-type: none"> • eCommerce platforms • Meetings and correspondences • Personal contact • Social media 	<ul style="list-style-type: none"> • Customer service • Logistic efficiency • Offered price • Product quality • Supply stability and stock level
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Assessment surveys • Procurement tender meetings • International conferences 	<ul style="list-style-type: none"> • GMP compliance • Ordering quantity • Unit price
 <p>Media</p>	<ul style="list-style-type: none"> • Interviews • Press releases 	<ul style="list-style-type: none"> • Company's competitiveness among peers • Research and development pipeline
 <p>Government Bodies</p>	<ul style="list-style-type: none"> • Compliance and non-compliance reports • Meetings and correspondences • Site visits 	<ul style="list-style-type: none"> • GMP/regulatory compliance • Supply stability

OUR MATERIAL ESG TOPICS

To understand its stakeholders' needs and expectations, the Group carries out an annual stakeholder engagement activity. The results derived from the exercise are evaluated through a materiality assessment to identify the impacts of the Group's operating activities, assess the significance of impacts, and determine the material topics of the Group.

In FY2022, the Group commissioned an independent sustainability consultancy to conduct a comprehensive materiality assessment. For this process, a 3-step approach was adopted:

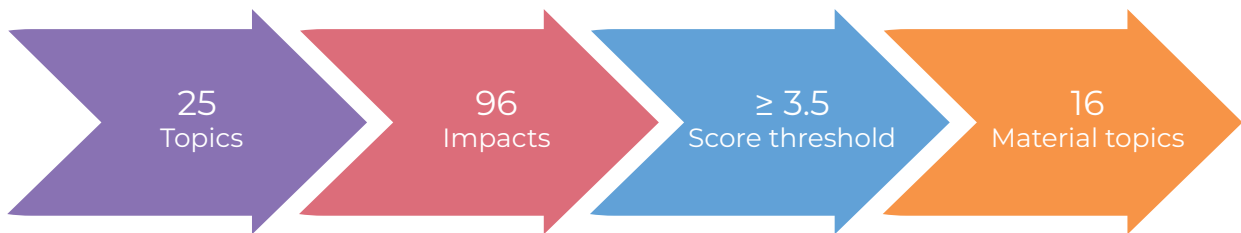
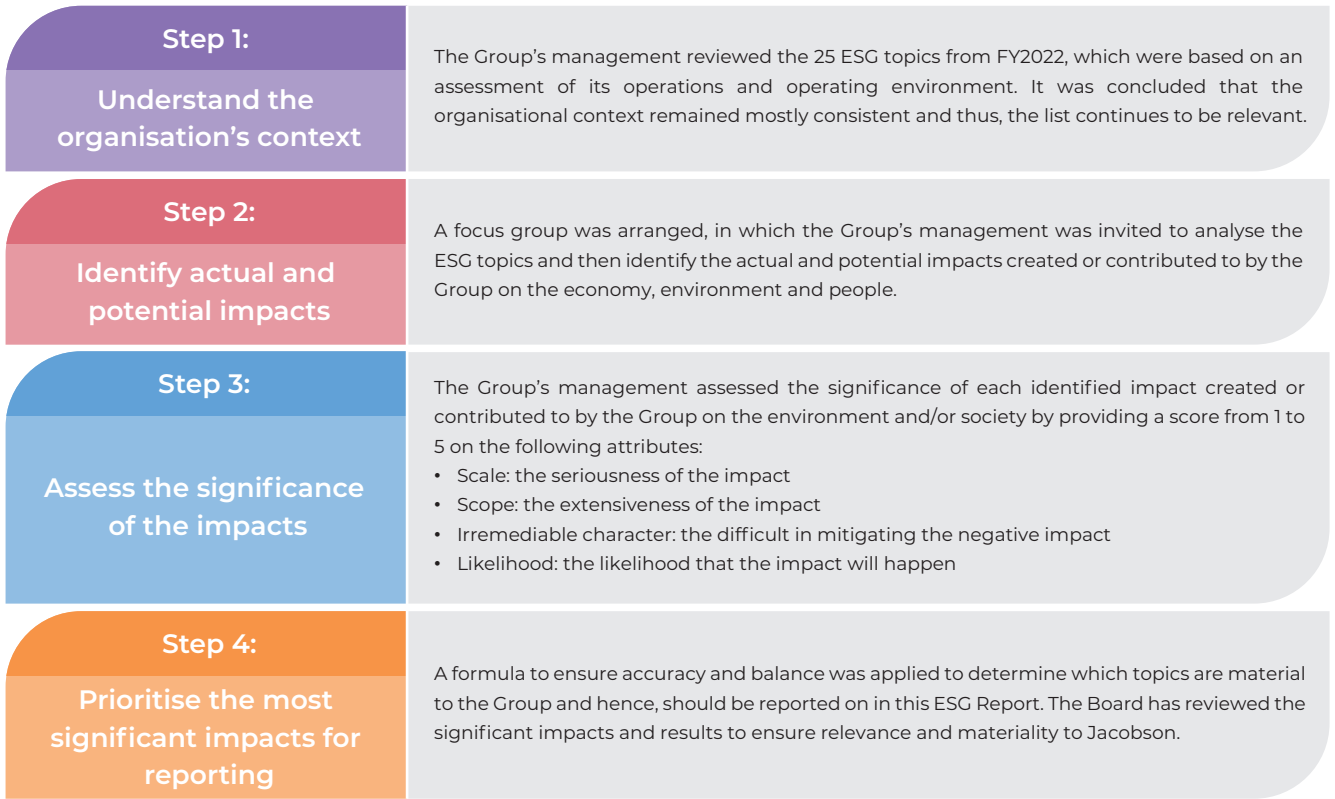




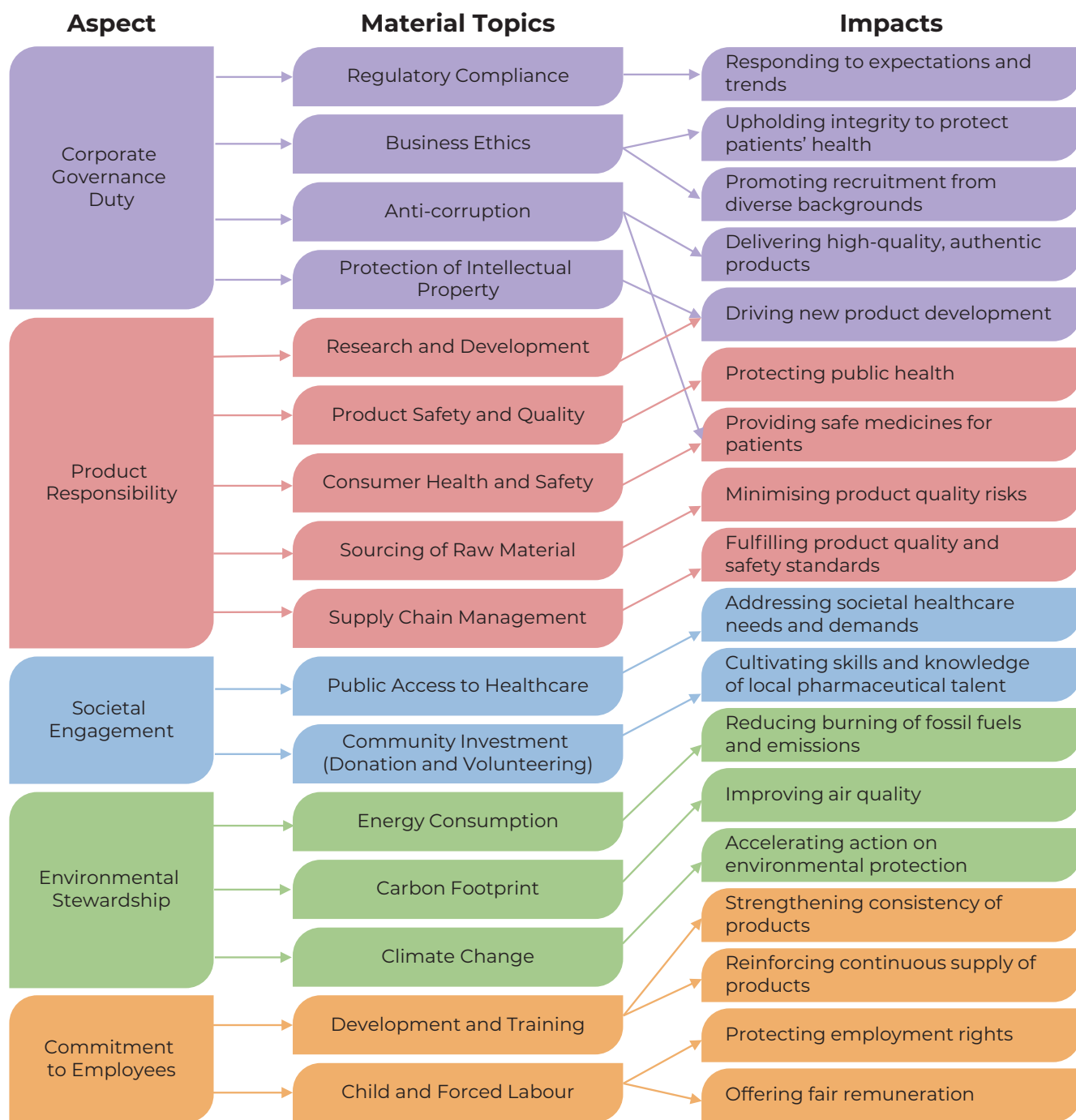
<p>PRODUCT RESPONSIBILITY</p> 	<ul style="list-style-type: none"> 1. Product Safety and Quality 2. Consumer Health and Safety 3. Consumer Accessibility to Our Medicine 4. Sourcing of Raw Material 5. Supply Chain Management 6. Research and Development
<p>ENVIRONMENTAL STEWARDSHIP</p> 	<ul style="list-style-type: none"> 7. Use of Packaging Material 8. Environmental Compliance 9. Hazardous Emissions and Waste Management 10. Water Management 11. Carbon Footprint 12. Energy Consumption 13. Climate Change Vulnerability 14. Ecological and Biodiversity Protection
<p>COMMITMENT TO EMPLOYEES</p> 	<ul style="list-style-type: none"> 15. Occupational Health and Safety 16. Development and Training 17. Employee Benefits and Engagement 18. Child and Forced Labour
<p>SOCIETAL ENGAGEMENT</p> 	<ul style="list-style-type: none"> 19. Community Engagement in Health Promotion 20. Community Investment (Donation and Volunteering) 21. Public Access to Healthcare
<p>CORPORATE GOVERNANCE DUTY</p> 	<ul style="list-style-type: none"> 22. Regulatory Compliance 23. Anti-corruption 24. Protection of Intellectual Property 25. Business Ethics

The materiality matrix and table above illustrate the results of the materiality assessment in FY2022. The matrix reflects the prioritisation of the ESG topics based on their importance to the sustainable development at Jacobson (represented by the Board and management) and stakeholders' expectations (represented by general staff, suppliers, contractors, consumers and clients). The table displays the 25 identified ESG topics, which were grouped into one of the five pillars of our sustainability strategy, and the top 10 material topics are displayed in bold.

In FY2023, the Group enhanced its approach in order to align with best practices. Thus, we applied the recommended 4-step process from the GRI Universal Standards 2021 to determine our material topics:



A materiality matrix was created that depicts the material topics and significant impacts for each pillar. The pillars are organised in descending order of materiality, in which the most important pillar is shown at the top, and the report structure for this ESG Report shall follow this sequence.



A blue-tinted photograph of a business meeting. In the foreground, a person's hand in a white sleeve holds a pen over a document with charts and graphs. Another person in a dark suit is visible in the background, also holding a pen. The scene is set around a table with various documents and tablets.

**CORPORATE
GOVERNANCE
DUTY**

CORPORATE GOVERNANCE DUTY

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



As pharmaceutical manufacturers have a duty to serve the public and a pivotal role in protecting public health, Jacobson is committed to building a robust corporate governance system in order to continuously provide efficacious products. Creating an ethical corporate culture that is based on a set of well-established moral principles influences our business ethics and dedication to stamping out corruption, reinforces our regulatory compliance, and strengthens the protection of IP rights. For further details regarding compliance with relevant laws and regulations, please refer to the “Laws and Regulations” section of this ESG Report.

BUSINESS ETHICS AND ANTI-CORRUPTION

Our business is built on a foundation of sound business ethics to ensure that the highest standards of integrity are enforced and upheld throughout operations. To drive our moral compass, we have procedures in place that rigorously safeguard personal data and embraces equal opportunities whilst eliminating discrimination, as well as preventing any forms of corruption. This system ensures that our business activities, in particular procurement and sales functions, always operate with a responsibility-driven purpose to prioritise and essentially safeguard the health and well-being of patients. In addition, we will organise annual training on data privacy and anti-corruption topics to strengthen employees' understanding of key developments.

DATA PRIVACY

Our principles on integrity are thoroughly applied when protecting the personal data of all parties. To this end, we have rigorously complied with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and developed guidelines in the IT Acceptable Use Policy and Code of Conduct within our Employee Handbook to properly safeguard private and confidential information of the Group, personnel and customers. Personal information collection statements are included in our Job Application Form and Employment Contract, which clearly state procedures relating to the collection, usage and/or storage of such data. Enhanced security measures are established, in which authorised personnel are required to monitor and detect any suspicious activities. Employees are strictly prohibited from disclosing sensitive data without prior authorisation and are subject to disciplinary action, including termination of employment for any data breaches. During the Reporting Period, the Group did not record any data breaches.



EQUALITY, DIVERSITY AND INCLUSION

The Group acknowledges the benefits of attracting talented individuals from diverse backgrounds and embracing an inclusive workforce to promote equality in the workplace. All recruitment, promotion and transfer or job rotation decisions are made solely based on objective criteria that include experience, capabilities and performance. In addition, our Policy on Equal Opportunities underpins our approach to fostering an impartial work environment and zero-tolerance on any form of unwarranted sexual harassment or discriminatory behaviour on characteristics including gender, marital status, pregnancy, family status, disability and race. Training on enhancing equality, diversity and inclusion in the workplace is further provided to the Board and employees. We have formulated a Retirement Policy, which states that employees who have reached retirement age can seek an extension of their employment contract and are eligible for the long service payment. Our practices rigorously adhere to the Hong Kong Bill of Rights Ordinance (Cap. 383 of the Laws of Hong Kong) and Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong), amongst others, to uphold the fundamental rights of our employees.

ANTI-CORRUPTION

To enable the continuous provision of authentic products for citizens, we adopt a zero-tolerance approach to bribery and corruption. Provisions that employees are obligated to follow have been set out in the Prevention on Bribery Policy and the Code of Conduct within our Employee Handbook. The policy states that

staff members are strictly prohibited from soliciting, accepting or offering any bribe or advantage relating to a private, public or government entity when undertaking their responsibilities or when representing our Group. If a staff is offered gifts or souvenirs that could constitute impropriety, or is engaged in a conflict of interest, the staff member should seek further guidance by completing the “Report on Gifts/Advantages Received” form and “Declaration of Conflict of Interest” form respectively. They should also report the situation to the chief financial officer of the Company.

Our whistleblowing system can be found in the Code of Conduct within our Employee Handbook, which encourages employees to report any suspected cases of corruption to the Human Resources (“HR”) Department. As stated, the identity of the whistle-blower will be protected to avoid any potential retaliation, and an internal investigation will be conducted on the matter. If staff members are found to have engaged in fraudulent activities, they will be subject to disciplinary action that includes but is not limited to termination of employment. The case may also be reported to regulatory authorities. During the Reporting Period, we were not aware of any legal cases brought against the Group or our employees relating to corruption, bribery, extortion, fraud and money laundering. Through our stringent measures, we have also ensured compliance with the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Code of Practice of the Hong Kong Association of the Pharmaceutical Industry (HKAPI).

The Group pays great attention to keeping abreast of the latest developments in anti-corruption matters. During the Reporting Period, we arranged a self-study training course for employees, including management personnel and general staff, using resources provided by the Independent Commission Against Corruption (ICAC) of Hong Kong. 60% of the invited employees successfully completed the training programme. Consequently, our employees have increased their awareness of identifying and combating corruptive behaviour in the workplace.

REGULATORY COMPLIANCE

Operating in compliance with laws and regulations and responding to societal expectations is a key priority for the Group. To this end, we have formulated monitoring measures to verify that our policies and practices continuously adhere to relevant legislation and the requirements of the markets that we operate in.

The Group rigorously operates according to the provisions under the Pharmacy and Poisons Ordinance (Cap. 138 of the Laws of Hong Kong). It has obtained the necessary licences, permits and approvals, including the “Licence for Manufacturer” granted by the Pharmacy and Poisons Board of Hong Kong (“PPBHK”) and the “Drug Manufacturing Certificate” issued by the National Medical Products Administration (NMPA) of Mainland China. In addition, professional licences have been issued by Hong Kong’s Department of Health (“DH”) for Authorised Persons, Production Managers and Quality Control Managers of the Group.



As a responsible pharmaceutical manufacturer, the Group’s production facilities have achieved GMP certification, which demonstrates that products are consistently produced and controlled according to defined quality standards. By acquiring licences for all production facilities in Hong Kong, the Group conforms to the international standards set by PIC/S GMP, which are updated every year and rigorously followed by the Group.

At production facilities, SOPs are formulated and regularly updated to maintain full compliance with industry standards. At least one Authorised Person is stationed at the sites to implement the latest regulatory requirements of PIC/S GMP and licensing conditions of the DH. In addition, the distribution of products is subject to control and is classified into certain categories to safeguard the health and safety of patients.

PROTECTION OF INTELLECTUAL PROPERTY

To stimulate product development and innovation, Jacobson has a fundamental responsibility to protect and respect the IP of all parties. To protect the best interests of partners, we require them to sign a Non-Disclosure Agreement and observe the stipulations within to confirm that sensitive and confidential information of the Group is not divulged to third parties. Prior to any product launches, we consult with a patent attorney to avoid any potential rights infringements. Patents are also declared for all of our submitted tenders to public hospitals.

A full-page photograph of a female scientist in a laboratory. She is wearing a white lab coat over a white collared shirt, a white surgical mask covering her nose and mouth, and clear safety goggles. She is also wearing white gloves. In her right hand, she holds a glass pipette, and in her left hand, she holds a glass Erlenmeyer flask containing a dark liquid. The background is a blurred laboratory setting with a grid ceiling. The entire image has a warm, sepia-toned overlay.

**PRODUCT
RESPONSIBILITY**

PRODUCT RESPONSIBILITY



As a long-standing pharmaceutical manufacturer, the Group has a profound responsibility to consistently provide high-quality products that are safe for consumption. To verify that our products can fulfil the needs and demands of society, we implement high standards of quality and safety throughout operational processes, which must be adhered to by employees and suppliers, whilst engaging in research and development activities to promote product innovation.

PRODUCT QUALITY AND CONSUMER SAFETY

Producing high-quality and effective medicines whilst minimising product quality risks to protect public health and the safety of consumers is of vital importance to Jacobson. In order to develop these stringent processes, we maintain a robust quality assurance system and adopt comprehensive measures for all production facilities. Our approach to upholding product responsibility enables us to go beyond compliance with relevant laws and regulations, including but not limited to the Antibiotics Ordinance (Cap. 137 of the Laws of Hong Kong), Pharmacy and Poisons Ordinance (Cap. 138 of the Laws of Hong Kong) and Undesirable Medical Advertisements Ordinance (Cap. 231 of the Laws of Hong Kong).

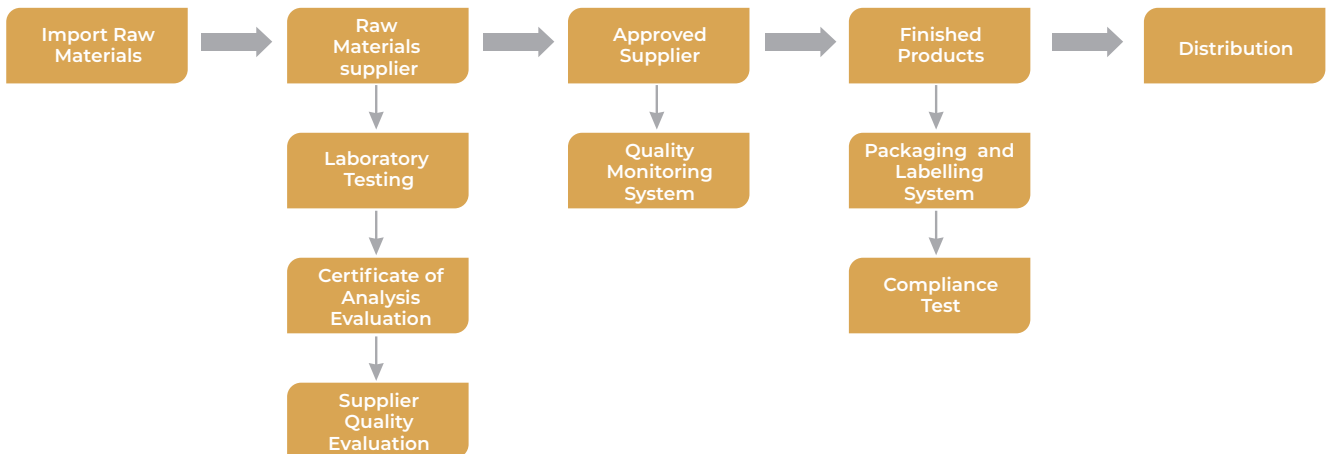
Jacobson’s products are registered with the DH, which confirms that they are safe for patient consumption, and it takes all reasonable steps to ensure that drug specifications conform to

the product registration specifications. Our Quality Manual fully complies with PIC/S GMP and lays out the GMP-compliant elements that devise our comprehensive Pharmaceutical Quality System. This systems ensures that our products are always manufactured at the highest standards of quality and safety. An annual audit of the Group’s production facilities is conducted by the DH based on PIC/S GMP standards, which further safeguards the quality and efficacy of products.

The Group has formulated a pharmacovigilance (PV) system, which relates to the monitoring of the safety and reducing the risks of medicines. A corresponding SOP has been created to reinforce our provision of high-quality and safe pharmaceutical products, as well as facilitate the proper handling of potential adverse drug events. We also strictly abide by the PPBHK’s “Guidance for Pharmaceutical Industry – Adverse Drug Reaction Reporting Requirements”, which lists the procedures for reporting drug reactions.

Jacobson has formulated stringent procedures to control the production process. Chemical dosing is applied to ensure manufactured products match their stated specifications whilst any deviations and non-conforming products will be recorded and evaluated to enable appropriate action. All systems, equipment and calibration instruments are maintained and calibrated on an annual basis. In addition, Jacobson’s centralised warehouse, Pharmason, is accredited with Good Distribution Practice, which protects the integrity and quality of products.

QUALITY ASSURANCE AND CONTROL PROCESS



RAW MATERIALS QUALITY INSPECTION

The Group's raw materials used for drug production processes are predominantly Active Pharmaceutical Ingredients ("APIs"), excipients and packaging materials. The Quality Control ("QC") Department performs our rigorous inspection procedures on new and existing manufacturers for batches of APIs, excipients and packaging materials. All raw materials must be approved before usage. Each batch subsequently undergoes a comprehensive set of laboratory tests, in which samples are extracted to determine if the raw materials match the specifications of the supplier's provided Certificate of Analysis (COA). If there are inconsistencies with the specifications, the QC Department will re-inspect the raw materials, which will be returned to the manufacturer should they be confirmed to be substandard.

All raw material suppliers are subject to supplier quality evaluation and must pass the assessment process to gain approval. Approved suppliers will continue to be scrutinised under our quality monitoring system. For further details of our supply chain practices, please refer to the "Supply Chain Management" subsection below within this section of this ESG Report.

FINISHED PRODUCTS QUALITY VALIDATION

Our automated packaging and labelling systems verify that finished products are properly packaged according to their specifications, and contain accurate inserts and indication labels. Units with impurities are removed from the production lines whilst the acceptable units are sealed in their respective packaging forms. The QC Department then checks and validates that the packaging and labelling fulfil their respective specifications and standards enforced by the DH.

Prior to distribution, each batch of products is subject to a full compliance test according to the registered product specifications. To this end, we perform an annual product quality review, in which the raw data and testing results of finished products are inputted into our review system. This procedure allows us to identify trends or inconsistencies in our products and improve our processes to optimise quality and safety. Finished products are stored at optimal temperature and humidity levels to preserve the efficacy of our products.

QUALITY ASSURANCE AND MANAGEMENT

As part of our commitment to quality assurance, we have created a series of product recall SOPs that specify the steps to be taken in the event of a product recall. The Quality Assurance ("QA") Department is in charge of coordinating the product recall process, whilst the Authorised Person is responsible for overseeing the execution. These SOPs are required to be reviewed on an annual basis by pharmacists and/or designated QA staff, who are responsible for aligning our procedures with corresponding guidelines issued by the DH.

Where quality defects are found in products, employees must report the situation to the QA Department. In the unlikely event of

a product recall, the DH will be promptly notified. The product recall process will then be initiated by informing affected consumers and coordinating methods to return the defective products. Returned products will then be stored in a designated area at our warehouses and either destroyed, reconditioned or returned to manufacturers. Due to our stringent quality assurance system, during the Reporting Period, no products under Jacobson were recalled due to safety and health reasons.

CUSTOMER SATISFACTION AND ENGAGEMENT

The Group aims to achieve high levels of customer satisfaction and develop strong relationships by engaging with its customers. To this end, we have established dedicated teams to communicate information on products and policies, amongst others, to customers as well as promptly address any problems. Upon receipt of any product-related complaints, the QA Manager will categorise it into a quality or health and safety issue based on the nature of the case. Procedures, including initiating an investigation or recall, will then be executed. Corrective action will also be carried out to refine internal processes and prevent similar future instances. During the Reporting Period, the Group received six complaints relating to its products. The complaints were addressed by offering an exchange for products with confirmed packaging problems, as well as conducting internal investigations on the products and/or batches in question and then submitting the results to the public hospitals.

SUPPLY CHAIN MANAGEMENT

To minimise product quality risks and consistently fulfil our high standards of quality and safety, we strive to build a robust mechanism to ensure that raw materials suppliers are able to meet our expectations and to prudently manage relationships with suppliers in order to achieve a harmonious supply chain. Our supply chain practices are in strict compliance with the Dangerous Drugs Ordinance (Cap. 134 of the Laws of Hong Kong), Control of Chemicals Ordinance (Cap. 145 of the Laws of Hong Kong), Dangerous Goods Ordinance (Cap. 295 of the Laws of Hong Kong) amongst others.

SUPPLIER ENGAGEMENT AND EVALUATION

Our extensive supplier evaluation assessment procedures are focused on our tier 1 suppliers only, which include direct providers of APIs, excipients and packaging materials. To engage with suppliers, they must meet our defined standards of quality, safety, verifiability, reliability and price. Necessary credentials that include GMP certification awarded by a local regulatory authority (compulsory for API providers) or ISO certification must be presented to demonstrate their eligibility. We also request manufacturers to complete a "Supplier Application Form" and a "Manufacturer Quality Assurance Questionnaire" to evaluate aspects including but not limited to regulatory profile, operational licences and certifications, quality management and quality control procedures, supplier management, training mechanisms and environmental monitoring system. New and existing manufacturers that pass the assessment and/or re-assessment process detailed in our Material Assessment

Report will obtain subsequent approval from the QA Department and will be added to the approved supplier list, which is maintained by QA staff. If suppliers are identified to have quality concerns or received regulatory warnings, we would conduct further tests on their raw materials. Suppliers would be delisted from the approved supplier list should they fail to meet our standards.

We regularly source raw materials from suppliers who are located within close proximity to our facilities to reduce our carbon footprint from upstream logistics operations. Paper certified by the FSC or PEFC is procured and used for office paper. Moving forward, we aim to formulate further measures to manage ESG supply chain risks and collaborate with sustainable partners. For further details of initiatives to minimise our carbon footprint, please refer to the “Carbon Footprint and Ecological Protection” subsection under the “Environmental Stewardship” section of this ESG Report. During the Reporting Period, the Group engaged with 528 raw materials suppliers.

CONTRACTOR APPRAISAL AND SELECTION

Our contractors are mainly contract manufacturers and laboratories. To determine their eligibility, we perform competency assessment and risk assessment procedures. Contractors must be a manufacturer or laboratory that has received appropriate accreditation, such as from the Hong Kong Laboratory Accreditation Scheme (HOKLAS), and/or possess certifications including GMP, ISO 17025: General requirements for the competence of testing and calibration laboratories, or relevant credentials authorised by third-parties. We may also perform an audit at the contractor’s facility to assess aspects including qualifications, environmental conditions, health and safety mechanisms, training records and quality management systems, amongst others. For contractors that are deemed suitable, we will engage with them to ensure that our expectations on ESG-related matters are aligned with them at all times.

RESEARCH AND DEVELOPMENT



To facilitate the development of new products that cater to society’s needs and boost the efficacy of existing products, Jacobson has established an in-house research laboratory. During the product development stage, stability tests are performed to determine the quality of products when they are exposed to environmental factors that include but are not limited to temperature and humidity. Products that meet our benchmarks will be deemed high-quality and safe for consumption, which will then be registered and marketed. For drug patents that are about to expire, we will transform the product into a generic drug by revising the formula and then produce the drug at our production facilities to improve the availability of medicines. We also engage with academic institutes globally to support them in commercialising their innovative ideas into products that can enhance the well-being of society.

SOCIETAL ENGAGEMENT



SOCIETAL ENGAGEMENT



The Group is devoted to fulfilling its civic duty as a responsible pharmaceutical manufacturer by investing in local community initiatives and advancing access to healthcare. We are passionate about instilling confidence and empowering individuals to achieve their potential and/or prioritise their well-being.

In FY2022, we partnered with a professional local social impact organisation, Dream Impact HK., Ltd, to facilitate our efforts in driving positive yet sustainable social change and track progress in our strategic focus areas through the Theory of Change model. During the Reporting Period, we have reviewed and revised our Theory of Change road map, which is illustrated below, to ensure that our actions are continuously aligned with our aspirations. For further details of the methodology, please refer to “Appendix A: Theory of Change” of this ESG Report.

PILLARS	OUTPUTS (SHORT-TERM)	IMPACT (LONG-TERM)
Generic Drugs	<ol style="list-style-type: none"> 1. Supplying more than 70% of oral generic drugs to public hospitals 2. 100% of private and public hospitals in Hong Kong are using Jacobson's generic drugs 3. 10 pharmacy students supported through scholarships 	<ol style="list-style-type: none"> 1. Patients have accessible and affordable drugs at their local districts 2. More local talents in the pharmaceutical industry
Branded Medicines	<ol style="list-style-type: none"> 1. 95% coverage of community pharmacies selling Jacobson's branded medicines 2. Conduct at least 2 senior home visits per year for holistic health promotion and branded medicine education 	<ol style="list-style-type: none"> 1. Traditional branded medicines contributed to the society, including medicines, health education and promotion 2. Community, especially elderly citizens, are impressed by the warm and caring image of Jacobson's branded medicines
Community	<ol style="list-style-type: none"> 1. Adopt a policy on equal opportunity 2. Partner with at least 3 social enterprises 3. Conduct at least 1 equal opportunity training/initiative for employees 	<ol style="list-style-type: none"> 1. Increased trust and support from local communities 2. Improved diversity and inclusion within the company's supply chain and internal staff

With the effective implementation of the activities listed below, Jacobson will strive to enable the general public to access generic drugs, build good relationships with the public through proactive engagement and health promotion, as well as create an inclusive workplace to maintain a stable workforce.

COMMUNITY INVESTMENT AND DEVELOPMENT

By cultivating pharmaceutical professionals and supporting the underprivileged, we aim to engage with local communities and grow hand-in-hand with society. Thus, during the Reporting Period, we have contributed a total of HK\$423,000 (FY2022: HK\$994,240) to charitable activities, including the Green Power Hike, in order to stimulate the development of society and environmental protection.

As part of the Group's commitment to embracing diversity and promoting inclusivity in the workforce, it engages with elderly citizens in local communities by offering employment opportunities and adopts a compassionate approach to prioritise their well-being in the workplace.

Case Study: Enabling Flexible Employment for the Elderly

As a pharmaceutical manufacturer with a long-standing history, Jacobson acknowledges its senior employees with a wealth of experience as valuable assets and major contributors to its growth and success. To attract and accommodate the needs of our senior employees, Jacobson has designed a range of inclusive employment options and benefits, such as a 4-day workweek and flexible working hours.

Through its efforts to engage and support the livelihoods of the ageing population in Hong Kong society, the Group currently provides employment to more than 280 employees that are 60-70 years old, and 21 employees who are over 70, which represents approximately 16% of its total workforce, in response to the ageing demographics in Hong Kong. This policy reinforces a stable and well-trained workforce across Jacobson's manufacturing and office operations.

Jacobson's flexible employment policy promotes an age-diverse and inclusive working environment, ensuring the transfer of traditional medicine manufacturing skills to the next generation. The talents of the over 60 age group form a foundation for cultivating and preserving the legacy technical knowledge, risk management experience, and soft skills amongst future talents at Jacobson. This is achieved while maintaining high standards in product safety, giving due consideration to the key material concerns of the group's stakeholders and business development.

CULTIVATING PHARMACEUTICAL TALENTS

The Group cultivates talents in pursuing pharmaceutical research and careers to achieve their aspirations by providing generous scholarships to support their journey. During the Reporting Period, we have launched the Jacobson Primary Care Pharmacy Educational Award to sponsor 75% of course fees for pharmacists studying the Certificate Course in Primary Healthcare for Pharmacists 2023 at The University of Hong Kong. 11 community-based pharmacists who have demonstrated excellence in community development will be awarded the grant. Through our commitment to supporting high-calibre talents, we have proudly assisted 10 university students with the following scholarships amounting to HK\$84,000 to recognise their dedication and success within pharmaceutical sciences:



Li Ka Shing Faculty Of Medicine of The University of Hong Kong

- Jacobson Scholarship 2021-2022 – HK\$24,000

School of Pharmacy of The Chinese University of Hong Kong

- Jacobson Admission Scholarship Awards – HK\$50,000
- Jacobson Undergraduate Fellowship Award – HK\$10,000

The Group also supports local and overseas university students by providing internship opportunities (and potential job offers) to build a network of gifted future leaders who can contribute to the healthcare landscape. To this end, Hong Kong Premier Concentrated Chinese Herbs Ltd., a subsidiary of the Company, donates the Hoitin Concentrated Chinese Herbs Scholarship (海天濃縮中藥獎學金) to the School of Chinese Medicine at The Chinese University of Hong Kong. This contribution, which amounts to HK\$60,000 per academic year and covers a 5-year period between 2018 and 2023, enables students to practically apply their knowledge and expand their horizons within the pharmaceutical industry.

CHAMPIONING THE RIGHTS OF UNDERPRIVILEGED GROUPS

To assist disadvantaged individuals with specific needs and promote their health and well-being, the Group regularly donates and sponsors products to charitable organisations, primarily aiming to support the elderly in local communities. For this campaign, we have donated an equivalent of HK\$264,000 worth of products, including Tong Tai Chung Woodlok Oil, during the Reporting Period to assist 9,350 citizens within local communities. JBM Healthcare engaged with a social enterprise Longevity Design House Limited to design its new office, in which the funds were used to aid the organisation's home renovation projects. Through this collaboration, we helped to indirectly enhance the quality of life for 30 singleton elders who had benefited from home improvement works. In FY2023, we have further embraced this ethos by identifying organisations for potential collaboration and engaging with the Children's Cancer Foundation. During their Chinese New Year activities, we donated 300 goody bags,

which included small toys and stationery, to the organisation, with an equivalent value of approximately HK\$10,000 to show care to children diagnosed with cancer and their families.

PUBLIC ACCESS TO HEALTHCARE

To address the healthcare needs and demands of society, the Group has implemented numerous measures to expand the accessibility and affordability of healthcare. To this end, we submit tenders for generic and branded medicines whilst converting patented drugs that are about to expire into generic drugs. Through in-licensing and distribution agreements, we eliminate barriers to effective medical treatment for local citizens.



ENVIRONMENTAL STEWARDSHIP



ENVIRONMENTAL STEWARDSHIP



Preserving the environment and natural resources from irreparable damage is a key concern for Jacobson. Thus, we strive to effectively handle the pressing issue of climate change, and mitigate our carbon footprint to protect ecosystems and enable sustainable development. To minimise its environmental impact, the Group has measures in place to efficiently consume energy, packaging materials and water whilst reducing harmful wastewater, emissions and waste. Through this multi-faceted approach, the Group maintains compliance with environmental laws and regulations.

During the Reporting Period, we have initiated the formulation of the Environmental Policy to strengthen our dedication to protecting the environment. Environmental targets to reinforce this commitment were disclosed in FY2022, and progress on these targets was monitored. Waste reduction targets were not set as the Group rigorously complies with environmental regulations, which affects its abilities in this regard.

	TARGET	FY2023 PROGRESS
<p>GHG</p>	<ul style="list-style-type: none"> By FY2023, organise an environmental initiative that reduces or offsets greenhouse gas emissions. By FY2025, identify and join an industry association/coalition/partnership group to promote carbon reduction in the industry. By FY2026, replace at least 20% of existing company vehicles with hybrid or electric vehicles. 	<p>Achieved – participated in the Green Power Hike and a tree planting event, in which staff, including the Chairman and frontline employees, were engaged with.</p> <p>In progress – identified potential associations to join and reviewed their suitability to our operations.</p> <p>In progress – explored sourcing options from different markets and will continue to monitor stock availability and search for alternative providers of hybrid or electric vehicles.</p>
<p>WASTE</p>	<ul style="list-style-type: none"> By FY2023, set up a waste monitoring system for non-hazardous waste to facilitate data collection. By FY2023, set up a recycling policy and system for non-hazardous waste to facilitate recycling at offices and facilities. By FY2023, provide at least 1-hour waste reduction training for employees. 	<p>Nearing completion – commenced a waste baseline study, with a monitoring system to be developed in FY2024.</p> <p>Nearing completion – drafted a Group-level recycling policy and waste management policy, which will be implemented in FY2024.</p> <p>Achieved – provided a 1-hour training session on waste reduction to employees.</p>
<p>ELECTRICITY</p>	<ul style="list-style-type: none"> By FY2023, provide at least 1-hour energy and resource-saving training for employees. By FY2026, reduce electricity usage intensity by revenue (kWh/HK\$'million) of at least 20% of all facilities by 3%, compared to a FY2020 baseline. 	<p>Achieved – provided a 1-hour training session on energy and resource-saving to employees.</p> <p>In progress – will join the Peak Demand Management Programme of CLP Power to accelerate progress.</p>
<p>FUEL</p>	<ul style="list-style-type: none"> By FY2026, replace at least 20% of existing company vehicles with hybrid or electric vehicles. 	<p>In progress – explored sourcing options from different markets and will continue to monitor stock availability and search for alternative providers of hybrid or electric vehicles.</p>
<p>WATER</p>	<ul style="list-style-type: none"> By FY2023, study the feasibility of setting up separate systems at each production facility to record water usage for production and non-production purposes. By FY2023, provide at least 1-hour energy and resource-saving training for employees. By FY2024, establish a monitoring and control system to determine the quality of wastewater discharged at production facilities. 	<p>Nearing completion – commenced a feasibility study for water usage, and an evaluation will be made in FY2024.</p> <p>Achieved – provided a 1-hour training session on energy and resource-saving to employees.</p> <p>In progress – will formulate an action plan pending the findings of the feasibility study for water usage.</p>

CLIMATE CHANGE VULNERABILITY

Climate change is a complex phenomenon with increasingly devastating impacts on livelihoods. At Jacobson, we acknowledge the urgency of creating a robust climate change strategy that is aligned with the Paris Agreement as well as Hong Kong and China's goals to achieve carbon neutrality by 2050 and 2060 respectively to accelerate action on environmental protection.

The importance of individual climate-related risks to the Group is determined by conducting an annual materiality assessment, of which the Board evaluates the findings. To strengthen our oversight of climate risks, we commissioned an independent sustainability consultancy to perform a climate-related risk analysis with reference to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The Board reviews the results of the analysis through the ESG Committee's feedback. We analysed climate-related risks that would have an impact on our operations and determined nine physical (acute and chronic) risks and nine transition risks (policy and legal, technology, market and reputation) to be relevant.

For each identified acute physical risk that relates to extreme weather events, assessment criteria based on frequency and severity were adopted. To evaluate frequency, we analysed relevant statistics published by the Hong Kong Observatory, whilst our severity assessment was based on applying forecasting methods to quantitatively predict the potential impact on our financials, operations, and health and safety. An overall risk level was calculated using a risk heat map. For the chronic physical risk of rising sea levels, the Group employed the Coastal Risk Screening Tool prediction model devised by Climate Central. We analysed the number and percentage of the Group's production facilities and offices that are vulnerable to the threat of coastal flooding by 2050 based on their location, in which a risk level was determined based on the percentage. A hypothetical scenario of annual flooding, moderate reductions in pollution levels, exclusion of areas isolated by higher land, and a median rise in sea level were incorporated into this assessment.

For each identified transition risk to a low-carbon economy, four aspects were evaluated to determine the significance. To evaluate the three aspects of jurisdiction, timeframe and sector, we carried out desk research to identify measures enacted by relevant governments. A prediction model was used to forecast the Group's approximate CAPEX and OPEX, which is the final aspect. A risk heat map focusing on the four aspects was created to determine an overall risk level.

Through our approach, three climate-related risks were concluded to be high risk to the Group. Mitigation measures to address these challenges have been implemented and were monitored to enhance our management of these climate-related issues. Short, medium, and long-term climate-related risks are defined as within three years, three to ten years, and over ten years respectively.

Climate-related Risk	Impacts	Risk Mitigation Measures and Progress
Transition – Policy and Legal		
Enhanced emissions-reporting obligations (medium-term)	Increased operating costs to comply with increasingly stringent requirements	<ul style="list-style-type: none"> • Collaborate with sustainability professionals to maintain compliance with emissions reporting requirements. <ul style="list-style-type: none"> – Evaluating potential participation in the Hong Kong Green Organisation Certification (HKGOC). • Conduct ESG-related training for Directors regularly to keep abreast of the latest environmental regulatory updates. <ul style="list-style-type: none"> – Participated in a talk on reforestation.
Transition – Technology		
Substitution of existing products and services with lower emissions options (medium- to long-term)	Increased costs to adopt more sustainable operating practices	<ul style="list-style-type: none"> • Retrofit existing facilities with energy-efficient systems. <ul style="list-style-type: none"> – Explored renewable energy sources that can be implemented at production facilities. • Implement optimal energy control programmes to conserve energy. <ul style="list-style-type: none"> – Expect to join the Peak Demand Management programme of CLP Power. • Adopt a mobile ordering system to reduce paper usage. <ul style="list-style-type: none"> – Mobile ordering system is in the final stage of development.
Costs to transition to lower emissions technology (long-term)	Increased expenditure to convert to greener infrastructure and employ new technology	<ul style="list-style-type: none"> • Invest in hybrid or electric vehicles for company vehicles. <ul style="list-style-type: none"> – Explored sourcing options from different markets and will continue to monitor stock availability. • Build new production facilities with energy conservation features. <ul style="list-style-type: none"> – Considering collaboration with an academic institute to apply energy-saving initiatives during the building design stage.

CARBON FOOTPRINT AND ECOLOGICAL PROTECTION

To improve the air quality and protect our diverse ecosystems, the Group is committed to reducing its carbon footprint, which is mainly derived from energy usage to support its manufacturing and logistics operations as well as maintain the safety of products. We acknowledge that these operations will deplete natural resources, and associated emissions may be detrimental to the environment. Thus, to mitigate our impact, we have designated staff at production facilities in charge of switching off lights and air conditioners where possible. Shuttle buses are provided to employees to reduce pollution from commuting. In relation to our procurement activities, FSC or PEFC-certified paper and office appliances with energy-saving labels are purchased whilst raw materials are mainly sourced from suppliers close to production facilities.

During the Reporting Period, we organised several activities to reduce harmful emissions. A 1-hour training seminar on energy-saving and recycling was arranged. 111 employees attended the training session and gained valuable knowledge. The Group also participated in tree planting combined with a talk on reforestation at Kadoorie Farm and Botanic Garden, and a total of 80 trees were planted. 10 employees additionally joined the Green Power Hike to drive environmental protection. To kick-start our transition to clean energy, we have conducted research on renewable energy and plan to install solar panels at appropriate production facilities. Moving forward, we will further apply a bottom-up approach, in which employees will be empowered to take individual and collective action on reducing carbon footprint to ultimately influence behavioural change across the Group.



ENERGY CONSUMPTION

We concentrate on reducing energy consumption to decrease the burning of fossil fuels and corresponding emissions. Electricity, towngas and fuel used for manufacturing, cleanroom maintenance and/or 29 (FY2022: 26) company vehicles represent our main sources of energy consumption.

Energy-saving features are incorporated into the construction design of new facilities, whilst existing buildings are retrofitted with energy-efficient technologies where possible. JBM Healthcare has fully adopted LED lights in substitution of fluorescent tubes for its new office, estimated to conserve approximately 1,400,000 watts of energy per year. The temperature and humidity levels of cleanrooms are strictly controlled according to GMP and DH standards, and it is the most energy-intensive operation at production facilities. An energy control programme that is integrated with our building automation system is in place, which monitors real-time conditions of areas and adjusts room temperature, humidity and airflow to optimise energy usage. Our Engineering Department has installed monitoring devices at certain production facilities and tracks the performance of implemented energy-saving systems. To further develop knowledge of best practices and practise responsible energy management, Jacobson collaborates with external organisations and academic institutes on sustainable initiatives.

Case Study: Water Conservation Project

The water recycling system at our subsidiary, Europharm Laboratoires Company Limited, optimises water usage by facilitating the reuse of water for cleaning and flushing purposes to ultimately enhance water efficiency. Through this system, we are able to effectively minimise wastage and reduce water pollution in the surrounding environment.

Since 2018, we have participated annually in the BOCHK Corporate Low-Carbon Environmental Leadership Awards, organised by the Federation of Hong Kong Industries and sponsored by Bank of China (Hong Kong) Limited, to showcase our environmental accomplishments. During the Reporting Period, we were presented with an EcoPartner award for our achievement in saving approximately 43,600 m³ or HK\$390,000 of water through the aforementioned water conservation project.

To manage towngas usage, our Engineering Department carries out daily patrols to ensure that gas combustion equipment is well maintained, and it also keeps consumption records. Employees are also reminded to practise fuel-efficient driving techniques when using company vehicles, which we are in the process of replacing with hybrid or electric vehicles.

By evaluating our consumption patterns and making comparisons, we are able to identify trends and determine areas for improvement. During the Reporting Period, the Group's towngas, diesel and electricity usage have increased by approximately 6%, 3% and 1% respectively. This increase is mainly attributable to an acceleration of our operating activities as a result of the stabilisation of the COVID-19 pandemic in Hong Kong.

Energy	Unit	FY2023	FY2022	% Change
Towngas Usage ¹	Unit	15,336,048.00	14,477,824.00	+5.91%
Towngas Usage Intensity by Revenue ¹	Unit/HK\$million	8,588.84	9,073.92	-5.35%
Diesel Usage	Litre	108,162.49	105,208.37	+2.81%
Diesel Usage Intensity by Revenue	Litre/HK\$million	60.58	65.94	-8.13%
Electricity Usage	kWh	33,136,092.98	32,829,274.07	+0.93%
Electricity Usage Intensity by Revenue	kWh/HK\$million	18,557.62	20,575.61	-9.81%

¹ Towngas usage and its intensity by revenue data in FY2022 have been recalculated in FY2023 due to inconsistencies in data collection.

PACKAGING MATERIALS CONSUMPTION

The Group is mindful of its packaging materials consumption, which mainly comprises inserts, labels, boxes and outer cartons. Although our packaging materials are generally not recycled due to restrictions imposed by regulatory authorities, we nevertheless aim to minimise waste during production by procuring packaging materials based on sales forecasts and purchasing them in bulk. We have carefully considered our procurement practices and allocated staff at each production facility to monitor the type and quantity of packaging materials used, expiry dates and batch numbers printed on the packaging boxes to optimise usage.

To facilitate tracking and management efforts, during the Reporting Period, we created a road map for recording each packaging material by weight, which will commence with weighing glass and metal packaging materials in FY2024. We aim to disclose our progress in this regard in FY2024.

Packaging Materials ²	Unit	FY2023	FY2022
Total Packaging Materials Usage	Pieces	275,894,795.00	206,706,013.43
Total Packaging Materials Usage	kg	546,834.00	450,490.30
Packaging Materials Usage Intensity by Revenue	Pieces/HK\$'million	154,512.79	129,552.14
Packaging Materials Usage Intensity by Revenue	kg/HK\$'million	306.25	282.34

² Packaging materials data in FY2022 covers purchase records, whilst in FY2023 has been enhanced to cover consumption records. The data is not considered as comparable because of two different data sources.

WATER AND WASTEWATER MANAGEMENT

Practising responsible water and wastewater management is of great importance to Jacobson. Water is a critical component of our operations and is used for the production of medicines, general cleaning and specialised sanitisation processes, whilst wastewater discharge is strictly observed and controlled.

WATER MANAGEMENT

To embrace sustainable water practices, we place water conservation posters in washrooms and in certain areas across the Group's facilities. A water purification system that maintains the quality and efficiency of water used for drug production processes has been set up. One of our production facilities has additionally been equipped with a water recycling system to facilitate the reuse of water for cleaning and flushing purposes. Water used for cooling towers is monitored to improve overall efficiency.

During the Reporting Period, we carried out a feasibility study to enhance our practices in relation to recording water usage for production and non-production purposes. Further details of this initiative are expected to be disclosed in FY2024. During the Reporting Period, the Group's water usage increased by approximately 7%. The Group additionally did not encounter any problems with sourcing water that was fit for purpose.

Water ³	Unit	FY2023	FY2022	% Change
Water Usage	m ³	187,783.75	175,217.75	+7.17%
Water Usage Intensity by Revenue	m ³ /HK\$'million	105.17	109.82	-4.23%

³ Water usage data in FY2022 and FY2023 covers 14 and 15 entities of the Group respectively.

WASTEWATER MANAGEMENT

The Group exercises due care by monitoring the wastewater discharge system to ensure the proper and safe treatment of wastewater. Through this process, the temperature of generated wastewater is strictly controlled, in which samples are taken by regulatory authorities annually to maintain its concentration levels. At production facilities in Hong Kong, wastewater is properly discharged into the sewage network operated by the Drainage Services Department (DSD). Whereas, in Mainland China, we operate wastewater treatment facilities to dispose of discharge and reduce pollutants responsibly.

EMISSIONS AND WASTE MANAGEMENT

As a steward of the environment, the Group strives to minimise the generation of emissions and waste from its operational processes whilst embracing responsible measures to manage its environmental impact.

AIR AND GHG EMISSIONS MANAGEMENT

Our air emissions mainly consist of nitrogen oxide (NO_x), sulphur oxides (SO_x) and particulate matter (PM), which are derived from machinery used in drug manufacturing and vehicles used for goods distribution. Pre filters, medium filters and HEPA filters have been equipped with the HVAC systems at production and laboratory facilities, which maintains specific temperature, relative humidity and cleanliness level to improve indoor air quality and reduce particulate emissions. In addition, all fossil fuel-based vehicles will be replaced with hybrid or electric vehicles in the near future.

GHG emissions emitted by the Group originate from the combustion of fuels from manufacturing equipment and vehicles (scope 1), the consumption of electricity and gas (scope 2), and paper waste disposed of at landfills and business travel (scope 3). For details of our initiatives to minimise GHG emissions, please refer to the “Carbon Footprint and Ecological Protection”, “Energy Consumption”, “Water and Wastewater Management”, “Hazardous and Non-Hazardous Waste Management” subsections within this section of this ESG Report.

In order to better understand the Group’s GHG emissions, we commissioned an independent sustainability consultancy to evaluate our performance. The quantification methodologies used to reference both local and international guidelines, including the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” published by the Environmental Protection Department (“EPD”) and the Electrical and Mechanical Services Department (EMSD), and the “Greenhouse Gas Protocol” produced by the World Resources Institute and World Business Council for Sustainable Development. The GHG emission factors are derived from the respective utility companies in Hong Kong or the regional power grid in Mainland China. As natural gas and steam are consumed at the Group’s production facility in Mainland China, emission factors are obtained from government departments of the PRC or credible sources. During the Reporting Period, the Group’s total GHG emissions increased by approximately 5%.

GHG Emissions ⁴	Unit	FY2023	FY2022	% Change
Scope 1: Direct GHG Emissions ⁵	tCO ₂ -e	39,452.96	37,247.57	+5.92%
Scope 2: Energy Indirect Emissions	tCO ₂ -e	23,612.70	23,114.05	+2.16%
Scope 3: Other Indirect Emissions ⁶	tCO ₂ -e	153.38	151.47	+1.26%
Total GHG Emissions (Scope 1-3)	tCO ₂ -e	63,219.04	60,328.70	+4.79%
Total GHG Emissions Intensity by Revenue	tCO ₂ -e/HK\$'million	35.41	37.81	-6.36%

⁴ GHG emissions data for FY2022 has been recalculated in FY2023 due to inconsistencies in data collection.

⁵ The Global Warming Potential values are obtained from the assessment reports published by the Intergovernmental Panel on Climate Change. FY2022 and FY2023 data references the Fifth Assessment Report and Sixth Assessment Report respectively.

⁶ Scope 3 emissions data in FY2022 and FY2023 includes paper waste disposed at landfills, whilst FY2023 additionally includes business travel.

HAZARDOUS AND NON-HAZARDOUS WASTE MANAGEMENT

The Group's waste generation primarily stems from production processes that include non-conforming products, expired raw materials, damaged goods, microbiological waste after testing, chemical waste from quality control testing and packaging waste, amongst others.

For hazardous waste, we have formulated a Goods Destruction Policy for production facilities, which describes our handling and recording procedures and is reviewed by QA staff. It states that for the disposal of different types of hazardous waste, relevant personnel are instructed to complete and attach a specified label on the items and fill in a "Drug Waste Destruction Record Form". The QA Head or pharmacist will then review and approve the form, whilst QA staff or pharmacists will submit relevant documents, including our "Disposal of Pharmaceutical Waste" form, to the EPD for waste disposal arrangement. The waste is collected in a suitable container and stored at the designated drug disposal area, ready for collection and further processing by waste contractors. Special arrangements are made for chemical waste, which is handled under strict conditions and must be declared to the EPD and disposed of by licensed chemical waste collectors. If the chemical waste is classified as dangerous drugs, it will be processed under the supervision of DH personnel and is treated by licensed chemical waste collectors.

Non-contaminated labware and wastepaper form our non-hazardous waste generated at production facilities and offices. To reduce paper usage, Jacobson has adopted a mobile ordering system and a SAP system, which streamlines electronic payments. Digital communication methods are used where possible to promote paperless operations further. Printers are set to duplex printing, and employees are encouraged to reuse and recycle paper. At offices, the Group embraces the principles of the '4Rs' – reduce, reuse, recycle and replace to manifest responsible waste management. Moving forward, we aim to improve our paper recycling efforts to facilitate proper waste disposal.

During the Reporting Period, we have spearheaded the formulation of a recycling policy and waste management policy to streamline our waste disposal procedures in addition to a waste baseline study to initiate the development of a monitoring system to track non-hazardous waste. Further details of these initiatives are expected to be disclosed in FY2024. During the Reporting Period, hazardous waste disposal decreased by approximately 48%. This decrease is mainly attributable to improved procedures to prevent and control hazardous chemical waste.

Waste	Unit	FY2023	FY2022	% Change
Hazardous Waste Disposal	kg	91,380.40	177,185.20	-48.43%
Hazardous Waste Disposal Intensity by Revenue	kg/HK\$million	51.18	111.05	-53.92%
Office Paper Usage ⁷	kg	31,621.59	31,556.73	+0.21%
Office Paper Usage Intensity by Revenue ⁷	kg/HK\$million	17.71	19.78	-10.60%

⁷ Office paper usage and its intensity by revenue data in FY2022 have been recalculated in FY2023 due to inconsistencies in the calculation methodology.

ENVIRONMENTAL COMPLIANCE

Adherence to environmental laws and regulations is an obligation that we pay great attention to. Hence, the Group maintained full compliance with all relevant environmental legislation, including but not limited to the Hazardous Chemicals Control Ordinance (Cap. 595 of the Laws of Hong Kong). We are a registered chemical waste producer under the EPD, and all chemical waste is properly packed, labelled and stored according to their guidelines prior to collection. For each disposal of chemical waste classified as dangerous drugs, a "Notification under Section 17 for 'Part A' Chemical Wastes" must be submitted to the EPD. Disposal instructions will be returned by them that must be followed and handed to a licensed waste collector endorsed by the EPD. In addition, our procedures to manage emissions and wastewater discharge are executed according to the relevant regulations of the EPD.



COMMITMENT TO EMPLOYEES

COMMITMENT TO EMPLOYEES



At Jacobson, people are at the core of our business and are integral to our success. Thus, we have an unwavering commitment to enhancing employees' growth, satisfaction and loyalty to bring out their best. We use our utmost efforts to develop our talented workforce's capabilities by providing training opportunities, uphold their human rights and labour rights, and build strong relationships through engagement initiatives whilst prioritising their health and well-being in the workplace.

DEVELOPMENT AND TRAINING

Nurturing and training our workforce allows us to unlock their potential whilst helping to strengthen the supply and consistency of products. We introduce new staff members to the Company history, background, structure and philosophy, employee benefits, regulations, and practices through orientation training. Practical on-the-job training, which is based on the approved "Training Curriculum", is also organised as part of the onboarding process to instil confidence and encourage progression.

Employees are provided with comprehensive training based on the nature of their work and workplace. Annual training on SOPs and periodic training on the principles of GMP is routinely scheduled to equip staff with the necessary knowledge to perform tasks safely and effectively, in which a test will need to be completed and passed. Moreover, training on numerous aspects is periodically arranged to enhance the skills of frontline employees and protect their safety. Pharmacists are given strong support throughout their career, including training on the production process, mentorships and career path planning to nurture them in becoming proficient Authorised Persons. They may also be tasked with supervisory duties to further develop their competencies.

We support our employees with professional growth through the Company Sponsorship for External Studies / Training Policy, which is also mentioned in our Employee Handbook. Under this policy, we aim to enrich their career development and provide sponsorship opportunities for employees partaking in external training programmes, which can be either company nominated training or staff initiated training. Employees will be granted study leave if the training is conducted during working hours. For staff initiated training, course fees are reimbursed upon completion of the course and passing any examinations. During the Reporting Period, 33,829.67 hours of employee training were completed on topics including but not limited to GMP document writing, waste disposal procedures, code of practice, packaging process and user complaint management.

CHILD AND FORCED LABOUR

The Group is devoted to advocating equal employment rights and upholding ethical labour standards to prevent occurrences of child and forced labour in the workplace. During the recruitment process, the identity and documentation of applicants are checked and verified to ensure their age and background adhere to local laws and regulations. In the event that dishonest or fraudulent information has been provided, recruitment or employment with the Group will be immediately terminated without compensation. Any overtime work performed by employees is compensated via time off or pay to ensure fair remuneration. During the Reporting Period, the Group did not record any cases concerning labour disputes and maintained compliance with the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong).

EMPLOYEE BENEFITS AND ENGAGEMENT

To show appreciation to our talented workforce, we strive to offer a range of incentives and carry out engagement activities to ultimately increase their overall welfare. Our employment-related policies and procedures are listed in our Employee Handbook and Employment Contract, which fully comply with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Labour Law and Labour Contract Law of the PRC.



Employees are offered a competitive remuneration package and are entitled to numerous leave benefits, including statutory holidays, annual leave, sick leave, maternity leave, paternity leave, jury/witness duty leave, marriage leave, and compassionate leave. A discretionary Chinese New Year bonus is given to employees subject to the performance of the Company and individual employees. In addition, we provide employees with the Group medical insurance, employees' compensation insurance and the business travel insurance. Selected employees are eligible for the Share Option Scheme and Share Award Scheme and/or the share award scheme adopted by JBM Healthcare on 18 January 2021, and/or other incentive schemes. The Transportation and Travel Expenses Reimbursement Policy allows staff members who work overtime beyond a certain period of time to be reimbursed for any travel expenses incurred on the trip back home. Free shuttle bus services are operated between several locations, which employees in Tai Po Industrial Estate are entitled to use. A lunch subsidy scheme is also in place for employees who work at this site.

We have set up an annual performance appraisal system as part of our commitment to engaging with employees. The Department Head will complete an appraisal form by engaging in discussion with the staff member and evaluating his/her performance. An overall performance rating is calculated that correlates to a salary increase. The annual salary review proposal is reviewed by the HR Department and is subject to the Chairman's final approval. To retain our top talents, we may offer alternative career paths, conduct special salary reviews and provide additional benefits depending on the circumstances.

To inspire staff members to showcase their creative talents that capture the rich cultural heritage of our communities, we have organised annual staff photography contests since 2012. The winners' artworks are featured in the annual corporate calendar, which is distributed to all employees, and they are incentivised with cash prizes. During the Reporting Period, the Group partnered with HSBC to provide exclusive cash rebates and MPF-related benefits to our employees. In addition, the Group enabled employees to purchase Ho Chai Kung at a discounted price to safeguard their well-being during the severe outbreak of COVID-19 in Hong Kong. To improve employee satisfaction and create a united workforce, we will empower individual business units to organise employee engagement activities and host Group-level events. To this end, we are currently in the process of engaging a network of social enterprises to implement grassroots projects on social innovation and community engagement in Tai Po. Employees will be invited to participate in these family and wellness-oriented activities.

OCCUPATIONAL HEALTH AND SAFETY

Adopting a safety-driven culture to safeguard our employees' occupational health and safety ("OHS") is indispensable to our operations. By providing a safe and low-risk work environment, we strictly follow all health and safety regulations, including but not limited to the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong).

The Group implements a robust Occupational Health & Safety Management System ("OHSMS"), which integrates health and safety protocols. The system defines the organisational structure, responsibility of personnel and management-level procedures to ensure health and safety are rigorously applied throughout our operations. In addition, it is constructed of three key elements, which are the Occupational Health & Safety Policy Manual, OHS management procedures and SOPs. The Occupational Health & Safety Policy shapes our OHS direction, states our primary objectives and lays out the responsibilities of personnel. This policy is reviewed and revised every two years to maintain its validity and effectiveness.

An annual safety audit or review and follow-up inspections on the OHSMS are conducted by external auditors and the Labour Department respectively to strengthen its overall performance. We will subsequently review the findings from the inspections and execute improvement initiatives (if any) to maintain high safety standards. In addition, the Safety Committee comprising management personnel has been established, which meets every three months, to oversee the implementation of OHS, discuss important safety matters and formulate any actions for improvement.

To promote a shared responsibility of protecting health and safety, we share information on all injuries or accidents at production facilities amongst the Group's business units. Procedures to safeguard employee well-being are detailed in our Employee Handbook. Fire drills are held annually whilst machinery and equipment are inspected for safety hazards. Annual health checks are provided for production frontline employees at production facilities, and noise and manual handling assessments are conducted periodically to prevent avoidable health issues. In the event of a workplace injury, the employee should receive appropriate medical treatment, and the incident must be immediately reported to a supervisor for further action. The Group recorded nil (FY2022: nil) case of work-related fatalities in the past three years, which includes the Reporting Period, and 839 (FY2022: 653) lost days due to work-related injuries.

All new staff members are required to participate and pass induction training on OHS, whilst employees are provided with annual refresher safety training. During the Reporting Period, training on topics including fire escape procedures, site clearance inspection, cleaning tools usage and COVID-19 contingency measures, amongst others, were provided to employees to enhance their safety knowledge.

A comprehensive Risk Assessment Register has been produced, which is updated either on an annual basis or to incorporate new activities associated with production, evaluating the identified hazards that may occur during the manufacturing process of different products. A risk rating is assigned to determine the existing risk level, calculated according to the likelihood and severity. Control measures are formulated to reduce the existing risk level to an acceptable level, including providing PPE, displaying warning notices and installing covers or guards. Team Leaders are responsible for implementing the defined control measures, whereas the Production Officer shall monitor the effectiveness of these actions.



LAWS AND REGULATIONS

During the Reporting Period, we fully complied with all relevant laws and regulations that have a significant impact on the Group and were not aware of any non-compliance. Relevant monitoring measures have been established to reinforce and maintain our compliance. The legislation of applicable jurisdictions that the Group adheres to is listed below.

HONG KONG

SOCIAL:

- Code of Practice of the Hong Kong Association of the Pharmaceutical Industry (HKAPI)
- Pharmaceutical Inspection Co-operation Scheme (PIC/S) Good Manufacturing Practice (GMP)
- Sale of Goods Ordinance (Cap. 26 of the Laws of Hong Kong)
- Boilers and Pressure Vessels Ordinance (Cap. 56 of the Laws of Hong Kong)
- Employment Ordinance (Cap. 57 of the Laws of Hong Kong)
- Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong)
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong)
- Import and Export Ordinance (Cap. 60 of the Laws of Hong Kong)
- Public Health and Municipal Services Ordinance (Cap. 132 of the Laws of Hong Kong)
- Dangerous Drugs Ordinance (Cap. 134 of the Laws of Hong Kong)
- Antibiotics Ordinance (Cap. 137 of the Laws of Hong Kong)
- Pharmacy and Poisons Ordinance (Cap. 138 of the Laws of Hong Kong)
- Control of Chemicals Ordinance (Cap. 145 of the Laws of Hong Kong)
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)
- Undesirable Medical Advertisements Ordinance (Cap. 231 of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)
- Dangerous Goods Ordinance (Cap. 295 of the Laws of Hong Kong)
- Radiation Ordinance (Cap. 303 of the Laws of Hong Kong)
- Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong)
- Hong Kong Bill of Rights Ordinance (Cap. 383 of the Laws of Hong Kong)
- Consumer Goods Safety Ordinance (Cap. 456 of the Laws of Hong Kong)
- Supply of Services (Implied Terms) Ordinance (Cap. 457 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)
- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)
- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong)
- Copyright Ordinance (Cap. 528 of the Laws of Hong Kong)
- Chinese Medicine Ordinance (Cap. 549 of the Laws of Hong Kong)
- Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong)
- Fire Safety (Buildings) Ordinance (Cap. 572 of the Laws of Hong Kong)

HONG KONG

- Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong)
- Competition Ordinance (Cap. 619 of the Laws of Hong Kong)
- Companies Ordinance (Cap. 622 of the Laws of Hong Kong)

ENVIRONMENTAL:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong)
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong)
- Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C of the Laws of Hong Kong)
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong)
- Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong)
- Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586 of the Laws of Hong Kong)
- Hazardous Chemicals Control Ordinance (Cap. 595 of the Laws of Hong Kong)
- Product Eco-responsibility Ordinance (Cap. 603 of the Laws of Hong Kong)
- Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611 of the Laws of Hong Kong)

MAINLAND CHINA

SOCIAL:

- Good Manufacturing Practice for Drugs (2010 Revision) (Ministry of Health Decree No. 79) regulated by the National Medical Products Administration
- Labour Law of the People's Republic of China
- Labour Contract Law of the People's Republic of China
- Criminal Law of the People's Republic of China
- Drug Administration Law of the People's Republic of China
- Anti-Unfair Competition Law of the People's Republic of China
- Patent Law of the People's Republic of China
- Trademark Law of the People's Republic of China
- General Principles of the Civil Law of the People's Republic of China
- Product Quality Law of the People's Republic of China
- Law of the People's Republic of China on Protection of Consumer Rights and Interests
- Tort Law of the People's Republic of China
- Production Safety Law of the People's Republic of China

ENVIRONMENTAL:

- Environmental Protection Law of the People's Republic of China
- Law of the People's Republic of China on The Prevention and Control of Atmospheric Pollution
- Water Pollution Prevention and Control Law of the People's Republic of China
- Law on the Prevention and Control of Environmental Pollution by Solid Waste

KEY PERFORMANCE INDICATORS TABLE

KPIs	UNIT	FY2023	FY2022
ENVIRONMENTAL			
AIR EMISSIONS			
Nitrogen Oxide Emissions	kg	4,353.01	4,103.31
Sulphur Oxide Emissions	kg	16.53	15.64
Particulate Matter Emissions	kg	139.06	130.58
GHG EMISSIONS			
GHG Emissions (Scope 1)	tCO ₂ -e	39,452.96	37,247.57
GHG Emissions (Scope 2)	tCO ₂ -e	23,612.70	23,114.05
GHG Emissions (Scope 3)	tCO ₂ -e	153.38	151.47
Total GHG Emissions (Scope 1-3)	tCO ₂ -e	63,219.04	60,328.70
GHG Emissions Intensity by Revenue	tCO ₂ -e/HK\$'million	35.41	37.81
ENERGY			
Towngas Usage	Unit	15,336,048.00	14,477,824.00
Natural Gas Usage ⁸	m ³	194.00	644.00
Diesel Usage	Litre	108,162.49	105,208.37
Petroleum Usage	Litre	4,732.64	2,832.95
Electricity Usage	kWh	33,136,092.98	32,829,274.07
Steam Usage ⁹	Tonnes	2,504.00	2,192.00
Total Energy Usage ¹⁰	MJ	861,681,677.41	818,982,855.92
Towngas Usage Intensity by Revenue	Unit/HK\$'million	8,588.84	9,073.92
Diesel Usage Intensity by Revenue	Litre/HK\$'million	60.58	65.94
Electricity Usage Intensity by Revenue	kWh/HK\$'million	18,557.62	20,575.61
Total Energy Usage Intensity by Revenue ¹⁰	MJ/HK\$'million	482,578.30	513,294.13
WATER			
Water Usage	m ³	187,783.75	175,217.75
Water Usage Intensity by Revenue	m ³ /HK\$'million	105.17	109.82
WASTE			
Hazardous Waste Disposal	kg	91,380.40	177,185.20
Hazardous Waste Disposal Intensity by Revenue	kg/HK\$'million	51.18	111.05
Office Paper Usage	kg	31,621.59	31,556.73
Office Paper Usage Intensity by Revenue	kg/HK\$'million	17.71	19.78
PACKAGING MATERIALS			
Paper Usage	Pieces	127,321,118.00	98,610,713.43
Plastic Usage	Pieces	133,961,844.00	93,930,122.00
Plastic Usage	kg	378,847.00	349,542.55
Metal Usage	Pieces	5,090,931.00	6,779,737.00
Metal Usage	kg	167,987.00	100,947.75
Glass Usage	Pieces	9,520,902.00	7,385,441.00
Total Packaging Materials Usage	Pieces	275,894,795.00	206,706,013.43
Total Packaging Materials Usage	kg	546,834.00	450,490.30
Packaging Materials Usage Intensity by Revenue	Pieces/HK\$'million	154,512.79	129,552.14
Packaging Materials Usage Intensity by Revenue	kg/HK\$'million	306.25	282.34

⁸ Natural gas usage has been calculated for FY2022 in FY2023 due to updated data collection procedures.

⁹ Steam usage has been calculated for FY2022 in FY2023 due to updated data collection procedures.

¹⁰ Total energy usage and its intensity by revenue data has been recalculated in FY2023 due to inconsistencies in data collection.

KPIs	UNIT	FY2023	FY2022
SOCIAL			
Total Workforce	Person(s) (%)	1,822 (100%)	1,736 (100%)
WORKFORCE BY EMPLOYMENT TYPE			
Full-time	Person(s) (%)	1,640 (90.01%)	1,584 (91.24%)
Part-time	Person(s) (%)	182 (9.99%)	152 (8.76%)
WORKFORCE BY GENDER			
Male	Person(s) (%)	777 (42.65%)	727 (41.88%)
Female	Person(s) (%)	1,045 (57.35%)	1,009 (58.12%)
WORKFORCE BY EMPLOYMENT CATEGORY			
Executive Management	Person(s) (%)	16 (0.88%)	16 (0.92%)
Senior Management	Person(s) (%)	40 (2.19%)	36 (2.08%)
Middle Management	Person(s) (%)	127 (6.97%)	142 (8.18%)
General Staff	Person(s) (%)	1,639 (89.96%)	1,542 (88.82%)
WORKFORCE BY AGE GROUP			
<30 Years Old	Person(s) (%)	245 (13.45%)	264 (15.21%)
30-40 Years Old	Person(s) (%)	320 (17.56%)	314 (18.09%)
41-50 Years Old ¹¹	Person(s) (%)	436 (23.93%)	394 (22.69%)
>50 Years Old ¹¹	Person(s) (%)	821 (45.06%)	764 (44.01%)
WORKFORCE BY GEOGRAPHICAL REGION			
Hong Kong ¹¹	Person(s) (%)	1,665 (91.38%)	1,591 (91.65%)
Mainland China	Person(s) (%)	151 (8.29%)	138 (7.95%)
Macau	Person(s) (%)	5 (0.27%)	5 (0.29%)
Taiwan ¹¹	Person(s) (%)	1 (0.06%)	2 (0.11%)
TURNOVER RATE			
Total Turnover Rate	%	35.30%	32.06%
TURNOVER RATE BY GENDER			
Male	%	28.19%	28.91%
Female	%	40.51%	34.39%
TURNOVER RATE BY AGE GROUP			
<30 Years Old	%	77.01%	51.04%
30-40 Years Old	%	32.81%	45.37%
41-50 Years Old	%	30.36%	27.03%
>50 Years Old	%	25.49%	22.25%
TURNOVER RATE BY GEOGRAPHICAL REGION			
Hong Kong	%	37.35%	32.92%
Mainland China	%	12.46%	23.08%
Macau	%	20.00%	0.00%
Taiwan	%	66.67%	40.00%

¹¹ This workforce by age group or geographical region data in FY2022 has been recalculated in FY2023 due to inconsistencies in data collection.

KPIs	UNIT	FY2023	FY2022
EMPLOYEES TRAINED			
Total Employees Trained	%	36.94%	8.12%
EMPLOYEES TRAINED BY GENDER			
Male	%	41.44%	11.14%
Female	%	33.59%	5.95%
EMPLOYEES TRAINED BY EMPLOYMENT CATEGORY			
Executive Management	%	6.25%	12.50%
Senior Management	%	65.00%	47.22%
Middle Management	%	46.46%	33.80%
General Staff	%	35.81%	4.80%
AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE			
Average Training Hours	Hours/employee	18.57	0.72
AVERAGE TRAINING HOURS PER EMPLOYEE BY GENDER			
Male	Hours/employee	20.89	1.15
Female	Hours/employee	16.84	0.42
AVERAGE TRAINING HOURS PER EMPLOYEE BY EMPLOYMENT CATEGORY			
Executive Management	Hours/employee	0.00	0.16
Senior Management	Hours/employee	11.94	3.83
Middle Management	Hours/employee	21.90	2.73
General Staff	Hours/employee	18.65	0.47
NUMBER OF WORK-RELATED FATALITIES AND INJURIES			
Work-related Fatalities	Person(s)	0	0
Work-related Injury Rate	Per 1,000 Employees	17.56	16.71
Lost Days due to Work-related Injury	No. of Days	839.00	653.00
NUMBER OF SUPPLIERS			
Total Number of Suppliers	No.	528	542
NUMBER OF SUPPLIERS BY GEOGRAPHICAL REGION			
East Asia	No.	279	303
South Asia	No.	104	93
Southeast Asia	No.	16	15
Oceania	No.	3	3
Europe	No.	97	99
North America	No.	28	28
Africa	No.	1	1
COMMUNITY INVESTMENT			
Monetary Contributions	HK\$	423,000	994,240

HKEX ESG REPORTING GUIDE CONTENT INDEX

ASPECTS, GENERAL DISCLOSURES AND KPIs	DESCRIPTION	RELEVANT SECTION/SUBSECTION OR EXPLANATION
MANDATORY DISCLOSURE REQUIREMENTS		
GOVERNANCE STRUCTURE		
	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets, explaining how they relate to the issuer's businesses. 	<p>Long-term ESG Strategic Vision – Our ESG Governance (p.10), Our Sustainability Strategy (p.14), Our Stakeholder Engagement (p.16), Our Material ESG Topics (p.17)</p>
REPORTING PRINCIPLES		
	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for selecting material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be discussed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>About This ESG Report – ESG Reporting Framework and Standards (p.5)</p> <p>Long-term ESG Strategic Vision – Our Stakeholder Engagement (p.16), Our Material ESG Topics (p.17)</p> <p>Key Performance Indicators Table (p.46)</p>
REPORTING BOUNDARY		
	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>About This ESG Report – ESG Reporting Scope and Period (p.5)</p>

ASPECTS, GENERAL DISCLOSURES AND KPIS	DESCRIPTION	RELEVANT SECTION/SUBSECTION OR EXPLANATION
"COMPLY OR EXPLAIN" PROVISIONS		
A. ENVIRONMENTAL		
ASPECT A1: EMISSIONS		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Stewardship – Carbon Footprint and Ecological Protection (p.36), Water and Wastewater Management (p.38), Emissions and Waste Management (p.39), Environmental Compliance (p.40) Laws and Regulations (p.45)
KPI A1.1	The types of emissions and respective emissions data.	Environmental Stewardship – Emissions and Waste Management (p.39) Key Performance Indicators Table (p.46)
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Stewardship – Emissions and Waste Management (p.39) Key Performance Indicators Table (p.46)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Stewardship – Emissions and Waste Management (p.39) Key Performance Indicators Table (p.46)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Stewardship – Emissions and Waste Management (p.39) Key Performance Indicators Table (p.46)
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Stewardship (p.32) Environmental Stewardship – Carbon Footprint and Ecological Protection (p.36), Emissions and Waste Management (p.39)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Stewardship (p.32) Environmental Stewardship – Emissions and Waste Management (p.39)

ASPECTS, GENERAL DISCLOSURES AND KPIs	DESCRIPTION	RELEVANT SECTION/SUBSECTION OR EXPLANATION
"COMPLY OR EXPLAIN" PROVISIONS		
A. ENVIRONMENTAL		
ASPECT A2: USE OF RESOURCES		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Stewardship – Carbon Footprint and Ecological Protection (p.36), Energy Consumption (p.37), Packaging Materials Consumption (p.38), Water and Wastewater Management (p.38)
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Stewardship – Energy Consumption (p.37) Key Performance Indicators Table (p.46)
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Stewardship – Water and Wastewater Management (p.38) Key Performance Indicators Table (p.46)
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Stewardship (p.32) Environmental Stewardship – Carbon Footprint and Ecological Protection (p.36), Energy Consumption (p.37)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Stewardship (p.32) Environmental Stewardship – Water and Wastewater Management (p.38)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Stewardship – Packaging Materials Consumption (p.38) Key Performance Indicators Table (p.46)
ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Stewardship – Carbon Footprint and Ecological Protection (p.36), Energy Consumption (p.37), Packaging Materials Consumption (p.38), Water and Wastewater Management (p.38), Emissions and Waste Management (p.39)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Stewardship – Carbon Footprint and Ecological Protection (p.36), Energy Consumption (p.37), Packaging Materials Consumption (p.38), Water and Wastewater Management (p.38), Emissions and Waste Management (p.39)
ASPECT A4: CLIMATE CHANGE		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Stewardship – Climate Change Vulnerability (p.34)
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	Environmental Stewardship – Climate Change Vulnerability (p.34)

ASPECTS, GENERAL DISCLOSURES AND KPIs	DESCRIPTION	RELEVANT SECTION/SUBSECTION OR EXPLANATION
B. SOCIAL		
EMPLOYMENT AND LABOUR PRACTICES		
ASPECT B1: EMPLOYMENT		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Corporate Governance Duty – Business Ethics and Anti-Corruption (p.22) Commitment to Employees – Employee Benefits and Engagement (p.42) Laws and Regulations (p.45)
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Indicators Table (p.46)
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators Table (p.46)
ASPECT B2: HEALTH AND SAFETY		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Commitment to Employees – Occupational Health and Safety (p.43) Laws and Regulations (p.45)
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Commitment to Employees – Occupational Health and Safety (p.43) Key Performance Indicators Table (p.46)
KPI B2.2	Lost days due to work injury.	Commitment to Employees – Occupational Health and Safety (p.43) Key Performance Indicators Table (p.46)
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Commitment to Employees – Occupational Health and Safety (p.43)
ASPECT B3: DEVELOPMENT AND TRAINING		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Commitment to Employees – Development and Training (p.42)
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Indicators Table (p.46)
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Indicators Table (p.46)

ASPECTS, GENERAL DISCLOSURES AND KPIs	DESCRIPTION	RELEVANT SECTION/SUBSECTION OR EXPLANATION
B. SOCIAL		
ASPECT B4: LABOUR STANDARDS		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Commitment to Employees – Child and Forced Labour (p.42) Laws and Regulations (p.45)
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Commitment to Employees – Child and Forced Labour (p.42)
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Commitment to Employees – Child and Forced Labour (p.42)
OPERATING PRACTICES		
ASPECT B5: SUPPLY CHAIN MANAGEMENT		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Product Responsibility – Product Quality and Consumer Safety (p.25), Supply Chain Management (p.26)
KPI B5.1	Number of suppliers by geographical region.	Key Performance Indicators Table (p.46)
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Product Responsibility – Product Quality and Consumer Safety (p.25), Supply Chain Management (p.26)
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Product Responsibility – Product Quality and Consumer Safety (p.25), Supply Chain Management (p.26)
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Product Responsibility – Supply Chain Management (p.26)

ASPECTS, GENERAL DISCLOSURES AND KPIS	DESCRIPTION	RELEVANT SECTION/SUBSECTION OR EXPLANATION
B. SOCIAL		
ASPECT B6: PRODUCT RESPONSIBILITY		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Corporate Governance Duty – Business Ethics and Anti-corruption (p.22), Regulatory Compliance (p.23), Protection of Intellectual Property (p.23) Product Responsibility – Product Quality and Consumer Safety (p.25), Research and Development (p.27) Laws and Regulations (p.45)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality and Consumer Safety (p.25)
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Product Quality and Consumer Safety (p.25)
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Governance Duty – Protection of Intellectual Property (p.23)
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality and Consumer Safety (p.25)
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Corporate Governance Duty – Business Ethics and Anti-corruption (p.22)
ASPECT B7: ANTI-CORRUPTION		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance Duty – Business Ethics and Anti-corruption (p.22) Laws and Regulations (p.45)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance Duty – Business Ethics and Anti-corruption (p.22)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance Duty – Business Ethics and Anti-corruption (p.22)
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance Duty – Business Ethics and Anti-corruption (p.22)
COMMUNITY		
ASPECT B8: COMMUNITY INVESTMENT		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Societal Engagement – Community Investment and Development (p.30), Public Access to Healthcare (p.31)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Societal Engagement – Community Investment and Development (p.30), Public Access to Healthcare (p.31)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Societal Engagement – Community Investment and Development (p.30), Public Access to Healthcare (p.31) Key Performance Indicators Table (p.46)

APPENDIX A: THEORY OF CHANGE

PILLARS	WHO	INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT	GOALS
				Short term (FY2023-24)	Medium term	Long term	
Generic Drugs	Public hospitals Public district clinics Private hospitals Private clinics Community pharmacies Chain stores General public Pharmacy students	Sales team, materials, R&D, IT system, logistics, raw materials, ESG consultation	<ol style="list-style-type: none"> 1. Research, development, production, sales and distribution of essential medicines 2. Scholarship at HKU and CUHK School of Medicine 3. Support staff to operate the facilities throughout COVID-19 	<ol style="list-style-type: none"> 1a. Supplying more than 70% of oral generic medicines to public hospitals 2a. 100% of pharmacies covered in Hong Kong using Jacobson's generic drugs 2b. 100% of private and public hospitals in Hong Kong are using Jacobson's generic drugs 2c. Over 95% of private clinics, medical groups served in Hong Kong using Jacobson's generic drugs 2d. 2.5% increase in annual tenders for FY2023/24 3. 10 pharmacy students supported through scholarships 4. 43000+ complimentary rapid antigen tests supplied to staff 	<ol style="list-style-type: none"> 1. Improved quality of life of patients by supporting communities with low-cost generic & specialty drugs 2a. Increased community pharmacies' portfolio of specialty and generic drugs 2b. Increased access to generic drugs from underprivileged groups, like elderly and ethnic minority groups 3. Increased access to pharmaceutical education 4. Lowered health risks of the staff team 	<ol style="list-style-type: none"> 1. Jacobson produces safe and effective drugs made in Hong Kong 2. Patients have accessible and affordable drugs at their local districts 3. More local talents in the pharmaceutical industry 4. Increase in production stability 	<ol style="list-style-type: none"> 1. Improve the public's affordability of healthcare through the provision of quality generic drugs to different sectors of the healthcare industry, especially for the public sector 2. Beneficiaries' increased awareness in managing their health issues through proper prescriptions and holistic healthcare 3. Supplying Hong Kong with quality young talents 4. Maintain stable operations and supplies of quality generic drugs locally in Hong Kong and Asia
Branded Medicines	Elderly citizens (45+) General Public	Sales team, materials, R&D, IT system, logistics, raw materials	<ol style="list-style-type: none"> 1. Sale and distribution of products 2. Senior home visits 3. Health and wellness programmes 	<ol style="list-style-type: none"> 1. 95% coverage of community pharmacies selling Jacobson's branded medicines 2. Conduct at least 2 senior home visits per year for holistic health promotion and branded medicine education 	<ol style="list-style-type: none"> 1. Increased access to branded medicines in community centres 2. Increased adoption of branded medicines for the elderly population 3. The general public knows more about Jacobson's branded medicine through public health promotional activities 	<ol style="list-style-type: none"> 1. Providing accessible and affordable proprietary medicine for at-home treatments 2. Traditional branded medicines contribute to society not only the medicines but also through health education and promotion 3. Gain trust by the general public through public engagement and education initiatives 	<ol style="list-style-type: none"> 1. Increase awareness in holistic healthcare and wellbeing 2. Building a legacy of Traditional Chinese Medicines to future generations 3. Invest \$1 million per year by 2025 in community engagement initiatives

PILLARS	WHO	INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT	GOALS
				Short term (FY2023-24)	Medium term	Long term	
Community	Internal staff General public Social enterprises	Office administration, mass communication and factory management teams	<ol style="list-style-type: none"> 1. Community investment 2. Recruitment of social enterprises for company functions 	<ol style="list-style-type: none"> 1a. Adopt a policy on equal opportunity 1b. Initiate at least 1 staff empowerment programme 1c. Conduct at least 1 staff family caring scheme 2a. Invest around 1 million in community engagement initiatives 2b. Partner with at least 3 social enterprises 3. Conduct at least 1 equal opportunity training/initiative for employees 	<ol style="list-style-type: none"> 1a. Enhanced employee satisfaction and retention 1b. Maintain good morale and a caring working culture 1c. Improved diversity and inclusion within the Company's supply chain 2. Improved financial sustainability and social impact for social enterprises 3. Front-line staff and management staff have a higher sense of diversity and inclusion 	<ol style="list-style-type: none"> 1. Increased trust and support from local communities 2. Long-term growth and innovation in the social enterprise sector 3. Enhancement of diversity and inclusiveness within the company and its supply chain partners 	<ol style="list-style-type: none"> 1. More engaged and motivated workforce due to the Company's support for community initiatives and social enterprises 2. Enhanced reputation as a company that supports social enterprise and fosters innovation in the health sector, eventually increasing customer loyalty and positive brand perception 3. Adopt a diversity and inclusion culture into the Company from management to frontline staff, to sustain the workforce and create an inclusive workplace

APPENDIX B: GLOSSARY

In this ESG Report, unless otherwise specified, the following glossary applies:

“5 to Thrive”	the sustainability or ESG strategy of the Company
“AIM Atropine Eye Drops”	refers to AIM Atropine 0.01% Eye Drops, AIM Atropine 0.05% Eye Drops and AIM Atropine 0.125% Eye Drops procured from Aseptic Innovative Medicine Co. Ltd., an anticholinergic agent as a sterile topical preservative-free ophthalmic solution that is commonly used in the treatment of myopia, mydriasis and cycloplegia
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“CAPEX”	capital expenditure
“Chairman” or “CEO”	Mr. Sum Kwong Yip, Derek
“Climate Central”	an independent group of scientists and communicators who research and report the facts about the changing climate and how it affects people's lives
“CLP Power”	China Light and Power Company, Limited
“COVID-19”	Coronavirus disease 2019
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“ESG Committee”	the environmental, social and governance committee of the Company
“ESG Working Group”	the environmental, social and governance working group reporting to the ESG Committee
“FSC”	Forest Stewardship Council
“FY2022”	the year ended 31 March 2022
“FY2023” or “Reporting Period”	the year ended 31 March 2023
“FY2024”	the year ending 31 March 2024
“FY2025”	the year ending 31 March 2025
“FY2026”	the year ending 31 March 2026
“GDP”	Good Distribution Practice
“GMP”	Good Manufacturing Practice
“Head Office”	the headquarters located in Hong Kong and principal place of business of the Company and its subsidiaries
“HEPA”	high-efficiency particulate air
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Observatory”	a government department of the Hong Kong Special Administrative Region of the PRC responsible for monitoring and forecasting weather
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“HVAC”	heating, ventilation and air conditioning
“IP”	Intellectual Property
“ISO”	the International Organization for Standardization

"Jacobson", "the Group", "we", "us" or "our"	the Company and its subsidiaries and, in respect of the period before we became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"JBM Healthcare"	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020, the issued shares of which are listed on the Main Board on 5 February 2021, an indirect non-wholly owned subsidiary of the Company (stock code: 2161)
"JBM Healthcare Group"	JBM Healthcare and its subsidiaries
"KPI" or "KPIs"	key performance indicator(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	Main Board of the Stock Exchange
"Mainland China" or "the PRC"	the People's Republic of China excluding, for the purpose of this ESG Report, Hong Kong, Macau and Taiwan
"MPF"	Mandatory Provident Fund
"OPEX"	operational expenditure
"PEFC"	Programme for the Endorsement of Forest Certification
"Pharmason"	Pharmason Company Limited
"PIC/S"	Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme
"PIC/S GMP"	Good Manufacturing Practice in accordance with the PIC/S GMP Guide issued by PIC/S
"PPE"	personal protective equipment
"Risk Management Committee"	a working committee reporting to the Audit Committee on the Group's risk-related matters
"SAP"	System Applications and Products in Data Processing
"Share Award Scheme"	the share award scheme adopted by our Company on 16 October 2018, the principal terms of which are summarised in the announcement of the Company dated 16 October 2018
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 30 August 2016, the principal terms of which are summarised in "Statutory and General Information – D. Other Information – 1. Share Option Scheme" in Appendix V to the Prospectus
"SOP" or "SOPs"	standard operating procedure(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited