STAR

CONTINUOUS INNOVATION

STAR PHARMACEUTICAL LIMITED

Sustainability Report 2017

Table of Contents

1. Highlights

1.1 Corporate profile

STAR Pharmaceutical Limited (斯达制药有限公司) (**StarPharm** or the '**Company**'), together with its subsidiaries (the '**Group**'), specialises in the manufacture and sales of both western and traditional Chinese medicine (**TCM**) formulated prescription drugs and has a manufacturing facility based in Qionghai City, Hainan Province, People's Republic of China (**PRC**).

The Group's broad range of pharmaceutical products include antibiotics, cerebrovascular drugs and cardiovascular drugs, and other specialised drugs manufactured inhouse in various dosages and administration forms from powder injections, lyophilised powder injections, liquid injections to tablets, capsules and granules.

The Group has a well-established, extensive distribution network which supports its sales in the growing China market. These include approximately 420 distributors to hospitals, clinics and pharmacies. The Group also operates 37 liaison offices established in major cities and provinces in the PRC. These liaison offices are responsible for supporting, managing and monitoring our distribution network, and help to control the way our products are handled along the distribution channels until they reach the end customers.

Our intensive Research and Development (**R&D**) efforts are backed by an experienced R&D team, complemented by collaborations with research vendors in the PRC.

The Group enjoys a reputable standing in the pharmaceutical industry, as a State Level High Tech Enterprise. Over the years, we have received numerous industry awards which recognise the innovative, quality products that the Group brings to the pharmaceutical market.

StarPharm was listed on the Main Board of the Singapore Exchange in February 2006.

1.2 Message to stakeholders

On behalf of our Board of Directors, it is my pleasure to present our Sustainability Report for the financial year ended 31 December 2017 (**FY2017**).

FY2017 was a challenging year as reforms in the national medical and health system affected production circulation in the pharmaceutical industry as well as the Group's products and production line. To cope with these, as well as a decline in the antibiotics injection market, the Group focused on consistency evaluation studies of products, continued R&D and obtaining R&D approval for many upcoming inhalant products, as well as commenced blow-fill-seal (**BFS**) production line for packing new inhalant products. The Group also improved sales system by reorganising our sales team, decentralising management of provinces, and enhancing management concentration. These not only contributed to the Group's stronger revenue growth in FY2017 but also built a strong foundation for our future.

As part of our corporate social responsibility efforts, the Group became research cooperative partners with College of Life Sciences of Hainan Normal University to offer internships for students. In addition, the Group conducted activities at various government authorities and institutions including Hainan Technician Institute, Haikou College of Economics, Haikou University of Political Science and Law, Haikou Technology and Business University, Hainan Software Profession Institute and many more. From these collaborative efforts, the Group recruited more than 60 promising employees and trainees to bolster its capabilities and competitive edge for the next phase of growth.

Although the Group did not launch any new products in FY2017, we started and completed R&D approval for six new products, and will continue to focus on R&D of our inhalant products. The Group also seeks to optimise our production through the implementation of GMP transformation projects to reduce production costs and improve risk management and control capabilities.

In our inaugural sustainability report, we will be reporting on the Group's sustainability efforts based on our four pillars of sustainable development, comprising Economic Contribution, Drug Quality and Safety, Environmental Sustainability, and Social Contribution.

In addition, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation, determined the material environmental, social and governance (**ESG**) factors and overseen the management and monitoring of the material ESG factors.

On behalf of the Board of Directors

XU ZHIBIN
Executive Chairman

1.3 Scope of sustainability report

The scope of the report covers information on material sustainability aspects of StarPharm and its subsidiaries, from 1 January 2017 to 31 December 2017 unless otherwise specified. This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative (**GRI**) Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (**SGX-ST**) Listing Manual. In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

Sustainability contact

We welcome your views and feedback on our sustainability practices and reporting at cfostar@yahoo.com.hk.

2. Our approach to sustainability

2.1 Sustainability organisational structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:

Board of Directors and CEO	The Board of Directors and CEO formulates related strategies and guidelines.
Chief Financial Officer	CFO, together with the Corporate Social Responsibility (**CSR**) Coordinator, helps to organise and coordinate the CSR work of all departments and subsidiaries.
Employees	Assigned staff at the subsidiaries are responsible for the organisation and implementation of CSR works.

2.2 Sustainability strategy

At the Group, our sustainability strategy aims to create integrated values.

Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the following:

The sustainable strategy is underpinned by our comprehensive internal policies on the following:

- Drug Quality Management (药品品质管理), which covers the following areas:
  - Quality target management (公司质量方针和质量目标管理规程)(SMP-QA-A011-01)
  - Production process management (生产过程标准管理规程)(SMP-PM-B002-01)
  - Quality control laboratory management (QC实验室管理规范)
  - Laboratorysample testing procedure (留样管理规程)(SMP-QA-A002-02)
  - Product stability examination procedure (产品稳定性考察管理规程)(SMP-QA-A003-02)
  - Product quality review procedure (产品质量回顾管理规程)(SMP-QA-A004-01)
  - Good Manufacturing Practice (**GMP**) self-assessment (internal audit) procedure (GMP自检（内部审计）管理规程)(SMP-QA-A006-02)
  - Material and product release management procedures (物料与产品放行管理规程)(SMP-QA-A010-03)
- Drug Safety Management (药品安全管理), which covers the following areas:
  - Drug safety committee management (药品安全委员会管理规程)(SMP-HR-A002-01)
  - Drug shipping, return, recall management procedures (产品发运、退回、召回管理规程)(SMP-QA-A007-01)
  - Drug adverse reaction and complaint management procedures (产品不良反应与投诉管理规程)(SMP-QA-A008-02)
  - Non-conforming product management procedures (不合格品管理规程)(SMP-QA-E001-01)
- Supplier Management (物料供应商管理), which covers aspects on supplier classification, new supplier qualification and authorization, supplier evaluation, supplier disqualification, and supplier selection through fair competition.
- Human Resources Management (人事管理), which covers aspects on employee handbook, department-specific performance evaluations, rewards and penalties.

The strategy is also guided by external sources, including GMP Certification for the pharmaceutical industry, Global Reporting Initiative Standards and Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Listing Rules.

2.3 Sustainability materiality

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society. As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and the Group. Some of our stakeholder's comments can be found in **Appendix B**.

Using a materiality index, we align our responsible business priorities with the Group's principal business and operational risks, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the material issues and relevant metrices each year, as the external and business context changes.

3. Our performance

3.1 How we measure our performance

Our **sustainability strategy** is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

Metrics and targets

We have established key performance indicators for each of the four focus areas outlined in our **sustainability strategy**. As this is our first year adopting sustainability reporting, we will be establishing quantitative targets within the next year to hold ourselves accountable and track how we are doing.

Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

Commitments

To ensure we have a robust sustainability program in place, we will also publish the key initiatives we plan to implement within the next year.

3.2 Economic contribution

Overview

As stated in our Company mission, we are dedicated to creating healthier lives through medical innovation. Backed by our intensive research and development (**R&D**) efforts, our broad range of pharmaceutical products have benefitted countless patients throughout the years.

Extensive distribution network

We produce a broad range of pharmaceutical products, including antibiotics, cardiovascular and cerebrovascular drugs, available in different administration forms and dosages. This hence improves the usage convenience of our drugs by a wide range of patients.

In FY2017, we achieved sales ¥93.3 million through our established sales and distribution network consisting of approximately 420 distributors, distributing to more than 8,700 hospitals, clinics and pharmacies. These distributors are supported by our 37 liaison offices located in major provinces and cities in the PRC, enabling us to distribute our products quickly and extensively to various medical institutions throughout the country.

Focus on R&D

Our intensive R&D efforts are backed by an experienced in-house R&D team, holding various academic qualifications in pharmacy, pharmaceutical engineering, medicine analysis and medical study. The R&D team is complemented by collaborations with research institutes in the PRC, including the College of Life Sciences of Hainan Normal University, Hainan Technician Institute, Haikou Technology and Business University, and Hainan Software Profession Institute.

In FY2017, R&D spending amounted to ¥13.1 million with ¥12.7 million spent on R&D projects and ¥0.4 million spent on R&D expenses.

The PRC government also awards grants to small and medium pharmaceutical manufacturers in the PRC to fund the development of pharmaceutical products. Such government grants are only awarded to enterprises who fulfill certain criteria such as being involved in the development and manufacture of technologically advanced products, being of a good financial position, having a good financial management structure in place, as well as possessing a management team with strong market exploitation capabilities.

In FY2017, we received grants amounting to ¥1.1 million for the R&D of new products.

In addition, we hold 5 patents used in the production of our drugs and obtained production approvals for a total of 104 pharmaceutical products, all of which are prescription drugs. Currently, we manufacture and sell 52 of these 104 pharmaceutical products. We are in the process of conducting informal market surveys and research on some of the new pharmaceutical products and may commence production and sale of some of these products pending the outcome of the market surveys and research.

¥93.3m
Total revenue

8,700
Hospitals, clinics and pharmacies selling our drugs

420
Distributors

37
Liaison offices

¥13.1m
Spending on R&D

¥1.1m
Government grants received for R&D

5
Patents

104
Production approvals obtained

3.3 Drug quality and safety

Overview

Drug quality and safety are core to our commercial reputation and consumers' expectations. We are committed to responsible sourcing as it helps assure safety and quality of our end products.

We have always stressed the importance of drug quality and safety in our operations in each stage of our production process as evidenced by the GMP certifications over our production facilities.

100%

GMP-certified production lines (since 2002)

100%

Purchases from local suppliers

GMP certification

GMP is a set of standards in respect of quality management of pharmaceutical products and their manufacturing industry. It encompasses requirements on personnel, plant and equipment and various management systems of production organisation, such as production processes, hygiene standards and education level. These are applicable to the entire pharmaceutical production process and the key working procedures for the production of raw materials which affect the quality of finished medicine products.

In August 1999, the State Food and Drug Administration of the PRC (国家食品药品监督管理局)(**SFDA**) implemented a GMP certification system in pharmaceutical manufacturing to enhance its regulation on pharmaceutical production enterprises.

Since August 2002, all our production lines are fully compliant with the GMP requirements of the SFDA. We have implemented a quality assurance system and instituted quality control procedures throughout our entire manufacturing process in accordance with GMP requirements to ensure the quality of our products, including the safety and effectiveness of their use.

Quality supply chain

We purchase entirely from reliable local suppliers. We believe that a secure and stable supply chain is very important to ensure the smooth and uninterrupted operation of our production activities.

We conduct checks on the quality of raw materials procured on a sampling basis. Only raw materials that meet our quality requirements will be used in the manufacture of our products. Raw materials which do not meet our quality requirements will be returned to the relevant supplier.

In addition, our quality assurance team regularly visits our raw material suppliers to conduct on-site assessment of their quality assurance system to assess whether their quality assurance system meet our requirements. The assessment covers the operation of their quality assurance system and overall assessment of their manufacturing facilities in order to ensure that our suppliers have the capability to provide to us raw materials of the required quality. We will only procure raw materials from suppliers who meet our quality requirements.

Ensuring production quality

Quality management in our production process is as follows.

Pre-production

Before commencing production, we conduct strict checks on the production area to ensure that the production environment is free from contamination and meets our strict cleanliness standards. This includes checks on dust particles in the air purifying system, temperature, humidity, bacteria, microorganisms on the surface of key work areas.

In addition, we also conduct checks and inspection on water, compressed gas and steam used in the manufacture of our products and conduct regular inspections to ensure that our manufacturing equipment meet our strict cleanliness standards.

All production staff are required to undergo training and all staff must observe strict hygiene standards within the production area so as to ensure that the production environment is free from contamination and meet our strict cleanliness standards. In addition, health checks are also conducted on all staff annually.

Production

During production, the various production processes are carried out according to the requirements stipulated for the product as well as specifications stated in the production orders.

Production operators are required to strictly adhere to work operation procedures and equipment operation procedures. The production operators will monitor the entire production process and quality assurance inspectors will inspect the production equipment and process. Any abnormalities discovered will be rectified immediately and reported.

Quality control inspection

After production, the products are placed at the inspection area according to product name, specifications and batch number. Full inspections carried out on the various products are based on standards which meet state requirements.

After the inspection, our quality assurance department will issue a report on the finished products and only products which pass our quality assurance inspections are sent to the warehouse. Products which fail our quality assurance inspections will be disposed off accordingly.

0

Drug safety incidents

¥0

Fines on contravention of drug safety regulations

0

Serious incidents

0

Workplace injuries

Product delivery

Our quality assurance inspectors will review checks on the use of materials, production process, production control, production records and inspection records. If no abnormalities are detected, the product approval slip is issued. The warehouse will release products upon receipt of both the finished product report and the products approval slip so as to ensure that the products are 100% qualified.

GMP compliance

In addition, we will carry out internal checks to ensure compliance with GMP requirements and the results of these checks are analysed and problems relating to product quality will be rectified. The results will be promptly submitted to the management so as to ensure effective operation of the quality assurance system.

We also retain a sample of each batch of finished products for control purposes and for future testing. We regularly monitor these samples over the shelf life of the product for any deterioration in quality.

We seek to continue our track record of zero drug safety incidents, serious incidents and workplace injuries in the coming year.

Drug packaging and labelling

In accordance with the relevant laws and regulations of the PRC, we ensure that the pharmaceutical packaging materials and containers which come into direct contact with our drugs meet the requirements of medicinal use, conform with the standards of protecting people's health and safety, and obtain the approval from the SFDA.

Our drugs are all clearly labelled on the drug packaging, together with an insert sheet, as required by regulations, including the following information: name of the drug, ingredients, strength, manufacturer, approval number, product batch number, production date, date of expiry, indications or functions, usage, dosage, contraindications, adverse drug reactions, and precautions.

Where applicable, specified marks are also printed in the label to indicate toxic drugs for medical use, drugs for topical use, and non-prescription drugs.

Our marketing practices comply with Chinese regulations. Our advertisements are subject to approval by the relevant local authorities. The advertisements will only be launched with when a drug advertisement approval number has been issued.

The content of drug advertisements shall be truthful and lawful and based on the approved insert sheets of the drug. The drug advertisement will not contain false content, unscientific or categorical assertions or warranties, names or images of government departments, medical or pharmaceutical research institutions, academic institutions, or experts, scholars, physicians and patients.

In addition, a dedicated customer support services hotline is available and prominently printed in the insert sheets of our drugs for us to respond on specific matters.

0

Incidents of non-compliance concerning product and service information and labeling

0

Incidents of non-compliance concerning marketing communications

3.4 Environmental sustainability

Overview

Environmental protection is fast gaining traction in China amongst policy makers and the public. As one of the leading pharmaceutical manufacturers in China, we are committed to ensuring our full compliance with national environmental regulations.

Comprehensive policies are developed to ensure our commitment towards environmental protection, reducing carbon emissions, preventing pollution, and minimising waste can be achieved during our daily operations.

0

Environmental incidents

¥0

Fines on contravention of environmental regulations

Environmental policy in China

Environmental policy in China is set by the National People's Congress and managed by the Ministry of Environmental Protection of the People's Republic of China. The central government issues strict regulations for which the actual monitoring and enforcement is largely undertaken by the local governments.

In January 2015, a new environmental law came into effect, covering land, water and air pollution. It contains strict penalties, including seizing of the property of illegal polluters, with company executives subject to prison sentences of 15 days. There is no upper limit on fines. More than 300 different groups will be able to sue on the behalf of people harmed by pollution.

StarPharm is fully compliant with China’s environmental policy.

Emissions reduction

The corporate culture of protecting the environment is reflected in every operation undertaken by the Group.

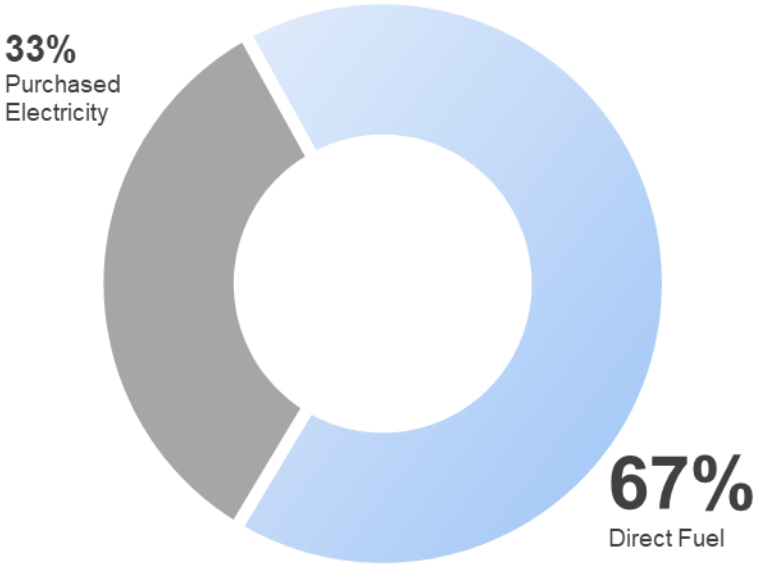
We are committed to positive action on climate change and dedicated to reducing the carbon emission in our daily operations. Employees are reminded to save electricity and fuel consumption through regular internal communications.

To determine the carbon footprint, we collect energy usage data from each our businesses and then calculate our total annual greenhouse gas emissions.

We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions. Using the “control method”, we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity used in our facilities (Scope 2 emissions)

In FY2017, the Group generated a carbon footprint of 5,748.5 tonnes of carbon dioxide emission (**tCO_2e**) with a carbon emission intensity of 57.9 tCO_2e per million yuan of revenue. The emission mainly arises from direct fuel (i.e. diesel for generators and petrol for vehicles) used in the production process, which accounted for almost 67% of the total carbon emission of the Group.



57.9tCO_2e
Carbon emission intensity per million yuan of revenue

14,700*l*
Fuel consumption intensity per million yuan of revenue

25.0MWh
Electricity consumption intensity per million yuan of revenue

We will continue to monitor the performance on carbon emission reduction. Progress and performance on the reduction of carbon emission will be reported in the following year.

Energy efficiency

Due to our manufacturing activities, direct fuel and electricity constitutes a significant proportion of our operating expenses. By investing in energy efficiency, we not only help protect the environment but can also lower our financial costs.

The Group's fuel consumption came from diesel for generators and petrol for vehicles. In FY2017, the fuel consumption intensity of the Group is 14,700 litres (***l***) per million yuan of revenue.

The Group's electricity consumption came from regular operations of the office and factory. In FY2017, the electricity consumption intensity of the Group is 25.0 megawatt-hours (**MWh**) per million yuan of revenue.

To ensure the effective use of fuel and electricity, the Group conducted the following practices:

- Use energy saving equipment
- Regular maintenance of production equipment, especially boilers, to maintain high efficiency
- Using high quality diesel to ensure energy efficiency
- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches

Wastewater management

Wastewater is passed through an in-house wastewater treatment facility fitted with biological treatment tanks. As a result, the treated wastewater discharge will be able to meet the requirements of the water emission standard of Qionghai City. The municipal environmental protection bureau obtains wastewater samples from the facility at least four times a year to ensure that discharge standards are met.

We seek to continue to ensure that 100% of our wastewater discharge meet the local emission standards in the coming year.

In FY2017, the Group had a wastewater discharge intensity of 400***l*** per million yuan of revenue.

Hazardous waste management

Hazardous waste from the production of our drugs is aggregated in a locked and isolated container and disposed through proper biohazard disposal channels.

In FY2017, the Group had a hazardous waste disposal intensity of 11.1 kilograms (**kg**) per million yuan of revenue.

Saving water

Water scarcity is a growing concern around the world and a serious global challenge that we must work together to address. This is even a greater concern to us, given that water is also an essential input in the food industry, from cleaning and sanitation to manufacturing.

In FY2017, the Group had a water consumption intensity of 1,300***l*** per million yuan of revenue. Where possible, the Group already has procedures in place to reduce water usage in our production lines. Our employees are also reminded of the importance to save water in their daily activities.

We will continue to monitor the performance on the water consumption reduction. Progress and performance on the reduction on water consumption will be reported in the following year.

100%

Wastewater discharge that meets local emission standards

400*l*

Wastewater discharge intensity per million yuan of revenue

11.1kg

Hazardous waste disposal intensity per million yuan of revenue

1,300*l*

Water consumption intensity per million yuan of revenue

3.5 Social contribution

Overview

Employees are the integral part of our competitive advantage and our sustainability agenda. We strive to invest in training and create an enjoyable working environment to our employees. Our human resources team develops, evolves and champions our human 'capital' through training, evaluation, remuneration, and engagement.

Through our people, we are also committed in making positive contributions to our community by giving back to the society and helping the less privileged.

47

Trainings conducted

100%

Employees subject to regular performance appraisal

Skills competency and employee training

To ensure that our employee excel, we emphasise on continuous learning in the workplace. Every employee has equal opportunities to upgrade and sharpen their skill sets through formal and on-the-job internal training programs.

The Company also emphasises on internal leadership development, and places great importance on developing a network of new-generation leaders who would play an important role in driving the business in the future.

In FY2017, the Group held a total of 47 training sessions on topics ranging from GMP and quality control, to fire safety and government regulations. We seek to continue this practice in the coming year.

Performance appraisal

To ensure the Company achieves its goals, we have various performance appraisal methods in place to determine the performance of the Company as well as each individual employee.

The employee performance appraisal comprises mainly quantifiable evaluation criteria. In addition, we actively collects performance information for each employee each month through inputs from direct supervisors and feedbacks, as well as periodical employee communication sessions.

These collected information allow us to understand the performance and skills development needs of each team and individual employee from multiple aspects. This is crucial for the Company to develop annual training programs for employees that are designed to enhance their skills and improve overall productivity.

In FY2017, all of our employees are at least subject to an annual performance appraisal by their superiors. We seek to continue this practice in the coming year.

Equal opportunity

We have always been an equal opportunity employer to provide a fair workplace for employees, following the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, marital status, pregnancy, disability, age or family status.

We attract talent through fair, and flexible recruitment strategy that includes recruitment application, job description, job applications, interview, selection, approval, and job offer. Promotion is based on performance and suitability.

We offer competitive remuneration to attract and retain talented staff members. Remuneration packages (which includes the necessary social benefits) are reviewed periodically to ensure consistency with employment market. Dismissal also complies with employment laws and regulations relating to non-discrimination.

In 2017, female employees comprise 64% of our entire workforce, with female representation in management at 31%.

Encouraging work-life balance

To enhance employee teamwork and cohesion, improve employee health and improve employee work-life balance, the Group has been organising periodic employee gatherings during major festivals and sports competitions. This helps the employees relax their mind and body, develop teamwork, explore their talent, so as to develop a positive attitude in both work and life.

Community initiatives

In FY2017, our Group made cash donations totaling ¥34,000 to various village committee and alumni associations to fund their cultural engagement activities.

The Group will continue to invest in the above and other initiatives supporting community building.

64%

Female representation in workforce

31%

Female representation in management

¥34k

Social contributions made to the local community

Appendix A: Sustainability scorecard

Economic contribution

Performance indicators	Units	FY2017
Total revenue	¥'million	93.3
Number of hospitals, clinics and pharmacies selling our drugs	Number	8,700
Number of distributors	Number	420
Number of liaison offices	Number	37
Spending on R&D	¥'million	13.1
Government grants received for R&D	¥'million	1.1
Number of patents	Number	5
Number of production approvals obtained	Number	104

Drug quality and safety

Performance indicators	Units	FY2017
GMP-certified production lines (since 2002)	Percentage	100
Purchases from local suppliers	Percentage	100
Drug safety incidents	Number	0
Fines on contravention of drug safety regulations	¥'000	0
Serious incidents	Number	0
Workplace injuries	Number	0
Incidents of non-compliance concerning product and service information and labeling	Number	0
Incidents of non-compliance concerning marketing communications	Number	0

Environmental sustainability

Performance indicators	Units	FY2017
Environmental incidents	Number	0
Fines on contravention of environmental regulations	¥'000	0
Total carbon footprint	tCO_2e	5,748.5
Carbon emission intensity	tCO_2e/¥'million	57.9
Fuel consumption intensity	*l* /¥'million	14,700
Electricity consumption intensity	MWh/¥'million	25.0
Wastewater discharge that meets local emission standards	Percentage	100
Wastewater discharge intensity per million yuan of revenue	*l* /¥'million	400
Hazardous waste disposal intensity per million yuan of revenue	kg/¥'million	11.1
Water consumption intensity	*l* /¥'million	1,300

Social contribution

Performance indicators	Units	FY2017
Number of trainings conducted	Number	47
Employees subject to regular performance appraisal	Percentage	100
Female representation in workforce	Percentage	64
Female representation in management	Percentage	31
Social contributions made to the local community	¥'000	34

Appendix B: Consulting our stakeholders

We listen to our stakeholders and engage with them on an ongoing and ad hoc basis. An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

Stakeholders	How we listen	Why we do it	What you've told us
Customers	• R&D collaborations with educational institutes • Feedback from hospitals, clinics and pharmacies	• Consistently improve through R&D • Include necessary information on drug packaging and insert sheets • Obtain the necessary drug safety and GMP certificates from relevant authorities	• Meet drug safety and quality requirements • Compliance with drug safety and environmental laws and regulations (including GMP)
Employees	• Employee feedback mailbox • Employee caring session	• Compliance with regulations • Provide healthy work environment to ensure the well-being of all our staff	• Salary increment • Problem solution • Improve employee welfare and benefits
Government and regulators	• Understand relevant laws and regulations • Interaction with government and industrial bodies • Trainings and meetings	• Compliance with laws and regulations • Uphold highest standards of corporate governance and ethical behavior • Participation in government-related events	• Compliance with food safety and environmental laws and regulations • Compliance with SGX regulations
Investors/ shareholders	• Shareholders' meeting • Board meeting • StarPharm website • Regular updates and communication	• Consistently improve company's management • Operate, manage and compliant against regulations • Committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them	• Long-term profitability • Achieve company targets • Growing and development • Compliance with laws and regulations
Suppliers/ business partners	• Inspection of suppliers' production lines • Interaction with supplier representatives • Perform periodic supplier evaluation	• Build up strategic business relationship • Compliance with drug safety regulations	• Timely payment and adherence to agreement terms • Compliance with drug safety and environmental laws and regulations (including GMP)

Appendix C: GRI content index

GRI Standards Content Index

The GRI Content Index references the STAR Pharmaceutical Limited Sustainability Report 2017 (SR), and the Annual Report 2017 (AR).

Disclosure number		Disclosure title	Page reference and remarks
GRI 102: General disclosures			
Organisational profile	102-1	Name of organisation	• AR: Corporate Profile (Page 2)
	102-2	Activities, brands, products, and services	• AR: Corporate Profile (Page 2)
	102-3	Location of headquarters	• AR: Corporate Profile (Page 2)
	102-4	Location of operations	• AR: Corporate Profile (Page 2) • AR: Investment in Subsidiary – Note 7 to the Financial Statements (Page 72)
	102-5	Ownership and legal form	• AR: General Information – Note 1 to the Financial Statements (Page 48)
	102-6	Markets served	• AR: Segmental Information – Note 32 to the Financial Statements (Page 96)
	102-7	Scale of organisation	• AR: Corporate Profile (Page 2) • AR: Segmental Information – Note 32 to the Financial Statements (Page 96)
	102-8	Information on employees and other workers	• SR: Social Contribution (Pages 16-17)
	102-9	Supply chain	• SR: Economic Contribution (Page 8)
	102-10	Significant changes to the organisation and its supply chain	• AR: Corporate Profile (Page 2) • AR: Corporate Information (Page 5)
	102-11	Precautionary Principle or approach	• AR: Corporate Governance (Pages 13-30)
	102-12	External initiatives	• Not applicable
	102-13	Membership of associations	• Not applicable
Strategy	102-14	Statement from senior decision-maker	• AR: Chairman's Message (Pages 6-7)
	102-15	Key impacts, risks, and opportunities	• AR: Operations Review (Page 8) • AR: Independent Auditor's Report (Pages 34-41)
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	• SR: Sustainability Strategy (Page 5)
	102-17	Mechanisms for advice and concerns about ethics	• AR: Corporate Governance (Pages 13-30)
Governance	102-18	Governance structure	• AR: Corporate Governance (Pages 13-30)
	102-19	Delegating authority	• AR: Corporate Governance (Pages 13-30)
	102-20	Executive-level responsibility for economic, environmental, and social topics	• SR: Sustainability Organisational Structure (Page 4)
	102-21	Consulting stakeholders on economic, environmental, and social topics	• SR: Consulting Our Stakeholders (Page 19)
	102-22	Composition of the highest governance body and its committees	• AR: Corporate Governance (Pages 13-30)

Disclosure number		Disclosure title	Page reference and remarks
	102-23	Chair of the highest governance body	• AR: Corporate Governance (Pages 13-30)
	102-24	Nominating and selecting the highest governance body	• AR: Corporate Governance (Pages 13-30)
	102-25	Conflicts of interest	• AR: Corporate Governance (Pages 13-30) • AR: Directors' Statement (Pages 31-33)
	102-26	Role of highest governance body in setting purpose, values, and strategy	• AR: Corporate Governance (Pages 13-30)
	102-27	Collective knowledge of highest governance body	• AR: Corporate Governance (Pages 13-30)
	102-28	Evaluating the highest governance body's performance	• AR: Corporate Governance (Pages 13-30)
	102-29	Identifying and managing economic, environmental, and social impacts	• SR: Sustainability Materiality (Page 6)
	102-30	Effectiveness of risk management processes	• AR: Corporate Governance (Pages 13-30)
	102-31	Review of economic, environmental, and social topics	• SR: Sustainability Report (Pages 1-26)
	102-32	Highest governance body's role in sustainability reporting	• SR: Sustainability Organisational Structure (Page 4)
	102-33	Communicating critical concerns	• SR: Sustainability Materiality (Page 6)
	102-34	Nature and total number of critical concerns	• SR: Sustainability Materiality (Page 6)
	102-35	Remuneration policies	• AR: Corporate Governance (Pages 13-30)
	102-36	Process for determining remuneration	• AR: Corporate Governance (Pages 13-30)
	102-37	Stakeholders' involvement in remuneration	• AR: Corporate Governance (Pages 13-30)
	102-38	Annual total compensation ratio	• AR: Corporate Governance (Pages 13-30)
	102-39	Percentage increase in annual total compensation ratio	• AR: Corporate Governance (Pages 13-30)
Stakeholder engagement	102-40	List of stakeholder groups	• SR: Consulting Our Stakeholders (Page 19)
	102-41	Collective bargaining agreements	• Not applicable
	102-42	Identifying and selecting stakeholders	• SR: Consulting Our Stakeholders (Page 19)
	102-43	Approach to stakeholder engagement	• SR: Sustainability Strategy (Page 5)
	102-44	Key topics and concerns raised	• SR: Consulting Our Stakeholders (Page 19)
Reporting practice	102-45	Entities included in the consolidated financial statements	• AR: Investment in Subsidiary – Note 7 to the Financial Statements (Page 72)
	102-46	Defining report content and topic Boundaries	• SR: Sustainability Materiality (Page 6)
	102-47	List of material topics	• SR: Sustainability Materiality (Page 6)
	102-48	Restatements of information	• Not applicable

Disclosure number		Disclosure title	Page reference and remarks
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of Sustainability Report (Page 3)
	102-51	Date of most recent report	• Not applicable
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Scope of Sustainability Report (Page 3)
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of Sustainability Report (Page 3)
	102-55	GRI content index	• SR: GRI Content Index (Pages 20-26)
	102-56	External assurance	• No external assurance
GRI 200: Economic disclosures			
Economic performance	201-1	Direct economic value generated and distributed	• AR: Financial Highlights (Pages 3-4)
	201-2	Financial implications and other risks and opportunities due to climate change	• Not applicable
	201-3	Defined benefit plan obligations and other retirement plans	• Not applicable
	201-4	Financial assistance received from government	• Not applicable
Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	• Not applicable
	202-2	Proportion of senior management hired from local community	• Not applicable
Indirect economic impacts	203-1	Infrastructure investments and services supported	• Not applicable
	203-2	Significant indirect economic impacts	• Not applicable
Procurement practices	204-1	Proportion of spending on local suppliers	• SR: Drug Quality and Safety (Pages 9-12)
Anti-corruption	205-1	Operations assessed for risks related to corruption	• Not applicable
	205-2	Communication and training about anti-corruption policies and procedures	• Not applicable
	205-3	Confirmed incidents of corruption and actions taken	• There is no incidences of corruption.
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• There is no legal actions for anti-competition.
GRI 300: Environment disclosures			
Materials	301-1	Materials used by weight or volume	• Not applicable
	301-2	Recycled input materials used	• Not applicable
	301-3	Reclaimed products and their packaging materials	• Not applicable
Energy	302-1	Energy consumption within the organisation	• Not applicable

Disclosure number		Disclosure title	Page reference and remarks
	302-2	Energy consumption outside of the organisation	• Not applicable
	302-3	Energy intensity	• SR: Environmental Sustainability (Pages 13-15) • SR: Sustainability Scorecard (Page 18)
	302-4	Reduction of energy consumption	• Not applicable
	302-5	Reductions in energy requirements of products and services	• Not applicable
Water	303-1	Water withdrawal by source	• SR: Environmental Sustainability (Pages 13-15)
	303-2	Water sources significantly affected by withdrawal of water	• Not applicable
	303-3	Water recycled and reused	• Not applicable
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	• Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity	• Not applicable
	304-3	Habitats protected or restored	• Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	• Not applicable
Emissions	305-1	Direct (Scope 1) GHG emissions	• SR: Environmental Sustainability (Pages 13-15)
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Environmental Sustainability (Pages 13-15)
	305-3	Other indirect (Scope 3) GHG emissions	• Not applicable
	305-4	GHG emissions intensity	• SR: Environmental Sustainability (Pages 13-15) • SR: Sustainability Scorecard (Page 18)
	305-5	Reduction of GHG emissions	• Not applicable
	305-6	Emissions of ozone-depleting substances (ODS)	• Not applicable
	305-7	Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions	• Not applicable
Effluents and waste	306-1	Water discharge by quality and destination	• SR: Environmental Sustainability (Pages 13-15)
	306-2	Waste by type and disposal method	• SR: Environmental Sustainability (Pages 13-15)
	306-3	Significant spills	• Not applicable
	306-4	Transport of hazardous waste	• SR: Environmental Sustainability (Pages 13-15)
	306-5	Water bodies affected by water discharges and/or runoff	• Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	• There is no non-compliance with environmental laws and regulations.
Supplier environmental assessments	308-1	New suppliers that were screened using environmental criteria	• Not applicable
GRI 400: Social disclosures			
Employment	401-1	New employee hires and employee turnover	• Not applicable
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Not applicable
	401-3	Parental leave	• Not applicable
Labor / management relations	402-1	Minimum notice periods regarding operational changes	• Not applicable
Occupational health and safety	403-1	Workers representation in formal joint management–worker health and safety committees	• Not applicable
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	• SR: Drug Quality and Safety (Pages 9-12) • SR: Sustainability Scorecard (Page 18)
	403-3	Workers with high incidence or high risk of diseases related to their occupation	• Not applicable
	403-4	Health and safety topics covered in formal agreements with trade unions	• Not applicable
Training and education	404-1	Average hours of training per year per employee	• SR: Social Contribution (Pages 16-17)
	404-2	Programs for upgrading employee skills and transition assistance programs	• SR: Social Contribution (Pages 16-17)
	404-3	Percentage of employees receiving regular performance and career development reviews	• SR: Social Contribution (Pages 16-17)
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• SR: Social Contribution (Pages 16-17)
	405-2	Ratio of basic salary and remuneration of women to men	• Not applicable
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• There is no incidents of discrimination.
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• Not applicable
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	• Child labour is strictly prohibited.

Disclosure number		Disclosure title	Page reference and remarks
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Forced and compulsory labour is strictly prohibited.
Security practices	410-1	Security personnel trained in human rights policies or procedures	• Not applicable
Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	• Not applicable
Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	• Not applicable
	412-2	Employee training on human rights policies or procedures	• Not applicable
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	• Not applicable
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	• SR: Social Contribution (Pages 16-17)
	413-2	Operations with significant actual and potential negative impacts on local communities	• Not applicable
Supplier social assessment	414-1	New suppliers that were screened using social criteria	• Not applicable
	414-2	Negative social impacts in the supply chain and actions taken	• Not applicable
Public policy	415-1	Political contributions	• Not applicable
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	• SR: Drug Quality and Safety (Pages 9-12)
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	• SR: Drug Quality and Safety (Pages 9-12)
Marketing and labelling	417-1	Requirements for product and service information and labeling	• SR: Drug Quality and Safety (Pages 9-12)
	417-2	Incidents of non-compliance concerning product and service information and labeling	• SR: Drug Quality and Safety (Pages 9-12)
	417-3	Incidents of non-compliance concerning marketing communications	• SR: Drug Quality and Safety (Pages 9-12)
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	• There is no non-compliance with socioeconomic laws and regulations.