

Making People
Healthier and Happier



**Health and Happiness (H&H)
International Holdings Limited
健合(H&H)國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 1112)

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT
環境、社會及管治報告

2016



Contents

About this Report	2
Report Scope	2
Preface	4
About the Group	5
Environmental, Social and Governance (ESG) Management Strategy	6
Stakeholder Engagement	10
Major Environmental and Social Awards	11
Compliance	12
Risk Management and Internal Control	13
Anti-fraud Mechanism	13
Operational Compliance	14
Labour Standard Compliance	14
Consumer Information Protection	14
Intellectual Property Rights Protection	14
Nutrition and Health	15
Diversified Products	16
Supply Chain Management	17
100% Production Management	18
Product Tracking System	20
All-rounded Market Communication	21
Employee Care	23
Talent Values	24
Employee Structure	24
Employee Health and Safety	25
Anti-discrimination	25
Employee Welfare	25
Internal Communication Channel	26
Employee Training and Development	27
Low-carbon Environment	28
Emission Reduction	29
Resources Saving	30
Green Packaging	31
Community and Charity	32
Community and Charity	33
Investment in Research and Development	36
Prospects	38
Overview of Sustainable Development	39
Environment	39
Social	42

About this Report

Report Scope

This Environmental, Social and Governance Report (“ESG Report”) is prepared by Health and Happiness (H&H) International Holdings Limited (the “Group”) in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) of the Main Board Listing Rules. The Board of Directors is responsible for the Group’s ESG strategies and reporting, identifying and managing ESG-related risks, and ensuring the effectiveness of ESG risk management and internal control system.

This report covers the Group’s ESG policies, initiatives and performance. Other topics including corporate governance and financial performance have been disclosed in the Group’s 2016 Annual Report.

Reporting Period

January 1, 2014 to December 31, 2016. The data for this report are as of December 31, 2016.

Scope of Reporting

“Health and Happiness (H&H) International Holdings Limited” is the holding company, including the subsidiaries, branches and other entities with direct management controls.

Reporting Status

Health and Happiness (H&H) International Holdings Limited 2016 Environmental, Social and Governance Report is the first comprehensive non-financial report prepared by the Group. Since 2016, the ESG Report is scheduled to be released on an annual basis.

About this Report

Reporting Framework

Appendix 27 Environmental, Social and Governance Reporting Guide (the "Guide") of the Main Board Listing Rules

GRI G4 Sustainability Reporting Guidelines

Social Responsibility Reporting Guidelines of GB/T 36001-2015

Social Responsibility Reporting Guidelines for Food Industry issued by Chinese Academy of Social Sciences

ISO 26000: Guidance on Social Responsibility (2010)

Abbreviation

Health and Happiness (H&H) International Holdings Limited is also called "H&H", the "Group" or "We" for convenience.

Information reported

All information and data disclosed in this ESG Report are derived from official documents, statistical reports and financial reports of our Group. The information contained in this report is provided by our staff and business partners, and is used only for the Group's ESG reporting but not for commercial purpose.

Version

This report is available in both English and Chinese. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

Feedback and Suggestion

Should you have any queries or suggestions on this report, please contact Health and Happiness (H&H) International Holdings Limited.

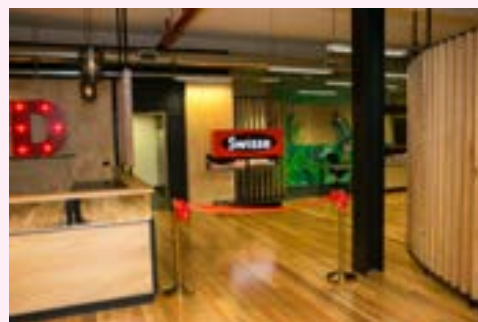
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A close-up photograph of two hands shaking in a firm, confident grip. The hands are light-skinned, and the background is a soft-focus gradient of green and yellow, suggesting an outdoor setting. The lighting is bright, creating a slight lens flare effect near the point of contact.

Preface

Preface

About the Group

Health and Happiness (H&H) International Holdings Limited (¹Formerly known as “Biostime International Holdings Limited”) was established in Cayman Islands in 2010 and listed on the Main Board of the Hong Kong Stock Exchange with stock code 01112.HK. Under the mission of “Making people Healthier and Happier”, Health and Happiness (H&H) International Holdings (“Group” or “We”) aspires to become a global leader in premium nutrition and wellness through superior products and aspirational brands.

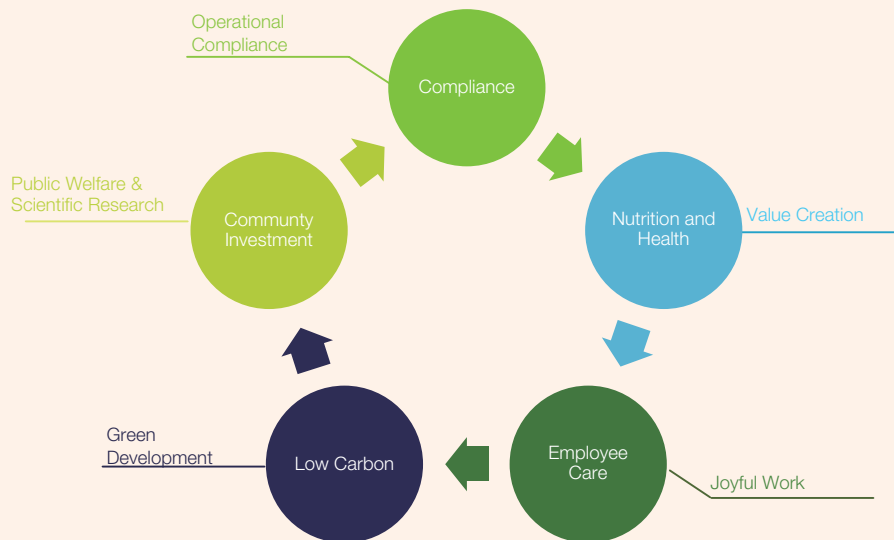
The Group is principally engaged in the manufacture and sale of premium paediatric nutritional products, baby care products, adult nutrition supplements and personal care products. We provide premium products and services to customers for more than 20 countries or regions including Asia-Pacific, Europe, North America, Australia and other areas and have become the industry leader in China market for infant and child nutrition, Australian vitamins, herbs as well as mineral supplements.

¹ “Biostime International Holdings Limited” changed its name on 12th May, 2017, is now incorporated under the of “Health and Happiness (H&H) International Holdings Limited”.

Preface

Environmental, Social and Governance (ESG) Management Strategy

The Group adheres to the mission of “Making people healthier and happier” by strictly complying with relevant laws and regulations, providing premium quality products, caring our employees, developing green and low-carbon economy, and continually investing in community. We work together with investors, government and regulators, consumers, business partners, employees and external community to actively promote sustainable development. We aim to dedicate our joint-effort in improving people’s happiness and health.



Committed in providing products and services to society and strictly in compliance with relevant regulations and laws of countries and regions.

Committed in ensuring products’ nutrition and health to create value for customers;

Committed in offering care and support to employee;

Committed in creating low-carbon environment in each stage of production procedure, enhance green development competitiveness and perform less consumption;

Committed in investing in community and research to bring further contribution to the public health.

Preface

Organizational Structure of ESG

The Group has deployed **ESG** communication and response mechanism to improve the amalgamation of environment, society and governance concept with business operations. Board members are responsible for defining the Group's strategic direction of sustainable development and supervising **ESG** initiatives.

The functional departments are divided into the Nutrition and Health Group, Employee Care Group, Green Development Group and Community Investment Group in accordance with the management function. Performance indicators for various ESG area are assigned to each department and business operation of these Group.

Management System for **ESG**:



Preface

Managing key issues

In accordance with the requirements of ESG Reporting Guide and GRI 4.0 ("G4"), the Group for the first time identified material issues related to stakeholders, combined characteristics and practices of the industry, and put emphasis on such issues which closely relate to the Group's business operations and have significant or potential impact to stakeholders.

Issues Identification

Based on the combination of nature of our business and the features of the industry, the Group makes reference to the ESG Reporting Guide and the GRI G4 to sort out five categories of major social responsibility issues for further analysis.

Survey and Interview

Understand the perspectives and obtain comments on various issues to assess their materiality through group discussions and one-on-one interviews with stakeholders.

Assessment

Based on the results obtained above, we assess different issues by considering their respective impacts to our business and to our stakeholders.

Review and Confirmation

According to the assessment result, our management has confirmed 20 material issues as follows, which require further monitoring, management and disclosure.

Preface

Material ESG Issues

Area	Issue		
Social	Compliance	1	Risk Management and Internal Control
		2	Anti-fraud Mechanism
		3	Operational Compliance
		4	Labour Standard Compliance
		5	Consumer Information Protection
		6	Intellectual Property Rights Protection
	Nutrition and Health	7	Diversified Products
		8	Supply Chain Management
		9	100% Production Management
		10	Product Tracking System
		11	All-rounded market communication
	Employee Care	12	Employee Health and Safety
		13	Anti-discrimination
		14	Employee Welfare
		15	Internal Communication Channel
		16	Employee Training and Development
	Community Investment	17	Community and Charity
		18	Investment in Research and Development
Environmental	Low-carbon Environment	19	Emission Reduction
		20	Resources Saving
		21	Green Packaging

Preface

Stakeholder Engagement

The establishment of a regular, open and transparent communication mechanism with stakeholders is a key measure for the Group to fulfill and promote social responsibility.

The high-end nutrition and health business involves a wide range of stakeholders. The Group not only aims to benefit the stakeholders through our social responsibility initiatives, but also wishes to strengthen its influences in ESG to promote these concepts to enterprises and individuals across the globe.

Stakeholders	Objectives	Communication and Response Mechanism
Shareholder and Investor	Increased asset value Steady growth of ROI Risk mitigation Robust Information Disclosure System	Annual Report and Announcement Meetings with Shareholders, Board of Directors Investor relations website
Government and Regulator	Operational compliance Taxation and employment opportunities Contribution to local economic development	Acceptance of supervision Payment of Taxation Featured meeting
Consumer	Safety and health Premium service Reasonable price Effective communication channel	Consumer hotline, outreach call Website, microblogging, corporate WeChat Product tracking system
Supplier	Fair and transparent procurement Integrity Information of confidentiality	Daily communication with suppliers Supplier grading system Supplier support
Distributor	Mutual benefit Growth together	Dealers Conference Sales channel communication platform activities Customer communication platform Dealer satisfaction survey
Environment	Environmental protection Energy conservation	Emissions monitoring Technical Transformation
Employee	Occupational Health Compensation and Benefits Growth platform establishment Work and life balance	Denunciation mailbox Labour Congress Exchange training Employee care
Community	Employment opportunities Local economic development	Jobs offering Local industrial development Investment in research and development Community and Charity initiatives

Preface

Major Environmental and Social Awards

Asia Pacific

- The subsidiary won the “Award of Commonwealth Communication of the year” for the third consecutive year in the 6th China Public Welfare Festival in 2017;
- The subsidiary was awarded the title of “Top 100 Trusted Brand” for food safety issued by the Organizing Committee of China Food Safety Conference in 2016;
- The subsidiary won the “China Sustainable Packaging Award” at the 7th China Packaging Innovation and Sustainable Development Forum in 2016;
- The subsidiary was awarded the AA grade of Quality Assurance of the General Administration of Quality Supervision, Inspection and Quarantine of China;
- The subsidiary was awarded the “Role-model of Integrity” by the China Quality Inspection Association in 2016;
- The subsidiary won the “Public Service Innovation Award and Public Welfare Project Award” at the China Public Welfare Festival in 2016;

Major honors in Australia

- The subsidiary received “Australian Business Awards – Employer of Choice” in 2016;
- The subsidiary recognized as “Best place to Work Australia – Top 25 Great Places to Work” in 2015, 2016;
- The subsidiary received the 2016 “Human Synergistic – Cultural Transformation Achievement Award”;
- The subsidiary received the “Martin Seligman Award for Health and Wellbeing” by the Australian Human Resources Institute in 2015;
- The subsidiary received CMA Industry Contributor of the Year in 2016;
- The subsidiary received Governor of Victoria Export Awards – Winner of E-Commerce Award in 2016;
- The subsidiary received 54th Australian Export Awards – Finalist in 2016;

Europe

- Mr. Luo Fei, the CEO of the Group, received the “Legion of Honor” issued by the French Secretary of State, Mr. Matthias FEKL, on behalf of the French government in 2015.

A close-up photograph of a person's hand gently cupping a small, realistic globe of the Earth. The globe shows continents and oceans in detail. The background is a soft-focus green, suggesting foliage. The lighting is bright and natural, creating a sense of care and stewardship.

Compliance

Compliance

Risk Management and Internal Control

The Board of Directors of the Group has developed and implemented an internal control system based on our organizational structure and business model. The internal control framework and its associated management systems are adopted to the Group, subsidiaries and all business, in order to facilitate the efficient and effective of business operation, to ensure the reliability and compliance of financial reporting, and to identify and manage potential risks.

We have established a comprehensive enterprise risk management procedure to regularly conduct risk assessment on all business processes of the Group. The procedure identifies, manages and monitors material risks of the Group, predicts the Group's potential risks arising from the change of internal and external environment and develops risk management strategies and risk mitigation measures.

Anti-fraud Mechanism

The Group has established "Anti-fraud and Whistle-blowing Mechanism" and a series of anti-fraud measures, including promotion and training, fraud risk assessment, establishment of complains mechanism and etc. to prevent and timely detect fraud, strengthen governance and internal control, and reduce risks of the Group. As the principal anti-fraud organization, the Board of Directors and the Audit Committee will consistently be responsible for supervising and ongoing monitoring the anti-fraud activities within the Group.

We advocate the anti-fraud policies and related measures, arrange training with respect to legal, regulatory and integrity and moral education for employees, promote a loyal and diligent corporate culture, help employees to identify and correctly handle any conflicts of interest in their work, and resist the temptation of improper interests.

The Group has established a fraud risk assessment mechanism to regularly identify and evaluate fraud risk at the group level and departmental levels to assess the materiality and likelihood of identified risk.

The Group has also set up a comprehensive complaint channel, an investigation processes and an accountability mechanism. We have established guidelines with the principle of honesty and integrity and required staff and relevant suppliers and dealer to sign the guidelines. Our staff, suppliers and retailers may report any misconduct aroused by our employees through channels provided by the Group. This will enable us to monitor the integrity of our staff.

The Group was not aware of any cases of material non-compliance in relation to corruption during the Reporting Period.

Compliance

Operational Compliance

The Group is principally engaged in the manufacture and sale of premium paediatric nutritional products, baby care products, adult nutrition supplements and personal care products.

As our business has been expanded to Asia Pacific, Australia, North America and Europe, we attach the importance upon the compliance management. All our businesses are in compliance with the laws and regulations in local jurisdictions, and have prepared guidelines with respect to compliance for our staff.

The Group was not aware of any cases of material non-compliance in relation to law and regulations during the Reporting Period.

Labour Standard Compliance

The Group has established a comprehensive human resources policy and a well-structured human resources support system to meet the requirements of relevant laws and regulations in Asia Pacific, Australia, Europe and North America. We have also prepared the Staff Manual covering recruitment, labor relations, employment contracts, working hours, remuneration and welfare, training and development, performance management, information security and confidentiality agreements for staff to make reference and compliance. In addition, we have prepared a rigorous recruitment review process and delegate third-parties to verify the information provided by the candidate to refrain from any recruitment of child and forced labor.

We are in strict compliance with relevant rules and regulations of each region, signed labor contract with all employee, and purchased local social insurance and other benefits for staff required by local laws.

The Group was not aware of any cases of material non-compliance in relation to labor standards during the Reporting Period.

Consumer Information Protection

The Group has attached importance to safeguarding the data and privacy of customers and opinion providers, and has established an Information Security Management system that fully protects sensitive information, with reference to ISO27001, other relevant standards and best practices. In addition, we have paid close attention to the laws and regulations, constantly improved the information security protection, and secured consumer information in accordance with relevant laws and regulations.

Intellectual Property Rights Protection

The Group attaches great importance to the maintenance and protection of intellectual property rights. The Group has established “General Rules for Management of Intellectual Property Rights” pursuant to relevant national laws and regulations on intellectual property rights applicable to the industry to specify requirements on the management of the Group’s intellectual property rights. Meanwhile, the Group has also established “Management System for Trademarks”, “Management System for Domain Names” and “Reward Measure for Service Invention” to refine maintenance and protection of specific intellectual property rights. Detailed management control procedures for intellectual property rights have also established in research and development, production and sales, to implement our intellectual property management system throughout each process of production and operation. The above management system effectively protects intellectual property rights of the Group, motivate employees for active invention and intellectual creation, also enhance management of research and development results.

A photograph of a young maple seedling with two leaves, one of which is partially eaten. The seedling is being held gently by an adult's hand and a child's hand. The background is a bright, sunlit outdoor area with green foliage. A green banner with white text is overlaid on the image.

Nutrition And Health

Nutrition and Health

Diversified Products

The Group is committed to providing differentiated and premium products to our consumers and becoming a global leader in high-end nutrition and health industry. By establishing a globalization strategy, we successfully differentiated and diversified products to provide integrated solutions meeting various nutrition and health needs of consumers.

Biostime Infant Formulas

Biostime Infant Formulas are imported with original packing from European Union. The innovative SN-2 Plus Plus formula with nutritional lipids closer to breast milk can help babies with good nutrition absorption. It selects trusted milk source from Normandy, France and adopts WFS easy dissolve technology. The products include Supreme Care, Supreme, Premium, Golden Care, and Premium Mama Nutritional formula for domestic and international market.



Biostime Probiotics

Biostime Probiotics can protect the intestinal tract, improve the resistance, regulate intestinal flora balance, enhance the baby's resistance, and help to promote the absorption of nutrients. Biostime probiotic bacterial powder imported from France, on less than 9.985 billion CFU of active probiotics in each pack. It adopts Bio-support™ protection technology, long-lasting protection probiotic activity.

Biostime Baby Cereal

Biostime Baby Cereal, imported from America, can retain the overall nutrients of grain. The cereal is made from raw grains to retain the structure and eight kinds of nutrients. The cereal is fortified with calcium, iron, zinc and vitamins, providing people with required nutrition. The application of drum drying technology can make the cereal easier to deslove and smoother and creamy.



Swisse Premium Nutrition

Over the past 40 years, Swisse has devoted hard efforts to invest in research and development of high quality materials and product formula. Currently, the Swisse product categories have expanded from the men and women's multivitamins to Vitamins & Supplements, Superfoods, Sports nutrition and Skin Care. Swisse products have also entered into Australia, New Zealand, China, Singapore, UK, Italy and the Netherlands markets successfully.



Nutrition and Health

Dodie Maternal and Child Care Product

Dodie is a leading French brand since 1958. It is dedicated to provide daily care products and solutions for babies and mothers, encompassing baby bottles, soothers, and accessories.

Healthy Times Baby Food & Baby Care Products

As a benchmark of high-quality baby food provider, Healthy Times has been concerning about the nutritional problems of children, and is committed to creating natural and organic infant food without adding preservatives, artificial flavors, artificial pigments, or white sugar. Its major products include high-quality organic baby milk powder, canned organic baby food, organic grinded biscuits, organic rice cereal, organic snacks, and baby care products.

Parenting Power

The course of Parenting Power was developed by the Group in collaboration with a leading international organization headquartered in the United States - ZERO TO THREE, aiming to provide babies with professional, authoritative, personalized and safe early education.



MaMa 100

"MaMa 100" is a member service platform of the Group, which provides services such as membership points redemption, shopping, and child care consultation for parents and children.

Supply Chain Management

To meet the requirements of our quality control on raw materials and final products, we have established robust supplier selection and acceptance processes in order to identify qualified supplier, and requested to control and assess the processes in our supply chain. We also maintain good relationships with suppliers of both upstream and downstream, and jointly research and develop high-end nutrition and health products with suppliers.

Supplier Selection

To establish a cooperative relationship, we require each supplier to submit supporting documents to prove their quality and related qualifications. We also perform on-site audit in supplier's factory to collect and assess those information, and the audit results will be reviewed by Research and Development Function, Supply Chain Management Function and other related functions.

The Group has established a dedicated team to source and purchase materials and services, as well as developed a standard procurement process to ensure the timely acquisition of materials with the best price and quality. To maintain business relationship with us, the suppliers are subject to rigorous review procedures including qualification review and site visits, and are required to establish quality management systems. We perform selection of ingredients and raw materials based on the self-established quality standards which meet and exceed the regulatory requirements of the local jurisdictions. We also perform testing for heavy metals, pesticide residues and impurities, ensuring that our products are in compliance with standards, GMP norms and relevant regulations and laws.



Nutrition and Health



Regular Control and Assessment

As part of our regular supply chain control process, we require suppliers to standardize the quality management system to fully inspect and monitor microbes, pesticides and other pollutants potentially contained in raw materials, supplements, work-in-progress, finished products and other ingredients that may affect the quality of the product (e.g., water quality, additive and packaging materials), ensuring the quality and safety of finished goods.

We also conduct assessments on suppliers' quality management system, product quality, service and supply capacity in accordance with our Supplier Management Policy.

Communication and Cooperation

The Group is committed to establishing long-term relationships with key suppliers, by means of direct investment in suppliers' production lines, signing long-time cooperation contracts, assigning Directors to provide daily supervision and management, and carrying out production inspection.

To foster communication with suppliers and to promote continuous improvement, we have established a Supplier Rating Management System in which we provide feedback to suppliers in the performance evaluation report. The System focuses on suppliers' system review, product quality, price competitiveness, service and supply capabilities. We conduct performance evaluation on an annual basis.

During the Reporting Period, there were in total 11 major raw material suppliers collaborated with the Group, among which all are from overseas.

100% Production Management ²

We have carried out rigorous monitoring on the whole production process from environment, materials, personnel, product inspection, and storage to transportation in order to guarantee product quality.

Environment

- Conduct inspection on the cleanliness of compressed air to ensure the operational effectiveness on air purification system on an annual basis.
- Monitor the cleaning and disinfection measures on environment and equipment every year to ensure the effectiveness of sterilization and the hygiene of production environment.
- Regularly perform assessment on the purification production workshop to ensure the safety of production environment in accordance with requirements.



² The relevant production description and data disclosed in this report, exception for special instruction, only cover factories in China in accordance with Control Act. In addition to factories in China, overseas production are in the form of OEM.

Nutrition and Health

Material

- Conduct regular audit of suppliers, select qualified suppliers, and review the quality certification reports provided by the suppliers before purchase.
- Inspection on each batch of raw material shall be performed before transferring to the warehouse. Substandard material shall not be put into production.
- The major raw material suppliers should provide at least one inspection report every year to confirm the compliance with national standards, law and regulations and mutually agreed terms and conditions.
- The Group shall, at least once a year, delegate a third party to carry out assessment on risk areas such as pollutant in the materials to ensure the compliance with relevant regulatory requirements.



Staff

- Operators in the production line should perform health check on an annual basis to ensure their health conditions.
- Carry out training with respect to occupation, equipment and quality requirements for production operators to guarantee the understanding of production requirements.



Production Process

- The production process should be strictly in accordance with the product specification sheet and production order form which regulates formula for each product. No arbitrary amendment is permitted.
- Sampling inspection on each quality control station should be performed to ensure the products are produced in a safe environment under an effective monitoring system.

Nutrition and Health

Product Inspection

- Work-in-progress quality control testing should be performed during production process to ensure the quality of work-in-progress meets its standards and requirements.
- Only qualified products can be transferred to the warehouse and sold to consumers.

Storage and Transportation

- Real-time monitoring of the warehouse condition to ensure raw materials, packaging materials and finished products are stored in a suitable and safe environment.
- Conduct inspection on transport vehicles to ensure the cleanliness and safety of transport vehicles.
- Wipe out the pests in the Changsha Factory and Guangzhou Factory to ensure product quality and food safety.



In the Reporting Period, 3,132 batches of final products have been inspected with 100% qualification rate.

Product Tracking System

In the Asia-Pacific region, we have upgraded the tracking system for milk powder and nutrition products. Through this system we are able to assure our quality from production to circulation, and to assign unique ID number for each product. Consumers can track the production process, production time, as well as other production information for milk powder and nutrition products through computer and mobile phone. Each product under Biostime Brand and the nutrition product which sold in the form of normal trade channel in China has a unique 12 or 14-digit product serial number and a QR code, and consumers can obtain critical information such as place of origin, manufacturer and quality check result by scanning the code or inputting the product serial number.

Nutrition and Health



All-rounded Market Communication

Customer Services Hotline

In the Asia-Pacific region, we have established an effective consumer direct communication channel for our major products. We aim to provide premium customer service through the following channel: customer services hotline to provide advices and obtain product feedback, customer visits and outbound calls, and online customer service. We closely monitor each of these channels to ensure the quality of our services to our customers.



Nutrition and Health

In 2016, the total number of inquiries, outreach and complaints from our telephone service in the Asia-Pacific region are as follows:

Year	2016 (Times)	Percentage
Inquiries	1,204,102	69.3%
Outreach	456,884	26.3%
Complaints	77,611	4.4%
Effective Complaints	52,776	3.0%
Total	1,738,597	100.0%

We have developed a compliant management process for customer complaints. We will keep following up complaints, and feed them back to the responsible person of relevant department. And we will conduct a survey of satisfaction and consumer return visit. To ensure that provide qualified after-sales service for customers.

In Australia, we have also set up telephone services in areas where the major products are sold in order to answer customer inquiries with regards to products and services. It also responds to various issues of Swisse product from global consumers and to maintain communication service within the market.

Communication with Dealer

In Asia Pacific, Australia, Europe, North America, we have established effective communication channels with distributors at all levels. Through regular meetings with dealers, we are able to gain more understanding of the inquiries and complaints from consumers towards our products, to provide suggestions through dealer in response to consumer inquiries and complaints, and to perform evaluations and provide instructions to each dealer so as to ensure the timely and effective communication between the Group and the consumer.



Professional Consulting Team

In the Asia Pacific region, we have established a professional nutrition and health consultancy team aiming to provide consumers with excellent consultancy services. More than 60% of our professional consultants obtain public nutritionists, nursery or pharmacist qualifications etc., whereas all of our doctors obtained the related certificates.

Customer Relationship System

The Group has established Customer Relationship Management system ("CRM"). Through the system, we can fully understand our consumer profile and provide customized services and care to each consumer. We also maintain every communication records including general discussion, complaints and consultation process between consultants and members. Purchases of each member will also be recorded so as to recommend suitable products for customer by performing data analysis.

A close-up photograph of several hands holding multiple red, textured hearts. A bright light source, possibly the sun, is positioned behind the hearts, creating a strong lens flare and illuminating the scene. The background is a soft, out-of-focus blue sky. A teal banner is overlaid at the bottom left, containing the text "Employee Care".

Employee Care

Employee Care

Talent Values

We value talents as we believe that they can directly contribute to the Group's profit and sustainable development. The Group advocates simple, timely and effective decision-making, and trust culture. We strive to provide a growth and development platform for our staff, and adopt "Win-win" business model along with employees, customers and suppliers in order to create values for customers and suppliers.



Employee Structure

As at December 31, 2016, the Group had 2,484 full-time employees, with distribution as follows:

Region	2016	%
Asia-Pacific	2,167	87.24%
Australia	306	12.32%
North America	5	0.20%
Europe	6	0.24%
Total	2,484	100.00%

The gender distribution of our employees of the Group is as follows:

Gender	2016	%
Male	923	37%
Female	1,561	63%
Total	2,484	100%

Employee Care

Employee Health and Safety

Ensuring the health and safety of our employee is our primary goal and we are committed to providing safe and healthy working environment to staff in accordance with relevant laws and regulations.

In the Asia-Pacific region, apart from social security provided, we also have purchased commercial insurance and third-party liability insurance for employees in different business units and offered training on occupational safety. Through training, staff can obtain occupational safety knowledge, improve safe production skills, enhance the ability of accident prevention and emergency response, and put forward rational suggestions on safe production. Each year, we organize fire rehearsal for staff so as to increase staff awareness of fire safety and gain basic skills.

In the Australian region, we also continuously promote the health and safety initiatives, which includes the establishment of the “Safety and Health Policy”, “Emergency Handling Policy”, “Staff Travel and Entertainment Safety Policy” and other relevant policies. The environmental manager and the equipment manager are responsible for maintaining a safe working environment, including safeguards of assets and equipment. At the same time, the Health and Safety Committee was established to discuss health and safety issues each month and to monitor reported issues.

In the Reporting Period, the Group was not aware of any cases of material non-compliance in relation to occupational health and safety legislations and regulations.

Anti-discrimination

The Group is committed to providing employees with a discrimination-free workplace and seeking fair treatment for each employee regardless of ethnic, racial, sex, religious, marital, health or other characteristics protected by law. The Group adheres to anti-discrimination in the process of employment, training, remuneration and promotion, and takes active measures to protect fairness in the working environment in accordance with the laws of local jurisdiction and labor contract.



Employee Welfare

The Group values the well-being of employees and provides relevant statutory leaves, remuneration benefits and supplementary benefits in accordance with the laws for the purpose of improving employee satisfaction to the Group.

Statutory Holidays

The Group has paid close attention to employee's rights towards statutory holiday. We have stipulated that each employee shall be allowed to take leaves during statutory holidays and public holidays in accordance with the laws of local jurisdiction, strictly guaranteeing the legal rights and interests of employee and promoting “work and life balance” culture.

Employee Care

Remuneration

As we attach great importance to the health and life quality of staff, we provide employees with competitive remuneration and benefits by regularly perform benchmarking with the industry peers. The salary and benefit of each employee are evaluated and assessed regularly based on the result of performance evaluation. We also offer performance-based bonus and long-term incentive plans to attract, retain and motivate staff.

Our remuneration principles include:

Legitimacy principles: Comply with national and local laws and regulations of the relevant requirements, and strictly adhere to the remuneration management and payment operating procedures.

Fairness principle: through the scientific salary setting and effective communication on remunerations to enhance the perceived value of employees. Wage levels and structure are determined according to job type, job rank, job value, personal ability, performance appraisal results and other factors.

Supplementary Benefits

We also provide a variety of supplementary benefits to our employees:

In the Asia-Pacific region, employees are provided with: discount for purchasing Group's products, complementary infant formula, team funds, staff clubs, parent-child activities, speed dating activities and etc;

In Australia, Europe and North America, employees are provided with: additional paid holidays and rewards, community volunteer activities, active office culture, mid-year development activities, product purchase allowances, free gyms etc.



Internal Communication Channel

We believe that cross-sectoral, cross-language and cross-cultural communication among different workplaces contribute to work effectiveness and nurture a harmonious working environment. We advocate a simple culture, encouraging staff to feed back any useful information, encountered problems, difficulties or advices to supervisors as well as to seek relevant feasible suggestions. The Group has strived to establish an open and smooth communication channel between employees and management by advocating borderless corporate culture. We believe that simple culture and contractual spirit have positive impact on the improvement of working efficiency, streamlining of personnel relationships, reduction of internal transaction costs and greater focus to work. We have also required departmental managers to set up transparent communication channels such as a anonymous mailbox for all staff enabling staff to consistently convey information, opinions, and perspectives to the management.



Employee Care

Employee Training and Development

We believe talent is the most important component for an organization's competitiveness. It is also one of the most critical factors for sustainable development of the Group. The Group has developed an open learning platform to promote knowledge sharing, and also established an effective organizational learning system to help staff attain necessary skills and capacities, to understand the organizational culture and job duties through on-job training, and ultimately to improve performances of staff. The Group advocates the Business Efficiency Improvement principle in employee training, which focuses on internal training and group learning supplemented by external training, and places emphasis on timely sharing and effective application of learning materials. The Group has also set up a designated training budget to enhance employees' knowledge, skills and cultural adaptability through different training programs, and gradually improving their leadership skills.

Asia-Pacific Region

We established a two-level training system. The first level – Group training system includes new staff training, new management personnel training, advanced management personnel training, and leadership training, whereas the second level – regional (departmental) training system encompasses core skills training, sales management trainings, distribution management training, regional training, and headquarters departmental training.

Australian Region

We provide a comprehensive induction training course for all new members, which customizes training schedules and contents for each individual of different functions. Each new employee is required to spend at least 34 hours in the induction training, encompassing marketing strategies, business finance, value, law (including securities trading, bribery and corruption), products and operations.

Yearly, we provide our employees with intensive training courses including technical skills, leadership, development skills etc. lectured by internal experts as well as external partners from different fields.

During the Reporting Period, the Group has offered staff training and development activities to directors, regional directors, senior management, office managers and sales promoters, involving a total of 3,725 employees and 34,622 training hours.



Low-carbon Environment



Low-carbon Environment

Emission Reduction

The Group strives to reduce emissions of greenhouse gases and production waste generated from daily operations through technological innovation and establishment of internal policies and procedures, aiming to minimize the negative impact on the environment.

We have installed sewage treatment systems in the production plants³. Domestic sewage must be discharged through the sewage treatment systems, and the quality of water being discharged should meet the relevant national requirements. For laboratory sewage, it must be first processed through separate laboratory sewage treatment system before being discharged. For exhausted gas, emission amount from all generators must not exceed the maximum emission amount set forth by the government. Also, noise generated from the production plants must be in within the Emission Standard for Industrial Enterprises Noise at Boundary. Inspection results and relevant reports provided by independent third-party environmental monitoring organizations were maintained for all aforesaid issues.

The following measures are implemented to minimize the emissions of carbon dioxide, hazardous and non-hazardous waste:

Minimizing carbon emission

We are dedicated to reduce carbon emission in different sources including electricity, fuel, packaging, garbage collection, travel, accommodation, etc.

- Asia Pacific Area: LED lights are installed in all offices of the Group; industrial fans are installed in workshops to reduce the usage of chiller; fossil fuels are replaced by renewable biomass fuels for provision of steam used for production;
- Australia Area: Sustainable light fittings are installed and paperless working environment is promoted. Swisse joined as one of the carbon neutral organizations and participated in various carbon neutral projects. We have also signed the Australian Packaging Covenant to reduce impacts on environment.

Reducing hazardous and non-hazardous waste

- Hazardous waste generated from production was collected and stored separately, and then handed over to qualified organizations for disposal. For non-hazardous waste, we adopt the principle of recycling under all circumstances and if recycling is not feasible, waste will be handed over to qualified contractors for further handling.

Net carbon emissions for Swisse are 0 after all have been offset, as part of the National Carbon Offset Standard of the Australian Government, Swisse is a carbon neutral organisation. Please see Swisse public disclosure statement for a breakdown of emissions offset in 2016 on the website of the Australian Government Department of Environment and Energy for reference.

The Group has generated about 6,607 tonnes of carbon dioxide in 2016. The Group is not aware of any material non-compliance with the relevant laws and regulations relating to the environment.

³ The relevant production description and data disclosed in this report, exception for special instruction, only cover factories in China in accordance with Control Act. In addition to factories in China, overseas Production are in the form of OEM

Low-carbon Environment

Resources Saving

We always treasure natural resources with a hope of expanding our business while minimizing the resources consumption. We have actively implemented the following measures for efficient use of energy:

Energy Conservation

- Replaced the traditional fluorescent lamps with LED lighting which consumed 60% less electricity.
- Established responsibility assigning mechanism of energy saving e.g. In the office area of factory in Guangzhou and Changsha in China , air-conditionings and lightings were turned off during lunch time and half an hour before get off work. Only necessary lightings would be remained after get off work.

Total electricity consumption in 2016 was 6,940,000 kWh, equivalent to 853 tonnes of coal.

Water Consumption Reduction

- Conducted regular check on production equipment to prevent water leakage;
- Enhanced efficiency of the cooling tower to reduce water evaporation;
- Reduced water consumption in equipment cleaning;
- Reduced water consumption in ground cleaning and greening;
- Closely monitored high water consumption production process;

Recycling

- Cooling water was recycled from water recycling equipment;
- Steam condensed water and greywater was reused.

Total water consumption for 2016 was 42,264 tonnes.

Low-carbon Environment

Green Packaging

The design and production of the packages of the Biostime's comprehensive infant formula series have incorporated with the concept of sustainable packaging by using light-weight, tempered aluminum composite materials, adopting environmentally-friendly UV ink printing process, redesigning the printing setting to reduce the size of non-core packaging etc.

As a result, the cost of cardboard was reduced by 8.2% and overall cost was reduced by 5.4%. The abovementioned measures also helped the Group to attain the "2016 China's Sustainable Packaging Award".

In Australia, all the consumables are made of recycled materials which will be recycled and reused again.



A top-down photograph showing a large smiley face constructed from sand on a beach. The smiley face has two circular eyes and a wide, curved mouth. It is surrounded by several hands of different skin tones, all reaching out towards the center, symbolizing community and charity.

Community and Charity

Community and Charity



Our mission “making people healthier and happier” is not only reflected in our products but also in our community activities. We work together with our investors, partners, government & media, employees, and consumers, aiming to promote sustainable development of society and to bring happiness and health to the public. We have been investing our resources to support the people in need and actively participating in various corporate

social responsibility activities to enhance the public awareness of sustainable development and fulfill our social responsibilities. We have actively participated in a number of programs to make contributions to the community including maternal and child relief fund, “Love Hospital”, parenting lectures, academic researches and other public affairs over the years.

Community and Charity

Asia-Pacific Region

Biostime China Foundation for Mother and Child

Biostime China Foundation for Mother and Child is a joint venture between the Group and the Chinese Red Cross Foundation. The Foundation is a public welfare fund set up to help mothers and children of poor families with severe conditions. The Foundation plays an important role in the “Red Cross Angel Plan” promoted by the Chinese Red Cross Foundation.

Use of fund includes:

- Providing medical assistance for mothers with diseases (during pregnancy and childbearing – children under 3 years of age) and children (0 to 14 years old) in poverty;
- Conducting marketing and fund-raising activities;
- Funding academic exchanges and researches on maternal and child disease and health;
- Funding editors to publish books/websites relevant to mother and child health education;
- Organizing other public welfare projects related to the rescue of severe mother-to-child and those consistent with the mission of the Chinese Red Cross Foundation.



Community and Charity

Annual Rescue Data on Biostime China Foundation for Mother and Child:

Year	Unit	2014	2015	2016
Number of Salvage	Number	118	235	280
Rescue Amount	RMB	1,413,500.00	1,773,260.00	1,883,682.00
Amount per person	RMB	11,978.81	7,545.79	6,727.44

"MaMa 100" love activities

We organized parenting education as well as donations activities in multiple districts. We notified parents the information of the activities through "MaMa Thank-You card" and encouraged them to donate toys and books that are rarely used. Moreover, we had set up collection point on-site on the day of the event for collecting generous donations. After receiving the donated items, we sent them to hospitals or health stations for sterilization and stick a "sterilized" label on each item. We then contacted nearby orphanages or welfare homes and arranged delivery of the donated items.

Love Hospital

Biostime China Foundation for Mother and Child ("BC Foundation") collaborated with national-qualified maternal and child care centres and hospitals in carrying out project "Love Hospital", which aims to set up 30 "Love Hospitals" and is expected to invest RMB15 million. Currently, 23 "Love Hospitals" have already been set up to provide medical services for mothers and children of poor families. Until now, the project has rescued a total of 421 mothers and children.

Project "Love Hospital" Rescue Data:

Year	Unit	2015	2016
Number of Salvage	Number	154	267
Rescue Amount	RMB	1,084,260.00	1,802,682.00
Amount per person	RMB	7,040.65	6,751.62

Community and Charity

Parenting lecture

We worked closely with local family planning councils, communities, kindergartens, hospitals and invited parenting experts to hold lectures on “children’s nutrition and care, common disease prevention, children’s development and early education”. We successfully raised public awareness in the areas of nutrition, care and early education. More than 10,000 lectures have been held throughout the country, benefiting about one million families.

Angel road

Biostime China Foundation for Mother and Child (“BC Foundation”), Red Cross Society of China, Chinese Red Cross Foundation and various hospitals have jointly visited Tibet, Inner Mongolia province, Yunnan province and Heilongjiang Mohe to carry out health checks for more than 30,000 children. 151 infected children were sent to Beijing and other districts for proper and free treatment. The charitable donation amount for this event was around RMB3 million.

Other public welfare activities

- Free transportation by Biostime & Uber;
- For the Ya’an earthquake in Sichuan province in 2013, we donated RMB1 million for the rescue and post-disaster reconstruction;
- For the Zhaotong Ludian earthquake in Yunnan province in 2014, we donated RMB600,000 to purchase emergency packs and donated RMB600,000 worth of infant formula milk powder to maintain the nutritional supplies of children in disaster areas;
- For the Nepal earthquake in 2015, we donated RMB200,000 cash and donated nutritional supplies which worth around RMB300,000;
- For the major floods in 2016, we donated RMB200,000 to purchase emergency boxes to Anhui province and Hubei province.

Australian Region

Swisse Public Welfare and Charity

In 2016, Swisse invested a total of US\$370,000 in the community, which is equivalent to more than US\$1,600 per employee. Our community services include research funding, volunteer activities, employee incentive programs, supplies crowdfunding, “nutrition support programs”, etc.

“Zero violence” Campaign

More than 50 volunteers participated in the event the team raised more than US\$340,000 through crowdfunding which helped 70 schools to carry out “prevention of violence” activities.

Community and Charity

Support for “Second Bite”

“Second Bite” is a non-profit organization that recycles and redistributes spare fresh food to people in need. More than 25 employees volunteered to “Second Bite” and helped to redistribute fruits and vegetables, hence providing more than 20 million meals for those in need.

Project “BluEarth”

“BluEarth” is a non-profit organization in Australia which aims at improving the health of Australians and relieving the burden of disease that is associated with the increasing sedentary lifestyles. We joined the “BluEarth” Foundation and participated in volunteer events in local primary schools. We also encouraged our employees and their children to participate in sports.

Investment in Research and Development

Asia-Pacific Region

The Group has established Biostime Institute of Nutrition and Care (BINC), which is dedicated to providing a full range of solutions for maternal and child health issues. BINC works together with renowned team of experts to carry out scientific research and create an exchange platform for promoting academic research in nutrition, nursing and psychological field. Meanwhile, the Group has also established the “Maternal and Child Nutrition and Nursing Research Fund Project (BINC Fund)” and “Biostime Maternal and Infant Nutrition and Health Research Fund” (CDC Fund), which focus on maternal and child nutrition, nursing care and psychological research projects in China.



Community and Charity

We have funded a total of 117 maternal and child health research projects throughout China and have achieved notable scientific research results, the recipients have also published more than 100 research papers. In 2015, Biostime Institute of Nutrition and Care has successfully renewed its contract to 2019 with National Center for Women and Children's Health, Chinese Center for Disease Control and Prevention, CDC Fund will continue to operate in an orderly manner and is expected to invest a total of 3 million funds in the next three years in order to focus on creating a sound industry research environment and promoting research in national maternal and child nutrition and health areas. Furthermore, CDC Fund will continue to enhance the knowledge of maternal and child health nutrition of the general public and improve the technical skills of health care workers in maternal and child health care institutions.



Australian Region

The Group emphasizes on working with universities and research organizations in Australia to support researches on nutrition and health care of infants, pregnant women and adults through providing scholarships, project funding and charitable donations. The participated universities and institutions include: The University of Queensland, La Trobe University, Royal Melbourne Institute of Technology, Swinburne University of Technology and Commonwealth Scientific and Industrial Research Organisation.



Prospects

Looking into the future, we will continue to uphold the concept of “Making people healthier and happier”, take more productive and innovative initiatives to be a global leader in premium nutrition and wellness through superior products and aspirational brands. At the same time, we will strive for greater progress in the field of sustainable development insistently.

Overview of Sustainable Development

A. Environment

We strictly comply with the “Environmental Protection Law of the People’s Republic of China” and strive to safeguard and improve the nature environment against any pollutions and impacts, in order to protect public health for promoting ecological civilization and economic and social sustainability. To ensure proper implementation of the relevant laws in all departments and production lines within the Group, our internal control department will conduct audits and soon rectify, if any, the non-compliance.

		KPI
Aspect A1: Emission		
The types of emissions and respective emissions data	In 2016, 6,607 tonnes of greenhouse gases were generated.	A1.1
Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		A1.2
Total hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Very few hazardous wastes were generated from the major manufacturing process. No disclosure needed as the KPI is not material to the Group.	A1.3
Total non-hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous wastes are mainly product packing materials, office paper and etc. There is no completed statistics for 2016. Nevertheless, required KPI will be disclosed in 2017.	A1.4

Overview of Sustainable Development

Description of measures to mitigate emissions and results achieved.	<p>We are dedicated to reduce carbon emission in different sources including electricity, fuel, packaging, garbage collection, travel, accommodation, etc.</p> <ul style="list-style-type: none"> Asia Pacific Area: <p>LED lights are installed in all offices of the Group; industrial fans are installed in workshops to reduce the usage of chiller; fossil fuels are replaced by renewable biomass fuels for provision of steam used for production.</p> <ul style="list-style-type: none"> Australia Area: <p>Sustainable light fittings are installed and paperless working environment is promoted. The Swisse joined as one of the carbon neutral organizations. We have also signed the Australian Packaging Covenant to reduce impacts on environment.</p>	A1.5
Description of how hazardous and non-hazardous wastes are handled and results achieved.	Hazardous waste generated from production was collected and stored separately, and then handed over to qualified organizations for disposal. For non-hazardous waste, we adopt the principle of recycling under all circumstances and if recycling is not feasible, waste will be handed over to qualified contractors for further handling.	A1.6
Aspect A2: Uses of Resources		
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).	Total electricity consumption in 2016 was 6,940,000 kWh, equivalent to consumption of 853 tonnes of coal.	A2.1
Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Total water consumption for 2016 was 42,264 tonnes.	A2.2

Overview of Sustainable Development

Description of energy use efficiency initiatives and results achieved.	<p>Replaced the traditional fluorescent lamps with LED lighting which consumed 60% less electricity.</p> <p>Established responsibility assigning mechanism of energy saving e.g. In the office area of factory in Guangzhou and Changsha in China, air-conditionings and lightings were turned off during lunch time and half an hour before get off work. Only necessary lightings would be remained after get off work.</p>	A2.3
Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	<ul style="list-style-type: none"> • Conducted regular check on production equipment to prevent water leakage; • Enhanced efficiency of the cooling tower to reduce water evaporation; • Reduced water consumption in equipment cleaning; • Reduced water consumption in ground cleaning and greening; • Closely monitored high water consumption production process. 	A2.4
Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	There is no completed statistics for 2016. Nerveless, related KPI will be planned to be disclosed in 2017.	A2.5
Aspect A3: The Environment and Natural Resources		
Description of significant impacts of activities on the environment and natural resources and actions taken to manage them.	<p>The design and production of the packages of the Biostime's comprehensive infant formula series have incorporated with the concept of sustainable packaging.</p> <p>As a result, the cost of cardboard was reduced by 8.2% and overall cost was reduced by 5.4%. The abovementioned measures also helped the Group to attain the "2016 China's Sustainable Packaging Award".</p> <p>In Australia, all the consumables are made of recycled materials which will be recycled and reused again.</p>	A3.1

Overview of Sustainable Development

B. Social

Employment and Labour Practices

		KPI																														
Aspect B1: Employment																																
Total workforce by gender, employment type, age group and geographical region.	As at December 31, 2016, the Group had 2,484 full-time employees, with distribution as follows:	B1.1																														
Employee turnover rate by gender, age group and geographical region.	<table border="1"> <thead> <tr> <th>Region</th><th>2016</th><th>%</th></tr> </thead> <tbody> <tr> <td>Asia-Pacific</td><td>2,167</td><td>87.24%</td></tr> <tr> <td>Australia</td><td>306</td><td>12.32%</td></tr> <tr> <td>North America</td><td>5</td><td>0.20%</td></tr> <tr> <td>Europe</td><td>6</td><td>0.24%</td></tr> <tr> <td>Total</td><td>2,484</td><td>100.00%</td></tr> </tbody> </table> <p>The gender distribution of our employees of the Group is as follows:</p> <table border="1"> <thead> <tr> <th>Gender</th><th>2016</th><th>%</th></tr> </thead> <tbody> <tr> <td>Male</td><td>923</td><td>37%</td></tr> <tr> <td>Female</td><td>1,561</td><td>63%</td></tr> <tr> <td>Total</td><td>2,484</td><td>100%</td></tr> </tbody> </table>	Region	2016	%	Asia-Pacific	2,167	87.24%	Australia	306	12.32%	North America	5	0.20%	Europe	6	0.24%	Total	2,484	100.00%	Gender	2016	%	Male	923	37%	Female	1,561	63%	Total	2,484	100%	B1.2
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Aspect B2: Health and Safety																																
Number and rate of work-related fatalities.	In the Reporting Period, the Group was not aware of any cases of material non-compliance in relation to occupational health and safety legislations and regulations.	B2.1																														
Lost days due to work injury.		B2.2																														
Description of occupational health and safety measures adopted, how they are implemented and monitored.	<p>In the Asia-Pacific region, apart from social security provided, we also have purchased commercial insurance and third-party liability insurance for employees in different business units and offered training on occupational safety. Each year, we organize fire rehearsal for staff so as to increase staff awareness of fire safety and gain basic skills.</p> <p>In the Australian region, we also continuously promote the health and safety initiatives. At the same time, the Health and Safety Committee was established.</p>	B2.3																														

Overview of Sustainable Development

Aspect B3: Development and Training		
The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	During the Reporting Period, the Group has offered staff training and development activities to directors, regional directors, senior management, office managers and sales promoters, involving a total of 3,725 employees and 34,622 training hours.	B3.1
The average training hours completed per employee by gender and employee category.		B3.2
Aspect B4: Labour Standards		
Description of measures to review employment practices to avoid child and forced labour.	We have prepared the Staff Manual for staff to make reference and compliance. In addition, we have prepared a rigorous recruitment review process and delegate third-parties to verify the information provided by the candidate to refrain from any recruitment of child and forced labour. The Group was not aware of any cases of material non-compliance in relation to labour standards during the Reporting Period.	B4.1
Description of steps taken to eliminate such practices when discovered.		B4.2
Aspect B5: Supply Chain Management		
Number of suppliers by geographical region.	During the Reporting Period, there were in total 11 major raw material suppliers collaborated with the Group, among which all are from overseas.	B5.1
Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	To meet the needs of our quality control on raw materials and final products, we have established robust supplier selection and acceptance processes in order to identify qualified supplier, and requested to control and assess the processes in our supply chain. We also maintain good relationships with suppliers of both upstream and downstream, and jointly research and develop high-end nutrition and health products with suppliers.	B5.2

Overview of Sustainable Development

Aspect B6: Product Responsibility																				
Percentage of total products sold or shipped subject to recalls for safety and health reasons.	In the Reporting Period, 3,132 batches of final products have been inspected, with 100% qualification rate.	B6.1																		
Number of products and services related complaints received and how they are dealt with.	<p>In 2016, the total number of inquiries, outreach and complaints from our telephone service in the Asia-Pacific region are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th><th>2016</th><th>Percentage</th></tr> </thead> <tbody> <tr> <td>Inquiries</td><td>1,204,102</td><td>69.3%</td></tr> <tr> <td>Outreach</td><td>456,884</td><td>26.3%</td></tr> <tr> <td>Complaints</td><td>77,611</td><td>4.4%</td></tr> <tr> <td>Effective Complaints</td><td>52,776</td><td>3.0%</td></tr> <tr> <td>Total</td><td>1,738,597</td><td>100.0%</td></tr> </tbody> </table> <p>We have developed a compliant management process for customer complaints. And we will conduct a survey of satisfaction and consumer return visit. To ensure that provide qualified after-sales service for customers.</p> <p>In Australia, we have also set up telephone services.</p>	Year	2016	Percentage	Inquiries	1,204,102	69.3%	Outreach	456,884	26.3%	Complaints	77,611	4.4%	Effective Complaints	52,776	3.0%	Total	1,738,597	100.0%	B6.2
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Description of practices relating to observing and protecting intellectual property rights.	The Group has established "General Rules for Management of Intellectual Property Rights" pursuant to relevant national laws and regulations on intellectual property rights applicable to the industry to specify requirements on the management of the Group's intellectual property rights. Detailed management control procedures for intellectual property rights have also established in research and development, production and sales, to implement our intellectual property management system throughout each process of production and operation.	B6.3																		
Description of quality assurance process and recall procedures.	<p>Work-in-progress quality control testing should be performed during production process to ensure the quality of work-in-progress meets its standards and requirements.</p> <p>Only qualified products can be transferred to the warehouse and sold to consumers.</p>	B6.4																		
Description of consumer data protection and privacy policies, how they are implemented and monitored.	The Group has established an Information Security Management system that fully protects sensitive information, with reference to ISO27001, other relevant standards and best practices. In addition, we have paid close attention to the laws and regulations, constantly improved the information security protection, and secured consumer information in accordance with relevant laws and regulations.	B6.5																		

Overview of Sustainable Development

Aspect B7: Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the year and the outcomes of the cases.	The Group was not aware of any cases of material non-compliance in relation to corruption during the Reporting Period.	B7.1
Description of preventive measures and whistle blowing procedures, how they are implemented and monitored.	The Group has established “Anti-fraud and Whistle-blowing Mechanism” and a series of anti-fraud measures, including promotion and training, fraud risk assessment, establishment of complains mechanism and etc. The Board of Directors and the Audit Committee will consistently be responsible for supervising and ongoing monitoring the anti-fraud activities within the Group.	B7.2
Aspect B8: Community Investment		
Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	We have actively participated in a number of programs to make contributions to the community including maternal and child relief fund, “Love Hospital”, parenting lectures, academic researches and other public affairs over the years. As community investment involves multiple affairs, the resources contributed sets out in the section “Community and Charity”.	B8.1
Resources contributed (e.g. money or time) to the focus area.		B8.2