



# 上海昊海生物科技股份有限公司

## Shanghai Haohai Biological Technology Co.,Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code : 6826



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Environmental, Social  
and Governance Report

# 2019

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# About This Report



## Scope of the report

This report is the fourth Environmental, Social and Governance (“**ESG**”) Report released by Shanghai Haohai Biological Technology Co., Ltd. It focuses on the disclosure of information regarding the Company’s governance, social and environmental aspects during the reporting period from 1 January 2019 to 31 December 2019 (the “**Reporting Period**”).

Unless otherwise stated, environmental KPIs specified in this report mainly cover the Company and its domestic subsidiaries which are engaged in product research and development (“**R&D**”), production and sales (the “**Domestic Subsidiaries**”). During the Reporting Period, the revenue of the Company and its Domestic Subsidiaries accounted for 83.28% of the Group’s total revenue; as of the end of the Reporting Period, the total assets of the Company and its Domestic Subsidiaries made up 89.63% of the Group’s total assets. However, general disclosures and compliance matters cover the Company and all of its subsidiaries. The Group will continuously assess the range of material ESG operations of different business segments or its key subsidiaries, and determine whether they should be included into the scope of the ESG Report.

Unless otherwise stated, the currency mentioned in this report refers to Renminbi (“**RMB**”).



## Basis for compilation of the report

This report is compiled with reference to the “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the “**Hong Kong Listing Rules**”) issued by the Stock Exchange of Hong Kong Limited (the “**SEHK**”), and the “Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange” of the Shanghai Stock Exchange (the “**SSE**”).



## Sources of data and assurance of reliability

The data and cases contained in this report are mainly derived from the Group’s statistical reports and related documents. The Group undertakes that this report does not contain any false records or misleading statements.



## Confirmation and approval

After being confirmed by the management of the Company, this report was approved by the board of directors (the “**Board of Directors**”) of the Company on 26 March 2020.



# About This Report



## Relevant abbreviations

For the convenience of presentation and reading, the following abbreviations are used in this report:

“The Company” or “Haohai Biological”	Shanghai Haohai Biological Technology Co., Ltd.
“The Group”, “we”, “us” and “our”	The Company and its subsidiaries
“Henan Universe”	Henan Universe Intraocular Lens Research and Manufacture Co., Ltd.
“Shanghai Likangrui”	Shanghai Likangrui Bioengineering Co., Ltd.
“Shanghai Jianhua”	Shanghai Jianhua Fine Biological Preparations Co., Ltd.
“Shanghai Qisheng”	Shanghai Qisheng Biologicals Co., Ltd.
“Shenzhen NIMO”	Shenzhen New Industries Material of Ophthalmology Co., Ltd.



## Access to and feedback on the report

This report is available in traditional Chinese and English versions. The electronic version of this report is available for download at the SSE’s website ([www.sse.com.cn](http://www.sse.com.cn)), the SEHK’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.3healthcare.com](http://www.3healthcare.com)).

We take the opinions of stakeholders very seriously and welcome readers to contact us using the following contact information. Your opinions will help us further improve this report and enhance the overall environmental, social and governance performance of the Group.

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# 01

## DEVOTED MANAGEMENT

As the Group takes ESG management as an important part of its daily operation and management, it continuously deepens the integration of the idea of ESG responsibility and its business operational strategy. It upholds operation with integrity and scientific development, and strives to implement corporate social responsibility and sustainable development in every business segment.



## 1.1 The 2019 “bumper harvest”

The year 2019 marked a major milestone in the Company’s history. The Company was listed on the Sci-tech Innovation Board of the SSE (the “**STAR Market**”) on 30 October 2019, making us the first biopharmaceutical company listed on both the SEHK and the STAR Market. Shortly after the STAR Market listing in Shanghai, we kicked off the “Shanghai Haohai Biotech International Pharmaceutical R&D and Commercialization Project”, for which the A-share equity financing was proposed. All our employees have made remarkable achievements with their collective wisdom, hard work and a strong sense of responsibility. This will make them fearless in our pursuit of success and excellence!

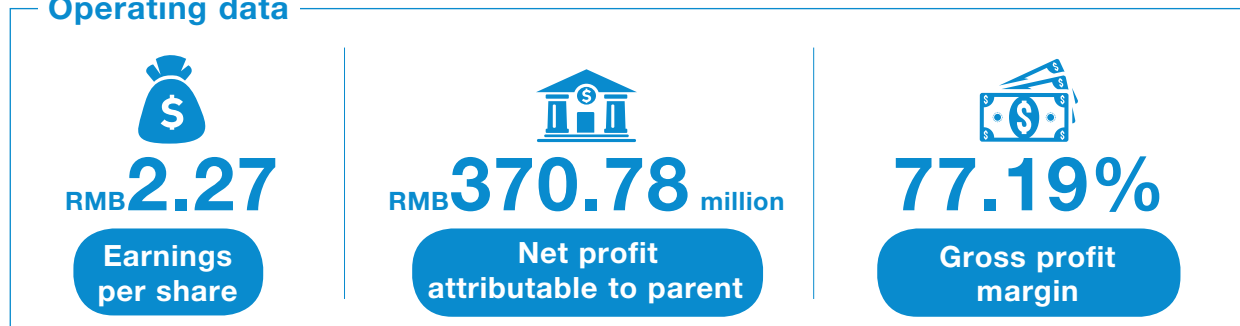
### 1.1.1 Honors received in 2019

- February 2019 ● Mr. Wu Jianying, the Company’s executive director and general manager, was nominated for the “Shanghai Entrepreneur of the Year (2018)” award
- March 2019 ● Shanghai Qisheng received the honorary title “Gold Medal Quality Organization by Governor of the Minhang District (2018)”
- May 2019 ● Our sodium hyaluronate injection (new process) project was included in the “3rd List of Shanghai High-tech Achievement Transformation Projects (2019)”
- June 2019 ● Shanghai Jianhua was officially designated as a “Shanghai Patent Pilot Enterprise in 2019”
- August 2019 ● The Company was selected as one of the “2019 Top-100 Manufacturing Enterprises in Shanghai” and “2019 Top-100 Private Manufacturing Enterprises in Shanghai”
- October 2019 ● Our “Sodium Hyaluronate Injection Technology Research” project won the third prize of 2019 Shanghai Key Product Quality Research Achievement Award
- 30 October 2019 ● Haohai Biotech was listed on the STAR Market, and thus became the first biopharmaceutical company listed on both the SEHK and the STAR Market

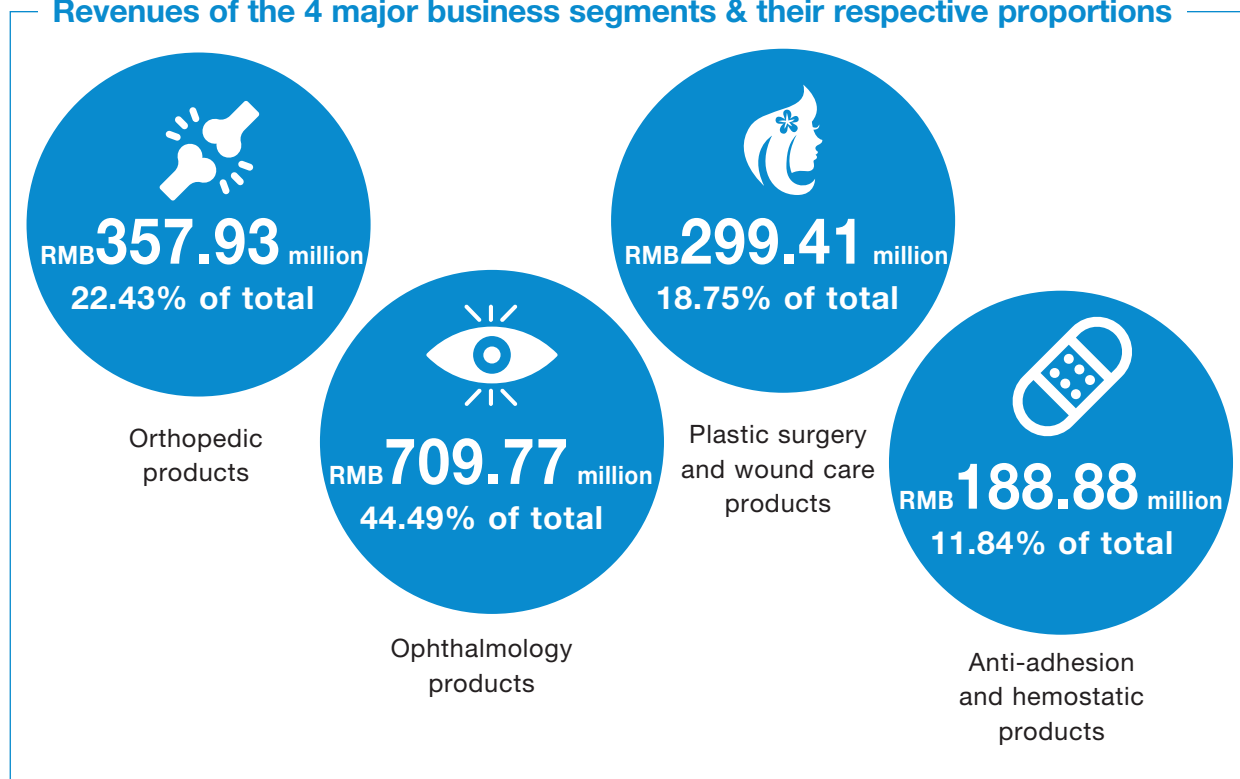
# Devoted Management

## 1.1.2 Earnings and results

### Operating data



### Revenues of the 4 major business segments & their respective proportions



## 1.2 ESG management







As the Group takes ESG management as an important part of its daily operation and management, it continuously deepens the integration of the idea of ESG responsibility and its business operational strategy. It upholds operation with integrity and scientific development, and strives to implement corporate social responsibility and sustainable development in every business segment.

### 1.2.1 ESG management structure

In order to implement ESG management work in an effective manner, the Company has established an internal ESG management structure led by the Board of Directors and mainly implemented by the daily working group. Full-time staff are deployed to conduct communication, data collection and preparation for compilation of the report in respect of ESG relevant issues. The ESG working group is responsible for the specific implementation of the ESG business and giving feedback to the management of the Company. The management of the Company reports to the Board of Directors to help them evaluate and determine in a timely manner whether the risk management and internal control system of ESG are appropriate and effective. Furthermore, the Company's employees responsible for preparing the ESG Report have actively participate in external ESG management training courses so as to consistently improve the standards of the Group's ESG management.

### 1.2.2 Communication with stakeholders

We have identified six types of stakeholders who have the decision-making right or influence over the Group, and who are closely connected with our business. We maintain various communications and exchanges with the different types of stakeholders, and secure an in-depth understanding of their concerns and collect opinions via multiple communication channels. These efforts enable us to respond effectively to the stakeholders' queries and requests.

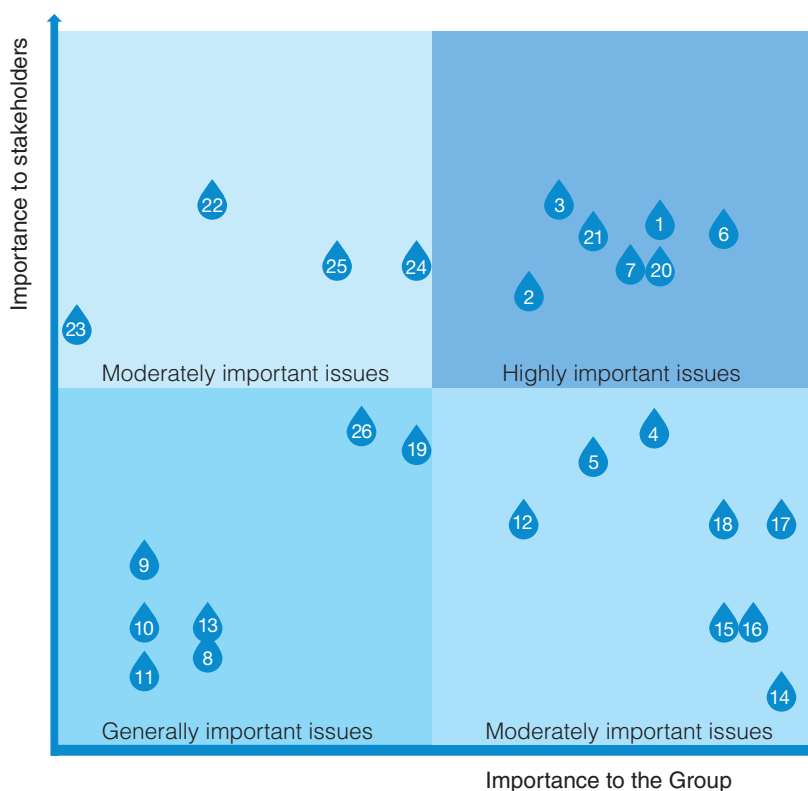
Stakeholders	Issues of major concern	Communication and feedback channels
 Customers	R&D and innovation, product safety and service quality	Complaint hotline, customer satisfaction survey, industry association membership, etc.
 Shareholders	Business performance, regulatory compliance, R&D and innovation	Shareholders meeting, information disclosure, and reception of investigations and surveys
 Government and regulators	Regulatory compliance, R&D and innovation, environmental protection	Legal and regulatory compliance in business operations, reception for site inspections and reporting, and filing for government projects
 Employees	Remuneration and benefits, career development, and humanistic solicitude	Staff medical checkup, professional training, and teambuilding events
 Suppliers	Honesty and business integrity, and supplier management	Procurement tender, performance appraisal and evaluation, and suppliers meetings
 Communities	Communication with communities, environmental protection, product safety	Involvement in community events, and reception of interviews or surveys



# Devoted Management

## 1.2.3 Materiality analysis

Based on the ESG Reporting Guidelines and peer benchmarking, we identified 26 ESG issues for discussion in 2019, taking into account the Group’s business development and the results of the materiality assessment in 2018. We designed a questionnaire to assess the importance of the issues to the stakeholders, taking the 26 issues as the central criteria for the materiality assessment; and we developed the matrix of materiality issues for 2019 based on an analysis of the questionnaire survey, which clearly shows the different degree of concern on different topics by internal and external stakeholders of the Group.



No.	Name of topic	No.	Name of topic
1	Business performance	14	Employee remuneration and benefits
2	Market conditions	15	Employee diversity, equal opportunities and anti-discrimination
3	R&D and innovation	16	Employee occupational health and safety
4	IPR protection	17	Career development and training for employees
5	Risk management	18	Compliance with labor laws and regulations
6	Regulatory compliance	19	Work safety
7	Anti-corruption and anti-bribery	20	Product quality and safety
8	Pollutant discharge	21	Sustainable supply chain management
9	Energy consumption	22	Supplier selection criteria and procedures
10	Consumption of water resources	23	Environmental and social performance of suppliers
11	Energy saving and emission reduction measures	24	Customer communications and satisfaction
12	Compliance with local environmental protection laws and regulations	25	Privacy protection for customers
13	Environmental impacts of construction projects	26	Charity, public welfare and contribution to community building

## 1.3 Corporate governance

The Company established a corporate governance structure consisting of the shareholders' general meeting, Board of Directors, Supervisory Committee and the management, and mechanisms of mutual coordination and checks and balances characterized by a clear division of power and responsibility between the governing, decision-making and supervisory bodies and the management, and well-regulated operations in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies promulgated by China Securities Regulatory Commission, the Listing Rules of the Sci-Tech Innovation Board of the Shanghai Stock Exchange (the "**STAR Market Listing Rules**"), the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules and relevant laws, regulations or and normative documents. The Company's Board of Directors has established special subordinate committees, including a strategic committee, an audit committee, a nomination committee and a remuneration and review committee, which assist and supervise the Board of Directors in making decisions on strategic development, audit, human resources management and remuneration.

### 1.3.1 Corporate governance

During the Reporting Period, the Company further developed the corporate governance structure, amended the Articles of Association, rules and procedure for the shareholders' general meeting, Board of Directors and Supervisory Committee, detailed working rules for independent directors, secretary of the Board of Directors and general manager, and detailed working rules for the special committees under the Board of Directors. During the Reporting Period, the Company established the Insiders Registration and Management System, recorded and filed information of insiders, and fulfilled its information disclosure obligations truthfully, accurately, completely and in a timely manner, in accordance with relevant provisions of the Hong Kong Listing Rules and the STAR Market Listing Rules; and effectively protected the confidentiality of relevant information before public disclosure to ensure the openness, impartiality and fairness of information disclosures made by the Company, as well as equal access to relevant information for all shareholders.

Please refer to the "Corporate Governance Report" chapter of the 2019 annual report for further details about corporate governance.

### 1.3.2 Anti-Corruption and business integrity

The Group has formulated the anti-fraud and whistle-blowing system, adopted a reporting system for conflict of interests and the code of conduct against sales-related corruptions and other relevant systems, clearly enumerated the prohibited behaviors, and requires sales staff to sign undertakings for corruption-free sales to increase the awareness of integrity and self-discipline among employees. We have also valued publicity and training on anti-corruption and anti-commercial bribery for key positions. We protect the rights of whistle-blowing of all staff to report corruption cases by providing a variety of reporting channels, such as telephone hotline, mail box, etc. to prevent the occurrence of corruption cases. When receiving complaints or whistle-blowing information, the audit department of the Company shall report to the general manager and the Board of Directors of the Company respectively according to the position of the respondent or the person has been reported, and shall conduct further investigation and handle the matters;; the audit department shall notify the complainant or whistleblower of the outcome of the investigation.

During the Reporting Period, the Group complied with the Criminal Law of the People's Republic of China and relevant laws and regulations against corruption (including prevention of bribery, extortion, fraud and money laundering), and was not involved in any corruption-related lawsuits.



## 02

## RIGOROUS PRODUCT DEVELOPMENT

As a technological innovation enterprise engaged in research and development (R&D), production and sales of medical devices and pharmaceuticals with applications of bio-medical material technology and genetic engineering technology, the Group strives to provide innovative pharmaceutical products to the market through technological innovation and transformation, integration of domestic and international resources and large-scale production.



# Rigorous Product Development

## 2.1 Research, development and innovation

The Group has put great emphasis on improving our innovation and R&D capabilities, and has a complete set of R&D project management and control systems to develop new technology and products, and to commercialize scientific and technological achievements. We have a national-level enterprise technology center, a national-level post-doctorate scientific research work station, two national-level R&D platforms, and four provincial-level technology and R&D transformation platforms and one work station for Shanghai expert fellows. The Company has established its own integrated R&D systems in China, United States and United Kingdom, which have formed an initial network for interactive R&D between domestic and international levels.

In order to regulate, improve and enhance the management of R&D projects, prevent and mitigate R&D risks, and enhance R&D management, the Company has established an R&D management system to govern the inception, procurement, evaluation, incentive and file management of R&D projects. The relevant subsidiaries which are engaged in R&D activities must refer and apply the aforesaid system, and may establish an R&D system suitable to their practical circumstances on this basis. Besides, the Company will incorporate the R&D quality management into the corporate quality management system, so that the quality management department will monitor the entire R&D process and assess the result. The project team will organize stage assessments and conclusion meetings regularly on important milestones to ensure the smooth progress of project and ensure the risks are within control.

During the Reporting Period, the Group continued to increase R&D investment. The total R&D expenditure amounted to approximately RMB116.08 million, representing an increase of RMB20.71 million or 21.71% as compared to 2018.

While encouraging R&D and innovation, we also emphasize on the protection for intellectual properties rights. Through a series of measures such as analyzing the status of intellectual property rights, improving the transformation mechanism of R&D achievements, and strengthening patent training when the project is established, we continue to improve the standardization of intellectual property rights. During the Reporting Period, the Group filed for 12 new invention patents application in China, and obtained nine domestic invention patents; applied for one new international invention patent, and obtained four international invention patents. The intellectual property management system certificate was issued to Shenzhen NIMO in 2018, and successively to Haohai Biotech and Shanghai Jianhua during the Reporting Period. We have strictly complied with the requirements of the relevant laws and regulations including the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China.

During the Reporting Period, hydrophilic aspheric folding intraocular lens PCF 60/A, developed and released by the Company's subsidiary Henan Universe, was released after filing with the National Medical Products Administration ("NMPA"). As the first Chinese hydrophilic aspheric folding intraocular lens product, it improved the technical standard of home-grown intraocular lens brands.

During the Reporting Period, "Optimum Infitte", a new-generation high oxygen permeability contact lens material developed by the Company's subsidiary Contamac Holdings Limited, was officially released into the market with the approval of the U.S. Food and Drug Administration. Optimum Infitte is a contact lens production material that offers oxygen permeability more than 180 Barrer, and ranks among the optical materials with the highest oxygen permeability in the world today. In addition, it also solves the problem of corneal hypoxia typical of existing scleroscope products. The release of Optimum Infitte is an important milestone in the history of the contact lens industry.

# Rigorous Product Development

## 2.2 Quality assurance

The Company and its subsidiaries have established relevant quality management systems in accordance with product categorization and local regulatory requirements, with necessary resources provided to ensure effective operation of the quality management systems. During the Reporting Period, the Group's production bases operated in strict compliance with the relevant medical laws and regulations, including the Pharmaceutical Administration Law of the People's Republic of China, Good Manufacturing Practices ("GMP") for Drugs, Good Clinical Practices for Drug Trials, Regulations on Supervision of Medical Devices, Administrative Measures on Production and Supervision of Medical Devices, Administrative Measures on Standards of Medical Devices, Administrative Rules on Quality of Good Clinical Trials for Medical Devices and Administrative Measures for Recall of Medical Devices, as well as relevant quality system standards such as ISO9001 Quality Management System Standards and ISO13485 Medical Device Quality Management System. The quality management of products of the Group covers the entire lifecycle of the pharmaceutical products from design, development, production and storage all the way through to sales operations and after-sales services.

We pay due attention to quality-related training activities. During the Reporting Period, we enhanced the overall quality consciousness and operational competence of staff members by conducting internal and external training on product quality-related topics such as pharmaceutical apparatus management, the amended Pharmaceutical Administration Law of the People's Republic of China, sterile medical device production specifications and production-related operational skills.

During the Reporting Period, the Group has not been subject to any administrative penalty or involved in any litigation cases relating to product quality or customer services.

### 2.2.1 Procurement of raw materials

Procuring high-quality raw materials is the first step in the production of high-quality products. The Company and its subsidiaries have formulated their respective procurement management rules and policies in accordance with the requirements of GMP, ISO9001 Quality Management System Standards and the ISO13485 Medical Device Quality Management System and their respective procurement and business features to prevent any errors and malpractices in the course of the procurement and payment business, ensure that social and environmental risks in the procurement process will be subject to reasonable control, and improve the procurement management circulation and operation efficiency.

The quality management department of the Company and its subsidiaries is responsible for assessing risks associated with materials adopted for relevant products. It selects qualified suppliers by inspecting their quality assurance systems and conducting on-site audits to assess the quality of their products.

Our quality assurance staff are responsible for receiving, checking the quantities of, releasing, storing and managing purchased raw materials; and the laboratory staff are responsible for sampling and quality inspection of raw materials and issuing inspection reports.

During the Reporting Period, the Group had approximately 270 suppliers, of whom over 77% were located in China.

# Rigorous Product Development

## 2.2.2 Control of production segment

The Company and relevant subsidiaries have prepared quality management system documents, and compile quality supervision records during the production process. Quality control staff of the quality assurance department will conduct quality supervision on the production process of each batch of pharmaceutical products to ensure that the production workshop manufactures with registered and approved techniques. Semi-finished products are released after the quality control staff have signed off. All semi-finished products and intermediate products which have not been tested or have failed to pass the test are not allowed to enter the next process of production. The quality control staff will take a required sample size from each batch of products for delivery to the laboratory sample manager. The testing staff will conduct quality examination on each batch of finished product according to various types of testing operation procedures and technical standards, and a test report will be issued according to the examination result. Those products that have failed to pass the test will be treated according to the relevant requirements. In addition, the quality control staff will detect and monitor the environment of the clean area in the production workshop to ensure that it has fulfilled the relevant cleanliness requirement for production of pharmaceutical products. The quality control staff will prepare a true and complete record on quality supervision of the production process to ensure the traceability of product quality.

## 2.2.3 Handling of adverse reaction reports and product recall mechanism

The Group attaches great emphasis to the regulation and management of adverse reactions and adverse events, and requires its subsidiaries to submit information on adverse reactions and events collected by them, actively conduct training on adverse reactions, and implement effective risk control measures, in strict compliance with the Administrative System for Reporting and Monitoring Adverse Reactions of Drugs and the Administrative Measures for Monitoring and Reviewing Medical Equipment Adverse Events.

The Group retains product sales records in accordance with the laws and regulations to meet the traceability requirements. We have also developed a set of detailed product recall procedures and rules in accordance with the requirements of relevant laws and regulations on recalls of pharmaceutical products and medical devices, to ensure that the Group's products can be recalled promptly and accurately. According to the seriousness of product defects, we divided product recalls into three levels. Recalls are systematically planned and proactively executed based the recall level and actual use of the products, so as to effectively protect consumers' interests and health. During the Reporting Period, the Group had not recall any product due to quality defects.



# Rigorous Product Development

## 2.3 Serving with heart

### 2.3.1 High-quality customer service

We visit customers regularly to provide them with the latest product information. We also arrange regular product training and face-to-face Q&A services for customers. We organize annual customer satisfaction surveys regarding our products and services to acquire an in-depth understanding of their opinions and suggestions. Customer feedback and complaints are collected and accepted via multiple channels such as sales staff and adverse reaction reporting hotline, with dedicated in-house employees designated to handle customer complaints. Upon receiving a feedback or complaint from a customer, we communicate immediately with relevant departments, and develop a satisfactory resolution for the customer based on an investigation and analysis of the circumstances actually involved.

The Group places great emphasis on privacy protection for customers. Non-public information of our customers is protected in compliance with the requirements of relevant laws and regulations and confidentiality provisions under agreements, only authorized employees can access such information.

### 2.3.2 Advertising and labeling

The labels and instructions of all products of the Group are designed according to the Provisions on the Administration of Pharmaceutical Directions and Labels and the Provisions on the Administration of Instructions and Labels of Medical Devices. The advertisements of the products shall be published in the relevant media with the approval of the relevant drug administrative authorities in accordance with the requirements of the Advertising Law of the PRC, the Drug Administration Law of the PRC and the Regulations on the Supervision and Administration of Medical Devices, for ensuring that the content is true and accurate, and not misleading or deceptive.



## 03

# FOCUSING ON ENVIRONMENTAL PROTECTION

The Company has completed a certification on environmental management system. Through the establishment of environmental management system and standardizing corporate environmental management behavior, sustainable improvements have been made. The Company and subsidiaries that manufacture pharmaceutical products have also formulated relevant rules and procedures according to the requirements of quality management system to manage gas emissions, wastewater and solid waste generated from the production process.

All infrastructure projects, including new construction, expansion or reconstruction projects, of the Group located inside China have strictly implemented the “Three Simultaneous” environmental protection policy according to requirements of laws and regulations, meanwhile the pollutant prevention facilities will be constructed and put into operation, so as to minimize incremental rises in pollutant emissions caused by new construction projects.

# Focusing on Environmental Protection

## 3.1 Resource and energy consumption

The packaging materials used by the Group in production activities mainly include paper, plastic and glass, and energy resources consumed mainly include electricity, natural gas, and externally purchased steam and fuel oil consumed by motor vehicles. The Group sought to reduce the environmental load resulting from its production and business operations, by optimizing environmental protection facilities, transforming production facilities for energy conservation purposes, and by raising staff's awareness on environmental protection and energy conservation. We advocate paperless office and duplex printing to reduce the use of paper in offices. Before the end of the day, the administration staff of the Company will check if all the power-consuming equipments in offices is turned off to reduce power consumption in offices.

During the Reporting Period, energy and resources consumed by the Group are as follows:

Energy and Resource Consumption		
Type	Total Amount	Unit
<b>Energy and greenhouse gases</b>		
Externally procured electricity	18.85	GWh
Unleaded gasoline	105.08	Tonnes
Diesel	6.40	Tonnes
Externally procured steam	10,138.60	Tonnes
Natural gas	1,426,789	Standard cubic meters
Integrated energy consumption	5,516,685	Kilograms of standard coal
Integrated energy consumption intensity	41.52	Standard coal (kg)/RMB10,000 of revenue*
Greenhouse gases (scope I)* <sup>1</sup>	3,424.83	Tonnes of standard CO <sub>2</sub> e*
Greenhouse gases (scope II)* <sup>2</sup>	16,176.37	Tonnes of standard CO <sub>2</sub> e
Greenhouse gas emission (total)	19,601.20	Tonnes of standard CO <sub>2</sub> e
Greenhouse gas intensity	0.15	Tonnes of standard CO <sub>2</sub> e/RMB10,000 of revenue*
<b>Resource consumption</b>		
Water consumption	200,652	Tonnes
Water consumption intensity	1.51	Tonnes/RMB10,000 of revenue*
Packaging materials	655.39	Tonnes
Packaging material intensity	4.93	Kilograms/RMB10,000 of revenue*

Notes: 1. Greenhouse gases (scope I) are generated from combustion of unleaded gasoline, diesel and natural gas.

2. Greenhouse gases (scope II) are generated from the use of externally-purchased electricity and steam.

\* Being the revenue of the Company and its Domestic Subsidiaries during the Reporting Period.



## Focusing on Environmental Protection

Water resources consumed by the Group in production operations are mainly from municipal water supplies, meaning that it is not exposed to any risk in terms of sourcing appropriate water resources. The Company's Songjiang production base treats and recycles RO (reverse osmosis) concentrated water by adopting a concentrated water reuse process, which improves the water utilization rate, and reduces water consumption.



### Effective water consumption management

During the Reporting Period, Shanghai Likangrui engaged a professional third-party testing agency to conduct the water balance test at the production site. During the period, seven third-level water meters were installed, with relevant water saving plans were formulated. The movement helped Shanghai Likangrui establish the water balance relationship and the reasonable water consumption level based on a clear understanding of water consumption at the production site, enabling it to strengthen water management and rationalize the water consumption level.



### Minimizing the use of packaging materials

During the Reporting Period, the Company introduced an automatic blister forming production line, so that it can produce blister boxes for packaging materials of the Group required by internal production activities using blister materials purchased from suppliers. Relative to procuring blister boxes directly from suppliers (the approach the Company adopted in the past), the move substantially reduces the amount of packaging materials consumed during the transportation of blister boxes, and the blistering material storage pressure of the Group.

During the Reporting Period, Shanghai Qisheng changed the packaging materials used for hyaluronic acid product "Haiwei", replacing the original single-aluminum-film-layer silver cardboard with white cardboard to further reduce packaging waste.

## 3.2 Emission management

We have established operating procedures to classify and dispose the main pollutants generated during the manufacturing process, such as waste gas, wastewater, noise and wastes, and strictly regulated the environmental protection records, handover and other series of processes. Meanwhile, we managed to reduce and eliminate pollution arising from all aspects of the manufacturing process by upgrading technology, improving the management of equipment and facilities and other measures.

## Focusing on Environmental Protection

During the Reporting Period, the Group's emissions data are as follows:

Energy and Resource Consumption		
Type	Total Amount	Unit
<b>Wastewater and gas emission</b>		
Gas emission	20,333,640	Standard cubic meters
Wastewater	140,510	Tonnes
COD emission	17.25	Tonnes
Ammonia and nitrogen emission	0.43	Tonnes
<b>Non-hazardous waste</b>		
Packaging waste produced	10.16	Tonnes
Packaging materials recycled	72.55	Tonnes
Domestic waste	181.99	Tonnes
Total non-hazardous waste	264.69	Tonnes
Intensity of non-hazardous waste	1.99	Kilograms/RMB10,000 of revenue*
<b>Hazardous waste</b>		
Total hazardous waste produced	47.64	Tonnes
Intensity of hazardous waste produced	0.36	Kilograms/RMB10,000 of revenue*

\* Being the revenue of the Company and its Domestic Subsidiaries during the Reporting Period.

The Group attaches great importance to the management of emissions and wastes. Our production venues within China have strictly complied with laws and regulations, including the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Atmospheric Pollution Prevention and Control Law of the PRC and the Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Waste. In addition, the Company has paid environmental protection tax in accordance with the Environmental Protection Tax Law of the PRC.

### 3.2.1 Gas emission management

The gas emissions of the Group mainly include gas emissions from boilers, gas emissions from production process and gas emissions from experiments. After collecting the gas emissions from boiler combustions, the Company will organize emissions complying with required standards at high altitude. After collection and treatment of gas emissions from production process and experiments, emissions complying with required standards at high altitude will be arranged. According to testing results, during the Reporting Period, all the Group's production sites within China have completed installation or replacement of low-NOx burners in boilers, resulting in further reductions in NOx emissions. During the Reporting Period, all the Group's production bases in China have discharged exhausts in strict compliance with relevant requirements of the Boilers' Air Pollution Discharge Standards, the Pollutant Emission Standards for Biopharmaceutical Industry, and the Comprehensive Standards for Air Pollutant Discharge.

# Focusing on Environmental Protection

## 3.2.2 Noise management

The Group has adopted various measures, including exit silencing device, base vibration isolation device and construction noise isolation device, according to the characteristics of the sources of different types of noises. According to the testing results, the noises produced by the Company, Shanghai Qisheng and Shanghai Jianhua have complied with the standard limits specified in the Environmental Noise Emission Standards for Industrial Enterprises during the Reporting Period.

## 3.2.3 Wastewater discharge management

The Company has implemented rainwater and sewage diversion measures for separation, collection and treatment of wastewater with different qualities. Both production wastewater and domestic sewage are collected at the factory's sewage treatment station. After the effluent has reached the discharge standard permitted by the municipal pipeline network, it can be discharged into the municipal sewage treatment station for centralized treatment. We have dedicated sewage treatment operators for our own wastewater treatment stations on our production sites, and treat and monitor wastewater in real time through professional wastewater analysis instruments. Our wastewater treatment stations are generally equipped with air emission treatment device (capped), air emission treatment can effectively reduce odor and reduce the environmental impact of wastewater treatment. All the Group's production bases in China have discharged wastewater in compliance with the maximum limits prescribed in the Water Quality Standards for Sewage Discharged into Urban Sewers and the Comprehensive Standards for Wastewater Discharge.

## 3.2.4 Solid waste discharge management

In the production process, we inevitably produce hazardous wastes. The Group has strictly complied with the requirements of the Standards for Pollution Control on Hazardous Waste Storage and ensures proper storage of hazardous wastes, and engages companies with hazardous waste recycling qualifications to dispose of hazardous wastes in all aspects of application, approval and transportation. Meanwhile, our treatment of general industrial solid wastes is in line with the provisions of the Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes. The general industrial solid wastes are sold to the relevant companies as waste materials, while the domestic wastes are regularly removed and delivered by the environmental sanitation department.

During the Reporting Period, the Company and its Shanghai-based subsidiaries promoted domestic waste classification throughout their office premises in compliance with the Domestic Waste Management Regulations of the Shanghai Municipality, and improved relevant office facilities to make waste classification easier.



## 04 COHESION OF OUR TEAM

The Group considers human capital as its most important asset. With employees placed at the core of our development strategy, we incentivize and motivate staff members based on a clear understanding of their fundamental needs, aiming to cultivate highly versatile employees with specialist expertise, and deliver win-win results for both the Company and the employees.



# Cohesion of Our Team

## 4.1 Overview of employees

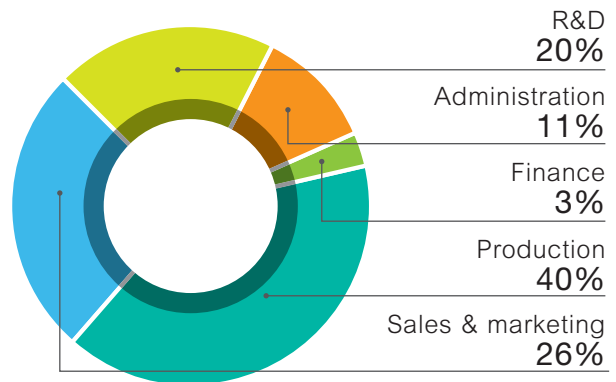
We recruit fully qualified professionals aligning human resources management with our corporate strategies, in line with changes in internal and external factors. The ultimate goal is to achieve our strategic objectives with the support of a sound human resource structure. The Group acquires human resources through various channels and models such as on-campus recruitment fairs, career fairs and business-university partnerships, and has made active contributions to local employment growth, while ensuring compliance with fairness, impartiality and anti-discrimination requirements. The Group determines and reviews staff remuneration packages and promotion opportunity based on employees' professional experience and routine work performance, taking into account the Company's sales results and the general competitive landscape in the marketplace.

As of 31 December 2019, the Group had a total of 1,338 employees. A breakdown of the employees by function, age group and gender is provided as follows:

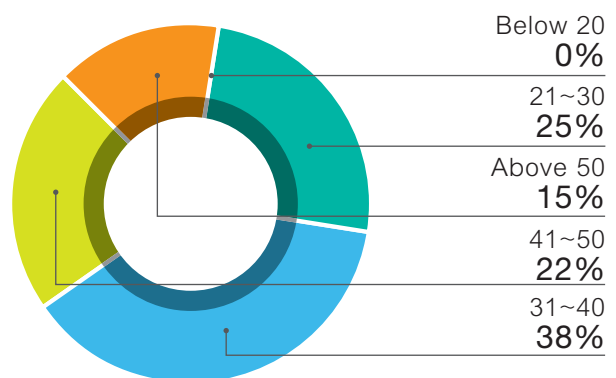


The first lecture of “Haohai Forum” was held in March 2019, the main theme is “Haohai and I Grow Together”.

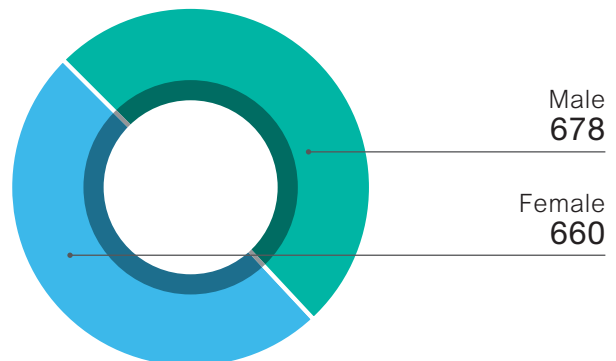
### Breakdown by function



### Breakdown by age



### Breakdown by gender



# Cohesion of Our Team

## 4.2 Development of staff

Adhering to the philosophy of aligning employees' personal development with the Company's growth, the Group provides employees with extensive training and learning opportunities to help them continuously develop in personal quality, professional skills and managerial capabilities, thereby enhancing their professional competitiveness.

We incorporate employee career development into strategic business planning, and design annual training programs based on the actual needs of business operations, with particular attention paid to the integration and deep-level correlation between training courses and business practices.

During the Reporting Period, the Group further improved the training management system to provide employees with stronger institutional support to participate in internal and external training courses; during the Reporting Period, while encouraging its subsidiaries and departments to actively organize and get involved in various training activities, the Company launched the "Haohai Forum", a series of lectures with quarterly topics and attended by the Group's senior officials and experts, thus providing the employees with a reliable and professional platform for knowledge sharing, professional networking and displaying their talent.

During the Reporting Period, training activities organized by the Company and its subsidiaries cover a wide variety of topics, ranging from induction training for new employees, medical law and policies, biomaterials and other medical and product-related knowledge training to post-specific skills, professional ethics, managerial skills and innovative thinking.

## 4.3 Health and safety

The Company and the subsidiaries which produce pharmaceutical product have established the Production Safety Management System and the rules and procedures for safe production in accordance with the requirements of the Safety Production Law of the PRC, the GMP and the quality management system. Through the establishment of the OHSAS18001 Occupational Health and Safety Management System, the Company has also identified potential health and safety risks in the venues of production and operation, and efforts are organized to make corresponding improvements to minimize health and safety risks and create a safe and comfortable working environment for our employees.



In September 2019, the Company conducted fire drills in the Songjiang production base.



In September 2019, Shenzhen NIMO's employees attended work safety training.

## Cohesion of Our Team

The Group has implemented area-based safety production management, each production base will conduct safety training and safety in a planned manner, medical examination for occupational health is provided for employees who are engaged in practices with potential risk of occupational disease, and preventive gears are also provided for such work, and third-party agencies have been engaged to perform tests on safety and health hazards found in production facilities.

During the Reporting Period, no incident of occupational disease had occurred in the Group and on all production bases, and no work-related fatalities had occurred in the Group. The number of lost working hours of the Group due to its employees' work-related injury occurred in production activities, on the way to and from work and during business trips amounted to approximately 112 hours.

### 4.4 Caring for staff

Upholding the idea of people foremost, the Group cares about the physical and psychological health of our employees, provides them with diverse welfare and care, and encourages them to strike a balance between work and life. We endeavor to create a comfortable working environment for our employees through actively improving employee welfare and benefits, organizing various caring activities, team-building activities and festive season celebrating activities.



We organize birthday parties for employees on a regular basis with cakes and birthday gifts offered, to create a homelike atmosphere in the Company.



We strengthened connections between staff members and enhanced team cohesion, by organizing company trips, holding sports events and employee networking events.



We broadened communication channels between frontline employees and the management through roundtable discussions, one-to-one meetings, and online and offline activities, which helped us understand employees' actual needs in real time.



We issued annual commendations and organized New Year celebrations to showcase the Group's achievements to all employees, and enhance their sense of belonging and collective honor.

## Cohesion of Our Team

During the Reporting Period, the Group compiled the Staff Handbook, in strict compliance with the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Regulations on Labor Protection of Female Workers, Social Insurance Law of the People's Republic of China, Work Safety Law of the People's Republic of China, Occupational Disease Prevention Law of the People's Republic of China, and local laws and regulations at the place where the Company is located, laying down provisions regarding the working hours, paid and unpaid leaves, and the conditions on cancelling and terminating labor relations.

The Group is committed to eliminating discrimination by race, gender, age, background, beliefs or other factors, and to creating an equal, safe and healthy working environment with diversity. Before entering into an employment contract with a prospective employee, we verify his/her identity and age by checking his/her identity card and academic credentials to completely eliminate illegal recruitment practices such as child labor and forced labor.

During the Reporting Period, the Group has reviewed and considers that its measures related to employment, occupational health and safety, child labor and forced labor remained effective, and the Group had not committed any material violation of any laws or regulations in such aspects, and did not involve in any related lawsuits.





# 05

## HEART IN COMMUNITY

# Heart in Community

## 5.1 Public welfare and charity

As a biopharmaceutical enterprise, the Group strives not only to create economic value for shareholders, employees and community, but also to accomplish the mission of making contributions to community and social welfare. While assuring product safety, we are committed in making endeavors to extend our care and concern to more people.

During the Reporting Period, Henan Universe donated RMB100,000 to the “Shanghai Charity Foundation” and established a special charity fund, “Bring Light to the Blind”, to help patients with eye diseases with special difficulties; and the Company purchased agricultural and sideline products from impoverished areas, and made concrete efforts to help people in poor regions.

During the Reporting Period, the Group donated RMB1,012,700 in total.

## 5.2 Promoting industry development

The Group is committed to promoting the development of the medical equipment industry as a whole. The Company and its Domestic Subsidiaries have proactively joined local industry associations, and have even been appointed by some associations as vice chairman and executive director. We have honored our corporate social responsibility, and achieved win-win development with other market participants. Furthermore, we highly value exchanges and interactions with peers in the industry, and have organized and participated in numerous professional conferences, which enabled us to gain insights into the latest market trends as well as sharing our experience and expertise.

### Haohai Biotech attended the 24th National Ophthalmology Congress of the Chinese Medical Association

In September 2019, the Group exhibited all its ophthalmology series products at the 24th National Ophthalmology Congress of the Chinese Medical Association, and held discussions and seminars on clinical trial plans concerning ophthalmic products.

### We joined the Yangtze River Delta G60 Science and Technology Corridor Biomedical Industry Alliance

The Yangtze River Delta G60 Science and Technology Corridor Biomedical Industry Alliance was inaugurated in Hangzhou in June 2019. Haohai Biotech is the only Shanghai biopharmaceutical company with a seat on the council, and was elected as the alliance vice chairman. The alliance promotes the rapid and healthy development of the local biomedical industry in the G60 Science and Technology Innovation Corridor in the Yangtze River Delta, by further developing new mechanisms and business models integrating “businesses, higher education, research institutes and applications”.

### The Second West Lake International Conference on Cataract and Refractive Surgery

In May 2019, the Group brought all of its ophthalmology series products to the Second West Lake International Conference on Cataract and Refractive Surgery. During the meeting, the Group held discussions with Chinese and foreign ophthalmologists on the latest trends and technology in cataract treatment, and released China's first hydrophilic acrylic aspheric foldable intraocular lens independently developed and produced by the Company.

### A visit by the legislation research group on technology innovations of the Shanghai Municipal People's Congress

The legislation research group on technology innovations of the Shanghai Municipal People's Congress visited our Songjiang production base in May 2019, as part of the municipal legislative investigation program concerning the "Regulations on the Development of a Technology Innovation Center in Shanghai". During the meeting with the research group, the Company talked about its business development and technological innovations, and put forward specific recommendations to the group.

### 5.3 The fight against the coronavirus

The pneumonia-like novel coronavirus ("COVID-19") epidemic broke out in early 2020, and spread across the country in a few weeks. All Chinese people took part in a nationwide campaign against the virus outbreak regardless of professional backgrounds. As a pharmaceutical company, the Company responded swiftly and established an epidemic prevention and control command group (the "**Working Group**") on 27 January 2020. Members of the Working Group include managers of our Domestic Subsidiaries, and they are tasked with organizing and coordinating epidemic prevention and control efforts within the Group.

The Group started collecting and releasing internal information on epidemic control shortly after the outbreak. From 29 January 2020 onward, the Working Group began to record and summarize movements of all employees in China on a daily basis, to ensure that all employees' physical conditions, their return journeys after the Chinese New Year holiday and transportation vehicles used are accurately documented. Employees who returned from the epicenter of the epidemic are required to go through self-quarantine. The Working Group distributed the COVID-19 Prevention Handbook to all employees through WeChat, and publicized the epidemic prevention arrangements, with particular attention paid to the physical and mental well-being of employees, especially those in high-risk areas. Emotional and psychological guidance is provided to bolster the employees' confidence in winning the fight against the epidemic.



## Heart in Community

The Group developed a plan to restart business operations step-by-step in line with the requirements of local governments on extending the Chinese New Year holiday. Wherever possible, employees are encouraged to work from home until late February 2020. Furthermore, the Group started procurement of routine epidemic prevention supplies such as temperature gun, disinfectants, disposable medical masks and alcohol, and disinfected production sites and offices regularly, shortly after the virus outbreak, to ensure effective epidemic control at these sites. We cooperated in visitor registration in local communities and office buildings.

The Group supported epidemic prevention and containment efforts. During the Chinese New Year holiday, Shanghai Qisheng designated employees to distribute in-stock production protective supplies to ensure timely resumption of production activities. In addition, some of the gloves, masks and protective outfits were donated to the local communities to protect frontline epidemic prevention workers.





## Appendix – Content Index of ESG Reporting Guide of the Stock Exchange

Subject Area, Aspects, General Disclosures and KPIs		2019 ESG Report
A. Environment		
Aspect A1	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.1 Resource and energy consumption 3.2 Emission management
KPI A1.1	The types of emissions and respective emission data.	3.2 Emission management
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Resource and energy consumption 3.2 Emission management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Emission management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.2 Emission management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	3.2 Emission management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.2 Emission management
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	3.1 Resource and energy consumption
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.1 Resource and energy consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.1 Resource and energy consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.1 Resource and energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.1 Resource and energy consumption
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.1 Resource and energy consumption

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Subject Area, Aspects, General Disclosures and KPIs		2019 ESG Report
Aspect A3	Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	3.1 Resource and energy consumption
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Focusing on Environmental Protection
Employment and Labor Practices		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Cohesion of Our Team
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Overview of employees (Partial disclosure)
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Plan for future disclosure
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Health and safety
KPI B2.1	Number and rate of work-related fatalities.	4.3 Health and safety
KPI B2.2	Lost days due to work injury.	4.3 Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Health and safety

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Subject Area, Aspects, General Disclosures and KPIs		2019 ESG Report
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: training refers to vocational training. It may include internal and external courses paid by employers.</i>	4.2 Development of employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Plan for future disclosure
KPI B3.2	The average training hours completed per employee by gender and employee category.	Plan for future disclosure
Aspect B4	Labor Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Cohesion of Our Team
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Cohesion of Our Team
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Plan for future disclosure
Operating Practices		
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.2 Quality assurance
KPI B5.1	Number of suppliers by geographical region.	2.2 Quality assurance
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.2 Quality assurance (Partial disclosure)

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Subject Area, Aspects, General Disclosures and KPIs		2019 ESG Report
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.2 Quality assurance 2.3 Serving with heart
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Plan for future disclosure
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Plan for future disclosure
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1 Research, development and innovation
KPI B6.4	Description of quality assurance process and recall procedures.	2.2 Quality assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.3 Serving with heart
Aspect B7	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Corporate governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	1.3 Corporate governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.3 Corporate governance
Community		
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Heart in Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Heart in Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Heart in Community