

# 昭衍

## JOINN

北京昭衍新藥研究中心股份有限公司  
JOINN LABORATORIES (CHINA) CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6127

# 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## About this Report

This report is the first environmental, social and governance (“ESG”) report published by JOINN Laboratories (China) Co., Ltd. (the “Company”, “JOINN”, “we” or “us”) to mainly introduce the Company’s environmental, social and governance efforts and its outlook for the future.

The board of directors and all directors of the Company warrant that there are no false representations, misleading statements or material omissions in this report, and they severally and jointly accept responsibility for the authenticity, accuracy and completeness of the information contained herein.

### Reporting Period and Scope

This Report discloses the approaches, initiatives and performance in relation to ESG management of the Company from January 1, 2020 to December 31, 2020 (the “Year” or “Reporting Period”). Some of the contents herein date from before 2020 and into 2021, thereby increasing the reference value of this Report. The disclosures herein cover all subsidiaries of the Company.

### Major Reference Standards for This Report

The ESG report published by the Company was prepared with reference to the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) contained in Appendix 27 to the Listing Rules.

### Publication

This Report is available online in both Chinese and English versions. All stakeholders can access this Report on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). In case of any discrepancy, the Chinese version shall prevail.

### Contact Information

We highly value the opinions of our stakeholders and the public about this Report. Should you have any enquiry or suggestions, please contact the Company through the following means.

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## Environmental Protection

Attaching great importance to environmental protection, the Company stresses the importance of environmental protection to corporate social responsibility and sustainable development and actively promotes the establishment, continuation and implementation of an environmental protection system. The environmental protection policy adopted by the Company is guided by "insistence on environmental protection and social sustainability, prevention of pollution, active promotion of energy conservation and emission reduction, protection of ecological diversity and establishment of eco-friendly communities". As environmental protection is one of the important social responsibilities shouldered by corporate citizens, the Company will take all necessary measures to optimize environmental protection and pollution prevention on the basis of emphasizing the baseline of legal and compliant operation. Clean production, energy conservation and emission reduction are vigorously promoted. During project construction, the Company must consider the potential environmental impacts and make persistent efforts in environmental improvement to ensure that 100% environmental compliance and standardized discharge of pollutants are achieved for its business activities.

### A1 Emissions

The Company strictly implements the environmental protection policies, laws and regulations of the state and local governments, and strictly abides by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), etc. to proactively take measures for managing emissions and fulfilling environmental responsibilities.

During the Reporting Period, the Company's environmental management personnel carried out full-coverage inspections on the environmental management status of this entity, so as to strictly control the emissions of sewage, wastewater, noise, exhaust gas and greenhouse gas in the factory area of the Company, and it will be inspected by a third party inspection company regularly.

The Company mainly discharges domestic sewage and production wastewater (wastewater for cleaning research model rooms and laboratories, pipeline and ground rinsing water, concentrated water produced during the production of pure water). There is totally one main sewage outlet in the factory area. After the domestic sewage and production wastewater treated at our self-established sewage treatment facility meets the standards, the domestic sewage and production wastewater will be discharged into the municipal pipe network through the main outlet of the factory area. The self-established sewage treatment facility of the Company adopts the "anaerobic-aerobic-disinfection" process for treatment.

Exhaust gas of the Company mainly represents the odor (methane, hydrogen sulfide) from the research model rooms, which is mainly produced by the excrement of the research models in the research model rooms. The odor is discharged after being adsorbed by activated carbon filters (the exhaust pipes are 15m from the ground). According to the Company's internal management rules, the activated carbon filters are replaced regularly.

Waste of the Company includes hazardous waste and non-hazardous waste. Hazardous waste mainly comes from medical waste, laboratory organic waste liquid and waste activated carbon produced in experimental production. Non-hazardous waste mainly comes from domestic garbage, packages and waste paper. We take reference from the Technical Specifications for Laboratory Hazardous Waste Pollution Prevention and Control (《實驗室危險廢物污染防治技術規範》) and have formulated the SOP:ADM-B021-3 Standard Operating Procedures for the Treatment of Waste Liquid and Medical Wastes in the Experiments (《SOP:ADM-B021-3試驗中產生的廢液與醫療垃圾處理的標準操作規程》) to handle hazardous wastes. Safety signs, such as hazardous waste signs, labels and no burning signs are put on the hazardous wastes that are categorized, collected and stored in airtight containers by designated staff. Qualified third-party entities were engaged to regularly remove and dispose of the wastes.

There were no violation of environmental laws and regulations that had a significant impact on the Company during the Year.

## A2 Use of Resources

The Company attaches great importance to the economical use of natural resources. In strict compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Law of the People's Republic of China (《中華人民共和國水法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other laws and regulations, the Company strives to achieve sustainable development supported by the coordination of people, resources and the environment. Electricity is consumed in the production and daily activities of the Company, and a certain amount of gasoline is consumed in the use of company's vehicles. We have adopted a number of energy conservation measures to reduce energy use:

- Purifying air conditioner is the main energy-consuming electrical appliance. We use the automatic variable frequency speed control technology to regulate the airflow speed which is controlled at the standard lower limit. The temperature range is subject to adjustment, where the temperature of the research model rooms is set at the standard lower limit in winter and at the standard upper limit in summer. We use a mini-split independent air conditioning system. The SPF research model room is divided into several zones, each of which is installed with several mini-split independent air conditioning systems. The rooms and their respective air conditioning systems are selectively used based on the increase or decrease in the species and number of animals kept for the research models, with an aim to avoid squandering.
- We choose highly efficient and energy-saving machines and pumps. Phased-out machines and pump products already announced by the state are strictly forbidden. Under a normal load, machines and pumps should be operated in the high-efficiency area of the performance curve, subject to reasonable adjustment. Driving machines should match the load of machines and pumps. Motors are reasonably selected and used to increase their load rate. A variable frequency speed control device is adopted for machines and pumps with large load change.
- The shape coefficient of building structures is well under control to minimize heat consumption as long as the technical requirements are met.
- The natural lighting design is strengthened for buildings. Daylighting bands are installed on the roofs and double-level high and low windows are installed on maintenance walls to save electricity.
- We use green lighting products. Light sources, lamps and ballasts that have high efficiency, long service life and good color rendering are used. We choose reasonable illuminance for interior lighting of buildings and increase the proportion of high-efficiency and energy-saving fluorescent lamps.



In addition, all the water resources consumed by the Company during manufacturing and office operation come from the municipal pipe network, therefore there are no water intake issues. At the same time, due to the nature of our business, there are no packaging materials in the operation of the Company.

- We enhance water measurement management. Production water measurement devices inside the workshop and wastewater measurement devices at workshop discharge outlets are installed; maintenance of water supply, water facilities, equipment and apparatus is strengthened to strictly prevent water dripping and leakage. Water use efficiency is improved to save water resources.
- For domestic water use, we vigorously adopt water-saving technologies and water-saving water apparatus without using phased-out water apparatus explicitly specified by the state, and install water-saving facilities or apparatus. Some of the treated wastewater can be used for greening and road sprinkling, thus water consumption is largely reduced.

### A3 The Environment and Natural Resources

The Company's business involves reproduction and sale of research model animals. The main species of the research model animals are mice, rats and non-human primates. We have set up an animal welfare committee to review each trial plan. At the same time, we have formulated animal welfare and IACUC policies to identify and deal with relevant issues in a timely manner. So far, we have not received any objection and concern from animal protection organizations. In November 2020, JOINN received the full accreditation by the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) which is conducted once every three years, and the Company's animal welfare standards were once again highly acclaimed by AAALAC experts.

## Employment and Labor Practices

### B1 Employment

JOINN strictly abides by the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Law of the People's Republic of China on the Protection of Women's Rights and Interests (《中華人民共和國婦女權益保障法》), the Provisions on Labor Protection for Female Employees (《女職工勞動保護規定》), the Scheme for National Holidays and Festivals (《全國年節及紀念日放假辦法》), the Regulations on the Labor Security Supervision (《勞動保障監察條例》) and other relevant laws and regulations. In order to attract more outstanding talents who meet the Company's employment standards, we have established the Remuneration Management System (《薪酬管理制度》), the Performance Appraisal Management System (《績效考核管理制度》), the Commercial Insurance Benefit System (《商業保險福利制度》), the Social Insurance and Housing Provident Fund Management System (《社會保險及住房公積金管理制度》), etc. to continuously optimize the talent employment mechanism, which enables more standardized rule-abiding management of employees and facilitates the continuous rapid growth of the Company.

We have formulated the Remuneration Management System (《薪酬管理制度》). The Company's remuneration package is continuously improved based on the external competition principle, internal fairness principle, performance-oriented principle and comprehensive remuneration principle. The remuneration is primarily determined based on position value as the key consideration and personal qualification of the employee as a supplementary factor, both of which are taken into consideration in establishing the promotion path of different positions. The remuneration package

of the Company includes fixed salary, variable salary, subsidies and equity. We pay full remuneration to employees on time which is subject to adjustments on an annual basis according to the annual work targets.

We have formulated the Social Insurance and Housing Provident Fund Management System (《社會保險及住房公積金管理制度》). In accordance with relevant national laws and regulations, the Company is required to make contributions to social insurance and housing provident fund for its employees. Social insurance includes pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

We have formulated the Commercial Insurance Benefit System (《商業保險福利制度》). Commercial insurance is divided into three categories, namely supplementary commercial insurance, commercial insurance for trainees, and work safety liability insurance, primarily covering medical insurance, accident insurance, liability insurance and so on. With these commercial insurances, employees are offered with additional compensation for medical purpose and upon occurrence of accidents.

For employee promotion, we have formulated the Performance Appraisal Management System (《績效考核管理制度》) to promote consensus between the management and employees on the goals and how to achieve them, and to encourage employees to strive for excellent performance. The performance management process is made up of stages including performance goals, coaching, evaluation, feedback, and application of performance results. The appraisal levels are excellent, good, medium and unqualified. Based on the performance results, we incentivize employees in the forms of bonus, promotion, salary adjustment, reward and punishment, commendations, etc. The Company has in place a rank standard, and all employees will be graded in the first quarter of each year to determine their ranks in the upcoming year.

For employee care, we encourage employees to be united, assiduous, positive and helpful to others. We offer employees with rich and delicious working meals, clean and tidy dormitories, quiet and colorful study rooms, and homely mother rooms. We organize birthday celebrations and private movies for employees every month, and encourage all departments and divisions to organize outward-oriented development tours, skill competitions and other activities. At the same time, employees may report various situations and work needs to their superiors or the human resources department at any time.

As the demand for talents specialized in key technologies increases, we plan to continuously enhance the competitiveness of the welfare of our remuneration packages in the future to attract more talents and strive to achieve greater operational efficiency.

In 2020, the Company did not have any violation in relation to remuneration packages, as well as violation in relation to working hours and holidays.

## B2 Health and Safety

JOINN strictly abides by the Law on Work Safety of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other laws and regulations to ensure the occupational health and safety of employees. Some employees will be exposed to formaldehyde and xylene in individual laboratories. We arrange regular physical examinations, regular trainings and regular assessments to employees exposed to hazardous substances and transfer employees with occupational contraindications to other positions.

In view of the global outbreak of the COVID-19 pandemic in 2020, JOINN, as the most comprehensive platform for domestic drug non-clinical evaluation, immediately made response in terms of research model facilities, equipment and personnel deployment at the beginning of the pandemic. Leveraging the rich experience in vaccine research and development services, the Company cooperated with relevant drug research and development entities to jointly assist the research and development of new drugs. Quickly

mobilizing our best staff, the Company established a professional bioanalysis laboratory and an efficient pathology laboratory for trials related to the COVID-19 drugs, ensuring that pathological anatomy and serum sample testing can be completed immediately. The Company has provided a green pathway for and prioritized all anti-pandemic projects with its best efforts, and has carried out and completed the evaluation work with the highest efficiency and the best quality. JOINN was duty bound to assume the social responsibility in the anti-pandemic fight. In addition, during the COVID-19 pandemic in 2020, we purchased masks, disinfectant alcohol, hand sanitizers and other anti-pandemic supplies for our employees, and took strict prevention and control measures to ensure the safety of employees.

In 2020, JOINN had 0 work-related fatality and 110 lost days due to work injury<sup>1</sup>, and was not subject to any fine or prosecution due to non-compliance with health and safety related laws and regulations.

## B3 Development and Training

With further economic development of China, there has been an increasingly fierce competition among enterprises. In order to stand out from the competition, an enterprise must continue to sharpen its own competitive edges. Ultimately, the competition among enterprises is the competition for talents, which in turn is the competition in corporate trainings in some sense. Turning an enterprise into a learning organization and improving its core competitiveness to ultimately achieve a win-win situation between the enterprise and employees by attaching great importance to trainings, improvement of the overall quality of employees and recognition of the corporate culture are the fundamental measures that the enterprise may leverage to facilitate its growth. The Company insisted on the co-development of itself and its employees. By establishing a talent development and training system, improving the knowledge sets and skill levels of employees, and facilitating corporate training management and talent development, the Company continues to grow. Currently, we have formulated Standard Operating Procedures for Staff Training and Assessment (《工作人員培訓及考核的標準操作規程》) and other systems to continuously improve the Company's training system.

Note 1: Calculated on the basis of 8 hours per working day.



After joining the Company, new employees are required to participate in employee induction trainings, which aim to help new employees master various technical skills more quickly so that they can better integrate into the Company. In addition, we have also carried out a series of training activities to effectively improve the knowledge and skills of employees, such as

- trainings on bioanalytical methods
- trainings on ICHS6 Pre-clinical safety evaluation of biotechnology-derived pharmaceuticals
- trainings on the introduction of new drug non-clinical evaluation and case study analysis
- trainings on quality control of bioanalytical testing

In the future, we will adopt a more flexible approach for staff training and empowerment and carry out various training tasks based on the development characteristics of the Company and the industry.

## B4 Labor Standards

JOINN strictly abides by the Contract Law of the People's Republic of China (《中華人民共和國合同法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and other relevant laws and regulations for all of its recruitment and employment in order to strictly prohibit child labor and forced labor. During the recruitment process, we conduct strict verification and background checks on the identity certificates provided by interviewees. We treat employees of different nationalities, races, genders and ages equally, and prevent employment discrimination and use of child labor and forced labor. We also effectively protect the legitimate rights and interests of employees, and make reasonable arrangements regarding employees' working hours in accordance with the Company's systems.

During the Year, JOINN was not involved in any incident related to discrimination, child labor or forced labor.

## Operating Principles

### B5 Supply Chain Management

Suppliers of the Company mainly involve research model, reagents and consumables, constructions and infrastructures, devices and equipment, IT, MRO and services. We have formulated systems like Standard Operating Procedures for Supplier Qualification Review (《供應商資質審查的標準操作規程》), Basic Management System of Procurement Business (《採購業務基本管理制度》) and Procedures for Supplier Management (《供應商管理規程》) to regulate the management of suppliers and establish market access and evaluation system of suppliers.

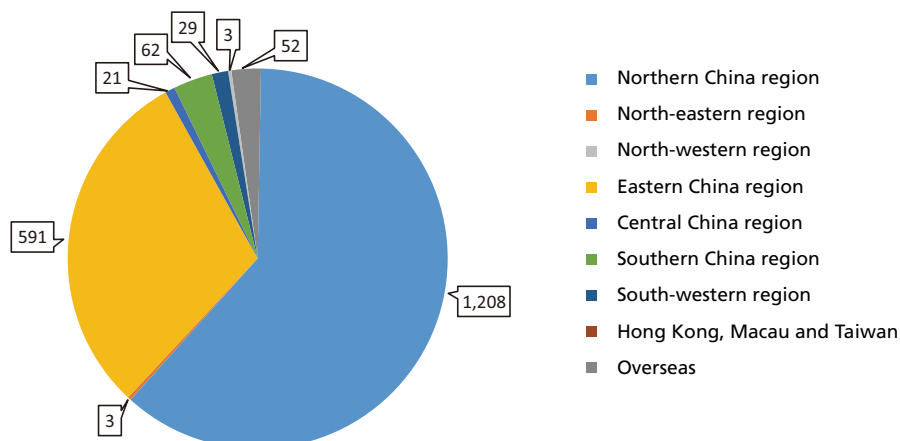
In respect of the entry management of suppliers, we will firstly organize and select appropriate number of suppliers to be our cooperation targets. We will carry out written investigations towards newly-developed suppliers and require suppliers to fill in the Suppliers' Status Registration Form (《供應商情況登記表》), so as to understand the background, qualifications, production capability, service quality as well as integrity and compliance. We will also organize site visits to confirm whether they are able to provide materials and services which are cost-effective, deliver on time and with high quality, as well as carrying integrity and compliance operation. Subsequently, the Company will organize appraisals on preliminary-selected suppliers, the contents of which include the evaluation of suppliers' qualifications, quality standards, delivery capability, technological capability, service capability and performance capability.

In respect of performance assessment and classified management of suppliers, the management departments of the Company's suppliers organize performance assessments on suppliers with higher annual procurement amounts by the suppliers' assessment team. The suppliers' assessment team will assess suppliers according to the cooperation with them and give a score for the quality of materials, price level, delivery and service.

With regards to the audit of suppliers, the Company will audit the suppliers of research models annually. The Permit for Production of Research Models (實驗模型生產許可證), Quality Certificate of Research Models (實驗模型質量合格證), Research Model Files (實驗模型檔案) and relevant quarantine inspection records of purchased research models will be checked. All tests by research models will strictly follow relevant benefit systems, and the operations involving research models will be approved by the ethic committee. We will follow the 3R Principle, which means to reform/reduce/replace the usage of research models on the premise that the legal and scientific requirements are fulfilled. After studies, research models will be reasonably disposed according to the purposes of studies, such as transferring to reserve research models for long-term breeding or organizing pathological tests after euthanasia.

As of the end of 2020, the total number of the Group's suppliers was 1,978. Below diagram sets out the number of suppliers by geographical distribution:

Geographical Distribution of Suppliers



## B6 Product Responsibility

The Company adheres to the visions of “serve drug innovation and focus on the objectives of full life-cycle safety assessment and monitoring of drugs, so as to ensure medication safety and protect human health (服務藥物創新，專注於藥物全生命週期的安全性評價和監測的宗旨，保障患者用藥安全，呵護人類健康)”. We have formulated the Standard Operating Procedures for Ordering Research Animals (《訂購實驗動物的標準操作規程》), the Standard Operating Procedures for Quality Control of Laboratory Animals (《實驗動物質量監控的標準操作規程》) and the Management Regulations on Project Management Process (《項目管理流程管理規定》) to establish a golden industry chain comprising unique pre-clinical research service of drugs, clinical experiments and related services, breeding and sales of quality research models and customization service of research models with gene editing, so as to provide one-stop quality services to customers.

➤ Pre-clinical studies service of drugs: Pre-clinical evaluation service of drugs is a technological service strictly managed by regulations. Not only does it require good technological capability, but also needs to follow relevant quality control standards. In order to guarantee the quality and efficiency of services, combining with regulatory requirements and own characteristics, the Company has established relevant service models:

- 1) Acceptance of the engagement: The professional marketing team of the Company is responsible for communicating with customers, understanding customers' demands and establishing research plans, quoting and signing contracts with the technology department.
- 2) Testing and provision of reports: The Company's technical department is responsible for organizing tests and numbering each test in accordance with the regulations and SOP requirements, formulating test plans, preparing test materials, conducting in vivo and/or in vitro tests, processing data as well as preparing and submitting summary reports;

- 3) Archive of data: After the test, we archive all original records to ensure the integrity of the test data.

- 4) Registration: After the test, the Company is required to cooperate with the legal department to carry out on-site checks, so as to validate the authenticity and integrity of data. When necessary, the Company will have technical discussions with clients together with the legal department.

The focus of the Company's services is to reduce the risk of drug research and development of clients and enhance the efficiency of drug research and development of clients according to the strict regulatory requirements of Good Laboratory Practice (《藥物非臨床研究質量管理規範》) and evaluate the safety and effectiveness of drugs pursuant to scientific standards, so as to support scientific reviews of the legal department, thereby supporting continuous innovation of pharmaceutical industry.

➤ Clinical studies and related services: The clinical business of JOINN mainly provides early-stage clinical testing service for drugs (Clinical Phase I and BE test), including regulatory/registration business, medical writing business, clinical monitoring/inspecting business, information management and statistical business as well as the provision of clinical testing institution service, together with the clinical biological sample analysis business of JOINN, provide one-stop service from pre-clinical evaluation and clinical tests of drugs. The Company has formulated strict processes of the procurement business and aspects from procurement application and approval to quotation request, selecting suppliers and payment are all effectively managed and controlled.

- Breeding and sales of research models: The Company has established a scientific procurement and supply system of research models, in particular, the quality of research models is strictly controlled. In addition, the Company has also formulated strict processes of the procurement business, and aspects from procurement application and approval to quotation request, selecting suppliers and payment are all effectively managed and controlled.

In June 2020, JOINN (Suzhou) successfully passed the GLP certification review of NMPA and passed the additional inspection on dependence tests. In October, JOINN (Beijing) passed the GLP certification review of NMPA. In November, JOINN (Suzhou) successfully passed the review and additional evaluation of CNAS, and include tumorigenicity test, tumorigenic tests, abnormal toxicity, clinical biological sample analysis, foreign virus factors and abnormal toxicity of medical devices within the capacity of the CNAS Quality Management System. In the same month, JOINN successfully passed the AAALAC certification review.

In terms of customer service management, we have established the Service Customer Work Procedure (《服務客戶工作程序》). When a customer clearly expresses dissatisfaction with the work quality of the Company, relevant departments are responsible for registering the customer's complaint information in the Customer Complaint Handling Record (《客戶投訴處理記錄》) and execute in accordance with the Complaint Processing Routine (《投訴處理程序》). During the Reporting Period, we did not receive any complaint related to our products and services which had material impact on the Company.

In terms of customer satisfaction surveys, we collect customers' feelings, opinions, suggestions and other related information on the quality of inspections and service quality and register such information in the Customer Satisfaction Survey Record (《客戶滿意度調查記錄》) in a timely manner. Information collection methods include questionnaires, telephone surveys,

discussions as well as customer visits and reception. The content of satisfaction surveys includes whether the service methods and service projects meet customers' requirements, whether the summary report is provided in a timely manner, whether the test results are accurate, whether the communication with customers is timely and smooth as well as whether the work is efficient. We summarize the feedback from customers and register such information in the Customer Feedback Processing Record (《客戶反饋處理記錄》), analyze the feedback from customers and determine the final processing opinions based on the requirements for the operation and improvement of the management system. The responsible department is responsible for implementing opinions and notifying customers about the handling situation.

In respect of intellectual property rights management, the Company has formulated the Intangible Asset Management System (《無形資產管理制度》) to check the value of intangible assets regularly, evaluate the advancedness of intangible assets such as patents and proprietary technologies, eliminate obsolete technologies, increase investments in research and development and promote technology upgrades, so as to improve our independent innovation capabilities continuously.

In terms of protection of user privacy, the Company has formulated the "Administrative Measures for Sales Customers (《銷售客戶管理辦法》)", which requires to set passwords for confidential files/data in computers, confidential files shall not be brought to places unrelated to work, confidential files/data shall not be discussed and handed over in public places and confidential file/data shall not be leaked to irrelevant personnel inside or outside the Company in any way, so as to ensure that the private data of users will not be leaked.

During the Reporting Period, there was no violation of production and service responsibility which had material impact on the Company and no product sold was subject to recalls for safety and health reasons.



## B7 Anti-corruption

JOINN strictly abides by the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and other relevant anti-corruption and anti-money laundering regulations, and attaches great importance to the establishment of an anti-corruption and anti-bribery system. The Company has formulated the Anti-fraud and Whistleblowing System (《反舞弊與舉報制度》) for all staff in the Company's headquarters and its branches and subsidiaries to stipulate acts of fraud and anti-fraud measures, and clarify that heads of all of its branches, subsidiaries and departments are the chief person responsible for anti-fraud matters therein. The internal audit department of the Company is responsible for the implementation of anti-fraud work of the Company and its branches and subsidiaries. In 2020, the Company thoroughly implemented the Anti-fraud and Whistleblowing System (《反舞弊與舉報制度》), and entered into anti-corruption agreements with its cooperating suppliers.

We have set up effective whistleblowing procedures to ensure that there are smooth whistleblowing channels. We have announced a fraud report hotline and a whistleblowing email. After receiving a report, the internal audit department will record the complaint and complete a preliminary review of the evidence within seven working days, report to the supervisors and reply the real-name whistleblower. The internal audit department will conduct investigations, collect evidence, scrutinize facts and details of the fraud, and report the investigation results to the senior management and the chairman of the subsidiaries to which the reported person belongs. If the reported person is found to commit fraud, the Company shall make a decision upon a unified study and deal with the reported person in accordance with the relevant reward and punishment measures set out in the Company's staff handbook. No complaint was received by the Company during the Year.

In the next step, we will conduct internal staff trainings on anti-corruption and integrity from time to time and keep ourselves updated of any whistleblowing case.

During the Reporting Period, the Company confirmed that there was no corruption or any violation of relevant laws and regulations.



# Community

## B8 Community Investment

Since its inception, JOINN has been stepping up to the plate to assume social responsibility. The Company partakes in social welfare in its optimal form according to the actual needs of the society, and has always been paying attention to social dynamics. It actively participates in social welfare in accordance with the needs of the society, which has brought harmony and win-win momentum to the society. In 2020, the severe COVID-19 epidemic has caused a continuous negative impact on social development. The Company took action to assume social responsibility and continued to pay attention to epidemic prevention and control. The entire JOINN squad spared no effort to contribute to the fight against the epidemic.

In 2020, on the basis of ensuring the progress of the COVID-19 project, JOINN upheld its visions of “serve drug innovation, focus on safety assessment and monitoring of drug full-life cycle, ensure the drug use safety of patients and protect human healthy life” and actively participated in and organized various industry activities. As one of the institutions with the most extensive experience in non-clinical drug safety assessment, many experts from JOINN were invited to participate in a number of meetings, such as the Carcinogenicity, Teratogenicity and Mutagenicity-related ICH Guiding Principles Training Course (《致癌性、致畸性和致突變性相關ICH指導原則培訓班》) organized by the Chinese Pharmaceutical Association,

The Fourth Academic Conference of Jiangsu Society of Toxicology (《江蘇省毒理學會第四屆學術會議》) organized by Jiangsu Society of Toxicology, and had prepared thematic reports accordingly. At the meetings, our experts shared evaluation experience of various new drugs, including the plan design and case experience for the evaluation of the COVID-19 project. At the same time, JOINN has organized a number of public welfare salons in Zhuhai, Beijing, etc. together with multiple pharmaceutical research and development service companies, providing convenient academic exchange opportunities for local drug research and development companies. In response to the requirements of epidemic prevention and control, we also conducted a series of targeted webinars and invited experts in various fields of the industry to conduct online academic exchanges. JOINN will continue to adhere to its corporate obligation and responsibility, and contribute to the medical and health industry.

## Appendix

### 1. Environmental and Social Performance Data

#### ENVIRONMENTAL PERFORMANCE DATA

Name of indicator	Unit of indicator	2020
Total hazardous waste produced	kg	69,214.10
Medical waste	kg	49,870.00
Laboratory organic waste	kg	19,344.00
Waste activated carbon	kg	0.10
Intensity of hazardous waste produced	kg/'0000 operating income	0.64
Total non-hazardous waste produced	kg	197,040.00
Paper	kg	187,040.00
Domestic garbage	kg	10,000.00
Intensity of non-hazardous waste produced	kg/'0000 operating income	1.83
Total domestic wastewater and production wastewater	m <sup>3</sup>	17,000.00
Exhaust gas	kg	10.00
Gasoline consumption	l	11,100.00
Steam consumption	m <sup>3</sup>	13,448.60
Total electricity consumption	kWh	6,006,990.00
Office	kWh	1,225,377.00
Laboratory	kWh	4,781,613.00
Intensity of electricity consumption	kWh/'0000 operating income	55.83
Total water consumption	m <sup>3</sup>	31,057.00
Office	m <sup>3</sup>	6,168.00
Laboratory	m <sup>3</sup>	24,889.00
Intensity of water consumption	m <sup>3</sup> /'0000 operating income	0.29

## SOCIAL PERFORMANCE DATA

## Breakdown of Employees

Total Number	Number of Employees	Percentage of Total
Total	1,483	100%

By Gender	Number of Employees	Percentage of Total
Male	511	34.46%
Female	972	65.54%

By Region	Number of Employees	Percentage of Total
Beijing	474	31.96%
Jiangsu Province	833	56.17%
Guangdong Province	5	0.34%
Guangxi Zhuang Autonomous Region	29	1.96%
Overseas	142	9.58%

By Age	Number of Employees	Percentage of Total
Under 30	896	60.42%
30-50	503	33.92%
Above 50	84	5.66%

By Type of Employment	Number of Employees	Percentage of Total
Full-time	1,480	99.80%
Part-time	3	0.20%

## Employee Training

By Gender	Number of Employees Received Training	Percentage of Employees Received Training	Average Training Hours
Male	511	100%	27.58
Female	972	100%	30.42

By Level	Number of Employees Received Training	Percentage of Employees Received Training	Average Training Hours
Management	12	100%	62.00
Non-management	1,471	100%	29.18

**Staff turnover**

Total number	Turnover number	Turnover rate	Turnover rate excluding those staff joined and left in 2020
Total	398	29%	15%
<b>By gender</b>			
Male	164	35%	17%
Female	234	26%	15%
<b>By region</b>			
Beijing	138	30%	22%
Jiangsu Province	220	30%	10%
Guangdong Province	2	40%	0%
Guangxi Zhuang Autonomous Region	7	27%	12%
Overseas	31	24%	—
<b>By age</b>			
Below 30	262	37%	17%
30-50	120	21%	13%
Above 50	16	21%	19%



## 2. Hong Kong Stock Exchange ESG Reporting Guide Index

Hong Kong Stock Exchange ESG Reporting Guide		Content
<b>Subject Areas A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
A1	General Disclosure	A1 Emissions
	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.	
A1.1	The types of emissions and respective emissions data.	Appendix – Environmental Performance Data
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1 Emissions (The main sources of greenhouse gas emissions of the Company are the electricity used in workplaces and the business travels of employees, which have limited impacts on the environment, and the Company is putting in place a statistical process for greenhouse gas emissions, which will be disclosed in the coming years)
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix – Environmental Performance Data
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix – Environmental Performance Data
A1.5	Description of emissions target(s) set and steps taken to achieve them.	A1 Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1 Emissions



Hong Kong Stock Exchange ESG Reporting Guide		Content
<b>Aspect A2: Use of Resources</b>		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	A2 Use of Resources
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).	Appendix – Environmental Performance Data
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix – Environmental Performance Data
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2 Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2 Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
<b>Aspect A3: The Environment and Natural Resources</b>		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	A3 The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3 The Environment and Natural Resources
<b>Subject Areas B. Social</b>		
<b>Employment and Labor Practices</b>		
<b>Aspect B1: Employment</b>		
B1	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.	B1 Employment
B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Appendix – Social Performance Data
B1.2	Employee turnover rate by gender, age group and geographical region	Appendix - Social Performance Data

Hong Kong Stock Exchange ESG Reporting Guide		Content
<b>Aspect B2: Health and Safety</b>		
B2	General Disclosure	B2 Health and Safety
	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.	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2 Health and Safety
B2.2	Lost days due to work injury.	B2 Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2 Health and Safety
<b>Aspect B3: Development and Training</b>		
B3	General Disclosure	B3 Development and Training
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix – Social Performance Data
B3.2	The average training hours completed per employee by gender and employee category.	Appendix – Social Performance Data
<b>Aspect B4: Labor Standards</b>		
B4	General Disclosure	B4 Labor Standards
	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.	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	B4 Labor Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	B4 Labor Standards
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
B5	General Disclosure	B5 Supply Chain Management
	Policies on managing environmental and social risks of the supply chain.	
B5.1	Number of suppliers by geographical region.	B5 Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5 Supply Chain Management

Hong Kong Stock Exchange ESG Reporting Guide		Content
<b>Aspect B6: Product Responsibility</b>		
B6	General Disclosure	B6 Product Responsibility
	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.	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6 Product Responsibility
B6.2	Number of products and service related complaints received and how they are dealt with.	B6 Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6 Product Responsibility
B6.4	Description of quality assurance process and recall procedures.	B6 Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6 Product Responsibility
<b>Aspect B7: Anti-corruption</b>		
B7	General Disclosure	B7 Anti-corruption
	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.	
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.	B7 Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7 Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	B7 Anti-corruption
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
B8	General Disclosure	B8 Community Investment
	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.	