

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

2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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About This Report

This report is the fifth “Social Responsibility and Environmental, Social and Governance Report” published by JOINN Laboratories (China) Co., Ltd. (hereinafter referred to as “Company”, “the Company”, “JOINN Laboratories”, “We” or “us”). This report mainly introduces the Company’s management policies and performance practices in environmental, social and governance aspects.

Reporting Period and Scope

This report discloses the Company’s management methods, initiatives and performance in environmental, social and governance aspects from 1 January 2024 to 31 December 2024 (hereinafter referred to as the “Year” or the “Reporting Period”) (some contents may be traced back to previous years or extended to the date of disclosure of this report). Except for environmental information, the scope of disclosure in this report covers the Company’s all branches and subsidiaries, which is consistent with that in the annual report. Compared with the previous report, three subsidiaries (including Yunnan Yinmore Bio-Tech Co., Ltd, Guangxi Weimei Bio-Tech Co., Ltd. and Biomedical Research Models, Inc (hereinafter referred to as the “Biomere”) have been included into the scope of environmental information in this report.

Major Reference Standards of the Report

This report is prepared in accordance with the Guidelines for Self-discipline Supervision of Listed Companies No. 14 of the Shanghai Stock Exchange – Sustainability Report (Trial), and the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”).

Reporting Principles

- Materiality:** We identify major ESG issues through materiality assessment, and the relevant process and results have been disclosed in the ESG Report;
- Quantification:** Quantitative information on environmental and social aspects with historical data has been presented in the ESG Report with explanations on its purpose and impact, and comparative data will be provided in subsequent ESG reports;
- Consistency:** We use consistent disclosure and statistical methods. In this report, we have maintained the same disclosure and statistical methods for the information disclosed in the previous year’s report. For the information disclosed for the first time, we will adopt consistent methods for ESG information disclosure in subsequent years to facilitate meaningful comparison year on year.

Publication

This report is available online in both Chinese and English. All stakeholders can access this report on the official website of the Company (<https://www.joinnlabs.com/>), the website of the Shanghai Stock Exchange (hereinafter referred to as the “SSE”) (<http://www.sse.com.cn/>) and the website of the Hong Kong Stock Exchange (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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Email: jiafengsong@joinn-lab.com

Board Statement

JOINN Laboratories is well aware of the importance of good corporate governance and risk management processes, including the management of ESG issues that are crucial to the sustainable development of the Company. The Board of the Company is the highest responsible and decision-making body for ESG matters, and assumes full responsibility for the Company's ESG strategy and reporting. The Board conducts regular reviews of the completion status of the targets and reviews the strategies and action plans for achieving the annual targets.

Based on the external social and economic macro environment and the Company's development strategy, the management team of JOINN Laboratories dynamically evaluates the importance of ESG issues, discusses and determines the Company's risks and opportunities in environmental, social and corporate governance, and regards the management and improvement of key issues as the annual strategic work of sustainable development.

The Company identifies that product and service safety and quality and innovation drive and other issues are of higher materiality through the materiality assessment of ESG issues. The Company adheres to the principle of "serving drug innovation, focusing on safety evaluation and monitoring of the entire life cycle of drugs", and attaches great importance to quality management and R&D innovation of product and service. At the same time, the Company attaches great importance to leading supply chain management, employees, data security and customer privacy protection.

This report discloses in detail the progress and effectiveness of JOINN Laboratories' ESG work in 2024. The Board and all directors of JOINN Laboratories warrant that there are no false representations, misleading statements or material omissions in this report, and assume joint and several responsibilities for the truthfulness, accuracy and completeness of its contents.

About JOINN Laboratories

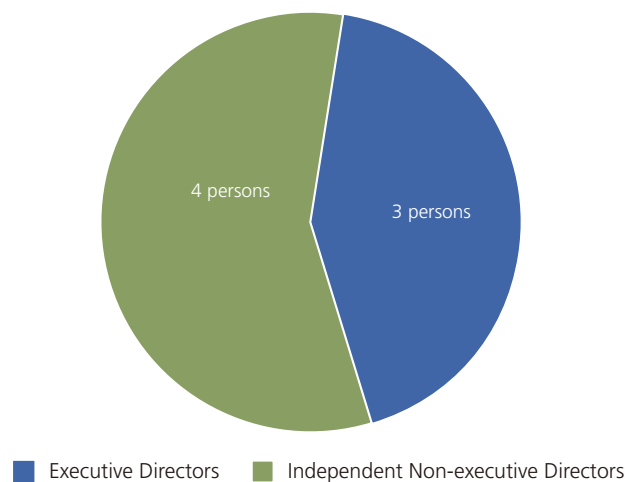
JOINN Laboratories (Stock Code: 603127.SH/6127.HK) is a privately-owned CRO that has the earliest engagement in non – clinical assessment of drugs in China. Since its establishment in 1995 to present, JOINN Laboratories has a professional technical team of more than 2,500 personnel and has subsidiaries in Beijing, Suzhou, Chongqing, Guangzhou, Shanghai, Wuxi, Wuzhou, Nanning, Yunnan as well as in California and Boston in the United States. JOINN Laboratories has established a quality management system (CNAS/ILAC-MRA Certification) in compliance with international standards. JOINN Laboratories has obtained GLP qualifications from the NMPA of China, the U.S. FDA, OECD, Korea's MFDS, Japan's PMDA, and international AAALAC (Animal Welfare) certifications. The evaluation information meets the requirements of global drug registration. We are capable of providing one-stop services such as non-clinical pharmacology and toxicology research and assessment, especially non-clinical safety assessment, clinical trials and pharmacovigilance, to customers. We could also provide services such as the assessment of veterinary drugs and pesticide and assessment of medical devices. JOINN adheres to the purpose of "serving drug innovation, focusing on safety evaluation and monitoring of the entire life cycle of drugs", ensuring the safety of patients' medication and safeguard the health of human beings.

Corporate Governance

The Company strictly complies with the requirements of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Rules Governing the Listing of Stocks on Shanghai Stock Exchange”, the “Corporate Governance Code” as set out in Appendix C1 to the Listing Rules of the Hong Kong Stock Exchange and other relevant laws, regulations and regulatory documents. Based on the actual circumstance of the Company’s development, the Company has formed a governance structure with the shareholders’ meeting, the Board, the Supervisory Committee and the senior management as the main body, established a scientific, efficient, stable and long-term decision-making supervision mechanism and incentive mechanism, continuously improved the standard of corporate governance and protected the interests of the shareholders of the Company.

We advocate the diversity of Board members, and continue to build a diversified and professional Board in terms of gender, age, cultural and educational background, professional development, service term, industry experience and other aspects, so as to improve the decision-making capabilities of the Company from a comprehensive perspective and mindset and enhance the effectiveness of the Board. As of the end of the Reporting Period¹, the Board of the Company consists of 3 executive Directors and 4 independent non-executive Directors. Among the 7 directors of the Company, 2 are female directors, accounting for 28.6%. As an executive Director, Ms. Feng Yuxia, the Chairman of the Board of the Company has formed a diversified Board structure with other Directors. All Directors have brought extensive experience and professional knowledge to the Company and the Board, including knowledge and experience in business management, medical clinical research, scientific research, financial management and accounting.

**Board Composition of JOINN Laboratories
(as of the end of the Reporting Period)**



¹ Since 23 January 2025, the Board of the Company consists of 5 executive Directors and 4 independent non-executive Directors. Among the 9 directors of the Company, 3 are female directors, accounting for 33.3%.

ESG Responsibility Management

Internal Control and Risk Management

JOINN Laboratories strictly complies with the relevant requirements and internal control standards of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company has established an effective risk management and internal control system. The Audit Committee under the Board of the Company monitors and manages the overall risks related to business operations. The relevant departments are responsible for the implementation of specific risk management policies and relevant practices, reporting the audit work to the Audit Committee on a quarterly basis, and sending quarterly audit reports to the Audit Committee. The Audit Committee convenes at least one meeting every quarter to consider the work plans and reports submitted by the internal audit department; report to the Board at least once every quarter on matters including but not limited to progress and quality of internal audit and major problems identified; issue a written assessment opinion on the effectiveness of the internal control of the listed companies and report the same to the Board at least once a year based on the internal audit report and relevant information submitted by the internal audit department.

We have established a series of internal control policies and procedures, including the “Internal Audit System”, “Risk Management System”, “Anti-fraud and Whistleblowing System”, “Off-Office Audit Management Measures”, “Working Rules of Internal Financial Audit”, “Implementation Regulations on System Policies Management”. The Company’s internal risk identification is divided into two types: regular audits are audits on a quarter basis, and the Company focuses on the audit of businesses with significant financial data fluctuations based on financial analysis; irregular audits are routine audits, and risks are identified through routine special audits, walk-through assays and other audit methods.

The Company complies with the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Basic Standards for Enterprise Internal Control”, their supporting guidelines and other relevant laws and regulations. The Company has formulated a relatively sound internal control system, clarify responsibilities and authorities of all departments and levels, thus creating a positive internal control environment with a focus on strengthening employees’ awareness of internal control risks. The Company has established a regular risk assessment process, through which the internal audit department and the internal control department of the Company will conduct systematic analysis and evaluation on risk points across all business operations of the Company on a regularly basis; meanwhile, for different business processes such as procurement, sales and fund management, the Company has formulated relatively sound control measures to ensure business activities are carried out in a compliant and orderly way. The internal audit department of the Company commenced internal control supervision and assessment on a regular basis and continued to monitor the effectiveness of the operation of internal control through periodic inspections on business processes, so as to identify and solve any problems in a timely manner. At the same time, based on risk-oriented approach, the internal audit department carries out targeted internal control evaluation on an irregular basis to conduct comprehensive assessment on the effectiveness of the internal control of specific business areas and important projects, thereby identifying control deficiencies and providing improvement recommendations.

ESG Governance

The Company continues to optimise its ESG governance system. As the leader of the Company's ESG governance structure, the Audit Committee under the Board is responsible for reviewing, monitoring, evaluating, managing and approving major sustainable development matters. Its responsibilities and authorities include:

- Reviewing and assessing the adequacy and effectiveness of the structure associated to the sustainable development of the Company;
- Overseeing the development of the Company's sustainability visions, strategies and policies;
- Monitoring the implementation of sustainability visions, strategies and policies;
- Reviewing and approving the disclosures relating to the Company's sustainability framework, objectives and relevant performance as set out in the annual report documents.

The securities department of the Company is responsible for ESG supervision and coordination, implementing leaders' resolutions, communicating and coordinating ESG-related matters, and organising the preparation of ESG reports.

In addition, the Company's functional departments and subsidiaries are the body for the implementation of specific works to carry out the Company's ESG work, effectively record and report ESG-related data, and fully implement ESG-related management work.

ESG Responsibility Management

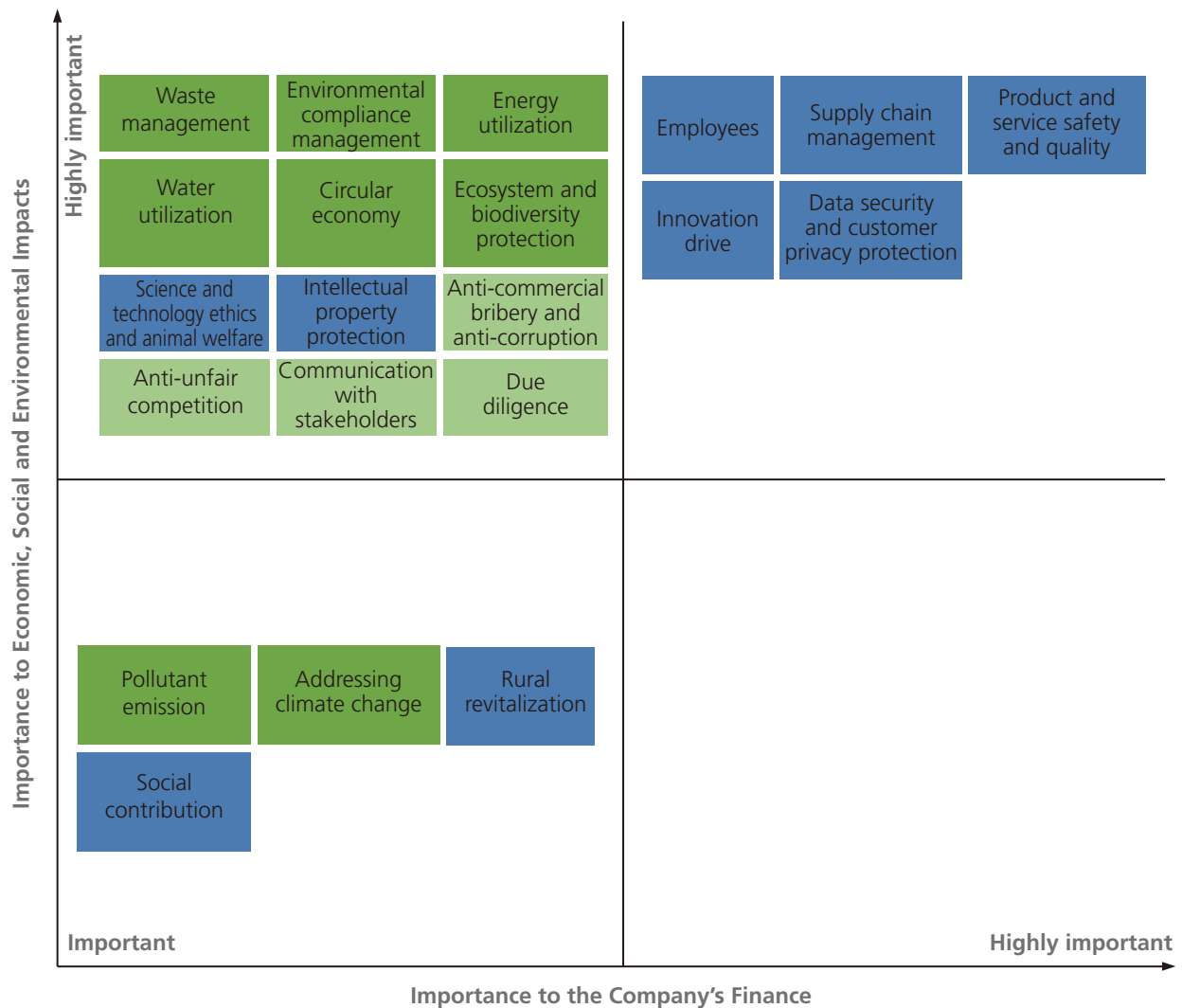
Communication with Stakeholders

JOINN Laboratories attaches great importance to communication with stakeholders, establishes efficient communications and feedback mechanisms for stakeholders, listens to the opinions and suggestions of stakeholders such as government departments, shareholders, customers, employees and suppliers through different channels, identifies the feedback and expectations of stakeholders on the Company, improves the Company's ESG performance in a targeted manner, effectively responds to the needs of relevant parties, and works with stakeholders to promote social development and share development results.

Stakeholders	Expectations of Stakeholders	Communication and Engagement	Company's Response
Investors	<ul style="list-style-type: none"> • Increase in market capitalization and profitability of the Company • Continuous improvement of the Company's environmental and social responsibility performance 	Shareholders' meeting, information disclosure, company website	<ul style="list-style-type: none"> • Regularly publish reports, truthfully and fully disclose information, strive to improve performance and create profits • Improve corporate governance and risk management, convene shareholders' meetings, strengthen investor relations management, and strive to improve environmental and social responsibility management
Customers	<ul style="list-style-type: none"> • Outstanding product quality • Safeguard legal interests 	Enter into contracts and agreements, customer satisfaction survey	<ul style="list-style-type: none"> • Provide high-quality products and services • Establish a sound customer service system and a customer feedback and complaint mechanism
Employees	<ul style="list-style-type: none"> • Safeguard employee remuneration and benefits • Care for employee safety and health • Provide fair promotion and development opportunities • Improving communication mechanism and participating in company management 	Labour contract, employee satisfaction survey	<ul style="list-style-type: none"> • Strictly abide by the terms of labour contracts and improve the remuneration and welfare system • Provide a safe and healthy working environment • Provide employee development channels and organise employee training • Provide equal communication channels
Government	<ul style="list-style-type: none"> • Operate in compliance with laws and regulations and implement national policies 	Participate in government-related conferences	<ul style="list-style-type: none"> • Strictly abide by relevant laws and regulations, continue to strengthen corporate compliance management, and respond to relevant national policies
Suppliers	<ul style="list-style-type: none"> • Honest, fair and impartial cooperation, mutual benefit and win-win situation to facilitate industry development 	Enter into contracts and agreements, hold bidding and supplier meetings regularly	<ul style="list-style-type: none"> • Adhere to open and transparent business principles, actively perform contracts and agreements, implement an open and transparent procurement model, and develop a responsible supply chain
Peers	<ul style="list-style-type: none"> • Fair competition, honest cooperation, transparency and publicity of information • Comply with industry norms and facilitate industrial innovation 	Share and communicate with industry-related research institutes, associations, mainstream media, etc.	<ul style="list-style-type: none"> • Strengthen communication and cooperation with peers to jointly create a healthy and orderly competition environment • Participate in industrial innovation research, achieve mutual benefit and win-win, make progress together, participate in industry evaluation, and provide suggestions for industry norms

Materiality Analysis

In accordance with the Guidelines for Self-discipline Supervision of Listed Companies No. 14 of the Shanghai Stock Exchange – Sustainability Report (Trial), the “Environmental, Social and Governance Reporting Code” as set out in Appendix C2 to the Listing Rules of the Hong Kong Stock Exchange, while taking into consideration the expectations and needs of stakeholders and expert opinion based on the characteristics of our business and the industry, the Company assesses ESG issues that are relevant to the Company’s business operations from the dual perspectives of impact significance and financial significance. In 2024, the Company has optimized and adjusted the names and priorities of issues to include new topics such as environmental compliance management, circular economy, ecosystem and biodiversity protection, rural revitalization, anti-unfair competition, communication with stakeholders and due diligence, and identified 21 material topics after assessment.



ESG Responsibility Management

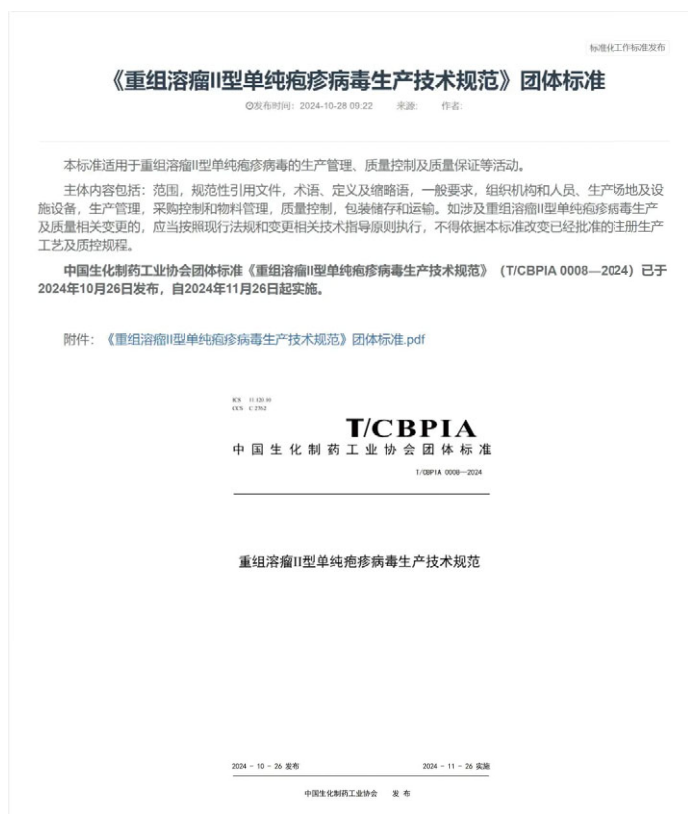
Classification	No.	Issues	Financial Materiality	Impact Materiality
Environment	1	Addressing climate change		✓
	2	Environmental compliance management		✓
	3	Pollutant emission		✓
	4	Waste disposal		✓
	5	Energy utilization		✓
	6	Water utilization		✓
	7	Circular economy		✓
	8	Ecosystem and biodiversity protection		✓
Society	9	Product and service safety and quality	✓	✓
	10	Employees	✓	✓
	11	Social contribution		✓
	12	Supply chain management	✓	✓
	13	Data security and customer privacy protection	✓	✓
	14	Innovation drive	✓	✓
	15	Intellectual property protection		✓
	16	Rural revitalization		✓
Governance	17	Science and technology ethics and animal welfare		✓
	18	Anti-unfair competition		✓
	19	Anti-commercial bribery and anti-corruption		✓
	20	Communication with stakeholders		✓
	21	Due diligence		✓

1. Empowering Customers

1.1 Innovative R&D

We are committed to providing innovative services to support our customers' most pioneering and complex new drug discovery projects in China and even globally. To achieve this goal, JOINN Laboratories has been continuously investing in improving its service capabilities and actively participating in major government-supported research projects. Such investments have allowed us to remain at the forefront of the latest technology trend in our industry, develop novel solutions for our customers and maintain our competitive position. We strive to further enhance our technical capabilities through internal R&D, cooperation with universities and research institutions, collaboration with customers and development and improvement of technologies obtained by us.

We actively participated in and organised industry conferences and forums, as well as participated in industry academic exchanges (online + in person). In addition, the Company participated in the drafting and revision of industry standards and guiding principles, translated and compiled industry-related professional books, published academic papers related to industry development, applied for industry-related technical patents, etc., and actively promoted the development and progress of the industry. During the Reporting Period, the Technical Specifications for the Production of Recombinant Oncolytic Herpes Simplex Virus Type II (T/CBPIA 0008-2024), which was a set of association standards that we participated in drafting and formulating, was formally promulgated by the China Biochemical Pharmaceutical Industry Association (CBPIA). The promulgation of the Specifications not only ensured the safety, efficacy and quality of such products, but also regulated the technical specifications and promoted the technical progress of the entire industry. Our participation in the project represented our in-depth understanding of the requirements of the industry, our comprehension of the industry's movements and development trends, and our professional and technical expertise in the relevant fields.



1. Empowering Customers

During the Reporting Period, the 2024 Annual Working Meeting of the Professional Committee of Laboratory Animal Standardisation of the Chinese Association for Laboratory Animal Sciences (CALAS) and the Seminar on Microbiological and Genetic Standardisation of Laboratory Animals, hosted by JOINN Laboratories (Suzhou) Co., Ltd. together with other industry peers, was held in Taicang, Jiangsu Province, with a total of about 300 experts, scholars and industry elites from all over the country attending the meeting. The meeting brought manufacturers, professional and technical institutions and the regulatory authorities of the industry together and established a smooth, dual-way communication channel for them, aiming to inject a stronger impetus for the development of the industry under the guidance of the Standardization Initiative.

Case Study: Thematic Conference on Life-cycle Guidelines on Antibody Drug Development

In order to promote the exchange within the industry, a salon with the theme of “Life-cycle Guidelines on Antibody Drugs Development” hosted by JOINN Laboratories and Beijing Joinn Biologics, together with other relevant organisations, was held in June 2024 in Beijing, during which the attendees discussed the issues faced by the industry such as the challenges faced by antibody drugs in their life cycle of development, and how to compete in a distinctive way and accelerate the transition and clinical progress to meet the unmet clinical needs.

As at the end of the Reporting Period, the national and local research topics undertaken by the Company were as follows:

No.	Project Type	Project Name	Regulatory Authorities
1	National	2024 Public Service Platform for Industrial Technology Infrastructure – Public Service Platform for Screening, Testing and Evaluation of Innovative Drugs	Ministry of Industry and Information Technology (MIIT)
2	National	The “Industry-Academia-Research-Inspection Collaboration” Project on the Development of Key Technologies and Products for Viral Vector Gene Therapy	National Health Commission (NHC)
3	National	Research on a New DNA Vaccine Platform System	National Health Commission (NHC)
4	Municipal	Clinical Stem Cell Preparation Technology and Stem Cell Drug Development	Chongqing Municipal Bureau of Science and Technology
5	Municipal	Novel Antibody Drugs Targeting the Immunosuppressive Microenvironment of Brain Gliomas	Chongqing Municipal Bureau of Science and Technology

R&D and innovation is the core driving force for the Company to maintain its competitiveness and achieve sustainable development. In order to systematically manage its R&D and innovation initiatives, the Company encourages its departments and employees to carry out activities such as innovation, patent application and thesis publication. At the end of the Reporting Period, the Company staged a comprehensive evaluation of its innovation, patent and thesis projects during the Reporting Period, with commendations and awards granted to the outstanding projects.

1. Empowering Customers

In terms of intellectual property management, the Company has formulated the “Intangible Assets Management System”, designated dedicated personnel to be responsible for the management of intellectual property rights and establish files. The Company continued to improve the construction of patent and trademark management systems, established an effective talent incentive mechanism, and encouraged innovation. We continue to increase investment in technology development, enhance independent innovation capabilities, ensure independent research and development of process equipment and key generic technologies and introduce digestive absorption and re-innovation, and strive to form indigenous intellectual property rights and core technologies.

The Company’s existing intellectual property rights include invention patents, appearance design patents, utility model patents, software copyrights, trademarks and artwork. JOINN Laboratories submitted 22 applications of intellectual property rights in 2024, including 14 invention patent applications, 1 utility model patent, 6 trademarks and 1 artwork, all of which were accepted. In 2024, the Company was granted 37 intellectual property rights, including 16 invention patents, 19 utility model patents, 1 design patent and 1 artwork.

During the Reporting Period, the Company adopted the following IP management measures:

- Enhancing intellectual property management and development: The Company entered into strategic cooperation agreements with a number of intellectual property organisations to accelerate the development and layout of its intellectual properties. During the year, the Company organised a number of IP exchange conferences for communication on and exchange of basic knowledge of patents, writing and replying to technical submissions, the use of patent searching tools, patent searching methods, patent exploitation methods and patent deployment methods.
- Establishing dedicated IP management posts: Assigning people responsible for IP management and maintenance of achieves.
- Improving the IP incentive mechanism: Improving talent incentive mechanism, encouraging independent R&D and introduction, comprehension, absorption and re-innovation, and striving to create our own intellectual properties and core technologies.

Looking forward, the Company will strive to form an intellectual property working system and an effective operation mechanism suitable for its own business development and technology research and development, and actively carry out independent research and development and introduce digestion, absorption and re-innovation. The Company has reached the advanced level of the industry in terms of investment, output, ownership and industrialization of intellectual property, and strives to build the Company into an innovative enterprise with strong intellectual property awareness, innovative vitality, remarkable transformation effects and effective protection measures.

1. Empowering Customers

1.2 Product Responsibility

The Company adheres to the purpose of “serving drug innovation, focusing on safety evaluation and monitoring of the whole life cycle of drugs”, as well as the vision of “ensuring the safety of patients’ medication and safeguard the health of human being”. We have formulated the “Standard Operating Procedures for Ordering Laboratory Animals”, the “Standard Operating Procedures for Quality Control of Laboratory Animals”, the “Regulations on Project Management Process Management”, among other systems, and established a golden industry chain of unique non-clinical drug research services, clinical trials and related services, breeding and sales of high-quality animal models, and customization services of gene editing model animal models, which can provide customers with one-stop high-quality services. Some of our subsidiaries, such as JOINN Suzhou, have obtained ISO 9001 quality management system certification.

The Company’s quality management system documents consist of four levels:

1. The Quality Manual, which is a programmatic document for the operation of the Company’s quality management system and a thematic document for the management system. It mainly explains the Company’s quality policy, objectives, requirements of various elements of the management system, division of responsibilities, implementation methods and the fundamental standards that all quality work must follow;
2. Procedural Documents, which are supporting documents of the Quality Manual, which stipulates the purpose, scope, responsibilities, requirements, systems and procedures of the activities and quality activities that can only be carried out by each department and position, and are the guiding documents that relevant personnel should strictly follow when carrying out quality activities;
3. Standard Operating Procedures/Policies, which are specific implementation rules in inspection activities;
4. The Form of Quality Records and Technical Records, which are the original evidence and carrier to verify the effective operation of the management system and ensure that all quality activities and technical activities can be fully repeated.

The research basis of the Company’s new drugs is from the legal norms, technical standards and technical guiding principles of domestic and international regulatory agencies and industry organisations, such as NMPA, US FDA, EMA, OECD, ICH, ISO, etc. We kept abreast of the changes and updates in GLP regulations at home and abroad, and organised training promptly to help our people comprehend new requirements and technologies in the industry, as well as updating our quality system documentation to ensure that our GLP quality management and non-clinical safety research and trials are in compliance with regulatory requirements at home and abroad in real time.

The core of the Company’s services is to scientifically evaluate the safety and effectiveness of drugs in strict accordance with the Good Laboratory Practice for Non-Clinical Studies (CFDA Order No. 34, September 2017) promulgated by National Medical Products Administration (NMPA, formerly known as China Food and Drug Administration), U.S. Food and Drug Administration’s Good Laboratory Practice Regulations (21 CFR Part 58), OECD GLP principles and other laws and regulations, reduce the risk of drug research and development of the principal, improve the efficiency of drug research and development of the entrusting party, and support the scientific review of the regulatory department, so as to support the continuous innovation of the pharmaceutical industry.

1. Empowering Customers

- **Non-clinical drug research services:** Non-clinical drug evaluation services are technical services with strict regulations and management, which not only require good technical conditions but also comply with relevant quality management standards. In order to guarantee the quality and efficiency of services, combining with regulatory requirements and own characteristics, the Company has established relevant modes of service:
 - 1) **Acceptance of engagement:** The Company's professional marketing team is responsible for contacting customers, understanding customer needs, formulating research plans, quotation and signing contracts with technical departments.
 - 2) **Carry out tests and provide reports:** The Company's technical department is responsible for organising tests and numbering each test, formulating test plans, preparing test materials, conducting in vivo and/or in vitro tests, processing data as well as preparing and submitting summary reports in accordance with the regulations and SOP requirements.
 - 3) **Archive of data:** After the test, we archive all original records to ensure the integrity of the test data.
 - 4) **Registration support:** After completion of the test, the Company shall cooperate with the regulatory department to conduct on-site inspection to verify the authenticity and completeness of the data. When necessary, the Company shall conduct technical discussions with the principal and the regulatory department in the process of new drug evaluation.
- **Clinical trial and related services:** The clinical business of JOINN mainly provides early-stage clinical trial services (clinical trial stage I and BE trial), including regulatory/registration business, medical writing business, clinical monitoring/audit business, data management and statistics business, and clinical trial institution services. Combined with JOINN's clinical biological sample analysis business, JOINN provides customers with a one-stop service model from non-clinical evaluation to clinical trial. 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 animal models:** The Company has established a scientific animal models procurement and supply system, especially, it applies strict control of the quality of animal models. 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.

During the Reporting Period, the safety assessments of new drugs carried out by the Company were inspected by the quality assurance department and were required to comply with all the requirements of GLP regulations. The Company accepted and passed the periodic inspections by NMPA GLP and U.S. FDA GLP. During the Reporting Period, the Company conducted several quality management trainings to raise the quality awareness and work compliance of all employees. All departments increased the requirements for quality control inspection and were equipped with fulltime quality control personnel, strengthened quality inspection and further ensured the quality of safety assessments of new drugs.

In terms of marketing and promotion, the Company has formulated systems such as the "Administrative Measures for Marketing and Publicity Products", the "Administrative System for Press Release" and the "Administrative System for the Use and Management of LOGO of the Company", which stipulate the use of promotional materials and LOGO/trademark. The Company has a strict approval and publication system to ensure the compliance of market promotion.

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.

1. Empowering Customers

1.3 Customer Service

In terms of customer service management, we have established the “Customer Service Working Procedures”. When customers clearly expressed dissatisfaction with the Company’s work quality, relevant departments are responsible for registering customer complaint information into the “Customer Complaint Handling Record”, and implementing it in accordance with the Customer Complaint Handling Process.

In terms of customer satisfaction survey, we collect customers’ feelings, opinions, suggestions and other relevant information on the quality of testing work and service, and register them in the “Customer Satisfaction Survey Record” in a timely manner. Information collection methods include questionnaire, telephone survey, symposium, customer visit reception, etc. The content of the satisfaction survey includes whether the service methods and service items meet customer requirements, whether the summary reports are provided on time, whether the test results are accurate, whether the communication with customers is timely, smooth and whether the work is efficient, etc. We summarise customer feedback, include these in the “Customer Feedback Handling Record”, and then analyse customer feedback, and determine the final handling opinions based on the needs of the management system operation improvement. The responsible department shall implement the handling opinions and notify customers the handling situation. During the reporting period, the Company did not receive any customer complaints.

In terms of customer privacy and confidentiality, the Company complied strictly with the relevant laws and regulations at home and abroad as well as its internal policies in relation to the protection of customer privacy during the Reporting Period, so as to ensure that the Company’s operations were lawful and compliant with rules in all aspects. The Company has formulated the “Regulations on the Management of Sales Customers”, which require that passwords must be set for confidential documents/data in computers, that confidential documents must not be taken to places unrelated to work, that confidential documents/data must not be discussed or handed over in public places, and that confidential documents/data must not be divulged in any way to any unrelated person inside or outside the Company. Client information is set up according to the project management rights, and the project system is a double-blind setup. The Company’s system is carried out in the internal network, the system is equipped with authority control, password policy settings, internal and external network firewall isolation and other functions, and related SOPs and verification, computer system for the level of security level 3 or level 2 rating. At the same time, the Company has also set up system authority control, regular vulnerability scanning and repair of vulnerabilities, web firewall to prevent script attacks, daily online backup and weekly offline tape drive backup measures to protect customer information. We provide regular and occasional training to our staff to strengthen their awareness of information protection and operating skills, so as to ensure that they strictly comply with our privacy protection policies in their daily work. During the Reporting Period, there were no significant incidents related to customer information leakage.

In terms of information security, the Company carried out IT information security audits every year and conducted graded protection certification once a year in compliance with the “Network Security Law of the People’s Republic of China”, the Specifications on Personal Information Security and other relevant laws and regulations. During the Reporting Period, we carried out graded protection certification for the Company’s network security, during which we encrypted customers’ private information for the entire life cycle to ensure data security when collecting, storing, transmitting, using and destructing data so as to reduce the probability of data leakage. We also conducted network security training and drills for our employees during the period, and accepted and passed the customer’s information security audit once.

1. Empowering Customers

1.4 Supply Chain Management

The suppliers involved by the Company mainly include animal models, reagent consumables, engineering infrastructure, fixed assets, IT (application system, software/hardware), external services, spare parts and low-value consumables, etc. We have formulated the Standard Operating Procedures for Supplier Qualification Review, the Basic Management System for Procurement Business, the Supplier Management Regulations and other systems to regulate supplier management and establish a supplier market access and evaluation system.

In terms of supplier access management, we would first organise selection of a sufficient number of suppliers as potential partners for cooperation, conduct written investigations on newly developed suppliers, and require suppliers to fill in the "Supplier Information Registration Form" to understand the background, qualification, production capacity, quality service quality, integrity and compliance management of suppliers, and organize on-site inspections to confirm whether they have the ability to provide materials and services that meet our requirements on cost, delivery period, quality, as well as 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 level, delivery capability, technological capability, service capability and performance capability. The Company has established six procurement methods:

- **Single-source procurement:** designate suppliers to ensure that the price is reasonable and on most preferable commercial terms;
- **Price inquiry and comparison:** select at least three suppliers and choose the one with the lowest price quotation;
- **Competitive negotiation:** technical score plus business score, the supplier with the highest comprehensive score will be selected;
- **Invitation for tendering:** inviting suppliers to participate in quotations based on business needs and nature, and the supplier with the highest comprehensive score will be selected;
- **Annual framework agreement:** to determine the supplier to be selected based on 1-3 procurement methods;
- **Order purchase:** implementation of the annual framework agreement.

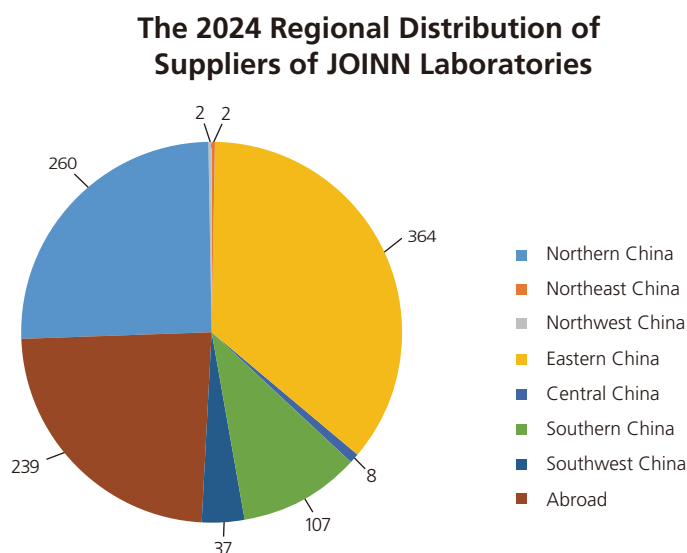
In terms of supplier performance assessment and grading management, the Company's supplier management department organizes and establishes a supplier review team to conduct performance assessment on suppliers with large annual procurement amount. The supplier evaluation team shall review the suppliers based on their cooperation with us, focusing on scoring their material quality, price level, delivery, service, etc.

1. Empowering Customers

With regards to the audit of suppliers, the Company will audit the suppliers of animal models annually, and the Permit for Production of Animal Models, Quality Certificate of Research Models, Research Model Files and relevant quarantine inspection records of purchased animal models will be inspected. All animal model tests shall strictly follow the relevant welfare system. The operation in relation to the animal model is subject to the approval of the ethics committee and follows the 3R principle, namely the refinement, reduction and replacement of the use of the animal model on the premise of meeting the regulatory and scientific requirements. After the test, the animal model will be handled reasonably according to the purpose of the test, such as transferring to the reserve animal model for long-term feeding or organizing pathology inspection after euthanasia. In terms of GLP regulations, the Company has defined the types of suppliers within the scope of GLP regulations, and formulated corresponding written supplier questionnaire (written audit letter).

In terms of supplier management, the Company has established rules for sourcing, pre-approval and access, and performance assessment, established SOP, and realized online data/approval through OA platform, with information traceable and accessible. In addition to the supplier admission process, we continually monitor the environmental and social performance of our suppliers in other procedures such as the provision of products or services and performance appraisal, and will consider replacing suppliers if relevant risks are identified. We have provided ESG training to certain suppliers. The Company will consider the environmental performance of the products when selecting suppliers, ensure that the purchased products meet the requirements of the relevant environmental indicators, and give priority to the purchase of environmentally friendly products under the same conditions. We formulated variety strategies according to the purchased varieties, conducted supply market survey on the purchased varieties, formulated quota strategies for bottleneck/important materials, adopted the one-use and one-standby strategy, or adopted the territorial cooperation strategy to ensure the stability of the supply chain.

As of the end of 2024, the Company had a total of 1,019 suppliers. The below diagram sets out the number of suppliers by geographical distribution:



In the future, in terms of supplier management, the Company will continue to promote the implementation of supplier performance assessment and grading management, continue to improve supplier files, formulate and optimise supplier management systems, and further improve supplier management.

2. Responsible Operation

2.1 Clinical Research

JOINN supports customers in drug development in an all-round manner, thereby providing innovative treatment methods for patients. The laws and regulations and ethical standards we follow in conducting clinical research include, but are not limited to:

- "Declaration of Helsinki"
- "International Ethical Guidelines on Biomedical Research Involving Human Subjects"
- "Drug Administration Law of the PRC"
- "Vaccine Administration Law of the PRC"
- "Good Clinical Practice for Drug Clinical Trials"
- "ICH GCP E6(R2)"
- "Guidelines for the Maintenance of Essential Documents for Drug Clinical Trials"
- "Administrative Measures for Drug Registration"
- "Procedures for Verification of Drug Registration (Trial)"
- "Key Points for Drug Registration Verification and Determination Principles (Drug Clinical Trials) (Trial)"
- "Regulations on the Administration of Drug Clinical Trials Institutions"
- "Guiding Principles for Ethical Review of Drug Clinical Trials"
- "Good Pharmacovigilance Practice"

The Company has established an independent quality control department to conduct quality control on clinical trials. The quality control department of the Company conducts systematic and independent inspection on the relevant activities and documents of the quality control party to assess whether the implementation of relevant activities, the recording, analysis and reporting of data are in compliance with the test plan, standard operating procedures and the requirements of relevant laws and regulations. The quality control department formulates annual quality control plans and clinical trial quality control plans, conducts quality control activities based on the quality control plans, and regularly reviews the test master files (TMF) of clinical trials. The quality control department issues quality control reports or feedback forms on rectification of problems based on the inspection results, and urges and follows up on the rectification of the quality control parties.

In terms of clinical trial quality supervision, for each intervention or non-intervention clinical trial project undertaken by the clinical operation department, the project manager or designated personnel, the quality control department and the supervisor conduct collaborative supervision and inspection, and prepare a collaborative supervision and inspection report. Generally, the collaborative supervision shall be regular or initiated by cause. The project manager and the quality control department review the test master files of clinical trials (TMF) on a quarterly basis, and issue follow-up review records in a timely manner based on the review results, and urge relevant personnel to rectify the issues found in a timely manner. The quality control department conducts quality control work at the trial preparation stage, implementation stage and completion stage according to the clinical trial quality control plan. In 2024, no authenticity problems were found in the quality audit of the Company, and the test was carried out in compliance with the standardised requirements of the test plan.

2. Responsible Operation

2.2 Science and Technology Ethics and Animal Welfare

The Company's business involves reproduction and sale of animal models. The main species of the animal models are mice, rats and non-human primates. Many lifesaving advances in medicine and human health were drawn from scientific discoveries using animal models. We are committed to helping improve the quality of human life while ensuring the highest standards of benefits for animal models as far as possible.

The Company strictly complies with the "Law of the People's Republic of China on Animal Epidemic Prevention", the "Law of the People's Republic of China on the Protection of Wildlife", the Animal Welfare Act, the Regulations of Beijing Municipality on Laboratory Animals and other laws and regulations in the use of animal resources, and conducts operations according to the Company's standard operating procedures for procurement, reception and quarantine of animals. In order to ensure the safety of animals, we have prepared a virus detection plan, selected and screened animals according to the virus results before introduction, and carried out isolation quarantine and virus detection after introduction. Veterinarians treated the animals with symptoms in isolation and recorded the treatment plans. In addition, we will prepare a training plan for every animal practitioner every year, including basic training (such as updating of industry laws and regulations), SOP training (such as changes in the animal introduction process) and skill training (animal health checks and other related operations) to ensure that the introduction of animals is legal and compliant.

In terms of animal welfare, the Company refers to the guide for the care and use of laboratory animals, the Laboratory Animal-Requirements of Environment and Housing Facilities and other standards, and abides by the 3R principles of animal welfare (Reduce, Refine and Replace). We have set up an Institutional Animal Care and Use Committee (hereinafter referred to as "IACUC") whose main responsibility is to ensure that the institution follows ethical and regulatory standards when engaging in animal-related activities, manages and uses experimental animals in a humane and scientific manner, and protects animal welfare. As at the end of the Reporting Period, the Company has not received any objection and concern from animal protection organizations. The Company has obtained a certification from the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC International) and passed such agency's review many times.

2. Responsible Operation

As one of the world's leading providers of non-clinical drug development services and other services toward human safety, we accept both the legal and the moral obligation to be a leader in assuring that animal models in our facilities are treated in accordance with all applicable rules and with high standards of respect and compassion. In addition to laws and ethics, this responsibility is also important from a scientific perspective as non-compliance with these rules and standards would affect scientific professional conduct. We also follow the principles below:

- We treat our animal models humanely and with respect. We follow our internal policy on animal model welfare, and respect the contribution of our animal models to lifesaving development.
- We strictly comply with all applicable laws and regulations for animal model welfare. We employ alternative scientific methods instead of using animal models where appropriate.
- We endeavour to minimise stress or discomfort to animal models and endeavour to follow the best practise of the industry whenever feasible.
- We comply with the standards and requirements of AAALAC. We train employees who handle animal models to utilize the best techniques and procedures, and apply consistent control measures to ensure compliance with our internal policies on animal model benefits.

During the Reporting Period, the animal welfare initiatives undertaken by the Company's IACUC included:

- Reviewing each experiment plan and major changes, and supervising the approved experiment plans to ensure that the animal welfare requirements are met during experiments.
- Checking and reviewing the housing facilities for animals and policies and systems every six months to ensure that the housing facilities and cages for animals meet the requirements of animal welfare.
- Ensuring the normal implementation of discussions and trainings on animal welfare within the organization.
- Ensuring the normal operation of the reporting and investigation mechanism for animal welfare.

Besides, the Company has conducted research on organoid-related projects. With the development of technology, it is expected to reduce the use of experimental animals in the future. We are developing liver organoids for drug hepatotoxicity testing, and brain and tumour organoids for disease model building and drug screening. We believe that this initiative will not only effectively reduce the reliance on and use of animals, but will also provide our customers with more reliable and accurate research data.

We believe that there is no contradiction between safeguarding animal welfare and advancing scientific progress. The Company will continue to work in this direction and contribute to the promotion of sustainable development in the field of pharmaceutical research and development.

2. Responsible Operation

2.3 Anti-corruption

JOINN Laboratories strictly abides by the “Criminal Law of the People’s Republic of China”, the “Anti-Money Laundering Law of the People’s Republic of China” and other anti-corruption and anti-money laundering regulations, and attaches great importance to the establishment of anti-corruption and bribery systems. The Company focuses on honest management, puts an end to false propaganda and financial fraud, abides by the spirit of the contract, and at the same time advocates fair competition and opposes commercial bribery and intellectual property infringement. The Company has formulated the “Anti-fraud and Whistleblowing System” for all staff in the Company’s headquarters and its branches and subsidiaries to stipulate fraudulent acts and anti-fraud measures, and clarify that heads of all of its branches, subsidiaries and departments are the chief persons 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. Biomere, a subsidiary of the Company, complies with the U.S. Foreign Corrupt Practices Act (the “FCPA”) and other local laws and has also formulated an anti-bribery and corruption policy that strictly prohibits all forms of bribery and corruption.

In 2024, the Company thoroughly implemented the “Anti-fraud and Whistleblowing System”, signed integrity agreements with long-term cooperative customers and long-term cooperative suppliers, and promoted anti-corruption work. The Company conducts a business ethics audit every quarter, and no relevant abnormal conditions are found after the audit.

The Company accepts real-name reporting and anonymous reporting, and sets up effective reporting procedures to ensure smooth whistleblowing channels are in place. We have made public the hotline and email address for reporting fraud for the purpose of reporting fraud complaints.

Reporting hotline: (010) 67869966 forwarded to the Internal Audit Department

Whistleblowing email: audit@joinn-lab.com

Audit Committee whistleblowing email: AuditCommittee@joinn-lab.com

After receiving the report, the internal audit department will record the complaint and report, complete the preliminary verification of the clues within 7 working days, report to the superior and reply to the whistleblower. The internal audit department conducts investigation and evidence collection, investigates and clarifies the facts of fraud, and reports the investigation results to the senior management responsible for the person being reported and the chairman of the Company. If the person being reported is found to have committed fraudulent activities, the Company will conduct unified research and decision, and deal with the person being reported according to the relevant reward and punishment measures in the employee handbook. The Internal Audit Department adopts strict confidentiality measures for the identity information and reporting materials of whistleblowers to protect their legitimate rights and interests. During the Reporting Period, there were no corruption-related violations of relevant laws and regulations that had a significant impact on the Company.

2. Responsible Operation

The Company's Internal Audit Department conducts audits related to business ethics every quarter, including but not limited to audits of governance systems, and checks on the integrity and implementation of ethical standards and compliance systems; audits of business conduct, and checks on compliance of supply chain processes and market competition; and audits of information disclosure, and checks on the authenticity and completeness of financial reports, internal control reports and other announcements disclosed to the public.

During the Reporting Period, the Company conducted 9 business ethics-related trainings, covering 100% of directors and employees. Particularly, the average business ethics training time received by the Company's directors during the Reporting Period was 9.62 hours. The Company's induction training for new employees also covers business ethics, anti-fraud and anti-corruption-related content, in order to continuously enhance employees' anti-corruption awareness and control related risks.

In the future, we will conduct internal anti-corruption training for employees from time to time and continue to pay attention to whistleblowing.

In its daily operations, the Company strictly abides by relevant laws and regulations such as the "Anti-Monopoly Law of the People's Republic of China" and the "Anti-Unfair Competition Law of the People's Republic of China". The Company has established relevant systems such as the "Employee Code of Conduct" and the "Procurement Operation Code of Conduct and Supervision Regulations", which clearly require employees to abide by integrity, fair competition, and avoid unfair competition. During the Reporting Period, the Company had no illegal or irregular incidents related to unfair competition.

3. Employees and Community

3.1 Employment and Labour Practises

JOINN Laboratories strictly complies with the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, the “Social Insurance Law of the People’s Republic of China”, the “Individual Income Tax Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Protection of Women’s Rights and Interests”, the “Regulations on Labor Protection of Female Employees”, the “Measures for Public Holidays for National Annual Festivals and Memorial Days”, the “Special Regulations on Labor Security Supervision” and other relevant laws and regulations. In order to attract more talents who meet the Company’s employment standards, we have formulated the “Remuneration Management System”, the “Performance Appraisal Management System”, the “Commercial Insurance Welfare System” and the “Social Insurance and Housing Provident Fund Management System”, etc., to continuously improve the talent employment mechanism, so that employee management can be standardized and based on rules and regulations, so as to fuel the Company’s sustainable and rapid development.

In terms of employment, we adhere to the recruitment principles of fairness, openness and impartiality, respect the diversity of employees, and strictly prohibit discrimination based on gender, ethnicity, age, education level, religious belief and disability. We strive to protect employees’ holidays, working hours, equal opportunities, diversity and anti-discrimination, adhere to equal pay for equal work, gender equality, and ensure equal employment opportunities and labour protection for employees of different nationalities, races, genders, religious beliefs and cultural backgrounds.

All recruitment and employment of JOINN Laboratories strictly abide by the “Labor Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Protection of Minors” and other relevant laws and regulations, and we strictly prohibit the employment of child labour and forced labour. 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 the use of child labour and forced labour. In addition, we encourage employees to report violations. On the basis of protecting the information of whistleblowers, we will immediately investigate and handle them to prevent all violations. According to the national and local policies and regulations, the Company currently implements the standard working hour system and the comprehensive working hour system, and the working hours of each working hour system and all kinds of holidays are strictly implemented according to the regulations. We effectively protect the legitimate rights and interests of employees and make reasonable arrangements for their working hours in accordance with the Company’s system. In 2024, JOINN Laboratories was not aware of any discrimination, employment of child labour and forced labour.

In terms of employee remuneration, we have formulated the “Remuneration Management System”. The Company’s salary level has been continuously improved based on the principles of external competition, internal fairness, performance-oriented and comprehensive remuneration. The determination of remuneration is mainly based on the value of the position and supplemented by the personal qualifications of employees. The combination of the two sets up promotion channels for different positions. The Company’s remuneration structure includes fixed remuneration, variable remuneration, subsidies and equity bonuses. We pay full remuneration to employees on time which is subject to adjustments on an annual basis according to the annual work targets. With the increasing demand for key technical talents, we plan to continuously improve the competitiveness of our compensation and benefits in the future, so as to attract more talents and strive to improve operational efficiency.

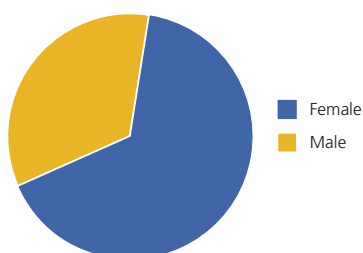
In terms of employee resignation, we protect the rights and interests of resigned employees in accordance with the law, pay the salary of the actual number of working days in the month of resignation according to the regulations, and assist in the transfer of files and social insurance relations. Before the resignation of an employee, we will conduct a departure interview with him/her to understand the reasons for his/her resignation, his/her opinions and suggestions on the work involved, and his/her opinions and suggestions on the management of the Company. We regularly analyse the reasons for his/her resignation and make targeted improvements.

3. Employees and Community

For employee promotion, we have formulated the “Performance Appraisal Management System” 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 levels of appraisal results are divided into excellent, good, medium and unqualified. Based on the performance appraisal results, we incentivize employees in the forms of bonuses, promotions, salary adjustments, rewards and punishments, commendations, etc. The Company has set up ranking standards. In the first quarter of each year, all employees will be graded and scored to determine their rank and position in the next year.

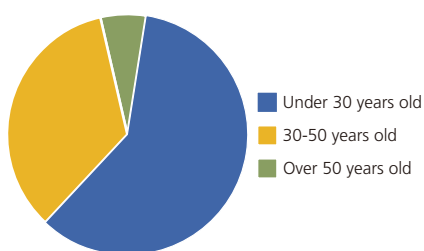
As of 31 December 2024, the Company had a total of 2,652 employees, including 11 part-time employees. During the Reporting Period, the Company employed 627 new employees, including 409 female employees, accounting for 65.2%. 173 employees of the Company are ethnic minorities, and there are 5 female employees in the senior management. Relevant indicators of the Company’s employees in 2024 are as follows:

Distribution of Employees by Gender in 2024



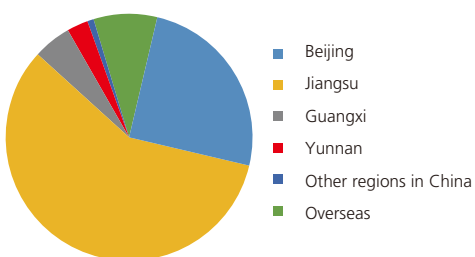
Gender	Number	2024	2023
		Percentage	Percentage
Female	1,747	65.9%	65.8%
Male	905	34.1%	34.2%

Distribution of Employees by Age in 2024



Age	Number	2024	2023
		Percentage	Percentage
Under 30 years old	1,581	59.6%	56.8%
30-50 years old	915	34.5%	37.3%
Over 50 years old	156	5.9%	5.9%

Distribution of Employees by Region in 2024



Region	Number	2024	2023
		Percentage	Percentage
Beijing	665	25.1%	26.7%
Jiangsu	1,541	58.1%	56.1%
Guangxi	136	5.1%	4.9%
Yunnan	69	2.6%	2.8%
Other regions in China	20	0.7%	0.8%
Overseas	221	8.3%	8.7%

3. Employees and Community

Employee Turnover		
Name of Indicators	Employee turnover rate in 2024(%)	Employee turnover rate in 2023(%)
By gender		
Male	27.0%	33.7%
Female	24.2%	33.0%
By age		
Aged 30 and below	30.9%	43.8%
30-50 years old	15.4%	17.0%
Over 50 years old	24.4%	21.1%
By region		
Beijing	22.6%	27.0%
Jiangsu	27.8%	38.6%
Guangxi	17.6%	37.9%
Yunnan	10.1%	5.7%
Other regions in China	25.0%	35.0%
Overseas	24.0%	20.5%

In 2024, the Company did not have any violation in relation to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

3. Employees and Community

3.2 Employee Care

JOINN believes that the happiness and passion of employees are the driving forces to support us to become a great company. JOINN Laboratories upholds its tenet of “serve drug innovation, and focus on safety assessment and monitoring of drug full-lifecycle” and its concept of “people-oriented”, creating a united and sincere working atmosphere. We provide care and assistance to employees through the establishment of a diversified welfare system, and continuously improve the sense of happiness of people of JOINN.

In terms of statutory benefits, we have formulated the “Social Insurance and Housing Provident Fund Management System”. According to relevant national laws and regulations, the Company is required to pay social insurance and housing provident funds for employees. Social insurance includes pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

In terms of corporate benefits, we have formulated the “Commercial Insurance Benefit System”. Commercial insurance is divided into three categories, namely supplementary commercial insurance, commercial insurance for interns and safe production liability insurance, mainly covering medical insurance, accident insurance, liability insurance and so on. With these commercial insurances, employees are offered additional compensation for medical purposes and upon occurrence of accidents.

In addition, the Company’s benefits also include meal allowance, annual physical examination, holiday benefits, etc., and employee dinner, travel, sports activities, wedding/birthday celebrations, condolence for the decease of an immediate family member, and condolences to employees in difficulties organised by various departments. Employee holidays provided by the Company include sick leave, work-related injury leave, personal leave, marriage leave, funeral leave, maternity leave, childcare leave, single child care leave, annual leave, incentive leave, etc.

For employee care, we encourage our employees to be united, positive and helpful to others. In order to enhance the sense of belonging of employees, the Company has carried out a series of employee care activities to provide employees with a platform to show themselves and communicate, meet the spiritual needs of employees, and improve their happiness.

- **Birthday blessings for employees:** The labour union of the Company sent blessings to employees on their birthdays and prepared birthday gifts carefully.
- **Work meal and dormitory:** We provide employees with abundant and delicious work meals, clean and tidy dormitories, quiet and colourful book rooms, cosy maternity rooms, and holiday condolences. The branches and subsidiaries or departments organised employee dinners and other activities according to their work arrangement.
- **Annual meetings and travel:** The Company organised online and offline annual meetings to bring together the branches and subsidiaries all over the country to celebrate the Spring Festival. The branches and subsidiaries or departments organised outdoor activities for employees such as outings, tourism and team-building activities.
- **Employees’ needs:** Employees can report all kinds of situations and work needs to their superiors or the human resources department by mail, letter or face-to-face.

3. Employees and Community

In terms of employee communication, in order to ensure employees' rights and interests, and find and optimize the issues in work in time, the Company has established a middle-level communication meeting mechanism, at which middle-level managers can put forward issues encountered in their work and reported by subordinate employees that require the Company's support to solve; the channels for employees to report issues are fully open, and employees can directly report any issues they encounter to the leaders at all levels.

3.3 Development and Training

JOINN Laboratories strengthens talent training and team building, formulates a comprehensive talent training plan, provides broad development space and promotion opportunities, and improves employees' skills through internal training and external learning.

We have established a performance-based promotion system to motivate employees through mechanisms such as quarterly/annual performance appraisals and project contribution assessments. We have built a multi-channel career development path, and both technical personnel and managers can grow into senior employees through the Big H-style (management channel and professional channel) promotion channel. The Company built the "Talent Development Season" project, established the "JOINN talent model" and formulated targeted strategies. In the first half of 2024, the Company has identified high-potential/key employees, promoted more than 30 outstanding core talents based on project results, and provided targeted training and development plans for such promoted employees to help them quickly adapt to their new positions.

In the future, we will optimize the dual-channel promotion mechanism (management channel and professional channel) to provide equal promotion opportunities for employees with different career development directions. We will also continue to pay attention to the implementation effect of the promotion mechanism and make adjustments and improvements based on actual conditions.

The Company sticks to the co-development of itself and its employees, established a talent development and training system, improved the knowledge system and skill level of employees, and facilitated corporate training management and talent development, so as to promote the sustainable development of the Company. We have formulated the "Standard Operating Procedures for Staff Training and Assessment" and other systems to continuously improve the Company's training system. During the Reporting Period, the Company developed a comprehensive training plan, focusing on the cultivation of employee skills improvement, compliance awareness, occupational health, safe production and management technology improvement. In the first half of the year, the Company once again launched the talent development project, through which it built the "JOINN talent model", formulated a talent strategy, identified high-potential/key employees, and promoted employee growth, contributing to the Company's development. In the second half of the year, the talent model constructed for the talent development project provided tailored management training for middle and senior management personnel to enhance leadership and competence.

After joining the Company, new employees are required to participate in employee introduction trainings, which covers the Company's development history, business performance, introduction of corporate culture and products, introduction of industry conditions, explanation of the Company's system, professional standards and work skills. Orientation training enables new employees to integrate into the Company and adapt to their positions as soon as possible.

3. Employees and Community

For on-the-job employees, the Company would engage experts and celebrities from time to time to provide on-site academic guidance and professional speeches according to the training needs submitted by the department, so that employees can obtain knowledge and skills training. In addition, the Company invites job-related professional publications and books for employees to keep them abreast of the latest information on the industry and their positions.

From time to time, the Company selects/recommends employees to participate in off-job training such as professional qualification training, academic education and external learning, and dispatches employees to participate in special training meetings, seminars, technical exchanges, new product releases and other activities according to business needs.

Biomere, a subsidiary of the Company, also has training programs for its employees that are designed to meet the learning and development needs in the workplace through competency-based training. The training programs focus on assessing employees' practical skills and knowledge by participating in learning activities, performing their jobs effectively, and then successfully completing the relevant standardized assessments. Training requirements are detailed in standardized training documents and/or in Biomere's controlled documents (standard operating procedures, policies, work instructions) as evaluation criteria.

In 2024, the total hours of trainings conducted by the Company was 122,024, including 222 trainings on occupational health and safety, 5,560 trainings on bioanalysis methods, 13 trainings on ICHS6 for non-clinical safety assessment of biotechnological drugs, 18 trainings on introduction to non-clinical assessment of new drugs and case analysis, and 46 trainings on quality control of biological analysis and testing. The training percentage and hours of the employees of the Company by gender and level are shown in the following table:

Name of Indicators	Overview of Employee Training			
	Percentage of employees trained (%)		Average training hours (hours)	
	2024	2023	2024	2023
Male employees	69.7%	74.2%	68.21	36.12
Female employees	79.1%	86.8%	57.15	22.33
Entry level employees	78.3%	86.1%	56.74	26.42
Middle management	37.8%	24.0%	215.27	31.38
Senior management	85.7%	28.6%	41.92	53.33

In the future, the Company will continue to deepen its training work and launch more training courses related to improving leadership and competency, such as further strengthening employee training in the fields of innovation and technology to support the Company's strategic development. It will also expand the coverage of diversity and inclusion training to create a more fair and inclusive working environment.

3. Employees and Community

3.4 Health and Safety

JOINN strictly abides by the “Production Safety Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases” and other laws and regulations to ensure the occupational health and safety of employees. In order to ensure the safety of employees’ behaviour, the Company has formulated safety policies and regulations covering all operation processes, and conducted regular training. Our safety policies include OHS Policy 1: OHS Member Composition and Basic Duties; “OHS Policy 2: Personnel Occupational Protection Programme”; “OHS Policy 3: Occupational Health and Safety Regulations and other related policies”. Biomere, a subsidiary of the Company, has developed an occupational health program for all employees and IACUC members involved in animal care and use, which is based on the requirements and recommendations of the Centers for Disease Control and Prevention (“CDC”), the U.S. Department of Agriculture (“USDA”), the Occupational Safety and Health Administration (“OSHA”), and the Public Health Service (“PHS”) of the U.S.. These requirements apply to those who work in laboratories and/or handle hazardous chemicals, animals, and/or animal by-products for research. In addition, certain subsidiaries of the Company, such as JOINN Suzhou, have obtained ISO 45001 Occupational Health and Safety Management System certification.

Some employees of the Company may be exposed to hazardous chemicals such as ammonia, formaldehyde, methylic acid, acetic acid, acetonitrile, ozone, xylene and acetone in individual laboratories, may be affected by noise when testing the noise-generating units, and may be bitten, scratched or suffer related illnesses when in contact with animals. Therefore, the Company takes the following protective measures for employees who may be exposed to hazardous substances:

- **Carry out regular inspection of environmental occupational hazards every year:** Through a qualified third-party occupational hazard inspection unit, the Company makes objective and true inspection, evaluation and reasonableness of occupational hazards in the process of production and operation of the Company, and provides feasible suggestions and guidance for the Company’s occupational health management;
- **Regularly distribute occupational health protective supplies to employees involved in occupational hazards:** distribute suitable occupational protective equipment according to the needs of employees’ occupational hazard protection to eliminate or reduce injuries;
- Strengthen the regular training on occupational health and safety of employees to enhance their awareness of protection.

The occupational health program developed by Biomere, a subsidiary of the Company, includes risk assessment and hazard identification, training, personal hygiene and personal protective equipment, facilities, procedures, monitoring, medical evaluation and preventive medicine. It also includes laboratory safety, control of bloodborne pathogens, hazards associated with the use of animals (i.e., allergens, zoonoses, animal bites and/or scratches), and the management of hazardous waste.

During the Reporting Period, we strictly followed the Company’s occupational health scheme to provide employees with sufficient health protection supplies, regularly conducted occupational hazard protection training, and inspected and supervised occupational health protection measures and facilities. In 2024, the Company’s occupational-related injury incidents continued to maintain a low incidence rate and decreased compared with previous years.

3. Employees and Community

In the future, we plan to continue to strengthen the training on biosafety laws for new employees involved in trial operations, strengthen regular drills on biosafety, and provide relevant employees with training on safety operations from time to time according to the needs of experiments, so as to continuously protect the occupational health and safety of employees.

From 2022 to 2024, JOINN Laboratories had zero work-related fatalities. In 2024, the working days lost due to work-related injuries was 346.75 days², and there were no incidents of fines or prosecutions due to non-compliance with health and safety-related laws and regulations.

3.5 Social Welfare and Rural Revitalization

Since our establishment, JOINN has always been committed to social responsibility. The Company participates in social welfare in the optimal form in line with the actual needs of society, pays close attention to social dynamics, and actively participates in social welfare according to the needs of society, increasing the momentum of harmony and win-win situation for the society.

In order to enable the majority of pharmaceutical research and development workers to communicate in depth with the Company, share our experience, and make JOINN Laboratories shine with a different brilliance, we launched online live-streaming events in 2024 to share our experience with the majority of pharmaceutical research and development workers.

JOINN Laboratories' Live Streaming Themes in 2024

Construction of nonhuman primate models and evaluation of their application in spontaneous diseases
Frontier drug evaluation platform accelerates the research and development of CNS drugs
Background data sharing of NHP metabolic-related diseases
Nonhuman primate ophthalmic disease animal models
Construction and application evaluation of myocardial infarction model
Analysis of FDA's evaluation of non-clinical research factors in innovative drug development

² Calculated based on 8 working hours per day

3. Employees and Community

In terms of rural revitalization, JOINN Laboratories focuses on the rural layout of the experimental animal supply chain through industrial investment and resource integration to promote the coordinated development of the regional economy.

- **Business expansion in Guangxi, Yunnan and other places:** By acquiring local experimental animal companies (such as Guangxi Weimei Biological and Yunnan Yinmore Biological), it has driven the development of the regional bio-pharmaceutical industry chain and indirectly created employment opportunities.
- **Experimental animal resource development:** Utilizing land resources in rural areas to develop experimental animal breeding, increase local agricultural added value, and form characteristic industries.
- **Supply chain localization:** By building bases in rural areas, the cost of transporting experimental animals across regions can be reduced and ecological pressure can be lowered, which is in line with the rural revitalization direction of green development.
- **Technological radiation effects:** Our subsidiaries' business involves experimental animal science, which can provide support for local agricultural scientific research and biomedical talent cultivation.

4. Green and low-carbon development

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 guidelines adopted by the Company is “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”. Environmental protection is one of the important social responsibilities of corporate citizens. On the basis of emphasizing the bottom line of legal and compliant operation, the Company takes all necessary measures to protect the environment and prevent pollution. 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 is achieved for its business activities. Certain subsidiaries of the Company, such as JOINN Suzhou, have passed the ISO 14001 environmental management system certification.

4.1 Emissions Management

The Company strictly complies with the environmental protection policies, laws and regulations of national and local governments, strictly complies with the “Environmental Protection Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Water Pollution”, the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution” and the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”, and actively takes measures to manage emissions and fulfill environmental responsibilities. JOINN Laboratories will continue to promote the concept of energy conservation, consumption reduction, green and environmental protection, and reduce emissions from the source. We will always take the promotion of emission management and environmental protection process as our long-term goal, and ultimately realize the circular economy concept and follow the path of sustainable development.

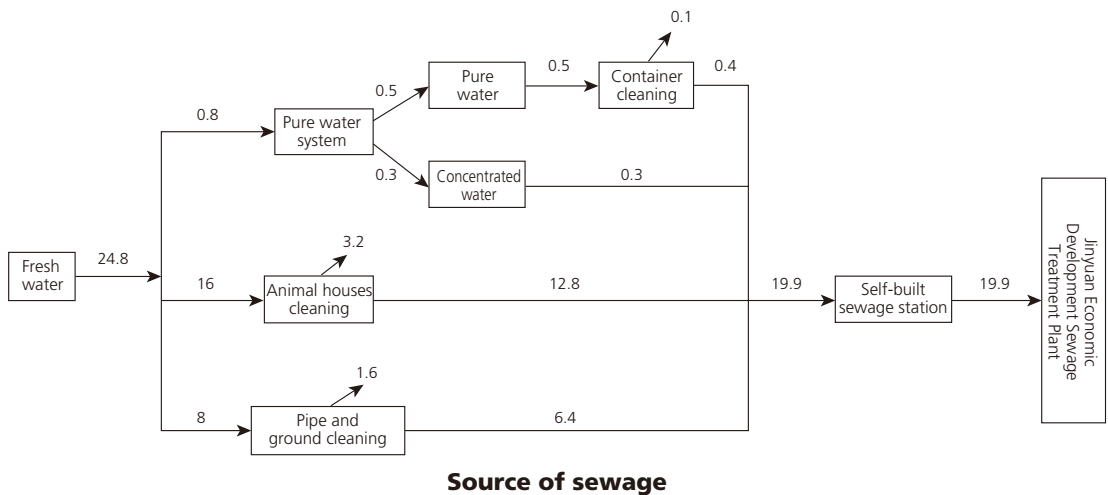
In terms of environmental emergency response, the Company has established several emergency response plans, including the “JOINN Laboratories (China) Co., Ltd. Emergency Response Plan for Sudden Environmental Incidents”, the “Emergency Response Plan for Hazardous Waste”, and the “Emergency Response Plan for Toxic Substance Leaks”. The Company’s subsidiary, Guangxi Weimei Bio-Tech Co., Ltd, has also formulated a dedicated emergency response plan for sudden environmental incidents, enhancing its emergency response capability for sudden environmental incidents.

During the Reporting Period, the environmental management personnel of the Company carried out a full – coverage inspection on the environmental management of the Company, strictly controlled the discharge of sewage, wastewater, noise, exhaust gas and greenhouse gases in the Company’s factory area, and we also engaged a third-party testing company to carry out regular tests. There was no violation of environmental laws and regulations that had a significant impact on the Company during the Year.

4. Green and low-carbon development

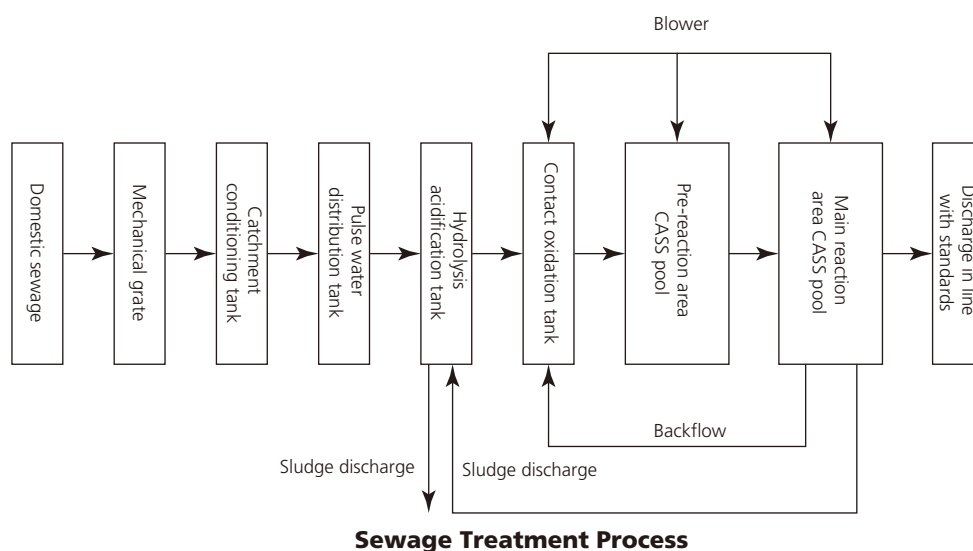
Wastewater Management

The Company's drainage mainly includes domestic sewage and production wastewater, of which the production wastewater is mainly the wastewater from cleaning of animal houses and laboratories, water consumed for washing of pipeline and ground. We have developed the corresponding Standard Operating Procedure (SOP), "Sewage Treatment System Operating Procedures". The Company's subsidiary in Beijing discharges 19.9 m³ of production wastewater per day (concentrated water is produced during the pure water preparation process, and the water production rate is 60%). In 2024, the Company discharged a total of 157,181 tonnes of wastewater.



4. Green and low-carbon development

In the process of sewage discharge, the Company complies with the relevant standards in the “Wastewater Quality Standards for Discharge to Municipal Sewers” (GB/T31962-2015), the “Integrated Wastewater Discharge Standard” (GB8978-1996), the “Water Pollution Discharge Standard for Medical Institutions” (GB18466-2005) and “Discharge limits for water pollutants discharged into the public sewage treatment system” in the Integrated Discharge Standard of Water Pollutants (DB11/307-2013), we have constructed our own wastewater treatment facilities (scale: 200 m³/d, Phase I design treatment scale: 120 m³/d), adopted advanced wastewater treatment process (septic tank pretreatment – wastewater conditioning tank – hydrolysis acidification – oxidation – secondary sedimentation tank – sterilization tank – activated carbon adsorption – discharge), and used 10% sodium sulfite plus 4% glycerin mixed solution as deodorant. The activated carbon filter tower in the treatment equipment is replaced once every 1-2 years based on the quantity of active chlorine. The Company conducts monthly sewage sampling and testing to ensure that the discharge standards are met.



In the future, the Company will continue to strengthen the management of waste water treatment and discharge, pay attention to the use of disposal facilities, timely replace and update aged equipment, and increase the number of pollutant deepening treatment facilities, such as air flotation pond for sewage treatment and sewage deodorization tower, to improve the efficiency of waste water treatment.

4. Green and low-carbon development

Exhaust gas management

The Company strictly controls the exhaust gas emissions in the Company's operation and production in accordance with the "Emission Standards for Odorous Pollutants" (GB14554-93), the "Integrated Emission Standard of Air Pollutants" (GB16297-1996), the "Emission Standard of Air Pollutants for Boiler" (GB13271-2014) and the "Pollution Control Standard for Hazardous Waste Incineration" (GB18484-2020).

The main sources of exhaust gases of the Company are odour (hydrogen sulphide, ammonia gas) and VOC generated by the animal room and exhaust gas (xylene) generated by the laboratory. In accordance with the internal management system, the Company sets up activated carbon adsorption devices to purify and treat exhaust gas, and regularly replaces the activated carbon. The exhaust gas is emitted after adsorption and purification by activated carbon, and the emission height is maintained at 15 meters, which is in line with the pollutant emission concentration, speed and height in the second period of the general air pollutant emission in the "Integrated Emission Standard of Air Pollutants" (DB11/501-2017) of Beijing municipality. According to the internal management regulations of the Company, the activated carbon replacement in the Company's Taicang laboratory is replaced on a quarterly basis. In order to quantify the exhaust gas emission indicators, the Company regularly engages qualified third-party enterprises to inspect the Company's exhaust gas every year, and accepts random inspection by the Environmental Protection Department of the Development Zone from time to time, with test results meeting the emissions standards. Within the Company, the Company has established an environmental protection management team to clarify the responsibilities of environmental protection personnel, implement the environmental monitoring system and the pollutant discharge permit system.

Waste management

The types of waste discharged by the Company include hazardous waste and non-hazardous waste. Hazardous waste mainly comes from medical waste, animal carcasses, laboratory organic waste liquid, waste activated carbon, sewage station sludge etc. Non-hazardous waste mainly comes from domestic waste, packaging materials and waste paper.

With reference to the "Technical Specifications for the Prevention and Control of Hazardous Waste Pollution in Laboratory", we have formulated "SOP: ADM-B021-3 Standard Operating Procedures for Waste Liquid and Medical Waste Treatment Generated in Experiment" to dispose of hazardous waste. The hazardous waste is collected by designated personnel and stored in a closed place. Safety signs such as hazardous waste signboards, labels, and prohibition of fireworks are posted, and qualified third-party companies are engaged for regular removal and disposal.

In addition, the Company has actively formulated the internal SOP for the management of hazardous waste, namely the "Standard Operating Procedures for Waste Liquid and Medical Waste Treatment Generated in Experiment" and "Operating Procedures for Animal Carcasses", so that the Company's hazardous waste discharge in the production and operation process is legal and valid, and actively accepts the supervision of the regulatory authorities. In 2023, we entered the Company's information in the Government's "Integrated Solid Waste Management System", completed the filling of the enterprise management plan, and the annual hazardous waste statement has also been reviewed by the regulatory authorities.

In terms of non-hazardous waste, we adhere to the principles of "reduction, recycling and harmless", prioritising waste minimisation through internal recycling and reuse. We have strengthened the level of waste classification and collection, and avoided mixed collection to reduce the difficulty of waste recycling and harmless treatment. We improved the environmental awareness of the departments or employee that generate waste through promoting the importance of waste classification and collection to reduced waste.

4. Green and low-carbon development

Waste generation of the Company

Type of Waste	Unit	2024	2023
Total hazardous waste	tonne	393.18	395.84
Medical waste	tonne	185.53	200.43
Sewage station sludge	tonne	59.90	28.31
Laboratory organic waste liquid	tonne	125.55	153.85
Waste activated carbon	tonne	7.96	13.25
Waste bin	tonne	7.94	N/A
Hazardous waste generation intensity	kg/operating income of RMB0'000	1.95	1.67
Total non-hazardous waste	tonne	422.18	386.00
Non-hazardous waste generation intensity	kg/operating income of RMB0'000	2.09	1.62

Circular Economy

As a leading contract research organisation (CRO) in China, JOINN Laboratories' recent efforts in promoting the circular economy have primarily focused on the management of laboratory animal resources and the recycling of waste materials.

1. *Efficient circular use of laboratory animal resources*

- Localisation of animal breeding sources: Through self-establishment or acquisition of breeding bases for laboratory animals (e.g. Guangxi Weimei Bio-Tech, Yunnan Yinmore Bio-Tech), we reduce carbon emissions during the transportation of laboratory animals and safeguard their welfare.
- Localised production of animal feed: We grow feed materials (e.g. pasture, fruits and vegetables) in the vicinity of our breeding bases to reduce the need for external transportation and to establish a closed-loop system of "planting – breeding – laboratory".

4. Green and low-carbon development

2. *Recycling of waste*

- Conversion of animal faeces and organic waste: We convert faeces, bedding materials, and other waste produced by laboratory animals into organic fertiliser through composting technology, for use in surrounding farmland or greening around the base.
- Upgrade of wastewater treatment system: We have invested in the construction of high-standard sewage treatment facilities to purify laboratory wastewater for use in landscaping irrigation or industrial water recycling.

Ecosystem and Biodiversity Conservation

JOINN Laboratories' efforts in ecosystem and biodiversity conservation focus primarily on optimising the management of laboratory animals, implementing green production practices, and promoting regional ecological synergy:

1. *Localisation and Breeding of Laboratory Animal Species*

- Construction of primate breeding bases: Primate breeding bases are being established in Wuzhou, Guangxi and Xishuangbanna, Yunnan to reduce reliance on wild populations through localised breeding, thereby helping to prevent ecological damage caused by the illegal wildlife trade.
- Small animal breeding collaboration: We collaborate with domestic institutions to develop inbred strains and genetically modified models of laboratory mice, rats, and other species, thereby reducing resource consumption caused by redundant breeding.

2. *Green Production and Eco-Synergy*

- Animal faeces and organic waste treatment: We use composting technology to convert laboratory animal faeces into organic fertiliser, which is used in the farmland around the base or for greening, to reduce pollution of soil and water caused by the use of chemical fertilisers.

3. *Biodiversity-Friendly Base Construction*

- Xishuangbanna Base in Yunnan: Yunnan Yinmore Bio-Tech focuses on the protection of local ecosystems in its operations at the edge of the tropical rainforest, such as preserving native vegetation and establishing ecological buffer zones to avoid damage to the habitats of rare animal and plant species.

4. Green and low-carbon development

4.2 Use of Energy and Resources

Energy Utilization

The Company attaches great importance to the conservation of natural resources, strictly complies with the "Environmental Protection Law of the People's Republic of China", the "Water Law of the People's Republic of China", the "Energy Conservation Law of the People's Republic of China" and other laws and regulations, and strives to achieve the coordinated and sustainable development of people, resources and the environment.

Electricity, natural gas and steam are the main energy consumed in the Company's production and in the daily life thereof. In addition, the Company's business vehicles consume a certain amount of gasoline. Electricity consumption is mainly related to the overall operation of the Company (including chiller units, air-conditioning fan units and other auxiliary equipment, experimental equipment, etc.). Natural gas is mainly consumed for boiler combustion to produce water steam (use of high-pressure items of vacuum sterilizer in animal laboratory cleaning, use of air conditioning in animal room for humidifying, as well as heating in winter) and incinerator to burn animal carcasses. Steam is used for high-pressure items of vacuum sterilizer in animal laboratory cleaning, air conditioning in animal room for humidifying, as well as heating in winter.

We have adopted a number of energy conservation measures to reduce energy consumption:

- Purifying air-conditioners are 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. Control the temperature range by setting the temperature of the research model room to a standard floor in winter and a standard ceiling in summer. We use a mini-split independent air conditioning system. The SPF animal 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 occupied based on the increase or decrease in the species and number of animal models kept, with an aim to avoid squandering.
- We choose energy-efficient machines and pumps. Phased-out machine and pump products already announced by the state are strictly forbidden. Under normal load, the operating conditions of machines and pumps should be in the high-efficiency zone of the performance curve and a reasonable adjustment method should be adopted. Driving machines should match the load of machines and pumps. Motors are reasonably selected to increase their load rate. Frequency conversion speed adjustment devices are 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.

4. Green and low-carbon development

- 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.
- Three-dimensional heat tubes are installed in the air-conditioning compartment to reduce energy consumption.
- We use green lighting products. Light sources, lamps and ballasts with high light 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.
- The humidity of animal rooms are constantly controlled at around 50% annually to save steam.

In the future, the Company will continue to carry out relevant measures to continuously reduce the level of energy consumption.

Use of water resources

The use of water resources of the Company mainly involves wastewater from cleaning of animal houses and laboratories, flushing water of pipes and ground, water production of pure water equipment, replenish cooling water of refrigeration machines in summer and daily use. As the Company is not listed as a key unit of water conservation management, the Company only needs to regularly report monthly water utilisation targets on the water management platform of Beijing Water Authority in accordance with the municipal requirements. The Company's goal in energy and water resources management is to improve the effective utilization of energy and water resources, and to maximize the environmental and economic benefits of energy and water resources on the premise of meeting operational activities. The water resources consumed by the Company in production, manufacturing and office operation are all from the municipal pipe network, and do not involve water sourcing issues.

In terms of effective water conservation, the Company has adopted the following measures:

- 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;
- The cooling water of the chiller is replenished by river's water for cooling in summer, and the condensate water of the HVC system is collected in summer to replenish the cooling water in the cooling tower;
- 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.

4. Green and low-carbon development

Energy and Resources Consumption and Intensity of the Company

Type of energy resources	Unit	2024	2023
Petrol	Litre	29,651	26,475
Electricity	kWh	41,313,763	32,417,990
Steam	million KJ	116,777	122,465.41
Natural Gas	m ³	333,744	119,308
Comprehensive energy consumption ³	'000 kWh	77,604.60	67,939.85
Comprehensive energy consumption intensity	kWh/operating income of RMB0'000	384.50	285.88
Water consumption	m ³	374,285	210,020
Water consumption intensity	m ³ /operating income of RMB0'000	1.85	0.88

Due to the nature of our business, there are no packaging materials in the operation of the Company.

4.3 Addressing Climate Change

Global warming and other abnormal climatic phenomena continue to be concerned by the whole society. With the continuous promulgation of relevant domestic policies, stakeholders have put forward higher requirements for tackling climate change and promoting low-carbon development. The Company sets out our efforts and future direction in addressing climate change based on our governance, strategy, risk management and metrics and targets.

Governance

With regard to climate-related governance, according to the ESG governance framework established by the Company, the Audit Committee under the Board determines the Company's overall ESG management objectives and strategies, is responsible for assessing and identifying the Company's ESG-related risks, and ensures that the Company establishes an appropriate and effective ESG risk management and internal control system. The Board's ESG-related responsibilities include addressing climate change issues. At the same time, the Company's ESG governance structure comprises a decision-making body, a coordination body and an executive body, with clearly defined responsibilities for the implementation of climate change management and objectives, which are reported to the Board on a regular basis.

³ Calculation method: the Company's gasoline, natural gas, electricity and steam consumption is aggregated by multiplying each by the corresponding conversion coefficient, with reference to the "General Principles for Calculation of the Comprehensive Energy Consumption" (GB/T 2589-2020).

4. Green and low-carbon development

The Board is responsible for overseeing our risk management framework and sustainability risks, including climate-related risks, and holds an annual Board meeting to receive a briefing from the Securities Department and to discuss progress on ESG work. Each year, we also conduct regular risk identification, analysis and review of management procedures through our Audit Committee, and climate change is taken into consideration in our risk assessment process.

The Company's Securities Department acts as a coordinating body within the governance structure, and the Securities Department regularly reports to the Board on relevant sustainability matters, including those relating to climate.

The Board and the Securities Department are familiar with climate-related issues and understand the impact of such issues on the Company's business and operations. The Company also arranges training on climate-related issues to ensure that all personnel are kept abreast of the latest developments.

Our relevant functional departments, as the executive body within the framework, carry out climate change-related work in accordance with the progress of climate change initiatives, engage in communication with relevant stakeholders on climate change issues, and provide feedback to the co-ordination body regarding the progress of climate change work and the outcomes of stakeholder engagement. The designated personnel within the relevant functional departments have attained a certain level of understanding of climate change and are able to facilitate the integration of climate-related issues into daily operations.

Strategy

Climate-related risks include risks related to the transition to a low-carbon economy ("Transformation Risks") and risks related to the physical impact of climate change ("Physical Risks"), among which Transformation Risks can be divided into policy and legal risks, technical risks, market risks and reputational risks, while Physical Risks include acute risks (such as extreme weather such as typhoons and floods) and chronic risks (such as sustained high temperature changes in climate patterns).

4. Green and low-carbon development

Type		Climate-related risks	Our response
Physical Risks	Acute	<ul style="list-style-type: none"> The sudden occurrence of extreme weather events, such as rainstorms and cold snaps, may trigger a series of risks, including production suspension or reduction on the Company's part, and production disruptions within the supply chain, leading to reduced business stability, increased costs, and lower output; Major extreme weather and disaster events also pose a high risk of damage to production equipment and employee safety incidents, further contributing to adverse factors. 	<ul style="list-style-type: none"> Business continuity plan (BCP): Develop contingency plans to ensure the continuity of critical operations during extreme weather events and to minimise the impact of production suspension or reduction. Supply chain diversification: Co-operate with multiple suppliers to diversify risks and avoid the impact of a single supply chain disruption on the business; Infrastructure reinforcement: Strengthen the flood resistance and cold resilience of plants, warehouses, and other facilities to minimise production disruptions caused by extreme weather. Conduct regular inspections and maintenance of production equipment to ensure stable operation under adverse weather conditions; Provide employees with relevant labour protection materials and equipment, and formulate contingency plans related to extreme weather. In addition, strengthen employee safety training for responding to extreme weather, and improve their emergency handling capabilities.
	Chronic	<ul style="list-style-type: none"> A relatively long-term shift in climate patterns (such as sustained high temperatures) may lead to increased operating costs and equipment maintenance and repair expenses due to higher demand for summer cooling, as well as additional costs resulting from subsequent adjustments to the energy consumption structure. 	<ul style="list-style-type: none"> Through technological renovation and equipment upgrading, reduce cooling demand, lower operating costs, increase the use of renewable energy, reduce reliance on traditional energy sources, and decrease long-term energy costs.

4. Green and low-carbon development

Type	Climate-related risks		Our response	
Transformation Risks	Policies and laws	<ul style="list-style-type: none">With the improvement and introduction of relevant policies, regulatory authorities will inevitably adopt increasingly stringent greenhouse gas emission limitation measures and strengthen the requirements for greenhouse gas emissions disclosure.	<ul style="list-style-type: none">	Stay abreast of industry developments and policy changes, and adjust business operations in a timely manner in accordance with policy requirements.
	Technology	<ul style="list-style-type: none">The iterative innovation of production technologies to meet environmental requirements, along with R&D advancements, may lead to increased upfront costs associated with investing in new technologies or adopting and deploying new operations and processes.	<ul style="list-style-type: none">	Continuously advance low-carbon technology transformation, optimise operational strategies to reduce resource waste and emissions, and stay up to date with the iterative advancement of relevant technologies.
	Market	<ul style="list-style-type: none">Driven by policy and market forces, along with increasing customer awareness of low-carbon and environmental sustainability, changes in raw material prices (e.g. energy, water) and stricter emissions requirements (e.g. waste) have resulted in higher production costs.	<ul style="list-style-type: none">	Explore and adopt more energy-efficient and resource-saving green operational practices to mitigate the adverse impact of rising energy consumption and tightening emission requirements on the Company.
	Reputation	<ul style="list-style-type: none">As stakeholders place increasing emphasis on climate-related issues, failure to meet their expectations or any climate-related non-compliance may result in reputational damage to the Company.	<ul style="list-style-type: none">	Strengthen communication with stakeholders, regularly review the Company’s emissions reduction performance, and dynamically adjust future action plans based on progress.

4. Green and low-carbon development

Risk management

In response to the increasingly severe extreme weather challenges, the Company has formed a set of emergency procedures of “risk detection-release of early warning information-early warning action-emergency plan”. The Company also issued corresponding emergency plans and filed them with the Environmental Protection Bureau of the Development Zone to effectively ensure the stability and sustainability of the Company’s operations, including the “Emergency Plan for Environmental Emergencies of JOINN Laboratories (China) Co., Ltd.”

In response to physical risks such as extreme weather, we have adopted the following measures to effectively minimise the impact of natural disasters on the Company’s production and operation:

- Before winter, carry out heat preservation of water supply pipelines and increase the pressure of water supply temperature measurement, strengthen the frequency of circulation inspection and prepare for anti-freezing work in advance;
- Formulate the emergency plan for typhoon weather, and update it annually as required;
- Before the rainy season of each year (end of May), the Company will engage a qualified third-party enterprise to conduct a lightning protection test on each building of the enterprise, and take measures to avoid thunderstorms, set roofing needles and lightning belts.

In addition, the Company actively responds to the national goal of carbon peak and carbon neutrality, advocates low-carbon travel, afforestation, and purchases new energy vehicles.

Metrics and targets

The Company has identified indicators related to the monitoring of environmental, social and climate-related risks, and conducted statistics and disclosure of relevant data annually, including but not limited to:

- Energy consumption (gasoline, electricity, etc.);
- Greenhouse gas emissions (including Scope 1 and Scope 2).

4. Green and low-carbon development

The Company's greenhouse gas emissions primarily originate from direct emissions resulting from the combustion of petrol and natural gas (Scope 1), as well as indirect emissions arising from the consumption of purchased electricity and heat (Scope 2). The Company's greenhouse gas emissions during the Reporting Period are as set out below.

Greenhouse gas emissions of the Company

Type	Unit	2024	2023
Direct greenhouse gas ⁴ emissions (Scope 1)	tCO ₂ e	796.08	319.40
Indirect greenhouse gas emissions (Scope 2)	tCO ₂ e	36,406.66	33,249.41
Total greenhouse gas emissions	tCO ₂ e	37,202.74	33,568.81
Greenhouse gas emission intensity	tCO ₂ e/operating income of RMB0'000	0.18	0.14

We will continue to pay attention to the impact of climate change on the Company's business, fully respond to policy requirements, work together with all sectors to address climate change, and further improve strategy formulation, risk management, indicator and target identification and management.

⁴ Calculation method of greenhouse gas emissions:
Direct greenhouse gas emissions: the energy consumption of the Company multiplied by the corresponding emission factors. The emission factors are referenced from ① "China Energy Statistical Yearbook" ② "IPCC2006";
Indirect greenhouse gas emissions: the Company's purchased electricity and heat consumption is multiplied by the corresponding emission factors, and the emission factors are referenced to the "Notice on the Reporting and Verification of GHG Emissions for Selected Key Industry Enterprises from 2023 to 2025" issued by the Ministry of Ecology and Environment;
Total greenhouse gas emissions: the sum of direct greenhouse gas emissions and indirect greenhouse gas emissions.

Guidelines for Self-discipline Supervision of Listed Companies No. 14 of the Shanghai Stock Exchange – Sustainability Report (Trial) Content Index

No.	Sustainability topics	Corresponding Chapters in the Report
1	Addressing Climate Change	4.3 Addressing Climate Change
2	Pollutant Emissions	4.1 Emissions Management
3	Waste Disposal	4.1 Emissions Management
4	Ecosystem and Biodiversity Conservation	4.1 Emissions Management
5	Environmental Compliance Management	4.1 Emissions Management
6	Energy Utilization	4.2 Use of Energy and Resources
7	Water Resources Utilization	4.2 Use of Energy and Resources
8	Circular Economy	4.1 Emissions Management
9	Rural Revitalisation	3.5 Social Welfare and Rural Revitalization
10	Social Contribution	3.5 Social Welfare and Rural Revitalization
11	Driven by Innovation	1.1 Innovative R&D
12	Science and Technology Ethics and Animal Welfare	2.2 Science and Technology Ethics and Animal Welfare
13	Supply Chain Safety	1.4 Supply Chain Management
14	Equal Treatment of SMEs	Not applicable ⁱ
15	Product and Service Safety and Quality	1.2 Product Responsibility
16	Data Security and Customer Privacy Protection	1.3 Customer Service
17	Employees	3.2 Employee Care
18	Due Diligence	Internal Control and Risk Management
19	Communication with Stakeholders	Communication with Stakeholders
20	Anti-commercial Bribery and Anti-corruption	2.3 Anti-corruption
21	Anti-unfair Competition	2.3 Anti-corruption
22	Protection of Intellectual Property Rights	1.1 Innovative R&D

Note:

- i The balance of the Company's accounts payable (including notes payable) at the end of the period did not exceed RMB30 billion or accounted for more than 50% of total assets.

Appendix

HKEX ESG Reporting Code Content Index

Aspects	Content	Corresponding Chapters
Part B: Mandatory Disclosure Requirements		
	Board Statement	Board Statement
	Reporting Principles	About This Report
	Reporting Scope	About This Report
Part C: “Disclose or Explain” Provisions		
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.	4.1 Emissions Management
A1.1	The types of emissions and respective emissions data.	4.1 Emissions Management
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). [Deleted on 1 January 2025]	4.3 Addressing Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Emissions Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Emissions Management
A1.5	Description of emissions target (s) set and steps taken to achieve them.	4.1 Emissions Management
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.	4.1 Emissions Management

Aspects	Content	Corresponding Chapters
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, (including energy, water and other raw materials).	4.2 Use of Energy and 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).	4.2 Use of Energy and Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Use of Energy and Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 Use of Energy and 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.	4.2 Use of Energy and Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	4. Green and low-carbon development
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Green and low-carbon development
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer. [Deleted on 1 January 2025]	4.3 Addressing Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. [Deleted on 1 January 2025]	4.3 Addressing Climate Change

Appendix

Aspects	Content	Corresponding Chapters
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.	3.1 Employment and Labour Practises
B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	3.1 Employment and Labour Practises
B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employment and Labour Practises
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.	3.4 Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Health and Safety
B2.2	Lost days due to work injury.	3.4 Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4 Health and Safety
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training and may include internal and external courses paid for by the employer.	3.3 Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3 Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	3.3 Development and Training
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.1 Employment and Labour Practises
B4.1	Description of measures to review employment practises to avoid child and forced labour.	3.1 Employment and Labour Practises
B4.2	Description of steps taken to eliminate such practises when discovered.	3.1 Employment and Labour Practises

Aspects	Content	Corresponding Chapters
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	1.4 Supply Chain Management
B5.1	Number of suppliers by geographical region.	1.4 Supply Chain Management
B5.2	Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, and how they are implemented and monitored.	1.4 Supply Chain Management
B5.3	Description of practises used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	1.4 Supply Chain Management
B5.4	Description of practises used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	1.4 Supply Chain Management
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.	1.2 Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
B6.2	Number of products and service related complaints received and how they are dealt with.	1.3 Customer Service
B6.3	Description of practises relating to observing and protecting intellectual property rights.	1.1 Innovative R&D
B6.4	Description of quality assurance process and recall procedures.	1.2 Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.3 Customer Service

Appendix

Aspects	Content	Corresponding Chapters
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.	2.3 Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.3 Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.3 Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	2.3 Anti-corruption
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.	3.5 Social Welfare and Rural Revitalization
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	3.5 Social Welfare and Rural Revitalization
B8.2	Resources contributed (e.g. money or time) to the focus area.	3.5 Social Welfare and Rural Revitalization
Part D: Climate-related Disclosures		
D-I Governance	The governance body(s) responsible for oversight of climate-related risks and opportunities.	4.3 Addressing Climate Change
D-II Strategy	Climate-related risks and opportunities.	4.3 Addressing Climate Change
D-III Risk Management	Processes and related policies that are used to identify, assess, prioritise and monitor climate-related risks.	4.3 Addressing Climate Change
D-IV Metrics and Targets	Greenhouse gas emissions.	4.3 Addressing Climate Change