



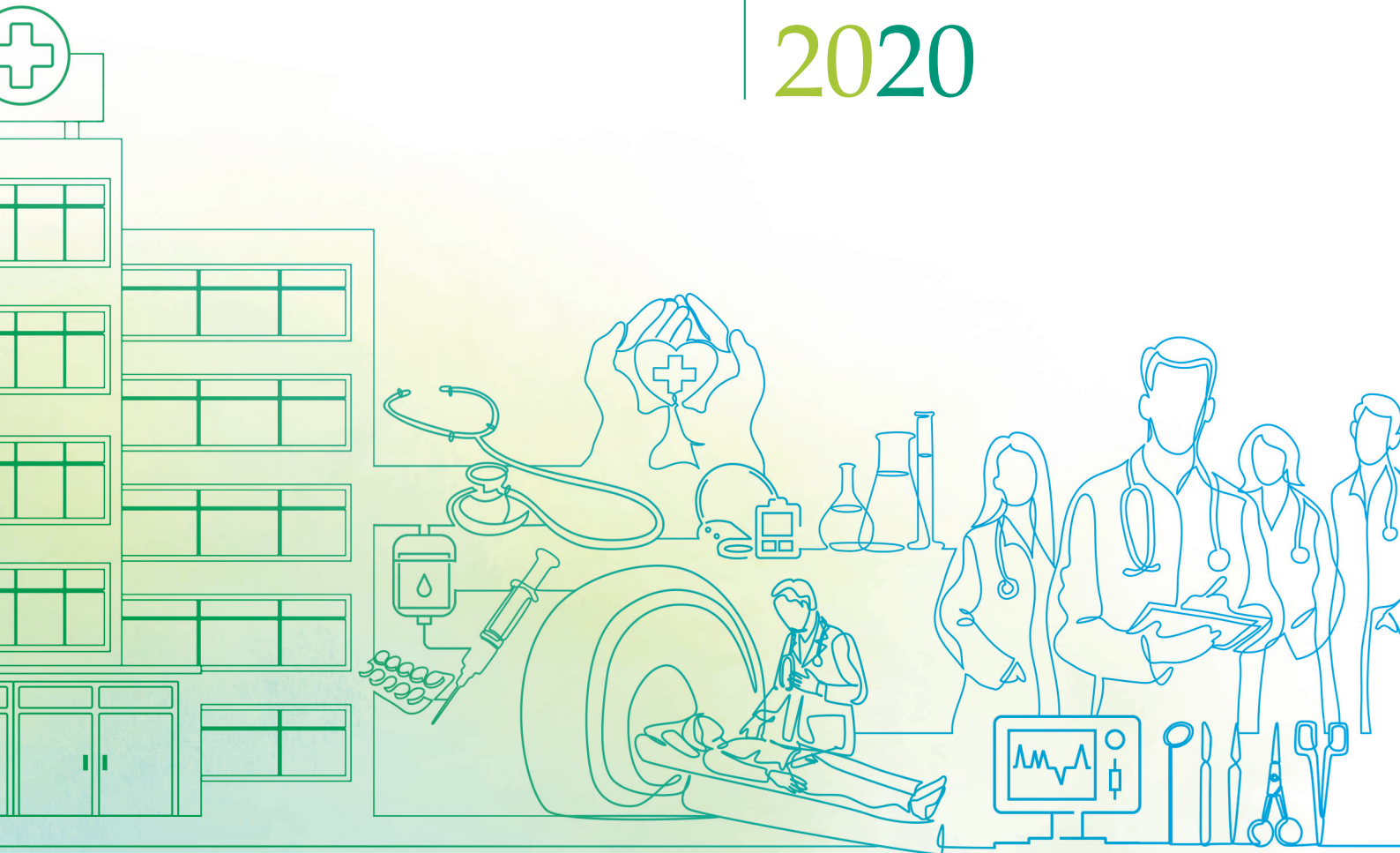
# Honliv Healthcare Management Group Company Limited

## 宏力醫療管理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9906

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020





## 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ABOUT THIS REPORT

This report is the first environmental, social and governance (“ESG”) report (the “Report”) of Honliv Healthcare Management Group Company Limited (“Honliv Healthcare”, “our Company”, the “Company” or “we”), focusing on our ESG-related ideas, practices and performance during the period from 1 January 2020 to 31 December 2020.

This report is prepared pursuant to the Environmental, Social and Governance Reporting Guide (“Guide”) set out in Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited. It includes content and data in relation to ESG issues in accordance with the principles of materiality, quantitative, balance and consistency and the “comply or explain” provision set out in the Guide.

For corporate governance practices, please refer to the section headed “Corporate Governance Report” in the annual report of the Company published on 19 April 2021. The data disclosed in this report comes from internal statistics of the Company or manual sorting. Unless otherwise stated, the report covers the Company and its subsidiaries in China and the amount of currency involved is denominated in Renminbi (“RMB”).

This report was reviewed and approved by the board of directors of the Company on 19 April 2021.

### 1. ESG STRUCTURE

The Company adheres to the corporate culture of “benefiting and contributing to society” and strives to provide quality medical services to the general public as a way of contributing to healthcare in China. The Company is committed to achieving a high level of ESG performance. It strives to improve its sustainable development capabilities so as to fulfil its corporate social responsibilities while protecting the interests of shareholders and investors.

We proactively identify and strictly abide by national and regional relevant laws and regulations. With the idea of sustainability woven into our corporate operation and management process, we work to reduce negative environmental impacts while achieving the company’s business objectives, support staff’s development, build reliable partnerships with suppliers, and create sustainable value with stakeholders. The Company sticks to the principle of “caring about society and people” and actively participates in and undertakes public welfare activities to give back to the public.

We have established a multi-level, inter-departmental ESG responsibility system. The Board is responsible for the ESG work and information disclosure of the Company. We have also set up an ESG work group comprising the heads of relevant departments to promote the implementation of specific ESG work.



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### 2. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

#### Stakeholder Engagement

The Company strives to communicate with stakeholders through various channels to understand their needs and uses their opinions obtained from the communication as important references for our ESG work.

Major stakeholders identified by the Company based on business characteristics include: employees, patients, governments and regulatory authorities, academic/research institutions, investors/shareholders, suppliers and the community. According to our communication with stakeholders, ESG issues concerned by major stakeholders of the Company and channels through which we communicate with and obtain feedback from the stakeholders are as follows:

Major Stakeholder	ESG Issue of Concern	Main Communication and Feedback Channel
Employees	Employment Employee development and training Employee health and safety Anti-corruption	Employee opinion survey Employee internal communication meetings Corporate internal announcement Labour union
Patients	Product and service liabilities Community investment Environment and natural resources	Patient satisfaction survey Daily operation/communication Return visits to discharged inpatients Service complaint and response system channels
Government and regulatory authorities	Anti-corruption Product and service liabilities Employment Labour standards	Information disclosure Correspondences Field trips Relevant meetings
Academic/Research institutions	Cooperation on clinical research Quality of medical services	Academic exchange Industry development and progress
Investor/shareholder	Product and service liabilities Employee development and training Employment Anti-corruption	Shareholders' general meetings Annual and interim reports Results announcements Corporate stock exchange announcements Relevant meetings and investor relations page
Suppliers	Supply chain management Product and service liabilities Anti-corruption	Supplier management system Relevant meetings
Community	Emissions Use of resources Environment and natural resources Labour standards Anti-corruption	Community activities Public welfare activities Daily operation Questionnaires

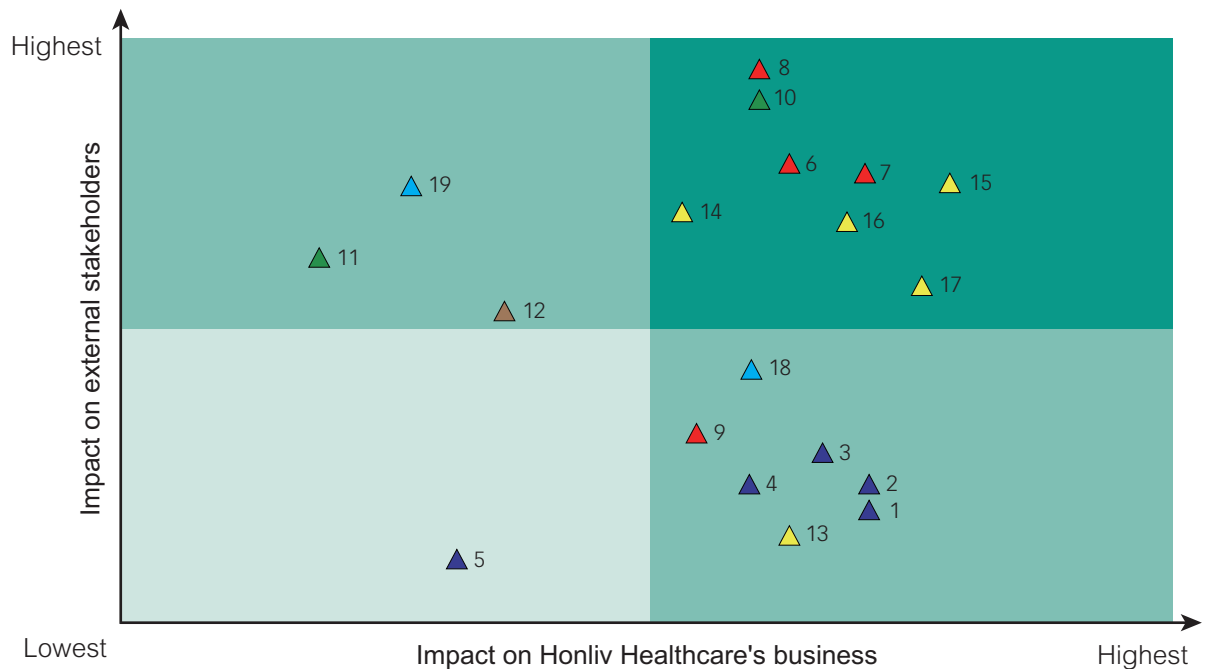


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### Materiality Assessment

Based on communication with stakeholders and the characteristics of business development of the Company, we have identified and selected issues that are relatively important to the Company at this stage and used them as important factors for report preparation and information disclosure.

Based on the analysis and identification results of important ESG issues, issues of the relatively greatest significance to the Company at this stage are patient privacy and data protection, anti-corruption and anti-bribery management, medical service quality control, medical accident and complaint management, protection of employees' legitimate rights and interests, employee health and safety, employee welfare and benefits and employee development and training, as detailed below:



- 1 Resource conservation
- 2 Wastewater and waste gas management
- 3 Hazardous waste management
- 4 Non-hazardous waste management
- 5 Climate change
- 6 Quality control of medical services
- 7 Medical accident and complaint management
- 8 Patient privacy and data protection
- 9 Patent and intellectual property protection
- 10 Anti-corruption and anti-bribery management

- 11 Advertising and marketing compliance management
- 12 Supplier Management
- 13 Employee diversity and integration
- 14 Protection of employees' legitimate rights and interests
- 15 Employee health and safety
- 16 Employee welfare and benefits
- 17 Staff development and training
- 18 Management related to prevention of child labour and forced labour
- 19 Charitable donations and community charity services



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### 3. JOINING EFFORTS TO FIGHT THE EPIDEMIC

In face of the sudden outbreak of COVID-19 in early 2020, we, as a medical service provider, responded quickly with various measures against the epidemic. We have formulated systems and processes in relation to epidemic prevention and control, such as the Measures for the Prevention and Control of COVID-19 Infection (新冠肺炎醫院感染預防與控制措施), Disinfection and Isolation System Against COVID-19 (新冠肺炎消毒隔離制度), Fever Clinic Infection Prevention and Control Process (發熱門診感染防控流程), and Procedure for Medical Staff's Putting on and Removing Protective Equipment (醫務人員防護用品穿脫流程).

#### Taking Action Against the Epidemic in a Fast, Orderly Manner

Following the outbreak, we renovated former fever clinics by setting up three areas and two channels (namely, clean areas, contaminated areas, and semi-contaminated areas, as well as medical staff channels and patient channels) to reduce the risk of cross infection. Patients at high risk and those with common fever will seek medical advice and receive treatment in separate areas of fever clinics. Meanwhile, we implement a one-stop service in fever clinics, covering registration fee payment, medical consultation, sample collection, chest radiograph, medicine collection, examination results collection, and film printing, so as to minimise contacts of patients with fever with other patients.

To cope with the challenge of increased patients in fever clinics during the epidemic, we recruited support staff within the hospital to ensure that the allocation of medical staff met the needs for efforts against the "epidemic".

In order to meet the needs of nucleic acid testing, the Company carried out the negative conversion of the original polymerase chain reaction (PCR) laboratory, making it the first hospital to perform COVID-19 testing in Changyuan City, Henan Province.

Wards of Honliv Healthcare have developed emergency plans and procedures for COVID-19 prevention and control, which are checked and evaluated all by the nursing department to improve all nursing staff's emergency response awareness and ability to handle emergencies for epidemic prevention and control.

In addition, with the approval of the municipal health commission, we have also built an overflow isolation ward with reasonable zoning and complete functions in accordance with COVID prevention and control requirements announced by the National Health Commission. The ward with an area of 2,500 sqm and 18 rooms is poised to deal with needs arising from time to time during the epidemic.



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### Normalising Prevention and Control to Ensure Safe Patient Visits

We have set up a pre-triage check-point for separating outpatients and emergency patients to check the body temperature and travel history of all outpatients and emergency patients and their families. All patients at high risk, such as patients with fever and patients who have been to infected areas, are required to visit an independent fever clinic. Independent sampling points have also been set up to perform nucleic acid testing on key people. Meanwhile, all fever clinic patients, newly admitted patients and accompanying persons are required to take nucleic acid tests in accordance with the requirements of the municipal health commission.

In addition, we set up emergency isolation wards in general wards and require patients and their families to wear protective equipment in a standardised manner to reduce the risk of cross infection and ensure the safety of patient visits.

### Taking Several Measures to Protect the Health and Safety of Medical Staff

We prioritise the protection of the health and safety of medical staff in our efforts to prevent the epidemic. Given a shortage of protective supplies in the early days of the epidemic, we developed reasonable shift schedules, stipulated how long protective supplies could be used, and distributed them on a daily basis to ensure adequate supply to medical staff. In terms of supply reserves, we set up a warning threshold for “low inventory” and purchased supplies through multiple channels to ensure that hospitals have adequate reserves of protective supplies.

We implemented a 6-hour day system in fever clinics and isolation wards to ensure enough rest for nurses. In accordance with the requirements of the health commission, we regularly performed COVID-19 nucleic acid tests on the medical staff of the whole hospital and physical surfaces in special outpatient clinics such as fever, emergency, and respiratory medicine clinics.

To improve medical staff’s awareness of the COVID-19 virus and its prevention and control, the Company adopted “online streaming” to deliver training on relevant theoretical knowledge. Meanwhile, all of our nursing staff were trained and assessed on how to “put on and take off isolation gowns” and “collect nucleic acid samples” in batches and by stages and passed the assessment.

In addition, we provided strong logistical support for all hospital staff. Since the shortage of supplies due to the epidemic caused inconvenience to the daily life of employees, we continually distributed necessities for life to employees for free to meet their basic needs. We also provided clean, comfortable two-person dormitories and three free meals a day for fever clinic staff to relieve their work pressure and promote their physical and mental health.



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### 4. SERVING THE PEOPLE WITH PROFESSIONAL SERVICES

As a healthcare service provider, Honliv Healthcare adheres to the core values of being “highly responsible, good at execution, professional and patient-centred” and the service philosophy of “integrity, quality, swiftness and warmth” and is committed to providing high-quality medical services and bringing patients a good medical experience. We listen carefully to the opinions of patients and have a complete complaint management system in place to solve their difficulties and problems and protect the legitimate rights and interests of patients and medical staff. With equal emphasis on the protection of patients’ privacy, we have formulated comprehensive privacy protection measures and data security management systems.

#### 4.1 Medical Quality and Safety

The Company strictly abides by laws and regulations concerning healthcare such as the Law of the People’s Republic of China on Basic Healthcare and Health Promotion (中華人民共和國基本醫療衛生與健康促進法), Administrative Measures on Medical Institutions (醫療機構管理條例), Medical Institution Practising License (醫療機構執業許可證), Law on Medical Practitioners of the PRC (中華人民共和國執業醫師法), Drug Administration Law (藥品管理法), Regulations for the Implementation of the Drug Administration Law (藥品管理法實施條例), Law of the People’s Republic of China on the Maternal and Infant Health Care (中華人民共和國母嬰保健法), Measures for the Administration of Radioactive Pharmaceuticals (放射性藥品管理辦法), Regulations on Handling Medical Malpractice (醫療事故處理條例) and Medical Quality Management Measures (醫療質量管理辦法). The Company has established a complete medical service quality management system, including 18 core medical quality safety systems, working systems for committees such as the hospital quality and safety management committee and nursing care quality and safety committee, more than 10 medical management systems, more than 30 medical quality and safety systems, nearly 20 surgical anesthesia management systems, and more than 10 infectious disease management systems and a perfect pharmacy management system. The Company’s medical quality and safety system covers various aspects such as medical quality and safety management systems, medical quality management, medical technology risk management, medical safety (adverse) event reporting, and early warning systems for medical risks.

To strengthen medical quality and safety management, Honliv Healthcare has established a three-level management system with the hospital quality and safety management committee as a decision maker, the quality and safety department and various functional departments as controllers, and quality and safety management teams of hospital departments as performers. We also supervise the implementation of core medical quality and safety systems, writing of medical records, rational use of drugs, and surgical safety on a monthly basis.

#### *Air Ambulance Service Team*

The Company is the first private medical institution in China with the ability to provide air ambulance service. We have a designated team of five medical professionals for the air ambulance service. The air ambulance service enables us to quickly reach our patients and transport them to our hospital over a long distance or from a less accessible area to ensure their life safety without delay.

#### *Quality of Nursing Care*

Improving the quality of nursing care is an important part of improving medical services and patient experience. To this end, the Company has established a nursing care quality and safety committee to conduct discussions twice a year for the analysis of the overall nursing care quality management. During this year, we further improved the nursing care quality indicator system, conducted regular nursing staff training, and supervised key processes to improve the quality of professional nursing care and standardised process management.



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### **Pharmaceutical Management**

To strengthen drug quality management and ensure the medication safety for patients, Honliv Healthcare effectively manages pharmaceutical selection, procurement, storage, prescription, allocation, administration, and drug efficacy in strict compliance with laws and regulations such as the Pharmaceutical Administration Law of the People's Republic of China (中華人民共和國藥品管理法) and Institutional Pharmacy Administration (醫療機構藥事管理規定).

The Company inspects and records the quality of pharmaceuticals including their packaging, properties, and colours on a regular basis and resolves any problems found promptly. The hospital strictly implements the incoming acceptance system. We manage pharmaceuticals strictly based on their expiration dates and coordinate the return and change of pharmaceuticals in stock with expiration dates less than six months in a timely manner to avoid expiration.

In the event of an accident or problem such as clinical drug adverse reactions, the hospital will request patients to stop taking a specific drug and notify the pharmacy department, promptly recall and seal the drug, conduct investigation and analysis, and report to the drug regulatory department in strict accordance with the Drug Adverse Reaction/Event Handling System (藥品不良反應/事件處置制度). The hospital has also formulated a drug recall system, and if necessary, recall relevant drugs and safely and correctly destroy them as required.

### **4.2 Serving Patients Wholeheartedly**

As a high-quality medical service provider, we pay great attention to patient experience. To improve our services, we have established a service quality assessment system to regularly evaluate the service quality of each hospital department, identify areas for improvement and keep correcting and improving them. Clear instructional signs have been put up in the hospital to guide patients through the medical treatment process. Our employees have spontaneously built a team of volunteers to assist patients in seeking medical advice. We have established a complete patient communication and complaint mechanism and regularly conduct patient satisfaction surveys to obtain patient opinions.

### **Patient Communication and Complaints**

In order to protect the legitimate rights and interests of both doctors and patients, Honliv Healthcare has developed the Complaint Management System (投訴管理制度) and perfect patient communication channels in accordance with the requirements of laws and regulations including the Administrative Measures on Medical Institutions (醫療機構管理條例), Regulations on Handling Medical Malpractice (醫療事故處理條例), Petitioning Work Regulations (信訪工作條例) and Measures on Handling Health-Related Petitions (衛生信訪工作辦法). Patients can express their opinions to us by means such as visits and calls. We record patient complaints and opinions and adopt a hierarchical complaint handling mechanism to ensure that all complaints are handled in a timely and appropriate manner. For problems that can be solved immediately, we deal with them without delay; and for problems that require further investigation, the staff will listen carefully to and comfort patients concerned and give feedback to them within 24 hours. In order to improve the ability of medical staff to handle the doctor-patient relationship and to communicate, we arrange at least two doctor-patient communication skill training sessions every year.

In addition, Honliv Healthcare has formulated the Treatment Plan for Medical Damage (醫療損害處置預案), Medical Safety (Adverse) Event Reporting System and Process (醫療安全(不良)事件報告制度與流程), Medical Risk Early Warning System (醫療風險預警制度) and other rules and regulations in strict accordance with relevant laws and regulations, and provides training for relevant medical staff to enhance their ability to prevent and respond to emergencies and protect the rights and interests of both doctors and patients.





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### *Return Visits to Patients and Patient Satisfaction Survey*

Honliv Healthcare has established a return visit office and a return visit mechanism for discharged patients. Opinions and suggestions on our medical services are solicited from patients through return visits. We regularly compile patient return visit summary reports, including monthly summaries and year-end summaries, to provide us with directions to improve service quality. Meanwhile, the hospital service management department conducts monthly satisfaction surveys for outpatients and inpatients, analyses data in a timely manner, and send questions, opinions or suggestions raised by patients to the corresponding departments or hospital departments. According to statistics, patient satisfaction reached more than 97% in each month of 2020.

### **4.3 Protection of Patient Privacy**

We attach great importance to the protection of patient privacy and strictly abide by laws and regulations regarding the protection of patient privacy including the Law on Medical Practitioners of the PRC (中華人民共和國執業醫師法), Cybersecurity Law of the People's Republic of China (中華人民共和國網絡安全法), Regulations on the Management of Medical Records by Medical Institutions (醫療機構病歷管理規定), Norms for the Management of Electronic Medical Record Application (for Trial Implementation) (電子病歷應用管理規範(試行)), Regulations on Nurses (護士條例) and Law on Prevention and Treatment of Infectious Diseases (傳染病防治法). We also require employees to observe professional ethics of medical staff and keep patient information confidential in practising activities. In order to protect the privacy of patients, the Company works in three aspects, namely diagnosis process, patient file management and information system security.

#### *Privacy Protection During Diagnosis*

The Company implements the diagnosis and treatment model of "one doctor for one patient in one room with one accompanying person" for outpatient clinics and sets curtains and partitions in exam rooms and treatment rooms to protect patient privacy. Taking pictures of patients is not allowed without their or their family members' consent.

#### *Patient File Management*

To strengthen the management of patient files and reduce the possibility of leakage of patient information, we require the separate storage of examination materials such as testing and imaging reports that need to be kept confidential. Medical staff are allowed to use medical records involving patient-related private information only with strict examination and approval of the medical department in accordance with relevant regulations.

We abide by protective medical rules and avoid unnecessary harm to patients on the basis of full disclosure. Where it is inappropriate to explain the situation to patients due to the implementation of protective medical measures, their legal representative will be first notified and signatures are required.



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### **Information System Security**

In terms of information system security, the Company has laid down the Information Security Management System (信息安全管理制度) and Management System for Access to Information Systems (信息系統權限管理制度). We require hospital computers to be used only by legally authorised persons for working purposes inside the hospital. These computers are in principle not allowed to access external networks. If such access is required due to work needs, a written application must be submitted to the head of the relevant functional department for approval and signature before connection by the information department. Computers with access to the Internet must be installed with anti-virus software and ensure that anti-virus software is upgraded in real time to prevent viruses and hackers from stealing sensitive hospital information.

We control the risk of medical staff leaking patients' private data by strictly limiting medical staff's privileges of operating information systems. If medical staff leave their posts or transfer to other posts, their system user rights will be cancelled or changed after approval according to the relevant procedures. In addition, when we need to report patient data to higher authorities in accordance with relevant laws and regulations, we will desensitise patients' personal information. Where patients' information has to be disclosed (for example, in the case of queuing in the hospital), we will encrypt the patients' names.

### **4.4 Intellectual Property and Trademarks**

Honliv Healthcare strictly abides by the Patent Law of the People's Republic of China (中華人民共和國專利法) and other relevant intellectual property laws and regulations to protect its own intellectual property rights without infringing the intellectual property rights of others. We have applied for software copyright certificates for the hospital's core information system and signed a confidentiality agreement with the software developers of the hospital's information management system to ensure that core secrets will not be leaked after they leave their jobs.

To protect the Company's trademark rights, the hospital has laid down the Norms on the Preparation and Use of Trademarks (商標擬制及使用規範) and Trademark File Management System (商標檔案管理制度) in accordance with the Trademark Law of the People's Republic of China (中華人民共和國商標法) to designate the office as the department responsible for trademark management. It also learns about the latest laws and regulations on trademark management in time to ensure the duration and compliance of the trademarks used.

### **4.5 Advertising Management**

In terms of advertising, the Company observes the Advertisement Law of the PRC (中華人民共和國廣告法), Administrative Measures on Medical Advertisement (醫療廣告管理辦法), and Circular of the Ministry of Health on Strengthening the Medical Advertisement Administration (衛生部關於進一步加強醫療廣告管理的通知) and other laws and regulations to ensure the authenticity and legality of all the advertising contents so as to protect the rights and interests of patients. During the year, the Company did not have any major violations of laws and regulations related to advertising.



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### 5. GREEN OPERATION FOR ENVIRONMENTAL PROTECTION

Honliv Healthcare has been operating in a green manner by taking relevant measures to conserve energy and reduce consumption and manage waste discharge in accordance with environmental protection laws and regulations.

Due to the Company's business characteristics, our impact on the environment and natural resources is mainly derived from the emissions and discharges generated and resources used during the operation of Honliv Healthcare and there is no other major impact on the environment and natural resources.

#### 5.1 Emission and Discharge Reduction

The Company strictly complies with the Environmental Protection Law of the PRC (中華人民共和國環境保護法), Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), Water Pollution Prevention and Control Law of the PRC (中華人民共和國水污染防治法), Discharge Standard of Water Pollutants for Medical Organization (醫療機構水污染物排放標準), Regulations on the Management of Medical Waste (醫療廢物管理條例), Measures for Medical Wastes Management of Medical and Health Institutions (醫療衛生機構醫療廢物管理辦法), Classified Catalogue of Medical Wastes (醫療廢物分類目錄), Technical Specifications for Centralized Disposal of Medical Wastes (醫療廢物集中處置技術規範) and other laws and regulations. During the year, the Company was not subject to any administrative penalties or related litigation in relation to environmental pollution.

Due to our business characteristics, there are four main types of emissions, discharges and wastes generated by Honliv Healthcare during its operation, namely, medical waste, medical wastewater, waste gas and domestic waste. We have established a special handling process for all types of waste.

#### *Medical Waste*

The medical wastes generated by the Company refer to infectious, damaging, pathological and chemical wastes generated during diagnosis and treatment. We manage medical waste in strict accordance with relevant laws and regulations. The Company has set up a steering group on medical waste management to manage medical waste and supervise their discharge and has professionals with qualification certificates to manage medical waste. All medical wastes are handed over, transferred and temporarily stored through a special collection route and finally transferred to a qualified third party for processing.

#### *Medical Wastewater*

Medical wastewater comes from the water used for diagnosis and treatment in outpatient departments and by patients in inpatient departments and is treated by the Company's self-built sewage treatment station to meet relevant standards before being discharged to the municipal sewer pipe network. The data related to the Company's medical wastewater has been included in the supervision scope of the Ecology and Environment Department of Henan Province (河南省生態環境廳) and the online monitoring system of the provincial department to monitor wastewater flow in real time.



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### **Waste Gas**

Waste gas mainly includes greenhouse gas (GHG) emissions caused by energy consumption, waste gas generated during medical wastewater treatment, and a very small amount of exhaust gas generated by self-owned vehicles.

We have adopted resource conservation measures such as managing business vehicles to reduce gasoline consumption to improve energy efficiency and reduce GHG and automobile exhaust emissions. At the same time, we continue to strengthen the management of the use of business vehicles to improve their use efficiency, by various means including checking refuelling bills and encouraging employees to use public transportation. In response to the waste gas generated during the treatment of medical wastewater, the Company has assembled waste gas treatment devices that are managed by dedicated personnel. The waste gas generated is collected and processed in a centralised manner before discharge, and a third party is hired for regular testing to ensure that the waste gas released meets relevant national and industry standards.

### **Domestic Waste**

Domestic waste is mainly generated by the Company's staff and patients. We have signed a management contract with a property management company who has a contract with the municipal sanitation department to transfer domestic waste in a centralised manner. Meanwhile, we promote the reduction of domestic waste by encouraging employees to improve the use efficiency of office supplies and adopt double-sided printing.

### **5.2 Resource Conservation**

Honliv Healthcare strictly complies with the Energy Conservation Law of the PRC (中華人民共和國節約能源法), Regulations on Urban Water Supply (城市供水條例), Regulations on Supply and Use of Electric Power (電力供應與使用條例) and other laws and regulations. During the Company's operation, the main resources consumed include purchased electricity, water and office supplies. The Company's water mainly comes from the local municipal water supply. In 2020, the Company had no problem in obtaining suitable water sources.

We continue to promote the concepts of water, electricity, and paper conservation through boards, banners, LED screens and other channels to urge all employees to develop conservation consciousness. During the operation of the hospital, we also actively practice the concept of energy conservation by installing lighting timer switches in public areas such as medical complex buildings, transforming lighting into LED lighting, and limiting the temperature of air conditioners. We also adopt induction water-saving faucets throughout the hospital and use water-saving green irrigation facilities to effectively save water.



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### 5.3 Environmental Performance Table

#### Emissions<sup>1</sup>

Indicator	2020
<b>Total GHG<sup>2</sup> emissions (scope 1 and scope 2) (tonnes)</b>	8,079.45
<b>GHG emissions per unit area (tonnes/square metre)</b>	0.063
<b>GHG emissions per capita (tonnes/person)</b>	5.09
<b>Indirect emissions (scope 1) (tonnes)</b>	3,003.54
Oil consumed by business vehicles	0.86
Natural gas	3,002.68
<b>Indirect emissions (scope 2) (tonnes)</b>	5,075.91
Purchased electricity	5,075.91
<b>Hazardous waste<sup>3</sup> (tonnes)</b>	91.46
<b>Hazardous waste per capita (tonnes/person)</b>	0.06
<b>Hazardous waste per unit area (tonnes/square metre)</b>	0.00071
<b>Non-hazardous waste<sup>4</sup> (tonnes)</b>	222.00
<b>Non-hazardous waste per capita (tonnes/person)</b>	0.14
<b>Non-hazardous waste per unit area (tonnes/square metre)</b>	0.0017
<b>Waste Gas</b>	
Total gas emissions ('0,000 cubic metres)	3,000.80
Ammonia content (kg)	1.8
Hydrogen sulfide content (kg)	0.20
<b>Wastewater<sup>5</sup></b>	
Total water discharge ('0,000 cubic metres)	9.90
COD content (tonnes)	4.10
Ammonia nitrogen content (tonnes)	0.023

Note:

- 1 The data covers Henan Honliv Hospital.
- 2 The list of greenhouse gases includes carbon dioxide, methane and nitrous oxide mainly from purchased electricity, natural gas and fuels. Greenhouse gas accounting is presented in terms of carbon dioxide equivalent, based on the 2019 China Regional Grid Baseline Emission Factors for Emission Reduction Projects (2019減排項目中國區域電網基準綫排放因子) published by the Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部) and the 2019 Refinement to the 2006 IPCC Guidelines on National Greenhouse Gas Inventories (IPCC 2006年國家溫室氣體清單指南2019修訂版) published by the Intergovernmental Panel on Climate Change (IPCC) for accounting.



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- 3 Hazardous waste involved in the Company's operation is mainly medical wastes, that is, infectious, damaging, pathological and chemical wastes generated during diagnosis and treatment.
- 4 Non-hazardous waste involved in the Company's operation mainly includes domestic waste. Domestic waste is processed by a third-party cleaning and transportation company, so the data comes from the third party.
- 5 Given operational characteristics, the Company's main gas emissions are GHG emissions and waste gas emissions. In particular, GHG emissions come from the use of electricity and fuel converted from fossil fuels, and waste gas mainly comes from waste gas generated from the treatment of medical wastewater. Exhaust gas emissions from business vehicles are minimal and insignificant, so they are not included in the scope of disclosure.

### Energy and Resource Consumption

Indicator	2020
<b>Total combined energy consumption<sup>1</sup> (MWh)</b>	24,232.58
<b>Energy consumption per floor area (MWh per square metre)</b>	0.19
<b>Energy consumption per capita (MWh/person)</b>	15.28
<b>Direct energy consumption (MWh)</b>	15,359.38
Natural gas	15,356.12
Oil consumed by business vehicles	3.26
<b>Indirect energy consumption (MWh)</b>	8,873.20
Purchased electricity	8,873.20
<b>Water consumption (tonnes)</b>	45,000.00
<b>Water consumption per capita (tonnes/person)</b>	28.37
<b>Water consumption per unit area (tonnes/square metre)</b>	0.35
<b>Amount of packaging<sup>2</sup> (tonnes)</b>	2.85

Note:

- 1 Combined energy consumption is calculated based on the consumption of electricity and petrol as well as conversion factors specified in the national standard named General Principles for Calculation of the Comprehensive Energy Consumption (綜合能耗計算通則) (GB/T 2589-2008).
- 2 The packaging materials used are mainly plastic bags provided for patients in hospitals.



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### 6. BEING PEOPLE-CENTRED AND CARING FOR EMPLOYEES

Guided by the management idea of “being people-centred to offer great room for development and embracing diversity to help achieve wonderful lives”, we work to protect the legitimate rights and interests of employees and create a healthy, safe, equal and diverse working environment for them.

#### 6.1 Rights and Interests and Benefits

We have developed the Human Resources Management System (人力資源管理制度), Leave System (請假休假制度) and other related rules and regulations to regulate the management of employee recruitment, remuneration and benefits to protect the legitimate rights and interests of employees pursuant to the Labour Law of the PRC (中華人民共和國勞動法), Labour Contract Law of the PRC (中華人民共和國勞動合同法), the Employment Promotion Law of the PRC (中華人民共和國就業促進法), Law of the PRC on the Prevention and Treatment of Occupational Diseases (中華人民共和國職業病防治法), Implementation Measures for Paid Annual Leave for Employees of Enterprises (企業職工帶薪年休假實施辦法) and Rules on the Labour Protection of Female Employees (女職工勞動保護規定).

The Company pursues an equal and diversified workplace culture and respects every employee. The Company is committed to creating equal and fair employment and promotion opportunities for employees, and treats all employees equally to ensure that employees will not be subject to discrimination and unfair treatment because of their race, nationality, religious belief, colour, age, gender, sexual orientation, marital status, disability, pregnancy and other factors.

The Company strictly complies with the Labour Law of the PRC (中華人民共和國勞動法) and Law of the PRC on the Protection of Minors (中華人民共和國未成年人保護法) and does not employ any child labour and opposes any form of forced labour. During the recruitment process, staff from the human resources department will check an applicant’s identity information to avoid the employment of child labour.

#### *Recruitment and Employment*

In order to maintain the stability of the Company’s human resource structure, we regularly hire doctors and other medical professionals through various recruitment channels, mainly including on-campus recruitment, referrals, professional recruitment agencies, job fairs, and recruitment advertising.

Based on relevant requirements of laws and regulations, we sign formal labour contracts with all recruits in accordance with the law. We have also developed a dismissal management system in accordance with relevant laws and regulations and specify relevant clauses in employee contracts to protect their legitimate rights and interests.

#### *Remuneration and Vacations*

Honliv Healthcare has established an annual salary system consistent with the hospital’s culture in which the remuneration of employees is composed of various salary components subject to their position, title, educational background and period of service. Meanwhile, we have developed a complete performance appraisal system to comprehensively inspect the work of employees. In order to protect the right of employees to rest and take a vacation, we have set up a month-based time-off system considering the characteristics of the hospital’s business for time off on weekends and statutory holidays. There are dedicated staff in hospital departments to arrange shifts based on their work to avoid staff overwork.



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### Employee Benefits

In addition to the statutory benefits of five social insurances and a housing fund, Honliv Healthcare also provides employees with additional benefits such as large sum supplementary medical insurance and free employee physical examinations. Meanwhile, in order to balance work and life, enrich leisure time of employees, and improve their physical and mental health and comprehensive artistic literacy, we have founded the Artistic Life Academy (藝享人生學院), which offers Chinese dance, Tai Chi, yoga, jazz dance, reading clubs, English, and other interest-oriented classes for employees to choose from.

Indicator Category	Secondary Classification	Indicator Name	Unit	Data	
Total number of employees	Total number of employees		Persons	1,586	
	Total number of employees by gender	Number of male employees	Persons	493	
		Number of female employees	Persons	1,093	
	Total number of employees by age	Number of employees aged 30 and below		Persons	775
		Number of employees aged 31 to 50		Persons	677
		Number of employees aged 50 and above		Persons	134
	Total number of employees by geographical location	Number of employees in Henan		Persons	1,483
		Number of employees outside Henan		Persons	103
	Total number of employees by type	Total number of full-time employees		Persons	1,586
		Number of interns		Persons	0

### 6.2 Health and Safety

Honliv Healthcare attaches great importance to the health and safety of employees and strictly abides by the Law of the PRC on the Prevention and Treatment of Occupational Diseases (中華人民共和國職業病防治法), Work Safety Law of the PRC (中華人民共和國安全生產法), Regulations on Nurses (護士條例) and other laws and regulations. It strives to provide employees with a safe working environment.

#### Health Management

In order to prevent and reduce occupational hazards and protect employees' physical and mental health, we carry out employee physical examinations on a yearly basis. Physical examination items involve ultrasonic examination, imaging, blood tests and the like. We include gastroscopy and lung CT in physical examinations for employees of certain ages.





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Taking into account hazards of occupational diseases, we conduct surveys and health education on occupational diseases for people in different positions to prevent and reduce the occurrence of occupational diseases and regularly perform rigorous assessments on positions exposed to high-risk environments (such as radiological and medical waste) to ensure that protective measures are in line with the requirements of national and industry safety standards. We establish health records for each employee and has put in place an employee health assessment mechanism to assess disease prognosis and job competency for employees who take sick leave for more than two months and make reasonable job adjustments. The Company has created a complete work injury handling mechanism. If an employee is injured in an accident at work, the head of the hospital department will assist the injured employee to visit the relevant department for treatment and the social security commissioner of the human resources department will report to the work injury appraisal department of the labour bureau by telephone and submit relevant materials for the identification of work injuries.

We regularly organise lectures on health-related topics such as preventive healthcare and mental health to help employees establish a healthy, scientific concept of life and actively carry out employee mental health surveys to help employees channel their emotions, release stress, and solve problems to protect their mental health.

In addition, in order to further improve the management of employee health, we established an employee health management committee in 2020 to formulate and implement the Company's overall plan for employee health management.

### **Safety Management**

To ensure the safety of employees, Honliv Healthcare has set up a security inspection department and formulated several safety management systems, including Safety Management System (安全保衛管理制度), Fire Safety Management System (消防安全管理制度), Standardised Management System for Fire Control Rooms (消防控制室規範化管理制度), and Fire Safety Emergency Plan (消防安全應急預案) and Emergency Plan for Handling Medical Disputes (處置醫療糾紛應急預案).

The Company organises fire drills and various safety training every year to enhance employees' safety awareness. In 2020, we organised a total of 9 fire fighting and safety knowledge training sessions and 5 practical operations of fire fighting equipment and fire emergency evacuation plans for 2,012 trainees.

We have also laid down emergency plans and processes related to safety management, and organised joint "anti-riot" drills, so as to enhance the hospital's collective emergency response and on-site handling capabilities and strengthen cooperation with police officers. We are equipped with a dedicated special service team that carries out daily patrols and participates in military skill trainings, fire drills and business knowledge trainings to ensure its safety and emergency response capabilities.



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### *Prevention and Control of Infectious Diseases*

The Company has established a complete infectious disease prevention and management system, including the Infection Prevention and Control System Related to Infectious Diseases in the Hospital (醫院內傳染病相關感染預防與控制制度), Management of Patients with Infectious Diseases (傳染病患者的管理), Norms for Disinfection, Isolation and Prevention of Infectious Diseases (傳染病消毒隔離防護規範), Hospital Infection Control Management System for Airborne Diseases (經空氣傳播疾病醫院感控管理制度), Standard Operating Procedures for Prevention of Contacts (接觸預防標準操作規程), Standard Operating Procedures for Prevention of Droplets (飛沫預防標準操作規程), and Standard Operating Procedures for Prevention of Air (空氣預防標準操作規程). We take isolation and protection measures based on transmission routes of infectious diseases, such as patient placement, medical staff protection, patient isolation and transfer, cleaning and disinfection, and medical waste disposal to prevent the spread of infectious diseases within the hospital.

### **6.3 Development and Training**

The improvement of hospital competitiveness is inseparable from the enhancement of employees' professional knowledge and skills. For this reason, Honliv Healthcare has formulated the Human Resources Management System (人力資源管理制度), Management Regulations on External Training (外出進修管理規定) and other systems and regulations and provide employees with comprehensive training resources.

In 2020, we continued to strengthen the development of talent and improve the staff training system, and completed the training plan in time for the year. We deliver pre-job training and development training for new hires to help them understand the Company's various management requirements. For in-service employees, we keep improving the training system of "being demand-oriented with job competence as the core", and provide targeted training plans and courses based on different positions, such as training on improving the nursing management ability of medical staff as well as training on improve the research ability.

#### ***Nursing Training***

Nursing training includes pre-job training, self-service training classes, reserve talent training, and teaching staff training. The training content involves professional business, technical skills, system plans, laws and regulations and cultural literacy, which aim to improve the quality of nursing staff in an all-round way. In addition, we also adopt the training method that combines self-cultivation in the hospital and selection for external training to enhance the core competency of nurses. The Company has also launched the "333 Talent Training Program", which aims to select 30 nursing managers and 300 clinical nurses to participate in professional skill improvement activities such as external training and specialised training in batches within 3 years. We also encourage relevant personnel to sign up for academic conferences, and record relevant videos and sort out such video resources, to realise shared learning throughout the hospital. During the year, more than 400 people attended such conferences.

In addition, we continue to promote self-service training classes where nursing staff can participate on a voluntary basis. In 2020, we combined online learning at "DingTalk Cloud Classroom" with offline teaching to reduce gatherings, improving the flexibility of learning time and places and stimulating the learning motivation of nursing staff. During the year, 211 people completed their courses.

We expanded and strengthened the training of teaching staff, encouraged nurses to record micro-classes and share experience to improve the quality of teaching, and pushed 28 public micro-classes.



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### *Doctor Training*

Honliv Healthcare has always attached great importance to the training of doctors and established various regulations including the Vocational Study Rules (業務學習制度), Regulations of Basic Theory, Knowledge and Skills Training and Assessment (三基培訓與考核管理制度), Management System for Standardised Training of Resident Doctors (住院醫師規範化培訓管理制度), Regulations of Doctor External Training (醫師外出進修管理制度), and Regulations of Participation in Academic Conferences (參加學術會議管理規定). In addition to participating in continuing medical education for professional and technical personnel in accordance with national requirements, the Company also organises relevant departments to deliver regular internal training on laws and regulations, professional skills, latest technology and development, emergency plans, and medical record writing for doctors every year.

In order to enhance the professional level of doctors, we encourage them to actively participate in academic activities. The Company bears corresponding conference and travel expenses after the examination and approval of relevant academic activities based on the departments' specialties and development needs. In addition, the Company selects and sends key doctors to domestic Grade III hospitals for about 6 months of professional training each year and bears travel and training expenses and provides full salary for these doctors.

## 7. WIN-WIN COOPERATION

Suppliers are our important partners, and supply chain management is an important part of the Company's healthcare quality control. We are committed to win-win cooperation with suppliers. We have formulated the Supplier Selection and Evaluation System (供應商選擇和評價制度) and Supplier Periodic Evaluation System (供應商定期評估管理制度) for routine management of suppliers.

When selecting a supplier, we will evaluate its reputation, product quality, service quality and price. After selecting the supplier, the Company will continue to monitor it according to the Supplier Periodic Evaluation System (供應商定期評估管理制度). At the end of each year, it will evaluate all suppliers' qualifications, quality and timeliness of supply, customer service and other important indicators to ensure that they provide compliant products and services to the hospital.

We take environmental and social factors into consideration in supplier management by giving priority to environmentally friendly products, and preferentially choose suppliers who undertake their due environmental and social responsibilities. In addition, we will conduct on-site inspections and regular evaluations of suppliers based on actual needs. If a supplier is found to violate environmental and social laws and regulations, the Company will immediately terminate cooperation with it. The Company also has strict and clear regulations on the prohibition of commercial bribery, and includes relevant declaration clauses in the contracts signed with suppliers.



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### 8. BEING HONEST AND RIGHTEOUS

Honliv Healthcare strictly abides by national and local laws and regulations such as the Law of the People's Republic of China on Anti-Unfair Competition (中華人民共和國反不正當競爭法) and Interim Provisions on Banning Commercial Bribery (關於禁止商業賄賂行為的暫行規定), as well as relevant regulations of the medical industry including the Code of Conduct for Practitioners in Medical Institutions (醫療機構從業人員行為規範), Notice on Issuing the "Nine Prohibitions" to Enhance the Ethics in Medical and Health Practices (關於印發加強醫療衛生行風建設「九不准」的通知), Implementation Opinions of the Ministry of Health and the National Administration of Traditional Chinese Medicine on Carrying out Special Work on Controlling Commercial Bribery in Pharmaceutical Purchase and Sale (衛生部、國家中醫藥管理局關於開展治理醫藥購銷領域商業賄賂專項工作的實施意見), and Regulations on Establishing Bad Records of Commercial Bribery in Pharmaceutical Purchase and Sale (關於建立醫藥購銷領域商業賄賂不良記錄的規定).

In order to continuously strengthen corporate governance and internal control, and reduce the Company's operational risks, we have always prioritised anti-corruption efforts. Under the supervision of the management and the audit committee, the Company has developed anti-corruption policies and procedures including the Anti-fraud Management System (反舞弊管理制度), adhere to strict requirements, education, management and supervision, and treat fraud with a "zero tolerance" attitude. If an employee commits embezzlement, takes bribes, or accepts "red packets" from patients, he/she will be dismissed as soon as it is verified. In order to ensure the effective operation of its anti-corruption system, the Company has set up a hotline and e-mail account for reporting fraud cases, and publicised the hotline number and e-mail address to receive real-name or anonymous reports. We have also put in place a strict investigation system, including related flowcharts and report handling records, to standardise relevant work processes. In 2020, the Company did not receive any complaints about corruption, bribery or fraud.

In terms of building a clean culture, the Company uses electronic display screens and internal office systems to actively promote policies and regulations as well as typical cases of medical ethics and integrity in the workplace. It has held conferences on medical ethics quite a few times to enhance employees' anti-corruption awareness and cultivate a culture of excellence in medical skills and responsibility for patients.

In addition, the Company pays great attention to anti-corruption education. We have incorporated anti-fraud training into the onboarding training materials for new recruits. We arrange employees based on their levels to regularly participate in professional integrity and anti-corruption training to promote the education of ideals and beliefs, and urge them to bear the Company's motto of "upholding the principle of justice and integrity with great love as the foundation and kindness as the signpost" in mind.



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### 9. CARING FOR SOCIETY AND PEOPLE

Honliv Healthcare actively assumes its social responsibilities and gives back to the society by exerting its professional advantages.

In 2020, we founded a home care service centre of “Internet + nursing service”. Through the R&D of the IT platform, we have realised online home care service appointments and consultations. We have added a post-discharge care section to our online system to establish an in-hospital, out-of-hospital and community-based communication platform for patients who have chronic diseases and stay at home, and completed home care services more than 700 times.

We actively organise emergency medical knowledge training for the community. In 2020, the Company organised a total of 37 sessions of emergency medical knowledge publicity and first-aid skill training, involving kindergartens, schools, fire brigade and other community units to enhance the awareness and ability of community residents in first aid. We also carried out the patient management of nurses deployed in villages this year. These nurses are responsible for assisting in screening people with chronic diseases, issuing chronic disease cards and chronic disease management, so as to reduce the incidence of chronic diseases and complications among rural patients.

In addition, we also regularly see patients on a volunteer basis, and carry out health and disease prevention education for different groups of people. By establishing an interactive and close relationship with the community, we provide comprehensive health care services for patients and their families, as well as community residents. In 2020, we conducted 30 sessions of providing health education and seeing patients on a volunteer basis. A total of 195 medical staff participated in the sessions with over 5,150 people benefited.



**Honliv Healthcare Management Group Company Limited**

**宏力醫療管理集團有限公司**