



**诺辉健康**  
NEW HORIZON HEALTH

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6606.HK



# 2021

## New Horizon Health Limited

### Environmental, Social and Governance (ESG) Report



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## Notes on Report Preparation

### Scope of Report

This annual Environmental, Social and Governance report is for New Horizon Health Limited ("NHH", the "Company" or "we") with its subsidiaries (the "Group") (stock code: 6606.HK) as of December 31, 2021.

The report covers the company's core business. Unless otherwise stated, the scope of the report is listed in the table below. Compared with the scope of the consolidated financial statements in the annual report, this report does not incorporate the NH Health USA Inc. and NHH Ventures Holding Limited, for the management system of these two subsidiaries differ from that of the listed subsidiaries and no revenue is involved. In the future, we consider expanding the reporting scope to be consistent with the consolidated financial statements.

#### Subsidiaries within the scope of disclosure in this report

NHJK Holding Corporation Limited

Hangzhou New Horizon Health Technology Co., Ltd. (杭州諾輝健康科技有限公司)

Beijing New Horizon Xincheng Health Technology Co., Ltd. (北京諾輝新程健康科技有限公司)

Beijing Nuoan Medical Examination Lab Co., Ltd. (北京諾安醫學檢驗實驗室有限公司)

Hangzhou Nuokang Medical Examination Lab Co., Ltd. (杭州諾康醫學檢驗實驗室有限公司)

Guangzhou Nuohui Medical Examination Lab Co., Ltd. (廣州諾康醫學檢驗實驗室有限公司)

Shanghai Linnuo Biotechnology Limited (上海臨諾生物科技有限公司)

### Time Range

This Report is an annual report covering the period from January 1, 2021 to December 31, 2021. Some information is beyond this scope and is explained where relevant.

### Basis of Preparation

This report has been prepared in accordance with Appendix XXVII *Environmental, Social and Governance Reporting Guide* (effective version for financial years after July 2021) issued by The Stock Exchange of Hong Kong Limited.

## Reporting Principles

This Report follows the reporting principles set forth in the *Environmental, Social and Governance Reporting Guidelines*, including:

- **Materiality**

In accordance with this principle, this Report identifies the topics to be addressed in this Report through stakeholder research and materiality analysis, and focuses on reporting on matters that may have significant impact on investors and other stakeholders in relation to ESG issues.

- **Quantitative**

In accordance with this principle, this Report discloses key quantitative performance indicators and provides an explanation of the meaning of the indicators and of the basis for their calculation and assumptions.

- **Balance**

In accordance with this principle, this Report reflects objective facts, and discloses indicators involving both positive and negative information.

- **Consistency**

In accordance with this principle, this Report explains the meaning of the key ESG quantitative performance indicators disclosed herein and explains the basis of calculation and assumptions; it also tries to maintain consistency in the indicators used in different reporting periods to reflect the trend of performance level.

## Data Description

The data and cases in this Report are derived from the original records or financial reports regarding the actual operations of the Company.

All financial data in this Report are denominated in RMB. If the financial data are inconsistent with the annual financial report of the Company, the annual financial report shall prevail.

## Reliability Assurance

NHH undertakes that this Report does not contain any misrepresentation, misleading statements or material omissions. The Board of Directors of the Company assumes overall responsibility for ESG management and reporting.

## Contact Information

Investor Relations Department of NHH via email: IR@nhbio.com.cn

# About NHH

## 1.1 Company Overview

Founded in 2015 as the pioneer and leader of China's cancer screening market, NHH took the lead in proposing and focusing on the concept of "early screening at home for high-risk cancers", committed to helping high-risk populations change the trajectory of their lives. The Company was granted China's first and currently the only registration certificate for cancer screening products and the first "consumer self-testing" certificate for H. pylori by the National Medical Products Administration (the "NMPA"), thus promoting and witnessing the compliance process of the cancer early screening industry. The Company focuses on early screening at home for high-risk cancers to help high-risk populations change the trajectory of their lives. In 2021, NHH was listed on the Hong Kong Stock Exchange under the stock code 6606.HK, becoming "China's first stock for cancer early screening".

As of the end of the reporting period, the Company had two colorectal cancer screening products (Coloclear<sup>®</sup> and Pupu Tube<sup>®</sup>) and one H. pylori testing product (UU Tube<sup>®</sup>) approved by the NMPA and officially commercialized. Among them, Coloclear<sup>®</sup> is currently the only cancer screening product approved by the NMPA in China, for people aging from 40 to 74 with a high risk of colorectal cancer. UU Tube<sup>®</sup> is the only H. pylori testing product approved by the NMPA for consumer self-testing. In addition, the Company also has two product pipelines under research for screening of stomach and cervical cancer. The Company holds global title to all of its marketed and pipeline products.

### ► External recognition of the Company in 2021

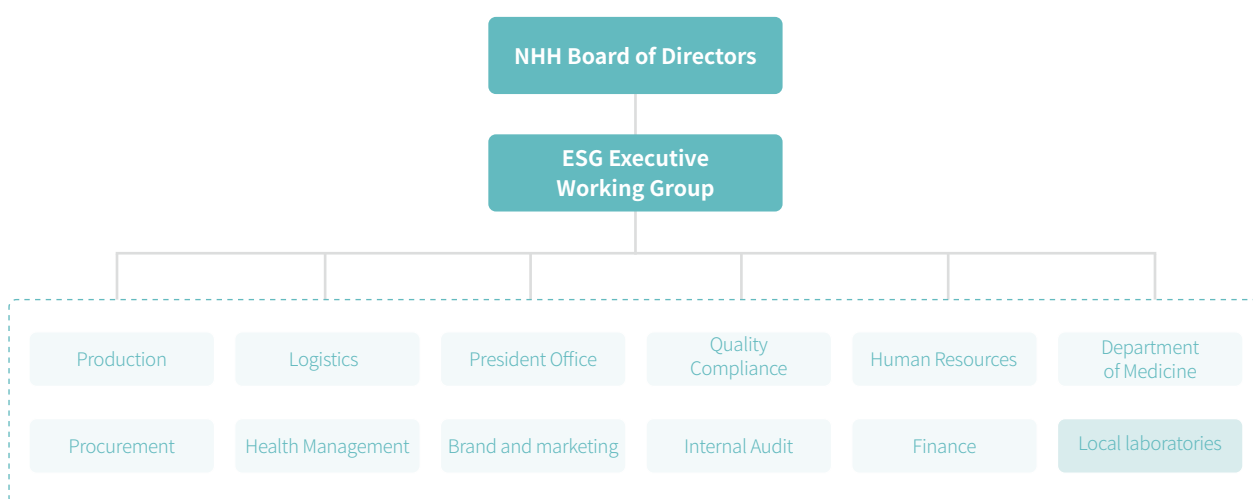
Award Name	Organizer
AstraZeneca China 2021 Business Partner of the Year Award	AstraZeneca China
"Sunshine" Industry Excellence Enterprise of the Year Award	21st Century New Health Institute
2021 China Great Health Industry Influence Award	China Business Journal
2021 Evergreen Awards Precision Medicine Company of the Year	Shanghai United Media Group and Jiemian News
2021 Corporate Philanthropy Industry Exemplary Award	Qingsong Health Group (Qingsongchou)
Best ESG Award at the 6th Golden Hong Kong Stock Awards Ceremony	Zhitong Caijing and RoyalFlush
2021 Strategic Partner of the Year Award	Jingdong Group (Jingdong Health)
2021 Precision Medicine Technology Innovation Award	China Times
2020-2021 Future Healthcare Top 100 – Enterprise of the Year "Orange Award"	VCBeat
2021 Capital Market Potential Innovative Company of the Year	36Kr
2021 Top 10 Tumor Early Screening Development Service Companies	Jianshiju (Chujie Technology)
"Sunshine" Leadership of the Year Award*	21st Century New Health Institute
2021 China Big Health Industry Outstanding Person Award*	China Business Journal
2021 China Economic Figure of the Year Emerging Talent Award*	Sina Finance, Yicai, and Channel Wu
2021 Health New Power Top 10 Leaders Award*	China Times

\* Awarded to Mr. Yeqing Zhu.

## 1.2 Environmental, Social and Governance (ESG) Management

### ESG Governance Structure

The Company has established an ESG governance structure extending from the Board of Directors to the executive level, with the Board of Directors assuming overall responsibility for ESG. The ESG Executive Working Group is responsible for coordinating ESG management, communication and information disclosure efforts, and reporting progress and results of ESG work to the Board of Directors.



► NHH ESG Governance Structure

### ESG Governance and Management Responsibilities

The Board of Directors is the highest decision-making body of the Company for ESG management and is responsible for monitoring and evaluating the effectiveness and ensuring sound and good ESG governance. Its main responsibilities include:

- Assessing and evaluating the Company's environmental, social and governance risks and opportunities;
- Ensuring that appropriate and effective environmental, social and governance risk management and internal monitoring systems are in place;
- Monitoring, approving and formulating environmental, social and governance management policies, strategies, priorities and objectives of the Company;
- Regularly reviewing the Company's performance in relation to environmental, social and governance objectives;
- Approving the disclosures in the Company's environmental, social and governance reports, etc.

Under the authority of the Board of Directors, the ESG Executive Working Group assists in the conduct and implementation of ESG work, coordinates the participation by all departments in ESG matters, and promotes the implementation of ESG policies and measures across all lines of business of the Company. Among them, the Internal Audit Department is the lead department and the main coordinator of the ESG Executive Working Group.

## ESG Objectives and Performance Management

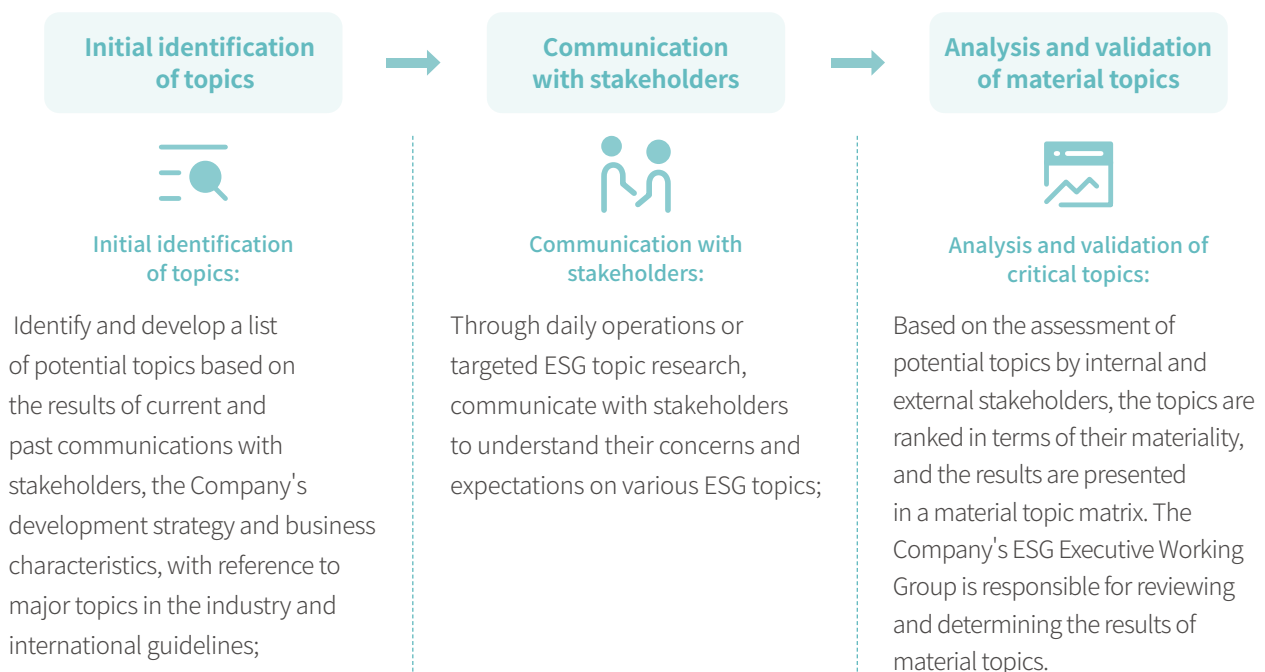
Since 2021, the Company has strengthened its focus on ESG objectives and performance management. The Company conducts ESG risk evaluation and performance analysis on a semi-annual basis, strengthens recording and daily management, and the ESG Executive Working Group reports to the Board of Directors to ensure that the Board can keep abreast of ESG risks and management progress on important ESG issues. Among them, ESG risks include the assessment of controversial or risky events in three major areas, namely, environmental, social and governance; The progress in ESG issue management includes ESG quantitative performance evaluation and the analysis and exploration of key performance changes.

For ESG objectives and performance analysis, the ESG Executive Working Group is responsible for coordinating relevant departments to provide basic ESG key quantitative data and analyze it to develop the *NHH ESG Key Quantitative Performance Analysis Report*. Through basic data collection and trend analysis, the ESG Executive Working Group establishes targets for waste reduction, energy use efficiency, and water use efficiency, which are split into relevant departments to carry out ESG management in a planned manner. Under the guidance of the objectives, the ESG Executive Working Group regularly monitors the progress and milestones of the objectives, reports and makes regular disclosures to the Board of Directors, and continuously promotes and improves the Company's ESG management practices.

### 1.3 Material Topic Identification





The Company has followed the "Materiality Principle" in the *Environmental, Social and Governance Reporting Guide* of the HKEX, incorporates the views of internal and external stakeholders, and identifies critical ESG topics as the focus of the Company's ESG management and information disclosure. The Company conducts an assessment of critical ESG topics every two years and regularly reviews the results of the critical topics assessment.

The steps of critical topic assessment are as follows:



## Communications with Stakeholders

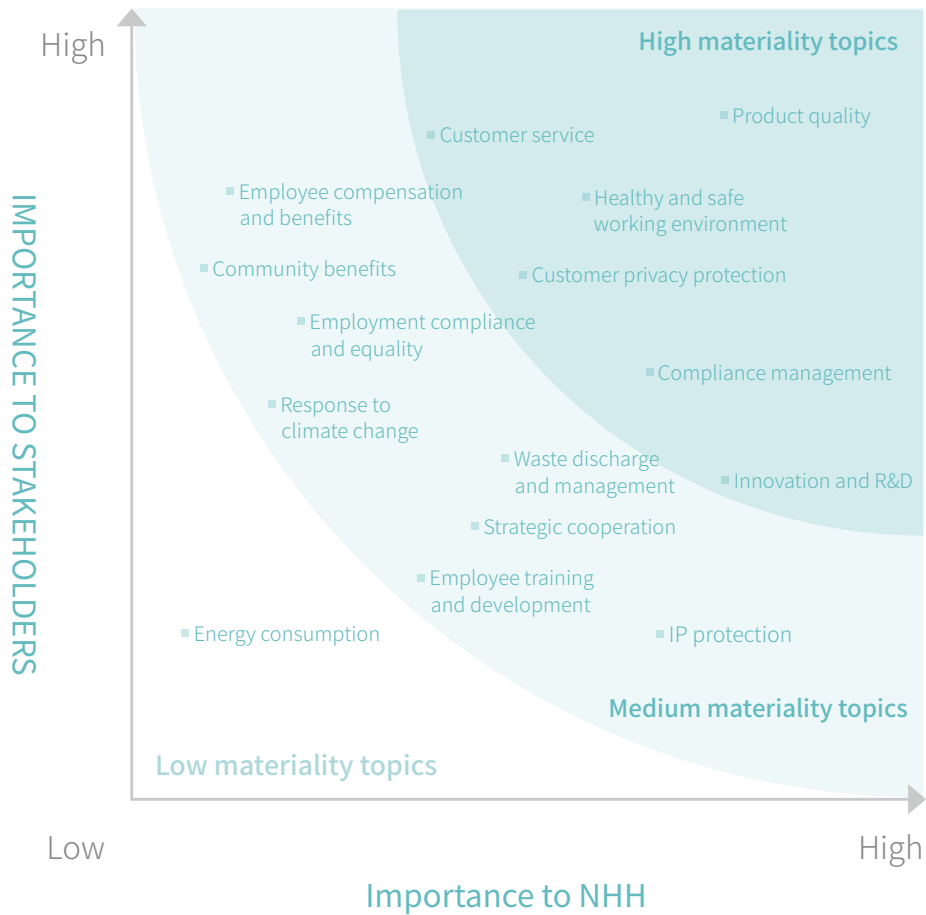
The demands and major concerns of stakeholders are of great significance in enhancing environmental, social and governance standards of NHH. Based on the characteristics of our business, we classify the relevant parties into shareholders and investors, employees, customers, suppliers, partners, government and regulatory authorities, and the community and the public.

Stakeholders	Topics of Concern	Communication and Response
 <p>Shareholders and investors</p>	<p>Innovation and R&amp;D Corporate governance</p>	<p>Shareholders' meeting Press releases and announcements Scientific research and innovation Disclosure of information by the listed company</p>
 <p>Employees</p>	<p>Employee compensation and benefits Employee training and development Healthy and safe working environment</p>	<p>Corporate communication platform Career development training Employee safety training</p>
 <p>Customers</p>	<p>Product quality Customer privacy protection</p>	<p>After-sales service and handling procedures Quality inspection Information security</p>
 <p>Suppliers</p>	<p>Supply chain management</p>	<p>Supplier access review Continuous supplier evaluation</p>
 <p>Partners</p>	<p>Exchange and cooperation</p>	<p>Industry conferences</p>
 <p>Government and regulatory authorities</p>	<p>Compliance management Waste discharge and management Climate change response</p>	<p>Compliance system construction and management Waste management</p>
 <p>Community and public</p>	<p>Community benefits Waste discharge and management</p>	<p>Support for charity activities</p>



## Material Topic Analysis

Based on the requirements of the HKEX, industry hotspots and benchmarking against peer companies, we have identified a series of topics and ranked them by two dimensions: "importance to stakeholders" and "importance to NHH", in order to better respond to the expectations and demands of various stakeholders. Our matrix of material topics is as follows:



▶ NHH Material Topics Matrix

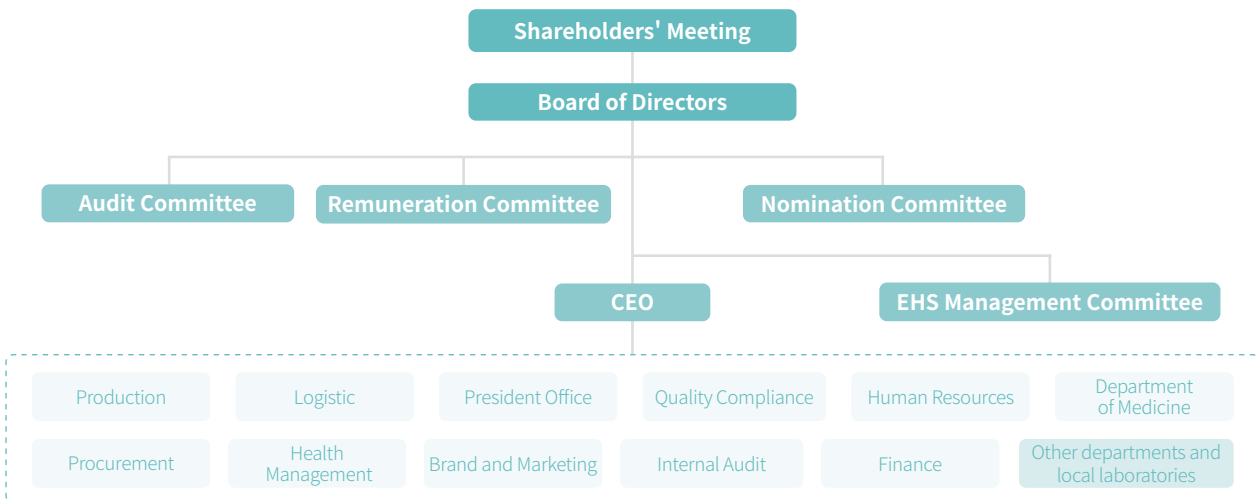


# Robust Governance and Operations

## 2.1 Sound Corporate Governance

### Corporate Governance Structure

The Company has established a corporate governance structure consisting of the shareholders' meeting, the Board of Directors and the executives in strict compliance with the provisions of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, *Appendix XIV Code on Corporate Governance Practices to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and other laws and regulations.



**Shareholders' meeting**

The shareholders' meeting is the highest authority of the Company and exercises the following powers in accordance with the law:

- Deciding on the Company's business policy and investment plan;
- Considering and approving the reports of the Board of Directors, etc.

**Board of Directors**

The Board comprises 7 directors, including 2 female directors\* and 3 independent non-executive directors. Under the Board of Directors, there are an Audit Committee, a Remuneration Committee and a Nomination Committee.

The main responsibilities of the Board of Directors include convening the shareholders' meeting, implementing the resolutions of the shareholders' meeting, and managing corporate information disclosure; In respect of ESG governance, the Board of Directors is responsible for overseeing and supervising the overall ESG matters of the Company and is the highest decision-making body, taking responsibility for monitoring and evaluating the Company's performance on various material ESG issues to ensure sound and good ESG governance.

\* One of the female directors resigned in February 2022 while the report was being prepared.

## Investor Communication and Information Disclosure

The Company attaches importance to investor relations management and transparent and effective information disclosure, and maintains close communications with investors through various means such as on-site, telephone and online platforms. We also have Investor Relation mailbox to answer investor questions and Investor Relation newsletters to email subscribed investors on new filings. The Investor Relations Department of the Company is responsible for convening and holding regular shareholders' meetings to ensure that all shareholders understand the Company's business philosophy and strategic development direction, and actively listens to their suggestions on the Company's development to form two-way communication. From August to November 2021, we hosted more than 80 investor communication meetings, including one-on-one meetings and group meetings, reaching more than 500 investors.

In addition, the Company disclosed information in a timely manner in accordance with the relevant regulations of the HKEX and the China Securities Regulatory Commission. We have established a strict internal approval system and ensure the accuracy and standardization of information disclosure through a three-tier process including review by department heads, approval by executives and confirmation by the Chairman.

## 2.2 Compliance and Business Ethics

### Compliance System Construction

We have established a sound compliance system, implemented risk monitoring and management of the Company's compliance operations and management through internal policy documents such as the *Compliance Management Policy* and the *Compliance Manual*, and followed the management principles of "Full coverage, Full compliance, stick to the bottom line, and investigation of violations", in order to promote the sound operation and sustainable development of the Company. All the employees of the Company are required to sign the *Compliance Commitment Letter* and participate in compliance training on a regular basis. In addition to the compliance training for new employees at the time of onboarding, in 2021, we also emphasized the importance of compliance at the all-staff communication meeting and re-announced the compliance consultation and reporting methods to employees. The Company also conducted several online training sessions on customer qualification compliance management as well as advertising and publicity compliance management.

In addition, we have also established a compliance reward and accountability system to recognize employees who strictly enforce compliance rules, avoid the risk of major violations or contribute directly to the reduction of losses; and to hold employees accountable for any violations of law, discipline and irregularities. If they are suspected of committing crimes, we will investigate their legal responsibilities according to the law.

## Anti-Corruption and Anti-Commercial Bribery

The Company adopts a "zero tolerance" policy towards commercial bribery and firmly opposes any commercial bribery seeks commercial opportunities or other economic benefits by any improper means. Under the laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Interim Provisions on the Prohibition of Commercial Bribery*, the Company has formulated internal systems such as the *Code of Conduct on Corporate Responsibility and Business Ethics* and the *Management Measures for Preventing Fraud and Encouraging Reporting*, which regulate the activities of employees and business partners, suppliers, shareholders and various relevant parties in society, and prevent and control the occurrence of fraud. All employees are required to sign the NHH Employee Commitment to Comply with the Code after reading the Code of Corporate Responsibility and Business Ethics, which regulates the avoidance of conflict of interest, anti-corruption, anti-bribery and anti-false publicity. We also provide additional training to the sales department on sales values as well as the Code of Business Ethics and conduct, covering integrity clauses and honesty clauses when signing contracts with suppliers.

In accordance with the *Anti-Money Laundering Law of the People's Republic of China* and other relevant laws and regulations, the Company formulated the Anti-money Laundering Internal Control Specification applicable to all employees. The Company establishes an anti-money laundering management mechanism, and the legal employees are responsible for organizing and arranging the construction of relevant norms and procedures, and conducting the supervision and inspection of anti-money laundering work. The Company regularly collects and analyzes anti-money laundering information and cooperates with regulatory authorities in the investigation of suspicious funds. In addition, the Company regularly organizes anti-money laundering training, which requires key departments to participate and encourages all employees to participate.

We have set up a "public supervision" page in our official website. If partners find that we are involved in any fraud, bribery, information leakage, misappropriation of assets, extortion or money laundering, they can contact us via the compliance hotline at (0571) 88022307 or our compliance suggestion email address at [compliance@nhbio.com.cn](mailto:compliance@nhbio.com.cn).

In 2021, there were no incidents of corruption, bribery, extortion, fraud or money laundering, nor were there any litigation cases arising from the abovementioned matters.

# Product and Service Responsibility

## 3.1 Product Development and Innovation

### R&D and Innovation

The Company has carried out innovation and R&D in compliance with domestic and foreign laws and regulations and standard guidelines such as *Regulations for the Supervision and Administration of Medical Devices*, *Measures for the Supervision and Administration of Medical Device Production*, *ISO 13485:2003 Medical Devices - Quality Management Systems - Requirements for Regulatory Purposes* and *EN ISO 14971:2012 Medical Devices - Application of Risk Management to Medical Devices*.

The Company focuses on the building of R&D platform and R&D staff team. We have built advanced low-throughput molecular detection platforms such as qPCR (real-time fluorescent quantitative PCR), ddPCR (Droplet digital PCR), immunocolloidal gold and chemiluminescence, and high-throughput detection technology platforms such as NGS (high-throughput sequencing) and luminex(Flow Fluorescence Analyzer). In 2021, the Company invested approximately RMB60 million in R&D to support research and innovation, conducted more than 60 internal R&D training sessions, and invited external research institutes and university professionals to give more than 10 lectures, covering expertise sharing and academic conference sharing.

Our major R&D achievements in 2021 included:



In 2021, the Company invested approximately **RMB60 million** in R&D to support research and innovation



Conducted more than **60** internal R&D training sessions



Invited external research institutes and university professionals to give more than **10** lectures

#### UU Tube®

The fecal self-examination gastric cancer screening product for detecting Helicobacter pylori was approved by the NMPA and issued with registration certificate for Class III medical devices in January 2022, and the UU Tube was commercialized thereafter.

#### Cerviclear™

Non-invasive home-use urine cervical cancer screening test, it is expected to start the registration trial of the in vitro diagnostic kit ("Cerviclear IVD"), and apply for Class III medical devices of Cerviclear IVD to the NMPA after the completion of the registration trial.

#### Liverclear™

Using the multi-omics molecular detection of liver cancer, it is expected to start a prospective multi-center clinical trial of Liverclear between the fourth quarter of 2022 to the first quarter of 2023.

## Intellectual Property Protection

Under the *Copyright Law of the People's Republic of China*, *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China* and other relevant laws and regulations, we have established such policies as *Intellectual Property Management Measures*, and *Intellectual Property Reward Policy* to refrain from infringing on the intellectual property rights of others, and also resolutely defend our own intellectual property rights. The Company has specially set up intellectual property management personnel responsible for establishing and improving the intellectual property management system; we have appropriated intellectual property funds for the creation, implementation and protection of the Company's intellectual property rights.

In order to effectively protect intellectual property rights, we have signed a *Non-Disclosure Agreement* with all employees (including part-time employees) and a *Non-Compete Agreement* with key technical personnel and management personnel who hold important business secrets of the Company or who pose a significant impact on the Company's competitive advantage. The Company does not employ employees who refuse to sign the relevant agreements. During the training of new employees, we also explain in detail on the precautions for intellectual property protection.

We conduct searches of relevant patent literature when establishing scientific research projects, developing new technologies and products, and participating in domestic and international exhibitions, to avoid duplicate R&D and unnecessary infringement disputes. In 2021, we issued the *Intellectual Property Reward Policy* to encourage R&D personnel and technical personnel to apply for patents and software copyrights, and to give them financial rewards. By the end of the reporting period, we had a total of 169 patents (including 49 granted patents and 120 patent applications).

In 2021, there was no infringement of intellectual property rights of others by the Company, nor was there any litigation case arising from the above-mentioned matters.

## R&D Ethics

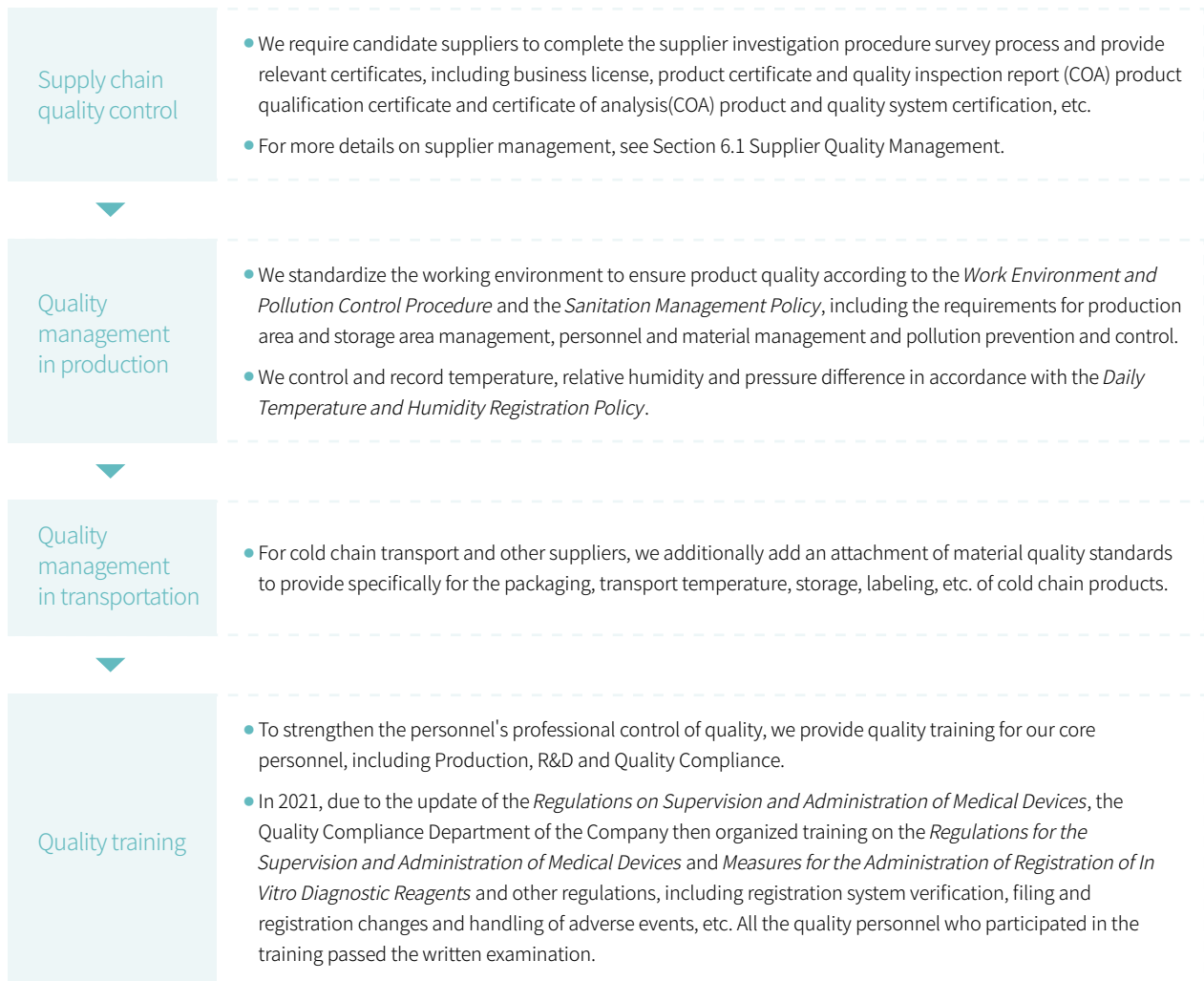
All research projects of the company complied with the ethical consensus *Declaration of Helsinki* and the ethical norm *Measures for Ethical Review of Biomedical Research Involving Human Subjects* as well as the *Good Clinical Practice* issued by the NMPA and other laws and regulations, and respect and protect the legitimate rights and interests of the subjects. Research projects are guaranteed by the project leader, who analyzes the impact of risks. For all clinical research projects, we give subjects different levels of subsidies according to the ethically approved clinical protocols. The Company strictly enforces the obligation of informed consent notification, and do not carry out research until the subjects are consulted and sign an informed consent form. In addition, we collect as few test samples as possible while ensuring that the treatment decisions are not affected. As of the end of the reporting period, the Company has not received any research ethics-related penalties.

## 3.2 High Standard of Quality Management

### Quality Management System

The Company has established its quality management system and obtained in vitro diagnostic medical device CE certification and ISO13485 medical device quality system certification in accordance with the requirements of laws, regulations and industry standards such as *Product Quality Law of the People's Republic of China*, *Regulations for the Supervision and Administration of Medical Devices*, *ISO13485:2016 Medical Devices - Quality Management Systems – Requirements for Regulatory Purposes*, *Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes*, *Advertisement Law of the People's Republic of China*, etc.

The Company's *Quality Control Procedure* establishes a whole process quality management system integrating procurement, acceptance, storage, sales, transportation and after-sales services, and regulates the inspection process of raw materials, semi-finished products and finished products. In 2021, the Company received two flight inspections and three routine inspections from the Food and Drug Administration, all of which met the requirements.



## Product Recall Mechanism

We have developed some institutional documents such as *Product Recall Management Specification*, *Non-conformity Control Procedure* and *Feedback Control Procedure* in accordance with the *Regulations for the Supervision and Administration of Medical Devices*, *Good Manufacturing Practice for Medical Devices* and *Measures for the Administration of Recall of Medical Devices*, so as to regulate the investigation and recall management procedures in the event of product defects. When the Company receives information about product defects, the Quality Management Department shall verify and confirm the information, report to the President of the Company, and determine whether to recall and the level of recall based on the evaluation results.

In 2021, the Company launched a product recall simulation campaign in order to improve the execution of the active recall when the product appears to be hazardous or potentially hazardous. Starting from the production and sales of the products, NHH has strictly followed the quality management system of medical device production, and there has been no need to recall the products for safety and health reasons.

## 3.3 Excellent Customer Services

### Customer Services

We attach great importance to the customers' experience in using our products and provide them with perfect after-sales consultation and guarantee services to the greatest extent possible. The Company provides convenient and fast service processes that allow users to take samples at home through easy operations. We are also making efforts to optimize the ease of use of our products from a design perspective. For the problems that may be encountered in the sampling process, we have detailed instructions supplied with the product box and provide sampling videos on the online purchasing platform. After a user has taken the sample, our logistics partner will pick it up and send it back to our professional testing laboratory for free. After completing the test within 5 working days, users can query the results and get one-to-one report interpretation through our WeChat official account.

We have established *Value-added Service Management Rules* to provide various services to customers who purchase products containing value-added services based on the test results. Tested negative customers can get health insurance up to RMB700,000. Tested positive customers can receive colonoscopy fast compensation service and one-to-one hospital consultation services. We recommend hospitals to customers, help them to register, arrange for staff to accompany customers throughout the examination, and reimburse the customers for colonoscopy expenses on site.

We actively build customer communication channels. If customers have any comments or feedback on our products or services, they can contact us via our customer service hotline 400-826-2300. We will collect detailed information of complaint or feedback, and conduct investigation, analysis and handling in accordance with our internal *Complaint Handling Control Procedure*, *Standard Operating Procedure for Complaint or Feedback Handling* and other related policies.

When receiving quality-related complaints or feedback, we will conduct an investigation and analysis and formulate contingency measures such as refund or free replacement of products, and respond within 1 working day. At the same time, the Company will investigate the fundamental cause, identify the responsible department, which will be asked to develop corrective and preventive measures and give a time frame for the completion of the measures.



Thereafter, the Quality Compliance Department will follow up on the progress of the measures and verify their effectiveness to ensure that customer issues are truly resolved. In 2021, the Company's customer hotline received 17,186 incoming calls, completed 54,355 outgoing calls and 2,649 online consultations.

## Customer Information Security and Privacy Protection

We have established internal policies such as *Information System Operation and Maintenance Guarantee Management Policy*, *Policy on Management of Daily Computer Use* and *Customer Privacy Information Confidentiality Management Policy* in accordance with the *Personal Information Protection Law of the People's Republic of China* and *Regulations of the People's Republic of China for Safety Protection of Computer Information Systems*.

In terms of data security, we protected customer data through measures such as regular backup and disaster recovery. According to the provisions of the *Server and Information Data Security Management Policy*, we make daily synchronized backups of information on the file servers and the data backup servers, as well as making daily snapshot backups of systems and data with the help of AliCloud ECS (Elastic Compute Service) servers on a daily basis. We record all database backups on CD every 3 months, and designate a person to keep the backup data in a dedicated place. *The Data Backup and Disaster Recovery Management Policy* sets up disaster recovery plans for hardware, software and AliCloud data respectively, and assesses the risk management system of the Company's information system at least once a year.

In terms of privacy protection, the Health Management Department gives priority to confirm the identity of customers when receiving inquiries, and does not leak the test results without the authorization or permission of customers. The Health Management Department conducts weekly meetings to emphasize issues including customer privacy protection. In addition, we classify customer information in the laboratory's LIMS, WMS and OMS systems into five levels and assign different categories of viewing rights.

At the same time, we have closed all USB ports of all of the Company's computers and stipulate that all employees are not allowed to release confidential information outside the Company in any form. Once detects any violation, the Company will pursue its individual responsibility and retain the legal recourse.

In 2021, there was no leakage of confidential information and customer privacy in the Company, nor was there any litigation case arising from the abovementioned matters.





# Talent Development Responsibility

## 4.1 Employee Rights and Benefits

### Employment and Basic Rights of Employees

We attach importance to the rights and benefits of our employees and actively comply with the relevant laws and regulations including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Special Provisions on Labor Protection of Female Employees*, and the *Provisions on Prohibition of Child Labor* to ensure compliance in our employment process. Our *Staff Handbook*, which was updated in 2021, further regulates staff recruitment and dismissal, compensation, leave, working hours, promotion and diversity management, etc. We protect the basic rights and interests of employees in three aspects: equal opportunities and anti-discrimination, elimination of forced labor and child labor, and social security and statutory holiday guarantee.



#### Equal opportunities and anti-discrimination

- Our *Code of Corporate Responsibility and Business Ethics* states for our employees that: we will provide equal opportunities for all employees and will treat them on the basis of merit in employment, recruitment, transfer, training, compensation and occupational health; and will not discriminate against them (on the grounds of race, color, age, gender, sexual orientation, place of birth, disability, union membership, political views or religious beliefs).



#### Elimination of forced labor and child labor

- We refuse to use child labor and forced labor and verify employees' true identification information before they start work, so as to ensure that all our employees reach legal employment age.



#### Social security and legal holiday guarantee of employees

- We will pay social insurance contributions (including basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance) and housing accumulation fund for our employees according to the law after signing the *Labor Contract*. We provide employees with marriage leave, maternity leave, prenatal checkup leave and paternity leave in accordance with the law, so as to protect their basic rights and interests.

### Employee Benefits and Care

To enhance employee well-being and working enthusiasm, we hold monthly birthday parties for employees and offer benefits on legal holidays such as Dragon Boat Festival, Mid-Autumn Festival and National Day. For female employees, we set up baby care rooms and prepare flowers for female employees on March 8 Women's Day. We attach great importance to the health of our employees. In 2021, we provided our employees with free annual physical examination, our own screening products, and purchased additional health insurance for both regular and dispatched employees.

At the same time, we advocate work-life balance for our employees, arrange their work and vacation time in accordance with laws and regulations, and implement the double-dayoff system. If there is a need to extend working hours due to increased workload, the Company will arrange overtime work for employees under the precondition of protecting their physical health, and provide two options, namely, days off and overtime pay. In addition, we regularly carry out cultural and sports activities for employees, including badminton activities on Tuesdays, basketball club activities and team building for management trainees, etc., to enrich employees' life.

## 4.2 Occupational Health and Safety

### Occupational Health

NHH insists on providing employees with a healthy and safe working environment, strictly abides by the *Safety Production Law of the People's Republic of China*, the *Fire Prevention Law of the People's Republic of China*, and the *Laboratory Safety Production Regulations*, and has established a perfect occupational health and safety management system, which consists of system certification level, institutional level and training and drills level. With scientific and effective management tools, we obtained GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System certification in 2020, and we were certified as a Level 3 enterprise of production safety standardization by Hangzhou Municipal Bureau of Emergency Management in 2021.

We employ qualified third-party agency to identify and test the occupational -disease-inductive factors of the Company every year. The test report showed that the main occupational hazards involving the Company was noise, so we distributed labor protection products such as ear plugs for our employees to reduce the risks. In addition, we provide comprehensive medical examination services for employees at positions involving occupational disease risks before, during and after work, and we provide exit medical examination for employees with occupational disease risks before they leave the Company, so as to ensure the health of employees in a responsible manner.

We have established an Environment, Health and Safety (EHS) Management Committee, headed by the co-founder and CEO. Under the guidance of the EHS Management Committee, the Company has developed the *Environment, Occupational Health and Safety Operation Control Procedure*, which regulates matters related to hazardous waste disposal, production noise control and employee health and safety. Through the *Emergency Response Plan for Hazardous Chemical Accidents*, the *Emergency Response Plan for Fire and Explosion Accidents*, the *Emergency Rescue Plan for Elevators* and the *COVID-19 Plan*, we have effectively responded to various emergencies. In addition, we constantly carry out training and practical exercises for safety management. For special positions involving equipment operation, we require employees to be licensed after training.

In 2021, we conducted fire safety training for all departments of the Company, covering fire alarm, knowledge of evacuation and escape, knowledge of fire extinguishing equipment and accident cases. We chose to conduct fire safety drills in the parking lot, instructing employees to use fire extinguishers to put out incipient fires and organizing evacuation and escape inside the building under simulated situation with darkness and smoke. In addition, we conducted emergency disposal drills for hazardous chemical leaks at the hazardous chemical warehouse. In 2021, the Company did not have any work-related employee fatalities.

## Laboratory Safety

The Company regulates laboratory biosafety management and control according to the *Standard Operating Procedure for Personal Health Monitoring* to ensure the health of laboratory employees. Laboratory personnel must undergo pre-job physical examination before joining the Company, and can only participate in the work after passing the physical examination, and establish health monitoring files. Laboratory director will regularly investigate the health status of employees and arrange medical checkups and treatment in a timely manner in case of abnormalities, which will be included in the health monitoring archives.

In 2021, we conducted biosafety and personal protection training for laboratory personnel in June and October respectively. The training includes both theoretical study and practical operation, covering relevant laws and regulations, biosafety level classification, personal protection operation and proper handling of medical waste, etc. The training was evaluated through the *Effectiveness Evaluation Test of Biosafety Training*, forming a closed-loop management.

## 4.3 Employee Development and Retention

### Employee Development and Retention

The Company regards talents as the first resource and its development depends on the development of talents. We have established a comprehensive staff training system, including professional skills training at each department and external certification, the "Hui Program" series and internal general skills and science training for employees.



▶ "Hui Program" series training system

<p><b>Xuhui Program</b></p>	<p>The "Xuhui program" is an introductory leadership training camp for primary level managers, aiming to help them make their first breakthroughs and transformations. In 2021, the "Xuhui Program" covered 24 primary level managers and conducted courses such as <i>New Manager Management Magic Cube</i>.</p>
<p><b>Shenghui Program</b></p>	<p>The "Shenghui Program" training camp is the first systematic leadership development training camp of NHH, which is aimed at improving the leadership of middle level manager and building strong backbone for the sustainable and rapid development of NHH. The program is designed based on group assessment results, and conducts training and debriefing through a combination of online and offline modes, with a focus on communication, coaching, planning and organizational improvement and development.</p> <p>In 2021, the Company selected trainees with excellent performance in "Shenghui Program" to carry out advanced training "IDP Project". In this project, the Company's CEO personally participates in the coaching role, and internal and external coaches provide regular coaching and feedback to promote leadership development and performance management. Trainees identify key competencies and develop learning and application plans during in-depth communication with their superiors on business objectives and key challenges.</p>

In addition, the Company actively creates a corporate culture of internal learning and sharing to build a learning-oriented organization. In 2021, the Company conducted a "Leadership and Talent Echelon Workshop" to introduce the principles and practices of leadership echelon for managers at all levels and to help them establish a comprehensive and clear understanding of their roles as value creators of the organization. The Company has established an internal sharing and voicing platform, "Chang Xiang Hui", and has invited many employees from R&D and quality departments to conduct general skills training and professional science popularization. In 2011, the Company held a total of seven sharing sessions, covering such themes as *introduction to the development history and principles of high-throughput sequencing* and *product design and development processes* from the R&D and quality compliance departments.

## Employee Promotion and Development

We pay great attention to talent acquisition and retention, attract talents through internal talent selection and external recruitment, and facilitate the promotion of outstanding employees through a series of measures to retain core talents. The Company has a talent selection mechanism that gives priority to internal employees when vacancies arise. On the other hand, in 2021, the Company improved the efficiency and effectiveness of talent recruitment by expanding headhunting channels and strengthening internal recommendations, and the number of core sales talent on duty increased by more than 250% and the number of core R&D talent on duty increased by more than 100% both year-on-year, thus significantly improving the profundity of the talent team.

Our *NHH Rank Management System* standardized the employee rank system and the Company's human resource management system, providing employees with a dual-channel promotion management system in terms of management and professionalism. We also conduct a talent review based on employees' job responsibilities and value, personal abilities, performance and values, assess the current status of talent quality and quantity, and explore

the internal core talents and high potential talents to carry out incentive programs. At the recognition session of the Company's annual meeting, we will publicly recognize the excellent projects, teams and individuals to motivate employees to achieve better growth and development at the Company.

For regular employees of the Company, we have formulated the *Performance Management and Bonus Policy*, which specifies the accounting and payment method of monthly, quarterly and annual floating performance bonus for employees. In 2021, we retained a large number of key talents through salary increases and year-end bonuses for outstanding employees, retention incentives for core R&D personnel and the "Shenghui Program," which resulted in a turnover rate of less than 10% for key positions at the Company.

### Smooth Communication Mechanism

We have made it clear in the *Staff Handbook* that employees can submit their complaints to their line managers, higher level managers or the human resources directors; Employees are encouraged to communicate with their immediate superiors if they have suggestions for improvement or innovative solutions. In addition, we have set up five major communication platforms, through which employees can learn about the Company's relevant announcements and policies through the Company's internal network disk, OA platform, corporate WeChat micro-disk, all-staff group and the Company's email.

In 2021, we held a large-scale communication meeting for all employees both offline and online, where the CEO communicated face-to-face with all employees regarding their problems at work and in life.


# Environmental Protection Responsibility

## 5.1 Environmental Management System

Our production and sales operations strictly comply with relevant national and local laws and regulations, including but not limited to the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on Environmental Impact Assessment*. During the reporting period, the Company did not have any major incidents that violated relevant environmental protection laws and regulations and affected the environment and natural resources.

<p><b>Environmental management policies</b></p> <ul style="list-style-type: none"> <li>The <i>Office Environment Management Policy</i> and the <i>Work Environment and Pollution Control Procedure</i> regulate the environmental management of office areas and production and storage areas respectively</li> </ul>	<p><b>Environmental system certification</b></p> <ul style="list-style-type: none"> <li>Environmental management system certification in accordance with GB/T 24001-2016/ISO 14001:2015 standards</li> <li>In 2021, We invited a third-party organization to conduct a supervisory audit of the management system certification and issue a <i>Notice of Conformity for Supervisory Audit</i>.</li> </ul>	<p><b>Environmental management objective</b></p> <ul style="list-style-type: none"> <li>Based on 2019, the environmental management goals for 2025 are set as follows:                     <ul style="list-style-type: none"> <li>Comprehensive energy consumption density decreased by 15%</li> <li>Water density decreased by 20%</li> <li>Greenhouse gas emission intensity dropped by 20%</li> <li>Non-hazardous waste discharge density reduced by 60%</li> <li>Hazardous waste discharge density reduced by 20%</li> </ul> </li> </ul>	<p><b>Daily environmental management</b></p> <ul style="list-style-type: none"> <li>To publicize the requirements of environmental protection to employees in the daily management process</li> </ul>
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The Company actively identifies the environmental impacts associated with its business operations, including resource use and pollutant emissions, as follows:

Resource Use			
Energy: electricity	Water resource: municipal water	Raw materials: antigens, antibodies and chemical reagents, etc.	Packaging: plastic and cardboard
			
Emissions			
Greenhouse gases	Wastewater: production and testing sewage and domestic sewage	Non-hazardous waste: production solid waste and domestic solid waste	Hazardous waste: medical waste, empty chemical reagent bottles and reagents, medical waste liquids and others

## 5.2 Resource Conservation

### Energy Use

The energy consumed by the Company directly or indirectly is electrical energy used in production and testing, and there is no consumption of energy such as natural gas, gasoline and coal or use of official vehicles for the time being. Therefore, our GHG emissions are derived from purchased electricity in Scope II and other indirect emissions in Scope III. For details of energy saving and carbon reduction measures taken by the company, please refer to the section headed "Addressing Climate Change".

### Water Use

The water source of the Company is municipal water, most of which is for domestic use, with less water used in production, so there is no problem in obtaining the water required for production and operation. We try to reduce the use of water resources as much as possible under the premise of ensuring production and operation. For example, water-saving signs are set up in toilets and induction faucets are replaced, which automatically turn off after used, so as to reduce waste. We also arrange technicians to regularly check the leaks of the Company's sink and water pipes, and repair them in time if any problems are found.

### Material and Packaging Use

The main raw materials of the company are antigens, antibodies and chemical reagents, packaging is mainly made of plastic and cardboard. By optimizing the processes and employee management, we manage to lower our product wastage rate year by year, thus reducing raw material waste. We have also reached a cooperative relationship with third-party logistics providers to use SF Express's recyclable packaging boxes for all deliveries within our headquarters in Hangzhou. The boxes can be recycled, reducing the amount of packaging used.

In addition, the Company has formulated *Rules for Selecting Logistics Providers and Matching Addresses* to regulate the selection of laboratories to send back testing samples, and to match laboratories closer to the location where samples are sent to reduce logistics and transportation costs and energy consumption. At the workplace, we encourage offices to go paperless and give preference to double-sided printing when printing and copying are necessary.





## 5.3 Reduction of Pollutant Emissions

### Waste Discharge Management

The wastes generated by the Company are divided into non-hazardous wastes and hazardous wastes. Non-hazardous wastes mainly include production solid waste and domestic solid waste; Hazardous waste can be divided into medical wastes, empty chemical reagent bottles and reagents, medical waste liquid and other hazardous wastes. In 2021, the Logistics Department reduced the amount of scrapped materials through material re-inspection and scrapping review, effectively reducing the amount of solid wastes generated from production.

According to the *Regulations on Management of Medical Wastes, National Catalogue of Hazardous Wastes (2021 Edition)* and other laws and regulations, the company has formulated the *Management Policy of Hazardous Solid Wastes* and the *Emergency Plan for Accidental Leakage of Hazardous Wastes* to standardize the management of hazardous solid wastes in production and office activities, including the classification, collection, storage, transfer and treatment of hazardous solid wastes.

Medical waste, empty chemical reagent bottles and reagents as well as medical waste liquids should be collected at fixed points, temporarily stored at the Company's medical waste temporary storage place, and the EHS department will contact qualified third-party disposal units for regular recycling and disposal. In order to ensure the safety of hazardous wastes during storage, all collected hazardous wastes should have appropriate containers or packaging, be labeled with corresponding *Hazardous Waste Label* and have measures to prevent spillage. The temporary storage site should be ventilated, cool and away from open fire.

### Wastewater Discharge Management

The wastewater discharged from our production activities is mainly production testing sewage and domestic sewage, and does not involve exhaust gas emissions. We strictly abide by the *Water Pollutant Discharge Standard for Medical Institutions and Comprehensive Pollutant Discharge Standard for Urban Sewage Treatment Plants* and other regulations, and reduce water use and sewage discharge while ensuring normal production and management.

Our drainage system separates rainwater from sewage and prohibits the discharge of sewage into stormwater sewer. Domestic sewage is discharged by the domestic sewage pipe network in the park in a unified way. By 2021, we have established five wastewater treatment facilities in our laboratories in Hangzhou, Beijing and Guangzhou. Medical wastewater passes through biochemical pool, sand filter tank, carbon filter tank and disinfection pool, and cleaning wastewater passes through regulating pool, sand filter tank, carbon filter tank, membrane bioreactor and disinfection pool. After the effluent water quality reaches the discharge standards of "Water Pollutant Discharge Limits for Medical Institutions", it is discharged into the municipal sewage pipe.

## 5.4 Addressing Climate Change

In order to help achieve the national goal of "peak carbon dioxide emission · carbon neutrality" and to global sustainable development, we pay close attention to the impact of climate change on human health. We are committed to coping with climate change, identifying the risks and opportunities of climate change related to the Company, assessing their impact on the Company, and undertaking comprehensive risk management and climate performance improvement efforts. Considering the recommendations of the Task Force on Climate-related Financial Information Disclosure (TCFD) under the Financial Stability Board (FSB), the company established the climate change management system in four aspects: governance, strategy, risk management, objectives and performance.



### Climate Issues Governance

The Board of Directors is fully responsible for climate governance at NHH, while ESG Executive Working Group is responsible for formulation and implementation of ESG to ensure that the Company has an appropriate and effective climate risk governance system. ESG Executive Working Group identifies and ranks key climate issues, evaluate the impact of such risks and opportunities on the Company, and make recommendations to the Board of Directors on risk response.

## Climate Strategy

The identification of climate change-related risks and opportunities is the basis for the Company's climate issue management. Through the identification, evaluation and analysis of risks and opportunities, the Company has identified the key climate change-related risks and opportunities related to its operations, and has continuously improves its management accordingly to minimize the impact of its operations on climate and the environment. The analysis process and results are shown in the figure below.

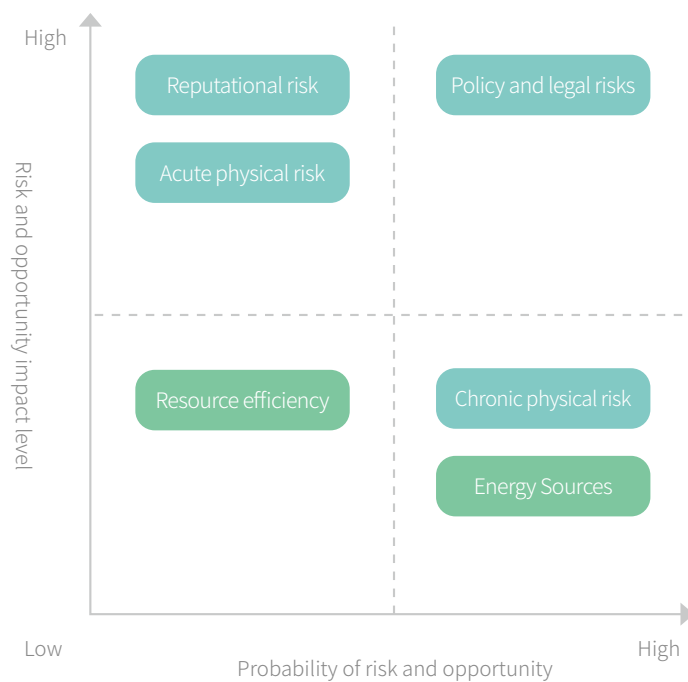


- Identify four climate-related risks and two climate-related opportunities based on the harmonized climate change-related disclosure framework developed by TCFD.

- Based on NHH's own situation, assess climate related risks and opportunities in conjunction with expert opinions.

- Based on the assessment results, construct a matrix of climate-related risks and opportunities, and prioritize the risks and opportunities by taking into account their probability of occurrence and degree of impact.

► Analysis Approach of Climate Related Risks and Opportunities



- Climate-related risks
- Climate-related opportunities

► Climate Related Risks and Opportunities Matrix

## Climate Risk and Opportunity Management

As far as climate risks in concerned, the Company identifies policy and legal risks, reputation risks, chronic entity risks and acute entity risks; In the aspect of climate opportunities, the Company identifies opportunities for energy sources and resource efficiency. According to the identified key climate risks and opportunities, the Company evaluates its potential operational and financial impact and plans to integrate climate-related risks and opportunities into the Company's overall risk management system.

► Financial Impact Analysis of Climate Risks

Type	Specific Description	Potential Financial Impact
Policy and legal risks	If the Company fails to meet the requirements of climate-related policies or laws in environmental management, and is investigated for legal responsibility, regulatory measures or disciplinary action, etc., this will lead to property loss or loss of business reputation.	Operating revenue ▼
Reputational risk	In the low-carbon policy environment, stakeholders expect companies to take proactive management actions and improve transparency in information disclosure in response to climate change, and failure to respond to stakeholders' demands will have an impact on the Company's reputation.	Operating revenue ▼ Operating cost ▲
Chronic physical risk	Long-term natural pattern shifts such as sea level rise and persistent high temperatures that may result from climate changes may affect the Company's operations	Operating cost ▲ Value of fixed assets ▼
Acute physical risk	Drastic climate changes such as typhoons and floods will give rise to extreme weather or natural disasters that may affect the Company's normal operations	Operating revenue ▼ Operating cost ▲ Value of fixed assets ▼

► Financial Impact Analysis of Climate Opportunities

Type	Specific description	Potential Financial Impact
Energy sources	The greenhouse gas emissions during the operating stage of the company mainly come from outsourcing power. At present, China's strong support for green energy may significantly reduce the company's future energy expenditure, and help the company achieve its carbon emission reduction target.	Operating cost ▼
Resource efficiency	Process upgrades drive efficiency in the use of resources, including energy, water and raw materials, and this may effectively reduce the operating cost.	Operating cost ▼

## Climate Issue Management and Key Indicators

The Company has developed appropriate countermeasures to clearly manage climate issues, including:

- Establishing and continuously improving an environmental management system and regularly track environment-related policies;
- Communicating climate changes as a priority issue to stakeholders through channels such as ESG reporting;
- In the future, planning to establish a relatively perfect emergency management scheme for extreme weather, and conducting regular emergency drills and training for natural disaster accidents.

The Company's main source of greenhouse gas emissions has been identified as the use of electrical energy. To reduce electrical energy use and green house gases ("GHG") emissions, the Company undertakes the following actions, including:

- Developing an *Office Environment Management Policy* to clarify the specification for the use of air conditioners and equipment to reduce office energy consumption;
- Enhancing employee awareness of resource conservation through daily communication, setting water and electricity conservation banners, etc;
- Encouraging and promoting green office initiatives;
- Carrying out statistical management of data on water and electricity consumption to identify abnormalities in a timely manner.

In addition, the Company has carried out calculations based on continuous annual greenhouse gas emissions data and set quantitative climate targets: Based on 2019, GHG emissions per unit of operating revenue will decrease by 20% in 2025. In 2021, the Company's GHG emission per unit of operating revenue was 0.10 tons of CO<sub>2</sub> equivalent/RMB10,000. The Company will disclose the fulfillment of target milestones and GHG emission data in the ESG report annually.



## Supply Chain Responsibility

### 6.1 Supplier Quality Management

Our main suppliers can be divided into three categories: production suppliers, non-production suppliers and fixed asset suppliers. We abide by supplier management standards of NMPA for medical device production and have formulated policies such as *Procurement Control Procedure*, *Supplier Management* and *Supplier Evaluation and Selection standard*.

We sign a *Quality Agreement* with production suppliers of key materials to stipulate the quality assurance system of suppliers, quality control of production process, control of material quality level and handling of non-conforming products and guarantee the quality of our products in all aspects. After the arrival of the purchased products, they are inspected by our Quality Compliance Department according to the *Quality Control Procedure*, and the non-conforming materials are handled according to the provisions of the *Non-conforming Product Control Procedure*.

We annually evaluate the quality assurance ability of qualified suppliers, mainly evaluating the stability of supply quality and timeliness; For the problems in the incoming inspection and production process, we ask suppliers to fill in the *Supplier Corrective Measures Sheet*. If a supplier's quality score is low, we will cancel its supply qualification. In 2021, we conducted on-site audits and training for suppliers. The audits focused on the suppliers' supply capacity, inspection equipment, product production technology, quality management system, and production environment, etc.

### 6.2 Supplier Social and Environmental Risk Management

The Company is aware of the importance of social and environmental risk management for suppliers. Our management policies, such as *Environment Health and Safety (EHS) Management System - Stakeholder Safety Management System* help to reduce the EHS risks of stakeholders including suppliers and ensure the personal safety of staff. In 2021, the Company formulated the *Supplier Code of Conduct*, which sets clear requirements for suppliers in terms of ESG, such as labor standards, working hours and remuneration, freedom of association, EHS, environment, anti-corruption and ethics. All qualified suppliers must sign the Supplier Code of Conduct.

At the stage of supplier admission, we give priority to suppliers certified to ISO14000 environmental management system and 45001 occupational health and safety management system, and include the certification requirements in the *Supplier Questionnaire Checklist* that suppliers are required to provide. In addition, we regularly conduct supplier evaluations and incorporate the scoring results into our procurement decisions to prompt suppliers to use environmentally friendly products and services.



## Social Benefit Responsibility

### 7.1 Improving the Accessibility of Early Cancer Screening Technology

#### Academic Development in the Industry

The Company aims to promote the innovation of cancer screening technology and accelerate the popularization of tumor screening technology in China. The Company cooperates with universities and research institutes to effectively promote the integrated development of industry, academia and research institutes. The Company actively organizes and participates in industry exchange activities, and jointly promote basic and clinical cancer diagnosis and treatment research.

Since 2019, we have been cooperating with Peking University International Cancer Research Institute to support scientific research in the field of early cancer screening in China. In 2021, we and Peking University International Cancer Institute organized the first Peking University-NHH Academic Frontier Forum in the Department of Medicine. The forum provided a platform for experts and peers engaged in cancer diagnosis and research to exchange academic opinions, research results and work experience and share the academic cutting-edge achievements of senior professors and experts as well as the rich clinical practices of affiliated hospitals.

In 2021, the Company supported or participated in several industry academic conferences.

Industry conferences that the Company supported or participated in included:

- March: Sound of Spring Health Forum 2021
- March: Phase Summary Meeting of the Gastrointestinal and Digestive Tract Triple Early Synergy Screening Project
- April: National Gastrointestinal Endoscopy Technology Transformation and Digestive Tract Tumor Prevention and Control Strategy Summit Forum
- April: The 8th "301 Health" and the 10th National Physical Examination Center Director Summit Forum
- June: The 2nd Tianfu Health Management Discipline Building Summit
- July: The 7th Academic Conference of Health Management Branch of the 2nd Jiangxi Medical Association
- July: China Medical Equipment Conference and 2021 Medical Equipment Exhibition
- July: Annual Academic Meeting of Health Examination and Management Committee of Shanxi Medical Doctor Association
- September: The 25th Academic Conference on Gastroenterology of Sichuan Medical Association
- September: The 24th National Congress of Clinical Oncology and 2021 CSCO Annual Meeting
- October: 2021 Annual Meeting of Laboratory Physician Branch of Guangdong Medical Doctor Association
- November: 2021 First Huaxia Big Health Industry Summit Forum

## Grassroots Medical Care

The Company is actively training cancer screening and early diagnosis talents through grassroots training to improve the capacity for cancer screening and early diagnosis at the grassroots level and further enhance the accessibility of early cancer screening technology.

- We signed a cooperation agreement with Qinghai Province Cancer Hospital (the Fifth People's Hospital of Qinghai Province) to promote the presence of Qinghai Province's first colorectal cancer screening education base in Xining, and to conduct science education and skills training to promote the popularization of early screening technology in Qinghai Province.
- We signed a cooperation agreement with PICA Medical Technology (Shanghai) Co., Ltd. to make early intestinal cancer screening knowledge accessible to 2.4 million grassroots doctors on the PICA Health platform, and to enable rural residents with insufficient medical resources to self-test their intestines by means of education and consultation.
- We carried out cooperation and innovative practices with Jingdong Health in the fields of Internet hospitals, chronic disease management, and user awareness of early cancer screening education, to comprehensively promote the Internet + early cancer screening service model and effectively improve the accessibility of early screening medical services.
- We conducted training in 20 provinces for communities, medical institutions, physical examination institutions and their personnel engaged in cancer screening and early diagnosis to increase participation and early detection rates in population screening and opportunistic screening.

## Product Availability

The Company's products, such as Coloclear<sup>®</sup>, Pupu Tube<sup>®</sup>, and UU Tube<sup>®</sup>, can be used at home with high detection sensitivity, avoiding the trouble that users spend a lot of time and energy to make colonoscopy in hospitals, and effectively alleviating the burden of limited medical resources in China, especially in primary level medical institutions where medical resources are relatively scarce and transportation costs are relatively high. In 2021, the number of Pupu Tube<sup>®</sup> shipped reached 5.83 million, which means that 5.83 million people independently performed cancer screening.

The Company actively participates in the national projects aimed at diagnosing and treating cancers early in urban areas, and supplied Pupu Tube<sup>®</sup> to the government at a rather low price, covering more than 10 provinces and autonomous regions, including Jiangsu Province, Zhejiang Province, Guangdong Province and Hunan Province, in an effort to contribute to the national projects for the benefit of the people. In addition, since 2020, we have also been actively involved in the Zhejiang Provincial Government's livelihood projects, and supported the endeavor of the government to provide screening services for people aged 50-74 years with high risk of colorectal cancer in Zhejiang Province to improve the early diagnosis and treatment rate. By the end of 2021, we have provided a total of 1.7 million Pupu Tubes<sup>®</sup> for 11 cities.

In 2021, we cooperated with commercial partners, to deliver medicines to the designated villages in 31 provinces (autonomous regions and municipalities directly under the Central Government), so as to promote the popularization of family screening products in rural areas.



## 7.2 Improving National Health Awareness

In order to popularize the value of early screening for colorectal cancer and promote public awareness of early screening and prevention, the Company cooperated with societies and medical institutions to carry out activities to promote national health awareness through professional scientific popularization. In 2021, the Company cooperated with many hospitals to jointly conduct charity consultation in local communities and orphanages, with more than 100 participants and around 500 hours of activity.

- We supported the "Chronic Disease Health Management - Cancer Screening and Early Detection Training Program" organized by Chinese Preventive Medicine Association.

- We co-organize the Colorectal Cancer "Prevention, Screening, Diagnosis, Treatment, Care and Management" Science Popularization Campaign across China<sup>1</sup>, and plan to establish 100 science popularization bases covering hospitals at provincial, city and county levels, train 300 science popularization talents, and conduct 2,000 science popularization activities in China by the end of 2022.

- We supported the compilation of *Colorectal Cancer Prevention, Screening, Diagnosis, Treatment, Care and Management Bible*, China's first popular science book covering the entire chain of colorectal cancer prevention, screening, diagnosis, treatment, care and management. The book contains 1,000 real-world questions from patients, families and high-risk groups, which are answered by professors of Colorectal Tumor Committee of the Chinese Medical Doctor Association and Colorectal Cancer Committee of the China Anti-Cancer Association and front-line clinical experts, and will be officially published in 2022.

- We created a professional and rigorous yet easy-to-understand public service video *The Truth about Cancer Prevention*, inviting 7 experts from Grade 3, Class A hospitals across the country to join interviews on most frequent topics in cancer prevention and give the public the most authoritative popular science.

- We launched the "Change the trajectory of life" colorectal cancer early screening campaign together with Qingsong Health Group, planning to provide 3,000 units of Coloclear to Qingsong Health Group and related high-risk groups to cultivate scientific and effective cancer prevention and early screening habits of high-risk groups.

<sup>1</sup> Jointly sponsored by the Colorectal Cancer Committee of Chinese Medical Doctor Association and the Committee of Colorectal Cancer of Chinese Anti-Cancer Association, with academic support from the *Chinese Journal of Colorectal Diseases (Electronic Edition)* and co-organized by NHH, it is the nationwide popularization activity with the highest clinical and academic support, the most complete coverage of processes and the widest geographical radiation in terms of colorectal cancer in China so far.

## 7.3 Contributing to National Epidemic Prevention Efforts

During the pandemic, hospitals were at high risk of cross-infection with COVID-19 and some hospitals might suspend medical services, but our early screening products can be used by patients at home to reduce unnecessary visits to hospitals during the pandemic.

In response to the instructions and decisions of the Central Committee of the Communist Party of China to "fight the epidemic nationwide", in 2021, we donated epidemic prevention materials to Hubei Province again, and sent them to several severely-affected regions in Hubei Province through China Cancer Foundation, with a total value of about RMB 600,000. In addition, we donated more than RMB 200,000 worth of epidemic prevention materials to Peking University to help the schools resume its teaching and scientific research work. The donated funds were the Company's own funds and will not have a significant impact on the Company's production and operation activities, nor will they affect the Company's R&D investment and project construction, or be detrimental to the interests of the Company and investors alike.





## Key Quantitative Performance

### Environmental Performance

Performance Indicators	Unit	2019	2020	2021
<b>Environmental Compliance</b>				
Number of incidents in which penalties were imposed for exceeding pollutant standards or violating emissions regulations	pcs	0	0	0
<b>Wastewater discharge</b>				
Industrial wastewater discharge	cubic meters	500	800	1,000
Chemical oxygen demand (COD) emissions	ton	0.03	0.05	0.06
Ammonia nitrogen (NH <sub>3</sub> -N) emissions	ton	1.33	2.00	2.65
Suspended solids (SS) emissions	ton	2.00	3.20	4.10
<b>Amount of hazardous waste generated</b>				
Total hazardous Waste <sup>2</sup>	ton	20.57	32.98	56.55
Amount of medical waste generated	ton	20.03	29.18	53.57
Amount of empty chemical reagent bottles & reagent generated	ton	0.50	2.3	2.26
Amount of medical waste liquid generated	ton	0.04	1.5	0.71
Amount of hazardous waste generated per unit of operating revenue	ton/RMB10,000	0.0035	0.0047	0.0027
Hazardous waste generated per capita	ton/person	0.08	0.11	0.08
<b>Amount of non-hazardous waste generated</b>				
Total non-hazardous waste <sup>3</sup>	ton	11.35	18.90	16.60
Amount of production solid waste generated	ton	8.85	15.10	12.60
Amount of domestic solid waste generated	ton	2.50	3.80	4.00
Amount of non-hazardous waste generated per unit of operating revenue	ton/RMB10,000	0.0019	0.0027	0.0008
Amount of non-hazardous waste generated per capita	ton/person	0.05	0.06	0.02

<sup>2</sup> Data description: The increase in 2021 annual hazardous waste generation compared to last year is mainly due to the increase in the Company's 2021 annual production.

<sup>3</sup> Data description: The 2020 annual non-hazardous waste data differs from that disclosed in the 2020 annual report. The total non-hazardous waste data in the 2020 annual report includes construction waste from laboratory construction, and for the sake of consistency and comparability, only domestic waste and production waste are included in this year's data.

Performance Indicators	Unit	2019	2020	2021
<b>Energy and Greenhouse Gases</b>				
Power consumption <sup>4</sup>	MWh	1,017.85	1,791.08	2,767.95
Power consumption per unit of product	kWh/pc	0.04	0.02	0.01
Power consumption per unit of operating revenue	MWh/RMB10,000	0.17	0.25	0.13
Power consumption per capita	MWh/person	4.17	5.91	3.89
Total greenhouse gas emission <sup>5</sup>	tons of CO <sub>2</sub> equivalent	819.37	1,441.82	2,228.20
Greenhouse gas emissions per unit of operating revenue	tons of CO <sub>2</sub> equivalent/ RMB10,000	0.14	0.20	0.10
Greenhouse gas emissions per capita	tons of CO <sub>2</sub> equivalent/person	3.36	4.76	3.13
<b>Water consumption</b>				
Total water consumption	cubic meters	3,320	7,134	7,865
Municipal water supply	cubic meters	3,320	7,134	7,865
Surface water	cubic meters	0	0	0
Groundwater	cubic meters	0	0	0
Other sources	cubic meters	0	0	0
Water consumption per unit of operating revenue	cubic meters/ RMB10,000	0.57	1.01	0.37
Water consumption per capita	cubic meters/person	13.61	23.54	11.06
<b>Packaging</b>				
Total usage of packaging materials for finished products <sup>6</sup>	ton	15.21	25.30	54.45
Amount of packaging materials used per unit of operating revenue for finished products	ton/RMB10,000	0.0026	0.0036	0.0026
Packaging material used per capita	ton/person	0.06	0.08	0.08

<sup>4</sup> Data description: The increase in 2021 annual hazardous waste generation compared to last year is mainly due to the increase in the Company's 2021 annual production.

<sup>5</sup> Data caliber: Total GHG emissions and per capita GHG emissions include Scope 1 and Scope 2 emissions, where Scope 1 emissions are zero; the 2012 emission factors in the 2011 and 2012 China Regional Grid Average CO<sub>2</sub> Emission Factors issued by the Department of Climate Change of the National Development and Reform Commission of the People's Republic of China were used for the calculation. Due to the change of emission factors used, the total 2020 annual GHG emission data was updated compared to last year.

<sup>6</sup> Data caliber: The data disclosed in 2020 annual ESG report includes the weight of the inner packaging of the products. For the sake of consistency and comparability, the weight of the inner packaging is not included in this year's data. Data description: The increase in the usage of packaging materials in 2021 compared to last year was mainly due to the increase in the Company's production in 2021.

## Employment and Labor Routine Performance

Performance Indicator	Unit	2019	2020	2021
<b>Employment Compliance</b>				
Total number of penalties imposed on the Company for violation of employment-related laws and regulations	times	0	0	0
Number of penalties imposed for violation of laws and regulations related to employee recruitment and termination	times	0	0	0
Number of penalties imposed for violation of laws and regulations related to employee working hours and leave	times	0	0	0
Number of penalties imposed for violation of laws and regulations related to employee promotion and equal opportunity	times	0	0	0
Number of penalties imposed for violating employee anti-discrimination and diversity-related laws and regulations	times	0	0	0
Number of penalties imposed on the Company for violation of labor guidelines	times	0	0	0
<b>Employee Employment</b>				
Total number of employees <sup>7</sup>	person	244	303	711
Number of R&D personnel	person	25	27	80
Proportion of employees with a master's degree	%	12.82	15.81	11.18
Proportion of employees with doctoral degree	%	2.14	2.41	2.03
Number of male employees	person	124	165	411
Number of female employees	person	120	138	300
Number of full-time labor contract employees	person	234	291	689
Number of full-time dispatched employees	person	1	1	1
Number of part-time employees	person	9	11	21
Number of employees below 30	person	112	128	280
Number of employees aged 30-50	person	128	171	426
Number of employees above 50	person	4	4	5

<sup>7</sup> Data caliber: The data disclosed in the 2020 ESG report includes the number of temporary short-term workers, and starting this year, the data for "Employee employment", "Employee turnover" and "Employee training" excludes temporary short-term workers.

Performance Indicator	Unit	2019	2020	2021
Number of grassroots employees	person	227	280	667
Number of middle and senior management	person	14	20	40
Number of core (C-level) management	person	3	3	4
Number of mainland employees	person	244	303	711
Number of employees from Hong Kong, Macao, Taiwan and overseas	person	0	0	0
<b>Employee turnover<sup>8</sup></b>				
Employee turnover rate	%	22.78	20.47	18.74
R&D personnel turnover rate	%	10.71	10.00	13.04
Male employee turnover rate	%	25.75	22.17	21.86
Female employee turnover rate	%	19.46	18.34	14.04
Turnover rate of full-time labor contract employees	%	20.41	20.05	18.46
Turnover rate of full-time dispatched employees	%	0	0	0
Part-time employee turnover rate	%	57.14	31.25	27.59
Turnover rate of employees below 30	%	17.04	16.88	15.15
Turnover rate of employees aged 30-50	%	27.68	22.97	20.96
Turnover rate of employees above 50	%	0	20.00	16.67
Turnover rate of mainland employees	%	22.78	20.47	18.74
Turnover rate of employees from Hong Kong, Macao, Taiwan and overseas	%	0	0	0
<b>Employee Health and Safety</b>				
Number of employee deaths due to work-related injuries	person	0	0	0
Percentage of employee deaths due to work-related injuries	%	0	0	0
Working days loss due to workplace injury	day	0	0	0
<b>Employee Training</b>				
Coverage of employees receiving training <sup>9</sup>	%	81.97	95.71	94.80

<sup>8</sup> Calculation formula: Turnover rate of employees of a category = turnover number of employees of a category / (number of employees of a category + turnover number of employees of a category).

<sup>9</sup> Calculation formula: Training coverage rate for a category of employees = number of employees of a category trained / number of employees of a category.

Performance Indicator	Unit	2019	2020	2021
Male employee training coverage	%	84.68	96.97	97.32
Female employee training coverage	%	79.17	94.20	91.33
Grassroots employee training coverage	%	81.50	95.36	94.45
Middle and senior management training coverage	%	85.71	100.00	100.00
Core (C-level) management training coverage	%	100.00	100.00	100.00
Training hours per employee <sup>10</sup>	hour	8.25	15.21	20.54
Training hours per male employee	hour	8.47	15.45	21.35
Training hours per female employee	hour	8.02	14.93	19.43
Training hours per grassroots employee	hour	8.15	15.26	20.78
Training hours per middle and senior management	hour	10.71	16.00	18.00
Training hours per core (C-level) management	hour	4.00	6.00	6.00
Employee equity incentive ratio <sup>11</sup>	%	0	0	23.91

## Supply Chain Performance

Performance Indicator	Unit	2019	2020	2021
<b>Total number of suppliers</b>				
Total number of suppliers <sup>12</sup>	-	140	179	220
Suppliers from mainland China	-	109	139	170
Hong Kong, Macao, Taiwan and overseas suppliers	-	31	40	50
Total number of direct suppliers	-	34	38	43
Total number of dealers	-	6	7	6
Total number of manufacturers	-	28	31	37

<sup>10</sup> Data description: The numerator for calculating the data disclosed in the 2020 ESG report is the number of hours of training received by employees, and the numerator in 2021 is adjusted to training hours x the number of employees attended the training. Calculation formula: Training hour per employee of a category = training hour X number of employees of a category attended the training / number of employees of a category.

<sup>11</sup> Calculation formula: Employee equity incentive ratio = number of employees receiving equity incentive / total number of employees.

<sup>12</sup> Data caliber: "Total number of suppliers" includes the total number of source suppliers and direct suppliers.

Performance Indicator	Unit	2019	2020	2021
<b>New Suppliers<sup>13</sup></b>				
Total number of new suppliers in 2021	-	9	4	7
New suppliers screened using environmental criteria	-	0	0	1
New suppliers screened using social criteria	-	9	4	6
<b>Supplier evaluation and monitoring<sup>14</sup></b>				
Total number of suppliers evaluated for environment, labor, ethics, etc.	-	2	2	3
Number of suppliers identified as having actual and potential significant negative environmental and social impacts	-	0	0	0
Number of suppliers receiving anti-corruption training	-	0	0	28
Percentage of suppliers that signed the supplier code of conduct	%	0	0	65

## Product and Customer Service Performance

Performance Indicator	Unit	2019	2020	2021
<b>Product Liability Compliance</b>				
Total number of penalties imposed on the company for violation of laws and regulations related to product liability	pcs	0	0	0
Number of violations of regulatory and voluntary codes related to health and safety of products and services	pcs	0	0	0
Number of violations of regulatory and voluntary codes related to marketing (including advertising, promotion and sponsorship)	pcs	0	0	0
Number of violations of regulatory and voluntary codes related to product and service information and labeling	pcs	0	0	0
Number of violations of regulatory and voluntary codes related to customer privacy protection	pcs	0	0	0
<b>Product Complaints and Recalls</b>				
Total number of complaints received by the Company about products and services	pcs	49	13	3

<sup>13</sup> Data caliber: including direct suppliers, excluding source suppliers.

<sup>14</sup> Data caliber: including direct suppliers, excluding source suppliers.



Performance Indicator	Unit	2019	2020	2021
Among them, the total number of complaints received by the Company about product quality	pcs	0	0	0
Customer complaint handling rate	%	100	100	100
Percentage of products sold that had to be recalled due to safety and health issues	%	0	0	0

## Anti-Corruption Performance

Performance Indicator	Unit	2019	2020	2021
<b>Corruption Litigation Cases</b>				
Number of corruption incidents reported by employees	pcs	0	0	0
Number of corruption lawsuits that have been filed by regulators against the Company and its employees and have been concluded	pcs	0	0	0
<b>Anti-Corruption Training</b>				
Anti-corruption related training coverage for employees	%	82.97	99.01	95.17
Training hours per employee for anti-corruption related training	hour	0.41	0.50	1.43
Anti-corruption related training coverage for directors	%	0	100	100
Training hours per director for anti-corruption related training	hour	0	2	2

## Social Welfare Performance

Performance Indicator	Unit	2019	2020	2021
<b>Community welfare</b>				
Total amount of community investment	RMB10,000	107	467	420
Amount of investment in education support	RMB10,000	0	200	102
Amount of investment in environmental protection	RMB10,000	0	0	0
Amount of investment in labor demand	RMB10,000	0	0	0
Amount of investment in healthcare	RMB10,000	107	267	318

Performance Indicator	Unit	2019	2020	2021
Amount of investment in culture and sports	RMB10,000	0	0	0
<b>Employee Volunteers</b>				
Number of employees participating in volunteer activities	person	0	0	124
Total hours of employee volunteer activities	hour	0	0	496
Employee volunteer activity hours per capita	hour	0	0	0.70

## Economic Performance

Performance Indicator	Unit	2019	2020	2021
Operating revenue	RMB10,000	5,827.5	7,056.7	21,276.1
Amount of R&D investment	RMB10,000	2,637.1	2,533.5	5,890.3

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