



Jinxin Fertility Group Limited
錦欣生殖醫療集團有限公司*

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code: 01951

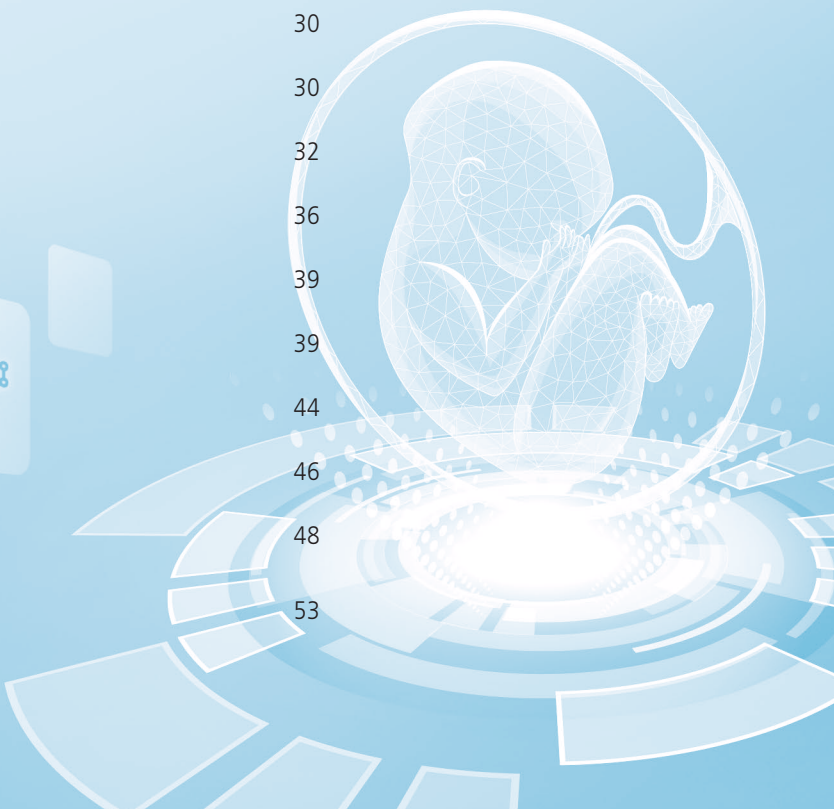
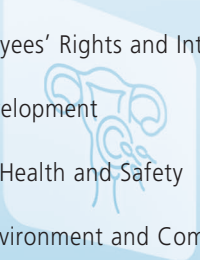


Environmental, Social and Governance Report **2021**

* For identification purposes only

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About this Report

This is the third Environmental, Social and Governance Report (“ESG Report”) issued by Jinxin Fertility Group Limited (the “Company”) to disclose to stakeholders the actions taken and the results achieved by the Company and its subsidiaries in terms of economic, environmental and social sustainability development.

REPORT BASIS

This report is prepared with reference to the *Environmental, Social and Governance Reporting Guide* (the “ESG Guide”) (version effective from January 1, 2022) as set out in Appendix 27 to the Listing Rules of The Stock Exchange of Hong Kong Limited (“SEHK”).

SCOPE OF THE REPORT

Time Range

This report is an ESG Report covering the period from January 1, 2021 to December 31, 2021. Part of the text information goes beyond this scope and is explained where relevant.

Organizational Scope

Unless otherwise stated, this report covers the Company and its subsidiaries listed in the annual report and consolidated financial statements (the “Group”), with Jinxin Women and Children Hospital, Chengdu Health and Chengdu Jinmai added compared with the previous year.

The names and abbreviations of the subsidiaries covered in this report are shown below:

Main Subsidiaries	Abbreviation in This Report
Jinxin Fertility Group Limited	the Company
Shenzhen Zhongshan Urology Hospital	Shenzhen Zhongshan Hospital
Chengdu Xinan Gynecology Hospital	Chengdu Xinan Hospital
Wuhan Jinxin Integrated Gynecology and Obstetrics Hospital Co., Ltd.	Wuhan Jinxin Hospital
HRC Fertility Management, LLC and Huntington Reproductive Center Medical Group	HRC Fertility
Jin Medical Center in Laos	Jinrui Laos
Jinxin Women and Children Hospital	Jinxin Women and Children Hospital
Chengdu Jinxin Health Management Co., Ltd	Chengdu Health
Chengdu Jinmai Innovative Testing Co., Ltd.	Chengdu Jinmai

Among them, Jinrui Laos was not under operation during the reporting period and Jinxin Women and Children Hospital, Chengdu Health and Chengdu Jinmai were included in the Group’s consolidated financial statements in November 2021. Therefore, the qualitative information in this report mainly covers the Company, Shenzhen Zhongshan Hospital, Chengdu Xinan Hospital, Wuhan Jinxin Hospital and HRC Fertility. The quantitative information in this report is mainly obtained from Shenzhen Zhongshan Hospital, Chengdu Xinan Hospital, Wuhan Jinxin Hospital, HRC Fertility, Jinxin Women and Children Hospital, Chengdu Health and Chengdu Jinmai.



REPORTING PRINCIPLES

This report follows the reporting principles of the ESG Guide issued by the SEHK, including:

- **The Principle of Materiality**

According to this principle, this report determines the key issues to be responded to through stakeholder research and materiality analysis, and focuses on the matters related to environmental, social and governance issues that may have a significant impact on investors and other stakeholders.

- **The Principle of Quantification**

According to this principle, this report discloses the key quantitative performance indicators, explains the meaning of these indicators, as well as the calculation basis and assumed condition.

- **The Principle of Balance**

According to this principle, the content of this report reflects objective facts and discloses indicators involving both positive and negative information.

- **Principle of Consistency**

According to this principle, this report explains the meaning of the disclosed key quantitative performance indicators of ESG, as well as the calculation basis and assumed condition. At the same time, the indicators used in different reporting periods should be kept as consistent as possible to reflect the trend of performance level.

INFORMATION DESCRIPTION

The data and cases in this report are from the original records or financial reports of the Group in its actual operations.

All financial data in this report are denominated in Renminbi (“RMB”). In case of any discrepancy between the financial data and the Company’s annual report, the annual report shall prevail.

RELIABILITY ASSURANCE

The board of directors of the Company (the “Board of Directors”) guarantees that the contents of the report are free from false records, misleading statements or major omissions.



1. Enterprise Introduction

The Group is a leading assisted reproductive service (“ARS”) supplier in China and the United States. Upholding the corporate vision of “Explore the Mystery of Life, Achieve a Successful Family”, the Group is committed to providing patients with personalized solutions, and continues to deepen the research and innovation and breakthroughs in assisted reproductive technology (ART) to help more patients realize their fertility dreams while adhering to the strategy of “Establishing a Global Leading ARS Platform with Comprehensive Capabilities”.

The Group maintains its strategy of expanding its global network to expand its scope of services while enhancing the operational capabilities of its existing network. The Group has five ART centers: Chengdu Xinan Hospital, Shenzhen Zhongshan Hospital, HRC Fertility, Wuhan Jinxin Hospital and Jinrui Laos. In 2021, the Group established Jinxin Aijian Hospital, acquired Jinxin Medical Management (BVI) Group Limited, Hong Kong Reproductive Health Centre Limited and Hong Kong Assisted Reproduction Centre Limited, entered into a management services agreement with the University of Southern California (“USC”) Fertility, and participated in Yunnan Jiuzhou Hospital Co., Ltd. and Kunming Hewanjia Obstetrics and Gynecology Hospital Co., Ltd., thus expanding the scope of our operations and services, extending the industrial chain while giving full play to the synergistic effect and deepening the industry integration ability.



2. Robust ESG Governance

The Group is committed to building a comprehensive ARS system to provide personalized solutions to patients who are longing for pregnancy. While focusing on our own business, we also pursue the maximization of comprehensive economic, environmental and social benefits.

2.1 ESG VISION AND STRATEGY

With the increasing attention of domestic and foreign capital markets to ESG, the Group constantly improves its ESG strategy, formulates short-, medium- and long-term ESG strategic objectives and practices the concept of ESG.

The Group's ESG management has been widely recognized by the community and the capital market. In 2021, the Group maintained its MSCI ESG rating of A, outperforming its global peers on issues such as product quality and safety. In June 2021, the Group won the second place in *Institutional Investor* 2021 All-Asia Executive Team in the category of Best ESG Award for Healthcare Services and Pharmaceuticals.

ESG Management Strategy

Focus Area	Short-to medium term (3-5 years)	Long terms (5-10 years)
Responsible Operation	<ul style="list-style-type: none"> Strengthen compliance and anti-corruption management, conduct compliance and anti-corruption training for board members, senior management and all employees; Consciously abide by medical ethics and strictly protect customer information. 	<ul style="list-style-type: none"> Build a responsible supply chain, strengthen the management of suppliers in environmental protection, labor, ethics and other aspects, and reduce our environmental and social impact in the supply chain.
High Quality Medical Services	<ul style="list-style-type: none"> Improve the quality management system and customer service system, improve our own medical serviceability; Standardize the management of R&D and innovation, and actively promote industry exchanges and platform construction, to provide patients with high-quality medical services. 	<ul style="list-style-type: none"> Provide diversified and high-quality services to meet the needs of customers and the market, and promote the progress of the industry.

2. Robust ESG Governance

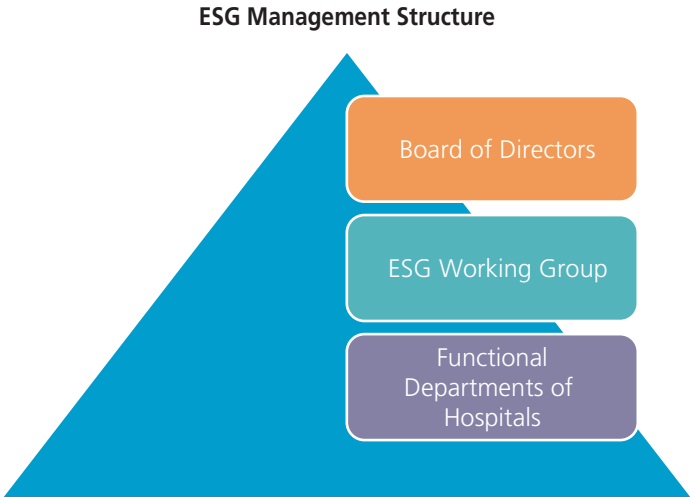
Focus Area	Short-to medium term (3-5 years)	Long terms (5-10 years)
People-oriented	<ul style="list-style-type: none"> Respect and safeguard the legitimate rights and interests of employees, and build a harmonious employee relationship through multi-level employee communication mechanisms and employee care initiatives; Provide diversified employee training resources and career development channels to enable employee career development; Provide a safe and healthy working environment for employees. 	<ul style="list-style-type: none"> Build an excellent employer brand in the industry, train and reserve high-level talents for the field of assisted reproduction in China.
Better Environment and Community	<ul style="list-style-type: none"> Promote green office and resource recycling to improve resource use efficiency while reducing greenhouse gas and waste emission in the operation process; Monitor and manage harmful substances to reduce the adverse effects on people and the environment; Actively carry out volunteer services and social public welfare activities, and strengthen the deep integration with the community. 	<ul style="list-style-type: none"> Continue to reduce the impact of our operation on the environment and exert our influence on suppliers, contributing to the building of a low-carbon supply chain and helping China achieve the goals of carbon peak by 2030 and carbon neutrality by 2060. Continue to carry out and expand community engagement and social welfare activities to improve the Group's social influence.



2. Robust ESG Governance

2.2 ESG MANAGEMENT FRAMEWORK

The Group has established a top-down ESG management structure, under which the Board of Directors assumes overall responsibility for ESG matters, and supervises and evaluates the effectiveness of ESG management to ensure sound ESG management. The Group's ESG Working Group is headed by the managing director to ensure the effective implementation of relevant tasks by each department. The ESG Working Group regularly reports the progress of its work to senior management. For details on the responsibilities of the Group's Board of Directors and ESG Working Group, please refer to *2.2 ESG Management Framework* in the *Company's ESG report 2020*.



2.3 ESG ISSUE MANAGEMENT

In order to ensure the effectiveness of the Group's ESG strategy, the Board of Directors reviews the identification results of important ESG issues of the Group every year to ensure that our ESG strategy covers important ESG issues. The following principles will be followed in the process of determining importance:

- Include key stakeholder concerns and identify material ESG issues concerning key stakeholders;
- Include the opinions of the management to identify ESG issues that have a significant impact on the business of the Group; and
- The Board of Directors will review the issues that are of high concern to stakeholders and have a significant impact on the business of the Group as important ESG issues

2. Robust ESG Governance

Communication with stakeholders

Through active communication with stakeholders, the Group understands the demands of shareholders and investors, employees, patients, governments and regulatory authorities, suppliers and other stakeholders, and integrates the issues concerned by stakeholders into the operation and decision-making process of the Group.

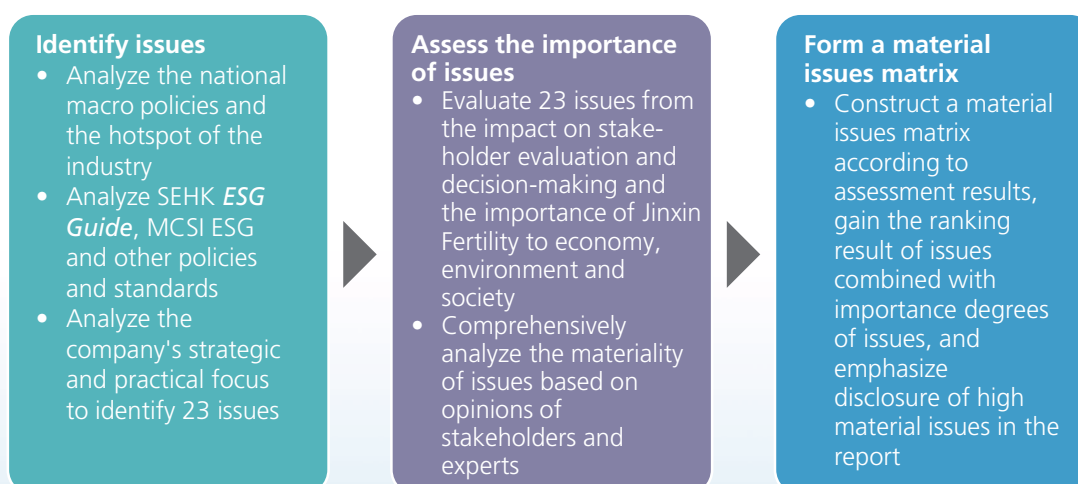
Key Stakeholders	Issues of Concern	Communication and Response
Shareholders and investors	<ul style="list-style-type: none"> • Corporate governance • Anti-corruption and business ethics • Medical service compliance • Ethical risk management • Privacy and data protection 	<ul style="list-style-type: none"> • Information disclosure of listed companies • Shareholders' meeting • Investors' meeting • Annual report • Financial report • Performance report of listed company
Employees	<ul style="list-style-type: none"> • Protection of employees' rights and interests • Occupational health and safety • Employee training and development • Medical service compliance • Accessibility of quality specialized medical care • Talent attraction and retention 	<ul style="list-style-type: none"> • Employees' employment management • Regular employee training • Advanced studies • Qualification upgrading • Protection measures • Regular physical examination • Trade unions and employees' congresses, etc.
Patients	<ul style="list-style-type: none"> • Accessibility of quality specialized medical care • R&D and innovation • Medical service and dispute management • Ethical risk management • Privacy and data protection • Compliance management • Community public welfare 	<ul style="list-style-type: none"> • Medical quality management system • Adverse event management • Patient satisfaction survey • Quality service team • Patient care service • Privacy protection during medical treatment • Information security management system • Patient communication channels • Patient education, etc.
Governments and regulatory authorities	<ul style="list-style-type: none"> • Compliance management • Anti-corruption and business ethics • Medical service compliance • Privacy and data protection • Ethical risk management • Responsible marketing • Community public welfare • Environmental management • Mitigation and adaptation of climate change 	<ul style="list-style-type: none"> • ESG management • Anti-fraud management system • Anti-fraud culture construction • Complaint and report management • Ethical risk management • Responsible marketing management process • Environmental management system • Climate change risks and opportunities, etc.

2. Robust ESG Governance

Key Stakeholders	Issues of Concern	Communication and Response
Suppliers	<ul style="list-style-type: none"> • Compliance management • R&D and innovation • Supply Chain Sustainability Management • Medical service compliance • Anti-corruption and business ethics • Economic performance 	<ul style="list-style-type: none"> • Access management, • Daily supervision • Environmental and social risk management • Complaint and report channels
Industry partners	<ul style="list-style-type: none"> • R&D and innovation • Intellectual property protection • Ethical risk management • Compliance management • Talent attraction and retention 	<ul style="list-style-type: none"> • Building R&D and innovation platform • Actively participating in industry exchanges and academic conferences • Intellectual property management system • Regular training for employees, etc.
Community representatives (including non-profit organizations, non-governmental organizations and general communities)	<ul style="list-style-type: none"> • Medical service and dispute management • Responsible marketing • Compliance management • Environmental management • Emission management • Water resources management • Mitigation and adaptation of climate change • Community public welfare 	<ul style="list-style-type: none"> • Public welfare projects, • Community volunteer activities • Community free clinics • Science popularization lectures • Environmental management system construction • Measures to cope with climate change, etc.

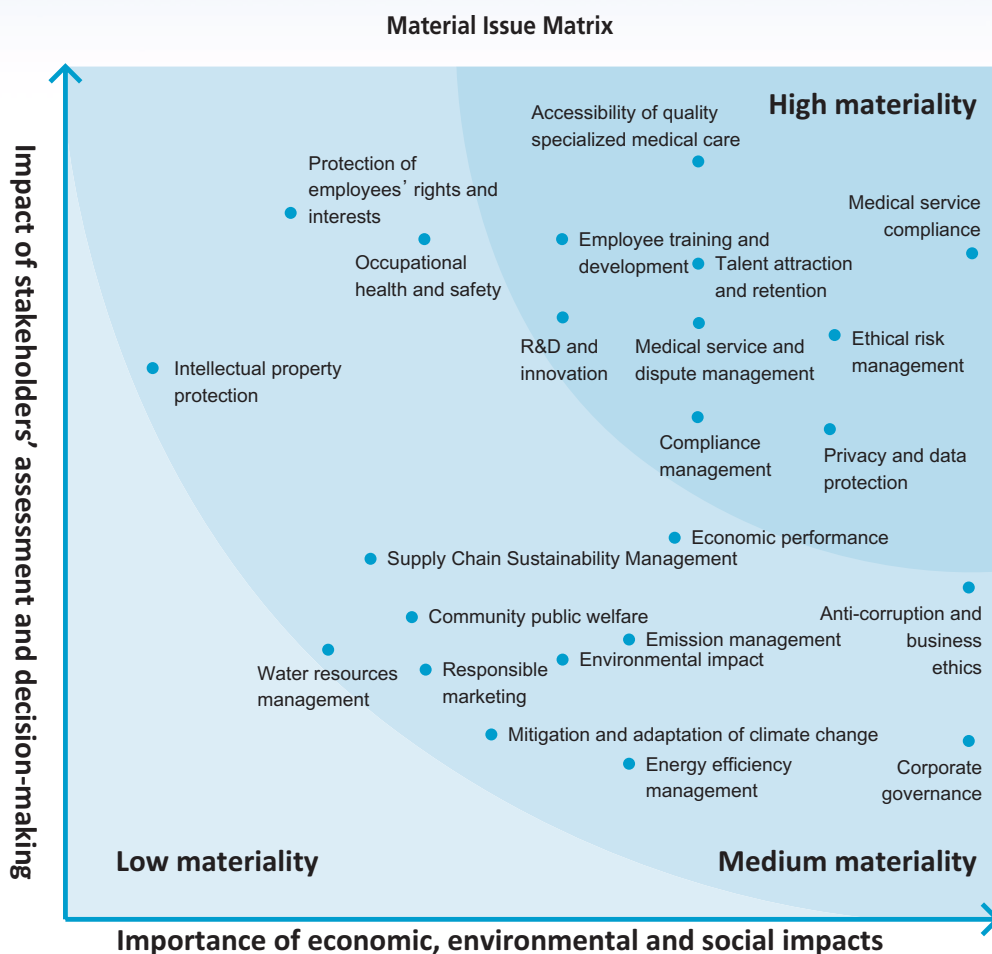
Analysis of Material Issues

In 2021, the Group conducted material issues analysis, following the principle of importance in the *ESG Guide* issued by SEHK and according to its own business and operational characteristics. Based on the questionnaire survey results, industry hotspots and national policies, the Group carried out the identification, evaluation and screening of material issues, and defined high-level ESG issues as key disclosure contents to better respond to the demands and expectations of stakeholders.



2. Robust ESG Governance

Based on stakeholders' survey and internal and external experts' opinions, the important ESG issues concerned by the Group's stakeholders are identified, and the identification results are as follows:



3. Responsible Operation

The Group adheres to responsible operation, continuously strengthens anti-fraud management, advocates a corporate culture of integrity and honesty, regulates the management of ethical risks to make sure company information security, and is committed to building a responsible supply chain to provide a solid foundation for quality medical services.

3.1 BUSINESS ETHICS

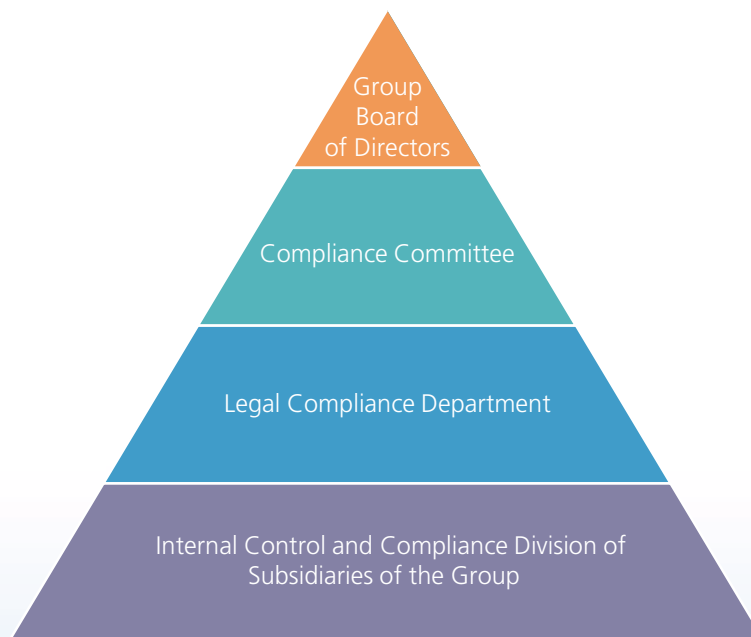
Anti-fraud Management System

Morality is the cornerstone of clean governance and honesty. In strict compliance with the *Company Law of the People's Republic of China*, the *Anti-money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Foreign Corrupt Practices Act* and other laws and regulations, the Group is committed to continuously improving business ethics and transparency of business operations in order to gain long-term support from stakeholders.

The Board of Directors has a Compliance Committee, which accepts reported matters from the Legal Compliance Department, reports for key positions (including the Company's Internal Audit Department, Legal Compliance Department, the Internal Control and Compliance Divisions of subsidiaries and senior management of the Group), and investigations and decisions on related reported matters.

The Group designates the Legal Compliance Department as the permanent anti-fraud establishment responsible for organizing and implementing group-wide and cross-departmental anti-fraud work. The Internal Control and Compliance Divisions of subsidiaries of the Group are the permanent anti-fraud establishment of the subsidiary, which is responsible for the anti-fraud work of the Company and reporting to the Legal Compliance Department of the Group.

In 2021, there were no reported violations of laws and regulations relating to bribery, extortion, fraud and money laundering.



Anti-fraud Management Structure



3. Responsible Operation

Anti-fraud Culture Construction

The Group has formulated the *Anti-Fraud Management Measures* to clarify the prevention and control of fraud, remedial measures and penalties. The Group actively builds the corporate culture of anti-fraud, requiring all employees to sign the *Employee Anti-fraud Commitment Letter* to regulate their behaviors and resolutely oppose fraud and bribery in the medical service industry.

The Group provides anti-fraud training and moral education to its employees, including anti-fraud training for new employees and annual anti-fraud training for employees. In 2021, the Group conducted four anti-fraud trainings for its new employees in China, mainly including anti-fraud management, internal and external reporting processes. In the United States, HRC Fertility has conducted training on “Anti-Kickbacks” for new employees.

Complaint and Report Management

The Group has established a sound internal and external reporting mechanism, the effectiveness of which will be continuously monitored by the Board of Directors. According to the *Internal and External Report Handling System*, the Group standardized the report handling procedures, improved the report handling and follow-up mechanism, and strengthened the effectiveness of compliance management of the Group and its subordinate companies.

The Compliance Committee shall be directly responsible for registering, accepting, investigating and reporting reports from the Group’s Internal Audit Department, Legal Compliance Department, Internal Control and Compliance Divisions of subsidiaries and senior management of the Group. For complaints and reports against the report handler, the Group allows the informer to report via anonymous letter, which will be accepted by the Legal Compliance Department on site.

The Group makes it clear that the relevant information of the informer and the specific contents of the reported matters shall be kept strictly confidential, and the relevant investigation work shall be carried out without revealing the identity of the informer. For example, the relevant recordings shall be converted into text or used after voice distorting, and any information that may disclose the information of the informer shall be strictly desensitized. Staff who violate confidentiality provisions or improperly perform their duties will be given serious punishment according to the circumstances and consequences by the Group.



3. Responsible Operation

In addition, the Group will seriously deal with the acts of retaliating against the informer according to relevant regulations after verification, and those that constitute crimes will be transferred to judicial organs for legal treatment.

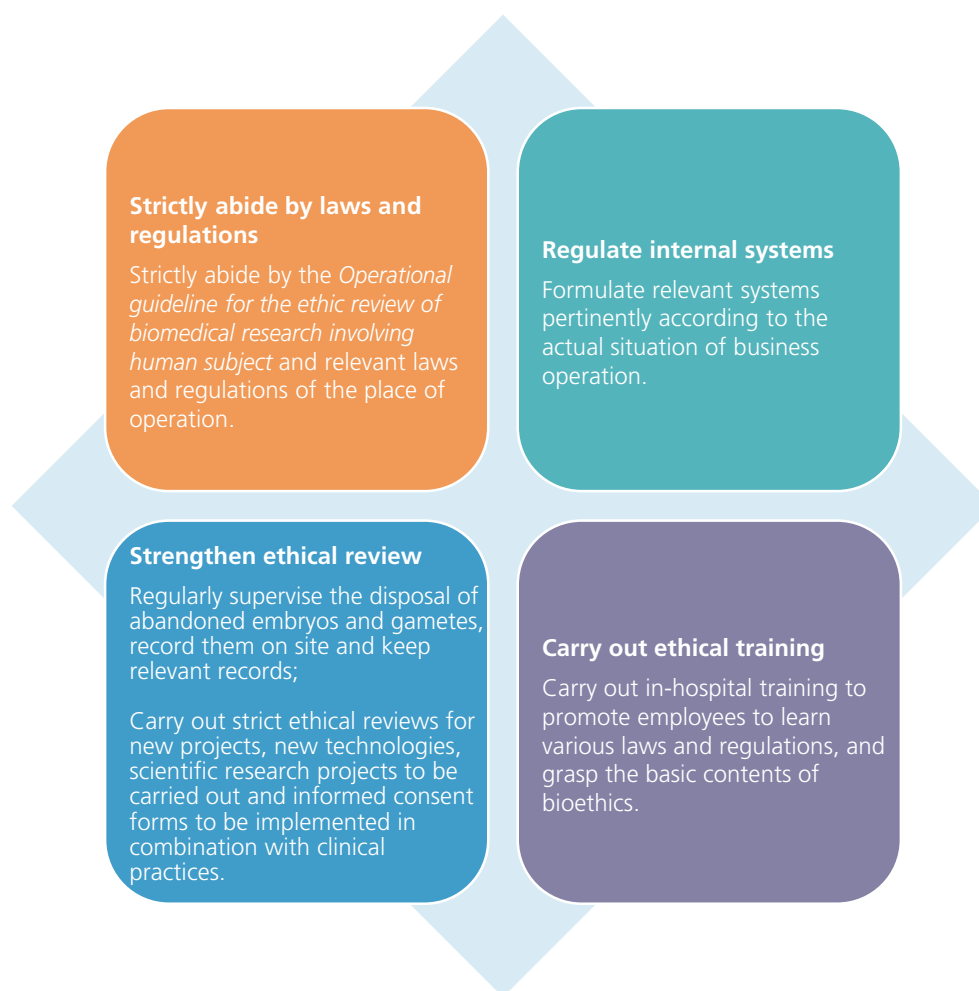
Registration	Acceptance	Investigation	Report
<ul style="list-style-type: none"> The report handler directly under the Legal Compliance Department shall be responsible for recording all reported matters After recording, the handler shall submit them to the report manager of the Legal Compliance Department For the reports that do not meet the investigation conditions, the report management personnel shall record the reasons and kept in the archives 	<ul style="list-style-type: none"> For the reported matters with investigation conditions, an investigation team will be set up The informer shall have the right to know the acceptance of the reported matters, and could ask the relevant personnel of the Company's Legal Compliance Department 	<ul style="list-style-type: none"> The head of the report investigation project shall conduct the investigation work and judge whether it is necessary to contact the informer to obtain additional information according to the actual situation 	<ul style="list-style-type: none"> After completing the necessary investigation procedures, the investigation team shall issue the report according to the facts verified by the investigation and report it The Company's Legal Compliance Department shall hand over the reported matters, which are true after investigation and violate the national laws, to the judicial organs for handling If conditions permitted, the report handling results shall be fed back to the informer in time

Anti-fraud Supervision and Reporting Process

3. Responsible Operation

3.2 ETHICAL RISK MANAGEMENT

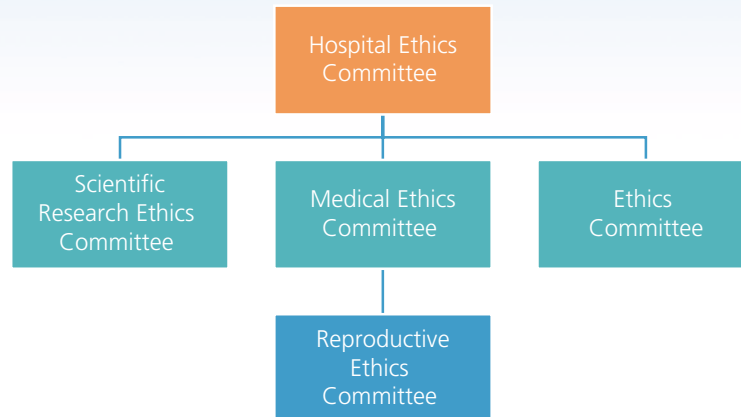
Possible ethical risks in the Group's assisted reproductive technology (ART) business mainly involve issues such as gamete abandonment and embryo management. In strict compliance with laws and regulations such as *Measures for the Administration of Human Assisted Reproductive Technology*, *Technical Specifications for Human Assisted Reproductive Technology*, and *Health Insurance Portability and Accountability Act of 1996*, the Group has improved the management of ethical risks through regulating internal systems, strengthening ethical review and carrying out ethical training.



In China, the Group's hospitals have set up a three-level ethics committee structure, of which the ethics committees are responsible for ethical review of clinical cases, new technologies, new projects and scientific research projects. The ethics committees of the Group regularly appoint representatives to study ethics-related concepts, systems and measures, participate in ethics training and obtain certificates to deepen the foundation of ethics knowledge.

3. Responsible Operation

Three-level Ethics Committee System



In 2021, the subordinated hospitals of the Group carried out ethics-related knowledge trainings for employees to enhance the basic ethics knowledge of the medical staff and help employees better deal with ethics-related issues. For example, Chengdu Xinan Hospital organized all members to study the new edition of *Guidelines for the Establishment of Ethical Review Committee of Clinical Research Involving Human Beings (2020 Edition)* to master the relevant requirements and regulations on research-based ethical review. Shenzhen Zhongshan Hospital implemented four ethical trainings for staff and researchers engaged in assisted reproduction in the form of lectures, covering 148 people. Some trainings included assessment on the spot, with the number of staff and researchers obtaining excellent rate exceeding 90%.

3.3 INFORMATION AND DATA SECURITY

In strict compliance with the *Cyber Security Law of the People's Republic of China* and other relevant laws and regulations, the Group has established a sound information security management system.

In 2021, the subordinated hospitals of the Group continuously increased their information security level. Based on the feasibility and demand, Chengdu Xinan Hospital upgraded the hospital information system to enhance the management of the authority of staff at all levels in the whole hospital. Shenzhen Zhongshan Hospital cooperated to build a facial recognition & ID card verification integrated system to identify all reproductive patients with facial recognition & ID card verification and filed the identification information into the system. Besides, Shenzhen Zhongshan Hospital carried out the assessment of classified protection of cybersecurity in 2021 as required and invited third-party institutions to conduct IT audits. In the United States, HRC Fertility has obtained PCI Compliance Certificate and carried out campaigns and training against phishing threats.

Information Security Management System



3. Responsible Operation

Information Network Security Construction

Database user authority management, isolation between intranet and extranet; strengthening the detection and maintenance of data center servers, network equipment and security equipment.

Institutional Construction

In China, the subordinated hospitals of the Group have formulated information security-related management systems according to actual conditions to standardize information security management. For example, Chengdu Xinan Hospital formulated the *Information System Emergency Plan*; Shenzhen Zhongshan Hospital formulated *Information System Authorization and Data Security Management System*, *Information System Change and Release Management System* and *Disaster Recovery Plan*; Wuhan Jinxin Hospital formulated information security management systems such as *Information System Emergency Plan* to continuously ensure information security.

Daily Supervision

Employees of the Information Department are required to sign information security confidentiality agreements, carry out daily maintenance of information systems and equipment as well as the assessment of classified protection of cybersecurity, and invite third-party institutions to conduct audits regarding information systems.

Training and Education

Information security management training will be provided for employees to enhance their awareness and ability of information security protection.

3.4 RESPONSIBLE PURCHASING

Supplier Access and Supervision

The selection of the supply chain affects the quality of medical services provided by the Group and the sustainability of our business operations. The Group's suppliers are only qualified to provide facilities and equipment, materials, engineering, and services to hospitals after being reviewed and identified by the hospital.

In China, the Group has formulated *The Supplier Management System*, which is supplemented by the subordinated hospitals in combination with their own actual operations to clarify the management of supplier approval, supervision and assessment. In the United States, each hospital is independently responsible for the selection and audit of suppliers, and constantly improving the supplier management system.

In terms of supplier access, the Group audits the qualifications, integrity, after-sales service and ability to undertake business of each supplier. For key suppliers, the Group conducts field visits during the entry stage.

In terms of daily management, the Group carries out product or service quality assessments on existing suppliers at the end of each year. For suppliers that fail to pass the assessment, the Group will urge the suppliers to make improvements and feedback to the Group. If the supplier still has no improvement, major quality problems or inappropriate service attitude, the supplier will be disqualified.

3. Responsible Operation

Supplier Environmental and Social Risk Management

In China, the Group incorporates environmental and social management requirements into the annual supplier assessment form to promote suppliers to improve their performance at the ESG.

Supplier Environmental and Social Assessment Dimensions

Environmental Responsibility	Labor	Business Ethics
<ul style="list-style-type: none">• Abide by all applicable environmental protection laws• ISO14001 environmental management system certification• ISO50001 energy management system certification• Energy saving and emission reduction projects and achievements• Emission management	<ul style="list-style-type: none">• Hourly wages and rest time• Occupational health and safety• Child labor and underage workers• Forced labor• Anti-discrimination	<ul style="list-style-type: none">• Honesty and integrity management• Effectively protect those who report immoral or illegal acts

The Group attaches great importance to the procurement of green and low-carbon environmental protection products, incorporates energy-saving and environmental protection standards into the procurement of refrigerators, lamps, packaging bags and other items needed for business operations. In 2021, the pharmacy of Wuhan Jinxin Hospital put to use biodegradable packaging bags. In addition, in China, the Group has explicitly rejected commercial bribery, bribery and other improper business gifts by signing the *Anti-Commercial Bribery Agreement* with suppliers to safeguard the common interests of suppliers and the Group and promote the sound development of both parties.

4. Provide High-quality Medical Services

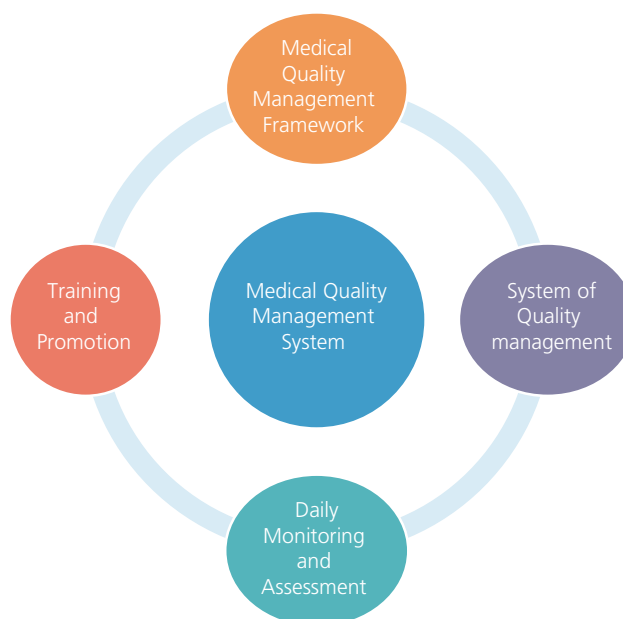
Medical quality is the lifeline of hospital survival and development. Adhering to putting refined medical services into clinical practice, the Group constantly improves the medical quality management system and the patient service management system, and continuously increases efforts to R&D and innovation to provide high-quality medical services for patients.

4.1 MEDICAL QUALITY MANAGEMENT AND CONTROL

Medical Quality Management

Upholding the principle that “Maximizing the Interests of Patients Is Our Ultimate Goal”, and in strict compliance with laws and regulations the place where we operates, such as *Regulations on the Administration of Medical Institutions*, *Measures for the Administration of Medical Quality*, *Measures for the Administration of Human Assisted Reproductive Technology*, *Regulations on the Handling of Medical Accidents*, *California Business and Professions Code*, *Clinical Laboratory Improvement Amendments*, the Group has established a sound medical quality management system, including the establishment of Patient Safety and Quality Control Committee, the formulation of quality management related systems, daily monitoring and assessment, as well as training and promotion to effectively increase the quality of medical services.

Medical Quality Management System



The Group has established a Patient Safety and Quality Control Committee to be responsible for the medical quality control and patient safety management in the subordinated hospitals of the Group. The Patient Safety and Quality Control Committee defines the overall planning and objectives of quality and safety management of each hospital, guides the work of Quality and Safety Management Committee of each hospital, analyzes their data of quality and patient safety projects monthly, organizes quality and safety training, and carries out hospital inspections, to strengthen the high-quality talents, medical treatment, management and service abilities of each hospital.



4. Provide High-quality Medical Services

In China, the subordinated hospitals of the Group have each established a Medical Quality and Safety Management Committee to further standardize their management of medical quality and safety. In accordance with the requirements of the Group, the hospitals revise and strictly abide by the management system related to medical quality and safety, dynamically monitor their medical quality and make continuous improvement.

Medical Quality Management Framework



In the United States, many medical institutions of the Group have established Quality Management Committee, consisting of medical directors, nursing directors, head nurses, office managers and anesthesiologists, to be responsible for monitoring the quality of all patient services and assisted reproductive health services, involving monitoring and improving patient care and reducing the risk of patient injury.

The Group has clearly defined the quality control requirements for each link of medical services. For example, for the management of embryo laboratories, the Group established a laboratory consumables reagent quality control team to promote the normalized and standardized quality inspection of all consumables and culture solutions used for gametes and embryos in laboratories under the Group, and strengthen the quality control management of embryo laboratories.

The Group periodically studies and analyzes the operation, clinical and laboratory data as well as patient satisfaction data of each hospital, inspects each hospital, and helps them to better find problems and make improvements. At the hospital level, the hospitals in China regularly conduct medical quality inspection based on the medical quality management system, quality monitoring indexes of each department and other standards, and dynamically monitor their medical quality level. In the United States, the Quality Management Committee holds regular meetings on topics involving patient privacy, medical service quality, and improvement of medical treatment process. The Quality Management Committee assesses and proposes appropriate solutions to the problems found during daily work.

The Group carries out trainings on medical quality improvement for employees, involving medical-related laws and regulations, blood transfusion knowledge, operation of cardiopulmonary resuscitation, medicine management and rational use, and patient rights and obligations. In 2021, HRC Fertility trained employees on *Health Insurance Portability and Accountability Act*. Chengdu Xinan Hospital carried out quality improvement and patient safety training for all medical staff, including priority monitoring indexes, adverse event management and risk management. Wuhan Jinxin hospital carried out trainings on laws and regulations concerning ART for clinical medical staff. Shenzhen Zhongshan Hospital carried out trainings on the core medical system for all doctors in order to help them master the management requirements of the system.

4. Provide High-quality Medical Services

Chengdu Xinan Hospital, Shenzhen Zhongshan Hospital and HRC Fertility under the Group are subject to the supervision and audit of the quality management system by third-party institutions annually. Shenzhen Zhongshan Hospital has passed ISO9001:2015 quality management system certification, and the laboratory of HRC Fertility has obtained a series of certifications, including the Accreditation Association for Ambulatory Health Care (AAAHC), Clinical Laboratory Improvement Amendments (CLIA) under FDA (Food and Drug Administration) and College of American Pathologist (CAP). Moreover, Chengdu Xinan Hospital has obtained JCI certification with high scores upon assessment by Joint Commission International (JCI).

Chengdu Xinan Hospital passed JCI certification with high scores

Chengdu Xinan Hospital continuously improves its medical service quality and hospital management by enhancing discipline construction, guaranteeing patients' safety and improving their medical experience. For example, the hospital has formulated six objectives around patient safety, namely, correctly identifying patients, improving effective communication, improving the safety of high-alert drugs, ensuring the safety of surgery, reducing the risk of healthcare-related infections, and reducing the risk of injury caused by falls.

In 2021, Chengdu Xinan Hospital passed the JCI certification with a total score of 9.93 (out of 10) after a comprehensive examination and assessment by JCI, with full scores in International Patient Safety Goals (IPSG), Access to Care and Continuity of Care (ACC), Quality Improvement and Patient Safety (QPS), Prevention and Control of Infections (PCI), Medicine Management and Use (MMU) and Anesthesia and Surgical Care (ASC).

In December 2021, Wuhan Jinxin Hospital received the *Notice* from the Health Commission of Hubei Province, requesting Wuhan Jinxin Hospital to suspend ART, rectify as required and properly resettle existing patients. Following the requirements of the Health Commission of Hubei Province, Wuhan Jinxin hospital immediately stopped the diagnosis and treatment service of the reproductive center, held a special meeting, set up a special reproductive rectification working group and an emergency patient placement team, and formulated the rectification and placement plan based on the opinions of leaders and experts.

In order to fully protect the rights and interests of patients and the safety of diagnosis and treatment, and reduce the impact on the Company's operation, Wuhan Jinxin Hospital has formulated a placement plan for patients covering waiting, referral and refund. Wuhan Jinxin Hospital has set up a special reception office and arranged special personnel to sort out information and answer questions for visiting patients and their families to form good communication with relevant patients.

Adverse Event Management

The Group has established such management systems as *Medical Safety (Adverse) Event Reporting Management System* and *Adverse Event Reporting and Root Cause Analysis System* to encourage hospital staff to report adverse event information, and realize the goal of preventing and reducing medical safety (adverse) events by analyzing, providing feedback and improving reported medical safety incidents.

In China, our hospitals classify adverse medical events, define the departments responsible for adverse events and the reporting time limit to standardize the management of adverse events. Medical adverse events are classified into Grades I, II, III and IV, of which Grades I and II represent major events, while Grades III and IV represent general events. Among them, Grade I events should be reported within 2 hours, Grade II events within 12 hours, Grade III events within 48 hours and Grade IV events within 7 days. The Quality Control Department or Medical Affair Department of each hospital analyzes and discusses the adverse events of each department regularly in order to ensure the continuous improvement of medical quality.



4. Provide High-quality Medical Services

Patient Medication Safety

Medication safety is the key point of medical adverse event management. In China, the Group has developed a complete, standardized system, from drug procurement, storage, label management, drug use to medicine monitoring, to ensure the medication safety of patient. In terms of drug procurement, the Group has formulated the *Drug Procurement Work System* to clarify the drug procurement process, enhance drug management and standardize drug procurement behavior. In the United States, HRC Fertility has formulated the *Drug Supply Management System* to regulate the procurement of drugs by physicians.

When providing drugs to patients, medical staff will verify the drug name, dosage form, specification, dosage, administration method and patient identification, and check the suitability of prescription drugs.

For high-alert drugs that may cause serious harms to patients when used incorrectly, the hospital will remind them on the drug list, drug use labels, and administration execution sheets, and set up special counters to store and place warning labels. In the meantime, the doctor will fully consider the safety and carefully check the patient information based on the usage and dosage of the instructions; the nurse will administer the drugs according to the independent double-person verification system; and the medical staff will closely observe the adverse reactions after medication. All these methods are taken to ensure the rational use of high-alert drugs.

In 2021, Chengdu Xinan Hospital established an information management system for rational drug use, which realized the functions of finding prescription problems in time, reminding doctors, screening irrational prescriptions, and automatically generating targeted patient medication education instruction sheets by means of information technology, so as to reduce the risk of irrational drug use from the source and effectively guarantee the rationality of patient medication.

In China, the Group has established a dynamic monitoring and abnormal early warning management mechanism for clinical drug use to carry out dynamic monitoring of drugs and report and handle possible adverse reactions in accordance with the monitoring and reporting principle of "immediately reporting for dubious reactions". Furthermore, the Group, according to the *Drug Recall System*, has timely recovered the drugs with quality and potential safety problems found by product supervision and management departments, drug manufacturers or the Group based on the prescribed procedures.

In the United States, HRC Fertility will regularly check the quality of drugs. In case of serious adverse drug reactions or accidents due to drug quality defects, HRC Fertility will stop using and recall the problematic drugs. HRC Fertility will conduct related research on drug side effects to analyze the causes of side effects or accidents.

4. Provide High-quality Medical Services

4.2 R&D AND INNOVATION

Adhering to the concept of “Scientific Research Leads Clinical Practice”, the Group takes scientific and technological innovation as an important development strategy, encourages subordinated hospitals to carry out scientific research and formulate R&D management systems based on their own actual conditions. For example, Chengdu Xinan Hospital has formulated the *Scientific and Technological Work Reward System* and the *Measures for the Administration of Cultivation and Transformation of Scientific and Technological Achievements*; Shenzhen Zhongshan Hospital has formulated *Project Management System*, *Scientific Research Award System*, *Clinical Transformation Project Award System* and other systems to standardize the management of R&D and innovation work as well as better promote the cultivation and transformation of scientific and technological achievements.

Platform Establishment

The Group has established two international incubation platforms for clinical research and industrial transformation related to reproduction, women and children, and cooperated with universities, R&D institutions and scientific research platforms at home and abroad to explore scientific research and industrial transformation in the fields of assisted reproductive medication and women and children.

In May 2021, Jinxin Medical Technology Innovation Research Center and the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences jointly initiated and established “the Shenzhen Institute of Advanced Technology of Chinese Academy of Sciences – Joint Laboratory of Reproductive Immunology of Jinxin Medical Innovation Research Center”, integrating the scientific research advantages of the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences and the clinical advantages of the Group, and aiming to carry out all-round scientific research platform construction, high-end talent training, cutting-edge technology R&D, and transformation and application of achievements in the field of reproductive health.

In August 2021, HRC Fertility signed a 10-year management service agreement with the University of Southern California (“USC”) to share branding and medical resources and provide long-term benefits through synergies generated by shared resources, including nine fertility centers managed by us in the United States and world-class IVF research, education and physicians of USC Fertility. In addition, USC and the fertility clinics managed by us in the United States will collaborate and clinically integrate their fertility practices to further advance their IVF-related clinical research.

Industry Communication

The Group has organized and co-organized many industry exchange activities in the field of assisted reproduction to strengthen communication among industries through training and conferences, and collaborate with industry partners to discuss cutting-edge research progress and hotspots in the field of assisted reproduction, thereby promoting the improvement of research and clinical diagnosis and treatment in the field. Experts from subordinated hospitals of the Group serve as members of various associations in the field of assisted reproduction, as well as editorial board members of industry journals and magazines, to offer advice and suggestions for promoting the development of assisted reproduction.

In 2021, the Group co-hosted “Jinxin Fertility Journal Club” with subordinated IVF laboratories to discuss hot topics in the field of ART and promote the basic education and information update of the Group’s laboratory team, laying a foundation for the improvement of clinical work quality.

4. Provide High-quality Medical Services

In July 2021, the Standardized Operation and Quality Control Training on the *WHO Laboratory Manual for the Examination and Processing of Human Semen (Fifth Edition)* and the Fourth External Quality Control of Semen Analysis was held at Chengdu Xinan Hospital in Sichuan Province, and the Sichuan Sub-center of Quality Control Network of WHO Human Reproductive Research Cooperation Center was officially established, with Chengdu Xinan Hospital as the leading unit.

Intellectual Property Protection

In China, the Group has formulated intellectual property management systems. According to the requirements of the Group, the hospitals subordinated to the Group have formulated management systems according to the actual situation to protect their own intellectual property rights including patents, software works and scientific research projects, as well as the Company's competitive advantages. The Group has signed a *Scientific Research Project Cooperation Agreement* with the cooperative institutions to standardize the responsibilities, rights of both parties and distribution of achievements and protect the R&D achievements and intellectual property rights of itself and the cooperative institutions.

In China, employees of the Group shall make it clear that there is no infringement of intellectual property rights before publishing the scientific research articles, and sign the letter of commitment as required to ensure that the sources are authentic and reliable, without infringement or plagiarism. In the United States, HRC Fertility has signed intellectual property ownership agreements with employees to clarify the ownership of intellectual property rights.

During the reporting period, the Group was granted 13 utility model patents and three invention patents, and we published 42 SCI papers and 30 Chinese core journal papers, and received 21 projects at the municipal level and above. Among them, Shenzhen Zhongshan Hospital had 3 scientific research projects funded by Shenzhen Natural Science Foundation Project and two scientific research projects funded by Natural Science Fund Project of Guangdong Basic and Applied Fundamental Research Foundation.

4. Provide High-quality Medical Services

4.3 IMPROVE THE QUALITY OF PATIENT SERVICE

Adhering to the patient-oriented concept, the Group has established a sound patient service system, covering patient service and care, patient communication and dispute settlement, patient privacy protection and science popularization for patients, to identify, study and respond to patients' opinions and suggestions, and provide better services for them.

Patient Service Management System

Patient Service and Care

- High-quality service team: The Group and its subordinated hospitals set up service teams to satisfy patient requirements and improve service quality to a maximum extent;
- Regular satisfaction survey: Regularly carry out satisfaction surveys for patients, to further understand their feedback and needs, and improve patient services to a higher level;
- High-quality patient care service: Chengdu Xinan Hospital and HRC Fertility respectively conducted psychological health-related projects for patients, mainly including personal psychological counseling, group support, relevant seminars and psychological assessment, to effectively relieve their psychological stress in the course of pregnancy preparation.

Patient Privacy Protection

- Prevent the disclosure of patients' privacy through formulating the management system of privacy protection, standardizing personnel management in each medical treatment link, and strengthening the information protection system.

Patient Communication and Dispute Settlement

- Comprehensive and timely patient communication channels: The Group has set up a call center to effectively communicate with patients and timely handle all kinds of queries from patients. Subordinated hospitals communicate with patients through service hotlines, WeChat platforms and other channels;
- Sound management of medical disputes: The Group has established a complaint handling mechanism, opened multiple complaint communication channels, and worked together with different departments to promote the resolution of medical disputes, and maintain a harmonious relationship between doctors and patients.

Science popularization for patients

- Popularize scientific knowledge about fertility treatment through various social media tools and offline communication activities.
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4. Provide High-quality Medical Services

Patient Service and Care

The Group has been optimizing its medical services to meet the increasing demands for highly personalized services and enhance the patient experience.

Wuhan Jinxin Hospital assigned consultants to all patients to provide them with one-on-one care during treatment, as well as effective and convenient medical care based on the expert platform. Chengdu Xinan Hospital organized an expert group to track and manage the cases of the embryo-free populations who failed in their treatment, and made individualized arrangement for the revisiting patients according to their requirements.

HRC Fertility launched the “Psychological Health Project” for patients, to provide patients with support services, including counseling, relaxation knowledge and psychological health webinars through multidisciplinary methods and services, and to relieve their psychological stress in the course of pregnancy preparation. In 2021, a total of 76 patients participated in psychological counseling, 55 patients in group support activities and 100 patients in webinars on psychological health.

The Group has set up a patient satisfaction survey mechanism, and accordingly its subordinated hospitals have developed relevant management systems for satisfaction survey based on their actual situation, such as the *Patient Satisfaction Survey and Continuous Improvement Management System*, to ensure that any problem can be solved in a timely and effective manner, and continuous improvements made in the future.

In China, the Group carries out satisfaction surveys through patient suggestion box, return call and questionnaire etc.. In 2021, Chengdu Xinan Hospital established a Quality Service Department, incorporating patient satisfaction into its KPI. According to satisfaction survey, the hospitals have identified and upgraded some key points which need to be improved. For example, Shenzhen Zhongshan Hospital surveyed nearly 4,000 outpatient and inpatient patients and their families, with the average satisfaction score above 90. In the United States, HRC Fertility has carried out patient satisfaction surveys like RSA Patient Satisfaction Survey and “Tell Us About Your HRC Fertility” to evaluate and improve medical services.

Customer Communication and Dispute Settlement

In strict compliance with laws and regulations such as *Measures for the Administration of Complaints from Medical Institutions*, *Regulations on the Prevention and Handling of Medical Disputes*, and *Health Insurance Portability and Accountability Act of 1996*, the Group has formulated relevant management systems such as *Medical Dispute Emergency Handling Proposal* and *Regulations on Medical Complaint and Dispute Handling* to regulate the complaint handling mechanism and protect the medical safety and the legitimate rights and interests of both doctors and patients. All subordinated hospitals have established a three-level complaint and dispute management mechanism, in which the Director decides and leads the handling of medical complaints and disputes, the corresponding departments are responsible for dealing with medical complaints and disputes for the whole hospital, and the heads of each department help and cooperate with the corresponding departments.

The Group has opened multiple channels for communication and complaint, including hotline, direct visiting, WeChat, suggestion box and patient interview to ensure that different types of complaints can be handled in time. In China, we opened many external channels for patients to handle medical disputes, including the complaint hotline of “12345” and local petition offices, so as to better protect patients’ rights and interests.

4. Provide High-quality Medical Services

Handling Process of Complaints and Medical Disputes

Record	Communication and Solution	Department-level Treatment	Hospital-level Treatment	Feedback after Treatment
<ul style="list-style-type: none"> Following the “first inquiry responsibility system”, the first responsible person should record the complaint details, including department complained, bed number, patient’s name, age, home address, contact telephone number, and name of competent doctor and nurse 	<ul style="list-style-type: none"> First responsible person: communicate with the patient and solve the problems in the first place 	<ul style="list-style-type: none"> Report patients’ needs to the department head; each department should handle the complaint according to the division of responsibilities Report to relevant departments for filing after the complaints and disputes are settled 	<ul style="list-style-type: none"> Medical disputes that the corresponding department cannot handle should be reported to the corresponding hospital-level departments for timely and fair treatment 	<ul style="list-style-type: none"> After the treatment, inform the patient of the details of investigation and treatment opinions, and arrange a special person to properly handle the follow-up matters If the patient does not accept the investigation results and treatment opinions by the hospital, the relevant staff should inform and guide the patient to handle the medical disputes through external channels

Protect Patient Privacy

In compliance with the *Cybersecurity Law of the People’s Republic of China*, the *Confidentiality of Medical Information Act* and other relevant laws and regulations of the place where it operates, the Group strictly protects patients’ privacy rights in medical activities, including protecting their private body parts, medical history, physical defects, special experiences and suffering from any form of external invasion. In China, the Group has formulated *Patient Privacy and Information Management System*, *Medical Record Management System* and *Information Security Management System*, requiring all employees to protect patients’ privacy and never allow unauthorized leakage. The responsible subjects include medical staff, logistics and maintenance personnel, cleaning personnel, canteen personnel and other staff.



4. Provide High-quality Medical Services

The Group has identified the following risk areas that are likely to cause patient privacy leakage, including outpatient visits, patient hospitalization, specimen and data transportation and use of information system, and has taken corresponding protection measures in each area. In order to prevent the leakage of patients' privacy, the Group regularly carries out trainings on information security and privacy protection for employees to enhance their awareness of patients' privacy protection. During the reporting period, the Group had no confirmed cases of patient privacy leakage.

Patient Privacy Protection Measures

1-Outpatient Visit

- Arrange one consulting room for one patient and set up waiting area
- The display screen in the waiting area does not display the full name of the patient
- Keep the patient's test report properly and check the identity before issuing the result
- Post the banner saying "No Discussion of Patient Privacy in Public"

3-Specimen and Data Transportation

- All data printed with identifiable patient information shall not be reused
- Specimens should be packed in specimen transfer boxes during transportation, and all kinds of information of patients should not be exposed on the way
- Specimens transported by patients or their family members should be packed in sealed opaque folder with clip and sent to the Laboratory Department
- All data printed with identifiable patient information should be kept by the department, placed in the designated place of the department and locked, and processed centrally by the corresponding department every six months

2-Hospitalization

- Nurses are not allowed to provide enquiry and guidance services without the consent of patients
- Cover the private body parts from the beginning of position placement to the end of operation while performing various diagnosis, treatment or operations in the ward
- Cover the private body parts of patients during transportation

4-Use of Information System

- Ensure perfect protection of patient-related data, set correct authority and strengthen the password management
 - Anyone using the system software should protect the privacy of patients, and should not allow irrelevant personnel to view the screen showing patient privacy
 - Set general permissions for all kinds of staff
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Patient Education

The Group attaches great importance to patient education, including enabling patients to fully grasp their physical condition and follow-up nursing and health care through various social media, offline communication meetings and expert lectures, so as to improve the treatment effect of patients, increase their trust in medical staff and reduce medical disputes.

4. Provide High-quality Medical Services

In the United States, HRC Fertility conducts live sessions on Facebook and Twitter by its in-house marketing team to actively interact with the public and enhance its brand awareness. In China, Chengdu Xinan Hospital, Shenzhen Zhongshan Hospital and Wuhan Jinxin Hospital also popularize scientific knowledge of fertility treatment through the combination of various social media apps and offline activities to help the patients continue standardized treatment and bring hope to those families.

Patient Education in 2021

Hospital	Online Education Activities	Offline Education Activities
Chengdu Xinan Hospital	<ul style="list-style-type: none"> Popularize scientific knowledge of fertility treatment through WeChat Develop "IVF Journey", an applet for patient self-management, covering the popularization of scientific knowledge for the whole pregnancy treatment cycle 	<ul style="list-style-type: none"> A total of 177 sessions on pregnancy treatment were held in 2021, involving 7,976 patients A total of 6 multidisciplinary expert Q&A classes were held in 2021, involving 202 patients A total of 29 expert lectures were held in 2021, involving 1,185 patients
Shenzhen Zhongshan Hospital	<ul style="list-style-type: none"> Popularize scientific knowledge of fertility treatment through WeChat, with a total of 12,957 popular science articles and 91 videos released in 2021 A total of 9 broadcast events were held in 2021 	<ul style="list-style-type: none"> A total of 11 patient meetings were held in 2021 A total of 19 health lectures were held in 2021
Wuhan Jinxin Hospital	<ul style="list-style-type: none"> Invite experts to conduct live science popularization Popularize scientific knowledge of fertility treatment through WeChat 	<ul style="list-style-type: none"> Patient meeting

4.4 RESPONSIBLE MARKETING

In strict compliance with relevant laws and regulations of the place where it operates, such as *Advertising Law of the People's Republic of China*, *Measures for the Administration of Medical Advertisements* and *Health Insurance Portability and Accountability Act of 1996*, the Group has formulated management systems such as *The Approval System for Advertising Publicity of Sichuan Jinxin Fertility Medical Management Co., Ltd.* to regulate the approval of external publicity and marketing of all organizations under the Group.



4. Provide High-quality Medical Services

In China, for advertising that requires obtaining the *Medical Advertisement Examination Certificate*, the Group stipulates that management documents such as the *Application for Medical Advertisement Examination* and the *Sample of Finished Medical Advertisement* shall be filled out as required and submitted to relevant government departments for examination after being approved by the Director. For marketing activities that do not require the *Medical Advertisement Examination Certificate*, the Group stipulates that the corresponding approval process shall be completed to ensure the legality, standardization, authenticity and consistency of such marketing activities.

Medical Advertising Approval Process



In order to guarantee that the regulatory authorities and customers obtain true and rigorous medical service information, the Group provides responsible marketing or related compliance training for employees to help them understand relevant laws, regulations and requirements of internal rules and regulations, and prevent exaggerating the effectiveness of medical services or concealing their potential risks.

In China, the Group holds a special lecture on “Legal Risk Prevention and Control of Assisted Reproductive Medical Institutions” for personnel in marketing related positions in subordinated hospitals, covering legal prevention of assisted reproductive business risks and legal risks and prevention in marketing promotion. In the United States, HRC Fertility will provide the USC HIPPA education program and USC health care compliance education courses for employees, covering compliance, laws and regulations.

5. Create a Happy Workplace

The Group respects and protects the legitimate rights and interests of employees, and provides clear career development plans and diversified training to help them achieve all-round growth. At the same time, the Group regulates safety and emergency management, hospital infection management, and occupational health and safety management to create a healthy, safe and happy workplace for employees.

5.1 PROTECT EMPLOYEES' RIGHTS AND INTERESTS

Employees' Rights and Interests

In accordance with the *Labor Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Fair Labor Standards Act* and the *Employment Discrimination Laws*, and other relevant laws and regulations, the Group adheres to legal employment, and signs labor contracts with all employees in accordance with laws to protect the legitimate rights and interests of employees with practical actions. The Group has formulated *Employee Handbook*, *Employee Care Management Measures*, *Employee Entry and Resignation Management System* and other systems to standardize the management of employee recruitment, working hours, promotion, salary and welfare.

Recruitment and Dismissal	Salary and Promotion	Working Hours and Vacations
<ul style="list-style-type: none">• Recruitment: Implement equal employment and prohibit forced labor according to local laws and regulations.• Dismissal: The Group has formulated such systems as <i>The Recruitment and Employment Management System</i>, <i>Employee Hiring and Resignation Management Measures</i>, <i>Employee Relationship Management System</i>. Accordingly, the Group's subsidiaries make adjustments in accordance with the actual situation of the place of operation to standardize and improve the employee hiring and resignation management.	<ul style="list-style-type: none">• Salary: Salaries are formulated and issued in accordance with the <i>Employee Handbook</i> and <i>Salary Management System</i>, complying with the requirements of laws and regulations of the place of operation and the local minimum wage standard; The salary of employees is regularly adjusted in accordance with the salary level of the local market and the cost of living.• Promotion: Annual performance bonus and employee promotion are based on the <i>Promotion Management System</i>, <i>Annual Appraisal System for Employees</i> or internal promotion system and in combination with the result of employee performance evaluation.	<ul style="list-style-type: none">• Working hours: Employees work 8 hours a day and 40 hours a week.• Overtime: The Group does not encourage to work overtime. In case of overtime work due to business needs, employees can apply for compensatory leave. The employee overtime management of HRC Fertility shall refer to the local regulations of California.• Vacation: Paid annual leave, funeral leave, sick leave, etc. shall be implemented in accordance with relevant local laws and regulations.



5. Create a Happy Workplace

The Group strictly implements equal opportunities to ensure that employees are not discriminated against because of race, religion, gender and other factors, and provides employees with a respectful and equal career development platform. The Group will strictly verify the age of applicants, absolutely prohibit the employment of child labor and eliminate forced labor in the recruitment process and no such labor was used in 2021.

The Group emphasizes the democratic participation of employees and encourages its subsidiaries to build a diversified, democratic communication platform for employees. In China, Chengdu Xinan Hospital and Shenzhen Zhongshan Hospital have established workers' congresses, which are held regularly to form a smooth communication mechanism and guarantee employees' rights to know, to participate, to be heard and to oversee. The subordinated hospitals of the Group in China have established trade unions. Among them, the trade union of Chengdu Xinan Hospital consulted with the Group and signed the *Collective Contract*, *Collective Wage Contract* and *Collective Contract for Protecting Female Workers' Rights and Interests*.

In order to know about employees' satisfaction with the operation of the Group, the subordinated hospitals of the Group aperiodically hold satisfaction surveys for them every year, mainly covering employees' satisfaction with their immediate superiors, job suggestions and opinions on other departments. In 2021, 251 employees of Chengdu Xinan Hospital participated in the satisfaction survey with the result showing that 80% of the staff had a high level of satisfaction.

Employee Care

The Group encourages employees to seek a balance between life and work. Meanwhile, we will provide various benefits for employees and their families, and regularly carry out employee care and sympathy work to create a happy, healthy and harmonious working and living atmosphere, and enhance their sense of belonging and happiness.

Social Insurance	Employee Welfare	Employee Care
<ul style="list-style-type: none"> • Provide social insurance and housing provident fund schemes for employees; • Provide supplementary commercial insurance for in-service employees; • HRC Fertility provides group health insurance plans to eligible employees. 	<ul style="list-style-type: none"> • Employee welfare: Birthday activities, holiday benefits, tourism benefits, labor protection welfare, wedding blessing gifts, maternity gifts, funeral leave pensions, breakfast and lunch subsidies, etc.; • Employee activities: Provide various cultural and sports activities for employees, such as enterprise annual meeting, team building activities and sports association activities. 	<ul style="list-style-type: none"> • Help for employees and their families in need; • Care for retired employees; • Chengdu Xinan Hospital has set up a psychological care hotline; • HRC Fertility provides mental health assistance program (EAP) for employees and holds regular psychological health seminars.

5. Create a Happy Workplace

5.2 EMPLOYEE DEVELOPMENT

Talent Ladder Construction

In terms of attracting and stabilizing talents, the Group adheres to the combination of independent training and external introduction, and seeks industry-leading “new partners” through the “Global Partner Selection Plan” to accumulate talent advantages for the development of the Group and help it to achieve the continuous high-quality development.

Plan Type	Object	Measures
Managing Partners – “Leadership Talent Scheme”	Hospital management experts with global vision, industrial influence and resources. They are full of industry insight, respond well to change and possess internal management capabilities;	We use a flat and dynamic organizational structure to enable quick communication between all levels and partners. This allows rapid decisions to be made in the ever-changing market, enabling us to realize the high efficacy and efficiency of talents and resources that we have and accomplish common values.
Entrepreneurial Partners – “Wining Talent Scheme”	Pioneers in fertility related industries, leaders of unicorn companies of related industries and other top partners in the professional fields of digitalization, Internet-based healthcare and science and technological.	
Scientific Research Partners – “Smart Talent Scheme”	Most renowned scientists in the field of reproductive health with a focus on scientific research and product research and development in production, education and research.	We provide our scientific research and clinical personnel with more feedback and data through our strategies of “internal + external growth” and “offline + Internet”. We will increase our investments in talent training and scientific research innovation, as well as provide our employees with a wide range of learning and exchange opportunities through our international platform.
Clinical Partners – “Treasure Talent Scheme”	First-class clinical experts and academic leaders in the field of assisted reproduction, gynecology and andrology, who treat intractable diseases and are renowned experts in their respective industry.	

5. Create a Happy Workplace

Training and Development

The Group is committed to establishing a learning organization to provide effective support for the implementation of the overall strategy and the realization of the vision. The Group provides employees with training opportunities at home and abroad, and inside and outside hospitals in accordance with the professional knowledge and business skills required by them in different development paths to cultivate their comprehensive abilities and ensure their all-round growth.

The Group has formulated the *Training Management System*, *Training Development Management System* and other systems, established a training system covering all employees, strengthened the standardization and institutionalization of the training process to improve the professional skills and quality of employees, and build a professional talent team. Accordingly, the subordinated hospitals of the Group have formulated the training plan for the next year in accordance with the training, quality and safety monitoring results of the previous year, and organized the training in a targeted manner. Encino Branch of HRC Fertility piloted the training plan to promote more standardized training at HRC Fertility.



Training Type	Targeted Group	Training Contents
New employee training	All new employees	Trainings on hospital culture, hospital systems, laws and regulations, professional knowledge and skills, occupational safety protection and medical ethics, to help new employees integrate into the Company in the shortest time.
Professional skills training	Regular employees	Trainings on medical quality management, cardiopulmonary resuscitation, hospital infection and medical ethics, to enhance the professional ability of employees and meet the job needs.
Leadership training	Middle and senior managers	Trainings on lean six sigma, human resource management, marketing and operations to help managers become the driving force of their plans and goals.

5. Create a Happy Workplace

In terms of professional skills training, the Group further enriched its training resources and helped build a learning enterprise by participating in the online learning platform “Jinxin College” and inviting senior industry experts to give lectures.

Professional Skills Training in 2021

Training Type	Training Contents
Jinxin College	The Group participated in the online learning platform “Jinxin College”. Platform courses fall into “General Education Course” and “Jinxin Course”, through which employees can independently inquire or learn all the general and professional contents, providing a more efficient learning environment for employees to improve their abilities.
Jinxin Academy	The talent training mode integrating “talent theory training, practical operation and teaching observation” is adopted to strengthen the study and mastery of the basic reproductive knowledge by medical staff in the industry. In 2021, at the first expert class of basic reproductive knowledge of “Jinxin Academy”, a total of 885 people participated in the online lectures and 20 people participated in the on-site practical observation, involving 462 hospitals / organizations, with 76% of the trainees not from the Jinxin system.
Teaching by external experts	The subordinated hospitals of the Group invited senior experts in the industry to explain the professional knowledge to employees and communicate with them about common problems encountered in work. For example, Shenzhen Zhongshan Hospital invited experts to carry out trainings on the regulatory requirements and development trend of newly-built PCR laboratories, and the detection of immune factors in recurrent abortion – the gap between theory and practice.



5. Create a Happy Workplace

The Group attaches great importance to the enhancement of employee leadership, and provides leadership enhancement training courses for middle and senior management employees, including management practice program of Jinxin Fertility and advanced hospital management training program, so as to improve the management ability of employees, and help them achieve comprehensive development.

Leadership Training in 2021

Training Program	Training Contents
Management practice program of Jinxin Fertility	It is planned and organized by the Group in a unified way, with materials regularly reviewed and reported in stages every month. Meanwhile, a business simulation environment is created for employees to promote the program through internal competition, incentive mechanism and professional coach guidance and empowerment. In 2021, the Group won the Award of HRoot Best Practice of Learning and Development in Greater China for its great management practice training programs in 2020-2021.
Advanced hospital management training program	In conjunction with Institute of Hospital Management, West China Hospital of Sichuan University, we customized an advanced hospital management training program that meets the needs of the Group. The course contents mainly include basic hospital management, hospital management practice, department management, professional quality, hospital management practices and other modules to help hospital directors better carry out hospital operation and management.

In addition, the Group customizes training programs in accordance with the requirements of all employees, providing them with opportunities to receive expatriate training, further study in external hospitals and institutions, participate in standardized training and obtain continuing education. Hospitals formulated relevant systems to clarify the policies in encouraging and supporting employees who obtain continuing education and employees who go out for further education to guarantee their personal career development.

In 2021, Shenzhen Zhongshan Hospital selected 10 clinical staff to attend the training on assisted reproductive technology (ART) and they obtained ART certificates. Wuhan Jinxin Hospital selected 80 employees to participate in the "Western-style Doctor Learning Traditional Chinese Medicine Training Course of Jiangnan University School of Medicine", and provided opportunities for 6 medical staff to go to external hospitals for further study, to strengthen their learning of new knowledge and new technology of the industry. Chengdu Xinan Hospital selected 9 medical staff for training, among whom clinical personnel accounted for 55.56%. The training covers professional content such as ART qualification training and hospital safety management such as firefighting facilities management. At the same time, the hospital supports the academic education of its employees. 3 employees have completed their academic qualifications upgrading in 2021, and 9 employees are in the academic qualifications upgrading. The completion of the relevant education will improve their scientific research ability and build their professional core competitiveness.

Promotion and Incentive

The Group has formulated management systems such as *Promotion Management System and Annual Appraisal System for Employees*, to carry out performance appraisal and post promotion management on the principle of fairness and justice, and objectively evaluate employees' work performance, quality and safety of medical service, medical ethics and ability development, providing a basis for employees' appointment, dismissal, promotion and salary.

5. Create a Happy Workplace

The Group provides employees with a dual-channel for the development of managerial talents and technical talents and establishes a clear career development plan for them in accordance with their personal wishes. In addition, the Group has adopted RSU scheme. By the end of the reporting period, the Group had granted RSUs to more than 80 key employees of Chengdu Xinan Hospital, Shenzhen Zhongshan Hospital and HRC Fertility.



5.3 OCCUPATIONAL HEALTH AND SAFETY

Safety Emergency Management

The Group has established a sound occupational health and safety management system, and set up a leading group of safety production and a nursing quality and safety management committee respectively, to be responsible for formulating the hospital safety improvement plans, supervising and guiding their implementation.

For medical-related emergencies, the Group has established emergency plans for various incidents, including the *Emergency Response Plan for Public Health Emergencies*, *Emergency Plan for Biosafety Events of Pathogenic Microorganism Laboratory*, and *Emergency Response Plan for Radiation events*, to improve the pertinence and effectiveness of emergency response.

For non-medical-related emergencies, the Group has formulated management systems such as *Emergency Response Plan for Environmental Incidents* to standardize the environmental emergency management of all hospitals and improve their ability to cope with and prevent emergent environmental incidents. At the same time, the subordinated hospitals of the Group regularly carry out fire emergency drills, dangerous chemical leakage drills and pandemic emergency drills every year to comprehensively improve the ability to withstand major disasters and accidents.

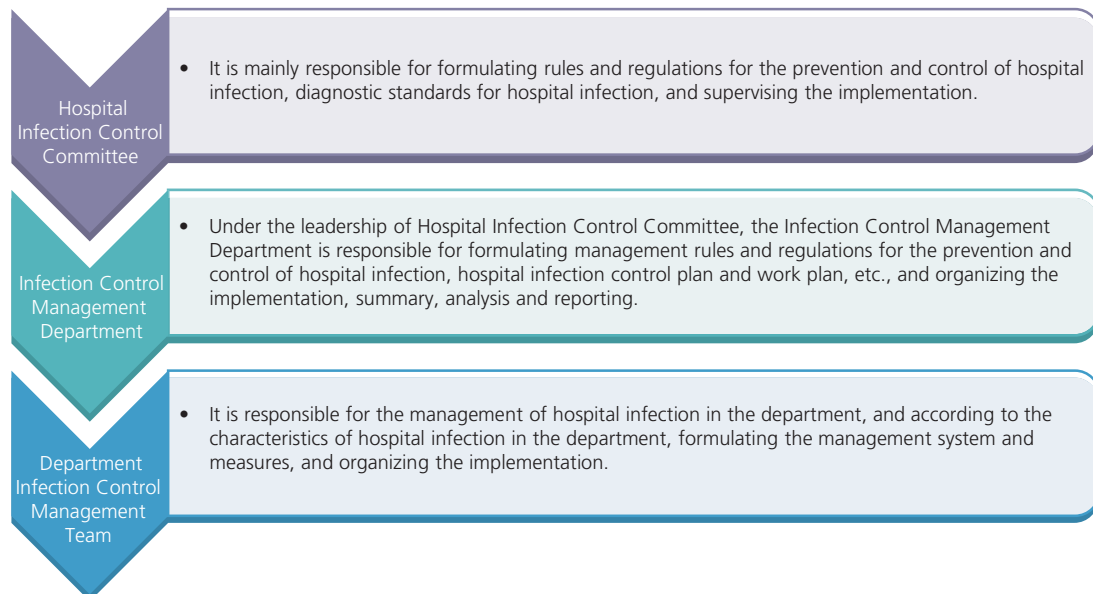
In terms of prevention and handling of COVID-19 emergencies, the Group's hospitals in China are doing their best to prevent and control the COVID-19 infection in their hospitals by providing protective materials for employees, vaccination, regular COVID-19 nucleic acid testing and timely preventive disinfection of the entire hospital, etc. They have also formulated the *Emergency Plan for Dealing with the COVID-19 Isolation and Closure* to clarify isolation and closure management measures against the COVID-19, and provide a healthy and safe environment for employees and patients. In the United States, HRC Fertility has developed the COVID-19 Prevention Program (CPP) and emailed reminders of safety precautions to employees to clarify safety procedures for dealing with confirmed cases and potential exposures in the workplace. At the same time, HRC Fertility provides COVID-19 nucleic acid tests for both employees and patients, requiring all hospital staff to be vaccinated against COVID-19 to reduce the risk of infection to employees or patients. HRC Fertility provides 40-hour home-working time for employees during the pandemic.

5. Create a Happy Workplace

Hospital Infection Management

The Group strictly abides by such laws and regulations as *Hospital Infection Management Measures*, *Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases*, *California Health and Safety Code* and *Needlestick Safety and Prevention Act*. In China, the subordinated hospitals of the Group have established a three-level hospital infection management system to effectively carry out the normative requirements of infection control and ensure medical safety.

Three-level Hospital Infection Management System

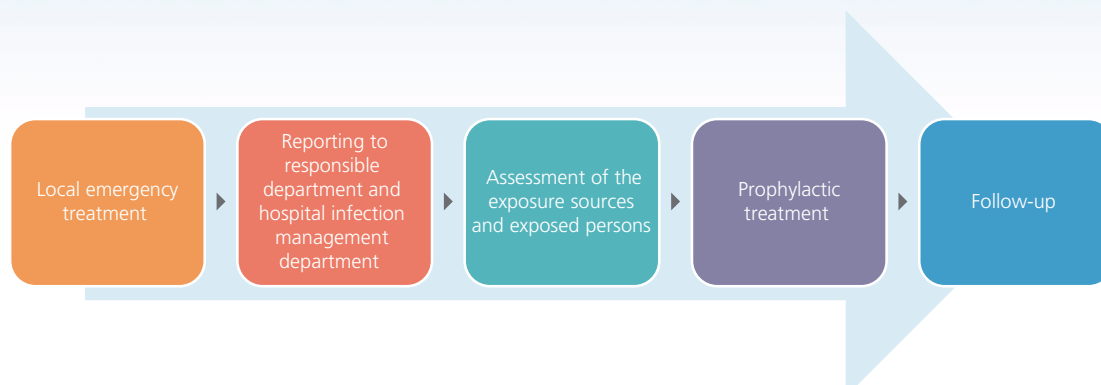


In China, the Group has established management systems such as *Medical Personnel Hand Hygiene Management System*, *Management System for Infectious Occupational Exposure*, *Management System for the Use of Personal Protective Equipment* and *Isolation and Protection System for Infectious Diseases* to clarify the responsibilities for hospital infection management based on relevant policies issued by the nation and to ensure the effective implementation of hospital infection management. The Group has developed a complete occupational exposure management process to help medical staff to prevent and handle various occupational exposures, protect their health, and reduce the risk of occupational exposure to infectious diseases.

In the United States, in order to reduce the risk of employee exposure to tuberculosis, seasonal influenza, HIV and other diseases in the workplace, HRC Fertility has developed management practices that involve educating employees about the risks of disease transmission and how to handle occupational exposures.

5. Create a Happy Workplace

Occupational Exposure Management Process



The Group develops a training plan for all employees every year, covering all types of employees. The training contents include hand hygiene training, protective equipment wearing training as well as occupational exposure prevention and management training. The subordinated hospitals of the Group regularly conduct infection control knowledge and skills training and assessment for their employees.

Occupational Disease Risk Prevention

Striving to create a healthy and safe working and living environment for employees, the Group strictly abides by the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other relevant laws and regulations, to safeguard the health of all employees and prevent occupational diseases through continuously regulating the use of medical equipment and medical technology operations by employees, and providing employees with sufficient health and safety personal protective equipment and annual regular physical examination.

The occupational disease risks involved in the Group include chemical hazards and radiation hazards. For employees in positions involving occupational disease risk, the Group shall provide them with adequate health and safety protective equipment, arrange annual occupational disease examinations, and regularly check the personal dose of radiology staff to ensure their occupational health and safety. The Group also regularly conducts health and safety education and training for employees to strengthen their awareness of occupational health and safety. For employees suspected of occupational diseases, the Group responds to emergency and non-emergency employee needs through direct treatment and referrals. In 2021, neither the Group nor any of its subordinated hospitals had any occupational disease incidents.

6. Foster a Better Environment and Community

Adhering to the concept of green operations, the Group pays attention to the environmental impact caused by its business operation, and continues to improve its ability of green operation by regulating environmental management, improving resource utilization efficiency and actively coping with climate change risks. Besides, the Group focuses on the community construction in the operation area, and promotes the improvement of public health level.

6.1 GREEN OPERATION

Environmental Management System

The Group strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *California Medical Waste Management Act* and other relevant laws and regulations in the place of operation to regulate the management of resource consumption and waste discharge in business operation. The Group has established an environmental management system to improve its environmental management level and reduce the impact of business operation on the environment.



6. Foster a Better Environment and Community

The Group formulated ESG targets related to greenhouse gas, waste, energy and water resources, etc. Besides, the Group's ESG Working Group monitors and assesses work progress towards ESG targets once every six months to ensure that all departments work to achieve targets and realize green operation.

ESG Targets and Progress

Type	ESG Targets	Progress in 2021
Greenhouse gas	34% reduction in greenhouse gas emission per RMB million operating income in 2025, as compared with 2020	5% reduction in greenhouse gas emission per RMB million operation income in 2021, as compared with 2020
Wastes	40% reduction in hazardous waste per RMB million operating income in 2025, as compared with 2020	24% reduction in hazardous waste per RMB million operating income in 2021, as compared with 2020
Energy	34% reduction in energy consumption per RMB million operating income in 2025, as compared with 2020	2% increase in energy consumption per RMB million operating income in 2021, as compared with 2020
Water resources	20% reduction in water consumption per RMB million operating income in 2025, as compared with 2020	15% reduction in water consumption per RMB million operating income in 2021, as compared with 2020

6. Foster a Better Environment and Community

Resource Utilization

The main energy sources consumed directly or indirectly by the Group in its business operation activities are electricity, natural gas, petrol and diesel. The Group's water mainly comes from municipal water supply, and there is no problem in obtaining the applicable water source. Adhering to the concept of green operation, the Group continuously optimizes the use of resources and improves the efficiency of resource utilization by means of technological transformation of equipment and the use of green and low-carbon products in order to reduce the consumption of water, electricity and natural gas generated in the course of business operation.

Main Measures for Saving Energy and Water Resources

Measures	Main Contents
Technological transformation of equipment Renovate the original equipment for energy saving and emission reduction	<ul style="list-style-type: none">• In Chengdu Xinan Hospital, the control mode of air conditioning and lighting in the public area on each floor of the whole hospital is shifted from the original single switch or panel control to the centralized computer control, thus reducing unnecessary energy consumption by setting the switch time remotely. In summer, the electricity consumption is reduced by 455kWh per hour when the air conditioning is turned on.• In HRC Fertility, automatic timers are installed in HVAC systems to reduce energy consumption.
Use energy-saving and consumption-reducing products Gradually use environmentally friendly LED energy-saving lamps and install sensor faucets to reduce resource consumption	<ul style="list-style-type: none">• In Shenzhen Zhongshan Hospital, LED energy-saving lamps are mounted.• All HRC Fertility clinics use LED energy-saving lamps.• Sensor faucets are installed in the office areas of each hospital, thus realizing water conservation.
Strengthen publicity and education on resource conservation	<ul style="list-style-type: none">• Organize all employees to study the policies, laws and regulations, and documents related to energy saving and consumption reduction.• Post energy saving signs in the office to boost awareness of resource conservation among employees.• Wuhan Jinxin Hospital implements the principle of energy conservation and environmental protection, encourages reasonable setting of air conditioning temperature in offices and meeting rooms, and advocates turning off the corresponding power supply when there is no one in the office for a long time.

6. Foster a Better Environment and Community

Emission Management

Emissions generated in the business operation of the Group mainly include domestic exhaust sewage, medical wastewater, gas pollutants, hazardous waste and non-hazardous waste, as well as greenhouse gas emissions from electricity consumption of offices and hospitals and fuel consumption of official vehicles. The subordinated hospitals of the Group have established the *Hospital Sewage Treatment Management System*, the *Emergency Plan for Sewage Treatment System Failure*, the *Emergency Response Plan for Environmental Incidents* and other systems to clarify requirements and standardize the waste management related work.

Emission Management

Wastewater emission

Domestic sewage	<ul style="list-style-type: none">• Treatment method: Municipal discharge• Management measure: Carry out monthly domestic sewage detection and follow up-to-standard discharge
Medical wastewater	<ul style="list-style-type: none">• Internal management system: <i>Hospital Sewage Treatment Management System</i> and <i>Sewage Treatment System Management System</i>• Treatment method: Entrust a qualified third party for recycling• Standard compliance: <i>Discharge Standard of Water Pollutants for Medical Organization</i>; and Wuhan Jinxin Hospital complies with the environmental management requirements of pollutant discharge permit• Detection indexes: Suspended solids, chemical oxygen demand (COD_{cr}), five-day biochemical oxygen demand (BOD₅), an-ionic surfactant, animal fats and vegetable oils, petroleum, volatile phenols, total cyanide, fecal Escherichia coli, residual chlorine, pH, etc.• Management measure: According to the requirements of law enforcement agencies and regulatory authorities, carry out equipment test, water quality check, drug dosage record every day; invite third-party professional institutions to sample and test sewage; treat the sewage with sodium hypochlorite and strictly control the discharge of pathogenic microorganisms in sewage; store radioactive sewage separately, which should be recycled by a third-party institution designated by the environmental protection department; full-time personnel should receive training on sewage treatment and occupational health and safety, and take their posts for operation after passing the training examination

6. Foster a Better Environment and Community



Emission Management

Waste gas emission

- | | |
|------------------|--|
| Waste gas | <ul style="list-style-type: none">• Internal management system: <i>Waste Gas Emission Management System</i>• Treatment method: Mount sewage treatment facilities and discharge them after treatment; Besides, oil fume filters are mounted in Wuhan Jinxin Hospital to treat waste gas• Standard compliance: <i>Emission Standard of Air Pollutants for Boiler</i>• Detection indexes: Sulfur dioxide, nitrogen dioxide, soot, etc. Wuhan Jinxin Hospital: oil fume, methane and odor concentration |
|------------------|--|

Solid waste

- | | |
|----------------------------|--|
| Non-hazardous waste | <ul style="list-style-type: none">• Internal management system: <i>Waste Management Procedures</i>• Waste type: Domestic waste such as waste paper and kitchen waste• Treatment method: Classified recycling; the municipal government is responsible for the clearance and transportation• Reduction method: Printing paper on both sides; Wuhan Jinxin Hospital launches smart canteen service to reduce food waste. |
| Hazardous waste | <ul style="list-style-type: none">• Internal management system: <i>Waste Management Procedures</i> and <i>Hazardous Substance Management System</i>• Waste type: Medical waste, waste batteries, fluorescent light tubes, etc.• Treatment method: Entrust a qualified third party for recycling• Reduction method: Reduce the use of medical supplies containing mercury, etc.• Management method: Clean and disinfect medical waste storage sites on a regular basis; formulate emergency response plans for leakage and diffusion of medical waste; provide trainings on relevant laws, expertise, safety protection and emergency handling for medical waste management personnel |
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6. Foster a Better Environment and Community

6.2 TACKLING CLIMATE CHANGE

The Group focuses on the global trend of climate change and incorporates mitigation and adaptation of climate change into ESG. In 2021, the Group took into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to identify climate change-related risks and opportunities to improve management based on the results to reduce greenhouse gas emissions from the Group's operations and mitigate the impact on climate change.



Climate Change Management System

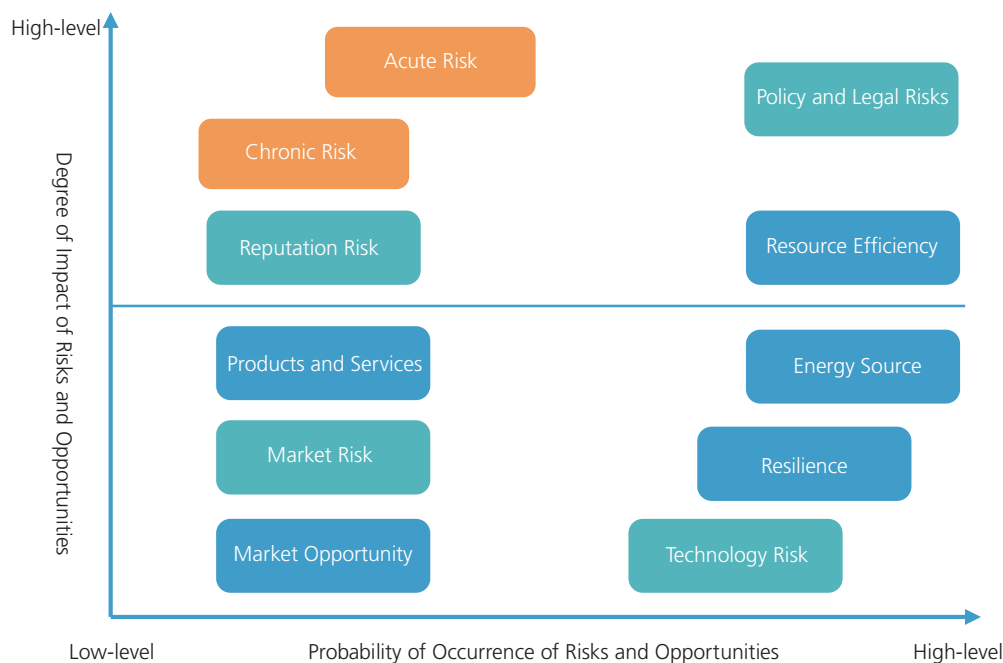
Governance	<ul style="list-style-type: none">• The Group's ESG Working Group identifies climate change risks related to the Group's business on an annual basis, assesses the impact of such risks on the Group, and provides recommendations to the Board of Directors on risk response;
Strategy	<ul style="list-style-type: none">• Evaluate the potential operational and financial impact of the significant risks and opportunities identified on the Group;• All departments should carry out management actions in improving energy efficiency and reducing resource consumption;
Risk Management	<ul style="list-style-type: none">• Identify potential risks and opportunities for operational activities with reference to the recommendations of TCFD;• Chengdu Xinan Hospital, a subsidiary of the Group, assesses natural disasters at least annually to identify high-risk items, and conduct training, monitoring, and emergency management action plans and implementation;
Metrics and Targets	<ul style="list-style-type: none">• Set targets for greenhouse gas emissions management: 34% reduction in greenhouse gas emission per RMB million operating income in 2025, as compared with 2020;• Collect data on greenhouse gas emissions-related activities on an annual basis, carry out inter-year comparisons, and disclose it in ESG report, to assess the level of our management performance in coping with climate change.

6. Foster a Better Environment and Community

Climate Change Risks and Opportunities

In order to better cope with the potential risks and opportunities of climate change, the Group has identified climate-related risks and opportunities relevant to its own operations and assessed the impact of various risks and opportunities on its own finance via policy research, peer benchmarking and combining expert opinions. For details of the Group's climate change-related risks and opportunities and the results of the financial impact identification, please refer to *6.2 Address Climate Change in the Company's ESG report 2020*.

Climate Change Risks and Opportunities Matrix



Climate-related risks

Physical risk

Transformation risk

Climate-related opportunities

Opportunities

Actions to Address Risks and Opportunities of Climate

- Set targets for greenhouse gas emissions management: 34% reduction in greenhouse gas emission per RMB million operating income in 2025, as compared with 2020;
- Collect data on greenhouse gas emissions-related activities on an annual basis, carry out inter-year comparisons, and disclose it in ESG report, to assess the level of our management performance in coping with climate change;
- Identify and manage climate-related risks and opportunities with reference to the recommendations of TCFD;
- Improve the use efficiency of energy and water, and reduce the carbon footprint through carrying out

6. Foster a Better Environment and Community

technological transformation for equipment, using energy-saving and consumption-reducing products, and strengthening the promotion of resource conservation;

- Adhere to green office and green operation, and reduce carbon emissions from business operation by increasing the use of clean energy such as solar energy and advocating the conservation of water, electricity and other resources;
- Take climate change as a material issue and communicate with stakeholders through ESG report and other channels.

6.3 SAFEGUARD SOCIAL HEALTH

Contribute to the Improvement of Basic Medical Care

The Group continues to focus on the development of the health and hygiene area. In 2021, the Group actively carried out all kinds of public welfare activities around community health education in China to help improve the community health standards. In addition, the Group promoted the improvement of public health standards by donating materials, providing surgical assistance, and improving medical care in hospitals in remote areas. In 2021, the Group conducted a total of 121 free clinic activities.

Public Welfare Activities around Community Health Education in 2021

Hospital	Activity
Chengdu Xinan Hospital	<ul style="list-style-type: none"> • The hospital carried out the “Pregnancy Preparation in Chengdu Xinan Hospital in Liangshan” campaign, to provide science popularization lectures and face-to-face communication for Yi nationality in Liangshan Prefecture; • The hospital organized personnel to carry out science popularization lectures on <i>Prevention of Female Reproductive Diseases</i> in the taxation administrations in Longquanyi District, Wuhou District and Shuangliu District, Chengdu Province.
Shenzhen Zhongshan Hospital	<ul style="list-style-type: none"> • A total of 48 free clinic activities were carried out, including the “Do Practical Things for the Masses”, “Explore the Mystery of Fertility and Understand the Origin of Life”, lectures on the care of female’s health, experiential Chinese medicine, convenient services for the public, urological health knowledge, and science popularization lectures offered to the community; • The IVF technology popularization and exhibition series activities were carried out on the “World Embryologist’s Day”, during which embryo popular science video and the related operating instruments and equipment of embryo laboratory were displayed, and award-winning quiz and online live broadcasting activities were arranged.
Wuhan Jinxin Hospital	<ul style="list-style-type: none"> • The hospital provided free clinic activities to surrounding communities to promote health knowledge and help build healthy communities. In 2021, Wuhan Jinxin Hospital provided free community clinic activities for Huanghe and Guoxin New Town to deliver health knowledge and protection methods, including guidelines for pregnant and lying-in women against COVID-19.

Public Welfare Activities in 2021

6. Foster a Better Environment and Community

Type	Specific Contents
Donating living materials	<ul style="list-style-type: none"> Chengdu Xinan Hospital launched the “700-mile Public Welfare” donation activity, and organized all medical and nursing staff to donate unused children’s clothing to children in remote mountainous areas and pay attention to their health.
Providing medical assistance	<ul style="list-style-type: none"> The Group plans to offer free IVF treatment to 20 patients per year. Shenzhen Zhongshan Hospital and the China Women’s Development Foundation launched the “Family Fertility Health Care Program” to provide medical assistance to infertility patients relying on subsistence allowances. Shenzhen Zhongshan Hospital offers free IVF treatment for patients who have lost their only child or are facing financial difficulties.
Contributing to improving medical standards	<ul style="list-style-type: none"> In 2021, Wuhan Jinxin Hospital established collaborative relationships with 46 hospitals and institutions to carry out medical staff training and other departmental co-construction projects to help improve local medical standards. Chengdu Xinan Hospital provides technical assistance to Fokind Hospital in Tibet.

Volunteer Service

The Group encourages employees to actively participate in volunteer service and work with stakeholders to fulfill their social responsibilities. In China, Chengdu Xinan Hospital, a subsidiary of the Group, made the “Forest Plan for Pregnancy” to provide 20 energy values for employees who actively respond to public welfare actions of the Group (such as volunteer work during the COVID-19 pandemic), so as to positively stimulate employees to participate in public welfare activities, with a single activity covering more than 700 employees in the whole hospital.

In the United States, HRC Fertility has formulated the “Volunteer Time Policy” to provide eligible employees with up to 8 hours of paid leave every year to volunteer in non-profit organizations and engage in projects of social significance to them.

The Group attaches great importance to COVID-19 prevention and control. While protecting the health of employees and patients through emergency response plans, it has mobilized medical staff as volunteers to go to the front line of pandemic prevention and control to participate in COVID-19 nucleic acid testing. In 2021, Wuhan Jinxin Hospital, Chengdu Xinan Hospital and Shenzhen Zhongshan Hospital of the Group organized medical staff to support the COVID-19 nucleic acid testing at the front line of the pandemic for many times. In November 2021, the Group organized 673 medical staff to participate in COVID-19 nucleic acid testing at the front line of pandemic prevention and control in Chengdu, in which 16,644 people received COVID-19 nucleic acid testing, and 14,000 COVID-19 nucleic acid testing samples were collected. In 2021, the Group sent a total of 3,349 staff to support the front line of pandemic prevention and control work, and to contribute to the fight against the pandemic.

ESG Quantitative Performance Table

As Jinxin Women and Children Hospital, Chengdu Health and Chengdu Jinmai were added in this report (please refer to "Scope of the Report" in this Report) compared with the previous year, this report will disclose data in the same category "according to the disclosure scope of last year" in order to form consistent comparability. The "new disclosure scope" has disclosed the overall data of three additional subsidiaries this year.

ENVIRONMENT

Index	Unit	2019	2020	2021	
				According to the Disclosure Scope of Last Year	New Disclosure Scope
Resource Utilization					
Electricity consumption	MWh	7,419.76	9,281.42	11,260.53	11,850.32
Natural gas consumption	m ³	171,209.00	203,976.00	269,249.00	319,874.00
Gasoline consumption of self-owned vehicles	L	11,585.00	20,773.00	26,023.76	28,126.52
Diesel consumption of self-owned vehicles	L	6,456.00	3,137.00	2,859.43	3,535.32
Comprehensive energy consumption	MWh	9,443	11,709	14,439.89	15,603.48
Comprehensive energy consumption per unit operating income	MWh/RMB10,000	0.09	0.11	0.11	0.11
Water consumption	m ³	77,324.00	104,430.00	107,550.00	115,767.20
Water consumption per unit operating income	m ³ /RMB10,000	0.72	1.01	0.82	0.85
Emission Management					
Administrative wastewater discharge	m ³	15,600.00	21,145.00	27,967.00	29,595.00
Discharge of medical wastewater	m ³	59,550.00	67,016.00	86,195.00	86,195.08
NO _x emissions ¹	kg	187.00	162.00	105.12	105.12
COD emission	Tonnes	4.71	7.61	8.40	8.56
NH ₃ -N emission	Tonnes	0.39	1.07	2.45	2.45
Suspended solid emission	Tonnes	0.97	1.37	0.94	0.94
Total discharge of non-hazardous waste	Tonnes	204.00	708.00	955.83	990.43
Total discharge of hazardous waste	Tonnes	323.00	168.00	155.38	166.29
Total emission of medical waste	Tonnes	46.00	166.00	154.78	165.69
Total discharge of non-hazardous waste per unit operating income	Tonnes/RMB10,000	0.002	0.007	0.0073	0.0073
Total discharge of hazardous waste per unit operating income	Tonnes/RMB10,000	0.003	0.002	0.0012	0.0012
Greenhouse Gas Emission Management					
Total greenhouse gas emissions ²	Ton CO ₂ equivalent	5,018.71	6,169.12	7,203.65	7,663.48
Greenhouse gas emissions in Scope I	Ton CO ₂ equivalent	419.91	506.53	661.28	778.45
Greenhouse gas emissions in Scope II	Ton CO ₂ equivalent	4,526.80	5,662.59	6,542.37	6,885.03
Greenhouse gas emissions per unit operating income	Ton CO ₂ equivalent/ RMB10,000	0.047	0.06	0.055	0.056

ESG Quantitative Performance Table

Note 1: In 2021, the Group has set higher requirements for energy saving and emission reduction. The replacement of the low-NO_x boiler at Chengdu Xinan Hospital has significantly reduced NO_x and SO₂ emissions.

Note 2: The greenhouse gas emissions are calculated with reference to Appendix II: Reporting Guidance on Environmental KPIs (May 2021), the latest edition of The ESG Guide of SEHK. Scope I emissions are calculated based on the oil consumption by the Group's owned vehicles, natural gas consumption and relevant emission coefficient. Scope II emissions are calculated with reference to the document of Ministry of Ecology and Environment of the People's Republic of China. In the process of calculating Scope II emissions, the national emission factors for Mainland China of 0.6101 kg CO₂/kWh are used for the data of 2019 and 2020. The national emission factors for Mainland China of 0.5810 kg CO₂/kWh are used for the data of 2021.

EMPLOYEES

Index	Unit	2019	2020	2021	
				According to the Disclosure Scope of Last Year	New Disclosure Scope
Employees' Employment Management					
Total number of employees	Person	1,407	1,483	1,677	2,548
By gender					
Male	Person	213	248	253	355
Female	Person	1,194	1,235	1,424	2,193
Number of employees under the labor contract system	Person	1,348	1,415	1,568	2,414
Number of employees in labor dispatching	Person	9	43	44	44
Number of other employment type employees ¹	Person	50	25	65	90
Number of Junior employees	Person	/	/	1,460	2,265
By job hierarchy					
Number of employees in middle management	Person	/	/	188	249
Number of employees in senior management	Person	/	/	29	34
Number of employees under 30 years old	Person	510	529	644	961
By age ²					
Number of employees aged between 30 and 50 years old	Person	778	831	877	1,385
Number of employees aged over 50 years old	Person	119	123	156	202
Number of employees in Mainland China	Person	987	1,245	1,435	2,306
By region					
Number of employees in Hong Kong, Macau, Taiwan and overseas	Person	420	238	242	242
Turnover rate of employees	%	14	17	15	10
By gender ³					
Turnover rate of male employees	%	18	16	19	15
Turnover rate of female employees	%	14	17	12	8
Turnover rate of employees under 30 years old	%	15	23	13	9
By age ³					
Turnover rate of employees aged between 30 and 50 years old	%	13	19	11	7
Turnover rate of employees over 50 years old	%	22	41	20	16
By region ³					
Turnover rate of employees in Mainland China	%	12	20	12	8
Turnover rate of employees in Hong Kong, Macau and Taiwan and overseas	%	19	34	15	15

ESG Quantitative Performance Table

Index	Unit	2019	2020	2021	
				According to the Disclosure Scope of Last Year	New Disclosure Scope
Employee Occupational Health and Safety					
Number of working days lost due to work-related injuries	Day	48	88	0	3
Number of employees who died as a result of work-related injuries	Person	0	0	0	0
Percentage of employees who died as a result of work-related injuries	%	0	0	0	0
Employee training and development ⁴					
Training coverage of employees	%	73	88	92	91
By gender ⁵	Male	16	16	15	13
	Female	84	84	85	87
By job hierarchy ⁵	Junior employees	90	85	82	85
	Employees in middle management	8	13	16	13
	Employees in senior management	2	2	2	2
Average training hours per employee ⁶	Hours	/	18	6	17
By gender	Male	/	13	6	12
	Female	/	19	7	18
	Junior employees	/	17	8	17
By job hierarchy	Employees in middle management	/	19	14	37
	Employees in senior management	/	53	21	33

Note 1: Other employment types include: part-time, interns and retired employees.

Note 2: After data tracking, number of employees under 30 years old, aged between 30 and 50 years old and aged over 50 years old in 2020 has been corrected in this report.

Note 3: Calculation method of turnover rate of employees by gender, age and region is number of employees turnover in a particular category/ (number of employees in that category + number of employees turnover in that category) * 100%.

Note 4: In the Employee Training and Development section, Jinxin Women and Children Hospital has been added to the 2021 new disclosure scope based on the disclosure scope of last year, excluding Chengdu Health and Chengdu Jinmai.

Note 5: Calculation method of employee training coverage by gender and job hierarchy is (Employees in a specified category, who took part in training/total employees who took part in training) *100%.

Note 6: Decrease in the average training hours per employee in 2021, mainly due to a reduction in training hours for HRC Fertility in pandemic prevention and control, and CFUS. (no significant changes to established work processes).

ESG Quantitative Performance Table

Supplier Management

Index	Unit	2019	2020	2021	
				According to the Disclosure Scope of Last Year	New Disclosure Scope
Total number of suppliers ¹	Number of suppliers	659	534	368	1,148
By region	Mainland China	372	312	260	1,040
	Hong Kong, Macau, Taiwan and Overseas	287	222	108	108
	Suppliers passing the performance evaluation of environment, labor and ethics	Number of suppliers	124	312	260

Note 1: In 2021, the Group strengthened its management of the supply chain by integrating the supplier resources of Chengdu Health and Chengdu Jinmai, which resulted in a decrease in hospital supplier data.

Anti-corruption

Index	Unit	2021
Anti-corruption training coverage of employees	%	100
Hours of anti-corruption training per employee	Hours	1.2
Number of corruption cases brought and concluded against the issuer or its employees during the reporting period	Case	0

Customer Service and Dispute Handling

Index	Unit	2019	2020	2021	
				According to the Disclosure Scope of Last Year	New Disclosure Scope
Number of complaints about products and services	Case	68	96	78	95
Complaint handling rate	%	96	100	100	100

ESG Quantitative Performance Table

Community public welfare

Index	Unit	2019	2020	2021	
				According to the Disclosure Scope of Last Year	New Disclosure Scope
Total investment of community public welfare	RMB1,000	250	6,000	148.93	151.93
Among them, Total amount of charitable donations ¹	RMB1,000	20	6,000	0	0

Note 1: The 2020 charitable donation was the donation the Group made to help Wuhan fight against COVID-19.



Subject Areas, Aspects, General Disclosures and KPIs	Section for Disclosure	
A. Environmental		
Aspect A1: Emissions		
General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	6.1 Green Operation
KPI A1.1	The types of emissions and respective emissions data	6.1 Green Operation ESG Quantitative Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	ESG Quantitative Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	6.1 Green Operation

SEHK ESG Guide Index

Subject Areas, Aspects, General Disclosures and KPIs		Section for Disclosure
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials	6.1 Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Quantitative Performance Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	6.1 Green Operation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The Group's business is ARS and does not involve production, so this index is not applicable
Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Policies on minimising the issuer's significant impacts on the environment and natural resources	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	6.1 Green Operation
Aspect A4: Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	6.2 Tackling Climate Change



Subject Areas, Aspects, General Disclosures and KPIs		Section for Disclosure
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	5.1 Protect Employees' Rights and Interests
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	ESG Quantitative Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region	
Aspect B2: Health and Safety		
General Disclosure B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	5.3 Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	5.3 Occupational Health and Safety
KPI B2.2	Lost days due to work injury	ESG Quantitative Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	5.3 Occupational Health and Safety
Aspect B3: Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	5.2 Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	ESG Quantitative Performance Table
KPI B3.2	The average training hours completed per employee by gender and employee category	ESG Quantitative Performance Table

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Subject Areas, Aspects, General Disclosures and KPIs		Section for Disclosure
Aspect B4: Labour Standards		
General Disclosure B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	5.1 Protect Employees' Rights and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	
KPI B4.2	Description of steps taken to eliminate such practices when discovered	
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain	3.4 Responsible Purchasing
KPI B5.1	Number of suppliers by geographical region	ESG Quantitative Performance Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	3.4 Responsible Purchasing
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	



Subject Areas, Aspects, General Disclosures and KPIs	Section for Disclosure
Aspect B6: Product Responsibility	
General Disclosure B6 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	4.1 Medical Quality Management and Control 4.2 R&D and Innovation 4.3 Improve the Quality of Patient Service 4.4 Responsible Marketing The Group's business is ARS and
KPI B6.1	does not involve production, so this index is not applicable 4.3 Improve the Quality of Patient Service
KPI B6.2	ESG Quantitative Performance Table 4.2 R&D and Innovation
KPI B6.3	ESG Quantitative Performance Table 4.1 Medical Quality Management and Control
KPI B6.4	3.3 Information and Data Security 4.3 Improve the Quality of Patient Service
KPI B6.5	ESG Quantitative Performance Table

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Subject Areas, Aspects, General Disclosures and KPIs		Section for Disclosure
Aspect B7: Anti-corruption		
General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	3.1 Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	3.1 Business Ethics ESG Quantitative Performance Table
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	3.1 Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff	3.1 Business Ethics ESG Quantitative Performance Table
Community		
Aspect B8: Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	6.3 Safeguard Social Health
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	6.3 Safeguard Social Health
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	ESG Quantitative Performance Table