



TIANYUAN HEALTHCARE

天元医疗

## China Tian Yuan Healthcare Group Limited

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE : 557)



ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REPORT

2021





# About This Report

China Tian Yuan Healthcare Group Limited (the “Company”) is pleased to release its Environmental, Social and Governance (“ESG”) report (“this report”). This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 (the “ESG Reporting Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in compliance with the mandatory disclosure requirements and the “comply or explain” provisions. This report summarizes the management approaches, practices and performance in supporting sustainable development of its business operation and focusing on our efforts around our ESG issues, as well as adhering to the ESG reporting principles of materiality, quantitative, balance and consistency. This report covers the financial period from 1 January 2021 to 31 December 2021 (the “Reporting Period” or “2021”).

## OUR ESG MANAGEMENT STRUCTURE

The Group has implemented a top-down management approach within the Group for ESG management and has developed appropriate and effective ESG management systems and processes. The board (the “Board”) of directors (the “Directors”) is responsible for the determination of the Group’s ESG strategy, assessing the ESG risks and opportunities as well as the oversight of the Group’s overall ESG performance, including environmental management issues, labor practices and other ESG aspects. The management of the Group is responsible for the execution of ESG management, the collection of relevant ESG data and the preparation of the ESG report. The Group maintains effective communication with stakeholders through daily operations to understand and identify their needs, expectations and concerns regarding ESG factors of the Group, so that the importance of each ESG area can be assessed and long-term development approaches and strategies can be formulated. The Board reviews and approves the ESG report annually to ensure all material ESG issues and their impacts on sustainable development are fairly presented. The Board will continue to oversee the work on ESG-related issues, regularly assess ESG-related risks and set targets for mitigating ESG risks and closely follow the latest ESG disclosure requirements of the Hong Kong Stock Exchange. In the future, we will make progress against our ESG-related targets. In the future, we will conduct progress reviews against the Group’s ESG-related targets to monitor and improve our sustainability efforts.



# About This Report

## REPORTING PRINCIPLES

The Group adheres to the four fundamental reporting principles set out in the ESG Reporting Guide for the preparation of this report:

<b>Reporting Principles</b>	<b>The Group’s application</b>
Materiality	The Group acknowledges the importance of material issues that may have a significant impact on its stakeholders and operations. Material environmental and social issues were identified through an analysis of the written and oral comments and responses submitted by members of the management team of the Group. Material issues identified in the Reporting Period are similar to the material issues identified in the previous reporting period. Results were presented to the Board for validation of the material ESG issues for the Reporting Period.
Quantitative	The Group records and discloses KPIs in quantitative terms as appropriate for evaluation and validation of the effectiveness of ESG policies and measures.
Balance	This report discloses information in an objective manner, providing stakeholders with an unbiased picture of the Group’s overall ESG performance.
Consistency	As far as practicable and unless stated otherwise, the Group applies consistent measurement methodology to allow for meaningful comparison of ESG performance over time. Any changes in methods or KPIs used will be disclosed.



# About This Report

## REPORTING SCOPE AND BOUNDARY

The Company and its subsidiaries (the “Group” or “we”) are principally engaged in investment holding, the provision of medical services such as procurement, marketing, management services, licensing of trademark, and orthopaedic services to the healthcare industry, the provision of money lending and related business; and the provision of procurement services relating to hospitality industry during the Reporting Period.

The scope of this report is determined by the significance of each of the business segment to the Group and the extent of their impact on the environment and society during the Reporting Period. The Group’s information has been set out in our Annual Report 2021 in greater details. Considering the relevant low environmental and social impact of the investment holding, money lending and related business segments and that the hotel business had no actual operations during the Reporting Period, unless otherwise indicated, the scope of reporting and the information of analysis on this report covers our plastic surgery business (“Aesthetic Medical Services”) in a medical aesthetic hospital in Shanghai of ours (“Shanghai Hospital”) and the day-to-day administrative operations at our office in Hong Kong (“Hong Kong Office”).

The Group continued to implement our commitment as a responsible corporation by making progresses in environment protection, sustainable development and caring for the community. We achieved the commitment with upholding the core value of the Group – to “Serve and Give Back to Community” through cooperating with our key stakeholders and partners. Led by our implementation of social responsibility programs, we focus especially on sustainability, the environment and society.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Ongoing communication with stakeholders is crucial to the success of the Group’s operations. By communicating with stakeholders, the Group will better position itself to understand and meet their needs, concerns and expectations relevant to our business operation for formulating the ESG strategies and identify improvement opportunities in ESG management. Taking consideration into stakeholders’ opinions allows the Group to contribute to a more sustainable future. During the Reporting Period, the Group engaged its key stakeholders via several communication channels to gauge their opinions and feedback and strive to improve constantly.



## About This Report

<b>Stakeholders Group</b>	<b>Mode of Engagement</b>	<b>Areas of needs, concern and expectation</b>
Employees	The Group communicates with employees through performance appraisal to support employees' career development, whereas employees are encouraged to communicate with their supervisors regarding their job duties and support needed.	<ul style="list-style-type: none"> <li>- Salaries and benefits</li> <li>- Healthy and safe working environment</li> <li>- Training and Development</li> </ul>
Customers	Frontline employees engage dialogue with customers on a daily basis to obtain feedback on their services. Customer service and hotline have also been established for customers to express their concerns and feedback.	<ul style="list-style-type: none"> <li>- Quality service</li> <li>- Medical safety</li> <li>- Business integrity</li> <li>- Prompt resolution of inquiries and complaints</li> </ul>
Investors and Shareholders	Shareholders' meetings are held regularly to provide investors and shareholders with updates and performance of the Group. The Group gathers their feedback and holds meetings, workshops and other communicative events across daily operation. Important information is disseminated through financial reports, ESG reports, company's website, press releases, announcements and other disclosure documents.	<ul style="list-style-type: none"> <li>- Return on investment</li> <li>- Enhance company value</li> <li>- Information transparency and effective communication</li> <li>- Corporate governance and integrity</li> </ul>
Suppliers	The Group performs suppliers' capability assessment through comparison of prices and evaluation system. The Group also communicates with suppliers in order to strengthen partnership.	<ul style="list-style-type: none"> <li>- Business integrity</li> <li>- Fair and open tender selection</li> <li>- Steady cooperation</li> </ul>
Government and Regulators	The Group keeps close communication with relevant government departments. When there is any breach or non-compliance with relevant laws and regulations, the Group will immediately report to the relevant government departments.	<ul style="list-style-type: none"> <li>- Compliance with laws and regulations</li> <li>- Environmental and social responsibility</li> <li>- Corporate governance and integrity</li> </ul>
Community	The Group participates in community events to better understand the needs of the community and to support in community development.	<ul style="list-style-type: none"> <li>- Information disclosure and transparency</li> <li>- Environmental and social responsibility</li> </ul>

The Group understands the importance of stakeholders to the development of our business. Their involvement helps us to identify ESG issues which the stakeholders concern about. Together with the analysis of written and oral comments and responses submitted by members of the Group's management team, material environmental and social issues were identified. The Group identified occupational health and safety, product and service quality management and operational compliance in the Aesthetic Medical Services as key ESG areas of concern for the Group during the Reporting Period. The results were presented to the Board to access the materiality of the ESG issues for the Reporting Period.



## Emissions

Due to the nature of our business, our operations did not generate any significant industrial exhaust gases or discharges into water and land. The Group only generated a small amount of air pollutants and waste, mainly include driving emissions, indirect emission of greenhouse gas from electricity consumption (e.g. carbon dioxide emissions), and medical waste from Aesthetic Medical Services during the daily operations of our Shanghai Hospital and Hong Kong Office. Electricity consumption was the major source of pollutant emissions. The management consider that the environmental impact of emissions from operations is low and has no significant impact on the assessment and decision-making of the Group and/or equity holders.

During the Reporting Period, the Group endeavored to fully comply with the relevant laws and regulations of the PRC and Hong Kong in relation to emissions of exhaust gases and greenhouse gases, discharges into water and land, and generation of hazardous and non-hazardous wastes, including but not limited to:

- Environmental Protection Law of the People's Republic of China\* (《中華人民共和國環境保護法》)
- Air Pollution Prevention and Control Law of the People's Republic of China\* (《中華人民共和國大氣污染防治法》)
- Water Pollution Prevention and Control Law of the People's Republic of China\* (《中華人民共和國水污染防治法》)
- Regulations on the Administration of Medical Wastes\* (《醫療廢物管理條例》)
- Measures for Medical Wastes Management of Medical and Health Institutions\* (《醫療衛生機構醫療廢物管理辦法》)
- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), etc.

During the Reporting Period, we were not aware of any activities of the Group which were not in compliance with the laws and regulations relating to air emissions and greenhouse gases, discharges into water and land, or hazardous and non-hazardous wastes, which have a significant impact on the Group.

\* For identification purpose only.



# Emissions

The Group understands that greenhouse gas emissions contribute to climate change and therefore the Group adopted different emission reduction measures in its business operations to reduce its carbon footprint by reducing specific energy consumption and enhancing the use of clean energy. We developed effective measurement system to record and to report of relevant data in line with our internal policies. We rolled out our developed tools for energy conservation such as energy audit, benchmarking and target setting in order to reduce specific energy consumption.

Disposal of paper, consumption of water and use of transportation for business travel produced limited non-hazardous waste. The hazardous waste produced during the operations was handled in accordance with the applicable regulations and our internal procedures.

During the Reporting Period, the Group reduced emissions by various policies, which include but not limited to:

- promoting the use of cleaner energy and renewable energy;
- improving energy efficiency;
- encouraging greening and raising guests' and employees' awareness;
- promoting the utilization of teleconference and video conference technology to participate in meetings; and
- reducing the usage of transportations or choosing public transportation.

## TYPES OF EMISSION AND RESPECTIVE EMISSION DATA

During the Reporting Period, the Group did not generate significant emissions and greenhouse gases in the course of its business operations. Most of the emissions and greenhouse gases were generated from the use of vehicles and the consumption of purchased electricity during operations.

The pollutant emissions generated by the Group during the Reporting Period were as follows:

<b>Types of emission</b>	<b>Emissions in 2021 (g)</b>	<b>Emissions in 2020 (g)</b>
Sulfur dioxide (SO <sub>x</sub> )	1.85	2
Nitrogen oxides (NO <sub>x</sub> )	62	76
Particulate matter (PM)	4.57	6

Emissions in 2021 were mainly derived from pollutant emissions from travelling in the course of business operations.



# Emissions

## TOTAL GREENHOUSE GAS EMISSIONS

Direct emissions of greenhouse gases from energy were mainly from the use of vehicles, and the major source of indirect emissions of greenhouse gases was electricity consumption. The emissions of greenhouse gases generated by Shanghai Hospital and Hong Kong Office of the Group during the Reporting Period are as follows:

Greenhouse gas emissions	Unit	Emission source	Emissions	
			2021	2020
Carbon dioxide (CO <sub>2</sub> )	kg	Purchased electricity consumption	240,258	201,247
		Use of vehicle fuel	297	365
Total			<u>240,555</u>	<u>201,612</u>
Methane (CH <sub>4</sub> )	kg	Use of vehicle fuel	0.67	0.82
Nitrous oxide (N <sub>2</sub> O)	kg	Use of vehicle fuel	43	53

In 2021, the Shanghai Hospital steadily recovered from the novel coronavirus (“COVID-19”) outbreak and was able to continue its operations during the year. As a result, the consumption of purchased electricity for the year 2021 increased compared to the consumption of purchased electricity which was only included since the acquisition of Shanghai Hospital in May last year, resulting in a slight increase in carbon dioxide emissions.

The use of the Group’s vehicles was mainly for travelling in the course of business operations and the greenhouse gases (such as carbon dioxide, methane and nitrous oxide) generated directly from the use of fuel in the use of vehicles during the year were similar to those of last year.

The other indirect emission produced from processing fresh water and sewage by government departments are minimal and therefore we do not disclose relevant data.

We have established emission reduction targets and policies to incorporate environmental concerns into our daily operations. The measures employed for reducing emissions are disclosed in the section “Electricity Consumption” below.





# Emissions

## WASTE MANAGEMENT

The Group generated different kinds of hazardous waste and non-hazardous waste in the course of medical beauty treatment. In order to reduce the environmental impact caused by wastes, the Group has set targets for waste reduction, including the implementation of waste reduction at source to reduce the amount of waste and safe recycling, and the Group have adopted appropriate waste discharge management measures.

For hazardous wastes, the Group's Aesthetic Medical Services in Shanghai will generate various types of medical wastes, which will be categorized mainly into infectious medical wastes and harmful medical wastes, such as needles, cotton pads, bandages and other dressings for wounds, used medical disposables and devices, blood and serum wastes etc. The Group have strictly complied with the relevant laws and regulations, including the Regulations on the Administration of Medical Wastes\* (《醫療廢物管理條例》) and the Measures for Medical Waste Management of Medical and Health Institutions\* (《醫療衛生機構醫療廢物管理辦法》), and the medical wastes have been treated properly. We have enacted the Medical Waste Management System and Operation Process (《醫療廢物管理制度及操作流程》) and require the medical personnel of various wards in the hospital to categorize the medical wastes, and use specific packaging materials or containers to collect, seal off and label them with the medical waste collection stickers, and then deliver them to the temporary storage area for medical wastes. The hospital will transfer the medical wastes to qualified medical waste collector units regularly for centralized disposal and keep the transfer receipts of hazardous wastes for record purpose to register the type, weight, disposal method, time of delivery and acceptance, and the ultimate destination of the medical wastes, so as to ensure that the hospital has safely recycled all clinical waste. Also, it is Shanghai Hospital's policy that in the event of loss, leakage, spread and accident, relevant emergency measures are required to be adopted accordingly and reporting must be timely made to the relevant government authority. The hospital has also enhanced the knowledge of all staff on medical waste management through the provision of regular trainings to strengthen their awareness on environmental protection and self-protection to prevent and control any hazardous impact of medical wastes on human health and environment.

In addition, the anesthetics used in the course of surgical operations have been duly registered on their usage quantity and the amount of disposal for record purpose in accordance with the national requirements on the administration of anesthetics, which will be disposed by pouring into the drainage pipes by physicians, pharmacists or nurses. During the year 2021, the volume of liquids of anesthetics and narcotic drugs that were disposed of is 23,003 mg. During the year 2020, the quantity of remainder liquids of anesthetics and narcotic drugs was immaterial, therefore no disclosure was made.

During the Reporting Period, the non-hazardous wastes generated by the Shanghai Hospital mainly included general solid wastes and waste paper. Such non-hazardous wastes will be disposed of by the Group through collection, incineration or landfill methods. In order to reduce the quantity of wastes, the Group have actively implemented various waste reduction measures, such as installing categorized garbage collection boxes to recover recyclable garbage and reducing the use of paper. The management of the Group strived to reduce the input materials and the relevant output as a responsible service provider. We cooperate with partners and suppliers in waste management, and choose to recover products to minimize the impact on environment.

We encourage double-side printing and promote paperless operation through digitization and reduction in conventional printing, for example, disseminate internal communication through email and implement electronic office systems, and reuse and recover waste paper as far as possible to reduce paper consumption.



# Emissions

During the Reporting Period, the consumption of hazardous and non-hazardous wastes of the Group's principal business (namely, Aesthetic Medical Services) are set out below:

Wastes	Consumption (Kg)	
	2021	2020
<b>Hazardous wastes</b>		
Infectious medical wastes	3,323	2,808
Harmful medical wastes	249	197
Total	<u>3,572</u>	<u>3,005</u>
<b>Non-hazardous wastes</b>		
General garbage	21,900	21,900
Paper	499	561
Total	<u>22,399</u>	<u>22,461</u>

During the Reporting Period, no hazardous wastes were generated and just a small quantity of non-hazardous wastes was generated by the Hong Kong Office. The management of the Group considered that there was no material impact on the environment due to a small amount of non-hazardous wastes generated from the Hong Kong Office, so no disclosure was made during the year.

## USE OF RESOURCES

The Group is committed to protecting and conserving resources to achieve environmental and operational efficiency. We have put in place a number of measures to improve energy efficiency, reduce paper consumption and water consumption with the aim of reducing resource consumption and improving energy efficiency. Our management will conduct regular reviews to monitor progress, reducing our operating costs and carbon footprint by actively monitor and manage resource usage. The Group continued to provide various types of training to enhance the awareness of staff on environmental protection, and adopted energy conservation policies in the hospital and the office.

The Group's major resources consumption is electricity consumption and water consumption, which during the Reporting Period was mainly from the Shanghai Hospital and the Hong Kong Office. As described in the "Total Greenhouse Gas Emissions" section above, the Shanghai Hospital has recovered steadily from the COVID-19 outbreak in 2021 and its electricity consumption has been included in our electricity consumption for the full year of 2021, compared to the electricity consumption which was only included since the acquisition of Shanghai Hospital in May last year, resulting in a slight increase in electricity consumption in the Reporting Period compared to the same period last year.



# Emissions

## ELECTRICITY CONSUMPTION

The table below sets out the total consumption of electricity for the years of 2021 and 2020 respectively:

Electricity consumption	Unit	Shanghai Hospital		Hong Kong Office		Total	
		2021	2020	2021	2020	2021	2020
Consumption (A)	kwh	384,898	319,569	7,650	8,842	392,548	328,411
Area of business unit (B)	sq. ft.	45,323	45,323	1,000*	2,400	46,323	47,723
Density (C = A/B)	kwh/sq. ft.	8.49	7.05	7.65	3.68	8.47	6.88

\* The Hong Kong Office was relocated to a new office during the Reporting Period and therefore the area of the business unit was adjusted.

To realise its energy use efficiency targets, the Group has adopted various policies to reduce electricity consumption, including but not limited to:

- turning off electric appliances when they are not in use to save energy;
- cleaning and maintaining office equipment (such as air-conditioners) regularly to maintain energy efficiency;
- unplugging devices whenever possible to limit the flow of electricity;
- adjusting the indoor temperature to an average of between 24 and 26 Celsius degrees.
- replace halogen lighting with LED lighting;
- using efficient energy saving electrical appliances; and
- using of solar energy is encouraged in suitable common areas.



# Emissions

## WATER RESOURCES CONSUMPTION

The distribution and density of water consumption of Shanghai Hospital in 2021 and 2020 are set out below:

Water Consumption	2021	2020
Consumption (A)	4,855 tonnes	5,852 tonnes
Area of business unit (B)	45,323 sq. ft.	45,323 sq. ft.
Density (C = A/B)	0.11 tonnes/sq. ft.	0.13 tonnes/sq. ft.

During the Reporting Period, the Group considered that water consumption of the Hong Kong Office was immaterial to the Group, hence it was decided that disclosure of the relevant information was not required.

During the Reporting Period, we have reviewed the programs implemented to reduce water consumption, which include, but not limited to:

- installing lower flow faucet and toilet fixtures and self-closing taps;
- putting up water saving slogans to remind staff on conserving water constantly; and
- checking water taps or water pipes regularly for any potential leakage conditions, if such condition has been discovered, the staff should report to the relevant department immediately.

During the Reporting Period, the management of the Group was not aware of any issues in sourcing water.



# Emissions

## RESOURCES CONSUMPTION – PACKAGING MATERIALS

Due to the nature of the business, the Group's businesses were not involved in any packaging materials for finished products.

## ENVIRONMENTAL AND NATURAL RESOURCES

The Group was aware that the use of resources by the medical beauty industry and its discharges (including gas emissions and waste discharges) will have some impact on the environment. For the long-term development of our business, we are responsible for managing and minimizing the environmental impact. To improve energy consumption, we have implemented a number of relevant and effective resources utilization and emission reduction measures, including measures on electricity consumption, treatment of medical disposables and wastes. For further details, please refer to the above sections of "Total Greenhouse Gas Emissions", "Waste Management" and "Use of Resources". Through the aforesaid measures, the Group is able to ensure the proper use of resources and minimize the impact of business operation on the environment.

Apart from emissions and use of resources as stated above, the business operations of the Group do not have material direct impact on the environment and natural resources.

## CLIMATE CHANGES

Global climate change not only has a negative impact on creatures and ecosystems, but also has far-reaching negative impacts on human life and economic trading. The Group has incorporated environmental, social and governance-related risks, such as climate risk, into the Group's risk management system to identify and mitigate the risks that may affect the Group.

The Group identifies and assesses the impact of climate change in the context of our actual operations. As an aesthetic medical services provider, increased national requirements for environment-related regulations, stable supply chains and logistics for aesthetic drugs, environmentally friendly concepts for aesthetic techniques and equipment, and unpredictable or extreme weather events due to climate change may bring about changes in customers' aesthetic preferences and affect the daily operations of the Group's aesthetic medical business.

- Compliance of environmental laws and regulations: The Group strives to comply with environmental laws and regulations and continuously monitors the regulatory and operational environment to ensure that our services meet regulatory requirements and expectations.
- Supply chain and logistics of aesthetic drugs: To reduce the impact of extreme weather on the logistics and quality of our supply chain, we continue to increase our supplier network and standardise our various procurement processes to achieve supply chain stability. The monitoring of suppliers is described in the section "Supply Chain Management" below.
- Environmentally friendly concepts in aesthetic technology and equipment: We encourage the use of natural and zero-pollution raw materials in the production of beauty products and have adopted equipment and facilities that achieve efficient use of resources and energy conservation in the provision of beauty services. As the Group's carbon emissions are mainly generated from the consumption of purchased electricity, we promote an emissions reduction policy to encourage our staff to raise their awareness of environmental protection and to promote the principle of resource conservation among our staff in order to reduce the Group's environmental impact and to address the risks posed by global climate change. For more information on our emissions reduction policy, please refer to the section "Resources Consumption" above.
- Impact of extreme weathers: We will actively respond to the relevant policies of local governments, make contingency plans and respond appropriately to extreme weather caused by climate change to ensure the safety of our customers and employees. In addition, we have put in place contingency plans and disaster preparedness plans to enhance our overall resilience to natural disasters and to ensure that we can deal with natural disaster emergencies in a timely and efficient manner and prevent climate crises head-on.



## Social Sustainability

The management of the Group believes that our culture unleashes strong drivers for achieving development with social equity. To embed the Group's spirit — "Serve and Give Back" in our business activities enable us to deliver stakeholder value through innovative models that create livelihood opportunities and positive environmental footprint.

Community caring is an integral part of sustainability strategy. The corporate citizenship program was developed to combine our collective resources and leverage our skills to make a sustainable change to communities in need.

Giving our employees the opportunity to volunteer in their communities fosters a sense of greater purpose and instills a deeper level of friendliness, which translates into a richer guest experience.

The Group has been continuously focusing on COVID-19 and pandemic prevention efforts. During the Reporting Period, the Group's Shanghai Hospital donated pandemic prevention materials, including masks and protective clothing, to relevant locations, contributing to the prevention and control of the pandemic in the region.

The management of the Group also recognize that the human capital is a vital element in preparing the Group for the future to enable ourselves to meet future opportunities and response the challenge. We strive to maintain a caring, fair and inclusive workplace to retain our employees.



## Employment

The Group endeavored to abide by the relevant labor laws and regulations applicable to the employment of employees relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare in the places of business, including but not limited to the Labor Law of the People's Republic of China\* (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China\* (《中華人民共和國勞動合同法》) and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) of Hong Kong, etc.

The Group had set up a comprehensive human resources management system and the Employee Handbook to manage the process of recruitment, promotion, dismissal and compensation of employees, and had made contributions to the basic pension, medical, maternity, unemployment and occupational injury insurance and housing fund for its employees who are entitled to public holidays, personal leave, sick leave, marriage leave, maternity leave, funeral leave and annual leave as stipulated by the State. The compensation scheme of short notice dismissal was implemented to ensure that we strictly comply with the relevant regulations.

The management of the Group plays an active role to develop a comprehensive learning and development programs including the provision of tailored-made training programs for the specific departments and employees. We conducted annual performance appraisals with the aim of identifying employees with the potential to take on roles in the future and adjusting their positions and salaries.

The Group's Policy on Diversity and Equal Opportunity focused on fostering meritocracy in the Group which promotes diversity and offers equal opportunity. The aim is to ensure that the practices are free from discrimination of applicant's race, color, religion, sex, national origin, marital status, sexual orientation, age, disability or any other characteristic, and to provide equal and fair promotion opportunities, training and benefits for employees.

As at 31 December 2021, the Group had a total of 112 employees (2020: 114 employees). The management of the Group places high emphasis on the diversity of our employees that allows us to connect with our customers efficiently.



# Employment

The following diagrams show the percentage of employees by gender for the year 2021 and 2020 respectively:



The following diagrams show the percentage of the Employee Category of the employee for the year 2021 and 2020 respectively:



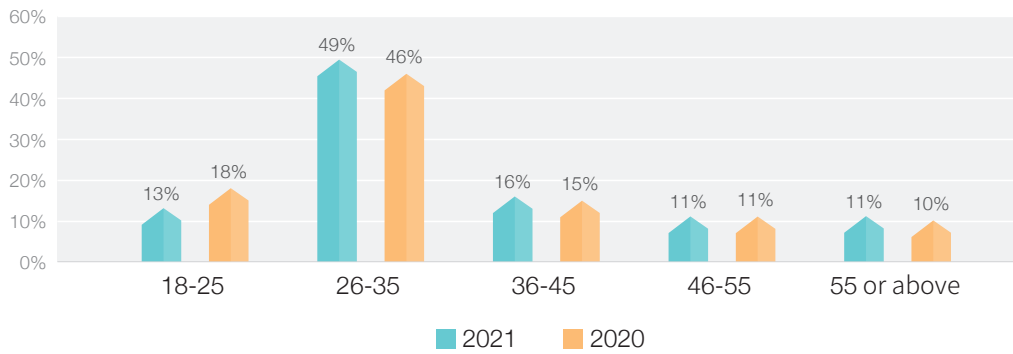




# Employment

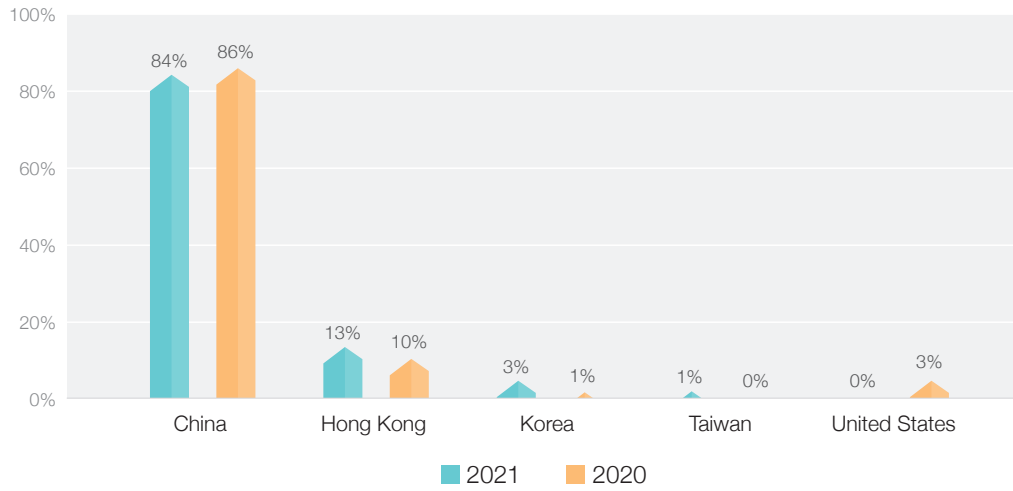
The following diagrams show the percentage of employees by age for the year 2021 and 2020 respectively:

**Percentage of Employees by Age Group**



The following diagrams show the percentage of employees by geographical region for the year 2021 and 2020 respectively:

**Percentage of Employees by Geographical Region**





# Employment

During the reporting period, the Group's overall employee turnover rate was 11% (2020: 10%). The breakdown of the employee turnover rate by gender, age and geographical region for the year 2021 is as follows:

Categories of employees	Employee turnover rate in 2021
<b>Gender</b>	
Male	8%
Female	12%
<b>Age</b>	
18-25	13%
26-35	12%
36-45	7%
46-55	10%
55 or above	11%
<b>Geographical Region</b>	
China	11%
Hong Kong	–
Korea	–
Taiwan	100%



## Health and Safety

The management of the Group regard health and safety of our customers and employees as a top priority. Moreover, nurturing quality employees and caring for the well-being of the employees are integral to our culture. Our approach focuses on creating conducive work environment that combine the needs to focus on performance with a caring and compassionate to work ethos to deliver performance.

We promote the concept “work-life balance” for caring our employees in terms of their health, wellness and continuing education, providing other support services and providing support whenever possible. Different types of health care plans are available such as periodic preventive health check-ups, medical insurance, accident insurance and etc.

In addition to caring the health of our employees, we are committed to providing a safety environment for our employees. The management of the Group provides regular emergency evacuation drills ensuring that they can manage any safety risks arising from emergency situation. We also regularly review the safety rules to ensure safety environment of working was provided. We strictly follow the local government guidelines to deal with the bad weather.

The Group strictly complies with the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases\* (《中華人民共和國職業病防治法》), the Law of the People’s Republic of China on the Prevention and Control of Infectious Diseases\* (《中華人民共和國傳染病防治法》), the Fire Control Law of the People’s Republic of China\* (《中華人民共和國消防法》), the Regulations on Occupational Injury Insurance\* (《工傷保險條例》) and other relevant laws and regulations on occupational health and safety. Especially for the Aesthetic Medical Services, the Group abided by the Measures for the Administration of Aesthetic Medical Services\* (《醫療美容服務管理辦法》), the Regulations on the Administration of Medical Institutions\* (《醫療機構管理條例》), the Law on Medical Practitioners\* (《執業醫師法》), the Administrative Measures for Nurses\* (《護士管理辦法》) of the People’s Republic of China and other relevant regulations on the health and safety of Aesthetic Medical Services. In order to reduce the risk of disease transmission from patients to medical staff at work, the Group required medical staff to wear protective equipment such as impervious gloves, masks, protective eyewear and face shields when performing surgery, to avoid being stabbed or cut by sharp instruments such as needles and blades, and to safely dispose of surgical instruments, sharp instruments and needles after use. We have also strengthened training on infectious disease control and nosocomial infections by providing monthly training on nosocomial infections for our medical staff.

The Group also paid attention to the process of medical waste disposal by its staff and require dedicated staff to clean and disinfect the area for temporary storage of medical wastes on a regular basis, and provided training on medical waste management to the specific staff engaged in medical waste management, all medical care personnel, new employees and other staff who will be engaged in the separate and collection, transportation, temporary storage and disposal of medical wastes. This is to raise the awareness of environmental protection and their own protection, so as to prevent and control the hazards of medical wastes to human health and the environment.



## Health and Safety

In response to the COVID-19 outbreak, the Group has put in place a number of infection prevention measures to safeguard the health and safety of our employees, such as arranging regular nucleic acid tests for our staff, providing sanitizing materials and other epidemic prevention facilities in public areas such as hospital entrances, staircases, elevators and rooms, and cleaning and disinfecting hospitals and offices on a regular basis. In addition, all staff and customers were required to register and have their body temperature checked before entering the hospital, and the nucleic acid test results were reviewed before the operation was performed to ensure that the customers were not infected with the virus and to prevent the spread of the virus. We also enhanced our promotion of vaccination and achieved a 100% completion rate of the third dose of vaccination for medical staff during the year.

The Group will continuously monitor that the policies adopted shall be executed effectively, including but not limited to:

- Providing overall guidance and direction for the Group's safety and loss control program;
- Evaluating, analyzing and correcting safety and security problems;
- Monitoring inspection reports to ensure corrective action is taken;
- Promoting and implementing safety awareness and training programs for employees;
- Evaluating new and existing facilities, equipment and procedures related to safety and security; and
- Maintaining accurate and complete meeting and activity records and reports.

We strive to enhance the injury and illness prevention through more robust post-incident investigations. Work injury handling procedures were reviewed during the Reporting Period to ensure the injury case can be handled properly. We recorded none of lost work days due to work injury and there were no work-related injuries and fatalities in each of the past three years (including 2021).

During the Reporting Period, the Group did not recognize any non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.



## Development and Training

Cultivating employees' capabilities is a vital element in preparing the Group for the future, so as to enable the best response to tomorrow's market opportunities. Different training programs were designed to deliver training for enhancing both of the technical skills and ethical mindset. Acquiring extra qualifications is considered as favorable factors for employer's promotion in appraisal.

The Group provided a range of in-house training and development for our employees to enhance their performance, professional skills and knowledge. Meanwhile, we promote "The Spirit of Care" through the training programs for each level of employees concerning how their behavior conveys our promise to care for others.

New employees were required to attend an induction training, covering the Group's history, company profile, corporate culture, internal policies and employee benefits. This helped our employees to familiarize themselves with our operations in order to develop a sense of belonging to the Group.

On-the-job training is provided by each department individually according to the actual work of the specific department. Through these trainings, employees can enhance their occupational skills and receive guidance and training for future career growth and the duties of each role. We provided, for example, business training for marketing staff, medical safety training, training on nosocomial infections and programs on the use of medical equipment for medical care staff.

The management of the Group place high emphasis on the code of conduct of the employees. Code of conduct training was provided on a rolling basis to ensure that we adhere to the legal and ethical standards consistently, including training on China and Hong Kong company law and directors' responsibilities for the directors of the Company.

Leadership development is important for future development. Other training programs were arranged including but not limited to the following:

- Safe Lifting and Back Safety
- Fire Safety and Evacuation
- OSHA/Accident Prevention

We regularly review and continue to improve the individual training and development results so that the Group can better understand the training of its employees. The Group is intensely focused on the training of physicians and nurses in the Aesthetic Medical Services. We reviewed the performance of our medical employees each year to ensure that they have the relevant professional accreditation, have passed trainings related to treatments and operations and are recognized, satisfying the requirements of the Law on Medical Practitioners (《執業醫師法》), the Administrative Measures for Nurses (《護士管理辦法》), and other relevant medical practice qualifications.



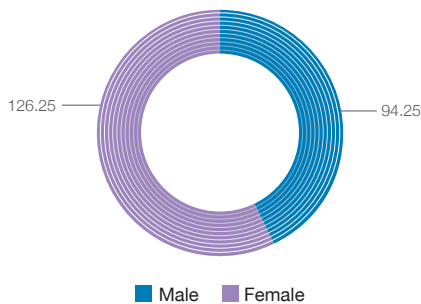
# Development and Training

The percentage of employees trained and the total and average training hours completed by the employees of the Group by different types of employment for the year 2021 are as follows:

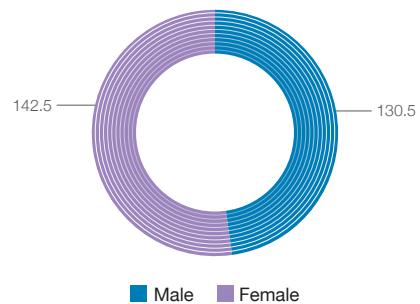
	Percentage of employees trained	Average training hours	Total training hours
<b>Gender</b>			
Male	30%	2.77	94.25
Female	70%	1.62	126.25
<b>Employee Category</b>			
Management	21%	3.25	74.75
Non-management	79%	1.64	145.75

The following diagrams demonstrate the training hours completed per employee by gender for the year 2021 and 2020 respectively:

Training hours by gender in 2021

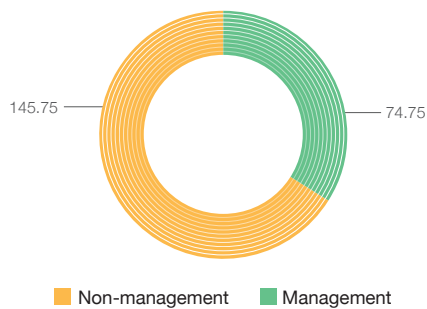


Training hours by gender in 2020

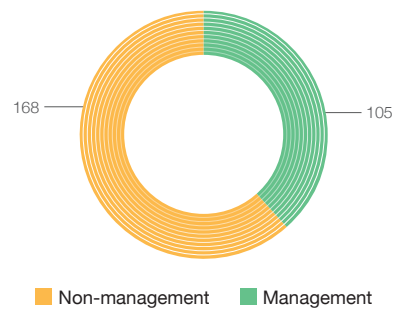


The following diagrams demonstrate the training hours completed per employee by employee category for the year 2021 and 2020 respectively:

Training hours by employee category in 2021



Training hours by employee category in 2020





## Labor Standards

Policies have been implemented and reviewed by the Group during the Reporting Period for the compliance with the Law on the Protection of Minors of the People's Republic of China\* (《中國人民共和國未成年人保護法》), Regulations on the Prohibition of Child Labor\* (Decree No. 364 of the State Council of the People's Republic of China) (《禁止使用童工規定》(中華人民共和國國務院令 第364號)) and Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other relevant laws and regulations. The management of the Group ensure the terms of employment contracts were formulated in compliance with the relevant regulations. We denounce all forms of child exploitation, forced or bonded labor and recognizing the right of workers. During the recruitment process, we will verify the identity documents and academic qualifications of the candidates to ensure that their age and identity are consistent with the documents provided and that they meet the requirements of the Chinese and Hong Kong labor laws. An independent whistle blowing channel was set up allowing anyone to raise concerns and seek guidance on a broad range of issues. Neither child labor employment nor forced labor practice was found during the Reporting Period.

During the Reporting Period, we did not recognise any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labor.



# Supply Chain Management

As the Group principally provides Aesthetic Medical Services, the safety and health of our customers are the matters of utmost importance. Therefore, the management of the Group believe that the actualization of its vision of sustainable development requires the rigorous management of its supply chain and is necessary to take into account the impact on human health and environmental within supply chain. In order to formalize the sustainable procurement process, the Procurement Conduct Guide was put in place and was reviewed by the management of the Group during the Reporting Period. The main guidelines are outlined below:

- The principle of respecting human rights;
- Complying with all applicable local and national labor laws especially in relation to discrimination, minimum wage, overtime and maximum working hours;
- Ensuring all work is out of one's own free will and workers should be free to terminate employment with reasonable notice;
- Complying with applicable labor law, in particular in connection with child labor;
- Upholding a safe and healthy work environment;
- Minimizing the impact of their operations on the environment and obtaining all necessary environmental permits and registrations;
- Following all applicable laws regarding prohibition of specific substances and/or ingredients and regulations for handling, recycling and disposal of all waste types;
- Undertaking ongoing efforts to reduce their operational impact on the environment;
- Performing due diligence on new suppliers;
- Performing yearly review on the existing suppliers.

Preference will be given to the suppliers:

- Indicating preference for use of eco-friendly recycled materials and products;
- Indicating preference for ISO 14001 certified vendors;
- Declaring the use of eco-friendly/recycled paper unprinted materials.





## Supply Chain Management

The Group have prepared the Procurement Management System and Operation Procedures to regulate the procurement of various types of materials, mainly involving the procurement of supplies including various types of drugs, injection materials, implants, medical materials, medical beauty equipment and other consumables or office supplies to ensure that procurement is conducted in an effective and cost-efficient manner. In the process of selecting suppliers, the Group will consider factors such as product quality, price, qualification and reputation of suppliers, service quality and delivery time, and require suppliers to provide licenses and permits required for their business, such as operation licenses and Certificate of quality control standard for pharmaceutical business, etc. Moreover, the Group have entered into pharmaceutical supply and demand quality assurance agreements with major suppliers of pharmaceutical products in Shanghai to ensure product quality and provide quality services to our customers. We regularly liaise with the suppliers we work with to ensure they are operating properly without significant risk.

During the Reporting Period, the suppliers of the Group were all located in the PRC and the Group had 61 qualified suppliers (2020: 53 qualified suppliers). Each time before cooperating with new suppliers, we will investigate and evaluate their qualification and quality, and conduct annual evaluation according to their supply quality, delivery services and prices, in order to monitor the supplier's performance and manage the risks related to the quality and stability of the supplies.



## Product Responsibility

The Group fully understands that safety and quality of service are crucial in the Aesthetic Medical Services. Since we put customers a top priority, to ensure that our products and services are safe and of high quality, we pay special attention to medical safety and do everything possible to provide quality and safe products and services to our customers.

### **Quality Control of Pharmaceuticals and Medical Supplies**

The Group strictly complies with the Pharmaceutical Administration Law of the People's Republic of China\* (《中華人民共和國藥品管理法》) and other laws and regulations related to the quality management of medical drugs, and formulated the Management System for Pharmacy, Drugs and Medical Supplies (《藥房、藥品及醫療用品管理制度》) to carry out rigorous acceptance work for drugs and medical supplies by inspecting drugs batch by batch and seriously verifying the name, specification, quantity, batch number, manufacturer and expiration date. For unqualified materials, feedback and arrangement for return were made with suppliers in a timely manner. The Group have pharmacy staff to properly classify and store drugs according to their properties and requirements, and maintain them in room temperature, cool place or cooler, respectively. Further, the Group established an alert mechanism for expired drugs, with pharmacists checking the expiration dates of existing drugs every month and arranging for the shelving and scrapping of drugs with an expiration date of less than three months to ensure that no expired drugs were consumed. Meanwhile, pharmacists were required to check written prescriptions and data in the medical management system before dispensing medications properly according to the "3 checks and 7 verifications" rule to ensure error-free dispensing.

### **Service Quality**

The Group strictly abides by the Administrative Measures for Aesthetic Medical Services\* (《醫療美容服務管理辦法》) and other relevant laws and regulations to provide quality services and bring social and economic benefits to the Group. To improve and enhance the quality of its service, the Group conducted regular and internal audits on medical quality and safety in relation to the compliance in aspects of pre-surgical information, records and procedures, records during and after surgical procedures, management of drugs, use, storage and disposal of anesthetic drugs, safety of medical devices, and medical waste management. Meanwhile, when recruiting qualified physicians and medical staff, we assessed their academic and professional qualifications, experience and other criteria to ensure that they satisfy the qualifications of practitioners and comply with laws and regulations. The Group will continue to strengthen the service quality control to provide quality service to our customers.



# Product Responsibility

## ***Customer feedback and handling medical disputes***

The Group attach great importance to the collection of service quality information through customer feedback so that customers are able to contact the Group's management. The results and opinions of the collected information facilitate customer engagement and help to promote improvement of service quality. We will proactively respond to customer feedback in order to enhance customer satisfaction and loyalty, thus safeguarding the brand image of the Company. Since the evaluation of medical beauty results in such nature of business is influenced by subjective judgment, if there is an obvious deviation of the surgical result from the customer's expectation or it is due to a surgical error, it will easily lead to medical complaints, medical disputes and medical accidents. The Group has established the Procedures for Handling Medical Disputes and various communication channels (e.g. telephone, email or direct visits to hospitals) are provided. Our customer service staff will follow up each cases upon receipt of relevant medical complaints, so that they can be handled appropriately and in a timely manner. Customer service staff will report all medical complaints and disputes to the hospital management and the group management at least on a quarterly basis for timely handling and response of the issue.

During the Reporting Period, the Group received a total of 16 complaints from customers (2020: 70 complaints), mainly related to dissatisfaction with the results of the surgery. After understanding the situation and going through investigation, we communicated with each customer and made arrangements such as refunds and free fixes, and all customer complaints have been properly handled. We have policy in place to deal with product or service recalls, such as offering compensation coupon, refund of deposit and so on.

The Group strictly complies with the Advertising Law of the People's Republic of China\* (《中華人民共和國廣告法》) and other relevant laws and regulations. During the Reporting Period, we did not identify any non-compliance with relevant laws and regulations on marketing and advertising practices. We did not recognize any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.



# Product Responsibility

## ***Intellectual property rights***

The Group have completed trademark registration for the trademarks owned by the Group, and keep the trademark registration certificates properly and renew the valid registration documents annually to maintain the trademark rights.

The policies for protecting the intellectual property rights were reviewed during the Reporting Period including but not limited to:

- maintaining an effective system of Internet Protocol asset management, including maintaining an inventory and records of IP-related assets and agreements;
- Prohibiting the infringement of a third party's intellectual property rights in its products and services; and
- Prohibiting the use of counterfeit or other infringing goods and services.

We did not discover any infringement of intellectual property rights during the Reporting Period (2020: Nil).

## ***Privacy policy***

The Group is committed to protecting the privacy of all individuals. We adhered to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and laws and regulations relating to customer data and privacy. We imposed strict procedures in dealing with collecting, retaining, and disclosing personal information. We recorded customer information into our customer management system and set up access rights for different employees to ensure the security of customer information.

The Group also put in place measures at various control areas to ensure the personal data is handled properly and is safeguarded. An authorized employee who is eligible to access confidential information is requested to sign the confidentiality agreement, requiring them not to disclose any company and customer information.



# Anti-Corruption

It is vital to us that we are a responsible organization whose employees act with integrity and in accordance with our standards of business conduct. We have embedded a culture with ethical behavior at the forefront. Our Code of Conduct is paramount. The Code of Conduct is anchored in good corporate governance and exemplary personal conduct. Our business spells out the guidelines to deal with the issues related to antitrust, unfair competition, political contributions, abuse of purchasing power, commercial and political bribery. Our Anti-Bribery and Corruption Policy clearly specifies the meaning of bribery and corruption and our position on facilitation payments and gifts. We provide regular corruption prevention information and training to all employees to enhance their knowledge of business ethics and the importance of anti-corruption.

Any violation of Code of Conduct will render the employee liable for disciplinary action. Specific training program was introduced in respect of the updated and relevant regulations in relation to anti-bribery and corruption.

During the Reporting Period, there were no legal proceedings against the Group and its employees relating to corruption, bribery, extortion, fraud and money laundering. (2020: Nil)

## ***Whistle Blowing Policy***

The Group has established an effective anti-fraud policy and procedure, feedback and whistle-blowing reporting process. The launch of the policy aims to set up a reporting channel for all parties to raise concerns, in confidence, about misconduct, malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work in any language. Employees at all levels and stakeholders can report information on actual or suspected fraud cases of the company and its personnel, including complaints and whistle-blowing information on violations of professional ethics, through the reporting telephone hotline, e-mail and letters. All whistle-blowing cases are received directly by the Company Secretary who will report to the Audit Committee for investigation and processing after understanding the situation. Once received, all cases will be fully, fairly and impartially investigated to the extent possible, and will be dealt with and rectified as soon as possible.

Our objectives include but not limited to:

- encourage timely report of any misconduct;
- respond timely to such misconduct;
- serve as a means of avoiding misconduct; and
- promote a culture of integrity.



# Anti-Corruption

Policies were imposed to ensure the Group to comply with the following laws and regulations:

- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong);
- Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
- Criminal Law of the People's Republic of China\* (《中華人民共和國刑法》);
- Anti-Unfair Competition Law of the People's Republic of China\* (《中華人民共和國反不正當競爭法》).

The Group have published the reporting channels for whistle-blowing and the relevant policies were posted on employee notice boards, the intranet and the Employee Handbook for transparency and ease of access by employees.

According to the Code of Conduct, all employees of all levels should avoid situations in which their personal interests could conflict with the interest of the Group. All of the employees at management level are required to submit a Conflict of Interest Confirmation during the onboarding and on an annual basis to disclose any potential conflict of interest. All of the related parties transactions must comply with the internal guidelines and the relevant external regulations. For an employee who becomes involved in a situation where his or her personal interest is perceived to be in conflict with that of the Group, disclosure procedures must be strictly complied with in accordance with the guideline set out in Anti-Bribery and Corruption Policy. Any employee who violates the Anti-Bribery and Corruption Policy will be subject to disciplinary action or even possible termination of employment and legal action brought against them.

Once the conflict of interest has been identified, the management of the Group will carry out the following procedures in accordance with the guideline including but not limited to:

- withdrawing the employee from the situation leading to conflict;
- prohibiting the employee from further involvement in the transaction; and
- considering remedies to reduce the impact.

Going forward, the Group will formulate a long-term sustainability roadmap, where it presents the focus areas, goals and targets for all its operations to monitor its ESG performance. The Group will also focus more on customer engagement in order to better understand their needs and opinions.



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