



Honliv Healthcare Management Group Company Limited

宏力醫療管理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9906

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2022

1. ABOUT THIS REPORT

This is the Environmental, Social and Governance Report 2022 (the “ESG Report”) prepared and published by Honliv Healthcare Management Group Limited (hereinafter referred to as “Honliv Healthcare”, “the Company”, “the Company” or “we”) to provide an objective and fair view of the Company’s overall ESG performance, and readers are advised to read this Report in conjunction with the “Corporate Governance Report” section of the Annual Report.

Scope of the Report

Unless otherwise stated, this report covers the Company and its subsidiaries in the PRC and all monetary amounts involved are measured in RMB Yuan. The reporting period is from 1 January 2022 to 31 December 2022 and may include matters beyond this time frame in order to maintain continuity of information.

Description of the information

The information in the report is obtained from relevant internal statistical reports, company documents and reports, stakeholder surveys and interviews of Honliv Healthcare. The Company’s emission and energy use indicators are measured and calculated in accordance with national regulations or international standards.

Report language

This Report is published in both Chinese and English. In case of discrepancies, the Chinese version shall prevail.

Preparation reference

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guidelines (the “Guidelines”) as set out in Appendix 27 of the Listing Rules issued by Hong Kong Stock Exchange, and is compiled with the principles of materiality, quantification, balance and consistency, and in compliance with the ‘comply or explain’ provisions set out in the Guidelines.

“Materiality” principle: key stakeholders and their ESG concerns have been identified in the preparation of this Report and targeted disclosures have been made in this Report based on the relative importance of their issues of concern.

“Quantitative” principle: this Report uses the way of quantitative information to present environmental and social KPIs. The measurement criteria, methods, assumptions and/or calculation tools, and the sources of conversion factors used for the KPIs in this Report are described where applicable.

“Consistency” principle: this Report uses the same statistical methodology as the Company’s 2021 Environmental, Social and Governance Report.

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2. ESG GOVERNANCE

2.1 Board of Directors' statement

The Company's Board of Directors attaches great importance to ESG governance and is committed to pursuing harmonious development of the Company with society and environment. As the highest responsible and decision-making body for ESG matters, the Board of Directors assumes full responsibility for the Company's ESG strategy and reporting.

Oversight of ESG matters: the Board of Directors has incorporated ESG matters into the corporate governance structure and is involved in ESG governance and disclosure throughout the process, continuously strengthening its oversight of and involvement in the Company's ESG governance. On 27 March 2023, the Board of Directors of the Company held a meeting to consider the 2022 ESG Report and to review and assess the completion of the ESG work in the previous year.

ESG management policy and strategy: the Company integrates ESG governance requirements into its daily management system, continuously evaluates its performance through internal review of ESG work completion, prioritizes and manages ESG-related issues by combining macro policy analysis and communication with stakeholders, and reports to the Board of Directors to clarify ESG governance work priorities and management policy and strategy, and continuously improves and promotes the implementation and optimization of ESG work. This section is covered in the "ESG Strategy and Governance Framework" section of this Report.

Evaluating ESG targets: in 2022, management reported to the Board on the Company's ESG direction of development for the coming year and beyond, covering environmental and energy conservation targets, opportunities and challenges posed to the Company by climate change and the Company's response to them. During the reporting period, the Company has set environmental targets related to its business operations and reviewed the achievement of the targets set in the previous year. This section will be discussed in the "Management of Environmental Targets" section of this Report.

The Board of Directors of the Company has reviewed and approved this Report on 27 March 2023.

Honliv Healthcare Management Group Company Limited

The Board of Directors

27 March 2023

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2.2 ESG strategy and governance structure

The Company continues to strengthen the construction of ESG management system, adheres to the corporate culture of “benefiting the people and contributing to the society”, based in northern Henan, facing the whole country, striving to be a benchmark in the medical industry and to provide quality medical services to the general public and contributing to the cause of health in China. The Company is committed to continuously optimizing its ESG performance, striving to enhance its sustainable development capability, and to protect the interests of shareholders and investors while actively fulfilling its corporate social responsibility.

We proactively identify and strictly comply with relevant national and regional laws and regulations, integrate ESG concepts into our business operations and management processes, achieve our business objectives while reducing our negative impact on the environment, strengthen our management foundation, build a high quality talent pool, enter into trustworthy partnerships with our suppliers, actively participate in social welfare and social responsibility, and create sustainable development value together with our stakeholders.

We have established a multi-level, cross-departmental, top-down ESG management system to help the Company achieve efficient ESG management. The Board of Directors is responsible for the Company’s ESG work and information disclosure, while the heads of relevant departments form an ESG working group to execute the Company’s ESG-related work. On the basis of following the requirements of the Hong Kong Stock Exchange’s ESG Reporting Guidelines and taking into account our business development strategy, we will continue to improve our ESG management and improve our ESG management organizational structure.

2.3 Stakeholder communication

The Company communicates with stakeholders through various channels to understand their demands, and uses the opinions obtained during the communication process as an important reference to guide the ESG work.

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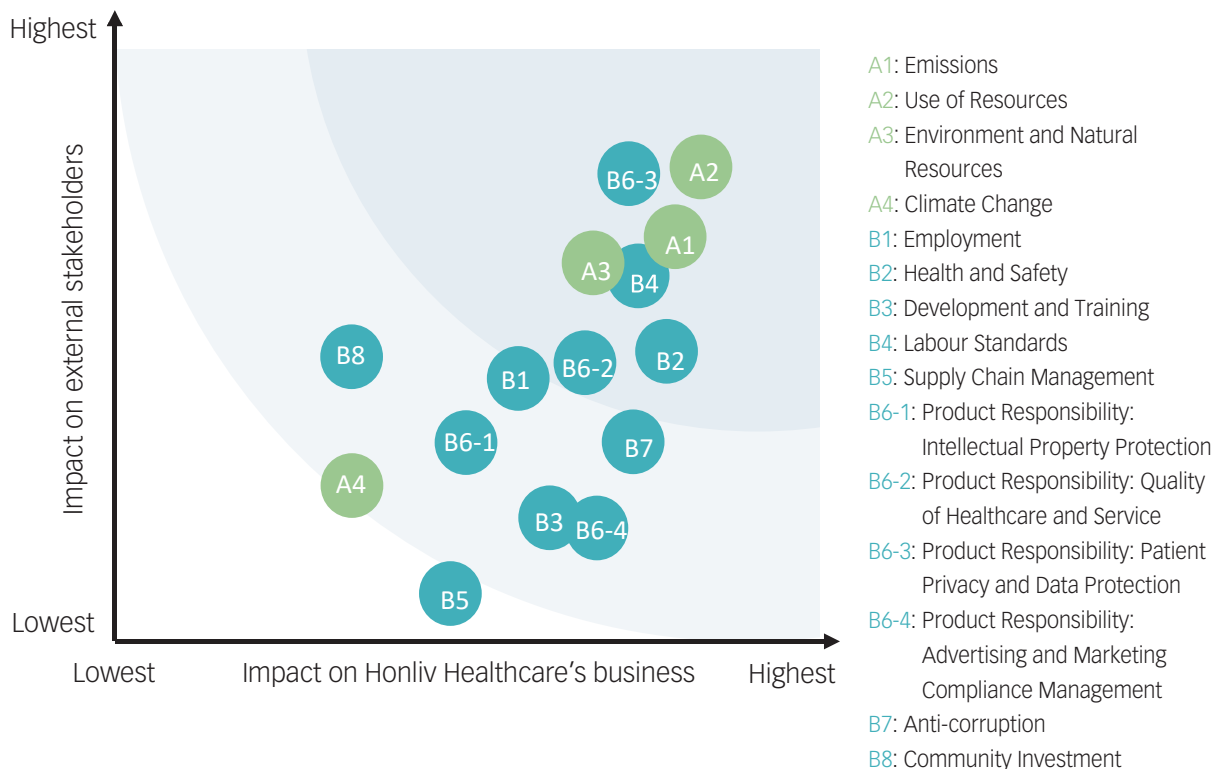
Based on the characteristics of its business, the Company has identified key stakeholders, including employees, patients and consumers, government and regulatory bodies, academic and research institutions, shareholders and investors, suppliers and partners, the public and the community. Based on the results of the communication, the key ESG issues of concern to the Company's major stakeholders and the main communication and feedback channels are as follows:

Key Stakeholders	ESG Issues of Concern	Main Communication and Feedback Channels
Employees	Employment Employee development and training Employee health and safety Anti-corruption	Employee opinion survey Employee internal communication meetings Internal announcements Labour union
Patients and consumers	Quality of healthcare and service Community investment Environment and natural resources	Patient satisfaction survey Daily operation/communication Return visits to discharged inpatients Service complaint and response channels
Governments and regulatory authorities	Anti-corruption Quality of healthcare and service Employment Labour standards	Information disclosure Correspondences Field trips Relevant meetings
Academic/research	Cooperation on clinical research Quality of healthcare and service	Academic exchange Industry development and progress
Shareholders/investors	Climate change Intellectual property management Employee development and training Anti-corruption	Shareholders' general meetings Annual and interim reports Results announcements Corporate SEHK announcements Special page for investor relations
Suppliers and partners	Supply chain management Product and service responsibilities Anti-corruption	Supplier management system Relevant meetings
Public and community	Emissions Use of resources Environment and natural resources Labour standards Anti-corruption	Community activities Public welfare activities Daily operation Questionnaires

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2.4 Analysis of materiality issues

In compiling this Report, we actively communicated with our stakeholders through questionnaires, meetings and in-depth interviews to understand their views on environmental, social and governance issues, and to identify and determine the importance of these issues based on our business characteristics. Based on the results of the survey, we have developed a matrix for the analysis of substantive ESG issues in 2022, with a total of 15 issues in three areas: environment, society and governance.



The Company identified issues of high importance, i.e. "A2 Use of Resources" "B6-3 Product Responsibility: Patient Privacy and Data Protection" "A1 Emissions" "B4 Labour Standards" "A3 Environment and Natural Resources" "B2 Health and Safety" "B6-2 Product Responsibility: Quality of Healthcare and Service"; Issues of medium importance include "B1 Employment" "B7 Anti-corruption" "B8 Community Investment" "B6-1 Product Responsibility: Intellectual Property Protection" "B3 Development and Training" "B6-4 Product Responsibility: Advertising and Marketing Compliance Management" "A4 Climate Change"; Related issues include "B5 Supply Chain Management". We will address each of these issues in separate chapters of this Report.

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3. PROFESSIONAL SERVICE, TRUE LOVE FOR THE PEOPLE

The Company adheres to the service concept of “integrity, quality, speed and warmth” and strives to improve the quality of medical services and consultation experience. We listen carefully to patients’ views, actively expand the feedback channels for patients’ opinions and strive to ensure that every problem is properly resolved; we fully adopt refined and digital patient privacy protection to protect the legitimate rights and interests of the majority of patients and healthcare professionals to the greatest extent.

3.1 Quality of service and safety of care

The Company is committed to providing high-quality and humane medical and health services to the general public. To this end, the Company strictly abides by the Law on Basic Healthcare and Health Promotion of the PRC, the Law on Medical Practitioners of the PRC, the Law on Maternal and Infant Health Care of the PRC, the Drug Administration Law of the PRC, and other laws and regulations, complies with the the Regulations on the Administration of Medical Institutions, the Regulations for Implementation of the Drug Administration Law, the Regulations on Handling Medical Malpractice, the Measures for the Administration of Radioactive Pharmaceuticals, the Medical Quality Management Measures and the Practicing License of Medical Institution, and other industry regulations. We will strictly follow the compliance requirements, continuously improve the quality and level of our services, and do our utmost to protect public health and safety.

Quality of medical services

The Company upholds the original intention of “striving for excellence and returning to the essence of medical care”, takes the quality of medical services as the core, establishes a sound service management system, optimises and improves the three-tier management system of “decision-making by the Quality and Safety Management Committee” “control by the Quality and Safety Department and various functional departments” and “implementation by the Departmental Quality and Safety Management Team”, strictly fulfils the core system of medical quality and safety, and comprehensively supervises the daily operation of the hospital.

The Company regards the quality of treatment as the cornerstone of its business development, continues to optimize diagnosis and treatment methods, deepens the multidisciplinary collaborative treatment (MDT) mechanism, integrates treatment opinions and implements the optimal plan in conjunction with the patient’s own situation, effectively improves the level and quality of comprehensive treatment for related diseases, provides patients with quality treatment services and enhances the patient’s medical experience.

In addition, the Company is a pioneer among private healthcare providers in China in providing air ambulance services. The air ambulance service is a dedicated team that can quickly reach a patient’s location and transport them to the hospital, which is a significant time-saving measure for patients in remote areas and provides a real guarantee of life safety.

Quality of nursing care services

Nursing care services are an important link throughout the consultation and medical services, and improving the quality of nursing care services is a sure way to improve medical standards and patient experience. The Company continues to improve the mechanism for regular improvement of nursing care service quality, and has established a Quality Nursing Care Service Management Committee to regularly supervise, discuss and guide the quality of nursing care services throughout the hospital under the guidance of the Nursing care Department, so as to promote the steady improvement of nursing care service quality, while actively expanding the scope of nursing care services and deepening the connotation of quality nursing care services.

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In 2022, the Company formulated the Nursing care Quality Management Programme 2022 for the daily management of patient care, with clearer requirements on the definition of nursing care service quality indicators, collection methods, evaluation criteria and frequency of supervision, focusing on daily quality control through questionnaires, nodal service quality control, analysis of unsatisfactory service cases and implementation of quality management circles or PDCA to improve work optimization and effectively enhance the professional quality of nursing care services and the standardized management of processes.

At the same time, each ward collated and formed the “Ward Quality Nursing Care Service Plan”, summarizing and condensing from basic nursing care quality, specialist service level, nursing care humanistic care and nursing care service process, guiding nursing care service to expand and improve quality, reflecting specialist connotation and effectively enhancing patients’ sense of access.

Safe management of medicines

The Company strictly abides by the laws and regulations such as the Drug Administration Law of the PRC and the Regulations on Pharmacy Administration of Medical Institutions, and formulates and implements the Drug Quality Management System to strengthen the daily management of drug quality and ensure the safety of drug used by patients.

We are aware that the safety of medicines is a matter of patients’ lives and health and the Company’s reputation. The Company attaches great importance to the safe management of drugs and adheres to the Drug Administration Law of the PRC, the Regulations on Pharmacy Administration of Medical Institutions, the Drug Quality Management System and other regulations and systems, and strictly implements the drug receipt and inspection system and the recall system. For drugs in storage, the Company implements incoming registration and inspection and regularly checks the quality of drugs, and immediately coordinates with suppliers to return and exchange any drugs with expiry dates below six months. In the process of clinical use of drugs, medical and nursing staff monitor patients’ adverse drug reactions in real time and arrange for patients to stop taking the drugs in a timely manner. The pharmacy department recalls, seals, investigates and analyses the relevant drugs according to procedures and reports them to the pharmacovigilance department. We recall medicines that meet the conditions according to safety requirements and destroy them safely and correctly in strict accordance with operational guidelines. In 2022, the Company did not have any recalls due to health and safety issues with medicines.

3.2 Serve patients with heart and soul

As a high-quality healthcare provider, we pay close attention to the patient experience. Based on a service quality assessment system, we regularly evaluate the quality of service in each department to identify potential service improvement points, and constantly improve and enhance our service level. Through the posting of clear signage and the formation of volunteer teams by our staff, we make every effort to guide patients to the hospital. In addition, we continue to improve the patient communication and complaint mechanism, and conduct regular seminars on doctor-patient disputes to summarize the lessons learned in real time and promote the healthy development of doctor-patient relationship.

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Patient communication and complaints

The Company safeguards the legitimate rights and interests of both doctors and patients in terms of both system construction and daily training. In terms of the doctor-patient communication system, the Company strictly follows the requirements of laws and regulations such as the Regulations on the Management of Medical Institutions, Regulations on the Handling of Medical Accidents, Regulations on Letters and Visits, and Measures on Health Letters and Visits, etc. to make patient communication channel smooth, and the patient feedback from multiple channels is recorded in a timely manner. Through the mechanism of “responsible for the first question” and “graded handling”, patient feedback is handled at each level by the medical staff, outpatient department and service management department, so that problems can be properly resolved. In 2022, the Company received a total of seven valid customer complaints by way of letters and hotlines, with a 100% response rate and closure rate.

In response to potential doctor-patient disputes and medical incidents, the Company has formulated rules and regulations such as the “Medical Damage Disposal Plan”, “Medical Safety (Adverse) Incident Reporting System and Process” and “Medical Risk Warning System”, carried out education and communication skills training for relevant medical and nursing staff, and conducted outpatient dispute case seminars, standardized handling measures briefing sessions, response processes and clinical operation training sessions to enhance the ability of medical and nursing staff to handle doctor-patient relationships and prevent and respond to emergencies in all aspects, effectively avoid medical risks and safeguard the legitimate rights and interests of both doctors and patients.

Patient return and satisfaction survey

The Company actively establishes a sound mechanism for patient return visits to discharged patients and sets up a patient return office to fully solicit and understand patients’ opinions and suggestions on the Company’s medical services. We prepare regular monthly and annual patient return visit summary reports to lead the improvement of service quality. At the same time, our service management department conducts monthly satisfaction surveys on outpatients and inpatients and analyses the data in a timely manner, and feeds back any questions, comments or suggestions made by patients to the corresponding departments or divisions. According to statistics, the satisfaction rate of outpatients and inpatients reached over 99% in all months of the year, with the satisfaction rate of inpatients increasing by 0.02% year-on-year compared to 2021.

3.3 Protect patient privacy

The Company strives to implement the national requirements for protecting patients’ privacy and ensuring information security, and fully implements the requirements of laws and regulations such as the Law of the People’s Republic of China on Medical Practitioners, the Law of the People’s Republic of China on Network Security, the Law of the People’s Republic of China on the Prevention and Control of Infectious Diseases, the Regulations on the Management of Medical Records of Medical Institutions, the Management Specification for the Application of Electronic Medical Records (for Trial Implementation), and the Nursing Regulations, and carries out privacy protection work in three aspects, namely, diagnostic process, file management and information system security, to protect patients’ personal dignity and legitimate rights and interests.

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Diagnostic privacy protection

The Company implements strict privacy protection measures. The hospital outpatient examination and disposal rooms are all partitioned to protect patients' privacy from leaking out. "One room, one doctor, one patient, one companion" is implemented in all wards, with visiting hours and personnel access strictly controlled. At the same time, the Company strictly prohibits the taking and dissemination of images of patients without the consent of the patients or their families. In cases where it is not appropriate to make a statement to a patient, we will first inform the patient's legal representative and obtain consent to sign.

Patient record management

We take extra care in the management of patient records by keeping confidential examination information separately and strictly limiting access to it. Even if medical staff need to use patient information that involves private information for work purposes, they still need to be approved by the Medical Department in accordance with strict regulations. At the same time, we continually monitor the practice and ethics of our staff, requiring them to maintain confidentiality of patient information in their practice and imposing severe penalties if they are found to be in breach of the rules.

Information systems security

In order to prevent information leakage and safeguard information security, the Company formulated the Information Security Management System and Information System Permission Management System to strictly control the operation rights of information systems and installed anti-virus software on all computers in the hospital. In 2022, the Company's five core systems of hospital information system, laboratory testing system, image archiving and communication system, electronic medical record archiving system and Internet hospital all successfully passed the Level 3 Equivalence Assessment based on the Basic Requirements for Network Security Level Protection of Information Security Technology and have been successfully recorded, serving as a solid shield to protect patients' information security and privacy.

3.4 Intellectual property management

The Company attaches full importance to the protection of intellectual property rights, strictly complies with the Patent Law of the People's Republic of China and other laws and regulations, and protects its own intellectual property rights and respects the intellectual property rights of others by applying for software copyright certificates and signing R&D confidentiality agreements, etc.

The Company focuses on the legal and compliant use of trademarks and has formulated the internal "Trademark Drafting and Use Specification" and "Trademark File Management System" in accordance with the relevant provisions of the Trademark Law of the People's Republic of China, and requires relevant staff to study the latest laws and regulations in a timely manner, strives to strictly implement the various regulations on trademark management and use, and ensures the timeliness and compliance of the trademarks used.

3.5 Advertising campaign management

The Company abides by the Advertising Law of the People's Republic of China, the Measures for the Administration of Medical Advertisements and other laws and regulations, and firmly follows the Notice of the Ministry of Health on Further Strengthening the Administration of Medical Advertisements to ensure the truthfulness and legality of the Company's promotional content to the maximum extent. In 2022, the Company did not have any major violations of laws and regulations relating to advertising.

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4. GREEN OPERATIONS AND ENVIRONMENTAL PROTECTION

Honliv Healthcare actively complies with the requirements of environmental protection laws and regulations, vigorously implements water and energy conservation, emission reduction and comprehensive use of resources, implements the concept of low-carbon environmental protection and sustainable development into the daily operation and management of the Company, identifies and responds to possible climate change risks, actively carries out energy conservation and emission reduction work, and continuously improves its own green operational performance. Based on the characteristics of our business, our impact on the environment and natural resources is mainly due to the emission of pollutants and use of resources in our operations.

4.1 Respond to climate change

In 2022, Honliv Healthcare will incorporate climate change issues as a priority for the company. We identify the potential risks and opportunities of climate change to the company’s operations and finances by referring to the TCFD risk analysis framework and plan to incorporate this as part of the company’s overall operational risk management. We will disclose our greenhouse gas emissions annually in our ESG report to assess the level of our management performance on climate change and to develop improvement plans.

Transition risks

Source of impact	Description of impact	Responses
Policy and regulatory risks	<ul style="list-style-type: none"> Compliance costs increase due to stricter regulatory requirements. If the Company fails to meet regulatory requirements in environmental management, it will face risks such as litigation risk, resulting in increased operating costs. 	<ul style="list-style-type: none"> Identifying sources of carbon emissions during its operation; Making climate change mitigation and technical response one of the priorities of all relevant business units;
Technical risks	<ul style="list-style-type: none"> If policies and regulations require the installation or use of clean energy, the adoption or deployment of new operations and processes may result in increased operating costs. 	<ul style="list-style-type: none"> Identifying and managing climate change risks and opportunities with reference to the TCFD framework.
Market risks	<ul style="list-style-type: none"> Higher market prices for raw materials (e.g. energy, water) and tighter emission requirements (e.g. waste disposal requirements) have led to higher operating costs for the company. 	<ul style="list-style-type: none"> The use of energy-saving lamps, sensor faucets and so forth improves energy efficiency.
Reputational risks	<ul style="list-style-type: none"> With the transition to a low-carbon economy, stakeholders expect the Company to take proactive management actions and enhance transparency in information disclosure in response to climate change. If the Company fails to respond well to these demands, it will have an impact on its reputation. 	<ul style="list-style-type: none"> Accelerate the company’s low carbon transition; It actively formulates and discloses carbon emission reduction targets and corresponding emission reduction measures.

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Physical risks

Source of impact	Description of impact	Responses
Acute risks	Extreme weather such as floods, heavy rain and snow, typhoons, etc. may cause abnormalities in power and water supply, affecting the conduct of treatment activities and resulting in increased operating costs.	<ul style="list-style-type: none"> Pay close attention to forecasts of extreme weather events provided by the climate authorities; It arranges backup power, establishes an emergency plan.
Chronic risk	An increase in average temperatures will have a potential negative impact on the company's operations and maintenance, such as increased electricity consumption for hospital operations.	

Climate change opportunities

Source of impact	Description of impact	Responses
Resource efficiency	The reduction in energy use will reduce the company's operating costs.	<ul style="list-style-type: none"> Energy and water conservation measures have been taken to increase resource efficiency and cut operating and management costs.
Products and services	Climate change may lead to an increase in the incidence of certain diseases.	<ul style="list-style-type: none"> The Company actively improves medical technology to enhance its competitive position.
Energy structure	With the trend of global warming and the increase in the cost of fossil energy, the Company has transformed its energy structure.	<ul style="list-style-type: none"> Low-emission energy/clean energy is used to reduce the Company's greenhouse gas emission level.
Corporate resilience	Climate change requires the company to gradually increase its resilience to climate change.	<ul style="list-style-type: none"> The Company takes measures to increase energy efficiency, selects environmentally-friendly suppliers, improves its climate resilience and reduces operating costs.

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4.2 Strengthening emissions management

In order to drive the industry to form a good culture of green emission reduction, the Company strictly complies with the Environmental Protection Law of the PRC, the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC, the Law on the Prevention and Control of Water Pollution of the PRC, the Discharge Standard of Water Pollutants from Medical Institutions, the Regulations on the Management of Medical Waste, the Measures for the Management of Medical Waste from Medical and Health Institutions, the Catalogue of Medical Waste Classification and the Technical Specifications for Centralized Disposal of Medical Waste, and other laws and regulations, and has further formulated the Environmental Emergency Preparedness Resources Survey, the Report of Risk Assessment for Environmental Emergencies, the Medical Waste Management System and the Wastewater Management System, and other internal documents. The Company requires all subordinate departments and sections to actively implement them, strictly control environmental risks and strive to reduce the impact of the operation process on the ecological environment and natural resources. In 2022, the Company did not have any administrative penalties or related litigation resulting from environmental pollution occurred.

For the four types of emissions and waste generated in the course of operation, namely medical waste, medical wastewater, exhaust gas and domestic waste, the Company has established special treatment processes to strengthen the management of emission norms.

Disposal of medical waste

Medical waste is one of the most common wastes in the Company's treatment process, which is infectious, injurious, pathological, pharmaceutical and chemical in nature. The Company has set up a medical waste management leadership team to manage and supervise the disposal of medical waste, ensuring that all medical waste is handed over, transferred and temporarily stored through a special collection route and eventually handed over to a qualified third party for disposal.

In order to contribute to the national goal of medical waste reduction, all departments of the Company have carefully studied the Notice on the Issuance of the Medical Waste Classification Catalogue (2021 Edition) issued by the National Health and Welfare Commission and the Ministry of Ecology and Environment, and strictly implemented the exemption clause, disposed of disposable sanitary products such as cotton balls, infusion patches and cotton swabs used by patients and discarded by themselves accordingly to relevant laws and regulations, and strived to manage the reduction of medical waste properly. In addition, in order to consolidate and improve the level of medical waste management, the Company conducts annual emergency drills for medical waste accidents to ensure that the waste is handled safely and in accordance with the correct procedures to the maximum extent.

Management of medical waste water discharge

The Company's medical wastewater mainly comes from the water used by patients in the hospital's outpatient and inpatient departments. The Company treats medical wastewater by means of its own wastewater treatment station and can only discharge to the municipal sewerage network after the inspection meets the standards. At the same time, the Company's wastewater flow and pollutant discharge data will be updated to the online system of the Henan Provincial Department of Ecology and Environment and included in the scope of daily supervision.

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Exhaust emission management

The Company's exhaust gas emissions consist mainly of emissions from the treatment of medical waste water, exhaust fumes from its own vehicles and indirect greenhouse gas emissions due to energy consumption.

In order to reduce the negative impact of exhaust gas emissions, the Company has installed an exhaust gas treatment device to specifically clean the exhaust gas generated during the treatment of medical wastewater, collect and treat it centrally and then discharge it to meet the standards, and set up a dedicated management team to make every effort to avoid the illegal treatment and discharge of exhaust gas. In order to fully enhance the comprehensive use of energy efficiency and reduce greenhouse gas emissions, the Company has strengthened the management of public vehicles, advocated the use of public transport for staff to travel, and equipped electric vehicles and ferry electric vehicles to encourage the use of clean energy. In addition, the Company engages third-party institutions to conduct regular tests to ensure that exhaust gas emissions comply with national and industry standards.

Domestic waste disposal

The Company urges the property management company to remove domestic waste daily and transfer it to the municipal sanitation department for centralized transfer to ensure proper disposal of domestic waste. At the same time, the Company is committed to reducing domestic waste at source, actively encouraging staff to reduce the use of paper, vigorously promoting paperless digital office and green treatment, contributing to the promotion of waste reduction and the practice of green operation concept.

4.3 Optimize the use of resources

The Company pays full attention to the resource constraint faced by the world, implements a number of energy saving and consumption reduction measures, continuously optimizes the way of using resources and enhances the efficiency of resource utilization. The Company strictly complies with the requirements of laws and regulations such as the Energy Conservation Law of the PRC, the Regulations on Urban Water Supply and the Regulations on the Supply and Use of Electricity, and has formulated and improved a series of internal management systems such as the Water Conservation Management System, the Implementation Scheme for Water Conservation Plan and the Electricity Conservation Management System, with a view to promoting a good culture of saving resources and reducing energy consumption in the Company.

The main resources consumed by the Company in the course of its operations include purchased electricity, water and office consumables. The Company's main source of water is purchased municipal water supply and the Company did not encounter any problems in obtaining water sources during the year.

The Company continues to carry out resource conservation work by changing energy-saving light fittings in public areas, using induction taps, limiting the temperature of air conditioners, advocating paperless offices in the workplace, and promoting the concept of water, electricity and paper conservation through display boards, banners and LED screens in public areas to cultivate and consolidate all staff to develop an awareness of conservation. At the same time, the Company uses eligible recycled wastewater for green irrigation and road cleaning, effectively saving clean water and continuously improving the efficiency of resource utilization.

In 2022, the Company's primary use of natural gas purchases is for essential heating and hot water supply. In order to reduce excessive natural gas losses, the Company is actively taking supporting control measures, which include but are not limited to the use of automatic temperature regulation systems to control the upper temperature limit of the heating system within a reasonable range to minimize unnecessary waste of natural gas resources.

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4.4 Environmental performance¹

Emissions and discharges

Indicators	2022	2021
Total GHG² emissions (Scope 1 and Scope 2) (tonnes)	11,520.71	10,540.21
GHG emissions per unit area (tonnes/square metre)	0.06	0.08
GHG emissions per capita (tonnes/person)	6.24	6.13
Direct emissions (Scope 1) (tonnes)	2,871.31	3,212.25
Fuel consumed by vehicles	11.88	12.89
Natural gas	2,859.43	3,199.36
Indirect emissions (Scope 2) (tonnes)	8,649.40	7,327.96
Purchased electricity	8,649.40	7,327.96
Hazardous waste³ (tonnes)	180.00	122.30
Hazardous waste generated per capita (tonnes/person)	0.10	0.07
Hazardous waste per unit area (tonnes/square metre)	0.001	0.001
Non-hazardous waste⁴ (tonnes)	320.00	280.00
Non-hazardous generated per capita (tonnes/person)	0.17	0.16
Non-hazardous waste per unit area (tonnes/square metre)	0.002	0.002
Waste Gas⁵		
Total gas emissions ('0,000 cubic metres)	2,190.00	3,000.80
Ammonia content (kg)	0.066	1.60
Hydrogen sulfide content (kg)	0.065	0.20

¹ The scope of the data covers Henan Honliv Hospital, where total greenhouse gas emissions, hazardous waste, non-hazardous waste and wastewater have increased due to the opening of the surgical building in 2022.

² Greenhouse gases includes carbon dioxide, methane and nitrous oxide mainly from purchased electricity, natural gas and fuels. Greenhouse gas accounting is presented in terms of carbon dioxide equivalent, based on the 2019 China Regional Grid Baseline Emission Factors for Emission Reduction Projects published by the Ministry of Ecology and Environment of the PRC and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC) for accounting.

³ The types of hazardous waste involved in the Company's operations are mainly medical waste, i.e. infectious, injurious, pathological and chemical waste generated in the course of medical treatment.

⁴ The types of non-hazardous waste involved in the Company's operations consist primarily of domestic waste. Domestic waste is handled centrally by a third party and the data is sourced from a third party waste disposal company.

⁵ Due to the nature of its operations, the Company's exhaust gas is mainly generated from the disposal process of medical wastewater. Due to the very small amount of exhaust gas emissions from vehicles, they are not included in the disclosure. Meanwhile, the ammonia content and hydrogen sulfide content of the Company in 2022 decreased significantly as compared with those of last year, as much activated sludge had been put into the newly constructed water treatment station of the Company and biological nitrification system had been utilized to improve the reflux ratio.

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Indicators	2022	2021
Wastewater		
Total water discharge ('0,000 cubic metres)	21.00	13.50
COD content (tonnes)	5.60	4.05
Ammonia nitrogen content (tonnes)	0.50	0.028

Energy and resource consumption

Indicators	2022	2021
Total combined energy consumption⁶ (MWh)	29,308.32	28,683.55
Energy consumption per square metre of floor space (MWh/ square metre)	0.16	0.22
Energy consumption per capita (MWh/person)	15.87	16.69
Direct energy consumption (MWh)	14,188.33	15,873.55
Natural gas	14,144.49	15,826.00
Fuel consumption by buses	43.84	47.55
Indirect energy consumption (MWh)	15,120.00	12,810.00
Purchased electricity	15,120.00	12,810.00
Water consumption (tonnes)	210,800.00	136,000.00
Water consumption per capita (tonnes/person)	114.13	79.12
Water consumption per unit area (tonnes/square metre)	1.16	1.06
Amount of packaging⁷ (tonnes)	3.50	6.77

⁶ Integrated energy consumption is calculated based on electricity and gasoline consumption and the conversion factors in the national standard "General Principles for Calculating Integrated Energy Consumption" (GB/T 2589-2020).

⁷ The packaging used is mainly plastic bags provided to patients in the hospital.

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4.5 Environmental target management

Honliv Healthcare attaches great importance to resource conservation, energy conservation and emission reduction. We are committed to reducing emissions and resource consumption in our operations, and are committed to meeting the national targets of “peak carbon by 2030 and carbon neutral by 2060”. To this end, we have set a series of environmental performance targets and are actively reviewing our progress in achieving the environmental targets set for 2021 based on our actual operations in 2022, with the aim of enhancing our green and sustainable development in a quantifiable manner.

Types	Targets and commitments	Progress	Environmental targets update
GHG emissions	Based on data in 2020, the Company will cut GHG emissions per capita from purchased electricity by 10% by 2030.	In the current year, the improved pandemic situation compared to the 2020 and 2021 base years, the significant increase in patient flow and the opening of the Company’s surgical building resulted in a 46.3% increase in per capita greenhouse gas emissions, 46.3% increase in per capita electricity consumption compared to the 2020 base year and 44.2% increase in per capita water consumption compared to the 2021 base year, due to purchased electricity.	In 2022, greenhouse gas emissions, energy use and water use will increase as the Company opens its surgical building. In the current year, the Company has integrated the surgical building into its environmental objectives, setting new targets for greenhouse gas emissions, energy use and water use: A 10% reduction in the Company’s GHG emissions per unit area in 2030 from purchased electricity, 2021 using 2022 as a baseline. A 5% reduction in the Company’s electricity consumption per unit area in 2030, using 2022 as the base year. A 3% reduction in the Company’s tap water use per unit area in 2026, using 2022 as a baseline.
Energy use	Based on data in 2020, the Company will reduce electricity consumption per capita by 5% by 2030.		
Use of water resources	Based on data in 2021, the Company will cut tap water consumption per capita by 3% by 2026.		

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Types	Targets and commitments	Progress	Planning and action programmes
Use of water resources	The installation rate of sensor faucets in all operating places of the Company will reach 100% by 2028.	The installation rate of sensor faucets in all operating places of the Company has reached 50%	The Company is phasing out and replacing ordinary taps and aims to further increase the installation rate of sensor taps in its operations by 2023.
Energy use	The installation rate of intelligent lighting or LED lamps in all operating places of the Company will reach 100% by 2026.	The installation rate of intelligent lighting or LED lamps in all operating places of the Company has reached 90%.	The Company is phasing out and replacing luminaires in its operational premises with a view to further increasing the installation rate of smart lighting or LED luminaires by 2023.
waste management	From 2022, 100% of the hazardous waste generated during the Company's operations will be disposed of compliantly.	The Company has achieved 100% compliant disposal of hazardous waste generated from its operations.	The Company is guided and supervised by a special responsible team and hazardous waste is handed over to qualified third parties for compliant disposal.
	From 2025, the Company will fully implement garbage sorting and recycling, and use 100% biodegradable garbage bags to replace plastic ones.	The Company has started separating waste for recycling and has a 15% usage rate of biodegradable waste bags.	The Company procured segregated waste bins for domestic waste separation and biodegradable waste bags to replace plastic waste bags, with the aim of further increasing the use of biodegradable waste bags by 2023.

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5. CARE FOR STAFF AND PUT PEOPLE FIRST

The Company attaches importance to the legitimate rights and interests of employees and their healthy development, and adheres to the management philosophy of “being people-centered to offer great room for development and embracing diversity to help achieve wonderful lives”, making every effort to create a healthy and safe, equal and diverse working environment for employees, continuously improving the level of employee welfare and care, fully protecting the safety and health of employees, and striving to promote the synergistic development of employees and the Company.

5.1 Rights and interests and benefits

The Company strictly abides by the laws and regulations, such as the Labour Law of the People’s Republic of China, the Labour Contract Law of the People’s Republic of China, the Employment Promotion Law of the People’s Republic of China, the Law on Prevention and Treatment of Occupational Diseases of the People’s Republic of China, the Implementation Measures on Paid Annual Leave for Employees of Enterprises and the Regulation on Labour Protection for Female Workers and Employees, etc. The Company has formulated and implemented Human Resource Management System, Leave and Vacation System and other relevant rules and regulations, standardized the staff recruitment, improved the remuneration and benefit system and effectively protected the legitimate rights and interests of employees.

The Company is committed to creating an equal and diversified workplace, treating each employee with respect and dignity, providing fair, transparent and open employment and promotion opportunities for employees, and strictly eliminating all discrimination and unfair treatment on the basis of ethnic background, nationality, religion, skin colour, age, gender, sexual orientation, marital status, disability, pregnancy and other factors.

The Company adheres to the provisions of the Labour Law of the People’s Republic of China and the Law on the Protection of Minors of the People’s Republic of China and opposes any form of child labour and forced labour. The Company has a “zero tolerance” attitude towards the employment of child labour and ensures that this does not happen by strictly verifying the identity of candidates.

Recruitment and dismissal

The Company attaches great importance to the recruitment of high quality talents and regularly recruits talents through various recruitment channels, and determines their positions and destinations based on their professional skills and qualities, so as to ensure the matching of job positions and maintain the stability of the Company’s human resources structure. The Company signs formal labour contracts with each employee, setting out the relevant terms and conditions in accordance with the law to protect the legal rights of employees.

We have developed a dismissal management system in accordance with the Labour Contract Law of the People’s Republic of China, implement compensation for dismissal under the provisions of the labour contract, and carry out dismissal in compliance with laws and regulations, in a bid to effectively protect their legitimate rights and interest.

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Compensation and holidays

The Company has established an annual compensation system and a complete performance appraisal system based on its business attributes, implemented a standard working system and a rest system, designated staff to be responsible for scheduling shifts to scientifically co-ordinate staff working hours, and to reasonably arrange working and rest time to create a dynamic and efficient staff team.

Welfare and care

The Company pays five social insurance and a housing fund for its employees in strict accordance with the law, and additionally provides employees with large amount of supplementary medical insurance, free medical check-ups and other welfare benefits. Meanwhile, the Company has founded the Artistic Life Academy, which offers a variety of interest-oriented classes for employees to choose from, actively enriched their spare time, cared for their physical and mental health, and cultivated their comprehensive artistic qualities.

Promotion and development

In line with the principle of “emphasizing both good character and professional competence, but putting character first”, the Company establishes a democratic, open, competitive and merit-based talent selection and promotion mechanism, in a bid to provide a variety of platforms and opportunities for talents, to ensure that all kinds of talents stand out, to create a good environment and atmosphere for people to make the best use of their talents, and to promote employees to give full play to their subjective initiative and actively participate in the development and construction of the Company.

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Employment-related KPIs⁸

Indicator Category	Secondary Classification	Indicator Name	Unit	Data
Total number of employees	Total number of employees		Persons	1,847
	Total number of employees by gender	Male	Persons	554
		Female	Persons	1,293
	Total number of employees by age group	Number of employees aged 30 and below	Persons	860
		Number of employees aged 31 to 50	Persons	824
		Number of employees aged over 50	Persons	163
	Total number of employees by geographical region	Number of employees in Henan	Persons	1,737
		Number of employees outside Henan	Persons	110
	Total number of employees by employment type	Full-time	Persons	1,847
		Interns/part-time	Persons	0
	Total number of employees by employee category	Doctors	Persons	288
		Pharmacists	Persons	45
		Nurses	Persons	813
Medical technicians		Persons	196	
Administrative and back office staff		Persons	505	
Employee turnover rate	Total employee turnover rate		%	9.46
	Employee turnover rate by gender	Male	%	11.20
		Female	%	8.69
	Employee turnover rate by age group	Number of employees aged 30 and below	%	11.52
		Number of employees aged 31 to 50	%	6.47
		Number of employees aged over 50	%	12.83
	Employee turnover rate by geographical region	Number of employees in Henan	%	9.72
		Number of employees outside Henan	%	5.17

⁸ Employee turnover data covers only actively departing employees and the turnover rate is calculated as: Total number of employees lost in 2022/ (Total number of employees at the end of 2022 + Total number of employees lost in 2022).

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5.2 Health and safety

The Company attaches great importance to the personal safety of its employees and is keenly concerned about the health of every employee. It strictly complies with the Law on Prevention and Treatment of Occupational Diseases of the PRC and other laws and regulations, improves its internal management system, takes active measures to protect the safety of its employees and strives to provide a healthy and safe working environment for its employees.

The Company further promotes the establishment of the employee health management committee, implements a general plan for employee health management, actively promotes knowledge about mental health and occupational disease prevention, and pays close attention to the mental health of employees. The Company establishes health records for each employee, arranges annual targeted medical examinations according to the age of the employees, and conducts health assessments on staff in high-risk environments (such as those exposed to radioactive and medical waste) with a view to prevent and reduce occupational hazards and protect the physical and mental health of employees.

Safety management

The Company strictly abides by relevant laws and regulations such as the Production Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, the Law on Prevention and Treatment of Occupational Diseases of the People's Republic of China, and the Regulations on Work-related Injury Insurance. It set up a security inspection department and a public order department, and formulated and improved a series of safety management systems, including the Safety Management System, the Emergency Plan for Handling Medical Disputes, and the Emergency Plan for Flood Control and Rescue of Henan Honliv Hospital to ensure the safety of employees. The Company has established a perfect mechanism for dealing with work-related injuries, so as to deal with all kinds of accidental injuries in a timely and effective manner.

In addition, the Company attaches importance to the identification and prevention of safety hazards and organizes fire drills and various types of safety training every year to enhance the safety awareness of staff. 45 fire safety knowledge training sessions, 3 fire-fighting equipment drills, 3 emergency evacuation drills, 2 anti-terrorism and riot control emergency drills, 2 anti-terrorism and riot control knowledge and riot control equipment skills training sessions, 1 flood control drill, 1 elevator safety training emergency drill, 1 CPR training practical drill, were conducted in 2022, with 2,642 trainees.

Prevention and control of infectious diseases

The Company has established and continuously improved its internal management system for the prevention of infectious diseases, including the Infection Prevention and Control System Related to Infectious Diseases in the Hospital, Management of Patients with Infectious Diseases, Norms for Disinfection, Isolation and Prevention of Infectious Diseases, Hospital Infection Control Management System for Airborne Diseases, and the Standard Operating Procedures for Prevention of Air, and effectively prevented the spread of infectious diseases in the hospital by taking corresponding isolation and protection measures based on transmission routes of infectious diseases.

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In 2022, the Company revised and improved the COVID-19 Infection Prevention and Control Measures and other normalized prevention and control management systems and procedures for the pandemic and strengthened the training and assessment of the systems and procedures in accordance with the requirements of the Technical Guidelines for Prevention and Control of Novel Coronavirus Infections in Medical Institutions (Third Edition), the Prevention and Control Programme for Novel Coronavirus Pneumonia (Ninth Edition))and other relevant programme.

To further improve the prevention skills of medical staff, the Company organized hospital-wide training exercises on the putting on and taking off protective clothing for medical staff. 1,453 people participated in the training exercises, with a pass rate of 97.29%, an increase of 5.79% over the same period last year. The training effectively improved the infection prevention and control skills of medical staff and prevented the occurrence of nosocomial infections caused by the wearing and taking off of protective equipment.

Case: “Occupational Exposure and Handling” training exercises to reduce occupational exposure

In mid-November 2022, in order to reduce the incidence of occupational exposure and improve the ability of medical staff to handle emergency situations after occupational exposure, medical staff were organised to learn about “occupational exposure and handling” and to conduct emergency disposal drills. A total of 1,382 frontline medical staff participated in the training and drills, and the passing rate of the examination was 98.54%.



“Occupational Exposure and Handling” Training Exercises

Work-related injury- and fatality-related KPIs⁹

Indicator Name	Data in 2022
Number and rate of work-related fatalities in 2020	0
Number and rate of work-related fatalities in 2021	0
Number and rate of work-related fatalities in 2022	0
Lost days due to work injury in 2022	340

⁹ The number of days lost due to work-related injury is the number of days of absence due to work-related injury recorded in the Company’s internal employee attendance sheets.

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5.3 Development and training

The Company continues to promote the development of professional knowledge and skills of its staff, thereby continuously promoting the Company's competitiveness. Based on the formulation and improvement of the Human Resources Management System, the Management Regulations on External Training and other systems and regulations, the Company continues to conduct vocational training and interest-oriented activities for new and old employees, so as to build a platform for employees to enhance their skills in all aspects.

Career development training

We continue to strengthen the professional capabilities of new employees, and carry out pre-employment training and outreach training for new employees to enhance professionalism and reduce anxiety. The Company carries out a series of cross-departmental coaching training to provide a broader development platform for new employees and help them adapt to the needs of their positions quickly.

Nursing care training

Nursing care is an important part of the work of the Company. The Company has solidly promoted the systematic construction of nursing care work, formulated the Continuing Education Training and Assessment System for Nurses, the Hierarchical Training System for Nurses and the Training System for Nurses in Specialist Nursing care Field, and vigorously promoted the construction of a high-quality nursing care team with job requirements as the guide and job competency as the goal.

To enhance the core quality of nursing care staff, the Company runs a diverse and informative nursing care talent programme, with innovative in-hospital training such as specialist tiered training and "comprehensive bedside examinations", complemented by external training such as the "333 Talent Development Programme". In 2022, the Company conducted 11 specialist training courses covering 3,568 participants. During the year, the Company sent 25 nurses for further training and completed pre-service training for 130 new nurses, covering a total of 64 hours, effectively enhancing the professionalism and management skills of the Company's nursing care staff.

Doctor training

The Company attaches great importance to the training of doctors and has established and improved the Vocational Study Rules, the Regulations on Basic Theory, Knowledge and Skills Training and Assessment, the Management System for Standardized Training of Resident Doctors, and the Regulations on External Training for Doctors, etc. The Company actively encourages professional and technical personnel to continue their medical education and participate in academic exchanges, and sends key doctors to domestic tertiary hospitals for professional training for 3-6 months every year. In order to motivate talents of high technical level, the Company regularly organizes various training and skill competitions, contributing to a good learning atmosphere for the medical staff of the hospital to advance and improve.

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Employees training-related KPIs

Indicator Category	Secondary Classification	Indicator Name	Unit	Data	
Number and percentage of employees trained	Total number of employees trained		Persons	1,847	
	Number and percentage of employees trained by gender	Number of male employees trained		Persons	554
		Number of female employees trained		Persons	1,293
		Percentage of male employees trained		%	100
		Percentage of female employees trained		%	100
		Number of employees trained by employee category	Number of doctors trained		Persons
	Number of pharmacists trained			Persons	45
	Number of nurses trained			Persons	813
	Number of medical technicians trained			Persons	196
	Number of administrative and back office staff trained			Persons	505
	Percentage of employees trained by employee category	Percentage of doctors trained		%	100
		Percentage of pharmacists trained		%	100
		Percentage of nurses trained		%	100
		Percentage of medical technicians trained		%	100
		Percentage of administrative and back office staff trained		%	100

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Indicator Category	Secondary Classification	Indicator Name	Unit	Data
Average training hours		Average training hours completed per employee	Hours	16
	Average training hours completed per employee by gender	Average training hours completed per male employee	Hours	13.2
		Average training hours completed per female employee	Hours	18.3
	Average training hours completed per employee by employee category	Average training hours completed per doctor	Hours	18.9
		Average training hours completed per pharmacist	Hours	18
		Average training hours completed per nurse	Hours	22.8
		Average training hours completed per medical technician	Hours	15
		Average training hours completed per administrative and back office staffer	Hours	11.2

6. WORK TOGETHER FOR A WIN-WIN PARTNERSHIP

The Company attaches great importance to supply chain management and regards suppliers as important partners, and is committed to building a comprehensive and process-oriented supplier management system, strictly complying with relevant laws and regulations, formulating the Supplier Selection and Evaluation System and the Management System for Periodic Evaluation on Suppliers, and promoting win-win cooperation with suppliers.

The Company strictly controls the access management of suppliers, evaluates the product types, technology, price, reputation and service quality of suppliers, and selects suppliers with comprehensive consideration. For suppliers we cooperate with, the Company continuously monitors them in accordance with the Management System for Periodic Evaluation on Suppliers to ensure that the products and services supplied are qualified and in compliance. At the end of each year, the Company carries out a comprehensive assessment of all key indicators and imposes penalties on non-compliant suppliers. In 2022, out of our 188 suppliers, a total of more than 160 participated in the evaluation, mainly in the categories of pharmaceuticals, medical, instruments and consumables.

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In order to encourage the use of energy-saving and environmentally friendly products and to drive the industry's awareness of environmental protection and social responsibility, the Company incorporates the inspection of suppliers' environmental and social risks into its supply chain management, giving priority to suppliers who are environmentally friendly and have social responsibility. The Company regularly conducts on-site inspections of suppliers and severely investigates and sanctions any violations of environmental and social laws and regulations by suppliers, and terminates cooperation immediately upon discovery. In addition, in order to ensure a clean and healthy supply chain, the Company clearly stipulates that commercial bribery is prohibited and states in the terms of contracts signed with suppliers a business ethics statement clause on compliance with regulations and prevention of corruption and bribery, firmly preventing the risk of corruption in the supply chain.

Supplier-related KPIs

Indicators	Data (supplier)
Total number of suppliers	188
Number of suppliers in Henan	143
Number of suppliers outside Henan	45

Note: The location of suppliers shall be subject to the place of registration of their business licenses.

7. INTEGRITY AND JUSTICE IN THE PRACTICE OF MEDICINE

The Company upholds the principle of operating in good faith and adheres to the attitude of zero tolerance for corrupt practices. The Company strictly abides by the laws and regulations such as the Anti-unfair Competition Law of the PRC and the Interim Regulations on Prohibition of Commercial Bribery, implements regulations for the medical industry, including the Code of Conduct for Practitioners in Medical Institutions, the Circular on Issuance of the Nine Prohibitions for Strengthening Ethics in the Healthcare Field, the Implementation Opinions of the Ministry of Health and the National Administration of Traditional Chinese Medicine on Carrying out a Special Campaign to Combat Commercial Bribery in the Purchase and Sale of Medicines, as well as the Regulations on the Establishment of Commercial Bribery Records for the Purchase and Sale of Medicines. We continue to improve our internal regulatory system, continue to promote medical ethics and style, provide regular integrity training, and strictly eliminate bribery and other inappropriate behaviour, in order to fulfil our original intention and mission of "integrity and honesty, excellence and return to the essence of healthcare".

The Company has always attached great importance to anti-corruption, and has formulated anti-corruption policies including the Anti-Corruption Management System under the supervision of the management and the Audit Committee, insisted on "strict requirements, strict education, strict management and strict supervision", and treated the issue of fraud with "zero tolerance". If there is corruption, bribery or acceptance of "red packets" from patients, the staff concerned will be dismissed as soon as they are found. At the same time, we have established a strict investigation system and standardized the relevant workflow, including relevant flowcharts and a record sheet for handling reports, to effectively strengthen the Company's internal governance and reduce operational risks. In addition, the Company has set up a number of reporting hotlines and email addresses to receive anonymous or registered reports, and keeps the personal and private information of anonymous reporters strictly confidential to firmly safeguard the monitoring rights of employees. In 2022, the Company has no complaints or litigation cases related to corruption, bribery or fraud.

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In order to build a clean and clear medical ethics, the Company has comprehensively and strictly regulated the professional conduct of medical and nursing staff, formulated and improved a number of integrity rules and regulations with reference to laws and regulations such as the Law on Medical Practitioners of the PRC, the Regulations on Disciplinary Actions of the Communist Party of China and the Law on Administrative Punishment for Civil Servants, and actively publicized policies, regulations and typical cases on medical ethics and the clean practice of medicine through multiple channels such as electronic display screens, internal office systems and conferences on medical ethics and medical style, to continuously raise staff awareness of anti-corruption, form a good culture of excellence in medical practice and responsibility for patients, and promote the healthy development of medical and health care.

The Company actively carries out anti-corruption education, incorporates anti-fraud training into the induction training materials for new employees and, according to different levels, makes targeted arrangements for employees to participate in regular professional integrity and anti-corruption training. In FY2022, the Company conducted a total of two anti-corruption training sessions for all employees, with a total of 150 new employees participating in anti-corruption training, and separately provided all members of the Board of Directors and leaders of the House with anti-corruption and anti-fraud related training.

8. GIVE BACK TO SOCIETY

Guided by the principle of “Caring for the society and serving the people”, the Company has always been committed to social responsibility with solid actions. In 2022, the Company formulated the “2022 Health Education Work Plan of Henan Honliv Hospital”, “2022 Health Promotion Work Plan” and “2022 Health Promotion Organization Structure and Responsibilities” to further clarify the responsibilities of health work, take the initiative to sink high-quality resources to grassroots communities and the masses, effectively use the three forms of health clinic, first aid training and public welfare lectures to carry out community activities, and actively give back to the public with professional advantages.

8.1 Health clinic

In order to raise people’s health awareness and disseminate medical science knowledge, the Company regularly conducts health education and public welfare clinic activities in the community, organizes health education classes and disease prevention knowledge for different groups of people, establishes interactive and close contact with the community, and provides comprehensive health care services to patients and their families, as well as community residents. In 2022, the Company carried out a total of 23 health education charity clinics, and a total of 223 medical and nursing staff participated in the activities, distributing more than 9,500 copies of health education materials and benefiting a total of more than 5,630 participants.

In addition, the Company invites medical professionals to provide free health consultation services for villagers on lung nodules and common respiratory diseases, and implements lung nodule screening to enhance villagers’ health awareness. In 2022, we completed free lung nodule screening in a total of 11 villages and towns.

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8.2 First aid training

In order to enhance the awareness and ability of people in the community, the Company's first aid skills training team actively carried out "first aid skills training" activities for the community and villages, joining hands with kindergartens, schools, fire brigades and other community units to enhance the awareness and ability of people in the community to save themselves by popularizing emergency rescue skills and knowledge. In 2022, the Company organized 29 sessions of social emergency medical knowledge promotion and first aid skills training, covering 1,927 participants.



Emergency Ambulance Training

8.3 Public lectures

In order to popularize general health and medical knowledge and raise the public's awareness of health care, the Company actively conducts health knowledge seminars for the community and community residents, invites experts, scholars and medical personnel to answer questions and solve problems for the audience, offers targeted health classes for key groups, and effectively improves the public's health knowledge.

The Company organized ophthalmology staff to conduct a popular health talk on diabetic retinopathy in the ophthalmology classroom, explaining to patients and their families the prevention and treatment of diabetic retinopathy, as well as how to eat a healthy diet for diabetic patients, effectively popularizing the knowledge of eye care and eye protection, raising the awareness of eye health and disease prevention and treatment among residents. The health education was well received by the patients and gave the middle-aged and elderly people an in-depth understanding of diabetic retinopathy prevention and treatment, and raised their awareness of eye care and eye protection.



Diabetic Retinopathy Health Talk

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APPENDIX

STOCK EXCHANGE ESG INDICATOR INDEX TABLE

Scope	Issue	Disclosure Requirement	Corresponding Chapter
Governance Structure	–	<p>A statement from the board containing the following elements:</p> <ol style="list-style-type: none"> (1) a disclosure of the board’s oversight of ESG issues; (2) the board’s ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer’s businesses); and (3) how the board reviews progress made against ESG- related goals and targets with an explanation of how they relate to the issuer’s businesses. 	Board Statement
Reporting Principles	–	<p>Describe or explain how the following reporting principles have been applied in the preparation of ESG reports:</p> <ol style="list-style-type: none"> (1) Materiality: The ESG report should disclose (i) the process for identifying material ESG factors and the criteria for their selection; and (ii) if the issuer has carried out stakeholder engagement, a description of the material stakeholders identified and the process and results of the issuer’s stakeholder engagement. (2) Quantification: Information on the standards, methods, assumptions and/or calculation tools used for reporting emissions/energy consumption (where applicable) and the source of conversion factors used should be disclosed. (3) Consistency: Issuers should disclose in the ESG report changes in statistical methodology or KPIs, if any, or any other relevant factor affecting meaningful comparisons. 	ABOUT THIS REPORT
Scope of the Report	–	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	ABOUT THIS REPORT

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Scope	Issue	Disclosure Requirement	Corresponding Chapter
Environmental	A1 Emissions	General Disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation for Environmental Protection — Strengthen Emissions Management
		A1.1 The types of emissions and respective emissions data.	Green Operation for Environmental Protection — Environmental Performance
		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).	Green Operation for Environmental Protection — Environmental Performance
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation for Environmental Protection — Environmental Performance
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation for Environmental Protection — Environmental Performance
		A1.5 Description of emission target(s) set and steps taken to achieve them.	Green Operation for Environmental Protection — Environmental Target Management Green Operation for Environmental Protection — Strengthen Emissions Management
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operation for Environmental Protection — Environmental Target Management Green Operation for Environmental Protection — Strengthen Emissions Management

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Scope	Issue	Disclosure Requirement	Corresponding Chapter
Environmental	A2 Use of Resources	General Disclosure: policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation for Environmental Protection — Optimize Resources Use
		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).	Green Operation for Environmental Protection — Environmental Performance
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation for Environmental Protection — Environmental Performance
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation for Environmental Protection — Environmental Target Management Green Operations, Environmental Protection — Resources conservation
		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.	Green Operation for Environmental Protection — Environmental Target Management Green Operation for Environmental Protection — Resource Conservation
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Operation for Environmental Protection — Environmental Performance
	A3 Environment and natural resources	General Disclosure: policies on minimizing the issuer's significant impacts on the environment and natural resources.	Green Operation for Environmental Protection
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation for Environmental Protection
	A4 Climate Change	General Disclosure: policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Operation for Environmental Protection — Respond to Climate Change
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Operation for Environmental Protection — Respond to Climate Change

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Scope	Issue	Disclosure Requirement	Corresponding Chapter
social	B1 Employment	General Disclosure: information on: (1) the policies; and (2) 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.	Being People-centred and Caring for Employees — Rights and Interests and Benefits
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Being People-centred and Caring for Employees — Rights and Interests and Benefits
		B1.2 Employee turnover rate by gender, age group and geographical region.	Being People-centred and Caring for Employees — Rights and Interests and Benefits
	B2 Health and Safety	General Disclosure: information on: (1) the policies; and (2) 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.	Being People-centred and Caring for Employees — Health and Safety
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Being People-centred and Caring for Employees — Health and Safety
		B2.2 Lost days due to work injury.	Being People-centred and Caring for Employees — Health and Safety
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Being People-centred and Caring for Employees — Health and Safety

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Scope	Issue	Disclosure Requirement	Corresponding Chapter
social	B3 Development and Training	General Disclosure: policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Being People-centred and Caring for Employees — Development and Training
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Being People-centred and Caring for Employees — Development and Training
		B3.2 The average training hours completed per employee by gender and employee category.	Being People-centred and Caring for Employees — Development and Training
	B4 Labour Standards	General Disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Being People-centred and Caring for Employees — Rights and Interests and Benefits
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Being People-centred and Caring for Employees — Rights and Interests and Benefits
		B4.2 Description of steps taken to eliminate such practices when discovered.	Being People-centred and Caring for Employees — Rights and Interests and Benefits
	B5 Supply Chain Management	General Disclosure: policies on managing environmental and social risks of the supply chain.	Win-win Cooperation for Common Progress
		B5.1 Number of suppliers by geographical region.	Win-win Cooperation for Common Progress
		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.	Win-win Cooperation for Common Progress
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Win-win Cooperation for Common Progress
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Win-win Cooperation for Common Progress

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Scope	Issue	Disclosure Requirement	Corresponding Chapter
social	B6 Product Responsibility	General Disclosure: information on: (1) the policies; and (2) 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.	Serving People with Professional Services
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Professional Service, True Love for the People — Quality of Service and Medical Safety
		B6.2 Description of practices relating to observing and protecting intellectual property rights.	Serving People with Professional Services — Serving Patients Wholeheartedly
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Serving People with Professional Services — Intellectual Property and Trademarks
		B6.4 Description of quality assurance process and recall procedures.	Professional Service, True Love for the People — Quality of Service and Medical Safety
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Serving People with Professional Services — Protection of Patient Privacy

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Scope	Issue	Disclosure Requirement	Corresponding Chapter
social	B7 Anti-corruption	General Disclosure: information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity and Justice, Honesty in the Practice of Medicine
		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.	Integrity and Justice, Honesty in the Practice of Medicine
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity and Justice, Honesty in the Practice of Medicine
		B7.3 Description of anti-corruption training provided to directors and staff.	Integrity and Justice, Honesty in the Practice of Medicine
	B8 Community Investment	General Disclosure: policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for People, Giving Back to Society
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Caring for People, Giving Back to Society
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Caring for People, Giving Back to Society



Honliv Healthcare Management Group Company Limited

宏力醫療管理集團有限公司