



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 2023



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023

I. ABOUT THE REPORT

This is the Environmental, Social and Governance Report 2023 (the “ESG Report”) prepared and published by Honliv Healthcare Management Group Limited (hereinafter referred to as “Honliv Healthcare”, “the Company” or “we”) to provide an objective and fair view of the Company’s overall ESG performance, and readers are advised to read The Report in conjunction with the “Corporate Governance Report” section of the Annual Report.

Scope of the Report

Unless otherwise stated, the Report covers the environmental, social and governance performance of the Company and its subsidiaries in the PRC for the period from 1 January 2023 to 31 December 2023. To ensure continuity and comparability of information, parts of the Report will be extended as necessary.

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

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

Preparation basis

The Report has been prepared in accordance with Appendix C2 “Guidelines on Environmental, Social and Governance Reporting” (the “Guidelines”) of the Listing Rules issued by Hong Kong Stock Exchange. It is based on the principles of materiality, quantification, balance and consistency of reporting, and reports on the content and data relating to the ESG issues 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 The Report and targeted disclosures have been made in The Report based on the relative importance of their issues of concern.

“Quantitative” principle: the Report uses the way of quantitative data 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 The Report are described where applicable. Unless otherwise stated, the currency in the Report is denominated in RMB.

“Balance” principle: the Report follows the balance principle and presents an objective picture of the Company’s ESG performance and management status.

“Consistency” principle: unless otherwise stated, the Report uses the same statistical methodology as the Company’s 2022 Environmental, Social and Governance Report.

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II. ESG GOVERNANCE

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 28 March 2024, the Board of Directors of the Company held a meeting to consider the 2023 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 Structure" section of The Report.

Evaluating ESG targets: in 2023, 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 "Environmental Target Management" section of The Report.

The Board of Directors of the Company has reviewed and approved The Report on 28 March 2024.

Honliv Healthcare Management Group Company Limited

The Board of Directors

28 March 2024

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2. ESG strategy and governance structure

The Company upholds the corporate culture of “benefiting the local community 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. Meanwhile, the Company continues to strengthen the ESG management system in the course of development, and is committed to optimizing its ESG performance, enhancing its sustainable development capability, and to protect the interests of shareholders and investors while actively fulfilling its corporate social responsibility.

We integrate ESG concepts into our business operations and management processes, proactively identify and strictly comply with relevant national and regional laws and regulations, achieve our business objectives while reducing our negative impact on the environment, strengthen our management foundation, build a high quality talent pool, establish and maintain trustworthy partnerships with our suppliers, actively participate in social welfare and assume 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 achieve efficient management. The Board of Directors is overall responsible for the Company’s ESG work and information disclosure, and 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.

3. Stakeholder communication

The Company integrates communication with stakeholders into its daily operation and management, identifies key stakeholders based on business characteristics, establishes various channels of communication with them, and actively initiates communication and exchange, in order to understand their aspirations and expectations on ESG issues related to the Company, and uses the suggestions obtained as important references to guide the Company in its ESG work.

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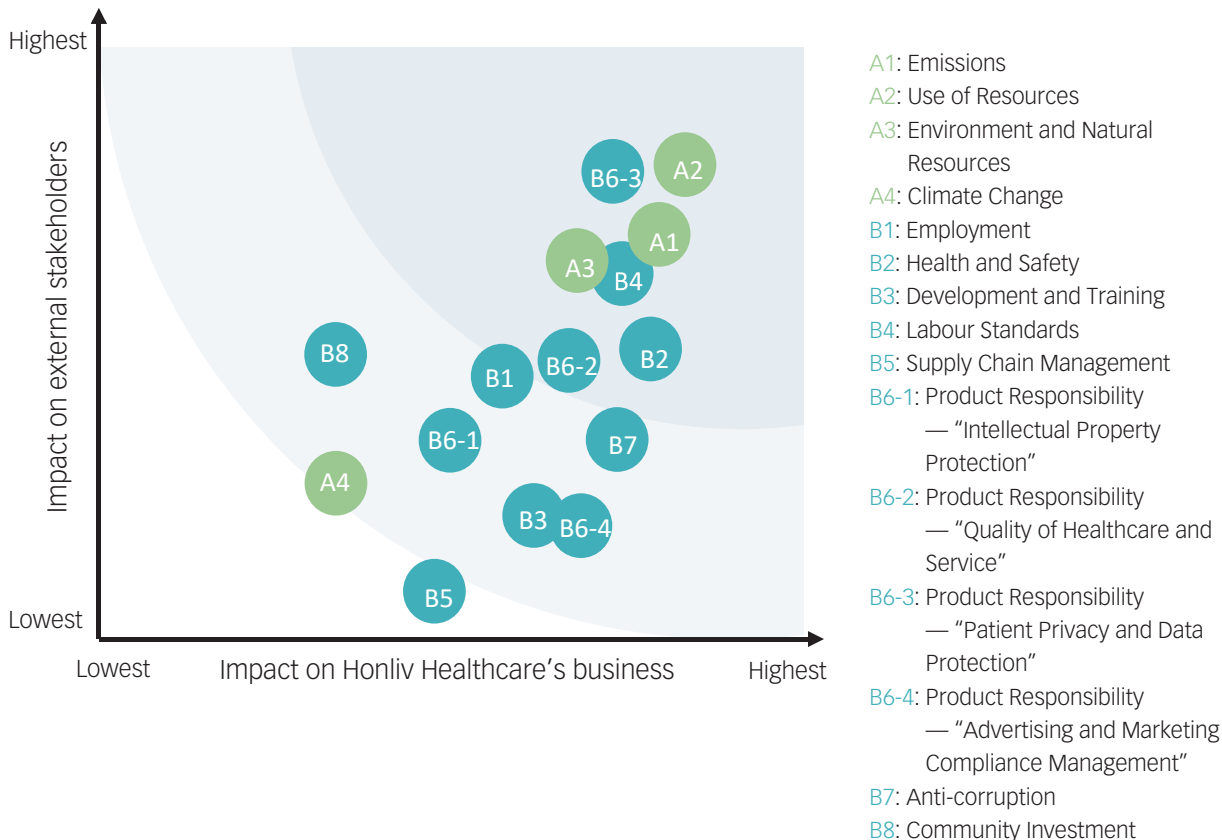
The key ESG issues of concern to the Company's major stakeholders and the main communication and feedback channels are as follows:

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 mechanism channels
Governments and regulatory authorities	Anti-corruption Quality of healthcare and service Employment Labour standards	Information disclosure Correspondences Field trips Relevant meetings
Academic and research Institutions	Cooperation on clinical research Quality of healthcare and service	Academic exchange Industry development meetings
Shareholders and 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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4. Analysis of materiality issues

In conjunction with the Company’s business characteristics, we understand the views of various stakeholders on the Company’s environmental, social and governance issues based on our communication with them, and identify and determine the materiality of the issues that stakeholders are concerned about, which serves as an important reference for the extent and boundaries of disclosure of the issues, in order to ensure a more accurate and comprehensive disclosure of the environmental, social and governance information and to respond to the concerns of the stakeholders.



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 the Report.

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III. 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 patients’ experience. We actively learn from patients’ opinions, expand feedback channels, and strive to properly resolve all issues; we adopt a refined, digital approach to protect patient privacy, and maximize the protection of the legitimate rights and interests of patients and healthcare professionals.

1. Protect medical safety and enhance service quality

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 implement the compliance requirements, continuously improve the quality and level of our services, and do our utmost to protect public health and safety, and are committed to providing high-quality and humane medical and health services to the general public.

Quality of medical services

The Company has always adhered to the original spirit of “striving for excellence and returning to the essence of medical care” and is committed to improving the quality of medical care services. The Company continuously improves the three-tier management system, namely “decision-making by the Quality and Safety Management Committee, control by the Quality and Safety Department and functional departments, and execution by the Quality and Safety Management Teams of the Departments”, and strictly enforces the core system of quality and safety in medical care and comprehensively monitors the daily operations of the hospitals.

The Company regards the quality of diagnosis and treatment as the cornerstone of its business development. On the basis of optimizing existing diagnostic and treatment methods, the Company continues to deepen the multi-disciplinary collaborative diagnosis and treatment (MDT) mechanism, integrating the treatment opinions of various parties and implementing the optimal treatment plan in conjunction with the patient’s own condition, so as to effectively enhance the level of comprehensive diagnosis and treatment of diseases, provide patients with more precise and highly efficient treatment services, and further improve the patient’s experience in the medical field.

As a pioneer in air ambulance service for private medical care Institutions in China, the Company has set up a dedicated team for air ambulance service to ensure that medical personnel are able to transfer patients to hospitals swiftly, thus buying valuable time for patients to receive treatment. For patients in remote areas, this initiative is of great significance in terms of the time lost, and provides a practical guarantee for the safety of patients’ lives.

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Quality of nursing care services

Improving the quality of nursing care services is a sure way to improve medical standards and patient experience. The Company has established the Quality Nursing Service Management Committee to continuously improve the mechanism for improving the quality of nursing care services. Under the guidance of the Action Plan for Further Improvement of Nursing Services (2023–2025) of the National Healthcare Commission, the Company has formulated the “Implementation Plan for Further Improvement of Nursing Services (2023–2025)” and the “Implementation Plan for Quality Nursing Services”, to practically promote nursing care work to be closer to patients, clinics and the society.

Under the guidance of the implementation plan, the Company will further improve nursing care service actions, implement the accountability system for overall nursing care, and, on the basis of good service quality supervision and satisfaction surveys within the hospitals, each ward will continue to improve and revise the programme of quality nursing care service in each ward, condense the concepts and measures of quality nursing care service, pay attention to the telephone call-back situation of nursing care service for discharged patients, and do a good job of continuity of nursing care service and health science popularization. In 2023, we focused on improving the quality of nursing care services and doing a good job in health science popularization, so as to continue to enhance the patients’ experience of medical treatment, satisfy the health needs of the public, and enhance the sense of well-being, acquisition and security of the public.

Safe management of medicines

The Company attaches great importance to Safe management of medicines, and 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 establishes an internal Drug Quality Management System and strictly implements it to continuously strengthen the daily management of drug quality and ensure the safety of drug used by patients.

The Company strictly enforces the system of acceptance and recall of medicines in stock. For incoming medicines, we carry out incoming registration and acceptance procedures, conduct regular inspections of the quality of the medicines, and when the expiry date of the medicine is less than six months, the relevant employee will immediately coordinate with the supplier for the return or replacement of the medicine. In the course of clinical use of the medicines, healthcare professionals monitor patients’ adverse reactions in real time. Once abnormalities are detected, we will immediately arrange for the patients to stop taking the medicines, and the Pharmacy Department will take back the medicines, seal them up, investigate and analyze them, and then report them to the pharmacological regulatory authorities. If there is any safety issue with a medicine, we will recall the relevant medicine in a timely manner as required and destroy it in a safe and compliant manner in accordance with the operating guidelines. In 2023, the Company did not have any recalls due to medicines health and safety issues.

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2. Focus on patient experience and build positive relationships

The Company is committed to providing high-quality medical care services, continuously improving the patient experience and enhancing patient satisfaction. The Company has established and implemented a service quality assessment system to regularly evaluate the service quality of each department, make timely corrections to problems identified, and continuously explore potential service enhancement points to improve the service level. In our daily work, we post clear guiding signs to clarify the flow of medical treatment, and actively encourage our employees to form volunteer teams to guide patients through the process. 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 and promote the healthy development of doctor-patient relationship.

Patient communication and complaints

In order to protect the legitimate rights and interests of both doctors and patients, the Company starts from two aspects, namely, system construction and daily training. In addition to the establishment of a comprehensive doctor-patient communication system, the Company also continuously strengthens the training of communication skills for relevant medical care personnel.

In terms of system building, the Company strictly complies with the requirements of laws and regulations such as the "Regulations on the Administration of Medical Institutions", the "Regulations on the Handling of Medical Accidents", the "Regulations on Letters and Visits", the "Measures for Letters and Visits in Health Care", etc., to ensure that the channels of communication between medical practitioners and patients are unimpeded. The Company has also established a mechanism of "first-inquiry-responsibility" and "hierarchical handling", whereby the medical staff, the outpatient department, and the service management department deal with the patient's feedbacks at each level, so as to ensure that relevant issues are properly resolved. In 2023, the Company received a total of 11 valid customer complaints through letters and hotlines, and the response rate and closure rate of the complaints were both 100%.

In terms of daily management, the Company has formulated regulations and systems such as the "Medical Damage Disposal Plan", the "Medical Safety (Adverse) Incident Reporting System and Procedures" and the "Medical Risk Alert System" for potential doctor-patient disputes and medical incidents. The Company also carries out regular seminars on cases of disputes in external hospitals, and holds seminars on standardized handling measures, trainings on response procedures and clinical operation, etc., to strengthen the education and communication skills of relevant medical care personnel and enhance their ability to handle doctor-patient relationship and respond to emergencies, so as to prevent and handle medical disputes effectively and safeguard the legitimate rights and interests of both parties.

Patient return visit and satisfaction survey

The Company has established a sound mechanism for discharged patients' return visit, and set up the Discharged Patients' Return Visit Office, which is responsible for discharged patients' return visit and patients' satisfaction survey, etc., in order to fully understand the patients' opinions and suggestions on the Company's medical care services, and compile the summary report of patients' return visit on a monthly and yearly basis, and timely feedback the problems to the corresponding departments or divisions, so as to further strengthen the communication between doctors and patients and improve the Company's quality of service. In addition, the Company's Service Management Department carries out monthly satisfaction surveys on outpatients and inpatients. The satisfaction rate of outpatients and inpatients are over 99% in all months of 2023.

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3. Protect patient privacy and build safety lines of defence

The Company strictly implements the national requirements for protecting patients' privacy and ensuring information security, and complies with the 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 other laws and regulations, and carries out all-round privacy protection work starting with three aspects: the diagnostic process, file management and the security of the information system, so as to earnestly safeguard the legitimate rights and interests of patients and protect their personal dignity.

Diagnostic privacy protection

The Company adopts stringent privacy protection measures, setting up partitions in outpatient examination and treatment rooms to avoid disclosure of patients' privacy; implementing the mechanism of "one room, one doctor, one patient, one companion" in hospital wards, and strictly controlling the entry and exit of personnel and visiting hours to ensure that the privacy of inpatients is adequately protected. Meanwhile, the Company strictly prohibits the filming and dissemination of patient-related images without the consent of the patient or his/her family. When it is not appropriate to inform the patient, we will take a prudent and responsible approach by first informing the patient's legal representative and ensuring that the patient's fully understanding and consent are obtained before proceeding with the relevant activities.

Patient record management

The Company continuously strengthens the management of patients' records. Examination data requiring confidentiality is stored separately and access rights are strictly limited. The use of patient data involving private information by medical staff for work purposes is subject to the approval of the Medical Department in accordance with regulations. Meanwhile, we continue to enhance the professional ethics of our employees and continuously monitor their practice behaviour to ensure that they maintain strict confidentiality of patients' information in their practice activities, and severe penalties will be imposed on those who violate the regulations.

Information systems security

In order to prevent information leakage and effectively safeguard information security, the Company formulated the Information Security Management System and Information System Permission Management System to strengthen network security protection, strictly control the operating authority of the information system, and install anti-virus software for all computer equipment in the hospital. In 2023, 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 certification of the Ministry of Public Security of the People's Republic of China for information system security protection, which provides a strong safeguard for the protection of patients' privacy and information security.

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4. Protect intellectual property rights and maintain market order

The Company attaches great importance to the protection of intellectual property rights, strictly complies with the requirements of relevant laws and regulations such as the Patent Law of the People's Republic of China. By applying for software copyrights and signing R&D confidentiality agreements with partners, the Company protects its own intellectual property rights and interests while respecting the intellectual property rights of others.

In respect of the use of trademarks, the Company has formulated detailed the "Trademark Preparation and Use Regulations" and the "Trademark File Management System" in accordance with the relevant requirements of the Trademark Law of the People's Republic of China, and has required the relevant employees to learn and master the latest laws and regulations in a timely manner, so as to ensure that all the requirements on the use and management of trademarks are strictly implemented.

5. Regulate advertising and protect patients' rights and interests

The Company abides by the requirements of relevant laws and regulations such as the Advertising Law of the People's Republic of China and the Measures for the Administration of Medical Advertisements, and strictly complies with 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, and resolutely eliminates any false advertisement information. In 2023, the Company did not have any major violations of laws and regulations relating to advertising

IV. GREEN OPERATION FOR PROTECTING THE HOMELAND

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.

1. Respond to climate change

The Company has included the issue of climate change in its daily work, and with reference to the framework recommended by the Working Group on Climate-related Financial Disclosure (TCFD), we have taken the initiative to identify the potential risks and opportunities brought by climate change to our operations and finances, and we plan to integrate the risk of climate change into the overall operational risk management system of the Company. In order to continuously track and evaluate the Company's climate change management performance and improve management programmes, we publicly disclose the Company's greenhouse gas emissions in our annual ESG report.

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Climate change related transition risks

Source of impact	Description of impact	Responses
Policy and regulatory risks	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	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	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	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.

Climate change related 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 meteorological administration; 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.	

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Climate change related 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.

2. Strengthen emissions management

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.

For the four types of emissions and waste mainly generated in the course of daily operation of the Company, namely medical waste, medical wastewater, exhaust gas and domestic waste, the Company has established special treatment processes to strengthen the management of emission norms. In 2023, the Company did not have any administrative penalties or related litigation resulting from environmental pollution occurred.

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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.

The Company conducts annual emergency drills for medical waste accidents to consolidate and improve the level of medical waste management, and to ensure that medical waste can be handled safely and in accordance with the correct procedures in the event of an accident to the maximum extent possible.

Management of medical waste water discharge

The medical wastewater generated by the Company mainly comes from the water used by patients in the outpatient and inpatient departments of hospitals. Through the self-built wastewater treatment station, the Company treats its own medical wastewater and ensures that it is discharged to the municipal sewerage network after meeting the inspection standards, and the relevant wastewater flow and pollutant discharge data will be uploaded to the online system of the Henan Provincial Department of Ecology and Environment in a timely manner for incorporation into the daily supervision.

Exhaust gas emissions management

The Company's exhaust gas emissions consist mainly of exhaust gas 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 treat 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 its owned 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.

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Domestic waste disposal

To ensure that domestic waste is properly disposed of in a timely manner, the Company urges its property to carry out daily cleaning tasks and transfer the collected domestic waste to the municipal environmental sanitation department for centralized transfer. In addition, the Company actively promotes the implementation of paperless digital office and green clinic from the source, advocates employees to save paper, practices green operation concept, and contributes to the reduction of waste.

3. Optimize the use of resources

The Company is deeply aware of the seriousness of the global resource constraints, strictly complies with the 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 internal management systems such as the Water Conservation Management System, the Implementation Scheme for Water Conservation Plan and the Electricity Conservation Management System, actively adopts a number of energy saving and consumption reduction measures, continuously optimizes the way of using resources and enhances the efficiency of resource utilization, creating a good atmosphere for resource conservation and reduction of energy consumption.

The main resources consumed by the Company in the ordinary course of its operations include purchased electricity, water and office consumables, and natural gas for essential heating and hot water supply; the main source of water is purchased municipal water supply. During the year, we have not encountered any problems in obtaining water resources.

In terms of energy saving and consumption reduction, the Company changes energy-saving light fittings in public areas, uses induction taps, limits the temperature of air conditioners, promotes paperless offices in the workplace; in terms of recycling, the Company uses eligible recycled wastewater for green irrigation and road cleaning, thus effectively enhancing the recycling rate of water resources; in terms of environmental protection promotion, the Company actively promotes 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.

In 2023, the Company adopts an automatic temperature regulation system 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. Environmental performance¹

Emissions and discharges

Indicators	2023	2022
Total GHG² emissions (Scope 1 and Scope 2) (tonnes)	10,441.88	11,520.71
GHG emissions per unit area (tonnes/square metre)	0.06	0.06
GHG emissions per capita (tonnes/person)	5.42	6.24
Direct emissions (Scope 1) (tonnes)	2,772.96	2,871.31
Fuel consumed by vehicles	13.51	11.88
Natural gas	2,759.45	2,859.43
Indirect emissions (Scope 2) (tonnes)	7,668.92	8,649.40
Purchased electricity	7,668.92	8,649.40
Hazardous waste³ (tonnes)	259.40	180.00
Hazardous waste generated per capita (tonnes/person)	0.13	0.10
Hazardous waste per unit area (tonnes/square metre)	0.001	0.001
Non-hazardous waste⁴ (tonnes)	350.00	320.00
Non-hazardous generated per capita (tonnes/person)	0.18	0.17
Non-hazardous waste per unit area (tonnes/square metre)	0.002	0.002
Ammonia content in gas emissions (kg)	0.064	0.066
Hydrogen sulfide content in gas emissions (kg)	0.062	0.065
Total water discharge ('0,000 cubic metres)	27.30	21.00
COD content (tonnes)	4.92	5.60
Ammonia nitrogen content (tonnes)	0.50	0.50

¹ The scope of the data covers the Henan Hongli Hospital, which includes the Surgical Building that was put into use 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. For 2022 and before, the accounting was 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). From 2023 onwards, the accounting of greenhouse gases emissions from purchased electricity is updated using the "Baseline Emission Factors for China Regional Electricity Grids for 2021 Emission Reduction Projects" published by the National Climate Strategy Centre.

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.

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Energy and resource consumption

Indicators	2023	2022
Total combined energy consumption⁵ (MWh)	28,319.78	29,308.32
Energy consumption per square metre of floor space (MWh/square metre)	0.16	0.16
Energy consumption per capita (MWh/person)	14.70	15.87
Direct energy consumption (MWh)	13,699.78	14,188.33
Natural gas	13,649.93	14,144.49
Fuel consumption by vehicles	49.85	43.84
Indirect energy consumption (MWh)	14,620.00	15,120.00
Purchased electricity	14,620.00	15,120.00
Water consumption (tonnes)	300,000.00	210,800.00
Water consumption per capita (tonnes/person)	155.76	114.13
Water consumption per unit area (tonnes/square metre)	1.66	1.16
Amount of packaging⁶ (tonnes)	5.25	3.50

⁵ 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).

⁶ The packaging used is mainly plastic bags provided to patients in the hospital.

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5. Environmental target management

The Company 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 2022 based on our actual operations in 2023, with the aim of enhancing our green and sustainable development in a quantifiable manner.

Types	Targets and commitments	Progress
GHG emissions	A 10% reduction in the Company's GHG emissions per unit area in 2030 from purchased electricity, using 2022 as a baseline.	During the year, GHG emissions per unit area from purchased electricity decreased by 11.3% as compared with the base year 2022.
Energy use	A 5% reduction in the Company's electricity consumption per unit area in 2030, using 2022 as the base year.	During the year, electricity consumption per unit area decreased by 3.3% as compared with the base year 2022.
Use of water resources	A 3% reduction in the Company's tap water use per unit area in 2026, using 2022 as a baseline.	During the year, tap water usage per unit area increased by 43.1% as compared with the base year 2022, due to the full operation of the Surgical Building in 2023 and an increase in the number of working in office compared to the previous year, the usage of tap water per unit area has significantly increased. In the future, we will continue to work hard to save water in order to achieve the target by 2026.
	The installation rate of sensor faucets in all operating places of the Company will reach 100% by 2028.	During the year, the installation rate of sensor faucets in all operating places of the Company reaches 91%.
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 92%.
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 will fully implement garbage or tingand recycling, and use 100% biodegradable garbage bags to replace plastic ones by 2025.	In 2023, the Company has a 20% usagerate of biodegradable waste bags.

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V. CARING FOR EMPLOYEE, BEING PEOPLE-CENTRED

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.

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. If any violations are found, they shall be strictly investigated and dealt with immediately. In 2023, there were no complaints or violations related to the employment of child labor and forced labor in the Company.

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.

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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(query) their legitimate rights and interest.

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 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 KPIs⁷

Indicator Category	Secondary Classification	Indicator Name	Unit	2023	
Total number of employees	Total number of employees		Persons	1,969	
	Total number of employees by gender	Male	Persons	610	
		Female	Persons	1,359	
	Total number of employees by age group	Employees aged 30 and below		Persons	859
		Employees aged 31 to 50		Persons	928
		Employees aged over 50		Persons	182
	Total number of employees by geographical region	Employees in Henan		Persons	1,861
		Employees outside Henan		Persons	108
	Total number of employees by employment type	Full-time		Persons	1,969
		Interns/part-time		Persons	0
	Total number of employees by employee category	Doctors		Persons	316
		Pharmacists		Persons	52
Nurses		Persons	830		
Medical technicians		Persons	203		
Administrative and back office staff		Persons	568		
Employee turnover rate	Total employee turnover rate		%	9.68	
	Employee turnover rate by gender	Male	%	10.69	
		Female	%	9.22	
	Employee turnover rate by age group	Employees aged 30 and below		%	11.72
		Employees aged 31 to 50		%	5.40
		Employees aged over 50		%	19.47
	Employee turnover rate by geographical region	Employees in Henan		%	9.88
Employees outside Henan		%	6.09		

⁷ Employee turnover data covers only actively departing employees and the turnover rate is calculated as: Total number of employees lost in 2023/(Total number of employees at the end of 2023 + Total number of employees lost in 2023).

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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 investigation and prevention of potential safety hazards, and organizes fire drills and various types of safety training every year to raise the safety awareness of employees and enhance their self-rescue and self-help capabilities in the event of emergencies. In 2023, the Company carried out a total of 48 trainings on fire safety knowledge, 4 fire extinguisher drills, 2 fire equipment skills trainings, 4 emergency evacuation drills, and 1 flood control drill, with a total of 2,814 participants receiving training.

Prevention and control of infectious diseases

The Company continues to improve its internal infectious disease prevention and management system, and in accordance with the requirements of the "Code for Prevention and Control of Infections in Hospitals for Airborne Diseases", the "Technical Standards for Hospital Isolation", the "Technical Guidelines for Prevention and Control of COVID-19 Infections in Healthcare Institutions (Third Edition)", etc., the Company has revised and perfected its system and standard operation procedures, such as the "System for Prevention and Control of Infectious Disease-Related Infections in Hospitals", the "System for Hospital Infection Control for Airborne Diseases", the "Standard Operating Procedures for Prevention", the "Standard Operating Procedures for Contact Prevention", the "Standard Operating Procedures for Droplet Prevention", and the "Standard Operating Procedures for Airborne Prevention" and other systems, procedures and standard operating procedures, and strengthened the relevant training and supervision to promote the implementation of infection prevention and control measures and the integration of the daily diagnostic and therapeutic activities, and to effectively eliminate the spread of infectious diseases in the hospital.

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In order to ensure the occupational safety of medical staff and to enhance their awareness of personal protection and skills, in 2023, the Company trained and assessed a total of 1,343 medical staff and newly recruited employees on occupational safety and protection knowledge, with a passing rate of 99.14%, and carried out drills on donning and doffing of medical protective gear for newly recruited employees.

Work-related injury- and fatality-related KPIs⁸

Indicator Name	Data
Number and rate of work-related fatalities in 2021	0
Number and rate of work-related fatalities in 2022	0
Number and rate of work-related fatalities in 2023	0
Lost days due to work injury in 2023 (Days)	164

3. Development and training

In order to continue to promote the enhancement of the Company's core competitiveness, the Company pays great attention to the development of employees' professional knowledge and skills practice, formulates and improves relevant systems such as the "Human Resources Management System" and the "Management Regulations on External Training", and actively provides vocational training and interest activities for new and old employees to create an all-round platform for the enhancement of employees' skills. In 2023, the Company had an accumulated total of 49 participants of external study.

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.

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", to comprehensively enhance the core quality of nursing care staff. In 2023, the Company conducted 11 specialist training courses covering 4,621 participants, and a total of 64 hours of pre-employment training were provided to 92 newly recruited nurses, effectively enhancing the professionalism and management skills of the Company's nursing care staff.

⁸ 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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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.

Employees training-related KPIs

Indicator Category	Secondary Classification	Indicator Name	Unit	2023
Number and percentage of employees trained	Total number of employees trained		Persons	1,969
	Number and percentage of employees trained by gender	Number of male employees trained	Persons	610
		Number of female employees trained	Persons	1,359
		Percentage of male employees trained	%	100
		Percentage of female employees trained	%	100
	Number of employees trained by employee category	Number of doctors trained	Persons	316
		Number of pharmacists trained	Persons	52
		Number of nurses trained	Persons	830
		Number of medical technicians trained	Persons	203
		Number of administrative and back office staff trained	Persons	568
	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	2023
Average training hours		Average training hours completed per employee	Hours	17.3
	Average training hours completed per employee by gender	Average training hours completed per male employee	Hours	13.8
		Average training hours completed per female employee	Hours	18.8
	Average training hours completed per employee by employee category	Average training hours completed per doctor	Hours	18.5
		Average training hours completed per pharmacist	Hours	18
		Average training hours completed per nurse	Hours	23.5
		Average training hours completed per medical technician	Hours	16
		Average training hours completed per administrative and back office staffer	Hours	7.9

VI. INTEGRITY AND JUSTICE, HONESTY 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 Nine Guidelines on Integrity for Staff of Medical Institutions, 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, the Company has established a strict investigation system and standardized the relevant workflow, including 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 2023, 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 2023, the Company conducted a total of two anti-corruption training sessions for all employees, with a total of 180 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.

VII. 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 2023, out of our 209 suppliers, a total of more than 180 participated in the evaluation, mainly in the categories of pharmaceuticals, medical, instruments and consumables.

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 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.

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Supplier-related KPIs⁹

Indicators	2023
Total number of suppliers (number)	209
Number of suppliers in Henan (number)	153
Number of suppliers outside Henan (number)	56

VIII. CARING FOR PEOPLE, GIVING BACK TO SOCIETY

The Company adheres to the corporate culture of “benefiting the local community and contributing to the society”, and with the tenet of “caring for the society and truly serving the people”, it takes the initiative in assuming social responsibility and actively participates in public welfare undertakings to give back to the people in all directions. In 2023, the Company formulated the annual “Health Education Work Plan”, the “Health Promotion Work Plan”, and the “Health Promotion Organization Establishment and Responsibilities” to clearly define the responsibilities of each department, and to carry out the work of health education in an orderly manner. We actively launched community activities such as health clinics, first-aid training and public welfare seminars, and took the initiative to sink quality resources into the grassroots community and the public. Meanwhile, with the help of a self-media platform to push out science popularization micro-videos, we gave full play to our professional strengths and gave back to the public in the society.

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 2023, the Company carried out a total of 62 health education charity clinics, and a total of 479 medical and nursing staff participated in the activities, distributing more than 17,200 copies of health education materials and benefiting a total of more than 10,580 participants.

⁹ The location of suppliers shall be subject to the place of registration of their business licenses.

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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 2023, we completed free lung nodule screening in a total of 503 villages and towns, which is a significant increase in coverage as compared with 2022.



Lung nodule screening

2. First aid training

In order to raise public awareness of first aid and enhance public emergency rescue skills, the Company's first aid skills training team launched "First Aid Skills Training" activities in the communities and villages, in cooperation with kindergartens, schools, fire brigades and other departments, to popularize practical first aid knowledge and skills, and enhance the public's ability to self-rescue and mutual-rescue during emergencies. In 2023, the Company organized a total of 44 trainings of publicity on social emergency medical knowledge and first aid skills training, covering 3,569 participants.



Emergency Ambulance Training

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3. Public lectures

In order to raise the public’s awareness of healthcare, the Company actively launches health knowledge seminars for all sectors of the community, inviting experts, academics and healthcare professionals to answer questions from the audience, popularizes health knowledge and medical knowledge, and organizes targeted health classes for key groups of people, thereby effectively enhancing the public’s level of health knowledge.

The Company organized the Chronic Disease Management Centre to launch the “Chronic Disease Health Lecture”, a popular science seminar, to explain to patients and their families about the prevention and treatment of chronic diseases, to effectively popularize the prevention and treatment of chronic diseases, and to provide scientific guidance on the poor dietary habits and unhealthy lifestyles of some of the patients. The lecture was unanimously recognized by the patients, which not only enhanced their understanding of scientific prevention and treatment, but also helped patients to delay the occurrence of chronic diseases and their complications, and further improved their quality of life.

IX. APPENDIX

STOCK EXCHANGE ESG INDICATOR INDEX TABLE

Scope	Issue	Disclosure Requirement	Corresponding Chapter
Governance Structure	–	A statement from the board containing the following elements: (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 targets with an explanation of how they relate to the issuer’s businesses.	ESG Governance — Board of Directors’ statement
Reporting Principles	–	Describe or explain how the following reporting principles have been applied in the preparation of ESG reports: (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 carried out stakeholder engagement, a description of the material stakeholders identified and the process and results of the issuer’s stakeholder engagement. (2) Quantification: Data 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 the Report

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Scope	Issue	Disclosure Requirement	Corresponding Chapter
Scope of the Report	–	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.	About the Report
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 Protecting the Homeland — Strengthen emissions management
		A1.1 The types of emissions and respective emissions data.	Green Operation for Protecting the Homeland — 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 Protecting the Homeland — 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 Protecting the Homeland — 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 Protecting the Homeland — Environmental performance
		A1.5 Description of emission target(s) set and steps taken to achieve them.	Green Operation for Protecting the Homeland — Environmental target management, 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 Protecting the Homeland — Environmental target management, 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 Protecting the Homeland — Optimize the use of resources
	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 Protecting the Homeland — Environmental performance
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation for Protecting the Homeland — Environmental performance
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation for Protecting the Homeland — Environmental target management, Optimize the use of resources
	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 Protecting the Homeland — Environmental target management, Optimize the use of resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Operation for Protecting the Homeland — 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 Protecting the Homeland
	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 Protecting the Homeland
	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 Protecting the Homeland — 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 Protecting the Homeland — 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.	Caring for Employee, being People-centred — Rights and interests and benefits
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Caring for Employee, being People-centred — Rights and interests and benefits
		B1.2 Employee turnover rate by gender, age group and geographical region.	Caring for Employee, being People-centred — 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.	Caring for Employee, being People-centred — Health and safety
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Caring for Employee, being People-centred — Health and safety
		B2.2 Lost days due to work injury.	Caring for Employee, being People-centred — Health and safety
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Employee, being People-centred — 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.	Caring for Employee, being People-centred — Development and training
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Caring for Employee, being People-centred — Development and training
		B3.2 The average training hours completed per employee by gender and employee category.	Caring for Employee, being People-centred — 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.	Caring for Employee, being People-centred — Rights and interests and benefits
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Caring for Employee, being People-centred — Rights and interests and benefits
		B4.2 Description of steps taken to eliminate such practices when discovered.	Caring for Employee, being People-centred — Rights and interests and benefits
	B5 Supply Chain Management	General Disclosure: policies on managing environmental and social risks of the supply chain.	Work Together for a Win-Win Partnership
		B5.1 Number of suppliers by geographical region.	Work Together for a Win-Win Partnership
		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.	Work Together for a Win-Win Partnership
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Work Together for a Win-Win Partnership
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Work Together for a Win-Win Partnership

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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.	Professional Service, True Love for the People
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Professional Service, True Love for the People — Protect medical safety and enhance service quality
		B6.2 Number of products and service related complaints received and how they are dealt with.	Professional Service, True Love for the People — Focus on patient experience and build positive relationships
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Professional Service, True Love for the People — Protect intellectual property rights and maintain market order
		B6.4 Description of quality assurance process and recall procedures.	Professional Service, True Love for the People — Protect medical safety and enhance service quality
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Professional Service, True Love for the People — Protect patient privacy and build safety lines of defence

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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