



New Century Healthcare Holding Co. Limited
新世紀醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1518



2023

Environmental, Social and
Governance Report

Contents



1. ABOUT THIS REPORT	2
2. BOARD'S STATEMENT	3
3. ESG MANAGEMENT	4
3.1 ESG Governance Framework	4
3.2 Communication with Stakeholders	5
3.3 Materiality Assessment	6
4. INSISTING ON QUALITY IMPROVEMENT TO ENSURE HEALTH OF CHILDREN AND WOMEN.	7
4.1 Excellent Professional Services	7
4.2 Listening to Customers	14
4.3 Information Security Protection	16
5. PROTECTING ECOLOGICAL ENVIRONMENT AND PROMOTING GREEN DEVELOPMENT.	20
5.1 Response to Climate Change	20
5.2 Emissions Management	22
5.3 Conservation of Natural Resources.	23
5.4 Environmental Performance and Targets	25
6. BEING PEOPLE-CENTRIC AND PROTECTING EMPLOYEES' RIGHTS AND INTERESTS	28
6.1 Employment and Labor Management	28
6.2 Occupational Health and Safety	32
6.3 Employee Development and Training	33
7. BEING COMPLIANT IN OPERATIONS AND SEEKING COMMON DEVELOPMENT.	37
7.1 Corruption-free Operation	37
7.2 Intellectual Property and Advertisements	39
7.3 Supplier Management.	40
8. FOCUSING ON PUBLIC WELFARE UNDERTAKINGS AND GIVING BACK TO SOCIETY.	41
8.1 Healthcare Resource Inclusion	41
8.2 Empowerment with Industry Leadership	42
8.3 Voluntary Public Welfare Activities	43
APPENDIX	45
Appendix C2 Environmental, Social and Governance Reporting Guide Content Index of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.	45

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

This report is the 2023 Environmental, Social and Governance (“ESG”) Report released by New Century Healthcare Holding Co. Ltd. (hereinafter referred as “Company”, and together with its subsidiaries, collectively as “New Century Healthcare”, the “Group” or “we”) (SEHK stock code: 1518). This report aims to communicate the philosophy, concrete management practices and achievements of New Century Healthcare in ESG aspects, deepen the understanding of our stakeholders about us and promote positive and effective communication among them.

Reporting Period

This report covers the period from January 1, 2023 to December 31, 2023 (the “Year” or the “Reporting Period”). It may include matters beyond this time frame to ensure the continuity of information.

Reporting Boundary

Unless otherwise stated, the scope of the disclosure in this report includes the ESG performance of business segments, branches and subsidiaries directly operated and managed by the Company.

Information Notes

The data in this report is derived from the Group’s internal documents, information statistics, surveys on and interviews with stakeholders, etc. The Group’s emissions and energy use indicators are calculated and measured according to national regulations or international standards. The types and amounts of currencies involved in the report are denominated in RMB, unless otherwise specified.

Basis of Preparation

This report has been prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide (the “Guide”) to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited based on the principles of materiality, quantitative, balance and consistency, in which the ESG-related issues and data are disclosed in compliance with the “comply or explain” provisions contained in the Guide.

“Materiality”: Key stakeholders and the ESG issues of their concern have been identified in preparing this report and targeted disclosures have been made in this report based on the relative importance of such issues of their concern.

“Quantitative”: This report presents the environmental and social KPIs in a quantitative manner, and the standards, methodologies, assumptions and/or calculation tools for measurement of the KPIs in this report as well as the sources of conversion factors used are described in relevant sections.

“Balance”: This report provides an unbiased picture of the Group’s ESG performance and avoids presentation formats that may inappropriately influence a decision or judgment.

“Consistency”: Unless otherwise stated, this report uses the same statistical methodology as used in the Group’s 2022 ESG Report.



Environmental, Social and Governance Report (Continued)



Reporting Language

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

2. BOARD'S STATEMENT

The Group fully recognizes the importance of sustainable development in creating long-term, stable social, environmental and corporate value, and continuously improves its ESG working mechanism and optimizes its ESG management practices. As the highest responsible and decision-making body of the Group, the Board of Directors (the "Board") of New Century Healthcare takes full responsibility for the Group's ESG strategy and information disclosure.

The Group has incorporated ESG matters into its governance structure. The Board is responsible for overseeing and managing the Group's ESG matters. It receives regular reports from the management on ESG efforts and outlook, reviews the Group's ESG performance, reviews the progress of targets and the effectiveness of the management, and examines the ESG strategies and action plans and makes timely and effective adjustments.

Emphasizing the identification of ESG risks and opportunities, the Group understood the ESG issues of concern to stakeholders to systematically analyze the material issues of New Century Healthcare and develop relevant strategies to ensure to incorporate sustainable development factors into its strategic plans, business models and other decision-making processes.

The Group has set environmental goals related to its business operations and established management measures to address climate change. The Board supervises and regularly reviews the achievement and management of the goals, and monitors and learns from the sustainable development trend in the industry, so as to constantly adjust and promote the implementation of sustainable development of the Group.

The Group attaches importance to ESG information disclosure, striving to demonstrate the performance of its ESG work of the year to stakeholders in a standardized, transparent and comprehensive manner. The ESG working group is responsible for the preparation of the annual ESG report, and the Board ultimately reviews the annual ESG report to ensure that the contents of the report are true and valid and that there are no misleading statements or material omissions.

This report was reviewed and approved by the Board of the Group on March 28, 2024.

Environmental, Social and Governance Report (Continued)

3. ESG MANAGEMENT

New Century Healthcare strengthens the foundation of ESG management, continuously improves the ESG governance structure, strengthens communication and cooperation with stakeholders, and regularly identifies and evaluates key ESG issues in order to achieve the long-term goal of sustainable development. We continue to optimize our ESG strategy and practice plan to ensure positive results in environmental protection, social responsibility and corporate governance to create greater value for our stakeholders and society.

3.1 ESG Governance Framework

Based on its strengths in pediatric specialization and comprehensiveness, the Group has actively developed integrated medical services in pediatrics, obstetrics and gynecology, committed to providing quality mid-to-high-end medical services to children and women. Well aware of our corporate responsibility and mission, we not only provide excellent healthcare services, but also focus on our impact on the environment and society to continuously improve our ESG performance. To this end, we have embedded the concept of sustainable development in our operations and management processes, and have established a multi-level, cross-departmental ESG management system.

The Board is the highest decision-making body for ESG management, overseeing ESG issues and taking overall responsibility for the Group's ESG strategy and reporting. The Board receives regular reports from management on significant matters relating to ESG efforts, reviews the Group's ESG outlook, strategies and policies, and checks the achievement of goals. The Group has set up an ESG working group comprising the persons-in-charge of functional departments and healthcare institutions, which is responsible for promoting the implementation of ESG management strategies and the achievement of goals, carrying out annual ESG information disclosure, and facilitating the implementation of specific ESG work.



Environmental, Social and Governance Report (Continued)



3.2 Communication with Stakeholders

The Group has been actively listening to and understanding the expectations and aspirations of stakeholders and has been expanding its communication channels with them. Through a variety of online and on-site communication methods, it maintains close interaction to ensure that it can receive and respond to feedback from all parties in a timely manner, and build more sustainable partnerships with them.

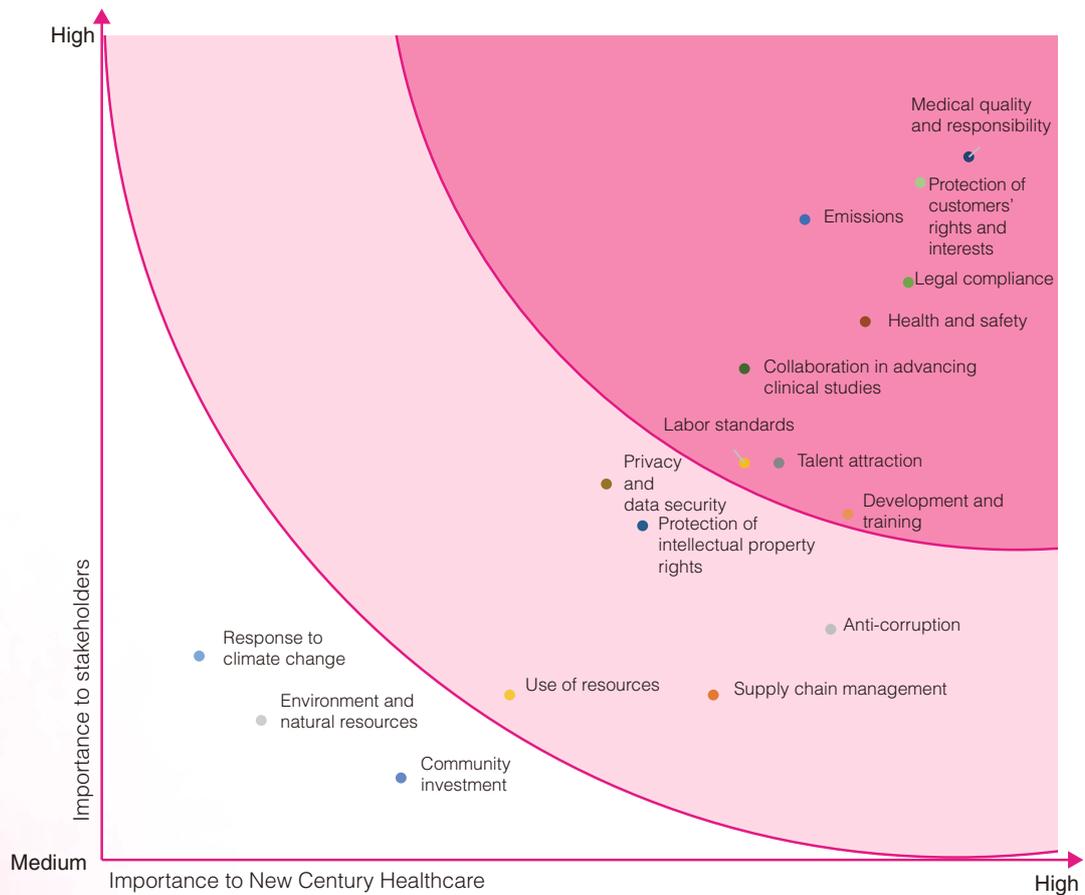
Major stakeholders	ESG issues concerned	Main communication channels
Government and regulatory authorities	Legal compliance Anti-corruption Medical quality and responsibility Labor standards Emissions Response to climate change	Information disclosure Routine reports and tax payments Compliance regulation On-site inspection/Visits
Shareholders and investors	Medical quality and responsibility Anti-corruption Labor standards Talent attraction Emissions Response to climate change	Regular reports Timely announcements, circulars and press releases Shareholders' meetings Official website
Employees	Labor standards Talent attraction Development and training Health and safety	Training and meetings Performance appraisals Employee satisfaction survey Emails, notices and circulars Team building activities
Customers	Medical quality and responsibility Protection of customers' rights and interests Environment and natural resources Privacy and data security	Patient satisfaction survey Customer service hotline Emails and WeChat official accounts Face-to-face meetings and visits
Suppliers	Supply chain management Medical quality and responsibility Anti-corruption	Regular communication Regular review
Academic and research institutions	Collaboration in advancing clinical studies Medical quality and responsibility Intellectual property protection	Academic exchange Conferences and forums
Community	Community investment Emissions Use of resources Environment and natural resources	Community activities Public benefit activities Daily operations

Environmental, Social and Governance Report (Continued)

3.3 Materiality Assessment

Based on the results of our stakeholder communication, and taking into account our business characteristics, we conducted a materiality assessment on ESG issues of concern to our stakeholders, and identified the ESG issues that are currently the most important to the Group, in order to respond to stakeholders' concerns.

Based on the results of the ESG materiality assessment, the issues that are currently of greatest importance to the Group are: medical quality and responsibility, protection of customers' rights and interests, emissions, legal compliance, health and safety, collaboration in advancing clinical studies, labor standards, talent attraction, and development and training.





4. INSISTING ON QUALITY IMPROVEMENT TO ENSURE HEALTH OF CHILDREN AND WOMEN

New Century Healthcare, which adheres to the operating philosophy of “Innovation, Compassion, Alignment, Reliability and Excellence”, is engaged in the provision of quality medical services for children and women. We continue to improve our professional service management level to ensure the safety and efficiency of our medical services, actively listen to our customers, protect patients’ privacy, and improve our service standards, in an effort to build a bridge of trust with our patients.

4.1 Excellent Professional Services

Relying on advanced and comprehensive pediatric services, the Group continuously improves its professional level, aiming to provide one-stop, integrated and high-quality medical services to children and women. The Group follows the international hospital accreditation standards of Joint Commission International (JCI)¹ and has embedded high-quality medical services and high-level hospital management into its DNA. The Group is committed to continuously optimizing the quality of its medical services and safeguarding the safety and health of patients.

The Group strictly complies with relevant laws and regulations such as the Basic Healthcare and Health Promotion Law of the People’s Republic of China, Law on Licensed Doctors of the People’s Republic of China, Law of the People’s Republic of China on Maternal and Infant Health Care, and the Regulations on the Handling of Medical Accidents, and continues to provide patients with high-quality and professional medical services while meeting the compliance requirements.

Medical Quality

The Group has the Quality Assurance Committee (hereinafter referred to as the “QAC”) at the hospital level to coordinate the management of medical quality and safety matters in all hospitals. The QAC is chaired by the medical director of each medical institution, comprised of the nursing director, infection control chairperson, medical department director, nursing supervisor and managers of various functional departments. The responsibilities of the QAC include the establishment of a quality and safety verification system, the improvement of medical plans and medical procedures, the monitoring of the implementation of medical management indicators, the organization of regular drills on relevant procedures, and its authoritative and systematic quality management.

- *Standardization of medical services*

The Group attaches importance to the improvement of relevant regulations on medical services. During the Year, the Group revised its internal systems, including the Medical Adverse Event Management System, the Critical Value Reporting System and the Regulations on Punishment of Medical Errors and Incidents, to clearly stipulate the methods for the handling of medical adverse events and the mechanism for improvement, enhance timely and effective communication between clinical and medical technology departments in the face of critical situations of patients, and improve the methods for the identification and management of medical errors and incidents, in order to continuously improve the precision of quality management and safeguard the legitimate rights and interests of all our patients.

¹ The Joint Commission International (JCI) is an affiliate of the Joint Commission on Accreditation of Healthcare Organizations that accredits healthcare organizations outside of the United States. JCI accreditation is a healthcare accreditation system designed and implemented by the organization in 1997. It is an internationally recognized accreditation standard that represents a high level of service and management in hospitals.

Environmental, Social and Governance Report (Continued)

- *Strengthening medical resources*

The Group continues to enhance its medical technology and service levels. In order to cope with the high incidence of respiratory diseases in children and strengthen its ability to diagnose and treat critical complications, the hospitals under the Group have actively recruited domestic senior pediatric experts and are specially equipped with medical resources about pediatric respiratory disease/asthma. During the Reporting Period, Beijing New Century Children's Hospital set up a Children's Diet Committee that is responsible for developing a quality assurance program and supervising and managing the provision of nutritious meals for children in the inpatient wards, so as to further enhance the nutrition of children's meals in the inpatient wards, ensure reasonable and balanced meals, and help patients recover as soon as possible.

Case: Beijing New Century Children's Hospital establishes Pediatric Asthma Center

In June 2023, Beijing New Century Children's Hospital established the Pediatric Asthma Center, aiming to promote the establishment and normalized management of "standardized treatment of childhood asthma", achieve early diagnosis and treatment of childhood asthma, and provide asthmatic children with a platform for scientific management and standardized diagnosis and treatment. The Pediatric Asthma Center is a standardized integrated outpatient diagnostic center that combines diagnosis, examination, treatment, and science popularization and education to provide long-term, systematic, and individualized management for children with asthma. In order to provide asthmatic children with continuous and effective treatment, the Pediatric Asthma Center establishes a health record for each asthmatic child who insists on long-term standardized management, sets up a multilevel follow-up visit system with online and offline linkage, and provides regular training on standardized management for families with asthmatic kids to disseminate asthma knowledge to parents and provide guidance on life and exercise management.



The Pediatric Asthma Center of Beijing New Century Children's Hospital was inaugurated



- *Rare diseases*

At the same time, the Group has made continuous efforts in the prevention and treatment of rare diseases in children. Chengdu New Century Women's and Children's Hospital, as one of the earliest accredited hemophilia treatment centers in China, is highly experienced and influential in treating hemophilia in children. Through long-term close cooperation, the hospitals' hemophilia multidisciplinary consultation team has explored a complete set of multidisciplinary diagnosis and treatment procedures and management methods, set up the "Chengdu model" for hemophilia diagnosis and treatment, which has had a wide influence across the country.

Case: Chengdu Hi-Tech Medical Association establishes the Special Committee of Rare Diseases

In December 2023, Chengdu New Century Women's and Children's Hospital initiated and established the Special Committee of Rare Diseases of the Chengdu Hi-Tech Medical Association (hereinafter referred to as the "Special Committee"), with Prof. Li Xiaojing of our hospital serving as the first chairperson of the Special Committee. The Special Committee consists of 121 members from totally 45 medical organizations in Sichuan Province and Chongqing city, covering 19 professional fields. The Special Committee aims to enhance the attention to rare disease patients, promote the prevention and treatment of rare diseases, and improve the collaboration in diagnosis and treatment of rare diseases, so as to gradually achieve the goal of "homogeneous management and localized treatment" for rare diseases. The establishment of the Special Committee was strongly supported and highly appreciated by the China Alliance for Rare Diseases and the Hemophilia Treatment Center Collaborative Network of China.

Quality of Nursing Care

The Group is committed to guarding the health and well-being of every patient with professionalism and love, and providing warm and quality nursing care services. Each of the Group's medical institutions has a Nursing Care Committee, which follows international and domestic leading nursing care standards, continuously optimizes the nursing care management process, improves the quality of nursing care services, and has built up an excellent nursing care team covering pediatrics, obstetrics and gynecology, with rich clinical experiences.

The Group attaches great importance to the standardization of nursing care services. It has established and improved rules and regulations on quality management of nursing care, patient safety, nursing documentation and emergency preparedness, etc., and set up an whole-process, multi-dimensional nursing care standard system to achieve comprehensive standardization and refined management of nursing care services.

Environmental, Social and Governance Report (Continued)

- *Nursing care quality assurance*

In order to ensure standardized and high-level nursing care services, the Group has formulated rules and regulations such as the Quality Standards for Nursing Care Grading and the Quality Control Inspection Items and Their Standards, established the standard operating procedure (SOP) and service standards for nursing care, set up key indicators and evaluation and assessment standards for quality control over nursing care, and revised the Management Manual for Nursing Supervisors, so as to continuously regulate the management of nursing care quality.

We utilize the internationalized patient classification system to develop a unified nursing care classification system to categorize patients according to their level of needs within a specific period of time. We quantify the nursing workload, scientifically optimize the allocation of nursing human resources, and satisfy the actual needs of patients, so that more patients can receive timely, effective and high-quality nursing care.

We insist on conducting regular supervisory inspections in accordance with the quality control standards, adopt cross-checks by the nursing department, various other departments and nursing supervisors, including sterilization and isolation, nursing document writing, shift system, and care for critically ill patients, so as to ensure that the quality of each nursing care service meets the standards, and make continuous improvement in response to the problems found in the quality control inspections. We also conduct assessments on key indicators of quality control over nursing care, nursing practices and theoretical knowledge, and carry out specialty-specific skill assessments based on the professional characteristics of different departments to comprehensively assess the professional skills of nurses and the overall management ability of nursing supervisors, so as to ensure the safety of clinical nursing care.

We have organized standardized systematic training and provided targeted training according to the different levels of nurses, so as to precisely empower them and continuously improve their professional knowledge and skills. In the meantime, we train specialist nurses according to the needs of medical development, and organize specialized training for early identification of severe and critical illnesses in children and outpatient Emergency Severity Index (ESI) classification, so as to accurately identify severe and critical cases, give patients timely and effective treatment, and build a highly professional and experienced nursing care team to provide an effective guarantee of high-quality nursing care services.



Environmental, Social and Governance Report (Continued)



- *Nursing emergency plan*

The Group has always paid close attention to the dynamic changes in the healthcare situation. While consolidating and enhancing its quality nursing care services, the Group has actively responded to various emergencies and continuously optimized various contingency plans, in order to provide patients with safer, more efficient and better nursing care services.

The large number of visits by child patients during the peak period of respiratory diseases in 2023 prompted the Group's hospitals to make quick responses and activate their contingency plans. On the premise of strict adherence to infection control standards, the hospitals have taken a number of measures, such as opening up temporary infusion areas, mobilizing and dispatching all nurses, to ensure that child patients are treated in a timely and effective manner, demonstrating its quick response capability and highly efficient nursing care services.

Pharmaceutical Quality

The Group practices the pharmaceutical service concept of “using good and right drugs” and strictly controls the quality of the drugs provided to patients. Each medical institution has established a Pharmaceutical Affair and Pharmacotherapeutics Committee (hereinafter referred to as “PAPC”) chaired by the pharmacy chief, consisting of the medical director, department heads and professional doctors who oversee and manage the safety and quality of medicines under the leadership of the hospital presidents.

- *Whole-process management of pharmaceutical products*

The Group strictly complies with relevant laws and regulations, such as the Drug Administration Law of the People's Republic of China, the Regulations on Pharmacy Administration of Medical Institutions, Measures for the Administration of Prescriptions, the Regulations on the Examination and Approval of Prescriptions for Medical Institutions, and the Regulations on the Administration of Comments on Prescriptions for Hospitals. It formulated the internal management systems such as the Pharmacy Management System and the Hospital Prescription Management System, to manage pharmaceutical selection, approval, procurement, acceptance, storage, deployment, dispensing, among others, so as to ensure the pharmaceutical quality and the rational and effective medication.

Environmental, Social and Governance Report (Continued)

- *Prescription pre-review and “one-on-one” medication counseling*

Every prescription issued by the Group is subject to strict examination. After prescriptions are issued by each of the Group’s hospitals and clinics, pharmacists initially check the prescriptions to ensure that the prescriptions comply with the relevant national laws and regulations, and examine whether the prescribed drugs are suitable for the diagnosed diseases, and whether the usage and dosage of the drugs are accurate, prior to the preparation of the corresponding drugs, so as to ensure that patients can be effectively treated.

The Group requires pharmacists to provide one-on-one medication guidance to patients, and inform them of possible adverse drug reactions after taking the medication and the corresponding countermeasures, so as to ensure that the medication is effective and safe for each patient. In case of adverse drug reactions, the pharmacists will conduct a preliminary analysis of the drugs with adverse reactions and follow up with the patients concerned in a timely manner, and then report to the PAPC for analysis and discussion. They will mark the cases and report them to the National Center for Adverse Drug Reaction Monitoring to minimize the risk of drug administration.

- *Drug quality assurance*

The Group has established the Drug Recall System which clearly stipulates the drug recall process. If potential quality problems are found in drugs, the relevant staff will immediately recall the drugs according to the severity of the quality problems, the corresponding recall path and measures in a timely manner, so as to minimize the potential risks of drug use. During the Reporting Period, the Group did not have any recalls due to health and safety issues caused by drugs².

Online Diagnosis and Treatment

The Group continued to promote the setup of the Internet healthcare system and improve the functions of the Internet diagnosis and treatment platform, telemedicine consultation platform and remote imaging diagnosis platform to provide patients with convenient medical experience.

- *Internet diagnosis and treatment platform*

The Group has set up an integrated online-offline service model, whereby patients can realize non-local medical treatment through the medical model of “offline initial consultation and online follow-up consultation”, which saves money and time for patients. We also provide patients with intelligent guidance services and automated answers to frequently asked questions, which enhances the efficiency of doctor-patient communication and effectively alleviates the problem of tight medical resources.

² The Group is not involved in the production of drugs. “Drugs” refers to the drugs purchased by the Group and provided to patients.

Environmental, Social and Governance Report (Continued)



- *Telemedicine consultation platform*

The Group's hospitals and clinics can share doctors' information both online and offline through the telemedicine consultation platform, and providing expert technical support to children in pediatrics and women in obstetrics and gynecology at hospitals and clinics within the Group's network, such as organizing consultations in pediatrics and obstetrics for intrauterine fetal developmental abnormalities.

If multidisciplinary medical diagnosis is required, specialists in the field of pediatrics from the Group's medical institutions can provide diagnosis and treatment service to patients through remote consultation, so as to diagnose the conditions of children in a fast and efficient manner. For intrauterine fetal developmental abnormalities, specialists in obstetrics and pediatrics offer extended services through remote communication. Obstetric specialists provide pregnant women with diagnosis, treatment, and consultation on intrauterine fetal abnormalities before delivery, and refer newborns with congenital anomalies directly to the pediatrics department after delivery, where pediatric specialists will provide comprehensive follow-up medical services for children's health management, thus establishing a smooth mechanism of integrated healthcare services.

- *Remote imaging diagnosis platform*

The Group has established and continuously improved its remote imaging diagnosis platform, aiming to provide patients with faster, more accurate, more professional, smarter and more technologically advanced imaging examinations and diagnosis services. The Group's hospitals and clinics have all joined the platform to provide 24/7 imaging diagnosis services by unified information means. The connection of imaging data between hospitals and clinics allows doctors to readily access the imaging data and records of patients at any of the Group's hospitals and clinics. Through our remote imaging diagnosis platform, we have shortened the waiting time for reports and diagnosis, thus buying golden time for the treatment of patients.

Environmental, Social and Governance Report (Continued)

4.2 Listening to Customers

The Group earnestly listens to its customers, extensively accept their opinions and suggestions through multiple channels, and promptly understands their real thoughts. Based on their opinions and suggestions, we have continued to improve the level of our medical services and upgrade the quality of our services, in order to provide our customers with better and more comprehensive customer services.

Quality Customer Services

The Group continues to value the medical experience of patients and their families, and improve its customer service management system to provide high-quality customer services to every patient and their family member.

- *De-hospitalization of services*

The Group continuously adheres to the service concept of “de-hospitalization” and provides convenient and warm medical services to create a relaxing atmosphere for patients. We have arranged dedicated customer service receptionists in the outpatient lobby to ensure that every patient is received and guided when they enter hospitals, and to help patients quickly familiarize themselves with hospitals’ consultation process. In addition, we visit our inpatients regularly on a daily basis to understand their and their families’ experience and opinions and meet their needs in a timely manner.

The Group has also continued to improve its ancillary service facilities and organize a variety of activities to provide a cozy atmosphere for patients and their families. If a patient is hospitalized during his/her birthday, we prepare a birthday gift for him/her. We provide a variety of gifts according to the age of children to ease their panic when they are waiting for the consultation and seeing the doctor in the hospitals. During special periods such as Children’s Day or the peak period of medical consultation, we prepare exclusive gifts and special performances for children who seek treatment in the hospitals, so as to bring them joy.

- *Appointment system for medical consultations*

The Group has implemented an appointment system for medical consultations. Patients and their family members can make appointments in advance according to their needs through four booking methods, namely phone call, WeChat official account, WeCom and App, and seek medical treatment according to the appointment time, thus reducing the waiting time for medical treatment. The appointment system has been well received by patients and their families since its launch. During the Year, there were 73,826 online appointments at the Group’s medical institutions.





- *Privileged membership services*

Since its establishment, the Group has focused on delivering high-quality user experience, and has continued to maintain the bonding with its users, witnessing the healthy growth of many babies over the years. By upholding the concept of family doctors, the Group has established the New Century Healthcare Doctor Panda Club, which allows professional pediatric general practitioners and healthcare doctors to provide more comprehensive and continuous medical and healthcare services to children. We always strives to create a more convenient and comfortable consultation experience for our patients by providing a comprehensive “four-in-one” membership service management model, which means each member of the New Century Healthcare Doctor Panda Club is assigned a family doctor, a healthcare doctor, a VIP account manager and an online service consultant.

During the Year, the Group continued to consolidate its Doctor Panda Club membership services by launching the message system for family doctors of the club, which allows members to communicate with their dedicated family doctors and healthcare practitioners in real time through the system online outside the hospital. Since the launch of the system in February 2023, the total number of messages has been 17,896 and 4,877 members have been served.

Complaints and Communication

Patients may submit their complaints through on-site feedback, visits, 400 telephone hotline, emails, WeChat official account, satisfaction surveys and municipal hotlines, among others. The Group has established a customer relationship committee and adopts the “first acceptor responsibility system”. Members of the committee investigate an incident within a prescribed period of time, and work in with the relevant departments to accurately resolve customer complaints. The Group’s quality assurance committee holds monthly quality control meetings to summarize adverse events and discuss targeted solutions to avoid recurrence of similar events. During the Year, the Group received a total of 198³ complaints, all of which were effectively resolved. Through effective customer communication and responses, we have been actively responding to customer needs and improving our service quality.

³ Due to the concentrated outbreaks of respiratory infections during the Year, the outpatient emergency room volume of the Group’s medical institutions increased significantly as compared to 2022. The tight supply of healthcare resources led to an increase in the number of complaints from customers during the Year.

Environmental, Social and Governance Report (Continued)

Patient Satisfaction Survey

The Group focuses on customer communication and pays continuous attention to the patient experience. During the Year, we stepped up our efforts in customer satisfaction surveys by distributing satisfaction questionnaires by SMS to all patients after their consultations. Patients can anonymously score the services of medical, medical technology, environmental services, customer service departments and the restaurant, and make specific comments or commendations thereon. Patients can also choose to provide feedback and suggestions in real names. Upon receipt of the feedback, the customer relations specialists will contact each department in the first instance to handle the matter, and each department will put forward timely rectification plans for the problems raised by customers, which will make a summary every two weeks and announce them at meetings of the hospitals. In-patient visits are paid by specialists to understand the needs and feelings of patients, and to follow up on the questions raised by them until they are resolved.

4.3 Information Security Protection

New Century Healthcare attaches great importance to the protection of information about itself and its patients, strictly abides by laws and regulations including the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Archives Law of the People's Republic of China, the Law on Licensed Doctors of the People's Republic of China, and the Administrative Measures for Clinical Application of Medical Technology, and actively fulfills the responsibility of confidentiality of private data, and shows respect for and protects the privacy of patients.

Protection of Patient Privacy

In accordance with relevant laws and regulations, the Group formulated internal management systems, including the Privacy Protection System for Patients Receiving Internet Diagnosis, the Protection System for Internet Diagnosis Business, the Confidential Information Grading and Authorization System, the Information System Asset Management System, and the Account Management System, to clarify privacy protection of patients during medical consultations and strictly prevent leakage of patients' personal privacy. The work panels in the doctors' offices and nursing stations of each of the Group's hospitals do not display patients' disease diagnosis information, so as to prevent the leakage of their specific information. If a patient's case is used in a medical seminar or for external publicity, the patient's private information will be concealed. The use of private information is subject to the consent of the patients and their families. The Group also strictly controls the access to information on patients' medical records. Family members of patients are required to pass the review before applying for photocopying of patients' medical records.





Information Security Management System

With the rapid development and popularization of information technology, the information network has been widely applied in the healthcare industry, which has become an indispensable tool for medical institutions and medical workers. Alongside the development of information technology, network attacks have become more and more diversified, and enterprises are facing more and more complex threats. Therefore, it has gradually become the focus of industry concerns to find ways of precise and effective data security protection.

During the Year, the Group established internal management systems such as the Data Security Management System, the Data Storage Management System and the Data Acquisition Management System, which clearly define the requirements and processes for the management of data and the duties of the relevant management personnel, so as to ensure that data are secure, orderly and controllable. The Group follows the principle of “minimization” in managing users’ personal information:

- Principle of minimal privilege: Giving users the minimum level of access that they will need to complete their job responsibilities to prevent them from having unnecessary privileges. We minimize potential security risks by restricting user access and scope of operation of the system.
- Principle of minimal data: Only collecting and storing the necessary data to avoid collecting and storing too much sensitive information. At the same time, we classify and rank the data we have collected and stored to ensure that sensitive information is properly protected.
- Principle of minimal exposure: Reducing the exposure of information and avoiding exposing sensitive information to unnecessary people and systems. We use secure network isolation and access control measures to strictly control account privileges and limit the flow of information between systems and users.
- Principle of minimal configuration: Securely configuring systems and devices, avoiding using default and weak passwords, and installing security patches for systems and applications in a timely manner. Meanwhile, we reduce the risk of attacks by minimizing unnecessary network connections to systems and devices.
- Principle of minimal data processing: Encrypting and desensitizing sensitive information to avoid clear text transmission and storage and ensure the security of data in transmission and storage.

Environmental, Social and Governance Report (Continued)

During the Year, the Group continued to improve the management system of patients' personal information and launched a series of data protection initiatives to protect users' privacy from various perspectives, in an effort to enhance the level of data security management of the Group.

- Firewall device upgrade: Comprehensively upgrading firewall device and security configurations to achieve physical isolation of the intranet from the extranet, and authorizing access to private patient data only on the intranet.
- Improvement of protection system: Building an end-to-end protection system based on Endpoint Detection and Response (EDR), and incorporate all servers and PCs into the system. At the same time, the high availability of system servers was enhanced by adding the EDR anti-virus system and Web Application Firewall protection system.
- Data security monitoring: Conducting intrusion detection through the intrusion prevention system function of firewalls to block external risks in a timely manner; using a bastion host to configure database management system, to conduct a security audit on managers, record database access and operation logs and make regular backups, to ensure the security of privacy data.
- Operation and maintenance management monitoring: Strictly restricting its data system accounts and the authority thereto, removes expired and redundant accounts, disables or locks the system default accounts, and sets the minimum authority for different administrators to the reasonable extent. It formulates security policies through the bastion host and activates the act audit function to monitor, record and analyze the operation and maintenance comprehensively, thus reducing the possibility of exposure of users' privacy data.
- First-stage vulnerability scan: Focusing on the protection of vulnerable clients, the Group initiated a comprehensive vulnerability scanning of systems, conducted approximately 12,000 port and website scans, blocked nearly 1,000 website intrusions on a daily average, and carried out unified remediation of vulnerabilities found in all hospitals under the Group.
- Classification accreditation: Continuing to promote the accreditation of security levels of the Group's medical institutions and healthcare management system. During the Year, the Group's healthcare information management system passed the Cybersecurity Protection Class 3 certification.



Information Security Training

The Group pays attention to the training on security management personnel and continuously improves the data security management. During the Year, we launched a variety of information security training activities for our employees to develop their awareness of information security protection. For new employees, we offer information security training courses during onboarding training. For employees of relevant business departments, we regularly organized centralized learning activities about information security knowledge to ensure that all business personnel understand the industry dynamics in a timely manner and have professional handling capabilities, so as to prevent the harm caused by information security leakage from the source.

The Group encourages its employees to obtain professional certificates related to information security. During the Year, the Group's 2 professionals were certified in information security by the China Information Technology Security Evaluation Center.

Environmental, Social and Governance Report (Continued)

5. PROTECTING ECOLOGICAL ENVIRONMENT AND PROMOTING GREEN DEVELOPMENT

New Century Healthcare always adheres to the strategy of environmental sustainability, actively responds to the national Dual Carbon goals, and strives to minimize the environmental impact of its operations. In strict compliance with various laws and regulations, we established a sound environmental management system, carried out waste management and energy consumption control, identified climate change risks and took corresponding measures to promote green and sustainable development.

5.1 Response to Climate Change

The Group keeps a close eye on climate change and actively identifies and evaluates potential climate change risks and corresponding opportunities related to its business activities with reference to the Task Force on Climate-related Financial Disclosures (TCFD). The types of climate change risks we identified during the Year and responses are shown in the table below:

Type of risks	Potential risk identification and assessment	Responses
Transition risk	Policy and legal risk Domestic and foreign laws, regulations and policies related to climate change have been developed or improved successively, and there will be climate-related laws, regulations and policies in more regions in the future, which will increase the Group's compliance cost of operations.	Keep timely updating and understanding the latest climate-related laws, regulations and policies in force where we operate to ensure that our products and services meet the compliance requirements.
	Market risk There are increasing concerns on environmental standards and climate change in the market, and the operating cost will increase, such as electricity price, prices of other energy sources and labor cost.	Encourage employees and customers to reduce carbon emissions in their operations, optimize the energy use structure, set energy conservation targets, and enhance the energy use efficiency.



Environmental, Social and Governance Report (Continued)



Type of risks	Potential risk identification and assessment	Responses
Reputational risk	With the in-depth implementation of the green development concept and the national Dual Carbon goals, if the Group's operations have a damaging impact on the climate, it may lead to loss of customers and employees, reduction in social reputation and other impacts.	Implement environmental concept during operations, respond to the national call of Dual Carbon goals and actively carry out energy conservation and emission reduction to create an environmentally friendly corporate image; disclose the efforts made and the achievements, and introduce future targets and plans to stakeholders.
Physical risk	Acute risk	Physical risks, including extreme weather conditions caused by climate change such as typhoons, droughts, floods, extreme cold or heat, may affect the Group's operations and jeopardize the health of its employees.
	Chronic risk	Climate change results in an increase in the incidence of certain diseases.

The Group conducts stringent monitoring over greenhouse gas emissions generated during its operations and formulates targeted carbon reduction measures in response to the national call for Dual Carbon goals. During the Reporting Period, the total greenhouse gas (GHG) emissions during the Group's operations amounted to 5,337 tonnes of carbon dioxide equivalent (tCO₂e), including 1,329 tCO₂e of direct emissions (Scope 1) and 4,008 tCO₂e of indirect emissions (Scope 2). The major source of GHG emissions was from the consumption of purchased electricity.

Environmental, Social and Governance Report (Continued)

5.2 Emissions Management

The Group strictly complies with the laws and regulations, including the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Water Pollution Prevention and Control Law of the People's Republic of China, the Discharge Standard of Water Pollutants for Medical organizations, the Regulations on the Management of Medical Waste, the Measures for the Management of Medical Waste from Medical and Health Institutions, and has formulated and improved internal regulations and emergency management plans, including the Management System for Energy Conservation and Emission Reduction, and the Garbage Separation Management System, according to which it carries out its daily operations, so as to build up a sound management system for environmental protection.

Waste Management

The Group strictly classifies and controls waste generated in the course of its operations, establishes sound waste management and treatment processes, and continuously improves the level of disposal and recycling of various types of waste.

- *Medical Waste*

The medical waste generated by the Group mainly includes infectious waste, injurious waste and a small number of used medicines. Infectious and injurious wastes are treated harmlessly by a qualified third-party company, while used medicines are treated harmlessly by a third party after online application and approval.

- *Hazardous Waste*

The Group's hazardous waste is mainly sludge from sewage stations, waste lead-acid batteries, waste paint buckets, waste fluorescent tubes, toner cartridges and waste gloves and rags generated during maintenance. Hazardous waste is collected and temporarily stored by specialized personnel after online application and approval, and then treated by a qualified third-party company in a harmless way.

- *Non-hazardous Waste*

The Group's non-hazardous waste is mainly generated in public areas, office areas and inpatient wards. We have special bins for non-hazardous waste, which is collected and sorted by our cleaners on a daily basis. For the recyclable portion, we sign recycling agreements such as the Contract for Recycling and Disposal of Recyclable Resources and the Contract for Recycling of White Waste with qualified third-party companies to ensure that the recyclable waste specified in the agreements is recovered and disposed of, so as to promote the recycling and reuse of resources.





Wastewater Discharge

The Group conducts real-time monitoring over wastewater generated in the course of its operations and has put in place stringent control measures. All the medical institutions under the Group that independently handle wastewater discharge have been granted with drainage permits and pollutant discharge permits to ensure that wastewater discharge complies with the national standards. During the Year, the wastewater treatment system of some Group hospital(s), was equipped with advanced membrane bioreactor (MBR) and ultraviolet disinfection treatment system, which solved the problems of chlorine residual and chlorine dispersion caused by the traditional sodium hypochlorite disinfection, eliminated the secondary contamination, and guaranteed a greener and more eco-friendly treatment of wastewater.

5.3 Conservation of Natural Resources

The Group keeps a close eye on the energy consumption in the course of its daily operations and strictly complies with the laws and regulations such as the Energy Conservation Law of the People's Republic of China, the Regulations on Urban Water Supply of the People's Republic of China, the Regulations on Supply and Use of Electric Power, the Regulations on the Management of Urban Gas and the Provisional Regulations on the Monitoring and Management of Energy Conservation. Upholding the philosophy of greenness, energy conservation and environmental protection, the Group takes measures in daily operations to save energy and reduce emissions.

The Group attaches importance to resource conservation and recycling in the course of its operations. The Group has implemented the concept of green operations in its business operations and office spaces, and has launched a number of initiatives for energy conservation, consumption reduction and resource recycling, including:

- **Packaging:** Fully promote the use of biodegradable plastic bags, vigorously popularize non-woven bags during the Year and encourage reuse by patients. Suppliers are encouraged to use recyclable cases for the transportation of dismantled drugs. Currently, drugs that are supplied in cases has accounted for 50% of the Group's total purchases.
- **Water resources:** The direct-flush toilets are replaced with siphon toilets, and adjustments are made to the tank water level of the flushing toilet in hospitals, with the original tank water level lowered from 15cm to 10cm, which can save one-third of the water used for flushing the toilet each time while achieving the effect of flushing the toilet. Additionally, induction faucets are installed, infrared showering technology is applied, and regular inspections are conducted on various dripping and leakage problems of the water supply and drainage systems. During the Reporting Period, the Group did not have any issues in sourcing water fit for use.
- **Energy:** Continuous efforts are made to increase the penetration rate of LED lights, accelerate the replacement of traditional lamps with LED lights, which further reduces electricity consumption on the basis of guaranteeing minimum office lighting.

Environmental, Social and Governance Report (Continued)

Case: The Group's hospitals actively promote the replacement of LED energy-saving lamps

In 2023, in order to achieve the Group's energy conservation and emission reduction targets and promote environmental sustainability, all hospitals further replaced traditional lamps with LED lamps, which brings about an annual electricity saving of over 2%.

At the same time, these hospitals proactively shared their experience in energy saving and cost reduction, which provides good practical reference for other institutions of the Group in terms of efficient lighting and energy and electricity conservation.

The Group has launched a series of environmental protection activities, in order to raise the environmental awareness of our staff and encourage them to actively participate in environmental protection work. In terms of energy conservation, we encourage employees to use 26-degree air-conditioning, and at the same time, require them to maintain only minimum lighting in the office areas when working at nights. As for paper conservation, we continued to vigorously promote paperless office, encouraged patients to use electronic medical records, and replaced tissues and roll paper with tray paper in changing rooms. In terms of daily mobility and habits, we encouraged our staff to use more public transportation and other low-carbon travel modes, and to reduce food waste by launching the clean plate campaign in their daily life.





5.4 Environmental Performance and Targets

Attaching great importance to resources conservation and reduction of emissions, the Group is committed to reducing environmental pollution and the consumption of non-renewable resources during its business operations. To this end, we have set a series of environmental performance targets to regulate our green and compliant operation performance.

Area	Target and commitment	Progress	Action
GHG emission	With the baseline year of 2022, the Group will reduce GHG emissions per unit of revenue by 5% by 2027.	In 2023, the Group orderly conducted energy saving, consumption reduction and environmental management while realizing considerable business growth, reducing GHG emissions per unit of revenue in 2023, electricity consumption per unit of revenue, and tap water usage per unit of revenue by 27.5%, 33.2% and 34.9% as compared to 2022, respectively.	In the future, in order to constantly strengthen our control over GHG emissions, energy use, water use and waste, we will take various measures including further promoting the use of LED energy-saving lamps, accelerating the substitution of clean and low-carbon energy sources, popularizing the installation of water-saving faucets, strengthening the awareness of energy and water conservation among our employees, and setting up a dedicated staff to oversee the compliant disposal of hazardous and medical wastes, etc. We will uphold our original goals to continuously improve the Group's low-carbon and green development.
Energy use	With the baseline year of 2022, the Group will reduce electricity consumption per unit of revenue by 2% by 2027.		
Water use	With the baseline year of 2022, the Group will reduce tap water use per unit of revenue by 2% by 2027.		
Waste management	Since 2022, the Group has maintained 100% compliance in the disposal of hazardous waste and medical waste generated from its operations.	During the Year, the Group maintained 100% compliance in the disposal of hazardous waste and medical waste generated from its operations.	

Environmental, Social and Governance Report (Continued)

Emissions⁴

Names of indicators	Unit	2023
Total GHG emissions⁵	tCO ₂ e	5,337
GHG emission intensity	Tonnes/RMB'000 (CO ₂ e)	0.006
Direct emissions (Scope 1)⁶	tCO ₂ e	1,329
Natural gas	tCO ₂ e	261
Petrol	tCO ₂ e	48
Diesel	tCO ₂ e	4
Fluorinated refrigerant	tCO ₂ e	1,016 ⁶
Indirect emissions (Scope 2)	tCO ₂ e	4,008
Purchased electricity	tCO ₂ e	4,008
Hazardous waste	Tonnes	132
Hazardous waste intensity	Tonnes/RMB'000	0.00014
Non-hazardous waste⁷	Tonnes	519
Non-hazardous waste intensity	Tonnes/RMB'000	0.00056
Total wastewater discharge	Cubic metres	38,811
Wastewater discharge intensity	Cubic metres/RMB'000	0.04

⁴ The Group has continued to strengthen its waste gas treatment. Due to the materiality principle, the amount of waste gas generated is insignificant and is therefore not included in the scope of disclosure.

⁵ GHG includes carbon dioxide, methane and nitrous oxide mainly from purchased electricity, fluoride refrigerants, natural gas and fuels. GHG accounting is presented on a CO₂ equivalent basis. GHG was accounted for in accordance with the Baseline Emission Factors for Regional Power Grids in China in 2021 Based on Emission Reduction Projects published by the Ministry of Ecology and Environment of the People's Republic of China and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC).

⁶ The refrigerant consumption and the direct GHG emissions generated increased compared to last year due to the aging of the refrigeration equipment in some of the Group's hospitals, which led to an increase in the rate of damages and failures and the frequency of repairs during the Year.

⁷ Non-hazardous waste involved in the Group's operations mainly includes domestic waste and kitchen waste.

Environmental, Social and Governance Report (Continued)



Use of resources

Names of indicators	Unit	2023
Total energy consumption⁸	kWh	7,519,255
Energy consumption intensity	kWh/RMB'000	8.06
Direct energy consumption	kWh	1,492,063
Petrol consumption	kWh	188,688
Diesel consumption	kWh	12,685
Natural gas consumption ⁹	kWh	1,290,690
Indirect energy consumption	kWh	6,027,192
Consumption of purchased electricity	kWh	6,027,192
Water consumption	Cubic meters	53,938
Water consumption intensity	Cubic meters/RMB'000	0.06
Packaging material usage¹⁰	Tonnes	7
Packaging material usage intensity	Tonnes/RMB'000	0.00001
Paper usage	Tonnes	21

⁸ Total energy consumption is calculated based on the consumption of electricity, petrol, diesel and natural gas as well as conversion factors specified in the national standard named General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589–2020).

⁹ During the Year, as some of the Group's hospitals replaced the original gas-fired boilers with energy-saving and eco-friendly air/electric boilers, the consumption of natural gas and the amount of energy consumed went down.

¹⁰ The packaging materials are mainly packing bags, non-woven bags and infusion bottles/bags for infusion and preparation provided by hospitals for patients. Packaging material usage increased due to the Group's increased business volume during the Year as compared to 2022.

Environmental, Social and Governance Report (Continued)

6. BEING PEOPLE-CENTRIC AND PROTECTING EMPLOYEES' RIGHTS AND INTERESTS

New Century Healthcare always adheres to the employee management concept of “people oriented” and regards employees as valuable assets, committed to providing employees with a safe and comfortable working environment. It complies with relevant laws and regulations and formulated internal management systems in order to practically protect the rights and interests of employees in employment and promotion, remuneration and benefits, occupational health and safety, and development and training.

6.1 Employment and Labor Management

The Group strictly complies with relevant laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Implementation Measures for Paid Annual Leave for Employees of Enterprises, and Regulations of the State Council on Working Hours for Employees, to fully protect the legitimate rights and interests of employees in recruitment, remuneration and benefits, and working hours. In the meantime, we insist on diversity and equality in employment, and eliminate discrimination against age, gender, race and religion in employment and labor management.

Recruitment and Dismissal

The Group provides equal employment opportunities to its employees and conducts recruitment under the principle of “openness, fairness and equity”. It takes the applicants' expertise, professional ability, development potential and work attitude as the criteria for selecting talents, and resolutely eliminates any discrimination based on age, gender, ethnicity, place of origin and religion, etc.

In order to ensure the diversity of talent resources and the stability of the talent structure, the Group accurately works out the recruitment plans based on the business model and the development needs of business and talent, and organizes targeted recruitment activities for new business positions and existing positions. Adhering to its strategy of serving mid-to-high-end customers, the Group takes into account the long-term demand for talent reserves while drawing a typical employee portrait, regards the cultivation of healthcare talents as its own responsibility, actively recruits medical students and establishes close cooperation with its colleges and universities.



Environmental, Social and Governance Report (Continued)



The Group abides by the Law of the People's Republic of China on the Protection of Minors and the Provisions on Prohibition of Child Labour, and eliminates the employment of child labor and forced labor. During the recruitment process, job applicants will be strictly asked about their age and those under the working age will not be employed. After confirmation of employment, we will sign formal labor contracts with our employees in accordance with the relevant laws and regulations, specifying the rights and obligations of both parties in terms and conditions to protect the legitimate rights and interests of our employees. During the Reporting Period, the Group was not aware of any non-compliance with the laws and rules on the prohibition of child and forced labor.

In respect of dismissal, the Group, strictly with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, have established the Dismissal Management System and specified relevant terms in the labor contracts to effectively safeguard and protect employees' legitimate rights and interests and carry out dismissal in compliance with laws and regulations.

Compensation and Rest Periods

The Group has established a well-established remuneration system to ensure that its employees are paid properly. Based on market research, we set compensation ranges for each position to ensure internal equity and external competitiveness.

The Group carries out standard working hour system and integrated working hour system based on positions and job types. The standard working hour system is implemented for non-frontline workers, while the integrated working hour system is used for frontline workers in accordance with national regulations. Each department schedules shifts flexibly according to the business needs on a monthly basis, and arranges staff's working hours in a scientific and reasonable manner to ensure a balance between work efficiency and their well-being.

In respect of statutory holidays and annual leave, the Group complies with national regulations and appropriately extends the Chinese New Year holiday, if appropriate. Employees are entitled to annual leave, maternity leave, marriage leave and other leave. In addition, we offer additional leave for employees with five years of service.

Furthermore, the Group strictly complies with laws and regulations to ensure that female employees enjoy the same fair treatment as male employees in terms of labor compensation, promotion and rating, etc., and attaches importance to the protection of women's rights and interests during the pregnancy, maternity and breastfeeding.

Environmental, Social and Governance Report (Continued)

Welfare and Care

The Group strives to improve the welfare and benefits of its employees by providing them with pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund, among others. In addition, we highly value the physical and mental health of its employees and their family members. Relying on our quality healthcare resources, we provide employees with benefits such as medical program experience, free flu vaccinations and more comprehensive medical check-ups. Furthermore, employees and their immediate family members can enjoy preferential employee rates for medical treatment and medicine purchases at any of the Group's organisations.

In order to enhance the respect and care for employees and increase their sense of belonging, the Group also organizes a wide range of employee activities such as birthday parties, Lantern Festival and Women's Day to enrich the life of employees, promote exchanges among them and build good corporate centripetal force and cohesion.



Staff activities

In addition, the Group has established a good communication and feedback mechanism with its employees. As the first bridge between new employees and their business lines, the HR department builds long-term friendships and long-lasting interactions with employees to not only help them adapt to the corporate culture and get through the probationary period, but also to overcome communication barriers for those who have difficulty in communicating with their immediate leaders. We also have the dedicated Executive Committee Hotline, where employees can directly send suggestions, voices and complaints. This channel provides rationalized suggestions for corporate development and talent management.



Environmental, Social and Governance Report (Continued)



Employment-related KPIs

Types of indicators	Secondary classification	Names of indicators	Unit	2023
Total number of employees	Total number of employees		Persons	1,284
	By gender	Male	Persons	207
		Female	Persons	1,077
	By age group	Below 30	Persons	214
		30 to 50 (excluding)	Persons	919
		50 and above	Persons	151
	By geographical region	Chinese Mainland	Persons	1,280
		Hong Kong, Macau and Taiwan	Persons	3
		Other countries and regions	Persons	1
		By category	Doctor	Persons
		Nurse	Persons	382
	Pharmaceutical and medical technician	Persons	136	
	Administrative staff ¹¹	Persons	557	
Employee turnover rate ¹²	Overall turnover rate		%	16.2
	By gender	Male	%	16.6
		Female	%	16.1
	By age group	Below 30	%	21.9
		30 to 50 (excluding)	%	14.6
		50 and above	%	18.4
	By geographical region	Chinese Mainland	%	16.2
		Hong Kong, Macau and Taiwan	%	25.0
Other countries and regions		%	0.0	

¹¹ The administrative staff are all staff other than doctors, nurses and pharmaceutical and medical technicians.

¹² The formula for calculation of employee turnover rate: number of employees who left the Group in 2023/(total number of employees at the end of 2023 + number of employees who left the Group in 2023).

Environmental, Social and Governance Report (Continued)

6.2 Occupational Health and Safety

The Group pays great attention to the health and safety of its employees, strictly complies with national occupational health standards and takes measures to prevent and control occupational diseases. It strives to provide a safe working environment for employees and minimize the occurrence of work-related injuries. The Group continuously improves the process of reporting medical problems and provides timely and appropriate medical treatment for employees who are injured or feel unwell in the course of their work.

Health Management

The Group, with adherence to the principle of “safety first with prevention”, strictly complies with laws and regulations including the Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases, and adopts various preventive measures against occupational diseases, so as to control and eliminate the hazards of occupational diseases at source and safeguard the health of its employees. We provide free flu vaccination to our employees. The vaccination policy covers all employees, and they are vaccinated voluntarily, with a vaccination rate of more than 85%. It provides health care leave to radiologists and determines the frequency of health care leave in accordance with national regulations and radiometric records.

The Group performs periodic inspections on infection control, cross-infection and other hospital risks in accordance with stringent infection control standards. Supervisors have been appointed to realize comprehensive supervision over all hospital staff. Supervisors conduct random inspections on infection control, instrument and equipment use according to standards; collect and follow up on inspection results; report problems spotted during inspections and work out corresponding supervision and inspection plans in a targeted manner to continuously improve hospitals’ supervision and inspection system. We value health and safety supervision and have continuously strengthened the management of supervisors in hospitals by conducting regular assessments and publicizing the results.

Safety Management

The Group has formulated the Employee Work Safety System to prevent all kinds of accidents in the course of work of its employees, clarify the reporting process and cost attribution after the occurrence of accidents, and ensure the timely handling of safety issues involving its employees. We regularly inspect the water and electricity usage in all medical institutions and office premises to ensure a safe working environment for our staff. A safety and risk committee has been set up in each medical institution to manage safety matters for themselves and their surroundings, and prevent, minimize and control potential losses employees and patients may suffer from. The disaster response committee was established to define a safety code and code activation procedures. In the event of an emergency, the code is broadcast over the radio in hospitals and the first aid team will arrive immediately upon code broadcast.



Environmental, Social and Governance Report (Continued)



In order to enhance the ability to respond to emergencies, the Group regularly organizes fire drills for new and existing employees and conducts safety code drills in medical institutions, with three medical codes (children's first aid, adults' first aid and emergency care) and six non-medical codes (lost children, disaster, fire, bomb threat, uncontrolled behavior with weapons and uncontrolled behavior without weapons) in different colors. Staff badges are printed with code explanations to ensure that all departments and divisions well understand the code emergency system. All medical institutions regularly launch different types of safety code drills according to their own needs to enhance the safety awareness and emergency response capability of their employees. During the Reporting Period, a total of 55 code drills were organized by various medical institutions of the Group.



Safety code drills

Work-related injuries and fatalities KPIs

Names of indicators	Unit	2023	2022	2021
Number of work-related deaths	Persons	0	0	0
Rate of work-related fatalities	%	0	0	0
Lost days due to work injury	Days	0	0	0

6.3 Employee Development and Training

The Group emphasizes the establishment of smooth employee development channels and provides diversified development opportunities for them. We have established a reasonable employee performance appraisal system and a promotion system, formulated employee training management systems like the Training Management System, and launched systematic, standardized, regular, stable and innovative training activities to continuously improve the overall professionalism and competence of employees and achieve the common development of employees and ourselves.

Environmental, Social and Governance Report (Continued)

Appraisal and Promotion

The Group has set up a reasonable performance appraisal system for its employees. For management and non-management personnel, appraisal indicators are set and performance appraisals are conducted separately, and performance appraisal interviews of no less than 30 minutes are conducted at the same time. Employees and their superiors should discuss and reach a consensus on their work expectations, achievements, goals and required training, and the departmental managers should help employees to plan their career development paths to facilitate their personal growth and promote the healthy development of the Group. The results of the performance appraisal will be used as a basis for compensation payment and future promotion.

The Group has a clear promotion mechanism in place to make appropriate adjustments to positions, departments and job responsibilities of its employees based on their work attitude and performance appraisal results. In the event of vacancies in the Group's medical institutions, priority will be given to the transfer and promotion of internal employees. We hope to provide our employees with a broad space for the career development, and have in place an internal system that allows employees to apply for internal transfers in order to create a favorable working atmosphere where employees make the best use of their talents.

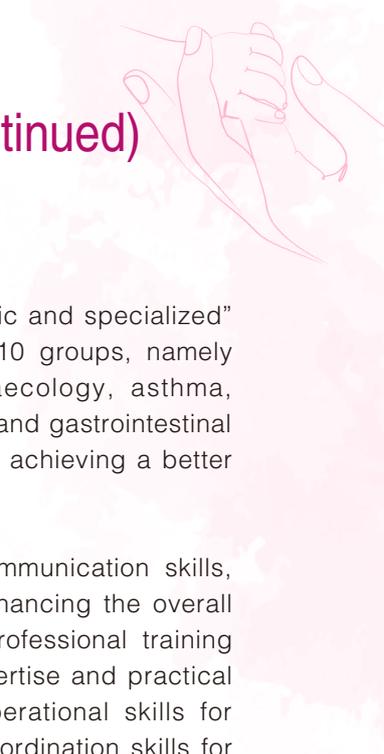
Employee Training

The Group has launched a wide range of training programs covering all levels and fields of employees, aiming to enhance their professional skills, leadership and comprehensive quality. The training programs are divided into five categories, namely new hires' training, academic conferences, public training, professional training and management training.

New hires' training is carried out both online and offline. Through the online courses, new employees learn what they should know and be able to do, so as to enhance their understanding of each department. Offline courses focus on corporate culture, medical features and team integration, providing new employees with opportunities to get to know and communicate with each other, arousing their enthusiasm for work and increasing their recognition of the corporate culture.



Environmental, Social and Governance Report (Continued)



The Group has been active on discipline development to create “academic and specialized” private hospitals. It established an academic committee consisting of 10 groups, namely pediatric internal medicine, pediatric surgery, obstetrics and gynaecology, asthma, dermatology, ophthalmology, orthopaedics, examination, child healthcare, and gastrointestinal microbiology, to promote its academic development and assist its staff in achieving a better career development.

Public training includes training on service skills, etiquette criteria, communication skills, product information and so forth, which is aimed at comprehensively enhancing the overall quality of employees and improving the quality of medical services. Professional training covers a wide range of areas, including the development of medical expertise and practical skills for doctors, nursing skills and patient care skills for nurses, operational skills for medical technicians, administrative knowledge and organizational and coordination skills for administrators, as well as the application of information technology and data management. Management training includes leadership enhancement, team management, project management and risk management, etc.

Continuing Education

The Group actively creates incentives to encourage doctors, nurses and technicians to apply for title promotion. We provide comprehensive and multi-level continuing education resources for doctors, nurses and technicians, including medical lectures at the Group level, academic lectures organized by professional medical associations, medical and nursing ward rounds at each hospital level, group activities, and further training at Grade 3, Class A hospitals. The Group invites renowned experts and professors to give high-level lectures to share with healthcare professionals cutting-edge scientific research achievements and advanced clinical practice experiences.

Environmental, Social and Governance Report (Continued)

A joint medical ward round is conducted once a month at each hospital of the Group. Experts are invited to engage in the ward rounds for acute and severe cases, difficult cases and rare cases treated in hospitals, with a view to improving the professional level of medical staff and enhancing their clinical experience.

During the Reporting Period, a total of 64 doctors, nurses and technicians of the Group were promoted in title, of whom 7 were promoted to senior title, 36 promoted to intermediate title and 21 promoted to junior title.

Training-related KPIs

Types of indicators	Secondary classification	Names of indicators	Unit	2023	
Number and percentage of employees trained	Total number of employees trained		Persons	1,262	
		By gender	Male employees	Persons	186
			Female employees	Persons	1,076
			Percentage of male employees	%	15
			Percentage of female employees	%	85
		By category	Senior management	Persons	21
			General employees	Persons	1,241
			Percentage of senior management	%	2
			Percentage of general employees	%	98
	Average training hours completed per employee	Average training hours completed per employee		Hours	58.0
By gender			Male	Hours	57.3
			Female	Hours	58.3
		By category	Senior management	Hours	44.5
			General employees	Hours	58.3





7. BEING COMPLIANT IN OPERATIONS AND SEEKING COMMON DEVELOPMENT

Operation compliance is an important safeguard for the long-term development of enterprises. New Century Healthcare always adheres to the operating principles of “fairness, honesty, transparency, and integrity”, continues to promote intellectual property management, and takes practical actions to forge a sustainable future together with its partners.

7.1 Corruption-free Operation

The Group upholds the business philosophy of “focusing on offering law-abiding, credible and quality services”. In strict compliance with laws and regulations such as the Anti-Unfair Competition Law of the People’s Republic of China and the Interim Provisions on Banning Commercial Bribery, the Group has formulated internal management systems, including the Anti-bribery Management System and the Anti-fraud System, which specify the requirements for and the implementation of anti-corruption management and prohibit commercial bribery, embezzlement, misappropriation of funds, fraud and other misconducts. During the Year, the Group was not involved in complaints and litigation cases.

Anti-corruption and Anti-bribery

In order to combat corruption and bribery in business activities, the Group has clearly stipulated in the Anti-bribery System the duties to be followed by the persons-in-charge, strengthened the supervision and management of personnel in corruption-prone procedures and key positions, and conducted relevant internal audits from time to time, in order to nip misconducts in the bud.

Following the Group’s objective to treat all patients and suppliers on a fair and unbiased basis and to provide high-quality medical services, the Group has further established a “no gift” policy, specifying that no employee shall accept any gift in any form and with a value exceeding RMB100 provided by suppliers, patients or their families, in a bid to avoid any conflict of interest.

Reporting Mechanism and Whistleblower Protection

The Group has clearly defined the process of reporting non-compliance in the Anti-fraud System. Once conduct of corruption is discovered, the discoverer should immediately report and submit relevant materials to the internal control and audit department. After the end of the investigation on fraud cases, the internal control and audit department is required to put forward its opinions on the handling of or accountability for confirmed fraud cases. According to the management authority, the fraud committed by non-senior management members are reported to the Group’s Executive Committee and those by senior management members are reported to the Board, for approval. The opinions on the handling of or accountability for significant fraud cases shall be reported to the Group’s Audit Committee.

Environmental, Social and Governance Report (Continued)

Staff involved in the whistle-blowing are prohibited from disclosing the information about the whistleblower or showing the report letter to the reported person. They should evade themselves if they have an interest in the reported person. If a whistleblower suffers from retaliation, he or she may file a complaint with the internal control and audit department, which will investigate and pursue responsibilities.

We encourage real-name or anonymous whistle-blowing. Employees and all parties who have direct or indirect business relationships with the Group may report the information about actual or suspected fraud, including the complaints and reported information about any violation of professional ethics, through various means such as report hotline, e-mail and letters. Our public reporting channels are listed below:

Tel: 010-85249868

Email: business.conduct@ncich.com.cn

Address: 22/F, Siemens Center Beijing, No. 7 South Wangjing Zhonghuan Road, Chaoyang District, Beijing

Anti-Corruption Training

The Group stresses anti-corruption training and strives to enhance the anti-corruption awareness of its staff. We launch anti-corruption training for all employees to help them understand the Group's anti-corruption system and build up their legal awareness. We also include anti-corruption related contents in the Employee Handbook, such as prohibiting the acceptance of gifts and accountability. For the middle management of the Group, we provide anti-corruption education and reminders at weekly meetings from time to time. We regularly conduct separate anti-corruption training for its directors and senior management members to enhance their anti-corruption awareness. Through various education measures and means, we have effectively helped employees avoid risks and established New Century Healthcare's corporate reputation and image. During the Year, the Group organized 11 anti-corruption training activities.

Transparent Procurement

The Group pays close attention to the anti-corruption management of suppliers. The contracts signed with suppliers include a clause stating business ethics on the compliance with regulations and prevention of corruption and bribery, and specify the prohibition of all kinds of commercial bribery and the consequences including contract termination, payment of liquidated damages and reporting. We also have a supplier reporting channel to effectively mitigate various risks in the supply chain management process.





7.2 Intellectual Property and Advertisements

The Group attaches importance to the establishment of an intellectual property management system and avoids the infringement of intellectual property rights of other parties while protecting its own intellectual property rights. We insist on responsible marketing to ensuring the truthfulness and compliance of promotional materials.

Intellectual Property

The Group abides by relevant laws and regulations, including the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Rules for the Implementation of the Patent Law of the People's Republic of China, and the Copyright Law of the People's Republic of China to strictly regulate the behaviors of the Group and its employees, so as to avoid infringing on the intellectual property rights of others and protect its own intellectual property rights.

The Group continuously monitors the use of intellectual property and copyrights to avoid risks and disputes arising from the improper use of products. The applications which involve the Group's intellectual property rights and copyrights including fonts, pictures, audio, video and software. Before using any material, we need to confirm that the material is legally authorized. For materials that are not yet legally authorized, we are required to use them after obtaining authorization through legal and legitimate channels. During the Reporting Period, the Group was not involved in any major dispute cases concerning intellectual property rights or copyrights.

The Group also attaches great importance to the protection of its intellectual property rights. The Group organizes IP-related training on a regular basis and gives explanations on specific cases to popularize the relevant legal knowledge for its employees, with a view to enhance their awareness of IP protection. During the Year, the Group continued to improve its application for intellectual property rights and further completed the registration of 152 trademarks under 17 categories.

Advertisements

The Group complies with relevant laws, regulations and requirements such as the Advertising Law of the People's Republic of China, the Measures for the Administration of Medical Advertisements, the Notice on Further Strengthening the Management of Medical Advertisements of the Ministry of Health and the Measures on the Administration of Internet Advertising, and strictly scrutinizes the advertisements, articles on WeChat official accounts and other publicity materials, so as to maximize the truthfulness and legitimacy of the Group's promotional materials. During the Year, the Group was not involved in any material non-compliance with advertising-related laws and regulations.

Environmental, Social and Governance Report (Continued)

7.3 Supplier Management

The Group has always adhered to the procurement philosophy of “quality orientation” and the cooperation principle of “mutual benefit and reciprocity” to continuously improve its supply chain management. We continue to set up a comprehensive, process-oriented supplier management system, striving to establish a solid, mutually beneficial relationship with our suppliers to achieve win-win cooperation.

The Group strictly abides by relevant laws and regulations and has developed more than ten internal systems, including the Supplier Assessment Management System, the Pharmaceuticals Procurement System, Pharmaceuticals Management System, Pharmaceuticals Acceptance System and Disinfection Products Purchase Inspection and Acceptance System, to regulate the procurement process and strictly select suppliers with relevant qualifications. In view of supplier selection, we conduct comprehensive evaluation on suppliers in terms of product types, qualification certifications, equipment and facilities, and ancillary services, etc., and prioritize the selection of suppliers that meet our business development needs. We continuously monitor the day-to-day performance of all suppliers to ensure the legality, compliance, safety and effectiveness of all products and services.

The Group has also incorporated the examination of environmental and social risks of suppliers into the supply chain management and actively practiced the concept of green procurement. During the Year, we formulated the Safe Supply Chain Management System to clarify the evaluation system for ESG performance and supplier assessment criteria. We give priority to suppliers of products that are environmentally friendly and do not adversely affect patients' health. Meanwhile, we give preference to local suppliers or those that deliver products suppliers in a timely manner, in a bid to ensure the speed of delivery, and barrier-free product returns and exchanges.

Supplier-related KPIs¹³

Names of indicators	Unit	2023
Total number of suppliers	Suppliers	39
Number of suppliers in North China	Suppliers	32
Number of suppliers in West China	Suppliers	6
Number of suppliers in other regions	Suppliers	1

¹³ The Group has continued to strengthen the management standardization of suppliers (pharmaceuticals and consumables), and the scope of statistics and disclosure of major suppliers for the current year has been adjusted to those suppliers with a purchase amount of RMB500,000 or above.



8. FOCUSING ON PUBLIC WELFARE UNDERTAKINGS AND GIVING BACK TO SOCIETY

New Century Healthcare has a deep understanding of corporate social responsibility and takes its responsibility to give back to the society. We actively launch public welfare activities such as offline voluntary medical consultations and online medical science popularization, and regularly hold academic conferences to promote the development of the industry. We are always concerned about the physical and mental health of children, organize children's public welfare activities, and cooperate with community schools to carry out popular science lectures, etc., to boost the healthy development of children in the community.

8.1 Healthcare Resource Inclusion

Leveraging on its medical advantage, the Group makes efforts to popularize medical resources to the community, launches various voluntary diagnosis and online consultation activities, and assists in the prevention and treatment of rare diseases in children.

Offline Voluntary Medical Consultation Service

We have reached out to the community and launched a number of offline voluntary medical consultation activities, in order to help residents enjoy our quality medical resources. Voluntary medical consultation activities cover a wide range of departments such as pediatric surgery, ophthalmology, respiratory medicine, stomatology, dermatology, child health, otolaryngology and gynecology. The activities not only provide community residents with convenient medical consultation and diagnostic services, but also enhance their understanding of health issues and self-care awareness, receiving high praise from participants and the cooperative communities. During the Reporting Period, the Group organized a total of 72 offline voluntary medical consultation activities.

This year, we went to Liangshan Yi Autonomous Prefecture in Sichuan Province to launch hemophilia-specific training for the local medical staff and patient education sessions and large-scale free consultation activities, including hemophilia medical knowledge popularization, self-injection training, and home rehabilitation guidance, and conduct ultrasound examinations for patients on site. Voluntary consultation activities help local patients with hemophilia receive standardized and reasonable treatment and management, and promote the prevention and treatment of hemophilia in remote mountainous areas.

Online Consultations

Relying on the online consultation segment of the Internet platform, the Group has launched a number of free online consultation activities for the general public. During the activities, community residents can have direct one-on-one communication with professional doctors through the consultation segment of the platform and consult them about health. By combining our professional strengths with Internet medical technology, we provide personalized health consultation services with precise insight into the needs of community residents and ensure their health.

Environmental, Social and Governance Report (Continued)

8.2 Empowerment with Industry Leadership

The Group always keeps abreast of the times, makes innovation, follows the development tendency of the medical industry, striving to enhance its professional level and actively sharing its research results, so as to provide patients with more professional medical services, promote exchanges in the medical industry and facilitate the development of the industry.

Contribution to Prevention and Treatment of Hemophilia

The hemophilia treatment center of Chengdu New Century Women's and Children's Hospital participated in two national multicenter studies on hemophilia in children with Beijing Children's Hospital as the lead researcher, is committed to cooperating with all sectors of the medical industry to promote the prevention and treatment of hemophilia. Meanwhile, as experts in the field of prevention and treatment of hemophilia, professors of the Group's medical institutions participated in the discussion and compilation of the Chinese Guidelines on the Diagnosis and Treatment of Hemophilia with Inhibitors (2023 Edition), which was published in the Chinese Journal of Hematology.

In June 2023, the Chengdu Charity Federation awarded Chengdu New Century Women's and Children's Hospital the title of "loving unit" of the 9th Child protection week themed at "Together Care for Children's Healthy Growth (童心協力·益童成長)" and presented a certificate of honor to recognize the hospital's contribution in offering one-stop services in the field of rare disease-hemophilia to facilitate patients' access to medical treatment and assist them.

Children Asthma Action Plan

China Children Asthma Action Plan, jointly published by the National Clinical Research Center for Respiratory Diseases, Beijing Children's Hospital of Capital University of Medical Sciences, and the Chinese Pediatric Society under the Chinese Medical Association, is China's first project to utilize an app for the management of chronic respiratory diseases in children, and has become the country's only standardized management plan for asthma patients. Based on the project, we have produced a feasibility study report on childhood asthma, set up the Pediatric Asthma Center, shared and helped more relevant healthcare workers to understand asthma treatment experience and management methods, and promoted the healthy development of prevention and treatment of respiratory chronic diseases.

Industry Academic Conference

In June 2023, we held the 12th Annual Academic Conference simultaneously online and offline. Medical practitioners of different fields from Beijing, Chengdu and other regions participated in this conference. A number of experts from different fields of medicine were invited to give a number of high-quality lectures on various topics, such as "New Concepts of Health and Nutrition", "Application and Practice of Inhalation in Pediatrics", and "Creating a Pain-free and Fear-free Children's Hospital".





8.3 Voluntary Public Welfare Activities

The Group actively participates in various public welfare activities, contributing to the healthy development of the society. We organize informative health seminars via online and offline channels, actively carry out charity donations, and hold various children's activities to care for their physical and mental health.

Focusing on Children's Physical and Mental Wellbeing

The Group attaches great importance to the physical and mental health of children. We remain true to the original aspirations and are always concerned about the physical and mental health of children from all walks of life. This year, we continued to organize the "Little doctors' career experience" activity in phases. Highly simulated medical props enable children to simulate and experience the medical treatment process, with which children feel the unique charm of medical work in a fun and educational way, acquire medical knowledge, and develop a sense of responsibility.

Enhancing Medical Knowledge Base of Patients

The Group has continuously conducted health publicity for community residents, with the aim of enriching their health knowledge base. We have been actively organizing a variety of informative seminars for NGOs, companies and schools and inviting more partners to visit our hospitals. During the Reporting Period, we held 230 popular science lectures, with 641,658 attendees. Activities included but were not limited to:

- Lecture on novel coronavirus infection in children and post-rehabilitation care: Such lecture mainly focused on how to prevent novel coronavirus infection, the symptoms and course of the infection, the judgement for conditions, and care — management of febrile convulsions, etc., enabling parents to understand the knowledge related to novel coronavirus infection in children and protect their kids in a scientific way.
- Lecture on bronchopneumonia in children: It gave detailed explanations on the causes of the disease, medical treatment, and how to protect against it, as well as on-site answers to parents' questions.
- Going to communities/organizing activities: The Group collaborated with NGOs, companies and schools to organize door-to-door activities and hold health talks for members of NGOs, employees and students to enrich their health knowledge base and enhance medical science education.
- Hospital visit and seminar: The employees of its partners were invited to visit its hospitals, allowing more partners to experience the environment of the hospitals. It held a seminar and gave professional explanations to enrich their health knowledge and promote communication and exchange in the industry.

Environmental, Social and Governance Report (Continued)

Science Live Streaming

The Group actively made a plan to create its Internet communication matrix, utilized online lectures and popular science videos and more, and leveraged on the advantages of new media platforms to continuously expand the communication effectiveness, so as to enable more patients to obtain useful health knowledge and information. We helped patients have “talks” with experts without leaving their homes, and obtain professional medical knowledge and advice.

Kindness Donation

In order to provide more help to children and their families in need of special care and arouse the community’s concern for pediatric patients, the Group worked with “Ronald McDonald House” to organize a public service lecture and a kindness donation to raise funds for children who are unfortunately suffering from serious illnesses.



Environmental, Social and Governance Report (Continued)



APPENDIX

Appendix C2 Environmental, Social and Governance Reporting Guide Content Index of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited

Mandatory disclosure		Sections
Governance Structure	<p>A statement from the Board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) 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's Statement, ESG Management
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose:</p> <ul style="list-style-type: none"> (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes, if any, to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About this Report
Reporting Boundary	<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

Environmental, Social and Governance Report (Continued)

“Comply or explain”		
Aspects	KPIs	Sections
A1 Emissions	<p>General Disclosure</p> <p>In relation to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste:</p> <p>(a) the policies; and</p> <p>(b) information regarding the compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	Protecting Ecological Environment and Promoting Green Development — Emissions Management
	A1.1 The types of emissions and respective emissions data.	Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	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).	Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	A1.5 Description of emission target(s) set and steps taken to achieve them.	Protecting Ecological Environment and Promoting Green Development — Emissions Management Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	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.	Protecting Ecological Environment and Promoting Green Development — Emissions Management Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets



Environmental, Social and Governance Report (Continued)



“Comply or explain”		
Aspects	KPIs	Sections
A2 Use of Resources	General Disclosure	Protecting Ecological Environment and Promoting Green Development — Conservation of Natural Resources
	Policies on the efficient use of resources, including energy, water and other raw materials.	
	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).	Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Protecting Ecological Environment and Promoting Green Development — Conservation of Natural Resources Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
	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.	Protecting Ecological Environment and Promoting Green Development — Conservation of Natural Resources Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Protecting Ecological Environment and Promoting Green Development — Environmental Performance and Targets	
A3 The Environment and Natural Resources	General Disclosure	Protecting Ecological Environment and Promoting Green Development
	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protecting Ecological Environment and Promoting Green Development

Environmental, Social and Governance Report (Continued)

“Comply or explain”		
Aspects	KPIs	Sections
A4 Climate Change	General Disclosure	Protecting Ecological Environment and Promoting Green Development — Response to Climate Change
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
	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.	Protecting Ecological Environment and Promoting Green Development — Response to Climate Change
B1 Employment	General Disclosure	Being People-centric and Protecting Employees’ Rights and Interests — Employment and Labor Management
	In relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare:	
	(a) the policies; and	
	(b) information regarding the compliance with relevant laws and regulations that have a significant impact on the issuer.	
	B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Being People-centric and Protecting Employees’ Rights and Interests — Employment and Labor Management
	B1.2 Employee turnover rate by gender, age group and geographical region.	Being People-centric and Protecting Employees’ Rights and Interests — Employment and Labor Management



Environmental, Social and Governance Report (Continued)



“Comply or explain”		
Aspects	KPIs	Sections
B2 Health and Safety	General Disclosure	Being People-centric and Protecting Employees’ Rights and Interests — Occupational Health and Safety
	In relation to providing a safe working environment and protecting employees from occupational hazards:	
	(a) the policies; and	
	(b) information regarding the compliance with relevant laws and regulations that have a significant impact on the issuer.	
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
B2.2	Lost days due to work injury.	Being People-centric and Protecting Employees’ Rights and Interests — Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Being People-centric and Protecting Employees’ Rights and Interests — Occupational Health and Safety
B3 Development and Training	General Disclosure	Being People-centric and Protecting Employees’ Rights and Interests — Employee Development and Training
	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	
	<i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.	
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
B3.2	The average training hours completed per employee by gender and employee category.	Being People-centric and Protecting Employees’ Rights and Interests — Employee Development and Training

Environmental, Social and Governance Report (Continued)

“Comply or explain”		
Aspects	KPIs	Sections
B4 Labour Standards	General Disclosure	Being People-centric and Protecting Employees’ Rights and Interests — Employment and Labor Management
	In relation to preventing child and forced labour:	
	(a) the policies; and	
	(b) information regarding the compliance with relevant laws and regulations that have a significant impact on the issuer.	
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Being People-centric and Protecting Employees’ Rights and Interests — Employment and Labor Management
B4.2 Description of steps taken to eliminate such practices when discovered.	Being People-centric and Protecting Employees’ Rights and Interests — Employment and Labor Management	
B5 Supply Chain Management	General Disclosure	Being Compliant in Operations and Seeking Common Development — Supplier Management
	Policies on managing environmental and social risks of the supply chain.	
	B5.1 Number of suppliers by geographical region.	Being Compliant in Operations and Seeking Common Development — Supplier Management
	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.	Being Compliant in Operations and Seeking Common Development — Supplier Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Being Compliant in Operations and Seeking Common Development — Supplier Management
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Being Compliant in Operations and Seeking Common Development — Supplier Management	



Environmental, Social and Governance Report (Continued)



“Comply or explain”		
Aspects	KPIs	Sections
B6 Product Responsibility	<p>General Disclosure</p> <p>In relation to health and safety, advertising, labelling and privacy matters concerning products and services provided and the remedial measures thereof:</p> <p>(a) the policies; and</p> <p>(b) information regarding the compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	<p>Insisting on Quality Improvement to Ensure Health of Children and Women</p> <p>Being Compliant in Operations and Seeking Common Development</p> <p>— Intellectual Property and Advertisements</p>
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<p>Insisting on Quality Improvement to Ensure Health of Children and Women</p> <p>— Excellent Professional Services</p>
	B6.2 Number of products and service related complaints received and how they are dealt with.	<p>Insisting on Quality Improvement to Ensure Health of Children and Women</p> <p>— Listening to Customers</p>
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	<p>Being Compliant in Operations and Seeking Common Development</p> <p>— Intellectual Property and Advertisements</p>
	B6.4 Description of quality assurance process and recall procedures.	<p>Insisting on Quality Improvement to Ensure Health of Children and Women</p> <p>— Excellent Professional Services</p>
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	<p>Insisting on Quality Improvement to Ensure Health of Children and Women</p> <p>— Information Security Protection</p>

Environmental, Social and Governance Report (Continued)

“Comply or explain”		
Aspects	KPIs	Sections
B7 Anti-corruption	General Disclosure	Being Compliant in Operations and Seeking Common Development — Corruption-free Operation
	In relation to bribery, extortion, fraud and money laundering prevention:	
	(a) the policies; and	
	(b) information regarding the compliance with relevant laws and regulations that have a significant impact on the issuer.	
	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.	
B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Being Compliant in Operations and Seeking Common Development — Corruption-free Operation	
B7.3 Description of anti-corruption training provided to directors and staff.	Being Compliant in Operations and Seeking Common Development — Corruption-free Operation	
B8 Community Investment	General Disclosure	Focusing on Public Welfare Undertakings and Giving Back to the Society
	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.	
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
B8.2 Resources contributed (e.g. money or time) to the focus area.	Focusing on Public Welfare Undertakings and Giving Back to the Society	

