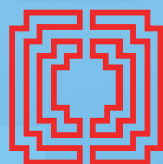




# 2023

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



**温州康宁医院股份有限公司**  
Wenzhou Kangning Hospital Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)  
Stock code: 2120

# 1 About the Report

Wenzhou Kangning Hospital Co., Ltd. (“Wenzhou Kangning” or the “Company”) and its subsidiaries (together the “Group” or “we”) are pleased to announce the Environmental, Social and Governance (“ESG”) Report for the Year, which aims to summarize the Group’s initiatives and performance in sustainability and social responsibilities and report to all of the significant stakeholders on the Group’s practices and accomplishments in ESG during the Year.

## 1.1 Reporting Standards

The Report is prepared in compliance with the Environmental, Social and Governance Reporting Guide (《環境、社會及管治報告指引》) (hereinafter referred to as the “Guide”) set out in Appendix C2 to the Rules Governing the Listing of Securities (《證券上市規則》) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Report complies with all “comply or explain” provisions as set out in the Guide, the content of which conforms to the reporting principles regarding “Materiality”, “Quantitative”, “Balance” and “Consistency” contained in the Guide. Readers may refer to Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index of the Report for a quick search.

The Report has followed the reporting principles in the ESG Reporting Guide during the preparation process, including:

- \* **Materiality:** We have identified and disclosed the process and criteria for material ESG issues in our Reports. We have also identified and disclosed the results of significant stakeholder engagement in our ESG Report, and have made targeted disclosures in the Report. The management has confirmed the applicability of materiality assessment to the current year.
- \* **Quantitative:** The Group has disclosed the statistical standards, methods, calculation tools, and sources of conversion factors for all information in the Report.
- \* **Balance:** The Report presents an impartial description of the Group’s performance during the Reporting Period to avoid the choices, omissions, or presentation formats that may unduly impact the decisions or judgments made by its readers.
- \* **Consistency:** Unless otherwise indicated, the statistical methods and standards for data disclosed in the Report are consistent with those in previous years. If any changes may affect the comparison with previous reports, we will make a clear explanation.

# 1 About the Report

## 1.2 Reporting Scope

The Report presents the Group's overall performance regarding sustainable development from 1 January 2023 to 31 December 2023 (hereinafter referred to as the "Year" or the "Reporting Period"). Unless otherwise stated, the Report covers healthcare business directly controlled by the Group, including Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd., and Pingyang Changgeng Yining Hospital Company Limited. The scope of social key performance indicators covers the whole group. Please refer to the Corporate Governance Report section in the annual report or the Group's official website (<http://www.knhosp.cn>) for detailed information about the corporate governance of the Group.

## 1.3 Reporting Language

The Report is released electronically in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

## 1.4 Approval of the Report

The Report passed the internal review procedures of the Group and was approved by the Board of Directors on 23 April 2024.

## 1.5 Release of the Report

A soft copy of the ESG Report is published on "Information Disclosure" under "Investor Relations" of the Company's official website (<http://www.knhosp.cn>) and the HKEx news of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## 1.6 Feedback on the Report

Your opinions on the Report will be highly valued. Please contact us via email (email address: [ir@knhosp.cn](mailto:ir@knhosp.cn)) for any inquiries or suggestions on the Report or the ESG issues of the Group.

## 2 About the Group

The Group is a large private healthcare group that provides comprehensive specialty healthcare services to patients with mental illnesses. According to the development strategy layout for transformation of specialized chain cluster, driven by the dual segments of psychiatric specialty and geriatrics, the Group has established a treatment service network “based in Wenzhou, intensively cultivated in Zhejiang and radiated across the nationwide” by adopting a model of chain operation that integrates online and offline, striving to become a practitioner of “Health China” undertakings. While steadily developing its business, the Group is also actively involved in public welfare and charity undertakings. The Group has set up several charity funds such as “Wenzhou Charity Federation Kangning Mental Illness Charity Fund”, and these funds carry out charity relief activities all year round. We have also independently developed a mobile intelligent mental health platform - “Xinqing Station” to provide borderless mental health services to the whole society. Currently, the number of the Group’s own hospitals has increased to 32, including an independently established network hospital, namely Yining Psychological Network Hospital.

The following are the awards/honors received by the Group during the Reporting Period:

| Award and honor   | Awarding authority  |
|---|---|
| 2022 “Love Wenzhou – Charity and Medical Assistance” Program Annual Work Excellence Award           | Wenzhou Charity Federation  |
| 2023 Top 10 Models of Digital Healthcare  | China Times   |
| Special Food Clinical Application Demonstration Base of China Nutrition and Health Food Association | China Nutrition and Health Food Association   |
| Advanced Unit in Party Building   | SDIC Chuangyi Industry Fund Management Co., Ltd.  |
| Member of the Wenzhou Collaborative Innovation Center of National Center for Infectious Disease     | National Center for Infectious Disease<br>Health Commission of Wenzhou                      |
| 2022 Best Brand Communication Medical Institution – Xingyao Hospital                                | Dingxiangyuan<br>Yiyuanhui  |
| Pioneer Worker in Zhejiang Province   | Zhejiang Provincial Federation of Trade Unions  |
| 2021-2022 Top 100 Private Enterprises in Wenzhou  | Wenzhou Private Economy Development Promotion Bureau<br>Wenzhou General Chamber of Commerce |
| 2022 Enterprises with Outstanding Contributions in Lucheng District                                 | Lucheng District People’s Government of Wenzhou City  |
| The 4th “Wenzhou Charity Award” Charity Project Award   | Wenzhou Municipal People’s Government   |

### 3 Chairman's Statement

Dear stakeholders,

2023 was an important year for the continuous advancement of building a “Healthy China”. The growing concern for psychiatric and mental health and aging issues, as well as a greater awareness of health management, have further contributed to the elevated demand for medical services. Thanks to the policy that supports the establishment of private medical institutions, the Group rose to various challenges such as the healthcare insurance reform and strengthened the control of medical quality through innovation in refined management to improve the quality and efficiency of the Group's business.

We earnestly fulfill our social responsibilities and promote the sustainable development of the medical service industry. We have been attending to the impact of our business operations on the environment and society and always uphold the business philosophy of being responsible for patients, employees, and the environment. We have established close relationships with all stakeholders, identified material issues related to the environment, society, and governance, and implemented a series of actions and measures to strengthen the standardized management of our sustainability efforts. We were committed to making helpful contributions to society in a sustainable manner, protecting the environment, caring for the well-being of our employees, and working with our stakeholders to promote the sustainable development of the medical service industry while developing our business.

Our strenuous efforts for environmental protection have been built on a first-class medical system. We conscientiously implement the regulation of greenhouse gases and proactively take action to conserve energy and use new energy. We entrust the disposal of medical waste to qualified third parties to ensure compliance and safety. We believe in sustainable development and fully honor our green operation commitments. At the same time, we attach great importance to environmental education and are committed to improving the environmental awareness of all employees. This is our green operation philosophy and an important manifestation of our medical sustainability and social responsibility.

Talent is a vital pillar of a business and its development, and we have always placed considerable value on the implementation of talent strategy. During the Year, Wenzhou Kangning carried out in-depth cooperation with some universities and renowned experts, among others, to jointly promote industry-education-research integration and innovation. We recruited top talents in the fields of medical technology and innovation globally. Establishing overseas academician workstations and postdoctoral workstations, we carried out international cooperation with the academician teams from Canada and the United Kingdom in the fields of brain rehabilitation medicine, clinical application of artificial intelligence in psychiatry, and training of talents in psychiatry. We are dedicated to building a team of experts with high academic standards, rich experience, and wide influence, to provide solid talent guarantee for the Group's high-quality development.

### 3 Chairman's Statement

The promulgation of the “14th Five-Year Plan” National Health Plan further emphasized that the planning for private medical industry should continue to guide and support social forces to develop rehabilitation, nursing, mental health and other fields, and has put forward new requirements and pointed out new directions for the development of medical and health undertakings. Besides, a series of policies encourage the acceleration of establishing hospitals by leveraging social capital, creating a favorable environment for the development of the Group.

Adhering to the principle of “keeping righteousness and innovation while seeking progress on top of stability (守正創新, 穩中求進)”, the Group will consistently optimize its business structure, deepen the development of the medical business of owned hospitals, bolster its arrangement for developing in the mental health and elderly care industry, and further enhance its core competitiveness. We will continue to innovate, move forward steadily, take on the challenges in the new stage of development, and apply ourselves to playing an active role in the development of China's health cause.

GUAN Weili  
*Chairman*  
Zhejiang, the PRC  
April 2024

## 4 Sustainable Development Governance and Strategy

The Group focuses on corporate sustainability management, serves the community with integrity and trustworthiness, and shoulders the social responsibilities and obligations as a medical institution. We have integrated the concept of sustainable development into all aspects of our business development, covering various fields such as medical team building, medical service model innovation, medical waste disposal, green operation, medical supply chain, and community involvement. In our daily operation and management, we incorporate sustainable development into our core strategies to continuously improve our ESG performance and create long-term value for all stakeholders.

### 4.1 Statement of the Board of Directors

The Group clearly understands the important role of the Board of Directors in promoting the sustainable development of the Group and is firmly committed to integrating ESG concepts into our daily operations and management. To this end, we have established the ESG management system.

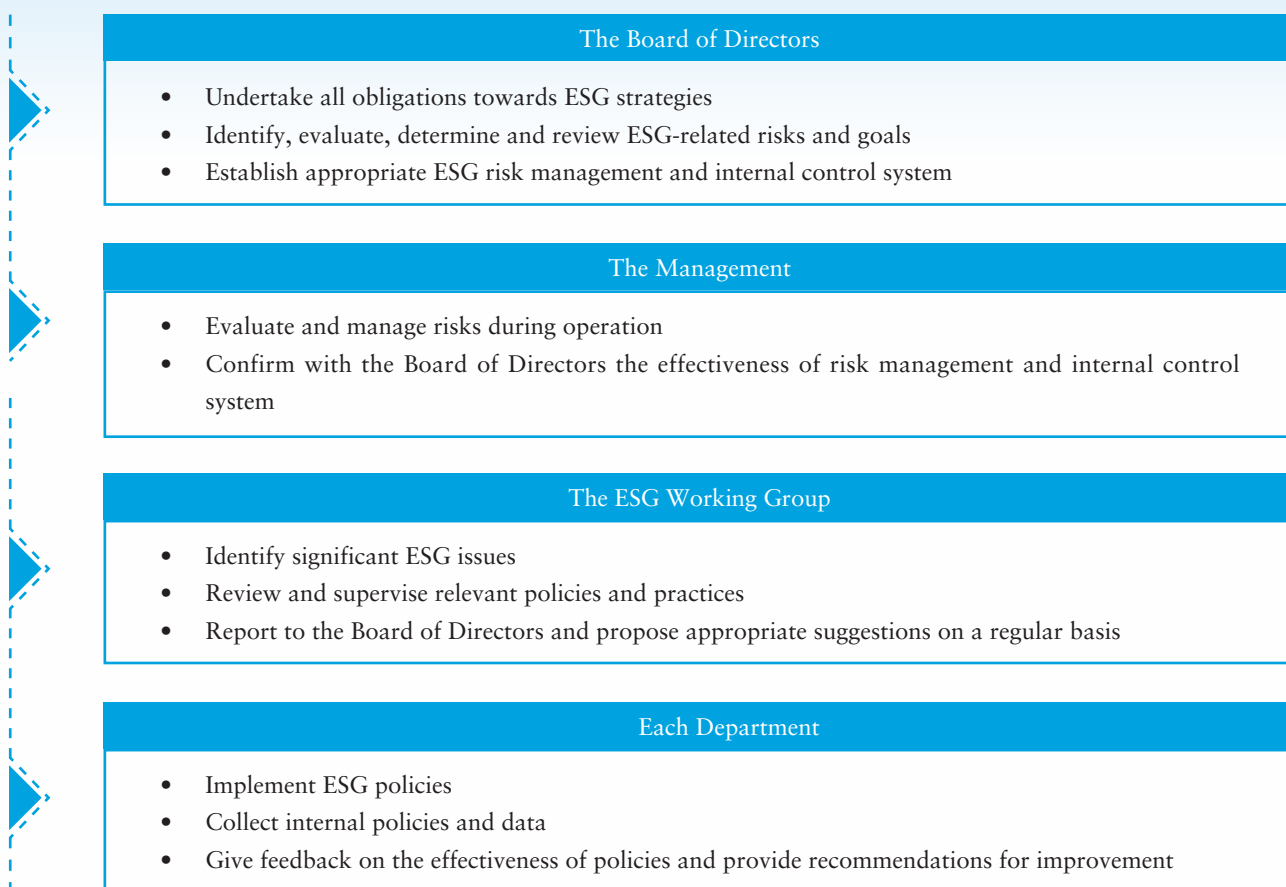
The Board of Directors, at the highest decision-making level, is responsible for setting the strategic direction of ESG and supervision. The Board of Directors is also responsible for overseeing the effectiveness and progress of ESG work, as well as considering and approving ESG management guidelines and policies, which include reviewing important ESG issues and ESG-related risks. In order to effectively carry out ESG work, the Board of Directors has approved the establishment of an ESG Working Group, which is authorized to be responsible for the supervision and promotion of ESG issues. The Board of Directors follows up and reviews ESG practices annually.

During the Year, we reviewed the fulfillment of our environmental goals. Going forward, we will continue to track the progress of our goals to help the Group achieve its long-term sustainable development strategy. We are confident that the attention and participation of the Board will truly integrate ESG concepts into our business and operational processes and continue to create greater social value.

### 4.2 ESG System

We have issued the Notice Concerning the Establishment of the Environmental, Social and Governance Working Group (《關於成立環境、社會及管治專責小組的通知》) and set up an ESG Working Group composed of executive directors, general manager, and representatives from various functional departments. The establishment of the Working Group bridges the communication gap between the Board of Directors, management, and different departments, and builds an ESG management system that covers all levels.

## 4 Sustainable Development Governance and Strategy



ESG governance structure

### 4.3 Communication with Stakeholders

The Group attaches great importance to the opinions and support of various stakeholders, and we maintain an open and transparent attitude and actively communicate with our stakeholders. We take suggestions and feedback from stakeholders seriously and incorporate them into the consideration of sustainable development strategies and decision-making in order to optimize ESG management.



## 4 Sustainable Development Governance and Strategy

During the Year, we followed up with our stakeholders, including patients and their families, employees, shareholders, regulatory authorities, industry partners, suppliers, media, and community groups, through various channels, to build lasting and long-term trust and jointly promote sustainable development.

| Stakeholders                          | Communication channels   | Issues concerning ESG  |
|---------------------------------------|--|--|
| Patients and their families           | <ul style="list-style-type: none"> <li>• Daily operation/communication</li> <li>• Service center</li> <li>• Consultation group</li> <li>• Satisfaction survey and feedback form</li> <li>• Telephone</li> </ul>  | <ul style="list-style-type: none"> <li>• Customer service quality</li> <li>• Improving the management system of complaints and disputes</li> <li>• Privacy and information safety</li> <li>• Quality medical services</li> <li>• Satisfying the needs of patients</li> </ul> |
| Employees                             | <ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Employee intranet</li> <li>• Employee communication meeting</li> <li>• Group discussion/meeting</li> <li>• Special consultative committee/panel discussion groups</li> <li>• Volunteer activities</li> </ul> | <ul style="list-style-type: none"> <li>• Talents incentives</li> <li>• Employee development and trainings</li> <li>• Employees' remunerations and benefits</li> <li>• Employee diversity and equality</li> <li>• Employees occupational health and safety</li> </ul>         |
| Shareholders/investors                | <ul style="list-style-type: none"> <li>• Results announcement/corporate communications</li> <li>• Meetings</li> <li>• Interim and annual reports</li> <li>• Shareholders' site visits</li> </ul>   | <ul style="list-style-type: none"> <li>• Investment returns</li> <li>• Compliance operation</li> <li>• Technologies and innovations</li> </ul>   |
| Government and regulatory authorities | <ul style="list-style-type: none"> <li>• Meetings</li> <li>• On-site investigation</li> <li>• Compliance report</li> </ul>   | <ul style="list-style-type: none"> <li>• Implementation of energy conservation and emission reduction</li> <li>• Contribution to community</li> <li>• Medical accessibility/inclusiveness</li> </ul>   |
| Counterparties/business partners      | <ul style="list-style-type: none"> <li>• Strategic cooperation projects</li> <li>• Lectures/seminars/workshops</li> <li>• Meetings</li> <li>• Reports</li> <li>• Visits</li> </ul>   | <ul style="list-style-type: none"> <li>• Facilitation of industry development</li> <li>• Exchange of industrial experiences</li> </ul>   |
| Suppliers                             | <ul style="list-style-type: none"> <li>• Supplier management procedures/assessment system</li> </ul>   | <ul style="list-style-type: none"> <li>• Sustainable supply chain management</li> <li>• Win-win cooperation with suppliers</li> <li>• Green procurement</li> <li>• Fair and open procurement</li> </ul>  |

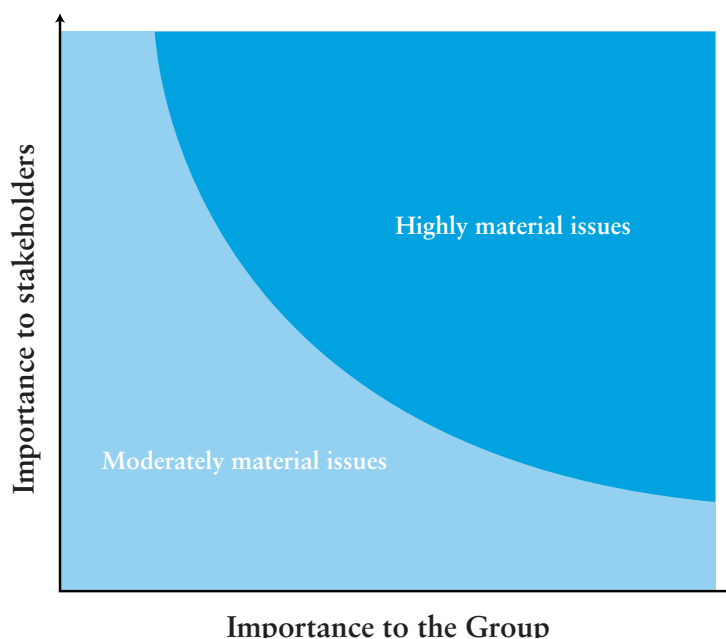
## 4 Sustainable Development Governance and Strategy

| Stakeholders                          | Communication channels  | Issues concerning ESG  |
|---------------------------------------|---|--|
| Media                                 | <ul style="list-style-type: none"> <li>• Results announcement</li> <li>• Press conference/press release</li> <li>• Interviews with the senior management</li> </ul> | <ul style="list-style-type: none"> <li>• Protection of ecological environment</li> <li>• Information disclosures</li> <li>• Responsible marketing</li> </ul>   |
| Communities/<br>non-government groups | <ul style="list-style-type: none"> <li>• Community investment plans</li> <li>• Community activities</li> <li>• Donations</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Contribution to community</li> <li>• Implementation of energy conservation and emission reduction</li> <li>• Medical accessibility/inclusiveness</li> </ul> |

### 4.4 Materiality Assessment

With reference to the disclosure obligations set out in the Guide, and the Materiality Map of the Sustainability Accounting Standards Board (SASB), the Group reviews the extent of the impact of ESG-related issues on the Group and stakeholders, taking into account its business operations and benchmarking against the best practices of its peers. In 2023, the Group conducted a review of ESG issues and the results of the materiality assessment. As there were no significant changes in the Group’s business and operating environment during the Year, the ESG Working Group and the management confirmed that the results of the assessment of ESG issues in previous years were still applicable to the current year.

The Group has identified a total of 35 issues covering ESG, including 22 highly material issues and 13 moderately material issues, which are highlighted to varying degrees in the Report and are taken as key considerations in formulating ESG policies and strategies.



## 4 Sustainable Development Governance and Strategy

### Highly material issues

- Climate change
- Effective utilization of resources
- Up-to-standard discharge of wastewater and measures for emission reduction
- Establishing and improving medical waste management procedures
- Formulation of guidelines and objectives for environmental protection
- Provision of competitive remuneration, benefits, and promotion channels
- Setting up the School of Mental Health in cooperation with Wenzhou Medical University to cultivate medical talents
- Employment in compliance with laws and regulations
- Employment relationship
- Provision of training and skill enhancement courses for employees
- Safe working environment
- Attention to employees' safety and health
- Establishment of a sound medical quality management system
- Safeguarding customers' legal rights and interests
- Safeguarding customers' privacy
- Establishment of an effective mechanism for handling customer complaints
- Emergency management
- Strict implementation of admittance and review standards for suppliers
- Respecting and protecting intellectual property rights
- Allocating more resources to support the development of neighboring communities
- Promoting health education
- Inclusive medical health services

### Moderately material issues

- Up-to-standard discharge of emission and measures for emission reduction
- Greenhouse gas emission reduction
- Energy consumption
- Utilization of water resources
- Employee equality and diversity
- Promotion of investment activities for the advancement of the medical undertaking
- Formulation of policies and systems for preventing bribery, extortion, fraud, and money laundering
- Service compliance
- Business ethics
- Enhancing sustainable operation capability
- Economic performance
- Engagement in public charity and volunteer activities
- Corporate image

## 5 Hospital Compliant Operation

The Group understands the importance of compliant operations and is committed to providing safe and reliable medical care to the public by continuously upgrading the service standards of our affiliated medical institutions. With humility and respect, we are committed to upholding our medical promises and doing our utmost to protect the rights and interests of patients and their families. At the same time, we encourage our medical staff to pursue further studies and improve their clinical skills for providing better health care for the public.

### 5.1 Management of Service Quality

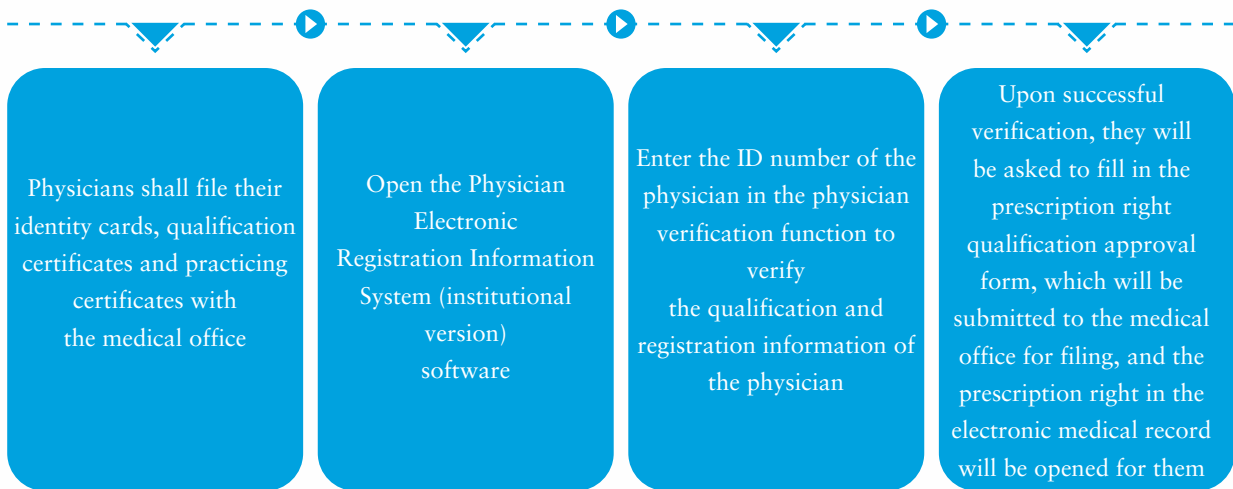
We attach great importance to and continuously improve the quality and safety of medical services. We continued to carry out supervision and management of all our medical institutions in strict compliance with the Mental Health Law of the PRC (《中華人民共和國精神衛生法》), the Regulation on the Administration of Medical Institutions (《醫療機構管理條例》), the Detailed Rules for the Implementation of the Regulation on the Administration of Medical Institutions (《醫療機構管理條例實施細則》), the Regulation on the Urgent Handling of Public Health Emergencies (《突發公共衛生事件應急條例》), the Regulation on the Handling of Medical Accidents (《醫療事故處理條例》), the Regulation on the Prevention and Handling of Medical Disputes (《醫療糾紛預防和處理條例》) and other laws and regulations relating to healthcare services. We only hire medical personnel with valid practicing qualifications to ensure that they are professionally competent to provide relevant medical services. All medical personnel are required to comply with the relevant code of professional ethics to protect patients' rights and ensure quality medical care.

#### Management of Medical Practitioners

Quality medical practitioners are fundamental to the delivery of healthcare services. The Group's top priority is patient health and safety and its medical institutions are served by licensed medical personnel. In accordance with the hospital assessment standards and the relevant provisions of the Medical Quality Management Measures (《醫療質量管理辦法》) of the National Health and Family Planning Commission, we have established a Medical Quality and Safety Management Committee (the "Committee"), which is responsible for the management and supervision of medical quality and safety, the formulation of quantitative standards and scoring criteria for the entire process of medical quality and safety, and the supervision of the implementation of quality control measures in conjunction with the departmental target responsibility system. The committee holds a summary meeting at the end of each year to continuously improve the "patient-centered" service concept and to enhance the awareness of medical quality and safety among all hospital staff.

## 5 Hospital Compliant Operation

We conduct regular supervision and assessment for medical staff at all levels. The content and details of the assessment are formulated according to each professional position. The Department Physician Behavioral Assessment (《科室醫生行為考核》) evaluates the medical safety, medical quality, and system implementation of clinical doctors; the Work Quality Assessment Rules (《工作質量考核細則》) examines the work attitude, professional quality, and academic level of medical staff. We have formulated the Implementation Rules for the Management of Regular Assessment of Physicians (《醫師定期考核管理實施細則》), specifying the process for verification and approval of physicians' qualification information, to ensure their practicing qualifications and prescribing rights.



Process for verification and approval of physicians' qualification information

### Customer Complaint and Communication Management

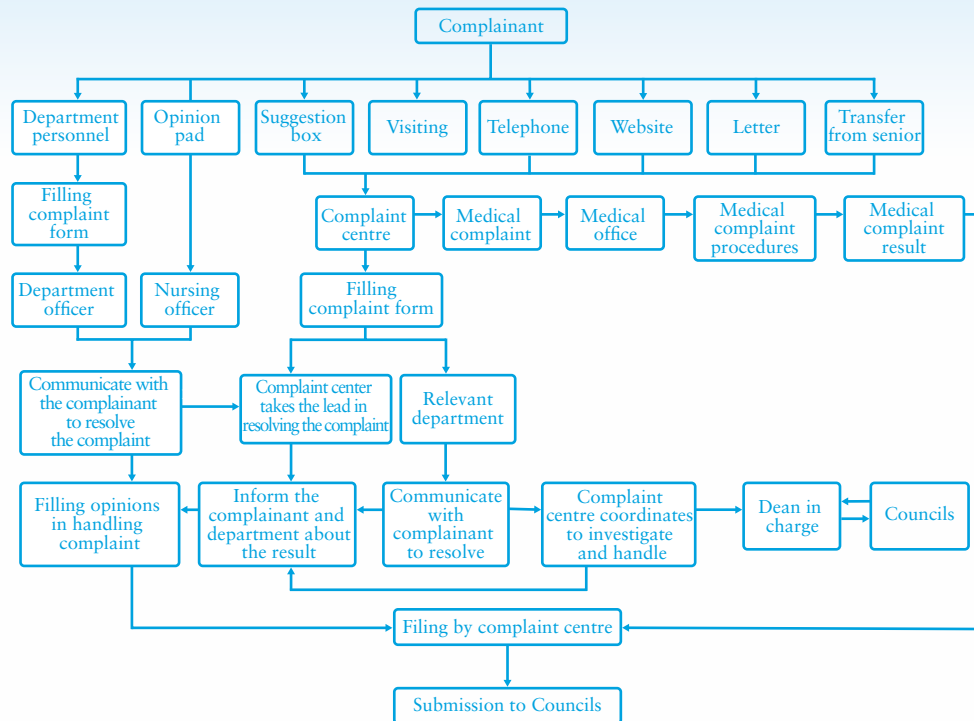
In order to better serve patients and their families, we promote open and transparent communication channels. We welcome patients and their families to give us their valuable opinions and suggestions through various channels. We will listen sincerely to customers and respond to complaints in a timely manner and take remedial measures. The Group listens to patients' opinions and suggestions through various channels such as door-to-door visits, phone calls, and the Internet. By handling all kinds of complaints fairly and impartially, we hope to safeguard the legitimate rights and interests of all parties and create a harmonious and transparent medical environment. At the same time, complaints and feedback will also help us to continuously optimize our service operations.

## 5 Hospital Compliant Operation

In order to provide an open channel for patients or their families and the public to vent their negative feelings towards the hospitals, and to listen to and deal with patients' complaints and suggestions in a timely manner, the Complaint Office of the Group has formulated the Complaint Management System (《投訴管理制度》), to coordinate and resolve the complaints from complainants (patients and their families and other related persons) about the medical and nursing services, environmental measures and work practices of the hospital. The first inquiry accountability system is implemented for the acceptance of complaints. The staff receives each complainant, verifies the relevant information, fills in the Hospital Complaint Registration Form (《醫院投訴登記表》) truthfully, records the case reported by the complainant truthfully, and has it confirmed by the complainant. After receiving complaints from the Complaints Office, departments and personnel handling complaints will be responsible for investigation and verification with facts as the basis, and laws and regulations as the guidelines, handle complaints fairly, protect the legitimate rights and interests of both parties, and provide handling opinions in accordance with relevant hospital regulations. The handling of general complaints does not exceed 3 working days. For more complex complaints that need to be investigated and verified, the handling information or handling feedback will generally be reported to the complainant within 5 working days. For complaints involving multiple departments, it is necessary to organize and coordinate relevant departments to jointly study the cases, and provide feedback to the complainants within 10 working days. Feedback is provided in the form of phone calls, letters, or visits.

We focus on communication with patients and customers and expect to continuously optimize and improve our communication-related services. Every month, our Outpatient Department and Care Unit collect statistics on satisfaction rates and complaints/grievances through outpatient satisfaction questionnaires and telephone surveys, report the survey results at the weekly meeting of the hospitals, and complete the Report on the Investigation and Rectification of Patient Satisfaction (《患者滿意度調查整改報告》). At the same time, the hospital office summarizes and analyzes the quarterly survey data to form an analysis report, which is announced at the service quality management team meeting at the end of each quarter. The meeting will discuss the satisfaction level of the previous quarter, analyze the common problems and repeated complaints that emerge after the survey, formulate improvement measures, and track the implementation of each unresolved issue in a timely manner.

## 5 Hospital Compliant Operation



Process for Complaint Handling

During the Reporting Period, the Group received 131 complaints, 124 of which have been properly handled. In the future, we will continue to improve our services, enhance the quality of hospital services, strengthen patient communication, and provide more professional and comfortable services.

### 5.2 Protection of Operational Information

Information security and privacy protection are an important part of our work. In our daily business operations, we handle and strictly protect doctor and patient information. We strictly comply with laws and regulations including the Law of the People's Republic of China on Guarding State Secrets (《中華人民共和國保守國家秘密法》), the Regulation on the Implementation of the Law of the People's Republic of China on Guarding State Secrets (《中華人民共和國保守國家秘密法實施條例》) and the Regulations on the Protection of Computer Software of the People's Republic of China (《中華人民共和國計算機軟件保護條例》). We have formulated internal policies such as the Rules for Safety Management Work of Information Technology Department (《信息技術部安全管理工作制度》), the Hierarchical Management System for System Operation Authority (《系統操作權限分級管理制度》), the Software Legalization Management System (《軟件正版化管理制度》), the Data Extraction System (《數據提取制度》) and the Security and Confidentiality System for Electronic Medical Records (《電子病歷信息安全保密制度》) to strengthen the management of establishing information security and to standardize the control over the operation authority of the application system, the control over user authority, the control over server operation authority and the control over database operation authority to improve the management of information security.

## 5 Hospital Compliant Operation

We incorporate information security management into our daily work and continuously improve our measures. It is also an important part of our responsible service. In order to strengthen the security of the electronic medical record information system and the protection of patient privacy, we have formulated the Security and Confidentiality System for Electronic Medical Records. The Group has implemented real-time uploading and automatic backup of information to cloud computing centers and third-party storage centers. This system enables the sharing of data resources on the basis of setting certain permissions and ensures data security. The Information Engineering Department has formulated the Data Extraction System to strengthen the information security of the hospitals, make the data extraction and approval work systematic, standardized and process-oriented, and safeguard the security of each information system.

In addition, we have formulated multiple rules, including the Rules for Protecting Patients' Privacy (《患者隱私保護制度》), the Notification Rules for Patients' Informed Consent (《患者知情同意告知制度》), the Implementing Rules for Medical Notification System (《醫療告知制度實施細則》), the Protective Medical Rules and Rules for Protecting Patients' Privacy (《保護性醫療制度和保護病人隱私制度》) and the Rules for Protecting Patients' Privacy, Respecting Patients' National Customs and Religious Beliefs (《保護患者隱私、尊重患者民族風俗和宗教信仰制度》) to ensure and limit the use and disclosure of patient-related data, and clarify the handling and management of patient privacy in the course of treatment and examination.

We value the compliance and authenticity of information disclosure. The Group strictly complies with laws and regulations, such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Rules for Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Regulation of the People's Republic of China on the Customs Protection of Intellectual Property Rights (《中華人民共和國知識產權海關保護條例》). We do not tolerate any use of false or misleading information. We strictly control every detail of information disclosure to ensure that everything provided to the public is true and accurate.

### 5.3 Maintenance of Intellectual Property Rights

We deeply understand the importance of intellectual property rights. We also attach great importance to the joint maintenance of intellectual property rights, including patents, trademarks, and copyrights, with our external partners. The Group strictly complies with laws and regulations including, the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Rules for Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Regulation of the People's Republic of China on the Customs Protection of Intellectual Property Rights (《中華人民共和國知識產權海關保護條例》).

We have formulated the Hospital Intellectual Property Management System (《醫院知識產權管理制度》) to safeguard the legitimate rights and interests of hospitals, and promote the prosperity and development of medical care, teaching, and scientific research. We also have a discipline construction leading group to build key disciplines and key supported disciplines and initiate and summarize research projects to better maintain the research results.



## 5 Hospital Compliant Operation

### 5.4 Supply Chain Norms

We value long-term cooperation with suppliers and are committed to establishing a responsible and sustainable supply chain management system. We strictly comply with laws and regulations, such as the Medicinal Product Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》), the Regulation on the Control of Narcotic Drugs and Psychotropic Drugs (《麻醉藥品和精神藥品管理條例》), the Measures for the Administration of Toxic Drugs for Medical Use (《醫療用毒性藥品管理辦法》), the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Measures for the Administration of Permits for Medical Device Operation Enterprises (《醫療器械經營企業許可證管理辦法》).

The Group has formulated internal systems such as the Measures for the Administration of Suppliers (《供應商管理辦法》) and the Procurement Management System (《採購管理制度》) to regulate the admission, procurement, and evaluation of business-related suppliers and to protect practically the quality of medical services. The Material Procurement Department conducts research and qualification assessment of new suppliers in accordance with the procurement supplier management measures, and evaluates the distribution capability of suppliers; it establishes a list of qualified suppliers, conducts quarterly assessments and annual reviews of qualified suppliers, and provides relevant opinions based on the review results.

The Group considers suppliers according to factors such as strong production capacity, technical and quality assurance capabilities, production management, price, and materials that meet environmental protection requirements with priorities. The Group recognizes the importance of managing environmental and social risks in the supply chain. In the selection process, it will consider a supplier's performance in environmental and social responsibilities, such as whether it complies with national and local environmental standards, whether it adopts green procurement, ensures that no child labor and forced labor is employed, and whether a reasonable working environment is provided to employees. We will also conduct an independent review of a supplier with a total contract amount of more than RMB300,000 in accordance with the Contract Management System (《合同管理制度》), and enter into an anti-commercial bribery agreement with a supplier with a total contract amount of more than RMB100,000 to prevent the occurrence of bribery and corruption through third parties.

## 5 Hospital Compliant Operation

During the Reporting Period, the Group involved a total of 383 medical device suppliers. At present, the supplier practice is implemented in a total of 92 suppliers only of the headquarters and the Wenzhou region. All of them are from China. The distribution of their numbers by region is as follows:

| Region                 | Number of Suppliers (units) |
|------------------------|-----------------------------|
| Zhejiang Province      | 173                         |
| Guangdong Province     | 46                          |
| Hebei Province         | 40                          |
| Jiangsu Province       | 36                          |
| Shanghai Municipality  | 21                          |
| Shandong Province      | 11                          |
| Beijing Municipality   | 11                          |
| Anhui Province         | 9                           |
| Hunan Province         | 8                           |
| Henan Province         | 7                           |
| Fujian Province        | 6                           |
| Jiangxi Province       | 6                           |
| Hubei Province         | 3                           |
| Sichuan Province       | 3                           |
| Yunnan Province        | 1                           |
| Chongqing Municipality | 1                           |
| Jilin Province         | 1                           |

### 5.5 Anti-Corruption and Business Ethics

The Group strictly complies with laws and regulations, including the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Code of Conduct for Practitioners in Medical Institutions (《醫療機構從業人員行為規範》), the Issuance of Notice on Nine Prohibitions on Strengthening the Establishment of Medical and Health Ethics (《關於印發加強醫療衛生行風建設“九不准”的通知》), the Provisions on Establishing Bad Records for Commercial Bribery in Purchase and Sale of Pharmaceuticals (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》) and the Issuance of Notice on the Special Action Plan for Rectifying and Regulating the Drug Market Order throughout the PRC (《關於印發“全國整頓和規範藥品市場秩序專項行動方案”的通知》), to eliminate any form of commercial bribery, bribery conduct and other acts of provision or acceptance of improper benefits. We are committed to establishing an operating environment of integrity. During the Reporting Period, the Group was not aware of any litigation or any cases of corruption, bribery, extortion, fraud, or money laundering against the Group or its employees.

## 5 Hospital Compliant Operation

We attach great importance to the development of ethical conduct of medical personnel. We have formulated internal management systems, such as the Implementation Plan for the Construction of Clean Hospitals (《清廉醫院建設實施方案》) to clarify behaviors such as accepting kickbacks and disciplinary sanctions. We have also set up a fraud reporting hotline and e-mail channels to encourage employees and all sectors of society to report improper behavior, and strictly keep the identity of the whistleblower confidential. We are fully aware that strict medical governance involves both medical quality and moral education, which is also the cornerstone of the doctor-patient relationship. We carry out occasional inspections and supervision to prevent corruption through internal management systems such as the Implementation Plan for the Construction of Ethics (《行風建設實施方案》), the Standards for Integrity and Self-discipline (《廉潔自律工作規範》), the Management System of Civilized Medical Practice (《文明行醫管理制度醫療》) and the Nine Prohibitions on the Establishment of Health Ethics (《衛生行風建設九不准》), as well as regular training activities oriented to the code of conduct, to enhance the moral awareness of employees. We pursue and stick to both qualified medical skills and integrity.

The Group attaches great importance to anti-fraud and anti-bribery controls in all business and management activities. The General Manager Office of the Group has formulated the Anti-fraud, Anti-bribery and Whistleblowing Management System (《反舞弊、反賄賂與舉報管理制度》) to regulate the professional behaviors of directors, supervisors, and employees in order to enhance the awareness of compliance and the fulfillment of compliance duties by all staff. Employees and business partners of the Group can blow the whistle on, complain on or report any fraud, bribery, or any misconduct and suspicious activities related to the Group in the course of operations that they are aware of, by telephone or e-mail.

We emphasize and actively carry out integrity education, provide regular anti-corruption and integrity training for board members and employees, and enhance daily education to raise awareness of compliance and integrity.

During the Reporting Period, we conducted training for directors, supervisors and all colleagues on the prevention of corruption and fraud to help employees correctly distinguish the gray belt of compliance and to establish a code of conduct for integrity and responsibility. In the interim promotion campaign of the Group, we delivered key audit reminders to all middle and senior executives, focusing on education and training on the requirements related to integrity and self-discipline, anti-corruption and anti-fraud, the corresponding internal control requirements, and cases reported in the first half of the year.

## 5 Hospital Compliant Operation

### Construction of internal control



1

Complete the self-evaluation of the Group's internal control for 2023

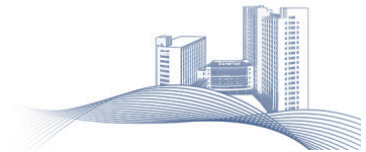
2

Building upon the improvement and perfection of the internal control system, we implemented a supervisory mechanism, conducting internal inspections on a trial basis at controlling hospitals, shareholding companies, and functional departments.

### Acceptance of reports

Two reports were accepted, with one scheduled for interview and verification during follow-up inspections, and the other forwarded to the Human Resources Department for coordination

敬佑生命 谦卑服务  
Respecting Life Humble Services



The Group's Interim Promotion Campaign-Anti-Corruption and Anti-Fraud Training

## 6 Medical Team Building

Employees are a key pillar of the Group's sustainable development. We attach great importance to the rights and well-being of employees and are committed to creating a fair, inclusive, and harmonious medical team. We regularly evaluate our human resources policies to ensure they are fair and reasonable. At the same time, we create a people-oriented working environment, pay attention to the physical and mental growth needs of employees, and work together to build an open and inclusive team. We will continue to optimize our human resource management and achieve common progress with our employees.

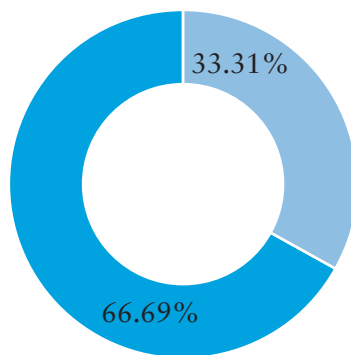
### 6.1 Employment Management

The Group strictly complies with laws and regulations related to labor and employment, including the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》).

The Group has formulated the Employee Handbook (《員工手冊》) to regulate and manage the human resources and employment processes, such as recruitment, dismissal, promotion, remuneration, and leave. During the Reporting Period, the Group was not involved in any violation of any relevant laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, etc.

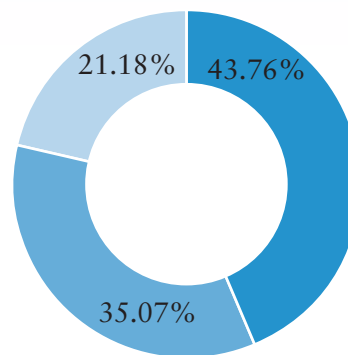
As of 31 December 2023, the Group had a total of 4,765 employees. The percentages of employees by gender and by age group are set out in the following charts:

Percentage of employees by gender:



- Male
- Female

Percentage of employees by age group:



- Below 30 years old
- 30-50 years old
- Over 50 years old

## 6 Medical Team Building

### Recruitment, Promotion and Dismissal

During the Year, we systematically carried out personnel-related work. In accordance with the requirements of the national standardization of medical quality, the Group has made efforts to promote the matching of personnel and posts in medical laboratory. We select multiple channels to attract talents based on comprehensive factors such as talent demand analysis and recruitment costs. The Group has formulated the Recruitment Management Measures (《招錄管理辦法》). During the recruitment process, the Group has always adhered to the principles of “fairness, impartiality, and openness” in considering the academic qualifications, working experience, and skills of the applicants to assess whether they have met the requirements of the employment positions. During the recruitment process, the background factors of the applicants, such as gender, age, nationality, religion, family status, race, marital status, and other categories protected by law, do not affect the interviews, employment, and job opportunities of the applicants.

The Human Resources Department of the Group formulates annual human resources work plans in accordance with the Hospital Work Objective Management and Assessment System (《醫院工作目標管理考核制度》), and conducts strategic planning in terms of talent matching, practical ability of personnel, quality of middle-level managers, and human resources deployment mechanism. We focus on the important works of talent building, to provide differentiated evaluations and select the best candidates based on the difficult works of and outstanding contributions. We recommend outstanding employees for promotion through a fair and reasonable performance appraisal system based on corporate development planning, human resources needs, and employee performance. We implement assessment management to quantitatively evaluate work performance, and improve human resource policies through employee feedback.

Employees may resign at their own will. Employees may terminate their employment relationship with the Group at their own discretion, provided they reach an agreement with their supervisors and confirm their last working day. If an employee chooses to resign, we will conduct an exit interview in a respectful manner to understand the reasons and take the opportunity to optimize human resources management. We uphold the principles of equality and freedom to ensure that any decision-making process is open and fair. The Group’s resignation procedures are in compliance with national laws and labor contracts.

To eliminate the use of child labor or forced labor, we rigorously vet the legal identification information of candidates during recruitment. We sign employment contracts with each employee on a completely voluntary basis under the working hours system to comply with the respective legal procedures. We value work-life balance and set reasonable working hours for employees in accordance with labor regulations. If any illegal use of child labor or forced labor is discovered, we will terminate the contract with the employees in strict accordance with the law, hold relevant persons accountable, and safeguard the labor rights of the employees. We have also set up a reporting channel to encourage employees to monitor and supervise and report any violations immediately.

During the Reporting Period, there was no case of child labor or forced labor discovered by the Group.

## 6 Medical Team Building

### 6.2 Welfare and Caring for Employees

We are committed to creating a harmonious and friendly working environment and attach great importance to the welfare of our employees. We enroll our employees in the five insurance and one pension system stipulated by the State, such as endowment insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund, and make relevant social insurance contributions for eligible employees. At the same time, we provide supplementary corporate annuity in accordance with the law. Employees are entitled to statutory leave, such as annual leave, marriage leave, maternity leave, sick leave, paternity leave, and other types of leave benefits. In addition to policy benefits, we provide employees with convenient living benefits, such as meal subsidies and housing subsidies. We firmly believe that employees can concentrate more on their work when their vital interests are taken care of. This is also our original intention to build a mutually supportive environment.

We have formulated the Employee Remuneration Management System (《員工薪酬管理制度》), which established a diversified remuneration structure system in accordance with national regulations and industry standards. The system sets basic salary standards based on job levels and allocates salary based on factors such as job allowance and skill improvement. We assess the performance of employees through annual performance appraisals, which are individually set according to the position and take into account multiple indicators such as workload and quality. The Group regards the assessment results as an important basis for the evaluation of outstanding employees and the adjustment of salaries and bonuses, thus stimulating the motivation and initiative of employees. We attach importance to the establishment of a fair and standardized remuneration mechanism, which is also conducive to attracting and retaining talents. We will continue to improve the remuneration system.

We attach importance to work-life balance and actively organize various cultural and sports activities to promote the healthy development of all staff. We provide facilities such as gyms, swimming pools, and basketball courts to enrich the spare life of employees. We also support the activities of various spare time clubs, such as football teams and dance teams, to build a platform for happiness and mutual support. In addition, we regularly organize parent-child activities, retirement parties, annual meetings, etc. to strengthen the bond between employees' families and colleagues. This is conducive to the overall growth of employees and enhances the sense of belonging.

## 6 Medical Team Building

We are convinced that the quality of employees' work can only be optimized if they have a peaceful and balanced mind and body. At the same time, a good corporate culture attracts and retains talented people.



Listening to Your Heart Session -  
“Special Session for Nurse”



Summer Nursery Program – “Love in  
Kangning, Accompanying Your Child”



Employee Caring Activity – Hospital leaders  
visited frontline employees during the grade  
review period



Fitness vacations organized  
by the Labor Union



## 6 Medical Team Building

### 6.3 Health and Safety Guarantee

As a healthcare provider, we understand the importance of the physical and mental health of our employees. We are committed to providing a safe and healthy working environment for all employees and strictly comply with laws and regulations, such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Measures for the Administration of Occupational Health Examination (《職業健康檢查管理辦法》), the Measures for the Administration of Diagnosis and Confirmation of Occupational Diseases (《職業病診斷與鑑定管理辦法》), and the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》). During the Reporting Period, the Group did not violate any relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

We attach great importance to occupational health and safety and take a holistic approach to management. We have formulated the Hospital Security Management System (《醫院保安管理制度》) and the Hospital Fire Safety Management System (《醫院消防安全管理制度》). We implement various protective measures in accordance with the principle of "Focus on prevention, and Assure key points". We carry out inspections and supervision from time to time and rectify problems in a timely manner. At the same time, we conduct training to enhance safety awareness and provide qualified protective equipment.

We also standardize the handling process through the Employee Work-related Injury Management System (《員工工傷管理制度》), including reporting and reimbursing employees in the event of work-related injuries, so as to provide a basis for employees who are injured at work to follow and protect their rights and interests. At the same time, the Group provides regular medical check-ups for employees to safeguard their health. We provided annual health examinations in July during the Year for eligible employees who work in the Group's hospitals. We are committed to integrating health and safety into management details to create a safe and healthy working environment for our employees.

During the past three years (including the Reporting Period), there was no serious work-related fatal accident involving employees, and the cumulative number of lost working days due to work-related injuries throughout the Year was 970 days. The types of work-related injuries included moving and carrying patients, slips, and traffic accidents.

Employee health and safety has always been a priority for us. We have formulated a series of internal policies and guidelines and conducted training on prevention and response to emergencies. The Group continues to optimize the construction of the institutional environment so as to improve the overall safety management level. In the future, we will continue to deepen the relevant work, strengthen safety training, improve employees' awareness of self-protection, enhance safety monitoring, and identify potential risks.

## 6 Medical Team Building

### 6.4 Development and Cultivation of Medical Personnel

We are well aware of the importance of talent cultivation. We constantly optimize our internal teaching system and provide all-round training. We formulate annual training plans based on the needs of each professional position. We provide induction training for new employees to help them adapt to their jobs, and offer a series of on-the-job training to enrich the professional skills and management knowledge of current employees.

During the Reporting Period, we formulated the Work Plan for Continuing Medical Education (《繼續醫學教育工作計劃》) to cultivate medical staff with comprehensive quality through multi-channel, multi-method, and multi-level continuing medical education. We actively carried out in-hospital learning activities, organized by the Medical Department and the Nursing Department in accordance with the training plan. We regularly invited internal and external experts to give lectures in various forms such as academic lectures, to improve the professional and technical knowledge of medical staff.

We provided training for resident physicians in the form of rotations in psychiatry and related departments. By managing patients, participating in outpatient and emergency work, and various teaching activities, they completed the required quantitative clinical targets and designated self-study. For graduation internship, the interns further enhanced their basic and clinical knowledge of psychiatry, grasped the correct and standardized methods of psychiatric history inquiry, physical examination, medical record writing, and disease course recording, learned the mechanism of action, indications, contraindications, adverse drug reactions and treatment of common psychiatric drugs, and mastered the diagnosis, differential diagnosis, treatment, prevention, and common diagnostic and therapeutic practices of common diseases in psychiatry and clinical psychology through psychiatric internships.

## 6 Medical Team Building

During the Reporting Period, the Group's employee training percentage and average training hours by gender and employee type are set out as follows:

|                   | Percentage of<br>trained employees <sup>1</sup> | Average<br>training hours <sup>2</sup> |
|-------------------|---|--|
| By gender         |   |  |
| Female staff      | 100%  | 18.5 hours                             |
| Male staff        | 100%  | 17.3 hours                             |
| By employee type  |   |  |
| Junior staff      | 100%  | 17.3 hours                             |
| Middle management | 100%  | 22.7 hours                             |
| Senior management | 100%  | 24.0 hours                             |

During the Year, we were actively involved in various forms of training. We set up public mandatory courses for all employees with different departments responsible for conducting training on a variety of topics. For example, the hospital infection department is responsible for the standardized management training which involves hospital infection knowledge training; the ideological training involves medical ethics, laws and regulations, and scientific research integrity; and the fire safety training involves safety education, equipment drills, and evacuation drills. For the middle management and reserve cadres, we conduct regular training on management and professional abilities, and at the same time, we carry out external exchange training, such as the Kangning International Psychiatry Forum and academic exchanges, to strengthen the management's ability in various aspects.

- 1 Method for calculation: percentage of trained employees = number of trained employees in the category divided by the total number of employees in the category x 100%
- 2 Method for calculation: average training hours = total training hours of employees in the category divided by the total number of employees in the category

## 7 Green Healthcare

We only pay attention to the health of our patients, but focus on our environmental responsibility. We strictly abide by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other laws and regulations, and have formulated the Energy Conservation Management System (《節能管理制度》) to ensure that the environmental impact of our business activities is minimized. We actively carry out energy conservation and emission reduction to reduce the impact on the environment, strive to improve resource utilization efficiency to achieve sustainable management, and strictly control the sources of pollution to prevent environmental hazards. During the Year, the Group did not violate any regulations on environmental protection and did not have any significant accidents that had adverse impacts on the environment and natural resources or any environment-related punishments or litigation.

It is our long-term pursuit to live in harmony with the environment. Taking into account the business development and past environmental data, the Group set targets last year to maintain or reduce the intensity of energy use, water use, greenhouse gas emissions, and waste generation based on a similar level of business operation. During the Year, we reviewed the progress of our environmental targets. In terms of electricity consumption and waste, our management has achieved initial success, with a decrease in density compared to last year; in terms of greenhouse gas emissions, our density is basically the same as last year; and in terms of water use, the density of consumption has risen during the Year, and we will continue to manage the use of water resources. In the future, we will continue to monitor the progress of our targets and implement targeted measures to build a green medical system.

### 7.1 Management of Greenhouse Gas Emissions

As a medical institution, we focus on reducing our environmental impact and controlling greenhouse gas emissions. In order to further monitor and evaluate the Group's greenhouse gas emissions, we quantified greenhouse gas emissions in accordance with the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) jointly by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 formulated by the International Standardization Organization and intensified and implemented the measures of various energy conservation, environmentally friendly and low-carbon hospital operation to achieve the reduction of greenhouse gas emissions according to the relevant results.

In terms of greenhouse gas emissions, Scope 1 direct greenhouse gas emissions mainly arise from the fuel consumption of fixed equipment and vehicles owned and controlled by the Group. Scope 2 indirect greenhouse gas emissions during the Year arise from fuel consumption related to electricity use in our operations.

## 7 Green Healthcare

During the Reporting Period, the greenhouse gas emissions in the process of operation of Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. are as follows:

|  | Unit  | 2023      |
|--|---|-----------|
| Scope 1 Direct greenhouse gas emissions          | Tonnes of carbon dioxide equivalent (“CO <sub>2</sub> e”) | 1,904.31  |
| Scope 2 Indirect greenhouse gas emissions        | Tonnes of CO <sub>2</sub> e                               | 9,693.65  |
| Total greenhouse gas emissions                   | Tonnes of CO <sub>2</sub> e                               | 11,597.96 |
| Greenhouse gas emissions per person <sup>3</sup> | Tonnes of CO <sub>2</sub> e/person                        | 0.23      |

We are aware of the impact of greenhouse gases on the environment and actively take action to reduce emissions. We reduce CO<sub>2</sub> emissions by optimizing equipment updates and energy efficiency retrofits. For example, we promote LED lighting and optimize power systems. In addition, we attach great importance to environmental education and conduct regular training to raise employees’ awareness of emissions reduction. Please refer to the Energy Use Management section for details. We will continue to improve our work and transition to a low-carbon future.

During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. consumed a total of 11,597.96 tonnes of CO<sub>2</sub>e during operation, with an intensity of 0.23 tonnes of CO<sub>2</sub>e per person, representing an increase of approximately 13.73% as compared to last year, while the intensity of greenhouse gas emissions was basically the same as last year. We will continue to monitor our greenhouse gas emissions and take measures to reduce emissions and energy use, maintain our emission targets, and strive to maintain or reduce emission intensity.

### 7.2 Energy Use Management

As hospitals are generally open 24 hours a day and have complex energy requirements such as specific airflow control and specialized heating, ventilation and air-conditioning systems and energy-intensive medical equipment. Medical institutions consume a lot of energy and are one of the energy consumers in the community. However, we attach great importance to energy conservation management and insist on green operations. We strictly comply with the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), the Notice of the General Office of the State Council on Strictly Implementing the Air-conditioning Temperature Control Standards for Public Buildings (《國務院辦公廳關於嚴格履行公共建築空調溫度控制標準的通知》), the Notice of the General Office of the State Council on Strictly Implementing the Air-conditioning Temperature Control Standards for Public Buildings (《國務院辦公廳關於嚴格履行公共建築空調溫度控制標準的通知》) and the Decision of the State Council on Strengthening Energy Conservation (《國務院關於加強節能工作的決定》) and other laws and regulations, and formulate the Energy Conservation Management System (《節能管理制度》) to regulate the use of central air-conditioning facilities and equipment, thereby reducing unnecessary energy consumption and losses.

3 Calculated based on the number of employees at the end of the Year and the number of discharged patients during the Reporting Period

## 7 Green Healthcare

In order to reduce the Group's energy consumption and achieve the energy conservation target, we have adopted the following energy-saving measures at the locations of our operations:

- Mostly use natural light on sunny days during the day, maximize the use of natural light whenever possible, and use the most energy-efficient light fixtures
- Turn on some lights to increase the brightness on rainy days
- Turn off most lights and turn on some lights in the afternoon after work
- No permanent lights in public areas at night
- Turn off unnecessary lighting and turn off all electrical appliances when not in use
- Divide the hospital office into different areas with independent controllable lighting systems, and implement the working mode of flexible use of lighting system
- Turn on the air conditioner and set it to cooling when the outdoor temperature exceeds 30 °C and it feels stuffy indoors in summer; turn on the air conditioner and set it to heating when the outdoor temperature is below 5 °C and it feels cold indoors in winter
- Conduct regular cleaning and maintenance of lighting and air-conditioning systems to ensure efficiency
- The security guard on duty at night is responsible for inspecting the energy conservation status of each area and reporting any problems to the logistics management office
- Carry out regular energy conservation and consumption reduction publicity work to enhance employees' awareness of environmental protection and raise the energy conservation awareness of all employees through training, etc.
- Adhere to the green office concept to reduce unnecessary power consumption

Energy conservation is an important step in creating sustainable healthcare. In the future, we are committed to communicating and collaborating with more parties to jointly explore medical energy-saving models.

During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. consumed a total of 16,997.45 MWh of electricity during operation, with an intensity of 331.56 kWh per person, representing a slight decrease from last year. We will maintain and strive to reduce the Group's power consumption intensity. In the future, we will continue to monitor our energy use and take energy-saving measures to reduce our energy use.

## 7 Green Healthcare

### 7.3 Water Resource Management

Water resources are essential for healthcare and also very precious. We attach great importance to the hygiene and safety of water supply to protect the health of personnel and patients. Due to the nature of the business, the Group attaches great importance to clean and safe sanitation facilities and therefore must provide clean water at all times.

In order to further improve the utilization efficiency of water resources and achieve the water conservation target, we have adopted various water conservation measures:

- Cultivate good water habits among staff and raise their awareness of conservation
- Regularly check the readings of the water meter. Once any damage or leakage is found, repair work will be arranged in time and daily maintenance management will be strengthened to minimize any waste caused by leakage
- Choose water-saving appliances, such as toilets with dual-flush functions
- Advocate the use of rainwater recycling systems, such as central condensate recycling systems and secondary water supply systems, to recycle wastewater
- Put up water-saving notices to raise water-saving awareness

We understand the importance of water conservation on environmental load. This is also an important part of our efforts to create “Green Hospitals”.

The Group’s water comes from the municipal water supply and we did not have any water access problems during the Reporting Period. During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. consumed a total of 623,374.00 m<sup>3</sup> of water during operation, with an intensity of 12.16 m<sup>3</sup> per person. The total water consumption increased by approximately 16.71% as compared to last year, and the density increased slightly, mainly due to the increase in water consumption as a result of business growth. In the future, we will continue to monitor water usage and adopt conservation measures to reduce water use.

## 7 Green Healthcare

### 7.4 Paperless Management

The medical industry has a large number of documents that need to be printed, and we are promoting digitization to save resources. We have implemented electronic medical record information management, and medical records and test reports are in electronic format for easy access and management. We use a mobile cloud office platform to handle business processes, such as reporting, signing, and approving, which significantly reduces the need for printing through online processing.

If patients have special needs to print paper documents, we will make arrangements while ensuring data security. We recycle and reuse excess printing paper and other consumables to eliminate waste and exchange electronic information with each clinic site through the cloud to speed up processing efficiency.

In the future, the Group will continue to explore more optimization initiatives to establish a zero-waste resource management model. This is also a specific action of our continuous efforts toward the goal of “Green Healthcare”.

#### Measures to reduce paper consumption

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|                       |   |
|-----------------------|---|
| Cloud Communication   | <ul style="list-style-type: none"> <li>Employees transfer information and documents in the form of electronic communication and electronic files and use the system to quickly access the information of the necessary contacts, so as to realize the paperless address book</li> </ul> |
| Cloud Approval        | <ul style="list-style-type: none"> <li>Employees can submit approval applications for personnel, finance, materials, and information through their mobile phones, and the system will send approval messages in real time to further realize paperless business approval</li> </ul>     |
| Cloud Storage         | <ul style="list-style-type: none"> <li>As a safe and reliable document library of the Group, various measures to maintain information security are implemented in the system to monitor the sharing and access of documents in real time</li> </ul>                                     |
| Cloud Decision-making | <ul style="list-style-type: none"> <li>Integrate and refer to the hospital’s various operational indicators, and present the data analysis results on the mobile terminal in the form of charts to help managers make decisions based on scientific evidence and data</li> </ul>        |
| Cloud Salary          | <ul style="list-style-type: none"> <li>Employees can check their salary details through the system at any time</li> </ul>   |

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During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. consumed a total of 57,008.45 kg of papers, with an intensity of 1.11 kg per person. During the Year, the total volume and density of paper used decreased compared to last year. In the future, we will continue to monitor paper consumption and adopt conservation measures to reduce paper use.



## 7 Green Healthcare

### 7.5 Waste Management

Waste management is essential for environmental protection. We have taken a series of measures to improve efficiency. We categorize and manage waste according to its nature, which is mainly divided into hazardous and non-hazardous waste. We have formulated a comprehensive waste treatment system and clarified the standards of each step, such as the procedures for storage, collection, and transportation. We engage professional units to handle hazardous waste safely and regularly evaluate our waste management efforts to continuously optimize processes and implement the green healthcare concept.

#### Hazardous Waste Management

We attach great importance to the disposal of medical waste. We have engaged a qualified third party to assist all of our medical institutions in the classification, collection, storage, transfer, and transportation of medical wastes in accordance with applicable laws and regulations such as the Medical Waste Management Regulations (《醫療廢物管理條例》), Medical Waste Management Measures for Medical and Health Institutions (《醫療衛生機構醫療廢物管理辦法》) and Technical Specifications for Centralized Treatment of Medical Waste (《醫療廢物集中處理技術規範》).

We strictly classify and collect medical waste and use specialized equipment for professional disposal. Mixed storage or random disposal is prohibited. In addition, we have established radioactive liquid waste treatment facilities to regulate the use, storage, and disposal of radioactive sources and liquid waste. In the future, we will continue to explore better disposal models and improve medical waste management. We will also actively provide safety education and improve the supervisory capacity in all aspects, in order to build a green medical system.

#### Non-hazardous Waste Management

The Group strictly complies with the laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Regulations on the Prevention and Control of Solid Waste Pollution in Zhejiang Province (《浙江省固體廢物污染防治條例》) and the Measures for the Management of Kitchen Waste in Wenzhou City (《溫州市區餐廚垃圾管理辦法》) to separate collection and management of recyclable, non-recyclable and hazardous waste, and recycle paper, metal, plastic, batteries, etc.

We collect different wastes in separate categories and regularly recycle paper, plastic, and other resources. At the same time, we install purification facilities to treat kitchen waste fumes and engage professional units to dispose of them. We also encourage low-carbon life and reduce the source of waste. For example, we advocate the reuse of packaging materials to avoid waste caused by excessive purchases and regularly take stock to reasonably replenish. In the future, we will continue to promote classification and raise awareness of environmental protection among employees.

## 7 Green Healthcare

During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. recorded a total output of non-hazardous waste of 5,022,600.00 kg, with an intensity of 97.97 kg per person; and a total output of hazardous waste, including medical waste, computers, used ink cartridges and used batteries, of 56,553.00 kg, with a density of 1.10 kg per person. During the Year, the intensity of non-hazardous and hazardous waste output decreased compared to last year, and our waste management has achieved preliminary results. In the future, we will continue to monitor the output and intensity of waste and adopt waste reduction measures to reduce waste generation.

### 7.6 Climate Change Challenges

Climate change has become a major challenge affecting global development. As a medical organization, we are well aware of its potential impact on individuals, teams, and society. We have actively assessed the various risks that climate change may bring, and have developed appropriate preventive measures to ensure that we continue to provide quality medical services. At the same time, we have set greenhouse gas emission reduction targets. We curb emissions at source and assume our corporate responsibilities by standardizing management and enhancing energy efficiency.

The Group has identified the following climate risks that may have an impact on the Group's business, and the Group has also developed corresponding measures or systems to address the challenges of climate change based on their potential impact:

#### Entity Climate Risks

Rising temperatures and frequent extreme weather events, such as extreme heat, cyclones, and heavy rainfall, may have serious impacts on the supply chain, hospital facilities, offices, and employee commuting. It may also cause employee safety issues, leading to disruption of medical services, affecting stable operations, and causing property damage. Power may be affected by extreme weather disasters, which may require temporary closure of offices. In addition, rising temperatures may cause hospitals to use more cooling equipment, which will increase power demand and operating expenses. The Group will actively develop emergency plans for extreme weather to ensure the provision of safety measures for employees and patients while ensuring the normal operation of the hospital. During the Reporting Period, we also provided disaster response training and escape drills to employees.

#### Policy and Regulatory Risks

As countries actively commit to achieving carbon neutrality targets, governments and regulators may implement more stringent policies and measures to achieve emission reduction targets. For listed companies, regulators may impose more demanding governance and disclosure requirements and the Group will face reporting and disclosure compliance risks. This may cause us to face issues such as increased costs and fines for non-compliance, and we may be subject to restrictions on investment amounts as required by stricter ESG standards. We focus on compliance-related risks and actively track the latest laws and regulations on climate change and ESG-related matters, incorporate them into our management strategy, and take corresponding measures in a timely manner to ensure our compliance and business stability.

## 7 Green Healthcare

### Reputational Risks

As stakeholders demand that the Group raise the bar on climate action, failure to respond effectively to such demands will affect our corporate reputation, and we may lose our competitive advantage to competitors with better sustainable performance. In view of this, we will pay close attention to the update of environment-related policies, actively respond to the national call for “Dual Carbon”, actively communicate with stakeholders, and publicly disclose the Group's green and low-carbon efforts in the ESG report to proactively maintain the corporate image.

Through the above risk assessment process, we have gained a clearer understanding of the Group's potential climate change-related risks. We will continue to proactively face the challenges posed by climate change and formulate corresponding measures to enhance our response capability and mitigate the related impacts. We hope to mitigate the climate warming trend through practical actions. We are incorporating this concept into our decision-making and daily operations, and working with all stakeholders to address environmental issues of common concern.

## 8 Community Contribution and Service

We always uphold the business philosophy of “giving back to the community”. The Group is not only committed to the development of the medical business but also actively participates in and supports public welfare undertakings through various channels to serve the health of the community. We are actively engaged in community investment. During the Reporting Period, we invested more than RMB10 million to support various community welfare projects, such as charity medical care and assistance to orphans and the needy to help disadvantaged groups through professional medical care. In the future, we will continue to work with all sectors to build a healthy community for all and participate in more aspects of public welfare for the benefit of the community.

### 8.1 Collaboration and Assistance

#### “Wenzhou Kangning – Nanchong Mental Health” East-West Collaboration and Assistance Project

Wenzhou Kangning and Nanchong Mental Health Center of Sichuan Province reached a cooperation agreement with the aim of providing collaboration and support to Nanchong Mental Health Center. According to the agreement, Wenzhou Kangning will assist Nanchong Mental Health in the clinical teaching and training of mental health talents, the establishment of information systems, and the construction of the disciplines of pediatric, adolescent, and geriatric medicine. Wenzhou Kangning will leverage its information technology advantages to support Nanchong in building a smart network for student mental health services. As part of the collaboration, Wenzhou Kangning donated an intelligent student mental health service platform “Xinqing Station” worth RMB2 million to Nanchong City to help improve the level of smart social psychological services in Nanchong City. This powerful combination between psychiatric hospitals in the East and West is an opportunity to better promote psychiatric exchanges and cooperation between the two places, strengthen the construction of disciplines and informatization, and jointly promote the development of mental health undertakings.



## 8 Community Contribution and Service

### 8.2 Psychological Assistance

Aba County has been supported by Wenzhou through a paired-assistance program. We actively responded to the call for assistance provision of the Party committees and governments of Wenzhou and Aba, and conducted assistance activities for Aba County to the best of our ability based on our own professional advantages. In particular, our intelligent student psychological service platform, “Xinqing Station”, is specially built for students, combining online public welfare counseling, psychological science popularization, psychological testing, psychological stress reduction, and other functions as a whole. We want to provide better mental health services for students in Aba. Both parties will take the public welfare activity as a starting point to better explore and promote the construction of the student mental health demonstration site in Aba.

In April 2023, Aba County Middle School held a solemn donation ceremony for the “Xinqing Station”. The intelligent student psychological service platform “Xinqing Station” worth RMB150,000 donated by the Group officially opened in Aba County Middle School, which is also the first “Xinqing Station” project launched in Sichuan Province. We have the superior disciplines of psychiatry and psychology, especially our self-developed intelligent student psychological service platform, which can provide a brand-new mental health service for the children in Aba. This assistance activity is of special significance.

During their stay in Aba, the psychiatrists and psychotherapists accompanying the team also provided psychological team counseling for the school’s teachers and Balint group experiences. At the same time, they provided psychological screenings and popular science lectures to the students.



## Appendix I: Sustainability Data Statement

The scope of environmental key performance indicators (KPIs) in the Report covered the healthcare businesses directly controlled by the Group, including Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd., the sustainability data statement in the subject area of environment of which is set out as follows:

|  | Unit                               | 2023         |
|--|------------------------------------|--------------|
| <b>Emissions<sup>4</sup></b>                                 |                                    |              |
| Nitrogen oxides (NOx)  | kg                                 | 516.66       |
| Sulphur oxides (SOx)   | kg                                 | 2.53         |
| Particulate Matters (PM)                                     | kg                                 | 46.05        |
| <b>Greenhouse gas emissions</b>                              |                                    |              |
| Direct greenhouse gas emissions (Scope 1)                    | Tonnes of CO <sub>2</sub> e        | 1,904.31     |
| Indirect greenhouse gas emissions (Scope 2)                  | Tonnes of CO <sub>2</sub> e        | 9,693.65     |
| Total greenhouse gas emissions (Scope 1 & 2)                 | Tonnes of CO <sub>2</sub> e        | 11,597.96    |
| Greenhouse gas emissions per person <sup>5</sup>             | Tonnes of CO <sub>2</sub> e/person | 0.23         |
| <b>Energy consumption</b>                                    |                                    |              |
| Natural gas consumption                                      | m <sup>3</sup>                     | 136,833.00   |
| Liquefied natural gas consumption                            | kg                                 | 3,105.80     |
| Liquefied petroleum gas consumption                          | Tonnes                             | 6.00         |
| Gasoline consumption   | Litre                              | 153,986.66   |
| Diesel consumption   | Litre                              | 24,946.12    |
| Vegetable oil fuel consumption                               | kg                                 | 20,568.00    |
| Self-generated electricity                                   | kWh                                | 10,000.00    |
| Consumption of purchased electricity                         | MWh                                | 16,997.45    |
| Consumption of purchased electricity per person <sup>5</sup> | kWh/person                         | 331.56       |
| <b>Water consumption</b>                                     |                                    |              |
| Water consumption  | m <sup>3</sup>                     | 623,374.00   |
| Water consumption per person <sup>5</sup>                    | m <sup>3</sup> /person             | 12.16        |
| <b>Paper consumption</b>                                     |                                    |              |
| Paper consumption  | kg                                 | 57,008.45    |
| Paper consumption per person <sup>5</sup>                    | kg/person                          | 1.11         |
| <b>Waste production</b>                                      |                                    |              |
| Non-hazardous waste production                               | kg                                 | 5,022,600.00 |
| Production of non-hazardous waste per person <sup>5</sup>    | kg/person                          | 97.97        |
| Hazardous waste production                                   | kg                                 | 56,553.00    |
| Production of hazardous waste per person <sup>5</sup>        | kg/person                          | 1.10         |

4 We calculate the Group's air pollutant emissions with reference to the Stock Exchange's "How to Prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs".

5 Calculated based on the number of employees at the end of the Year and the number of discharged patients during the Reporting Period

## Appendix I: Sustainability Data Statement

The following is the Group's human resources data statement for the Year:

|   | Unit   | 2023  |
|---|--------|-------|
| <b>Total number of employees</b>                  | Number | 4,765 |
| <b>Number of employees by employee category</b>   |        |       |
| Full-time employee                                | Number | 4,765 |
| <b>Number of employees by gender</b>              |        |       |
| Female employees                                  | Number | 3,178 |
| Male employees                                    | Number | 1,587 |
| <b>Number of employees by employee rank</b>       |        |       |
| Junior employees                                  | Number | 4,062 |
| Middle management                                 | Number | 683   |
| Senior management                                 | Number | 20    |
| <b>Number of employees by age group</b>           |        |       |
| Employees aged under 30                           | Number | 2,085 |
| Employees aged between 30 and 50                  | Number | 1,671 |
| Employees aged above 50                           | Number | 1,009 |
| <b>Number of employees by geographical region</b> |        |       |
| Employees from North China                        | Number | 176   |
| Employees from Northeast China                    | Number | 97    |
| Employees from East China                         | Number | 4,209 |
| Employees from Central China                      | Number | 126   |
| Employees from Northwest China                    | Number | 0     |
| Employees from South China                        | Number | 157   |

## Appendix I: Sustainability Data Statement

|  | Unit | 2023  |
|--|------|-------|
| <b>Total employee turnover rate<sup>6</sup></b>      | %    | 19.14 |
| <b>Employee turnover rate by gender</b>              |      |       |
| Female employees                                     | %    | 17.82 |
| Male employees                                       | %    | 21.67 |
| <b>Employee turnover rate by age group</b>           |      |       |
| Employees aged under 30                              | %    | 19.03 |
| Employees aged between 30 and 50                     | %    | 13.37 |
| Employees aged above 50                              | %    | 27.36 |
| <b>Employee turnover rate by geographical region</b> |      |       |
| Employees from North China                           | %    | 18.14 |
| Employees from Northeast China                       | %    | 42.94 |
| Employees from East China                            | %    | 18.07 |
| Employees from Central China                         | %    | 17.65 |
| Employees from Northwest China                       | %    | 0.00  |
| Employees from South China                           | %    | 27.98 |

<sup>6</sup> Employee turnover rate is calculated based on the number of employees lost divided by the sum of the number of employees lost and the number of employees at the end of the Year



## Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index

| Environment          |                    |  | Relevant sections   |
|----------------------|--------------------|--|---|
| A1: Emissions        | General disclosure | Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 7 Green Healthcare -<br>7.1 Management of Greenhouse Gas Emissions;<br>7.5 Waste Management                             |
|                      | A1.1               | The types of emissions and respective emissions data.  | Appendix I: Sustainability Data Statement   |
|                      | 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).  | 7 Green Healthcare -<br>7.1 Management of Greenhouse Gas Emissions;<br>Appendix I: Sustainability Data Statement        |
|                      | A1.3               | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | 7 Green Healthcare -<br>7.5 Waste Management;<br>Appendix I: Sustainability Data Statement                              |
|                      | A1.4               | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | 7 Green Healthcare -<br>7.4 Paperless Management;<br>7.5 Waste Management;<br>Appendix I: Sustainability Data Statement |
|                      | A1.5               | Description of emissions target(s) set and steps taken to achieve them.  | 7 Green Healthcare -<br>7.1 Management of Greenhouse Gas Emissions  |
|                      | 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.   | 7 Green Healthcare -<br>7.4 Paperless Management;<br>7.5 Waste Management;  |
| A2: Use of Resources | General disclosure | Policies on the efficient use of resources, including energy, water, and other raw materials.  | 7 Green Healthcare -<br>7.2 Energy Use Management;<br>7.3 Water Resource Management;<br>7.4 Paperless Management        |
|                      | 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).  | 7 Green Healthcare -<br>7.2 Energy Use Management;<br>Appendix I: Sustainability Data Statement                         |

## Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index

| Environment                               |                    |   | Relevant sections  |
|---|--------------------|---|--|
|   | A2.2               | Water consumption in total and intensity (e.g. per unit of production volume, per facility).  | 7 Green Healthcare -<br>7.3 Water Resource Management;<br>Appendix I: Sustainability Data Statement  |
|   | A2.3               | Description of energy use efficiency target(s) set and steps taken to achieve them.   | 7 Green Healthcare -<br>7.2 Energy Use Management;   |
|   | 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.   | 7 Green Healthcare -<br>7.3 Water Resource Management;   |
|   | A2.5               | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.  | Not applicable. Due to the nature of the Group's business, the Group does not produce any finished products nor does it have any industrial facilities. Therefore, no large amount of packaging material is used in the daily operation process. |
| A3: The Environment and Natural Resources | General disclosure | Policies on minimizing the issuer's significant impacts on the environment and natural resources.   | 7 Green Healthcare   |
|   | A3.1               | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.   | 7 Green Healthcare   |
| A4: Climate Change                        | General disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.  | 7 Green Healthcare -<br>7.6 Climate Change Challenges  |
|   | 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.  | 7 Green Healthcare -<br>7.6 Climate Change Challenges  |
| B. Social                                 |                    |   |  |
| B1: Employment                            | General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 6 Medical Team Building-<br>6.1 Employment Management;<br>6.2 Welfare and Caring for Employees   |
|   | B1.1               | Total workforce by gender, employment type, age group, and geographical region.   | Appendix I: Sustainability Data Statement  |
|   | B1.2               | Employee turnover rate by gender, age group and geographical region.  | Appendix I: Sustainability Data Statement  |

## Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index

| Environment                  |                    |   | Relevant sections |  |
|------------------------------|--------------------|---|-------------------|--|
| B2: Health and Safety        | General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.3               | Health and Safety Guarantee                      |
|                              | B2.1               | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.   | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.3               | Health and Safety Guarantee                      |
|                              | B2.2               | Lost days due to work injury.   | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.3               | Health and Safety Guarantee                      |
|                              | B2.3               | Description of occupational health and safety measures adopted, and how they are implemented and monitored.   | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.3               | Health and Safety Guarantee                      |
| B3: Development and Training | General disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.4               | Development and Cultivation of Medical Personnel |
|                              | B3.1               | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).  | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.4               | Development and Cultivation of Medical Personnel |
|                              | B3.2               | The average training hours completed per employee by gender and employee category.  | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.4               | Development and Cultivation of Medical Personnel |
| B4: Labor Standards          | General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.   | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.1               | Employment Management                            |
|                              | B4.1               | Description of measures to review employment practices to avoid child and forced labor.   | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.1               | Employment Management                            |
|                              | B4.2               | Description of steps taken to eliminate such practices when discovered.   | 6                 | Medical Team Building-                           |
|                              |                    |   | 6.1               | Employment Management                            |

## Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index

| Environment                 |                    |   | Relevant sections  |  |
|-----------------------------|--------------------|---|--|--|
| B5: Supply Chain Management | General disclosure | Policies on managing environmental and social risks of the supply chain.  | 5  | Hospital Compliant Operation-<br>5.4 Supply Chain Norms  |
|                             | B5.1               | Number of suppliers by geographical region.   | 5  | Hospital Compliant Operation-<br>5.4 Supply Chain Norms  |
|                             | 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.   | 5  | Hospital Compliant Operation-<br>5.4 Supply Chain Norms  |
|                             | B5.3               | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.  | 5  | Hospital Compliant Operation-<br>5.4 Supply Chain Norms  |
|                             | B5.4               | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.   | 5  | Hospital Compliant Operation-<br>5.4 Supply Chain Norms  |
| B6: Product Responsibility  | General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling, and privacy matters relating to products and services provided and methods of redress. | 5  | Hospital Compliant Operation-<br>5.1 Management of Service Quality;<br>5.2 Protection of Operational Information |
|                             | B6.1               | Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | Not applicable. As the Group operates the healthcare business, there are no products sold or shipped subject to recalls for safety and health reasons. |  |
|                             | B6.2               | Number of products and service related complaints received and how they are dealt with.   | 5  | Hospital Compliant Operation-<br>5.1 Management of Service Quality   |
|                             | B6.3               | Description of practices relating to observing and protecting intellectual property rights.   | 5  | Hospital Compliant Operation-<br>5.3 Maintenance of Intellectual Property Rights                                 |
|                             | B6.4               | Description of quality assurance process and recall procedures.   | 5  | Hospital Compliant Operation-<br>5.1 Management of Service Quality   |
|                             | B6.5               | Description of consumer data protection and privacy policies, and how they are implemented and monitored.   | 5  | Hospital Compliant Operation-<br>5.2 Protection of Operational Information                                       |

## Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index

| Environment              |                    |   | Relevant sections |  |
|--------------------------|--------------------|---|-------------------|--|
| B7: Anti-corruption      | General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering. | 5<br>5.5          | Hospital Compliant Operation-<br>Anti-Corruption and Business Ethics |
|                          | 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.                                | 5<br>5.5          | Hospital Compliant Operation-<br>Anti-Corruption and Business Ethics |
|                          | B7.2               | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.  | 5<br>5.5          | Hospital Compliant Operation-<br>Anti-Corruption and Business Ethics |
|                          | B7.3               | Description of anti-corruption training provided to directors and staff.  | 5<br>5.5          | Hospital Compliant Operation-<br>Anti-Corruption and Business Ethics |
| B8: Community Investment | General disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.            | 8                 | Community Contribution and Service                                   |
|                          | B8.1               | Focus areas of contribution.  | 8                 | Community Contribution and Service                                   |
|                          | B8.2               | Resources contributed to the focus area.  | 8                 | Community Contribution and Service                                   |

溫州康寧醫院股份有限公司  
Wenzhou Kangning Hospital Co., Ltd.