



溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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

Stock code: 2120

2018 | ANNUAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Contents

1.	ABOUT THE REPORT	2
2.	ABOUT THE GROUP	3
3.	CHAIRMAN'S STATEMENT	5
4.	SUSTAINABLE DEVELOPMENT STRATEGY	6
	4.1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE	6
	4.2. STAKEHOLDER ENGAGEMENT	7
	4.3. MATERIALITY ASSESSMENT	9
5.	PRACTICE OF CARING MISSION	12
	5.1. PROFESSIONAL HEALTHCARE SERVICES	12
	5.2. RESPECT FOR PATIENTS' PRIVACY	12
	5.3. ADVOCATING INTEGRITY AND IMPARTIALITY	13
	5.4. EMPHASIS ON SERVICE AND COMMUNICATION	13
	5.5. SUPPLY CHAIN MANAGEMENT	14
	5.6. PROTECTION OF INTELLECTUAL PROPERTY RIGHTS	14
6.	PROFESSIONAL MEDICAL TEAM	15
	6.1. EMPLOYMENT PRACTICE OF THE GROUP	15
	6.2. EMPLOYEES' BENEFITS AND REMUNERATION	16
	6.3. EMPLOYEES' HEALTH AND SAFETY	16
	6.4. BUILDING OF A PROFESSIONAL TEAM	17
7.	HEALTHY AND GREEN CULTURE	18
	7.1. LOW-CARBON HOSPITAL OPERATION	18
	7.1.1. Management of Greenhouse Gas Emissions	18
	7.2. GREEN HOSPITAL MANAGEMENT	20
	7.2.1. Energy Management	20
	7.2.2. Water Resource Management	21
	7.2.3. Paperless Office	21
	7.2.4. Enhancement of Pollution Prevention	22
8.	BUILDING OF HEALTHY COMMUNITIES	24
	8.1. RESPONDING TO TARGETED ASSISTANCE	24
	8.2. SPREADING OF LOVE-RELATED MESSAGE	25
9.	APPENDIX I: SUSTAINABILITY DATA STATEMENT	27
10.	APPENDIX II: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE INDEX	30

1. ABOUT THE REPORT

Wenzhou Kangning Hospital Co., Ltd. (hereinafter referred to as “Wenzhou Kangning” or the “Company”) and its subsidiaries (hereinafter referred to as the “Group” or “we”) are pleased to announce our third Environmental, Social and Governance Report (the “Report”). The Report aims to describe the Group’s sustainable development concept and relevant principles as well as its commitments to fulfill the corporate social responsibilities. The Report also summarizes what we have done with regard to the environment and society and discloses our relations with major stakeholders.

Reporting Standards

The Report is prepared in accordance with the ESG Reporting Guide (《環境、社會及管治報告指引》) (hereinafter referred to as the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities (《證券上市規則》) on the Stock Exchange of Hong Kong Limited. Its contents covered in the Reporting scope also comply with the disclosure principle required in the Guide.

Reporting Scope

The Report mainly focuses on the Group’s core business and its overall performance in realizing sustainable development concept and fulfilling social responsibilities from 1 January 2018 to 31 December 2018 (hereinafter referred to as the “Year” or the “Reporting Period”). Unless otherwise stated, the Report covers healthcare business directly controlled by the Group. Please refer to the section headed “Corporate Governance Report” in the annual report or the Group’s official website (www.knhosp.cn) for detailed information about the corporate governance of the Group.

Reporting Language

The Report is prepared in both traditional Chinese and English and released in the electronic form. In case of discrepancy, the traditional Chinese version shall prevail.

Preparation of the Report

In preparing the Report, we got support from all stakeholders of the Group, which enables us to more effectively monitor the environmental and social development progress the Group has made for the moment and make relevant disclosure.

Feedback on the Report

We welcome your opinions with regard to the Report. Your valuable comments are of great importance for the Group to determine our short-term and long-term sustainable development strategies. Please contact us via email (email address: ir@knhosp.com) for any inquiries or suggestions.

2. ABOUT THE GROUP

Established in 1996 and headquartered in Wenzhou City, Zhejiang Province, the People's Republic of China (the "PRC" or "China"), the Group is primarily engaged in providing psychiatric specialty healthcare services. Apart from the psychiatric specialty healthcare services, Wenzhou Kangning and Wenzhou Yining Geriatric Hospital Co., Ltd. under the Group also provide comprehensive healthcare services. In addition, the Group manages six medical institutions through entrusted management agreements, which are Wenzhou Cining Hospital Co., Ltd., Yanjiao Furen Hospital of Traditional Chinese and Western Medicine, Pujiang Huangfeng Psychiatric Specialty Hospital, Chun'an Huangfeng Kang'en Hospital, psychiatric healthcare department of Pingyang Changgeng Hospital Co. Ltd and Yiwu City Psychiatric Health Center, respectively.

With the further expansion of the Group's network layout of medical institutions, in the Year, the number of medical institutions under our operation and management increased from 18 at the end of 2017 to 24, and the number of beds of medical institutions under our operation and management increased from 4,550 at the end of 2017 to 6,300. To further improve the service quality, we have carried out in-depth renovation and upgrade of the existing medical institutions: The inpatient buildings of Yiwu City Psychiatric Health Center and Pujiang Huangfeng Psychiatric Specialty Hospital have been renovated and put into use. The renovation project of the new building of Cangnan Kangning Hospital Co., Ltd. has been completed, and the new sites of Qingtian Kangning Hospital Co., Ltd. and Yongjia Kangning Hospital Co., Ltd. have been implemented.

In the Year, the Group achieved new development in informatization construction. The Group independently developed the inpatient electronic medical record system with the characteristics of psychiatric specialty and a series of other management software systems with independent copyright, which provided strong technical support to strengthen the sharing of resources, reduce operating costs and improve decision-making and management level of the Group, and also provided an effective carrier for the output of group management mode.

In addition, Wenzhou Kangning has successfully passed the acceptance of the national key clinical specialties (psychiatry). The construction of special specialties in clinical psychology and behavioral medicine has achieved remarkable results. The number of scientific research projects and articles collected in the journals in Science Citation Index at all levels has repeatedly reached new heights, which has promoted Wenzhou Kangning to rank 31 in the scientific and technological influence of psychiatry specialty of the Chinese Academy of Medical Sciences (ranked 55 in 2017). In the Year, Wenzhou Kangning was awarded as a star hospital by Institute of Asclepius Hospital Management (艾力彼醫院管理研究中心), becoming China's first five-star psychiatric specialty hospital, and its hospital operation management and development mode was also included into the teaching case library of Harvard Business School, the first included hospital case in China. Following are awards received in the Year, reflecting the Group's contribution and status with regard to business development and sustainable development:

Honorary title	Awarding authority
Top ten best employer of national private hospital among Chinese medical institutions in promotion development in 2017	DXY (丁香園)
Top 100 hospitals in the ranking list of the competitiveness of Hospital Information Connectivity (HIC) in China in 2017	Institute of Asclepius Hospital Management
Top 100 hospitals in the ranking list of the competitiveness of non-public hospitals in China in 2017	Institute of Asclepius Hospital Management
Advanced group in economic transformation development and high-quality service unit in Wenzhou	CPC Wenzhou Municipal Committee, Wenzhou Municipal People's Government
Standard unit in the construction of women workers' organization under Wenzhou Federation of Trade Unions	Wenzhou Federation of Trade Unions
Five-star hospital upon star certification for the competitiveness of China's hospitals	Hong Kong Institute of Asclepius Hospital Management (香港艾力彼醫院管理研究中心), Star Certification and Evaluation Committee for the Competitiveness of China's Hospitals (中國醫院競爭力星級認證評定委員會)
Standing director of Zhejiang Psychological Consultation and Psychotherapy Industry Association	Zhejiang Psychological Consultation and Psychotherapy Industry Association



3. CHAIRMAN'S STATEMENT

Dear stakeholders:

The year 2018 is vital to the Group's implementation of its business strategic plan. With the constant deepening of the national healthcare reform, the Group's business also achieved rapid development. With the core values of "Respecting Life and Serving Humbly" and professional ethics of "Scientific Diagnosis, Reasonable Medication, Strict Adherence to Privacy and Honest Medical Practice", we are devoted to providing safe and reliable professional healthcare services.

While operating hospitals and promoting development of the healthcare industry, the Group paid active attention to the impact of its business operations on the environment and society and insisted on putting sustainable development in a crucial position. We have established a sound Environmental, Social and Governance (hereinafter referred to as "ESG") Structure, enhanced our communications with various stakeholders and performed our corporate social responsibilities. We put emphasis on the talent team building and management and fostered a professional healthcare service team by creating a harmonious, inclusive, healthy and safe working environment and optimizing the human resources management system. In response to environmental challenges, we advocated responsible operations and carried out green hospital operations by actively managing the emissions of greenhouse gas, properly using resources, regulating pollution prevention measures and cultivating employees' awareness of environmental protection. With regard to the public welfare, we arranged targeted public welfare assistance activities and publicized the knowledge of mental health in communities. Wisely leveraging our medical profession, we set up special medical assistance funds, held free expert consultation activities and served the public in a professional manner.

In the future, riding on the opportunities from the development of the healthcare industry, the Group will develop the healthcare service market, intensify fine management of medical institutions, maintain high-level healthcare services and contribute its efforts to building a healthy society while remaining committed to its environmental and social responsibilities.

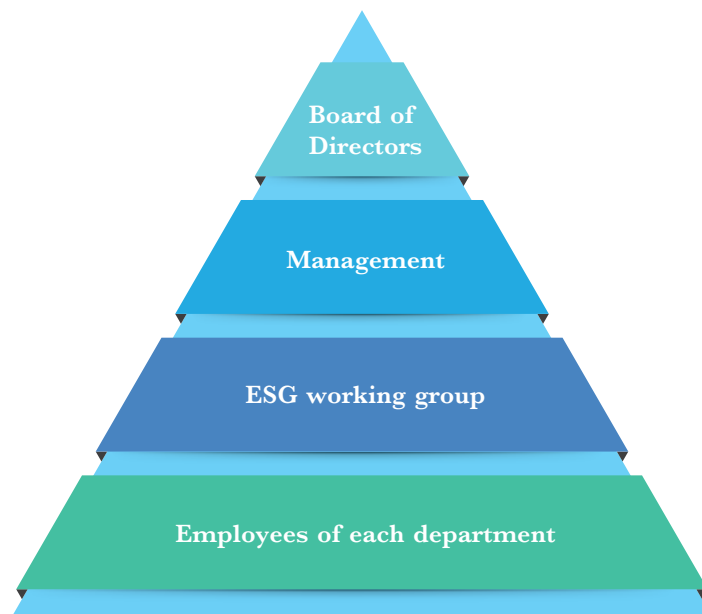
GUAN Weili
Chairman of the Board
Zhejiang, the PRC
July 2019

4. SUSTAINABLE DEVELOPMENT STRATEGY

With a firm belief in the concept of “Better to Give than to Take”, the Group has since its inception been committed to providing professional healthcare services, with a view to building itself into a loving hospital. While operating hospitals and promoting business development, we insist on putting sustainable development in a crucial position. The Group’s sustainable development strategy covers professional team, healthcare service, environment, community and other sectors, and makes positive contributions to protecting the society and environment.

4.1. Environmental, Social and Governance Structure

We actively implement the sustainable development policy in our daily business operation. Our board of directors is responsible for evaluating and determining ESG-related risks of the Group, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. To improve the Group’s performance in the environment, society and governance, we set up the ESG working group, which is specially responsible for monitoring relevant risks in the environment, society and governance, regularly reporting to the board of directors and promoting the implementation of various ESG policies from top to bottom.



According to the Notification Concerning the Establishment of the ESG Working Group Responsible for the Environment, Society and Governance (《關於成立環境、社會及管治專責小組的通知》) issued by us, the ESG working group, which is composed of the executive directors, general manager, board secretary and representatives from main departments of the Group, is primarily responsible for identifying significant ESG matters, reviewing and supervising relevant policies, management and performance, and proposing suggestions to the board of directors in due time and enhancing the Group’s performance in the environment, society, and governance.

4.2. Stakeholder Engagement

The Group attaches importance to stakeholder engagement. We listen to internal and external stakeholders' opinions with regard to ESG issues in an open-minded manner and expect to establish a long-term trustful partnership with our stakeholders.



In the Year, we contacted different stakeholders, including shareholders/investors, government and regulatory authorities, patients/customers, employees, counterparties/business partners, suppliers, media and communities/non-government groups. We communicated with various stakeholders through different communication channels to better understand their concerns and expectations, which was helpful for us to work out sustainable development strategies.

Stakeholders	Major concerns	Mode of communication
Shareholders/investors	<ul style="list-style-type: none"> • Compliance operation • Economic performance • Information transparency • Effective communication 	<ul style="list-style-type: none"> • Results announcement • Meetings and interviews • Interim and annual reports
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance operation • Transparency and governance 	<ul style="list-style-type: none"> • Meeting • On-site investigation • Written replies to the public consultation • Compliance report
Patients/customers	<ul style="list-style-type: none"> • Medical quality management • Privacy protection • Complaint handling 	<ul style="list-style-type: none"> • Satisfaction survey and feedback form • Consultation group • Service center • Daily operation/communication • Telephone
Employees	<ul style="list-style-type: none"> • Salary and welfare • Healthy and safe work environment • Training opportunities 	<ul style="list-style-type: none"> • Performance appraisal • Group discussion • Meetings and interviews • Volunteer activities • Special consultative committee • Employee communication meeting • Employee Intranet
Industry/business partners	<ul style="list-style-type: none"> • Compliance and integration • Mutual development 	<ul style="list-style-type: none"> • Strategic cooperation projects • Seminars • Reports • Visits

Stakeholders	Major concerns	Mode of communication
Suppliers	<ul style="list-style-type: none"> Fair competition Risk management Sustainable supply chain 	<ul style="list-style-type: none"> Supplier management procedures Supplier/undertaker assessment system
Media	<ul style="list-style-type: none"> Information transparency 	<ul style="list-style-type: none"> Press conference Press release Interviews with the senior management
Communities/non-government groups	<ul style="list-style-type: none"> Voluntary services Charity donations Community investment 	<ul style="list-style-type: none"> Volunteer activities Donations Community investment plans Community activities

4.3. Materiality Assessment

To further analyse the importance of various ESG issues, we conducted a materiality assessment in the Year. We identified 20 sustainable development issues relating to the Group's operation with reference to the GRI's Sustainability Reporting Guidelines and the Guide (《指引》). Through the online questionnaire platform, we invited stakeholders to rate on the importance of various issues to the Group and stakeholders on a scale of 1 to 10, with "1" being the lowest level of importance and "10" being the highest level of importance. We received 93 effective questionnaire replies in total, including 42 from internal stakeholders (including shareholders and employees) and 51 from external stakeholders (including government and regulatory authorities, patients/customers, business partners, community representatives and media).

According to the questionnaire results, we conducted a materiality assessment. We drew an materiality matrix (as shown in the figure below) of the Group based on the average score of all the stakeholders to show the importance and influence of various issues on the stakeholders and the Group's businesses. The 12 issues shown on the upper right of the line constructed on the matrix are the relatively more important issues.

Materiality Matrix of Wenzhou Kangning



Healthy and Green Culture

1. Reduce greenhouse gas emissions
2. Reduce production and disposal of non-hazardous waste
3. Reduce production and disposal of hazardous waste
4. Avoid water and land pollution
5. Utilize resources effectively
6. Establish and improve medical waste management

Professional Medical Team

7. Provide an appropriate working environment for employees
8. Provide a healthy and safe workplace
9. Provide fair training opportunities
10. Work out measures for preventing child labor or forced labor

Practice of Caring Mission

11. Establish a sound medical quality management system
12. Work out measures for protecting customers' privacy and information
13. Establish an effective mechanism for handling customer complaints
14. Work out policies and systems for preventing bribery, extortion, fraud and money laundering
15. Set up monitoring procedures for supply chain and conduct risk management
16. Respect and protect intellectual property rights
17. Learn about the needs of the operation communities

Building of Healthy Communities

18. Provide free medical services in different communities
19. Set up School of Psychological Medicine in cooperation with Wenzhou Medical University
20. Encourage employees to participate in voluntary and charity activities

Guidelines of sustainable development strategies

With reference to the above relatively more important issues, we worked out four guidelines of sustainable development strategies of the Group, namely, “Practice of Caring Mission”, “Professional Medical Team”, “Healthy and Green Culture” and “Building of Healthy Communities”, as the basis for our preparation of this Report.

No.	Relatively more important issues	Guidelines of sustainable development strategies
1	Reduce greenhouse gas emissions	“Healthy and Green Culture”
2	Reduce production and disposal of non-hazardous waste	“Healthy and Green Culture”
3	Reduce production and disposal of hazardous waste	“Healthy and Green Culture”
5	Utilize resources effectively	“Healthy and Green Culture”
6	Establish and improve medical waste management	“Healthy and Green Culture”
7	Provide an appropriate working environment for employees	“Professional Medical Team”
8	Provide a healthy and safe workplace	“Professional Medical Team”
9	Provide fair training opportunities	“Professional Medical Team”
11	Establish a sound medical quality management system	“Practice of Caring Mission”
12	Work out measures for protecting customers’ privacy and information	“Practice of Caring Mission”
13	Establish an effective mechanism for handling customer complaints	“Practice of Caring Mission”
18	Provide free medical services in different communities	“Building of Healthy Communities”



5. PRACTICE OF CARING MISSION

With the core values of “Respecting Life and Serving Humbly” and professional ethics of “Scientific Diagnosis, Reasonable Medication, Strict Privacy and Honest Medical Practice”, we, as a healthcare service provider, are devoted to providing safe and reliable professional healthcare services and practising the important mission of caring patients and their families.

5.1. Professional healthcare services

The Group gives top priority to the quality and safety of healthcare services during business operation. We improved the healthcare service quality control and management system and carried out supervision and management over all the medical institutions of the Group in strict accordance with the Regulation on the Administration of Medical Institutions (《醫療機構管理條例》), 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》), Mental Health Law of the People’s Republic of China (《中華人民共和國精神衛生法》) and other laws and regulations on healthcare services.

According to the hospital evaluation standards and Measures for the Administration of Medical Quality (《醫療質量管理辦法》) issued by the National Health and Family Planning Commission of the People’s Republic of China, we set up a medical supervision department and a medical quality and safety management committee, which was responsible for regulating medical quality and safety management, working out quantitative criteria and grading criteria for medical quality and safety and supervising the implementation of quality control measures to prevent medical accidents. In respect of nursing service, we also set up a nursing supervision department and a nursing quality and safety committee, which was responsible for nursing safety management, supervision of implementation of core nursing systems and enhancing nursing quality management.

Apart from service management for the medical staff, the Group also attached importance to the quality monitoring of medical instruments, to ensure medical safety and effectiveness. According to the Plans for Quality Control of Medical Instruments (《醫療器械質控工作計劃》) for the Year, we arranged detection for various medical instruments and emergency response exercises for malfunctions and accidents, in order to ensure safe operation and quality of various medical instruments.

5.2. Respect for Patients’ Privacy

The Group highly respected and protected the privacy of patients and their families. We worked out the Rules for Protecting Patients’ Privacy (《病人隱私保護制度》) to specify the provisions and arrangements for protecting patients’ privacy during clinical consultation, examination, operation, treatment and transport for patients and implement the laws and regulations of the People’s Republic of China on privacy protection. Apart from restrictions on collection, use and disclosure of patients’ information, we also arranged proper treatment and nursing services for patients according to their race, belief, custom, habit, taboo and psychological status to show utmost respect for them during standard healthcare services.

To further protect the patients' privacy, the Group formulated the Rules for Safety Management Work of Information Technology Department (《信息技術部安全管理工作制度》) to define the responsibilities of the management committee of information network construction of the hospital and the information system management work of the Group, in order to enhance information security construction. During the Reporting Period, the Company had made a filing with the public security organ regarding Grade III security protection for the information base support system. We also worked out the Hierarchical Management System for System Operation Authority (《系統操作權限分級管理制度》) to regulate control over operation authority of application system, control over user permission, control over server operation authority and control over database operation authority, in order to improve the information security systems of the Group.

5.3. Advocating Integrity and Impartiality

The Group is committed to advocating clean medical operation with a focus on professional ethics of our medical staff, and strictly complies with laws and regulations, including the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Code of Conduct for the Practitioners of Medical Institutions (《醫療機構從業人員行為規範》), the Notice on Printing and Circulating of "Nine Prohibitions" for Strengthening Ethical Conduct in the Healthcare Industry (《關於印發加強醫療衛生行風建設「九不准」的通知》) and the Provisions on the Establishment of Commercial Bribery Records in the Purchase and Sale of Medicines (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》). Our Contract Management System (《合同管理制度》) has been put in place to strengthen the review of procurement contracts and carry out the anti-bribery and anti-corruption responsibility system. As for the contract with a total amount exceeding RMB100,000, we shall review the independence of suppliers and also enter into an anti-commercial bribery agreement with relevant suppliers.

The Group adopted a zero-tolerance approach to all forms of corruption, including deception, bribery, forgery, extortion, conspiracy, embezzlement and collusion. To strengthen the supervision of medical staff, we specially set up a tip-off hotline to encourage our staff, the public, patients and their families to report relevant illegal activities. During the Reporting Period, there was no record of litigation or any corruption, bribery, extortion, fraud and money laundering against the Group or our staff.

5.4. Emphasis on Service and Communication

We attach great importance to service and communication and listen attentively to the opinions of patients and their families, so as to provide quality medical services on a continuous basis. The Group has formulated the Complaint Management System (《投訴管理制度》), which specifies each of the channels for accepting complaints, and clarifies the complaint handling mechanism and punitive measures. Patients and their families can express opinions or complaints through different channels, e.g. opinion books, suggestion boxes, telephone calls, e-mail, mailing, interviews and so on. Upon receipt of complaints, we will verify the complaints through investigation in accordance with the standard complaints handling procedures and provide feedback on the results. During the Year, the Group totally received 46 complaints, which all have been properly handled.

We will collect and sort out complaints on a regular basis, prepare a report on the Investigation and Rectification of Patient Satisfaction (《患者滿意度調查整改報告》) every month, conduct a discussion at the quarterly meeting of the Service Quality Committee, analyse the common problems that arise after the investigation and recurring complaints, draw up improvement countermeasures, and follow up on the implementation of each unsolved problem in a timely manner.

5.5. Supply Chain Management

We focus on supply chain management because sustainable supply chain is essential for maintaining the Group's medical services. The Group strictly complies with the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》), Regulations for Implementation of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》), Regulations for the Control of Narcotic Drugs and Psychotropic Drugs (《麻醉藥品和精神藥品管理條例》), Regulations for the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and Management Provisions for Medical Device Distributing Enterprise License (《醫療器械經營企業許可證管理辦法》) and other laws and regulations. We have also established the Administrative Measures for Supplier (《供應商管理辦法》) and the Procurement Management System (《採購管理制度》) to standardize and supervise the procurement activities of the Group, and reinforce control over the quantity and quality of warehousing materials.

When selecting suppliers, the Supplier Audit Team is responsible for investigating and appraising the new suppliers' qualification and assessing their quality assurance capability. We give priority to suppliers with strong production, technical and quality assurance capabilities; normal production management; reasonable prices; and eco-friendly materials. To strengthen the management of suppliers, we conduct unannounced inspections to suppliers with quality problems, perform quarterly assessment and annual evaluation of qualified suppliers, and put forward related suggestions for treatment according to the results of the review. During the Year, the five major suppliers involved in the business of the Group are from Zhejiang and Shanghai, China, who mainly provide medicines and medical devices.

5.6. Protection of Intellectual Property Rights

The Group takes a cautious approach on the matters relating to advertising and intellectual property rights in strict compliance with the Advertising Law of the PRC (《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 the 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 PRC (《中華人民共和國商標法》), the Intellectual Property Law of the PRC (《中華人民共和國知識產權法》), and the Regulation on the Customs Protection of Intellectual Property Rights (《知識產權海關保護條例》). We conduct a review of the business information to ensure complete, authentic and accurate information is conveyed to the public without any false and misleading product descriptions to deceive patients and their families, or infringements upon the intellectual property rights, legal patent rights, trademark rights, copyright and other legal rights of the Group and our partners.

6. PROFESSIONAL MEDICAL TEAM

Employees are valuable assets of the Group who constitute an important part in the Group's operation of healthcare. So we value talent management and look forward to growing up with our staff to provide ideal medical services for patients. The Employee Manual of Wenzhou Kangning Hospital Group (《溫州康寧醫院集團員工手冊》) specifies the benefits, remuneration and related work arrangements of the Group, in order to improve the Group's remuneration and welfare system. The Group is committed to cultivating a professional medical service team by creating a harmonious, inclusive, healthy and safe working environment, optimizing the human resources management system and providing pluralistic training opportunities. The Group had a total of 2,581 staff members as of 31 December 2018.

6.1. Employment Practice of the Group

The Group strictly abides by various laws and regulations of the People's Republic of China, including the labor laws and regulations such as the Labor Law (《勞動法》), the Labor Contract Law (《勞動合同法》), the Law on the Protection of Minors (《未成年人保護法》), the Provisions on the Prohibition of Using Child Labor (《禁止使用童工的規定》) and other relevant statutory employment regulations, in an effort to create a harmonious, equitable, pluralistic or inclusive working environment without harassment or employment discrimination, to ensure that employees can work in an ideal environment. During the Reporting Period, the Group did not violate any laws and regulations relating to the remuneration and dismissal, recruitment and promotion, working hours, equal opportunities, pluralism, anti-discrimination, prevention of child labor or forced labor.

During the Year, we carried out the strategy of jointly introducing talents by the head office and branches, and systematically implement annual human resources planning. We recruited in nine Chinese colleges and universities with psychiatry and clinical medicine programs; cooperated with recruitment agencies and head hunters in the talent recruitment and leveraged the resource advantages of Wenzhou Medical University to jointly introduce high-level talents; encouraged employees to recommend outstanding medical talents. Thanks to these joint efforts, we recruited a total of 420 doctors and nurses.

To guarantee the reasonable talent structure and talent reserve, we have formulated the Recruitment and Employment Management System (《招錄管理制度》), which specifies the principles, procedures and forms of the recruitment, so as to standardize, routinize and systematize the recruitment management of the Group and achieve the optimal configuration of human resources. Following the basic principle of "Openness, Justice and Fairness" during the recruitment of employees, we consider whether the candidates' educational background, working experience and skills meet the requirements of the post, while their gender, age, nationality, race, marital status and family background etc. would not affect their chances of getting hired. In the screening and selection process, we will undertake a rigorous review of the candidates' documentary proof to ensure their identity and prevent employment of child labor.

6.2. Employees' Benefits and Remuneration

We highly emphasize employees' benefits and remuneration, and offer an excellent benefits package to absorb and retain talents. The Employee Ranks and Remuneration Scheme (《員工職級及薪酬方案》) of the Group specifies the unified regulations on the promotion and remuneration mechanism of employees. The employees' remuneration consists of monthly basic salary, post salary, seniority pay, academic allowance, title allowance and year-end bonus. The Human Resources Department is responsible for arranging the annual assessment of employees. The contents and detailed rules of the assessment should differ by various professional posts, basically involving the work plan and suggestions, moral accomplishment, duty performance, work execution, labor discipline, quality of service and other work indicators. The annual assessment results will be used as the basis for the year-end bonus and promotion of employees.

The Group has formulated the Remuneration System (《福利制度》), strictly observes the Labor Law of the PRC (《中華人民共和國勞動法》), and provides all statutory holidays in China and two days off per week for employees. In addition to statutory holidays, we also provide them with annual leave, marriage leave, bereavement leave, maternity leave, miscarriage leave, paternity leave, lactation leave, sick leave, occupational injury leave, and personal leave. In respect of subsidies, we pay the basic social insurance (including pension, medical, work-related injury, unemployment, maternity insurance, etc.) and the housing provident fund for employees in accordance with the Social Insurance Law of the PRC (《中國社會保險法》). We also pay enterprise annuities for qualified employees. We also provide food allowance, night meal allowance, high-temperature allowance in summer, festival allowance, accommodation or housing allowance for our employees to meet their needs in all aspects.

To ensure that the employee welfare and remuneration policy of the Group are appropriate, we actively communicate with employees at all levels to enhance their sense of belonging to the Group. The meeting of employee representatives and staff meeting in the Year were held on 6 March 2018, at which employees put forward proposals on improvement of benefits and remuneration and work arrangements. Each proposal was recorded in detail so that the Group can adjust the employees' benefits and remuneration in a timely manner.

6.3. Employees' Health and Safety

As a provider of professional medical services, the Group pays special attention to the physical and mental health of its employees and is committed to providing a safe working environment for them. To create a culture of occupational safety and health, we offer employees free access to our gym, swimming pool, etc. During the Reporting Period, the Group lost a total of 92 workdays due to work injury. The Group did not violate any relevant laws and regulations regarding the provision of a safe working environment and the protection of employees from occupational hazards or have any severe accidents involving work-related deaths of employees.

In accordance with 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》), employees who have worked at the Group's hospital for one year or above are entitled to an annual physical examination, and employees who are engaged in radiological medical services and special examinations are entitled to an annual targeted occupational health check. A total of 1,863 employees received an occupational health check in the Year.

To improve the psychological health of employees, the Group held a total of eight staff mental health talks during the Reporting Period respectively themed on "Stress Management", "Happy Life", "Interpersonal Communication" and "Emotional Management", and about 2,700 employees in aggregate attended the talks. In addition, to help employees balance life and work and relax themselves, we also organized a variety of staff activities from time to time, including staff outdoor quality expansion, patient care activities, quality development training for new employees, fitness running on New Year's Day, the first couple's day at Wenzhou Kangning, thanksgiving month series, Christmas party, annual company trip overseas, staff training on mobile photography and flower arrangement, and staff dinner party on New Year's Eve.

6.4. Building of A Professional Team

The Group pays much attention to the training and development of its employees to ensure the quality of its professional medical services. Based on the job requirements of each professional post, we provide quality pre-employment training and on-the-job professional knowledge training for our employees. Pre-employment training for each profession basically covers the basic profile of the hospital, rules and regulations and articles on training management, education on clinical medical safety, basic knowledge of logistics and fire protection, medical record writing specifications, etc. and on-the-job professional knowledge training covers basic theoretical knowledge, common clinical nursing techniques, professional theory and practical ability. By gender (male and female employees) and job category (short-term contract/part-time employees, junior employees, middle management, senior management), employees of the Group received 20.23 hours of training on average in the Year.

After the training, trainees need to take professional examinations which are mainly divided into two major parts: examination on theoretical knowledge and examination on clinical practical skills. Examination on theoretical knowledge includes such basic aspects as laws and regulations, normative standards, rules and regulations, safety management, nursing documentation, health education, psychological nursing, communication skills, medical humanities, and professional quality; regarding the examination on clinical practical skills, trainees are tested in the form of standardized patients nursing or case nursing to evaluate their performance of nursing patients selected from the cases of common clinical diseases, to monitor the effectiveness of the training.

7. HEALTHY AND GREEN CULTURE

While developing the healthcare industry, the Group paid an active attention to the impact of its business operations on the environment and natural resources. We call for responsible operation and utmost utilization of resources, to make our contributions to sustainable development. During the Reporting Period, 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.

7.1. Low-carbon Hospital Operation

In recent years, China has played a more important role in leading global greenhouse gas (“GHG”) emissions reduction. China has been contributing to coping with global climate change by involving itself in the non-legally binding 2009 Copenhagen Accord (《哥本哈根協議》), the 2016 Paris Agreement (《巴黎協議》), and the 2017 UN Climate Change Conference. In the Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People’s Republic of China (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》) (2016-2020), China emphasized the urgency of energy revolution and proposed to impose regulation and control over both total energy consumption and energy consumption intensity. To proactively control carbon emissions, the National Energy Commission has adopted the Energy Production and Consumption Revolution Strategy (2016-2030) (《能源生產和消費革命戰略(2016-2030)》) at the end of 2016 to specify the overall goal and relevant strategies of energy revolution and vigorously promote green production and low-carbon enterprises. The Group actively adheres to low-carbon hospital operation in response to the strategies formulated by China against climate change.

7.1.1. Management of Greenhouse Gas Emissions

Laying emphasis on the management of GHG emissions, the Group is determined to make its contribution to slow down global climate change. We carried out a carbon audit of the Group in accordance with the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) jointly developed by World Resources Institute and World Business Council for Sustainable Development and ISO14064-1 formulated by the International Standardization Organization. The carbon audit covers four hospitals under key operation of the Group (i.e. Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd.). The GHG emissions during the Reporting Period are as follows:

Greenhouse gas emissions and reductions		Unit	Quantity
Scope 1	Direct GHG emissions	Tonnes of carbon dioxide equivalent ("CO ₂ e")	2,194.3
Scope 1	GHG reduction from newly planted trees	Tonnes of CO ₂ e	0.6
Scope 2	Indirect GHG emissions caused by energy usage	Tonnes of CO ₂ e	7,281.4
Scope 3	Other indirect GHG emissions	Tonnes of CO ₂ e	49.6
Total GHG emissions		Tonnes of CO ₂ e	9,524.7

Intensity of GHG emissions		Unit	Quantity
GHG emissions per person [^] (Scope 1, 2 & 3)		Tonnes of CO ₂ e/person	0.4

Scope 1: Direct GHG emissions produced by sources owned and controlled by the Group.

Scope 2: GHG emissions indirectly caused by the power generation, heat supply, cooling or steam purchased by the Group.

Scope 3: GHG emissions indirectly produced by sources related to the Group's business activities but not owned or directly controlled by the Group.

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

According to the carbon audit results, the Group's GHG emissions could be divided into direct emission (Scope 1) and indirect emission (Scope 2 and 3). The GHG emissions of various scopes are respectively generated by the fuel consumption of the Group, fuel consumption of its vehicles (Scope 1), power consumption (Scope 2), water consumption, business travel of employees, waste landfill and paper consumption (Scope 3) during business operation, etc. We planted a total of 25 trees in Wenzhou Kangning Hospital, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd., which helped reduce about 0.6 tonnes of CO₂e.

For the purpose of much accurately reflecting the actual hospital operation of the Group, including utilization of resources to the medical staff and patients, the intensities of key performance indicators ("KPIs") in the subject area of environment for the Year was calculated and disclosed on the basis of the number of employees at the end of the Year and the number of discharged patients during the Reporting Period. In the Year, total GHG emissions in Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd. recorded 9,524.7 tonnes of CO₂e with an intensity of GHG emissions of 0.4 tonnes of CO₂e/person. Next year, the Group will continue its supervision and management on GHG emissions and is expected to expand the scope of carbon audit so as to enhance its environmental performance and perform its corporate social responsibility on a continuous basis.

In addition to conducting carbon audit, the Group is active to reduce GHG emissions in all aspects. We encourage employees to use video conferencing as much as possible to reduce unnecessary business trips overseas, and for inevitable business trips, we choose direct flights if possible to reduce GHG emissions caused by business operation.

7.2. Green Hospital Management

Adhering to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Group is determined to insist on environmental protection concept throughout its routine medical services. We stick to green hospital operation in all aspects such as resource management, pollution prevention, and cultivation of environmental protection awareness.

7.2.1. Energy Management

The Group actively conducts energy management to reduce energy consumption in daily operations. We carried out the "Energy Conservation Campaign by Public Institutions" in accordance with the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and the Regulations on Energy Conservation of Public Institutions (《公共機構節能條例》), and established a work leading group to specify the duties of respective units and make energy conservation and consumption reduction plans. We conducted energy consumption inspections on a regular basis, incorporated energy conservation and consumption reduction in our target responsibility management, and implemented energy management for the Group's medical activities.

Many measures have been taken in the Group's hospitals and offices to reduce power consumption. Some of our offices and conference rooms have been specially designed to make good use of day light. We also divide the hospital into several different lighting zones and establish the lighting switches with independent control to enable medical staff to flexibly use the lighting system as needed. The Group adopts the water-cooled air-conditioning system and strictly monitors the indoor temperature of various departments and wards of the hospital to reasonably control the air-conditioning temperature. Except for special purposes, the temperature in the hospital should not be lower than 26 degrees Celsius in summer and not be higher than 20 degrees Celsius in winter. We regularly clean the lighting devices and air-conditioning filters to improve energy efficiency, so as to improve the energy efficiency. We also measure the luminosity at different positions of the office on a regular basis, and reduce the number of modulator tubes at the place where the luminosity is higher than required, in order to reduce the energy consumption. In addition, we also reasonably adjust the operation of elevators depending on the circumstances to ensure their service efficiency. In the Year, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd. consumed a total of 10,350.2 MWh of electricity during operation, with an intensity of 436.4 kWh/person. Next year, we will continue to monitor the Group's power consumption in its business operation.

In order to reduce the consumption of energy for automobiles, the Group regularly carries out inspection and maintenance of the fleet under its name to ensure the normal operation of the fleet, improve fuel efficiency and reduce fuel consumption. During the Reporting Period, the motor fleets of Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd. consumed a total of 554.9 tonnes of gasoline and 13.1 tonnes of diesel.

In addition to the above measures for energy conservation and consumption reduction, the Group vigorously promotes education on environmental protection and energy conservation. We post energy-saving publicity signs, widely advertise the significance and measures of the energy-saving work, and cultivate the energy-saving awareness of the Group's employees by leveraging online platforms, bulletin boards, publicity banners, and so on.

7.2.2. Water Resource Management

In response to the crisis of the scarcity of water resources, the Group has taken a lot of measures to save water. We post water-saving signs in each of the toilets to remind users to turn off the tap tight and use water as needed by making good use of the functions of double-system flush toilets. The Group also does a good job in daily maintenance and management, and regularly checks the reading on water meter and the leakage of water pipes in the water tanks to reduce waste, and promptly repairs problematic water pipes. In order to make better use of water resources, we have installed a central condensate recovery system and a secondary water supply system to recycle wastewater and use steam condensate to effectively reduce water consumption.

In the Year, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd. consumed a total of 295,000 m³ of water during operation, with an intensity of 12.4 m³/person. Next year, we will continue to monitor the Group's water consumption in its business operation so as to make good use of water resources.

7.2.3. Paperless Office

The Group actively promotes green and paperless office by carrying out electronic business to reduce the costs of paper consumption. In light of the uniqueness of the Group's healthcare business, we have developed our own "Customised" mobile office platform "Cloud Office Series" with functions including "Cloud Communication", "Cloud Storage" and "Cloud Approval" to improve the efficiency of completing various operation processes.

We encourage employees to send messages via electronic communication technology whenever possible. The “Cloud Communication” allows the Group’s employees to acquire personnel system information in real time and easily access the contact information needed with a tap of fingers, realizing paperless contacts. Employees can also make good use of the “Cloud Storage” to upload individual and department documents and share documents peer to peer without printing and distributing paper ones. In support of various measures to safeguard information security, we monitor the access to the shared files in real time and establish a safe and reliable group-based repository. In addition, we integrate our existing personnel management, finance, supplies and information approval processes in the “Cloud Approval” to achieve information-based management on business procedures. Employees can submit applications for approval via their mobile devices, which will be immediately sent via system to facilitate instant approval and achieve paperless approval process.

Printing and copying of medical records and inspection and testing reports of patients account for a large portion of the paper consumption of the Group’s business. The Group has been striving to transform from printing paper medical records to using paperless electronic records. Medical records made by our medical staff are stored electronically and can be accessed whenever necessary. We will print relevant medical records at the request of the patients or their families. We remind employees to print double-sided and use recycled papers to the extent possible, and preset the printers to default ink-saving and double-sided printing. We will also make statistics of paper consumption on a regular basis to monitor the consumption and make appropriate adjustments and arrangements in due course.

During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd. consumed a total of 25,059.1 kg of papers, with an intensity of 1.1 kg/person. Next year, we will continue to monitor the Group’s paper consumption and actively implement paperless office.

7.2.4. Enhancement of Pollution Prevention

The Group disposes of various wastes by category, improves its emissions management procedures and standardizes its pollution prevention measures in accordance with the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), Regulations on the Administration of Medical Waste (《醫療廢物管理條例》), Regulations on the Prevention of Solid Waste Pollution in Zhejiang Province (《浙江省固體廢物污染防治條例》), Implementation Measures of the Management of Medical Waste for Medical Institutions (《醫療衛生機構醫療廢物管理辦法》), Technical Specifications for the Centralized Disposal of Medical Waste (《醫療廢物集中處理技術規範》), Administrative Measures for Kitchen Waste in Urban Areas of Wenzhou City (《溫州市區餐廚垃圾管理辦法》) and other laws and regulations.

The Group has engaged eligible third parties to properly dispose of medical waste for all our medical institutions according to applicable laws and regulations, in order to prevent environmental pollution caused by medical waste. Before completing the formalities for delivery and transfer of medical waste, the Group shall make wise use of the qualified packaging bags and sharps boxes specifically for medical waste to pack various medical wastes by category, collect the packed wastes in a recycle case and temporarily store the same at the designated temporary storage point of medical waste for proper management. We also enhanced the management on the safety of biological and radiation sources, regulated the operations in the use, storage and disposal of radiation sources and liquid wastes, and set a radioactive liquid waste treatment facility in our hospital to ensure no occurrence of radioactive environmental pollution accidents.

Regarding indoor environmental quality management, we use green products as our indoor decoration materials, ensure our business operation process has met the indoor environment monitoring requirements and discharge relevant pollutants as per the discharge standards. In order to meet the noise control standards of our hospital, the Group installed inverter controllers on its standby generator, central air-conditioning coolers, ventilators and other facilities to reduce noise making. The Group also set sound pollution prevention facilities against kitchen fume and waste edible oil. We installed oil-water separators and oil fume purification units for canteen, and set a dedicated recycle bin at the designated place to collect waste edible oil from kitchen which would be handed over to qualified undertakers for proper disposal.

In addition to enhancing emissions management, we advocate reducing waste production at source. We calculated the inventories of various materials from time to time and assessed the amount to be used to avoid waste caused by excessive purchase. We also encouraged our employees to repeatedly use envelopes, spring binders and other stationeries and reduce the use of disposable and unrecyclable products.

In the Year, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd. recorded a total output of non-hazardous waste of 2,895,360.0 kg, with an intensity of 122.1 kg/person. The total output of hazardous waste included 3,013.3 kilograms of medical waste and 26 computers. Next year, the Group will continue to monitor its output of non-hazardous and hazardous wastes and strengthen its pollution prevention.

8. BUILDING OF HEALTHY COMMUNITIES

Upholding the operation philosophy of “Better to Give than to Take”, the Group, while developing healthcare service, has never forgot to promote public welfare and fulfill its corporate social responsibilities. We actively contact communities through diversified public welfare activities to know the needs of people from all walks of life and work with them to build healthy communities. In the Year, the Group invested over RMB5 million and 754 volunteers (the Group’s employees) in total in organizing a total of more than 200 days of public welfare activities.

8.1. Responding to Targeted Assistance

In response to the concept of “Targeted Poverty Alleviation” proposed by the Central Government of the People’s Republic of China, the Group’s main force takes advantage of its medical specialties in arranging for targeted public welfare assistance activities. In the Year, we donated RMB3 million to Taishun Charity Federation to set up the “Special Relief Fund for Mental Diseases of Taishun Charity Federation and Wenzhou Kangning Hospital (泰順縣慈善總會溫州康寧醫院精神疾病專項救助基金)”, and thereby achieved targeted assistance in fund use.



Donation ceremony of the “Special Relief Fund for Mental Diseases of Taishun Charity Federation and Wenzhou Kangning Hospital”

In the Year, we also organized and participated in free expert consultation activities to serve communities with our specialties. Coming from traditional Chinese medicine department, internal medicine department, center for sleep disorder, physical examination center and other departments of different specialties, medical staff participating in free expert consultation activities provided community residents with services on site, including regular physical examination, diagnosis and treatment of pressure and acupoint stimulation control, bringing people-benefit health services to communities.



“Free expert consultation activities”

8.2. Spreading of Love-related Message

As a psychiatric medical service provider, the Group pays special attention to mental health of the public and spreads love-related message in society through active involvement in different social activities.

The activity of the “National Day for Helping the Disabled” for 2018 was held on 20 May, with the theme of “Build a Moderately Prosperous Society, No Disabled People Can be Left Behind”. Wenzhou Kangning Hospital, Pingyang Kangning Hospital, Hangzhou Cining Hospital and other branches of the Group took joint actions to help the disabled with love through involvement in free expert consultation activities and charity sales. Stepping out of the hospital, doctors launched such onsite activities as regular physical examination, psychological consultation and health science popularization. Accompanied by the Group’s medical staff, three mentally disabled people personally participated in the activities on the “National Day for Helping the Disabled” and made handicrafts on site. Their works were sold for charity together with works of other patients with mental disorder, with all proceeds therefrom invested in the rehabilitation therapy for patients with mental diseases.



“National Day for Helping the Disabled”

The promotion activity in memory of the 71th “World Red Cross Day” of Wenzhou City was also held on 20 May 2018. The Red Cross Volunteer Corps of Wenzhou Kangning Hospital under the Group and more than 3,000 people participated in the Public Welfare Walking with Thousands of Participants themed on “Start with Smile, Walk for Love”, which transmitted love and positive energy in society.



“World Red Cross Day” – Public Welfare Walking with Thousands of Participants

9. Appendix I: Sustainability Data Statement

The following is the sustainability data statement in the subject area of environment of Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd. and Wenzhou Yining Geriatric Hospital Co., Ltd. for the Year:

Environment	Unit	2018
Greenhouse gas emissions		
Direct GHG emissions (Scope 1)	Tonnes of CO ₂ e	2,194.3
GHG reduction from newly planted trees (Scope 1)	Tonnes of CO ₂ e	0.6
Indirect GHG emissions (Scope 2)	Tonnes of CO ₂ e	7,281.4
Other indirect GHG emissions (Scope 3)	Tonnes of CO ₂ e	49.6
Total GHG emissions (Scope 1, 2 & 3)	Tonnes of CO ₂ e	9,524.7
Total GHG emissions per person [^]	Tonnes of CO ₂ e/person	0.4
Fuel consumption		
Natural gas consumed	'0,000 m ³	21.5
Liquefied petroleum gas consumed	Tonnes	4.8
Liquefied natural gas consumed	Tonnes	8.3
Blast-furnace gas consumed	Tonnes	5,138.0
Gasoline consumed by motor vehicles	Tonnes	554.9
Diesel consumed by motor vehicles	Tonnes	13.1

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

Environment	Unit	2018
Energy consumption		
Total energy consumption	MWh	10,350.2
Energy consumption per person [^]	kWh/person	436.4
Water consumption		
Total water consumption	' 0,000 m ³	29.5
Water consumption per person [^]	m ³ /person	12.4
Paper consumption		
Total paper consumption	kg	25,059.1
Paper consumption per person [^]	kg/person	1.1
Waste		
Total production of non-hazardous waste	kg	2,895,360.0
Production of non-hazardous waste per person [^]	kg/person	122.1
Production of medical waste	kg	3,013.3
Production of hazardous waste (computer)	Set	26

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

The following is the Group's sustainability data statement in the subject area of society for the Year:

Social		2018
Total number of employees	Number	2,581
Number of employees by gender		
Total number of female employees	Number	1,547
Total number of male employees	Number	1,034
Number of employees by employee type		
Short-term contract/part-time employees	Number	129
Junior employees	Number	2,234
Middle management	Number	207
Senior management	Number	11
Number of employees by age group		
Total number of employees aged under 30	Number	1,296
Total number of employees aged between 30 and 50	Number	776
Total number of employees aged above 50	Number	509
Number of employees by geographical region		
Total number of employees from North China	Number	58
Total number of employees from East China	Number	2,423
Total number of employees from South China	Number	100
Total employee turnover rate*		18.3%
Employee turnover rate by gender*		
Turnover rate of female employees		17.8%
Turnover rate of male employees		19.7%
Employee turnover rate by age group*		
Turnover rate of employees aged under 30		16.0%
Turnover rate of employees aged between 30 and 50		17.0%
Turnover rate of employees aged above 50		25.4%
Employee turnover rate by geographical region*		
Turnover rate of employees from East China		17.9%
Turnover rate of employees from South China		32.4%
Turnover rate of employees from North China		0.0%

* 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

10. Appendix II: Hong Kong Stock Exchange ESG Reporting Guide Index

Index content			Relevant sections
A. Environment			
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.	Healthy and green culture – Low-carbon hospital operation; green hospital management
	A1.1	The types of emissions and respective emissions data.	Low-carbon hospital operation – Management of greenhouse gas emissions; sustainability date statement
	A1.2	Greenhouse gas emissions in total and intensity.	Low-carbon hospital operation – Management of greenhouse gas emissions; sustainability date statement
	A1.3	Total hazardous waste produced and intensity.	Green hospital management – Enhancement of pollution prevention; sustainability date statement
	A1.4	Total non-hazardous waste produced and intensity.	Green hospital management – Enhancement of pollution prevention; sustainability date statement
	A1.5	Description of measures to mitigate emissions and results achieved.	Low-carbon hospital operation – Management of greenhouse gas emissions
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green hospital management – Paperless office; enhancement of pollution prevention
A2 : Use of resources	General disclosure	Policies on the efficient use of resources.	Green hospital management – Energy management; water resource management; paperless office
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Green hospital management – Energy management; sustainability date statement

Index content			Relevant sections
	A2.2	Water consumption in total and intensity.	Green hospital management – Water resource management; sustainability date statement
	A2.3	Description of energy use efficiency initiatives and results achieved.	Green hospital management – Energy management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green hospital management – Water resource management
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable, the Group's business didn't involve packaging materials
A3 : Environment and natural resources	General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Healthy and green culture
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Healthy and green culture – Low-carbon hospital operation; green hospital management
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.	Professional medical team – Employment practice of the Group; employees' benefits and remuneration
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Sustainability date statement
	B1.2	Employee turnover rate by gender, age group and geographical region.	Sustainability date statement

Index content			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.	Professional medical team – Employees' health and safety
	B2.1	Number and rate of work-related fatalities.	Professional medical team – Employees' health and safety
	B2.2	Lost days due to work injury.	Professional medical team – Employees' health and safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Professional medical team – Employees' health and safety
B3 : Development and training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Professional medical team – Building of a professional team
	B3.1	The percentage of employees trained by gender and employee category.	Professional medical team – Building of a professional team
	B3.2	The average training hours completed per employee by gender and employee category.	Professional medical team – Building of a professional team
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.	Professional medical team – Employment practice of the Group
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Professional medical team – Employment practice of the Group
	B4.2	Description of steps taken to eliminate such practices when discovered.	Professional medical team – Employment practice of the Group
B5 : Supply chain management	General disclosure	Policies on managing environmental and social risks of the supply chain.	Practice of caring mission – Supply chain management
	B5.1	Number of suppliers by geographical region.	Practice of caring mission – Supply chain management

Index content			Relevant sections
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Practice of caring mission – Supply chain management
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, labelling and privacy matters relating to products and services provided and methods of redress.	Practice of caring mission – Respect for patients' privacy; emphasis on service and communication; protection of intellectual property rights
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's healthcare business
	B6.2	Number of products and service related complaints received and how they are dealt with.	Practice of caring mission – Emphasis on service and communication
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Practice of caring mission – Protection of intellectual property rights
	B6.4	Description of quality assurance process and recall procedures.	Practice of caring mission – Professional healthcare services
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Practice of caring mission – Respect for patients' privacy
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.	Practice of caring mission – Advocating integrity and impartiality
	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.	Practice of caring mission – Advocating integrity and impartiality

Index content			Relevant sections
B8:Community investment	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Practice of caring mission – Advocating integrity and impartiality
	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.	Building of healthy communities
	B8.1	Focus areas of contribution.	Building of healthy communities
	B8.2	Resources contributed to the focus area.	Building of healthy communities



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