

2023 Environmental, Social and Governance Report



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About the Report

○ Report Profile

This report is the first Environmental, Social and Governance Report released by Healthcare Co., Ltd. Based on the principles of objectivity, standardization, transparency and comprehensiveness, and in order to communicate effectively with stakeholders and obtain wider recognition and support from the society, this report discloses in detail the philosophy and practices of sustainable development of Healthcare Co., Ltd. in 2023.

○ Reporting Period

The reporting period is from January 1, 2023 to December 31, 2023. In order to enhance the comparability and completeness of the report, some contents are appropriately traced back to previous years or extended after the reporting period.

○ Compilation Basis

This report is compiled in accordance with the Standardization Administration of the P.R.C *GB/T 36000-2015 Guidance on social responsibility*, *GB/T 36001-2015 Guidance on social responsibility reporting* and *GB/T 36002-2015 Guidance on classifying social responsibility performance*, *Self-regulation Guidelines for Listed Companies on Shanghai Stock Exchange No. 1-Standard Operation*, and *Self-regulation Guidelines for Listed Companies on Shanghai Stock Exchange No. 14 -Sustainable Development Report (Trial) (Draft for Comments)*. And it refers to the *ISO 26000: Guidance on social responsibility (2010)* of the International Standardization Organization, the *Global Reporting Initiative Sustainability Reporting Guidelines Standards (GRI Standards)*, and the United Nations *Transforming our World: The 2030 Agenda for Sustainable Development*.

○ Data Sources

The data sources used in the report include public data from the government departments, Healthcare Co., Ltd. official documents, statistical reports, financial reports, third-party questionnaires and third-party evaluation interviews, etc. The currency and amounts involved in this report are measured in RMB unless other factors which are specified. Statistical data in the report is sourced from companies and subsidiaries within the scope of consolidation.

The Company promises that there are no false records and misleading statements in this report, and it is responsible for the authenticity, accuracy and completeness of its content. At the same time, Healthcare Co., Ltd. will continue to improve the data indicator statistics to provide more comprehensive information.

○ Appellation Description

Abbreviation of Company	Full Name of Company	
Healthcare Co., Ltd., the Company, We	Healthcare Co.,Ltd.	>>
Nisco Co., Ltd.	Nisco Co., Ltd.	>>
Deeplant New Material	Jiangsu Deeplant New Material Technology Co., Ltd.	>>
Shanghai Mlily Beddings Co., Ltd.	Shanghai Mlily Beddings Co., Ltd.	>>
Nantong Zero Pressure	Nantong Zero Pressure Home Technology Co., Ltd.	>>
Nisco (Thailand) Co., Ltd.	Nisco (Thailand) Co., Ltd.	>>
MOR USA	MOR Furniture For Less, Inc.	>>
Matresses Dreams	MATRESSES DREAMS, S. L.	>>
Healthcare SC	Healthcare SC,LLC	>>

○ Access to the Report

You can download the electronic version of this report from the website of Shanghai Stock Exchange (SSE) at <http://www.sse.com.cn/> or the website of Cninfo at <http://www.cninfo.com.cn>.

○ Contact Details

If you have any questions, concerns or suggestions, please contact us.

Name: Healthcare Co., Ltd.

Address: No.999, Gaonan Road, Dingyan Town, Rugao City, Jiangsu Province, China.

Tel: 0513-68169482

Website: www.mlily.com

Statement of Chairman

In 2023, new markets and new opportunities gradually emerge with the slow recovery of the economy. As the real estate market enters the era of stock, the demand for improved home furniture is constantly released, and intelligence has become the core keyword in the field of home. Taking 'Dedicated to Improving People's Deep Sleep' as its mission and 'Make MILIY a Respectable World Brand' as its magnificent vision, Healthcare Co., Ltd. keeps on strengthening the proposition of 'Zero Pressure' brand, establishing the brave image in the industry, casting the city moat of the brand, and entering into 'the first year of global brand unification' under the strategic planning of 'globalization of production capacity and internationalization of brand'.

- **Adhere to the guidance of the concept of green development and commit to far-reaching goals. This year, we interpreted our environmental responsibility with low-carbon actions.**

On the one hand, we implement the concept of green and low-carbon sustainable development, actively exploring the effective path to boost the 'carbon peak, carbon neutral'. And we constantly improve the environmental management system to promote the standardized management of environmental protection, aiming to provide institutional guarantee for various environmental protection actions. On the other hand, we actively respond to climate change, strengthening carbon and pollution emission management. We create an environmental protection atmosphere in the Company, letting the low carbon concept deeply root in the staff.

- **Strive for excellence and benefit people. This year, we have delivered our social responsibility with ingenuity.**

Healthcare Co., Ltd. attaches great importance to R&D and innovation, and we constantly improve the quality and competitiveness of products. We have launched innovative products, such as smart beds M6 and M3 Pro, to meet the diverse sleep needs of consumers. The Company has made deep deployment of digitization and informatization, and it continuously optimizes supply chain management, building a digital, intelligent and highly integrated benchmark factory to promotes the Company changing from 'physical manufacturing' to 'intelligent manufacturing'. The Company has always been enthusiastic about public welfare, actively transmitting social warmth, and showing its sense of social responsibility and mission with practical actions.

- **Operate stably and establish the enterprise with integrity. This year, we have promoted sustainable development through standardized governance.**

Adhering to the core values of 'Be Collaborative, Be Innovative, Have A Positive Attitude, and Honor Your Commitments', we have continued to improve the corporate governance. We have realized the efficient compliance operation of 'General Meetings,

Board of Directors, Supervisory Board and Senior Management', and we strictly fulfill the mission of listed companies. We continuously consolidate the foundation and management; and we pay close attention to the implementation and improvement. We take improving the quality and efficiency as the primary task, building a strong defense line of integrity. We are committed to creating a healthy business ecology and enhancing the sustainable competitiveness of the Company.

Looking back on the past, we have gone through ups and downs for our mission, and looking forward to the future, we will eventually bloom for our dreams. In 2024, we will continue to optimize the business structure, building the own brand, improving the organizational capabilities, maintaining a sense of awe, and adhering to long-termism in order to provide consumers with a better sleep experience.



**Ni Zhanggen,
Chairman of
Healthcare Co.,Ltd.**





Company Profile

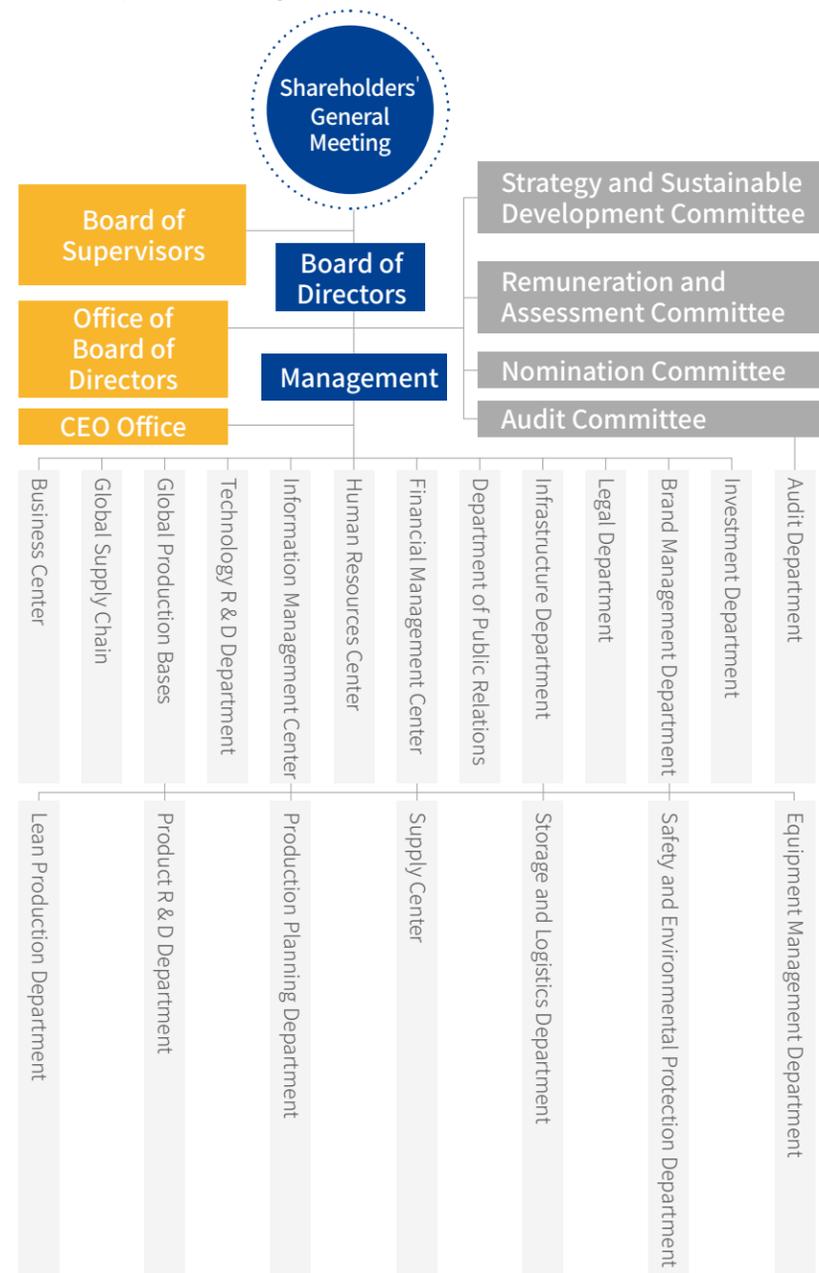
Healthcare Co., Ltd. was established in 2003 and it was successfully listed on Shanghai Stock Exchange on October 13, 2016 with stock code 603313.SH. It is a global enterprise integrating R&D, production and sales, which is the major manufacturer and brand of memory foam household products in China. Through continuous R&D, the Company has gradually formed its own core technology. By the end of 2023, the Company has 209 authorized patents, including 20 domestic invention patents.

In 2023

The total assets of the Company were
RMB **10.066** billion yuan.

We created tax revenue over
RMB **170** million yuan.

We have
7,443
employees in total.



Organizational Chart of Healthcare Co.,Ltd.

Brand Introduction

The Company has gradually established self-owned brand systems such as 'MLILY' 'MLILY 梦百合' and 'Zero-pressure Room', among which brand 'MLILY' has been recognized as an internationally renowned brand cultivated and developed in Jiangsu Province, China. Its trademark has been known as a famous trademark in Jiangsu Province, China. In the process of self-owned brand development, the Company lays out the market with a global vision, taking subsidiaries as the main business platform, and entering mainstream platforms such as Tmall, JD.com, and Amazon through the 'open and shared' resource collaboration mechanism. Healthcare Co., Ltd. has reached a strategic alliance with large domestic home furnishing stores, and it has cooperated with many well-known hotels to promote 'Zero-pressure Room', and the brand effect has gradually become prominent.

Mission

- Dedicated to Improving People's Deep Sleep.

Vision

- Make MLILY a Respectable World Brand.

Values

- Be Collaborative, Be Innovative, Have A Positive Attitude, and Honor Your Commitments.

Zero-pressure

'MLILY 梦百合' is the brand that first puts forward the concept of Zero-pressure in China. Adhering to the passion for innovation and the mission of 'Improving People's Deep Sleep', it focuses on the research and test of zero pressure foam. We have obtained patents in many countries to provide users worldwide with a comfortable sleeping experience.



Non-Temperature Sensor Zero-pressure memory foam has been patented in many countries.

Cooperative Partner



Official Partner of Manchester United



Sponsor of 'MLILY Zero-pressure Mattress Cup' World Go Open



THREE-BODY Partner

Global Production Capacity Layout

At present, the Company has established production bases in China, Serbia, the United States, Thailand and Spain. The products have been sold to 110 countries and regions around the world, such as the United States, the United Kingdom and Japan. It has more than 10,000 sales terminals around the world, with an annual design capacity of more than RMB 10 billion.



Social Recognition

Over the past 20 years, Healthcare Co., Ltd. has adhered to product technology innovation, focusing on 'Improving People's Deep Sleep'. The Company has been highly recognized by the government departments, industry associations and customers.

<p>Intelligent Manufacturing Demonstration Factory of Jiangsu</p> <p>Industry and Information Technology Department of Jiangsu</p>	<p>Industrial Internet Development Demonstration Enterprise of Jiangsu (Benchmark Factory)</p> <p>Industry and Information Technology Department of Jiangsu</p>	<p>Benchmark Model for the Integrated Development of the Two-industries of Jiangsu</p> <p>Jiangsu Development & Reform Commission</p>
<p>Memory Foam Engineering Research Center of Jiangsu</p> <p>Jiangsu Development & Reform Commission</p>	<p>Key Cultivating and Developing Internationally Renowned Brands of Jiangsu</p> <p>Department of Commerce of Jiangsu Province</p>	<p>Key Cultivating and Developing Renowned Brands of Cross-border E-commerce of Jiangsu</p> <p>Department of Commerce of Jiangsu Province</p>

Certificate of Jiangsu Premium Brand Certification

Nanjing Institute of Product Quality Inspection (Nanjing Institute of Quality Development and Advanced Technology Application)

The Sixth Dingge Award--Digital Transformation Pioneer List--2023 Supply Chain Transformation Model

Harvard Business Review (Chinese version) Systems, Applications & Products in Data Processing China Co., Ltd (SAP China) Institute of Global Industry, Tsinghua University

The Initiator of the 'Pilot Project' for the High-Quality Development of the Home Furnishing Industry in the New Era

China Furniture & Decoration Chamber of Commerce

Honorary Certificate of Chairman



Chairman Ni Zhanggen Won the '2023-2024 People of Influence' Award



Chairman Ni Zhanggen Won the '2023 Outstanding Contribution Entrepreneur' Award

2023 Qualification & Honors

Responsibility Management

ESG Work System

In accordance with the relevant regulations and requirements of the *Global Reporting Initiative Sustainability Reporting Guidelines Standards ('GRI Standards')* and *Self-regulation Guidelines for Listed Companies on Shanghai Stock Exchange No. 1-Standard Operation*, we are committed to integrating corporate operations with broader sustainable development, actively carrying out ESG management practices.

In accordance with the *Company Law of the People's Republic of China*, the *Corporate Governance Standards of Listed Companies*, the *Articles of Association* and other relevant regulations, we have established the Strategy and Sustainable Development Committee of the Board of Directors under the Board of Directors, which is responsible for researching and making recommendations on the Company's long-term development strategy, major investment decisions and ESG governance. As of the end of the reporting period, the company has publicly disclosed three social responsibility reports.

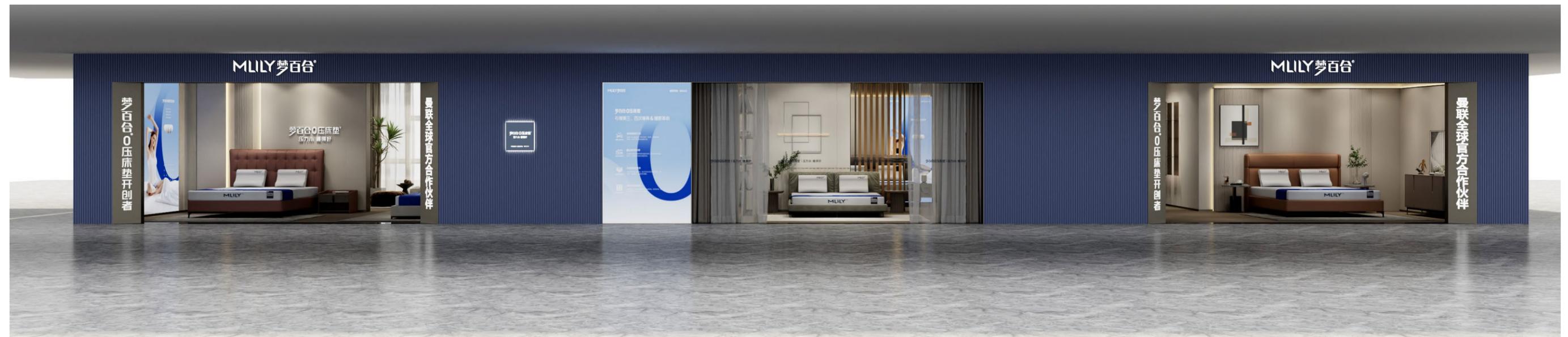
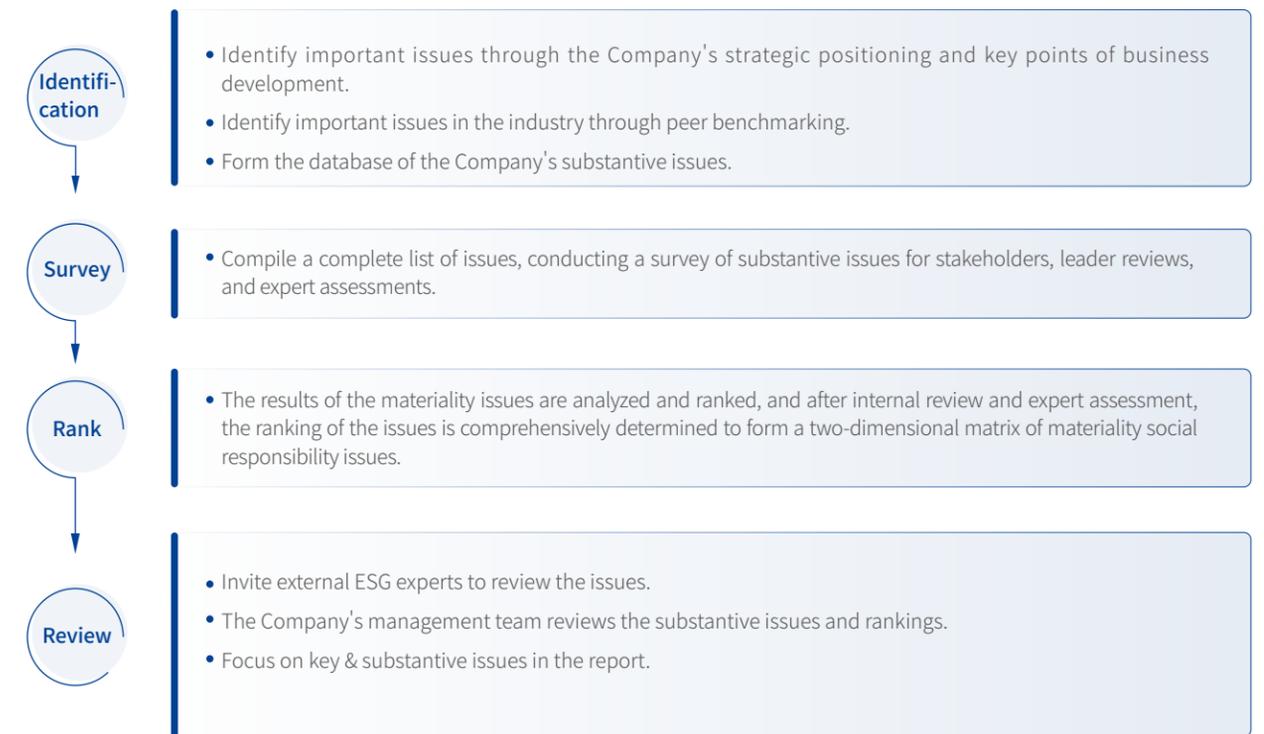
Analysis of Substantive Issues

Based on ESG management, we comprehensively consider the expectations and demands of stakeholders from the two levels of 'Importance to the Company's Sustainable Development' and 'Importance to Stakeholders'. At the same time, combined with the company's strategic positioning and business development priorities, through expert evaluation in the field of sustainable development and stakeholder research, the substantive analysis of responsibility performance issues was conducted, and 22 key issues were systematically sorted out and identified for the key disclosure.

22

key issues were systematically sorted out and identified for the key disclosure.

Identification Procedure of Substantive Issues



Substantive Issues Analysis Matrix



- #### Environmental Issues
- 01 Environmental management
 - 02 Pollutant discharge management
 - 03 Tackle climate change
 - 04 Resource and energy consumption management
 - 05 Green office

- #### Social Issues
- 06 Diverse hiring
 - 07 Employee development and care
 - 08 Occupational health and safety
 - 09 Supplier Vendor Management
 - 10 Product quality management
 - 11 Customer service
 - 12 Product R & D and innovation
 - 13 Customer privacy protection
 - 14 Public welfare

- #### Governance Issues
- 15 Corporate governance
 - 16 Compliance operation
 - 17 Protection of shareholders and creditors
 - 18 Anti-corruption
 - 19 Business ethics
 - 20 Risk management
 - 21 Information disclosure
 - 22 Pay taxes according to the law

Stakeholder Participation

We have established a regular communication mechanism with major stakeholders, such as the government departments, shareholders, customers, and partners. Through questionnaires and forums, we listen to their expectations and demands at the environmental, social and governance levels. We promote the communication between the Company and stakeholders, finally realizing the value resonance of the Company and social development.

Stakeholders	Expectations and demands	Response and effectiveness
Government 	<ul style="list-style-type: none"> Abide by national policies and regulations Maintain a healthy market environment Provide jobs Serve economic and social development Contribute tax 	<ul style="list-style-type: none"> Govern enterprises in accordance with the law Compliance operation Open talent recruitment Promote the development of the industry Pay taxes in full according to the law
Shareholder 	<ul style="list-style-type: none"> Protect the interests of shareholders Reduce operational risk Increase the Company's market value Carry out transparent operation 	<ul style="list-style-type: none"> Strengthen operation and management Improve the quality and efficiency of business Standardize market value management Effective information disclosure
Customer 	<ul style="list-style-type: none"> Product quality management Customer rights protection Customer privacy protection Professional and efficient service 	<ul style="list-style-type: none"> Provide quality products Safeguard the legitimate rights and interests of customers Improve the information security system Optimize the customer service and feedback mechanism
Staff 	<ul style="list-style-type: none"> Equal employment Occupational health and safety Employee career development Balance work and life The right to know; The right to participate; And the right to supervise 	<ul style="list-style-type: none"> Protection of basic rights and interests Ensure safe production Carry out employee training Care for employees' lives Implement democratic management
Cooperative Partner 	<ul style="list-style-type: none"> Keep promise of contract Practice sunshine procurement Information sharing Cooperation and mutual benefit 	<ul style="list-style-type: none"> Build a responsible supply chain Fair, Justice and open procurement Carry out experience exchange and training Promote strategic cooperation
Community 	<ul style="list-style-type: none"> Support regional economic development Participate in public welfare Environmental protection 	<ul style="list-style-type: none"> Deepen community communication Carry out public welfare activities Focus on green and low-carbon operation
Media 	<ul style="list-style-type: none"> Establish benign interaction Accept social supervision 	<ul style="list-style-type: none"> Responding to media attention Strengthen information disclosure

Spotlight

Run with the Dream under the Sunrise Rising

Over the past two decades, Healthcare Co., Ltd. has been striving towards bearing great achievements, going through ups and downs with fortitude and hard work. Standing on the road of enterprise development, we have written a magnificent struggling epic with indomitable perseverance. From the exploration of start-ups to today's global layout, we take law-abiding and integrity as the foundation, taking sustainable development as the theme, and taking technological innovation as the support. We pursue excellence, continuing to climb, and finding a way of our own development in the home furnishing industry. On this 20th anniversary, we are celebrating the past, respecting the present, and looking forward to the future!

Twenty years of Development of Healthcare Co.,Ltd.

In 2003

In 2003, Healthcare Home, the predecessor of Healthcare Co., Ltd., was formally established in Rugao city, Jiangsu province, China.



In 2012

In 2012, the brand of 'Zero-pressure Room' of Healthcare Co., Ltd. was established, especially for business travelers to reduce stress for better sleep.



In 2013

In 2013, Healthcare Co., Ltd. was the assigned supplier of 'Chinese National Go Team Pressure Relief Products'.



In 2015

Healthcare Co., Ltd. entered into the markets of Canada and Australia.



In 2015, Serbia factory, the first overseas production bases of Healthcare Co., Ltd. was officially put into production.



In 2019

The Thai factory and South Carolina factory in the United States were opened, which was another step in the process of globalization of Healthcare Co.,Ltd.



Thai factory



South Carolina factory

In 2021

The Arizona plant was opened in the United States.



Established a partnership with MC of Germany.



In 2023

In 2023, it was the partner of the Three-Body, jointly signing the Three-Body Problem, focusing on the issue of human sleep, and issuing the 'Declaration of Caretaker'.



In 2008, the brand of 'MLILY 梦百合' was founded to promote the People's deep sleep.

In 2008



Healthcare Co.,Ltd. successively obtained multi-national patents for Non-Temperature Sensor Zero-pressure memory foam.

Healthcare Co.,Ltd. officially landed in the United States, and it opened the path of Healthcare Co.,Ltd.'s global zero pressure.



In 2012

Healthcare Co.,Ltd. officially entered domestic market and the markets such as the United Kingdom, Korea, Japan and Germany.



In 2014

Healthcare Co.,Ltd. successfully listed on A-share market with the stock code: 603313.



Healthcare Co., Ltd. became the official global partner of Manchester United in the Premier League.



In 2016

Healthcare Co.,Ltd. acquired Mattresses Dreams.



Healthcare Co.,Ltd. entered into the markets of Israel, Malaysia and Thailand.



In 2017

The Spanish production base was established.



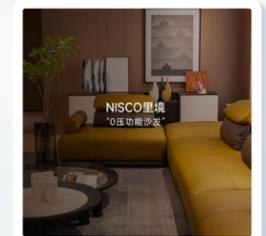
Acquired the American home furnishing chain channel MOR.



In 2020

The production base in Arizona was expanded.

Founded a new brand of NISCO Sofa.



In 2022

Interpreting 2023 by the Numbers

Economic

Economic Highlights Performance

Development

Net profit attributable to owners of the parent company
RMB **107** million yuan.

The tax revenue was
over RMB **170** million yuan.

Innovation

The R&D investment was
RMB **115,658,300** yuan.

The Company attended the compilation / revision of **1** national standard. The Company authorized a total of **209** patents.

Environmental

Environmental Highlights Performance

Green

The investment funds in the environmental protection were
RMB **1,308,600** yuan.

Low-carbon

GHG emissions¹
The total carbon dioxide equivalent of emissions in scope 1 were
1,011.92 tons.

The total carbon dioxide equivalent of emissions in scope 2 were
29,498.85 tons.

Environmental

The Zero-pressure mattress passed the international authoritative
SGS 0 formaldehyde test every year.

The mattress fabric was certified by
Oeko-Tex Standard 100 every year.

¹Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, Overseas production bases

Social

Social Highlights Performance

Quality

The product qualification ratio¹ was
98.50 %.

Service

The Company's large customer satisfaction² in South-east Asia, Europe and the United States reached
95.25 %.

Sharing

We had employees in total
7,443.

The staff training coverage rate was
100 %.

The total investment of external donations and public welfare projects was
RMB **2,450,600** yuan.

Governance

Highlights Performance of Governance

Coordinate

We held **3** Shareholders' General Meetings.

There were **7** directors.

and **1** female director.

Compliance

The items of information disclosure announcement were
171 items.

participated in the anti-corruption training
671 employees.

Win-win

Supplier³ We held
650 suppliers in total.

The suppliers who signed the supplier code of conduct accounted for
55.85 %.

¹ Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material

² Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd.

³ Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material



01

E Dream of the Heart to Protect the Beauty of Nature

In the context of severe environmental challenges faced by the world today, the concept of green and low-carbon has become an important guideline to lead the sustainable development of enterprises and the society. We adhere to the concept of green and low-carbon sustainable development, attaching great importance to green development, and constantly improving the environmental management system. We implement the concept of green environmental protection throughout the life cycle of products, actively responding to climate change, accelerating energy conservation and emission reduction, practicing green operations, and conveying green culture, aiming to contribute to the construction of a beautiful China.

- 22 Improve Environmental Management
- 24 Create Green Products
- 27 Tackle Climate Change
- 32 Reduce Pollution Emissions
- 34 Practice the Concept of Green Operation
- 35 Advocate Low Carbon Concept



Improve Environmental Management

We strictly abide by the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*. We have built an EHS management organizational structure. We have formulated many systems and standards, including the *Management Procedures for the Identification and Evaluation of Environmental Factors*, the *Management Procedures for Environmental Safety Monitoring and Measurement*, and the *Management Procedures for Environmental Safety Nonconformities and Corrective and Preventive Measures*. We have obtained ISO 14001:2015 environmental management certification, integrating the concept of environmental friendliness into the corporate development strategy and practicing green management.

Environmental Policies

- Clean production, energy saving and consumption reduction.
- Protecting environmental resources, and complying with the laws.
- Regulating behavior and improving environmental performance.

Environmental Objectives

- Exhaust gas emissions reach the standard
- Sewage discharge reaches the standard
- Noise emission reaches the standard
- Zero chemical leakage accident
- 100% collection and disposal rate of solid waste
- Zero fire accident

Build an organizational structure

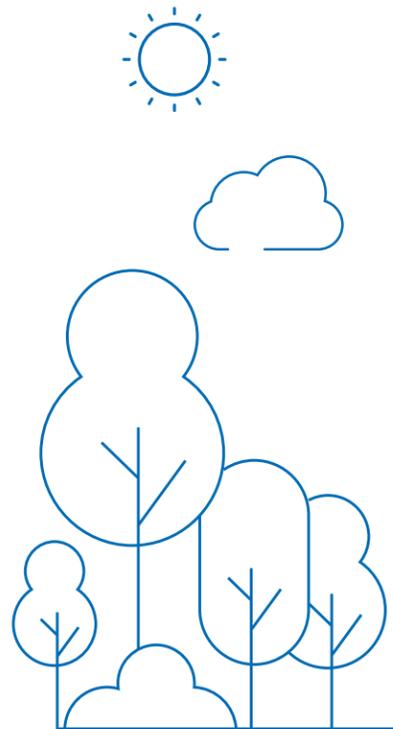
- The safety and environmental protection department has been set up, which is responsible for the comprehensive planning and implementation of the Company's environmental protection strategy.
- We supervise the implementation of environmental protection measures in each production link.

Management in accordance with the law

- We passed the environmental management system certification for the first time in 2020 and passed the review in July 2023.
- We obtained the pollutant discharge permit and the environmental impact assessment (EIA) approval of Nantong Ecology and Environment Bureau.
- Documents such as Management Procedures for the Identification and Evaluation of Environmental Factors have been formulated.

Eliminate potential environmental hazards

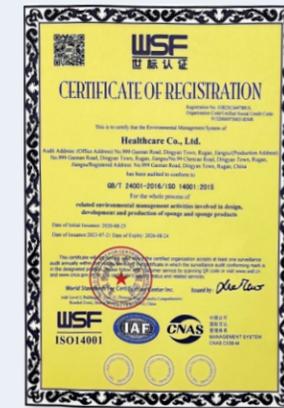
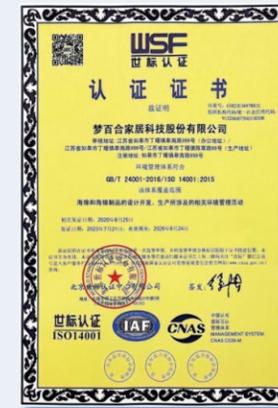
- We carry out special environmental protection inspection regularly to eliminate potential environmental hazards on site.
- We formulate emergency plan for environmental emergencies. We put the plan on record in Ecology and Environment Bureau of Rugao, Nantong.



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ISO 14001:2015 Environmental Management System Certificate



Actively rectify environmental protection problems and improve the environmental management mechanism

In January 2023, Nisco Co., Ltd. was given an administrative punishment by the Ecology and Environment Bureau of Rugao, Nantong, and it was fined a total of RMB 220,000 yuan for discharging pollutants and producing organic waste gas without obtaining the pollution discharge permit in a confined space or using pollution prevention facilities. In December 2023, Healthcare Co., Ltd. was administratively punished by the Ecology and Environment Bureau of Rugao, Nantong for exceeding the standard of air pollutants and it was fined RMB 270,000 yuan.

In the face of environmental protection problems, both Healthcare Co., Ltd. and Nisco Co., Ltd. showed a positive attitude and determination to deal with them. In the month when the penalty decision was issued, we paid the fine in full, entrusting professional institutions to upgrade and rectifying the problems in the first time to ensure that the rectification met the standards and norms. We also obtained the certificate issued by the Ecology and Environment Bureau of Rugao, Nantong. The act did not belong to the major illegal acts stipulated in Article 52 of the *Measures for Ecological and Environmental Administrative Punishments*.

After this incident, Healthcare Co., Ltd. and Nisco Co., Ltd. deeply realized the importance of environmental protection, and we actively improved the comprehensive environmental management mechanism from the source prevention, and process control to the terminal governance, aiming to promote the sustainable development.



Healthcare Co.,Ltd.'s Pollutant Discharge Permit



Nisco Co., Ltd.'s Pollutant Discharge Permit

Create Green Products

In response to the call and requirements of national green development, Healthcare Co., Ltd. has always been adhering to the concept of 'environment friendly home furnishing', practicing green production mode, and building a green, environmentally friendly and low-carbon factory. The Company implements the concept of green environmental protection from the whole life cycle of production materials, production process, product sales, and waste reuse. And it promotes green products to create an environmentally friendly and healthy consumption experience for consumers.

Green Raw Materials

- We deeply cultivate the field of memory foam, avoiding the material containing formaldehyde that is not good for breathing health.

Green Purchasing

- The products and services provided by suppliers are required to meet the environmental standards. We gave the priority to the purchase of green products.

Green Manufacturing

- We create a beautiful, resource-saving, and recyclable factory environment.
- There is no productive wastewater discharged by the Company in the whole production process. The exhaust gas generated by the sponge foaming is discharged up to the standard after being treated by the activated carbon adsorption device.

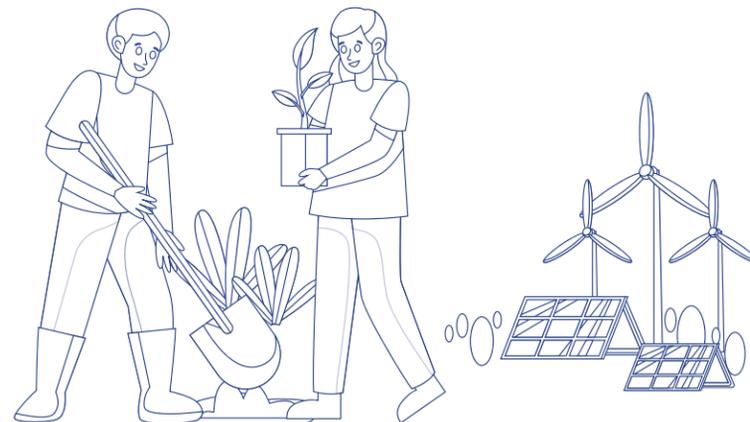
The Zero-pressure mattress passed the international authoritative SGS 0 formaldehyde test every year

The mattress fabric was certified by Oeko-Tex Standard 100 every year

In 2023

The investment funds in the environmental protection were

RMB **1,308,600** yuan.



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Green Products

- It has been awarded the CertiPUR-EUR and CertiPUR-US certifications for the safety, environmental protection and health of foam products, which are issued and implemented by the 'Flexible Polyurethane Foam Alliance' in the United States.
- The major fabrics were granted Oeko-Tex Standard 100 certification every year, which is the world's authoritative and influential textile ecological label.
- The Zero-pressure mattress passed the international authoritative SGS Zero-formaldehyde test every year.

Green Packaging

- We attach great importance to the recycling of packaging materials to avoid excessive packaging.

Green Recycling

- The waste sponges are recycled and reused to minimize resource waste and environmental impact.

Packing Material	Unit	2021	2022	2023
Material of packaging materials: paper, PE, EPE, EPS, polyethylene, non-woven fabric, pvc				
Usage Amount	Ton	1,469.61	1,149.43	1,550.67

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)



Passed the National Standard Formaldehyde Test



CERTIPUR-EUR Certified



CERTIPUR-US Certified



STANDARD 100 SHHO 060330 TESTEX

OEKO-100 Certified

Green Certification Certificate



Home green environmental protection recommended brand



Healthcare Co., Ltd. Cologne Exhibition: Eco Health Series lead the new trend of green consumption.

Originating in 1949, IMM COLOGNE is the largest interior design fair in Germany. At the exhibition in Cologne, Germany in January 2024, 'MLILY 梦百合' brought a series of star products to light up the Cologne booth.

The Eco health series are based on the theme of green environmental protection and they deeply implement the eco-friendly design concept, which uses bamboo fiber and green tea powder to maximize the characteristics of temperature and humidity regulation, meeting the needs of overseas users for environmental protection and health.

CertiPUR-US® approved foams are:

- Made without ozone depleters
- Made without PBDEs, TDCPP or TCEP ('Tris') flame retardants
- Made without mercury, lead, and other heavy metals
- Made without formaldehyde
- Made without phthalates regulated by the Consumer Product Safety Commission
- Low VOC (Volatile Organic Compound) emissions for indoor air quality (less than 0.5 parts per million)



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Tackle Climate Change

Low-carbon transformation has become an indispensable part of the sustainable development of the manufacturing industry. The Company has actively responded to the *Paris Agreement* and the *Chinese government's National Adaptive Climate Change Strategy 2035*, and it has integrated climate change factors into the Company's strategic planning and daily operations. Combined with the characteristics of manufacturing enterprises, we have made effective exploration from the strategy and management, strengthening the publicity and education of climate change, aiming to contribute the own strength in the process of slowing down the global warming.

Strengthen Climate Governance

We are fully aware of the seriousness of climate change and the urgency of tackling climate change. And we conduct governance, strategy management, risk management, indicators and target analysis on the climate change according to the Task Force on Climate-Related Financial Disclosure (TCFD). We take risk prevention and mitigation measures to track and monitor the effectiveness of key risk response measures.

**Healthcare Co.,Ltd.
Climate Governance Framework**



- We rename the Company's 'Strategy and Decision Committee' to 'Strategy and Sustainability Committee'.
- We formulate the *Implementation Rules of the Strategy and Sustainable Development Committee* to provide institutional guarantee for the Company's sustainable development governance.



- We analyze the risks brought by the climate change in the Company's current main business, and we strengthen the risk management.



- We gradually establish a climate risk management process to identify environmental risks in the production and operation of enterprises.
- Relevant business departments form a summary report according to the situation of the world and major business locations, and we make a risk list.
- We conduct the risk assessment according to the Company's risk management procedures.
- We combine with the Company's business to propose risk coping strategies, and we make risk deployment in advance.



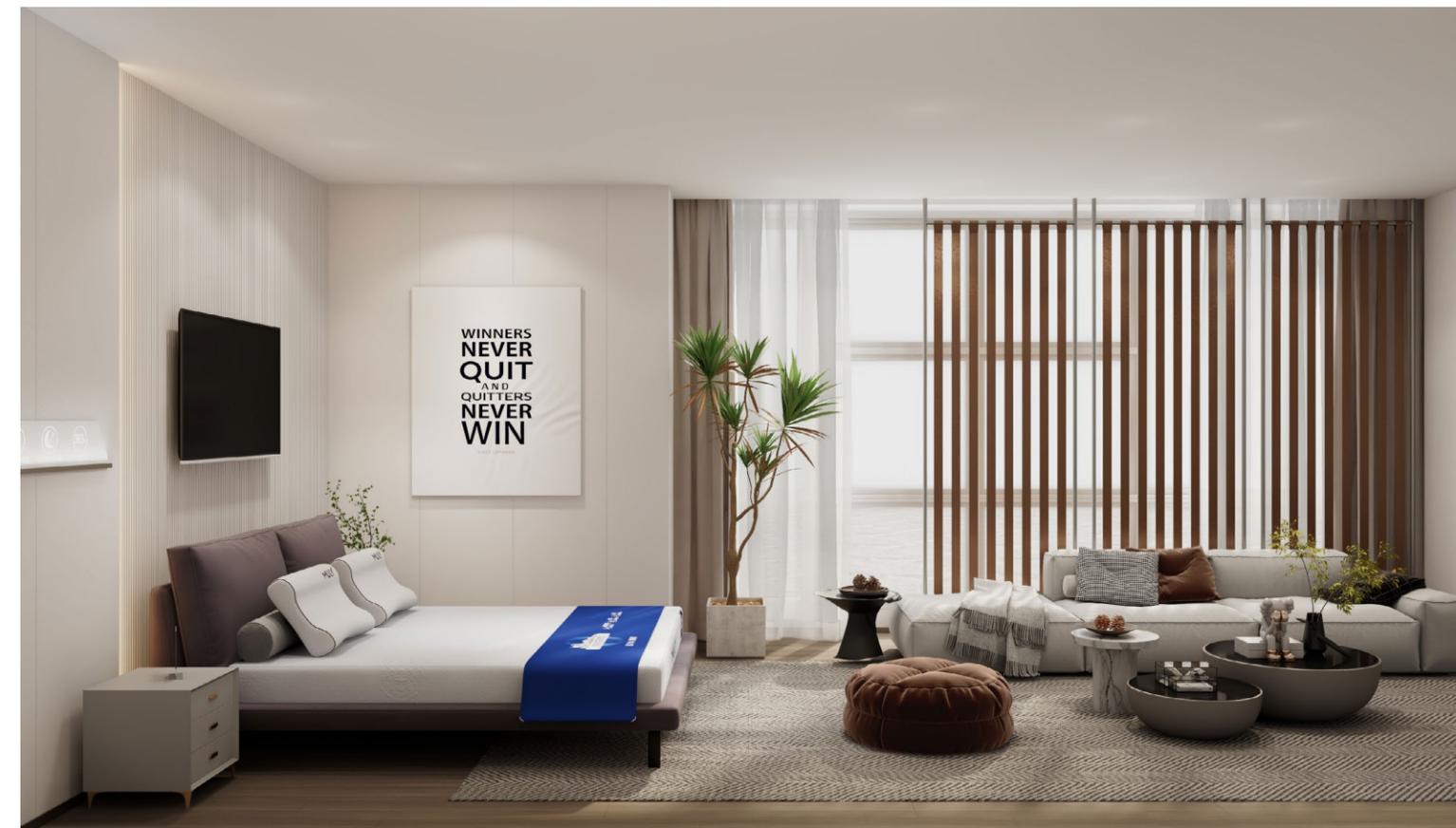
- We further improve the Company's governance procedures on climate change by referring to the recommendations of regulatory agencies on the impact of climate change and the guidelines on climate information disclosure.
- Environmental information has been disclosed in accordance with regulations. Through internal training and external publicity, the awareness of employees and the public on the climate change are improved, and the concept of low-carbon life and green consumption are cultivated.

Climate Scenario Analysis

With the reference to the IPCC's representative concentration pathway RCP4.5, SSP2, SSP3 and SSP4 of Shared Socioeconomic Pathways (SSPs), and the scenario analysis path of the IEA's established policy scenario SPS, we identify a number of risks and opportunities that may affect the Company's business under this scenario. We formulate the climate change response strategies to ensure that the Company's operating strategy adapts to the global climate transition.

Transition Risks				
Risk Category	Risk Description	Potential Financial Impact	Time Dimension	Response
Laws and Policies Risks	<ul style="list-style-type: none"> The global focus on the risks posed by the climate change, and it is driving climate change-related regulatory and disclosure requirements. It will become necessary for companies to meet more compliance requirements as they grow globally. 	<ul style="list-style-type: none"> Increase Operating Costs 	<ul style="list-style-type: none"> Medium-term 	<ul style="list-style-type: none"> Identify physical and transition risks, gradually improving management strategies for future mitigation, adaptation and resistance to climate change.
	<ul style="list-style-type: none"> Domestic and foreign regulators and capital market rating guidelines have strengthened the attention to the climate change or carbon emission reduction of enterprises. 	<ul style="list-style-type: none"> Increase Operating Costs 	<ul style="list-style-type: none"> Short and medium term 	<ul style="list-style-type: none"> Disclose Environmental information according to compliance requirements. Conduct an assessment of climate change risks and opportunities.
Technical Risks	<ul style="list-style-type: none"> The general trend of low-carbon economic transformation promotes the low-carbon upgrading and transformation of production equipment and products. 	<ul style="list-style-type: none"> Increase R & D Investment Decrease Revenue 	<ul style="list-style-type: none"> Short and medium term 	<ul style="list-style-type: none"> Establish and improve the energy management system. Implement online energy monitoring and analysis. Actively develop alternative materials to reduce the dependence on a single energy source and resource.
	<ul style="list-style-type: none"> The product technology R&D progress may lag behind. 			
Market Risks	<ul style="list-style-type: none"> As consumers become more environmentally conscious and sustainable, market demand is likely to change. 	<ul style="list-style-type: none"> Decrease Revenue 	<ul style="list-style-type: none"> Medium and long term 	<ul style="list-style-type: none"> Pay more attention to market dynamics and adjust product design and production strategies. Use low-carbonization and lightweight materials.
	<ul style="list-style-type: none"> Climate change and environmental requirements may provide market opportunities for new competitors and it may increase competition in the market. 			
Reputational Risks	<ul style="list-style-type: none"> Climate change may attract more public attention to the environmental protection, and a failure to effectively address the challenges posed by the climate change may damage the reputation and the brand image. 	<ul style="list-style-type: none"> Decrease Revenue 	<ul style="list-style-type: none"> Medium and long term 	<ul style="list-style-type: none"> Actively fulfill social responsibilities, strengthening environmental protection publicity and communication. Establish a good corporate image.

Physical Risk				
Risk Category	Risk Description	Potential Financial Impact	Time Dimension	Response
Emergency Risks	<ul style="list-style-type: none"> With extreme weather events caused by climate change, such as flood, typhoon, thunderstorms and extreme heat, the business site may not be able to operate normally. Risk of supply chain, production, and delivery delays. 	<ul style="list-style-type: none"> Increase Financial Losses Increase Operating Costs 	<ul style="list-style-type: none"> Short and medium term 	<ul style="list-style-type: none"> Formulate emergency plans for the extreme weather, combining weather forecast and other information to strengthen the investigation of hidden dangers, and to ensure the safety of factories and stores. Reasonable the use of commercial insurance and other means to reduce financial losses.
Chronic Risks	<ul style="list-style-type: none"> Global warming and increasing water stress are causing more significant fluctuations in energy use and plant operating efficiency. 	<ul style="list-style-type: none"> Increase Operating Costs 	<ul style="list-style-type: none"> Medium and long term 	<ul style="list-style-type: none"> Improve energy efficiency, actively adopting the renewable energy sources such as solar energy and wind energy. Establish a close cooperative relationship with suppliers to ensure the stability and environmental protection of raw material supply.





Optimize the Energy Structure

We fully implement the *Energy Conservation Law of the People's Republic of China*. Through the establishment of the Energy Management Committee, we aim to advocate full participation in energy management and enhancing the awareness of employees on energy management. We have introduced an advanced energy online monitoring platform to strengthen the collection, analysis and control of data in the energy use process, which realizes the management of the whole process of energy consumption. We timely detect and eliminate energy waste. We have replaced electric energy heating with natural gas heating, introducing infrared heating pipes with higher heating efficiency to replace the original stainless steel heating pipes, aiming to optimize the energy consumption structure. We actively carry out energy consumption technology transformation projects, such as expanding the capacity and application scope of solar power generation, optimizing the lighting system in the workshop, and renovating the gas circuit in the workshop. We aim to improve the efficiency of resource use and reducing the overall carbon emissions.

Energy Consumption	Unit	2021	2022	2023
Natural Gas	m ³	37,264.09	55,291.21	77,824.27
Diesel Oil	liter	225,881.07	208,592.29	230,437.65
Gasoline	liter	76,456.88	63,243.23	56,574.90
Renewable Energy Sources (Solar Power Generation)	kilowatt hour (KWH)	630,861.00	1,302,436.24	1,305,814.98
Electricity Outsourcing	kilowatt hour (KWH)	27,258,318.00	26,524,403.37	29,587,608.00

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)

Promote Carbon Emission Management

We take a proactive attitude for identifying, accounting and managing corporate greenhouse gas emissions, while carrying out targeted analysis. We continuously improve our management capacity to address climate change. We take active measures to reduce emissions, while improving carbon emission management.

Carbon emissions of Healthcare Co.,Ltd. in 2023 ¹		
Index	Unit	In 2023
Scope 1 emissions	tCO ₂ e	1,011.92
Scope 2 emissions	tCO ₂ e	29,498.85

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)

¹ Basic equation for IPCC carbon accounting: Greenhouse gas (GHG) emissions = Activity data (AD)* Emission factor (EF)

The carbon emission factors: natural gas 2.27 kgCO₂ / m³; vehicle gasoline 2.3 kgCO₂ / L; diesel 3.06 kgCO₂ / L and electricity 0.997 kgCO₂ / kWh

Scope 1

According to the *Greenhouse Gas Protocol* ('GHG Protocol') issued by World Resource Institute (WRI) and the World Business Council for Sustainable Development, the scope 1 emissions are the direct emissions from resources owned and controlled by the company. The main emission sources of Healthcare Co., Ltd. are natural gas, diesel oil and gasoline.

Emission sources	Unit	In 2023
Scope 1:	tCO₂e	1,011.92
Natural Gas	tCO ₂ e	176.66
Automobile Gasoline	tCO ₂ e	130.12
Diesel Oil	tCO ₂ e	705.14

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)

Scope 2

According to the *Greenhouse Gas Protocol* ('GHG Protocol') issued by World Resource Institute (WRI) and the World Business Council for Sustainable Development, the scope 2 emissions are indirect greenhouse gas emissions generated by the electricity. For Healthcare Co., Ltd., the electricity outsourcing is the biggest source of greenhouse gas emissions. In the process of electricity consumption, the Company tries to save electricity while ensuring the lighting or power effect. The daily record is reflected in the *Distribution Room Operation Record Form*. If there is an alarm on duty, the duty officer should immediately report to the supervisor. We control the project which consumes the most electricity. If there is any unusual statistical analysis of electricity consumption, we will find the cause and make the improvement in a limited time.

Emission sources	Unit	In 2023
Scope 2	tCO₂e	29,498.85
Electricity Outsourcing	tCO ₂ e	29,498.85

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)





Reduce Pollution Emissions

In order to maintain the sustainable development of the ecological environment, the Company strengthens the management of environmental impact factors, which ensure that the emissions of the 'three wastes' meet the standards. The Company timely reports the environmental protection information to the Municipal Bureau of Ecology and Environment online, and it actively fulfill the obligations of green environmental protection. In December 2023, the Company's 'three wastes' test results showed that the factory had achieved the comprehensive standard discharge of domestic waste water, exhaust gas and noise.

Exhaust Gas Management

In order to maintain the sustainable development of the ecological environment, the Company strengthens the management of environmental impact factors, formulating the *Exhaust Gas Emission Control and Management Procedures*, strengthening the management of the production process, and reducing the unorganized exhaust gas emissions. At the same time, the Company has also installed the organized emission of exhaust gas and the VOC online monitoring system at the factory boundary, which has been connected with the Department of Ecology and Environment of Jiangsu Province, China. It strictly implements the pollution weather control measures, and it actively fulfills the green environmental protection obligations. In 2023, the Company's plant achieved standard exhaust gas emissions.

Exhaust gas emission	Unit	2021	2022	2023
Total exhaust gas emissions	m³	95,720,323	174,366,820	106,220,150
particulate matter	mg/m ³	2.67	1.48	2.30
Non-methane total hydrocarbon	mg/m ³	ND(not detected)	3.72	3.54
Nitrogen oxide	mg/m ³	None	None	None
Oxysulfide sulfoxide	mg/m ³	None	None	None
VOC discharge	mg/m ³	None	0.46	1.46

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)

Waste Water Management

No process wastewater is produced in the production process of the Company, and only the domestic sewage is produced. According to the Company's system of *Waste water Discharge Management Procedures* and the principle of 'cleaning-sewage diversion and rain-sewage diversion', the sewage is discharged after qualified treatment. The sewage produced by the canteen and toilet is brought to the sewage treatment station through the professional pipe network. The canteen wastewater must be filtered by the waste oil pool, and the filtered residue shall be treated according to the *Solid Waste Pollution Control Procedure*. After sewage treatment, a qualified third-party unit is entrusted to test the waste water once every six months, and all the indicators should reach the standard. In 2023, the Company's plant achieved the standard discharge of domestic wastewater.

Solid Waste Management

The Company strictly abides by the Law of the *People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and it has formulated the *system of Solid Waste Management Procedures*. The Company adheres to the disposal principle of 'reduction, recycling, and harmless', and it implements the collection, disposal and comprehensive utilization measures of all kinds of solid waste, especially the hazardous waste. In strict accordance with the principle of 'classified recycling, centralized storage and unified outsourcing treatment', hazardous waste warehouses have been set up according to national standards and norms, effectively reducing the risk of hazardous waste leakage to the external environment. In the recycling process, the Company contacts the hazardous waste recyclers licensed by the state to deal with the hazardous waste to prevent secondary pollution.

Solid waste discharge	Unit	2021	2022	2023
Total amount of general solid waste ¹	Ton	3,809.60	2,456.34	3,441.50
Total amount of hazardous waste ²	Ton	153.08	132.00	142.81

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)

Noise Management

The Company has formulated the *Noise Control Management Procedure*. It optimizes the low-noise equipment and the layout of the equipment in the factory workshop, and it keeps the high-noise equipment away from environmentally sensitive targets such as residential areas. Taking noise reduction measures such as sound insulation, sound absorption and vibration reduction to ensure that the noise level meets the standards of industrial enterprises when the company is in the normal operation. In 2023, the Company's plant area achieved the noise emission standard.



¹ General waste refers to waste paper, construction waste and household waste that are not included in the *National Hazardous Waste List (2022 edition)*.
² Hazardous waste refers to the waste included in the *National Hazardous Waste List (2022 edition)*.



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Practice the Concept of Green Operation

The Company implements the green, low-carbon and circular development strategy with quantitative management of energy conservation and environmental protection indicators in the operation process, and it strengthens environmental risk prevention. It fully implements green office, reducing the resource consumption of the office area from the source through water-saving office, paperless office, etc. These efforts strive to create a green background for the Company's high-quality development. In 2023, Healthcare Co., Ltd. was rated as a level II cleaner production unit by the Municipal Bureau of Ecology and Environment of Rugao, Nantong.

Water resources use	unit	2021	2022	2023
Purchase of Municipal water	m ³	155,102.00	130,110.54	147,085.91

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, overseas production bases)

Water management

- In the process of cooling, washing, and watering with tap water, we try to save water while ensuring the effect.
- The reasonable cleaning process should be arranged for the water in the canteen, and attention should be paid to saving water under the condition of ensuring the cleaning effect. Individuals should drink water in terms of their various needs.
- We check the water supply system to ensure that preventing dripping and overflowing.
- The administrative department should count the total monthly water consumption, as well as analyzing the per capita (or unit output) water consumption. In case of any abnormality, we will sort out the reason, then making the improvement within a limited time. All records of the process of improvement should be recorded.
- Waste water shall be treated according to the *Waste water Discharge Control Procedure*.

Paper management

- Increase the frequency of the use of paperless conference room, displaying conference materials through electronic screen, and reducing paper waste.
- Reduce printing paper except that it must be kept as paper materials or confidential company documents.
- Single-sided printed documents must be recycled for double-sided use.
- Remove foreign bodies such as staple pins and paper clips during recovery.
- Make invalid marks to avoid confusion.
- The paper with no writing value shall be treated according to the *Solid Waste Pollution Control Procedure*.

Other aspects of management

- Strengthen the greening construction of the plant. In order to reduce the impact of exhausting gas and noise in the surrounding area, some green isolation belts with a certain width are constructed.
- When managing raw materials, taking some actions of moisture proof, water proof, sun proof and etc.
- The procedure of energy transportation, installation and maintenance shall be carried out in accordance with the *Energy and Resource Management Procedures*.



The list of domestic advanced enterprises in clean production in Rugao City was announced! Healthcare Co.,Ltd. is on the list.

In 2023, Rugao carried out clean production review and evaluation of 16 enterprises. Healthcare Co., Ltd. was included in the list of the first batch of key enterprises in Jiangsu Province, China for mandatory clean production review in 2022. Healthcare Co., Ltd. was evaluated as the level II clean production unit, reaching the advanced level of cleaner production in China.

Advocate Low Carbon Concept

We adhere to the concept of green and low-carbon sustainable development. We advocate and practice the concept of green and low-carbon within the Company, actively conveying green development values to supply chain partners and the public. Through the promotion of green products and the development of environmental protection theme activities, we popularize low-carbon and energy-saving knowledge, and we create a green and low-carbon social atmosphere.



Healthcare Co.,Ltd. Holds an Earth Day Event to Call for a Low-carbon Life.

Guide green consumption

- Through public welfare activities and social media, we popularize the importance of green and low-carbon life to the public, guiding the public to form green consumption habits.

Promote green cooperation

- We cooperate with other industries and organizations to jointly launch green initiatives and cooperative projects to expand the influence of green and low-carbon concepts, promoting the green transformation of the whole society.

Advocate green travel

- We open a special commuting line to solve the commuting problem of employees, encouraging employees to travel low-carbon.
- We install charging piles in the Company's parking lots to encourage employees to use new energy vehicles.

02

S Dream Weaver to Create Zero-pressure Environment

With the corporate mission of 'Dedicated to Improving People's Deep Sleep', the Company creates an intimate and comfortable service experience for customers by insisting on innovative R&D, strictly controlling product quality, and providing high-quality services. The Company regards safety production as the red line of enterprise development, and it comprehensively builds a strong safety line of defense. At the same time, the Company implements the concept of 'people-oriented, give back to the society', actively assuming social responsibility, caring about employee welfare and community well-being, which lays a solid foundation for the long-term and stable development of the enterprise.

- 38 Adhere to Innovation-driven
- 42 Strictly Control Product Quality
- 44 Provide High-quality Service
- 48 Strengthen Safety Production
- 50 Employee Development
- 58 Participate in Community Building



Adhere to Innovation-driven

As a high-tech enterprise jointly identified by multiple departments in Jiangsu Province, China, we have established a sound R&D management system which focuses on technology accumulation, achievement transformation, and talent training, while continuously improving own innovation and R&D ability. We develop in tandem with the industry, insisting on carrying out industry-university-research activities, and we actively share technical experience. While paying attention to our own innovation, we strengthen intellectual property management, escorting the transformation of independent intellectual property rights and the sustainable development of enterprises.

Improve R&D Capabilities

We attach great importance to innovation ability and technology accumulation, combining market demand with the Company's product knowledge bases, technology accumulation, and we constantly develop marketable new products. Through the formulation of a series of systems such as the Management System for R&D Organizations, we maintain our sensitivity to emerging technologies. With the self-built provincial engineering technology research center and the cultivation of a R&D team as the starting point, we actively explore the integration of technology and sleep, which will continue to develop innovative products for the public.

In 2023

There were

359

R&D staff in total.

The R&D staff accounted for

12.35 %.

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd.)

Strengthen the construction of talent team

- The Company has formulated and implemented rules & regulations such as the *Implementation and Reward System for the Transformation of Scientific and Technological Achievements* and the *Management System for the Introduction of Scientific and Technological Talents*. Healthcare Co., Ltd. continues to increase R&D support to stimulate the initiative and enthusiasm of employees for innovation.

Attach importance to the accumulation of R&D technology

- The Company has mastered a number of core technologies and production processes of household products, such as assembly line foaming technology, assembly line foaming temperature control technology, mattress automatic rubber rolling composite technology, foldable ultra-thin electric bed mechanism design and realization technology.
- The Company continues to improve the new product design capabilities, responding quickly to market needs and developing products to meet the diverse individual needs of customers in different countries and regions.

Carry out product innovation continuously

- In recent years, the Company has successively developed a number of smart home products such as smart mattresses, anti-snoring pillows, electric beds, smart sofas, and zero-pressure function chairs, which have obtained a good market response, and effectively meeting the diversified needs of smart home.

In 2023

The R&D investment was

RMB **115,658,300** yuan.

The R&D investment accounted for

1.45 %

of the business revenue.

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Healthcare Co., Ltd. has won public recognition with outstanding innovation ability.

On December 26, 2023, at the fourth 'JING CHAO Awards' award ceremony held in Shanghai, Healthcare Co., Ltd. won the '2023 the Most Advanced Technology Award' for its innovation and market performance in smart products. The award, hosted by China financial information service platform Blue Whale, a journalist work platform, and jointly supported by the Financial Union, aims to find Chinese companies that can lead the world trend. Because of its excellent performance in increasing investment in science and technology, as well as strengthening the 'hard power' of technology and industry competition, Healthcare Co., Ltd. achieved outstanding performance from many consumer brands and enterprises.



Healthcare Co., Ltd. won the '2023 the Most Advanced Technology Award' of JING CHAO Awards



Healthcare Co.,Ltd. won the title of Industrial Internet Development Demonstration Enterprise of Jiangsu (Benchmark Factory)



Healthcare Co.,Ltd. won the title of Benchmark Model for the Integrated Development of the Two-industries of Jiangsu



Healthcare Co.,Ltd. won the title of Jiangsu Memory Foam Engineering Research Center

Hand in Hand to Promote Industry Development

We have formulated the *Management System for R&D Organizations and Management System for Industry-University-Research Cooperation*. We have carried out industry-university-research cooperation with Jiangnan University, Nantong University, Manchester United Sports Science Team, International Chiropractors Association (ICA), and Dalian Viteo International Hospital. We are willing to participate in industry exchange activities, major exhibitions, and we actively share own experience and technology. We have joined a number of industry associations, attending many industry conferences such as 'New Era, New Opportunities, New Home Textiles' of China Home Textile Industry Association, and 'National Furniture Standardization Lecture' of China National Furniture Association Quality Standards Committee. We have attended the compilation of national and industry standards such as *GB/T 43007-2023 Mattress Hardness Grade Distribution Test and Evaluation Method*, which has contributed to the standardized development of the industry.

In 2023

The Company attended the compilation / revision of

1
national standard.

The Company attended the compilation / revision of

1
group standard.

The Company signed

2
cooperative institutions.

The Company carried out

3
industrial and academic cooperations between colleges and universities.



Ni Zhanggen, Chairman of Healthcare Co.,Ltd., shared the experience at the 36 Kr WISE2023 King of Business Conference.



Healthcare Co.,Ltd. attended Shenzhen Fashion Home Design Week and Shenzhen International Furniture Design Exhibition



Healthcare Co.,Ltd. attended the 28th China International Furniture Fair



Healthcare Co.,Ltd. attended the International Furniture Fair in Cologne, Germany



Healthcare Co.,Ltd. attended the International Furniture Fair in Las Vegas (Autumn)

The Industry Associations and Chambers of Commerce that Healthcare Co.,Ltd. has joined

Serial Number	Industry Name and Rank	Rank
1	China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts	Part-Time Vice President Unit
2	China National Furniture Association	Executive Director Unit
3	Plastic Polyurethane Products Professional Committee of China Plastic Processing Industry Association	Executive Director Unit
4	China Furniture & Decoration Chamber of Commerce	Vice President Unit
5	Jiangsu Furniture Industry Association Jiangsu Chamber of Commerce of Furniture Decoration Industry	Executive Vice President Unit
6	Nantong Chamber of Commerce of Home furnishing Industry	Vice President Unit
7	Shenzhen Furniture Industry Association	Governing Unit
8	China Home Textile Industry Association	Governing Unit
9	China Chamber of Commerce for Import and Export of Textiles	Governing Unit
10	China Polyurethane Industry Association	Member
11	International Sleep Products Association	Member
12	China Nonwovens & Industrial Textiles Association	Member
13	Rugao Entrepreneurs Association	Member
14	Chinese Sleep Research Association	Member
15	Jiangsu Educational Equipment Industry Association	Member
16	China Chamber of International Commerce	Member

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Healthcare Co., Ltd. won the title of initiator of 'Pilot Project' for high-quality development of furniture industry in the new era

Protect Intellectual Property Rights

As a national enterprise with intellectual property advantages, we strictly abide by the relevant laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, and we attach great importance to the protection of intellectual property rights. We continue to promote the distribution of intellectual property rights, making intellectual property management more scientific and standardized. The *intellectual property management system* has been continuously improved, and a number of management systems such as Intellectual Property Management System and *Patent Management System* have been formulated and implemented to provide institutional guarantee for the transformation of the Company's independent intellectual property achievements. At the same time, we also respect the intellectual property rights of others, setting up multiple reviews to reduce the risk of infringement, and organizing training to strengthen employees' awareness of intellectual property protection.



为了解决这一难题经过大量实验

开发出来专利产品
非温感0压棉

By the end of 2023

We owned a total of **209** authorized patents, including **20** domestic invention patents,

69 pieces of new patent applications.

Strictly Control Product Quality

We regard product quality as the cornerstone of the brand, and we attach great importance to quality management, constantly strengthening the production management concept to optimize the quality control process and methods. A quality management system has been established from raw material procurement, production and processing to acceptance and warehousing of finished products, and factory inspection to ensure product quality in an all-round way. We have successfully passed the ISO9001:2015 quality management system certification. The products have passed the national standard formaldehyde testing, CertiPUR-EUR certification, CertiPUR-US certification and OEKO-100 certification.

In addition, the Company continues to improve the quality control process, laying a firm foundation for the long-term cooperation between the Company and domestic and foreign customers. The Company's quality department is responsible for the collection, transmission and reply of quality information, so the product quality and safety information can be queried; the source can be traced; the process can be controlled; and the responsibility can be investigated. By the comparison and analysis of the differences between domestic and foreign standards, the global quality management standardization is realized.



Pass the National Standard Formaldehyde Test



CERTIPUR-EUR Certified



CERTIPUR-US Certified



OEKO-100 Certified

In 2023

The product qualification ratio was

98.50 %

Quality management system certification covered the business scope:

sponge and sponge products design, development and production.

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material)

No products were withdrawn and recalled due to health and safety reasons.

Comprehensive management of the whole industry chain

- Efforts are made to improve the quality and safety management system of the whole industrial chain, covering raw materials, production, storage, logistics, and after-sales. From the perspectives of department structure, system standards, knowledge capabilities, performance management, etc., we continue to realize the standardization and lean management of the supply chain. So, the product quality and safety information can be queried; the source can be traced; the process can be controlled; and the responsibility can be investigated.

Strict quality testing process

- Adhering to the quality control principle of 'full-line quality inspection and quality inspection at any time', the testing center has set up 136 testing items, and it has carried out strict testing of products through stress testing and durability testing.

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Healthcare Co.,Ltd. Quality Management System Certificate of Certification





Healthcare Co., Ltd. won the 'Certificate of Jiangsu Premium Brand Certification' issued by Jiangsu Quality International Certification Alliance for Product and Factory Inspection

Healthcare Co., Ltd. won the title of 'High Quality Growth Brand of the Year' of Inspur New Tide of Consumption.

In December 2023, New Tide of Consumption issued the *Annual List of 2023 High Quality Growth Brands*, affirming the brands that had been moving forward and developed rapidly despite difficulties and obstacles. Healthcare Co., Ltd. has a deep insight into consumers' sleep needs. The experimental data shows that compared with traditional palm mattresses, the users who use Healthcare Co., Ltd. zero-pressure Mattress take an average of 49% less time to fall asleep, with an average of 38.1% more time spend in deep sleep, and an average 235.31% increase in REM sleep time. Healthcare Co., Ltd. has solved consumers' sleep problems through high-quality product quality, and it has won the award of '2023 High Quality Growth Brand' in the fields of household daily use, consumer technology, and consumer services.



Healthcare Co., Ltd. won the award of '2023 High Quality Growth Brand' of New Tide of Consumption

Provide High-quality Service

We always uphold the service concept of 'customer first', keeping our promises, and serving every customer wholeheartedly. A perfect customer service management system has been established, and the service experience has been continuously improved through a professional team, standardized processes and innovative models. We pay attention to customer privacy protection with building and operating an information security system to prevent customer privacy leakage. We actively practice responsible marketing and resolutely maintain a healthy operating environment in the market.

Comprehensively Optimize the Service Experience

We have established a perfect customer service management system, and we always take the customer as the center, providing pre-sale, in-sale and after-sales the service to ensure service quality. We attach great importance to customer experience, continuously optimizing the service process to meet customer needs and improving customer satisfaction. We continue to improve after-sales service, through the first question responsibility system and the special person responsibility system to ensure the professionalism and initiative of the service. We have established a membership ecosystem to provide customers with customized services, which can meet the different needs of customers, enhancing the emotional connection between customers and the brand.

In 2023

The Company's large customer satisfaction in Southeast Asia, Europe and the United States reached

95.25 %.

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd.)

Improve Service Quality

- For pre-sales service, the Company assesses the response timeliness of service personnel, and it regularly organizes product knowledge training to ensure accurate responses to customer questions.
- The Company regularly carries out service quality training, and it conducts unified training in the form of slides on the rules and requirements related to satisfaction.
- The Company continuously optimizes intelligent services, adjusting and optimizing errors in intelligent customer service robots in a timely manner, and improving the service quality of intelligent robots.

Improve After-sales Service

- For after-sales service, after-sales staff have to provide customers with mutually acceptable solutions. If the customers are not satisfied with the existing solutions, the complaints will be upgraded to address.
- The Company applies the daily end of the after-sales processing mode. And for problems that cannot be solved in real time, it is necessary to clearly inform the customer when the reply will be given, and ensure that the customer is given a satisfactory solution within the promised time limit.
- The Company sets up a special channel for return and refund of 180-day sleep trial to fully protect the after-sales rights and interests of consumers.

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Enhance Customer Satisfaction

- The Company formulates a standardized customer satisfaction questionnaire to conduct monthly assessment of customer satisfaction, which links to the employee performance coefficient to improve service quality.
- It is required customer service staff to analyze the reasons for customer dissatisfaction from themselves, and we find solutions, actively inviting customers to re-evaluate to ensure that the service is in place.

Building a Membership System

- The Company has built an online and offline integrated membership ecosystem to realize the sharing of store member data and it effectively improves the integrated membership system management capabilities.
- The Company continues to carry out member salon activities and innovatively designs online & offline linkage activities. Through online personalized publicity, the Company invites members to offline stores, and then it combines market demand and customer feedback to improve service quality.
- The Company has established a variety of member incentive programs to meet the different needs of different groups and it has enhanced member loyalty based on customer needs.



Conduct Member Salon Activities to Strengthen the Link between Customers and Brands.

The Healthcare Co., Ltd. member salon series are divided into four themes: spring, summer, autumn and winter, which are continually held throughout the year. The salon activities constantly bring brand creative activities and exquisite benefits to members. In July 2023, Healthcare Co., Ltd. successively held the theme salon of 'Summer Carnival with You to Draw a Summer' in eight cities, which includes Nanchang and Hebi. In the form of painting DIY, every customer could personally participate in the production of pillows and bags. During the activity, the staff interacted closely with our members, which effectively deepened the link between the store and customers. This salon activity improved customers' perception of the brand and products.



Healthcare Co.,Ltd. Member Salon Activity- -Group Photo at Hebi

In 2023

The number of customer complaints was

4,135

and

4,089

of complaints have been resolved

with a customer complaint resolution rate

98.89 %.

(Statistical calibers: Healthcare Co., Ltd., Nisco Co., Ltd., Deeplant New Material, Shanghai Mlily Beddings Co., Ltd., Nantong Zero Pressure)

Focus on Protecting Customer Privacy

We strictly abide by the relevant laws and regulations such as the *Data Safety Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, as well as the ISO 27001 standards. We have established an information security management system, we continuously strengthened information security management, and we clarified the data management department and responsibilities. The whole life cycle security management of the data is adopted to comprehensively prevent the leakage and abuse of customer information, thus effectively guaranteeing the security of the company's data and customer information.

Build Information Security Systems

- Guided by the *Information Security Management System Manual*, the information security management policy and objectives are clarified, and the responsibilities and powers of the organization are clearly defined.
- A number of documents such as the *Information System Data Management System* and the *Healthcare Co., Ltd. Information Security Training System* have been promulgated to maintain information security and customer privacy.
- We conduct regular compliance reviews to ensure that information security and privacy protection measures comply with applicable systems and standards.

Operational Information Security System

- We strengthen the construction of network security infrastructure, including setting up firewalls, vulnerability detection, anti-virus monitoring, encryption technology, etc., to protect the company's data security and prevent customer privacy leakage.
- We encrypt the sensitive data stored in its systems to reduce the risk of data leakage.
- We regularly back up important information and data to respond quickly and efficiently when problems occur.

Organize Information Security Training

- We regularly conduct employee information security training to improve employees' awareness of information security, data protection and customer privacy protection.

Adhere to Responsible Marketing

We carry out marketing activities in accordance with laws and regulations such as the *E-commerce Law of the People's Republic of China* and the *Advertising Law of the People's Republic of China*. The Company has established the *Legal Risks and Prevention & Control of Enterprise E-commerce and Network Marketing Operations*, and it has carried out customer service personnel training activities for major marketing activities to ensure that the product and service promotion content is true, accurate, legal and compliant. At the same time, we strictly abide by the *Anti-Unfair Competition Law of the People's Republic of China* and related laws and regulations, and we firmly protect the market competition environment to maintain the relationship between supply and demand, promoting the legality and compliance of suppliers.



On April 24, 2023, Healthcare Co., Ltd. launched an Online and Offline Training on 'Advertising Compliance'

Strengthen Safety Production

We regard safety production as the foundation of the steady development of the Company, ensuring safety and development through scientific management and strict system. In daily production, staff training, equipment maintenance and hidden danger investigation, the Company strictly controls and consolidates the safety foundation in all aspects. At the same time, we pay attention to risk management and control, evaluating and taking measures to reduce the probability of safety accidents regularly, aiming to effectively improve the level of safety management and escort the steady development of enterprises.

Consolidate the Safety Management System

Based on the Law of the *Work Safety Law of the People's Republic of China*, we have formulated a number of reliable measures such as the *Safety Education and Training Management System* and *Emergency Response and Emergency Rescue Management System*. We continue to improve the safety production operation management practices to implement the responsibility of safety production, promoting the continuous improvement of the Company's safety risk control capabilities to ensure the standardized operation of the Company's safety production.

Improve the management and control system

- We have established a safety risk management and control system to identify and assess the risks of production facilities or sites, identifying risk factors, and determining risk levels. We strictly implement control measures, clarifying the responsible departments and responsible persons, and publicizing them to on-site employees.

Prevent safety risks

- We take measures to monitor the identified major hazard sources, including technical measures (design, construction, operation, maintenance, inspection, test, etc.) and organizational measures (clear responsibilities, personnel training, protective equipment configuration, operation requirements, etc.).
- We have formulated the overhaul, maintenance, and management system of equipment and facilities. We have also set up equipment ledger, technical files, new equipment and facilities acceptance and old equipment and facilities demolition, scrapping management system, equipment and facilities (including special equipment and workshops and other buildings or structures) testing and inspection management system. And the main equipment and facilities are regularly inspected by systems mentioned above.

Formulate emergency plans

- We have established an emergency management system, revising the emergency plan every year, and carrying out on-site emergency disposal drills, special drills, and fire evacuation drills.

Create a Safe Production Atmosphere

In order to improve the safety awareness of employees, we regularly organize the training on safety education; and we carry out the safety production month activities. Combined with the actual situation, we have formulated a variety of safety production publicity activities with rich content, vigorously popularized safety knowledge. And the participation of employees covers a wide range. We have formulated and implemented the Healthcare Co., Ltd. Safety Production Incentive Management Measures to promote the participation of all employees in safety management. The management concept of 'every employee is the responsible person of enterprise security' is put forward, and the responsibility network of 'full participation' is constructed.

In 2023

A total of

122

safety training sessions were held.

A total of

25

emergency drills were organized.

Safety production training covered

100%

of production employees.

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material)



Carry out emergency rescue drill to build a strong defense line of production safety

On July 5, 2023, Healthcare Co., Ltd. carried out a special drill for emergency rescue of limited space operations and emergency rescue of major hazardous sources and chemical leakage. Through the on-site drill, we found that except for the damage to the emergency materials, the rest of the links were completed well, and the emergency plan was effective. After the drill, we purchased and replaced the emergency supplies again. In the future, we will check the status of the supplies regularly, doing spot inspection, and replacing them in time. Through the drill, on the one hand, we improved the safety awareness and emergency rescue ability of the employees; on the other hand, we provided a solid guarantee for the Company's safe production, and further building a solid safety defense line.



Review of the drill



Fire Drill of Nisco Co., Ltd



Nisco Co., Ltd. conducts safety production knowledge training and competition

Employee Development

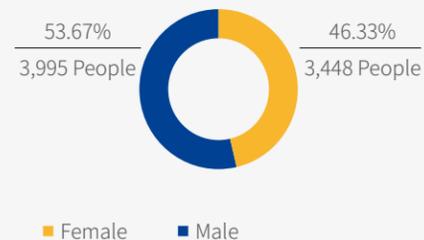
The Healthcare Co., Ltd. has established for 20 years. The Company has guarded the dreams of employees, and it has regarded every employee as a member of the big family. The Company has adhered to democratic management, focusing on the three dimensions of employee thinking, employee ability and employee governance, and protecting the legitimate rights and interests of employees. The Company has created an equal employment platform, provided diversified welfare policies, and it has continued to promote the training plan of talents at all levels. The Company has created a good working & living environment and atmosphere to enhance the sense of belonging and happiness of employees.

Protect the Rights and Interests of Employees

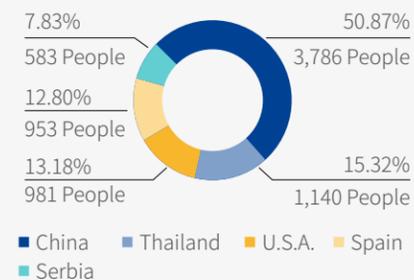
The Company complies with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Company Law of the People's Republic of China*. The Company has established a system related to employee recruitment, promotion and resignation, adhering to equal and compliant employment, opposing discrimination, and eliminating gender inequality in the workplace. The Company firmly prohibits the employment and use of child labor and it resists all forms of forced labor. The Company advocates deepening democratic management, advocating equal pay for equal work, implementing paid leave, protecting the legitimate rights and interests of employees, and it is committed to providing employees with fair and reasonable wages and working conditions.

The Number and Composition of Employees of Healthcare Co.,Ltd. in 2023

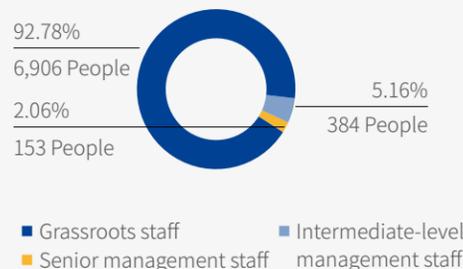
Employee Gender Structure



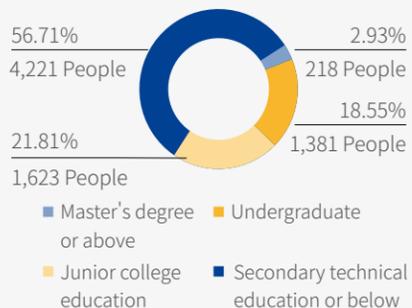
Employee Distribution Structure



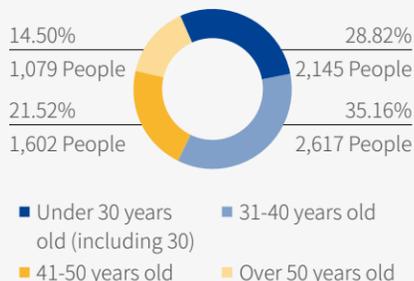
Type of Employee



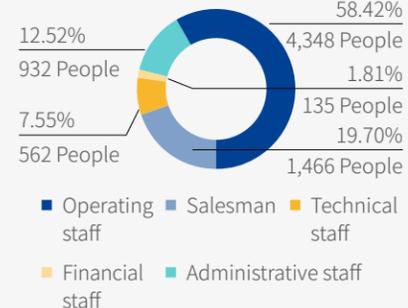
Employee Educational Level



Employee Age Structure



Professional Composition Category



In 2023

We had

7,443

employees in total.

The proportion of formal contract workers was

100%

The social insurance coverage of employees was

100%

The maternity leave return rate of female employees was

100%



Equal Compliance Employment

- We strictly follow relevant laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. We adhere to the principles of open recruitment, equal competition, and merit-based recruitment, and the labor contract signing rate is 100%.
- We resolutely prohibit discrimination on the basis of race, nationality, age, gender, and religious belief in the employment process. We firmly prohibit the employment and use of child labor and we resist all forms of forced labor.
- In 2023, the company has 26 employees with disabilities.

Diversified and integrated team

- We are committed to continuing to promote a diverse and inclusive work environment, bringing people from different backgrounds to the next level of thinking, experience and skills.
- We put an end to gender inequality in the workplace, opposing sexual harassment in the workplace, and improving the degree and ability of female employees to participate in enterprise management. The Company has strengthened the training and selection of female cadres. There are 172 female employees in the management team, including 33 female employees in senior management and 139 female employees in intermediate management.
- Establishing, improving and promoting global governance mechanisms that respect and adapt to different cultural practices and values. These can facilitate effective communication and collaboration across different time zones and cultural backgrounds.

Fair adjustment of positions and salaries

- We provide competitive salary levels, according to different job groups. The Company's salary distribution is targeted to achieve fair distribution.
- We actively explore the optimization and adjustment of the salary structure to improve the incentive efficiency, driving the business development.
- We advocate equal pay for equal work, which is helpful for eliminating internal inequality and promoting fairness and justice.
- We implement paid leave to improve employees' work enthusiasm and satisfaction. In 2023, the average paid leave per person was 5 days.



Improve the Well-being of Employees

The Company cares about the work and life of employees, and it provides diversified welfare and care such as holiday welfare, health welfare, activity welfare, working and living welfare. The Company has built a multi-dimensional employee activity system to continuously repay employees' efforts, continuously improving employees' sense of belonging, gain and happiness, and it is committed to establishing a safe, hygienic and healthy working environment, and creating an active and warm corporate atmosphere.

Improve employee benefits

- The Company further improves the construction of the employee care system to make the normalized work more standardized and operational, and it enhances the sense of belonging of employees.
- The Company provides a number of personalized welfare subsidies such as high-temperature subsidies, overseas subsidies, monthly attendance bonuses, and holiday benefits to guide employees to realize their own value in the forefront of the business and strategic urgently needed positions.

Comfort and help for employees in need

- We attach great importance to the work of helping employees in difficulties, and we provide financial assistance to employees suffering from serious diseases and their families to help them tide over difficulties.
- We organize the Chinese New Year's Eve dinner for employees who stay in factories, so employees who cannot return home as scheduled can feel the warmth of 'home'.
- In 2023, a subsidy of 107,000 yuan was granted to needy workers through the Rugao Charity Foundation.

Enrich the cultural life of employees

- We carry out extreme frisbee, outdoor competitive games and other group-building activities to strengthen the staff group cohesion and overall centripetal force, promoting positive communication, mutual trust and teamwork among employees, and cultivating team awareness.
- Nisco (Thailand) Co., Ltd. held a Christmas gift exchange event, with employees tasting delicious food and talking about the New Year.
- We organized employee Qixi Festival activities to build a good platform for employees to make friends while promoting traditional culture.

In 2023

The welfare expenditure was
RMB **88.7868** million yuan.

The basic welfare expenditure was
RMB **70.0215** million yuan.

Special welfare expenditure reached
RMB **18.7653** million yuan.

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Shanghai Mlily Beddings Co.,Ltd.)



Luckily accompanied—Commendation ceremony for employees working above 10 years in Healthcare Co.,Ltd.

At 2:00 PM on May 28, 2023, the 20th anniversary of the establishment of Healthcare Co., Ltd. and the commendation conference with the theme of 'Luckily accompanied and dream for a hundred years' was grandly opened. The event commended the veteran employees for the 20th, 15th and 10th anniversaries of their entry respectively, thanking them for the glorious chapters written by the Company all the way.



Commendation for the 20th anniversary of the veteran staff



Poster of the QIXI Activity



Cool Summer Benefits



Staff canteen with a beautiful environment



'Team for Dream and Win for Better' Nantong Kaisha Island Camping group building

Boost Talent Development

The Company continues to implement the 'Professional Code of Conduct of Healthcare Co., Ltd.', taking talent training and talent development as the core, and reasonably building the management talent ability and quality model. The Company improves performance management and promotion & elimination mechanisms to promote the improvement of human efficiency and organizational capabilities. The Company continuously strengthens the construction of corporate culture and the shaping of values, promoting the mutual achievement and common growth of the company and employees.

Smooth the career development channels

- The Company focuses on various business sectors at home and abroad, building a qualification system, establishing and improving clearer talent evaluation standards. The Company continues to take stock of and tap internal high-potential talents, and it has established an organizational atmosphere of 'the capable go up, and the mediocre go down'.
- The Company continuously improves the performance management and promotion & elimination mechanism to promote the continuous improvement of human efficiency and organizational effectiveness.
- The Company adheres to the principles of moderation and reasonableness, standardization and unity, equality and voluntariness, establishing an equal and fair personnel flow environment. And it fully considers job matching and employee contributions.

Improve the ability and quality of employees

- The Company has formulated the *Measures for the Management of Reserve Talents* and the *Management System for Employee Skills Training* to realize the standardization and institutionalization of talent training.
- The Company continues to implement the construction of training systems such as organizational evaluation, internal trainer training, manpower inventory and full staff training. And those continuously help the company's human resource development and echelon construction.
- Through the online learning platform and offline training, the Company provides training opportunities for different types of employees, such as new employee training, young eagle program, management trainee program training, production supply chain training, overseas talent transfer training and work standardization training of various departments.



'Give Yourself a Flower' Internal Training Activity

In 2023

A total of

65

campus recruitment seminars and double selection meetings were held.

Staff training coverage rate

100 %.

The total duration of staff training was

75,439.10 hours.

The average duration of staff training was

10.14 hours.



Healthcare Co.,Ltd. Management Trainee Debate Competition Scene



Healthcare Co.,Ltd. Management Trainee Training Scene

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Special Customization Project—Young Eagle Program

Protect Occupational Health

The Company pays great attention to the occupational health and safety of employees, specially setting up a health and safety committee, and investing a lot of funds in the construction of occupational health and safety management every year. The Company protects the physical and mental health and safety of employees to reduce occupational health and safety risks, controlling and reducing occupational hazards, striving for zero occupational diseases and zero industrial accidents. In 2023, the Company completed the review, updating the ISO 45001 occupational health and safety management system certification certificate.



In 2023

RMB **1,815,800** yuan

was invested in occupational health and safety.

Staff physical examination coverage rate was

100 %.

The coverage rate of employee occupational health examination was

100 %.

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material)

E
Dream of the Heart to
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Occupational disease hazards and prevention

- We develop rules and regulations such as the *Environmental and Occupational Health and Safety Management Manual*, *Occupational Hazard Prevention and Control Management System*, and *Occupational Health Management System* to clarify occupational health and safety policies.
- We regularly entrust statutory bodies to test the operating environment, and informing employees of the test results.
- Every year, we regularly arrange statutory bodies to conduct occupational health examinations for employees who are exposed to harmful factors. We establish health monitoring files for relevant workers, updating the files promptly to detect and deal with related health problems as soon as possible.
- We establish and improve the emergency rescue plan for occupational-disease-inductive accidents, and we conduct regular drills.

Create an occupational health culture

- We establish the enterprise health values that are in line with the wishes of individuals and all employees. We formulate the workplace health behavior norms that are consistent with the health values of employees.
- We organize some special training, such as occupational health and education training, occupational health management system and post operation procedures training, and we also provide the training on the use and maintenance of equipment for personal labor protection.
- We conduct first-aid knowledge lectures, publicizing the knowledge of occupational disease prevention through various channels.

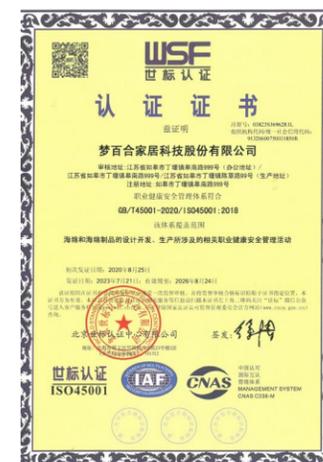
The Company's Structure of Health and Safety Committee



Staff Health Training



2023 Safe Travel and Traffic Knowledge Training



ISO 45001 Management System Certificate of Certification



Participate in Community Building

Relying on our own industrial characteristics, we donate Healthcare Co., Ltd. products to patients, poor students and the affected people to help them improve the quality of sleeping. We have set up a special educational fund to help students forge ahead to study. In terms of emergency rescue, the professional rescue ability has been recognized by the Nantong Municipal Government. We have been awarded by the professional emergency rescue team. At the same time, we continue to devote ourselves to the cultural and sports construction, striving to promote Chinese traditional Go (Wei Qi in Chinese) culture and football sports.

Actively Carry Out Public Welfare Activities

We have been enthusiastic to support public welfare undertakings for a long term, and we actively participate in the performance of corporate social responsibility at home and abroad. Through public welfare and charity matters practiced in medical health, education, student assistance, disaster relief and so on, we contribute to social harmony and progress. In terms of education, a total of RMB 912,900 yuan was invested in the Healthcare Co., Ltd. Special Scholarship in 2023.



Healthcare Co., Ltd. sponsored the performance of Doctors' Day to improve the sleep quality of 'angels in white'.

On August 19, 2023, the Rugao Municipal Party Committee and the Rugao Municipal Government held the artistic performance of the sixth Chinese Doctors' Day in the auditorium of the administrative center. The participants included representatives of medical workers and heads of private medical institutions. Healthcare Co., Ltd. sponsored Zero-pressure memory pillow as souvenirs, helping the 'angels in white' to improve sleep quality, and we were hand in hand with them to improve human health.



Presentation of Souvenirs at the Event

In 2023

The total investment of external donations and public welfare projects was

RMB 2,450,600 yuan,

including

RMB 196,200 yuan

in funds,

and

RMB 2,254,400 yuan

in material.

And it benefited

2,168 people.

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'Love Visit with Winter Sunshine', Encouraging Students to Strive for a Better Future

On January 18, 2023, Baipu Middle School and Healthcare Co., Ltd. jointly organized the 'Love Visit with Winter Sunshine' activity to visit 30 families of poor students in the school. The Company sent Zero-pressure pillows, circle pillows and condolences to these outstanding students, encouraging them to continue to study hard and moving forward on the road of glory and dreams.



'Love Visit with Winter Sunshine' Activity



Healthcare Co., Ltd. adheres to the public welfare investment in education, helping teachers and students to pursue their dreams.

In early September 2023, Healthcare Co., Ltd. entered into Jiangsu Rugao Middle School, Baipu Senior High School and Rugao No.2 Middle School, awarding a number of special scholarships to outstanding teachers and students, such as 'MLILY Innovation Award', 'MLILY Progress Award' and 'MLILY College Entrance Examination Award'. The establishment of the 'MLILY Special Scholarship' aims to further stimulate the enthusiasm of students and teachers, helping teenagers start from the 'heart', and motivating teachers' enthusiasm for work and pursuing their dreams.



Healthcare Co.,Ltd. quickly rushed to the disaster area in Qinghai Province to help the post-disaster reconstruction work.

On December 18, 2023, a 6.2-magnitude earthquake hit Jishishan County, Ningxia Hui Autonomous Prefecture, Gansu Province, severely affecting some parts of Gansu and Qinghai provinces. Healthcare Co., Ltd. immediately activated the emergency mechanism, quickly transferring goods from the warehouses, and urgently mobilizing 2,000 pillows and 2,000 mattresses, spanning more than 2,000 kilometers to support the disaster areas in Qinghai. On December 24, emergency supplies arrived at Emergency Management Bureau of Minhe, Haidong, Qinghai Province, sending warmth to the rescue teams and affected people in Haidong, Qinghai Province, and helping the emergency rescue and post-disaster reconstruction work.



Healthcare Co.,Ltd. Rushed to Aid Supplies



Support Cultural and Sports Undertakings

We have been actively engaged in the cause of culture and sports. Over the years, by sponsoring football matches, Go competitions and various cultural activities, we have provided a platform for Go players and athletes to show their talents, bringing vitality into the development of social cultural and sports undertakings.



Healthcare Co., Ltd. cares the sleep of Go players and promoting the prosperity and development of Go culture.

Go is a high-intensity mental marathon. Healthcare Co., Ltd. sets up a special fund to sponsor the holding of Go. And it insists on using sleep soft power to restore the mental consumption of Go players. Since 2013, Healthcare Co., Ltd. has continued to contribute to the development of the Go field. The 'MLILY Zero-pressure Mattress Cup®' World Go Open holds every two years. In 2023, it has been held for the fifth time. The Chinese qualifying competitions have been successfully concluded in Rugao, Jiangsu Province, China, and the final is scheduled to be held in May 2024.

As one of the organizers of the World Go Open, Healthcare Co., Ltd. will inherit the Chinese Go culture and it will promote the development of Chinese Go as its corporate responsibility. In the design of the competition, it will give more players as much as possible to stand out. And the design of the competition focuses on the participation of women and amateur players. At the same time, it also actively cultivates young Go fans. In 2023, we sponsored more than 40 Children's Go Competitions. While enabling the high-quality sleeping and career development, Healthcare Co., Ltd. has promoted the development and inheritance of Go culture, enhancing the popularity of Rugao, and injecting new energy into the local development.



Poster of the 5th 'MLILY Zero-pressure Mattress Cup®' World Open Go Tournament

'In recent years, the Rugao Municipal Party Committee and the Rugao Government attach great importance to the development of sports. Through the MLILY Cup Go Competition, Go has become a golden signboard of Rugao sports, which has enhanced the popularity and reputation of Rugao and promoting the prosperity and development of cultural and sports undertakings in Rugao.'

—Vice Mayor of Cui Jiancun of Rugao Municipal People's Government



Healthcare Co.,Ltd. boosts the development of Chinese football.

Playing football is a long, intense and great physical sport. Athletes need better physical repair to achieve sustained excellent performance. In recent years, while providing high-quality sleep products for athletes, Healthcare Co., Ltd. has cooperated with several football programs and clubs to provide them with professional football equipment and financial support. Also, by holding 'MLILY Zero-pressure Mattress Cup®' youth football matches, more teenagers have the opportunity to know Healthcare Co., Ltd., adding wings to their dreams to make them come true in a long run.



'MLILY Zero-pressure Mattress Cup®' Youth Football Match

03

G Inheriting the Road of Excellence with Dreams

With the vision of 'Make MLILY a Respectable World Brand', we adhere to manage the Company following the rule of law, strict governance, and the concept of compliance. We strengthen the construction of internal control management, continuing to strengthen the level of governance and operational capabilities. Those efforts made will further improve the institutionalization and standardization of the Company's various businesses. We continue to explore and practice refined and digital management to enhance the Company's development resilience, ensuring the smooth and efficient development of the industrial chain and supply chain, and we further deepen the strategy of globalization of production capacity and brand internationalization.

- 64 Sustainable and Stable Operation
- 68 Operate in accordance with Laws and Regulations
- 69 Build a Strong Internal Control Defense
- 70 Adhere to the Guidance of Party Building
- 71 Strengthen Business Ethics
- 72 Sustainable Supply Chain



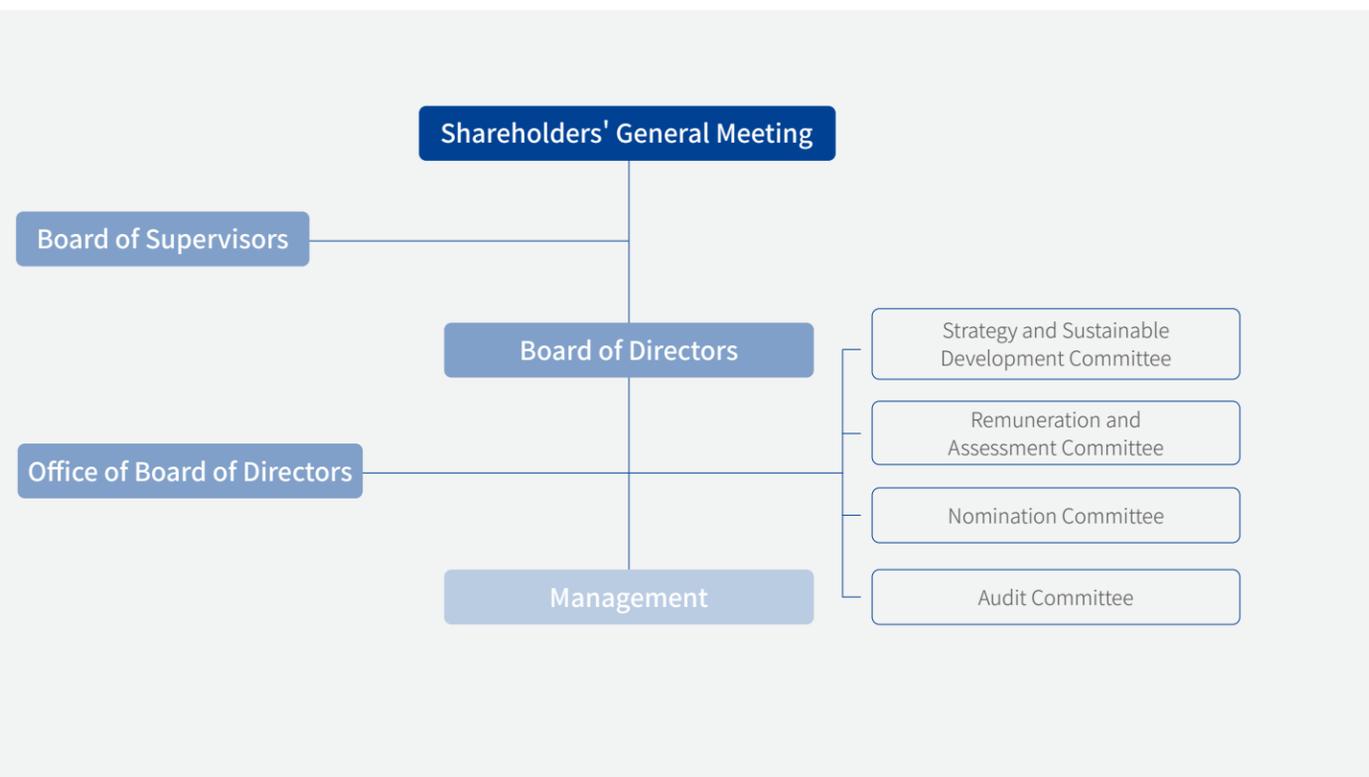


Sustainable and Stable Operation

In accordance with the requirements of the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Corporate Governance Standards of Listed Companies*, *Shanghai Stock Exchange Listing Rules* and the relevant laws and regulations of the China Securities Regulatory Commission, the Company has continuously improved its rules and regulations, continuing to enhance the ability of directors, supervisors and senior executives to perform their duties, strengthening information disclosure, and we further improve the level of corporate governance.

Corporate Governance Structure

The Company complies with relevant laws and regulations of regulatory authorities, and it has formed a modern corporate governance structure composed of the Shareholders' General Meeting, the board of directors, the board of supervisors and the management. Under the board of directors, there are four committees, and each governance body operates independently, with effective checks & balances and coordinated operation.



The Company's Governance Structure

In 2023

The company held

3 annual Shareholders' General Meeting and extraordinary Shareholders' General Meeting,

reviewed

22 proposals.

Held

10 board meetings

and

48 proposals were deliberated.

Held

9 meetings of the Board of Supervisors

and

22 proposals were deliberated.

Shareholders' General Meeting

The Shareholders' General Meeting is the highest authority of the Company. In accordance with the requirements of the *Company Law of the People's Republic of China*, the *Articles of Association* and the *Rules of Procedure of the Shareholders' general meeting*, the Company standardizes the notification, convening, convoking and voting procedures of the Shareholders' General Meeting. The combination of on-site voting and online voting are adopted to ensure the shareholders' 'right to know', 'right to participate' and 'right to vote' in major matters of the Company, which ensure the compliance operation of the Shareholders' General Meeting. The Company always implements the principle of equality to protect the legitimate rights and interests of all shareholders, especially the rights and interests of minority shareholders.

In 2023, the *Articles of Association* was amended twice. The Company held 3 annual Shareholders' General Meeting and 3 extraordinary Shareholders' General Meeting, reviewing 22 proposals, and relating shareholders and relating shareholders avoided from voting on related matters in accordance with regulations.

Directors and Board of Directors

In order to effectively ensure the independence and diversity of the Company, we give full consideration to the gender, professionalism and the number of independent directors when electing the board of directors. The board of directors of the Company is composed of 7 directors (including 1 female director), including 3 independent directors. Members of the board of directors have a reasonable professional structure and they have the knowledge, skills and qualities required to perform their duties. The members of the board of directors strictly abide by the provisions of the *Company Law of the People's Republic of China*, the *Articles of Association* and the *Rules of Procedure of the Board of Directors*, and they perform their duties in accordance with the law. The Board of Directors has four special committees: Audit, Nomination, Remuneration and Assessment Committee and Strategy and Sustainable Development.

In 2023, a total of 10 board meetings were held with 100% attendance rate of directors, and 48 proposals were deliberated. The Audit Committee meetings were held 4 times, and the Nomination Committee meetings were held 0 times. The Remuneration and Assessment Committee meetings were held once and the Strategy and Sustainable Development Committee meetings were held twice.

Supervisor and Board of Supervisors

The board of supervisors is composed of 3 supervisors, including 1 chairman of the board of supervisors and 1 employee supervisor. In accordance with relevant provisions such as the *Company Law of the People's Republic of China*, the *Articles of Association*, and the *Rules of Procedure of the Board of Supervisors*, the Board of Supervisors faithfully performs its supervisory duties in the spirit of being conscientious and responsible to all shareholders, effectively supervising the Company's major matters, financial status, and the performance of duties by directors and senior managers, reviewing the Company's regular reports prepared by the board of directors and putting forward written review opinions, safeguarding the legitimate rights and interests of the Company and shareholders.

In 2023, a total of 9 meetings of the Board of Supervisors were held and 22 proposals were deliberated, and the attendance rate of the Board of Supervisors was 100%.



Strengthen Information Disclosure

In order to standardize the Company's information disclosure, ensuring the truthfulness, accuracy, completeness, timeliness, and fairness of information disclosure, and promoting the Company's standardized operation in accordance with the law, we have formulated the *Registration and Management System for Insiders of Inside Information* and *Information Disclosure Management System* to fulfill information disclosure obligations in accordance with the *Shanghai Stock Exchange Stock Listing Rules* and *Administrative Measures for Information Disclosure of Listed Companies*. The Company conveys important information such as the operating results, strategic development, and major events to all investors, promoting investors' reasonable judgment of the Company's value.

The Company's information disclosure form is mainly divided into periodic reports and temporary announcements, through the website of Shanghai Stock Exchange, *China Securities Journal*, *Shanghai Securities News* and *Securities Daily*. In 2023, there was no penalty for violations of information disclosure.

In 2023

171

public announcements were completed,

including

4

periodic reports

and

167

temporary announcements.

Investor Relations Management

The Company attaches great importance to investor relations management, abiding by the basic principles of investor relations management of legality, equality, initiative, honesty and trustworthiness, protecting the interests of investors in accordance with the *Investor Relations Management System* effectively. Based on laws and regulations and guided by the needs of investors, the Company has established long-term, good and stable relationships with investors, establishing diversified and smooth investor communication channels and effective mechanisms. The Company mainly actively communicates with all kinds of investors through various channels such as the Company's official website, shareholder hotline, Shanghai Stock Exchange (SSE) E interaction, performance briefing, roadshow, reception visits, seminars and exchanges, conducting frank communication and in-depth exchanges, and promoting benign interaction.

In 2023

We held

4

performance briefings.

We answered

464

calls from investors.

We replied to

30

questions from investors on the E-interactive platform of the Shanghai Stock Exchange.

Promote Lean Management

The Company takes improving quality and efficiency as its top priority, and it consolidates basic management with focusing on key indicators and problem improvement. The Company focuses on strengthening the construction of informatization and digitalization, and improving the level of refined management, aiming to continuously promote its business development to improve quality and efficiency.

Lean Management

- We strengthen budget control to improve the level of lean budget management.
- We reduce cost investment, avoiding idle resources, aiming to form a benign allocation of talents, products and funds to help create production and increase income.
- The production and operation are standardized to simplify the complex to the greatest extent, and the difficulties and error-prone points in the work are accurately implemented to 'reduce the burden and increase efficiency'.

Digital Management

- Through data analysis and forecasting, we can formulate more accurate strategic goals and action plans to stay sharp and forward-looking in the market.
- Through the digitalization of management modules such as finance, human resources, and procurement, the optimal allocation and efficient collaboration of internal resources of the enterprise are realized, and the overall operational efficiency is improved.
- We accelerate the digitalization process of domestic stores, and we open up the store system and multi-channel customer resources to empower the precise sales of stores.

Strengthen Financing Guarantee

In the face of the complex economic situation at home and abroad, the Company plays the active role of capital according to the development strategy and market trends, improving the financing efficiency and anti-risk ability, enhancing the Company's sustainable competitiveness, and further improving the Company's global production capacity layout. In 2023, the Company raised RMB 799,999,995.48 through issuing shares to specific targets. It is used for the supporting production bases project of household products, the expansion project of Arizona production bases, the intelligent information upgrading and transformation project and the supplement of current assets. It has important strategic significance for the future development of the Company.

The company raised

RMB 799,999,995.48

through issuing shares to specific targets.

Operate in accordance with Laws and Regulations

The Company adheres to the business philosophy of legal compliance, giving full play to the role of the Office of Board of Directors and the legal department. The Company establishes a review mechanism for important matters to ensure that the Company's operation is legal and compliant. The Company organizes legal compliance training, emphasizing arming the mind with the idea of the rule of law to guide practice and promote work, and continuously enhancing the political consciousness, ideological consciousness and action consciousness of the rule of law compliance work.

In 2023

The legal review rate of rules and regulations, economic contracts and major decisions was

100%

We carried out legal training and law popularization activities for

6 times.

77

people participated in compliance-related training.

The total duration of employee compliance training was

8.50 hours.

Governing Enterprises in accordance with the Law

- The basic system of legal management has been established and improved, and the *Measures for Information Management of Legal Affairs, Legal Work System, and Measures for Contract Management* have been formulated to control and prevent legal risks.
- We regularly organize management personnel, functional personnel, and production-line workers at all levels to carry out legal training in a variety of ways such as graphic and video presentations, competition answers, and special training, aiming to enhance employees' legal awareness.

Compliance Operation

- We have a perfect compliance management system and it regularly evaluates the effectiveness of the compliance management system. According to the latest laws and regulations and industry changes, we timely adjust and improve the compliance operation and management model.
- We integrate the concept of compliance into all aspects of the business chain, and we comprehensively monitor the entire process of the Company's operation to identify and correct potential violations in a timely manner.
- We organize and carry out various compliance trainings such as advertising and publicity compliance to further improve the compliance construction of enterprises, improving the compliance awareness of employees effectively.

Build a Strong Internal Control Defense

The Company adheres to the guidance of risk prevention and the purpose of improving management effectiveness, continuously improving the internal control system, and expanding the coverage of the internal control system. The Company has established and improved the risk management system, and it has identified and monitored the Company's potential risks in real time, aiming to take effective control measures in a timely manner and improving the Company's risk response capabilities.

In 2023

We completed

53 audit plans

which generated a direct income of about

RMB **6** million yuan.

A total of

84

processes and systems were sorted out.

We promoted the implementation of

13

IT requirements.

Optimization of Internal Control Process

- We have established many documents such as the *Internal Audit Management System, Accountability Management Measures, and Audit Rectification Efficiency Assessment Management Measures*.
- We emphasize the importance of process audit, forming a whole process from pre-trial investigation (data analysis + internal and external research), → risk identification → audit plan → audit notice → on-site audit → audit report → rectification tracking → data archiving.
- We strengthen the implementation of the internal control system through the ways and means of 'grasping data, controlling risks, promoting management, and promoting rectification'.

Risk Management and Improvement

- We have established and improved the risk management mechanism, forming a closed-loop management of pre-event risk prevention and control, in-process monitoring and early warning, and post-event evaluation and optimization.
- We have improved the risk assessment form and risk map to analyze and confirm the risk control points and lists, finally monitoring the corresponding company operations through quantitative indicators.
- We regularly conduct risk management training to improve employees' risk management awareness and ability, which helps to identify and respond to various risks.



Internal Audit Training



G
Inheriting the
Road of Excellence
with Dreams



E
Dream of the Heart to
Defend the Beauty of
Nature

S
Dream weaver to
create Zero-pressure
environment

Adhere to the Guidance of Party Building

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company aims at stimulating the vitality of Party building and firming its ideals and beliefs, as well as strengthening its responsibility. The Company adheres to the 'Three Building' and 'Three Leading', and it actively explores the grass-roots party building work mode with non-public characteristics, condensing the ideological consensus to promote the healthy development of enterprises. The Company promotes the integration of party building and business, leading the high-quality development of the enterprise with high-quality party building, and it continues to inject 'Red Energy' into the development of the enterprise.

In 2023

The party branch now had

52 party members.



Make 'Red Model Room' Leading the Development Direction of Enterprises

- **Theory arms the mind.** Build a 'red model room', which integrates with theory publicity, party spirit education and staff learning.
- **High-quality party building activities.** Regularly organize the branch party members to study the theoretical knowledge of the Party; Take advantage of the opportunity of the team meeting to carry out 'daily micro-Party class'; Invite municipal and town two-level theoretical experts to preach in the enterprise; and activate the 'pool of spring water' for the education and management of party members.

We Held

4 reading classes.



Create a 'Golden R&D Point' Leading the Diversified Development of Enterprises

- **Stimulate the impetus for innovation.** Party building has been extended to workshops and laboratories, and party members have been encouraged to take the lead in striving for excellence, forming a good atmosphere for vigorously promoting scientific and technological innovation.
- **Drive innovation.** Jiangsu Space Memory Foam Engineering Technology Research Center and Jiangsu Technology Center, led by the advanced party members, are specialized in the R&D of various functional memory foam products, undertaking more than 50 scientific research projects to build a highland of scientific and technological innovation.

We held special study seminar for

12 times.



Create a 'Colorful Brand Road' Leading Enterprises to Go Steady and Sustainable

- **Show practical responsibility.** The Company sends warmth to the production-line workers, carrying out publicity on high-temperature protection, emergency handling skills, construction safety knowledge. The Company carries out activities such as sending 'cool' in summer and 'warm' in winter all year round, caring for employees and their families, and strengthening communication with the grassroots to promote organizational integration.
- **Practice social responsibility.** Combined with the actual situation of each region, the Company correctly handles the relationship with the government, enterprises and residents where the project is located. And it promotes cultural exchanges, the integration of enterprises and localities, continuously improving the brand value of the Company.



Party Branch 2022-2023 Winter Training for Party Members



Special Study Seminar for Party Member Workers

Strengthen Business Ethics

The Company adheres to the core values of 'Be Collaborative, Be Innovative, Have A Positive Attitude, and Honor Your Commitments' and the concept of honest management. It strictly abides by the laws and regulations such as the *Anti Unfair Competition Law of the People's Republic of China* and *Interim Provisions on the Prohibition of Commercial Bribery*. The Company continues to improve the supervision mechanism and it builds internal complaint channels to standardize the Company's complaint and report acceptance work, achieving zero tolerance for bribery, commercial monopoly, unfair competition and other illegal acts.

In 2023

671

employees participated in the anti-corruption training.

People participated for an average time of

1 hour.

The number of anti-commercial bribery commitment letters signed was

605

Always Maintain the Quality of Honesty and Integrity

- We strictly abide by the *Criminal Law of the People's Republic of China*, establishing and improving the construction of corporate integrity culture system, and we formulate the *Integrity and Self-discipline Guidelines*. We have formed a comprehensive supervision and management system through integrity reminder talks, internal audits, and case reports.
- We improve daily supervision, special supervision, and special audits. We shall not engage in any form of loss and waste, violation of discipline and regulations, favoritism, corruption and bribery, and all kinds of behaviors that damage the interests of the Company.
- We organize and carry out special training on integrity education, discussion on work style construction and other activities to promote the normalization of integrity education and learning.

Smooth Communication and Complaint Channels

- **Complaint channel:** We have opened an audit complaint hotline, and the audit department prepares and applies for approval for the complaints or reports accepted.
- **Accountability:** Accountability shall be carried out according to the instructions and relevant systems, and it shall also be dealt with strictly according to the Company's management system, and those with particularly serious circumstances shall be handed over to the General Manager's Office for handling or submitted to the judicial authorities for the legal responsibility.
- **Informant protection:** We promise to protect the personal information and privacy of the complainants in accordance with the law, and we treat the informants fairly in accordance with relevant systems.

Promote Fair Competition

- We shall strictly abide by the *Anti Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China* and other relevant laws and regulations, and we resolutely safeguard the market competition environment.
- We maintain the relationship between the supply and demand parties, promoting the legal, compliant and orderly competition of suppliers.
- For the purpose of opposing, preventing and stopping monopolistic behavior, we build an effective anti-monopoly compliance mechanism.

Sustainable Supply Chain

In 2023

There were **650** suppliers in total.

There were **643** domestic suppliers and

7 foreign suppliers.

155 new suppliers were added.

363 suppliers signed the supplier code of conduct, accounting for **55.85%**.

(Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material)

The Company adheres to the development strategy of 'globalization of production capacity and internationalization of brand', and it actively identifies the environmental and social risks of the supply chain link. The Company continues to build an efficient supplier management system, standardizing procurement activities and contract performance to ensure that cooperation is honest and efficient. It aims to create an open, fair and harmonious procurement system and supply environment, empowering the sustainable development of the supply chain.

Responsible Procurement

- On the basis of the *Procurement Management Operation Measures, Procurement Price Management Operation Measures, and Procurement Payment and Invoice Management System*, we continuously standardize the procurement process. The procurement department, production planning department, R&D department, warehousing and logistics department and quality control department coordinate the procurement work.
- We use the information tools such as SAP and SRM to generate procurement plans and solutions to help material management and improve procurement efficiency.
- We advocate a clean procurement and we organizes clean procurement education and training. We interpret the integrity cases, the analysis of laws and regulations, and the importance and work requirements of procurement in accordance with laws and regulations.

Supplier Vendor Management

- We have established and improved the *Supplier Management Measures* to standardize the management of supplier development, preliminary qualification examination, and importing assessment rating.
- We continuously optimize the list of cooperative suppliers, conducting supplier development and selection from multiple dimensions such as the overall situation of suppliers, financial risks, technology R&D, raw material management, manufacturing, quality management, logistics and transportation, after-sales service, and social responsibility fulfillment.
- We continuously evaluate the performance of suppliers, and we deal with suppliers who do not meet the Company's requirements.

Supply Chain Optimization

- By deploying RFID-based production, packaging and sorting equipment in multiple production bases, the whole process of product supply chain closed-loop tracking and tracing can be realized, and production efficiency and supply chain operation efficiency can be improved.
- We rely on advanced technologies such as vision technology, PLC, and sensors, and we initially integrates with the MES system to further improve the automation level and production standardization level of the production line.



Healthcare Co.,Ltd. Won the Model of Supply Chain Transformation in 2023

Future Prospects

- In response to the 'sunrise' in 2023, the expectation of Healthcare Co., Ltd. in 2024 is 'sunny'. In the past years, we have accumulated a wealth of experience and honed an indomitable team. Today, we are full of confidence that we will continue to optimize our business structure, while seizing market opportunities, adhering to our mission and vision, practicing our corporate values. We will continue to enhance our brand strength and international influence, fully preparing to meet the challenges and opportunities in the future.
- Carve the jade for our business and bloom the flower for our brand.** We will carefully carve each business, consequently our products can stand out in the fierce market competition. At the same time, we will also be committed to enhancing the influence of our own brands and close cooperation with international partners, jointly promoting the development of the memory foam industry. As a flower, our brand will bloom in the global market which benefits consumers all over the world.
- Deep plough in memory foam market, create infinite possibilities.** We believe that the spring of memory foam has already arrived. With the increasing popularity of memory foam in the Chinese mattress market, we will seize this market opportunity, launching more products that meet the needs of consumers. At the same time, we will work together with upstream and downstream enterprises in the industrial chain to jointly create a new chapter in the memory foam market, and we will bring consumers a more comfortable and healthy sleep experience.
- Adhere to the mission and vision, lead the industry trend.** We carry the corporate mission of 'Dedicated to Improving People's Deep Sleep' and the corporate vision of 'Make MLILY a Respectable World Brand'. In the future development, we will always stick to the original intention, through continuous innovation of technology and products. We will make a great effort to lead the trend of the industry, aiming to promote the progress and development of the entire industry. At the same time, we will maintain a resilient spirit, and moving forward in pursuit of excellence and success.
- Looking forward to the future, Healthcare Co., Ltd. is standing at the intersection of history and the future. Experiencing years of precipitation and accumulation, we will firmly step towards the journey of brand internationalization. In the face of the market environment full of opportunities and challenges in the future, we will maintain a heart of awe and positive thinking, adhering to the difficult and right things, and constantly improving our core competitiveness and innovation ability.

Appendix

Key Performance

Economic Performance

Performance Indicators	Sub-indexES	Unit	In 2023
Business Efficiency	Total assets	RMB Billion yuan	10.066
	Net profit attributable to owners of the parent company	RMB Million yuan	107
	Business revenue	RMB Billion yuan	7.976
	Tax revenue	RMB Million yuan	over 170
R & D Investment	R & D investment	RMB yuan	115,658,300
	Proportion of R & D investment in the business revenue	%	1.45
	Total R & D personnel ¹	person	359
	Proportion of R&D personnel	%	12.35
	Attend the compilation / revision of national standards	sum	1
	Attend the compilation / revision of the group standards	sum	1
R&D Innovation	Total authorized patents	sum	209
	Total domestic invention patents	sum	20
	Number of new patent applications	piece	69
	Total signed cooperative institutions	sum	2
	Industrial and academic cooperation between colleges and universities	sum	3

Environmental Performance²

Performance Indicators	Sub-indexES	Unit	In 2023
Fund Investment	Investment in environmental protection	RMB yuan	1,308,600
Greenhouse Gas Emission	Scope 1	tCO ₂ e	1,011.92
	Natural gas	tCO ₂ e	168.26
	Automobile gasoline	tCO ₂ e	130.12
	Diesel oil	tCO ₂ e	705.14

¹ Statistical calibers: Healthcare Co.,Ltd. Nisco Co., Ltd.

² Statistical calibers: Except for the 'Fund Investment' indicator, others include Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, Overseas production bases.

Performance Indicators	Sub-indexES	Unit	In 2023
Greenhouse Gas Emission	Scope 2	tCO ₂ e	29,498.85
	Electricity outsourcing	tCO ₂ e	29,498.85
Effluent	Total exhaust gas emissions	m ³	106,220,150
	Particulate matter	mg/m ³	2.30
	Non-methane total hydrocarbon	mg/m ³	3.54
	Nitrogen oxide	mg/m ³	None
	Oxysulfide sulfoxide	mg/m ³	None
	VOC discharge	mg/m ³	1.46
	Total amount of general solid waste ¹	ton	3,441.50
	Total amount of hazardous waste ²	ton	142.81
Energy Consumption	Natural gas	m ³	77,824.27
	Diesel oil	liter	230,437.65
	Gasoline	liter	56,574.90
	Renewable energy sources (solar power generation)	kilowatt hour (KWH)	1,305,814.98
	Electricity outsourcing	kilowatt hour (KWH)	29,587,608.00
Water Resource	Purchase of municipal water	m ³	147,085.91
Packing Material ³	Usage amount	ton	1,550.67

¹ General waste refers to waste paper, construction waste and household waste that are not included in the National Hazardous Waste List (2022 edition)

² Hazardous waste refers to the waste included in the National Hazardous Waste List (2022 edition)

³ Material of packaging materials: paper, PE, EPE, EPS, polyethylene, non-woven fabric, pvc

Social performance

Performance Indicators	Sub-indexES	Unit	In 2023	Performance Indicators	Sub-indexES	Unit	In 2023
Products and Services	Product qualification ratio ¹	%	98.50	Safety and Health ⁵	Employee occupational health and safety input	RMB yuan	1,815,800
	Large customer satisfaction in Southeast Asia, Europe and the United States ²	%	95.25		Employee physical examination coverage rate	%	100
	Number of customer complaints ³	piece	4,135		Coverage rate of employee occupational health examination	%	100
	Number of customer complaints resolved	piece	4,089		Safety training	session	122
	Customer complaint resolution rate	%	98.89		Emergency drills	time	25
					Ratio of employees covered by safety production training	%	100
Staff	Total number of employees	person	7,443	Community Development	Total investment of external donations and public welfare projects	RMB yuan	2,450,600
	Male employees	person	3,995		Fund	RMB yuan	196,200
	Female employees	person	3,448		Material discount	RMB yuan	2,254,400
	Female management employees	person	172		Number of beneficiaries	person	2,168
	Disabled employees	person	26		Cumulative investment in special scholarships by Healthcare Co.,Ltd.	RMB yuan	912,900
	Proportion of formal contract workers	%	100				
	Labor contract signing rate	%	100				
	Social insurance coverage for employees	%	100				
	Maternity leave return rate of female employees	%	100				
	Per capita paid leave	day	5				
	Welfare expenditure ⁴	RMB Million yuan	88.7868				
	Basic welfare expenditure	RMB Million yuan	70.0215				
	Special welfare expenditure	RMB Million yuan	18.7653				
	Campus recruitment information meeting, double selection meeting	session	65				
	Staff training coverage rate	%	100				
	Total duration of staff training	hour	75,439.10				
	Average time of employees receiving training	hour	10.14				
	Subsidy amount for workers in need	RMB yuan	107,000				

¹ Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material

² Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd.

³ Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material, Shanghai Mlily Beddings Co., Ltd. Nantong Zero pressure

⁴ Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Shanghai Mlily Beddings Co.,Ltd.

⁵ Statistical calibers: Healthcare Co.,Ltd., Nisco Co., Ltd., Deeplant New Material

Governance Performance

Performance Indicators	Sub-indexES	Unit	In 2023	
Corporate Governance	Number of Shareholders' General Meeting	time	3	
	Number of proposals considered by the Shareholders' General Meeting	item	22	
	Board of directors	person	7	
	Female director	person	1	
	Independent directors	person	3	
	Number of Board meetings	time	10	
	Number of proposals considered	item	48	
	Board meetings attendance rate	%	100	
	Number of Board of Supervisors meetings	time	9	
	Number of proposals considered	item	22	
	Board of Supervisors meetings attendance rate	item	100	
	Information disclosure announcement	item	171	
	Scheduled report disclosure	item	4	
	Temporary report disclosure	item	167	
	Performance presentation meeting	time	4	
	Answer investor phone calls	time	464	
	Number of replies to investors' questions through the Shanghai Stock Exchange's E-interactive platform	item	30	
	Compliance Internal Control	Legal review rate of rules and regulations, economic contracts, and major policy decisions	%	100
		Legal training, law popularization activities	time	6
		Number of participants in compliance-related training	person	77
		Compliance training duration	hour	8.50
		Complete the audit plans	item	53
Sort out the processes and systems through audit		item	84	
Internal control IT requirements are realized		item	13	
Number of participants in the anti-corruption training		person	671	
Average duration of anti-corruption training		hour	1	
Number of anti-commercial bribery pledges signed		piece	605	
Supply Chain ¹	Total number of suppliers	item	650	
	Domestic suppliers	item	643	
	Foreign suppliers	item	7	
	New suppliers	item	155	
	Suppliers who sign the Supplier Code of Conduct	item	363	
Proportion of suppliers who signed the supplier code of conduct	%	55.85		

¹ Statistical calibers: Healthcare Co.,Ltd. Nisco Co., Ltd., Deeplant New Material

Indicator Index

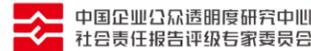
GRI Standard	Disclosure Item	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	P5
	2-2 Entities included in the organization's sustainability reporting	P1-P2
	2-3 Reporting period, frequency and contact point	P1-P2
	2-4 Restatements of information	P1
	2-5 External assurance	/
	2-6 Activities, value chain and other business relationships	P6-P8
	2-7 Employees	P47-P54
	2-8 Workers who are not employees	P69
	2-9 Governance structure and composition	P61-P62
	2-10 Nomination and selection of the highest governance body	Refer to our 2023 Annual Report
	2-11 Chair of the highest governance body	Refer to our 2023 Annual Report
	2-12 Role of the highest governance body in overseeing the management of impacts	P9-P10
	2-13 Delegation of responsibility for managing impacts	P9
	2-14 Role of the highest governance body in sustainability reporting	P9
	2-15 Conflicts of interest	P63 Refer to our 2023 Annual Report
	2-16 Communication of critical concerns	P12
	2-17 Collective knowledge of the highest governance body	P9
	2-18 Evaluation of the performance of the highest governance body	Refer to our 2023 Annual Report
	2-19 Remuneration policies	P48
	2-20 Process to determine remuneration	Refer to our 2023 Annual Report
2-21 Annual total compensation ratio	/	
2-22 Statement on sustainable development strategy	/	
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2-25 Processes to remediate negative impacts	P25-P26	
2-26 Mechanisms for seeking advice and raising concerns	P12	
2-27 Compliance with laws and regulations	P65	
2-28 Membership associations	P37	
2-29 Approach to stakeholder engagement	P12	
2-30 Collective bargaining agreements	/	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P10
	3-2 List of material topics	P11
	3-3 Management of material topics	P11

GRI Standard	Disclosure Item	Page
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P15, P71
	201-2 Financial implications and other risks and opportunities due to climate change	P25-P26
	201-3 Defined benefit plan obligations and other retirement plans	P49
	201-4 Financial assistance received from government	Refer to our 2023 Annual Report
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
	202-2 Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	P55-P58
	203-2 Significant indirect economic impacts	P55-P56
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	/
	205-1 Operations assessed for risks related to corruption	P68
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	P68
	205-3 Confirmed incidents of corruption and actions taken	P68
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P68
GRI 207: Tax 2019	207-1 Approach to tax	/
	207-2 Tax governance, control, and risk management	P66
	207-3 Stakeholder engagement and management of concerns related to tax	P12
	207-4 Country-by-country reporting	/
GRI 301: Materials 2016	301-1 Materials used by weight or volume	P22
	301-2 Recycled input materials used	P22
	301-3 Reclaimed products and their packaging materials	P22
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P27
	302-2 Energy consumption outside of the organization	/
	302-3 Energy intensity	/
	302-4 Reduction of energy consumption	/
	302-5 Reductions in energy requirements of products and services	P27
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	P31
	303-2 Management of water discharge-related impacts	P29
	303-3 Water withdrawal	P31
	303-4 Water discharge	P29
	303-5 Water consumption	P31

GRI Standard	Disclosure Item	Page
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/
	304-2 Significant impacts of activities, products and services on biodiversity	P32
	304-3 Habitats protected or restored	/
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	/
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P28
	305-2 Energy indirect (Scope 2) GHG emissions	P28
	305-3 Other indirect (Scope 3) GHG emissions	/
	305-4 GHG emissions intensity	/
	305-5 Reduction of GHG emissions	/
	305-6 Emissions of ozone-depleting substances (ODS)	/
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P29
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	P30
	306-2 Management of significant waste-related impacts	P30
	306-3 Waste generated	P30
	306-4 Waste diverted from disposal	P30
	306-5 Waste directed to disposal	P22
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P21
	308-2 Negative environmental impacts in the supply chain and actions taken	P19-P20
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	/
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P49
	401-3 Parental leave	/
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	/
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GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	P45
	403-3 Occupational health services	P53
	403-4 Worker participation, consultation, and communication on occupational health and safety	P53
	403-5 Worker training on occupational health and safety	P53
	403-6 Promotion of worker health	P52-P54
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P53
	403-8 Workers covered by an occupational health and safety management system	P53
	403-9 Work-related injuries	P52
	403-10 Work-related ill health	P53

GRI Standard	Disclosure Item	Page
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P51
	404-2 Programs for upgrading employee skills and transition assistance programs	P51
	404-3 Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P48
	405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	None
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	None
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	P46
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	None
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	P55-P56
	413-2 Operations with significant actual and potential negative impacts on local communities	None
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P69
	414-2 Negative social impacts in the supply chain and actions taken	P69
GRI 415: Public Policy 2016	415-1 Political contributions	/
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	P39-P40
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	None
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	P41-P44
	417-2 Incidents of non-compliance concerning product and service information and labeling	None
	417-3 Incidents of non-compliance concerning marketing communications	None
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None

Report Rating



《梦百合家居科技股份有限公司 2023 年环境、社会及治理 (ESG) 报告》评级报告

受梦百合家居科技股份有限公司委托，中国企业公众透明度研究中心社会责任报告评级专家委员会抽取社会责任与可持续发展、企业所属行业以及公共传播等领域专家组成评级专家组，对《梦百合家居科技股份有限公司 2023 年环境、社会及治理 (ESG) 报告》(以下简称《报告》) 进行评级。

一、评级依据

国家标准委《社会责任指南 GB/T36000-2015》、国际标准化组织《组织社会责任标准 ISO26000》、全球报告倡议组织《可持续发展报告标准》(GRI standards)、中国企业公众透明度研究中心《中国企业社会责任报告评级管理办法 (2024)》。

二、评级过程

企业公众透明度的社会责任报告评级工作由中国企业管理研究会可持续发展评价智库发起，中国企业公众透明度研究中心社会责任报告评级专家委员会组织实施。评级专家组通过报告评审会，对提交《报告》进行过程、内容、形式和传播四个维度评价、打分，形成评级报告，并确认签字。

三、评级结果

经过评级专家组最终评定，《梦百合家居科技股份有限公司 2023 年环境、社会及治理 (ESG) 报告》为 **AA** 级报告。

四、评级分析

(一) 过程维度

1. 外部参与性 (AA)

《报告》识别了政府、股东、客户、员工、合作伙伴、社区等利益相关方的责任期望，识别过程纳入内部审核、高层讨论与专家评估，并且披露了利益相关方的感言，外部参与性表现较好。

(二) 内容维度

1. 理念一致性 (AA)

《报告》在“责任管理”板块披露了 ESG 工作体系与实践成果，在可持续发展理念中融入绿色、低碳的思想，根植公司“协作、创新、正向思维、信守承诺”的价值观，为公司可持续发展提供指导。建议公司进一步完善可持续发展战略以及短期、中期和长期的 ESG 工作计划等内容。

2. 议题实质性 (AA)

《报告》从“对公司可持续发展的重要程度”和“对利益相关方的重要性”两个层面，对履责议题进行实质性分析，系统梳理识别出 22 个关键议题，并进行重点披露，有效提高了实质性议题识别的科学性和利益相关方的参与度。

3. 指标完整性 (AA)

《报告》参考了国内外多份可持续发展相关标准指南，制作《GRI 可持续发展报告标准》内容索引表，系统披露公司在经济、环境、社会、治理维度下的所属行业核心 ESG 指标，明确指标范围、时间边界，并且提供了三年数据的对比，纵向展示公司实践情况，整体内容清晰、完整。

4. 信息平衡性 (AAA)

《报告》以定性和定量的方式，披露了报告期内“客户投诉”“环保问题”等负面情况以及积极应对、妥善处理的详实举措。同时，报告分析了实体风险与转型风险下可能对公司业务构成影响的各类挑战、机遇以及公司的应对措施，信息平衡性表现卓越。

(三) 形式维度

1. 文字可读性 (AAA)

《报告》框架结构以“E 追梦心 捍卫自然之美”“S 织梦手 缔造 0 压之境”“G 持梦志 传承卓越之路”精准体现企业品牌与行业特色，符合可持续发展理念。逻辑清晰，主线鲜明，详略得当，设置二十周年专题与“数说 2023”板块，同时穿插多个案例，有效帮助利益相关方理解和丰富公司在该议题下的责任实践，同时辅以流程图、模型图示意，便于读者高效获取信息。

2. 设计多元性 (AAA)

《报告》整体设计活泼而又不失稳重。封面运用创意图片表达“0”的概念，与“零碳”以及公司“0 压”概念相呼应，突出行业属性与可持续属性。内文以图表、放大数据等多元设计，辅以高清实景图，融入主营业务元素，增强了企业品牌辨识度与报告美观性。

(四) 传播维度

1. 获取便捷性 (AAA)

《报告》中、英文版将在公司官网、交易所平台、巨潮资讯网等多个公开渠道进行发布，便于利益相关方直接下载获取，传播渠道畅通。

2. 互动体验性 (B)

建议公司嵌入 ESG、可持续发展相关延伸链接，并持续丰富延伸内容的形式，进一步增强互动体验性。

评级专家组

组长: 组员:

评级时间: 2024 年 4 月 25 日



扫一扫，了解更多评级信息

Suggestion Feedback

Thank you for reading the 2023 Environmental, Social and Governance Report of Healthcare Co.,Ltd. In order to continuously promote the ESG work and further enhance the sustainable development management, we sincerely invite you to fill in the relevant questions in the feedback form and give feedback to us in the following ways.

Your comments and opinions are an important basis for us to continuously improve ESG management and further enhance sustainable development management. Thank you for your strong support for our ESG management!

1. You are:

- Customer Investor Supplier Employee Government and Regulatory Agency
 Media/Industry Association Community Other (please indicate)

2. Are you satisfied with the overall report?

- Yes No General

3. Are all the information you are concerned about reflected in this year's ESG report?

- Yes No General

4. Do you think the report truthfully reflects the company's work in ESG and its impact on stakeholders?

- Yes No General

5. Can you easily find the information you are concerned about in this report?

- Yes No General

6. Are you satisfied with the layout design of the report?

- Yes No General

7. What do you think are the shortcomings in the report?

8. Which part of the report that you would like to disclose regularly?

9. What are your comments or suggestions on our ESG report or ESG work and sustainability management?

Please fill in your comments to the form and mail them to: No.999 Gaonan Road, Dingyan Town, Rugao City, Jiangsu Province, China.

Tel: 0513-68169482

Fax: 0513-80296666-8059

Zip code: 226521

Email: hkfoam@hkfoam.com



Relieve Pressure Sleep Better

Company Name: Healthcare Co.,Ltd.

Address: No.999, Gaonan Road, Dingyan Town, Rugao City, Jiangsu Province, China.

Tel:0513-68169482

Company Website: www.mlily.com

