

Social Finance Framework

2024

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1 Introduction

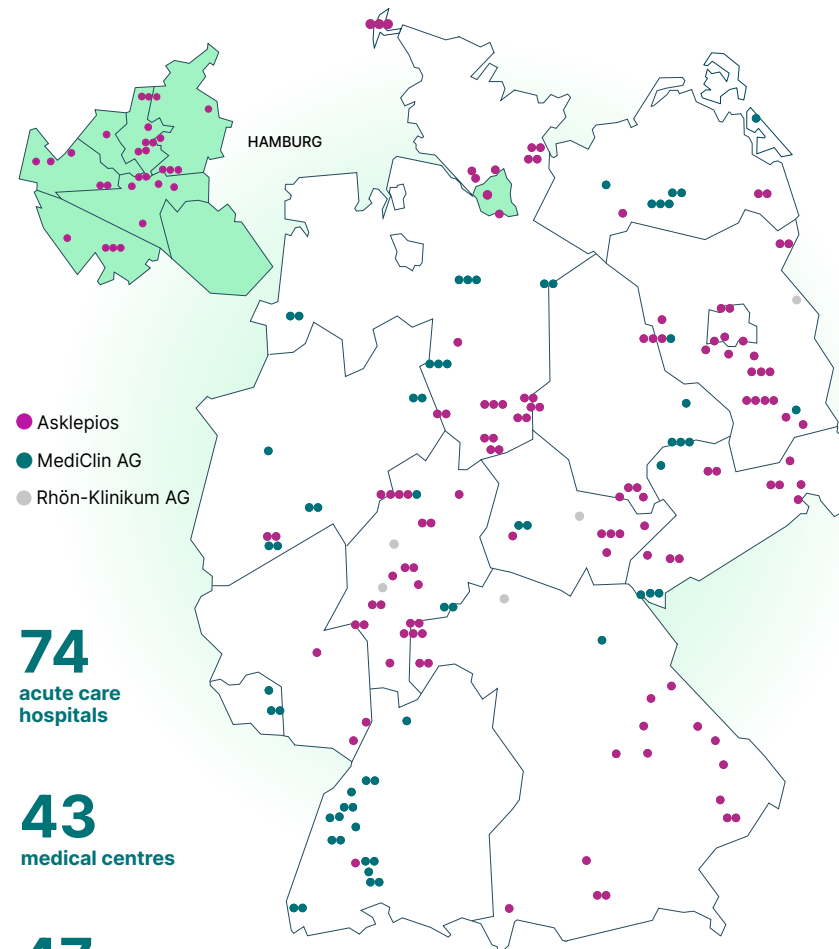
Founded in 1985, under family ownership, Asklepios has grown to become one of Germany's leading operators of private hospitals. The corporate values of medical quality, innovation and social responsibility have been in place since the company's foundation and continue to shape its development. Asklepios' ambition is to deliver sustainable growth for the benefit of all stakeholders, and we feel a particular sense of commitment to our patients, employees, environment and greater society. Asklepios has always focused its business operations on giving its patients cutting-edge medical care that meets the highest standards of excellence, and aspires to shape the future of medicine through the digitisation of the German healthcare system.

As per year-end 2023 the group is managing 164 healthcare institutions in 14 federal states of Germany, and provides a wide range of perks along with a diverse, safe, and progressive work environment to our 68,000 employees. Our employees' health is very important to us, we provide health promotion offers and aim to implement programmes in the action areas of exercise, nutrition, and stress management at all facilities.

Asklepios Kliniken GmbH & Co. KGaA acts as management company of the Asklepios Group and is responsible for the areas of Group development and business sustainability strategy. The operating entities Asklepios Kliniken, Asklepios Kliniken Hamburg GmbH, MediClin AG and Rhön-Klinikum AG are fully consolidated subsidiaries. The alignment of sustainability initiatives and strategy of Rhön and MediClin is planned for the future and will be implemented with FY 2025 in line with CSR.

Patients will always be the focus of Asklepios, we are committed to delivering the highest quality of treatment, and want them to be completely satisfied with their stay with us and with our healthcare services. We achieve this by continuing to revolutionise patient care and increasing the efficiency of our operations. Our employees are highly qualified and dedicated to their professions, which is fundamental to achieving the best treatment quality and patient satisfaction. In 2023 we had a total of 3.5 million patients and we expect that number to continue to grow, allowing us to help even more people.

Asklepios healthcare facilities



74
acute care hospitals

43
medical centres

47
rehabilitation clinics

164
Total

 [Find locations using the hospital finder](#)

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2 Asklepios approach to sustainability

2.1 Patients, employees and the environment – our key areas

As one of the leading healthcare providers in Germany, we have a special responsibility to our patients, our employee and the environment. In addition to responsible corporate governance, our responsibility strategy therefore focuses on these three action areas:

Patients

The focus at Asklepios is people. We take responsibility for patient welfare and are committed to delivering the highest quality treatment. Digitalised processes help us make patient care more efficient, faster and of higher quality. In doing so, we are also permanently focused on protecting patient data.

Employees

Qualified, dedicated personnel are fundamental to guaranteeing the best treatment quality and patient satisfaction. As a result of the ongoing demographic change, we are confronted with increasing patient numbers and a simultaneous decline in the availability of qualified and skilled personnel. We want to increase our attractiveness as an employer and activity promote the health and education of our staff.

Environment

As a hospital operator, we are responsible for the energy supply for our 164 health-care facilities. We can make a significant contribution to protecting our climate by way of efficient energy consumption. To ensure that we also contribute our fair share towards achieving global climate targets, we must increase the energy efficiency of our hospitals and help to reduce our greenhouse gas emissions. We strive to conserve natural resources by reducing waste and using water carefully.

2.2 Our corporate responsibility roadmap

We firmly believe that we can achieve lasting success only by reconciling economic, ecological and social factors with one another. To satisfy this requirement, we set ourselves goals that we plan to pursue through our corporate responsibility roadmap (“CR roadmap”) as part of our sustainability management.

The programme picks up on key CR topics, which we identified as part of a systematic materiality analysis and which we describe below:

Raising awareness of the principle of conduct

Integrity is a top priority for Asklepios. All employees are to be regularly informed about the Asklepios principle of conduct by the Management Board and trained in this using a new e-learning tool introduced in 2022 and further expanded in 2023.

Guaranteeing patient safety

We want to ensure consistently safe, high-quality patient care. In addition to the Critical Incident Reporting System used in all hospitals, Asklepios has been working for five years with the medical law prevention format “Sicher Arbeiten – Vertrauen Erhalten” (Work Safely, Gain Trust – S.A.V.E.) which aims to ensure that all employees working in Asklepios delivery rooms are optimally prepared for rare obstetric emergencies.

Improving patient satisfaction

We want our patients to be completely satisfied with their stay with us and with our healthcare services. We are aiming to achieve an annual recommendation rate of 90% by 2026.

Promoting employee health

Our employee's health is very important to us. To enable all employees to use the health promotion offers, we want to implement corresponding programmes in the action areas of exercise, nutrition and stress management at all facilities.

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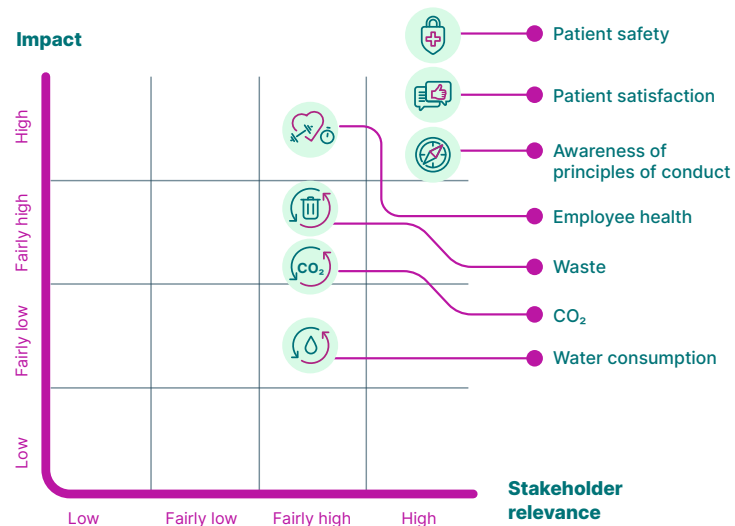
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2.3 Materiality Analysis

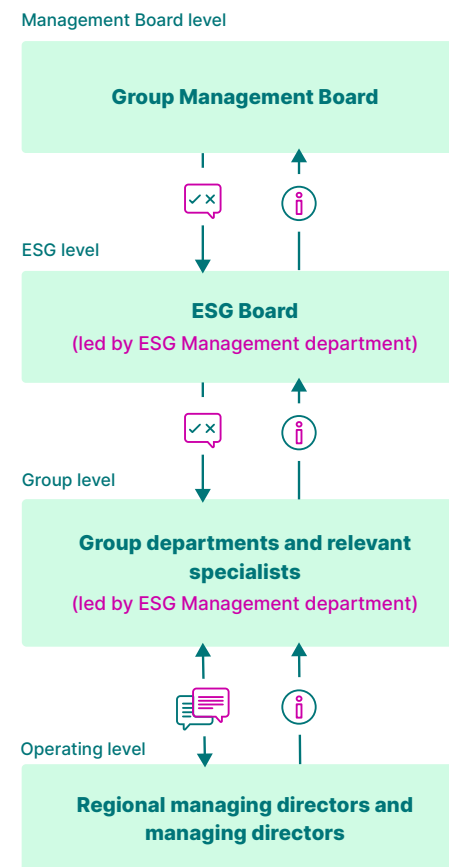
In order to focus on the most relevant topics for Asklepios and to develop a systematic approach for our activities, a materiality analysis was conducted. This analysis was later accepted by the Management Board and the working group on sustainability. During this process there were substantive issues identified both in the group and relevant stakeholders. While selecting the relevant topics to focus on, sector-specific and sustainability standards as well as existing requirements and entity-specific conditions were taken into account. In 2021, the Management Board has decided to evaluate the materiality topics based on three perspectives: ecological and social consequences emanating from Asklepios (inside-out), economic effects (outside-in) as well as the relevance from a stakeholders' viewpoint (outside-in). In the light of new regulation on sustainability disclosure, a new materiality analysis based on the ESRS (European Sustainability Reporting Standards) was performed in 2023 and produced the following results.

Graphic presentation of the materiality matrix in accordance with GRI



The material CR topics form the basis for our CR roadmap. These are: raising awareness for the code of conduct/principle of conduct, patient satisfaction, patient safety, employee health, and reducing CO₂. As part of the re-assessment it was found that the topics of reducing waste and water consumption were no longer classified as material. This being said we will continue to reporting on these metrics voluntarily to ensure transparency. Other important topics related to Asklepios will also be addressed. These include supply chain management, digitisation, data protection, training and education of employees and promoting a family-friendly workplace.

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The Management Board is responsible for the topic of corporate responsibility. Strategic sustainability management falls within the remit of the ESG Board in close cooperation and mutual exchange with the Management Board. Its main responsibility is the orientation and design of the corporate responsibility roadmap.

Another of the ESG Board's tasks is to monitor and support project management. The ESG Board is led by ESG Management department of the Asklepios Group. The implementation of the CR roadmap along with the realisation of sustainability projects at individual clinics falls within the responsibility of the individual healthcare facilities.

Responsibility for implementing the adopted resolutions lies with the relevant specialist departments for the Group's ESG topics, the regional managing directors and with managing directors and those in charge of ESG topics at the individual hospitals.

The heads of the Group departments and the specialist departments along with the Group ESG Management department act as a link between the ESG Board and those responsible for the operational implementation. The Group ESG Management department is in close contact with the working group on sustainability. The working group is tasked with coordinating the systematic review for the Corporate Responsibility Report, formulating recommendations for the ESG Board and developing sustainability goals and actions.

2.5 Quality management and patient safety

To ensure high-quality patient care at all Asklepios hospitals, we use comprehensive quality management. The core component is the established programme for patient safety, which includes methods, tools and standards that allow us to detect clinical risks early on and to analyse and avoid them. A clinical risk includes everything that may endanger the safety of patients during their treatment.

Based on risk analyses and in the recommendations of the World Health Organisation (WHO) and the German Coalition for Patient Safety, we have developed appropriate standards and derived recommended actions and prevention measures. These include an operation safety checklist in accordance with the WHO, counting checks during surgery as well as patient identification armbands in all hospitals.

Quality management system developed further

All Asklepios hospitals have a structured quality management system in place, which is continuously developed and adapted to current legal requirements. This system conforms to the legally required QM tools in accordance with the QM guidelines set out by the Federal Joint Committee and to the standards the Group has outlined for improving patient safety. The Group Quality division defines the specific requirements that apply as minimum standards for all hospitals. Internal quality and risk managers at the hospitals are responsible for their implementation. To ensure exceptional standards of medical, nursing and therapeutic patient care, all Asklepios hospitals are audited each year by the Group Quality division. In addition to this, the Asklepios audit programme includes internal hospital audits and risk audits on priority issues.

The measures for improvement that were derived in 2022 are also in effect in 2023. Further measures for improvement were derived in 2023 and include: Process optimisation for safe handling of anaesthetics, improvement of processes for medical emergency management, measures to ensure compliance of hygiene standards and the implementation of processes for handling patients' property. We also implement a CIRS (Critical Incident Reporting System) that helps to identify critical areas for possible mistakes and undesirable events and implements measures to address the issues.

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2.6 Our contribution to the UN Sustainable Development Goals (SDGs)

Sustainability is a core value in the management of Asklepios. We identified the UN 2030 Sustainable Development Goals (SDGs) that are relevant to our business. We then assigned the materiality topics and existing measures to the SDGs. Asklepios contributes to seven of the SDGs in the following ways:

Good Health and Well-Being (SDG 3)

The primary task of our healthcare facilities is to provide our patients with the best possible care. With our services and medical research we contribute to many people's health and well-being. At the same time we consider our employees' physical and mental health.



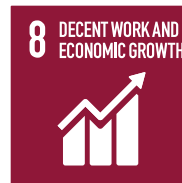
Quality Education (SDG 4)

Qualified employees are our most valuable asset – especially in times of demographic change and the current shortage of specialist staff. For this reason, we invest in high-quality training and education for our employees: We manage 12 training centres for nursing, medical and therapeutic training roles. In addition, we offer business and IT training and dual study programmes – as well as operating the Asklepios Campus Hamburg as a branch of the medical faculty of Semmelweis University in Budapest.



Decent Work and Economic Growth (SDG 8)

At our facilities and along our supply chain, we attach great importance to safe and fair working conditions and respect for human rights. With our supplier management, we have a certain influence when it comes to setting social and environmental standards. We aspire to make efficient use of resources such as energy and water. As an employer and a training company, we contribute to creating jobs and supporting junior staff.



Industry, Innovation and Infrastructure (SDG 9)

As one of Germany's leading private hospital operators, Asklepios is an important part of the nationwide healthcare infrastructure and supports all-encompassing healthcare. Our comprehensive risk management and high compliance standards make our company resilient. With research at our own Asklepios Campus and the expansion of digital health services, we promote sustainable innovation in the healthcare sector.



Sustainable Cities and Communities (SDG 11)

With our approximately 170 healthcare facilities, we contribute to the provision of medical care throughout Germany, including in rural and poorly connected regions. We are also promoting the expansion of sustainable mobility at the company: We plan to switch our vehicle fleet to electric mobility and are expanding the charging structure accordingly. In this way, we are reducing emissions and improving the air quality in cities and communities.



Responsible Consumption and Production (SDG 12)

To ensure a reliable supply of our healthcare facilities, we build on a global procurement network. By requiring our suppliers to comply with environmental and social standards, we promote sustainable production worldwide. We take care to ensure sustainable and resource-efficient consumption in day-to-day hospital work, for example by increasingly focusing on the circular economy and waste reduction.



Climate Action (SDG 13)

Asklepios wants to contribute to limiting climate change. We therefore continuously reduce our CO₂ emissions in the areas of heating, ventilation and lighting. For example, current climate protection measures include optimising ventilation systems and replacing boilers.



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3 Social Finance Framework

As part of the further integration of the sustainability ambitions at the core of our business model into our funding strategy, we have developed the Asklepios Social Finance Framework (“the Framework”). The Framework follows the International Capital Market Association (“ICMA”) 2023 Social Bond Principles (“SBP”)¹, and the Loan Market Association (“LMA”) 2023 Social Loan Principles (“SLP”)² which are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of social financing instruments. Under the Framework, Asklepios or any of its subsidiaries can issue social financial instruments which may include: bonds, private placements, commercial paper, promissory notes (Schuldscheindarlehen) and loans to finance and/or refinance eligible social projects with a positive social benefit.

The Social Finance Framework follows the following four key pillars of the SBP and SLP:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Framework also follows the recommendations of the SBP and SLP regarding External Review.

As the SBP, SLP and the social financing market overall are evolving rapidly, this Social Finance Framework may be updated or expanded in the future. Any future updated versions of this Framework will maintain or improve upon the current levels of transparency and reporting disclosures and will undergo review by a Second Party Opinion (“SPO”) provider.

3.1 Use of Proceeds

An amount equivalent to the net proceeds from the issuance of social instruments will be exclusively used to finance and/or refinance, in whole or in part, new or existing eligible projects as specified in the table on the following page (“Eligible Projects”). Eligible Projects may take the form of assets, capital and operational expenditures (“Asset, CapEx and OpEx”). Assets shall qualify for refinancing with no look-back period, while CapEx and OpEx will qualify with a maximum three-year look-back period. With more than 90% of revenues coming from eligible social activities, Asklepios is a “pure play” social company as defined by the ICMA SBP.

Contribution to the UN Sustainable Development Goals (SDGs)

In alignment with Asklepios’ broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria contemplated under this Framework directly contribute to the achievement of various UN SDG.

¹ Sustainable Bond Principles – ICMA

² Social Loan Principles – LMA

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ICMA SBP category	Eligible Project description	UN SDGs	Target population	Social benefit
Access to essential healthcare service	Asset, capital and operational expenditures related to healthcare infrastructures that refer to physical and organisational structures, facilities, and systems that collectively support the delivery of healthcare services:	   	<p>General public</p> <p>Individuals with specific physical and/or mental conditions</p> <p>Elderly people</p> <p>Individuals in need of rehabilitation services</p>	<p>Increase access to safe, qualitative convenient, affordable and dignified healthcare service and infrastructure</p> <p>Enhance availability of quality medical equipment to healthcare facilities and individuals</p> <p>Enhance quality and accessible care for vulnerable population</p> <p>Improved proximity or connectivity of healthcare system</p> <p>Increased use or introduction of electronic medical records or medication order entry systems</p> <p>Increased medical/pharmaceutical innovation</p>
	<p>Infrastructure and facilities related to land and buildings</p> <ul style="list-style-type: none"> hospitals, clinics, nursing homes buildings and facilities 			
	<p>Medical equipment and tools</p> <ul style="list-style-type: none"> medical machinery, treatment equipment, diagnostic tools 			
	<p>Healthcare information and communication technology infrastructure and digitalisation</p> <ul style="list-style-type: none"> digitalisation of the healthcare system – automating documents, processes and applications information technology systems for managing patient records e-health platform 			
	<p>Innovation & clinical research</p> <ul style="list-style-type: none"> development of innovative diagnosis and treatment procedures 			
	<p>Medical transportation vehicles</p> <ul style="list-style-type: none"> ambulance non-Emergency Medical Transportation vehicles 			
	<p>Supply chain and logistics</p> <ul style="list-style-type: none"> health infrastructures that manage the supply chain for pharmaceuticals, medical supplies, and equipment, ensuring timely access to essential resources 			
	<p>Healthcare workforce:</p> <ul style="list-style-type: none"> programmes and initiatives for training and upskilling healthcare workers 			

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3.2 Project Evaluation and Selection

Asklepios has established a Social Finance Committee to oversee the process of defining the Eligible Social Expenditures Portfolio and selecting Eligible Social Projects related to all respective Social Finance Instruments issued under this framework. It is comprised of representatives from Management Board, ESG Board, Corporate Finance & Treasury department.

Main responsibilities of the Social Finance Committee include, but are not limited to:

- defining the Eligible Social Expenditures Portfolio for the respective financial year
- evaluating and selecting the Eligible Social Projects in line with the Eligibility Criteria defined within the framework and excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best effort basis
- reviewing the content of the Framework and updating it to reflect changes in corporate strategy, technology, market, regulatory developments, applicable laws and regulations on a best effort basis
- initiating the update of documents such as Second Party Opinion and related documents from external consultants
- overseeing, approving and publishing the allocation and impact reporting, including external assurance statements
- monitoring internal process to identify mitigants to material risk of negative environmental and social impacts associated with the Eligible Social Project Portfolio
- liaising with relevant business finance segments and other stakeholders on the above as necessary

The Social Finance Committee will meet at least on an annual basis.

In addition, Asklepios complies with official national and international environmental and social standards, local laws and regulations to the extent feasible. Furthermore, Asklepios' Sustainability Guidelines and Policies define minimum standards for the business processes, including those financed with the proceeds of Social Finance Instruments under this Framework. The Asklepios principles of conduct remain in place. The principle of conduct contains stipulations regarding general business conduct as well as topics such as compliance with legislation, avoiding conflicts of interest, data protection, taking on social responsibility and environmental protection. They apply to all employees, management staff and members of the executive bodies at the Asklepios hospitals and its subsidiaries. The rules of conduct ensure that uniform benchmarks apply throughout the group of companies to help our employees make the right decisions during their everyday work.

We also consider the protection of human right to be part of our business operations and supply chain. Asklepios follows the German Supply Chain Act that came into force as of 1 January 2023 and started the preparation for the increased supplier requirement. Additional information on the management of sustainable corporate governance is provided in our Corporate Responsibility Report.

For further information relating to relevant policies and risk management please refer to the Asklepios compliance page.

3.3 Management of Proceeds

An amount equivalent to the proceeds from the Social Finance Instruments will be managed by Asklepios, by the Social Finance Committee, in a portfolio approach and tracked and monitored accordingly. Asklepios will allocate an amount equivalent to these proceeds to an Eligible Social Project Portfolio, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above.

Asklepios will strive, over time, to achieve a level of allocation for the Eligible Social Project Portfolio that matches or exceeds the balance of proceeds from its outstanding Social Finance Instruments within 24 months from the time of issuance of each instrument. Eligible Social Projects will be added to or removed from Asklepios' Eligible Social Project Portfolio to the extent required. Pending full allocation, unallocated proceeds from Social Finance Instruments will be held temporarily in Asklepios' liquidity portfolio, in cash or other short term liquid instruments, or will be used for any other treasury business, at the issuers' own discretion.

3.4 Reporting

In accordance with the Principle, Asklepios will share a report on the allocation of proceeds to the Eligible Social Project Portfolio as well as an impact report annually until maturity or until full allocation to investors of the underlying financial instruments.

Asklepios will report the allocation and impact of the net proceeds to the Eligible Social Project Portfolio at least at the category level and on an aggregated basis for all Asklepios' Social Finance Instruments outstanding. On a best-efforts basis, Asklepios intends to align the impact reporting with the portfolio approach table as described in the ICMA Handbook – Harmonised Framework for Impact Reporting for Social Bonds (June 2022).

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Allocation Reporting

The allocation report will provide, on the Eligible Social Portfolio, indicators such as:

- the size of the identified Eligible Social Portfolio, per eligible category
- the total amount of proceeds allocated to the Eligible Social Projects
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing
- the total amount of social financing instruments issued

Impact Reporting

Where feasible, Asklepios intends to report on the impact of the Eligible Social Loan Portfolio. The Impact report may provide:

- a description of relevant Eligible Social Projects
- social output and impact indicators of the Eligible Social Portfolio, at eligible category (and, if needed, at sub-category) level

A description of the social output and impact indicators is provided in the table below. The impact report will be provided on a portfolio basis.

<u>Eligible Category</u>	<u>Potential Output Indicators</u>	<u>Potential Impact Indicators</u>
Access to essential healthcare service	<ul style="list-style-type: none"> • Number of hospitals covered • Number of rehabilitation centres covered • Number of hospitals and other healthcare facilities built/ upgraded • Number of units of medical equipment purchased • Number of beds • Number of health-related R&D programmes funded 	<ul style="list-style-type: none"> • Number of outpatient and inpatient in healthcare facilities (hospitals and rehabilitation centres) • Estimated number of patients benefitting from healthcare facilities services or medical treatment on annual basis • Estimated number of people benefitting from rehabilitation • Number of individuals receiving preventative care • Number of individuals undergoing early detection tests • Number of beneficiaries receiving access to mobile health clinics or e-health services

Depending on availability and subject to confidentiality agreements, Asklepios might seek to complement above indicators with relevant case studies.

Both the allocation report(s) and the impact report(s) will be made available to investors.

3.5 External Review

Second party opinion

This Social Finance Framework has been reviewed by Sustainalytics who has issued a Second Party Opinion. The Second Party Opinion as well as the Social Finance Framework will be made available to investors.

Post issuance limited assurance on reporting

Asklepios also intends to request an annual third party audit of a management statement on the allocation of the Social Finance Instrument proceeds to the Eligible Social Project Portfolio until all net proceeds have been allocated, which may also be made available to investors.

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