

# ARRAIL 瑞尔®

Fabulous Smile . Confident You

## Arrail Group Limited

(Incorporated in the British Virgin Islands with limited liability  
and continued in the Cayman Islands)

Stock Code: 6639



# 2022/23

## Environmental, Social and Governance Report

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# I. About This Report

Arrail Group Limited (hereinafter “**the Company**”), its subsidiaries and VIE Entities (hereinafter “**the Group**” or “**we**”) publish the Environmental, Social and Governance Report (hereinafter “**ESG Report**” or “**this report**”) for the year 2022/2023 to objectively and fairly describe our Environment, Social and Governance (“**ESG**”) concept, practices and key achievements. It is advised to read the contents relating to governance together with the Corporate Governance Report in the Group’s annual report for the year 2022/2023.

## REPORTING SCOPE

This report covers the period from April 1, 2022 to March 31, 2023 (hereinafter “**the current year**”) and may include matters beyond the period to maintain the continuity of information. During the current year, our clinics and hospitals offered a diverse range of professional and customized dental services. This report summarizes the performance of the Group in respect of corporate social responsibility, covering the above principal operating activities. Considering the small scale of the denture production factory of the Group, which accounts for only 2% of the operating revenue, this report covers the Company, its subsidiaries and VIE Entities except for the denture production factory, and all amounts of currency involved in this report is denominated in Renminbi (“**RMB**”).

## INFORMATION SOURCES

The information in this report is obtained from the Group’s relevant internal statistical reports, company’s documents and reports, stakeholder surveys and interviews, etc. Emission and energy indicators are counted and calculated in accordance with national regulations or international standards.

## REPORTING LANGUAGE

This report is published in both Chinese and English. In case of any inconsistency between the two versions, the Chinese version shall prevail.

### PREPARATION REFERENCE

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the “**ESG Reporting Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and with reference to the SASB Standards, and discloses content and data relating to ESG issues pursuant to the principles of materiality, quantitative, balance and consistency as well as the “comply or explain” provisions in the Guide.

**“Materiality”**: In preparing this report, the Company has identified key stakeholders and key ESG issues of their concern, and made targeted disclosure according to the materiality of these issues.

**“Quantitative”**: In this report, the key performance indicators (KPIs) in respect of environment and social are shown in the form of quantitative data, and the measurement standards, methods, hypothesis and/or calculation tools, source of conversion coefficient for the KPIs are explained in their respective places.

**“Balance”**: This report presents the Group’s ESG performance in an objective and unbiased manner, avoiding selections, omissions, or presentation formats that may inappropriately influence the decisions or judgements by the report reader.

**“Consistency”**: Unless otherwise stated, the KPIs and statistical methods disclosed in this report are consistent with those in the Environmental, Social and Governance Report for the year 2021/2022 of the Group.

### REPORT ACCESS

This report is available on the website of the HKEX (<https://www.hkexnews.hk>) and the Investor Relations page of the Group’s official website (<http://arrailgroup.vislan.com>). If you have any suggestions or comments regarding the ESG management of Arrail Group, please contact us by email at [ir@arrailgroup.com](mailto:ir@arrailgroup.com).

## II. About Arrail Group

### (I) COMPANY PROFILE

Since its establishment in 1999, the Group has been offering a diverse range of professional and personalized dental services spanning general dentistry, orthodontics and implantology. At present, the Group directly operates 123 dental hospitals and clinics in 15 cities across China, with 1,442 dental chairs and 914 full-time dentists. We strive to provide one-stop, professional, and high-quality dental services that cover the full lifecycle of our patients. In addition, we are committed to promoting the “Arrail Way” by following our standardized procedures and actively implementing our 5S initiatives, giving each of our patients a healthy and confident smile. The Group was listed on the main board of the Stock Exchange (Stock Code: 6639) on March 22, 2022.

We have served patients in more than 9.40 million visits in the past ten years and developed a growing and loyal customer base. Besides, we have been instrumental in raising public and consumer awareness of the importance of dental care and good oral hygiene in China. We have grown into a leading dental services group in China, and have established a nationwide footprint. The Group operates both Arrail Dental, a leading premium dental services brand, and Rytime Dental, a middle-end dental services brand. We have formulated a dual-brand strategy with our Arrail Dental and Rytime Dental brands to offer clear and distinctive value propositions to patients of different economic and geographic background.

#### Arrail Dental

Arrail Dental is a leading premium dental services brand in China and targets affluent patients with high purchasing power and greater lifetime value, primarily in Tier-1 cities. We operate 52 clinics under the Arrail Dental brand, and most of the clinics are located at prime commercial locations and Class A office buildings, known for the excellent quality of bespoke services.

#### Rytime Dental

Rytime Dental targets middle-class consumers primarily in Tier-1 and key Tier-2 cities across a broader geographic reach, offering high-quality dental services at more affordable prices. We operate 9 hospitals and 62 clinics under the Rytime Dental brand, most of which are located in densely populated residential areas, attracting substantial patient flow by offering a broad spectrum of dental specialties.

Since our inception, we have been committed to cultivating a client-centric and service-oriented culture and incorporate our key values of “integrity, professionalism and being a good person” into our day-to-day operation, so as to provide “proper treatment” for each of our patients. We firmly believe that our cohesive corporate culture plays a significant role in ensuring the scalability of our business model and the consistency of our service quality, and is the pillar of our success. We also believe that our corporate culture enables our dentists and other staff to collaborate effectively and provide professional service to our patients, and enables us to strengthen long-term and trusting relationships with our patients, dentists and business partners.

## II. About Arrail Group

The Group is committed to being a responsible corporate citizen, and joining hands with various stakeholders to build sustainable development pathways. We absorb talents with an open mind, care for our employees, and pursue the unity of the Group's development and employees' self-actualization. We are committed to environmental protection and energy conservation to create green and low-carbon workplaces and medical environment on all fronts. We promote medical technology innovation to lead the industry improvements through our own development. In addition, with diversified charitable initiatives, we strive to do business for good and drive the common sustainable development of the whole society and the whole industry with our own long-term development.

### (II) GOVERNANCE STRUCTURE

The Board of Directors of the Group comprises seven members – four executive directors and three independent non-executive directors, with different appropriate skills, knowledge and experience. The Group has established three committees under the Board pursuant to the laws and regulations of China and the regulations and corporate governance practice requirements under the Hong Kong Listing Rules, namely the Audit Committee, Remuneration Committee and Nomination Committee.

Name	Gender	Position	Audit Committee	Remuneration Committee	Nomination Committee
ZOU Qifang	Male	Executive director, chairman of the Board and chief executive officer	–	–	–
Qin Jessie XIN	Female	Executive director and chief financial officer	–	–	–
ZHANG Jincai	Male	Executive director, chief medical officer, and general manager of hospitals and clinics	–	–	–
ZOU Jianlong	Male	Executive director and vice president	–	–	–
LIU Xiaomei Michelle	Female	Independent non-executive director	√	√	√
SUN Jian	Male	Independent non-executive director	√	√ (Chairman)	√ (Chairman)
ZHANG Bang	Male	Independent non-executive director	√ (Chairman)	√	√

The Board has formulated a board diversity policy (the “Board Diversity Policy”) to achieve a sustainable and balanced development of the Group. We recognize the benefits of diversity in Board members and see increasing diversity at the Board level as an essential element in maintaining our competitive advantage. We consider skills and industry experience, region, background, race, gender and other qualities when appointing directors, and leverage diversity to grow our business.



## II. About Arrail Group

The Nomination Committee will review annually the structure, size and composition of the Board and, where appropriate, make recommendations on changes to the Board to complement the Group's corporate strategy. In relation to reviewing and assessing the Board composition and the nomination of directors, we consider board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and length of services.

The diversity perspective of the Board is closely related to the business development of the Group. We will continue to refer to the Board Diversity Policy when appointing Board members based on performance, and take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and the management levels. We will actively identify female individuals suitably qualified to become the Board members, in an effort to achieve the target of 40% female representation in the Board. To further ensure gender diversity of our Board in a long run, the Group will continue to identify female individuals with a diverse range of skills, experience and knowledge in different fields, and maintain a list of such female individuals who possess qualities to become the Board members, which will be reviewed by the Nomination Committee quarterly, thereby developing a pipeline of potential successors to the Board to promote gender diversity of the Board.

# III. Sustainability Management

## (I) STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Group is the top responsible and decision-making body for ESG matters, and it takes overall responsibility for the formulation and supervision of the Group's ESG strategy. The Board of Directors values the ESG governance and is committed to pursuing the harmonious development of the enterprise with society and nature.

**Oversight of ESG matters:** The Board of Directors incorporates ESG matters in the Group's governance structure and participates in the end-to-end ESG governance and disclosure. The Board of Directors is responsible for setting the ESG management agenda, assessing and determining the Group's ESG risks, and evaluating and reviewing the results of ESG work in the previous year.

**ESG management principle and strategy:** The Group incorporates ESG governance requirements in daily management system, continuously evaluates performance through internal review of completion of ESG practice, prioritizes and manages ESG-related issues and internal and external risks in conjunction with macro policy analysis and communication with stakeholders, and reports to the Board of Directors to clarify ESG governance priorities and management principle and strategy, continuously improving and promoting the implementation and optimization of ESG practice.

**Review of ESG targets:** The Board of Directors continues to strengthen its supervision and involvement in the Group's ESG governance. For the year 2022/2023, management reported to the Board of Directors on the Group's ESG development direction for the next year and the future, covering review of the achievement of ESG targets in the previous year, the ESG targets for the next phase, opportunities and challenges arising from climate change, and the Group's measures.

This report was reviewed and approved by the Group's Board of Directors on June 27, 2023.

Board of Directors of Arrail Group Limited  
June 27, 2023



# III. Sustainability Management

## (II) ESG CONCEPT AND MANAGEMENT

### ESG MANAGEMENT STRATEGY

As one of China’s leading dental service providers, we deeply understand the significance of ESG management to the long-term sustainable development of the Group. The Group is committed to achieving a high level of ESG performance and strives to protect the interests of shareholders and investors while actively fulfilling corporate social responsibility and enhancing corporate sustainability.

We actively identify and strictly comply with relevant national and regional laws and regulations, integrate ESG concept into our business operations and management, to achieve business objectives while reducing negative impact on the environment. We also strengthen our management foundation, enhance technology innovation, adhere to low-carbon operations, protect the rights and interests of our employees, develop high-quality talent team and build reliable partnerships with suppliers, thereby improving the quality of medical services. Meanwhile, we are committed to being a responsible corporate citizen, doing business for good through various beneficence initiatives, and working with stakeholders to create sustainable value.

### ESG MANAGEMENT STRUCTURE

We have established a multi-level, cross-department, and top-down ESG management system to help the Group achieve effective ESG management. The Board of Directors is responsible for setting the ESG management agenda, including making relevant decisions and monitoring the Group’s ESG performance. We have also built an ESG management team comprising staff from relevant departments to implement the Group’s ESG strategies and policies. Meanwhile, we have organized ESG capability trainings for the Board of Directors and relevant staff to enrich their ESG knowledge and support ESG-related practice.



## III. Sustainability Management

### (III) STAKEHOLDER COMMUNICATION

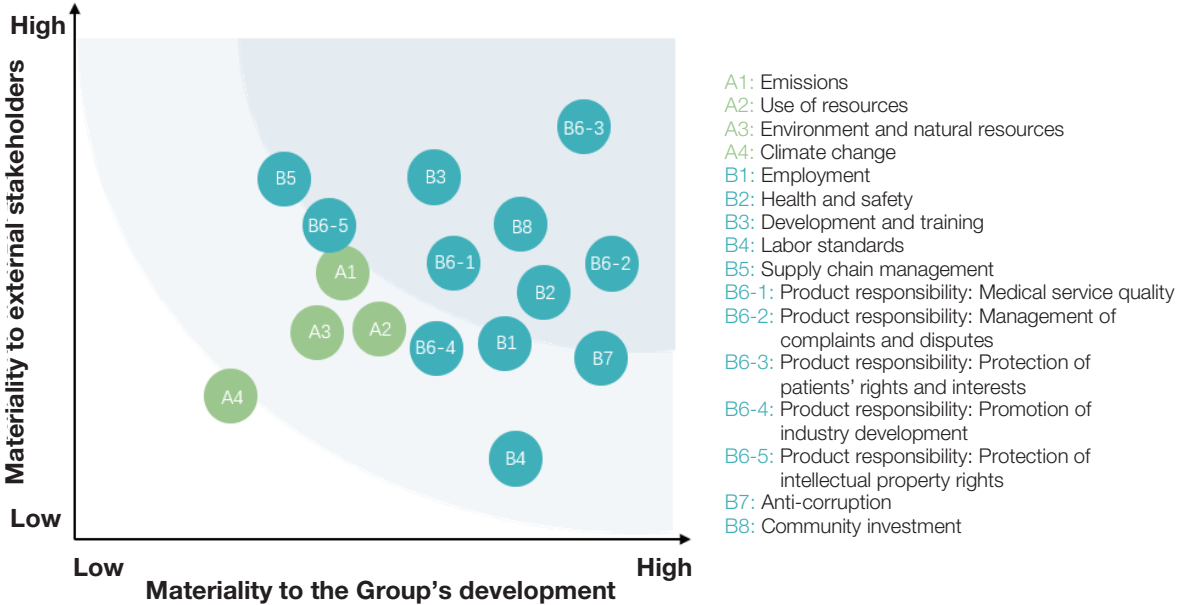
We communicate with stakeholders via various channels to understand their demands and take their opinions as important reference to guide the ESG work. Based on our business characteristics and the results of our communication with key stakeholders, we have listed the key ESG issues of concern to the key stakeholders as well as the main communication and feedback channels.

Key stakeholders	Key ESG issues of concern	Main communication and feedback channels
Governments and regulatory authorities	Medical and service quality Labor standards Protection of patients' rights and interests Protection of intellectual property rights Anti-corruption	Information disclosure Official correspondence Onsite inspection Regulatory meeting Questionnaire
Shareholders and investors	Medical and service quality Climate change Protection of intellectual property rights Management of complaints and disputes Anti-corruption	Shareholders' meeting Information disclosure (annual reports and interim reports, performance announcements, corporate HKEX announcements, investor relations pages, etc.) Questionnaire
Employees, directors, and senior management	Employment Staff health and safety Staff development and training Labor standards Use of resources Climate change Anti-corruption	Staff opinion survey Staff internal communication meeting Corporate internal announcements Questionnaire
Patients and consumers	Protection of patients' rights and interests Promotion of industry development Medical and service quality Environment and natural resources Community investment	Patient satisfaction survey and follow-up visit Daily operation/communication Complaint and feedback channels Questionnaire
Suppliers and business partners	Supply chain management Anti-corruption Emissions	Supplier management system Industry exchange Questionnaire
Media	Community investment Management of complaints and disputes Promotion of industry development	Performance release conference Press release communication
Local residents and public welfare organizations	Medical and service quality Emissions Use of resources Environment and natural resources Community investment	Community activities Public welfare activities Daily operation/communication Questionnaire

### III. Sustainability Management

#### (IV) MATERIALITY ANALYSIS

To identify key areas of ESG practices and meet the needs of stakeholders, we obtain stakeholders’ opinions and expectations on ESG issues through questionnaires, meetings, in-depth interviews, etc. Based on the feedback, we have identified 16 ESG-related issues and formulated an analysis matrix of ESG material issues for the year 2022/2023.



The Group has identified issues with high materiality, which are “B6-3 Product responsibility: Protection of patients’ rights and interests”, “B3 Development and training”, “B8 Community investment”, “B6-1 Product responsibility: Medical service quality”, “B6-2 Product responsibility: Management of complaints and disputes”, “B2 Health and safety” and “B5 Supply chain management”; issues with medium materiality, including “A1 Emissions”, “A2 Use of resources”, “A3 Environment and natural resources”, “B6-5 Product responsibility: Protection of intellectual property rights”, “B6-4 Product responsibility: Promotion of industry development”, “B1 Employment”, “B4 Labor standards” and “B7 Anti-corruption”; and relevant issues, including “A4 Climate change”. We will address each of these issues in different sections of this report.

## IV. Improving Medical Service Quality

Upholding the mission of “to give each of our patients a healthy and confident smile”, the Group is committed to providing high-quality medical services and pleasant patient experience. We always adhere to high standards of medical service quality, providing customers with high-quality experience. Specifically, we actively solve problems for patients and protect rights and interests of customers; strengthen independent innovation and lead the industry improvements; improve management efficiency via digital means, keep optimizing medical services; and strive to achieve our vision of “becoming a world-leading dental group”.



Inside of the dental clinics

### (I) IMPROVING MEDICAL QUALITY STANDARDS

The Group operates in strict compliance with the *Civil Code of the People's Republic of China*, the *Regulations on Handling Medical Malpractice*, the *Administrative Measures for the Clinical Application of Medical Technologies*, the *Provisions on the Administration of Radiological Diagnosis and Treatment*, the *Measures for the Supervision and Administration of Pharmaceuticals in Medical Institutions (for Trial Implementation)*, the *Law on Medical Practitioners of the PRC* and other laws and regulations. In addition, the Group has formulated internal policies such as the *Code of Practice for Dental Clinical Technologies*, the *Online Expert Consultation System of Arrail Group*, the *Expert Committee Duties of Arrail Group* and the *Regulations on Medical Quality Management*. The Group has also established clear compliance guidelines and standard operating procedures for medical quality control, and implements a series of medical quality control measures such as medical red line management, consultation and multidisciplinary specialty cooperation for complex cases, specialty case grading and doctor grading, etc., to ensure medical quality and provide professional medical services to patients.



## IV. Improving Medical Service Quality

### MEDICAL RED LINE MANAGEMENT SYSTEM

Medical red line management is an important process for the Group to prevent medical risks and ensure medical service quality. The management system specifies procedures such as medical records writing, treatment item information collection, and infection control, and triggers a prompt mechanism if relevant medical service standards are not met. Besides, a three-tier inspection system (clinic self-inspection, regional review and random inspection by the Group) has been implemented to ensure quality improvement and supervision in the whole process of diagnosis and treatment. To ensure completeness of the patients' profiles that are important for diagnosis and differential diagnosis, the system notifies the doctors of the required annexation to the medical records, such as X-ray and CT requirements, informed consent requirements and oral photography requirements, attaching importance to the necessity of doctors' preoperative notification and patients' right to informed consent. In the event of mistakes and omissions in the medical records, the medical and compliance departments will promptly inform the dentists and the mandatory "pre-operation verification" will again ask the dentist to confirm the nature and method of the treatment before commencing the operation, thus ensuring the safety and compliance of treatment, as well as providing a basis for subsequent diagnosis and achieving medical quality monitoring and medical error prevention.

**[Case: "Medical quality coefficient" inspection system]**

For the year 2022/2023, besides the medical red line management system, the Group established the stricter "medical quality coefficient" inspection system. Based on 7 dental sub-specialties, 12 quality inspection items were added, including preoperative, intraoperative, and postoperative stages, such as preoperative, intraoperative, and postoperative imaging data, preoperative examination and treatment of related diseases, and tracking of long-term postoperative outcomes. In addition, the three-tier (clinic, regional and the Group) inspections and regional cross-clinic inspections were conducted every month. The scores of these inspections were linked to the performance evaluation of doctors, clinic directors and regional directors. By doing so, the Group managed medical quality before treatment, thus improving the tracking and monitoring of medical quality and minimizing the medical risks.

### GRADING SYSTEM FOR SPECIALTY CASES AND DOCTORS

The Group grades doctors by seniority, and specialty cases by complexity, so that doctors are assigned based on the diagnosis and treatment needs of cases at a corresponding level. If the complexity of the case is beyond the doctor's level, the Group will arrange a consultation with senior doctors to ensure medical quality and safety.

## IV. Improving Medical Service Quality

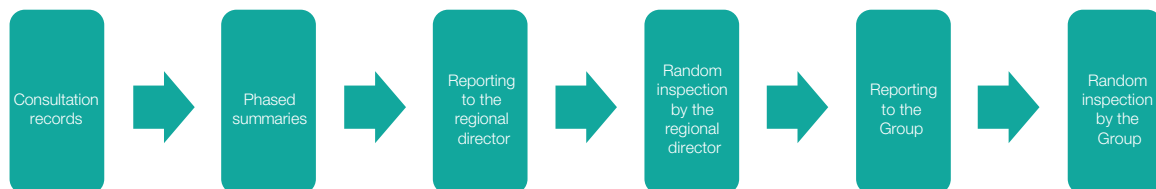
### CONSULTATION SYSTEM FOR COMPLEX CASES

Dental clinics are generally small with a limited number of doctors and inadequate experts in various disciplines. To address this issue, the Group organizes weekly multidisciplinary discussions and consultations to formulate treatment plans for complex cases on a regional basis, so as to improve the medical quality of the Group's dental institutions.

We have established a mechanism that requires all dental institutions to hold 100% consultations for complex cases, consisting of consultation process and supervision process. The consultation process is as follows:



The supervision process is as follows:





## IV. Improving Medical Service Quality

### (II) ENSURING MEDICAL SAFETY

The Group has developed a proactive reporting mechanism for adverse events to ensure medical safety. To strengthen the management of adverse events and enhance patients' safety awareness, we implement a non-punitive system, adhere to the principle of confidentiality, and encourage staff to report such events. Adverse events are classified into four levels based on severity. Mandatory reporting is required for severe Class I and Class II events and the clinic, the Regional Medical Director, the Regional Quality Control Director and the Medical Committee of the Group are required to be informed within 24 hours. The Regional Medical Director will report the event and relevant response plans to the Group in a timely manner at the daily morning meeting, and submit the event report later. The medical staff should report the less serious Class III and Class IV events to the clinic director immediately when an adverse event occurs. After confirming the report, the clinic director will fill in a standardized form and report to the Regional Medical Director and Regional Quality Control Director on a monthly basis. Then, the regional summary and analysis will be reported to the Medical Committee of the Group. The Group conducts quarterly training for all doctors on adverse events, shares prevention measures and continuously follows up on the problem resolution to achieve closed-loop management, ensure medical safety and promote continuous improvement in medical quality.

To avoid medication risks, the Group strictly abides by laws and regulations such as the *Regulation on the Administration of Narcotic Drugs and Psychotropic Drugs*, the *Measures for the Administration of Prescriptions*, and the *Regulations on the Administration of Narcotic Drugs and Class I Psychotropic Drugs in Medical Institutions*. For controlled substances such as narcotic drugs, psychotropic drugs and other dependence-producing drugs, the Group has formulated a series of internal policies such as the *Accountability System for Management Targets of Narcotic Drugs and Class I Psychotropic Drugs*, the *Special Inspection System for Narcotic Drugs and Class I Psychotropic Drugs*, and the *Procurement and Acceptance System for Narcotic Drugs and Class I Psychotropic Drugs*. In addition, the Group has set up relevant organs to manage narcotic drugs and psychotropic drugs, and introduced a "five special" system (namely adopting special management, special lockers, special account books, special prescriptions and special registers). These organs involve departments such as medical management, pharmacy, nursing, and security, and are equipped with responsible and professional staff in the daily management of narcotic drugs and Class I psychotropic drugs. Based on the specific process, a three-tier model has been adopted to manage narcotic drugs and psychotropic drugs: (1) Warehousing acceptance and management of drug storage, (2) drug requisition and distribution management of pharmacies, and (3) drug reserve management of wards, so as to ensure the sound management of drugs in procurement, requisition and distribution. In addition, the regional security departments are responsible for the safety inspection of drug storage facilities and equipment, night patrol and security at hospitals, and handling problems and events relating to the use and management of narcotic drugs and psychotropic drugs, such as damage reporting, loss, and theft, thus enabling closed-loop whole-process management and ensuring the safe storage and use of controlled drugs.

## IV. Improving Medical Service Quality

To ensure drug safety, the Group has formulated the *Drug and Device Management System*. According to the regulations, the procurement of drugs and devices must undergo acceptance checks on the product name, specifications, quantity, approval number, production batch number, manufacturer's registered trademark, expiration date, appearance quality, packaging situation, purchase price, and other items. Only after all items are qualified can they be accepted and stored; Those that do not meet the specified requirements shall not be purchased or used. Secondly, the storage of drugs should be regularly inspected and counted, and necessary measures such as refrigeration, antifreeze, moisture-proof, insect and rodent prevention should be taken to ensure the quality of drugs. The Group prohibits the use of drugs and medical devices that have not been legally registered, have no qualification certificates, have expired, become invalid, or have been eliminated. For imported drugs and medical devices, there should be Chinese instructions and labels. For oral anesthesia drugs and emergency drugs, they must be managed by dedicated personnel at each clinic, with dedicated areas and records established. They should be used strictly according to prescriptions and regularly counted to fully ensure medication safety.

### (III) ENHANCING SERVICE QUALITY

Our brand was originally founded to provide reliable and premium dental services for patients, while service quality control and medical quality control complement each other. We are committed to constantly following the standardized procedures and actively implementing our 5S initiatives (Sort, Straighten, Sweep, Standardize, and Sustain), to deliver one-stop dental healthcare services that cover the full lifecycle of our patients from babies to the elderly.

The Group has developed a comprehensive patient relationship management system and deployed software solutions to handle patient appointment and registration. New patients can fill out a comprehensive medical history questionnaire through the software. The questionnaire is uploaded to our cloud-based system that automatically synchronizes the relevant information such as the examination result, the treatment plan, the auxiliary examination and the consent confirmation, enabling our dentists to undertake appropriate treatment planning. Powered by our digitalization capabilities, we can analyze patient treatments history and use tools to maintain the patient visit stream and send appointment reminders to patients for regular treatments (such as dental cleaning) and electronic notifications on relevant service offerings, which allow us to further enhance patient experience.





## IV. Improving Medical Service Quality

### [Case: Safeguarding patients' right to know]

The Group has displayed the outpatient price list at a conspicuous position in the clinic hall as required by the health inspection bureau, enabling patients to be fully aware of the price at a glance before undergoing surgical treatment. Before any surgeries, all patients must sign an informed consent forms (ICF) according to red line inspection requirements. In the ICF, surgical details, including the price are introduced to dual safeguard the patients' right to know.

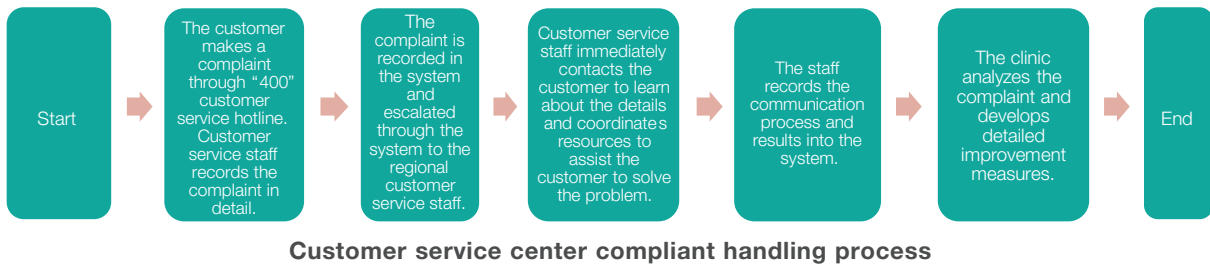
### (IV) RESPONDING TO PATIENTS' DEMANDS

We establish a customer service center with a dedicated quality control team and have formulated system documents such as the *Customer Service Center Quality Control Standards* and the *Arrail Call-Centre-Consultation and the Appointment Process*. We promptly respond to customer inquiries and feedback, and improve and monitor customer service quality management to improve the patient experience from all aspects. Furthermore, we adopt customer relationship management (CRM) system and develop a comprehensive membership program to offer a variety of benefits and exclusive member events to our patient, enhancing the overall patient experience.

The system automatically sends satisfaction survey message to each patient after medical treatment and reminds the clinic service of any SMS reply with a score below 5, who will then follow up in time and conduct satisfaction statistics, to further optimize the service process. Meanwhile, each region will set up a Chat Group for customer satisfaction and complaint communication to ensure that customer complaints are learned and solved at the first instance. We analyze customer complaints and share excellent practices at fixed period, to help employees learn from and sort out cases, and to place them into the service case repository in order to gather experience. Every quarter, the Group employs third-party research company to act as mysterious customers to supervise the customer service quality from all aspects.

The Group receives customer inquiries and complaints through "400" customer service hotline, official online services and WeChat Official Account. In response to possible patient complaints and medical disputes, the Group has established internal systems such as the *China Customer Service Center Complaint Handling Process and Rules*. Public opinion monitoring personnel will solve customer complaints according to the *Complaint Acceptance and Handling Process of Arrail Group* at the first instance. Complex cases will be discussed, analyzed and resolved at the senior level and all complaints and processes will be recorded in the Customer Compliant Summary Form to be truly customer-centric, continuously improving service quality and enhancing customer satisfaction.

## IV. Improving Medical Service Quality



For the year 2022/2023, the Group received 131 customer complaints through “400” customer service hotline, 30 of which resulting in refunds, accounting for 0.002% of the total customer for the year, of which approximately 70% were service-related and 30% were related to medical effectiveness, with an overall complaint resolution rate of 100%.

### (V) LEADING THE DEVELOPMENT OF THE INDUSTRY

The Group is one of the few platform-based dental services providers with meaningful scale in China. We have standardized operating procedures systems and robust digital infrastructure, and work with partners to continuously improve our independent innovation capabilities, ensuring to make breakthroughs in service quality, patient experience, and operational efficiency and leading the development of the industry.

#### UPGRADING DIGITAL MANAGEMENT

We continue to accumulate and analyze digital information from our day-by-day business activities, explore upgrades to our digital infrastructure, constantly seek ways to embrace digitalization into our dental network, to further improve our operational knowledge and efficiency, reduce operational risks, and improve service quality.

The trend of dental clinical technologies is the “painless, minimally invasive and precise”. To achieve minimally invasive and precise, the Group adopts a wide range of digital technologies and microtechnique in various dental clinical areas, including iTero oral scanning and digital orthodontics, digital guide plate and navigation technology for oral implantology, chairside CAD/CAM digital restoration technology, root canal microtechnique and tooth preparation microtechnique, etc.

In terms of daily operation, the Group has developed the SaaS System. The SaaS System has made it much easier and faster for our dentists and staff to attend to daily operational and administrative matters such as scheduling client appointments, purchasing materials and supplies, monitoring inventory level, organizing medical records, and maintaining client relationship. Meanwhile, we can also quickly manage the new established and acquired clinics together under a unified standard to strengthen the Group’s operational efficiency and modernize the enterprise operations. To further improve the management capabilities of digital operations, we have upgraded the underlying architecture of the business system by upgrading the multi-data warehouse underlying storage engine, optimizing the iterative upgrade of task execution performance and scheduling framework, and enhancing the workflow arrangement and centralized control capabilities, which helps improve the data retrieval efficiency and interface stability, and enhances the system’s control over the underlying data.



## IV. Improving Medical Service Quality

In terms of customer service, the Group has also strengthened digital management, and established a customer label and portrait system in dimensions such as customer attributes, channels, appointment complaints, and follow-up status. We have tailored consultation and service plans based on labels and portraits at different stages of customer appointments, diagnosis and treatment, and follow-up visits, effectively improving service efficiency and effectiveness.

In terms of medical service, the Group has launched the electronic medical record (EMR) system, which enables to set EMR template to raise the standardization level of diagnosis and treatment and facilitates quality control & assessment, greatly improving the efficiency of online telemedicine.

### **STRENGTHENING INDEPENDENT INNOVATION**

In addition to improving our health care and service quality, we are committed to working with our suppliers and other partners to enhance our independent innovation capabilities and respond to the “painless, minimally invasive and precise” trend of dental clinical technologies. We adopt a wide range of digital technologies and microtechnique in various dental clinical areas, including intraoral laser scanning and digital orthodontics, digital guide plate and navigation technology for oral implantology, chairside computer-aided design and manufacturing (CAD/CAM) digital restoration technology, root canal microtechnique and tooth preparation microtechnique. The Group also actively participates in industry exchanges & seminars, carries out online/offline public welfare livestreaming, and is committed to promoting the Group’s innovative technologies across the industry, constantly improving industrial norms, leading the development of the industry and demonstrating corporate responsibility.

## IV. Improving Medical Service Quality

### [Case: Digital Technology Development Summit Forum on Stomatology]

The rapid development of digital technology in stomatology has led to revolutionary changes in the dental clinical diagnosis and treatment technology that results in an overall improvement in the clinical diagnosis and treatment ability and level of stomatology. Under such a background, the Group held a series of academic activities themed on “Digital Technology Development Summit Forum on Stomatology (Online)” from August 24 to August 26, 2022. A total of 14 experts and scholars from inside and outside the Group were invited to exchange views on “implantology”, “orthodontics” and “cloud platform”. This Forum was live-streamed across the Internet, attracting 4,000+ doctors, with total popularity of nearly 40 thousand and thumbs-up of 4,300+. This Forum has expanded the influence of our digital technology in the industry, effectively promoted the application of digital technology inside and outside the Group, and improved the comprehensive level of the digital team, the standardization and influence of Arrail Group in digital clinical technology.

### EMPOWERING THE INDUSTRY DEVELOPMENT

The Group has made its technical knowledge and skills training resources available to dentists across the country by continuing to build online knowledge sharing and teaching platforms and organizing academic exchange forums for the whole industry and society. The Group is committed to empowering more dentists in China to constantly improve people’s oral health, and contribute to the sustainable development of the industry. For the year 2022/2023, we teamed up with “FRIDAY”, the first digital and intelligent oral medical platform in China and leveraged on our unique strengths in medical technology, customer service and operation management, to empower the industry and help oral medical institutions break through the development bottleneck.

## IV. Improving Medical Service Quality

### [Case: Industry empowerment – FRIDAY digital and intelligent oral medical platform]

On February 23, 2023, “FRIDAY”, the first digital and intelligent oral medical platform in China, was officially released at the Dental South China International Expo. The Platform gathers 100+ industry experts and senior doctors of Arrail Academy, 1,000+ hours of high-quality courses and seminars on complex cases, empowering dentists to improve their abilities in all aspects.

The Platform, leveraging on digital technologies, can effectively enable oral medical institutions to break through the development bottleneck. As a large-scale high-quality dental chain in China, Arrail Group has been receiving attention and recognition in the industry for its unique advantages in medical technology, customer service and operation management. FRIDAY is designed to provide one-stop solutions for oral medical institutions & entrepreneurial dentists based on the proven and replicable experience of Arrail Group for more than 20 years and leveraged on digital and intelligence platform’s advantages in connection, empowerment and innovation. The Platform connects high-quality leading enterprises of upstream and downstream industries and covers the full life cycle of clinic management.



FRIDAY, the digital and intelligent oral medical platform

## IV. Improving Medical Service Quality

### [Case: Arrail Summit Forum on New Progress in Oral Implantology]

On February 22, 2023, the Arrail Summit Forum on New Progress in Oral Implantology was successfully concluded in Guangzhou. Themed on “New Progress, New Start”, the Forum invited nearly 20 authoritative dental experts & scholars in China to join the super instructor team. The Forum, based on an unprecedentedly strong academic lineup, is aimed at guiding hundreds of stomatological professionals to understand the frontier of the discipline, broaden their academic horizons and strengthen innovative thinking through ideological collision and professional interpretation from different perspectives and dimensions. Experts and professors conducted in-depth discussions around the hot spots and focuses of implantology. Moreover, focusing on the latest research and practices of digital technology, they led hundreds of dental professionals to interpret the achievements of cutting-edge scientific research in multiple levels and dimensions from the aspects of difficult case analysis, technology application and diagnosis and treatment effects, and share clinical experience, creating a wonderful ideological and academic feast for dentists present.



Arrail Summit Forum on New Progress in Oral Implantology

# V. Strengthening Management and Operation Compliance

Centering on the management foundation of legal and compliance operation, the Group has set up a risk control system and continued to strengthen the information security, practice of integrity, advertising and intellectual property management, and supplier management. In addition to compliance with applicable laws & regulations, we constantly improve internal policies, optimize the operation and management structure, and continuously enhance the technical level and management ability of operation safety, as well as development and training of compliance policies, in an effort to realize our long-term and sustainable development and achieve our vision of “to become a world-leading dental service group”.

## (I) COMPLIANCE AND RISK MANAGEMENT

In strict compliance with the *Administrative Measures on Medical Institutions*, the *Administrative Measures for the Examination of Medical Institutions*, the *Law on the Promotion of Basic Medical Care, Hygiene and Health* and other laws & regulations relating to the operation of medical institutions, the Group formulates internal systems such as the *Arrail Administrative Measures for Three-tier Inspection of Compliance Checklist*, the *Medical Point Inspection Manual of the Compliance Department* and the *Guidelines for Self-Inspection of Medical Institutions*, the *Policy on Reporting External Inspection Opinions to Compliance Department within 24 Hours* to keep improving the construction of the compliance operation system.

The Group adopts multi-compliance assurance mechanisms to fully avoid compliance risks, such as a three-tier inspection policy of “monthly self-inspection by management at all levels in all clinics/hospitals + audit by functional departments of the Group + unannounced inspections by the Compliance Department”. The Board of Directors is responsible for approving and reviewing the above inspections, and assigning specialized staff to monitor the implementation of compliance measures.

### Tier-I inspection

Management at all levels in all clinics/hospitals carries out monthly self-inspection according to the compliance checklist and reports all inspection results in a timely manner through the system, without any omission or delays.

### Tier-II inspection

The Group’s Medical Department and other relevant departments review the tier-I inspection monthly, report the results, and check the tier-I inspection results against the checklist.

### Tier-III inspection

The Compliance Department is responsible for reviewing the implementation of the tier-I and tier-II inspections, carrying out unannounced inspections according to the compliance checklist.

For the year 2022/2023, we conducted 67 Tier-III compliance unannounced inspections, covering 67 clinics and hospitals. We fully seize every opportunity for compliance inspection and conduct on-site compliance operation learning. Meanwhile, we regularly provide directors, senior management and front-line employees with training and updates on laws & regulations related to operation compliance, to identify concerns and issues related to any potential non-compliance. Moreover, we intensify the standardization of risk control policies and give full play to assessment and monitoring of significant risks, to effectively improve the ability of law-based operation and risk-resistance, and continuously follow the corporate values of “integrity, professionalism and being a good person”.

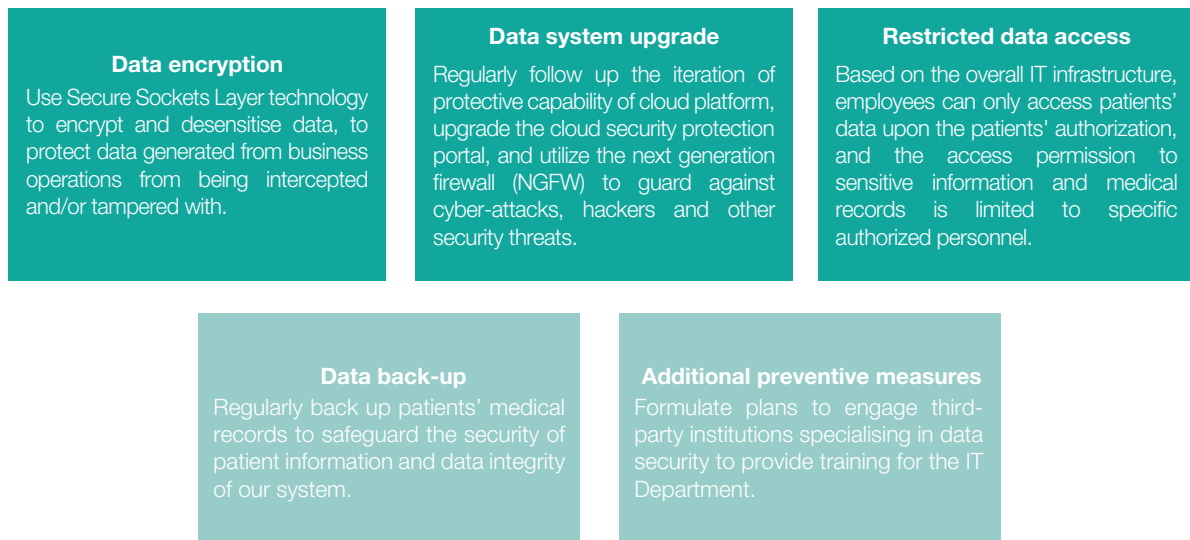


## V. Strengthening Management and Operation Compliance

### (II) PRIVACY PROTECTION AND INFORMATION SECURITY

We always believe that privacy protection and information security are the fundamental premises to win the trust of patients and other stakeholders. We strictly stick to the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Electronic Signature* and other external laws & regulations related to information security, and formulate a series of internal security policies such as the *IT Code of Conduct for Employees of Arrail Group*, as well as a standardized management process for account permissions. In the verification process of system changes, we have predicted the potential information disclosure risks in the original system, and modified the information presentation format that may disclose user privacy, to gradually reduce potential privacy disclosure and information security risks.

In terms of information security management, we adopt the following data security measures and technologies to prevent potential data security risks.



Meanwhile, in strict compliance with the *Methods for Identifying the Illegal Collection and Use of Personal Information by Apps*, the *Information Security Technology: Personal Information Security Specification (GB/T 35273-2020)* and other relevant rules and regulations, we have developed the "5i5ya" client applet, in which various privacy policies and information security management measures are strictly implemented. While strengthening the digitization of patient diagnosis and treatment and the Group's operations, we always adhere to customer privacy protection and minimize information security risks. During the current year, the Group also launched the EMR system, which enabled permission division to fundamentally protect the patients' privacy.

In addition, the Group regularly evaluates its data protection and security measures in accordance with internationally recognized standards. The Group has obtained certifications of ISO27001 Information Security Management System, ISO27701 Privacy Information Management System and ISO22301 Business Continuity Management System for its operation management SaaS system, and has passed the Graded Information System Security Protection Level III certification, further enhancing the capability and vision for the construction of enterprise information security architecture.



## V. Strengthening Management and Operation Compliance

### (III) ADVERTISING AND BRAND MANAGEMENT

The Group attaches great importance to advertising management and intellectual property protection. In terms of advertising and publicity management, we strictly comply with the *Advertisement Law of the People's Republic of China*, the *Measures for the Administration of Medical Advertisements*, and the *Interim Measures for the Administration of Internet Advertisements*, and have developed the *Practice Guide for Advertising Activities in the New Environment*, the *Guidelines for the Specifications and Regulations on the Use of Advertisements/Materials/VI of Arrail Group*, the *Administrative Measures for the Review of External Publicity Materials of Arrail Group* and other internal systems, so as to ensure the authenticity and legitimacy of external publicity materials and effectively safeguard users' rights and interests.

In terms of intellectual property management, we strictly abide by the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Regulations on the Protection of Computer Software* and other laws & regulations related to intellectual property. By applying for software copyright certificates, signing R&D non-disclosure agreements and using other means, the Group effectively protects its own intellectual property rights and ensures that it does not infringe the intellectual property rights of others.

In terms of trademark management, we strictly implement the regulations on trademark management and use in accordance with the *Trademark Law of the People's Republic of China*, and require relevant staff to learn the latest laws and regulations in time to ensure the timeliness and compliance of the trademarks used.

For the year 2022/2023, we conducted a special inspection on the validity period of advertising review, involving 123 institutions of the Group, and results were all compliant. During the current year, the Group did not experience any material violation of laws and regulations related to advertising publicity, trademarks, and intellectual property rights.

### (IV) SUPPLIER MANAGEMENT

In strict compliance with the *Regulations on the Supervision and Administration of Medical Devices* and the *Quality Management Standards for Medical Device Operation*, the Group undertakes the procurement, acceptance, storage, sales, transportation, and after-sales of medical devices, formulates the supplier quality management standards, defines the graded supplier management system, and puts forward corresponding management standards for the contracting, performance supervision, continuous improvement, risk assessment and exit mechanism of suppliers.

Our suppliers mainly include suppliers of human resources services, dental equipment, consumables, and dental supplies (including medicines, dentures, surgical materials, dental instruments, and consumables). To ensure the stability of supply chain and strengthen supply chain management, we adopt centralized procurement and a platform-based and digital management system. In daily procurement, local suppliers are given priority, and denture processing factories are required to establish new factories near our clinics, and implant suppliers are required to provide consignment services. Through these efforts, we simplify the procurement procedures and transportation processes, striving to minimize the impact of carbon emissions on the environment during the procurement process.

## V. Strengthening Management and Operation Compliance

The Group has formulated a strict access mechanism for new suppliers, clarified the criteria for supplier selection, access, and evaluation. In addition, we have developed a supplier selection matrix, which evaluates suppliers comprehensively from the 4 dimensions of cost, technical level, delivery cycle and after-sales services, making sure to choose the most appropriate suppliers. At the same time, in the process of supplier access and evaluation, we fully consider their environmental and social risks, check their materials for environmental protection, safety and nontoxicity, and strictly investigate the employment of child labor, safety management of production sites, and control over production emissions and important processes. Suppliers that do not meet the requirements will be rejected.

### [Case: Ensuring supply safety and reassuring patients]

For removable orthodontic appliance, we prioritize environmentally friendly and healthy orthodontic brands, such as the recently purchased TrioClear™ product, which uses high-quality raw materials imported from Germany and does not contain harmful bisphenol A components. It is 100% recyclable and has good green and environmental performance. Meanwhile, we require suppliers to provide the product's safety test report, in which the results of biocompatibility test, cytotoxicity test, skin sensitization test, oral mucosa irritation test, subacute systemic toxicity test, bacterial reversion mutation test, micronucleus test and chromosome aberration test must be up to standards, so as to secure patients' quality medical service experience.

For suppliers in the pool, we implement a classified management and assessment system and focus on Class A suppliers, including centralized purchase suppliers and top 20 suppliers in terms of purchase amounts. We classify and assess suppliers regularly by seven categories of implantology, orthodontics, periosteum/bone meal, bracket, image, dental chair and oral scan, and force timely improvement requirements for deficiencies in their quality, compliance, environmental protection, safety, etc. We will remove the suppliers that still fail to meet the standards after 6 consecutive months of improvement from the list of suppliers. At the same time, we conduct an annual risk assessment for existing suppliers, and consider taking measures such as observation, reduction of orders and replacement for suppliers who have product recalls, medical safety accidents, environmental accidents, and impairment of employees' rights and interests.

In addition, we encourage and supervise suppliers to supply environmentally-friendly products (such as BPA-free braces, etc.), and urge suppliers to improve processes, for example minimizing packaging, to achieve significant reductions in carbon emissions. In addition, we also have clear environmental requirements for the decoration materials of newly opened stores. To be specific, we require to use materials with an environmental rating of E0 for ceiling blockboard, high-density board and cabinet substrate, and conduct sampling inspection at the proportion of 10%. For fireproof glass partition, we require suppliers to provide the certification report of fire protection grade A and China Certification Center for Fire Products Ministry of Public Security (CCCF) certification. We put forth such efforts to reduce environmental and social risks in the supply chain, and strive to achieve mutual benefit and win-win with partners to realize green and sustainable development.

## V. Strengthening Management and Operation Compliance

### KPI: SUPPLIERS

By geographical region	Number of suppliers (the year 2022/2023)
China	18
Europe	10
United States	6
South Korea	5
Japan	1

1. Considering that most suppliers of consumables are highly fluid, the statistics only cover Class A suppliers.

### (V) PRACTICE OF INTEGRITY

The Group adheres to the operating principle of integrity and establishes a clean and healthy culture. The Group strictly complies with the *Civil Code of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other relevant laws & regulations. Moreover, we have formulated the *Arrail Integrity Convention*, the *Employee Manual of Arrail Group*, the *Letter of Commitment to Integrity of Arrail Employees*, the *Letter of Commitment to Integrity of Suppliers and Construction Parties* and other internal management policies to regulate improper practices such as abusing power for personal gains, striving to create a clean and upright working environment.

We have zero tolerance for all forms of corruption and fraud, and encourage all employees and business partners to report any concerns of existing or potential fraud. The Group has a clear and open whistleblowing channel, namely a whistleblowing mailbox, to ensure that whistleblowing information can be delivered promptly and accurately. We will conduct a thorough investigation into the real-name whistleblowing content and treat the employees involved sternly upon verification.

**Arrail whistleblowing mailbox**  
[fanfubai@arrailgroup.com](mailto:fanfubai@arrailgroup.com)

We also require all board members and employees to complete the publicity and training on code of business conduct and integrity every year, aiming at strengthening integrity publicity and urging managers at all levels to lead the team to work in a clean environment and comprehensively raising employees' awareness of integrity in work.

## V. Strengthening Management and Operation Compliance

### **[Case: Conducting anti-corruption training and establishing an honest and upright environment]**

From April 14 to April 23, 2023, we organized all employees to attend an online integrity training, and the training contents covered modules such as “General Principles of Integrity”, “Definition and Treatment of Non-compliance and Violations”, “Conflicts of Interests”, “Guidelines for Business Contacts” and “Case Study”. A total of 957 management employees signed the *Letter of Commitment to Integrity of Arrail Employees*. The training effectively improved employees’ understanding of laws, regulations and internal policies related to anti-corruption and enhanced their awareness of integrity.

### **[Case: Annual integrity training for senior executives and directors]**

On March 7, 2023, we carried out an offline integrity training for all senior executives and directors. A total of 72 employees attended the training, and all of them signed the *Compliance Certificate of Arrail’s Anti-corruption Policy*, including all 7 directors (3 of them are independent directors) in service.

During the current year, there were no concluded lawsuits regarding corrupt practices related to the Group or its employees.

## VI. Promoting Green Operation

The Group actively responds to national and industry guidelines on environmental protection through reducing pollutant emissions, optimizing resource utilization, implementing the concept of environmental protection, energy conservation and emission reduction in the healthcare services and corporate operations. Besides, the Group also identifies and responds to possible climate change risks. Meanwhile, we proactively promote and advocate the green and low-carbon lifestyle by encouraging our employees, suppliers, and other stakeholders to reduce carbon emissions in their daily operations, thereby raising public awareness of environmental protection and low-carbon to safeguard our green home and help achieve the national strategy of “carbon peaking by 2030, carbon neutrality by 2060”.

### (I) RESPONDING TO CLIMATE CHANGE

Climate change is altering the global ecosystem and natural environment, while having a profound impact on socio-economic and business development. The Group actively follows the trend of global climate change and incorporates climate change mitigation and adaptation into its ESG management as a vital component. For the year 2022/2023, the Group actively identified and assessed the possible impact of physical risks and transformation risks on its business development with reference to the classification of Task Force on Climate-related Financial Disclosure (TCFD), and took proactive measures to avoid the impact of climate change on its business operations and explore new business opportunities.

To proactively address the impact of climate change, the Group has identified climate change risks and countermeasures in the context of its actual operations:

#### TRANSITION RISKS:

Source	Description	Our responses
Policies and laws	<ul style="list-style-type: none"> <li>The government and regulatory authorities may implement more stringent environmental protection-related laws, regulations and policies in the future, which may increase the Group’s environmental compliance costs.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct environmental and climate due diligence during operations to ensure compliance of operational process;</li> <li>Actively communicate with shareholders with climate change as an important issue, and carry out relevant training for all employees via Arrail Academy.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>The task of low-carbon transformation in terms of energy saving and consumption reduction is arduous, and the overall energy efficiency level needs to be improved, which will increase the Group’s transformation costs.</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate the procurement of environmental equipment and assets.</li> </ul>

## VI. Promoting Green Operation

Source	Description	Our responses
Market	<ul style="list-style-type: none"> <li>The level of energy consumption of products will attract more attention in the market, which will lead to decreased demand for products with high carbon emission intensity.</li> </ul>	<ul style="list-style-type: none"> <li>Actively reduce the traditional porcelain casting process, and develop digital processes such as cutting and printing instead.</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Stakeholders are increasingly concerned about the Group's performance in relation to green and low-carbon development and climate change addressing, and any deviation from expectations may affect the Company's reputation and image.</li> </ul>	<ul style="list-style-type: none"> <li>Speed up the Group's low-carbon transformation;</li> <li>Establish a green and low-carbon corporate image, such as encouraging employees to travel in a green way by public transport, reducing vehicle usage rate.</li> </ul>

### PHYSICAL RISKS:

Source	Description	Our responses
Acute risks	The increased frequency of natural disasters such as floods, heavy rains and snowstorms and typhoons may cause adverse situations such as disruption of the supply chain of medicines and medical equipment, inaccessibility of patients to hospitals, and losses of goods and properties, thus threatening the Group's ordinary course of business.	<ul style="list-style-type: none"> <li>Pay close attention to forecasts of extreme weather events provided by the climate authorities;</li> <li>Set up emergency plans, including contingency plans for major catastrophic weather, and those for shortage of medical supplies;</li> <li>Develop alternative policies for customer diagnosis and treatment.</li> </ul>
Chronic risks	The Group's operating costs will rise, such as increase in power consumption for store operations and logistics and transportation costs.	

## VI. Promoting Green Operation

### OPPORTUNITIES:

Source	Description	Our responses
Resource efficiency	Decrease in the use of energy and water resources will enable the Group's businesses to operate at a lower cost and enhance the Group's reputation.	<ul style="list-style-type: none"> <li>Formulate energy-saving and water-saving management measures and achieve the target of energy conservation and emission reduction year by year;</li> <li>Select products and suppliers that are more energy efficient and environmentally-friendly.</li> </ul>
Products and services	As global climate change intensifies, customers are increasingly inclined to use environmentally-friendly products or services. The Group's initiatives in low carbon emissions can therefore bring us a competitive advantage.	<ul style="list-style-type: none"> <li>Develop environmental management strategies based on customer strategies and needs to reinforce competitive advantages.</li> </ul>

## (II) ENHANCING EMISSIONS MANAGEMENT

The Group strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws and regulations. In addition, the Group has formulated various policies, such as the *Hazardous Waste Management System*, the *Emergency Response Plan for Environmental Emergencies* and the *System for Environmental Risk Prevention and Control and Emergency Response Measures*. The Group strengthens management on pollutants and hazardous waste emissions, thus reducing the negative impact of the Company's operations on the ecological environment. For the year 2022/2023, the Group was not subject to any administrative penalties or related litigation because of environmental pollution.

### AIR EMISSIONS MANAGEMENT

The Group's air emissions, mainly dust generated during store construction, have a limited impact on the environment. The specific management measures for dust generated during the construction process are clearly stipulated in the *Environmental Management Measures for Arrail Group's Engineering Projects* formulated by the Group, including: designated staff are responsible for spraying water to reduce dust at the construction site; the construction waste sorting devices shall be enclosed and transported to designated locations, so that no dust, spillage or on-site burning occurs; the dust removal equipment shall be installed at the construction site where necessary to avoid direct discharge into the atmosphere, etc. For the year 2022/2023, the Group adopted centralized processing and preventive measures for works generating heavy dust during store decoration, thus further reducing dust pollution. Moreover, 80% of finished furniture and stone materials were sourced centrally. In addition, the Group sorts out the waste generated in store decoration, and recycles reusable scraps, while delivering the non-recyclable to waste processing centers.

## VI. Promoting Green Operation

### WASTEWATER MANAGEMENT

The wastewater generated by the Group mainly includes medical sewage, which is discharged in strict accordance with the sewage discharge requirements set by the Group. Each hospital or clinic is equipped with sewage purification equipment, which treats medical sewage to national discharge standards before it is discharged into municipal pipelines. The sewage treatment equipment is managed by the Group's designated staff. The staff should be familiar with its performance, master maintenance and repair techniques, and regularly inspect the operation of the equipment, so as to identify and remove faults in a timely manner and make detailed records. Furthermore, the Group invites qualified manufacturers or third parties on a regular basis to clean sludge and disinfect the sewage treatment equipment, tests microbiological indicators and fecal coliform values before sludge is discharged, and records the conditions of regular disinfection and sludge testing results, so as to ensure that no harm is caused to the environment during the entire treatment process of medical sewage.

The Group has obtained discharge permits in accordance with national laws and regulations, and the wastewater treatment and control standards are strictly consistent with the wastewater discharge standards set by the State, such as the *Standard for Discharge of Water Pollutants from Medical Institutions*, the *Technical Specifications for Hospital Water Treatment Works* and the *Technical Guideline for Hospital Wastewater Treatment*.

### WASTE MANAGEMENT

The non-hazardous solid wastes generated by the Group are mainly domestic wastes; the hazardous wastes are mainly medical wastes, whose disposal process strictly complies with the *Hazardous Waste Management System* formulated by the Group.

The Group has established a strict management system to sort domestic wastes generated in the daily operations, including: promoting knowledge of domestic waste sorting within the scope of responsibility and designating employees to guide units and individuals in waste sorting; clarifying the discharge time and location of different types of domestic wastes, so as to collect and store them by categories; Domestic waste is collected and transported by qualified third-party companies through the property management of the building or shopping mall where the operating institution is located.

The Group classifies medical wastes generated from daily operations at source in accordance with the *Classified Catalogue of Medical Wastes* and the packaging of medical wastes is in line with the requirements of the *Standard of Packaging Bags, Containers and Warning Symbols Specific to Medical Wastes*. Each medical clinic and hospital has a specialized storage room for medical waste, in which medical waste storage boxes issued by the cooperative qualified transfer company are placed, and the staff seals medical waste in the storage boxes on time every day. The Group signs a transfer agreement with qualified logistics companies to ensure that medical wastes are transferred within 48 hours. And at the same time, the responsible staff will register in detail the kilograms of wastes transferred, the types of medical wastes, the carrier, the receiver, the license plate number of transfer vehicles, the transfer location and other relevant information for traceability.





## VI. Promoting Green Operation

In terms of waste reduction, the Group strictly controls the output rate of wastes from each clinic. In accordance with the *Notice on Promoting the Management on Domestic Wastes Sorting in Medical and Health Institutions*, infusion bottles (bags) with the infusion tubes removed that have not been contaminated by patients' blood, body fluids and excreta, and those with a small amount of remaining diluted common medicinal solution shall be collected and stored separately and centrally as uncontaminated infusion bottles (bags), and shall not be treated according to the standards for medical wastes, so that the Group can continuously improve the management on medical waste reduction. Meanwhile, we encourage hospital suppliers and manufacturers to design and manufacture product packaging in accordance with national regulations on clean production, produce packaging that is easy to recycle, dispose or degradable in the environment, restrict over-packaging, and reasonably build a product packaging recycling system to reduce environmental pollution from medical and domestic wastes generated by disposable consumption; we also encourage our employees to use reusable shopping bags or containers and join the "Clean your plate" campaign at meal times, so as to effectively push forward waste reduction at source.

### **NOISE MANAGEMENT**

The Group has also formulated a sound management mechanism for noise pollution that may be generated during the production and construction process to avoid and reduce the adverse impact of noise on the environment as much as possible. The specific management measures for noise are clearly stipulated in the *Environmental Management Measures for Arrail Group's Engineering Projects* formulated by the Group, including: reasonably arranging construction operation hours, strictly distinguishing between daytime and nighttime operations, and reducing noise from noise-generating equipment as much as possible; no honking for vehicles transporting materials to the construction site; careful handling of materials to prevent loud noise, especially during nighttime construction operations; strengthening the management on construction personnel, strictly prohibiting them from entering other areas in spare time and making loud noises, etc.

## VI. Promoting Green Operation

### KPI: EMISSIONS

Indicator	The year 2022/2023
Total GHG emissions (Scope 1 and Scope 2) (tonnes carbon dioxide equivalent)	5,029.88
Total GHG emissions per unit area (Scope 1 and Scope 2) (tonnes carbon dioxide equivalent/square meter)	0.07
Direct GHG emissions (Scope 1) (tonnes carbon dioxide equivalent)	91.19
Petrol	70.82
Diesel	20.37
Indirect GHG emissions (Scope 2) (tonnes carbon dioxide equivalent)	4,938.69
Purchased electricity	4,938.69
Atmospheric pollutant emissions (kilogram)	
NO <sub>x</sub>	100.03
SO <sub>2</sub>	0.46
Wastewater discharge (tonnes)	110,544.36
Total hazardous waste (tonnes)	207.37
Total hazardous waste per unit area (kilogram/square meter)	2.96
Total non-hazardous waste (tonnes)	86.88
Total non-hazardous waste per unit area (kilogram/square meter)	1.15

1. The key performance indicators of energy and resource cover the administrative office area of the Group, hospitals and clinics in Beijing, Shanghai, Guangzhou, Chongqing and Chengdu. The remaining parts have not been included, and will be included in the statistics in due course according to the actual situation in the future;
2. Due to the inclusion of more hospitals and clinics compared to last year, the total and intensity values of greenhouse gas emissions have significantly increased compared to the previous year;
3. The GHG inventory includes carbon dioxide, methane, and nitrous oxide, which are mainly derived from purchased electricity, gasoline, and diesel use. GHG emissions are calculated according to the *China Regional Grid Average CO<sub>2</sub> Emission Factors for 2011 and 2012* published by the National Center for Climate Change Strategy and International Cooperation and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* published by the Intergovernmental Panel on Climate Change (IPCC), and are presented in terms of CO<sub>2</sub>-equivalent;
4. Non-hazardous wastes are handed over to waste disposal units, mainly waste paper, discarded office stationery and domestic waste generated in the office area;
5. Hazardous wastes are handed over to qualified third-party recyclers for disposal, mainly including waste toner cartridges, waste ink cartridges, waste batteries, and medical wastes;
6. The sewage includes domestic sewage as well as wastewater generated by hospitals and clinics.



## VI. Promoting Green Operation

### (III) OPTIMIZING RESOURCE UTILIZATION

Strictly adhering to the requirements of laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China*, the Group has formulated policies and other documents for the water and electricity conservation of Rytime Dental and Arrail Dental. Moreover, the Group actively advocates for green office, implements a number of energy conservation and consumption reduction measures, constantly optimizes the use of resources, and enhances the efficiency of resource utilization, so as to achieve energy conservation and carbon reduction as well as continuous improvement of the ecological environment.

#### REINFORCING ENERGY CONSERVATION AND CONSUMPTION REDUCTION

To save energy and improve the efficiency of energy consumption in hospitals, clinics, and offices, the Group has formulated relevant management practices to give priority to the use of energy-saving equipment. For the year 2022/2023, in addition to the existing arrangement for energy conservation and emission reduction, the Group replaced traditional light sources (such as T8 fluorescent lamps, incandescent lamps and quartz lamps) with those with higher energy and luminous efficiency. Meanwhile, the Building Management System (BMS) intelligent control system has been adopted initially, which can adjust the indoor lighting intensity according to the outdoor brightness to greatly reduce energy consumption. In the redecoration and construction of the new clinic, we are replacing old energy-intensive air conditioners with 100% inverter air conditioners. At present, we have replaced 60% of equipment with eco-friendly and energy-saving products. In addition, we have strengthened training on energy conservation, emission reduction and sustainable development, which has significantly improved employees' awareness of energy conservation and emission reduction in office and travel.

Meanwhile, to raise employees' awareness of energy saving, we have posted energy saving and emission reduction slogans in all major office areas and near high-power electrical equipment. Furthermore, we have strengthened the supervision on employees' electricity consumption in their daily work, requiring them to actively respond to and follow various energy saving measures developed by the Company. For example, employees should make full use of natural light during office hours and reduce the use of lighting equipment; when leaving the office, employees should turn off the lights, cut off the power supply of office equipment, to avoid waste caused by "lights on all night"; employees should minimize the standby hour of electronic equipment by hibernating computers when they are not in use for half an hour, shutting down office equipment when they are not in use for over an hour and turning off water dispensers after work and when they are not in use; employees should take full advantage of natural ventilation in summer, close doors and windows if air conditioners are used, and set the indoor air conditioning temperature to a more energy-efficient 26°C and above; cleaners should make full use of natural light and only turn on the lights of the floor they are cleaning, and it is forbidden to turn on the lights of the whole building at the same time.

## VI. Promoting Green Operation

In addition to pursuing the concept of energy conservation, the Group also works to appeal for its employees' decrease in resource consumption. In terms of reducing paper usage, the Group actively promotes the concept of a paperless office to minimize the amount of paper used and improve the electronic administrative capabilities of its employees; if paper must be used, internal circulation documents, other than official documents, are printed on both sides or on used paper from the paper recycling bins, as far as possible. In terms of reducing commercial vehicle usage, the Group strictly enforces the management system for the use of commercial vehicles by strengthening rational and scientific vehicle deployment, regularly counting the mileage and fuel consumption to control the fuel consumption per vehicle, while encouraging travel with a green footprint such as public transport or walking. The above specific measures have effectively tightened up the Group's efforts in energy conservation and consumption reduction, fully reflecting our strong determination to save electricity and reduce energy consumption.



**Posting energy saving slogans and advocating switching off lights timely**

### SAVING WATER RESOURCES

The Group has formulated the *Water and Electricity Saving Policy of Rytme Dental Hospital* and other relations, clearly specifying measures to save water resources. Moreover, the Group continues to strengthen the daily maintenance and management of water equipment, and prevent leakage by regularly checking faucets, to minimize the waste of water resources. In addition, we exert ourselves in raising employees' awareness of water conservation by posting water-saving slogans on water-using equipment and advocating employees to practice the green concept of water conservation together.

#### Decoration

Adopt UPVC pipes and fittings for drainage pipeline to increase their useful lives and prevent leak accidents caused by aging

Add the leak detectors at the end of drainage pipes to enable timely leak detection and maintenance

#### Hospital and clinic

Replace normal hand-operated taps with auto-sensing taps in hospitals and clinics to avoid waste of water due to negligence

Continue to promote direct-drinking water in office areas, with coverage reaching 80% by the year 2022/2023

#### Cleaning

Reduce water flushing of indoor and outdoor floors, use containers, such as buckets, to hold water for washing mops, and strictly prohibit washing items with running tap water

## VI. Promoting Green Operation

### REGULATING GREEN CONSTRUCTION

Strictly complying with construction-related laws, regulations and standards, the Group has formulated the *Environmental Management Measures for Arrail Group's Engineering Projects*. Moreover, the Group also actively adopts advanced green materials and processes to ensure the compliance of store construction with environmental regulations, and minimize impact on environment. The Group strictly reviews and supervises the standards and sources of engineering materials. Ceramic tiles, paints, panels and flooring materials should be in accordance with the environmental protection standards that meet the E0 level. In addition, the Group actively organizes trainings on construction material management, especially conducting corresponding research and evaluation on the new material application and technological innovation in the field of environmental protection, etc. For the year 2022/2023, the Group added detailed requirements for construction enclosure, clarifying relevant measures to further reduce dust, classify and recycle waste in store decoration. By doing so, the Group is resolutely determined to reduce waste and carbon emissions by green construction.

### KPI: USE OF ENERGY AND RESOURCE

Indicator	The year 2022/2023
Total energy consumption (MWh)	7,307.29
Total energy consumption per unit area (MWh/square meter)	0.10
Direct energy consumption (MWh)	351.87
Petrol	276.69
Diesel	75.18
Indirect energy consumption (MWh)	6,955.41
Purchased electricity	6,955.41
Water consumption (tonnes)	112,044.40
Fresh water	112,044.40
Total water consumption per unit area (tonnes/square meter)	1.60

1. The key performance indicators of energy and resource cover the administrative office area of the Group, hospitals and clinics in Beijing, Shanghai, Guangzhou, Chongqing and Chengdu. The remaining parts have not been included, and will be included in the statistics in due course according to the actual situation in the future;
2. Due to the inclusion of more hospitals and clinics in this year's statistical range compared to last year, the total and intensity values of energy consumption have significantly increased compared to the previous year;
3. As the statistical scope for this year does not include processing plants, the packaging material indicators are no longer applicable.

## VI. Promoting Green Operation

### (IV) ENVIRONMENTAL TARGETS

We have set environmental targets to better guide the Group's environmental work, to put our philosophy of environmental protection, energy conservation and emissions reduction into action and to improve ESG performance.

Type of targets	Setting of targets	Progress for the year 2022/2023
Target of emissions	<ul style="list-style-type: none"> <li>For the year 2024/2025, the Group will reduce per capita GHG emissions from purchased electricity by 3% compared to the year 2022/2023, by switching to LED lights, further implementing the <i>Energy Conservation and Resource Management System</i>, increasing the use of renewable resources such as solar energy, promoting computer power-saving modes, and adjusting the temperature of air conditioners in winter and summer*</li> </ul>	–
	<ul style="list-style-type: none"> <li>For the year 2025/2026, the Group will increase the proportion of business travel by high-speed railways to 50% through methods such as the financial reimbursement policies and regulations governing staff business travel</li> </ul>	For the year 2022/2023, the percentage of business travel by high-speed railways reached 27%
	<ul style="list-style-type: none"> <li>For the year 2025/2026, the Group will reduce domestic/global business trips by 30% compared to the year 2021/2022 by enhancing online meetings and communication based on relevant regulations governing staff business travel</li> </ul>	For the year 2022/2023, the number of domestic/global business trips reduced by 13% compared to the year 2021/2022
Target of waste reduction	<ul style="list-style-type: none"> <li>From the year 2022/2023, the Group will carry out garbage sorting and recycling throughout the Group and entrust qualified third-party institutes to dispose of 100% of hazardous wastes generated from operations in compliance with regulations</li> </ul>	The target has been achieved
	<ul style="list-style-type: none"> <li>From the year 2023/2024, the Group will promote direct-drinking water in office buildings at all operating sites, and purchase less bottled water/ barreled water in order to reduce the generation of plastic wastes</li> </ul>	For the year 2022/2023, the coverage of direct-drinking water in office buildings at all operating sites reached 55%
	<ul style="list-style-type: none"> <li>For the year 2023/2024, the Group will replace 100% of plastic garbage bags with biodegradable ones</li> </ul>	For the year 2022/2023, the percentage of biodegradable garbage bags used instead of plastic ones reached 60%

## VI. Promoting Green Operation

Type of targets	Setting of targets	Progress for the year 2022/2023
Target of energy efficiency	<ul style="list-style-type: none"> <li>For the year 2024/2025, the Group will reduce per capita electricity consumption by 3% compared to the year 2022/2023 by switching to LED lights, further implementing the <i>Energy Conservation and Resource Management System</i>, increasing the use of renewable resources such as solar energy, promoting computer power-saving modes, and adjusting the temperature of air conditioners in winter and summer*</li> </ul>	–
	<ul style="list-style-type: none"> <li>From the year 2023/2024, the Group plans to continue the purchase of renewable energy certificates to offset the electricity consumed in operations</li> </ul>	For the year 2022/2023, the Group had not purchased any renewable energy certificates yet.
	<ul style="list-style-type: none"> <li>For the year 2023/2024, the Group will achieve a 100% installation rate of inverter air conditioners and energy-saving lamps</li> </ul>	For the year 2022/2023, the percentage of inverter air conditioners and energy-saving lamps reached 80%
Target of water efficiency	<ul style="list-style-type: none"> <li>For the year 2023/2024 and the year 2025/2026, the Group will reduce per capita water consumption by 3% and 15% respectively, compared to the year 2021/2022, by adopting water-saving faucets and sanitary ware, increasing reclaimed water circulation systems and enhancing the implementation of the <i>Energy Conservation and Resource Management System</i></li> </ul>	For the year 2022/2023, the Group's adoption rate of water saving faucets and sanitary ware reached 80%
	<ul style="list-style-type: none"> <li>For the year 2024/2025, the Group will achieve a 90% replacement rate for old wastewater treatment facilities</li> </ul>	For the year 2022/2023, the Group replaced 60% of old wastewater treatment facilities
	<ul style="list-style-type: none"> <li>For the year 2023/2024, the Group will achieve an 80% retrofitting rate of electronic valves in drainage piping systems</li> </ul>	For the year 2022/2023, the Group installed electronic valves for 100% of drainage piping systems, completing the target
	<ul style="list-style-type: none"> <li>For the year 2023/2024, the Group's automatic sensor water tap installation rate will reach 100%.</li> </ul>	For the year 2022/2023, the Group's automatic sensor water tap installation rate reached 70%

## VI. Promoting Green Operation

Type of targets	Setting of targets	Progress for the year 2022/2023
Others	<ul style="list-style-type: none"><li>From the year 2023/2024, the Group will prioritize the LEED-certified buildings when renting/purchasing new workplaces</li></ul>	For the year 2022/2023, the Group rented the LEED-certified building (Gemdale Matrix Center)

\* Due to the expansion of the statistical scope of greenhouse gas emissions in the year 2022/2023 to administrative office areas, hospitals and clinics in the Beijing, Shanghai, Guangzhou, Chongqing, and Chengdu regions of the Group, compared to the year 2021/2022, we have updated the targets set for the previous year.





## VII. Caring For Employees and Society

The Group regards talents as the main driving force for robust development. With a focus on attracting talents, the Group provides competitive salaries and benefits, respects and protects the legitimate rights and interests of each employee, and cares for the occupational health and safety of employees. The Group is committed to creating a platform for employees to improve their proficiency and seek long-term development, so as to promote the common development of the enterprise and employees. In the meantime, adhering to its core philosophy of “integrity, professionalism and being a good person”, the Group actively fulfills its social responsibilities as a corporate citizen, develops hand in hand with communities and the public, and promotes the sustainable development of the social healthcare industry with its reliable professionalism and humanistic care.

### (I) PROTECTING EMPLOYEES’ RIGHTS AND INTERESTS

The Group strictly complies with relevant laws and regulations such as the *Labor Law of the People’s Republic of China*, the *Social Insurance Law of the People’s Republic of China*, the *Rules on the Labor Protection of Female Employees*, and the *Implementation Measures for Paid Annual Leave for Employees of Enterprises*, and continues to identify and track the latest developments. On this basis, we have developed relevant internal rules and regulations such as the *Employee Manual of Arrail Group*, which covers employee remuneration and benefits, promotion and development, working hours, leave management, anti-discrimination and other aspects, striving to provide employees with a fair, impartial, diversified and equal working environment.

The Group enters into formal labor contracts with the recruits in accordance with the law, and provides them with basic guarantees such as social insurance and housing fund, as well as competitive remuneration. For the year 2022/2023, the Group adjusted the policy for dentist commission to offer more fair and reasonable remuneration for all employees. By doing so, the Group has struck a balance between the income from management duties and the income from personal performance, ensuring that the commission scheme is in line with the market rates, and yet competitive enough. To design a reasonable and feasible scheme, we established a project team and engaged external consultants to do a lot of internal and external surveys, covering 44 institutions in the first-tier and second-tier cities.

The *Employee Manual* provides clear rules for resignation, termination and other issues to effectively protect the legitimate rights and interests of employees. In addition, we respect religious beliefs and encourage diversity within the Group. We do not tolerate any discrimination based on race, gender, place of origin, age, physical status, etc. At the same time, we value the opinions of our employees and have established a smooth and efficient communication channel for employees. Employees can give feedbacks to the Group’s management via suggestion box, e-mail, and other online and offline channels.

The Group strictly prohibits the employment of child labor and forced labor. The Human Resources Department checks the identity documents of the candidates one by one to ensure that the recruits have reached the legal working age and voluntarily participated in labor. In case of any child labor or forced labor, we will actively take remedial measures, communicate with the labors concerned and their legal guardians, and make proper arrangements for them according to the law.

## VII. Caring For Employees and Society

For the year 2022/2023, the Group did not have any violations of labor-related laws and regulations and infringement of employees' rights and interests that had a significant impact on the Group, nor was it subject to any penalties regarding the protection of employees' rights and interests.

As at March 31, 2023, the Group had totally 3,665 employees including part-time and internship, with an annual turnover rate of 21%.

### KPI: EMPLOYMENT

Indicator		The year 2022/2023
Total headcount by employment type	Full-time (including re-employed retirees)	3,409
	Part-time	222
	Internship	34
Number of employees by gender	Male	675
	Female	2,990
Number of employees by age	Aged 30 and below	1,795
	Aged 31 to 50	1,614
	Aged 51 and above	256
Total headcount by geographical region	Beijing area	1,150
	Non-Beijing area	2,515

### KPI: TURNOVER RATE OF EMPLOYEES

Indicator		Unit	The year 2022/2023
Employee turnover rate by gender*	Male	%	17
	Female	%	22
Employee turnover rate by age*	Aged 30 and below	%	27
	Aged 31 to 50	%	15
	Aged 51 and above	%	7
Employee turnover rate by geographical region*	Non-Beijing area	%	20
	Beijing area	%	22

\* The turnover rate refers to the voluntary turnover rate of the Group, and does not include part-time employees and interns.



## VII. Caring For Employees and Society

### (II) HELPING EMPLOYEES GROW

The Group values the cultivation of talents and regards the development of employees as an important driving force for corporate development and an important aspect of corporate social responsibility. At the same time, the growth and development of employees can also effectively stimulate their creativity and spirit of dedication, which continuously promotes the competitiveness of the enterprise. The Group has customized career plans for different roles and positions to enhance development, and helps employees in various positions to improve their career development paths and growth systems, so as to achieve a win-win situation for the coordinated development of the enterprise and employees.

#### TALENT DEVELOPMENT

The Group continues to build a high-quality workforce. Through various recruitment channels such as campus recruitment and website recruitment, the Group actively introduces dental medical and management talents in the industry, and reserves and fosters new forces. In the process of talent introduction, the Group strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Rules for the Implementation of the Labor Contract Law of the People's Republic of China* and other laws and regulations and has defined the employee recruitment management system in the *Employee Manual of Arrail Group*. For the year 2022/2023, the campus recruitment interview process of the Group has been comprehensively upgraded, from scattered interviews in various regions in previous years to centralized interviews by the Group's expert group. Candidates who pass the centralized interviews will then undergo re-interviews in various regions. The new interview process not only greatly improves interview efficiency, but also ensures the quality of candidates.

The Group provides employees with dual channels of professional development and management development and establishes a clear career development path for employees according to their personal choices. The Group has put in place a well-established system of assessment, evaluation and mentorship for talent cultivation in each specialty, providing each doctor with ample options in different specialties. This enables doctors with potential and pursuits of clinical skills in their specialties to be identified and trained in a timely manner.

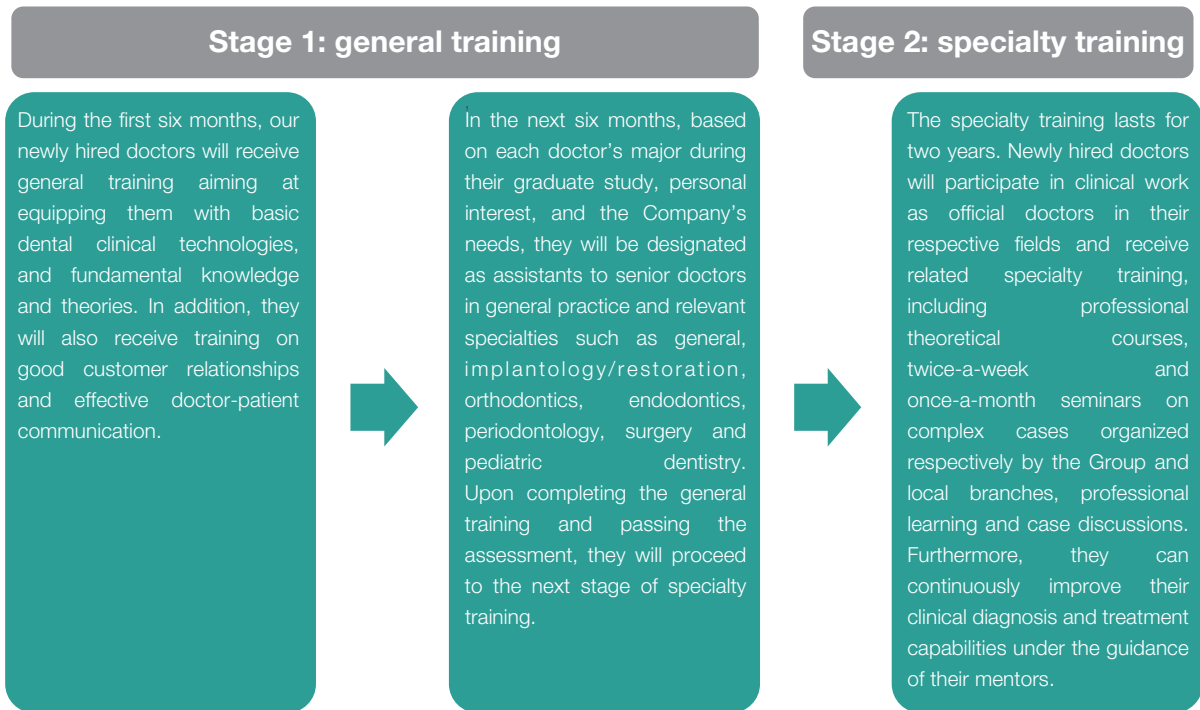
Besides, the Group has set up the "Arrail's partnership system", which aims to attract and promote talented professionals who agree with Arrail's values and keep in line with the Group's interests, enable doctors to participate more deeply in the operation and management of clinics, improve their subjective initiative, and enhance the performance of clinics. In addition, the Group has established an equity incentive mechanism to grant equity to the Company's senior managers and key personnel in key positions. This mechanism effectively encourages employees to make progress and grow together with the Group. As of March 2023, a total of 573 employees had been approved by the Board of Directors as grantees of the program.

## VII. Caring For Employees and Society

### PROFESSIONAL TRAINING

The Group has established a comprehensive and well-developed professional training system that covers the entire career cycle of every employee. At the onboarding stage, all new employees are required to participate in the “orientation training” developed by the Group, which includes general knowledge learning and introduction to different positions such as doctors, nursing, customer service and basic operation. Arrail Academy and the Group’s dental clinics jointly offer special promotion training programs in different forms and at different levels to employees who have been serving for one year, so as to help them gradually improve their professional skills and achieve substantial career development.

We have developed a comprehensive mentorship training system to support the development of new doctors. This system comprises of an orientation training, followed by two stages of mentorship training, aiming at offering new doctors with skills and knowledge required for junior attending physicians.



In respect of nursing positions, the orientation training for new nurses requires them to complete the professional knowledge learning via the online Arrail Academy platform and pass the exam within two weeks of their employment, and receive offline coaching and guidance according to their major. Meanwhile, in order to effectively improve the comprehensive quality and oral professional ability of all nurses, we have organized over 200 online, offline, practical exercises, assessments, technical competitions, and other forms of training across the country, effectively improving the professional ability of oral nursing personnel to ensure the quality of clinical medical treatment and nursing.

## VII. Caring For Employees and Society



**Nursing Department Training**

### **[Case: Training for young doctors in Rytime Dental]**

The Group conducted systematic online centralized training for young doctors who have worked for Rytime brand for less than 5 years and doctors who have been transferred from medical assistants. A total of 58 young doctors from Rytime brand attended this training, which solved their problems in general practice, strengthened their basic treatment capabilities, and promoted standardized treatment. Therefore, the quality of medical services is enhanced and medical risks are prevented. Additionally, the training effectively improved their abilities in doctor-patient communication and information collection and built a bridge between young doctors and senior doctors in the team, thus enhancing their interdisciplinary cooperation capabilities.

## VII. Caring For Employees and Society

### [Case: The Second Star Doctor Training Camp for Children's Early Orthodontics]

In February 2023, the second Doctor Training Camp for Children's Early Orthodontics organized by the Group was successfully concluded. This training camp consists of three main parts: lectures on early orthodontic knowledge system, case sharing by Arrail doctors and analysis of offline practical operation. It gathered numerous outstanding lecturers from both Arrail Group and ILoveMore medical team. The offline classrooms were packed with participants including the Group's internal doctors and top medical professionals from all over the country. To meet the desire of numerous doctors for cutting-edge knowledge on early orthodontics, we conducted free and open livestreaming in the knowledge lectures and case sharing sessions, allowing nearly 20 thousand people across the country to learn online simultaneously with more than 200 thousand likes and interactions. The comment section was abuzz with interaction and exchanges among viewers who expressed satisfaction with the informative and insightful livestreaming courses.

### [Case: Endodontic specialty training]

In 2022, the Group invited internal specialists from the endodontic specialist committee to record a complete set of videos for specialty training. The 10 videos not only cover medical history collection, diagnosis, and the use of microscope and rubber dam, but also include clinical operational details of each step such as pulp opening technique, root canal orifice positioning, root canal preparation and filling techniques. Furthermore, the videos also explain the application of cutting-edge technologies such as the selection of vital pulp preservation solutions. In addition, these videos are attached with corresponding post-class assessment questions to reinforce the audience's learning effectiveness through a closed loop of learning and assessment. From October to December 2022, medical deans from local branches took the lead in organizing intensive training on the 10 videos for doctors at the regional level. Over a period of 2 months, they completed the general training of endodontics under Level 3, with all of 11,392 participants passing the final examination. In the future, these training videos will continue to be used in specialty training to benefit more doctors.

## VII. Caring For Employees and Society

The Group has established a scientific and systematic online and offline training mechanism, designed training contents according to developments in the industry and market with continuous renewal and improvement. We have developed a powerful online training platform to actively support our employees' career development through various forms such as online and offline courses, training, meetings, case presentation and seminars. The platform has launched a total of 1,528 courses with 8,458 visits and 46 thousand learning hours. This enables our employees to effectively utilize their spare time for self-study and further improve their professional skills.

To continuously enhance the vocational skills and professional qualities of employees, the Group actively cooperates with domestic and foreign colleges and universities to conduct training and learning, regularly organizes visits and study of elite doctors to the School of Dental Medicine of the University of Pennsylvania, and strengthens the talent strategic cooperation with Peking University School of Stomatology, West China School of Stomatology, Shanghai Second Medical University, the Fourth Military Medical University, Wuhan University and other colleges and universities to cultivate and accept high-quality dental professionals. The Group also sets up Arrail excellent service scholarship in Peking University School of Stomatology and as of March 31, 2023, a total of RMB291,411 yuan has been donated, covering 154 students.

As of March 31, 2023, a total of 3,665 employees of the Group participated in the training, accounting for 100% of the whole workforce, with the average training time per employee of 8.18 hours.

### KPI: EMPLOYEE TRAINING

Indicator		The year 2022/2023
Proportion of trainees by gender	Male staff	100%
	Female staff	100%
Proportion of trainees by employee category	Dentists	100%
	Nursing staff	100%
	Customer service staff	100%
	General administrative staff	100%
	Marketing staff	100%
Average training hours per employee by gender (hour)	Male staff	9
	Female staff	8
Average training hours per employee by employee category (hour)	Dentists	15
	Nursing staff	9
	Customer service staff	9
	General administrative staff	8
	Marketing staff	9



## VII. Caring For Employees and Society

### (III) CARE FOR PHYSICAL AND MENTAL HEALTH

The Group provides a safe and comfortable workplace for all employees, and promotes a healthy and balanced working style, so as to safeguard the occupational health and safety of employees. We strictly abide by the *Labor Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Regulation on Work-Related Injury Insurance* and other occupational health and safety related laws and regulations. Besides, we have established a health and safety internal management system for employees.

#### OCCUPATIONAL HEALTH

To safeguard the health of our employees, we organize annual physical examinations for all employees, so that they can pay attention to their health status and detect existing and potential health problems in a timely manner. And at the same time, the Group also values the potential impact of radiological medical equipment on the health of employees. In the actual operation, in strict compliance with the requirements of radiation-related regulations, such as the *Provisions on the Administration of Radiological Diagnosis and Treatment*, the *Regulations on the Safety and Protection of Radioisotopes and Radiation Devices*, and the *Measures for the Administration of Safety Licensing for Radioisotopes and Radiation Devices*, we are inspected by the environmental protection administrative department and other relevant departments as stipulated in related regulations, and we carry out environmental protection-related procedures such as environmental impact approval, acceptance and radiation safety licensing in accordance with the law. As a diagnosis and treatment institution, we have obtained the licenses of diagnosis and treatment technology and medical radiation institution in accordance with the law to ensure that radiation levels of radiation treatment equipment and radiation workplaces meet relevant national standards.

To better protect occupational health and safety, the Group has established a comprehensive work injury protection system based on the requirements of relevant laws and regulations, and purchased medical insurance and work injury insurance for all employees. In case of any work injury, we can ensure that the injured are treated promptly by adopting a rapid and effective response mechanism. The Group's number and rate of work-related fatalities occurred for each of the years 2020/2021 to 2022/2023 was all zero. For the year 2022/2023, the lost days due to work injury was 164.

#### EMPLOYEE CARE

The Group makes great efforts to create a positive, harmonious and pleasant corporate culture centered on employees' actual needs, so as to enhance their sense of integration and identity with the corporate culture. In addition, the Group actively provides financial and spiritual support to employees with difficulties in their daily lives, to help them get through tough time. During the holidays, we bring satisfactory gifts and extend greetings to all employees, and organize warm and joyful festive celebrations. Employees have received care from the Company and enjoyed the fruits of corporate development owing to their efforts through these humanistic cares which convey the Group's care for them with practices.



## VII. Caring For Employees and Society

### [Case: Burning My Calories – Arrail National Fitness Month Online Challenge]

To encourage employees to actively participate in sports activities after work and maintain good health, the Group organized the “Burning My Calories – Arrail National Fitness Month Online Challenge” from October to November 2022. Participants join the Beginner group (>150kcal), Intermediate group (250kcal), or Advanced group (400kcal) based on their own situation. During the activity, participants should exercise daily to consume calories no less than the target value of their registered groups in their spare time. Participants who exercise for at least 20 successive days in the activity gain success, and the top three of each group will receive generous prizes. A total of 500 employees participated in the activity, with 65 ultimately completing the challenge and 36 persistently exercising for over 21 days. Through this activity, employees have developed good exercise habits and actively participated in their future work and life with good health.

### [Case: Arrail Charity Fund to assist employees in difficulties]

For the year 2022/2023, Arrail Group updated the Management Measures for Arrail Charity Fund to better assist employees with living difficulties. During this year, the Group provided financial assistance to 5 employees by offering them financial support of RMB60,000 in total, of which the Charity Fund provided RMB30,000 and the Company contributed RMB30,000. The Group delivers care for its employees with practical actions, and helps those who are in difficulties to quickly get through their hard time for a brighter future.

## VII. Caring For Employees and Society

### **(IV) BUILDING A BEAUTIFUL HOMELAND**

Adhering to its core philosophy of “integrity, professionalism and being a good person”, the Group actively fulfils its social responsibilities as a corporate citizen, and promotes the sustainable development of the social healthcare industry with its reliable professionalism and humanistic care. For the year 2022/2023, we carried out a variety of public welfare programs and community activities to fully leverage our advantages as a professional dental organization. We combined oral disease diagnosis and treatment with oral health publicity, and integrated daily oral health publicity with centralized publicity. Moreover, we actively carried out charitable donations, and developed hand in hand with the industry, communities and the public to support sustainable development of society.

### **BENEFITING THE PUBLIC WITH HEALTHCARE**

The Group is convinced that oral health plays an important role in public health. We always adhere to the mission of “serving communities and giving back to society”, and actively organize and carry out publicity activities related to free clinical services in communities, enterprises and schools. In response to the national policy, the Group has launched a series of policies that benefit our people to popularize oral health knowledge and improve the physical quality of our citizens.

## VII. Caring For Employees and Society

### [Case: Chongqing Rytime's public welfare activities to build healthy and harmonious communities]

Chongqing Rytime Dental regularly holds activities such as “Little Dentist Experience Camp”, “Oral Public Welfare Lectures for the Elderly”, and oral health salons at various clinics. In the current year, the Group conducted a total of 2,287 community activities and more than 100 in-hospital activities including lectures and free clinical services. We provided free publicity of oral health knowledge, oral examination, treatment, consultation and other services to corporate employees and residents in the districts where our hospitals are located, benefiting a total of 23,996 people.

### [Case: Chengdu Rytime's public welfare activities to benefit special groups in the region]

In the current year, Chengdu Rytime Dental regularly distributed tens of thousands of dental coupons online and offline, covering most of the regions, cities, prefectures, and Tibetan areas in Sichuan. This helped to alleviate the burden of dental treatment for ordinary people in Sichuan, benefiting a total of 11,048 people. In addition, Chengdu Rytime joined hands with multiple labor unions to provide free clinical services, livestream, on-site Q&A, consultation and examination for corporate employees and retired employees who have made great contributions to the “third-line construction” of China. This made charitable oral services available to more than 100 elderly people aged over 60.

### CONTRIBUTING TO THE DEVELOPMENT OF COMMUNITIES

Chengdu Rytime Dental actively fulfills its social responsibilities, builds a charitable oral health system, and wins the trust of the public through continuous charitable programs and free clinical activities, giving back to customers and all sectors of society for their support. In the current year, Chengdu Rytime conducted a variety of activities such as free clinical services in communities, oral examinations and oral health lectures in primary and secondary schools, and visited government organs, communities, enterprises, and schools to popularize medical knowledge in 828 sessions of activities. These public welfare activities benefited 16,572 people.

## VII. Caring For Employees and Society



Chengdu Rytime's Community Welfare Programs

### CHARITABLE DONATION

The road of public welfare never ends since it starts. Since its inception, Arrail Group has always been committed to public welfare and actively fulfilled its social responsibilities, making continuous progress in public welfare activities. Starting from 2011, the Group and China Oral Health Foundation have jointly launched the “Program of Oral Disease Prevention and Treatment for Orphans and Disabled Children”. As of the end 2022/2023, the program had covered 40,448 people in 52 cities of 23 provinces. In addition, the Group has established scholarship programs in universities, not only to support students in need and outstanding students, but also to support teachers and promote scientific research projects, elevating our public welfare projects from “giving by the fish” to a new stage of “giving by the fishing”.

## VII. Caring For Employees and Society

### [Case: Arrail Group visited “Guang’ai School” to deliver care to children]

Children’s oral health is the cornerstone of lifelong health, but the oral health of special children is often overlooked. In August 2022, Arrail Group visited Beijing Guang’ai School, the first public welfare boarding school for street/left-behind children in China, to provide the children with oral health education, oral examination, fluoride treatment and other free clinical services. On the day of the event, the medical team provided free oral clinical services for all students in an orderly manner. They gently and carefully examined the children’s oral condition, and patiently explained how to protect teeth, the correct order of brushing teeth, and other related knowledge, with the aim of helping children develop proper oral health awareness and behavior, and drawing more public attention on special children.



Arrail Group visited “Guang’ai School” to deliver care to children

## VII. Caring For Employees and Society

### [Case: “Southwest Medical University • Rytime Stomatological Scholarship” public welfare project]

In October 2022, Chongqing Rytime officially set up “Southwest Medical University • Rytime Stomatology Scholarship” in Southwest Medical University, which was jointly donated by Chongqing Rytime Stomatology Hospital and the manager of Chongqing Rytime in person, and provided targeted funds to Oral medicine School of Southwest Medical University. The scholarship is divided into five special programs, “Rytime Seedling Cultivation Fund” “Rytime Reward Fund” “Excellent Student Scholarship” “Rytime Excellent Gardener Award” and “Rytime Difficult Students Scholarship”. These programs are used to reward graduate students and resident doctors who have won various scientific research and skill competition awards, graduate students who have both excellent moral character, graduate supervisors and teaching teachers who have achieved outstanding results in graduate student training and resident doctor training, as well as poverty-stricken students. The establishment of the scholarship program has strongly promoted the teaching and scientific research of the School of Oral medicine of Southwest Medical University, encouraged students to be proactive and diligent in professional research, and demonstrated the spirit of responsibility of the Group.



“Southwest Medical University • Rytime Stomatological Scholarship” project





## INDEX TABLE OF THE STOCK EXCHANGE'S ESG REPORTING GUIDE

Mandatory disclosure requirements	General disclosure and key performance indicators	Corresponding reporting location
Governance structure	<p>A statement from the board containing the following elements:</p> <ol style="list-style-type: none"> <li>(1) a disclosure of the board's oversight of ESG issues;</li> <li>(2) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and</li> <li>(3) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</li> </ol>	SUSTAINABILITY MANAGEMENT – Statement of the Board of Directors
Reporting principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <ol style="list-style-type: none"> <li>(1) <b>Materiality:</b> The ESG report should disclose:               <ol style="list-style-type: none"> <li>(i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement;</li> </ol> </li> <li>(2) <b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed;</li> <li>(3) <b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</li> </ol>	ABOUT THIS REPORT
Reporting boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	ABOUT THIS REPORT

“Comply or explain” provisions		General disclosure and key performance indicators	Corresponding reporting location
Environmental	A1 Emissions	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	PROMOTING GREEN OPERATION – Enhancing emissions management
		A1.1 The types of emissions and respective emissions data.	PROMOTING GREEN OPERATION – Enhancing emissions management
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PROMOTING GREEN OPERATION – Enhancing emissions management
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PROMOTING GREEN OPERATION – Enhancing emissions management
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PROMOTING GREEN OPERATION – Enhancing emissions management
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	PROMOTING GREEN OPERATION – Environmental targets
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	PROMOTING GREEN OPERATION – Enhancing emissions management





“Comply or explain” provisions		General disclosure and key performance indicators	Corresponding reporting location
A2 Use of Resources		General Disclosure: Policies on efficient use of resources, including energy, water and other raw materials.	PROMOTING GREEN OPERATION – Optimizing resource utilization
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	PROMOTING GREEN OPERATION – Optimizing resource utilization
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	PROMOTING GREEN OPERATION – Optimizing resource utilization
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	PROMOTING GREEN OPERATION – Optimizing resource utilization; Environmental targets
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	PROMOTING GREEN OPERATION – Optimizing resource utilization; Environmental targets
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	PROMOTING GREEN OPERATION – Optimizing resource utilization
A3 The Environment and Natural Resources		General Disclosure: Policies on minimising the issuer’s significant impacts on the environment and natural resources.	PROMOTING GREEN OPERATION – Enhancing emissions management ; Optimizing resource utilization
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	PROMOTING GREEN OPERATION – Enhancing emissions management ; Optimizing resource utilization

“Comply or explain” provisions		General disclosure and key performance indicators	Corresponding reporting location
	A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	PROMOTING GREEN OPERATION – Responding to climate change
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	PROMOTING GREEN OPERATION – Responding to climate change
Social	B1 Employment	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	CARING FOR EMPLOYEES AND SOCIETY – Protecting employees’ rights and interests
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	CARING FOR EMPLOYEES AND SOCIETY – Protecting employees’ rights and interests
		B1.2 Employee turnover rate by gender, age group and geographical region.	CARING FOR EMPLOYEES AND SOCIETY – Protecting employees’ rights and interests



“Comply or explain” provisions		General disclosure and key performance indicators	Corresponding reporting location
	B2 Health and Safety	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	CARING FOR EMPLOYEES AND SOCIETY – Care for physical and mental health
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	CARING FOR EMPLOYEES AND SOCIETY – Care for physical and mental health
		B2.2 Lost days due to work injury.	CARING FOR EMPLOYEES AND SOCIETY – Care for physical and mental health
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	CARING FOR EMPLOYEES AND SOCIETY – Care for physical and mental health
	B3 Development and Training	General Disclosure: Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	CARING FOR EMPLOYEES AND SOCIETY – Helping employees grow
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	CARING FOR EMPLOYEES AND SOCIETY – Helping employees grow
		B3.2 The average training hours completed per employee by gender and employee category.	CARING FOR EMPLOYEES AND SOCIETY – Helping employees grow

“Comply or explain” provisions		General disclosure and key performance indicators	Corresponding reporting location
B4 Labour Standards	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	CARING FOR EMPLOYEES AND SOCIETY – Protecting employees’ rights and interests	
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	CARING FOR EMPLOYEES AND SOCIETY – Protecting employees’ rights and interests	
	B4.2 Description of steps taken to eliminate such practices when discovered.	CARING FOR EMPLOYEES AND SOCIETY – Protecting employees’ rights and interests	
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	STRENGTHENING OPERATION COMPLIANCE – Supplier management	
	B5.1 Number of suppliers by geographical region.	STRENGTHENING OPERATION COMPLIANCE – Supplier management	
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	STRENGTHENING OPERATION COMPLIANCE – Supplier management	
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	STRENGTHENING OPERATION COMPLIANCE – Supplier management	
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	STRENGTHENING OPERATION COMPLIANCE – Supplier management	



“Comply or explain” provisions		General disclosure and key performance indicators	Corresponding reporting location
B6 Product Responsibility	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		IMPROVING MEDICAL SERVICE QUALITY – Ensuring medical safety; Enhancing service quality; Responding to patients’ demands STRENGTHENING OPERATION COMPLIANCE – Advertising and brand management; Privacy protection and information security
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.		The Group does not involve any situation of total products sold or shipped that are subject to recalls for safety and health reasons.
	B6.2 Number of products and service related complaints received and how they are dealt with.		IMPROVING MEDICAL SERVICE QUALITY – Responding to patients’ demands
	B6.3 Description of practices relating to observing and protecting intellectual property rights.		STRENGTHENING OPERATION COMPLIANCE – Advertising and brand management
	B6.4 Description of quality assurance process and recall procedures.		IMPROVING MEDICAL SERVICE QUALITY – Improving medical quality standards; Ensuring medical safety; Enhancing service quality

“Comply or explain” provisions		General disclosure and key performance indicators	Corresponding reporting location
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	STRENGTHENING OPERATION COMPLIANCE – Privacy protection and information security
	B7 Anti-corruption	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	STRENGTHENING OPERATION COMPLIANCE – Practice of integrity
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	STRENGTHENING OPERATION COMPLIANCE – Practice of integrity
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	STRENGTHENING OPERATION COMPLIANCE – Practice of integrity
		B7.3 Description of anti-corruption training provided to directors and staff.	STRENGTHENING OPERATION COMPLIANCE – Practice of integrity
	B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	CARING FOR EMPLOYEES AND SOCIETY – Building a beautiful homeland
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	CARING FOR EMPLOYEES AND SOCIETY – Building a beautiful homeland
		B8.2 Resources contributed (e.g. money or time) to the focus area.	CARING FOR EMPLOYEES AND SOCIETY – Building a beautiful homeland



## INDEX TABLE OF THE SASB STANDARD

Topic	Accounting metric	Unit of measure	Code	Corresponding reporting location
energy Management	<ul style="list-style-type: none"> <li>– Total energy consumed</li> <li>– percentage grid electricity</li> <li>– percentage renewable</li> </ul>	<ul style="list-style-type: none"> <li>GJ</li> <li>%</li> </ul>	HC-DY-130a.1	PROMOTING GREEN OPERATION – Optimizing resource utilization
Waste Management	Total amount of medical waste, percentage <ul style="list-style-type: none"> <li>– incinerated</li> <li>– recycled or treated</li> <li>– landfilled</li> </ul>	<ul style="list-style-type: none"> <li>t</li> <li>%</li> </ul>	HC-DY-150a.1	PROMOTING GREEN OPERATION – Enhancing emissions management
	Total amount of: (1) hazardous and (2) nonhazardous pharmaceutical waste, percentage <ul style="list-style-type: none"> <li>– incinerated</li> <li>– recycled or treated</li> <li>– landfilled</li> </ul>	<ul style="list-style-type: none"> <li>t</li> <li>%</li> </ul>	HC-DY-150a.2	The business of the Group does not involve the generation of wastes
Patient Privacy & Electronic Health Records	Description of policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	–	HC-DY-230a.2	STRENGTHENING OPERATION COMPLIANCE – Privacy protection and information security
Management of Controlled Substances	Description of policies and practices to manage the number of prescriptions issued for controlled substances	–	HC-DY-260a.1	IMPROVING MEDICAL SERVICE QUALITY – Ensuring medical safety

Topic	Accounting metric	Unit of measure	Code	Corresponding reporting location
Pricing & Billing Transparency	Description of policies or initiatives to ensure that patients are adequately informed about price before undergoing a procedure	–	HC-DY-270a.1	IMPROVING MEDICAL SERVICE QUALITY – Enhancing service quality
	Discussion of how pricing information for services is made publicly available	–	HC-DY-270a.2	IMPROVING MEDICAL SERVICE QUALITY – Enhancing service quality
Employee Recruitment, Development & Retention	Description of talent recruitment and retention efforts for health care practitioners	–	HC-DY-330a.2	CARING FOR EMPLOYEES AND SOCIETY – Protecting employees' rights and interests
Climate Change Impacts on Human Health & Infrastructure	Description of policies and practices to address: (1) the physical risks due to an increased frequency and intensity of extreme weather events and (2) changes in the morbidity and mortality rates of illnesses and diseases, associated with climate change	–	HC-DY-450a.1	PROMOTING GREEN OPERATION – Responding to climate change



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