

# MediNet

Group Ltd

醫匯集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8161



# 2023

Environmental,  
Social and Governance Report

環境、社會及管治報告

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

### Scope and Boundary

MediNet Group Limited (hereafter, the “**Company**”, “**we**” or “**us**”) and its subsidiaries (collectively known as the “**Group**”) are pleased to present our Environmental, Social and Governance (“**ESG**”) Report. The content of this Report herein focuses on providing an overview of the ESG performance of the Group’s major operations for the year from 1 April 2022 to 31 March 2023 (the “**Reporting Period**”).

The principal activities of the Group are the provision of corporate medical and dental solutions to contract customers through the design and administration of tailored medical and/or dental benefits plans to provide different combinations of medical and/or dental services through the MediNet Network and/or our own operated medical centres (“**Medical Centres**”) and dental clinics (“**Dental Clinics**”). The Group also provides a wide-range of genetic tests in our wholly-owned DNA genetic laboratory (“**DNA Genetics Laboratory**”).

There is no change in the reporting scope or boundary covered in this ESG report from previous year. Unless otherwise stated, this ESG Report covers the following:

- (i) Medical Centres located in Central and Tsim Sha Tsui;
- (ii) Dental Clinics located in Causeway Bay, Central, Kwun Tong, Mongkok, Tsim Sha Tsui, Cheung Sha Wan and Shenzhen<sup>1</sup>;
- (iii) DNA Genetics Laboratory located in Wong Chuk Hang;
- (iv) The head office located in Causeway Bay.

In the course of preparing this ESG Report, the Group has conducted thorough review and assessment towards its existing environmental and social policies with aims to achieve better performance in aspects of environment, social, corporate governance and operation in the future and make more contributions to the communities where it operates.

The ESG Report was approved by the Board on 27 June 2023.

### Feedback

The Group has set high standards for transparency and work hard to live up with its stakeholders’ expectations. For details in relation to the Group’s financial performance and corporate governance during the Reporting Period, please visit the Group’s website: <http://www.medinetgroup.com>. If you have any questions or comments, please send us your views via mail at Unit 3601, 36/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

### Preparation Basis of the ESG Report

This ESG Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 20 to the GEM Listing Rules on the HKEX and has complied with the “Mandatory Disclosure Requirements” and “Comply or Explain Provisions”, as well as the principles of materiality, quantitative, balance and consistency. In preparing the ESG Report, the Group has adopted the international standards and emission factors specified in the ESG guidance materials issued by the HKEX for computing the relevant Key Performance Indicators (“**KPIs**”), and there is no change from previous year in the way the Report has been prepared. The application of materiality is detailed in the subsection headed “Materiality Assessment”.

<sup>1</sup> During the Reporting Period, the clinic in Shenzhen had moved to a short-time based rental place with smaller floor area compared to previous reporting period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Management Approach

The Group is committed to working towards sustainability and understands the importance of sustainable development on businesses and the community. The Group pays close attention to the impact of its daily operations on the environment and society in which it operates the businesses, and aims to set an example for the community and the industry. In order to formulate the Group's business strategies for the environment, society and governance, the Group will identify events that may cause a negative impact on the Group or that pose risks to the Group in the short, medium and long term. In addition, the Group strives to strike a balance between the interests of all stakeholders, the economy, the environment, the society and corporate governance. The Group actively develops opportunities with a focus on work ethic to ensure continuous success and growth that would benefit its suppliers, consumers and the environment as a whole.

The Group believes that the success of the Group is based not only on the performance of its operations and activities, but also based upon its responsibility and commitment to the employees, suppliers, customers, the community and the environment. The Group has established various environmental and social policies in order to support its sustainable growth. With the thorough understanding of the ESG risks and opportunities, the Group will better position itself in allocating its resources to diminish and prevent the negative impacts brought by different environmental and social risks.

## Statement of the Board

As a medical service provider and a responsible corporate citizen, the Group acknowledges that prudent environmental and societal management is of great importance to sustainable economic growth. This ESG Report summarizes the strategy, practice and vision of the Group in respect of issues related to ESG, and conveys the Group's devotion for sustainability. To address the global concern about climate change that affects not only the environmental systems but also our daily lives, the Group has considered sustainability and climate-related issues while incorporated them into our risk management system to enhance our resilience and adaptive capacity to potential environmental and social challenges. All potential risks that may have impacts on the Group's businesses are covered and evaluated in the annual enterprise risk assessment.

The Group continues to strengthen its ESG governance capabilities. The Board has overall responsibility for the Group's ESG strategy and reporting, and has overall oversight of relevant risks and opportunities. The ESG Working Group is responsible for review, formulate and approve the framework, standard, priority and goals for the Group's sustainable development, and report regularly to the Board the relevant tasks carried out for sustainable development; identify the relevant issues that have a significant impact on the operation of the Group and/or the interests of other important stakeholders; supervise the development and implementation of the strategies, policies and measures for sustainable development of the Group; evaluate and review the adequacy, effectiveness and sustainability performance of the Group's sustainable development policies and practices at least once a year or when necessary, and report and propose strategies for improvement to the Board. The implementation of various ESG strategies is supervised by the managers of the functional departments, who are responsible for overseeing the daily implementation and reporting such implementation to the ESG Working Group on a regular basis.

In the future, the Board will continue to monitor and improve the Group's sustainability initiatives and performance, and strive to create long-term value for all stakeholders and the communities in which it operates.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Governance Structure

### Board

- The Board is responsible for the overall decision-making, oversees the formulation, administration, and assessment of the ESG strategies.

### ESG Working Group

- The ESG Working Group is responsible for assisting the Board in managing and monitoring the ESG matters on a daily basis.

### Functional Department

- Functional department is responsible for the execution of implemented measures to achieve the set strategies and targets.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Our Stakeholders

As a medical service provider, the Group is an integral part of the society and plays an important role in regard to people's lives. Therefore, the Group strives to conduct our businesses in a responsible and sustainable manner, as well as highly values the well-being of our stakeholders.

The Group has adopted a proactive approach in stakeholders' engagement. The Group reviews the stakeholder engagement plan on a regular basis to ensure that all of our stakeholders are well informed about the key issues and concerns the Group faces in the environmental and social aspects. The stakeholders identified by the Group and the means for communication and responses are listed below.

<b>Employees</b> <ul style="list-style-type: none"> <li>• Training and seminars</li> <li>• Face to face meetings</li> <li>• Internal memos</li> <li>• Employees' suggestion box</li> </ul>	<b>HKEX</b> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Training</li> <li>• Roadshows</li> <li>• Workshops</li> <li>• Programs</li> </ul>
<b>Investors</b> <ul style="list-style-type: none"> <li>• Seminars and interviews</li> <li>• Financial reports</li> <li>• Operational reports for investors, media and analysis</li> </ul>	<b>Government</b> <ul style="list-style-type: none"> <li>• Interaction and visits</li> <li>• Tax returns</li> <li>• Government inspections</li> </ul>
<b>Customers</b> <ul style="list-style-type: none"> <li>• Annual customer survey</li> <li>• Clinic visits</li> <li>• Customer hotline</li> </ul>	<b>Media &amp; Public</b> <ul style="list-style-type: none"> <li>• Newsletter on the Group's website</li> </ul>
<b>Communities &amp; NGOs</b> <ul style="list-style-type: none"> <li>• Donation box</li> <li>• Employee voluntary activities</li> <li>• Public event</li> </ul>	<b>Suppliers</b> <ul style="list-style-type: none"> <li>• Face to face meetings</li> <li>• Product assessments</li> <li>• Annual supplier assessment</li> </ul>

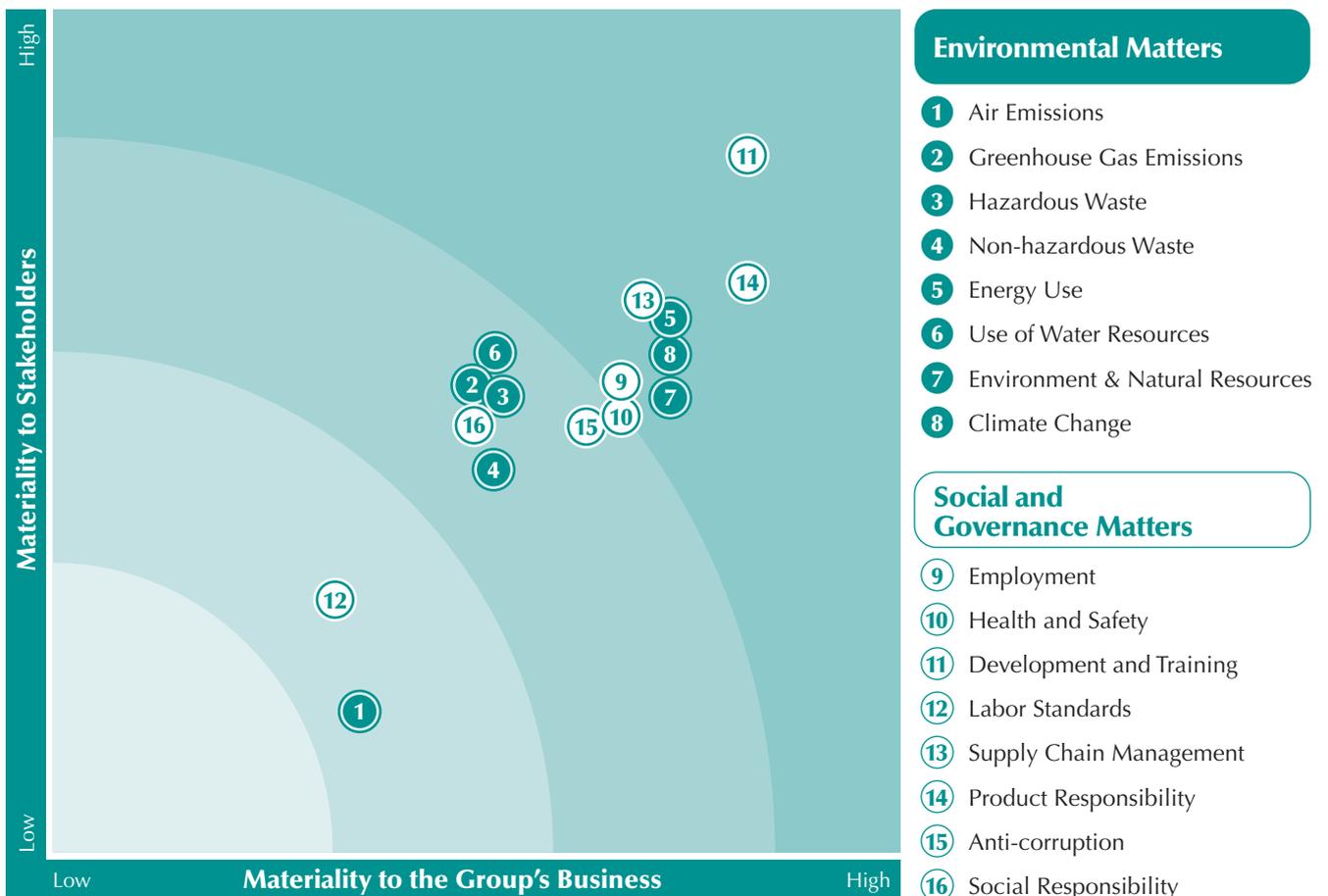
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Materiality Assessment

The Group has identified ESG issues that have potential or actual impact on its sustainable development from various sources, such as issues identified in previous ESG report, internal policies, industrial trends and the Sustainability Accounting Standards Board’s Materiality Map<sup>2</sup>. The Group focuses on material ESG issues which may have a significant impact on:

- The medical and/or dental industry;
- The current or future environment or society;
- The Group’s financial performance/business operations; and/or
- Stakeholders’ interests and their assessments, decisions and actions.

The ESG issues have been analyzed with reference to an array of factors, including the Group’s overall strategy, development, and goals and targets. The Group has conducted a materiality assessment to rate the identified ESG issues that are pertinent to its business and stakeholders, and their respective level of impact. During the Reporting Period, the material ESG issues have been prioritized and identified as follows:



<sup>2</sup> Sustainability Accounting Standards Board’s Materiality Map, <https://materiality.sasb.org/>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENT

### Overview

The Group manages its operations in an environmentally and socially responsible manner. As a medical service provider, the Group's business operations do not have a significant impact on the environment. However, the Group is still highly committed to protecting and developing sustainability, minimizing adverse impact on the environment by promoting and adopting a set of management policies and measures. The Group understands that its use of electricity and water, and generation of clinical wastes from its business operations consume natural resources and may pose risks to the public health and the environment. Therefore, electricity and water saving initiatives are promoted and implemented in its workplace, and clinical wastes are treated cautiously.

During the Reporting Period, the Group has complied with all relevant laws and regulations in Hong Kong and the People's Republic of China ("PRC") in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The relevant laws and regulations include but not limited to the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Water 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, the Energy Conservation Law of the People's Republic of China, the Air Pollution Control Ordinance in Hong Kong, the Water Pollution Control Ordinance in Hong Kong, the Waste Disposal Ordinance in Hong Kong and the Hazardous Chemicals Control Ordinance in Hong Kong.

### Emissions

As the Group provides medical and dental solutions to its customers, the Group does not own or control any stationary or mobile combustion sources, and thus, there is no air emission and direct greenhouse gas emission (Scope 1) generated during our daily operations.

Yet, greenhouse gases emissions are mainly from the consumption of purchased electricity to support the operations of the Group's offices and clinics, such as the lighting and magnifiers, air-conditioning system and sterilization system. The comparative statistics of greenhouse gas emissions recorded between current and previous Reporting Periods are detailed below.

Scope of Greenhouse Gas Emission	Emission Sources	Emission (in tonnes of CO <sub>2</sub> e)		Emission per floor area (tonnes of CO <sub>2</sub> /sq.m. <sup>4</sup> )	
		2022/23	2021/22	2022/23	2021/22
Scope 2					
Indirect Emission	Purchased Electricity <sup>3</sup>	101.76	114.17	0.057	0.060
Scope 3					
Other Indirect Emission	Paper consumption	6.02	6.57	0.003	0.003
<b>Total Emission</b>		<b>107.78</b>	120.74	<b>0.060</b>	0.063

<sup>3</sup> 3 Dental Clinics, 1 Medical Centre and the head office in Hong Kong of our Group share the office with independent parties, and there is no separate meter for each individual office unit. Electricity consumptions of our Group are proportionally borne based on the floor area.

<sup>4</sup> As at 31 March 2023, the total floor area of the Group was 1,769.88 square meter (2022: 1,971.89 square meter).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Owing to the Group's successful energy efficiency practices, the greenhouse gas emissions intensity produced by the Group had slightly decreased as compared to the previous Reporting Period, which is keeping on track with the previous set target. The Group strives to continuously reduce its energy consumption and emissions as it helps to manage our carbon footprint. In the next Reporting Period, the Group aims to maintain the total greenhouse gas emission intensities at/below 0.060 tonnes of CO<sub>2</sub>e per square meter. The Group will continue to adopt green practices in its operations, which is detailed in the below section headed "ENERGY EFFICIENCY".

## Waste Management

During the Reporting Period, the Group has complied with all relevant laws and regulations that may have significant impact on the Group relating to the management of clinical waste, including but not limited to the Waste Disposal Ordinance (Chapter 354), Hazardous Chemicals Control Ordinance and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O) in Hong Kong, which require clinical wastes to be properly disposed of and collected, as well as the Law on the Prevention and Control of Environmental Pollution of Solid Waste in the PRC.

Employees of the Group follow standard procedures and guidelines to dispose the wastes produced and put them into specific containers which are carefully coded with defined colours, separately sealed with ties and do not exceed 5 kg weight on any occasion. To ensure that the Group has complied with the relevant laws and regulations, the Group has engaged qualified waste disposal and recycling companies licensed by the Environmental Protection Department of Hong Kong and the Shenzhen Environmental Protection Bureau to handle the disposal of hazardous wastes, including expired and unwanted pharmaceutical products.

The Group has established an internal policy that aims to ensure safe disposal of hazardous substances and waste. The Group regularly disposes different groups of wastes, e.g. Group 1 (used or contaminated sharps), Group 3 (human and animal tissues), Group 5 (dressings) and Group 6 (other wastes) of clinical waste as defined in the Waste Disposal Ordinance (Chapter 354).

All used syringes, needles, cartridges, ampoules and other sharp instruments are stored in a special sharp container in each clinic. During the Reporting Period, the Group has produced 646 kilograms of clinical waste in total, on average, 64.6 kilograms of clinical waste per Medical Centre/Dental Clinic/DNA Genetics Laboratory, which is keeping on track with the previous set target.

The Group will continue to provide regular training to its employees regarding proper disposal of waste and explore new technology, equipment or procedure that may reduce the generation of waste from its daily operation. In the next Reporting Period, the Group will make continuous efforts in upholding its strict hazardous waste disposal standards and strive to maintain the intensity of total hazardous waste produced at/below 80 kilograms per Medical Centre/Dental Clinic/DNA Genetics Laboratory.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The comparative statistics of clinical waste recorded in the current and previous Reporting Periods are detailed below.

	2022/23	2021/22
Clinical Waste (in kg)	<b>646.00</b>	1,044.00
Intensity (kg/clinic) <sup>5</sup>	<b>64.60</b>	104.40

The non-hazardous waste produced by the Group's business activities is paper consumed for administrative purposes. The Group always encourages its employees to reduce paper consumption whenever possible, and work towards a paperless environment. The total intensity of non-hazardous waste generated totalled 0.0007 tonnes per square meter, which shows a slight decrease compared to previous Reporting Period due to the Group's continuous effort in paper saving, and has been keeping on track with the previous set target. The comparative statistics of paper consumption recorded in the current and previous Reporting Periods are detailed below.

	2022/23			2021/22		
	Copier paper	Letter-headed	Receipt	Copier paper	Letter-headed	Receipt
Weight (in tonnes)	<b>0.97</b>	<b>0.10</b>	<b>0.18</b>	1.13	0.13	0.11
Intensity (tonnes/sq.m.)	<b>0.0005</b>	<b>0.0001</b>	<b>0.0001</b>	0.0006	0.0001	0.0001
Total Intensity (tonnes/sq.m.)	<b>0.0007</b>			0.0008		

To reduce the generation of non-hazardous waste, the Group is committed to reducing the use of copier paper for internal administrative work. The Group has adopted the following measures during its daily operations:

- Double-sided printing is set as the default settings on computers, single-sided printing has to be manually selected;
- For any papers that have been used for single-sided printing, they should be reused when there is no confidential information on the printed side of the paper; and
- Staff members are encouraged to circulate documents through electronic means such as email or encrypted universal serial bus ("USB").

The Group will make continuous efforts to create a more paperless working environment and maintain the intensity of total non-hazardous waste produced at/below 0.0007 tonnes per square meter.

<sup>5</sup> The clinics refer to all Medical Centres, Dental Clinics and the DNA Genetics Laboratory of the Group, which is 10 in total.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## USE OF RESOURCES

The Group highly values environmental protection and is committed to upholding high environmental standards to fulfil relevant requirements under applicable laws and ordinances in its daily operations. During the Reporting Period, the Group has complied with the Environmental Protection Law of the PRC, the Energy Conservation Law of the PRC and other related provisions of the laws and regulations concerning environmental protection.

The Group understands that responsible use of energy is more than just consuming less energy. It also means to make the most from the energy the Group consumes, whilst delivering safe and quality services to the consumers. Hence, the Group aims to manage and reduce electricity and water usage by better planning and execution with an objective of minimizing adverse impacts on the environment.

Since the Group is not involved in any manufacturing activities, the impact on the environment and natural resources is immaterial.

## ENERGY USE EFFICIENCY

### Energy Usage

During the Reporting Period, the source of energy usage was solely from electricity consumption of the Group from the operations of its offices and clinics, such as the lighting, magnifiers, air-conditioning system and sterilization system. The energy consumption totalled 194,430.39 kWh while the intensity totalled 109.86 kWh/sq.m.. The decrease in total energy consumption was attributed to the Group's continuous effort in energy saving, while the decrease in total floor area contributed to a slight increase in the intensity. The following shows the comparative figures of electricity consumption between the current and previous Reporting Periods.

	2022/23	2021/22
Electricity consumption (in kWh)	<b>194,430.39</b>	213,051.65
Intensity (kWh/sq.m.)	<b>109.86</b>	108.04

The Group encourages its staff members to save electricity at the workplace. All staff members are informed to turn off the lights during lunch hours and after office hours, so that lights are only on when it is necessary. Moreover, all electrical appliances should be turned off when they are not in use. Written notices such as "Save Energy" are put on the walls in the working area to remind staff members of saving energy. Indoor temperature is maintained at 24 degrees Celsius or above to reduce unnecessary use of energy. The Group will make continuous efforts in working towards the target of maintaining the intensity of total electricity consumption at/below 110.00 kWh per square meter in the next Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Water Usage

As daily operations of the Group do not involve production activities, the Group has maintained a relatively low level of water usage. The existing supply of water meets the daily operational needs of the Group for the purpose of domestic use and the Group does not have any issue in sourcing water.

As the water consumption of the Group's head office and 3 Dental Clinics is charged as part of the rent with no independent water meter, the water consumption disclosed excludes head office and those clinics. The water consumption intensity for the Reporting Period totalled 0.40 cubic meters per square meter, which is keeping on track with the previous set target. The following shows the comparative figures of water consumption between the current and previous Reporting Periods.

	2022/23	2021/22
Water consumption (cubic meters)	700.62	761.01
Intensity (cubic meters/sq.m.)	0.40	0.55

The Group has adopted a wide range of measures to lessen the use of water, including regular checks on water taps and pipes to avoid unnecessary leakage, installation of water-efficient fittings, and promotion of the awareness of water scarcity issues among employees in order for them to use water wisely. The Group will make continuous efforts in working towards the target of maintaining the intensity of total water consumption at/below 0.40 cubic meters per square meter in the next Reporting Period.

## Medical Packaging

Due to the Group's business nature, the Group does not involve any significant utilization of packaging materials in the ordinary course of business. To reduce the carbon footprint and contribute to saving the planet, the Group also encourages its customers to minimize the usage of plastic bags by suggesting them to bring their own bags to the clinics.

## Climate Change

As a part of the Group's ESG strategies formulation, the Board has an overall responsibility for overseeing the Group's climate-related risks and opportunities. The ESG Working Group regularly review and identify climate-related issues that may pose risks to the Group in the short, medium and long term. In the Group's annual enterprise risk assessment, all potential risks arisen from climate change are covered and evaluated comprehensively. The Group has considered the potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosure.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The potential physical risks and transition risks from climate change, which may pose adverse financial impacts on the Group’s businesses, and its corresponding mitigation strategies are shown below:

Risk Type	Potential Financial Impact Low <span style="color: #008080;">■</span> Medium <span style="color: #008080;">■</span> High <span style="color: #800000;">■</span>	Short-term (This Reporting Period)	Medium-term (1–3 years)	Long-term (4–10 years)	Mitigation Strategy
Transition Risks	<u>Policy and Legal</u>  Increased compliance costs and potential disruption related to new climate-related regulations.				Regularly monitor the regulatory environment and strictly adhere to the Group’s emission-reduction measures to maintain a low emission level.
	<u>Technology</u>  Transition costs to more energy-efficient clinical equipment and technologies, which include costs to adopt and deploy new processes, capital investment, research and development expenditures and write-offs or early retirement of existing assets.				Continue to keep abreast of the latest development in clinical technologies and energy-efficient equipment.
Physical Risks	<u>Acute</u>  Extreme weather conditions such as flooding and storms that lead to supply chain disruption, disruption to daily operation and loss of property and revenue.				Maintain a large supplier base and set up safety measures and contingency plans in regards to extreme climate events.
	<u>Chronic</u>  Increased operating costs related to increased need for cooling and heating due to changing temperatures.				Strengthen the environmental awareness of employees to ensure that they strictly adhere to the Group’s energy conservation measures.

It is expected that both the physical and transition risks do not have a material impact on the Group’s operation. Nevertheless, the Group will continue to monitor the climate-related risks and implemented relevant measures to minimize the climate-related risks.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## EMPLOYMENT

During the Reporting Period, the Group has strictly complied with the laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. The employment-related laws and regulations include but not limited to the Employment Ordinance in Hong Kong, the Minimum Wage Ordinance in Hong Kong, the Employees' Compensation Ordinance in Hong Kong, the Labor Contract Law of the PRC, the Labor Law of the PRC, the Law on the Protection of Rights and Interests of Women in the PRC, the Social Insurance Law of the PRC and the Law on the Protection of Disabled Persons.

The Group firmly believes that employees are the most valuable assets of the Group, and focus our efforts on providing a safe and enjoyable working environment for them. The objective of Human Resources Department is to reward and recognize outstanding employees by providing competitive remuneration packages with basic salary, and to promote career development and progression within the Group by providing adequate training and opportunities.

For the recruitment and promotion process, the Group ensures that employees are free from discrimination or deprivation of opportunities on the basis of gender, ethnic background, religion, skin color, sexual orientation, age, marital status, family status and physical ability. The Group aims to create an equal and diversified employment environment for all its employees. Employees and candidates are assessed based on their competence, skills, qualification and performance. During the recruitment process of all new employees, the Human Resources Department of the Group conducts comprehensive background checks on the prospective employees. Newly recruited employees are admitted as permanent employees after successful completion of a 3-months probation period. A minimum 7 days annual leave is granted to all permanent employees. The Group also offers all its permanent employees with medical and dental schemes as well as inpatient insurance.

In addition, the Group has formulated a set of benefits to reward employees for the value and contribution they gave made to support the development of the Group. The Group also constantly reviews its employees' performance. Performance evaluation is carried out for each of the employee annually to act as a communication platform between employees and the management, and to assist the employees in focusing on his/her personal objectives and achievements. The Group welcomes feedback from its employee through private meeting, email or anonymous letter to the Department Head, Financial Controller or General Manager.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at 31 March 2023, the Group had a total 112 employees, with 96 as full-time and 16 as part-time. the employee profiles by gender, age and geographical location are shown as follows:

	2022/23
<b>Total workforce</b>	<b>112</b>
<b>Breakdown by employment type</b>	
Full-time	96
Part-time	16
<b>Breakdown by gender</b>	
Female	90
Male	22
<b>Breakdown by age</b>	
< 25	12
25–29	15
30–39	27
40–49	28
> 50	30
<b>Breakdown by geographical location</b>	
Hong Kong	107
PRC	5

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at 31 March 2023, the employee turnover rate by gender, age and geographical location are shown as follows:

	2022/23
<b>Total turnover rate</b>	<b>35%</b>
<b>Turnover rate by employment type</b>	
Full-time	33%
Part-time	44%
<b>Turnover rate by gender</b>	
Female	38%
Male	23%
<b>Turnover rate by age</b>	
< 25	58%
25–29	53%
30–39	37%
40–49	14%
> 50	17%
<b>Turnover rate by geographical location</b>	
Hong Kong	31%
PRC	20%

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## HEALTH AND SAFETY

The Group has complied with the workplace laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards in Hong Kong and the PRC, including but not limited to the Occupational Safety and Health Ordinance (Chapter 509) in Hong Kong and Law of the Prevention and Control of Occupational Diseases in the PRC.

Management of the Group makes great effort in strengthening the Group's occupational health and safety performance to protect employees from hazards. For example, our doctors, dentists and nurses wear gloves, surgical masks, protective goggles and gowns to prevent any infections. In case of injuries or accidents, the Group will make corresponding medical arrangement for the employees concerned. Dosimeters are provided to our dentists and dental nurses to measure and monitor the exposure of ionizing radiation and all the personnel are alerted if the dose rate thresholds are exceeded.

Apart from employees' compensation insurance, the Group provides other benefits to its employees, such as occupational training and education on a regular basis. The Group strives to provide a comfortable and safe environment to our employees, customers and business partners.

In addition, in the midst of the Coronavirus (COVID-19) pandemic in early half of the Reporting Period, the Group has formulated the Pandemic Prevention Memo, which sets out the early warning system and safety measures for the pandemic. The Group has implemented a series of precautionary measures to ensure the safety of our employees, including but not limited to, regular office cleaning and sanitizing, provision of hand sanitizers and face masks, and internal policies of requiring employees to regularly carry out rapid antigen test before going to work. In light of the easing situation of the pandemic, the Group continues to encourage our employees in maintaining a high hygiene level and a pleasant working environment.

During the Reporting Period, the Group strictly complied with various laws, regulations, rules and procedural standard. No case of fatality and work injury case in the workplace and no lost day due to work injury was reported over the last 3 Reporting Periods, including this Reporting Period.

## DEVELOPMENT AND TRAINING

The Group offers a wide range of training courses and development support to improve the employees' long-term career growth, development and advancement prospects.

The Group has implemented a Training Procedure to facilitate development of its employees' potential. The Group also maintains a schedule for training courses which are planned in advance. In determination of the training schedule, the Group consider its employees' feedback to ensure that the courses cater to their needs.

The employee development and training policies adopted by the Group are as follows:

- Newly recruited employees are required to attend an orientation training program, which covers corporate culture, business profiles, operation policies and procedures;
- A designated senior manager is responsible for checking the quality of services provided by the staff members at the reception, and providing internal training which ensures that all staff members know how to use electronic devices (i.e. computer, printer, etc.) and internal customers' filing system;

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Nurses are required to attend regular and ad hoc internal training courses that are necessary to discharge their duties at work, including, but not limited to, product knowledge, customer services and new legislations and regulations relevant to business operations of the Group;
- Sponsorships are offered to doctors and dentists for them to attend external training courses regarding new techniques, tools, and technologies, etc., that are relevant to business operations of the Group.

As at 31 March 2023, the percentage of employees trained are as follow:

	2022/23
<b>Percentage of employees trained</b>	<b>34%</b>
<b>By gender</b>	
Male	8%
Female	92%
<b>By employment category</b>	
Top management	8%
Middle management	0%
General staff	92%

As at 31 March 2023, the average training hours completed per employee are as follows:

	2022/23 Hours
<b>Average training hours per employee</b>	<b>0.56</b>
<b>By gender</b>	
Male	0.89
Female	0.48
<b>By employment category</b>	
Top management	2.89
Middle management	0.00
General staff	0.49

Due to the viral outbreak of the pandemic during the Reporting Period, the number of trainings held decreased compared to previous year. In light of the easing situation of the pandemic, the Group aims to conduct more trainings for an all-round employee development in the coming reporting periods.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## LABOR STANDARDS

During the Reporting Period, the Group has complied with all relevant labor standards such as the Employment Ordinance in Hong Kong, the Labor Law of the PRC, the Law of the PRC on the Protection of Minors and the Provisions on the Prohibition of Using Child Labor in the PRC. The Group strictly prohibits any recruitment of child and forced labor, and ensures that the employment agreements signed with its employees are on fair, equal, voluntary and mutually agreed basis.

The Group recruits new doctors and dentists base on their qualifications, experience, reputation, specialized area of study and practice, level of dedication, previous compliance records and whether they can fit into our corporate culture. The Group also places great emphasis on training and retention of its professional team members. All doctors of the Group must have practicing licenses and certificates.

The Group is well aware that child and forced labor violates fundamental human rights and so, it prohibits the use of child or forced labor. During the staff recruitment process, responsible staff members collect identification documents from the candidates to ensure that their age meets the requirements as stated in the labor standards. The Group only executes the requirements stipulated in the standard employment agreements and does not use any unlawful or unfair means to restrict the staff benefits enjoyed by the employees. Employees who are in breach of rules, or commit serious dereliction of duty, malpractice or criminal offence are immediately dismissed.

During the Reporting Period, the Group did not use any child or forced labor, nor receive any related complaints.

## SUPPLY CHAIN MANAGEMENT

Suppliers of the Group primarily include distributors of orthodontic appliances, pharmaceutical and medical consumables. During the Reporting Period, The Group has 141 (2022: 150) suppliers which are located in Hong Kong and the PRC.

The Group is committed to providing high quality products and services to its customers, supported by a strict supply chain management system which is subject to regular assessments as for the environmental and social risks. Suppliers are urged to take measures to reduce their environmental and social risks.

The Group has established a “New Supplier and Subcontractor Evaluation Procedure” to evaluate all its new suppliers, and in this respect a “non-conforming report” is prepared to record failure on the part of our existing suppliers. In selecting pharmaceutical drugs and other suppliers, the Group performs assessments on the potential suppliers, including past history of the suppliers’ quality, quantity, time of delivery, source of the products, compliance with relevant laws and regulations, price and reputation in the industry. Moreover, suppliers that offer environmental-friendly drugs at high quality standards are rated by the Group as more favorable and preferable, so as to promote environmental protection along its supply chain.

The Group has a “Purchasing Control Procedure” and an “Equipment Management Procedure” in place in order to monitor the quality of products that clinics purchased from the suppliers. The Group also has a dedicated evaluation team responsible for monitoring the quality of all suppliers and the Group expects its suppliers to cooperate in a fair, honest and responsible manner. Renewal of suppliers’ contracts is subject to satisfactory results upon review of their performance during the contract period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## PRODUCT AND SERVICE RESPONSIBILITY

The Group has implemented a “Work Instruction Control Procedure” which covers standard procedures of the provision of service and products. During the Reporting Period, the Group has complied with various regulations relevant to the operation process of the business areas such as health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant regulations include but not limited to the PRC Law on Protection of the Rights and Interest of Consumers, the Tort Law of the PRC, Trade Description Ordinance in Hong Kong, Pharmacy and Poisons Ordinance in Hong Kong and Medical Clinics Ordinance in Hong Kong.

According to the “Purchasing Control Procedure”, the heads of clinics are responsible for consolidating requests from the doctors and dentists in order to evaluate the materials needed to support clinical operations, and submit a “Dental/Clinic Material Order Information” to the Head Nurse for a bulk ordering. The Group only purchases high quality drugs and medicines from approved suppliers. Clinic members will perform incoming material inspection in accordance with our “Material Handling Procedure” to ensure the quality of medical consumables. For any defective products received, the Group will request a recall from the suppliers.

When a new material, instrument, equipment or drug is launched in the market that could show improvement in results, effectiveness or efficiency, and save costs, according to the “New Material, Instrument, Equipment, Drug Procedure”, doctors/dentists can establish an evaluation team to conduct research about the new product. After completion of the evaluation, the results are recorded on the “Sample Request and Evaluation Form”. Any newly accepted item is registered in the approval list and the Head Nurse can proceed with the purchases.

Pharmaceuticals are handled with special precautions. The Group has specific standards for pharmaceuticals storage in different compartments and the labelling of packages. Topical medications and dangerous drugs are stored separately from general medications. Dangerous drugs are handled in accordance to the Dangerous Drugs Ordinance in Hong Kong. The information about the medicines and drugs is passed to the doctors/dentists for benefits of the patient. A nurse labels the package of the drugs with the drug name, dosage, date and any particulars according to the dentists/doctors’ prescription for the patients. Receptionist provides patients with information about the drug dosage and particulars only after obtaining approval from the doctors/dentists.

According to the “Prescription and Dispensary of Drug Procedure”, the doctors/dentists prescribe medication according to patients’ history and needs. The nurses are responsible for checking the expiry dates and visual condition of the drugs and medicines to ensure that product quality is maintained. In case of any defective product, a report is filed to the Head Nurse who will then inform the Head office and return the defective products to the suppliers.

During the reporting period, the Group strictly complied with various laws, regulations, rules and procedural standards. No products sold or shipped was subject to recalls for safety and health reasons.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTELLECTUAL PROPERTY AND PRIVACY PROTECTION

In terms of consumer data protection and privacy, customer information of the Group is stored in a tailor-made IT system to protect its patients' personal information. Different authority access levels are created in order to assure confidentiality of such information. During the Reporting Period, the Group has complied with the Personal Data (Privacy) Ordinance in Hong Kong and the Cybersecurity Law of the PRC in collecting, processing and using the customers' personal data. Furthermore, contracts with our customers also stipulate confidential obligations. Customers' personal information cannot be used for any purposes other than stipulated in the contracts concerned. Moreover, the Group conducts employee training relating to customer privacy and data protection as part of the new employee orientation.

In terms of intellectual property rights protection, the Group respects the rights of other companies' intellectual property and the Group does not use intellectual property of others without their authorization. During the Reporting Period, the Group has complied with relevant laws and regulations including but not limited to the Trade Marks Ordinance in Hong Kong, Copyright Ordinance in Hong Kong, Trademark Law of the PRC and Patent Law of the PRC. The Group has also adopted practices to avoid infringement of its intellectual property rights, such as registering intellectual property rights that are material to its business operation and stipulating confidentiality terms in all its employee agreements.

## ADVERTISING

Pursuant to the Code of Professional Conduct published by the Medical Council of Hong Kong, no advertising for medical and dental services is allowed. The Group's doctors and dentists strictly follow the code of conduct to render services with an aim to maintain the standard of medical care and public trust in the medical profession.

## COMPLAINTS

The Group strives to create excellent client experience by providing quality products and services that suit customers' needs. The Group provides relevant training to enhance the skills of its employees in handling customer enquiries and complaints. Moreover, the Group has established and implemented relevant operating policies and procedures including "Client Satisfaction Monitoring Procedure", "Client Satisfaction Survey Procedure" and "Client Complaint Handling Policy".

The Group welcomes feedback from its customers and provide them with various ways of solving their issues. Customer complaints are followed up and addressed in a timely manner by the relevant parties depending on the nature of the complaint. Customer suggestions are taken into the consideration for improving our business operations.

During the Reporting Period, the Group did not have any material medical disputes from the Medical Council of Hong Kong and did not receive any product- and service-related complaint.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ANTI-CORRUPTION

During the Reporting Period, the Group has strictly complied with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance in Hong Kong, the Anti-Money Laundering Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Criminal Law of the PRC.

During the recruitment process of all new employees, the Human Resources Department of the Group conducts comprehensive background checks on the prospective employees to investigate whether they have previously committed fraud or other illegal act. Moreover, the Group has established a “Whistle-blowing Procedures” to encourage and enable its employees and other stakeholders to report on observed or suspected non-compliance and questionable practices in confidence without retribution. Reported cases will be investigated and followed up by management of the Group in a timely manner.

No employee, including the directors, management, and all full-time, part-time, hourly, or temporary workers, is permitted to solicit or accept any form of benefits or do anything that might be deemed as a bribery whether directly or indirectly. Should such benefits be accepted by any employees, their objective attitude would be hampered, they might be enticed to perpetuate violations of rules and/or have biased judgements or misconducts. As a result, the interests of the Group may be harmed. These measures can serve as a deterrent to prevent bribery or other misbehaviors.

Since the Group’s business is not highly exposed to the risk of corruption, no training of such area was held during the Reporting Period. All directors received trainings on corporate governance prior to the Group’s listing or at the time of joining the Group, so that they are aware of their duties and responsibilities on integrity. The Group will provide and subsidize training of anti-corruption to its employees and directors when necessary. During the Reporting Period, the Group is not aware of any non-compliance case relating to corruption, bribery, extortion, fraud or money laundering.

## COMMUNITY INVESTMENT

The Group cares about the community and demonstrates its spirit of giving back to society. The Group’s focus area of contribution is health and well-being of the community. Donation boxes are set up in all clinics to collect donations from the customers in support of the Orbis in Hong Kong. It is a convenient channel for the public to help better plan for long-term rehabilitation services and operations in Hong Kong. During the Reporting Period, the Group donated a total of HK\$24,000 to various Non-governmental Organizations, such as Oxfam and Orbis. The donations support the community initiatives in offering assistance to the disadvantaged group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE GUIDE CONTENT INDEX

Aspect	Description	Chapter/Section	Remarks
<b>A. Environmental</b>			
<b>A1 Emissions</b>			
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.	<i>Overview</i>	
KPI A1.1	The types of emissions and respective emissions data.	<i>Emissions</i>	
KPI 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).	<i>Emissions</i>	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Waste Management</i>	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>Waste Management</i>	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	<i>Energy Use Efficiency</i>	
KPI 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.	<i>Waste Management</i>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section	Remarks
<b>A2 Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	<i>Use of Resources, Energy Use Efficiency, Water Usage</i>	
KPI 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).	<i>Energy Use Efficiency</i>	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<i>Water Usage</i>	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	<i>Energy Use Efficiency</i>	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	<i>Water Usage</i>	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<i>Medical Packaging</i>	
<b>A3 The Environment and Natural Resources</b>			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	<i>Overview, Use of Resources</i>	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<i>Overview, Use of Resources</i>	
<b>A4 Climate Change</b>			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	<i>Climate Change</i>	
KPI 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.	<i>Climate Change</i>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section	Remarks
<b>B. Social</b>			
<b>B1 Employment</b>			
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.	<i>Employment</i>	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	<i>Employment</i>	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<i>Employment</i>	
<b>B2 Health and Safety</b>			
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.	<i>Health and Safety</i>	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	<i>Health and Safety</i>	
KPI B2.2	Lost days due to work injury.	<i>Health and Safety</i>	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<i>Health and Safety</i>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section	Remarks
<b>B3 Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work.	<i>Development and Training</i>	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	<i>Development and Training</i>	
KPI B3.2	The average training hours completed per employee by gender and employee category.	<i>Development and Training</i>	
<b>B4 Labor Standards</b>			
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.	<i>Labor Standards</i>	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	<i>Labor Standards</i>	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	<i>Labor Standards</i>	
<b>B5 Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	<i>Supply Chain Management</i>	
KPI B5.1	Number of suppliers by geographical region.	<i>Supply Chain Management</i>	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	<i>Supply Chain Management</i>	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<i>Supply Chain Management</i>	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<i>Supply Chain Management</i>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section	Remarks
<b>B6 Product and Service Responsibility</b>			
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.	<i>Product and Service Responsibility</i>	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<i>Product and Service Responsibility</i>	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	<i>Complaints</i>	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<i>Intellectual Property and Privacy Protection</i>	
KPI B6.4	Description of quality assurance process and recall procedures.	<i>Product and Service Responsibility</i>	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<i>Intellectual Property and Privacy Protection</i>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section	Remarks
<b>B7 Anti- corruption</b>			
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.	<i>Anti-corruption</i>	
KPI 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.	<i>Anti-corruption</i>	
KPI B7.2	Description of preventive measures, how they are implemented and monitored.	<i>Anti-Corruption</i>	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	<i>Anti-Corruption</i>	
<b>B8 Community Investment</b>			
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.	<i>Community Investment</i>	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	<i>Community Investment</i>	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	<i>Community Investment</i>	