



微創醫療科學有限公司

MicroPort Scientific Corporation

(Incorporated in the Cayman Islands with limited liability)

(Stock code:00853)



2021

Environmental, Social and
Governance Report

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ABOUT THE REPORT

MicroPort Scientific Corporation (hereinafter referred to as “MicroPort,” “we” or the “Company”) released the 2021 Environmental, Social, and Governance (ESG) Report. The report mainly discloses information concerning the ESG performance of the Company and its subsidiaries (collectively referred to as the “Group”) for the fiscal year from 1 January 2021 to 31 December 2021 (hereinafter referred to as the “Reporting Period”). Some information contained herein may involve associated companies.

BASIS OF COMPILATION OF THE REPORT

This Report was prepared in accordance with the requirements of the Environmental, Social, and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (hereinafter referred to as “HKEx”). In addition, this report made reference to the indicators of the MSCI ESG Rating where appropriate. We determine the contents of the report according to a set of systematic procedures, including identifying and ranking important stakeholders and material ESG issues, determining the scope of the ESG report, collecting relevant materials and data, compiling the report based on materials and reviewing materials contained herein.

In preparation of this report, the following principles were adopted:

Materiality Principle: In compliance with the Environmental, Social and Governance Reporting Guide, we performed materiality assessments and disclosed environmental, social and governance matters that are relevant to and will have a significant impact on investors and other stakeholders.

Quantitative Principle: In compliance with the Environmental, Social, and Governance Reporting Guide, we disclosed, with reference to the applicable quantitative standards, the information relating to the standards, methods, assumptions and/or calculation tools used for emissions/energy consumption (where applicable), and the sources of conversion factors in this report.

Consistency Principle: The ESG report of this year was prepared consistent with the methodologies of previous years. Where there are changes (if any) or any other relevant factors which may affect meaningful comparison with previous reports, these changes were described in the corresponding sections.

SCOPE AND BOUNDARY OF THIS REPORT

The policy and data disclosed in this report covered the Group and its subsidiaries, and the reporting scope was in line with the annual report. The historical data from past years cited in this report are all final data, and all financial data in this report was in US dollars unless otherwise indicated.

Abbreviations of subsidiaries involved in the body of this report are referred to as follows:

MicroPort CardioFlow Medtech Corporation: MicroPort CardioFlow
 Shanghai MicroPort MedBot (Group) Co., Ltd.: MP MedBot
 MicroPort NeuroTech Limited: NeuroTech
 Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd.: Endovastec
 Shanghai MicroPort Medical (Group) Co., Ltd.: Shanghai MicroPort Medical
 Dongguan Kewei Medical Instrument Co., Ltd.: Kewi Medical
 MicroPort Soaring CRM (Shanghai) Co., Ltd.: MicroPort CRM Shanghai
 MicroPort Cardiac Rhythm Management Limited: CRM
 MicroPort Orthopedics Inc. : MPO

Abbreviation of associated company involved in the body of this report is as follows:

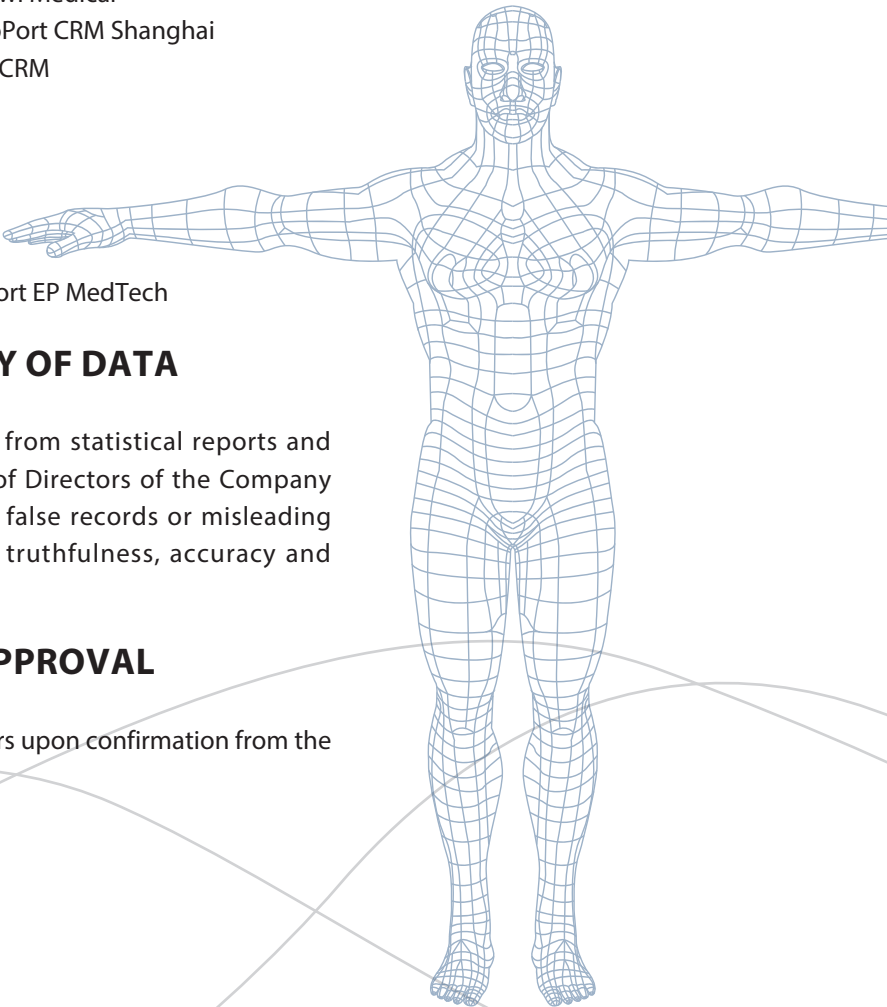
Shanghai MicroPort EP MedTech Co., Ltd.: MicroPort EP MedTech

ASSURANCE ON THE RELIABILITY OF DATA

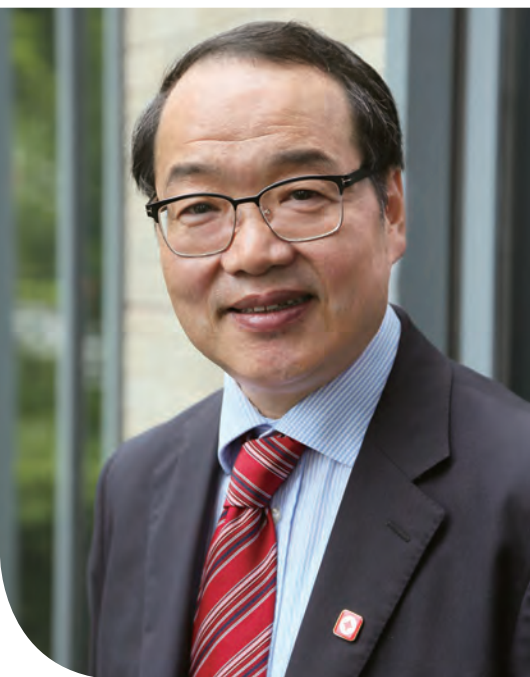
The data and cases cited herein mainly come from statistical reports and relevant documents of the Group. The Board of Directors of the Company pledges that the report does not contain any false records or misleading statements, and shall be responsible for the truthfulness, accuracy and completeness of the report.

REPORT CONFIRMATION AND APPROVAL

This report was approved by the Board of Directors upon confirmation from the management on 30 March 2022.



MESSAGE FROM CHAIRMAN



Dr. Zhaohua Chang
Chairman

The philosophy of Environmental, Social and Governance of MicroPort stems from the mission to provide human beings with “To Provide Trustworthy and Universal Access to State-of-the-Art Solutions of Prolonging and Reshaping All Lives”. Since its inception, MicroPort has been committed to “Breaking Barriers to Help Billions of People to Live Beyond 115 Years”, adhering to innovation, polishing details and strictly controlling quality. We continue to work hard in order to save more life and improve the quality of life. We collaborate with global resources to promote high-quality, accessible, affordable and innovative products in the global market, so that high-quality and integrated healthcare solutions can reach to more people.

In 2021, we achieved a year-on-year increase in annual sales revenue by 15% (excluding the foreign exchange) to USD779 million globally; in particular, our revenue in South America, Europe, Middle East and Africa (EMEA) and North America grew by 29.9%, 16.8% and 6.7% (excluding the foreign exchange) year-on-year respectively. In China, we continued to penetrate the grassroots market to bring our products and medical solutions to county hospitals and serve a wider range of patients at the grassroots level, fully reflecting MicroPort®’s concept of “a Brand that belongs to patients”.

In terms of continuous innovation, we uphold our mission and regard technological innovation as the momentum of our continuous development. From the beginning of 2021 to the approval date of this report by the Board, the Group and its associates obtained 96 product registrations in 25 countries and regions worldwide. Among which, 22 products have obtained the approval for launch by the State Drug Administration of China (the “SDA”), 7 products have obtained approval by the U.S. Food and Drug Administration (the “FDA”), and 15 products have been certified by the EU CE. In addition, 5 of our products have entered the special approval process for innovative medical devices in China (the “Green Path”), and we have a cumulative totals of 26 Green Path products, ranking first in the industry for seven consecutive years.

In 2021, we continued to be committed to the spirit of craftsmanship, while regarding the quality of our products as an important commitment to our customers. We have established a comprehensive quality management system and a multi-level quality management team, and have covered the quality management process throughout the life cycle of our products. We optimised our customer complaint handling process and provided communication channels and health management services to our patients to continuously enhance their experience.

Our commercial success is owing to our innovative, people-oriented philosophy and our dedication to the details of the quality and service. Behind every achievement is the hard work and great effort of all staff of MicroPort. We strive to provide our staff with a safe and healthy working environment, an inclusive and diversified cultural atmosphere, as well as the generous and considerate remuneration and benefits. We also hope that through work hard to provide the fair and clear promotion channels, various training opportunities and platforms to encourage continuing development, our staff would be provided with a wide space for personal development and promotion while achieving the Company’s goals, so that they can fully develop the sense of self-recognition, allowing us to continue to benefit more patients and give back to society through mutual achievements.

We stick to the compliant operation by continuously improving integrity and honesty, marketing compliance, information security, as well as trade secret and intellectual property protection. In 2021, we held several multi-level training sessions on compliance, advertising law, personal information security, etc. We also further enhanced our employees’ legal knowledge and compliance awareness through several themed workshops such as “Intellectual Property Month” and “MicroPort ILC (IP, Legal, Compliance) Forum”.

We advocate green business, act proactively in response to the call for low-carbon environmental protection, continuously establish and improve the environmental protection management system, and promote the implementation of environmental protection measures. During the Reporting Period, we set targets regarding water efficiency, energy efficiency, waste management and carbon emissions, identified and analyzed the possible risks and opportunities arising from climate change in conjunction with MicroPort’s businesses, hence setting effective guidelines for better green operations in the future.

We actively give back to the community, and continuously invest in public welfare such as inclusive healthcare, rural revitalization, education improvement, disaster area relief and knowledge sharing. At the same time, we strive to promote industry communication and collaboration, and establish talent training programs in collaboration with universities, and then contribute to the advancement of the medical industry.

“Eyes for Greatness, Hands on Details”, MicroPort will continuously put in every effort for maximization of common value in the future, and for the long-term benefits of each stakeholder. On the basis of the continuous improvement and perfection of ESG management system, we will proactively address the risks and difficulties faced by the Company in the course of sustainable development. With our original vision in mind, we will work closely with the stakeholders to build a harmonious future for the environment and society.

BOARD STATEMENT

The data sources applied in the report include publicly available data, relevant internal statistical reports of MicroPort, third-party questionnaires and interviews, etc. The scope of the economic data covered in this report is consistent with the scope of data in the 2021 Annual Report of MicroPort.





COMPANY PROFILE

Company Name: MicroPort Scientific Corporation

Stock Code: 00853

Headquarters address: Zhangjiang Hi-Tech Park, Shanghai, The People's Republic of China

Operations Sites: MicroPort has established main production (R&D) bases in Shanghai, Suzhou, Jiaxing and Shenzhen in China, Memphis in the United States (the "US"), the suburb of Paris in France, the suburb of Milan in Italy and the Dominican Republic, among others.

Main Business and Products: The Group focuses on innovating, manufacturing and marketing high-end medical devices worldwide. With a diversified product portfolio now being used in over 20,000* hospitals around the world, the Group operates a broad range of business segments including cardiovascular devices business, orthopedic devices business, cardiac rhythm management ("CRM") business, endovascular and peripheral vascular devices business, neurovascular devices business, heart valve business, surgical robot business, surgical devices business and others. In every six seconds, one of MicroPort's products is used multinationally to save lives, to improve life quality, or to help create new life.

* includes the numbers of associated companies of the Group



BUSINESS SEGMENTS	PRODUCT CATEGORY	SOME OF OUR CORE PRODUCTS
CARDIOVASCULAR DEVICES BUSINESS	Coronary stents and the related delivery systems	<ul style="list-style-type: none"> Firehawk® Rapamycin Target Eluting Coronary Stent System FireCondor™ Rapamycin Target Eluting Coronary Stent System Firebird2® Rapamycin-Eluting CoCr Coronary Stent System Firekingfisher™ Coronary Rapamycin-Eluting CoCr Coronary Stent
	Balloon catheters and accessories	<ul style="list-style-type: none"> Pioneer® Balloon Catheter FOXTROT® NC PTCA Balloon Catheter Firefighter™ PTCA Balloon Catheter
ORTHOPEDICS DEVICES BUSINESS	Reconstructive joints, spine trauma, and other professional implants and instruments	<ul style="list-style-type: none"> Dynasty® Series Acetabular Hip System Prime® Series Acetabular Hip System SoSuperior™ Medial-Pivot Knee System Evolution® Medial-Pivot Knee System Advance® Medial-Pivot Knee System and Revision Knee System Trailwalker™ Intramedullary Nail Piscis™ Horacolumbar Interbody Fusion
CRM BUSINESS	Pacemakers, defibrillators and cardiac resynchronisation therapy devices	<ul style="list-style-type: none"> Alizea™ and Borea™ series Bluetooth® Implantable Pacemakers and SmartView Connect™ Home Monitor ENO/OTO/TEO series Implantable Pacemakers 心悦™ Rega®, 心蘭™ Orchidee® and 心韵™ Trefle® series Implantable Pacemakers MRI-compatible Implantable Cardiac Defibrillators (ICDs) Ulys™ & Edis™, and Cardiac Resynchronization Therapy and Defibrillation (CRT-Ds) Gali™ Platinum™ Implantable Cardiac Defibrillators (ICDs) NAVIGO™ Left Ventricular Pacing Lead
ENDOVASCULAR AND PERIPHERAL VASCULAR DEVICES BUSINESS	Products for the interventional treatment of thoracic and abdominal aortic aneurysm, peripheral vascular disease, aortic dissection, and other endovascular related diseases	<ul style="list-style-type: none"> Castor® Branched Aortic Stent Graft System Hercules® Low Profile Aneurysm and Delivery System Talos® Thoracic Stent Graft System Minos® Abdominal Aortic Stent Graft System Aegis® Abdominal Aortic Stent Graft System Reewarm® PTX Drug Balloon Dilation Catheter Fontus® Branch Surgical Stent System

BUSINESS SEGMENTS	PRODUCT CATEGORY	SOME OF OUR CORE PRODUCTS
NEUROVASCULAR DEVICES BUSINESS	Neuro-interventional therapeutic and access medical devices for neurovascular diseases	<ul style="list-style-type: none"> Tubridge® Flow-Diverting Stent Willis® Intracranial Stent Graft System APOLLO™ Intracranial Arterial Stent System NUMEN® Coil Embolization System NUMEN Silk® 3D Electronically Detachable Coil Bridge® Vertebral Drug-Eluting Stent Neurohawk® Stent Thrombectomy Device Diveer™ Intracranial Balloon Dilatation Catheter
HEART VALVE BUSINESS	Heart valve product	<ul style="list-style-type: none"> VitaFlow® Transcatheter Aortic Valve (“TAVI”) and Delivery System VitaFlow Liberty™ Transcatheter Aortic Valve (“TAVI”) and Retrieval System Alwide® Plus Balloon Catheter
SURGICAL ROBOT BUSINESS	Surgical robot	<ul style="list-style-type: none"> Toumai® Laparoscopic Surgical Robot DFVision® 3D Electronic Laparoscope Honghu Orthopedic Surgical Robot
SURGICAL DEVICES BUSINESS	Extracorporeal circulation series consumable products such as Oxygenation System (artificial lungs), occlusion series products and general surgical polypropylene herniorrhaphy series products	<ul style="list-style-type: none"> Membrane oxygenation system Arterial and venous cannulas MOBYBOX Extracorporeal Membrane Oxygenation (ECMO) System
EMERGING BUSINESS SEGMENTS	Medical devices for endocrinology, rehabilitation treatment, sports medicine, assisted reproduction	<ul style="list-style-type: none"> La Fenice® Insulin Pump Hypophyseal Hormone Infusion Pump AutoEx® Chemotherapy Pump TherMotion® Cryo-Thermo Compression Device Single-use Flexible Ureteropelvic Electronic Endoscopic Catheter Orkid® Intrauterine Insemination Catheter Lotus® Ovum Aspiration Needle

MISSION AND VALUES



MISSION

Provide Trustworthy and Universal Access to State-of-the-Art Solutions of Prolonging and Reshaping Lives

VISION

Building a Super-Conglomerate of People Centric Enterprises of Emerging Medical Technologies

BELIEFS

Breaking Barriers to Help Billions of People to Live Beyond 115 Years

“The sun and the moon shine on all things however trivial they are, the rain and the dew moisten all lives, even coarse grasses.”
 MicroPort seeks to bring health and longevity to every patient, every family, every community in every corner of the world.



IMPORTANT MILESTONES

15 May 1998:
the Company was founded.

1999:

PTCA Balloon Catheter was launched in China

2000:

Mustang™ Bare Metal Stent was launched in China

2003

Officially entered Japan market with PTCA Balloon dilatation catheters

2004:

- Firebird™ Drug Eluting Coronary Stent System was launched in China
- Mustang™ Bare Metal Stent was launched in Europe

2005:

- Aegis® Aortic Stent Graft System was named National Key New Product
- Annual sales exceeded RMB100 million

2006:

- Hercules®-T Thoracic Stent-Graft System was launched in China
- Coronary drug eluting stent implants reached over 100,000 units

2014:

- Firehawk® Rapamycin Target Eluting Coronary Stent was certified and launched in China
- Annual sales exceeded RMB 2 billion

2015:

- Firehawk® Rapamycin Target Eluting Coronary Stent received CE mark
- EVOLUTION® medial-pivot knee system was certified for launch in China

2010:

- MicroPort® was listed on the Main Board of the Hong Kong Stock Exchange (00853.HK)
- Annual sales exceeded US\$100 million

2021 to the approval date of this report by the Board

- CardioFlow Medtech, a subsidiary of MicroPort® was listed on the Main Board of Hong Kong Stock Exchange
- MedBot®, a subsidiary of MicroPort® was listed on the Main Board of Hong Kong Stock Exchange
- The global orders and shipments of MicroPort® coronary stents both exceeded 1 million units, completing the national procurement commitment ahead of schedule
- MicroPort® Orthopedics Advance MedialPivot Knee System was assigned the highest rating of "15A" by the ODEP (Orthopedic Data Evaluation Panel), an authoritative rating agency in the global orthopedics industry
- MedBot® Toumai® Laparoscopic Surgical Robot was certificated for launch in China
- 5 products including IceMagic® Cardiac Cryoablation System, Vflower® Venous Stent System and Vitasprings® Spiral Diversion Integrated Membrane Oxygenator entered the Green Path

2019:

- Endovascular MedTech™ was successful listed on the Science and Technology Venture Exchange as the first batch
- MicroPort® CardioFlow VitaFlow® Transcatheter Aortic Valve System was certified for launch in China
- DFVision® 3D Electronic Laparoscope, Toumai® Laparoscopic Surgical Robot, BonaFire® Passive Pacing Lead were admitted in the Innovative Medical Device Special Review and Approval Procedure (the "Green Path")

2018:

- Large-scale TARGET All Comers (TARGET AC) results of Firehawk® in Europe was published in The Lancet, the world's top-notch authoritative medical journal, and was selected as one of the "2018 Top 10 Science and Technology Events in China"
- Global aggregated implantations of coronary artery stent system, artificial joint implants and pacemakers reached 4.5 million, 1.1 million and 1 million respectively
- MicroPort® CRM global headquarter was established in Paris, France

2020:

- MicroPort® (00853.HK) was included in the MSCI Hong Kong Index, and was also included in the Hang Seng Composite Mid-Cap Index and Large Mid-Cap Index and officially entered the Shanghai-Hong Kong Stock Connect
- Honghu Orthopedic Surgical Robot entered the Green Path

KEY RESULTS



Economic Performance

2021 Performance

Audited operating income	US\$ 779 million	20% Year-on-year change
Audited R&D costs	US\$ 298 million	55% Year-on-year change
Audited corporate income taxes	US\$ 14 million	40% Year-on-year change

Social Performance

2021 Performance

Total community donations	US\$ 3.06 million	51% Year-on-year change
Training hours per employee	19.66 hours	56% Year-on-year change

Environmental Performance

2021 Performance

GHG emissions intensity	57.78 tons CO ₂ -eq per million USD	18% Year-on-year change
Water consumption intensity	361.24 tons per million USD	22% Year-on-year change

2021 STORY:

♦ ♦ ♦ ♦ CONTINUOUS INNOVATION AND CARING FOR LIFE

of achieving clinical a

MAJOR ACHIEVEMENTS

2021 was an extraordinary year with the COVID-19 pandemic continuing to spread and evolve globally and the world economy struggling to recover amidst imbalances. The global ageing population base continues to grow, and with the economic development and rising living standards, people are increasingly concerned about their health. Upholding the firm beliefs that all people are born equal with the healthcare right, and the right to live healthy and pursue the longevity of life, we actively develop a wide-ranged of transformative medical measures in pursuit of everyone having this right equally. In 2021, we continued to focus on innovation with the core goal

of achieving clinical application effect. We came closer to our patients and listened to their needs with an earnest attempt to provide patients and physicians with better and transformative total healthcare solutions. As of the date of this report approved by the Board, the Group and its associated companies had a total of 22 products approved by the NMPA and 5 products admitted in the Green Path, with a cumulative total of 26 products in the Green Path, ranking first in the industry for seven consecutive years. In addition, 7 products have been approved by the FDA and 15 products have received the CE Markings. In response to the national procurement policy, we reacted proactively and completed the annual supply volume ahead of schedule with quality and quantity guaranteed, satisfying the medical needs of more people, and fully reflecting our responsibility and commitment of “Patients come first”. We continued to penetrate the primary market and carried out the “Swallow Program”, which had brought our products and medical technology into county hospitals to serve a wider range of grassroots population, fully demonstrating MicroPort’s concept – “a brand that belongs to the patients”.



Note: From the beginning of 2021 to the date of this report approved by the Board

PRACTITIONER OF RESPONSIBLE GOVERNANCE

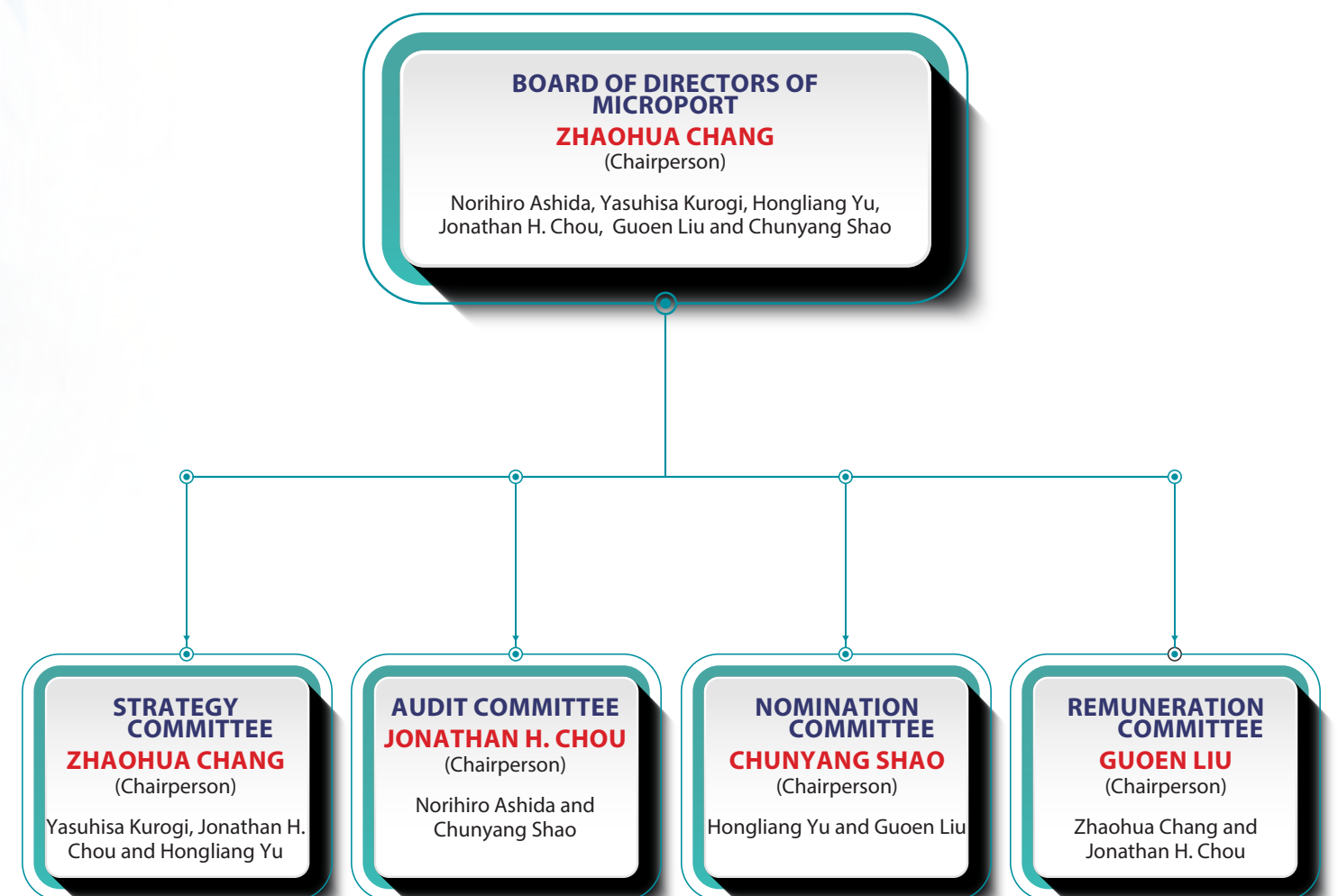


MicroPort believes that compliance is the cornerstone of sustainable and healthy corporate development. We are committed to maintaining high standards of corporate governance from aspects of governance structure, policy development and employee daily engagement so as to safeguard the sustainable development of the Company in the long run.

COMPLIANCE GOVERNANCE

The Board of MicroPort takes the responsibility to determine all major matters, including but not limited to policies, strategies and budgets, internal control and risk management, major transactions (particularly those that may involve conflict of interests), financial information, and other significant operations of the Company, and at all times performs their duties in the interests of the shareholders and the Company. The Board comprises seven members, including one Executive Director, three Non-executive Directors and three Independent Non-executive Directors. Among them, over half of the members of the Board possess industry knowledge in medical devices and public healthcare, and other members have professional experience in finance, accounting, law, and investment. For detailed biographies of the directors, please refer to the Company's website at <https://www.microport.com.cn/about/team>.

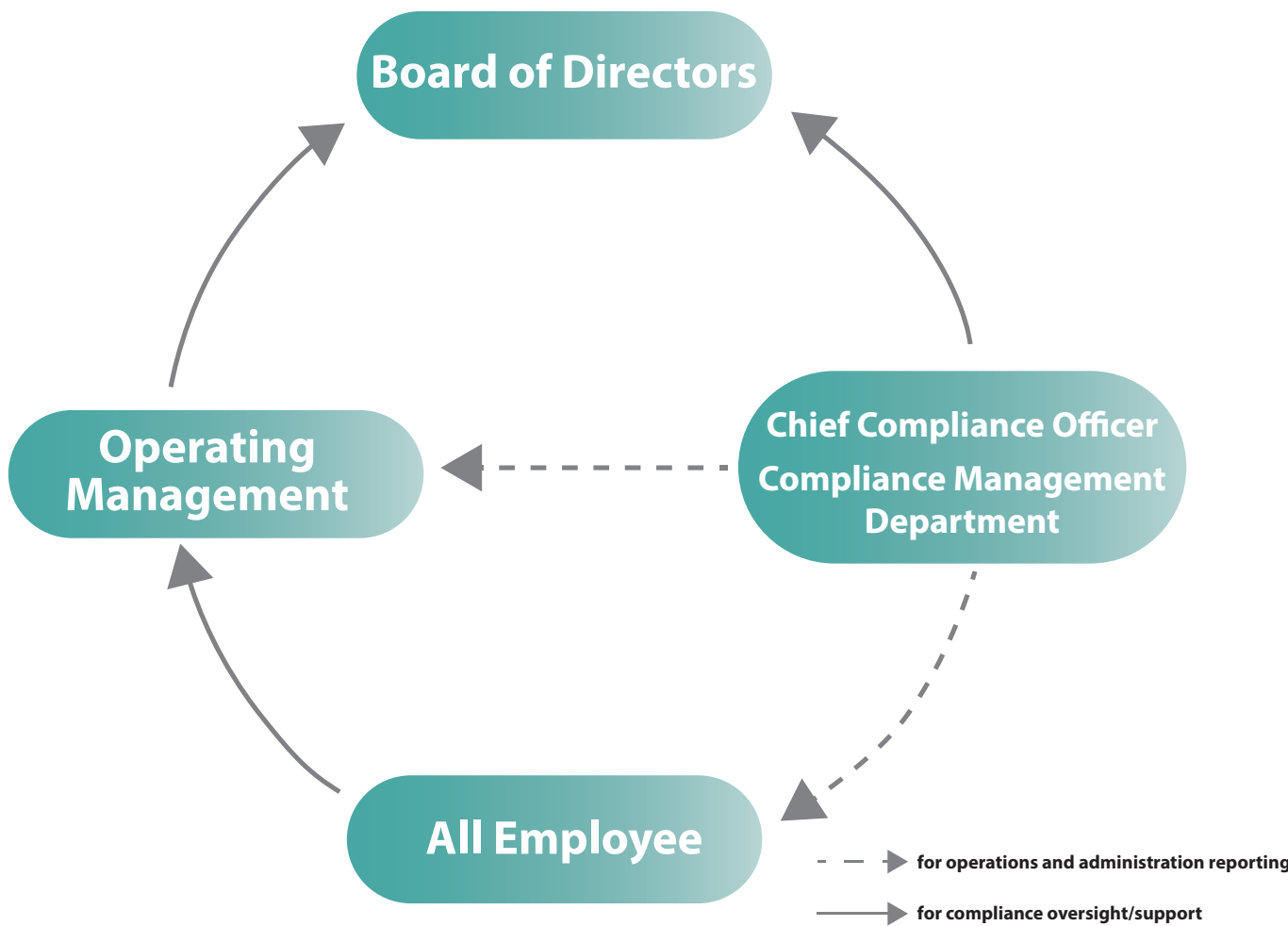
Having a diverse Board is one of the essential elements in maintaining our competitive edge. In evaluation and election of Board candidates, the Nomination Committee takes into consideration not only the candidate's character and integrity, professional qualifications, skills, and knowledge and experience relevant to the Company's business, but also diverse factors such as gender, age, cultural and educational backgrounds. The Board of the Company has a well-balanced mix of knowledge, skills and experience with a wide age range, effectively broadening the management perspective. The industry and academic backgrounds of the members of the Board cover biological science, economics, medicinal chemistry, business administration, law, and health economics, and 43% of the directors hold PhDs degrees. The Company recognizes and acknowledges the importance of gender diversity and has taken and will continue to take measures to promote and enhance gender diversity at all levels of the Company, including but not limited to the Board and senior management. As at the end of the Reporting Period, the proportion of women in middle and senior management reached 40% and 24% respectively.



Please refer to the Company's website for biographical details of the Directors
(<https://www.microport.com.cn/about/team>)

The Company’s compliance governance structure is comprised of the Board of Directors, the operating management, the chief compliance officer, the compliance management department, and all employees. The Board, as the highest decision-making body in charge of compliance governance, takes primary responsibility for the effectiveness of the Company’s compliance governance. The operating management oversees the implementation of specific compliance policies, identifies and manages compliance risks faced by the Company in a timely and effective manner, and plays a leading role in decision-making of the Company’s operating management. The Chief Compliance Officer is responsible for coordinating and controlling all aspects of corporate compliance, overseeing the operations of compliance management, providing advisory guidance on compliance to the Board and operating management, and continuing to foster a culture of compliance. The compliance management department assists the Chief Compliance Officer in the day-to-day implementation of compliance management, including conducting compliance reviews and monitoring activities, receiving and investigating complaints and reports, and organizing compliance training to cultivate a culture of compliance. All employees are responsible for the day-to-day compliance administration, proactively identifying and controlling compliance risks in daily operations, seeking support through compliance consultation and review in doubtful situations, and proactively reporting violations or concerns once discovered.

Compliance Governance Structure









ESG MANAGEMENT

MicroPort’s governance of sustainable development is supported by a three-level governance structure, where the Board of Directors is the highest responsible body and directs the integration of ESG strategies into daily operations from the top down. The Board evaluates ESG-related risks to ensure that appropriate and effective risk management and internal control systems are in place for the Group’s risk assessment. An ESG Working Committee has been established to lead the ESG Working Group in advancing ESG-related work, including the setting of ESG-related strategy, target and management approach, coordinating ESG resources deployment and promoting the implementation of specific sustainable development work plans at operational level.

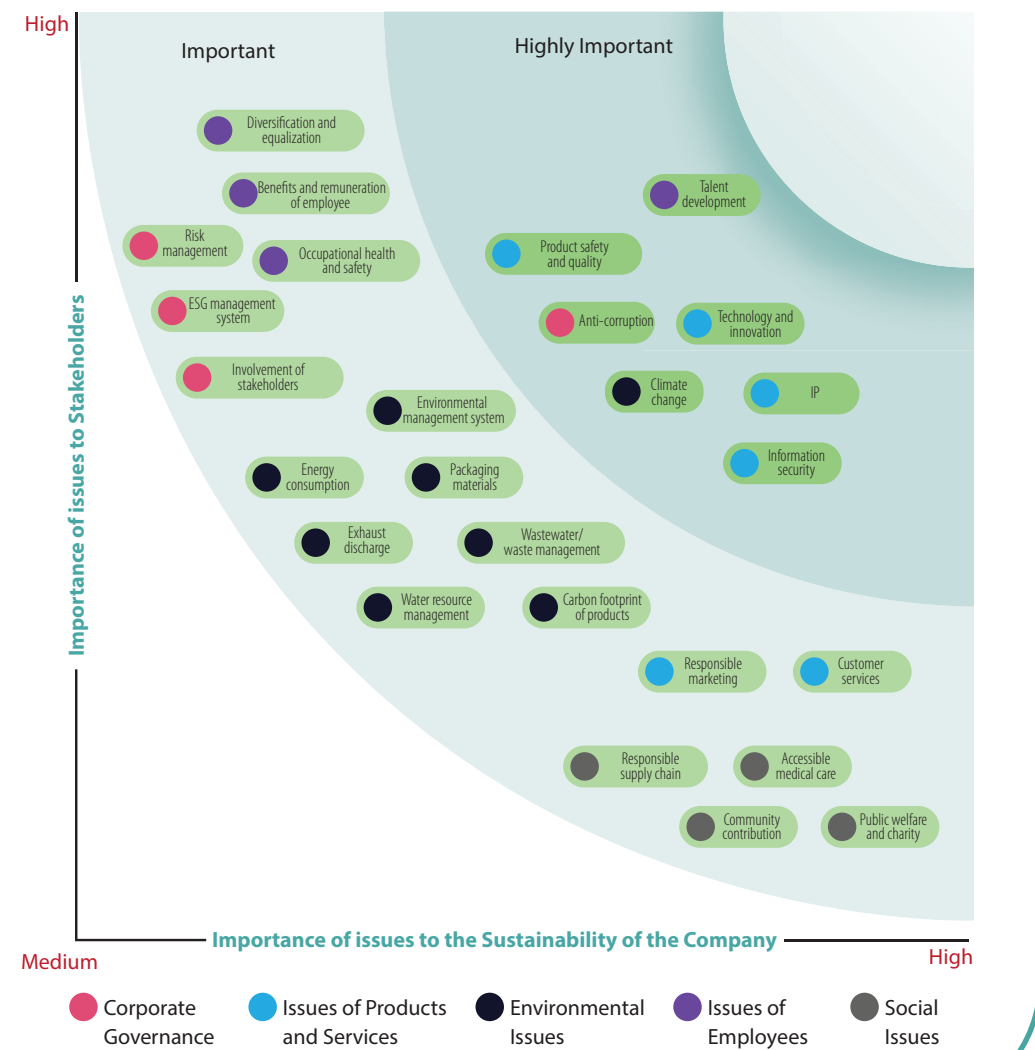
COMMUNICATION WITH STAKEHOLDERS

During the Reporting Period, MicroPort conducted communications of various frequencies with internal and external stakeholders by means of online and offline meetings, interviews, surveys and business visits, and incorporated the opinions of stakeholders, including employees, customers (global distributors, hospitals, physicians and surgeons), users (patients), shareholders, suppliers, regulators, and media into the Company’s ESG risk assessment process to optimize the Company’s ESG management and decision-making. The stakeholder concerns are addressed in this report.

Stakeholder Type	Stakeholders	Concerned Topics	Communication Channels of the Company
Governments and regulators 	National and local governments, market regulators, tax authorities, environmental and industry regulators	Risk management Environmental management Anti-corruption measures Product safety and quality	On-site investigations Exchange of official documents Policy implementation Information disclosure
Shareholders and investors 	Equity and debt investors of the Company	Technology and innovation Product safety and quality Talent incentives Intellectual Property	Investor relations website ¹ Shareholder meetings Information disclosure Correspondence Teleconferences On-site visits Roadshows
Customers/Users 	Global distributors, hospitals, physicians, surgeons and patients –	Information security Product safety and quality Customer (user) service Responsible marketing	Distributor meetings Customer surveys Technical seminars Customer service hotlines Customer satisfaction surveys
Employees 	Employees of the Company	Talent development Remuneration and benefits Diversity and Equality Occupational health and safety	Employee training Employee activities Employee surveys Team Building Horizontal communication Internal publications
Suppliers 	Raw material suppliers	Product safety and quality Responsible supply chain	Supplier evaluation Communication with suppliers and training for suppliers
Communities and the media 	Local communities, the public, and the media, etc.	Community contributions Product safety and quality	Volunteer services Community activities Media communication and interviews

During the Reporting Period, the Company held 156 investor meetings by means of roadshows, investor conferences, on-site visits and teleconferences, and had meetings with 1,049 investors and analysts. We also held four annual or interim throughout the year, attracting 833 global investors or analysts in attendance. In addition, the Company showcased the business progress to investors on a monthly basis through public release of the investor relations newsletter.

¹ <https://www.microport.com.cn/investor>



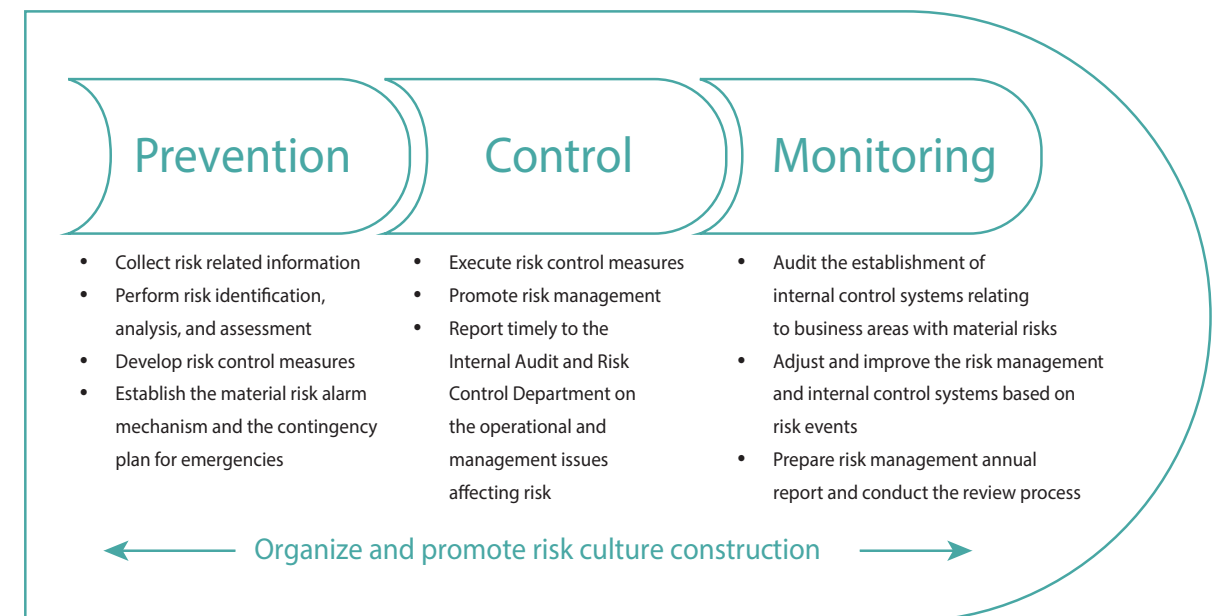
MATERIALITY ANALYSIS

In accordance with the Environmental, Social and Governance Reporting Guide of the HKEx and taking into account its business nature, MicroPort has identified 26 material issues which are classified into five categories including corporate governance, products and services, environment, employees and society. Among the material issues, the ESG Working Committee has added “Climate Change” and ranked it as a highly important issue this year after risk identification, analysis and discussion. Considering that there was no significant change in the business and operating environment of the Company during the year, the priority ranking of other issues has no significant change.

RISK CONTROL

MicroPort attaches great importance to the future impact of uncertainty on the Company’s achievement of business objectives and sustainable development, and adopts a comprehensive risk management system based on business objectives and sustainable development strategy, thereby facilitating the improvement of risk management awareness and management, enhancement of risk prevention capabilities and cultivation of risk management culture.

In order to continuously improve risk management system, the Company has set up the Risk Management System and the Internal Audit System, in which risk organizational structure, division of responsibilities, risk assessment process, and risk response strategy are clearly defined. The Audit Committee under the Board of Directors is responsible for overseeing risk management and internal control mechanism. The Internal Audit and Risk Control Department conducts independent and objective supervision, inspection, evaluation and reporting on the implementation of risk management policies and procedures, as well as the effectiveness of risk management. Each business department incorporates risk management into daily operations related to the function and reports timely to the Internal Audit and Risk Control Department on operational and management issues affecting risks. The clear risk organizational structure and functional division of labor ensure that risk management apply to the whole process of decision making, execution, and supervision covering all business functions, and improve the risk management system in three aspects including prevention, control, and monitoring.



Based on the Risk Management System, the Company has built a comprehensive and effective risk management process. In the risk assessment stage, each department and subsidiary continuously collects internal and external historical data and forecast information relating to the Company’s risks in a comprehensive and systematic manner. The risks are then analyzed and prioritized based on possibility of occurrence, resilience, impact and urgency. Taking into account its own conditions and external environment, the Company determines its risk preference and tolerance based on strategic development, and selects response strategies such as risk aversion, risk minimization, risk sharing, and risk tolerance to ensure the comprehensive and targeted risk management and control.

Risk Assessment

- Collect preliminary risk information (including internal and external preliminary information, historical data and forecast)
- Qualitative and quantitative assessment methods
- Analyze and rank risks based on occurrence possibility and degree of impact
- Manage risk information in real time, and reassess timely when needed

Risk Response

- Determine the risk preference and tolerance with reference to development strategy and based on the Company’s own conditions and external environment
- Determine response strategies such as risk aversion, risk minimization, risk sharing, and risk tolerance

Risk Reporting

- Internal Audit and Risk Control Department is responsible for the establishment and maintenance of risk reporting mechanism
- Risk report mainly contains risk event overview, cause analysis, impacts and solutions

GUARDIAN OF INTEGRITY AND COMPLIANCE

INTEGRITY AND HONESTY

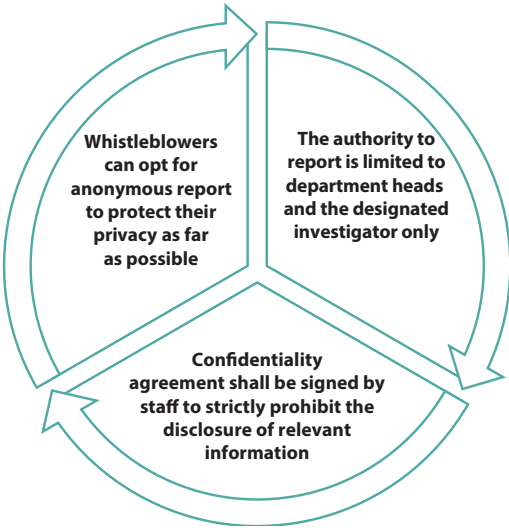
We consider integrity is of utmost importance. By establishing a sound governance structure, we clearly define compliance responsibilities of employees at all levels so that every employee participates in the Company's compliance management.

MicroPort strictly adheres to the Law of the People's Republic of China Against Unfair Competition, the Criminal Law of the People's Republic of China, the Anti-monopoly Law of the People's Republic of China, the Foreign Corrupt Practices Act (FCPA) of the United States and the Bribery Act of the United Kingdom (UK), and laws and regulations applicable in our operation sites. In the meantime, we have incorporated a series of policies, including the Code of Business Conduct and Ethics, the Compliance Manual and the Employee Integrity Code. Under supervision of the Audit Committee, the Internal Audit and Compliance Department are responsible for conducting integrity audits and inspections and providing opinions on treatment of the audit and inspection results to ensure that all employees, corporate managers and directors, distributors, contractors and suppliers implement and enforce relevant requirements of integrity and honesty therein, and firmly eliminate bribery, extortion, fraud, monopoly and unfair competition.

MPO, a subsidiary of MicroPort, has established a separate Compliance Manual applicable to the laws and regulations of the regions where it operates (including Asia, Latin America, Europe, the Middle East, Africa and North America), and has proactively participated in local regulatory and compliance organizations to promote industry compliance.



For more information on the Code of Business Conduct and Ethics, please visit MicroPort's website ([https://www.microport.com.cn/uploads/legal/Code%20of%20Business%20Conduct%20and%20Ethics\(c\)%20.pdf](https://www.microport.com.cn/uploads/legal/Code%20of%20Business%20Conduct%20and%20Ethics(c)%20.pdf))



WHISTLEBLOWERS PROTECTION MEASURES

We have taken a zero-tolerance approach to misconducts such as corruption and bribery, and created a variety of open reporting channels such as mailbox, email account and hotline for integrity, compliance and honest conduct. Case assessment and investigation procedures are initiated within 24 hours on the receipt of a compliant, and all relevant personnel who may affect the impartiality of the case investigation are excluded from participating, while protecting the privacy of the informants. If a complaint is confirmed to be true, the case will be processed in accordance with relevant policies. We have set up informant protection mechanism, pledging to protect the information of informants and prohibit any retaliation or retribution against any informants. In the case of any retaliation or retribution behaviors, sanctions and punishment will be exercised accordingly and we also request the supervision from the higher-level departments, which are liable for their negligence under this circumstance.

Code of Business Conduct and Ethics

• The Code of Business Conduct and Ethics applies to all employees, managers and directors, distributors, contractors and suppliers of the Company, and the rules and requirements cover all aspects of the Company's compliance operations, such as fair competition, global trade compliance, and anti-corruption and anti-bribery.

Compliance Manual

• With reference to the best practices in the industry combined with current policies and business practices of the Company, we have compiled the "Compliance Manual" defining the compliance management responsibilities and management requirements for compliance-related work, which sets the principles for relevant activities of business departments.

Employee Integrity Code

• The "Employee Integrity Code" sets out clear provisions on the code of conduct, management of gifts and gifted money, implementation and supervision channels, rewards and punishments on employees with an aim to strengthen in order to strengthen the standardization management and integrity, and to ensure the normal operation and management activities the Company.

COMPLAINT REPORTING CHANNELS OF MICROPORT

Integrity Mailbox	Integrity Mailbox Address: 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, The People's Republic of China
Integrity Email	compliance@microport.com
Compliance Hotline	(021) 38954600-1111

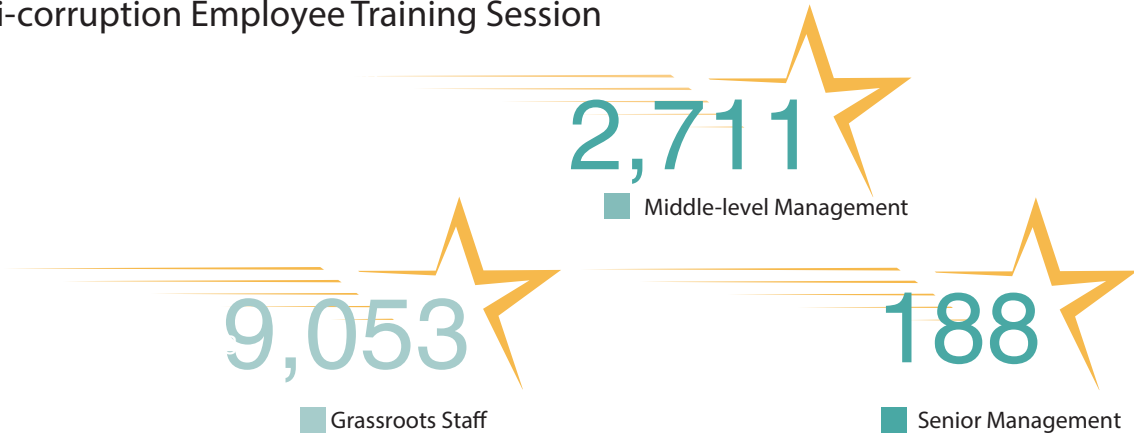
MicroPort regularly organizes integrity training to raise employee awareness in promotion of an internal culture of integrity and honesty. During the Reporting Period, we conducted the first MicroPort Compliance Week. Our directors and senior management actively participated in video-recording the compliance interviews, the video of which was later looped at the Group headquarters and subsidiaries together with an animated compliance promo. During the Compliance Week, the MicroPort compliance management department carried out creative activities such as compliance knowledge competition, communication salons for middle-level management, compliance-related games, etc. with great engagement and positive feedback from employees.



The First MicroPort Compliance Week

MicroPort has adopted both online and offline training on integrity and compliance, covering employees at all levels and in all functional roles, from directors, management to general staff. During the Reporting Period, the Group was not aware of any legal cases related to bribery, monopoly, extortion, blackmail, fraud and money laundering that had a significant impact on the Group, nor any legal cases related to corrupt practices by the Company or its employees.

No. of Participants in Anti-corruption Employee Training Session



In June 2021, the Intellectual Property and Legal Department provided an annual online compliance training to all MicroPort employees and distributors, the content of which covered the Compliance Manual with the focus on promoting anti-corruption and anti-bribery related laws and regulations, compliance requirements of interactions with Health Care Professionals (“HCP”), requirements and processes of catering, gifts and educational items, support to third-party meetings, etc., where the compliance key points to various activities were specified, and the reporting channels, the procedures for accepting reports and the investigation processes of the Company were advocated.

COMPLIANT MARKETING

MicroPort fully understands the importance of compliance and responsible publicity to users and patients in respect of concepts, products and so forth, and complies with the Advertising Law of the People’s Republic of China and the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests. In 2021, we have updated the Subsidiary Logo System, the External Information Release Management Process, the Social Media Account Application Management System and other related systems. In response to the growing number of WeChat public accounts of our subsidiaries and the difficulties we encountered in implementing the unified management, we continue to strengthen the scale and depth of compliant marketing management. We have established and released a hierarchical control system and assessment standards for the operations of advertisement platforms of the subsidiaries, guiding and regulating the operations of self-media platforms of our subsidiaries.

With regard to the advertisement as well as the packaging as well as the product labelling, we have set up a strict review mechanism in ensuring that the promotional content is compliant with the law and for avoidance of the behaviour of exaggerated and false propaganda, which could mislead the consumers.

Advertisement

- Relevant departments such as Intellectual Property and Legal Affairs are involved to review and control the content of external releases
- Add risk alerts in the advertisement, through which our consumers are notified clearly with the potential problems, so that their decision making won't be influenced by inaccurate information

Packaging and product labelling

- Standards on the Management of Packaging and Design is developed to clearly specify the responsibilities of relevant departments to ensure compliance
- Control the printing processes and inspect the product labels to ensure accuracy and legality

During the Reporting Period, we carried out special trainings on the Advertising Law. Nearly 100 colleagues from branding, marketing departments from the Group, and relevant business segments participated in the on-site training and communication. Along with the rapid expansion of the Group’s business, the need of training on overcoming the pain point and difficulties of risks in the business development became more urgent. In this regard, the legal teams of the Group and its subsidiaries organized several training sessions on the Advertising Law. Based on the practical experience of medical device advertising, the legal team had provided practice guidance to different business lines of the Group and its subsidiaries on how to accurately determine the boundary of advertising in medical device industry and the legal compliance matters that need to be focused, on so as to further regulate the external advertising and promotion behaviors of relevant business lines or departments in the course of daily business operations and to lower the legal and compliance risks of the Company.

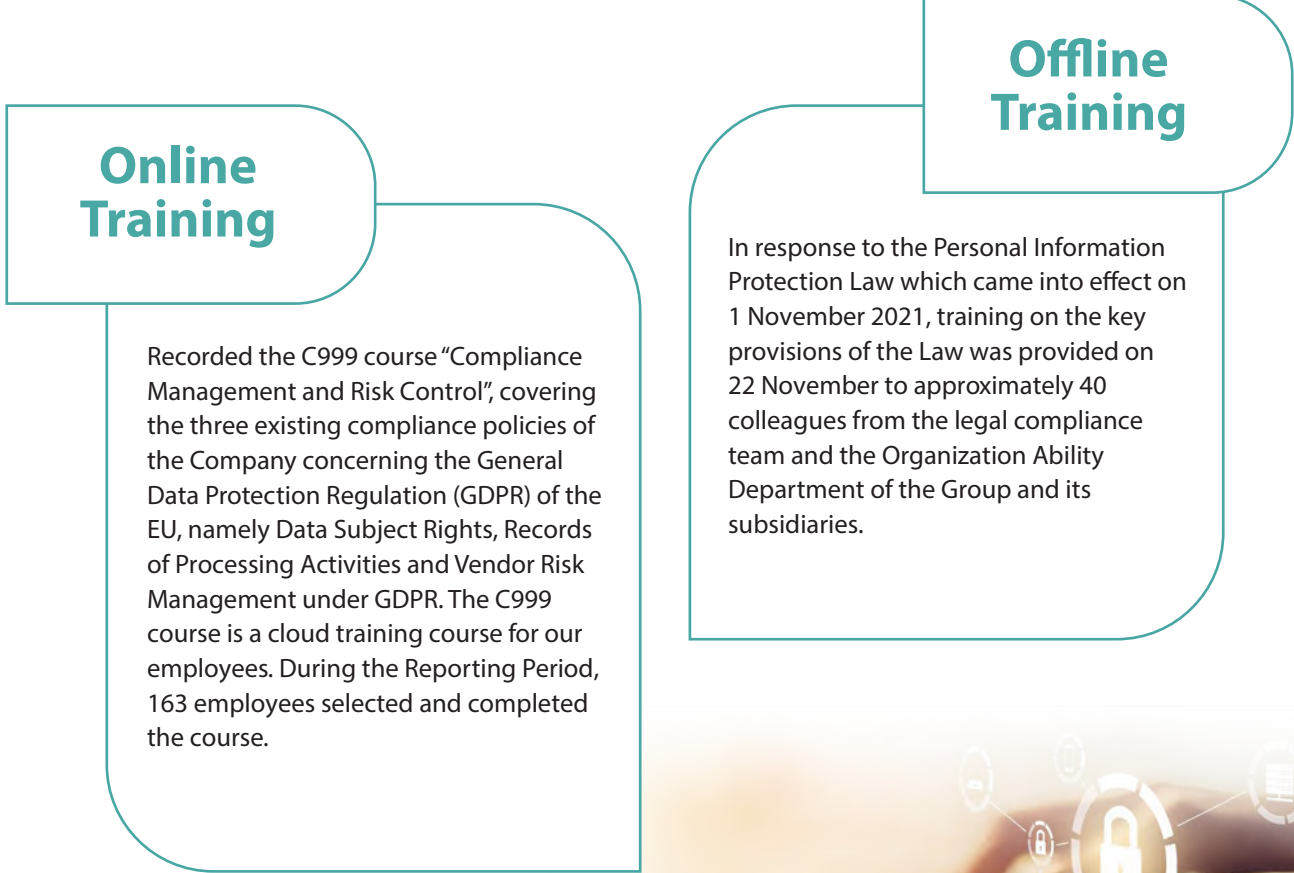
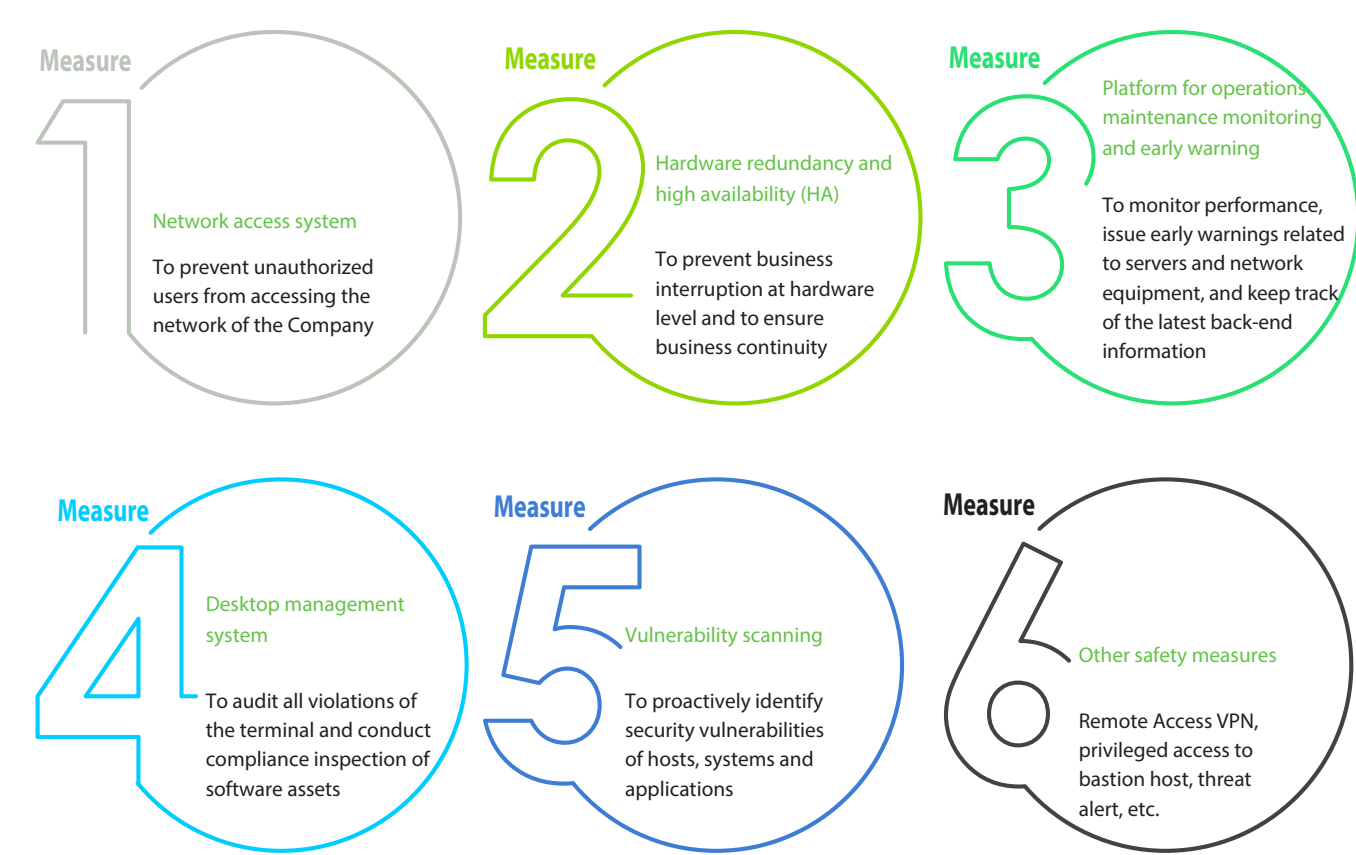
INFORMATION SECURITY AND DATA PRIVACY

MicroPort has always placed high priority on information security and data privacy. We abide by relevant laws and regulations including 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 Regulations on Levels of Cyber Security Protection, the General Data Protection Regulation (GDPR) of the EU, the Health Insurance Portability and Accountability Act (HIPAA) of the United States of America. In response to the new Data Security Law of the People’s Republic of China and the Personal Information Protection Law of the People’s Republic of China released in 2021, we have revised internal policies and procedures such as Information Security Management Policy and Privacy Information Management Policy, and implemented the Employee Information Security Code, which serves as a guideline for employees’ behaviors in information security and data privacy protection.

During the Reporting Period, we adopted various technical, managerial and compliance measures for information security and data privacy protection to ensure safe operations of the Company’s information system, business data and customer personal information.

We regard compliance with regulations and policies related to information security and data privacy as a fundamental principle of conducting our business, and consider it a key responsibility to manage related risks. In order to monitor and manage potential threats and vulnerabilities wherever possible, we have carried out information security and privacy risk identification, continuously tracking and responding to the risk list of MicroPort’s network security and privacy. The risk list of MicroPort’s network security and privacy includes framework risks such as ISO/NIST/HITRUST/regulations, and security risks arising from information system/host/cloud/website. The Company’s information assets are regularly assessed, updated, and are risk-responsive based on requirements of the ISO27001 (Information Security Management System), ISO27701 (Privacy Information Management System), and various new regulatory frameworks on information security and data privacy. During the Reporting Period, our Digital Capability Center had obtained the certification of ISO27001, and no incident in violation of customer privacy was recorded.

During the Reporting Period, the Company adopted a combination of online and offline approaches to conduct IT security and personal information protection training to raise employees’ awareness on information security and data privacy protection.



TRADE SECRETS AND IP PROTECTION

As a leading provider of high-end medical devices and related products, MicroPort highly emphasizes the protection of intellectual property (“IP”) and trade secrets and considers intellectual property as an important asset.

In strict adherence to the Trademark Law of the People’s Republic of China, the Patent Law of the People’s Republic of China, the Law of the People’s Republic of China Against Unfair Competition, the Defend Trade Secrets Act of 2016, the Economic Espionage Act of 1996 and the Uniform Trade Secrets Act of the United States and the Directive on the Protection of Trade Secrets of the EU among other laws and regulations in the operation sites where we conduct businesses, MicroPort has promulgated and implemented the Intellectual Property Manual regulating the requirements and procedures of IP management within the Company and initiatives from all employees, managers and directors to protect the Company’s intellectual property. In order to prevent illegal theft, usage and leakage of trade secrets, the Company has formulated the Trade Secret Management Regulations to regulate trade secrets management and raise employees’ awareness of confidentiality. The Company also values the protection of third party information as seriously as the protection of its own trade secrets and intellectual property. We respect and protect third party information, and strictly prohibit the disclosure of such information.

During the Reporting Period, MicroPort held a total of 5,402 patents (including applications in progress), representing a year-on-year increase of 305 patents; 3,165 trademarks (including applications in progress), representing a year-on-year increase of 399 trademarks, and was awarded the China Patent Silver Award by the Shanghai Intellectual Property Administration.

In order to improve management, protection and application of intellectual property rights, we continuously conduct IP-related promotion and training to strengthen legal compliance and awareness. During the Reporting Period, we have carried out a series of activities such as IP Month, IP judicial interpretation, IP case study, prize quizzes, and patent recognition. In addition, we held the first “MicroPort ILC” forum covering seminars and discussions on “The Impact of Personal Information on Enterprise Operations”, “Enterprise Trade Secrets Management and Protection”, and the “Required Attention on IP, legal and Compliance Issues for Enterprises Going Global”, etc. Apart from the above, the Company has also conducted a number of IP-related trainings.

Training on Enterprise Patent Portfolio Strategy and Success and Failure Cases

On 25 June 2021, the Vice President of Intellectual Property and Legal Affairs Department conducted the Company’s training on “Enterprise Patent Portfolio Strategy and Success and Failure Cases” to staff of the Group. Through three parts, “Case Presentation”, “Dimensional Consideration of Patent Portfolio” and “Patent Portfolio from Technical Dimension”, the in-depth explanation on the patent portfolio of the Company was presented in simple words. The on-site interaction was lively, and the some staff actively participated in the discussion online. The duration of the course was 1.5 hours and it adopted an approach combining online and offline, with approximately 200 participants.



Patent Basic Knowledge and Portfolio Training

On 11 June 2021, the Intellectual Property Department of the Group conducted a training on “Patent Basic Knowledge and Portfolio” to the R&D team of sports medicine business. Through an approach combining theory and case studies, the training was refrained from being dull and difficult and the R&D team had deepened their understanding on patent portfolio. The training lasted for 3 hours and was attended by over 30 participants.



COMMITTED PRACTITIONER OF ♦ ♦ ♦ CRAFTSMANSHIP

As the world's leading innovative medical device group, we are committed to building "a brand belonging to the patients", and providing quality products and dedicated services with a patient-centered approach for human life and health.

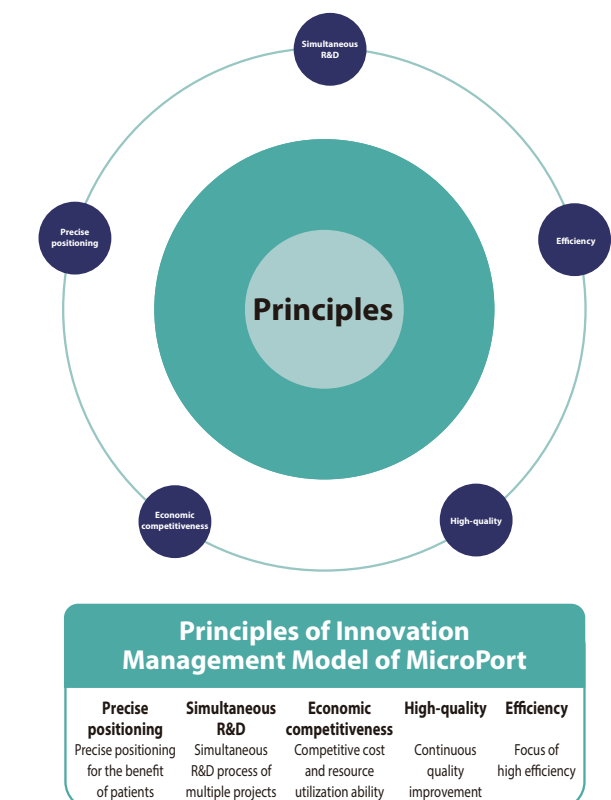
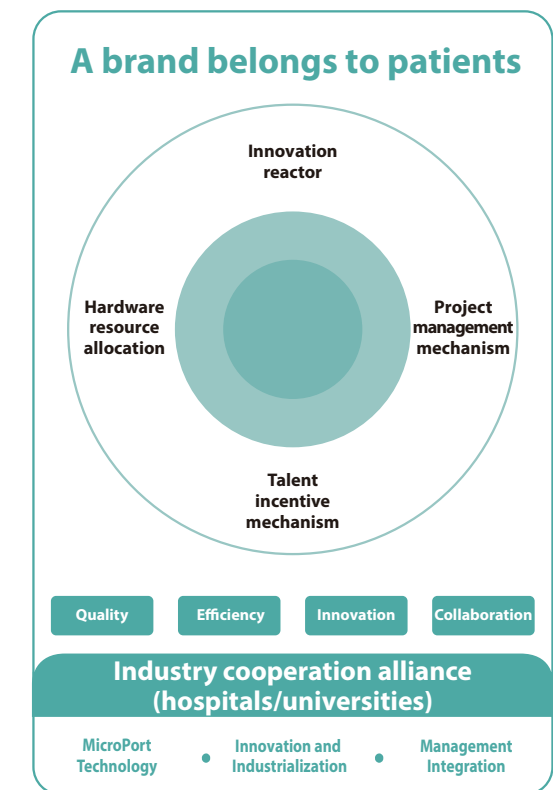
CONTINUOUS INNOVATION

MicroPort is committed to supporting medical craftsmanship with innovation and driving the development of innovative management capabilities with patient needs as the core. We insist on clinical application-oriented for R&D and take innovation as the foundation of our business development, and the concept of innovation is deeply inherited in all subsidiaries and our business lines.

Based on the “Management Model of Technological Innovation and Industrialization Integration”, and the requirements of relevant policies and regulations in China and other countries and regions, we continued to update and optimize the innovation R&D management system of MicroPort during the Reporting Period. With a core focus on four major mechanisms, “Innovation Reactor,” “Project Management Mechanism,” “Hardware Resource Allocation” and “Talent Incentive Mechanism”, we uphold the five principles of “Simultaneous R&D, Efficiency, High Quality, Economic Competitiveness, Precise Positioning” in the provision of expected products and medical solutions to more patients.

The “Management Model of Technological Innovation and Industrialization Integration” was developed by us through repeated exploration. Through this model, we can select projects that can achieve rapid industrialization and benefit patients through accurate market positioning and industry prediction. We implement multi-project simultaneous R&D, and improve the efficiency and quality of R&D to shorten the R&D cycle. At the same time, we continuously optimize the process methods and design parameters to ensure that the final products fully meet the needs of patients. We cooperate with upstream and downstream partners, build industrial cooperation alliances, and have in-depth cooperation with hospitals and universities to achieve technological breakthroughs.

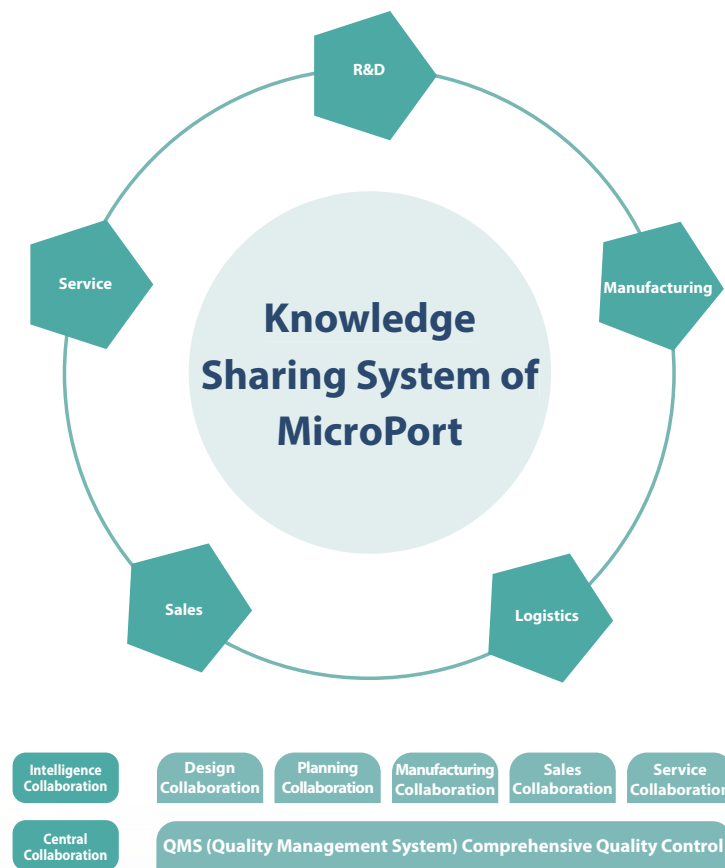
For the purpose of building innovative R&D teams, we encourage our R&D project personnel on proactive exploration, innovative ideas and improvement solutions in R&D work by means of setting up R&D incentive program and holding innovation competition with incentives such as milestone awards and innovation evaluation award. During the Reporting Period, our R&D incentive bonus amounted to approximately US\$19.40 million, representing an increase of 49.6% over the previous year; R&D expenses were approximately US\$297.78 million, representing an increase of approximately 54.6% over the previous year and accounting for approximately 38.24% of total revenue; and the number of R&D team members was increased to 927, representing an increase of approximately 59% over the previous year.



KNOWLEDGE SYSTEMS

For the purpose of stimulating innovation, we have built a MicroPort styled knowledge sharing system by engaging in a knowledge sharing mechanism between employees, customers and business partners which permeates the core independent innovation capacity of the Company into the entire value chain of the medical device industry, and enables various value activities in the value chain to achieve synergies while stimulating innovative medical solutions. Meanwhile, through digitalization, the efficient implementation of the Company's healthcare solutions is supported.

During the Reporting Period, MicroPort, as per the current knowledge sharing program, organized a number of technical exchange activities where valuable opportunities and platforms were provided to employees for exploring knowledge, sharing experiences, and learning and exchange that enables a full understanding to the employees on the condition of each business line in the process of knowledge sharing, stimulating feasible and innovative medical solutions.



THE FOURTH "BRAINSTORMING FORUM"

During the Reporting Period, we held the 4th "Brainstorming Forum". The forum continued to uphold its purpose of mutual learning, mutual support, joint improvement and promotion of innovation development and focus on the topic of active medical devices. The participants had a lively discussion on the hot issue of the reliability of active medical devices, which stimulated the spark of innovation. More than 60 participants attended this forum. The forum invited experts in the industry who have experience in drafting reliability standards for medical electrical equipment to give in-depth explanations and discussions on reliability issues in the R&D of high-risk active medical devices. Through interactive communication, the difficulties of R&D engineers for reliability work have been effectively solved. As a brand project, the forum has built a work exchange bridge for participants and stimulated innovative inspiration through knowledge sharing.

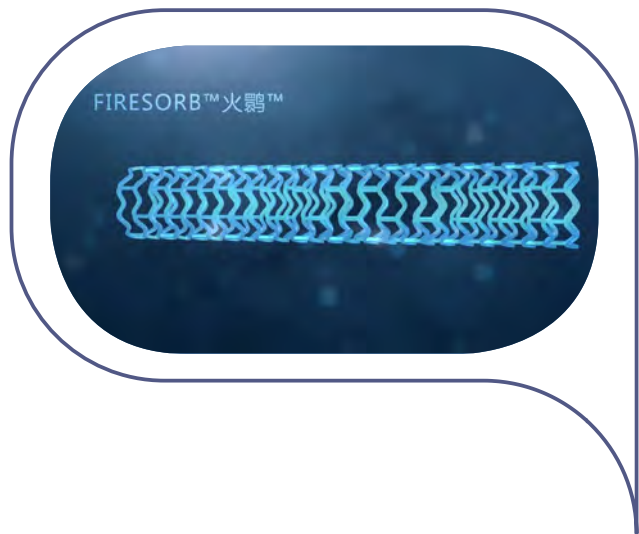
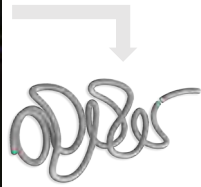
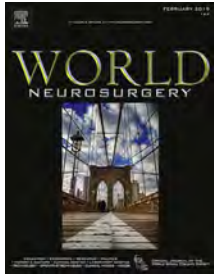


INNOVATION HONORS

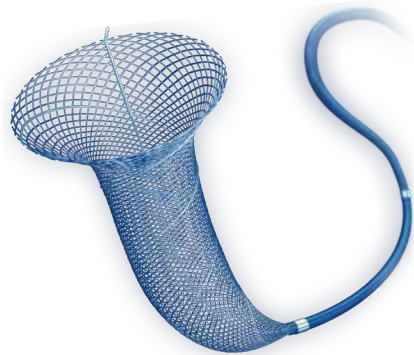
During the Reporting Period, our innovative practices won several innovation awards and received recognition from various organizations and institutions.

INNOVATION AWARDS AND RECOGNITIONS

Results of Pre-Market Clinical Trial “CATCH” for Numen® Coil Embolization System (NUMEN®) was published in World Neurosurgery. The CATCH study showed that the clinical efficacy of NUMEN® has reached an internationally advanced level comparable to that of top-tier products. NUMEN® has also been recognized by surgeons for its pushability, traceability, and detachability.



The FUTURE II research results of Firesorb® Bioresorbable Rapamycin Targeted Eluting Coronary Scaffold System (“Firesorb®”) was published on JACC Cardiovascular Interventions, a well-known cardiovascular journal. The research results showed that the Firesorb® was comparable to a market-leading metal drug-eluting stent in terms of safety and reliability at the primary endpoint of one-year post surgery. The FUTURE series clinical studies of the Firesorb® will help promote the concept of “leave nothing behind” for bioabsorbable scaffolds to be widely applied in clinical practice.

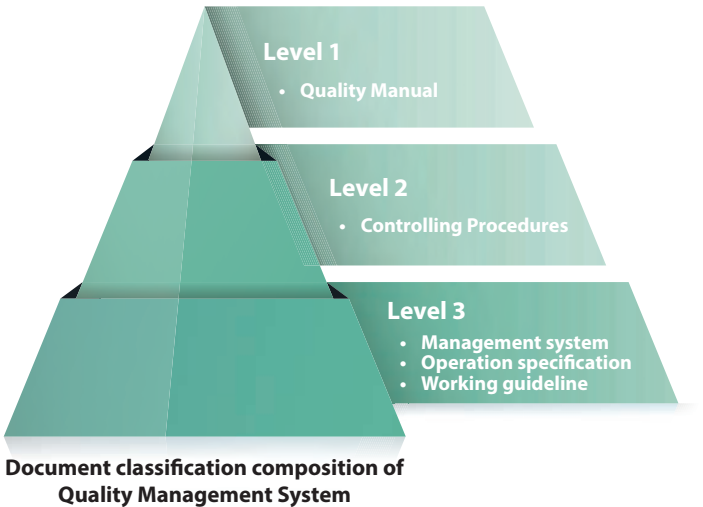


Tubridge® Flow-diverting Stents won the Silver Prize of 33rd Shanghai Excellent Invention Competition Award. The device is designed for the treatment of large and giant cerebral aneurysms. It can cure the cerebral aneurysm by effectively diverting the blood flow based on the hemodynamics, and has excellent release mechanism and wall apposition performance.

QUALITY FIRST

QUALITY MANAGEMENT

Our prominent commitment to customers is the provision of high quality products, and “quality” is one of our core values. In order to ensure systematic development of quality management, the Company has set up a quality management system comprising three levels. Quality Manual, the first level of management document, is prepared in accordance with local and international laws and regulations and relevant industry standards, in which quality policy of the Company is defined and the requirements and standards for the quality system are stipulated.



Based on clear direction of quality management in the Quality Manual, the Company has progressively composed more specific control procedures and quality management documents in the second and third levels, including compilation of standard procedures, detailed operations specifications, working guidelines, technical documents, etc. At the same time, we have established six quality management teams with clear division of responsibilities to fully implement the quality management, and ensure that each business segment has an independent team to take its responsibility.

QUALITY MANAGEMENT SYSTEM (QMS) TEAM

- Establish and maintain QMS of the Company according to new product and market regulations and standard requirements.
- Perform regular work including internal audits, self-inspections, external audits, etc.
- Responsible for training management of internal auditors of the Company.
- Responsible for promotion of related regulations and standards on quality awareness and quality system of the Company.

QUALITY ASSURANCE(QA) TEAM

- Perform quality assurance, quality evaluation, quality control and quality improvement related work in the product life cycle.
- Perform management and investigation of abnormal quality, and subject to findings, provide problem solutions and product quality improvement.

QUALITY CONTROL (QC) TEAM

- Perform online quality products control.
- Retain defective products samples.
- Perform product whole life cycle testing work.

TEST CENTER (TC) TEAM

- Conduct professional tests, inspection and analysis of physics, chemistry, macromolecules, microorganisms, electromagnetic compatibility, electrical safety and calibration.

POST-MARKET SURVEILLANCE (PMS) TEAM

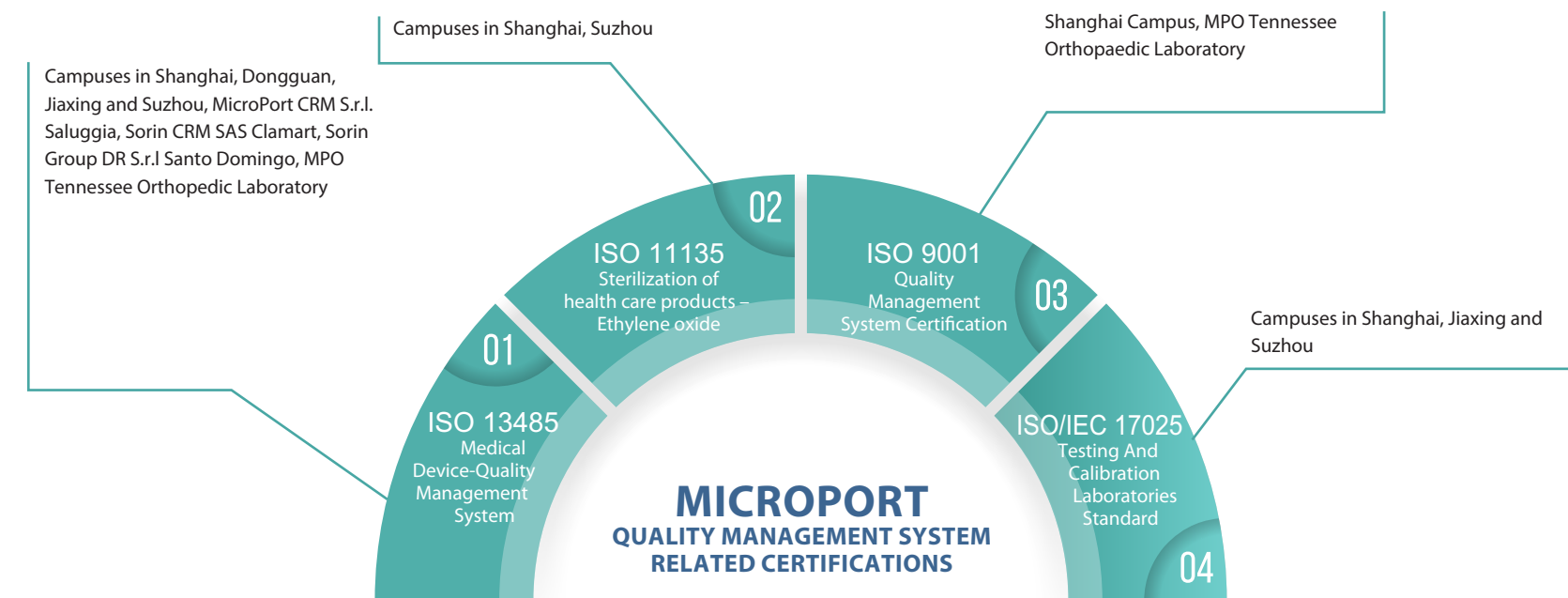
- Perform post-market supervision of products.

QUALITY INFORMATION SYSTEM(QIS) TEAM

- Perform daily maintenance and continuous optimization, tracking and implementation of continuous improvement of quality system.

In addition, we have established a Quality and Standardization Committee to manage corporate standard system where technology is fundamental standard and management and work standards are auxiliaries, the Committee is responsible for coordinating quality and standardization resources, planning standardization development goals, and supporting implementation of quality system and standardization work.

Positioning in the medical device industry, we believe it is an essential recognition of corporate quality of production operations with the accreditation of international authoritative standard system. Therefore, MicroPort continues to strengthen quality control throughout the product life cycle, and strives to expand the coverage of quality system certification in operating locations of the Company and its subsidiaries for further improvement on quality management.



QUALITY INSPECTION CAPABILITY

Product testing is an important part of product quality assessment for medical device companies. Products quality performance can be thoroughly evaluated with the help of professional laboratory testing analysis on identifying weakness links of products, so as to carry out targeted quality improvement work. To enhance testing level and efficiency, MicroPort actively introduces advanced testing equipment, supplements professional testing resources and develops Labvantage Laboratory Information Management System (LIMS) to comprehensively reinforce product testing capability.

ONE-STOP MEDICAL DEVICE PRODUCT TEST AND ANALYSIS SERVICE PLATFORM

The One-stop Medical Device Product Test and Analysis Service Platform is dedicated to providing extensive high-technology testing services in respect of power-based, physical, chemical, microbiological and material analysis with an aim to tackle industrial difficulties such as the lack of professional testing resources and prolonged testing cycles for medical devices. During the Reporting Period, MicroPort further expanded the Company's test centre by a further 2,500 sqm and introduced stent fatigue testing machine, universal material testing machine, metallographic equipment, GC-MS, rapid temperature change chamber, HALT testing machine, salt spray testing machine, 3-meter anechoic test chamber and testing systems on radiation emission, radiation immunity and conduction. A new active 3 m method semi-electric and active environmental and reliability testing capability was also built.



PRODUCT ALERTS AND RECALLS

In order to ensure that the product quality risk management work is effectively extended to the client, the continuous supervision of the use of the product post launching is carried out, and the risk management covering the whole life cycle of the product is truly realized, MicroPort has formulated regulations on product warning system according to domestic and international laws and regulations, including: monitoring, complaints handling, reporting, data analysis, processing, risk management procedures of adverse events as well as safety corrective measures in order for the Company to perform continuous monitoring of product quality, achieve timely control and minimize potential product use safety risks. During the Reporting Period, with the expansion of overseas markets, we developed management regulations on product warning system in accordance with the laws and regulations of our operating places to ensure the applicability and effectiveness of product warning system.

Concerning potential or existing risks of related products, we have established a Product Recall Management System with a dedicated team executing the standardized recall processes. To ensure recall's timeliness, we have set a time limit for recalls to minimize the impacts derived from the products being recalled to the largest extent as possible; at the same time, we have set graded recall procedures to execute targeted recalls according to risk levels. During the Reporting Period, no case of product recalls due to safety and health causes in the operations of MicroPort in mainland China was recorded.

QUALITY CULTURE DISSEMINATION

MicroPort believes quality culture is one of the key factors in determining the level of quality management of the Company. As such, we proactively carry out various company activities to enhance quality awareness of employees and organize relevant legal trainings to disseminate knowledge of laws and regulations in building a solid quality culture and laying a firm foundation for subsequent promotion of quality management. MicroPort regularly holds "Quality Month" of the Group on an annual basis, which consists of several branches of thematic activities in various creative forms and greatly encourages employees' participations. In 2021, with the theme of "Digital Empowerment for Development, Quality for a New Journey", we successfully held "Quality Month" of the Group for the year, including the following activities:



QUALITY BENCHMARKING OPEN DAY

- The open day invited representatives of our subsidiaries to learn about the advanced practices of quality benchmarking enterprises in terms of on-site management and quality management through on-site visits and exchanges and discussions, and also provided a benchmarking basis of quality management improvement of the subsidiaries of the Group.



ISO 13485:2016 INTERNAL AUDITOR INCUBATION CAMP

- The main activity of the incubation camp was training on ISO 13485:2016, external lecturers in the industry were invited to interpret the provisions of the standard in conjunction with jobs of participants and case studies.



"DIGITAL & QUALITY" SALON

- The salon invited experts in the industry to share with representatives of MicroPort and its subsidiaries the strategic significance and roadmap of digital transformation, and showcased success cases of digital application in the whole lifecycle of product including R&D, production and quality management. The event fostered in-depth exchange and cooperation among various functions and actively promoted digital integration of information technology of MicroPort and its subsidiaries.



SIX SIGMA (6σ) REMARKABLE IMPROVEMENT AND INNOVATION TOOLS AND METHODS' APPLICATIONS

- The event was conducted in an evaluation form on the improvement and innovation applications of tools and methods of Six Sigma, promoting the exchange of experience in the application of Six Sigma tools among the subsidiaries of the Group, as well as a full reflection on the growing application of Six Sigma tools in MicroPort.



6S SITE MANAGEMENT DEMONSTRATION EVALUATION

- An evaluation team, led by headquarter of MicroPort and composing of professionals of each subsidiary, was formed using flying mode to perform inspections on work sites of production, inspection and warehousing as well as production-related infrastructure in Shanghai, Jiaxing and Suzhou campuses.
- Based on on-site inspection, the results were summarized and evaluated, and professional guidance on 6S management was provided to the production, inspection and storage sites in the Group. The excellent results were shared and promoted in the closing activity of the "Quality Month".



TYPICAL CASE SELECTION OF QUALITY MANAGEMENT PRACTICES

- This activity was the first case selection on "Quality Management Practice" conducted by MicroPort in the Reporting Period. Subsequent to the processes of organizational recommendation, evaluation Q&A and result validation, the "Best Quality Management Project" and "Best Quality Management Team" were selected.

2021 QUALITY AND REGULATORY FORUM

In 2021, the 10th MicroPort® Medical Quality and Regulatory Forum was successfully held in which over 300 participants from departments and subsidiaries of MicroPort were gathered. The forum discussed the hot topics of medical quality and regulations from different perspectives such as new changes in medical device supervision and administration regulations, focuses of medical device quality audit in Yangtze River Delta and management of medical device quality, etc., and analyzed the difficulties and pain point of quality management of each business segment. Meanwhile, two sub-forums were held to discuss the hot topics on quality management of passive device and active device respectively.



HONORS AND RECOGNITIONS

During the Reporting Period, MicroPort received honors and awards from various sectors in the community for its high-quality products, some of the awards are listed below.

No.	Award Name(s)
1	The first batch of “Medical Device Standards Implementation Benchmark Enterprises” selected by NMPA and China Association For Medical Devices Industry
2	First Prize of Shanghai Key Product Quality Research Achievement Award
3	2021 Shanghai Quality Technology Award (Reliability Excellence Award)
4	“Top Ten Cases” of Digital Transformation in Shanghai Enterprise Quality Management

SERVICE ASSURANCE

PATIENT COMMUNICATION

Provision of dedicated service to patients is one of the means we project our core values. MicroPort never ignores the voices of patients, takes every feedback seriously, and communicates with patients in a dedicated manner. In order to standardize the handling process related to feedback and enhance customer experience, the Company has formulated the Feedback Control Procedures and standard management regulations for complaint handling according to the global practices. During the Reporting Period, the Group carried out in-depth optimization of customer complaint control and handling process, enhanced the efficiency of complaint handling, expanded the categories of complaint types, developed and introduced an advanced integrated information management platform system, and comprehensively improved the standard of customer complaint handling. Currently, our main feedback channels include online platform (ordering system), Conscience Care WeChat public account, email feedback and complaint hotline. Upon receiving feedback or complaint, the receiving department will immediately identify the complaint type and circle back to relevant departments indicating clear response time to prevent customers from prolonged reply waiting.

During the Reporting Period, MicroPort received a total number of 10,946 complaint cases on products and services, all were handled and resolved in strict accordance with the customer complaint handling process of the Company.

SPARTA TRACKWISE SYSTEM

Sparta TrackWise system is the world’s leading quality management solution system. Its core functions include helping to perform analysis on customer complaints and adverse event, as well as online processing and modularization of reporting, thus, online processing of the whole customer complaints cycle is realized that enables information traceability and high efficiency. The system also integrates into the distributor management system(DMS) to efficiently connect to the feedback from the marketing customer side, improving the analysis, processing and reporting capabilities with the relevant data. MicroPort is promoting the optimization of customer complaint handling capability with this system to enhance customer experience and improve customer complaint handling efficiency.

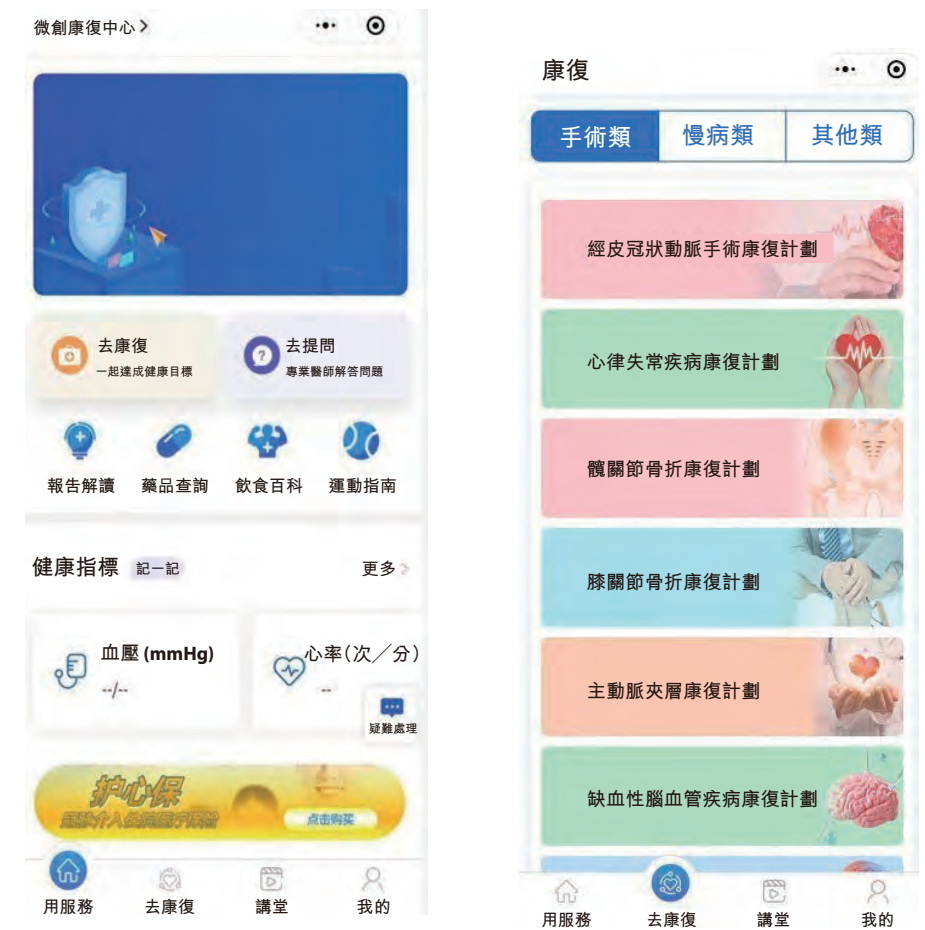
MicroPort focuses on building “a brand belonging to the patients” and is committed to providing patients with an accessible and affordable total solution for prolonging and reshaping their lives. We extend patient services to the end of treatment. After a patient is discharged, a patient service cycle matrix will be created, and the intervals of service will be identified as “discharge summary”, “follow-up”, etc, and in between the intervals, telephone or online callback will be made such that the patient’s feedback, satisfaction and other relevant information will be proactively and timely understood. In order to timely respond to patients and caregivers’ inquiries, MicroPort set up the Conscience Patient Care Center and simultaneously opens the Conscience Care Hotline and the Care Website in answering patients and caregivers’ inquiries round-the-clock should they have any questions on interventional products.

PATIENT EDUCATION

Leveraging fully on online resources, MicroPort builds two platforms, the Conscience Care public Wechat account and the MicroPort Rehabilitation applet, as communication channels to our patient education services, which assist doctors in providing continuous health services to patients while also bringing us closer to our patients.

MICROPOR REHABILITATION APPLLET

MicroPort rehabilitation applet, taking into full considerations on patients’ rehabilitation needs, covers patient education services on multiple topics, presents all necessary information of patients in a clear and comprehensible manner, and assists patients in overcoming the rehabilitation stage safely. Patient education contains abundant information sessions, topics of which including “Diet Encyclopedia”, “Exercise Guide”, “Health and Fitness” video lectures, and experts special live broadcasts, etc., at the same time, the applet is also installed with professional health services, such as report interpretation, health records, health indicators tracking, rehabilitation plans, etc., enabling traceability of patient health information and efficiency of health management that facilitate an extensive improvement on patient experience and speedy recovery.

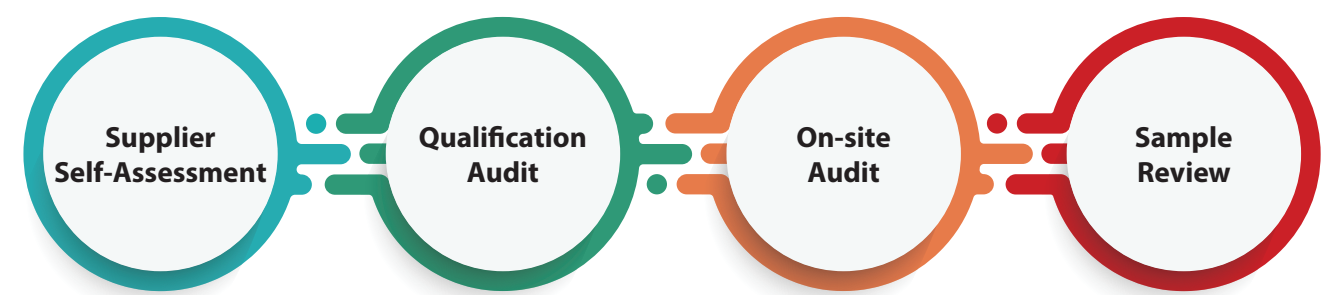


RESPONSIBLE PROCUREMENT

A sound and orderly supply chain is a determinant of smooth operations of a company. MicroPort carefully manages its supply chain, from rigorous implementation of relevant regulations on supply chain management to control of quality of raw and auxiliary materials in the front-end procurement process, all of which have laid a solid foundation for high-quality products. MicroPort has formulated procurement system documents such as the Procurement Management Guide, in which procurement and bidding principles are specified and factors considered in supplier selection are set out that indicate explicitly responsible procurement at the front end when suppliers are introduced. On the basis of legal compliance, we put forward ESG-related requirements to our suppliers, such as green procurement, prohibition of child labor and forced labor, etc. In addition, MicroPort underlines the importance of integrity and honesty in supply chain, thus, integrity principles and integrity clauses are included in the Procurement Management Guide and the procurement contracts entered into between the suppliers and the Company for regulating business behaviors of suppliers. For the purpose of advancing the standard of supplier management, MicroPort has established a Supplier Management Committee, which is not only responsible for the formulation of policies and systems, but also closely monitors the implementation and execution of procurement and supplier management.

SUPPLIER ACCESS

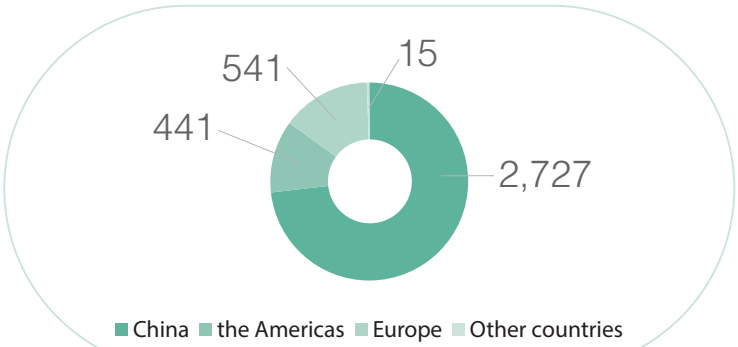
MicroPort sets out clear criteria for supplier access in the internal system documents such as the Supplier Management Rules and Procurement Management Guide. At the same time, MicroPort has established a supplier access mechanism and set up a standardized process of supplier approval audit review to ensure introduction of qualified and competent suppliers in provision of stable and high quality and guaranteed supply to the Company. Supplier approval covers multiple audit processes including supplier self-assessment, qualification audit, on-site audit and sample review, and relevant processes are accompanied by audit checklists for an orderly execution of audit work.



Major Audit Processes on Supplier Approval

We have distinguished approval requirements for suppliers under different supply categories, for example, suppliers of critical materials shall possess certifications to ISO 9001 Quality Management System and ISO 13485 Quality Management System for Medical Devices, and shall enter into a purchasing and quality agreement with the Company. MPO, an overseas subsidiary of MicroPort, has prepared supplier quality management agreements corresponding to each supply category, the requirements of suppliers’ performance in various aspects relating to product characteristics are set out. After approval audit review, the Company will issue a “Supplier Quality Evaluation Report” to confirm if a supplier is approved.

During the Reporting Period, MicroPort had a total number of 3,724 suppliers, and the number of suppliers by geographical region is shown as follows:



Number of Suppliers by Geographical Region

EXISTING SUPPLIERS

To secure continuous high quality supply and to improve efficiency of existing supplier management, the Company classifies and manages suppliers according to supply categories in conjunction with the degree of risk exposure to products. Considering supplier site audits as one of the tools to ensure supply quality, we formulate annual supplier quality audit plans and conduct supplier site audits at key project points in accordance with the Supplier Management Rules. In addition, we regularly carry out supplier assessment work, perform evaluation from multiple dimensions associated with quality qualification rate, delivery on-time rate, cost and service to analyze annual performance of suppliers in identification of items for suppliers’ improvement, and guidance for suppliers’ rectifications and improvements. For those suppliers failing rectifications, we will end cooperation relationship with them through the supplier elimination and withdrawal mechanism.

STABLE SUPPLY

A stable supply is an important requisite in determination of our ability to meet market demand. MicroPort pays great attention to the stability of supply chain, identifies potential supply chain risks, and adjusts its procurement strategy in a timely manner. Having annual procurement forecasts as a direction, the Company caps supply-side capacity and develops backup suppliers simultaneously. During the Reporting Period, we enhanced risk analysis of procurement that supplier data was collected from three major dimensions and supplier risk levels were ranked subject to scoring rules of each dimension, and combining with supply source analysis, targeted inventory strategies were adopted, ensuring our inventories were adequate. With the appropriate control of supply chain risks, MicroPort recorded “Zero material shortage” in material supply during the Reporting Period.

SUPPLIER EXCHANGE AND TRAINING

Apart from to strict management of its suppliers, MicroPort also proactively assists suppliers in continuous improvement of their operational systems for quality optimization in the supply chain. Through technical exchanges, training and sharing, the Company helps sharing of information with its suppliers so as to effectively improve the integrated capabilities of suppliers for building a quality supply chain jointly with the Company.

During the Reporting Period, we invited suppliers of general materials to attend training on large heart structures and related disease knowledge, further expanding their academic knowledge base and deepening their understanding on the academic principles behind the products.

PEOPLE-CENTRIC EXECUTOR

Employees of MicroPort are our invaluable resource and an important pillar for sustainable operations of the Company. MicroPort continuously conveys the concept of “MicroPort: One Big Family” in employment for building a solid and high-quality talent echelon, and promoting a mutually fulfilling and growing employment relationship.

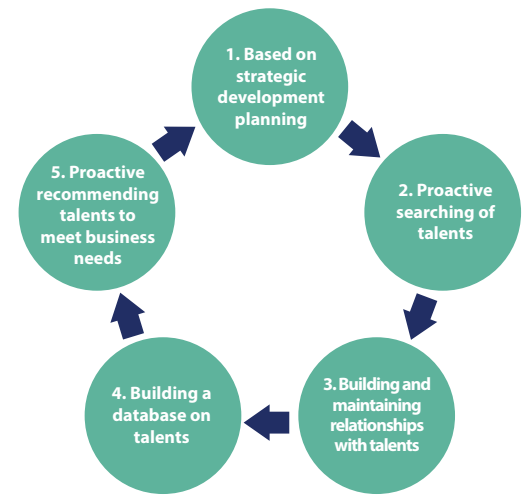
VALUE-BASED WORKFORCE

LEGAL EMPLOYMENT

Since its establishment, MicroPort has been following the principle of Legal Compliance in employment and strictly complies with the Labor Law of the People’s Republic of China, Labor Contract Law of the People’s Republic of China, Regulations on Prohibition of Child Labor and Fair Labor Standards Act of the United States and other relevant laws and regulations in the operating regions in regulating its recruitment activities. We firmly resist illegal employment practices such as child labor and forced labor, and perform identity checks on interviewees and employees during recruitment and onboarding to ensure all employees are of legal employment age. We do not tolerate behavior of employment of child labor or forced labor, and upon verification and discovery, the Company will promptly report the case to appropriate authorities and terminate employment relationship. MicroPort is of the belief that maintaining an equal employment relationship is essential to elite talent management, and that creating a work environment of mutual respect and fairness is our ineluctable corporate responsibility. In the Employee Handbook of the Company, the provisions of Recruitment and Hiring Management, are covered which stipulate that the recruitment process must be fair and impartial, at the same time, we also undertake that all internal labor regulations are not associated with any personal characteristics including race, age, background, culture, gender, religion, and so forth in ensuring each employee enjoys due respect and equal treatment. The Company is committed to cultivating the corporate culture of a “Horizontally and Vertically Integrated Organization”, which emphasises equal treatment, and has established 19 horizontal organizations to break departmental and hierarchical boundaries. Every employee is free to voluntarily join or withdraw from any organization, whilst senior management is allowed only to participate in horizontal organizations as ordinary members.

TALENTS PROGRAM

Riding on business development planning and in-depth exploration of strategic directions, MicroPort has been recruiting R&D talents in a precise and targeted manner by sorting out advanced technologies in the industry to the development needs of talents and connecting industry, academia and research resources. Since 2020, the Company has reserved professional talents in advance in order to support business development.



DIVERSITY IN EMPLOYMENT

We treasure the potential value of diverse talents. In support of the global business network of the Company, we deploy a diversified and inclusive employment philosophy to attract talents from different fields. We believe that employee diversity not only makes a company more attractive to talents, but also plays an important role in exploring innovative business opportunities. In line with our employment philosophy of diversity and inclusion, MicroPort is proactively expanding its talent recruitment channels, broadening scope of its talent search, and developing diverse talent development strategies to support the diversification of its talent pool.

UNIVERSITY-ENTERPRISE CO-TRAINING POSTGRADUATE PROGRAM

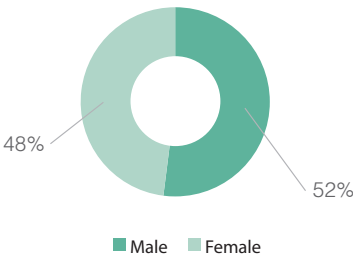
MicroPort is committed to fostering new talents in the industry. During the Reporting Period, based on the actual R&D needs, we provided research topics and research conditions to several well-known universities, and trained a group of excellent graduate students under guidance of school mentors and enterprise mentors, so as to continuously cultivate medical device talents to enterprises and society.

We select graduate students of relevant majors from the universities to carry out graduate project assignments for admitting enterprises. MicroPort provides necessary research space and research conditions to each graduate student. So far, we have conducted different levels of co-training programs with Shanghai University of Technology, Shanghai Jiaotong University, East China University of Science and Technology, and Donghua University.

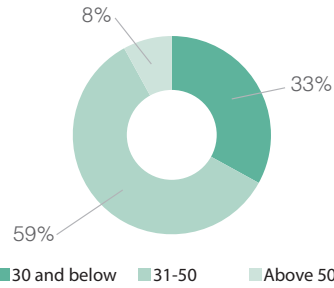


As of the end of the Reporting Period, MicroPort had a total of 8,019 employees, all of whom were full-time employees, and general composition can be found as follows:

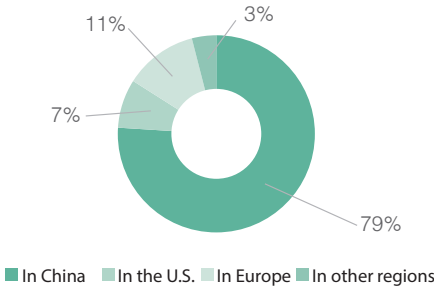
Employees by Gender



Employees by Age

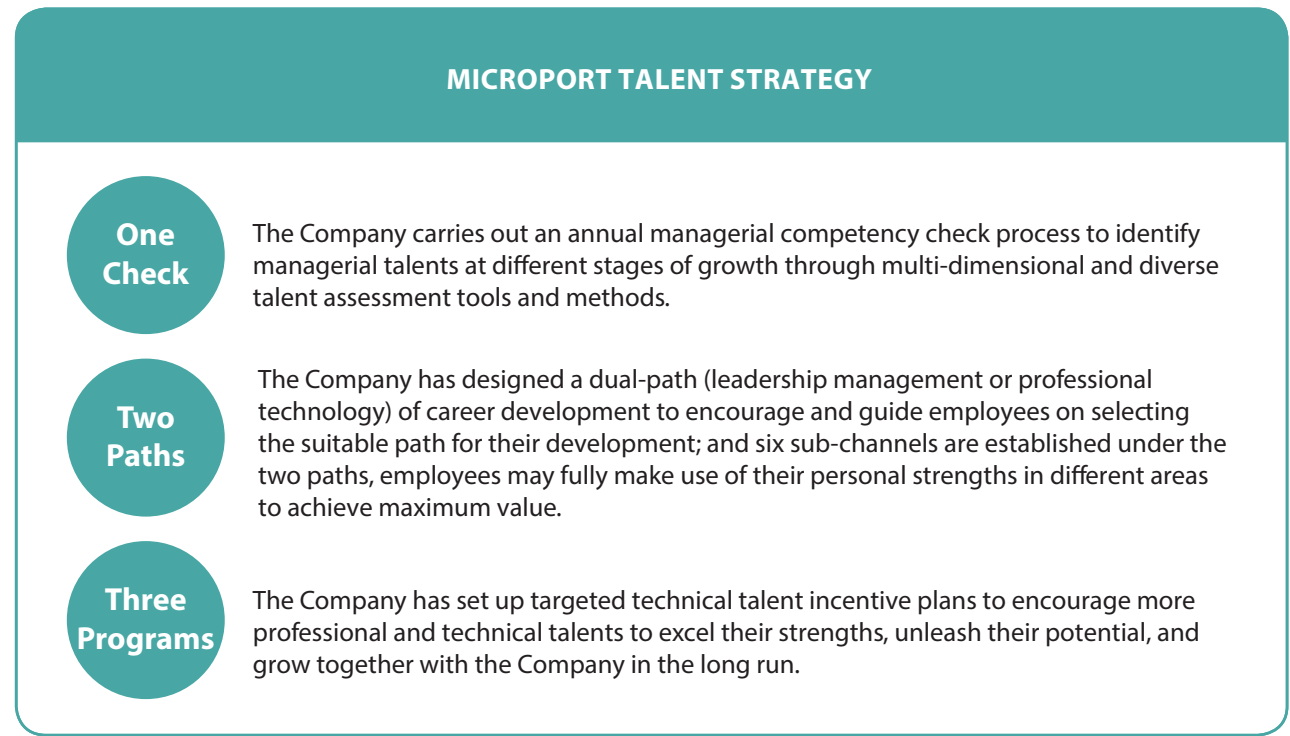


Employees by Geographical Region



TALENT DEVELOPMENT

We are fully aware that talent is the core motivation of positive corporate development, and building a comprehensive talent development system and formulating a forward-looking talent strategy are requisites for our high-quality and stable team. MicroPort has developed a talent strategy of “One Check, Two Paths, Three Programs” to achieve efficient talent management and prepare sufficient talent reserves for future growth of the Company.

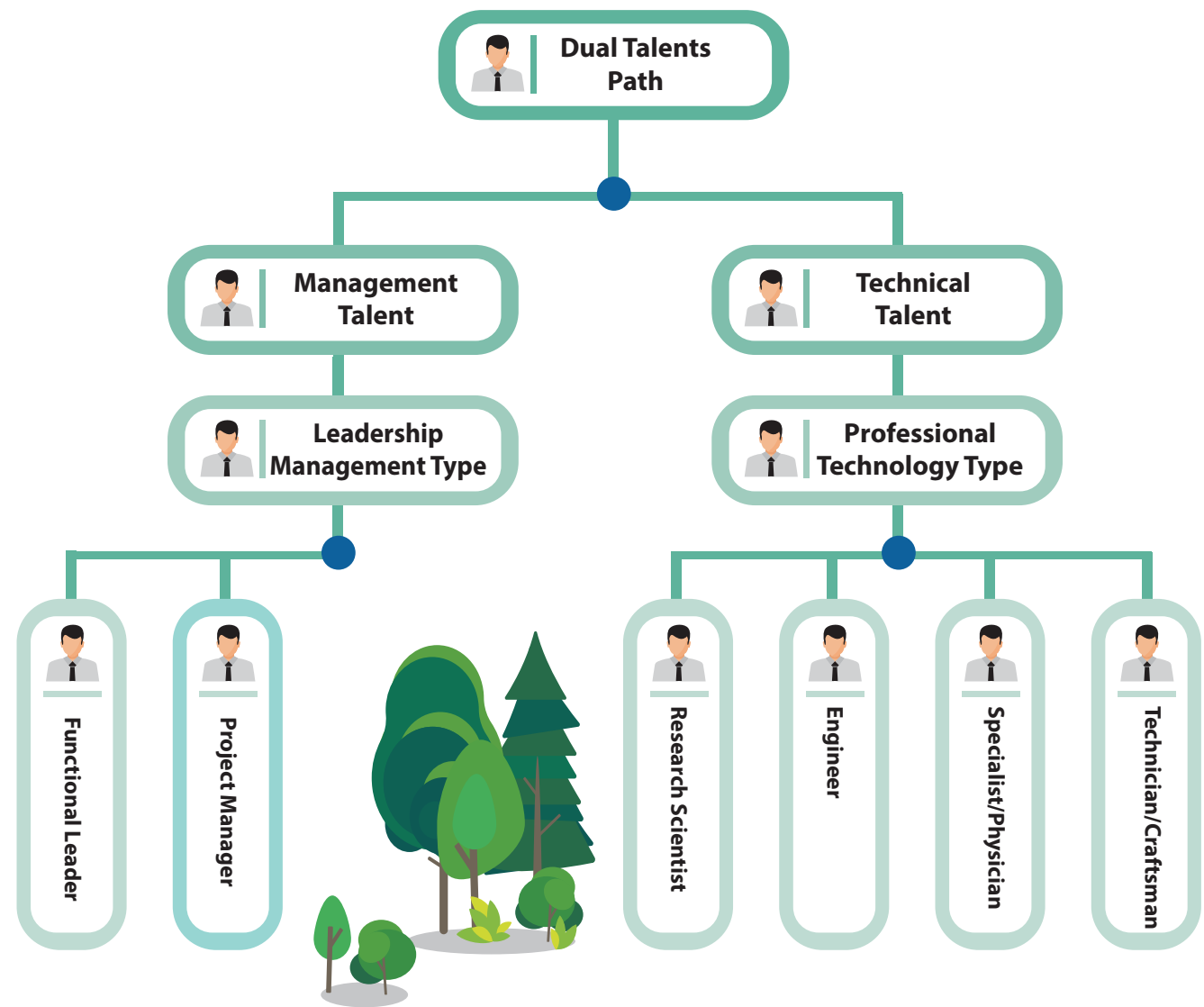


On the basis of talent strategy of “One Check, Two Paths, Three Programs”, we vigorously promote the talent reserve project to nurture young talents.



PROMOTION AND DEVELOPMENT

To satisfy the career development needs of employees and build a high-quality talent echelon, MicroPort established the “MicroPort Two Career Paths and Eighteen Ranks” career development system, which enhances adaptability and flexibility of promotional paths through the design of two talent paths (leadership management and professional technology). There are six career categories, and under each category there are three levels (basic, middle and senior). The Company clearly states the job requirements of each career category and promotion qualifications of each level.



During the Reporting Period, MicroPort planned and carried out the “C-999 Induction Certificate” staff learning and development system to develop employees’ job competence and accumulate knowledge of interdisciplinary positions. The system is a learning program for each level of staff based on the competencies of MicroPort’s Two Career Paths and Eighteen Ranks Career Development Tower for the sake of the achievement of the ideal state of each employee holding relevant certificates. The system is implemented in the support of operations management system and internal instructor training system, and underpinned by the learning platform of MicroPort for online and intelligent management.

EMPLOYEE TRAINING

MicroPort is committed to building a learning-based organization. Employee training is on top priority in our talent development management. We adopt a strict and standardized training system and uphold the principle of top-down employee training, requiring all employees, including management, to actively participate in customized trainings and learning courses. We have established four MicroPort training schools in conformance with future business development direction. Each institute attaches to its own training aspiration and carries out corresponding staff training activities based on its training objectives.



Jixia College (稷下書院) is a training base for corporate leaders of global leading enterprises. Through collections of excellent governance and management ideas together with internal practical cases and experience, it aims to cultivate all-rounded executives with superior digital awareness, extraordinary strategic focus and innovative thinking.



Innovation Academy (創新學堂) is committed to building a all-round training base for specialized talents and a variety of promising junior management talents. Its training focuses on strengthening the integrity and innovation ability, so as to cultivate qualified talents to help the Company achieve its mission.



Emerging MedTech Knowledge & Practice Workshop (知行講習所) is a multi-regional, tailor-made, cross-disciplinary academic exchange and medical solution promotion platform. Conforming concept of integrated knowledge and action, it systematically cultivates followers and practitioners of new medical concepts by means of online and offline word-of-mouth learnings in respect of cutting-edge technology products and emerging services of the Company.



Culture Lecture Hall (文化講堂) is a platform for brainstorming ideas and sharing to discuss success formulas in corporate culture. Through in-depth analysis of diversified culture, it can promote the empathy and resonance of employees of corporate culture, so that the beliefs and innovation genes can be inherited and evolved in the processes of growth and expansion of the Company.

Four MicroPort Training Schools

Each of the four training schools of MicroPort has distinctive curriculums on targeted trainings for the Company's talents to enrich talent pool and solidify human resource foundation for future business planning. In addition, we provide training programs on professional certificate examinations and various learning resources to employees, to help them prepare for examinations; meanwhile, we have an examination fee reimbursement mechanism to reduce employees' burden of attending exams.



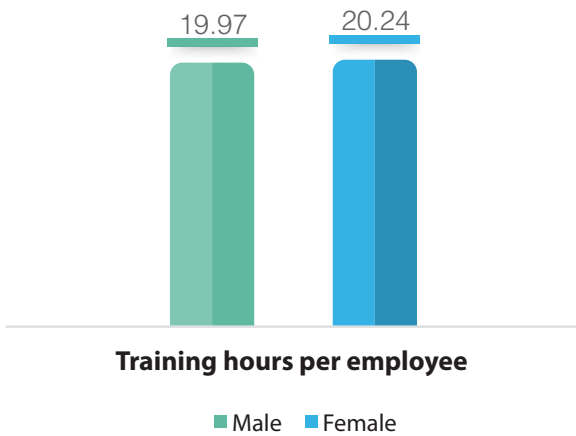
MULTIPLIER LEADERS – LEADERSHIP TRAINING PROGRAM

Co-hosted with the professional training instructors of FranklinCovey, we had a one-day leadership training program for senior and middle management based on Liz-Wiseman’s research. The differences between leaders with diminisher and multiplier mindsets were differentiated in helping our management staff to shift from the diminisher mindset that “only a few true geniuses exist” to multiplier mindset that “look for everyone’s native talents”; and from the diminisher mindset of “my instructions show my intelligence” to the multiplier mindset of “people will grow when they are asked to go beyond their current capabilities”.

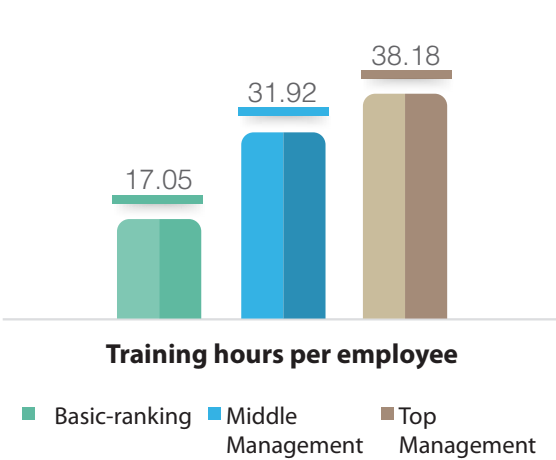


During the Reporting Period, each employee of MicroPort received an average of 19.66 hours of training. Distribution on the training hours per employee is shown in the graphs below.

Training Hour by Gender

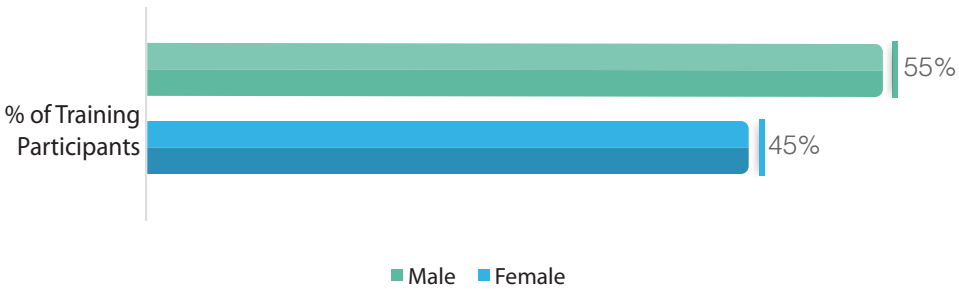


Training Hour by Position

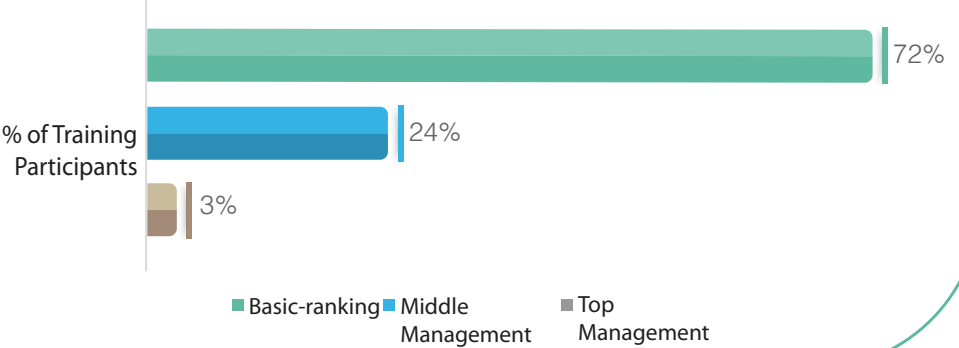


During the Reporting Period, the training participation rate of MicroPort was 78%, and the distribution of training participants is shown in the graphs below.

Training Participants by Gender



Training Participants by Position



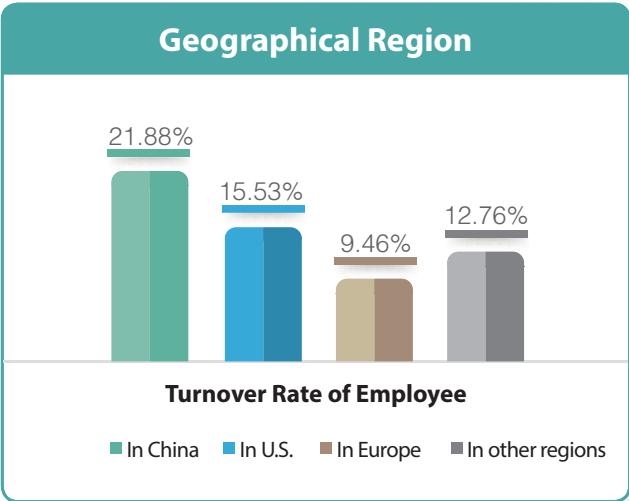
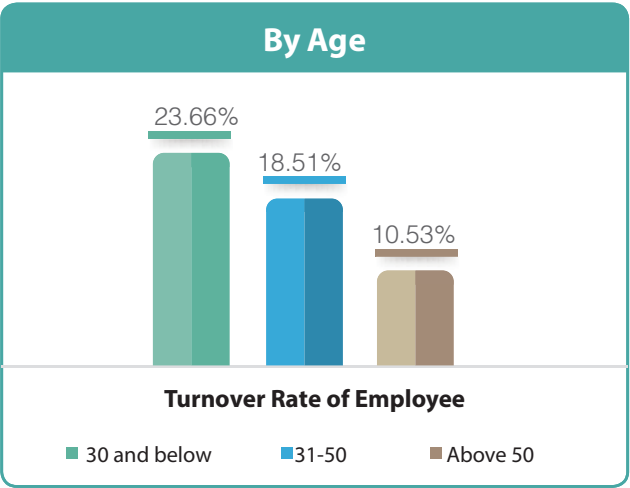
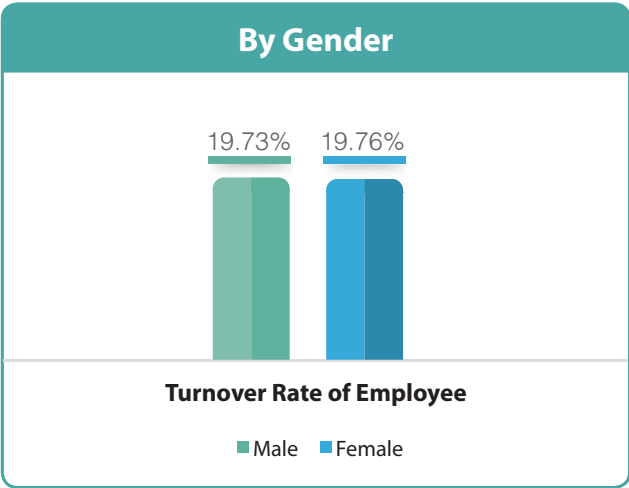
TALENT RETENTION

It is our belief that a reasonable and generous compensation package and a fair and scientific incentive system not only strengthen the talent competitiveness of the Company but also enhance the self-recognition of employees and help them realize self-value. MicroPort strictly complies with national and local regulations on salary management and adheres to the principle of "distribution based on work, more reward for more work", and has formulated the Salary Management Measures in the Employee Handbook to regulate salary management. During the Reporting Period, the Company established a benchmarking system on internal salary scale which serves as an important reference tool for salary management and talent development and motivation, it provides a basis of fair internal salary management, as well as effectively contributes to the application of employment principles of MicroPort and the setting up of organizational competence. In addition, we have optimized salary structure design on several positions and actively utilized tools such as monthly performance bonuses and monthly allowances, encouraging motivation and retention of front-line employees. Meanwhile, to motivate employees on continuous innovation, we have set up several innovation competitions and incentive bonuses to those creative and hard-working employees. MicroPort makes full use of the talent retention approach of “salary + incentive” to continuously optimize employee incentive initiatives and expand the scope of motivation.

OPTIMIZATION OF LONG-TERM INCENTIVE PLAN

During the Reporting Period, MicroPort proceeded with building an incentive system covering all employees of the Group, applying a basket of capital market incentive tools in conjunction with talent selection program and training and development system of the Company, to set up a diversified long-term incentive mechanism to strengthen the atmosphere of innovation and excellence within the Group, and stimulate the potential of core talents and high-potential talents across the Group.

During the Reporting Period, the employee turnover rate of MicroPort was 19.74%, the distribution of departed employees are as follows:



HEALTH AND SAFETY

Provision of a safe and healthy workplace is our basic commitment to the employees. MicroPort strictly abides by the relevant laws and regulations of all locations where we operate, including The Production Safety Law of the People’s Republic of China, the Occupational Disease Prevention Law of the People’s Republic of China, the Occupational Safety and Health Act of the US and the regulations promulgated thereunder, the Tennessee Occupational Safety and Health Act of the US and the regulations promulgated thereunder, and Article 153 of the Treaty on the Functioning of the European Union, Council Directive 89/391 EEC, the Fourth Section of the French Labor Code, the Fifth Section of the Italian Civil Code No. 81/2008, etc. To fully implement the work on occupational health and safety, the Company has set up a safety management system to specify the requirement of safety management, and effectively protect the safety and health of employees.



The Companys' China operation and the overseas operation of CRM have both received certifications to ISO 45001 Occupational Health And Safety System. In addition, the China operation has been accredited as the Class 2 Enterprise of National Production Safety Standardization.

IMPLEMENTATION OF SAFETY MANAGEMENT MEASURES

Prevention of occupational hazards is of our utmost importance in safety management. We strictly abide by the Occupational Disease Prevention Law of the People's Republic of China and related laws and regulations, and have established and improved a series of rules and regulations such as "Occupational Health Management System", "Prevention and Control of Occupational Disease and Implementation Plan", "Emergency Response Plan for Occupational Hazards", "Personal Protective Products Management System", "Occupational Health Education and Training System" and so forth, which provide clear operational guidelines for prevention and control of occupational hazards. We have implemented targeted health and safety monitoring and protection for employees exposed to occupational hazards.

The Company attaches great importance to the ability to respond to safety accidents. We have developed a Safety Incident Reporting and Investigation System, which defines classification of accident, the reporting path of accidents and the standardized investigation and handling process to ensure that occurred accidents are controlled and handled in a proper and timely manner. At the same time, the Company performs regular and careful safety inspections to identify and eliminate safety risk factors in a timely manner. In the past three years including the Reporting Period, no work-related fatal accidents was recorded at MicroPort. During the Reporting Period, there were 9 work-related accidents, and the total number of working days lost due to work-related injuries was 162 days.

We are of the view that health and safety training and drills is one of the effective ways to help employees learn safety knowledge and improve self-protection ability. In 2021, the Company carried out a total of 46 safety drills, and 11,224 employees participated in a number of safety training sessions organized by the Company.

Occupational Safety and Health Trainings



- For employees involved in occupational hazards, we stipulate that they must receive occupational safety and health training before work commencement to acquire knowledge of occupational safety and health and be familiar with proper usage of occupational safety protective equipment and protective articles.

Occupational Health Monitoring Files



- We set up an occupational health monitoring files for employees in hazardous positions, and conduct pre-job, on-the-job and post-job occupational health examination for employees on an annual basis, and inform the employees of the examination results in time.
- Based on examination results, targeted preventive measures will be taken. For employees who are unfit for the working environment, their work positions will be modified.

Professional Surveillance on Occupational Hazards



- We hire a qualified testing company to conduct occupational hazard testing on an annual basis. The test results will be published to facilitate employees' understanding on occupational hazards and urge employees are urged to diligently perform work on occupational hazardous protection.
- We invest special funds to install occupational hazard monitoring devices such as smoke and dust purification facilities, noise monitors, gas detectors, etc.

Major Safety Drills

Fire Drills

Flood Control Drills

Chemical Spill Accident Drills

Elevator Entrapment Emergency Drills

Limited Space Emergency Drills

Microport Safety Drills

FIRE DRILLS

In 2021, the Company organized a number of fire drills which included fire treatment, staff evacuation and use of fire extinguishers. During the drill, the emergency team practiced the fire treatment process according to the drill plan formulated in advance, and guided employees to evacuate according to the evacuation diagram to help them be familiar with the escape route. In addition, we simulated small-scale fire hazard situation to help employees understand the use of fire extinguishers.



Explaining first aid steps of heart attack and usage of AED

AED First Aid Skills Training Course



Disseminating knowledge of electrical safety and rectified safety risks for battery car

Electrical Safety Knowledge Training



Explaining on-job safety instructions and usage of protective equipment

New Employee Induction Safety Training



Flexible online learning platform for essential safety knowledge and skills

Online Safety Course for Overseas Employees

EMPLOYEE CARE

WELFARE

Generous employee benefits are one of the means we show our care to the employees. On top of statutory welfare benefits, MicroPort has offered several additional employee benefits in accordance with internal Welfare Management Measures of the Company, including supplementary housing fund, rental subsidy, employee physical examination, and labor union benefits. With ample benefits, we hope to improve the quality of life and work experience of our employees.

To ensure the work-life balance of employees, we adopt flexible working hours in several positions, and employees are guaranteed to enjoy various holidays, paid leave, maternity leave, etc. as stipulated by national laws and regulations and systems of the Company. The Company has formulated the "Leave Management Measures", which clearly stipulate the conditions eligible for various types of leave.

EMPLOYEE COMMUNICATION

MicroPort is attentive to employees' voices and feedbacks. We have built several communication channels, including the Woodpecker platform and meeting with senior management, through such mutual communication model and simplification of employee feedback process, employees are encouraged to make recommendations on the continuous improvement and optimization of the management of the Company.



EMPLOYEE CARE

Employee care is an integral component of MicroPort's corporate culture. Adhering to the concept of "MicroPort One Big Family", the Company organized a variety of staff care activities during the Reporting Period, to make employees feel the warmth delivered by the Company and enhancing their sense of belongings.

WOODPECKER PLATFORM

The Woodpecker platform is an important channel for employees to make recommendations on dealing with minor difficulties encountered at work. We hope employees pay attention to the matters happening around and actively make recommendations to continuously improve the details of daily work for a comfortable working life experience. Both online and offline feedback channels are available at the Woodpecker platform, including the OA system and DingTalk for online feedback, and the Woodpecker physical mailbox is also set up for offline feedback.



CHINESE NEW YEAR SERIES



Thematic Experience Courses

The Company cares about the voices of employees and based on the results of public opinion surveys, we have arranged for special teaching activities such as hand brewed coffee, drone experience and photography teaching to cultivate employees' interests and broaden their horizons.



Fun Game Contest

An social media has overly occupied modern life, the Company carried out fun game contests such as ball-holding running relay race, trundle-a-hoop along and yo-yos for employees to experience fun in life. In the meantime, these fun game contests enhanced the relationship between employees and strengthened the cohesion within the Company.



Sports and Fitness Activities

Nowadays, with the increasing social pressure, people's health problems are becoming increasingly obvious. The Company encourages employees to exercise and keep fit and has a gym on the 5th floor of the headquarter. During the Spring Festival, the Company appointed professional fitness coaches for employees of different ages and genders to carry out fitness courses such as fat reduction, body shaping and functional training, so as to promote the physical and mental health of employees.



Gardening Courses

For female staff, the Company organized a number of gardening courses to enrich spare time of female staff and bring them a life of vitality. These courses included succulent planting, aesthetic flower arrangement, skillful miniature landscaping, etc.



New Year's Eve Reunion Activities

The Company organized New Year's Eve reunion activities especially for those employees who could not return home for the Chinese New Year, including dumplings making, New Year's Eve dinner, and watching the Spring Festival Gala (春晚), TV show, etc. for relieving employees' homesickness, forming unity among employees and showing our care to them.



Folk Craft Activities

As our traditional festival, the Spring Festival has many folk customs. While living in an increasingly modernized and urbanized world today, in order for reviving traditional Chinese culture and sending good wishes to our employees, we organized activities of traditional ornaments production such as making lanterns, Chinese knots, straw weaving, incense bags, face masks and so on.



Parent-child Activities

In the joyous atmosphere of Spring Festival, the Company wishes to foster a pleasant parent child relationship and express our love and care to their children through parent child activities such as handcraft board doodle painting, doll catching and prize ring toss.



PROMOTER OF GREEN CONCEPT

MicroPort upholds the concept of green management and proactively responds to the call for low-carbon sustainable development. We closely monitor the environmental impact from the Company’s operations and production, and are committed to building an eco-friendly business by establishing and improving environmental management system and arousing environmental awareness.

ENVIRONMENTAL MANAGEMENT

MicroPort strictly complies with the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on Environmental Impact Assessment, the Environmental Protection Tax Law of the People’s Republic of China, and other relevant environmental laws and regulations in all places where we conduct business worldwide, and strictly controls the environmental impact arising from our production operations. We establish and improve the environmental management system, our production sites located on Zhangdong Road in Shanghai, Clamart in France and Saluggica in Italy have obtained ISO 14001 Environmental Management certifications.

We formulate and improve environmental protection systems, including the Administration Procedures for Clean Production, the Requirement Procedures for Organizational Environment and Interested Parties and Procedures for the Identification, Evaluation and Control of Environmental Factors, to strictly regulate and standardize environmental protection work at all production sites. An Environment, Health and Safety (EHS) Management Committee was set up to implement environmental management in our daily work. Under the coordination, guidance and supervision of the EHS Management Committee, each functional department actively carries out environmental protection responsibility in the principle of “whoever’s in charge is responsible”.

During the Reporting Period, MicroPort strictly implemented the “Double Carbon”² policy. Based on analysis of its business development in 2021, we set targets on four major issues, namely water efficiency, energy efficiency, waste management and carbon emission for the next three years to put green management concept of MicroPort into practice.

Water Efficiency

Optimize water resources management system and build water recycling management system.

Energy Efficiency

Improve operational efficiency to achieve negative growth in energy consumption intensity.

Waste Management

Optimize waste management and enhance waste utilization.

Carbon Emission

Vigorously carry out “Double Carbon” policy to achieve negative growth in carbon emission intensity.

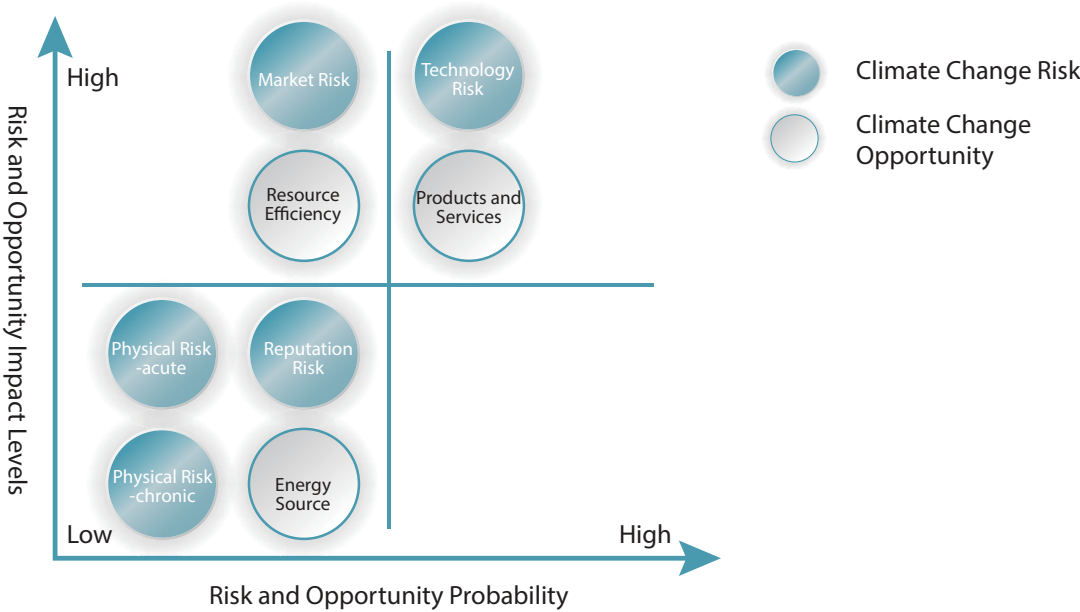
At the same time, we are committed to improving awareness of environmental protection among all employees, and we regularly conduct education and training activities related to clean production to employees in three levels, namely the company-level, department-level and workshop-level. We actively carried out the “My Contributions to Energy Saving, Environmental Protection and Conservation” campaign during the Reporting Period, over 150 employees’ suggestions on energy saving and emission reduction in common areas of the campus were proposed and over 30 energy saving and consumption reduction projects were executed after evaluation and analysis on their effectiveness and feasibility. In order to encourage employees to actively contribute on ideas, we present cash rewards to employees who provide excellent suggestions.

CLIMATE CHANGE

Climate change is a systemic challenge facing the world. MicroPort keeps a close eye on relevant policies and action plans on climate change of the countries where we operate, incorporates climate change mitigation and adaptation into ESG management, and actively explores new models of low-carbon development for making contribution to the fight against climate change.

Based on the classification of climate change risks of the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, and taking into account the transition risks in terms of policy and legal, technology, market, and reputation aspects, as well as the acute and chronic physical risks, we had identified the potential risks which climate change might pose to the operations of MicroPort’s business and formed a preliminary list of risks on climate change during the Reporting Period. We invited the management of each functional department to further systematically analyze and rank the impacts and opportunities arising from climate change to the business of MicroPort based on the preliminary list of risks on climate change, identified, details of which are as follows.

MicroPort Climate Change Risk and Opportunity Identification Matrix



² “Double Carbon” policy refers to goals announced by the Chinese government in September 2020, namely “emission peaking” by 2030 and “carbon neutrality” by 2060.

MicroPort Climate Change Risk and Opportunity Identification Results			Potential Impact
Risks	Transition risk	Policy and legal	Increase in compliance costs to meet regulatory requirements;
		Technology	Increase in operating costs owing to enhanced exploration of new technologies and research investments to meet low carbon emission requirements, as well as modifications to existing R&D projects and production equipment;
		Market	Increase in production costs due to changes in raw material prices (e.g., energy, water) and emission and disposal requirements (e.g., waste disposal);
		Reputation	Potential reputational impact arising from response to stakeholder expectations for proactive action and increased transparency in disclosure on climate action;
	Physical Risk	Acute	Extreme weather events disrupting daily production operations and supply chain disruptions resulting in reduced or disrupted production capacity;
		Chronic	Persistent hot weather due to climate change may result in unstable power supply.
Opportunities	Products and services		Improvement on execution efficiency and profitability of outstanding products and reduction of product costs;
	Resource efficiency		Improvement on utilization efficiency including energy and water resources, and reduction of operating costs;
	Energy Source		Increase in utilization of low emission energy/clean energy to reduce the risk of rising energy prices in the future

At the same time, we have formulated the “Special Severe Weather Emergency Plan for MicroPort Campus” and the corresponding reporting process to improve the emergency response capability of the campus in dealing with emergencies under severe weather, effectively lowering and controlling the occurrence of safety incidents caused by climate change.

EMISSIONS MANAGEMENT

WASTE MANAGEMENT

We strictly comply with the Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution, the Hazardous Waste Management Rules of the US, and laws and regulations related to solid waste management in our overseas operating regions, and have established the Solid Waste Pollution Control Procedures, Hazardous Chemical Management System, and Hazardous Chemical Control Processes and Responsibilities to clearly specify our waste management goals that meet the requirements of operating locations, and to reduce waste generation wherever possible on the basis of compliant waste disposal.

The waste generated by MicroPort is divided into hazardous waste (medical waste and liquid chemical waste) and non-hazardous waste (general industrial solid waste and municipal waste generated from office operations), etc. In China, we have developed different management methods and strategies on different types of waste.

Hazardous Waste

The waste is collected and sorted separately by production department to transfer to the hazardous waste warehouse as required, classified and placed in specified garbage bags or containers at designated areas then the waste will be centralized and sent to qualified third parties for harmless treatment on regular basis. Meanwhile, in hazardous waste transfer process, we also continuously strengthen the joint management of hazardous waste to ensure its traceability.

Non-hazardous Waste

For the recyclable industrial solid waste, we improve the recycling rate of solid waste wherever possible to reduce the amount of waste generated.
For the non-recyclable industrial solid waste, it is regularly transferred to and handled by third parties for recycled waste.
For municipal waste generated from office, it is regularly removed, landfilled or incinerated by the environmental sanitation department.

Drying Bottles Recycle Project

During the Reporting Period, we recycled the drying bottles that were originally disposed along with the scrapped bare metal stents, effectively reducing the generation and amount of solid waste. As of the end of the Reporting Period, a total of approximately 286,000 bare metal stent drying bottles were recycled.

In addition, our overseas subsidiary, MPO, while complying with the local waste emission requirements on its operations, is actively promoting waste reduction and development and initiating the implementation of recycling programs.

Waste ³	Unit	2021	2020
Total amount of hazardous waste generated	tons	354.98	179.45
Total hazardous waste disposed	tons	354.98	179.45
Intensity of hazardous waste disposed	tons/million US dollars	0.46	0.28
Total amount of non-hazardous waste generated	tons	1,022.13	423.83
Total amount of non-hazardous waste recycled	tons	94.18	76.57
Intensity of non-hazardous waste disposed	tons/million US dollars	1.31	0.77

³ During the Reporting Period, there was a significant increase in production capacity and therefore a corresponding increase in waste generated due to increase in centralized procurement.

GAS EMISSIONS MANAGEMENT

MicroPort strictly complies with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Clean Air Act of the United States and other relevant laws and regulations. We formulate the Procedures for the Prevention and Control of Air Pollution, hire qualified third parties to conduct gas emissions testing to ensure the air emission concentration meets national standards on an annual basis, and strictly control air emissions.

Gas emissions of the production operations of Company mainly includes volatile organic compounds (VOCs) which are generated in the processes of pickling, electrolytic polishing, chemical reagent purification and drug spraying. We have installed activated carbon absorption devices at each of our production sites for treatment of gas waste and continuously improve absorption efficiency of the devices. At the same time, we strictly control chemicals which are prone to VOCs at both China and overseas production sites, and seek opportunities to reduce and recycle such chemicals at each point of production operations to minimize the VOCs generated by the use of chemicals.

ETHANOL REDUCTION PLAN

During the Reporting Period, we continued to carry out the ethanol reduction plan in the drug workshop of Shanghai Newton Road Park, and optimized the cleaning process of bare metal stents and drying bottles, and lessened the proportion of ethanol used in the cleaning process and reused the cleaning agent in order to minimize unnecessary consumption and VOC emissions. With an estimated annual output of 800,000 stents, the plan is expected to save ethanol consumption by approximately 70% and VOC emissions by 1.08 tons for the Company.

Air Emissions	Unit	2021	2020
VOCs	tons	2.80	2.25



WASTE WATER MANAGEMENT

The Company strictly abides by the Law of the People’s Republic of China on the Prevention and Control of Water Pollution, the Clean Water Act of the United States as well as laws and regulations in places where we operate. We actively implement internal management system such as Procedures for the Prevention and Control of Water Pollution MPO, a subsidiary of the Company, regularly performs ground water testing to ensure compliant discharge.

The sources of our waste water mainly includes water bath in the production process, from high-pressure steam sterilization, R&D without contacting with reagents, and from consumption for pure water preparation as well as domestic sewage. We utilize unified waste water treatment facilities to handle waste water generated in the production process and domestic sewage, which will be discharged into municipal waste water pipes subsequent to meeting relevant discharge requirements.

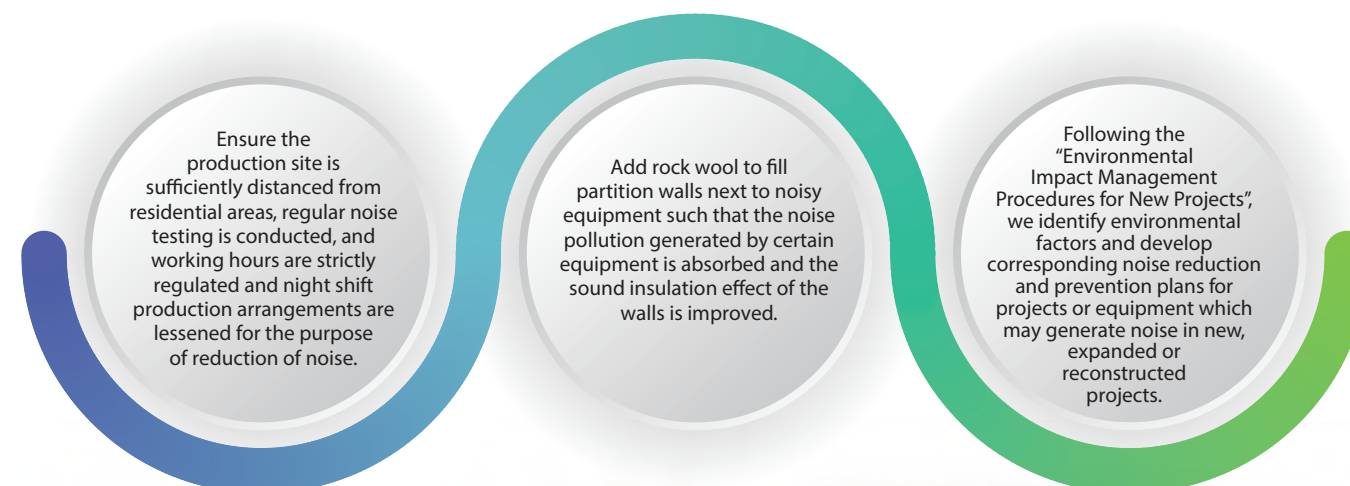
Our overseas subsidiary MPO also continues to optimize waste water treatment systems and treatment facilities so as to minimize the negative impacts of waste water pollutant discharge on its surrounding environment and the health of people.

Sewage discharge ⁴	Unit	2021	2020
Amount of Chemical Oxygen Demand (COD)	tons	23.66	6.34
Ammonia-nitrogen discharged	tons	4.53	0.26

⁴ During the Reporting Period, there was a significant increase in production volume and therefore a corresponding increase in sewage discharge due to increase in centralized procurement.

NOISE MANAGEMENT

The Company strictly abides by the Law of the People’s Republic of China on the Prevention and Control of Noise Pollution and other relevant laws and regulations in places where we operate. We have established the Procedures for the Prevention and Control of Noise Pollution to ensure noise standards surrounding the factory area are met.



ENERGY AND RESOURCE UTILIZATION

ENERGY MANAGEMENT AND CARBON EMISSIONS

Based on the identified climate change risks, MicroPort is fully aware of the seriousness of climate change and is actively optimizing its energy and carbon emissions management. We strictly comply with the Law of the People’s Republic of China on Energy Conservation and the Energy Policy and Conservation Act 1975 of the US, and other laws and regulations in the places where we operate to ensure compliance and conservation of energy utilization. We actively reinforce our energy management system, and Shanghai MicroPort Medical (Group) Co., Ltd., a subsidiary of MicroPort, has obtained certification to ISO 50001 energy management system.

We continuously enhance our internal management capabilities and actively implement internal management systems such as Procedures for the Management of Energy Conservation Design and Procedures for Energy-Saving Procurement. We continuously improve the standardized, refined and information-based management of energy and resource utilization to speed up the progresses of energy conservation and emission reduction through means of policy publicity, assessment, guidance and process control.

During the Reporting Period, we improved energy efficiency in our operations through upgrades on management and equipment, clean energy utilization and establishment of a green energy-saving procurement policy to reduce energy consumption and improve energy efficiency.

Management Upgrade

- We continuously optimize and update online energy management platform, and conduct energy consumption statistics subject to primary, secondary and tertiary meters to materialize the real-time tracking and accurate measurement of energy consumption, the improvement of efficiency of energy statistics and visual analysis as well as the timely discovery and rectification of abnormal energy usage.

Equipment Upgrade

- Concerning air curtain in production workshop, we replaced the workshop air curtain in the campus of Shanghai Newton Road with periodic sensor switch, which could save approximately 70% of annual electricity consumption.
- Concerning the lighting system of the campus, we renovated the underground garage and fire building lighting system of Shanghai Zhangdong Road campus, the driveway and parking space area were equipped with segmented LED sensor lamps, and all fluorescent lamps in the fire safety building were replaced with LED sensor lamps, which saved electricity consumption of approximately 83,500 kWh in the renovated areas for the whole year.
- Moreover, on top of the original 24 charging ports of new energy vehicles of the Company, we had additionally installed 24 new charging ports, providing charging convenience to employees and actively responding to the national dual carbon goal.

Clean Energy Utilization

- We closely work on the clean energy projects in the campuses of Shanghai Zhangdong Road, Suzhou and Jiaxing, solar collector panels were installed on the roofs of the campuses for provision of hot water and electricity to the campuses, reducing annual carbon dioxide emissions by approximately 526.26 tons equivalent.

Energy-saving Procurement

- We have established the Procedures for Energy-Saving Procurement. For procurement of new projects and office furniture, suppliers are required to provide product-related environmental certification information, EHS performance of the suppliers will be considered as an important evaluation criterion, and priority will be given to environmentally friendly products and suppliers with sustainable development contributions.

ENERGY SAVING PERFORMANCE

Type	Unit	2021	2020
Indirect energy consumption	kWh	89,230,453	73,164,687
Outsourced electricity	kWh	75,823,709	68,356,742
Outsourced steam	kWh	13,406,744	4,807,945
Direct energy consumption	kWh	6,382,539	5,545,288
Gasoline	kWh	410,989	178,138
Diesel	kWh	168,612	221,459
Natural gas	kWh	5,802,938	5,145,691
Total energy consumption ⁵	kWh	95,612,992	78,709,975
Intensity of total energy consumption	kWh/million US dollars	122,795	121,329
GHG emissions ⁶			
Scope 1 GHG emissions	tons CO ₂ -eq	1,556	2,704
Scope 2 GHG emissions	tons CO ₂ -eq	44,991	43,016
Total GHG emissions	tons CO ₂ -eq	46,547	45,720
Intensity of GHG emissions	tons CO ₂ -eq/million US dollars	57.78	70.48

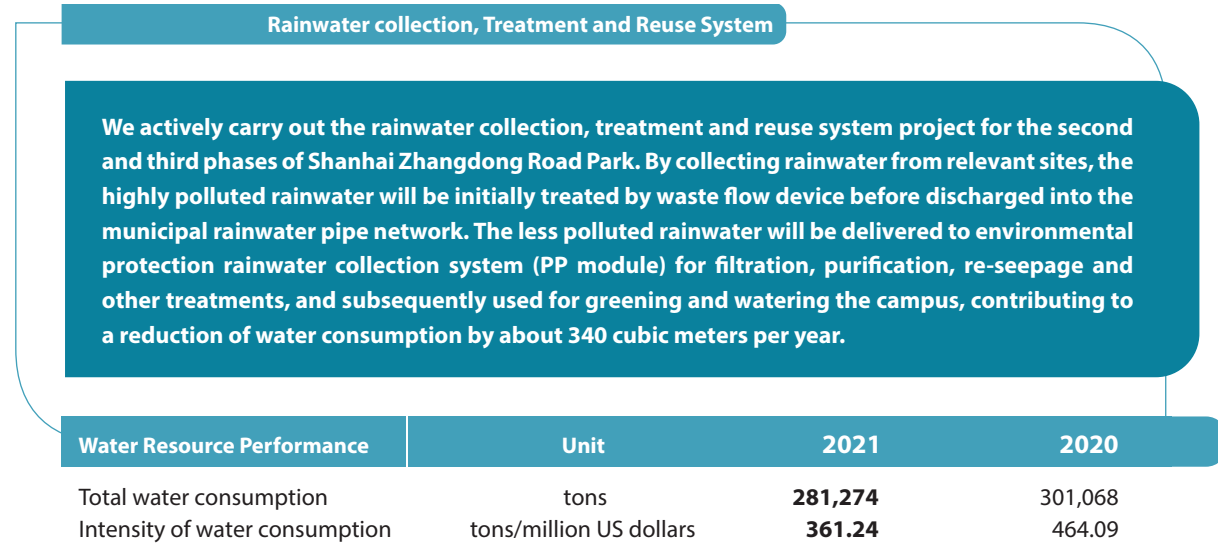
WATER CONSERVATION

Municipal tap water is the water resource used in our production and operations process. We strict comply with the Clean Water Act and relevant laws and regulations concerning water conservation in places where we operate worldwide and integrate the concept of sustainable water resources into our production operations.

In our production operations, we continuously monitor the use of water resources to prevent from water resources wastage such as leaks and seepage caused by equipment failure, and enhance the efficiency of water utilization by recycling cooling water for production. Meanwhile, we are actively building rainwater collection, treatment and reuse systems to effectively reduce water consumption overseas and in China.

⁵ The calculation of total energy consumption is prepared with reference to the standard GB/T 2589-2020 General rules for Calculation of the “Comprehensive Energy Consumption” promulgated by the State Administration for Market Regulation and the Standardization Administration of the People’s Republic of China.

⁶ The emission factors of greenhouse gases are prepared with reference to the “Greenhouse Gas Emission Accounting Methods Reporting Guidelines for Enterprises in Other Industries (Trial)” issued by the National Development and Reform Commission in 2015, and the emissions of electricity consumption are prepared with reference to the emission factors of each region.



PACKAGING MATERIALS MANAGEMENT

The packaging materials used in MicroPort’s manufacturing operations include plastic films, plastic bags, cartons, cardboard boxes, trays and lids, etc. We continue to seek opportunities for reducing the quantity of packaging materials used and recycling packaging materials with two methods: technological innovation and packaging material recycling.

Technological Innovation

We have used labels with laser printed coronary product traceability information in replacement of paper labels on original packaging which has effectively reduced the use of label materials and improved packaging inspection efficiency by 25%.

Recycling

Sterilization boxes are recycled 5 times in replacement of original process of scrapping after used once and thus that have effectively reduced the use of cartons and improved the utilization rate of consumables by 400%;

Drying bottles are recycled 8 times in replacement of original process of scrapping after used once and thus have effectively reduced the use of plastic products and improved the utilization rate of consumables by 700%;

Drying boxes are recycled and will be disposed only until they are damaged, thus effectively reduced the use of plastic products and significantly decreased disposal of plastic products.

Packaging Material Consumption	Unit	2021	2020
Total packaging material consumption of finished products	tons	116.35	403.80
Intensity of packaging material consumption of finished products	tons/million US dollars	0.15	0.62
Total recycling of packaging materials of finished products	tons	9.80	N/A

CONTRIBUTE TO THE ♦ ♦ ♦ SOCIETY

COMMUNITY CONTRIBUTIONS

We have been actively engaged in social welfare, considering public welfare activities as our social responsibility. We have leveraged on our influence and resources to make continuous efforts in public welfare areas such as rural revitalization, educational improvement, disaster relief and knowledge popularization to become a company which cares for the community. During the Reporting Period, the Company made donations in the total amount of approximately US\$3.06 million, and contributed 1,083 hours of employee volunteer services.

BOOK DONATION ACTIVITY

MicroPort people advocate reading. Our volunteer service team donated 164 books to Shanghai Zhangjiang Library, helped categorize the books in storage and completed the registration procedures of book borrowing, enabling reading enthusiasts to circulate and share. The volunteer service team participated in 176 hours of volunteer service at the Zhangjiang Library, with a total of 87 participants.



COMMUNITY CONTRIBUTIONS AND ELDERLY CARE

We actively participate in volunteer service. During the Reporting Period, the MicroPort volunteer service team carried out various public service activities as in the past, consistently practicing social responsibility.

ELDERLY CARE AT DOUBLE NINTH FESTIVAL

We preserve excellent tradition of respecting and honoring the elderly, actively promoting the traditional virtues of China. On the Double Ninth Festival, MicroPort staff organized an Elderly Care activity to nursing homes for the elderly, accompanying and chatting with the aged, disabled, seriously ill or physically disadvantaged, sending our care and soothing their spiritual world.



RURAL REVITALIZATION AND COLLABORATIVE DEVELOPMENT

CORPORATE RURAL PAIRING SUPPORT

During the Reporting Period, MicroPort launched a corporate rural pairing support program, matching with Gongshan County in Nujiang, Yunnan, Jiangzi County in Rikeze, Tibet, and Shache County in Kashgar Region, Xinjiang Uygur Autonomous Region to purchase local specialties such as tea, matsutake mushrooms and ham, and distributed them to MicroPort's employees as welfare benefits, striving for mutual development.

SCHOLARSHIP PROGRAM

With an aim to help disadvantaged students complete education to improve the education level in rural areas and to fundamentally alleviate rural poverty, we provide scholarships to outstanding students of two Hope Elementary Schools in Shandong Province and Guizhou Province, as well as bursary support to students who were admitted to universities in that year.

MICROPORT FIRST AID SQUAD

During the Reporting Period, the MicroPort volunteer service team and the Emerging MedTech Knowledge & Practice Workshop initiated the formation of the MicroPort volunteer service team – first aid squad. Adhering to the purpose of service of “Lives Affect Lives, Build a Safety Barrier Together”, and the slogan “With MicroPort, With Peace of Mind”, the first aid squad actively participated in first aid theory learning and practical training.

On the International Volunteer Day, the volunteer service team and the first aid squad jointly visited the community and conducted public service of first aid training to community residents. The first aid squad leader and team members explained the pathogenesis and prevention of coronary heart disease, the dangers and precautions of atrial fibrillation and usage of CPR and AED, and guided the residents through CPR and AED usage drills. Participants all expressed that they had benefited from the activity.



GREATER LOVE AND WARMTH BEARER

During the Reporting Period, Henan has been lashed with record rainstorm, Zhengzhou and other places had suffered from severe waterlogging and flooding. Disasters are ruthless, but humans are not. MicroPort cared dearly about the people affected by the disaster in Henan and surrounding areas, and immediately donated RMB500,000 to support the people in the disaster-stricken area, at the same time paying continuous attention to post-disaster pandemic prevention and reconstruction of medical facilities.

WELOVE NEUROTECH (微愛神通) SPECIAL RELIEF FUND

In order to spread the spirit of medical humanism and subsidize medical treatment for people in need, NuroTech, a subsidiary of MicroPort, and Shanghai Shangshan Charity Foundation jointly launched the Welove NeuroTech Special Relief Fund to help patients in financial difficulties with cerebral aneurysms receive timely and effective surgical treatment, so as to avoid poverty happening from or returning to them due to illness as far as possible. By the end of the Reporting Period, the Fund had landed in key hospitals such as Shanghai Tongji Hospital, Wuhan University Zhongnan Hospital and Capital Medical University Sanbo Brain Hospital, the application procedures were standardized and transparent to the patients, helping those families in real needs.

During the Reporting Period, Mr. Tan, an old-aged postman from rural Hubei, his wife was diagnosed of brain aneurysm and could not afford the expensive cost of surgery. After learning about the situation, we actively cooperated with Wuhan University Zhongnan Hospital and helped Mr. Tan's wife undergo brain aneurysm surgery in time, and successfully relieved from life-threatening condition.



ACCESS AND AFFORDABILITY OF HEALTH CARE

Being a member of the medical industry, MicroPort always bears in mind its objective of contributing to the society. During the Reporting Period, MicroPort established a number of Affordable Health Programs and carried out numerous volunteer service activities in establishing a complete corporate image that reflects our responsible corporate responsibility.

**PROACTIVE RESPONSE
TO THE CENTRALIZED
VOLUME BASED
PROCUREMENT (“VBP”)
POLICY IN LESSENING
BURDEN OF THE PATIENTS**

In 2021, one of the most influential and representative events in the pharmaceutical industry was the national volume based procurement for medicine and medical devices to achieve a decrease in prices, easing burden of health insurance and protecting the welfare of patients. In this environment, we undertake our social responsibility, strike a balance between social and economic benefits, and fulfill our commitment to the country and society without any compromise. The supply of full series of coronary stents of the Company had completed the annual national VBP supply commitment (350,000 pieces) ahead of schedule in the first half of 2021, and our centralized procurement ranked first in the market in terms of total bids winning. During the Reporting Period, we exceeded the sales volume of the bid ahead of schedule, further consolidating our leading position of having the No.1 market share in domestic stent products and supplying quality stents to medical institutions throughout the society in a timely manner.



VERMILION BIRD & SWALLOW (朱雀飛燕)

By integrating and deploying existing products and market resources of MicroPort, and continuously expanding external partners and new channels, the Vermilion Bird & Swallow (朱雀飛燕) team is able to develop the blank medical market at lower-tier level such that more high-quality and high-end medical products can truly serve primary medical institutions and patients. From zero to one, we help primary care institutions diversify their development in conjunction with MicroPort Telemedicine Global Guidance Center (微創遠程醫療全球指導中心), assisting the advancement of medical technology of hospitals in remote areas, covering resources from multiple perspectives, such as people, talents and materials in order to furnish comprehensive capability of primary care institutions. We have been actively promoting to build an online learning platform, offering primary care physicians systematic learning on knowledge related to disease diagnosis and treatment. At the same time, we have introduced digital medical solutions such as teleconsultation and remote surgery boxes to effectively build a connection between expert teams of higher-level hospitals and county doctors so as to enhance medical technology capabilities.

Driven by the sense of mission and responsibility, the Vermilion Bird & Swallow (朱雀飛燕) team insists on operating the county market and keeping a close contact with hospital operators, equipment departments and medical insurance departments so as to follow up hospital stocks in a timely manner and improve stocking response speed and stocking efficiency. At the same time, we always pay attention to the distribution of products to ensure that customers’ needs can be efficiently and swiftly satisfied, practicing the brand concept of the Company – ‘a brand belonging to patients’.

EAGLE & SWALLOW (神雕飛燕)

To address the issue on relatively inadequate technical ability of hospitals in lower-tier regions, NuroTech, a subsidiary of MicroPort Group, has established the Eagle & Swallow (神雕飛燕) team, which hopes to extend the stroke treatment solutions to every county in China, improving the treatment standard of primary doctors and promote the decentralization of medical resources, ultimately realizing the goal of “major disease can be cured in the county hospitals”. Since its formation in 2020, Eagle & Swallow (神雕飛燕) has reached 22 provinces and nearly 100 cities.

GOAT & SWALLOW (雪羊飛燕)

In response to inadequate orthopedic surgeons in lower-tier hospitals and lack of further differentiation of orthopedic subspecialties such as joints, spine, trauma, etc., we have created the Goat & Swallow (雪羊飛燕) team to enhance capabilities of primary orthopedic surgeons in aspects of basic education, surgical techniques, and surgical support. The Goat & Swallow (雪羊飛燕) team brings together experienced orthopedic professionals from each prefecture-level cities to support primary care doctors in the entire process, from preparation of implants and tools, technical support in surgery, to even the post-operative rehabilitation process. Orthopedic experts from large medical centers in top-tier cities of China are invited to conduct basic academic education in lower-tier hospitals, facilitating the enhancement of overall standard of orthopedic treatment and service capacity of these hospitals.

LIANGZHI MEDICAL CARE SUPPORT (良知良助)

LiangZhi Medical Care Support (良知良助) is committed to improving the overall medical standard of county hospitals by provision of online promotion and comprehensive patient management services to hospitals. Through multi-dimensional and multi-level linked teaching such as online training, advanced training guidance, on-site teaching and remote diagnosis to county hospitals, we ultimately improve standards of outpatient surgery and scientific research of county hospitals. At the same time, the upper and lower levels in the medical environment are further integrated by consolidation of medical technology resources, equipping tertiary hospitals with technology and discipline capabilities.

CONTRIBUTE TO THE INDUSTRY

INDUSTRY LEADING

MicroPort endeavors to build an internal quality culture, and at the same time actively take part in industrial cooperation such as academic exchanges and seminars, training bases, and standards formulating, facilitating a healthy development of the medical device industry.

TRAINING BASE ACTIVITIES

MicroPort is undertaking the social responsibility of medical device inspector training bases to provide field training to inspectors at national and provincial and municipal levels. During the Reporting Period, MicroPort and its subsidiaries had carried out field training activities on sites in Shanghai, Jiangsu Province, Zhejiang Province and Guangdong Province. The training bases provide professional practical training resources to regulatory agencies and relevant industry organizations from various sectors, strengthening communication between enterprises and regulatory agencies, laying a solid foundation on further cooperation in industrial regulation. In addition, MicroPort Orthopedic Training Center has officially become a national medical device inspector practical training base in July 2021.

During the Reporting Period, the list of standards drafted and implemented by MicroPort and its subsidiaries is as follows.

No. 1

Standard No./Name:
ISO 22679: 2021 Cardiovascular Implants-
Transcatheter Cardiac Occluders

International standard

No. 2

Standard No./Name:
GB/T39381.1-2020 Cardiovascular
Implants – Vascular device-drug
combination products –
Part 1: General requirements

National standard

No. 3

Standard No./Name:
YY0450.1-2020 Accessory
devices for sterile single-
use intravascular catheters--
Part 1: Introducers

Industrial standard

No. 4

Standard No./Name:
YY/T0681.18-2020 Test methods for
sterile medical device package-Part 18:
Nondestructive detection of leaks in
packages by vacuum decay method

Industrial standard

No. 5

Standard No./Name:
YYT1706.1-2020 Implants for
surgery--Plasma-sprayed unalloyed
titanium coatings on metallic
surgical implants--Part 1: General
requirements

Industrial standard

No. 6

Standard No./Name:
YY/T 0809.2-2020 Implants for
surgery--Partial and total hip joint
protheses--Part 2: Articulating
surfaces made of metallic, ceramic
and plastics materials

Industrial standard

No. 7

Standard No./Name:
YY/T 1765-2020 Test methods
for determination of total knee
replacement constraint

Industrial standard

No. 8

Standard No./Name:
YY/T 0664-2020 Medical device
software--Software life cycle
processes

Industrial standard

No. 9

Standard No./Name:
YY/T 1759-2020 Guide for design
and evaluation of primary flexible
packaging for medical devices

Industrial standard

INDUSTRIAL COOPERATION

MicroPort is fully aware that continuous breakthroughs in the medical technology would not be achieved by the effort of one single company, hence, we cooperate with companies and organizations who share a common vision with us in promotion of overall innovation and R&D capabilities of the medical industry, making contribution to the healthy and sustainable development of industry ecosystem. During the Reporting Period, while continuously gaining worldwide popularity of our brand, we actively participated in industry events to keep abreast of industrial developments, and joined industry events and conferences for better communication.

IMPROVEMENT OF THE TRAINING NETWORK FOR PHYSICIANS

We continued to improve the establishment and layout of the training network for physicians. During the Reporting Period, MP MedBot established over 10 clinical application and training centres in various regions, including northeast China, northern China, central China and southern China. To alleviate the serious shortage of training for surgical robots in China and to lower the training threshold, MP MedBot has launched a mobile vehicle-based platform, which is equipped with the Toulmai® Laparoscopic Surgical Robot, enabling more healthcare professionals to access, experience and understand domestic surgical robots without having to travel long distances, thus accelerating the development of affordable robotic surgeries.



**ANNUAL ACADEMIC CONFERENCE OF
GUANGDONG BIOMEDICAL ENGINEERING
SOCIETY EXTRACORPOREAL
CIRCULATION AND EXTRACORPOREAL
LIFE SUPPORT BRANCH**

In November 2021, Kewei Medical, a subsidiary of MicroPort, participated in the annual academic conference of the Guangdong Biomedical Engineering Society, Extracorporeal Circulation and Extracorporeal Life Support Branch, showcasing Kewei's new Vitasprings® Spiral Diversion Integrated Membrane Oxygenator and venous arterial cannula, and invited experts who attended the conference to Kewei to join the inauguration ceremony of the Guangdong Extracorporeal Life Support Engineering Technology Center, MicroPort® Dongguan Industry-University-Research Base.

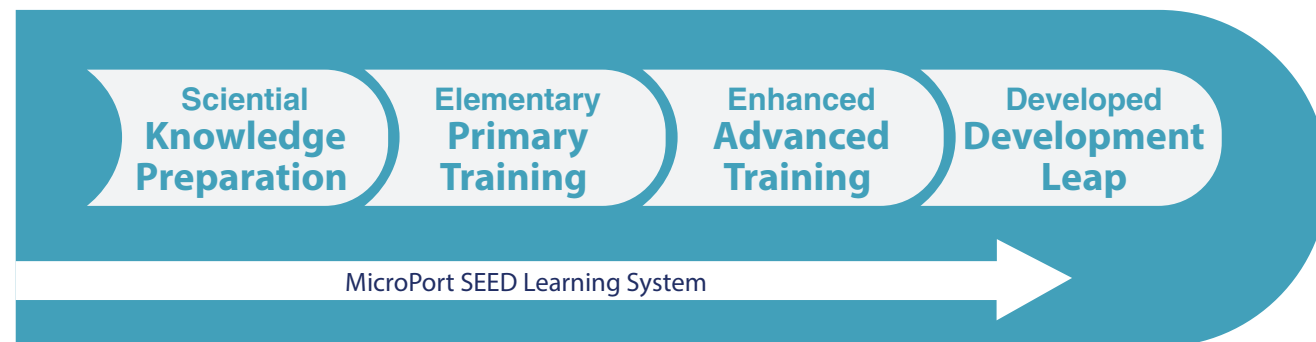


INDUSTRY TALENT TRAINING

MicroPort is committed to nurturing industrial talent and providing employment opportunities and professional education solutions for those who wish to pursue a career in the medical industry and inherit the spirit of MicroPort in order to enhance professionalism and ramp up progress in the medical industry.

MicroPort cooperates with numerous universities in China, carrying out talent training programs to facilitate graduates employment.

Being one of the four MicroPort Training Institutes, the MicroPort® Emerging MedTech Knowledge & Practice Workshop is a professional clinical education and training center for healthcare providers, managers, and decision makers. Professional education programs of MicroPort® are divided into sub-workshops of clinical training, management and research and development. Under MicroPort’s independent developed Seed Learning System for professional education, different levels of diversified courses are provided to clinicians in four stages of knowledge preparation, primary training, advanced training, and development leap.



ENDOVASTEC EMPLOYMENT INCENTIVE FUND PROGRAM

During the Reporting Period, Endovastec, a subsidiary of MicroPort, continued to promote the “Endovastec Employment Incentive Fund” program and participated in the Endovastec Employment Incentive Fund Award and 2021 Graduates Employment Promotion Conference organized by Shanghai University of Technology, supporting and encouraging on employment of fresh graduates under the pandemic.



THE EMERGING MEDTECH KNOWLEDGE & PRACTICE WORKSHOP THE FIRST ROBOTIC PULSE READING TRAINING

Subsequent to the first application of R-ONE®Vascular Interventional Surgery Robot to assist interventional cardiologists in stenting in China on 24 November 2021, the first phase of robotic training was held on 11 December by the Emerging MedTech Knowledge & Practice Workshop in response to the inadequate understanding of current staff on clinical trial protocols and relevant information of aseptic requirements of operating room, as well as the need to intensify training on practical operations of robots.

After a two hours learning on the clinical project and the aseptic requirements of the operating room, each participant performed aseptic operations according to the prevailing requirements of operating room, and one participant simulated the operations on stage, and other participants observed and learned.



APPENDIX I: HKEX ESG REPORTING GUIDE INDEX

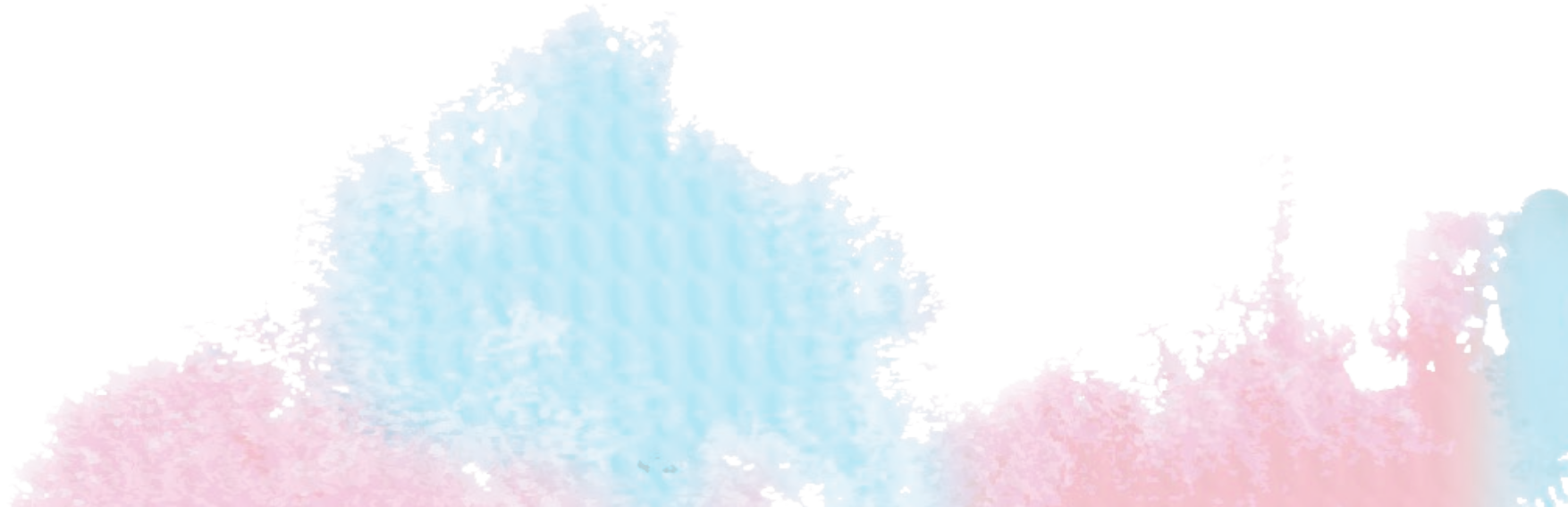
Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
A. Environmental		
Aspect A1:	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Emissions Management
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).	Energy and Resource Utilization
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Management
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.	Emissions Management
Aspect A2:	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Energy and Resource Utilization
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).	Energy and Resource Utilization

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Energy and Resource Utilization
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy and Resource Utilization
KPI 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.	Energy and Resource Utilization
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Energy and Resource Utilization
Aspect A3:	The Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
Aspect A4:	The Climate change	
General Disclosure	Policies to identify and respond to significant climate-related issues that have and may affect the stakeholders.	Climate Change
KPI A4.1	Description of the significant impacts of climate-related issues that have and may affect the stakeholders and the actions taken to manage them.	Climate Change
Aspect 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.	Value-based Workforce
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Value-based Workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Talent Development

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
Aspect 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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development
Aspect 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 labour	Value-based Workforce

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Value-based Workforce
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Value-based Workforce
Aspect B5:	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Procurement
KPI B5.1	Number of suppliers by geographical region.	Responsible Procurement
KPI 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.	Responsible Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Procurement
Aspect 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.	Quality First Service Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality First
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Service Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Trade Secrets and IP Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Quality First
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Safety and Data Privacy

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
Aspect B7	Anticorruption	
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.	Integrity and Honesty
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.	Integrity and Honesty
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity and Honesty
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Honesty
Aspect 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.	Community Contributions
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Contributions
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Contributions



APPENDIX II: REFERENCE OF APPLICABLE LAWS, REGULATIONS AND POLICIES

Location	Chapter	Name of laws and regulations
Mainland China	Guardian of Integrity and Compliance – Integrity and Honesty	Law of the People's Republic of China Against Unfair Competition
		Criminal Law of the People's Republic of China
		Anti-monopoly Law of the People's Republic of China
	Guardian of Integrity and Compliance – Compliant Marketing	Advertising Law of the People's Republic of China
		Consumer Rights Protection Law of the People's Republic of China
	Guardian of Integrity and Compliance – Information Safety and Data Privacy	Cybersecurity Law of the People's Republic of China
		Data Security Law of the People's Republic of China
		Personal Information Protection Law of the People's Republic of China
		Management Regulations on Protection of Information Security Level
	Guardian of Integrity and Compliance – Trade Secrets and IP Protection	Trademark Law of the People's Republic of China
		Patent Law of the People's Republic of China
		Law of the People's Republic of China Against Unfair Competition
	People-Centric Executor – Value-based Workforce	Labour Law of the People's Republic of China
		Labour Contract Law of the People's Republic of China
		Regulations on Prohibition of Child Labour
	People-Oriented Executor – Health and Safety	Production Safety Law of the People's Republic of China
		Law of the People's Republic of China on Prevention and Control of Occupational Diseases
	Promoter of Green Concept – Environmental Management	Environmental Protection Law of the People's Republic of China
		Law of the People's Republic of China on Environmental Impact Assessment
		Environmental Protection Tax Law of the People's Republic of China
	Promoter of Green Concept – Emissions Management	Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution
		Law of the People's Republic of China on the Prevention and Control of Air Pollution
		Law of the People's Republic of China on the Prevention and Control of Noise Pollution
	Promoter of Green Concept – Energy and Resource Utilization	Law of the People's Republic of China on Energy Conservation and the Energy Policy
		GB/T 2589-2020 General Principles for the Calculation of Integrated Energy Consumption
		Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Enterprises in Other Sectors of Industry (Trial)

Location	Chapter	Name of laws and regulations
Other places	Guardian of Integrity and Compliance – Integrity and Honesty	Foreign Corrupt Practices Act (FCPA) of the US
		the Bribery Act of the UK
	Guardian of Integrity and Compliance – Information Safety and Data Privacy	Safety General Data Protection Regulation (GDPR) of the EU
		The Health Insurance Portability and Accountability Act HIPAA of the US
	Guardian of Integrity and Compliance – Trade Secrets and IP Protection	Defend Trade Secrets Act 2016 of the US
		Economic Espionage Act 1996 of the US
		Uniform Trade Secrets Act of the US
		The Directive on the Protection of Trade Secrets of the EU
	People-Centric Executor – Value-based Workforce	The Fair Labor Standards Act of the US
	People-Centric Executor – Health and Safety	The Occupational Safety and Health Act of the US
		The Tennessee Occupational Safety and Health Law of the US
		Article 153 of Treaty on the Operation of the EU
		EU Council Directive 89/391 in EU
		The fourth section concerning occupational health and safety of the French Labor Code
		The fifth part of the Italian Civil Code No. 81/2008
	Promoter of Green Concept – Emissions Management	The Hazardous Waste Management Act of the US
		The Clean Air Act of the US
	Promoter of Green Concept – Energy and Resource Utilization	The American Energy Policy and Conservation Act of 1975
		The Clean Water Act of the US

INTERNAL POLICY:

Location	Chapter	Name of laws and regulations
Mainland China	Responsible Governance Practitioner of – Risk Control	Risk Management System
		Internal Audit System
	Guardian of Integrity and Compliance – Integrity and Honesty	Code of Business Conduct and Ethics
		Compliance Manual
		Administrative Regulations on the Honest Practices of Employees
	Guardian of Integrity and Compliance – Compliant Marketing	Subsidiary Logo System
		External Information Release Management Process
		Social Media Account Application Management System
		Standards on the Management of Packaging Design
	Guardian of Integrity and Compliance – Information Safety and Data Privacy	Information Security Management Policy
		Privacy Information Management Policy
		Code of Practice on Information Security for Employees
	Guardian of Integrity and Compliance – Trade Secrets and IP Protection	Intellectual Property Rights Manual
		Trade Secret Management Regulations
		Confidentiality Agreement
		Leave Agreement
	Committed Practitioner of Craftsmanship – Quality First	Quality Manual
		Product Recall Management System
	Committed Practitioner of Craftsmanship – Service Assurance	Feedback Control Procedures
	Committed Practitioner of Craftsmanship – Responsible Procurement	Supplier Management Rules
		Procurement Management Guide
	People-Centric Executor – Value-based Workforce	Employee Handbook
		Remuneration Management System

Location	Chapter	Name of laws and regulations
	People-Centric Executor – Health and Safety	Security Risk Classified Management and Control Assessment Report
		Management System for Occupational Health
		Prevention and Control of Occupational Disease and Implementation Plan
		Special Emergency Plan for Safety Incidents
		Personal Protective Equipment Management System
		Occupational Health Education and Training System
		System for Reporting and Investigation of Safety and Production Accidents
	People-Centric Executor – Employee Care	Welfare Management Regulations
		Leave Management Regulations
	Promoter of Green Concept – Environmental Management	Administration Procedures for Clean Production
		Management Procedures for Organizational Environment and Requirements for Interested Parties
		Procedures for the Identification, Evaluation and Control of Environmental Factors
	Promoter of Green Concept – Climate Change	Special Severe Weather Emergency Response Plan for MicroPort
	Promoter of Green Concept – Emissions Management	Solid Waste Pollution Control Procedures
		Hazardous Chemicals Management System
		Hazardous Chemicals Control Process and Responsibilities
		Procedures for the Prevention and Control of Water Pollution
		Noise Pollution Prevention and Control Procedures
	Promoter of Green Concept – Energy and Resource Utilization	Procedures for the Management of Energy Conservation Design
		Procedures for Energy-Saving Procurement Management
		Regulations on Water Use Management