

ACOTEC

先瑞達醫療科技控股有限公司
Acotec Scientific Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6669

2023

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



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About the Report



This is the third Environmental, Social and Governance Report (“ESG Report”) issued by Acotec Scientific Holdings Limited (the “Company”, “Acotec” or “We”) and together with its subsidiaries (the “Group”). The report mainly introduces the Company’s management policies in environmental, social and governance aspects and the specific management measures taken during the Reporting Period, aiming to strengthen the communication and contact with the Company’s internal and external stakeholders.

REPORTING SCOPE

The scope of this report covers Acotec Scientific Holdings Limited and its main domestic and foreign subsidiaries and offices. The Corporate Environmental, Social and Governance Report is an annual report covering the period from 1 January 2023 to 31 December 2023.

REPORTING PRINCIPLES

This report has been prepared in accordance with the following reporting principles:

Materiality:

Key ESG issues are identified through materiality assessment and relevant content has been disclosed in the ESG report;

Quantitative:

Quantitative information on environmental and social aspects is presented in the ESG report, together with a description of its purpose and impact. Comparative data will be provided in subsequent ESG reports;

Consistency:

We use consistent disclosure and statistical methods. In this report, we have maintained the same disclosure and statistical methods for the information disclosed in the previous year’s report. For the information disclosed for the first time, we will adopt consistent methods for ESG information disclosure in subsequent years to facilitate meaningful comparison year by year.

REPORTING PREPARATION BASIS

This report has been prepared with reference to the requirements of the *Environmental, Social and Governance Reporting Guide* of the Stock Exchange of Hong Kong Limited (“HKEx”) as set out in Appendix C2 to the Listing Rules, GRI Standards, and MSCI-ESG ratings.

ACCESS AND RESPONSE TO THE REPORT

This report is published in English and Chinese versions respectively via the internet. Stakeholders may access this report on the website of the Company (www.acotec.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk). In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail.

CONTACT US

We attach great importance to the views of stakeholders and the public on this report. If you have any inquiries or suggestions, please feel free to contact the Company through the following method.

Headquarter Location: 4-5F, Building 1, No.16 Hongda North Road, Beijing Economic and Technological Development Zone, Beijing, China

Principal place of business in Hong Kong: 19/F, Golden Dragon Centre, 188 Des Voeux Road Central, Hong Kong

Company website: www.acotec.cn

Contact email: ir@acotec.cn

About Us

Acotec Scientific Holdings Limited is a global leading medical technology company focusing on the development and application of technology platforms for vascular interventional treatments. Leveraging our four unique technology platforms — drug-coating technology, radiofrequency ablation technology, polymer material technology, and aspiration platform technology — Acotec is committed to pursuing innovation to identify unmet clinical needs, provide innovative solutions for doctors and patients, and deliver trustworthy products.

Based on the scalability and efficiency of the four technology platforms, and its “leave nothing behind” treatment solutions, Acotec had launched the world’s first Below-The-Knee Drug-Coated Balloon (AcoArt Tulip® & Litos®, hereinafter referred to “BTK DCB”), which received regulatory approval based on clinical trial results. In addition, we introduced the first Above-The-Knee Drug-Coated Balloon (AcoArt Orchid® & Dhalia®, hereinafter referred to “ATK DCB”) in China, along with a Peripheral Aspiration System (AcoStream®), a Radiofrequency Ablation System (AcoArt Cedar®), and 10 other competitive products by the end of 2023. Acotec has developed over 30 product pipelines so far, with the aim of providing minimally-invasive endovascular interventional solutions across five areas: vascular surgery, cardiology, nephrology, neurology and andrology.

Acotec will continue to innovate clinical therapies for vascular intervention and diversify our product portfolio to help combat vascular diseases. Going forward, we will continue to pursue our goal of becoming a world-leading enterprise in the field of medical technology, provide better solutions for systemic vascular interventional therapy for the doctors and patients around the world, and enable patients to enjoy better clinical benefits and a higher quality of life in the long term.

The Company possesses a number of domestic and foreign core intellectual property rights. We aim to provide innovative, technological products to medical workers so that they can provide better treatment solutions to patients. Meanwhile, we are committed to building a brand that is “made in China, world-leading” brand. Currently, in addition to the Chinese market, our business extends to multiple countries and regions across Asia, Europe, and other parts of the world.

Corporate Positioning

Reliable innovative medical technology platforms.

Corporate Mission

Maintain our commitment to achieving long-term clinical benefits and improving the life quality of patients.

Corporate Vision

Combat vascular diseases and become one of global leaders among medical technology enterprises.

Maintain respect for clinical facts and evidence

Aim to deliver long-term clinical benefits, respect facts and evidence, and explore unmet clinical needs, with the goal of offering more solutions for the treatment of vascular diseases

Constantly pursue innovation

Adhere to reliable innovative ideas while also maintaining an imaginative perspective, with a view to continuously providing new treatment methods and reliable products and opening up the next frontier of vascular interventional treatment

Improve health outcomes

Deliver new treatment methods and reliable products to doctors and patients and improve holistic vascular disease treatments so that more patients with vascular diseases can return to a healthy and high-quality life

PRODUCT OVERVIEW

Vascular Surgery



Peripheral Drug-coated Balloon (ATK DCB)
(AcoArt Orchid® & Dhalia®)



Peripheral Drug-coated Balloon (BTK DCB)
(AcoArt Tulip® & Litos®)



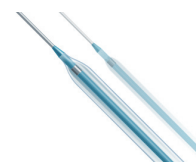
Radiofrequency Ablation System
(AcoArt Cedar®)



Peripheral Aspiration System
(AcoStream®)



2nd Gen Peripheral Aspiration System
(2nd Generation AcoStream®)



Peripheral PTA Balloon
(AcoArt Iris® & Jasmin®)



Peripheral PTA Balloon
(AcoArt Lily® & Rosmarin®)



Peripheral Support Catheter
(Vericor®)



Peripheral PTA Balloon
(P-Conic®)

Cardiology



Semi-compliant PTCA balloon
(YAN)



Coronary CTO Recanalization Balloon
(RT-Zero®)



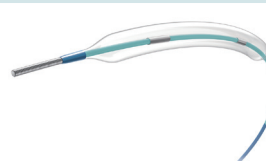
Coronary CTO Antegrade Micro-Catheter
(Vericor-14®)

Nephrology



Paclitaxel Coated High-Pressure Balloon
(ACOART AVENS®)

Neurology



Intracranial PTA Balloon
(Neo-Skater®)

2023 COMPANY DEVELOPMENTS

Feb

On 9 February 2023, Boston Scientific Group plc (“Boston Scientific”) and Acotec jointly announced the closure of Boston Scientific’s partial cash offer to acquire 65% of Acotec’s issued share capital. Boston Scientific successfully completed its strategic investment in Acotec.



Mar

Coronary CTO Recanalization Balloon (RT-Zero®) approved by National Medical Products Administration (NMPA) in China



Peripheral Support Catheter Vericor® approved by the Food and Drug Administration of Thailand (“TFDA”)



Apr

Several of the Company’s new products received approvals from the NMPA, expanding our product portfolio in the fields of cardiology and nephrology and further enhancing our product offerings.



2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)



Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®)



Coronary CTO Antegrade Micro-Catheter (Vericor-14®)

Jul

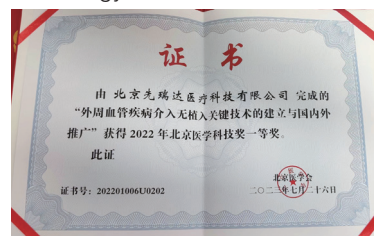
On 20 July 2023, Acotec and Boston Scientific entered into a Master Collaboration Agreement and a Master Service Agreement. These framework agreements primarily embody collaboration between Acotec and Boston Scientific in product commercialisation, manufacturing services, and product development for the next three years.



Acotec Scientific Co., Ltd. (“Beijing Acotec”) became one of the fifth batch of Beijing enterprises awarded the title of Specialized, High-end, and Innovation-driven “Little Giants”.



Beijing Acotec won the first prize in the 2022 Beijing Medical Science and Technology Awards



Aug

Acotec (6669.HK) was included in the FTSE Global Total-Cap Index (LMSμ) and the FTSE Global Micro Cap Index.



About Us

Aug



Coronary CTO Antegrade Micro-Catheter (Vericor-14®) was approved by the MHLW and the TFDA

Sep

The Company is actively promoting the global commercialization of its products by seeking market approvals in countries with potential.



Peripheral Support Catheter (Vericor®) was approved by the Ministry of Health, Labour and Welfare (“MHLW”) in Japan

Oct

Acotec’s new premises, for the purposes of research, development, testing, and manufacturing of medical devices, have been officially put into operation.



Nov

On 29 November 2023, Acotec’s BTK DCB, AcoArt Litos®, received the U.S. Food and Drug Administration (FDA) approval for its Investigational Device Exemption (IDE) application. This approval signals the upcoming commencement of clinical research of BTK DCB in the U.S. after Institutional Review Board (IRB) approval, marking a significant milestone for Acotec’s internationalization strategy.

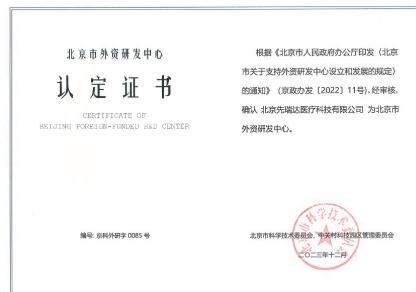


Dec

Acotec was awarded the “Annual Medical Innovative Enterprise” accolade at TMTPost EDGE Awards 2023, in recognition of its breakthrough innovations in product development.



Beijing Acotec became one of the fourth batch of Beijing foreign-funded R&D centres.



Chairperson's Statement

Someone conducted an experiment by continuously rolling a die to observe the occurrence of getting a 3. At the beginning of the throws, the probability of rolling a 3 may be significantly higher (or lower) than one-sixth. However, with an increasing number of rolls, the probability of rolling a 3 will tend towards one-sixth. This experiment serves as a basic illustration of the concept known as long-termism. In my perspective, long-termism involves committing to an extended timeline and persisting in doing the right things to approach definitive outcomes in an uncertain world.

We have faith in the efficacy of long-termism, which drives our dedication to sustainable development. The year 2024 marks the third year of releasing our ESG report and the thirteenth year of championing our sustainable business principles.

In 2023, We approached the year with down-to-earth pragmatism, aiming for steady progress and seizing opportunities. Throughout the year, we successfully launched a series of coronary and peripheral products, obtained FDA IDE approval for the BTK DCB, and advanced over 30 product pipelines in a well-organized manner for R&D and commercialization. These efforts have enabled us to provide minimally invasive interventional solutions for vascular surgery, cardiology, nephrology, neurology, and andrology. The efficient progress of our R&D endeavors is intricately tied to our long-term commitment to sustainable business practices. Over the years, we have continuously bolstered our capacities in R&D innovation, product quality management, intellectual property management, and “people-oriented” talent management, safeguarding sustainable green and healthy development. In this way, we are cultivating a sustainable, environmentally friendly and healthy development ecosystem within the Company, forming a closed-loop for virtuous development, and creating a favorable environment for the Company’s future sustainable and healthy development.

Innovation-driven development. Innovation is the foremost driving force for our development, and also the cornerstone of our operations. Since Acotec’s introduction of the first ATK DCB product in China, we have been recognized as innovators. Our second product, the BTK DCB, is also the world’s first and only product of its kind to be approved based on clinical trial results by regulatory authorities, further enhancing our reputation as “innovators”. Last year, the successful market approvals of our Coronary CTO Recanalization Balloon (RT-Zero®), 2nd Peripheral Aspiration System (2nd Generation AcoStream®), Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®), and Coronary CTO Antegrade Micro-Catheter (Vericor-14®) reaffirmed our belief in the power of innovation and technology. The introduction of multiple new products not only provides innovative treatment options for clinical professionals and patients but also propels the industry forward with fresh momentum. We are proud of the progress that these products represent, and in the future, we will continue to promote innovation and offer more reliable solutions for the industry.

Quality-based trustworthiness. Mature quality management systems and robust product safety measures are vital guarantees in the production and operation of medical device enterprises. To ensure product quality and user safety, we uphold to the quality policy of “Pursuing Excellent Quality, Safeguarding Life and Health”. Acotec has established a comprehensive product quality management system, and embedded quality management in every aspect of production and operation. We rigorously execute quality inspection processes, and effectively manage product quality throughout the entire lifecycle. Under our stringent quality management system, the Company’s annual quality objectives were all met without any recalls in 2023, earning full trust from clinical healthcare professionals and patients.

Excellent management promoting efficient collaboration. We firmly believe in the key role that efficient team management plays in teamwork and collaboration. The scientific structure of the Company's management team promotes teamwork and collaboration, enhancing the quality and efficiency of corporate operations. To this end, we have formed a governance structure consisting of the shareholders' meeting, the Board of Directors, and senior management as the main bodies. This structure is designed to create a scientific, efficient, stable and long-term decision-making, supervision and incentive system, aiming to continuously improve corporate governance and steadfastly safeguard the interests of the Company's shareholders. We advocate for Board diversity to improve corporate decision-making, enhance the Board's effectiveness, and ensure that it maintains a comprehensive and integrated perspective. In terms of ESG, we continually optimize our ESG management system, and we have formed an ESG governance structure consisting of the Board of Directors, the Business Development Department and relevant operational departments. Their respective ESG responsibilities are clearly defined to strengthen the Company's overall ESG management and promote Acotec's sustainable development.

Making extraordinary achievements relying on a people-oriented approach. We adhere to a people-oriented talent development strategy and recruit world-leading professionals to work together and create value for the industry. We are deeply aware of the fact that people are at the root of Acotec's prosperity. Just as mountains have peaks, competition among enterprises fundamentally comes down to competition for talents. Acotec treats every employee with equal respect, care for their well-being, protects their rights, aiming to attract global talents to stay and grow together in the long run, and contribute to the development of vascular health together.

Engaging in green operations in response to the dual carbon strategy. Acotec adheres to the philosophy of green operations and actively responds to the national call for low-carbon sustainable development. The Company minimizes the impact of its production and operations on the environment and pursues a business development model that is environmentally friendly. In terms of emissions reduction, we strictly control the levels of waste, wastewater, and air pollutant emissions, starting from the emission sources and implementing emission management. Through third-party testing, our emissions all met the discharge standards. After a year of strict control, we have achieved remarkable results in emissions management compared with 2022. In terms of energy conservation, we are dedicated to improving operational efficiency to ensure the effective use of energy and resources, conducting regular inspections, evaluations, and monitoring of resource usage to reduce water, electricity, and other resource consumption. Additionally, we have implemented plans to enhance energy usage and efficiency and will further decrease the Company's energy consumption in the future.

At Acotec, we firmly believe that small, consistent pave the way for significant accomplishments. Our thirteen years of accumulated efforts is steadily paying off and have led to the achievements we see today in the field of ESG. Thirteen years on, we still hold a sense of awe for this progress and remain committed to upholding the principles of sustainable development in our operations. The world is changing and full of uncertainties, but we still firmly believe that long-termism is the answer to an uncertain future. In the new year, as an active participant in the industry, Acotec will continue its green operations and contribute to the development of vascular health.

Let's meet the future together.

Chairperson of the Board, Executive Director and CEO

Li Jing

March 25, 2024

Board of Directors Statement

The Board of Directors (the “Board”) assumes sole responsibility for the Company’s environmental, social and governance (ESG) strategy and reporting. The Board is responsible for assessing and determining ESG-related risks and ensuring that the Company has proper and effective management and internal controls in place for ESG-related risks. The Board of Directors and all the directors of the Group hereby warrant that the contents of the ESG Report do not contain any false representations, misleading statements or material omissions and take joint and several liability for the truthfulness, accuracy and completeness of the contents.

The Board is the highest decision-making body for ESG management, and it is responsible for guiding the direction of the Company’s sustainable development, formulating the overall vision, goals and management strategies for the Company’s sustainable development, and reviewing the Company’s annual ESG report. Meanwhile, the relevant working groups under the Board are tasked with promoting the implementation of ESG work within the Company. By assessing the materiality of ESG issues, we have found that product quality management, R&D innovation and intellectual property management are ESG issues of high importance to the Company. As a leading innovative medical device company, we are steadily working to strengthen the Company’s product quality management, innovation and R&D capabilities, with the goal of continuously leading the industry and promoting the sustainable development of the Company.

Innovative research and development, product quality management and intellectual property management are of paramount importance to the Company. World-class technologies are the key to our success, and we have formed four segments of core technologies: drug-coating technology, radiofrequency ablation technology, polymer material technology, and aspiration platform technology. The Company integrates four technology platforms to generate significant synergies, which contribute to expanding the company’s presence in other innovative therapy areas and enhancing the quality of products. Based on the principle of mutually beneficial cooperation and win-win outcomes, we integrate and share leading resources in partnership with various stakeholders, maximise shareholder value, deliver benefits to our customers, and share the fruits of Acotec’s development with our employees.

We are conscious of the opportunities and challenges brought to our operations by more stringent regulatory requirements and the trend towards green, safe and sustainable development in the industry. Going forward, we will continue to adjust our sustainable development management strategy and methods in accordance with stakeholder expectations and our operating conditions, and continuously improve the Company’s sustainable development.

2023: Achievements in Sustainable Development

We pay close attention to the evolving trends in global ESG guidelines and standards, monitor their impact on our operations, and proactively respond to them in our reports. In this year’s ESG report, we have referenced the United Nations (“UN”)’ *Transforming our world: the 2030 Agenda for Sustainable Development*, focusing on 11 out of the 17 Sustainable Development Goals (“SDGs”). Here are the highlights of our achievements related to these goals in 2023.

Trusted Innovation for Life



- A strong in-house R&D team of 127 members
- Organised a total of 63 R&D trainings covering all R&D employees
- Beijing Acotec has been awarded the title of Specialized, High-end, and Innovation-driven “Little Giants”, certified as the fourth batch of Beijing foreign-funded R&D centers, and won the First Prize in the 2022 Beijing Medical Science and Technology Awards
- 278 registered and pending intellectual property rights
- The Company has successfully achieved all three annual quality objectives

Robust Governance for Development



- Diverse composition of the Board of Directors, with over 50% female directors
- Organised a total of 10 business ethics training sessions with 100% employee coverage

Extraordinary Employees for Growth



- Female employees account for 62.2%
- Organised 11 safety training sessions, with over 600 participants trained in total
- No injuries were recorded during 2.5 million consecutive working hours from 2022 to 2023

Warm Community for Harmony



- Participated and supported more than 20 charity clinics

Greener Environment for Future



- Properly collected, stored and disposed of waste
- Implemented measures to reduce hazardous waste and production wastewater discharge
- Continued to promote localised procurement of raw materials in the supply chain

ESG Management

IDENTIFICATION OF MATERIAL ISSUES

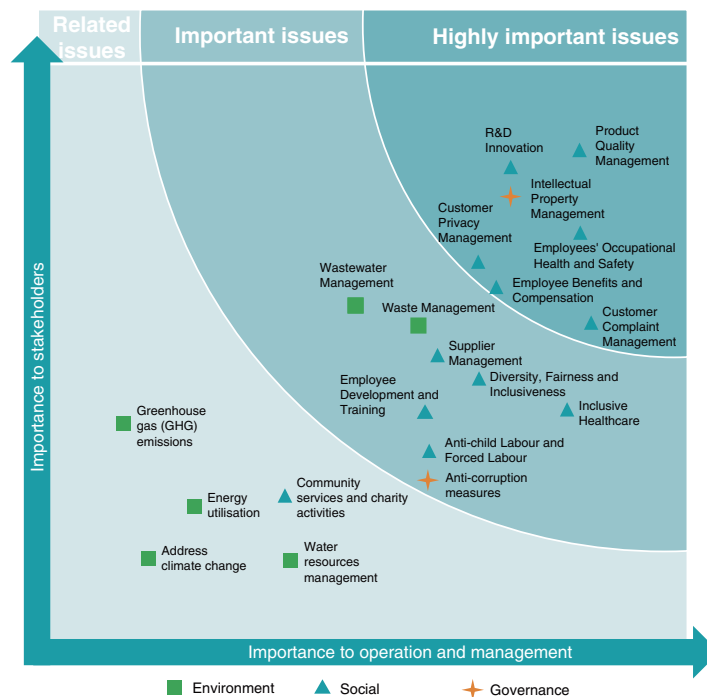
In 2023, after comprehensively considering the national macroeconomic policies, capital market focus, sustainable development reporting standards and peer benchmarking, we made further improvements to ESG issues on top of 2022. We identified a total of 20 issues including 6 environmental issues, 12 social issues and 2 governance issues. We engaged an independent third-party organisation to understand stakeholders' rate on ESG issues' materiality and obtained their views and suggestions on the Company's sustainable development through an online questionnaire and stakeholders' interviews.

1. Identify ESG issues related to the Company by benchmarking against the HKEX ESG Reporting Guide and the information disclosed by peers.

2. Conduct stakeholder interviews to gather feedback, suggestions on our sustainable practices, and insights on future sustainable development strategies.

Prepare an online questionnaire to assess ESG material issues. Stakeholders were invited to rate materiality of relevant ESG issues.

3. Based on the results of the stakeholders' questionnaire and considering the Company's development status, we assessed material issues in terms of "importance to stakeholders" and "importance to operation and management", then ranked the materiality of issues and generated a matrix.



Acotec Materiality Assessment Matrix

COMMUNICATION WITH STAKEHOLDERS

Based on the requirements of the HKEX ESG Reporting Guide and with reference to procedures for the materiality analysis of the Global Reporting Initiative (“GRI”), the Company gathered issues concerned to major stakeholders by questionnaires and interviews, and then analysed and ranked these issues so as to determine important corporate issues regarding environment, society, and governance and disclosed them in the ESG report.

Stakeholder	Expectations of Stakeholder	Mechanisms of Communication and Participation	Responses from the Company
Investors	<ul style="list-style-type: none"> • Increase the Company’s market value and profitability • Continuously improve the Company’s environmental and social responsibility performance 	General meeting of shareholders, information disclosure, company website	<ul style="list-style-type: none"> • Release reports regularly, disclose information truthfully and thoroughly and invest efforts in making achievements and profits • Improve corporate governance and risk management level, convene general meetings, enhance investor relations management and strive to improve environmental and social responsibility management
Customers	<ul style="list-style-type: none"> • High-quality products • Safeguard customer’s legitimate interests 	Sign contracts and agreements	<ul style="list-style-type: none"> • Provide high-quality products and services • Establish a sound customer service system and customer opinion feedback and complaints mechanism
Employees	<ul style="list-style-type: none"> • Uphold employee remuneration and benefits • Care for safety and health of employees • Offer equal promotion and development opportunities • Improve the communication mechanism; engage in company management 	Employment contracts, labour union	<ul style="list-style-type: none"> • Strictly observe provisions within employment contracts, improve the remuneration and benefits system • Offer a safe and healthy work environment • Offer development paths for employees and organise staff training • Offer equal communication channels

Stakeholder	Expectations of Stakeholder	Mechanisms of Communication and Participation	Responses from the Company
Governments	<ul style="list-style-type: none"> Observe the law, operate in compliance with regulations, and in line with national policies 	Engage in relevant governmental meetings	<ul style="list-style-type: none"> Strict attention to relevant laws and regulations, continuously enhance corporate compliance management and comply with relevant national policies
Suppliers	<ul style="list-style-type: none"> Have honest, fair and just cooperation, achieve mutual benefits and win-win results to promote industry development 	Sign contracts and agreements, and hold tender and bidding, and supplier meetings regularly	<ul style="list-style-type: none"> Actively perform the contracts and agreements by adhering to open and transparent business principles, adopt an open and transparent procurement model, and develop an accountable supply chain
Communities	<ul style="list-style-type: none"> Minimise the impact of production and operations on local communities Boost the development of local economy 	Participate in community activities, care for public health and organise health education events	<ul style="list-style-type: none"> Assist in health education activities Support free medical consultation activities

ESG RISK MANAGEMENT

RISK MANAGEMENT AND CONTROL MECHANISM

Acotec attaches great importance to the impact of future uncertainties on the Company's achievement of business goals and sustainable development, continuously improving the risk management system and internal control system. The Board is responsible for assessing and defining the Company's ESG-related risks and ensuring that the Company has an appropriate and effective ESG risk management and internal control system in place. We have established accountable functions led by the Finance Department responsible for establishing and operating compliance management and internal audit systems to ensure the robustness and effectiveness of risk management and internal control.

The Company has established the "Management Rules for Internal Control", "Management Rules for Internal Audit", and other management rules to cover various business processes. The Company has established a robust risk assessment system to continuously monitor operating risk, financial risk, market risk, policy and regulation risk, and ethical risk. We identify and assess risks faced by the Company and take necessary controls on a timely basis.

The Company introduced a new OA system in 2023, significantly improving the capacity and efficiency of the internal operations and risk management. Tailored to the practical needs of each department, the system integrates business processes and strategically places control nodes based on management and risk control requirements. Automation of some processes enables real-time information transmission and sharing, improving the accuracy of risk identification and assessment, providing critical support for the Company's risk management.

Case: OA system improves the Company's fixed asset management capability

To address the issues identified in the special risk assessment of fixed assets in 2022, the Company launched the OA system in 2023 to realise the intelligent management of fixed assets. The system serial number of each asset is registered in the OA system, and asset ownership is assigned to individuals. New assets are assigned a QR code, so that asset inventory can be conducted by scanning the codes. Through this multi-functional system, all the Company's assets are properly monitored, and the addition, purchase, transfer and retirement of assets are tracked in the OA system, significantly improving the capacity and efficiency of the Company's fixed asset management.

In 2023, the Company engaged a third-party organisation to conduct a risk assessment. This special assessment focused on the sales expense, which involves seven types of sales expenses. Through interviews, sampling and field visits, issues were identified, root causes were analysed, and key risk points were uncovered. Using the assessment results, we have improved the Company's guidance for sales and marketing activities and the business travel system.

We organised training sessions specialising in risk awareness and internal control auditing, with a view to improving internal management skills.

Case: In-house training on internal risk control and fixed asset management

Acotec prepared a training campaign on “Internal Risk Control and Fixed Asset Management” for directors of each department and staff in charge of fixed asset management. The training covered risk identification, assessment and mitigation strategies, as well as the purchase, maintenance and disposal of fixed assets. Through this training, employees and operational departments gained a better understanding of the need to control and manage risks, and enhanced their awareness and capabilities around internal risk control and fixed asset management.

To strengthen the Company’s ESG risk management, we identify, analyse, respond to, and monitor ESG risks, and gradually integrate ESG risk management into the Company’s overall risk assessment system.

ESG risk management process

Risk identification	Risk analysis	Risk response	Risk monitoring
Before launching a business activity, we assess potential ESG risks through reviews and surveys, and determine the focus and priority through qualitative and quantitative assessment and ranking of the ESG risks.	Conduct risk analysis and assessment of identified ESG risks. Analyse the likelihood and impact of their occurrence. Based on the results of the risk assessment, different risk response strategies are determined based on the risk tolerance.	Determine the corresponding processes and responses based on the result of risk analysis and assessment to minimise the impact of ESG risks. Adjust risk response strategies to align with development stages and business scenarios on a timely basis.	Continue to identify new risks, reevaluate existing risks, optimise risk responses, and discuss updates. Establish continuous risk monitoring mechanisms and develop follow-up action plans, integrating ESG risk management with business activities to form a closed-loop risk management system.

MATERIAL ESG RISKS AND RESPONSES

In 2023, Acotec identified the following top four ESG risks: product safety and quality risks; production safety risks; waste pollution and emissions risks; procurement integrity risks. We have taken measures in response to the identified risks.

ESG-related risks	Potential impacts and effects on Acotec	Measures to mitigate identified risks
Product safety and quality risks	If the Company's products encounter significant safety and quality issues, Acotec will face penalties such as fines and rectification orders, as well as reputational damage risks.	<ul style="list-style-type: none"> Set product quality goals Conduct internal and external audits regularly on the quality management system <p><i>For more details, please refer to the Responsible Production and Quality Assurance subsection under Trusted Innovation for Life.</i></p>
Production safety risks	Safety accidents may occur due to unclear safety production responsibilities, unimplemented measures and unavailable assessments.	<ul style="list-style-type: none"> Conduct regular safety training, including topics on safety handling and emergency response procedures for hazardous chemical products. Conduct regular environmental monitoring on job positions with potential occupational hazards <p><i>For more details, please refer to Fully protect employees in health and safety subsection under Extraordinary Employees for Growth.</i></p>
Waste pollution and emissions risks	In cases of non-compliance with the <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution from Solid Waste</i> , the Company will face fines and other penalties based on the severity of the incident.	<ul style="list-style-type: none"> Utilise compressed air instead of alcohol to clean products to reduce the generation of hazardous wastes, including alcohol As the steriliser technology advances, wastewater generated in the sterilisation process will be gradually reduced <p><i>For more details, please refer to the Emission Control and Environmental Protection subsection under Greener Environment for Future.</i></p>
Procurement integrity risks	If serious corruption incidents occur in procurement, the Company will experience decreased profitability, a crisis of trust, and increased internal management costs.	<ul style="list-style-type: none"> Organise regular anti-fraud training covering all employees Improve internal control procedure <p><i>For more details, please refer to the Green Procurement and Sustainable Supply subsection under Greener Environment for Future.</i></p>



Trusted Innovation for Life

Acotec focuses on R&D and manufacturing in the belief of “Trusted Innovation for Life” to provide diversified and innovative hi-tech products for vascular interventional treatment. We emphasise intellectual property protection, promote mutual development of the industry, and continuously enhance product quality. We have been actively responding to UN Sustainable Development Goals 3, 12 and 17.



1.1 R&D-LED INNOVATION

Upholding the original intention of providing the best treatment solutions for Chinese and global vascular disease patients, Acotec continuously introduces innovative products and has built a diverse product portfolios.








1.1.1 R&D PERSONNEL

The founders and senior management team of Acotec have an average of over 30 years of experience in the medical device industry, many of the Company’s senior experts and R&D scientists have worked for Medtronic plc, Stryker Corporation, Invatec and other global leading companies. Our staff have extensive experience in the R&D, manufacturing, and commercialisation of vascular disease treatment devices, enabling them to formulate product development plans tailored for market demand.

As of 31 December 2023, Acotec had a strong R&D team of 127 members, including 66 people with Master’s degrees or above in the Chinese R&D team. In 2021, Acotec established a R&D center in the U.S., providing crucial support for the company’s new product development in the field of vascular intervention, and facilitating product registration and physician education efforts in the global market.

The Company’s R&D team has a rich technical background covering materials science, mechanical design and manufacturing, chemistry, biomedical engineering, electronic science, automation and computer programming. The R&D team continuously provides the Company with innovative and forward-looking solutions. In 2023, we actively participated in campus recruitment events at several top-tier universities designated as the “985 Project” and the “211 Project”, recruiting professionals in R&D, engineering, medicine, and registration to enhance our talent pool. This has further bolstered our company’s talent reserves and supported our long-term success in research and innovation.

Technical background of the Acotec R&D personnel

						
Materials science	Mechanical design and manufacturing	Chemistry	Biomedical engineering	Electronic science and technology	Automation	Computer programming

Acotec R&D Department has designated training programs and provides both online and offline training sessions. Online training sessions aim to transfer professional knowledge, while offline training sessions aim to improve professional skills. We have designed eight course modules to conduct training on medical device design verification and sample size verification, FDA quality system regulations, ethylene oxide sterilisation and other related trainings to cultivate and improve our staff’s capabilities in technical research and development.

The eight training modules

Rules and Regulations	Quality Management
Technical Tools	Product Knowledge
R&D Materials	R&D Design
Clinical Medical Knowledge	Project Management

During the Reporting Period, the Company organised a total of 63 R&D trainings, covering all R&D employees.



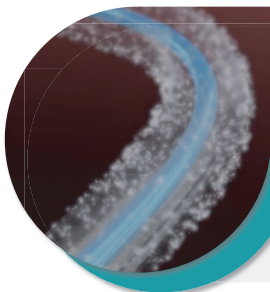
R&D training

1.1.2 R&D TECHNOLOGY PLATFORMS

Acotec relies on four core technical platforms including drug coating technology, radiofrequency ablation technology, polymer material technology, and aspiration technology to create an interventional medical device platform with world-leading technology.

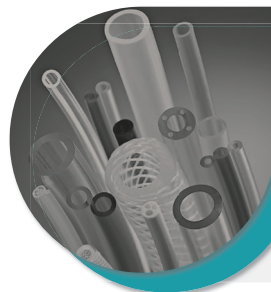
In 2023, by integrating clinical needs and feedback from doctors on product usage, we continued to advance product upgrades. All four technology platforms achieved iterative innovation, which contributed to the successful market launch of products such as the 2nd Peripheral Aspiration System (2nd Gen AcoStream®) within the year, laying a solid foundation for the launch of more innovative products.

Four technology platforms



Drug-coating technology

- Paclitaxel drug coating
- Sirolimus drug coating



Polymer material technology

- Continuous support for product R&D
- The raw material micro-extrusions production line was officially put into operation in 2023, and self-produced raw materials are gradually replacing externally sourced materials.



Radiofrequency (RF) ablation technology

- The Company possesses proprietary radiofrequency ablation technology and continues to advance the technology through upgrades and iterations.



Aspiration technology

- In 2023, the 2nd Peripheral Aspiration System (2nd Gen AcoStream®) was launched, with continuous updates and upgrades in technology.

Higher R&D efficiency	Know-how accumulation	Capable of customizing products	Stable supply of raw materials
Accelerating product proofing cycles, increasing R&D trial-and-error opportunities, and promoting high-quality, efficient R&D	After years of accumulation and innovation, Acotec has accumulated its proprietary technical know-how of R&D and production	Customised product parameters to meet the needs of different types of patients by leveraging in-house materials science	Localizing raw material production can hedge against the risks of disruptions in international supply chains

1.1.3 R&D PROGRESS

The Company has been making R&D progress on schedule, and it received approval for four new products in 2023. On 29 November 2023, Acotec’s BTK DCB (AcoArt Litos®) obtained U.S. FDA approval for its application for the IDE, which means that its clinical research in the United States will commence after receiving approval from the Institutional Review Board (IRB), marking another milestone for the launch of Acotec’s products in the U.S. market. In December 2023, we released clinical trial data for our intracranial DCB (AcoArt Daisy®). The 6-month follow-up showed the target vessel restenosis rate of 6.85% for the DCB group, which was significantly lower than that of the Stent group. This confirms the significant clinical efficacy and good safety of the AcoArt Daisy® in the treatment of intracranial atherosclerotic stenosis (ICAS).

ACOTEC'S PRODUCT CANDIDATES IN PIPELINE

Department	Products and Product Candidates	Indications / Applications	Key Technologies	Area	Phase			Upcoming Milestone
					Pre-clinical Studies	Clinical Studies	Registration	
Vascular Surgery	AcoArt Orchid® & Dhaliar®/Orchid Plus★ ^{new 1}	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology	China EU	✓	✓	✓	NMPA Approval ★ CE ★
	AcoArt Tulip® & Litos® ★	Below-the-knee (BTK) artery disease	Drug coating technology	China EU U.S.	✓	✓	✓	NMPA Approval ★ CE ★
	AcoArt Iris® & Jasmint®	PTA Balloon applied in PTA procedure	Polymer materials	China EU	✓	✓	✓	NMPA Approval ★ CE ★
	AcoArt Lily® & Rosmarin®	PTA Balloon applied in PTA procedure	Polymer materials	China EU	✓	✓	✓	NMPA Approval ★ CE ★
	Peripheral Aspiration System (AcoStream®)▲	DVT, ALI	Aspiration platform	China Brazil	✓	✓	✓	NMPA Approval ★ ANVISA Approval ★
	Radiofrequency Ablation System (AcoArt Cedar®)	Saphenous varicose veins	RF platform	China	✓	✓	✓	NMPA Approval ★
	Peripheral Support Catheter (Verico®)▲	Peripheral CTO lesion	Polymer materials	U.S. Brazil Thailand Japan	✓	✓	✓	FDA Approval ★ ANVISA Approval ★ TFDA Approval ★ MHLW Approval ★
	PTA Balloon (P-Conic®)	PTA	Polymer materials	China	✓	✓	✓	NMPA Approval ★
	2nd Gen Peripheral Aspiration System (2 nd Generation AcoStream®)▲	DVT, ALI	Aspiration platform	China	✓	✓	✓	NMPA Approval ★
	Peripheral Spot Stent	SFA and PPA disease	Polymer materials	China	✓	✓	✓	2026
Cardiology	Lower Limb Stent/DSCB	SFA and PPA disease	Drug coating technology	China	✓	✓	✓	2026
	Peripheral Scoring Balloon	SFA and PPA disease	Polymer materials	China	✓	✓	✓	2024
	Peripheral Coil	Embolization	Polymer materials	China	✓	✓	✓	2024
	Peripheral Thrombectomy Device	DVT, ALI and IPE	Polymer materials	China	✓	✓	✓	2025
	Peripheral IVL System	Intra-vascular calcium	Polymer materials	China	✓	✓	✓	2026
	Semi-compliant PTCA Balloon (VAN)	PTCA	Polymer materials	China	✓	✓	✓	NMPA Approval ★
	Coronary CTO Recanalization Balloon (RT-Zero®)▲	Coronary CTO	Polymer materials	China	✓	✓	✓	NMPA Approval ★
	Coronary CTO Antegrade Micro-Catheter (Verico-14®)▲	Coronary CTO	Polymer materials	China Japan Thailand	✓	✓	✓	NMPA Approval ★ MHLW Approval ★ TFDA Approval ★
	Coronary Retrograde Micro-Catheter (Verico-RS®)▲ ^{new 2}	Coronary CTO	Polymer materials	China	✓	✓	✓	NMPA Approval ★
	Coronary High-Pressure Balloon (YIYAN) ^{new 3}	PTCA	Polymer materials	China	✓	✓	✓	NMPA Approval ★
Nephrology	AcoArt Camella® (DCB)	Coronary small vessel diseases	Drug coating technology	China	✓	✓	✓	2024
	Coronary Stentless DCB	Bifurcation lesions	Drug coating technology	China	✓	✓	✓	2024
	Coronary IVL System	Coronary lesion calcium	Polymer materials	China	✓	✓	✓	2026
	AcoArt Orchid® & Dhaliar®/Orchid Plus★ (DCB)	Arteriovenous fistula stenosis	Drug coating technology	China	✓	✓	✓	NMPA Approval ★
	Paclitaxel Coated High-pressure Balloon ACOART AVENS® ▲ ^{new 4}	AVF PTA procedure	Drug coating technology	China	✓	✓	✓	NMPA Approval ★
	AV Scoring Balloon (Peridge®) ^{new 4}	AVF PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval ★
	Intra-cranial PTA Balloon (NEO-Skater®)▲	Intra-cranial PTA procedure	Polymer materials	China	✓	✓	✓	NMPA Approval ★
	AcoArt Orchid® & Dhaliar®/Orchid Plus★ (DCB)	Vertebral atherosclerotic stenosis	Drug coating technology	China	✓	✓	✓	2024
	AcoArt Daisy®	Intra-cranial atherosclerotic stenosis	Drug coating technology	China	✓	✓	✓	2024
	AcoArt Orchid® & Dhaliar®/Orchid Plus★ (DCB)	Vasculogenic erectile dysfunction	Drug coating technology	China	✓	✓	✓	2026
AcoArt Tulip® & Litos® ★	Vasculogenic erectile dysfunction	Drug coating technology	China	✓	✓	✓	2026	

★ Core product
▲ Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免于进行临床试验医疗器械目录》) promulgated by the NMPA, as amended.
★ Commercialization

Notes:

1. We have been continuously improving the performance of AcoArt Orchid® & Dhaliar®. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product. Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArt Orchid® & Dhaliar® with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArt Orchid® & Dhaliar® in November 2021.
2. Coronary Retrograde Micro-Catheter (Verico-RS®) obtained the registration approval from the NMPA on March 20, 2024.
3. Coronary High-Pressure Balloon (YIYAN) obtained the registration approval from the NMPA on March 20, 2024.
4. AV Scoring Balloon (Peridge®) obtained the registration approval from the NMPA on January 30, 2024.
5. We have updated our product candidates in our product pipelines in order to accommodate the market demands.

1.2 INDUSTRIAL COORDINATION AND MUTUAL DEVELOPMENT

To deepen innovative R&D and lead industrial development, we organised a series of events in 2023. On one hand, through the “Pioneer” series of activities and Acotec satellite meetings held at academic forums and conferences, we enhanced communication with the industry, elevated the recognition of the Acotec brand and products. On the other hand, we focused on the demand in lower-tier markets, with academic activities extending to prefecture-level and even county-level cities, strengthening interaction with local hospitals and doctors.

ACADEMIC FORUMS AND CONFERENCES

Acotec participated as a co-organizer in many authoritative and leading academic forums and conferences, including the 10th Microcirculatory Vascular Medicine Symposium (2023 MEC), the 9th China Innovations in Cardiology Symposium (CIC 2023), the 7th Vascular Innovation Symposium, the 12th Shanghai Jiaotong University Vascular Disease Forum, the 21st Vascular & Endovascular Conference (VEC). During these activities, we shared the latest trends in the diagnosis and treatment of peripheral vascular diseases, and the clinical experience of Acotec’s products.

In 2023, Acotec held a number of satellite meetings, inviting authoritative guests and attracting numerous experts, enterprises and interested participants. At these conferences, together with top experts and scholars from China and overseas, we had extensive and in-depth discussions on the diagnosis and treatment of peripheral atherosclerosis, the treatment of thrombotic diseases, the MDT treatment of diabetic foot, the maintenance of hemodialysis access, etc..

REPRESENTATIVE THEMES OF ACOTEC’S SATELLITE MEETINGS



Focusing on the treatment of lower limb artery diseases and diabetic foot



Sharing insights on the treatment of peripheral arterial and venous diseases



Acotec DCB assisting in improving blood circulation and wound healing for diabetic foot patients

Application of Acotec DCB in stenotic AVF access of hemodialysis patients

“THE PIONEER” CAMPAIGN

“The Pioneer” is a series of academic events initiated and led by Acotec, the Campaign aims to promote and expand pre-emptive therapy of vascular disease treatment in China.

Throughout 2023, “The Pioneer” Campaign was organized in various forms. By setting diverse topics and providing standardised and guided training, we are promoting the overall development of the peripheral arteriovenous medical care industry in China.

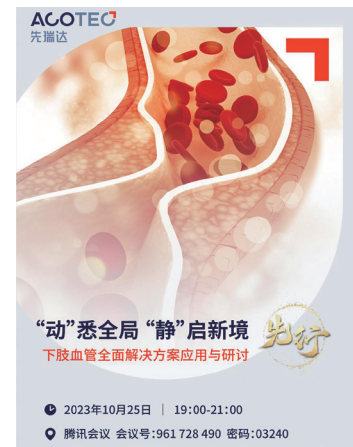
REPRESENTATIVE THEMES OF THE “THE PIONEER” CAMPAIGN



“Flexible Aspiration” – the launch conference of AcoStream®’s new multi-angle curved-tip catheter in southern China



Lower limb arterial disease treatment workshop



Comprehensive application seminar on lower limb vascular disease treatment solutions

“The Pioneer” campaign also organized multiple specialized learning activities. During these sessions, we collaborated with hospitals at different levels, facilitating detailed discussions on the latest interventional treatment concepts through various online and offline channels. The emphasis was on demonstrating operational techniques, enabling a large number of doctors from lower-tier hospitals to engage in academic discussions, resolve clinical problems, and drive the dissemination of treatment methods and academic concepts. This support empowered clinical physicians, especially junior doctors at primary level hospitals, to undertake vascular disease diagnosis and treatment. Additionally, discussions on challenging cases and complex techniques allowed participants to freely share experiences reflecting real clinical scenarios, exchange insights on equipment usage, and lessons learned. This helped standardize surgical procedures and equipment usage habits, leading to improvements in the diagnosis and treatment levels of complex cases. The activities promote patient referrals between hospitals at different levels, which facilitates the delivery of all-round services covering diagnosis, treatment, surgery and follow-up, while improving the treatment experience of patients at primary level hospitals in accordance with the national policy of hierarchical diagnosis and treatment.

1.3 PROTECTION AND MANAGEMENT OF INTELLECTUAL PROPERTY RIGHTS

Acotec strictly abides by intellectual property related laws and regulations and national standards, such as the *Trademark Law of the PRC*, the *Patent Law of the PRC*, the *Law of the PRC Against Unfair Competition*, and the *Enterprise Intellectual Property Management*. We have established comprehensive intellectual property portfolios in China and overseas to protect our know-hows, inventions, and proprietary technologies, and to propel future success through commercializing our products. The Company has developed management regulations related to intellectual property rights such as the “Company Patent Reward System”, the “Company Intellectual Property Management System”, the “Employee Confidentiality Agreement”, and the “Employee Severance Intellectual Property Agreement” to effectively manage and protect intellectual property rights, trademarks, copyrights, and technical secrets, and other intellectual property.

To encourage employees to innovate and apply for patents, the Company has established the “Company Patent Reward System” to reward inventors who have made outstanding contributions in technology innovation and protection. Different levels of bonuses are offered to holders of invention patents, utility model patents, and design patents.

After obtaining the pre-examination qualification in 2022, the Company submitted patent applications through the pre-examination and prioritised examination channels (in accordance with the *Patent Prioritised Examination Management Measures* issued by the National Intellectual Property Administration). This has significantly shortened the examination period for patent applications. For example, for one of our core technology invention patent, the process from application submission to granting of patent authorisation took only approximately three and a half months.

We have also actively participated in the training and lectures organized by the Economic Development Zone Branch of the Beijing Intellectual Property Protection Centre, such as Intellectual Property Consultation Day and other voluntary activities. This involvement helps employees to gain knowledge in areas such as patent application, trademark protection, and intellectual property layout planning, enhancing their awareness of intellectual property protection.

In 2023, the Company further strengthened the quality of patent drafting and application practices, leading to a significant increase in the number of granted invention patents. Our focus on international intellectual property layout has resulted in authorized patents in several countries and areas including Germany, Japan, the European Union, and the United States. Additionally, product trademark layout has been established in countries and areas such as the United States, the European Union, and Brazil. As of 31 December 2023, we had obtained 66 patents, registered 148 trademarks, and acquired 9 copyrights. Furthermore, there are 30 patents and 25 trademarks in the process of application and registration.

Acotec has applied for patents for the technologies involved in its core products, including three groups of pending and authorised patents amounting to 10 in total, covering drug-coating technologies, aspiration technologies and radiofrequency technologies.

Patents (registered + pending)

96

Trademark (registered + pending)

173

Copyright (registered)

9



Intellectual Property Consultation Day

1.4 RESPONSIBLE PRODUCTION AND QUALITY ASSURANCE

A well-developed quality management system and product utilisation safety are important safeguards and critical topics for the production and operation of a medical device enterprise. Acotec has established a complete management system of product quality, so that strict quality inspection procedures have been implemented throughout the manufacturing and operations processes, and there is effective quality management throughout the entire life cycle of products.



1.4.1 QUALITY SYSTEM

Acotec strictly complies with the *Product Quality Law of the PRC*, the *Measures for the Supervision and Administration of Medical Device Manufacture*, the *Good Manufacturing Practice of Medical Devices*, the *Regulation on the Supervision and Administration of Medical Devices*; the REGULATION(EU) 2017/745; the Brazilian laws RDC No.665/2022, the RDC No.23/2012, the RDC No.67/2009; and other laws and regulations, standards and guidelines. The Company has a Quality Management Department in place to perform quality management duties and formulate quality policies and quality targets.

The Company's quality management system spans the entire production process, encompassing product design and development, production control, supplier management, materials management, quality control, product release, marketing, and other processes. We have established a comprehensive management process from condition assurance before and during product production, deviations and abnormal events during production, as well as post-market management procedures after product launch.

Acotec adheres to the quality policy of "Pursuing Excellent Quality, and Safeguarding Life and Health", and adopts the *Medical Devices-Quality management Systems-Requirements for Regulatory Purposes* GB/T 42061 (ISO13485:2016) and the *Supervision and Administration of Medical Device Manufacturing* to set up the Company's quality management system, as well as establish, record, implement, maintain, and continuously update and improve quality management systems in an effective and appropriate way in alignment with the risk level and device type to ensure compliance with technical and regulatory requirements. We continuously improve our quality management system from the perspective of overall quality both outside and within the Company to strive for higher quality products and services. The company's quality management system documents include the quality manual, procedural documents, work instruction documents and records, clarifying management responsibilities and the authority of relevant departments.

The Company conducts regular internal and external audits of the quality management system, to update and revise internal quality standards and systems and exercises real-time supervision of each quality management process with reference to domestic and foreign industry regulations. We accept compliance audits conducted by external third parties, including GMP compliance inspections by local food and drug administrations, CE certification and MDSAP certification, and audits by partners in the course of domestic and overseas transactions and cooperation. In audit period, third-party auditors conduct several procedures including on-site inspections of production condition, a stability study, the release of raw and auxiliary materials, the release of finished products, project implementation process, technical personnel training, quality management documents, plant facilities and equipment, process verification and process control, as well as putting forward suggestions for rectification. During the year ended December 31, 2023 (the "Reporting Period"), there were no material deficiencies identified in the inspections, and post-inspection rectifications had all been completed on time.

1.4.2 MANUFACTURING PROCESS CONTROL

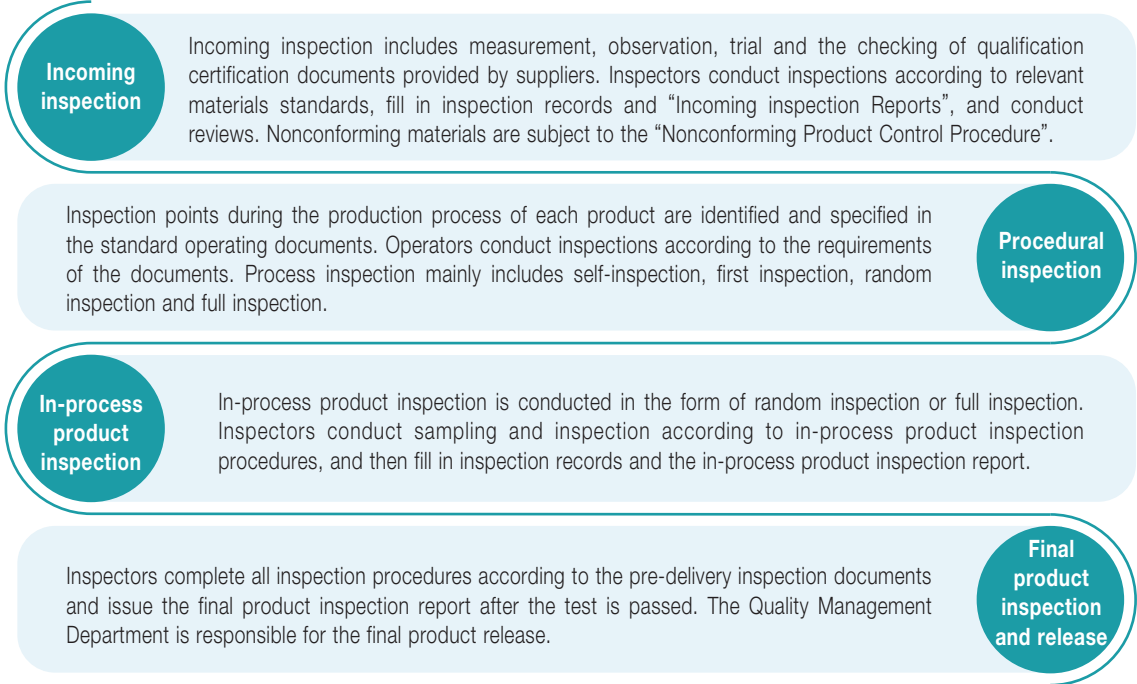
We have approximately 5,800 square meters production facilities that have obtained of ISO Class 7 Cleanroom certification. The facilities are equipped with injection moulding machines, heat sealing machines, folding machines, sealing machines, knitting machines, rheological machines, ethylene oxide sterilisation systems, purified water preparation systems, gas production systems, gas and liquid chromatography analysis systems, and other advanced production and inspection equipment. The equipment and the facilities have laid a solid foundation for manufacturing high-quality products.

The Company considers the conditions and technical requirements required for manufacturing from a holistic perspective, and has strict regulations on equipment and facilities, materials management, employee health, etc. We conduct daily environmental monitoring of production areas and clean areas to ensure the compliance with GMP requirements in the manufacturing environment.

Equipment and facilities	Materials management	Employee health
<p>In the equipment management and operating procedures, we provide a detailed description of the output requirements of equipment, facilities, and tools to ensure that their operating conditions meet the specified technical specifications to guarantee the product quality achieves the intended outcome.</p>	<p>Inspect in accordance with the “Inspection and Control Procedures”, issue the incoming inspection reports and conduct reviews. Conforming materials are stored in warehouse while nonconforming materials are isolated in accordance with the “Nonconforming Product Control Procedure”. If verification is performed at the supplier’s site, the activities to be verified and the method of product release shall be specified in procurement documents.</p>	<p>Employees who are directly exposed to materials and products are required to have a physical examination once a year and are only allowed to work after passing the physical examination. Personnel suffering from infectious diseases are not allowed to engage in work that are directly exposed to materials and products. Workers involved in product quality (personnel who are directly exposed to materials and products) are required to have health records and health certificates or physical examination reports.</p>

1.4.3 QUALITY INSPECTION

The Company has established a complete internal quality inspection system and abides by the highest quality standards from the release of materials to the batch release of products. All products have to go through multi-level quality inspection before they enter the market. The Company inspects product quality in accordance with the relevant requirements of the Inspection and Control Procedures. Products identified with quality abnormalities are dealt with in accordance with the “Nonconforming Product Control Procedure”.



1.4.4 QUALITY TARGETS

To keep improving the Company’s product quality, we have set annual quality targets, including on-time delivery rate of orders, rate of timely handling of complaints, completion rate of annual training. Each quality goal is updated annually with specific target values set. The performance of each quality target is assessed the following year to evaluate the completion status.

Quality Goals and Achievements for the Year 2023

2023 Quality Targets	Target	Completion
On-time delivery rate of orders	≥90%	93%
Rate of timely handling of complaints	≥90%	90%
Completion rate of annual training	≥100%	100%

Quality training

To strengthen the corporate culture of quality and enhance employees’ professional knowledge and skills, the Company provides quality awareness training to ensure that employees are aware of the relevance and materiality of the activities they are involved in, and how to contribute to the achievement of quality targets. The quality management training system covers company-level training, department-level training, and external regulatory agency training in the form of lectures, seminars, self-study, etc. We maintain a training file for each employee at the Human Resources Department as a proper record of the employee’s education, training, skills and experience.

Company-level training:

We carry out quality management-related training for all employees at the company level based on a training plan we develop each year. Training topics covered quality system management, production safety, and internal audits of the quality system.

Department-level training:

We carry out department-level quality management trainings on a regular basis. New employees are required to attend an induction training when they join the Company, and they are allowed to work only after completing the list of induction trainings.

120
Trainings

100%
Coverage rate

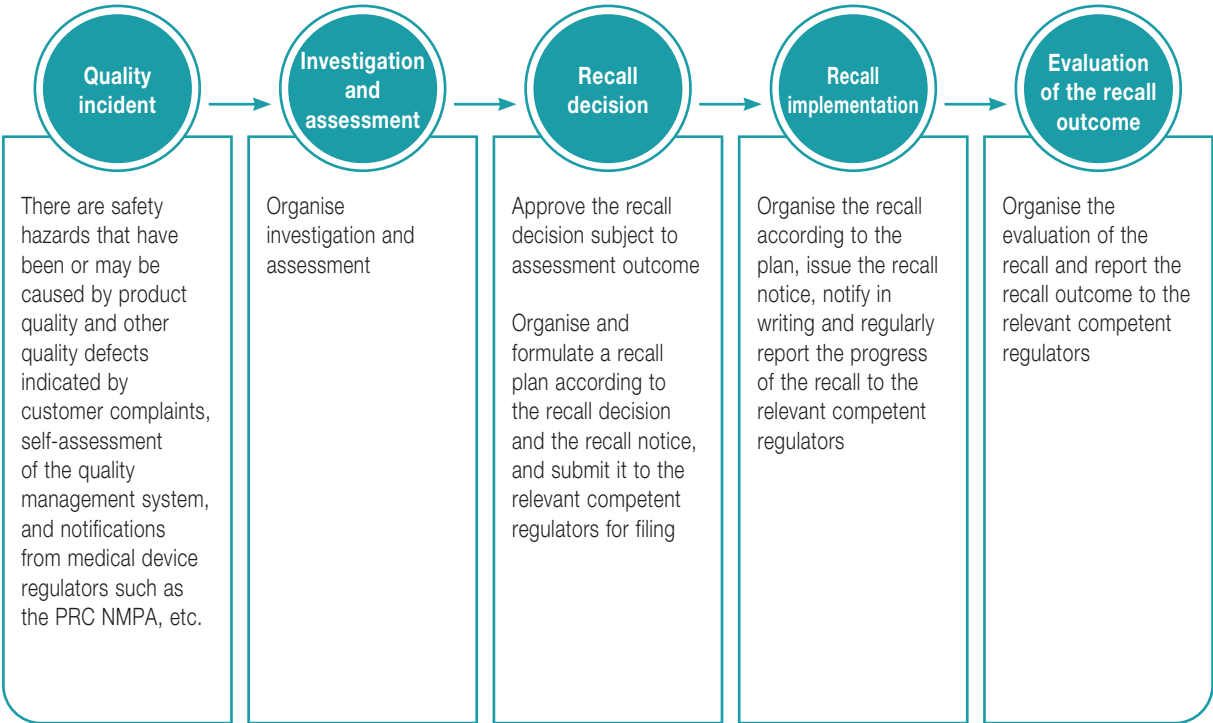
During the Reporting Period, the Company organised a total of 120 quality-related trainings, covering 100% of employees whose roles are related to quality management.



Quality management system training

Product recall

Acotec is required by applicable laws and regulations to recall our products if they are defective and have caused, or are likely to cause, harm to patients. The Company has formulated the “Recall Control Procedure” to clarify respective responsibilities of the Quality Control Department, Marketing and Sales Department, Supply Chain Management Department and other relevant departments:



During 2023, the Company did not have any product recalls. There was no material breach of product and service duties that had a significant impact on the Company, nor any recall of sold or delivered products due to any safety or health reasons.



Robust Governance for Development

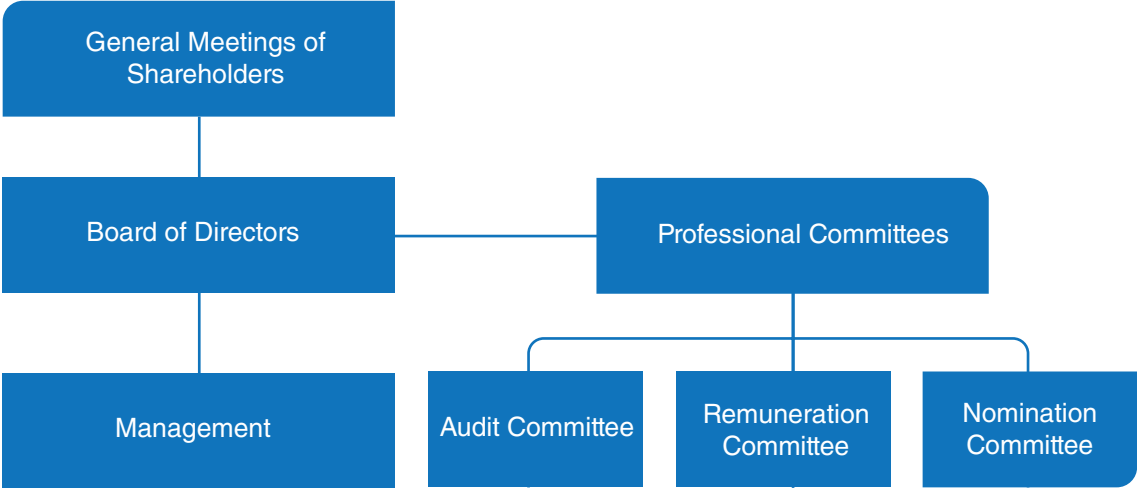
Acotec strives to optimise corporate governance, comply with business ethics, ensure marketing compliance and customer privacy protection, and adhere to medical ethics. We have also been proactively responding to UN Sustainable Development Goal 16.



2.1 OPTIMISING GOVERNANCE TO GENERATE SYNERGY AND RAISE EFFICIENCY

2.1.1 CORPORATE GOVERNANCE

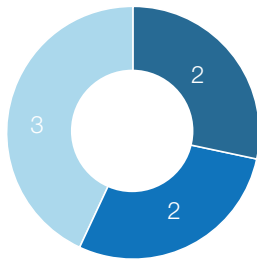
We strictly comply with the requirements of relevant laws, regulations and regulatory documents such as the *Company Law of the PRC*, the *Securities Law of the PRC* and the *Corporate Governance Code* set out in Appendix C1 of the Listing Rules of the Hong Kong Stock Exchange. Acotec revises and improves its “Articles of Association” and other rules and regulations, taking into account the Company’s actual development and the requirements of regulatory authorities. In this way, we have formed a governance structure consisting of the shareholders’ meeting, the Board of Directors, and senior management as the main bodies, in order to establish a scientific, efficient, stable and long-term decision-making, supervision and incentive system, continuously improve corporate governance and steadfastly safeguard the interests of the Company’s shareholders.



As the core of the governance structure, the Board of Directors is responsible for engaging and deciding on all major issues related to the Company’s operations, including policy matters, strategies, budgets, internal control and risk management. To this end, the Board has established three Board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. As the supervisory and executive bodies in the governance structure, these committees are appointed and authorised by the Board to operate effectively in accordance with their terms of reference. The Board currently comprises two Executive Directors, two Non-Executive Directors and three Independent Non-Executive Directors. At least one annual general meeting and at least four regular meetings of the Board of Directors are required to be held each year.

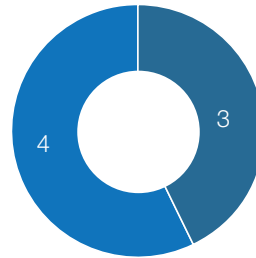
Robust Governance for Development

Composition of the Board of Directors by type



- Independent Non-Executive Director
- Non-Executive Director
- Executive Director







Composition of the Board of Directors by gender



- Male
- Female

We advocate for Board diversity and have continued to build a diverse and professional Board of Directors from multiple perspectives, including gender, age, cultural and educational background, professional development, tenure of service, and industry experience, to improve corporate decision-making, enhance the Board’s effectiveness, and ensure it has a comprehensive and integrated perspective. Four out of the seven directors on Acotec’s Board of Directors, or more than 50%, are women, and the Company’s CEO, Ms. Li Jing, serves as an Executive Director alongside the other directors, each of whom brings experience and expertise to the Company and the Board:

Experience and expertise of Board members

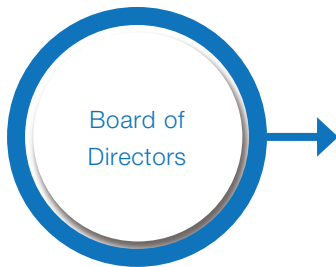
					
Medical device industry experience	Leadership and management skills	Global capital market experience	Healthcare system experience	Finance & accounting	Legal expert	

2.1.2 ESG GOVERNANCE

We have continued to optimise our ESG management system, and we have formed an ESG governance structure consisting of the Board of Directors, the Business Development Department and operational departments. The Board of Directors constitutes the decision-making level; the Business Development Department is the coordinating level; and the executive level consists of all the operational departments, which coordinate to meet their respective ESG responsibilities, strengthen the Company’s overall ESG management, and promote Acotec’s sustainable development.

Decision-making level: Board of Directors
<ul style="list-style-type: none">• Responsible for overall ESG governance• Monitor and review ESG performance
Coordinating level: Business Development Department
<ul style="list-style-type: none">• Implement decision-making Level resolutions• Communicate and coordinate ESG issues• Organise the preparation of ESG reports
Executive level: Relevant Operational departments
<ul style="list-style-type: none">• Complete ESG-related work• Communicate with stakeholders

Specific responsibilities at each level of the ESG structure



- Determines the overall objectives and strategies of ESG management.
- Responsible for assessing and defining the Company's ESG-related risks and ensuring that the Company has an appropriate and effective ESG risk management and internal control system in place.
- Reviews major ESG management matters, including but not limited to the annual ESG report.



- Organises and carries out ESG management work, formulates relevant systems and processes, maintains and updates the ESG indicator system according to the Company's overall ESG management objectives and management strategies.
- Responsible for guiding, promoting, coordinating and supervising ESG management in all departments, and assessing and evaluating the implementation results.
- Organises the compilation of the annual ESG report, and arranges the release and promotion of the report according to the requirements of the *Listing Rules*.
- Manages and coordinates external service providers for ESG management and carries out ESG-related communication, consulting, assurance and training according to work needs.
- Regularly reports to the Board of Directors and senior management on the performance of ESG management.
- Stakeholder communication: Business Development Department is responsible for organising and participating in major domestic and international forums and conferences based on the Company's annual stakeholder communication priorities, and extensively leverages the power of third-party organisations in the corporate social responsibility (CSR) industry to carry out special communication activities on key social responsibility issues.



- With reference to the ESG indicator system, according to the division of responsibilities, and under the guidance of the Business Development Department, the relevant departments are responsible for completing social responsibility work related to their major areas or systems.
- The Finance Department organises risk evaluation exercises to analyse the root causes of problems and identify key risk points.
- Establish a regular communication mechanism with stakeholders in daily work based on division of responsibilities and contact targets. Collect opinions through work reports, meeting exchanges, opinion surveys, and other means as a reference for improving social responsibility work, and provide feedback and responses as needed.

2.2 OPERATING IN COMPLIANCE, WITH INTEGRITY AND HONESTY

Anti-corruption and integrity work are an important part of enterprise management and represent an indispensable part of an enterprise's self-discipline system. Strengthening anti-corruption and integrity measures is not only an inherent requirement for promoting corporate reform and development, but also necessary for regulating business management activities.

Acotec is committed to anti-corruption work and strictly abides by the *Company Law of the PRC*, the *Anti-monopoly Law of the PRC*, the *Law of the PRC Against Unfair Competition*, the *Criminal Law of the PRC* and other laws and regulations related to anti-corruption and business ethics. The Company has established an "Anti-Fraud System" that requires all employees, including directors and senior management, to abide by, in order to promote a business philosophy of honesty, integrity, and legal compliance. Additionally, we have formulated the "Business Code of Conduct of Acotec Scientific Co., Ltd.," which emphasizes honesty, integrity, and fairness in all areas of operation. The Company does not condone or tolerate any form of bribery, kickbacks, or accepting gifts to obtain contracts or business benefits from individuals, including but not limited to competitors, customers, vendors, suppliers, and government officials. The acceptance of any mentioned improper gifts from any of the parties is also strictly prohibited for employees.

The Company's Management Department has established a sound internal control system, set up reporting channels for fraud prevention and detection, implemented control measures to reduce fraud occurring risk, and taken appropriate and effective remedial measures against fraud. The Company has also established reporting channels including telephone numbers, reporting mailbox and reporting box of suspected cases of fraud, publishing handling department, address, telephone number, e-mail appropriately both inside and outside the Company. Acotec did not have any embezzlement lawsuits throughout the Reporting Period.

Anti-fraud reporting hotline: +86 010-67472107

Anti-fraud reporting mailbox: compliance@acotec.cn

Whistleblowers, investigators, and employees who assist in investigations shall be protected during all parts of the process. In response to any unlawful discrimination or retaliation against whistleblowers, investigators, or employees who assist in investigations, the Company will take disciplinary action, including, but not limited to, dismissal, termination of employment contract, and other disciplinary actions; and if the individual has violated criminal laws, they will be transferred to the judicial authorities.

Robust Governance for Development

In terms of strengthening employee integrity education, the Company strives to improve employees' awareness of the importance of abiding by professional ethics, resisting corruption, and creating a culture of honesty and integrity. The Company has carried out relevant training in 2023 for directors and employees, to enhance their awareness of corruption risk prevention. The Company organised an annual anti-fraud training session, which is mandatory for all employees.

10
Trainings

100%
Coverage rate

During the Reporting Period, Acotec's Board members and employees at the management and operation levels spent 10 hours per person on anti-corruption training.

During the Reporting Period, the Company organised 10 business ethics-related trainings, with a 100% employee coverage rate.



Anti-fraud and compliance training

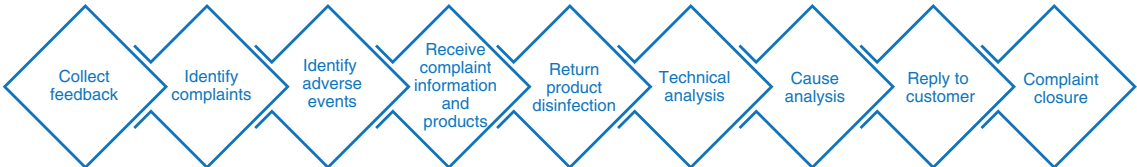
In 2023, the Company did not identify any significant risks related to corruption. Meanwhile, the Company and its employees were not involved in any confirmed incidents of corruption, or any public legal proceedings related to corruption. The Company will continuously attach importance to anti-corruption measures and strengthen the anti-corruption monitoring body's supervisory capabilities, with the goal of providing robust protection for the Company's healthy development in the future.



2.3 RESPONSIBLE MARKETING AND DATA SECURITY

The Company formulated the “Rules for Sales Management” to specify the details for customer channel classification and management, the return and exchange process, customer information management, customer credit limit management, the pricing and discount mechanism, and two-invoice policy monitoring in order to ensure the quality of Acotec’s products and customer services. In 2023, we received 158 complaints, with 100% customer complaint response rate. As of 9 January 2024, the complaint closure rate was 90.5%.

The Company has a strict process for complaint management. If any problem arises in relation to the quality of the Company’s products or services, customers can file a complaint through their sales manager or by calling the Company’s main telephone number. The Sales Department will report the complaint within 48 hours and send the defective product back to the Company. The Quality Management Department will then organise an investigation, handle the complaint and submit a report to the Marketing and Sales Department, which will reply to the customer. The complaint will be closed after receiving the customer’s confirmation and approval, and corrective and preventive measures will be initiated to improve the product and service if necessary.



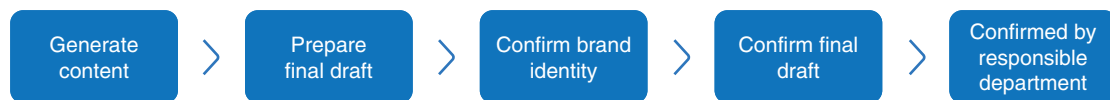
In terms of customer satisfaction, the Company carries out questionnaire surveys in academic conferences to solicit feedback from customers, including regarding complaint handling satisfaction, product satisfaction, and company satisfaction. The Company’s staff follow up on customer satisfaction issues in their daily work and in daily communication with customers, which is more efficient and practical. Due to the high concentration of our customers, we usually visit them directly to do researches on the user experience of the Company’s products.

The Company complies with laws and regulations such as the *Network Security Law of the PRC*, the *Data Security Law of the PRC*, the *Personal Information Protection Law of the PRC*, and the *Administrative Measures for Classified Protection of Information Security*. We use various means to strengthen internal data security management and ensure the normal operation of our information system. The Company formulated the Administrative Measures for Data Classification Management and Information Disclosure in accordance with laws and regulations and in light of its actual circumstances. This was done to strengthen data security, prevent and eliminate information leakage, safeguard and utilize the Company’s secrets reasonably, and regulate the management of information disclosure. The goal is to ensure the proper performance of the company’s information disclosure obligations and protect the lawful interests of the Company and its investors. The Administrative Measures specify security and confidentiality requirements and the standards and procedures for proper disclosure of the Company’s information, with a view to protecting the lawful interests of the Company and other stakeholders.

Robust Governance for Development

In its marketing activities, the Company ensures that customer information is fully protected during communication and transmission, and data regarding customer complaints is kept strictly confidential. The Company respects the privacy of patients, customers and employees, and ensures that customers' information is not divulged or abused. Customer information, including customers' mobile phone numbers, ID numbers, etc., is managed by the Company in accordance with strict confidentiality requirements. Any personal information in the Company's media materials is desensitised.

The Company complies with the *Advertising Law of the PRC*, the *Regulations on the Supervision and Administration of Medical Devices*, the *Measures for the Examination of Medical Device Advertisements* and other relevant laws and regulations. In addition, the Company has developed a management system called the New Media Specification Process to strictly supervise the information disclosed online, and the Company has developed an approval process for promotional materials (including promotional screens, product brochures and brand cues):



In our promotions, we avoid using superlatives such as “the most”. Additionally, we emphasize the product indications in our external promotional materials, ensuring that our educational activities align with the approved product indications by the NMPA. We strictly prohibit promoting uses of the product that go beyond the approved indications. There were no instances of advertising or trademark violations in the company this year.

To guard against unfair competition, the Company strictly complies with the *Law of the PRC Against Unfair Competition*, the *Anti-monopoly Law of the PRC* and other relevant laws and regulations. The Company takes care to not engage in any monopolistic activities, including horizontal and vertical monopolies. In terms of product pricing, the Company takes measures to avoid the monopolistic pricing and carries out training activities to ensure that employees can understand this issue.

2.4 RESEARCH TRIALS WITH ETHICAL COMPLIANCE

In all of the clinical trial projects in which Acotec is involved, the Company always follows clinical trial management norms and ethical standards and adheres to R&D ethics. We strictly manage the compliance and standardisation of clinical trials and animal experiments. During clinical trial projects, the Company always follows the medical ethical principles of the *Declaration of Helsinki* of the World Medical Association, the *Ethical Review Measures for Biomedical Research Involving Human Beings* of the National Health Commission, the *Quality Management Standards for Medical Device Clinical Trials* of the National Medical Products Administration, and other domestic and international regulations covering clinical trial management, as well as the ethical and moral requirements stipulated by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH).

For trials, we evaluate whether their implementation, data recordkeeping, and results reporting comply with the trial protocol and clinical trial-related regulations by checking the original records and documents related to the clinical trials and on-site inspections, and verifying the authenticity and consistency of the relevant declaration information. In order to ensure that all trials meet the requirements of relevant domestic and international standards, we supervise and inspect all clinical trials and actively cooperate with reviews performed by the ethics committee. During the Reporting Period, the Company was not involved in any litigation related to clinical trials.

For R&D involving animal experiments, the Company cooperates with qualified third parties to conduct the experiments. The Company requires that these third parties implement rigorous management processes, including for the legal sourcing of animals and operational compliance in relation to animals and laboratory management, among other areas. The Company renews its third-party zoological management qualifications annually and selects suitable third parties based on their technical expertise, corporate fee quotations, and implementation teams. We examine the management processes of all third-party animal testing facilities on the Company's list, and we require that animal experiments be conducted in accordance with ethical regulations for laboratory animals.



Extraordinary Employees for Growth

Acotec regards talent as the core competitive advantage for enterprise development. We respect each employee equally, insist on a people-oriented approach, value the safety and health of our staff, provide a safe and comfortable working environment, and continuously develop their skills and expertise to create a future together. We have been actively responding to UN Sustainable Development Goals 1, 3, 5, 8 and 10.



3.1 EQUAL EMPLOYMENT WITH PROTECTED RIGHTS

RECRUITMENT & HIRING

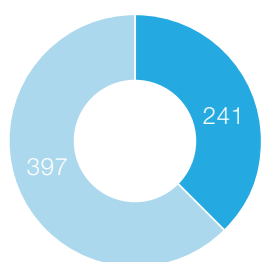
The Company strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations. We have established multiple channels for recruitment, and implements a system of equal employment opportunities. Acotec firmly prohibits child labor and forced labor practices, exercising strict control from the recruitment stage: candidates entering the interview stage must be at least 18 years old, and the age of newly hired employees is rigorously verified. In 2023, the Company did not experience any labor disputes arising from violations of laws and regulations, did not employ child labor or engage in forced labor practices, and did not encounter any violations or underpayments related to social insurance.

With the rapid development of the Company, the Human Resources Department ensures the supply of talents via social recruitment, school recruitment, internal referral, and head-hunters' recommendation on the basis of the talents needs of each department. In 2023, the Company hired 25 employees through school recruitment and established a management trainee program for them.

As of December 31, 2023, the Company employed a total of 638 full-time staff, including 31 employees from ethnic minorities and 127 professional and technical talents. In 2023, the Company promoted 30 employees.

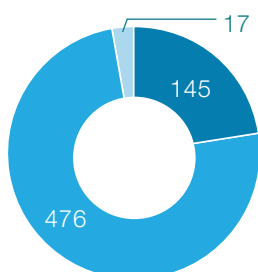
2023 Employee Structure

Total employees by gender



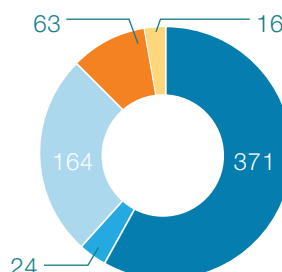
Male employees
Female employees

Total employees by age



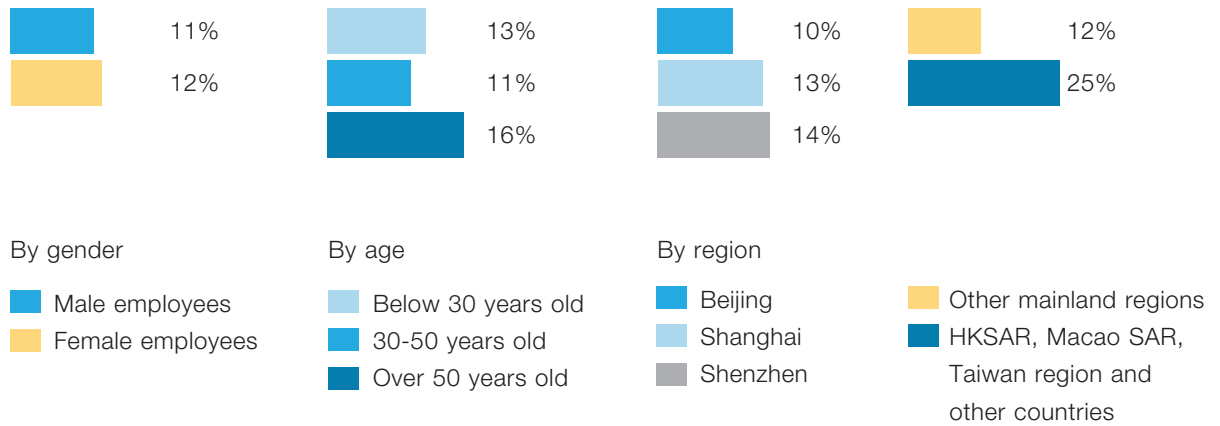
Below 30
30-50
Above 50

Total employees by region



Beijing
Shanghai
Shenzhen
Other domestic regions
Hong Kong SAR, Macao SAR, Taiwan region and abroad

2023 Employee Turnover Rate



COMPENSATION & TERMINATION

The Company has established a market-oriented compensation system, optimized the salary structure, ensured a balance between internal pay equity and external market competitiveness, enhanced the effectiveness of salary incentives, motivated and retained talents. In addition to fixed salaries, employees are eligible for monthly, quarterly, semi-annual, and annual bonuses based on their positions and job grades, in accordance with the principle of short-term, long-term incentives, individual and team incentives. The competitive salaries, comprehensive benefits, and positive development trends offered by the Company attract more high-end talents to join the Acotec family.

To recognize employees' contributions and motivate them to further drive company development, the Company has established a restricted share unit scheme and share award scheme to provide long-term incentives for employees. This initiative aims to deepen the integration of innovative talents with the Company's development, effectively enhance employee cohesion, and boost the Company's competitiveness.

We ensure the rights of employees during their departure in accordance with the law by paying employees their wages for the actual working days of the month they resign, as stipulated, and assisting with the transfer of social insurance relationships. We pay attention to the reasons for employee turnover, conduct communication before an employee's departure, and understand the reasons for their resignation to further enhance relevant employee treatments.

WORKING HOURS & HOLIDAYS

A flexible working hour system is implemented for task-oriented positions such as sales and technical positions, and a standard working hour system of 8 hours per day, 40 hours per week is implemented for other office positions. In accordance with relevant government laws and regulations, we protect employees' right of normal rest and day-off, and firmly oppose forced labour.

In terms of holidays, we provide employees with holidays in accordance with national and local regulations and actual conditions, such as annual leave, sick leave, marriage leave, maternity leave and other paid holidays. In addition to the annual leave stipulated by the state, the Company implements bonus annual leave (one extra paid annual leave day for each year of service in the Company), male employees enjoy 15 days of paid paternity leave.

EQUAL OPPORTUNITY, DIVERSITY, AND ANTI-DISCRIMINATION

In accordance with applicable laws, Acotec implements a fair job opportunity system that grants equal job opportunities to applicants or employees, regardless of their ethnic background, skin colour, gender, lineage, age, disability, religion, nationality, family or marital status, civil rights, military or veteran status, genetics, pregnancy, and other legally protected features.

The employees of different gender, from different age groups and educational backgrounds allow us to leverage the best experience and knowledge. This also helps maintain and pass down the Company's best practices in culture and management. We have 31 ethnic minority employees in total. We strictly comply with the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, *Special Provisions on Labour Protection for Female Employees* and other relevant laws and regulations and do not discriminate against women during hiring and promotion of employees in our operation. As of the end of the Reporting Period, Acotec has 397 female employees in China, accounting for 62.2% of the workforce. Besides, There are 12 female employees in the Company's management team, accounting for over half of the total.

3.2 CARE FOR EMPLOYEES WITH THOUGHTFUL BENEFITS

We care for our employees and provide them with generous benefits. We have set up multiple additional employee benefits on top of statutory ones. We hope to improve the quality of life and work experience of our employees with a variety of benefits.

Extraordinary Employees for Growth

The Company's employee benefits system includes supplementary medical care, accident insurance, supplemental medical insurance for employees' children, holiday subsidies, etc., giving employees multi-faceted protection. The Company also distributes gifts on traditional holidays; holds celebrating events on festivals such as the Mid-Autumn Festival; provides annual dental health subsidies for regular employees; grants care allowance for employees who have served at Acotec for a year or more when they get married or have a child. Quarterly birthday parties are organized for employees, accompanied by the distribution of birthday gift cards. The Company's pantry provides freshly brewed coffee and a variety of teas throughout the day.



Women's Day Event



Dragon Boat Festival Event



Birthday Party



In order to provide better support for the Company's R&D and production, and create a comfortable and convenient working environment for staff members, the new building in the Beijing Economic-Technological Development Area was officially put into use in October 2023. The building is equipped with a gym, canteen, book bar and other facilities, giving staff members a greater sense of belonging and happiness.



New Office



Book bar



Canteen



Gym

Acotec pays attention to the voice of employees, listening carefully to them and valuing their feedback. We build multiple communication channels such as corporate email, Microsoft Teams and OA system to ensure effective and timely communications. With bilateral communication mechanism between the company and employees, the Company simplifies the employee feedback process and encourages them to put forward opinions, to continuously improve and optimise the Company's management. We also arrange mentors for new employees to help them quickly integrate into the new life and work environment.

3.3 FULLY PROTECT EMPLOYEES IN HEALTH AND SAFETY

The Company attaches importance to the welfare of employees, aims to enhance the health and safety of employees and ensure the smooth operation of the Company, pays close attention to the safety and health of each employee, and takes a series of measures to fully protect their health and safety on the basis of strict compliance with the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, the *Code of Occupational Disease Prevention of PRC* and other relevant laws and regulations. The Company has formulated the “Occupational Disease Hazard Prevention and Control Responsibility System”, the “Occupational Disease Hazard Warning and Notification System”, the “Declaration System for Occupational Disease Hazard Projects”, the “Public Education and Training System for Occupational Disease Prevention and Control”, the “Maintenance and Repair System for Occupational Disease Protection Facilities”, the “Management System of Occupational Disease Protective Equipment”, the “Management System for Monitoring and Evaluation of Occupational Disease Hazards”, the “Management System of “Simultaneous Design, Construction and Commissioning” for Occupational Health in Construction Projects”, the “Occupational Health Supervision and File Management System for Workers”, the “Occupational Disease Hazard Responding and Reporting System”, the “Emergency Rescue and Management System for Occupational Disease Hazards”, the “Occupational Health Practices at Work”, and other occupational disease prevention and control systems stipulated by laws, rules and regulations, which provide detailed regulations on the maintenance of employees’ occupational health and safety. The Company’s EHS department takes main responsibility to carry out work related to employees’ health and safety.

The main sources of hazards that may cause occupational diseases during work are toxic and harmful vapours from chemicals and noise, and the main high-risk job positions are electricians. The Company provides occupational health check-ups for employees in positions exposed to such risks. Every year, the Company hires a professional third party to conduct monitoring for the work environment of the positions with occupational disease hazards to ensure compliance with the requirements of national regulations.

The Company conducts safety training every year for all new employees, production personnel, and all QC inspectors. In 2023, the Company conducted a total of 11 safety training sessions with over 600 participants trained, which included 10 sessions for new employee safety training and one session for all staff. The Company attaches great importance to emergency management. In 2023, it held a number of safety training activities, including laboratory emergency safety training, fire evacuation drills, canteen fire emergency drills and sterilization room EO leakage drills, to improve employees’ ability to respond and handle emergencies and raise their safety awareness.



Fire evacuation drill



Drill for EO leakage from the steriliser

In terms of employee's health and safety, the Company will continue to support employees in high-risk jobs to receive adequate safety training and protection equipment, and for employees involved in special operations, the Company will provide financial support to help employees meet related requirements.

0
Lost Time Injury
Frequency Rate

2.5 million
consecutive working hours
without recordable injuries

In 2023, there were no violations of relevant laws and regulations that had a significant impact on the Company. The number of employees injured at work is 0; the lost working hour due to work-related injuries is 0; and Lost Time Injury Frequency Rate ("LTIFR") is 0. From 2020 to 2023, the number of work-related deaths was 0 each year. From 2022 to 2023, the Company accumulated 2.5 million consecutive working hours¹ without recordable injuries².

1 Calculation is based on the average number of 400 employees and the average number of 2,000 working hours per employee per year.

2 Recordable injuries:

All work injuries resulting in death and all occupational diseases are "recordable". However, for non-fatal work injuries, only the following specific circumstances are "recordable":

- (1) Need for Medical Treatment or Loss of Consciousness,
- (2) Restriction of Work or Motion,
- (3) Need to transfer to another job.

3.4 PROMOTION WITH GROWTH

The Company employs a scientific talent evaluation method, a positive talent development system, and a fair allocation mechanism to leverage the strengths of its employees and help them realize their full potential and achieve professional success. The Company establishes and enhances a talent map based on business strategies annually. Through recruitment and internal cultivation, strategic talents are identified and prepared for the Company's future growth. In 2023, the company mainly recruited master's and doctoral graduates from top-tier universities designated as the "985 Project" and the "211 Project" to ensure a continuous enhancement of overall talent quality.

The Company has established an effective performance evaluation, assessment, and feedback mechanism to ensure that employees' performance is fairly and objectively evaluated, providing timely feedback and improvement suggestions to employees. The performance assessment is conducted monthly, quarterly, semi-annually, and annually based on employees' positions and grades. Before the evaluation period begins, employees, along with their supervisors, set evaluation standards. After the evaluation period, employees summarize their work, and their immediate supervisors assess their performance and conduct performance reviews. The Human Resources department regularly updates and upgrades the assessment system based on assessment results and feedback from employees and departments.

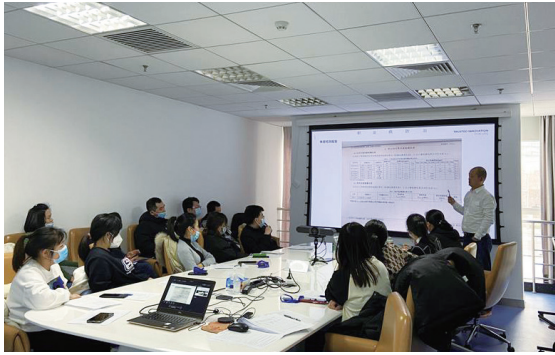
The Company values the career development of every employee and provides multiple development paths, encouraging individuals to maximize their strengths and contribute their maximum value in their areas of expertise. The promotion system within the Company includes technical and managerial paths, with outstanding employees being promoted based on their overall performance assessment, development intentions, and position vacancies. Depending on employee preferences and specific circumstances, the Company offers employees opportunities for cross-functional transition.

The Company provides ample room for each employee's development, offering training opportunities and encouraging on-the-job learning to continuously enhance business skills. The Company aims for each employee to enhance their overall business skills through learning and grow together with the company. Acotec has established training systems such as the "Beijing Acotec Training Management System" and the "Beijing Acotec Staff Handbook" and other training systems, which outline training organization management, annual learning requirements for employees, training evaluation, and incentives for continuing education etc.

Training programs can be categorized as new employee onboarding training, job-specific training, and general skills training, offered in both online and offline formats. Different training programs are tailored for various positions and grades, including general training, R&D training, and management training etc. For example, the "Talent Training Course" program (covering general and business skills) is conducted every 1-2 weeks with each session lasting approximately 1 hour. The "Business Knowledge Training Course" (focusing on business skills) is held every Friday for about 1 hour, allowing participation from all employees.

Extraordinary Employees for Growth

In 2022, the Company purchased an online learning platform for senior management personnel and above to enhance their business and management skills. In 2023, the Company opened up this online learning platform to manager-level employees as well.



New Employee Orientation



Business Knowledge Training Course



Talent Training Course



General Training

Domestic employee training	Percentage of domestic employee training (%)		Average length of time (hours)	
	2023	2022	2023	2022
By Gender				
Male	94.0%	90.0%	18.00	13.00
Female	95.0%	96.0%	28.00	26.00
By Level				
Management	100%	100%	42.00	39.00
Non-management	94.0%	93.0%	23.73	20.72



Warm Community for Harmony

Acotec dedicates to creating a warmer community by organizing various public welfare and science popularization activities, striving to promote inclusive healthcare. We have been proactively responding to UN Sustainable Development Goals 3 and 11.



4.1 INCLUSIVE AND ACCESSIBLE HEALTHCARE

Since its establishment in 2011, Acotec has been at the forefront of industry research and development, and it has continually introduced innovative products to the market. Acotec launched China's first ATK DCB and BTK DCB in 2016 and 2020 respectively, offering the innovative "leave nothing behind" treatment solutions to Chinese patients with vascular disease. Subsequently, our Peripheral Aspiration System (AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®) have been successively launched, breaking the dominance of a single product in the corresponding market. Demand is rising for the treatment indications of these two products in the lower-tier market. Our reasonably-priced products significantly alleviate the burden borne by patients, thus giving them better access to effective treatment by weathering through difficulties and breakthroughs with our original mission of addressing unmet clinical needs.

4.2 CARING FOR THE COMMUNITY AND GIVING BACK TO THE COMMUNITY

Acotec has always been actively involved in social welfare, treating public services activities as its social responsibility and making continuous efforts in knowledge dissemination and other public services by leveraging its own influence and resources. Acotec has participated and supported more than 20 charity clinics in 2023. The campaign includes science education and free clinic activities focusing on lower extremity varicose veins and thrombosis etc. The free clinic activities enable medical services to reach the grass-roots level and provide health education to patients and the general public, with a view to improving people's health awareness and self-care abilities.

Case: Acotec assisted and supported in disease popularization and free clinic activities

While addressing treatment needs in clinical practice, we also focus on educating the public about disease knowledge, helping to raise awareness of vascular disease prevention and treatment among the public, popularizing scientific treatment concepts, and advocating for healthy lifestyles.

For example, on 15 September 2023, the Company supported a series of varicose vein free clinic and promotional events for university teachers as part of the "Care for Your Health" initiative. The event raised public awareness of varicose veins, including their causes and prevention methods, promoting early detection and treatment of the disease, and enhancing public health consciousness.





Greener Environment for Future

The Company adheres to the philosophy of green operation and actively responds to the national call for low-carbon sustainable development. We place great emphasis on the environmental impacts of the Company's operation and production and are committed to formulating an environment-friendly operation and development model by improving employees' environmental awareness. We have proactively responded to UN Sustainable Development Goals 7, 13 and 17.



5.1 EMISSION CONTROL AND ENVIRONMENTAL PROTECTION

To enhance the Company's environmental protection efforts and promote environmental benefits, and to implement the *Environmental Protection Law of the PRC* and other environmental protection regulations and policies, the Company has established the "Management Rules for Environmental Protection", and the EHS Department is the main responsible department. The Rules specifies management requirements on the control of hazardous chemical liquid waste, wastewater, solid waste, noise, and waste gas pollution. During the year, there have been no severe violations of relevant laws and regulations regarding emissions that would have a significant impact on the Company.

The Company's environmental management is guided by the principles of "prevention first, combining prevention and control, and comprehensive management". The Company extensively carries out activities of comprehensive utilization, transforming harm into benefit, and eliminating sources of pollution. Acotec strictly implements national environmental laws and regulations, inspects the Company's environmental protection plans, discusses important environmental protection measures, and supervises the implementation of these plans. At the same time, the "Acotec Environmental Protection Management System" clearly defines the environmental responsibilities of each department and employee, designating the relevant departments responsible for regularly monitoring emissions of waste gas, wastewater, and noise to ensure compliance with environmental standards.

WASTE DISCHARGE MANAGEMENT

The Company stresses the importance of waste source control to reduce its total waste discharge emission. The Company has strictly complied with the *Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws and regulation, which serve as basis for its formulation of the "Regulations on the Safety Management of Hazardous Wastes". The Regulations clarifies the waste discharge requirements for management purpose, so that waste discharge can be properly collected, stored and disposed by waste types and traits.

The Company mainly generates hazardous wastes including organic solvent wastes (alcoholic waste), activated carbon wastes, laboratory chemical reagent wastes, chemical liquid wastes and reagent bottle wastes. We have established temporary storage premises and taken multiple actions to improve procedures and methods for hazardous wastes disposal. The temporary storage premises have been equipped with emergency supplies such as absorbent cotton to prevent environmental contamination due to hazardous chemical leaks. The Company collects and transfers hazardous wastes to a licensed operator for processing on a regular basis, and completes the hazardous waste transfer manifest for each transfer. There was no non-compliance in the Company's disposal of hazardous wastes during 2023. During the year, the Company generated 23.3 tons of hazardous wastes, and has been gradually replacing alcohol with compressed air during its product cleaning process to reduce the generation of alcoholic waste and other hazardous wastes.

No.	Category	Hazardous waste	Processing method
1	Organic solvent wastes	Wastes generated during the use of organic solvents.	Recycling
2	Other wastes	Waste activated carbon; waste packaging, containers, filtration and adsorption media containing or contaminated with toxic and infectious hazardous wastes.	Recycling

WASTEWATER MANAGEMENT

We have strictly complied with the *Law of the PRC on Prevention and Control of Water Pollution* and the relevant laws and regulations in implementing our water pollution prevention and control measures. Wastewater mainly comes from employees’ domestic wastewater and industrial effluent. Domestic wastewater includes wastewater generated from employees’ daily life activities such as washing and toilet use; production wastewater mainly consists of sterilization water, which is the wastewater generated from the absorption of ethylene oxide used for disinfection during the sterilization process. Domestic wastewater and industrial effluent are discharged into the septic tank of the local science park, which is pre-treated by the septic tank and then discharged into the sewage treatment plant through the municipal sewage pipe network.

As tested by a professional third party, the Company’s wastewater has met the discharge standards in terms of pH value, suspended solids, chemical oxygen demand, ammonia nitrogen and other indicators, which were all below the discharge limits in 2023. To reduce wastewater discharge, the Company started upgrading and transforming its steriliser technology in 2022. This technical transformation project is expected to be completed and put into use in 2024, and the wastewater generated in the sterilisation process will gradually decline as a result.

Goals for domestic wastewater discharge and water consumption	Goals for industrial effluent discharge
Meet local discharge standards	Meet local discharge standards
Improve water use efficiency and reduce water consumption intensity	Conduct technical transformation to reduce or eliminate the production of industrial effluent

ATMOSPHERIC POLLUTANTS EMISSION MANAGEMENT

We have strictly complied with the *Law of the PRC on Prevention and Control of Atmospheric Pollution* and the relevant laws and regulations in our regular monitoring and assessment on exhaust emission to ensure the compliance with the emission standards on atmospheric pollutants. We have also taken several emission-reduction measures to decrease the waste gas emission.

The Company's waste gas is mainly generated from the production workshop and injection moulding workshop during the cleaning and the heat-shrink process of tubes. All the volatile organic gases generated (in non-methane total hydrocarbons (NMHC)) are collected by the closed clean room ventilation system, and then transmitted to the adsorption treatment device of activated carbon on the roof through pipelines. After adsorption treatment by activated carbon, it is lawfully discharged from the roof gas cylinder. As tested by a professional third party, the Company has complied with standards in terms of NMHC emission.

The Company has formulated the following waste gas emission targets: compliance with local emission standards, reduction of hazardous chemicals, replacing high-toxic chemicals with low-toxic or non-toxic ones, and the reduction of VOCs.

NOISE MANAGEMENT

We have strictly complied with the *Law of the PRC on Prevention and Control of Noise Pollution* and the relevant laws and regulations in our noise management activities. Noise generated by the Company is mainly from air compressors, air-conditioning units, exhaust gas purification equipment, etc. All air compressors and air-conditioning units are located in dedicated equipment rooms where sound insulation and noise reduction equipment are installed. Noise generated during the operation is mitigated by the use of advanced low-noise equipment, vibration isolation devices, and sound insulation room. The exhaust gas purification equipment is located on the roof with low-noise design; and noise reduction measures such as vibration reduction, sound insulation cover, and flexible coupling are also adopted. The noise produced meets three standard limits specified in the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008).

The Company's pollutant emission

Metric	Unit	2023	2022
Hazardous waste generated (waste liquid, waste packaging generated by production and experiments, etc.)	ton	23.30	26.10
Hazardous waste intensity	kg/10 thousand RMB of revenue	0.49	0.66
Non-hazardous waste generated (domestic waste)	ton	38.00	32.00
Non-hazardous waste intensity	kg/10 thousand RMB of revenue	0.80	0.81
Total wastewater discharge	m ³	20,054.00	11,423.00
Industrial effluent emission	m ³	165.00	768.00
Domestic wastewater discharge	m ³	19,889.00	10,655.00
Total ³ GHG emissions ⁴	tCO ₂ -e	1,723.31	1,285.20
Indirect (Scope 2) GHG emissions	tCO ₂ -e	1,723.31	1,285.20
GHG emissions intensity	kgCO ₂ -e/10 thousand RMB of revenue	36.37	32.49
Exhaust gas ⁵	kg	320.40	126.40

5.2 ENERGY SAVING AND CONSUMPTION REDUCTION FOR GREEN DEVELOPMENT

The Company is committed to improving operational efficiency to ensure the effective use of energy and resources. We check, assess and monitor the use of resources on a regular basis to reduce the consumption of water, electricity and other resources.

ENERGY SAVING AND CONSUMPTION REDUCTION

The Company mainly consumes electricity for its operation, and the main energy-consuming facilities include air conditioning in clean area where temperature and humidity control is needed, air compressors, reverse osmosis purified water equipment, various equipment in production workshops, lighting in workshops and office, etc.

3 Calculation method of greenhouse gas:

Indirect (Scope 2) GHG emissions: The Company's consumption of purchased power times the corresponding emission factors. For emission factors, please refer to the Guidelines for Verification of Greenhouse Gas Emission Reports of Enterprises issued by the Ministry of Ecology and Environment of China;

Total GHG emissions: The sum of direct GHG emission and indirect GHG emission.

4 Since the Company consumed very little energy other than electricity during the year, involving no gasoline consumption of self-owned vehicles, direct (Scope 1) greenhouse gas emissions were zero.

5 Due to the increase in the Company's production volume this year, exhaust emissions increased in 2023.

The Company has renovated the air-conditioning unit for temperature and humidity control in the clean area to save energy and reduce consumption as the air-conditioning unit consumes most electricity. When the air-conditioning unit is operating in a normal mode of the compressor unit, heating unit, humidification unit and blower unit, the temperature and humidity of the clean workshop is under good control to meet the specification requirements and ensure the smooth manufacturing of products. When the manufacturing process is completed, the air-conditioning unit automatically switches to the standby mode, and there is no need to meet any temperature and humidity requirements under such mode. The compressor unit, humidification unit, and heating unit all stop working. The blower is operating at a low speed to maintain a positive pressure and cleanliness in the clean area and avoid contamination. The renovated unit saves more than half of the electricity, thus significantly reduces the electricity consumption. In addition, the Company has used energy-saving LED lights for office lighting which saves more than half of the electricity compared to the original fluorescent lamps.

The Company has also initiated energy use and energy efficiency improvement plans, with the aim of reducing its energy consumption in the future. Going forward, we will focus on the following areas:

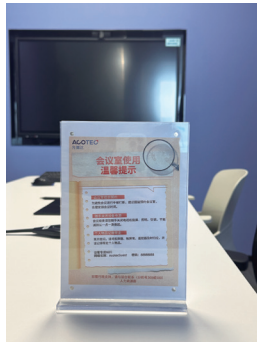
Reducing the use
of non-renewable
energies

Using renewable
energies

Enhancing energy
efficiency

Establishing an
energy management
system

The Company has been continuously advancing green office campaigns, by adopting measures such as providing office supplies to departments on a monthly basis to limit consumption, putting up “save paper” and other environmental protection posters at office, providing recycling boxes for “reusable paper”, and promoting double-sided printing to reduce paper consumption. The Company also responds to the national call for environmental protection activities such as environmental protection educational activities and recycling of packaging materials and plastic bottles to reduce materials consumption.



Energy saving sign at the conference room



Switch off the Screen sign at the conference room



Paper saving sign



Air conditioning temperature limit sign

WATER MANAGEMENT

The Company relies on the municipal water supply network for its production and domestic use. The Company has formulated the “Management Rules for Environmental Protection” to specify the requirements on water running, flowing, dripping and leaking. The Company’s water consumption during production activities is relatively low. The Company’s goal in water resource management is to increase the efficiency of water resource utilization, ensuring that water resources contribute to maximum environmental and economic benefits while meeting operational needs. In the current year, the Company has not encountered any issues regarding water sources. To further conserve water resources, the Company will continue to enhance water-saving publicity and promotion efforts in the future, continuously strengthening employee awareness of water conservation.

PACKAGING MATERIALS MANAGEMENT

In terms of the use of packaging materials, given the nature of the Company’s products, the amount of packaging materials used in our products is small and mainly consists of paper and plastics. Meanwhile, the resources used for the packaging materials have a relatively small impact on the environment.

Due to the nature of the Company’s business, our operations do not involve substantial consumption of natural resources or have a significant impact on the environment.

The Company’s consumption of energy and resources

Metric	Unit	2023	2022
Electricity consumption	kWh	2,966,105.00	2,212,040.00
Electricity use intensity	kWh/10 thousand RMB of revenue	62.60	55.92
Water consumption	m ³	22,103.00	10,890.00
Water use intensity	m ³ /10 thousand RMB of revenue	0.47	0.28
Packaging paper usage	ton	36.00	29.60
Recycled waste paper	ton	33.60	29.60

5.3 ADDRESSING CLIMATE CHANGE

We are actively responding to the national carbon peaking and carbon neutrality goals (“3060 Target”) and promoting CO₂-based greenhouse gas emission reductions in the context of climate change. The Company has taken measures to save energy, improve the ecological environment and improve the management of emissions to make unremitting efforts to achieve the 3060 targets.

Since 2022, we have begun to gradually adopt the Task Force on Climate-related Financial Disclosure (“TCFD”) recommendations and disclosed our efforts and future direction in addressing climate change based on the categories of governance, strategy, risk management, as well as metrics and targets.

GOVERNANCE

With a focus on the climate-related governance, TCFD has formulated two disclosure recommendations, one is for the Board of Directors, the other is for the management. Based on the Company’s ESG governance structure, the Board of Directors determines the Company’s overall ESG targets and management strategies and is responsible for assessing and defining the Company’s relevant ESG risks, and ensuring that the Company has an appropriate and effective ESG risk management and internal monitoring system in place. The Board of Directors’ ESG responsibilities include addressing climate change issues. The Company’s ESG governance framework includes a coordination layer and an implementation layer responsible for executing and implementing climate change management and goals. Relevant employees regularly report to the Board of Directors.

STRATEGY

Climate-related risks include transitional risks related to the transition to a low-carbon economy and physical risks related to the impacts of climate change. Transitional risks can include policy and regulatory risks, technological risks, market risks and reputational risks. Physical risks include acute physical risks (those that are driven by specific weather events, such as typhoons, or floods) and chronic physical risks (refer to longer-term shifts in climate patterns, such as sustained higher temperatures).

In terms of policy and regulatory risks under the category of transitional risks, as the public awareness of climate change is improving, and carbon peak and carbon neutrality and other relevant policies are implemented, we may become subject to other regulatory requirements relating to energy price fluctuations, energy use caps, expanded coverage of paid GHG emissions, or other environmental improvement issues, each of which could lead to an increase in our operating costs. In this regard, the Company will pay continuous attention to the impact of climate change on our business and fully respond to various policy requirements.

For acute physical risks, the Company has been monitoring the impact of extreme weather events on our production and operation, and identified various natural disasters, extreme weather events or adverse weather conditions which we may encounter during our operations. The Company's production facilities are mainly located in Northern China, a region frequently struck by meteorological and climatic disasters such as rainstorms, wind disasters, cold waves and snowstorms, which may hinder our production plans and delivery by exerting direct adverse impact on our workplaces, production facilities, employees' commute and transportation with extreme weather events.

As for chronic physical risks, we have been monitoring the impact of long-term shift in climate patterns such as sustained higher temperatures in summer and sustained lower temperatures in winter, which may adversely affect the stability of our supply chain.

RISK MANAGEMENT

Based on the features of the industry where the Company operates and the actual circumstances, we have identified and assessed the management process for climate-related risks. The Company has identified environmental and climate-related risks that may lead to operational and financial risks. To address the climate-related risks identified, the Company has developed the "Emergency Response Plan against Extreme Weather Events", which provides guidelines on prevention, early warning and post-disaster self-rescue, defines the responsibilities of the emergency response team in case of extreme weather events (rainstorm, snowstorm, high wind), and highlights the importance of collecting information ahead of extreme weather events, monitoring forecasts of extreme weather, and advanced study and determination of the potential adverse effect on the Company's work safety under extreme weather conditions.

When extreme weather occurs, the EHS Department will communicate climate forecast factors to other departments for making preparation of disaster prevention and relief. To cope with extreme weather or natural disasters, we will take relevant measures under the emergency response plan to minimise the adverse impact and ensure the Company's normal operation despite the relevant extreme weather events.

METRICS AND TARGETS

The selection of appropriate parameters and metrics and the setting of targets are critical to the measurement of shifts in climate patterns. According to the requirements of the ESG Reporting Guide issued by Hong Kong Stock Exchange and based on its actual circumstances, the Company has defined the climate-related risk metrics related to energy use efficiency and GHG emission management. Meanwhile, the Company has developed the relevant targets, and reviewed the implementation of such targets on a regular basis. The Company's energy-related goal is to improve the efficiency of energy utilization, ensuring that energy contributes to maximum environmental and economic benefits while meeting operational needs.

The GHG emissions during the Company's production and operation process mainly include those caused by purchased electricity. Based on the sources of GHG, we take corresponding measures to reduce emissions. The measures taken by us to reduce the consumption of purchased electricity mainly include implementing energy-saving and consumption-reduction transformations and introduction of energy-saving equipment.

The Company has made continuous efforts to promote the philosophy of energy-saving, consumption-reduction and green environment, to reduce the emissions at source. We will adhere to the long-term target to promote emission management, waste management and environmental protection, and to eventually realise the circular economy by adopting a sustainable development path.

Given the ever-changing circumstances where the Company operates and the dynamic market conditions, we will constantly review our practices and adjust our targets and measures in a timely manner. Going forward, the Company will further improve its strategy formulation, risk management, identification and management of metrics and targets, and work with all sectors to cope with climate change and achieve common sustainable development.

5.4 GREEN PROCUREMENT AND SUSTAINABLE SUPPLY

Sincere cooperation with suppliers is an important guarantee for realising Acotec's corporate strategy, and also an inexhaustible driving force for our development. We attach importance to the exchange with suppliers, actively build a cooperation platform, strive to establish a long-term close and mutually beneficial partnership with suppliers. Together, we provide high-quality products and services to customers, and promote the sustainable and stable development of the industry.

To meet the Company's development needs, regulate the cooperation between the Company and relevant suppliers, guide them to enhance their service awareness, the Company has issued the "Supplier Management Regulations" to regulate the audit, evaluation and re-evaluation of suppliers, and ensure that the purchased products meet the stipulated quality requirements and are not lower than the national mandatory standards and comply with the relevant provisions of laws and regulations through evaluation, selection and monitoring of suppliers in accordance with the *Contract Law of the PRC* and other relevant laws and regulations, and the Company's relevant regulations, in alignment with the principle of complementary advantages, equality and voluntary compliance.

The Company's suppliers can be categorized into Category A, B, and C suppliers, and there are also service providers for sterilization services, calibration, transportation services, etc. Among which, category A suppliers mainly supply raw materials directly related to body blood, category B suppliers mainly provide packaging materials and category C mainly provide production consumables and auxiliary production materials. The business qualification, quality management system and ability to provide qualified samples should be evaluated when we first cooperate with a new supplier. Suppliers are assessed as qualified if they pass all reviews and are approved by the quality director. All the Company's suppliers are required to pass the evaluation to be qualified suppliers. The Company has 165 suppliers in total, including 119 domestic suppliers and 46 overseas suppliers.

The re-evaluation of qualified suppliers is conducted once a year, which is organised by the Quality Management Department and jointly reviewed and evaluated by the Supply Chain Management Department and approved by the quality director. Supplier re-evaluation can be initiated at any time in case of abnormal events such as sudden unavailability, major quality problems, unqualified site audits or major changes. A supplier's performance in meeting the requirements of purchased products (such as timely delivery, reasonable price, after-sale service, satisfaction of technical specifications or quality requirements, etc.) shall be the inputs of supplier re-evaluation. The Quality Management Department shall update the list of qualified suppliers regularly according to the evaluation results of qualified suppliers.

To ensure procurement integrity, the Company's procurement staff is rotated once every few years to avoid the same buyer being in charge of the same supplier all the time. Meanwhile, we have adopted a stringent process of supplier screening to minimise frauds committed by suppliers.

The Company continues to promote the substitution of externally sourced raw materials with self-produced raw materials, reducing the long supply cycles and the risk of unstable raw material quality associated with externally sourced materials.

We consider the environmental protection performance of products when selecting suppliers, ensure that the purchased products meet the requirements of relevant environmental protection indicators, and give priority to purchasing environment-friendly products under same conditions.

Appendix

HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE AND GRI STANDARDS INDEX

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Guidance				In 2023, Acotec reported information cited in this GRI Index against the GRI Standards
Applicable GRI 1				GRI 1: Foundation 2021
GRI 2: General Disclosures				
The organisation and its reporting practices	2-1	Organisational details		About us
	2-2	Entities included in the organisation's sustainability reporting		About this report
	2-3	Reporting period, frequency and contact point		About this report
	2-4	Restatements of information		Not applicable
	2-5	External assurance		External assurance unavailable
Activities and workers	2-6	Activities, value chain and other business relationships	B5.1	Green procurement and sustainable supply
	2-7	Employees	B1.1	Equal employment opportunity with protected rights
	2-8	Workers who are not employees		Not applicable
Governance	2-9	Governance structure and composition		Optimising governance to generate synergy and raise efficiency
	2-10	Nomination and selection of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-11	Chair of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-12	Role of the highest governance body in overseeing the management of impacts		Optimising governance to generate synergy and raise efficiency
	2-13	Delegation of responsibility for managing impacts		Optimising governance to generate synergy and raise efficiency
	2-14	Role of the highest governance body in sustainability reporting		Optimising governance to generate synergy and raise efficiency

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
	2-15	Conflicts of interest		Not disclosed
	2-16	Communication of critical concerns		Optimising governance to generate synergy and raise efficiency
	2-17	Collective knowledge of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-18	Evaluation of the performance of the highest governance body		Optimising governance to generate synergy and raise efficiency
	2-19	Remuneration policies		Not disclosed
	2-20	Process to determine remuneration		Not disclosed
	2-21	Annual total compensation ratio		Not disclosed
Strategy, policies and practices	2-22	Statement on sustainable development strategy		Optimising governance to generate synergy and raise efficiency
	2-23	Policy commitments		Optimising governance to generate synergy and raise efficiency
	2-24	Embedding policy commitments		Optimising governance to generate synergy and raise efficiency
	2-25	Processes to remediate negative impacts		Not disclosed
	2-26	Mechanisms for seeking advice and raising concerns		Not disclosed
	2-27	Compliance with laws and regulations		Optimising governance to generate synergy and raise efficiency
	2-28	Membership associations		Not disclosed
Stakeholder engagement	2-29	Approach to stakeholder engagement		Communication with stakeholders
	2-30	Collective bargaining agreements		Not disclosed
GRI 3: Material Topics				
Material topics	3-1	Process to determine material topics		Identification of material issues
	3-2	List of material topics		Identification of material issues
	3-3	Management of material topics		Identification of material issues

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Material topics				
1. Economic standards				
Economic performance	3-3	Management of material topics		Identification of material issues
	201-1	Direct economic value generated and distributed		Not disclosed
	201-2	Financial implications and other risks and opportunities due to climate change		Addressing climate change
	201-3	Defined benefit plan obligations and other retirement plans		Equal employment opportunity with protected rights
	201-4	Financial assistance received from government		Not disclosed
Market presence	3-3	Management of material topics		Not disclosed
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Not disclosed
	202-2	Proportion of senior management hired from the local community		Not applicable
Indirect economic impacts	3-3	Management of material topics		Warm Community for Harmony
	203-1	Infrastructure investments and services supported		Warm Community for Harmony
	203-2	Material but indirect economic impact		Warm Community for Harmony
Procurement practice	3-3	Management of material topics		Green procurement and sustainable supply
	204-1	Proportion of spending on local suppliers		Green procurement and sustainable supply

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Anti-corruption	3-3	Management of material topics	B7.2	Operating in compliance, with integrity and honesty
	205-1	Operations assessed for risks related to corruption		Operating in compliance, with integrity and honesty
	205-2	Communication and training about anti-corruption policies and procedures		Operating in compliance, with integrity and honesty
	205-3	Confirmed incidents of corruption and actions taken	B7(b), B7.1	Operating in compliance, with integrity and honesty
Anti-competitive behaviour	3-3	Management of material topics		Responsible marketing and data security
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Responsible marketing and data security
2. Environmental standards				
Materials	3-3	Management of material topics	A2, A3	Energy saving and consumption reduction for green development
	301-1	Materials used by weight or volume	A2.5	Energy saving and consumption reduction for green development
	301-2	Recycled input materials used		Energy saving and consumption reduction for green development
Energy	3-3	Management of material topics	A2, A3	Energy saving and consumption reduction for green development
	302-1	Energy consumption within the organisation	A2.1	Energy saving and consumption reduction for green development
	302-2	Energy consumption outside of the organisation		Energy saving and consumption reduction for green development
	302-4	Reduction of energy consumption	A2.3	Energy saving and consumption reduction for green development

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Water and effluents	3-3	Management of material topics	A2, A3	Energy saving and consumption reduction for green development
	303-1	Interactions with water as a shared resource	A2.2	Energy saving and consumption reduction for green development
	303-3	Recycled and reused water	A2.4	Energy saving and consumption reduction for green development
Biodiversity	3-3	Management of material topics		Not applicable
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity		Not applicable
	304-3	Habitats protected or restored		Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable
Emissions	3-3	Management of material topics	A1, A3	Emission control and environmental protection
	305-1	Direct (Scope 1) greenhouse gas emissions	A1.1, A1.2	Emission control and environmental protection
	305-2	Indirect (Scope 2) greenhouse gas emissions		Emission control and environmental protection
	305-4	Intensity of greenhouse gas (GHG) emissions		Emission control and environmental protection
	305-5	Reduced greenhouse gas (GHG) emissions		Emission control and environmental protection
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant gas emissions		Emission control and environmental protection

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Wastewater and Wastes	3-3	Management of material topics	A1, A3	Emission control and environmental protection
	306-1	Waste generation and significant waste-related impacts	A1.1	Emission control and environment protection
	306-2	Management of significant waste-related impacts	A1.3, A1.4, A1.6	Emission control and environment protection
Environmental compliance	103-1	Explanation of the material topic and its Boundary	A1(b), A3	Emission control and environment protection
	103-2	The management approach and its components		Emission control and environment protection
	103-3	Evaluation of the management approach		Emission control and environment protection
	307-1	Non-compliance with environmental laws and regulations	A1(b)	Emission control and environment protection
Supplier environmental assessment	3-3	Management of material topics	B5	Green procurement and sustainable supply
	308-1	New suppliers that were screened using environmental criteria	B5.2	Green procurement and sustainable supply
3. Social standards				
Employment	3-3	Management of material topics	B1	Equal employment opportunity with protected rights
	401-1	New employee hires and employee turnover	B1.2	Equal employment opportunity with protected rights
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	B1	Equal employment opportunity with protected rights
	401-3	Parental leave		Equal employment opportunity with protected rights
Occupational health and safety	3-3	Management of material topics	B2	Fully protect employees in health and safety
	403-2	Hazard identification, risk assessment, and incident investigation	B2.3	Fully protect employees in health and safety

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Training and education	3-3	Management of material topics	B3	Promotion with growth
	404-1	Average hours of training per year per employee	B3.2	Promotion with growth
Diversity and Equal Opportunities	3-3	Management of material topics	B1	Equal employment opportunity with protected rights
	405-1	Governance Body and Employee Diversity		Equal employment opportunity with protected rights
Child labor	3-3	Management of material topics	B4	Equal employment opportunity with protected rights
	408-1	Operations and suppliers at significant risk for incidents of child labor	B4.1, B4.2	Equal employment opportunity with protected rights
Forced or compulsory labor	3-3	Management of material topics	B4	Equal employment opportunity with protected rights
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	B4.1, B4.2	Equal employment opportunity with protected rights
Local Communities	3-3	Management of material topics	B8	Warm Community for Harmony
	413-1	Operations with local community engagement, impact assessments, and development programs	B8.1	Warm Community for Harmony
Supplier Social Assessment	3-3	Management of material topics	B5	Green procurement and sustainable supply
	414-1	New suppliers that were screened using social criteria	B5.2	Green procurement and sustainable supply
Customer Health and Safety	3-3	Management of material topics	B6	Responsible production and quality assurance
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Responsible production and quality assurance

Issues	GRI Indicators	Description	ESG Reporting Guide	Corresponding Chapter/Remarks
Marketing and labeling	3-3	Management of material topics	B6	Responsible marketing and data security
	417-2	Incidents of non-compliance concerning product and service information and labeling		Responsible marketing and data security
	417-3	Incidents of non-compliance concerning marketing communications		Responsible marketing and data security
Customer privacy	3-3	Management of material topics	B6	Responsible marketing and data security
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	B6.2	Responsible marketing and data security
Intellectual property protection		Description of practices relating to observing and protecting intellectual property rights.	B6.3	Protection and management of intellectual property rights

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